दिनांक............को विधान सभा
को प्रस्तुत की गई
Presented to the Legislature
on 25 मार्च MAR 2015

Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
(Economic and Social Sectors)
for the year ended 31 March 2013

GOVERNMENT OF HARYANA

Report No.1 of the year 2015

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PREFACE

This report deals with the results of audit of Government companies and Statutory corporations for the year ended 31 March 2013.

The accounts of Government companies (including companies deemed to be government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956. The accounts certified by the statutory Auditors (Chartered Accountants) appointed by the Comptroller and Auditor General under the Companies Act are subject to supplementary audit by officers of the CAG and CAG gives his comments or supplements the reports of the Statutory auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by CAG for laying before State Legislature under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit during the year 2012-13 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2012-13 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

This Report contains 12 paragraphs including two performance audits on 'Rajiv Gandhi Grameen Vidyutikaran Yojana' and 'Haryana State Warehousing Corporation' involving a financial effect of ₹ 126.45 crore relating to avoidable expenditure, non compliance of rules, directives and procedures; non safeguarding of the financial interests *etc*. Some of the major findings are mentioned below:

1. About the State Public Sector Undertakings

The State of Haryana had 24 working PSUs (22 companies and two Statutory corporations) and seven non working companies which employed 35,577 employees. As on 31 March 2013, the investment (capital and long-term loans) in 31 PSUs was ₹ 35,778.36 crore. Out of the total investment in State PSUs, 99.61 *per cent* was in working PSUs and the remaining 0.39 *per cent* in non-working PSUs. The total investment consisted of 23.89 *per cent* towards capital and 76.11 *per cent* in long-term loans. The equity has increased from ₹ 5,962.15 crore in 2008-09 to ₹ 8,546.45 crore in 2012-13. Power sector accounted for over 91.38 *per cent* of the total investment in 2012-13. The State Government contributed ₹ 10,519.62 crore towards equity, loans and grants/subsidies in 13 PSUs during 2012-13.

(Paragraphs 1.1, 1.3 and 1.4)

Performance of Public Sector Undertakings

Out of 23 working PSUs for which the accounts were received up to September 2013, 15 PSUs earned profit of ₹ 292.35 crore and eight PSUs incurred losses of ₹ 10,120.57 crore. Out of 15 PSUs earning an aggregate profit of ₹ 292.35 crore, only four PSUs[1] declared dividend of ₹ 6.60 crore.

(Paragraph 1.6)

Arrears in finalisation of accounts

Nineteen working PSUs had arrears of 34 accounts as of September 2013. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

(Paragraph 1.7)

2. Performance audit relating to Government companies

Performance audit relating to 'Rajiv Gandhi Grameen Vidyutikaran Yojana' in

[1] Haryana Warehousing Corporation, Haryana State Industrial and Infrastructure Development Corporation Limited, Haryana Forest Development Corporation Limited and Haryana State Electronics Development Corporation Limited.

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited was conducted. The important findings noticed during audit are as under:

The Rural Electricity (RE) plan which was to be notified within six months of notification (August 2006) of RE policy was notified with delay of 58 months. RE plan was deficient as estimation of load was unrealistic and power requirement was not assessed to meet the additional load.

(Paragraphs 2.1.5.1 and 2.1.5.2)

Detailed Project Reports (DPRs) of 21 projects were approved by taking time ranging between 12 days and 920 days. DPRs were prepared without actual route surveys. Distribution Transformers (DTs) meters worth ₹ 8.27 crore were not utilised for conducting energy audit.

(Paragraphs 2.1.5.3 to 2.1.5.5)

UHBVNL spent ₹ 43.20 crore from cash credit accounts which resulted in incurring undue interest burden of ₹ 3.44 crore. DHBVNL kept scheme funds of ₹ 59.96 crore in a private bank.

(Paragraph 2.1.6)

DISCOMs awarded contracts for ₹ 259 crore against REC sanctioned cost of ₹ 200.22 crore and had to bear the additional financial burden. Contractors of UHBVNL got excess payments of ₹ 15.36 crore by bringing material in excess to sites.

(Paragraphs 2.1.7.1 and 2.1.7.4)

Eight projects of UHBVNL were delayed for period ranging between 7 and 67 months and six projects of DHBVNL were completed with delay ranging between 10 and 28 months against the completion period of 12 months and 9 months respectively.

(Paragraph 2.1.7.3)

UHBVNL achieved 66.03 *per cent* and 75.83 *per cent* of its targets of release of connections to BPL households in 10th and 11th plan periods respectively. DHBVNL had achieved the targets for 11^{th} plan Phase-1 but there was no achievement for Phase-II projects.

(Paragraph 2.1.8.2)

2.2 Performance audit relating to Statutory Corporation

Performance audit relating to 'Haryana State Warehousing Corporation' was conducted. The important findings noticed during audit are as under:

The Corporation earned profits during 2009-10 to 2011-12 and suffered losses amounting to ₹ 10.97 crore in 2008-09 and ₹ 138.51 crore in 2012-13. There was shortfall in the capital expenditure during 2008-09 and 2009-10.

(Paragraphs 2.2.6.1 and 2.2.6.2)

The Corporation had not prepared its accounts as per the accepted accounting principles/ standards. Non-confirmation and reconciliation of accounts with FCI has resulted in major transactions being outstanding for more than 15 years. The value of closing stocks of wheat and gunny bags were not reconciled with physical balances since 2008-09.

(Paragraph 2.2.6.1)

As on 31 March 2013, ₹ 40.56 crore were recoverable from various Government / Government owned agencies on account of storage charges out of which ₹ 21.42 crore pertained to the period 1986-87 to 2007-08.

(Paragraph 2.2.8.1)

The Corporation violated the conditions of NIT by selecting a particular grade and brand, by changing the schedule of opening of financial bids, quantity and schedule of payment, in the contract for supply and erection of galvalume sheets for roofing of 47 godowns during 2008-09 and 2009-10. It had not levied penalties of ₹ 7.74 crore on contractors for delayed completion of works during 2008-09 to 2012-13 as per the provisions of the work orders.

(Paragraphs 2.2.9.2, 2.2.9.3 and 2.2.9.7)

The shortfall in achievement of procurement targets in respect of paddy ranged between 21 and 62 *per cent* during 2008-09 to 2011-12. The Corporation lost ₹ 6.64 crore worth of stocks owing to damage due to floods and rains.

(Paragraphs 2.2.11.6 and 2.2.11.7)

The internal control procedures were not commensurate with the size and nature of activities of the Corporation.

(Paragraph 2.2.13.1)

3. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of State Government Companies, which had serious financial implications. Gist of the audit observations is given below:

Haryana Power Generation Corporation Limited

Delay in executing side agreement led to extra expenditure of ₹ 3.07 crore in rebooking of coal.

(Paragraph 3.1)

Dakshin Haryana Bijli Vitran Nigam Limited

Decision of High Power Purchase Committee to retender by ignoring the lowest rates resulted in extra expenditure of ₹ 6.36 crore.

(Paragraph 3.2)

Uttar Haryana Bijli Vitran Nigam Limited

The outstanding dues increased from ₹ 1,406.32 crore in April 2008 to ₹ 2,532.36 crore in March 2013. Advance Consumption Deposit amounting to ₹ 721.56 crore was not raised against consumers as on January 2014. The number of connected defaulters had increased from 17.57 *per cent* of the total consumers in 2008-09 to 18.39 *per cent* in 2012-13. The Company recovered penalty of ₹ 6.17 crore against ₹ 11.78 crore in theft cases.

(Paragraph 3.4)

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

State Government released ₹ 532.05 crore only as subsidy to DISCOMs against the waiver of ₹ 1,050.10 crore. In two selected operation circles, 7,081 domestic consumers having amount of ₹ 32.74 crore in default had neither opted for the Scheme nor the DISCOMs had taken any action against them as per Codal provisions. Default amount of consumers who stopped making payments after joining the scheme had increased from ₹ 11.37 crore (June 2005) to ₹ 77.36 crore (December 2012).

(Paragraph 3.5)

Haryana State Electronics Development Corporation Limited

An expenditure of ₹ 93.79 lakh was incurred on purchase of software/SAP license without assessing immediate requirement. ₹ 29.86 crore was utilised against funds of ₹ 111.53 crore from Government departments during 2008-13 for IT projects. Excess income tax of ₹ 57.24 lakh and Central Sales Tax of ₹ 6.99 lakh was paid due to over invoicing of Electorate Photo Identity Cards for Election Department.

(Paragraph 3.9)

Haryana Scheduled Castes Finance and Development Corporation Limited

In four test checked district offices, against a sanctioned loan of ₹ 4.58 crore (95 cases), vehicles valuing ₹ 1.24 crore (26 cases) were registered as commercial vehicles. An amount of ₹ 69.12 crore remained unrecovered as on March 2013 against a recoverable amount of ₹ 73.52 crore. No internal audit of the Head office/district offices was conducted from April 2008 to March 2013.

(Paragraph 3.10)

Chapter-1

Overview of State Public Sector Undertakings

Chapter 1

Overview of State Public Sector Undertakings

1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State had made investment of ₹ 35,778.36 crore in its PSUs - equity ₹ 8,546.45 crore and Long term loans – ₹ 27,231.91 crore. Major activities of State PSUs are concentrated in power sector. The State PSUs had employed 35,577 employees ***(Appendix 1)*** as on 31 March 2013. As on March 2013, there were 29 companies and two Statutory corporations. One Company viz. Haryana Coal Company Limited was incorporated during the year. No Company was merged / wound up during the year.

1.2 Audit Mandate

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and corporations controlled by Government(s) is treated as a Government company (deemed Government company) as per Section 619-B of the Companies Act.

The accounts of the State Government companies, as defined above, are audited by Statutory Auditors, who are appointed by Comptroller and Auditor General of India (CAG) as per the provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

Audit of Statutory corporations is governed by their respective legislations. In respect of Haryana State Warehousing Corporation as well as Haryana Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

1.3 Investment in State PSUs

As on 31 March 2013, the investment (capital and long-term loans) in 31 PSUs (including one 619-B Company) was ₹ 35,778.36 crore as per details given below:

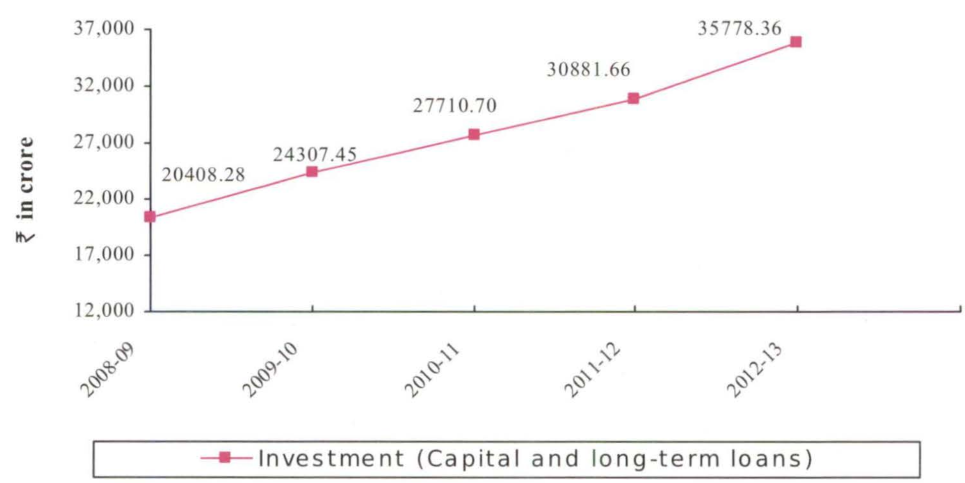
Table 1.1

(₹ in crore)

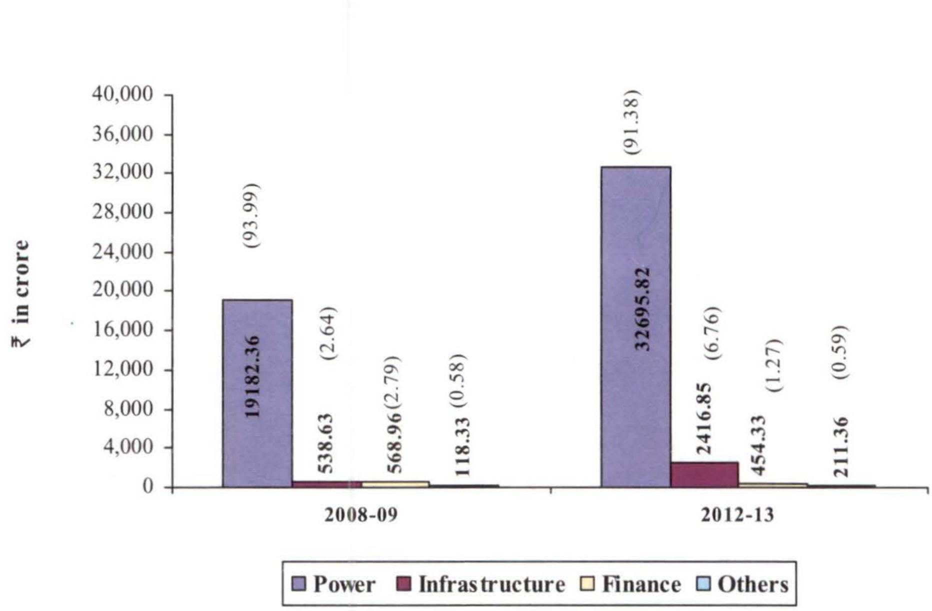
Type of PSUs		Nos.	Equity	Long Term Loans	Total
Working	Government Companies	22	8,308.91	27,025.60	35,334.51
	Statutory Corporations	2	213.35	92.70	306.05
Non-working	Government Companies	7	24.19	113.61	137.80
	Statutory Corporations	-	-	-	-
Grand Total		**31**	**8,546.45**	**27,231.91**	**35,778.36**

A summarised position of Government investment in State PSUs is detailed in ***Appendix 1.***

As on 31 March 2013, of the total investment in State PSUs, 99.61 *per cent* was in working PSUs and the remaining 0.39 *per cent* in non-working PSUs. This total investment consisted of 23.89 *per cent* towards capital and 76.11 *per cent* in long-term loans. The investment has grown by 75.31 *per cent* from ₹ 20,408.28 crore in 2008-09 to ₹ 35,778.36 crore in 2012-13. Out of increase in investment, the capital has grown by 43.35 *per cent* from ₹ 5,962.15 crore in 2008-09 to ₹ 8,546.45 crore in 2012-13 and loans by 88.51 *per cent* from ₹ 14,446.13 crore to ₹ 27,231.91 crore during the same period. The increase in total investment is shown in the graph below.



The investment in various important sectors and percentage thereof as on 31 March 2009 and 31 March 2013 is indicated below in the bar chart.



(Figures in brackets show the percentage of sectoral investment to total investment)

As may be seen from the above chart, major thrust of investment in PSUs was in Power sector which increased from ₹ 19,182.36 crore during 2008-09 to ₹ 32,695.82 crore during 2012-13. Investment in infrastructure sector also increased from ₹ 538.63 crore in 2008-09 to ₹ 2,416.85 crore in 2012-13. The investment in capital increased by ₹ 2,584.30 crore and long term loans increased by ₹ 12,785.78 crore. There was overall net increase in investment by ₹ 15,370.08 crore.

1.4 Budgetary outgo, grants/ subsidies, guarantees and loans

The details regarding budgetary outgo by the State Government towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in ***Appendix** 3*. The summarised details for three years ended 2012-13 are given below.

Table 1.2

(₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity capital outgo from budget	9	805.74	9	726.80	7	199.65
2.	Loans given from budget	Nil	Nil	Nil	Nil	Nil	Nil
3.	Grants/Subsidy received	14	6,041.84	13	7,320.55	10	10,319.97

4.	Total outgo (1+2+3)	16[1]	6,847.58	16[1]	8,047.35	13[1]	10,519.62
5.	Guarantees issued	3	1,115.93	6	1,654.25	5	15,908.95
6.	Guarantee commitment	12	2,549.98	10	3,596.34	9	17,111.18

The guarantees issued by State Government to working PSUs for obtaining loans increased from ₹ 1,654.25 crore in 2011-12 to ₹ 15,908.95 crore in 2012-13. The amount guaranteed by State Government increased due to restructuring of short term liabilities of power sector distribution companies under the Financial Restructuring Plan (FRP) and enhanced cash credit facilities availed by Haryana State Warehousing Corporation to meet the requirement for procurement of food grains.

The guarantee received by PSUs during 2012-13 was ₹ 15,908.95 crore and outstanding amount of guarantees as on 31 March 2013 was ₹ 17,111.18 crore. The State Government levied guarantee fee at the rate of two *per cent* on all the borrowings of PSUs with effect from 1 August 2001. The guarantee fee payable by State PSUs during 2012-13 was ₹ 404.92 crore, out of which ₹ 402.82 crore was paid. The guarantee fee outstanding by the State PSUs during 2012-13 was ₹ 2.10 crore (Haryana State Warehousing Corporation).

1.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the PSUs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2013 is stated below:

Table 1.3

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	7,163.88	7,359.25	195.37
Loans	838.57	881.50	42.93
Guarantees	17,974.33	17,111.18	863.15

The differences occurred in respect of 24 PSUs. The Government and PSUs should take concrete steps to reconcile the differences in a time bound manner.

1.6 Performance of PSUs

The summarised financial results of Government Companies and Statutory corporations for the latest year for which accounts were finalised are given in

[1] Represents actual number of companies/corporations which received budgetary support in the form of equity, loans, grants and subsidies from the State Government during the respective years.

Appendix 2. Out of 23 working PSUs which submitted their accounts for supplementary audit[2], 15 PSUs earned profit of ₹ 292.35 crore and eight PSUs incurred losses of ₹ 10,120.57 crore. The major contributors to profit were Haryana Vidyut Prasaran Nigam Limited (₹ 140.07 crore), Haryana State Industrial Infrastructure Development Corporation Limited (₹ 71.94 crore) and Haryana State Roads and Bridges Development Corporation Limited (₹ 28.27 crore). The major losses were incurred by Uttar Haryana Bijli Vitran Nigam Limited (₹ 8,603.60 crore), Dakshin Haryana Bijli Vitran Nigam Limited (₹ 1,352.41 crore) and Haryana Power Generation Corporation Limited (₹ 160.49 crore).

A review of latest three years Audit Reports of CAG shows that the working State PSUs incurred controllable losses/ avoidable expenditure of ₹ 2,875.21 crore and made infructuous investment of ₹ 221.20 crore which were controllable with better management. The details are given in the table below:

Table 1.4

(₹ in crore)

Particulars	**2010-11**	**2011-12**	**2012-13**
Controllable losses/ avoidable expenditure as per CAG's Audit Report	1,251.60	1,497.16	126.45
Infructuous Investment	184.23	36.97	-

The State Government had formulated (October 2003) a dividend policy under which all PSUs are required to pay a minimum return of four *per cent* on the paid up share capital contributed by the State Government. As per their latest finalised accounts, 15 PSUs earned an aggregate profit of ₹ 292.35 crore. However, only four PSUs[3] declared dividend of ₹ 6.60 crore and nine PSUs did not declare any dividend.

1.7 Arrears in finalisation of accounts

The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619-A and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

2 For the year 2008-09 (three PSUs), 2009-10 (two PSUs), 2010-11 (two PSUs), 2011-12 (12 PSUs) and 2012-13 (four PSUs)

3 Haryana Warehousing Corporation, Haryana State Industrial and Infrastructure Development Corporation Limited, Haryana Forest Development Corporation Limited and Haryana State Electronics Development Corporation Limited.

The table below provides the details of progress made by working PSUs in finalisation of accounts by 30 September 2013.

Table 1.5

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working PSUs	22	21	22	22	24
2.	Number of accounts finalised during the year	23	17	23	22	21
3.	Number of accounts in arrears	26	30	29	29	34
4.	Average arrears per PSU (3/1)	1.23	1.38	1.32	1.32	1.41
5.	Number of Working PSUs with arrears in accounts	12	16	17	17	19
6.	Extent of arrears (in years)	1 to 5	1 to 6	1 to 5	1 to 4	1 to 4

The main reasons as stated by the Companies for delay in finalisation of accounts are lack of trained staff and non computerisation of the accounts. In addition to above, there were arrears in finalisation of accounts by non-working PSUs also. Out of five non-working PSUs, excluding two non-working PSUs under liquidation, three PSUs had finalised their accounts and the remaining two PSUs had arrears of accounts for one to two years.

The State Government had invested ₹ 9,048.70 crore (Equity: ₹ 178.50 crore, grants: ₹ 43.92 crore and subsidy: ₹ 8,826.28 crore) in 11 PSUs during the years for which accounts have not been finalised as detailed in ***Appendix* 4**. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. The PAG brought the position of arrear of accounts to the notice of administrative departments concerned. No remedial measures were, however, taken in this regard. As a result of this, we could not assess the net worth of these PSUs as on 31 March 2013. The Principal Accountant General had also taken up (July 2013) the issue of arrear in accounts with the Chief Secretary, to expedite the clearance of backlog in a time bound manner, but the things did not improve.

In view of the above state of arrears, it is recommended that:

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual Companies which should be monitored.
- The Government may consider engaging the services of agencies with

necessary skills.

1.8 Winding up of non-working PSUs

There were seven non-working PSUs (all Companies) as on 31 March 2013. Of these, two PSUs[4] were under closure process. However, liquidation process had not yet begun.

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. During 2012-13, three non-working PSUs incurred an expenditure of ₹ 54.45 lakh towards establishment. This expenditure was met through disposal of assets (₹ 35.14 lakh), interest and bank balance lying with the Companies. The Government may consider setting up a cell to expedite closing down the non-working companies.

1.9 Accounts Comments and Internal Audit

Sixteen working companies forwarded their 17 audited accounts to PAG during the period with effect from 1 October 2012 to 30 September 2013. Supplementary audit was undertaken in respect of ten accounts and Non-Review Certificate was issued for seven accounts. Similarly, one Statutory corporation (Haryana State Warehousing Corporation) forwarded its accounts for the year 2011-12 during this period and another (Haryana Financial Corporation) during the prior period for supplementary Audit. Comments of two Statutory corporations *viz.* HWC and HFC were finalised. The audit reports of Statutory Auditors appointed by the CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needed to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below:

Table 1.6

(₹ in crore)

Sl. No.	Effect of audit comment	Companies				Corporations			
		2011-12		2012-13		2011-12		2012-13	
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
1.	Decrease in profit	6	72.34	5	11.48	2	2.77	1	3.98
2.	Increase in loss	8	3,025.35	4	6,018.96	1	30.80	-	-
3.	Non-disclosure of material facts	1	0.55	4	234.35	-	-	1	29.76
4.	Errors of classification	-	-	4	68.15	-	-	-	-
	Total		**3,098.24**		**6,332.94**		**33.57**		**33.74**

During the year, the Statutory Auditors had given qualified certificates for 11

[4] Haryana State Housing Finance Corporation Limited and Haryana Concast Limited

accounts. We observed that the compliance of companies with the Accounting Standards (AS) remained poor. There were 31 instances noticed of non-compliance with the AS in nine accounts during the year.

Some of the important comments in respect of accounts of Companies and Statutory corporations are stated below:

Table 1.7

Name of the Company	Year of account	Gist of the Comment
HPGCL[5]	2011-12	Non- capitalization of interest resulted in overstatement of loss and understatement of Capital Work in Progress (CWIP) by ₹ 5.93 crore
HSIIDC[6]	2011-12	Overstatement of Inventories and understatement of other Current Assets of ₹ 4.54 crore due to inclusion of the cost of the store items meant for development or maintenance of Industrial Area
HSCFDC[7]	2008-09	Profit overstated by ₹ 3.46 crore due to inclusion of interest and penal interest recovery of which was doubtful
HBC&EWSKNL[8]	2008-09	Understatement of loss as well as provisions to the tune of ₹ 2.43 crore due to non-provision of liability of penal interest payable to the National Backward Classes Finance and Development Corporation Limited
Name of the Statutory Corporation	**Year of account**	**Gist of the Comment**
HSWC[9]	2011-12	• Overstatement of profit by ₹ 0.25 crore due to short provision against recoverable amount from FCI • Overstatement of profit by ₹ 0.31crore due to short provision of Income Tax

In UHBVNL, the increase in loss was ₹ 6,010.71 crore on account of changes in accounting procedures/methods and reconciliation of accounts with HVPNL, HPGCL and DHBVNL as per the comments of Statutory Auditors.

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report in respect of various aspects including internal control/ internal audit systems in the Companies audited in accordance with the directions

[5] Haryana Power Generation Corporation Limited
[6] Haryana State Industrial and Infrastructure Development Corporation Limited
[7] Haryana Scheduled Castes Finance and Development Corporation Limited
[8] Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited
[9] Haryana State Warehousing Corporation

issued by the CAG to them under Section 619 (3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by statutory auditors on possible improvement in the internal audit/ internal control system in respect of Companies for the year 2012-13 are given in the table below:

Table 1.8

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as *per Appendix* 2
1.	Non-fixation of minimum/ maximum limits of store and spares	4	A1,A3,A11,A14
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	5	A5,A11,A13,A14,A16
3.	Non maintenance of proper records showing full particulars including quantitative details, identity number, date of acquisition, depreciated value of fixed assets and their locations	5	A5,A6,A10,A16,C1
4.	Lack of internal control over purchase of material	1	A14
5.	Inadequate/ non existence of Internal Audit System	6	A5,A6,A11,A13,A14,A16
6.	Non use of Computer System (EDP)	7	A1,A5,A6,A10,A13,A14,A17

1.10 Recoveries at the instance of audit

During the course of audit in 2012-13, recoveries of ₹ three lakh were pointed out to the management of Uttar Haryana Bijli Vitran Nigam Limited, which was admitted by PSUs and recovered during the year 2012-13.

1.11 Status of placement of Separate Audit Reports

The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory Corporations in the Legislature by the Government during 2012-13.

Table 1.9

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government by Corporation
1.	Haryana Financial Corporation	2010-11	2011-12	13-03-2013
2.	Haryana State Warehousing Corporation	2009-10	2010-11	Under Printing
			2011-12	Under Printing
			2012-13	Under Printing

1.12 Disinvestment, Privatisation and Restructuring of PSUs

The State Government did not undertake any disinvestment, privatisation and restructuring of any of its PSUs during 2012-13.

1.13 Response of the departments to Audit Report material

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2013, two performance audit involving ₹ 102.75 crore and 10 audit paragraphs involving ₹ 23.70 crore were issued to the Additional Chief Secretaries/Principal Secretaries of the respective Departments with request to furnish replies within six weeks. However, reply in respect of one performance audit and 10 transaction audit paragraphs involving a money value of ₹ 91.12 crore was awaited from the State Government (December 2014).

1.14 Follow up action on Audit Reports

1.14.1 Replies outstanding

The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Haryana issued (July 1996) instructions to all Administrative Departments to submit replies to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the PAC/COPU.

Though the Audit Reports for the years 2010-11 and 2011-12 were presented to the State Legislature in February 2012 and March 2013 respectively, three departments, which were commented upon, did not submit replies to five out of 22 paragraphs as on 30 September 2014, as indicated in Table 1.10:

Table 1.10

Year of the Audit Report (Commercial)	Number of reviews/paragraphs appeared in the Audit Report		Number of reviews /paragraphs for which replies were not received	
	Reviews	Paragraphs	Reviews	Paragraphs
2010-11	2	9	-	1
2011-12	2	13	-	4
Total	**4**	**22**	**-**	**5**

The replies awaited were mainly from Power department.

1.14.2 Compliance to Reports of Committee on Public Undertakings (COPU)

Replies to 16 paragraphs pertaining to five Reports of the COPU presented to the State Legislature between February 2009 and March 2014 had not been received (September 2014) as indicated below:

Table 1.11

Year of the COPU Report	Total number of Reports involved	No. of paras in COPU Report	No. of paragraphs where replies not received
2008-09	1	14	1 (Para No. 14)
2010-11	1	10	1 (Para No. 8)
2011-12	1	8	2 (Para No. 3 and 5)
2012-13	1	16	3 (Para No. 4,5 and 7)
2013-14	1	10	9 (Para No. 1 to 8 and 10)
Total	**5**	**58**	**16**

These reports of COPU contained recommendations in respect of paragraphs pertaining to five[10] departments, which appeared in the Reports of the CAG of India for the years 1999-2000 to 2009-10.

1.14.3 Outstanding recommendations of COPU

Twenty six Reports of the Committee containing 173 recommendations pertaining to Audit Reports from 1976-77 to 2010-11 have not been implemented as on 30 September 2014. Due to non implementation of these recommendations by the Departments, the improvements sought by COPU could not be achieved.

[10] Forest, Industries, Power, PWD (B&R) and Tourism.

1.14.4 Response to Inspection Reports, Draft Paragraphs and Performance Audits

Our observations noticed during audit and not settled on the spot are communicated to the respective heads of the PSUs and concerned departments of the State Government through Inspection Reports (IRs). The heads of PSUs are required to furnish replies to the IRs through respective heads of departments within a period of four weeks. Review of IRs issued up to March 2014 revealed that 1,188 paragraphs relating to 306 IRs pertaining to 12 departments remained outstanding as on 30 September 2014.

It is recommended that the Government may ensure: (a) sending of replies to inspection reports/ draft paragraphs/ performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/ outstanding advances/ overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

1.15 Coverage of this Report

This Report contains 10 paragraphs and two performance audits on 'Rajiv Gandhi Grameen Vidyutikaran Yojana' and 'Haryana State Warehousing Corporation' involving a financial effect of ₹ 126.45 crore.

Chapter-2

Performance Audit relating to PSUs - Government Companies and Corporation

Chapter 2

2. Performance Audit relating to PSUs – Government Companies and Corporation

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

2.1 Rajiv Gandhi Grameen Vidyutikaran Yojana

Rajiv Gandhi Grameen Vidyutikaran Yojana launched (March 2005) by Ministry of Power (MoP) Government of India (GoI) was aimed to electrify 1.25 lakh un-electrified villages in the country and give free electricity connections to 2.34 crore Below Poverty Line (BPL) households by 2009. The important findings noticed during audit are as under:

Highlights

The Rural Electricity (RE) plan which was to be notified within six months of notification (August 2006) of RE policy was notified with delay of 58 months. RE plan was deficient as estimation of load was unrealistic and power requirement was not assessed to meet the additional load.

(Paragraphs 2.1.5.1 and 2.1.5.2)

Detailed Project Reports (DPRs) of 21 projects were approved by taking time ranging between 12 days and 920 days. DPRs were prepared without actual route surveys. Distribution Transformers (DTs) meters worth ₹ 8.27 crore were not utilised for conducting energy audit.

(Paragraphs 2.1.5.3 to 2.1.5.5)

UHBVNL spent ₹ 43.20 crore from cash credit accounts which resulted in incurring undue interest burden of ₹ 3.44 crore. DHBVNL kept Scheme funds of ₹ 59.96 crore in a private bank.

(Paragraph 2.1.6)

DISCOMs awarded contracts for ₹ 259 crore against REC sanctioned cost of ₹ 200.22 crore and bore the additional financial burden. Contractors of UHBVNL got excess payments of ₹ 15.36 crore by bringing material in excess to sites.

(Paragraphs 2.1.7.1 and 2.1.7.4)

Eight projects of UHBVNL were delayed for period ranging between 7 and 67 months and six projects of DHBVNL were completed with delay ranging between 10 and 28 months against the completion period of 12 months and 9 months respectively.

(Paragraph 2.1.7.3)

UHBVNL achieved 66.03 *per cent* and 75.83 *per cent* of its targets of release of connections to BPL households in 10th and 11th plan periods respectively. DHBVNL had achieved the targets for 11th plan Phase-1 but there was no achievement for Phase-II projects.

(Paragraph 2.1.8.2)

2.1.1 Introduction

Rajiv Gandhi Grameen Vidyutikaran Yojana (Scheme) was launched by Ministry of Power (MoP) Government of India (GoI) in March 2005 to provide electricity access to all rural households in India. The target was to electrify 1.25 lakh unelectrified villages of the country and to give electricity connections free of cost to 2.34 crore Below Poverty Line (BPL) households by 2009.

In Haryana, the Scheme was covered under 10th and 11th five year plan (2005-2009) and was implemented by the two power distribution companies (DISCOMs)-Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL). A tripartite agreement (July 2005) was entered amongst Rural Electrification Corporation (REC), Government of Haryana (GoH) and DISCOMs for implementation of the Scheme and REC was the nodal agency. GoI provided 90 *per cent* capital subsidy towards creation of Village Electrification Infrastructure (VEI) projects. VEI includes electrification of unelectrified habitations besides making provision of distribution transformers (DTs) in electrified villages. Electrification of unelectrified BPL households was to be financed with 100 *per cent* capital subsidy in all rural habitations. Above Poverty Line (APL) households too could be given connections but without any subsidy.

2.1.2 Audit Objectives

The objectives of the performance audit were to ascertain whether:

- preparation of Rural Electrification (RE) Plans was timely and formulation of DPRs was based on reliable data;
- the financial management was adequate;
- implementation of RGGVY projects / works was economical, efficient and effective;
- targets envisaged under the Scheme were achieved; and
- there was an adequate and effective monitoring mechanism.

2.1.3 Scope of Audit & methodology

The audit examination involved scrutiny of records of eight out of 21 projects. Two projects (DHBVNL-Bhiwani and UHBVNL-Karnal) were selected on high materiality risk basis (being higher value projects) and six projects[1] were selected by simple random sampling without replacement method. Out of eight projects, 17 blocks, 85 villages (five villages from each block) and 419

[1] UHBVNL-Jhajjar, Jind, Kurukshetra; DHBVNL-Fatehabad, Mewat, Sirsa.

beneficiaries (five beneficiaries from each village except two villages where only three and one connection was released respectively) were selected on random sampling basis. The sample test checked cases constituted 47.93 *per cent* of the total amount of ₹ 173.72 crore spent.

We explained the audit objectives of this Scheme to the DISCOMs during an Entry Conference (August 2012). Our audit findings are discussed in subsequent paragraphs. The audit findings were reported to the Government/ Management (September 2013) and discussed in the exit conference (October 2013). Views of the Management have been considered while finalising this report.

2.1.4 Audit Criteria

The sources of the audit criteria were:-

- Electricity Act, 2003;
- Rural Electrification (RE) Policy 2006;
- Scheme guidelines issued by Ministry of Power (MoP)/ REC;
- Instructions/ circulars/ orders issued by MoP;
- Approved DPRs;
- Sanctions for payment of capital subsidy; and
- Tripartite Agreements amongst REC, GoH and DISCOMs.

Audit Findings

2.1.5 Planning and Project Formulation

2.1.5.1 Delay in notification of RE Plan 2007-12

GoI notified (23 August 2006) RE Policy and the State Government was required to prepare and notify a RE Plan within six months of notification of RE Policy, *i.e.* up to 23 February 2007. RE plan was to be a road map for achievement of objectives of the Scheme.

Against the target date of 23 February 2007 for notification of RE Plan, it was notified by 30 December 2011, a delay of 58 months. DISCOMs while agreeing with the facts (October 2013) stated that the delay was due to laid down procedures at various levels.

2.1.5.2 Deficiencies in RE Plan

RE plan should contain the data of rural households electrified and to be electrified, estimated load increase, plan to augment the distribution network, power requirement due to increased load and plans to meet increased power demand and to remove discrimination in hours of power supply between urban and rural households. Scrutiny of the RE Plan revealed that RE Plan did not contain the data as on 31 March 2005 of total number of rural households to be electrified. Further, the data in respect of estimated increase in load as projected by DPRs and RE plan were not consistent.

RE plan estimated 2.28 lakh unelectrified BPL households to be electrified, the DISCOMs set target of electrification of 2.45 lakh BPL households in DPRs. DISCOMs did not assess power requirement in RE Plan. RE Plan did not make any target to improve the hours of supply to rural households and address the issue of discrimination in hours of supply between rural and urban households contrary to the objectives of the Scheme. This was despite the GoH and DISCOMs commitment for compliance of this provision.

The Management, while agreeing stated that the targets set to remove discrimination between rural and urban households in totality was not practically feasible due to less recovery from rural areas resulting in financial losses to the DISCOMs. The fact remains that the discrimination in hours of supply had widened.

2.1.5.3 Detailed Project Reports

DISCOMs submitted (July 2005 to November 2011) Detailed Project Reports (DPRs) to REC for approval. REC approved for UHBVNL, DPRs of four[2] districts in 12 to 75 days and DPRs of seven[3] districts in 548 to 861 days. In DHBVNL, DPRs of seven[4] districts took 729 to 920 days for approval and three districts[5] (DHBVNL) under phase-II were approved within 45 days.

Management while agreeing with the facts stated that the approval of DPRs was under the purview of REC and it was beyond their control and compliance to the observations made by the REC took time.

2.1.5.4 Unrealistic DPRs

DPRs in all the 11[6] projects in UHBVNL and seven[7] out of 10 projects in DHBVNL were prepared without any survey *i.e.* number of connections to be released and infrastructure required for the same. There were wide variation of quantities as per DPRs, contracts awarded and work actually done. The details are given in the ***Appendix 5***. A perusal of ***Appendix*** showed that value of actual work done was less than approved by REC and as per contracts awarded. We further observed that in case of UHBVNL, works that were being done departmentally were also included in the DPRs and as a result, DPRs were inflated requiring changes in the quantity of works.

During exit conference, Management stated that DPRs were prepared in haste and without actual route survey.

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2 Karnal, Panipat, Sonipat and Rohtak

3 Jind, Jhajjar, Kaithal, Ambala, Kurukshetra, Yamuna Nagar and Panchkula

4 Sirsa, Bhiwani, Fatehabad, Hisar, Mewat, Mohindergarh and Rewari

5 Faridabad, Gurgaon and Palwal

6 Sonipat, Panipat, Karnal, Rohtak, Jind, Jhajjar, Kaithal, Ambala, Kurukshetra, Yamuna Nagar and Panchkula

7 Sirsa, Bhiwani, Fatehabad, Hisar, Mewat, Mohindergarh and Rewari

2.1.5.5 Unfruitful expenditure on Distribution Transformer (DT) meters

5,082 DT meters installed at a cost of ₹ 8.27 crore had not been utilised for conducting energy audit due to lack of infrastructure *i.e.* server/ routers at headquarter to receive and process the data. Thus, the expenditure of ₹ 8.27 crore incurred on these meters was rendered unfruitful. DISCOMs stated (October 2013) that these DT meters would be utilised for conducting energy audit in future as consumer indexing has been completed now.

2.1.6 Financial Management

Against the approved project cost[8] of ₹ 214.41 crore (revised cost ₹ 229.69 crore) DISCOMs received ₹ 177.01 crore (grant-₹ 158.20 crore and loan-₹ 18.81 crore) and utilized ₹ 164.46 crore up to 31 March 2013. The DISCOMs earned an interest of ₹ 11.73 crore out of which ₹ 9.54 crore was refunded to REC. The irregularities noticed during audit are discussed below:

- As per REC guidelines (April 2008), the Scheme funds were to be kept in separate interest bearing deposits of nationalised banks till the payments were made to the contractors. Further, interest earned on these funds were to be refunded to the REC. The UHBVNL received funds of ₹ 59.08 crore from REC during 2008-10. Instead of keeping Scheme wise funds in separate accounts, the UHBVNL kept these funds in Fixed Deposit Receipts. Interest received on these funds were refunded to REC as per above guidelines. However, we observed that field office of UHBVNL made payments of ₹ 43.20 crore during 2011-12 to the contractors not from the Scheme funds but by availing cash credit limit from the bank paying an average interest rate of 11 *per cent* on the cash credit limit. Thus, the Company had to bear an avoidable interest burden of ₹ 3.44 crore by making payments from the cash credit facility.

  During exit conference, while admitting the facts, the Management stated that they have now started keeping Scheme wise data to avoid such losses in future.

- DHBVNL received (December 2008 to March 2011) ₹ 59.96 crore from REC. We observed that DHBVNL kept these funds in HDFC bank up to March 2011 in violation of REC guidelines (April 2008).

  During exit conference, the Management admitted that though the funds were not kept as per REC guidelines, it earned more interest by keeping these funds in private bank. But the fact remains that provisions of REC guidelines were violated.

2.1.7 Implementation of projects / works

2.1.7.1 DISCOMs awarded 15 contracts at a cost of ₹ 259 crore against

8 21 projects

sanctioned project cost of ₹ 200.22 crore as detailed below:

Table 2.1.1

(₹ in crore)

Name of DISCOMs	Number of projects	Number of contracts	Sanctioned Project cost[9]	Contract cost	Difference of contract cost with reference to sanctioned cost
			UHBVNL		
10th Plan	4	2	44.75	64.75	+20.00
11th Plan	7	3	52.21	76.24	+24.03
Total	**11**	**5**	**96.96**	**140.99**	**44.03**
			DHBVNL		
11th Plan	7	7	87.16	102.20	+15.04
11th Plan Phase-II	3	3	16.10	15.81	-0.29
Total	**10**	**10**	**103.26**	**118.01**	**14.75**
Grand Total	**21**	**15**	**200.22**	**259.00**	**58.78**

From the above, it can be seen that the contract cost of two[10] contracts in UHBVNL under 10th Plan and three[11] contracts under 11th plan were higher as compared to the sanctioned cost. The higher cost ranged between 8.39 and 133.84 *per cent* due to higher rates as compared to the rates in DPRs in respect of first two contracts and higher rates along with higher quantity in respect of remaining three contracts which were awarded, before approval of DPRs by REC. In DHBVNL, in six[12] contracts, higher cost ranged between 17.25 and 34.66 *per cent* due to higher rates and inclusion of H.T. Aerial Bunched (AB) cable. Resultantly, DISCOMs bore additional financial burden as REC, while approving revised DPRs, had disallowed ₹ 37.03 crore (UHBVNL) and ₹ 6.31 crore (DHBVNL).

The Management stated that the matter would be looked into and in future, empanelment of vendors would be common for both the companies.

2.1.7.2 Disallowed cost

UHBVNL completed four[13] projects out of 11 projects and submitted their closure reports to REC with final cost of ₹ 49.31 crore. REC disallowed ₹ 11.38 crore citing the rates of contracted quantity being higher than those allowed in revised sanctions and the consumption of material in excess of the norms. Scrutiny of closure reports showed that there was cost overrun of ₹ 1.32 crore and ₹ 2.22 crore in Rewari and Mewat projects respectively due to higher rates of contracted quantities than those allowed in revised sanctions and execution of unauthorised quantities, *i.e.* in excess over sanctioned quantities. Further, there was excess expenditure of ₹ 0.13 crore due to execution of unauthorised quantities in Fatehabad and Hisar.

The Management stated that the sanctioned costs were based on the DPRs which were preliminary and without actual foot survey whereas works were awarded on open tendering basis where costs received from the tenderers were high. This underlines the fact that the DPRs were not realistic.

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9 Excluding overhead charges of implementing agency and service charges of REC.

10 Bid-42 for Rohtak and Bid-51for Karnal, Sonipat and Panipat.

11 Bid-96 for Jind, Jhajjar and Kaithal, Bid-97 for Ambala, Kurukshetra, and Yamunanagar and Bid-98 for Panchkula.

12 Bhiwani (TED-61), Fatehabad (TED-83), Mewat (TED-84), Hisar (TED-66), Mohindergarh (TED-62) and Rewari (TED-86).

13 Karnal, Sonipat, Panipat and Rohtak.

We further observed that DISCOMs incurred extra expenditure of ₹ 1.29 crore on release of connections to BPL families, as tabulated below:

Table 2.1.2

(Amount in ₹)

Name of Districts	Connection cost as per REC norms	Actual cost per connection	Excess cost per connection	Number of connections released	Total excess cost
UHBVNL					
Karnal, Panipat and Sonipat	1,500	1,578.25	78.25	28,580	22,36,385
Panchkula	2,200	2,306.38	106.38	653	69,466
Total					**23,05,851**
DHBVNL					
Hisar	2,200	2,471.60	271.60	18,634	50,60,994
Mohindergarh	2,200	2,441.01	241.01	6,259	15,08,482
Rewari	2,200	2,444.08	244.08	16,684	40,72,231
Total					**1,06,41,707**
Grand Total					**1,29,47,558**

Management of DISCOMs stated (October 2013) that the bidders quoted their rates keeping in view the market fluctuations and State High Power Purchase Committee conducted negotiations with the bidders to bring down the rates. But the fact remains that awarded rates were still higher than the norms fixed by the REC.

2.1.7.3 Delay in completion of projects

The Scheme undertaken by UHBVNL (11 districts) and DHBVNL (10 districts) had provided completion period of one year and nine months respectively. The scheduled date of completion, date of completion and delay in execution of projects are mentioned in ***Appendix 6***. Perusal of the ***Appendix*** showed that:

i. Eight projects of UHBVNL were delayed for period ranging between seven and 67 months and remaining three projects were not completed till March 2014 and,

ii. Six projects of DHBVNL were completed with delay ranging between 10 and 28 months, one project was terminated (July 2012) and three projects, were incomplete (March 2014).

Reasons for delay in completion were delayed award of contracts after the approval of DPRs and delayed execution of the projects by the contractors. The Management stated that the time provided in the contracts was not realistic and on lower side and should have been two years as per Scheme. The reply was not acceptable as the contractors had agreed to the time schedule and had quoted their rates accordingly.

2.1.7.4 Deficient contract management

Deficiencies noticed in contract management are discussed below:

i) Bid documents of all the five[14] contracts of 11 projects awarded by

[14] Bid-42 (Rohtak), bid-51 (Karnal, Panipat and Sonipat), bid-96 (Jind, Jhajjar and Kaithal), bid-97 (Ambala, Kurukshetra and Yamunanagar) and bid-98 (Panchkula).

UHBVNL mentioned that some of these works were already being executed departmentally and the contracts for balance works were to be awarded for the actual quantities to be worked out by field officers jointly. No such exercise was undertaken and the contracts were awarded for quantities as per DPRs.

DHBVNL contracts provided for penalty for delayed execution of work at the rate of 0.5 *per cent* per week up to four weeks and one *per cent* per week after four weeks, subject to maximum of 10 *per cent* of the contract price. UHBVNL included such clause only in two contracts (Bid-42 and Bid-51) of 10th plan and in subsequent three contracts (Bid-96, Bid-97 and Bid-98) of 11th plan, it diluted the clause by providing the penalty at the rate of 0.5 *per cent* per week or part thereof subject to maximum of 5 *per cent* of left over work up to 10 weeks and thereafter at 0.75 *per cent* per week or part thereof subject to maximum of 12.5 *per cent* of left over work. DHBVNL had linked major payments with the erection of material whereas UHBVNL allowed major part of payments (75 to 80 *per cent*) to contractors on supply of material alone and did not link to erection. UHBVNL's contractors brought excess material to site and got excess payments amounting to ₹ 15.36 crore in four contracts as discussed in subsequent paras.

- UHBVNL awarded a turnkey contract in June 2006 in respect of Bid-51 at a cost of ₹ 58 crore with scheduled date of completion as June 2007 extended up to June 2009 but the contractor did not complete the work by June 2009. Penalty of ₹ 5.06 crore recovered during August 2007-June 2009 was refunded in August/ September 2009). Company recovered a penalty of ₹ 2.43 crore only out of ₹ 5.80 crore recoverable for the delay from the running bills of the contractor leaving a short recovery of penalty of ₹ 3.37 crore. The contractor brought more material than needed and got payment without erection. The contractor abandoned (October 2010) the works valuing ₹ 40.14 crore against which the Company had made payments of ₹ 46.07 crore to the contractor resulting in excess payment of ₹ 5.93 crore. The Company took over (April 2013) the unutilised material valuing ₹ 3.52 crore leaving ₹ 5.78[15] crore still recoverable from the contractor (April 2013). Management admitted the audit observations and stated that they have a Bank Guarantee (BG) for ₹ 5.80 crore from the contractor, valid up to June 2014 which had been got extended up to December 2014 and had not been encashed (December 2014).

- In three turnkey contracts, awarded (July[16] and October[17] 2007), for ₹ 76.24 crore by UHBVNL, the scheduled date of completion was July 2008 and October 2008. The penalty for delayed completion was @ 0.5 *per cent* per week or part thereof up to 10 weeks and 0.75 *per cent* per week or part thereof for delay beyond 10 weeks on value of un-

[15] Excess payment made=₹ 5.93 crore + penalty short recovered = ₹ 3.37 crore - material taken back ₹ 3.52 crore = ₹ 5.78 crore.

[16] Bid No.96 (Jind, Jhajjar and Kaithal) to M/s Jitco Overseas Projects Limited.

[17] Bid No.97 (Ambala, Kurukshetra and Yamunanagar) to M/s Jitco Overseas Projects Limited and bid No. 98 (Panchkula) to M/s DEE Control & Electricals Private Limited.

commissioned works subject to maximum of 12.5 *per cent* on value of un-commissioned works. The contractors were granted extension up to 31 August 2009 without levy of penalty and were refunded (May-June 2009) the penalty recovered amounting to ₹ 6.10 crore. But the contractors did not complete the work even in extended period, *i.e.*, 31 August 2009. The contractors submitted 46 running bills of ₹ 5.86 crore and abandoned the works in March 2011. The Company deducted penalty of ₹ 1.07 crore only against ₹ 9.53 crore recoverable (being 12.5 *per cent* of the project cost i.e. ₹ 76.24 crore), leaving unrecovered penalty of ₹ 8.46 crore. The value of the work done and measured by the field offices was ₹ 31.54 crore against which the Company had already made payments of ₹ 40.97 crore, an excess payment of ₹ 9.43 crore. No security cover was available with the Company to recover these overpayments. The Performance Bank Guarantees (PBG) had also lapsed. Thus, the Company incurred a loss of ₹ 17.89 crore (short recovery of penalty ₹ 8.46 crore and excess payment ₹ 9.43 crore).

Management while agreeing to the audit observations stated that they were now adopting uniform terms and conditions for both the companies.

ii) UHBVNL created infrastructure valuing ₹ 6.28 crore in 144 villages in nine projects as per ***Appendix** 7* for release of connections to BPL households. This was lying idle (May 2013) as no connection to BPL beneficiaries was released. Management stated that the infrastructure created would be used to release BPL/ APL connections. However, the fact remains that the Company created the infrastructure which was not need based and idle infrastructure was prone to theft and pilferage.

iii) As per Quality Control Manual of REC for RGGVY works, turnkey contractors and the DISCOMs were required to conduct 100 *per cent* inspection of works and BPL connections of all the villages to ensure quality workmanship. We observed (May 2013) that the contractor[18] had partially executed various works of RGGVY in Yamunanagar project. Resultantly, 900 LT poles were erected but work of LT line was not completed. Another 5 KM cable and 16 DTs were lying unconnected to distribution network. This indicated that inspection of works of BPL connections was not conducted as per Quality Control Manual. Management stated that the works had been completed departmentally and connections had been released, but did not produce the details/ documents in support of actual release of BPL/ APL connections in these villages.

iv) DHBVNL awarded (April 2008) a turnkey contract at a cost of ₹ 18.39 crore with scheduled date of completion of work as 16 January 2009 extended up to 31 August 2010. As contractor failed to complete the work by 31 August 2010, the DHBVNL terminated (July 2012) the contract and encashed (4 July 2012) the BG of ₹ 1.84 crore towards 10 *per cent* liquidated damages. Terms

[18] M/s Jitco Overseas Projects Limited.

and conditions of the contract, *inter-alia,* provided that 90 *per cent* payment of the cost of work done would be made on the basis of measurement of work by Engineer-in-Charge. The contractor had submitted running bills and Engineer-in-Charge certified 90 *per cent* payment as ₹ 15.84 crore which was released. Subsequently, on measurement of the work, the value of work done worked out to be ₹ 15.32 crore and 90 *per cent* of the same worked out to be ₹ 13.79 crore leading to excess payment of ₹ 2.05 crore (₹ 15.84 crore - ₹ 13.79 crore) and an interest loss of ₹ 29.55 lakh up to March 2014 at 11.50 *per cent per annum*. Management while agreeing to the audit point stated that departmental action has been initiated.

v) The consumption of material was very high compared to the norms fixed by REC. Excess consumption ranged between 3 to 758 *per cent* resulting in extra expenditure of ₹ 1.59 crore in Sirsa, Fatehabad and Mewat. Management stated that consumption of material was in excess in some cases due to zig-zag streets in the villages. Reply was not tenable as during survey of selected villages, it was observed that the lines under the Scheme were erected mostly on the periphery of the villages not requiring circuitous route.

vi) One CFL was required to be provided to each BPL family from the Scheme funds. The GoH announced (26 August 2007) for providing two CFLs to each BPL family free of cost. DISCOMs, without getting the matter clarified from the GoH, decided (November 2007 and March 2008) to provide two CFLs to each BPL consumer, one by the contractor and another by the Company. As such, DISCOMs were to bear the cost of one CFL from their own funds and that of second CFL from the Scheme funds. DISCOMs procured (July/August 2008) 4.40 lakh CFLs at a cost of ₹ 2.47 crore out of which three lakh CFLs were issued to field units and balance 1.40 lakh CFLs valuing ₹ 0.76 crore were lying in the stores (March 2014). DHBVNL informed (May 2011) all the field offices that as per clarification received from the GoH, only one CFL was to be given to BPL families by the contractors under the Scheme and the GoH announcement for providing two CFLs stood cancelled. Thus, purchase of CFLs resulted in undue financial burden of ₹ 2.47 crore on DISCOMs. Management, while agreeing to the audit observation stated that these CFLs would be provided free of cost as incentive to those consumers who opt for installation of meters on the pillar box outside their premises.

2.1.8 Achievement of targets

2.1.8.1 Creation of village electrification infrastructure (VEI)

The targets and achievements regarding creation of VEI for intensive electrification in Haryana as on 31 March 2013 are given in ***Appendix 5.***

From the ***Appendix*** it can be seen that achievement in creation of various items of VEI ranged between 26.35 and 110.47 *per cent* in UHBVNL during 10^{th} and 11^{th} plan. Achievement of erection of 11Kv lines and 25 KVA DTs in

DHBVNL was 23.49 and 88.49 *per cent* in Phase-I of 11th plan and there was no achievement in respect of Phase-II projects as the works were under execution.

2.1.8.2 Electrification of rural BPL households

Targets for release of BPL connections and achievements there against are given below:

Table 2.1.3

Plan	No. of districts	BPL connections (in numbers)		
		Targets	Achievements	
			Actual	Percentage
UHBVNL				
10th plan	4	49,198	32,484	66.03
11th plan	7	60,961	46,224	75.83
DHBVNL				
11th plan phase-1	7	1,13,914	1,13,179	99.35
11th plan phase-II	3	21,432	0	0
Total	**21**	**2,45,505**	**1,91,887**	**78.16**

From the above, it can be seen that the achievement of targets relating to release of BPL connections was 66.03 and 75.83 *per cent* in UHBVNL for 10th and 11th plan, respectively. DHBVNL had achieved the targets for 11th plan Phase-1 but there was no achievement for Phase-II projects. The main reason for non-achievement of targets was delayed execution of projects by contractors. DISCOMs had issued default notices to the contractors and DHBVNL also terminated one contract and forfeited BG in respect of Bhiwani district of Phase-I of 11th Plan. We observed that under the Scheme, free electricity connections were to be provided to all the BPL households by 2009 but DISCOMs were not able to provide the same even after the expiry of 11th plan period, *i.e.*, by 2012.

Management stated that from the time of DPRs preparation and up to the time of its final execution of works, the field conditions had changed drastically. Even many BPL households who did not earlier have electric connections had subsequently taken electric connections. But the fact remains that non-achievement of targets was mainly due to delayed execution of projects.

2.1.8.3 Results of beneficiary survey

We conducted survey of 419 beneficiaries in selected 85 villages in eight districts. The results of survey are discussed below:

i. ***Non electrification of schools, gram panchayats and other public places***

As per definition[19] of electrified village, one of the conditions to declare a

[19] MoP, GoI specified (February 2004)

village as electrified was that electricity is provided to public places like schools, panchayat offices, health centres, dispensaries, community centres, *etc*. GoH has claimed in the RE plan that all the villages had been electrified. However, during field survey of selected districts, we observed that only 22.78 *per cent* of public places were electrified in the villages. Thus, criteria to declare the villages as electrified were not fully met.

We further observed that in selected 85 villages, connections to schools and gram panchayats were not released free of cost despite decision (September 2006) of MoP, GoI to provide subsidy for releasing connections free of cost. During exit conference, the Management stated that as per REC guidelines, the schools and gram panchayats were not to be provided free of cost. Reply was not tenable as connections were to be provided free of cost as per the decision of MoP (September 2006).

ii. Idle/ missing infrastructure

Distribution network created under RGGVY was lying idle, damaged or missing at various places in the selected villages in districts of Fatehabad, Bhiwani, Mewat, Jind, Kurukshetra and Jhajjar districts. The Management while accepting the audit observation, stated that idle DTs had since been connected to the distribution system and thus energised. Though DTs were energised but these were idle since no connection from these DTs was released.

iii. Position of power supply to rural households

During beneficiary survey, we observed that households in four villages were getting power supply on urban pattern and daily average power supply in remaining 81 villages ranged between 3 hours 52 minutes and 10 hours 57 minutes.

2.1.9 Monitoring

2.1.9.1 Quality Control Mechanism

DISCOMs had awarded five contracts for Third Party Inspection (TPI) of the Scheme projects in 18 districts during March 2008 to April 2011. TPI Agencies raised observations related to deficiencies and shortcomings in workmanship/ quality of work ranging between 740 and 2,992, in eight projects selected by Audit. Out of these, observations ranging between 291 and 2,992 remained unattended (June 2013). We observed that all observations raised by TPIAs remained unattended in Jind (2,552) Bhiwani (911), Kurukshetra (1,494) and Jhajjar (2,992). Management stated that the observations made by the TPI Agencies (TPIAs) were attended and it was conveyed to REC. The fact was that after being pointed out by audit the deficiencies were rectified by the companies at own cost and not by the contractors.

2.1.9.2 Release of balance payment without rectification of faults

As per the provisions of the contracts, 10 *per cent* balance payment was to be released to the contractors after rectification of faults pointed out by the TPIAs. We observed that though rectification of faults pointed out by the TPIAs were pending, yet the DHBVNL had released balance payment of 10 *per cent* (₹ 3.65 crore) to the contractors in Fatehabad, Sirsa and Mewat projects. Management stated that they had got necessary verification report in respect of rectification of deficiencies detected by the TPI Agencies in Sirsa and similar action was being taken in case of Fatehabad and Mewat districts. But the fact remains that the balance payment was released by the companies without verifying the rectification of faults by the contractors.

2.1.9.3 Delay in replacement of damaged distribution transformers

The HERC had prescribed (July 2004) a time limit of 48 hours for replacement of damaged DTs. In Jind district, 179 DT out of 303 DTs installed under the Scheme got damaged within warranty period and fifty two DTs, were replaced (May 2012) by the Company at its own cost and remaining 127 damaged DTs were still awaiting replacement (November 2012). DTs damaged under the Scheme in Sirsa and Mewat districts were not replaced within the prescribed period and were replaced after a period ranging between three and 126 days.

The UHBVNL had not maintained data regarding time taken in replacement of damaged DTs in respect of Jind, Kurukshetra, Karnal and Jhajjar districts. 14 DTs valuing ₹ 7.31 lakh were not found at site and 38 DTs (valuing ₹ 19.85 lakh) were found idle as per the reports (May 2012) of the officials of the Jind District. UHBVNL had not taken any action either for lodging FIRs for missing DTs or putting load on idle DTs (November 2012). Management stated that the transformers were damaged due to overloading as a result of theft of power and illegal power tapping 'Kundi' connections and many times replacement of damaged DTs was delayed consciously to penalise the consumers indulging in theft. The reply was not tenable as this was against the directions of HERC.

Conclusion

The RE Plan was deficient and was notified with delay. DPRs prepared were not based on field survey and therefore the contracted costs turned out to be higher than the one envisaged. Deficient and faulty contract management resulted in delayed completion of projects, misappropriation of material and overpayments to contractors. Quality and workmanship of the work was not ensured by the contractors and DISCOMs, resultantly large number of defects were noticed by third party inspecting agencies. DHBVNL had achieved the targets for 11th plan Phase-1 but there was no achievement for Phase-II projects due to delay in execution of projects by contractors. Free electricity connections were to be provided to all the BPL households by 2009 but DISCOMs were not able to provide the same. Survey of beneficiaries showed that implementation of the Scheme was not effective and infrastructure created was not put to efficient use.

Recommendations

The DISCOMs may consider:

i) preparation and notification of RE Plans within time frame so that these may act as a road map for implementation of the rural electrification projects.

ii) preparing Detailed Project Reports on the basis of actual survey.

iii) linking the terms and conditions of turnkey contracts with the various stages of constructions as against supply of material alone.

The above points were referred to the Government (September 2013), no reply was received (December 2014).

2.2 Haryana State Warehousing Corporation

The Haryana State Warehousing Corporation (Corporation) was established to acquire and build godowns and warehouses in the State for storage of food grains, fertilisers, agriculture produce, seeds and notified commodities. It is a notified agency for procurement and storage of wheat, paddy and bajra for central pool. The important findings noticed during audit are as under:

Highlights

The Corporation earned profits during 2009-10 to 2011-12 and suffered losses amounting to ₹ 10.97 crore in 2008-09 and ₹ 138.51 crore in 2012-13. There was shortfall in the capital expenditure during 2008-09 and 2009-10.

(Paragraphs 2.2.6.1 and 2.2.6.2)

The Corporation had not prepared its accounts as per the accepted accounting principles/ standards. Non-confirmation and reconciliation of accounts with FCI has resulted in major transactions being outstanding for more than 15 years. The value of closing stocks of wheat and gunny bags were not reconciled with physical balances since 2008-09.

(Paragraph 2.2.6.1)

As on 31 March 2013, ₹ 40.56 crore were recoverable from various Government / Government owned agencies on account of storage charges out of which ₹ 21.42 crore pertained to the period 1986-87 to 2007-08.

(Paragraph 2.2.8.1)

The Corporation violated the conditions of NIT by selecting a particular grade and brand, by changing the schedule of opening of financial bids, quantity and schedule of payment, in the contract for supply and erection of galvalume sheets for roofing of 47 godowns during 2008-09 and 2009-10. It had not levied penalties of ₹ 7.74 crore on contractors for delayed completion of works during 2008-09 to 2012-13 as per the provisions of the work orders.

(Paragraphs 2.2.9.2, 2.2.9.3 and 2.2.9.7)

The shortfall in achievement of procurement targets in respect of paddy ranged between 21 and 62 *per cent* during 2008-09 to 2011-12. The Corporation lost ₹ 6.64 crore worth of stocks owing to damage due to floods and rains.

(Paragraphs 2.2.11.6 and 2.2.11.7)

The internal control procedures were not commensurate with the size and nature of activities of the Corporation.

(Paragraph 2.2.13.1)

2.2.1 Introduction

The Haryana State Warehousing Corporation (HSWC) was established on 1 November 1967 under Section 18(1) of the Warehousing Corporation Act, 1962. The main objective of setting up of the Corporation was to acquire and build godowns and warehouses within the State for storage of food grains, fertilisers, agriculture produce, seeds and other notified commodities, arrange facilities for transport thereof to and from warehouses and carry out such other functions as may be prescribed. The Corporation was declared one of the agencies for food grains[1] procurement and storage (wheat, paddy, bajra) for Central pool.

2.2.2 Organisational set-up

The Management of the Corporation is vested in a Board of Directors (BoD) consisting of 11 Directors including a Chairman and a Managing Director (MD). Out of these Directors, five are to be nominated by the Central Warehousing Corporation (CWC) and six by the State Government. There were eight directors (four nominated by CWC and four by the State Government) as on 31 March 2013, including a Chairman and a MD who is the Chief Executive of the Corporation. The Corporation has nine[2] field circle offices (31 March 2013), each headed by a District Manager (DM).

2.2.3 Audit objectives

The objective of the performance audit was to ascertain whether:

- the financial management was adequate;
- the warehousing operations- capacity utilisation, storage activities, extension services and construction of warehouses, were carried out in an economic and efficient manner;
- procurement and delivery operations of food grains were undertaken as per prescribed norms/ procedures/ time limit and the Corporation raised complete claims for procurement;
- deployment of manpower in field was optimal; and
- the Corporation had an effective internal control system.

2.2.4 Scope of audit and methodology

The present audit conducted between December 2012 to April 2013 and in April 2014, analysed the performance of warehousing activities and food grains procurement activities of the Haryana State Warehousing Corporation

[1] Wheat-1993, Paddy-1995 and Bajra-2003.

[2] Ambala, Faridabad, Fatehabad, Kaithal, Kurukshetra, Panipat, Rewari, Rohtak and Sirsa.

for the Central Pool during 2008-13. The audit examination involved scrutiny of records maintained at the Head Office of the Corporation, the records of four[3] out of nine circle offices and 16 out of 46 warehouses in these four circles. The selection was made by adopting stratified random sampling method.

We explained the audit objectives to the Corporation during an Entry Conference with the Management (March 2013). The audit findings were reported (August 2013 and June 2014) to the Management and Government. The replies of the Government were received in July 2014. The audit findings along with replies were discussed in the Exit conference held in October 2013. Another Exit conference was held in December 2014 which was attended by the Additional Chief Secretary, Agriculture Department (ACS), MD and other officers of the Corporation. The views of Management and Government have been duly incorporated while finalising this performance audit and discussed in subsequent paragraphs.

2.2.5 Audit criteria

The following were the sources of audit criteria:

- provisions of the Warehousing Corporations Act, 1962 and the Haryana Warehousing Corporation Rules, 1969;
- instructions/ guidelines/ schemes of Government of India (GoI)/ Food Corporation of India (FCI)/ State Government/ Corporation and annual plans of the Corporation;
- terms and conditions of agreements entered into with the contractors for construction of warehouses, transportation of foodgrains and rice millers; and
- Haryana PWD code, internal audit and other control procedures of the Corporation.

Audit findings

2.2.6 Financial Management

2.2.6.1 Financial position and working results

The financial position and working results of the Corporation for the last five years up to 2012-13 are depicted in ***Appendix 8***. An analysis of the ***Appendix*** showed the following:

> HSWC net profits after tax ranged from ₹ 20.35 crore to ₹ 26.44 crore during the years 2009-10 to 2011-12. It suffered loss of ₹ 10.97 crore in 2008-09 and ₹ 138.51 crore in 2012-13.

[3] Ambala, Fatehabad, Rohtak and Sirsa

- The surplus from wheat procurement activity decreased steeply from ₹ 21.50 crore in 2009-10 to ₹ 3.85 crore in 2011-12. The Corporation earned surplus of ₹ 19.94 crore in 2012-13.
- The Corporation suffered losses in paddy procurement operations continuously. They were ₹ 0.29 crore in 2008-09 and rose to ₹ 27.32 crore in 2012-13.
- The Corporation suffered loss in procurement operations of Bajra during 2008-09, 2009-10 and 2011-12 and had marginal profits during 2010-11 and 2012-13.

We further observed that:

- the annual reports along with the audit reports from the years 2010-11 to 2012-13 had not been forwarded to the State Government to be laid before the State Legislature though the Annual General Meetings (AGMs) of the years had been held. This was in violation of Section 31 (11) of the Warehousing Corporation Act, 1962.
- the Corporation did not prepare its accounts as per the accepted accounting principles and accounting standards. The Statutory auditors had commented upon inadequate internal audit system and non-confirmation and reconciliation of accounts with FCI, with which, major transactions were outstanding for more than 15 years. Audit observed that the value of closing stocks of wheat and gunny bags were not reconciled with the physical balances since 2008-09.

The Management and the State Government stated (July 2014) that efforts were being made to comply with applicable accounting standards and principles and informed that internal audit system had been strengthened.

2.2.6.2 Budgetary Control

Before the commencement of each financial year, the Corporation prepares a statement of programme of its activities and budget estimates as per Section 26 (1) of the Warehousing Corporations Act, 1962. The Budget estimates of capital and revenue expenditure, projected income and actual performance thereagainst of the Corporation for the five years up to 2012-13 are tabulated below:

Table 2.2.1

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Capital expenditure					
	Budget Actual Variation Percentage of variation	55.91 5.78 (-)50.13 (89.66)	40.39 26.44 (-)13.95 (34.54)	28.88 51.01 (+)22.13 (76.62)	25.02 32.22 (+)7.20 (28.78)	30.71 29.17 (-)1.54 (5.01)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
2.	Revenue expenditure					
	Budget	39.11	48.74	60.44	72.00	77.00
	Actual	47.27	58.37	59.63	68.30	261.03
	Variation	(+)8.16	(+)9.63	(-)0.81	(-)3.70	(+)184.03
	Percentage of variation	(20.86)	(19.76)	(1.34)	(5.14)	(239.00)
3.	Total Income					
	Budget	60.61	80.24	101.50	104.00	115.00
	Actual	67.88	90.10	91.58	93.14	128.66
	Variation	(+)7.27	(+)9.86	(-)9.92	(-)10.86	(+)13.66
	Percentage of variation	11.99	12.29	(9.77)	(10.44)	11.88

The above table showed that:

- There was shortfall in the capital expenditure during 2008-09 and 2009-10. It could not undertake construction of godowns due to non-availability of land. It exceeded the budgeted expenditure significantly during 2010-11 and 2011-12 by 76.62 and 28.78 *per cent* respectively due to execution of works planned in previous years.

- The actual income was in the average range of +/- 11 *per cent* of estimated income due to variation in procurement activity of the Corporation.

During exit conference the ACS stated that efforts would be made to prepare realistic budgets.

2.2.6.3 Guarantee fee

The Corporation avails cash credit from State Bank of India for procurement of wheat and paddy, guaranteed by State Government which charges guarantee fee @ 1/8 *per cent* of the cash credits availed. FCI reimburses the same.

i. The Corporation paid excess guarantee fee of ₹ 1.21 crore during 1994-95 to 2005-06 to the State Government. It did not deposit any fee during 2006-07 to 2011-12. The Corporation requested (March 2011) the State Government to adjust the excess payment already made towards guarantee fee and issue certificate for payment from the year 2006-07. No response had been received so far (December 2014).

ii. The Corporation lodged (September 2011) its claim without requisite certificates from State Government for the years 2005-06 to 2009-10 with FCI for reimbursement of guarantee fee of ₹ 1.27 crore paid/ adjusted/ excess paid in previous years. The Corporation however reduced (October 2013) its claim to ₹ 1.06 crore after the objections of FCI, which was received by it in January

2014. Thus, the Corporation not only suffered loss of ₹ 0.21 crore on reduction of claims but also suffered loss of interest of ₹ 0.30 crore on blocked amount from November 2011 to December 2013.

The Management and State Government stated (July 2014) that the claim of ₹ 1.27 crore was rightly reduced by FCI as it had paid guarantee fee on the basis of actual cash credit availed but FCI reimbursed the same on the basis of MSP on naked foodgrains delivered to FCI.

2.2.6.4 Non reconciliation of gunny bales accounts

The Corporation procures gunny bales from Director General, Supplies and Disposal (DGS&D), Kolkata through Director, Food and Supplies (DFS), Government of Haryana. Since advance payment was released for each crop year on provisional basis, reconciliation of account at the end of each crop year was necessary.

The Corporation ordered 1,56,875 bales of Jute/ HDPE bags during 2008-09 to 2012-13, against which it received 1,50,810 bales. Value of shortfall quantity of 6,065 bales of ₹ 9.30 crore remained outstanding with DGS&D, Kolkata (December 2014) on which the Corporation suffered a loss of interest of ₹ 4.18 crore.

During exit conference the Management stated that the reconciliation was in process.

2.2.7 Warehousing Operations

One of the main objectives of the Corporation is to acquire, build and operate warehouses for storage. The Corporation created additional average[4] storage capacity of 2.96 lakh MT during the five years up to 2012-13. As on 31 March 2013, the Corporation had 108 warehouses with total storage capacity of 18.88 lakh MT. The capacity of the covered godowns was 14.99 lakh MT (owned 12.32 lakh MT and hired 2.67 lakh MT) and of open godowns/ plinths was 3.89 lakh MT (owned 0.89 lakh MT and hired 3 lakh MT).

2.2.7.1 Capacity Utilisation

The Corporation had not fixed any norms for minimum capacity utilisation of the warehouses to assess their economic viability. The utilisation of warehousing capacity and working results of this activity during 2008-09 to 2012-13 are given in ***Appendix 9***. Analysis of ***Appendix*** showed that the storage capacity ranged between 14.68 lakh MT (2008-09) and 18.88 lakh MT (2012-13) during the last five years ending March 2013 and the percentage of average capacity utilisation had increased from 83 in 2008-09 to 104 *per cent*

4 Average storage capacity is the total for whole year divided by 12 for one year.

in 2012-13.

2.2.7.2 Warehouse wise working results

The BoD, while approving (September 2008) construction of additional storage capacity, had directed that the godowns should emerge as independent profit centres. The Corporation, however, did not work out the profitability of the each unit or warehouse. Analysis of the working results prepared by audit, in respect of each warehouse during 2009-10 to 2012-13 showed the following:

- The loss making warehouses ranged between six and 15 during last four years up to 2012-13. The Corporation had not analysed and reported the matter to the BoD for their monitoring and guidance. These warehouses had low capacity utilisation being in far away location and storage of non Fair Average Quality (FAQ) Bajra, on which the income did not accrue to Corporation as the FCI did not reimburse the storage charges for this coarse grain.

- The warehouses earning profit below ₹ 10 lakh in a year ranged between 14 and 19. While working out these results, the elements of supervision cost of the circle office/head office, depreciation and provisions for staff benefits had not been considered as these were not separately available. Had these elements too been considered, these warehouses would also have turned into losses. The Corporation did not fix the breakeven point.

- The warehouses which earned profits above ₹ 50 lakh ranged between 25 and 49.

During exit conference the ACS directed the Management to work out warehouse wise working results to ascertain their profitability.

2.2.8 Storage activity

2.2.8.1 The Corporation is following the schedule of charges fixed by the CWC from time to time for storage of food grains, fertilisers, agriculture produce and other notified commodities. Storage charges are paid in cash at the time of delivery of commodities or on monthly basis in the case of bulk depositors (*viz.* FCI, FSD, HAFED, HAIC and CONFED) [5] to whom credit facility was allowed.

The table below indicates the storage charges earned, realised and percentage

5 FCI-Food Corporation of India, FSD- Food & Supplies Department, HAFED-Haryana State Cooperative Supply and Marketing Federation Limited, HAIC-Haryana Agro Industries Corporation Limited, CONFED-Haryana State Federation of Consumers' Cooperative Wholesale Stores Ltd.

of realisation:

Table 2.2.2

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Opening balance	30.60	31.16	33.07	37.01	39.52
Additions	35.34	41.48	44.86	56.59	64.26
Total	**65.94**	**72.64**	**77.93**	**93.60**	**103.78**
Realisation	34.78	39.57	40.92	54.08	63.22
Closing Balance	31.16	33.07	37.01	39.52	40.56
Percentage of collection (Total)	52.74	54.47	52.51	57.78	60.92

It would be seen from the above that the percentage of collection to total recoverable ranged between 52.51 and 60.92. Further, out of ₹ 40.56 crore as on 31 March 2013, ₹ 21.42 crore pertained to the period from 1986-87 to 2007-08 recoverable mainly from FCI, FSD, HAFED, HAIC and CONFED.

During exit conference the ACS stated that the matter would be expedited for recovery of old outstanding dues.

Scrutiny of records showed the following in this regard:

2.2.8.2 Hiring of godowns to FCI

The FCI pays storage charges to the Corporation at CWC rates. FCI had imposed penalty/ cuts amounting to ₹ 3.08 crore (₹ 1.92 crore on Corporation's own godowns and ₹ 1.16 crore on godowns hired from private parties) up to December 2008 as the construction of godowns was not as per FCI requirements. The Corporation took up the matter with FCI in January 2008 but did not pursue it thereafter and no recovery had been made so far (March 2014). Further, the Corporation did not recover the deducted amount of ₹ 1.16 crore from the six private godown owners also for the same deficiencies in their construction.

During exit conference the Management stated that the Corporation had recovered ₹ 1.16 crore from the private godown owners. On this, the ACS directed the Management to supply the relevant documents of recovery to audit. The documents were awaited (December 2014).

2.2.8.3 Deduction of storage charges

The Corporation used Galvalume sheets roofing in newly constructed godowns instead of ACC sheets and took up (March 2010) the matter with the FCI for recalculation of storage capacity by taking capacity of each stack as 160 MT instead of 140 MT. The FCI accepted (May 2011) the storage capacity of a stack as 154 MT.

Warehouses at Barwala and Hansi constructed with Galvalume sheets roofing were hired to FCI from May 2010 and storage charges were billed by taking the stack capacity of 154 MT, but the FCI made deduction of ₹ 0.26 crore for both the warehouses for the period from May 2010 to June 2012, by taking the stack capacity as 140 MT, though the capacity at 154 MT per stack was already approved by FCI in May 2011. No serious efforts were made to recover the amount at field office level. On being pointed out in audit, the Head office had taken up the matter with FCI for recovery of ₹ 0.26 crore in June 2014. Further developments were awaited.

2.2.8.4 Deductions on account of rebate

In four selected circles for the year 2008-09 to 2012-13, while making the payment of storage charges, the FCI had made deduction of ₹ 0.47 crore as one *per cent* on account of rebate, though there was no mention of such rebate in the FCI orders. The Corporation had not taken up the matter with the FCI.

During exit conference the Management stated that these cases would be reconciled to take appropriate action.

2.2.8.5 Leasing out of space to M/s Blue Dart Express Limited

In violation of the objectives of the Corporation, it leased out space in godown No. 8 from 16 April 2007 in Ambala Circle to M/s Blue Dart Express Limited for their office. The Management and the State Government stated that though leasing out of space was *ultra vires* of the mandated activities of the Corporation, but the godown was in low lying area where the Corporation could not keep food grains and as such the place has been utilised gainfully. These statements of the Corporation were verified on joint physical inspection of the godown conducted by Audit and Corporation. All the godowns were utilised to their maximum capacity and the height of the godowns was enough to protect the stocks from flood water. Moreover no case of loss to the stocks has been reported in the past due to water logging or floods in any of the godowns in that premises.

During exit conference the ACS stated that godowns should not remain unutilised. Hence he proposed to gainfully use these by leasing to private firms subject to immediate availability if required by the farmers. Appropriate clause in the lease agreement would be included.

2.2.9 Construction Activities

2.2.9.1 The Corporation has set up its own construction wing with an Executive Engineer incharge. The Corporation has not made any plans for increasing its storage capacity but carries on construction of warehouses as and when the land is made available by the State Government and funds are arranged under Central Schemes (RKVY[6] and GBY[7]). During the period of five years from 2007-08 to 2011-12, the Corporation had constructed 45

[6] Rashtriya Krishi Vikas Yojana
[7] Gram Bhandaran Yojana

godowns of 2.96 lakh MT capacity. The Corporation also constructed godowns of 23,150 MT capacity at a cost of ₹ 7.41 crore for Haryana Agro Industries Corporation and 72,200 MT godowns at a cost of ₹ 15.31 crore for Food and Supplies Department, Haryana, on deposit work basis. Test check of records showed the following:

2.2.9.2 Irregularities noticed in awarding the contract for construction of godowns with galvalume sheet roofing

As per Rule 11(i) of the HSWC General Regulations, 1981, the Managing Director (MD) shall have the powers to negotiate and carry on the authorised business of the Corporation in accordance with the instructions which the Board of Directors (BoD) or Executive Committee may issue from time to time. As per Rule 11(iii) of the Regulations, the then MD with the approval of BoD had delegated full powers to the Executive Engineer (EE) on 8 April 2008 for approval of layout and specifications of godowns. Further, as per Rule 11(iv) of the regulations, *ibid*, the MD, HSWC is empowered to incur expenditure to the extent provided in the budget estimates approved by BoD from time to time. BoD in the budget estimates for 2008-09 had approved the construction of 6 godowns with combined capacity of 35,000 MT. The BoD, HSWC approved (5 September 2008) the construction of godowns at 14 locations with combined capacity of 61,000 MT without making a mention about the use of specific material for roofing of godowns. The EE and the MD technically approved (24 October 2008) the use of galvalume sheets in roofing in place of asbestos sheets for all the 14 locations. After deliberations, the BoD gave the approval to the HSWC to 'go ahead' about the use of new technology of using galvalume sheets in the construction of godowns in December 2009.The HSWC also constructs godowns for various Government agencies and departments like Food and Supplies Department (FSD) *etc*.

The HSWC had issued (January 2009) Notice Inviting Tenders (NIT) for supply and installation of Arc shaped galvalume roofing sheets in the construction of 25 godowns (12[8]godowns of HSWC and 13 godowns of Food and Supply Department, Government of Haryana) at various locations in Haryana. The terms and conditions of NIT, *inter-alia*, provided for the following:

a) material was to be imported galvalume sheets and their tensile strength was to be of grade 350 and 550 for which the rates were to be quoted separately (clause at sr. no. 6);

b) A pre bid meeting was to be held on 28 January 2009 at 11 AM and the technical bids were also to be opened on the same day at 4 PM. The financial bid of only those agencies which would qualify technically were to be opened on 29 January 2009 (clause at sr. no. 4 and 5);

c) As per clause at Sr. no. 7 of the NIT, the quantity may increase or decrease to any extent;

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[8] Out of 14 godowns approved by the BoD on 5 September 2008, two godowns were not included in the NIT due to non- clearance of site.

d) The tenderers were to provide onsite warranty for three years after completion of work and 80 *per cent* of the payment was to be made as soon as the work is completed. The remaining 20 *per cent* payment was to be released at the rate of 5 *per cent*, 5 *per cent* and 10 *per cent* at the end of first, second and third year of successful completion of work (clause at sr. no. 13 and 14).

In the pre bid meeting held on 28 January 2009, three bidders had participated and it was decided that the Corporation may follow a common pattern and adopt a single brand for comparison. Accordingly, all the bidders quoted the rates for Dong Bu brand (Korean make) of galvalume sheets of Grade 350 only. The technical bids were opened on 28 January 2009 and financial bids were also opened on the same day i.e. 28 January 2009 with the consent of all the bidders. Based on the decision taken during the pre-bid meeting on 28 January 2009 regarding the brand and the grade of galvalume sheets, three bidders had quoted their rates and the rates (₹ 1,127 psm) quoted by M/s Proflex Systems, Ahmedabad were found to be lowest as against the estimates of ₹ 1,400 psm prepared by the Corporation. Accordingly, the contract was awarded to M/s Proflex Systems, Ahmedabad on 18 February 2009 for ₹ 7.94 crore for construction of 25 godowns at the rate of ₹ 1,127 psm.

Examination of the papers produced to audit by the Corporation showed the following:

i) The estimates were prepared on the basis of rates received from a single vendor namely M/s. Proflex Systems, Ahmedabad.

ii) The proposal for use of galvalume sheets for roofing in the godowns of FSD was approved by the Chief Minister on 18 December 2008 whereas in the case of HSWC, it was approved by Board of Directors in December 2009. In reply to a query raised by FSD, the Corporation clarified (24 December 2008) that the galvalume sheet was not a propriety item of a particular company.

iii) As a result of the decision in the pre-bid meeting, the NIT which called for bids for 350 and 550 grade separately was limited to only 350 grade of Dong Bu (Korean) brand of Galvalume sheets. The brand 'Dong Bu' emanated only during the pre-bid meeting held on 28th January, 2009 and the Corporation decided to go ahead with the single brand for providing level playing field to the bidders. The Corporation also agreed to release 40 *per cent* payment after fifteen days from receipt of roofing material on site, if the civil structures were not ready for fitment of roofing sheets. Restricting the offer only to 350 grade and that too only for 'Dong Bu' brand and change in terms of release of payments deviated from the terms and conditions of NIT issued in January, 2009. On being asked by Audit, the Corporation replied (January 2014) that material of 350 grade was preferred because 550-grade material was more prone to cracks during formation of curvature and Dong Bu brand (Korean) was selected as Chinese material was of inferior quality having lesser life.

The reply is not tenable as selection of a particular grade and brand, Dong bu did not flow from terms and conditions of NIT and it restricted the competition as galvalume sheet was not a propriety item.

On this issue being referred to the Government in August 2013, the Government accepted the observation as seemingly correct (April 2014).

iv) Though, the NIT specified that the technical bid would be opened on 28 January 2009 and the financial bid on 29 January 2009, yet both bids were opened on 28 January 2009 itself with the consent of all bidders.

During exit conference the Management while reiterating the earlier replies further stated the following:

- The estimate of ₹ 1,400 psm was prepared on the basis of market survey conducted and the rates were collected from three/four vendors which were ₹ 1,230 psm, ₹ 1,325 psm and ₹ 1,385 psm plus taxes. The reply of the Management is at variance with the written reply dated 29 January 2014 enclosing the document showing that the estimate was prepared on the basis of rates of single vendor. Further, as per documents produced to audit after the exit conference the quantity supplied by these vendors *viz* 1,516 square meter, 1,002 square meter and 1,318 square meters, was very small i.e., only about 2 *per cent* of the quantity desired in the NIT and was thus not adequate to arrive at a fair estimation of the price.

- There was no financial impact on account of change in clause of 40 *per cent* payment as no benefit was given to the contractor on this account. However, the fact remained that the condition was inserted after the opening of NIT which was a violation of terms of NIT.

ACS stated that as the Corporation was using these sheets first time and had no experience in this regard, it had to agree to the opinion of the bidders in selection of grade and make of the galvalume sheets. The fact remains that the Corporation did not follow the established procedures of awarding contracts.

2.2.9.3 Enhancement of work orders

HSWC issued further orders on M/s Proflex Systems, Ahmedabad on 26 March 2009, 5 February 2010 and 23 April 2010 for construction of 3, 8 and 11 godowns respectively at the same rate (₹ 1,127 psm), terms and conditions of contract as awarded on 18 February 2009 on the basis of clause at Sr.No. 7 of NIT. The firm constructed 20 godowns as against the above orders at a total cost of ₹ 9.52 crore. As against the standard norms, the contract entered into on 18 February 2009 was repeated three times i.e. March 2009, February 2010 and April 2010.

The Audit observed that the Clause 7 of the NIT issued in January 2009 was applicable only in case of first original order covering 25 godowns which was issued on 18 February 2009. In other words, the HSWC could have increased or decreased the quantity according to actual requirement for construction of 25 godowns as per first original order. As regards the construction of additional godowns over and above original godowns, fresh tenders should have been invited and the issue of orders on the three occasions for a value of ₹ 9.52 crore was against the established norms of awarding contracts.

During exit conference the ACS stated that though there were procedural lapses, but there was no financial loss. In fact, the Corporation saved ₹ 26 lakh by enhancing the work at old rates as higher rates were received subsequently when re-tendering was done. The reply is not acceptable as the period of re-tendering was subsequent to the period of repeated tenders and therefore are not comparable. Fresh tenders should have been invited in these cases as per the established norms of awarding contracts.

2.2.9.4 Release of retention money

Terms and conditions of initial work order awarded on 18 February 2009 provided that 80 *per cent* payment would be released on completion of work and balance 20 *per cent* amount would be released at the rate of five *per cent*, five *per cent* and 10 *per cent* respectively after first, second and third years of completion subject to satisfactory performance of the work of roofing of godowns.

The HSWC accepted bank guarantee in lieu of retention money on the request (28 October 2009) of the contractor, in respect of the orders placed in February 2010 and April 2010 which was a deviation in the terms and conditions of initial work order awarded on 18 February 2009.

The HSWC released (January 2011) *20 per cent* withheld amount of ₹ 1.64 crore in lieu of bank guarantee retained for the work orders placed on 18 February 2009 and 26 March 2009 as a result of which, the Corporation incurred loss of interest amounting to ₹ 36.92 lakh (at 11 *per cent* rate of interest). On being pointed out, the HSWC recovered (January 2014) ₹ 36.92 lakh. As a protest, the contractor went to arbitration on account of this recovery in February 2014. Final outcome was awaited (May 2014). In respect of orders placed on 5 February 2010 and 23 April 2010, the Corporation accepted the bank guarantee and did not retain ₹ 1.70 crore representing 20 *per cent* of the value of work done which resulted in Corporation foregoing the opportunity of saving an interest amount of ₹ 42.08 lakh.

2.2.9.5 Non deduction of workers welfare cess

The Building and Other Construction Workers Welfare Act, 1996 read with rules 1998 require the construction companies to levy and deduct workers welfare cess @ not less than one *per cent* from construction cost and deposit the same with labour welfare authorities. If the cess is not paid within the date specified, the Act provides for penalty not exceeding the amount and interest at two *per cent* per month for which the amount remains unpaid.

The Corporation had not deducted ₹ 0.26 crore as labour welfare cess in six construction contracts awarded to M/s Proflex Systems, Ahmedabad and M/s Nexus Infrastructure Private Limited, Ahmedabad at a total cost of ₹ 26.49 crore from 2009-10 to 2012-13. The interest and penalty payable due to non deduction of cess works out to ₹ 0.40 crore (interest: ₹ 0.13 crore; penalty: ₹ 0.27 crore). On being pointed out by audit, the Corporation recovered labour cess of ₹ 0.41 crore along with penalty and interest of ₹ 0.65 crore from the contractors for the period from 2009-10 to November 2013 and deposited (January 2014) the same with the labour welfare authorities. The contractor[9] had however challenged the recovery in High Court, whose decision was awaited.

2.2.9.6 Avoidable expenditure on construction of godown in Bani

Construction of 2,500 MT capacity godowns (except roofing), at Bani was allotted (18 March 2010) to M/s Nathusari Kalan Co-op L&C Society Limited for ₹ 0.73 crore to be completed by 12 August 2010. The BoDs observed (28 September 2010) that there was a definite need of storage space but precautionary measures be taken to minimise the losses due to floods in future and approved completion of work with additional expenditure of ₹ 0.39 crore. The Contractor completed the construction at a total cost of ₹ 0.64 crore including roofing on 30 August 2011.

The newly constructed godown remained unutilised till date (March 2013) since 30 August 2011. The 5,000 MT godowns already constructed in the same campus also remained unutilised after the incidence of flood (July 2010). This construction of new godown when the already existing godowns were lying vacant resulted in avoidable expenditure of ₹ 0.47 crore.

During exit conference the Management stated that the Corporation was making efforts for utilization of these godowns and advertisements have been issued in the press. However, Audit observed that advertisement was issued in January 2012 and there had been no progress in the matter.

2.2.9.7 Loss due to delay in completion of projects

As per the terms of contract delay/ defective execution of work attracts penalty @ one *per cent* per day. The Corporation granted extension in all the cases without levy of penalty though the works were delayed. The penalty in such cases worked out to ₹ 5.60 crore for own godowns and ₹ 2.14 crore for godowns constructed on behalf of FSD and HAIC during 2008-09 to 2012-13.

During exit conference the Management stated that the main reason for delay in completion of construction work was ban on mining in the State and the Corporation utilized the godowns when these became storage worthy pending some internal road works etc. The reply was not acceptable as the ban on mining material was imposed from 1 March 2010 and the projects on which penalty was not levied included those projects also which pertained to the years 2008-09 and 2009-10. Moreover, a cushion of 90 days has been provided to arrange material *etc* from other States to work out the penalty.

2.2.10 Extension services

The main objective of the Corporation is to provide scientific storage for food grains to minimise the losses during storage. With a view to familiarise the

[9] M/s Proflex Systems, Ahmedabad

farmers about new methods/ techniques used for preservation of food grains to avoid losses in storage, the Corporation was running Farmers Extension Service Scheme (FESS) and Disinfestations Extension Service Scheme (DESS). Under FESS, staff of warehouse visits the surrounding/ nearby villages to acquaint the farmers with the procedure of scientific storage of their produce. During the period of five years ending March 2012, the Corporation visited 2,668 villages and educated 28,970 farmers. However, no targets for effective implementation of the scheme were fixed by the Corporation for the field units.

Under DESS, the Corporation was to provide pest control service at the door steps of the farmers, co-operatives societies, millers and others at nominal rates. We observed that the Corporation achieved the target of revenue of ₹ 0.18 crore *per annum* during 2007-08 and 2008-09, but it failed to achieve the reduced target of revenue of ₹ 0.15 crore during 2009-10 to 2011-12. The shortfall ranged between 12 and 18 *per cent* despite the fact that the rates were increased from 1 January 2009.

2.2.11 Procurement of food grains for Central Pool

2.2.11.1 The State Government declared the Corporation as one of the agencies for procurement of food grains from various *Mandis* allotted by the State Government for the Central Pool under Minimum Support Price (MSP) scheme. The food grains so procured are delivered to FCI (paddy is got milled and converted into rice as per the policy, before its delivery to FCI) and costs incurred by the Corporation on procurement activities (including MSP and incidentals) are reimbursed by FCI based on the provisional economic costs fixed by GoI for each crop. The final costs are determined at a later stage and adjustments made accordingly. The comments on procurement and delivery of wheat, paddy and Bajra by the Corporation are discussed in the succeeding paragraphs.

2.2.11.2 Wheat

The Corporation was allotted 9-10 *per cent* share of the total procurements target of the State as a whole. During the last five years ended March 2013, the percentage of wheat procurement ranged between 8.86 and 9.81 of total procurement of the State.

2.2.11.3 Loss due to procurement of wheat beyond Fair Average Quality

The Corporation was required to procure Fair Average Quality (FAQ) food grains. FCI deducted ₹ 0.34 crore for delivery of 6,098 quintal wheat from Yamunanagar Mandi in 2009 as the stock delivered was not as per FAQ.

During exit conference the ACS was of the view that the Corporation staff on procurement duty in mandis should be more cautious during procurement.

2.2.11.4 Non reimbursement of carry over charges

For delivery of wheat, the Corporation had to adhere to the linkage plan as well as the specific instructions issued by the FCI from time to time failing which carry over charges were not reimbursed by the FCI. FCI gave three linkage plans for delivery of 1,250 MT, 2,500 MT and 3,000 MT wheat in May and June 2011 to the FCI godowns. The delivery of wheat was to be made by 30 June 2011. The FCI deducted carryover charges of ₹ 0.22 crore on 1,197 MT for undelivered wheat against the last linkage plan of 3,000 MT which was a loss to the Corporation.

During exit conference the Management stated that most of the stock was delivered to FCI as per linkage plan and Corporation had taken up the matter with the FCI for reimbursement of carry over charges. The fact however, remains that the Corporation could not adhere to the linkage plan given by the FCI.

2.2.11.5 Non reimbursement of Bonus on wheat

During the procurement season of Rabi 2011, the Corporation procured 6.14 lakh MT of wheat and paid bonus of ₹ 50 per quintal. Bonus is reimbursed to procurement agency by the FCI on submission of certificate to the effect that bonus had been paid to respective farmers. The certificate should indicate name of farmer, date of purchase, mode of payment and cheque number/cash voucher details *etc.* However, FCI did not give reimbursement of bonus of ₹ 8.70 crore to the Corporation due to non submission of proper documents on which the Corporation had suffered a loss of interest of ₹ 2.55 crore from July 2011 to March 2014.

During exit conference the Management stated that the wheat was procured through Arhatias and efforts were being made to collect the documents from them for reimbursement of claims from FCI.

2.2.11.6 Loss due to non insurance of stocks

Under Section 18 of the Punjab Warehouses Act, 1957 (applicable in Haryana also), it is mandatory to get the stocks insured against the risk of fire, flood and burglary. The Corporation had not been taking insurance cover against the risk of fire, flood in respect of stocks stored in godowns or on open plinths due to heavy rate of premium, but an amount equal to the premium, thus payable, is appropriated from the profits of the Corporation every year and kept in Self Indemnification Fund of the Corporation, which was not sufficient to cover the risk. As on 31 March 2013, the Corporation had wheat stocks of ₹ 810.71 crore against which the amount of self indemnification fund was only ₹ 34.91 crore (4.31 *per cent*). Due to non insurance, the Corporation suffered loss of ₹ 6.64 crore worth of stocks owing to damage due to floods and rains.

During exit conference the ACS agreed with this and stated that the matter of creation of additional fund as well as insurance of selective flood prone godowns would be reviewed and implemented accordingly.

2.2.11.7 Paddy

The Corporation enters into agreements with the millers for timely milling of paddy and delivery of rice to FCI. The Corporation stores the paddy in the premises of the millers under the joint custody of the Corporation and the miller. During the last five years ended March 2013, the Corporation procured 0.67 lakh MT, 0.90 lakh MT, 1.45 lakh MT, 2.31 lakh MT and 3.28 lakh MT paddy, respectively. The Corporation had not achieved the procurement targets set by the State Government in four years up to 2011-12 and the shortfall ranged from 21 to 62 *per cent*.

Scrutiny of record relating to paddy showed the following:

2.2.11.8 Loss due to lesser receipt of Mandi Labour Charges

The part of incidental charges include Mandi Labour Charges (MLC) for expenses incurred for filling, placing the bag on balance, unloading the bags from balance in Mandi, sewing of bags, *Marka* and loading into trucks for storage at miller's premises.

The GoI finalised the incidentals of paddy/CMR for the crop years 2003-04 to 2007-08 during 2012-13 and MLCs ranged between ₹ 6.52 and ₹ 9.18 per quintal. We noticed that the Corporation worked out the actual expenditure on MLCs in the range of ₹ 9.75 and ₹ 21.48 per quintal and suffered a loss of ₹ 3.50 crore.

During exit conference the MD agreed that expenditure in this area needs to be controlled.

2.2.11.9 Delayed raising of bonus claims resulting in loss of interest

The guidelines of paddy procurement during KMS 2008-09 provided for payment of bonus of ₹ 50 per quintal on receipt of claim from *Arthias* in the prescribed proforma. Ambala and Fatehabad circles of the Corporation made payment to *Arthias*/ Billing cum Payment Agents (BCPAs) on account of bonus of ₹ 2.92 crore (₹ 2.43 crore during January/ February 2009 and ₹ 49.67 lakh during September 2008 to January 2009), the bills for reimbursement which were revised belatedly in March 2010. FCI released the payment of bonus in April 2010 resulting in loss of interest of ₹ 0.32 crore.

During exit conference the Management stated that this was a procedural delay. The reply validates the audit findings.

Bajra

2.2.11.10 Loss due to procurement of sub standard Bajra

Guidelines issued (22 September 2009) by the State Government for procurement of Bajra for Kharif Marketing Season (KMS) 2009-10 provided that any Bajra which did not meet FAQ norms would neither be taken over for central pool nor would be disposed of by FCI.

The GoI fixed MSP of ₹ 840 per quintal and provisional incidentals at ₹ 164.06 (total Provisional Economic Cost of ₹ 1,004.06) per quintal in respect of Bajra of FAQ specifications. The Corporation procured 14,381 MT of Bajra during KMS 2009-10 which was below FAQ specifications and FCI did not take delivery of the same. The Corporation auctioned it at ₹ 965 per quintal and suffered loss of ₹ 0.56 crore.

Similarly, the Corporation procured of 21,518 MT of Bajra during KMS 2010-11. Since this stock of Bajra was less than FAQ specifications, the Corporation had to dispose off (May 2012/ July 2012) 3,786.68 MT @ ₹ 1,021 to ₹ 1,031 per quintal and 17,731.78 MT @ ₹ 1,135 to 1,177 per quintal. The average cost realised (₹ 1,090.76 per quintal) was though more than the provisional economic cost (₹ 1,061.44 per quintal) and the Corporation earned ₹ 0.63 crore but the Corporation incurred ₹ 4.05 crore on account of storage and interest charges. Thus, the Corporation incurred loss of ₹ 3.42 crore (₹ 4.05 crore-₹ 0.63 crore) on this transaction.

During exit conference the ACS stated that bajra had a very short shelf life and FCI did not take the delivery of bajra. The reply is not acceptable as the Corporation had not procured the bajra as per the required specifications.

2.2.12 Manpower

The restructuring of staff of the Corporation was approved by the State Government in August 2003. The detailed staff position of the Corporation during the last five years up to 2012-13 is tabulated below:

Table 2.2.3

Category	Sanctioned position	Men in position as on 31 March				
		2009	2010	2011	2012	2013
Group A	10	7	8	9	6	5
Group B	21	13	14	13	14	14
Group C	707	425	534	511	470	434

It would be seen from the above table that as on 31 March 2013, 5 posts of Group A, 7 posts of Group B and 273 posts of Group C were vacant. The major vacancies in Group A and B were of the posts of Manager (S&T), Manager (Business), Legal Advisor, Senior DM, DMs, SDE(C) and DM (QC). Similarly in Group C, major vacancies were of Managers, Technical Assistants (TA/ Jr. TA)), godown keepers and Accountants. We observed that in the absence of posts of Managers, TAs/ JTAs and Accounting staff, the work of circle offices in the field relating to procurement and storage of food grains and their accounting was being looked after by junior officials. Database to prepare management information system though developed by the Corporation had not been put to use so far due to lack of manpower and infrastructure.

During exit conference the Management stated that efforts were being made to fill up the vacancies at all levels but this would take some time.

2.2.13 Internal control and internal audit

2.2.13.1 Internal control

Internal control is a management tool used to provide reasonable assurance that the management's objectives are being achieved in an efficient, effective and orderly manner. Audit scrutiny however showed as under:

- The Corporation was not having any manual for accounts, purchase, construction and audit functions clearly specifying the systems in place and duties/ responsibilities at each level of Management;

- Internal control procedures were not commensurate with the size and nature of activities of the Corporation. This was also commented upon by the Statutory Auditors repeatedly in their reports on annual accounts;

- The system of timely claiming of dues from FCI was lacking in the Corporation.

- As per Haryana Warehousing Corporation General regulations, 1981 (Regulation 3), at least four meetings each of Board of Directors (BoD) and Executive Committee (EC) were required to be held in a year. However, the BoDs and EC met 17 and 13 times respectively in the last five years up to March 2013 against required 20 meetings each.

- During April 2008 to March 2013, only one MD completed the term of three years while the tenure of other three MDs ranged between four days and 29 months.

2.2.13.2 Internal Audit

Though the internal audit cell had been functioning since 1983-84 yet the Corporation had neither prepared any Internal Audit Manual nor had prescribed the scope and extent of checks to be exercised by internal audit. Internal audit of head office where major decisions are taken had never been conducted. During the five years period up to 2011-12, internal audit of total 72 field units out of annual 115 units was conducted. During 2011-12, only one warehouse (Ambala city) out of 107 was audited and no DM office was audited since 2009-10. The internal audit reports were restricted to areas like cash, storage bills and maintenance of books of accounts.

During exit conference the MD assured to strengthen the internal audit system of the Corporation.

Conclusion

The Corporation had not forwarded the annual reports and audit reports for the years 2010-11 to 2012-13 to the State Government for presenting to the State

Legislature. It had not prepared its accounts as per the accepted accounting principles/ standards. The value of closing stocks of wheat and gunny bags were not reconciled with physical balances since 2008-09. Capital budgets and annual budgets prepared by the Corporation were not linked with the availability of land. The Corporation suffered loss during the year 2012-13. The Corporation did not work out the profitability of each warehouse to know its performance. The loss making warehouses ranged between 6 and 15 during last four years up to 2012-13. The Corporation had not made serious efforts to recover its long outstanding dues on account of storage charges from various State Government agencies, which had resulted in blockage of funds. Irregularities were noticed in awarding of contracts of construction of roofing of godowns with galvalume sheets. The Corporation had failed to act as per the provisions of the work orders for construction of godowns and not levied penalties on the contractors for delayed completion of works. Non-submission of required documents to FCI for reimbursement of bonus resulted in loss of interest to the Corporation. The Corporation suffered loss on account of damage of stocks due to floods and rains. There was shortfall in achieving procurement targets of paddy in four years up to 2011-12. There were deficiencies in internal audit and internal control system of the Corporation.

Recommendations

The Corporation may consider:

i) to prepare its accounts as per accounting principles and accounting standards and fix time frame for reconciliation of value of closing stock of wheat and gunny bags;

ii) fixing breakeven point for each of its godowns to ascertain their profitability for better control and management;

iii) adherence to the established norms for awarding of contracts and enforcing the contractual terms in its construction activities; and

iv) Strengthening its internal control system by preparation of manuals, pursuing timely claims with FCI, holding of regular BoD meetings and conducting regular internal audit.

Chapter-3

Audit of Transactions

Chapter 3

3. Transaction Audit Observations

Important audit findings emerging from test check of transactions of the State Government companies are included in this Chapter.

Haryana Power Generation Corporation Limited

3.1 Avoidable expenditure

Delay in executing side agreement led to extra expenditure of ₹ 3.07 crore in rebooking of coal.

Haryana Power Generation Corporation Limited (Company) signed a Fuel Supply Agreement (FSA) in July 2009 with Central Coalfields Limited (CCL), Ranchi for supply of 50.90 lakh[1] tonnes of coal per year to its Panipat Thermal Power Station (PTPS) at Panipat and Deenbandhu Chhotu Ram Thermal Power Plant (DCRTPP) at Yamunanagar. The agreement, *inter-alia*, provided that the Company could transfer the coal meant for its own power plant to another power plant fully owned by the Company through rebooking by paying additional transportation cost to Railways and a Side Agreement was required to be executed for the purpose.

Units-II and I of DCRTPP, Yamunanagar tripped and shut down on 25 September 2011 and 31 March 2012, respectively, and were expected to remain shut for a long period (about six months for Unit-II and four months for Unit-I) and there being no requirement of coal at DCRTPP Yamunanagar, during this period, the Company got the coal rakes diverted from DCRTPP Yamunanagar to Rajiv Gandhi Thermal Power Plant (RGTPP) at Khedar, Hisar through railway authorities.

The Company without executing side agreement, got the coal rakes diverted through railways and had incurred expenditure of ₹ 14.47 crore on rebooking of coal during April to July 2012. Subsequently the Company executed Side Agreement in September 2012 for direct supply of coal from Colliery head to RGTPP, Hisar.

Thus, had the Company executed side agreement in January 2012 it could have got coal at RGTPP, Hisar directly from CCL by March 2012 and it could have avoided paying rebooking charges/ expenditure[2] of ₹ 3.07[3] crore to railways during April to July 2012.

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1 PTPS 22.90 lakh tonne and DCRTPP Yamunanagar 28 lakh tonne.

2 Average freight charges including rebooking cost from DCRTPP Yamunanagar to RGTPP Hisar minus Average freight charges from colliery to RGTPP Hisar.

3 ₹ 3.07 crore= (₹ 2,194.42- ₹ 2,100.57) x 3,27,387.90 tonnes coal.

During exit conference (September 2013) Additional Chief Secretary, Power Department, Government of Haryana stated that the re-commissioning of Unit-II after repair was expected in July 2012 and as such side agreement was not done in view of requirement of coal thereafter. However, we are of the view that since the Units were likely to remain shut down for a long period (about six months for Unit-II and four months for Unit-I from the date of work orders) and there being no requirement of coal at DCRTPP Yamunanagar, during this period, the Company should have signed Side Agreement to avoid extra expenditure on re-booking of coal as per MoU signed with CCL.

The above points were referred to the Government (May 2013), no reply was received (December 2014).

Dakshin Haryana Bijli Vitran Nigam Limited

3.2 Extra expenditure

Decision of High Power Purchase Committee to retender by ignoring the lowest rates resulted in extra expenditure of ₹ 6.36 crore.

Dakshin Haryana Bijli Vitran Nigam Limited (Company) invited (June 2010) five tender enquiries (Sl. No. 126 to 130) for construction of 23 new Sub Stations (SSs) of 33 KV on turnkey basis with estimated cost of ₹ 59.08 crore. 23 firms participated in the tender and status of the lowest bidder is given below:

Table 3.1

Sl. No.	Tender Enquiry No.	Name of the operation circles	Number of SSs	Estimated cost (₹ in crore)	Name of L-1 firm	Rate of L-1 (₹ in crore)	L-1 cost less than estimated cost (in *per cent*)
1.	126	Sirsa	5	13.33	M/s Century Infrastructure Private Limited	11.86	11.03
2.	127	Sirsa	5	13.07	M/s NKG Infrastructure Limited	12.06	7.73
3.	128	Bhiwani	3	12.24	M/s Century Infra Power Private Limited	10.25	16.26
		Hisar	2				
4.	129	Gurgaon	2	8.09	M/s NKG Infrastructure Limited	7.71	4.70
		Narnaul	1				
5.	130	Hisar	5	12.35	M/s NKG Infrastructure Limited.	11.44	7.37

Power utilities level High Power Purchase Committee (HPPC) invited (27 October 2010) L-1 bidders for negotiations and made counter offers. L-1 bidders for tender enquiry No.126 and 128 accepted the counter offers of ₹ 9.98 crore and ₹ 8.98 crore respectively which was less than 25 *per cent* of the estimated cost) and the Company issued work order for construction of ten SSs. The position of L-1 bidder (M/s NKG Infrastructure Limited) in respect of remaining three tender enquiries after negotiations were as under:

Table 3.2

Sl. No.	Tender Enquiry No.	Name of the circle	Number of SSs	Estimated cost (₹ in crore)	Lowest acceptable rate (₹ in crore)	Difference between lowest acceptable rate and estimated cost (in *per cent*)
1.	127	Sirsa	5	13.07	10.51	19.58
2.	129	Gurgaon	2	8.09	6.63	18.05
		Narnaul	1			
3.	130	Hisar	5	12.35	10.03	18.78
Total			**13**	**33.51**	**27.17**	

Since M/s NKG Infrastructure Limited L-1 had not accepted the counter offer of HPPC of lowering the price below 25 *per cent* for above three Tendering Enquires, the Company reinvited (February 2011) three tender enquiries No.136 to 138 for construction of 21 SSs (including 13 SSs of dropped tender enquiries No. 127, 129 and 130). The work was awarded to L-1 bidder (M/s Sham Indus Power Solution Private Limited, New Delhi) at ₹ 54.85 crore which proportionately worked out to ₹ 33.53 crore[4] for cost of 13 SSs dropped earlier. The retendered cost of ₹ 33.53 crore is more by ₹ 6.36 crore than the originally received tender at ₹ 27.17 crore, thereby resulting in extra expenditure. Thus, the decision to reinvite the tender with the intention to get 25 *per cent* lower than the estimated cost proved futile.

During exit conference (September 2013) Additional Chief Secretary, Power Department, Government of Haryana stated that in two (tender enquires No. 126 and 128) out of five tender enquiries, the L-1 firm had reduced its prices to 25 *per cent* below the estimated cost during negotiations and as such the Company had anticipated lower rates during re-tendering in respect of remaining three tender enquires No. 127, 129 and 130 also. However, we are of the view that since there was no certainty of receiving lower rates after re-tendering as competitive rates had already been received through open tendering process, re-tendering was unnecessary.

The above points were referred to the Government (May 2013), no reply was received (December 2014).

3.3 Loss due to under insurance

Loss of ₹ 38.12 lakh due to under insurance of combustible inventory lying in Transformer Repair Workshop, Faridabad.

The Company insured (February 2004) combustible inventory in its stores and

[4] This figure had been worked out on the basis of cost of one SS (including material cost, erection charges, cost of lines and civil works) as per retendering.

workshops against fire and theft under a declaration policy[5] covering not only existing combustible inventory but also addition to combustible inventory during the course of policy period. For this, the Company was required to send monthly declarations based on average of the highest value of the stock at risk to the insurer. The average inventory was taken on the basis of monthly statements compiled by technical section as received from the Stores and Transformer Repair Workshops (TRWs).

A fire incident occurred in TRW, Faridabad on 24 March 2011 and material worth ₹ 65.34 lakh out of total material valuing ₹ 9.43 crore was destroyed (23 March 2011). Keeping in view salvage value of destroyed material ₹ 15.80 lakh, the insurance company admitted and paid (March 2012) claim of ₹ 11.42 lakh to the Company. Though, the highest value of inventory during 2009-10 was ₹ 10.59 crore (December 2009) yet the Company obtained insurance policy (June 2010) only for three items, *i.e.*, transformer oil, damaged transformers and repaired transformers valuing ₹ 2.12 crore while material valuing ₹ 9.02 crore (May 2010) was lying in the TRW, Faridabad. Thus, due to under insurance, the Company suffered a loss of ₹ 38.12 lakh. We noticed that the Company could obtain insurance cover for total value (₹ 10.59 crore) of inventory by paying extra premium of ₹ 0.15 lakh only.

During exit conference (September 2013), Additional Chief Secretary, Power Department, Government of Haryana stated that due to under insurance, the Company had saved substantial amount on premium. The reply was not acceptable as the Company could have saved ₹ 38.12 lakh by paying additional insurance premium of mere ₹ 0.15 lakh for taking insurance policy for entire value of inventory at TRW, Faridabad.

The above points were referred to the Government (June 2013), no reply was received (December 2014).

Uttar Haryana Bijli Vitran Nigam Limited

3.4 Accumulation of arrears on account of electricity charges

The outstanding dues increased from ₹ 1,406.32 crore in April 2008 to ₹ 2,532.36 crore in March 2013. Advance Consumption Deposit amounting to ₹ 721.56 crore was not raised against consumers as on January 2014. The number of connected defaulters had increased from 17.57 *per cent* of the total consumers in 2008-09 to 18.39 *per cent* in 2012-13. The Company recovered penalty of ₹ 6.17 crore against ₹ 11.78 crore in theft cases.

A scrutiny of the outstanding dues on account of electricity charges of the

[5] Under the declaration policy, refund of premium on adjustments based on the average of the values at risk on each day of the month or the highest value at risk during the month, shall be admissible subject to maximum of 50 *per cent* of sum insured. Further in case, the maximum value of the stock exceeds the value of sum insured, no extra premium shall be charged but the claim amount will be reduced proportionately.

Company at Head office and nine[6] Operation Sub Divisions (Units) in three Operation Circles[7], selected on the basis of sampling method of 'Probability proportional to size' without replacement by using random number tables showed the following details of arrears outstanding at the beginning of year, revenue billed and amount realised during the year and balance outstanding at the end of the year during 2008-09 to 2012-13 :

Table 3.3

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1	Balance outstanding at the beginning of the year	1,406.32	1,543.52	1,720.25	1,909.25	2,191.51
2	Revenue billed during the year	2,205.52	2,473.06	3,087.70	3,615.04	4,492.14
3	Total amount due for realisation (1+2)	3,611.84	4,016.58	4,807.95	5,524.29	6,683.65
4	Amount realised during the year	2,062.67	2,296.33	2,898.70	3,332.78	4,151.29
5	Amount of unrealised surcharge adjusted during the year	5.65	-	-	-	-
6	Balance outstanding at the end of the year [3-(4+5)]	1,543.52	1,720.25	1,909.25	2,191.51	2,532.36

Balance amount outstanding had increased from ₹ 1,406.32 crore in April 2008 to ₹ 2,532.36 crore in March 2013, an increase of debtors by ₹ 1,126.04 crore (80.07 *per cent*).

There is an urgent need to introduce efficient revenue collection measures by launching a sustained campaign for speedy recovery.

Non Revision of Advance Consumption Deposit (ACD)

As per provisions of the Electricity Supply Act, 2003 (Act) and the enabling regulations issued by HERC, the DISCOMs can recover ACD equivalent to four/two[8] months of energy consumption charges of the different categories[9] of consumers. The DISCOMs are authorised to disconnect the electricity connection in case of non-payment of electricity dues in time and to adjust the outstanding dues from the ACD amount.

The Company issued Sales Circular (7 July 2006) for revision of ACD, which provided for two reviews of ACD, one on the basis of 12 months consumption from 1 April 2005 to 31 March 2006 and next review of domestic and non-

[6] Tarori, Nising, Ashand, Sub/urban Jhajar, Bahadurgarh, Beri, S/u S/D Jind, Julana and Garhi.
[7] Karnal, Jhajjar and Jind.
[8] Four months where is bimonthly billing and two months where is monthly billing.
[9] Bimonthly billing category–DS, Monthly billing categories–NDS, Industrial, AP and Government.

domestic consumers after four years and for other categories after three years.

The above reviews were not carried out and additional ACD was not assessed and demanded from the consumers till March 2012 and this was not monitored by the head office. The Company instead approached the State Government in March 2012, to get their approval for recovery of additional ACD in six installments, *i.e.*, in six and 12 months for monthly and bi-monthly billing, respectively. The State Government approved (12 July 2012) the recovery of additional ACD in 12 installments and instructions issued (August 2012). But there was no progress in this regard (January 2014). As on January 2014 ACD demand worth ₹ 721.56 crore was yet to be raised against consumers.

The Management replied (September 2013) that ACD had been charged from NDS category of consumers and instructions had been issued to charge ACD from DS category consumers. The fact remains that the ACD amounting to ₹ 721.56 crore as on January 2014 was yet to be recovered.

Dues recoverable from connected defaulters

The HERC had directed (March 2012) the DISCOMs to disconnect the electricity connections of permanent defaulters within one month. In compliance to above directions, the Company issued Sales Instruction (12 June 2012) which *inter-alia* provided that the electricity connections of defaulting consumers should be disconnected in a phased manner. The Company fixed circle wise monthly targets for disconnection and a total 5.15 lakh disconnections were to be effected during 2012-13. Against this, only 3.94 lakh electricity connections were disconnected (March 2013). We noticed that despite effecting disconnection of 3.94 lakh defaulters, number of connected defaulters remained at 5.02 lakh in March 2013 as against 5.08 lakh in March 2012.

Category-wise position of arrears of revenue during the five years period 2008-13 is shown in ***Appendix 10.*** A perusal of ***Appendix*** showed that there were 5,01,502 connected defaulters having outstanding dues amounting to ₹ 1,514.55 crore (March 2013). The number of defaulters had increased from 17.57 *per cent* of the total consumers in 2008-09 to 18.39 *per cent* in 2012-13 (March 2013). The outstanding dues from the connected defaulters had increased in all categories during five years period ending March 2013 except for Panchayats and other Government Departments.

The Management stated (September 2013) that though they were facing resistance from consumers, the Temporary Disconnection Orders/ Permanent Disconnection Orders (TDCOs/PDCOs) were being effected by taking the help of police and District Administration. The fact however remains that the number of connected defaulters had been increasing continuously, along with the defaulting amount.

Dues recoverable from permanently disconnected defaulters

As per Sales Manual of the Company, if, after the expiry of three months from the date of disconnection, the consumer continues to default, the sum of ACD should be adjusted towards the amount of arrears and the balance amount, if any, should be adjusted from any other connection in the name of consumer. If there are no prospects of the recovery of dues, the Executive Engineer (Operation), prescribed authority as per Haryana Government Electricity Undertaking (Dues Recovery) Act, 1970 should issue demand notices to recover the amount as arrears of land revenue under Section 4 of the Act and recovery certificate addressed to Tehsildars under Section 6 of the Act.

The total outstanding amount from permanently disconnected defaulters was ₹ 803.33 crore as on 31 March 2013. A test check of records of nine Operation Sub Divisions showed that there were 39,644 permanently disconnected defaulters having defaulting amount of ₹ 118.79 crore as on 30 November 2012 from whom the Company adjusted ACD of ₹ 2.10 lakh. In remaining cases, ACD had not been adjusted so far (March 2013) and only 29 cases[10] (0.07 *per cent)* were referred to land revenue authorities for recovery as arrears of land revenue.

The Management stated (September 2013) that the amount was being recovered by filing civil suits against the permanently disconnected defaulters. But the fact remains that the Company did not comply with the Codal provisions regarding disconnection of defaulter after a stipulated period of time and it led to accumulation of arrears.

Recovery of dues in theft cases

As per Section 135 of the Electricity Act, 2003 theft of electricity is a punishable offence. On detection of theft of electricity, the DISCOMs in disconnecting the power supply, lodge a complaint with police within twenty four hours from the time of such disconnection and notice issued to the consumer for deposit of the amount. In case, the consumer does not deposit the compounding amount within 72 hours, an FIR should be lodged and in case the police does not register the complaint, the Company should file case directly in the appropriate Court through authorised officer.

We observed that during 2008-13 8,944 theft cases were detected up to 30 November 2012 in selected Units and penalty of ₹ 11.78 crore was imposed. Out of this, only ₹ 6.17 crore (52.33 *per cent*) was recovered by the Company. In 7,274 cases, the Company filed FIRs with police authorities and only in one case, FIR was registered. In remaining 7,273 cases, non-registering of FIRs was coupled with the fact that no action was initiated by the authorised officers for directly filing the case in appropriate Court. Resultantly, ₹ 5.61 crore were not recovered in theft cases.

[10] Julana sub division of Jind operation circle 6 cases and Beri sub division of Jhajjar operation circle 23 cases

During exit conference (September 2013), Additional Chief Secretary, Power Department, Government of Haryana stated that remedial action was being taken with regard to recovery of ACD from the consumers, effecting TDCOs of defaulters and registering of FIRs against theft of power. The fact, however, remains that an amount of ₹ 5.61 crore was yet to be recovered and the power supply of such defaulters had not been disconnected.

The above points were referred to the Government (July 2013), no reply was received (December 2014).

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited (DISCOMs)

3.5 Waiver of Electricity dues

Against the waiver of ₹ 1,050.10 crore, the State Government released ₹ 532.05 crore only as subsidy to DISCOMs. In two selected operation circles, 7,081 domestic consumers having defaulting amount of ₹ 32.74 crore had neither opted for the Scheme nor the DISCOMs had taken any action against them as per Codal provisions. Defaulting amount of consumers who stopped making payments after joining the Scheme had increased from ₹ 11.37 crore (June 2005) to ₹ 77.36 crore (December 2012).

Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) are the power Distribution Companies (DISCOMs) which supply electricity to various electricity consumers in Haryana.

Twenty operational sub divisions[11] of four operation circles[12] (two from each DISCOM) were selected on the basis of 'Probability proportional to size' by using random table for detailed examination. Our audit findings are discussed in subsequent paragraphs.

Section 65 of the Electricity Act, 2003 provides that if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by HERC under Section 62, the State Government is required to pay in advance, the amount to compensate the person affected by the grant of subsidy in the manner the State Government may direct, provided that no such direction of the State Government is to be operative if the payment is not made in accordance with the provisions of the Section.

Section 65 of Electricity Act 2003, empowers the State Government to issue directions to DISCOMs to grant benefits to the consumers subject to equal compensation by the Government to the DISCOMs. Haryana Government

[11] Jind (Sub Urban-II, Garhi, Julanaand Pillukhera) (ii) Bhiwani (Sub Urban, Bhadhra, Jui and Siwani) (iii) Hisar (Satrod, Narnaund, Hansi SU, Tohana, Bhuna, and Mundhal) (iv) Sonepat (Model Town, Kundli, Bhatgaon, Gohana SU, Gannaur, Farmana)

[12] Jind & Sonepat of UHBVNL and Hisar & Bhiwani of DHBVNL.

approved (June 2005) the Scheme for settlement of arrears for rural domestic and agriculture consumers. Accordingly, DISCOMs issued (June 2005) a circular regarding Waiver Scheme 2005. It provided waiver of dues in respect of such consumers who would make regular payment of their current electricity bills for 20 months *w.e.f.* 17 June 2005 and accumulated arrears of these consumers as on 16 June 2005 should be frozen. The Waiver was deemed waiver and total adjustment was to be given at the end of twenty months. As per provisions of the Scheme, the State Government was to bear the principal amount and surcharge was to be borne by the DISCOMs. The Scheme remained operative up to 31 January 2008. The DISCOMs further extended the above Scheme during January 2009 only for those consumers who had opted for the Scheme but again defaulted in payment and thus, could not avail the benefit of the Scheme. The Scheme was extended without obtaining approval from Finance Department of the State Government.

The DISCOMs reintroduced (July 2012) the Waiver Scheme to give another chance for the left out consumers without any arrangement of subsidy from the State Government. The Scheme was applicable from 1 August 2012 to 31 March 2013.

Unjustified waiver of dues

i. The detail of waiver of dues and subsidy received from the State Government is given below:

Table 3.4

(₹ in crore)

Name of the Scheme	Name of the Company	Number of Consumers (lakh)	Amount waived (including ED)	Subsidy received	Amount borne by the DISCOMS
Waiver Scheme 2005 (June 2005 to January 2008)	UHBVNL	3.43	575.96	328.99	240.95
	DHBVNL	2.77	408.08	203.06	201.20
	Total (A)	**6.20**	**984.04**	**532.05**	**442.15**
Waiver Scheme (operational during January 2009 only by DISCOMs)	UHBVNL	0.05	13.86	-	13.86
	DHBVNL	0.01	1.90	-	1.90
	Total (B)	**0.06**	**15.76**		**15.76**
Waiver Scheme(operational during August 2012 to March 2013 by DISCOMS	UHBVNL	0.04	38.47	0	38.47
	DHBVNL	0.02	11.83	0	11.83
	Total (C)	**0.06**	**50.30**		**50.30**
Grand Total (A+B+C)		**6.32**	**1,050.10**	**532.05**	**508.21**

We observed (September 2013) that in the implementation of the above Schemes, against the waiver of ₹ 1,050.10 crore by DISCOMs, the State Government released ₹ 532.05 crore only as subsidy. Resultantly, financial burden of ₹ 508.21 crore (Principal: ₹ 24.45 crore and surcharge ₹ 483.76 crore) was borne by DISCOMs and ₹ 9.84 crore (included in the waiver of amount of ₹ 999.80 crore) representing Electricity Duty was neither recovered from the consumers nor deposited with the State Government. Waiver of dues without receipt of subsidy from the State Government was indicative of failure of the DISCOMs to effect recovery of electricity dues from defaulters, thereby putting undue burden on DISCOMs which were already running in losses.

ii. At the time of introduction of Scheme (16 June 2005), there were 13.87 lakh defaulting consumers having defaulting amount ₹ 1,781.68 crore. While introducing the Scheme, the DISCOMs did not plan any punitive action against the consumers who would leave the Scheme midway and had not framed any strategy for larger participation. We observed (March 2013) that only 6.32 lakh consumers (45.56 *per cent*) fully availed the Scheme and 3.02 lakh consumers (21.77 *per cent)* had left the Scheme after opting it. Further, 4.53 lakh consumers had not opted the Scheme at all.

Recovery procedure for electricity dues

iii. The 'Sales Manual' and 'Regulation (Instruction No 7.3) regarding duties and responsibilities of various functionaries' of the DISCOMs provide that, in case a consumer fails to make timely payment of his electricity bill, Commercial Assistant (CA) of the concerned sub division should issue Temporary Disconnection Order (TDCO) after the expiry of notice period of 15 days and then issue Permanent Disconnection Order (PDCO) after the expiry of 30 days from TDCO. The Junior Engineer (Field) should ensure the return of TDCO, PDCO (Compliance Report) to CA within a week and Sub Divisional Officer (SDO) should ensure that duties assigned to concerned officials are duly exercised. In any case, the accumulation of arrears should not be more than consumption security (equivalent of two billing cycles) of the consumer.

Non enforcement of Codal provisions

iv. We observed (March 2013) that in two selected operation circles[13], 7,081 domestic consumers having defaulting amount of ₹ 32.74 crore (June 2005) had neither opted for the Scheme nor the DISCOMs had taken any action against them as per Codal provisions as referred above. Resultantly, their defaulting amount had increased to ₹ 200.84 crore (November/December 2012). 4,773 connected defaulters whose defaulting amount (June 2005) was ₹ 11.37 crore had stopped making payment after joining the Scheme and left the Scheme midway. However, defaulting amount of these consumers[14] had increased to ₹ 77.36 crore (November/December 2012).

We further observed that in four[15] selected operation circles, 1,369 connected defaulting consumers whose ₹ 2.94 crore (June 2005) were waived had again become defaulters[16] for ₹ 12.36 crore (November/ December 2012/ March 2013). Their outstanding dues had increased by ₹ 9.42 crore from June 2005 to March 2013.

Further, there were 14,002 Domestic Supply (DS) defaulting consumers[17] (November-December 2012/ March 2013) in four selected operation circles

[13] Bhiwani and Hisar
[14] Consumers having defaulting amount more than ₹ 50,000 in each case.
[15] Hisar, Bhiwani, Jind and Sonepat.
[16] Consumers having defaulting amount more than ₹ 50,000 in each case.
[17] DS consumers having defaulting amount more than ₹ 1,00,000 in each case.

but the DISCOMs had disconnected the electricity connections of 1,055 defaulting consumers only and electricity connections of the 12,947 defaulting consumers were still to be disconnected (May 2013).

Similarly, there were 589 defaulting agriculture (AP) consumers[18] (November-December 2012/March 2013) and out of these, electricity connections of only 236 defaulting agriculture consumers were permanently disconnected and connections of 353 defaulting AP consumers were still to be disconnected.

The Superintending Engineer (SE) operation circle, Bhiwani stated (March 2013) that all these electricity connections of DS and AP consumers would be disconnected by 30 April 2013 and 30 June 2013 respectively or amount outstanding against them would be realised. The SE operation circle, Sonepat stated that necessary instructions would be issued in this regard. Further outcome was awaited (September 2013).

Other deficiencies noticed which led to accumulation of arrears

v. We observed that in four selected operation circles, the details of defaulting consumers, *i.e.*, consumer's name, address, connected load and date since continuous default were not recorded in the consumers ledgers. Further, the dates of effecting TDCO/ PDCO of defaulters were also not mentioned in the records of these consumers. Consequently, the accuracy of bifurcation of principal and surcharge of outstanding amount freezed (16 June 2005) could not be verified.

During exit conference (September 2013), Additional Chief Secretary, Power Department, Government of Haryana stated that the Scheme was launched to recover the outstanding amount from the defaulters. Reply is not tenable as the waiver scheme was extended without the approval of Finance Department. Further, the DISCOMs did not plan any punitive action against the consumers who leave the scheme midway.

The above points were referred to the Government (July 2013), no reply was received (December 2014).

Haryana Land Reclamation and Development Corporation Limited

3.6 Non recovery of service tax

Inclusion of service tax in administrative cost instead of transportation cost resulted in less claiming of subsidy from State Government amounting to ₹ 49.18 lakh.

The Company procures gypsum from Rajasthan State Mines & Minerals Limited and sells the gypsum through its sale outlets to the farmers in the State. The sale rate of gypsum is fixed by the State Government on the basis

[18] Agriculture consumers having defaulting amount more than ₹ 50,000 in each case.

of cost worked out by the Company. The Company works out the cost of gypsum after considering the purchase cost, cost of packing, transportation cost, establishment cost, unloading/handling charges, dealer's margin, insurance cost, interest cost and its own profit margin. As gypsum is sold to the farmers at subsidized rates, 50 *per cent* cost of material and 100 *per cent* transportation cost is borne by the State Government by way of subsidy subject to the maximum limit of ₹ 1,500 per MT. The State Government fixed the sale price of gypsum at ₹ 1,800, ₹ 2,200 and ₹ 2,400 per MT in 2006-07 (1 April 2006), 2010-11 (12 May 2010) and 2011-12 (29 April 2011) respectively.

Service tax became payable on the value of services relating to transportation of goods from 1 January 2005. The responsibility to deposit service tax lies with the entity making payment of transportation charges. The Company paid service tax of ₹ 98.36 lakh on transportation during January 2005 to March 2011 but did not include the same while working out the cost of gypsum. Since the service tax paid on transportation charges is also a part of transportation cost, the Company should have included it in transportation cost while getting the sale rates of Gypsum fixed from State Government during 2006-07 to 2010-11 and claimed the entire transportation cost (including service tax) from the State Government as subsidy.

During exit conference, the Additional Chief Secretary, Agriculture Department, Government of Haryana stated (September 2013) that service tax was included in the administrative cost during January 2005 to March 2011. This reinforces audit contention that service tax was not included in transportation cost. Had the Company included service tax in transportation cost itself, it would have got 100 *per cent* subsidy amounting to ₹ 98.36 lakh from State Government instead of 50 *per cent* subsidy amounting to ₹ 49.18 lakh it got by including service tax in administrative cost.

Thus, inclusion of service tax in administrative cost instead of transportation cost resulted in less claiming of subsidy from State Government amounting to ₹ 49.18 lakh.

The above points were referred to the Government (June 2013), no reply was received (December 2014).

Haryana State Industrial and Infrastructure Development Corporation Limited

3.7 Irregular expenditure

Irregular expenditure of ₹ 33.25 lakh was incurred on salary and allowances on posting of Senior Manager (Sports) without availability of post.

Haryana Bureau of Public Enterprises sanctioned (August 2001) 14 posts for a separate sports cadre in the Haryana State Infrastructure and Industries

Development Corporation (Company) and State Government had approved (April 2010) a separate set of service rules *i.e.* Service Bye Laws for sports cadre. These rules laid down the following as essential qualifications for the incumbent of post of Senior Manager (Sports):

1. Graduation,
2. Age not exceeding 35 years,
3. Medal winner in Asian Games or Sr. Asian Championship or at least two times participation in international events.

A boxing coach, working in the Sports Authority of India (SAI) was appointed as Senior Manager (Sports) from April 2008 for one year on deputation basis for overseeing the affairs of the volleyball team and the tennis players and also to act as Manager of the volleyball team. The tenure of deputation was extended on year to year basis up to 31 March 2013. The Company paid ₹ 33.25 lakh to him on account of salary and other allowances for the period from 1 April 2008 to 31 March 2013.

We observed (June 2012) that the Company had only two sports teams *i.e.,* volleyball and lawn tennis and there was no boxing team in the Company. Despite this, a boxing coach was appointed as Senior Manager (Sports) which showed that he was adjusted in the Company without any actual requirement. Moreover, since only one post of Senior Manager (Sports) was available in the Company which was already occupied up to 17 August 2010, he was adjusted as Senior Manager (Sports) from 1 April 2008 against the vacancy of higher post of Assistant General Manager (Sports). Besides, Audit also observed that he did not fulfill two out of three qualifications as per Service Bye Laws *i.e.* he was neither below 35 years of age nor medal winner in Asian Games or Senior Asian Championship or at least two times participant in international events.

During exit conference (October 2013), the Principal Secretary to Government of Haryana, Industries Department and MD of the Company stated that the appointment was made against the vacancy available in the Company and that incumbent had already been repatriated to his parent department after completion of his five years term. The reply was not tenable as the person did not meet the qualifications and was appointed to look after the affairs of volleyball and tennis teams though he was a boxing coach.

The above points were referred to the Government (July 2013), no reply was received (December 2014).

Haryana State Roads and Bridges Development Corporation Limited

3.8 Loss of revenue

The Company suffered a loss of ₹ 3.52 crore due to injudicious decision to reinvite the tender.

Government of Haryana vide notification (27 August 2010) declared

Deodhar-Nainawali Road (TP-33) as toll road with effect from 1 November 2010 for a period of 12 years and authorised Haryana State Roads and Bridges Development Corporation Limited (Company) to demand, collect and retain toll from the toll facility at toll point.

Tenders for collection of toll on Deodhar-Nainawali Road were invited by the Company in August 2010 and October 2010. The Company did not receive any bids for these tenders. The Company again invited tender (12 November 2010) for third time and in response, three bids were received. Highest bid of ₹ 6.04 crore (23.1 *per cent* higher than traffic census and 58.59 *per cent* higher than departmental collection) was received from M/s Jai Singh and Company (bidder). Tender Approval Committee (TAC) headed by Engineer-in-Chief, PWD (B&R) in its meeting (23 November 2010) did not accept the bid anticipating that ban on mining might be lifted any day and consequently toll collection would be higher. The TAC decided to reinvite tenders for a period of four months. Meanwhile, toll was collected departmentally. During August 2010 to May 2012, tenders were called for 11 times and on six occasions, no bid was received.

Tenders in the remaining five cases could not be finalised as tabulated below:

Table 3.5

Tender[19] number and date	Particulars	Outcome of tendering
3rd tender, 12 November 2010	Three bids received. Highest bid of ₹ 6.04 crore per annum was received.	TAC (23 November 2010) decided to recall the tenders for shorter period anticipating higher rates after lifting of ban on mining
4th tender , 4 January 2011	Bids were called for TP-33 & TP-12 jointly. Two bids of ₹ 2.82 crore and ₹ 2.25 crore for four months were received which were below combined traffic census and combined departmental collection for two toll points.	TAC (13 January 2011) decided to recall the tenders.
7th tender, 30 June 2011	Single bid of ₹ 36 lakh was received for four months which was below departmental collection	TAC (5 July 2011) decided to recall the tenders
8th tender, 17 August 2011	Single technical bid received but not opened.	TAC (18 August 2011) decided to recall the tenders anticipating higher rates due to lifting of ban on mining
10th tender 8 November 2011	Three bids received. Highest bid of Shri Vaibhav for ₹ 1.73 crore for four months was accepted. Contractor failed to comply with the provision of letter of acceptance and security of ₹ 10 lakh forfeited.	-

Meanwhile, Executive Engineer, Mechanical Division, PWD (B&R), Ambala Cantt repeatedly (April-May 2012) intimated that toll collection had been

[19] No offer was received for 1st tender dated 19 August 2010, 2nd tender dated 12 October 2010, 5th tender dated 22 February 2011, 6th tender dated 19 April 2011, 9th tender dated 30 September 2011 and 11th tender dated 18 May 2012.

reducing day by day due to closure of mines and stone crushers. The collection was even below the expenditure incurred on salaries of staff and other expenses for toll collection. The Company initiated process to close toll collection points temporarily (May 2012) to avoid losses. The State Government withdrew (20 December 2012) earlier notification of 27 August 2010 and departmental toll collection was stopped with effect from 24 December 2012.

Audit observed (January 2013) that the bid received during November 2010 was not accepted by the Company only on the presumption that ban on mining could be lifted which would have led to more traffic on the road resulting in increase in toll collection. This action of the TAC based on mere presumption was injudicious as the offer was substantially higher than the traffic census and departmental collections. Due to this injudicious decision of the TAC, the Company collected net toll of ₹ 2.52 crore only (after deducting salary & other expenses) against the bid amount of ₹ 6.04 crore offered by M/s Jai Singh & Company, for the period from January 2011 to December 2011, thus causing a loss of ₹ 3.52 crore to the Company.

During Exit conference, the Principal Secretary to Government of Haryana, PWD (B&R) Department and Engineer-in-Chief, PWD (B&R) stated (October 2013) that bids were not accepted in anticipation of lifting of ban on mining in future. The reply was not tenable as the rates received were 23.1 *per cent* higher than the traffic census and 58.59 *per cent* higher than departmental collection. Moreover, as per bid documents, the Company was entitled to terminate the agreement at any time without assigning any reason after giving 15 days prior notice in writing to the bidder and the bidder was not entitled to claim, recover or receive from the Company any compensation whatsoever on account of such premature termination.

Thus, injudicious decision of the Company (23 November 2010) of not accepting the bids resulted in loss of ₹ 3.52 crore.

The above points were referred to the Government (July 2013), no reply was received (December 2014).

Haryana State Electronics Development Corporation Limited

3.9 Haryana State Electronics Development Corporation Limited as nodal agency of State Government Departments/Public Sector Undertakings

An expenditure of ₹ 93.79 lakh was incurred on purchase of software/SAP license without assessing immediate requirement. ₹ 29.86 crore was utilised against funds of ₹ 111.53 crore from Government departments during 2008-13 for IT projects. Excess income tax of ₹ 57.24 lakh and Central Sales Tax of ₹ 6.99 lakh was paid due to over invoicing of Electorate Photo Identity Cards for Election Department.

Haryana State Electronics Development Corporation Limited (Company) was incorporated on 15 May 1982 for promoting electronics development in the

State. The company was also engaged in working as an agent for State Government departments/Public Sector Undertakings (PSUs) for carrying out different projects/jobs related to electronics. Besides, the Company was also providing computer education through franchisee known as HARTRON Franchise Centres (HFCs).

Generation of computerised energy bills for Power Distribution Companies

i. The Company received (2007) work order(s) for generating computerised energy bills for UHBVNL for four circles (out of ten) DHBVNL for all the six circles for three years at the rate of ₹ 2.44 for generation of electricity bill including data entry and ₹ 2 per bill for generation of bill excluding data entry. The work orders were renewed by DISCOMs in 2010 for another period of three years at the prevailing rates.

The Company had been using Visual FoxPro platform as software application for generation of energy bills. UHBVNL requested (November 2008) the Company to shift from existing COBOL/FoxPro platform to standard RDBMS based software. The Company communicated (December 2009) that it would be charging ₹ 3.24 per bill on existing platform and ₹ 6.96 per bill on the proposed online set up with rates valid from April 2010 to March 2015. UHBVNL accepted (February 2010) the proposal of the Company but later retracted (June 2010) its decision and asked the Company to continue bill generation on the old existing platform.

The Company though decided (October 2010) to upgrade the billing software and placed (December 2010) order on M/s WE Excel Software for ₹ 48.70 lakh. The Company also purchased hardware and software to implement the change at a cost of ₹ 27.71 lakh and started generating bills through new software from August 2012.

We observed that the Company received an extension of work order for three years from April 2013 to March 2016 at the rate of ₹ 3.25 per bill, (the rate which was proposed December 2009) from UHBVNL for energy bill preparation on existing FoxPro for the period April 2010 to March 2015. Thus, UHBVNL had not taken any cognizance of the expenses incurred by the Company in creating this infrastructure resulting in expenditure of ₹ 76.41 lakh (₹ 48.70 lakh and ₹ 27.71 lakh) unnecessary.

The Management explained in the Exit Conference (October 2013), that the process was shifted to RDBMS to keep pace with the changing technology. The fact, however, remains that the shifting to RDBMS was done without any requirement of UHBVNL and the Company did not analyse the payback period for this upgradation cost for which the proposal from UHBVNL was retracted.

Implementation of the computerisation/electronic projects of different departments/PSUs

ii. The Company acts as consultant for various Information Technology/ electronic projects of the State Government departments and charge consultation fee at the rate of six *per cent* of project value. We observed that the Company had funds of ₹ 111.53 crore during 2008-09 to 2012-13 from Government departments for their projects and it utilized ₹ 29.86 crore. It, however, did not have any system to periodically review/report the progress of the projects, as a whole, to the top Management or to submit the report periodically to the indenting departments.

The indenting departments, too, had not asked for any progress reports about the work from the Company. The State Government had issued (March 2011) instructions to pay interest @ six *per cent per annum* on the advance money received from the indenting departments till its utilisation after allowing two weeks as interest free period. Despite the instructions, the Company did not pass on the interest amounting to ₹ 7.98 crore (calculated at minimum rate of six *per cent*) for the period 2011-13.

In exit conference (October 2013), MD while agreeing to the audit point stated that corrective action would be taken and interest would be paid in future. The Principal Secretary to Government of Haryana, Industries Department elaborated that the Company was going to put in place a system where interest would be paid for the period exceeding 30 days after receipt of detailed proposals from the indenting department. Further progress is awaited.

EPIC and Electoral rolls

iii. The Company is engaged in preparation of Electorate Photo Identity Cards (EPICs), electoral rolls and other allied works for State Election Commission since 1994. The Company had not formulated any guidelines/procedures for executing this work and did not periodically reconcile the amounts received with the billed amounts. Further, there is no system to monitor that bill for the damaged cards for which no payment is to be received are reversed in the books of accounts. Resultantly, income is overstated and the Company is paying Income Tax besides Central Sales Tax (CST) on it.

We observed that the Company raised bills of ₹ 1.36 crore (including CST, ₹ 5.22 lakh) twice for 4.35 lakh electoral rolls during 2007-08 to State Election Commission. The Company did not reverse the billed amount of ₹ 18.06 lakh (including CST of ₹ 0.71 lakh) for 1.52 lakh EPICs billed but found damaged during verification by Election department during 2007-08 to 2011-12. Further, despite receiving (11 May 2011) intimation from the Election department regarding downward revision of rates of EPICs, the Company did not pass adjustment entries for ₹ 22.27 lakh (including CST of ₹ 1.06 lakh) during 2010-12. Consequently, the Company had to pay additional income tax (₹ 57.24 lakh)[20] and CST (₹ 6.99) lakh during the last five years.

[20] Income tax along with surcharge and cess on incorrect booked income of ₹ 1.69 crore (₹ 1.31 crore + ₹ 17.35 lakh + ₹ 21.21 lakh) during 2007-12

In the Exit Conference (October 2013), while agreeing to the view point of audit, MD stated that they would recover this amount and put a system in place so that this does not happen again. But the fact remains that the Management had not initiated any action to recover this amount so far (December 2014). Further, the assessments years in these cases were prior to 2012-13 and the provisions of Income Tax Act does not allow filing revised returns after the completion of relevant assessment year.

Undue favour to Vendor

iv. The Company had been imparting computer training through HFCs. The HFCs were to run the training courses under the guidance and instructions of the Company, however, all investment for setting up and running the HFCs - hardware and software was to be made by them and pay royalty for using the name. For obtaining courseware, books and other material, formats *etc.* from the Company, they were to place indent at least 15 days in advance along with 25 *per cent* of the cost of material and the balance amount at the time of taking the delivery of ordered material.

The Company had 78 HFCs (2011-12) in Haryana, Punjab and Chandigarh. It received (4 February 2011) a proposal from M/s WE Excel Edutech Private Limited (Vendor) for tie-up for conducting training courses in HFCs in SAP[21] and decided to procure the licenses of SAP on behalf of HFCs and signed (5 April 2011) a MoU with the Vendor for supply of 500 licenses of SAP at the rate of ₹ 8,500 per license plus tax. No terms of payment were decided in the MoU. The decision to start training course on SAP at HFCs was taken without any survey or any demand from franchisees.

The Vendor sent (28 April 2011) a bill of ₹ 18.75 lakh (including service tax at the rate of 10.3 *per cent*) for 200 licenses of SAP. The Company paid (19 May 2011) ₹ 9.38 lakh (50 *per cent*) and asked (1 June 2011) HFCs to run training course in SAP and send ₹ 0.25 lakh towards part payment as one time charges for tie-up with Vendor and collect SAP licenses. However, as the training course was not backed by demand, no response was received from the HFCs. The Vendor supplied 200 SAP licenses to the Company (February 2012) and the Company released (24 February 2012) ₹ eight lakh. The Company again asked (March 2013) HFCs to collect SAP licenses and deposit ₹ 0.25 lakh towards part payment for tie-up with Vendor to which 71 HFCs intimated that they were not interested in purchasing SAP licenses.

We observed (April 2013) that the Company, without assessing demand and receipt of indent/advance money from HFCs, had signed MoU with the vendor. Further, without placing formal purchase order and finalising the terms of payment, the Company had released the payment. The Company had not been able to use/dispose of any of the 200 SAP licenses purchased so far (July 2013) thereby blocking the funds of ₹ 17.38 lakh.

During exit conference (October 2013), the MD informed that the Vendor had agreed to return the money. But the fact remained that the vendor had not paid

[21] SAP is a software used for business resource planning.

any amount so far (December 2014).

The above points were referred to the Government (August 2013), no reply was received (December 2014).

Haryana Scheduled Castes Finance and Development Corporation Limited

3.10 Irregularities in the financial assistance

In four test checked district offices, against a sanctioned loan of ₹ 4.58 crore (95 cases), vehicles valuing ₹ 1.24 crore (26 cases) were registered as commercial vehicles. Against a recoverable amount of ₹ 73.52 crore, an amount of ₹ 69.12 crore remained unrecovered as on March 2013. No internal audit of the Head office/district offices was conducted from April 2008 to March 2013.

Haryana Harijan Kalyan Nigam Limited was established in 1971 and was renamed as Haryana Scheduled Castes Finance and Development Corporation Limited (Company) in 2000. The main objective of the Company is socio-economic and educational upliftment of the Scheduled Castes families in the State by providing financial assistance in the form of loan and subsidy for self-employment.

The Company provides financial assistance towards 90 *per cent* of the business cost, subsidy (50 *per cent* of the business cost subject to maximum of ₹ 10,000) and contributes its share in the shape of margin money under National Scheduled Castes Finance Development Corporation (NSFDC) Scheme, such as purchase of light commercial vehicles, setting up tent house, boutique units *etc*. Under Bank Tie-up Scheme, the Company provides margin money at the rate of 10 *per cent* of the project cost and subsidy @ 50 *per cent* subject to maximum of ₹ 10,000 to the Scheduled Castes families for various activities such as dairy farming, sheep rearing, piggery, *kirana* shop *etc*.

Audit test checked records of the Company at head office and five district offices out of 21 district offices covering the period from April 2007 to March 2012 to ascertain the extent of adherence to various provisions relating to sanction, disbursement, utilisation and recovery of financial assistance provided to the beneficiaries. The Company has catered to 20,005 beneficiaries (amount disbursed ₹ 86.44 crore) in five[22] selected districts out of which audit verified 594 beneficiaries (amount disbursed ₹ 3.54 crore).

Vehicle Scheme

i. To make the Scheduled Castes beneficiaries self-employed, the Company sanctioned ₹ 7.73 crore for 155 beneficiaries under Vehicle Scheme during the period 2007-08 to 2011-12. In the test checked four[23] district offices the Company sanctioned loans of ₹ 4.58 crore to 95 beneficiaries @ ₹ 4.65 lakh

[22] Ambala, Bhiwani, Jind, Karnal and Sirsa.
[23] Ambala, Bhiwani, Jind and Karnal.

per unit carrying interest @ six *per cent per annum* recoverable in five years for purchase of light commercial vehicles (10 seater Jeep).

For proper implementation of vehicle Scheme, the Company had to ensure that the vehicles were registered as commercial vehicles so that the beneficiaries could run their business and earn livelihood. Out of these 95 vehicle cases only 26 vehicles valuing ₹ 1.24 crore (27 *per cent*) were found registered as commercial vehicles. In 35 cases, proof of registration of vehicles and in seven cases, insurance details of vehicles were not on records. No action was taken by the Company against the beneficiaries who did not abide by the terms of the sanction of loans.

During exit conference (September 2013), the Principal Secretary to Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Scheme was not financially viable and it failed due to irregular release of loans and inherent flaws.

Boutique Scheme

ii. The Scheme envisages assistance, recoverable over a period of five years in the form of loan and subsidy of ₹ one lakh (₹ 85,000 term loan, ₹ 5,000 margin money and ₹ 10,000 subsidy) at the rate of interest of Six *per cent per annum*. Between 2007-08 and 2011-12, the Company sanctioned ₹ 73 lakh to 73 beneficiaries. Before release of loan, the DM office was to ensure that a shop had been identified by the beneficiary and in case of rented shop, a proper rent deed existed.

The Company disbursed loans amounting to ₹ 30.60 lakh to 33 beneficiaries in Jind and Bhiwani districts without ensuring that a viable place for the business existed. Against a recoverable amount of ₹ 38.20 lakh (including interest), recovery of ₹ 2.71 lakh only was made leaving outstanding dues against 30 beneficiaries ₹ 35.49 lakh (March 2014). 15 beneficiaries had not repaid even a single instalment (outstanding amount ₹ 20.24 lakh) indicating that the recovery mechanism of the Company was ineffective which affected the ability of the Company to recycle the funds and bringing more members of SC community under the Scheme.

During exit conference (September 2013), the Principal Secretary to Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Scheme was not financially viable and it failed due to irregular release of loans and inherent flaws.

Tent House Scheme

iii. The Scheme envisages assistance, by way of loan and subsidy for setting up tent house units for self employment, of ₹ 3 lakh (fixed assets: ₹ 2.79 lakh, working capital/preliminary expenses: ₹ 21,000), repayable in five years carrying interest @ six *per cent per annum*. Between 2007-08 and 2011-12, the Company sanctioned ₹ 188.98 lakh to 63 beneficiaries under Tent House Scheme while in district offices of Bhiwani, Jind and Karnal and disbursed loans of ₹ 71.65 lakh to 25 beneficiaries during December 2009 to June 2010. The Company could recover ₹ 14.94 lakh out of ₹ 71.65 lakh recoverable from these 25 beneficiaries leaving outstanding amount of ₹ 56.71 lakh as on 31 March 2014.

During exit conference, the Principal Secretary to Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Scheme was not financially viable and it failed due to irregular release of loans and inherent flaws.

Irregular release of financial assistance/subsidy

iv. Ministry of Social Justice and Empowerment, Government of India (GoI), provides subsidy under Special Central Assistance (SCA) programme as an additive to their Special Component Plan for Scheduled Castes with the main objective to give a thrust to the development programme for Scheduled Castes with reference to their occupational pattern and the need for increasing the income from their limited resources. As per instructions of the GoI, SCA was to be provided to only those persons belonging to Scheduled Castes who were Below Poverty Line (BPL). Cases of release of subsidy of ₹ 6.58 lakh during 2007-08 to 2011-12 to 70 beneficiaries whose names were not in BPL survey list were noticed in Panchkula district, which was irregular.

During exit conference, it was stated that subsidy would be given to those people only whose names appears in the BPL list. The Company needs to investigate release of subsidy to ineligible persons.

Bank tie-up scheme - Non Creation of assets and recovery of assistance

v. During Beneficiary Survey under Bank-tie up Scheme, we observed that out of 514 beneficiaries contacted, by Audit, fixed assets of 395 beneficiaries (77 *per cent*) of the 514 surveyed did not exist. In 16 cases, assets were not created due to non-receipt of full financial assistance and 98 beneficiaries could not get full amount of loan and subsidy aggregating to ₹ 19.15 lakh and resultantly they could not set up viable units and the intended purpose of providing financial assistance for creation of assets and upliftment of the beneficiaries was defeated.

During exit conference, the Principal Secretary, Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Company would ensure proper checks (pre sanction and post disbursement) to ensure creation of assets.

Recovery performance

vi. Under National Scheduled Castes Finance and Development Corporation (NSFDC) Schemes, the loan was recoverable in equated monthly instalments over a period of five years. In case of any default in both the Schemes, the whole amount along with penal interest becomes recoverable in lump sum as arrears of land revenue and DMs were responsible for recovery of loans. The following table indicated the recovery performance of the Company during 2008-09 to 2012-13:

Table 3.6

(₹ in crore)

Years	Total number of operational accounts	Total amount recoverable	Amount recovered	Balance due amount at the close of the year	Percentage of recovery to recoverable amount
2008-09	1,10,019	32.43	2.82	29.61	8.69
2009-10	1,14,401	35.29	3.98	31.31	11.28
2010-11	1,18,020	37.57	4.28	33.29	11.39
2011-12	1,19,863	40.40	4.86	35.54	12.03
2012-13	1,20,787	73.52	4.40	69.12	5.98

The above table indicates that the recovery performance of the Company ranged between 6 to 12 *per cent* only during 2008-09 to 2012-2013. Poor recovery percentage showed that timely action was not taken to recover the dues of the Company and arrears were allowed to accumulate from ₹29.61 crore to ₹69.12 crore during 2008-13 registering an increase of 133.43 *per cent*. The Company though issued recovery notices in 7.40 lakh cases but only 1,470 cases were referred to the Collectors for recovery. This resulted in failure of the Company to recycle the funds, which in turn affected wider coverage of beneficiaries.

During exit conference, it was stated that poor recovery was due to non-monitoring of recovery of loans and shortage of staff. The Company needs to put in serious efforts to ensure recovery.

Internal Control and Internal Audit

The State Government issued (May 1981) instructions for introduction of uniform internal audit system in all Public Sector Undertakings (PSUs). In 2002, the State Government formulated and circulated guidelines for conducting internal audit. As per instructions, the work of internal audit of PSUs, where internal audit cell did not exist was to be entrusted to a firm of Chartered Accountant, clearly defining the scope of work and reports of the same were to be placed before the BoDs.

We observed that the Company did not have an independent internal audit cell. During the period covered under audit *i.e.* from April 2008 to March 2013, internal audit of the head office as well as district offices was not conducted. Thus, the Company failed to comply with the instructions of the State Government.

During exit conference, while admitting the facts, the Management stated that it was difficult to conduct internal audit or create audit cell due to shortage of manpower. Reply was not tenable as it is imperative to have internal audit cell for ensuring proper functioning of the Company.

The above points were referred to the Government (August 2013), no reply was received (December 2014).

(MAHUA PAL)

Chandigarh **Principal Accountant General (Audit) Haryana**

Dated: 20 फरवरी FEB 2015

Countersigned

(SHASHI KANT SHARMA)

New Delhi **Comptroller and Auditor General of India**

Dated: 05 मार्च MAR 2015

Appendices

Appendix 1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government companies and Statutory corporations

(Referred to in paragraph 1.3)

(Figures in column 5 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Haryana Agro Industries Corporation Limited	Agriculture	30 March 1967	2.54	1.60	-	4.14	-	-	0.91	0.91	0.22:1 -	158
2.	Haryana Land Reclamation and Development Corporation Limited		27 March 1974	1.37	-	0.20	1.57	-	-	-	-	-	135
3.	Haryana Seeds Development Corporation Limited		12 September 1974	2.76	1.11	1.13	5.00	0.71	-	-	0.71	0.14:1 (0.19:1)	310
4.	Haryana Forest Development Corporation Limited	Forest	7 December 1989	0.20	-	-	0.20	-	-	-	-	-	82
Sector wise Total				**6.87**	**2.71**	**1.33**	**10.91**	**0.71**	**-**	**0.91**	**1.62**	**0.15:1** **(0.09:1)**	**685**
FINANCE													
5.	Haryana Scheduled Castes Finance and Development Corporation Limited	SC & BC Welfare	2 January 1971	25.14	22.96	-	48.10	-	-	8.94	8.94	0.19:1 (0.20:1)	141

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
6.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	SC & BC Welfare	10 December 1980	21.52 (1.00)	-	-	21.52 (1.00)	8.64	-	62.85	71.49	3.32:1 (3.64:1)	41
7.	Haryana Women Development Corporation Limited	Women and Child Development	31 March 1982	15.51	1.10	-	16.61	-	-	-	-	-	54
Sector wise Total				**62.17 (1.00)**	**24.06**	**-**	**86.23 (1.00)**	**8.64**	**-**	**71.79**	**80.43**	**0.93:1 (0.99:1)**	**236**
INFRASTRUCTURE													
8.	Haryana State Industrial and Infrastructure Development Corporation Limited #	Industry	8 March 1967	48.82 (0.02)	-	-	48.82 (0.02)	25.00	-	1984.82	2009.82	41.17:1 (9.24:1)	596
9.	Haryana Police Housing Corporation Limited	Home	29 December 1989	25.00	-	-	25.00	-	-	200.63	200.63	8.03:1 (5.63:1)	187
10.	Haryana State Roads and Bridges Development Corporation Limited	P W D (B&R)	13 May 1999	122.04	-	-	122.04	-	-	-	-	-	2
Sector Wise Total				**195.86 (0.02)**	**-**	**-**	**195.86 (0.02)**	**25.00**	**-**	**2185.45**	**2210.45**	**11.29:1 (3.65:1)**	**785**
POWER													
11.	Haryana Power Generation Corporation Limited	Power	17 March 1997	2735.24 (1027.07)	-	145.00	2880.24 (1027.07)	-	4.14	4941.25	4945.39	1.72:1 (1.94:1)	3859

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital				Loans[**] outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
12.	Haryana Vidyut Prasaran Nigam Limited	Power	19 August 1997	2011.84 (75.12)	-	-	2011.84 (75.12)	606.05	-	4173.49	4779.54	2.38:1 (2.14:1)	4745
13.	Uttar Haryana Bijli Vitran Nigam Limited ^		15 March 1999	1083.30 (32.87)	-	546.98	1630.28 (32.87)	29.22	-	13489.19	13518.41	8.29:1 (5.92:1)	12024
14.	Dakshin Haryana Bijli Vitran Nigam Limited		15 March 1999	1001.84 (32.55)	-	437.27	1439.11 (32.55)	100.57	-	1389.19	1489.76	1.04:1 (1.14:1)	10301
15.	Yamuna Coal Company Private Limited □		15 January 2009	-	-	1.24	1.24	-	-	-	-	-	-
16.	Haryana Coal Company Limited.∞		24 January 2013	0.01	-	-	0.01	-	-	-	-	-	-
Sector wise Total				**6832.23 (1167.61)**	**-**	**1130.49**	**7962.72 (1167.61)**	**735.84**	**4.14**	**23993.12**	**24733.10**	**3.11:1 (2.66:1)**	**30929**
SERVICES													
17	Haryana Tourism Corporation Limited	Tourism and Public Relations	1 May 1974	21.46	-	-	21.46	-	-	-	-	-	1663
18	Haryana Roadways Engineering Corporation Limited	Transport	27 November 1987	6.60	-	-	6.60	-	-	-	-	-	127
19	Haryana State Electronics Development Corporation Limited	Electronics	15 May 1982	9.86	-	-	9.86	-	-	-	-	-	233
20	Hartron Informatics Limited @		8 March 1995	-	-	0.50	0.50	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
21	Gurgaon Technology Park Limited	Town & Country Planning	14 February 1996	-	-	14.72	14.72	-	-	-	-	-	1
22	Haryana Mass Rapid Transport Corporation Limited	Industry	24 March 2012	-	-	0.05	0.05	-	-	-	-	-	-
Sector wise Total				**37.92**	**-**	**15.27**	**53.19**	**-**	**-**	**-**	**-**	**-**	**2024**
Total A (All sector wise working Government companies)				**7135.05 (1168.63)**	**26.77**	**1147.09**	**8308.91 (1168.63)**	**770.19**	**4.14**	**26251.27**	**27025.60**	**3.25:1 (2.65:1)**	**34659**
B .Working Statutory Corporations													
AGRICULTURE & ALLIED													
1.	Haryana State Warehousing Corporation	Agriculture	1 November 1967	2.92	2.92	-	5.84	-	-	12.54	12.54	2.15:1 (5.17:1)	751
Sector wise Total				**2.92**	**2.92**	**-**	**5.84**	**-**	**-**	**12.54**	**12.54**	**2.15:1 (5.17:1)**	**751**
FINANCE													
2.	Haryana Financial Corporation	Industry	1 April 1967	201.86	-	5.65	207.51	-	-	80.16	80.16	0.39:1 (0.74:1)	165
Sector wise Total				**201.86**	**-**	**5.65**	**207.51**	**-**	**-**	**80.16**	**80.16**	**0.39:1 (0.74:1)**	**165**
Total B(All Sector Wise Working Statutory Corporation)				**204.78**	**2.92**	**5.65**	**213.35**	**-**	**-**	**92.70**	**92.70**	**0.43:1 (0.86:1)**	**916**
Grand Total(A+B)				**7339.83 (1168.63)**	**29.69**	**1152.74**	**8522.26 (1168.63)**	**770.19**	**4.14**	**26343.97**	**27118.30**	**3.18:1 (2.60:1)**	**35575**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
C. Non Working Government Companies													
AGRICULTURE & ALLIED													
1.	Haryana State Minor Irrigation and Tube wells Corporation Limited	Agriculture	9 January 1970	10.89	-	-	10.89	97.64	-	-	97.64	8.97:1 (8.97:1)	-
Sector wise Total				**10.89**	**-**	**-**	**10.89**	**97.64**	**-**	**-**	**97.64**	**8.97:1 (8.97:1)**	**-**
FINANCE													
2.	Haryana State Housing Finance Corporation Limited	Industry	19 June 2000	-	-	-	-	-	-	-	-	-	-
INFRASTRUCTURE													
3.	Haryana Concast Limited @	Industry	29 November 1973	2.90	-	3.95	6.85	1.39	-	2.30	3.69	0.54:1 (0.54:1)	-
Sector wise Total				**2.90**	**-**	**3.95**	**6.85**	**1.39**	**-**	**2.30**	**3.69**	**0.54:1 (0.54:1)**	**-**
MANUFACTURING													
4.	Haryana Tanneries Limited	Industry	12 September 1972	1.17	-	0.18	1.35	-	-	-	-	-	-
Sector wise Total				**1.17**	**-**	**0.18**	**1.35**	**-**	**-**	**-**	**-**	**-**	**-**
SERVICES													
5.	Haryana State Handloom and Handicrafts Corporation Limited	Industry	20 February 1976	2.65	0.30	-	2.95	3.07	-	-	3.07	1.04:1	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up capital				Loans** outstanding at the close of 2012-13				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
6.	Haryana State Small Industries and Export Corporation Limited	Industry	19 July 1967	1.81	-	0.10	1.91	9.21	-	-	9.21	4.82:1 (4.82:1)	2
Sector wise Total				**4.46**	**0.30**	**0.10**	**4.86**	**12.28**	**-**	**-**	**12.28**	**2.53:1 (1.90:1)**	**2**
MISCELLANEOUS													
7.	Haryana Minerals Limited @	Mining and Geology	2 December 1972	-	-	0.24	0.24	-	-	-	-	-	-
Sector wise Total				**-**	**-**	**0.24**	**0.24**	**-**	**-**	**-**	**-**	**-**	**-**
Total C (All Sector Wise Non Working Government Companies				**19.42**	**0.30**	**4.47**	**24.19**	**111.31**	**-**	**2.30**	**113.61**	**4.70:1 (4.57:1)**	**2**
Grand Total (A+B+C)				**7359.25 (1168.63)**	**29.99**	**1157.21**	**8546.45 (1168.63)**	**881.50**	**4.14**	**26346.27**	**27231.91**	**3.19:1 (2.61:1)**	**35577**

Note: Except in respect of companies/corporations which finalised their accounts for 2012-13 figures are provisional and are as given by the companies/ corporations. Figures in brackets in column 5(a) to 5(d) indicate share application money.

$ Paid up capital includes share application money.

** Loans outstanding at the close of 2012-13 represent long-term loans only.

\# There is reduction of ₹ 21.90 crore in capital of HSIIDC as the same will be treated as Grants for Industrial Area Projects.

 The Company at serial no A-15 is a 619B Company.

∞ Haryana Coal Company was incorporated on 24-01-2013.

@ Subsidiary company of Haryana State Electronics Development Corporation Limited.

Appendix 2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Referred to in paragraph 1.6)

(Figures in columns 5(a) to 11 are ₹ in crore)

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net profit/ loss before Interest & Depreciation	Interest	Depreciation	Net profit/ loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	Haryana Agro Industries Corporation Limited	2011-12	2012-13	(+)148.31	142.49	0.35	(+)5.47	1196.68	Non Review Certificate	4.14	(+)48.96	(+)53.93	(+)147.96	274.36
2.	Haryana Land Reclamation and Development Corporation Limited	2011-12	2012-13	(-) 1.05	-	0.30	(-) 1.35	66.75	Non Review Certificate	1.56	(+) 2.09	(+) 3.70	(-) 1.35	-
3.	Haryana Seeds Development Corporation Limited	2011-12	2012-13	(+)3.80	1.42	1.21	(+)1.17	167.48	Non Review Certificate	5.01	(+)8.55	(+)27.99	(+)2.59	9.25
4.	Haryana Forest Development Corporation Limited	2009-10	2013-14	(+)3.73	-	0.25	(+)3.48	30.96	-	0.20	(+)23.60	(+)23.81	(+)3.48	14.62
Sector Wise Total				**(+) 154.79**	**143.91**	**2.11**	**(+) 8.77**	**1461.87**	**-**	**10.91**	**(+) 83.20**	**(+) 109.43**	**(+) 152.68**	**139.52**

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net profit/ loss before Interest & Deprecia-tion	Interest	Deprecia-tion	Net profit/ loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FINANCE														
5.	Haryana Scheduled Castes Finance and Development Corporation Limited	2008-09	2012-13	(+)2.17	0.31	0.04	(+)1.82	1.85	(-)3.65	39.99	(+) 0.75	(+)51.88	(+)2.13	4.11
6.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	2008-09	2012-13	(-) 0.32	1.97	0.02	(-) 2.31	0.52	(-) 2.56	16.11	(-) 9.33	(+) 56.42	(-) 0.34	-
7.	Haryana Women Development Corporation Limited	2008-09	2012-13	(+) 0.05	-	0.02	(+) 0.03	1.60	Non Review Certificate	16.61	(+) 0.11	(+) 17.58	(+) 0.03	0.17
Sector Wise Total				**(+) 1.90**	**2.28**	**0.08**	**(-) 0.46**	**3.97**	**(-) 6.21**	**72.71**	**(-) 8.47**	**(+) 125.88**	**(+) 1.82**	**1.45**
INFRASTRUCTURE														
8.	Haryana State Industrial and Infrastructure Development Corporation Limited	2011-12	2013-14	(+) 78.82	5.13	1.75	(+) 71.94	147.34	-	70.70	(+) 286.79	(+) 1898.94	(+) 77.07	4.06
9.	Haryana Police Housing Corporation Limited	2011-12	2012-13	(+) 11.51	11.20	0.22	(+) 0.09	66.22	-	25.00	(+) 0.31	(+) 171.71	(+) 11.29	6.58

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net profit/ loss before Interest & Deprecia-tion	Interest	Deprecia-tion	Net profit/ loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
10.	Haryana State Roads and Bridges Development Corporation Limited	2010-11	2012-13	(+) 64.37	9.42	43.00	(+) 11.95	69.78	-	122.04	(-) 53.55	(+) 182.44	(+) 21.37	11.71
		2011-12	2013-14	(+) 109.41	38.13	43.01	(+) 28.27	97.22	Under Finalisation	122.04	(-) 25.28	(+) 96.76	(+) 66.40	68.62
Sector Wise Total				**(+) 199.74**	**54.46**	**44.98**	**100.30**	**310.78**	**-**	**217.74**	**(+) 261.82**	**(+) 2167.41**	**(+) 154.76**	**7.14**
POWER														
11.	Haryana Power Generation Corporation Limited	2011-12	2012-13	(+)1305.34	979.91	485.92	(-) 160.49	6504.02	-	2500.30	(-) 264.02	(+) 7654.97	(+) 819.42	10.70
12.	Haryana Vidyut Prasaran Nigam Limited	2011-12	2012-13	(+)606.08	306.11	159.90	(+)140.07	1112.59	(-) 844.18	1261.85	(+)266.56	(+)5214.25	(+)446.18	8.56
13.	Uttar Haryana Bijli Vitran Nigam Limited	2011-12	2012-13	(-) 7385.10	1082.96	135.54	(-) 8603.60	5828.86	-	1597.41	(-) 12423.61	(-) 1230.12	(-) 7520.64	-
14.	Dakshin Haryana Bijli Vitran Nigam Limited	2011-12	2012-13	(-) 939.36	544.78	86.10	(-) 1570.24	6971.62	-	1406.57	(-) 7285.53	(+)3356.57	(-) 1025.46	-
		2012-13	2013-14	(-) 317.84	934.32	100.25	(-) 1352.41	6811.29	Under Finalisation	1439.12	(-) 8637.94	(+) 1097.83	(-) 418.09	-

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net profit/ loss before Interest & Deprecia-tion	Interest	Deprecia-tion	Net profit/ loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
15.	Yamuna Coal Company Private Ltd	2011-12	2012-13	(+) 0.01	-	-	(+) 0.01	-	Non Review Certificate	1.24	(+) 0.03	(+) 1.27	(+) 0.01	0.78
		2012-13	2013-14	(-) 0.10	-	-	(-) 0.10	-	Non Review Certificate	1.24	(-)0.07	(+)1.17	(-) 0.10	-
Sector wise total				(-) 5791.62	3303.30	881.61	(-) 9976.53	20256.76	(-) 844.18	6799.92	(-) 21059.08	(+) 12738.10	(-) 6673.23	-
SERVICES														
16	Haryana Tourism Corporation Limited	2009-10	2012-13	(+)6.45	-	2.29	(+)4.16	184.65	Non Review Certificate	20.19	(+)25.39	(+)181.33	(+)4.16	2.29
17	Haryana Roadways Engineering Corporation Limited	2009-10	2012-13	(+) 11.28	1.70	5.89	(+) 3.69	55.99	Non Review Certificate	6.40	(+) 6.98	(+) 26.00	(+) 5.39	20.73
		2010-11	2013-14	(+) 10.69	0.63	6.16	(+) 3.90	54.48	Non Review Certificate	6.60	(+) 10.35	(+) 20.14	(+) 4.53	22.49
18	Haryana State Electronics Development Corporation Limited	2011-12	2012-13	(+)8.55	1.44	0.51	(+)6.60	23.47	Non Review Certificate	9.86	(+)45.32	(+)60.07	(+)8.04	13.38
19.	Hartron Informatics Limited	2011-12	2012-13	(+)0.15	-	-	(+)0.15	0.32	Non Review Certificate	0.50	(+)2.61	(+)3.11	(+)0.15	4.87
20.	Gurgaon technology Park Limited	2010-11	2011-12	(+)5.89	-	1.04	(+)4.85	1.09	Non Review Certificate	14.72	(+)8.99	(+)36.94	(+)4.85	13.13

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net profit/ loss before Interest & Deprecia-tion	Interest	Deprecia-tion	Net profit/ loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
21.	Haryana Mass Rapid Transport Corporation Limited	2012-13	2013-14	-	-	-	-	-	Non Review Certificate	0.05	-	0.05	-	-
Sector Wise Total				**(+) 31.73**	**2.07**	**10.00**	**(+) 19.66**	**264.01**	**-**	**51.92**	**(+) 92.66**	**(+) 301.64**	**21.73**	**7.20**
Total A (All sector wise working Government companies)				**(-) 5403.46**	**3506.02**	**938.78**	**(-) 9848.26**	**22297.39**	**(-) 850.39**	**7153.20**	**(-) 20629.87**	**(+) 15442.46**	**(-) 6342.24**	**-**
B. Working Statutory Corporations														
AGRICULTURE & ALLIED														
1	Haryana State Warehousing Corporation	2011-12	2012-13	(+) 28.67	3.59	4.73	(+) 20.35	80.14	(-)0.56	5.84	-	(+) 394.45	(+) 23.94	6.07
Sector Wise Total				**(+) 28.67**	**3.59**	**4.73**	**(+) 20.35**	**80.14**	**(-)0.56**	**5.84**	**-**	**(+) 394.45**	**(+) 23.94**	**6.07**
FINANCE														
2	Haryana Financial Corporation	2011-12	2012-13	(-) 26.24	2.37	0.61	(-) 29.22	9.84	(-) 0.07	207.51	-163.26	(+) 396.22	(-) 26.85	-
		2012-13	2013-14	(+) 1.11	0.87	0.55	(-) 0.31	7.35	Under Finalisation	207.51	(-) 163.57	(+) 319.09	(+) 0.56	0.18
Sector Wise Total				**(+) 1.11**	**0.87**	**0.55**	**(-) 0.31**	**7.35**	**-**	**207.51**	**(-) 163.57**	**(+) 319.09**	**(+) 0.56**	**0.18**
Total B (All sector wise working Statutory corporations)				**(+) 29.78**	**4.46**	**5.28**	**(+) 20.04**	**87.49**	**(-) 0.56**	**213.35**	**(-) 163.57**	**(+) 713.54**	**(+)24.50**	**3.44**
Grand Total (A+B)				**(-) 5373.68**	**3510.48**	**944.06**	**(-) 9828.22**	**22384.88**	**(-) 850.95**	**7366.55**	**(-) 20793.44**	**(+) 16156.00**	**(-) 6317.74**	

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net profit/ loss before Interest & Deprecia-tion	Interest	Deprecia-tion	Net profit/ loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
C. Non Working Government Companies														
AGRICULTURE & ALLIED														
1	Haryana State Minor Irrigation & Tubewell Corporation Ltd	2011-12	2013-14	(-) 1.90	10.16	-	(-) 12.06	-	Non Review Certificate	10.89	(-) 333.68	(+) 10.89	(-) 1.90	-
Sector Wise Total				**(-) 1.90**	**10.16**	**-**	**(-) 12.06**	**-**		**10.89**	**(-) 333.68**	**(+) 10.89**	**(-) 1.90**	**-**
FINANCE														
2	Haryana State Housing Finance Corporation Limited #	Ended 31 Aug 2001	2003-04	-	-	-	-	-	Non Review Certificate	-	-	-	-	-
Sector Wise Total				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INFRASTRUCTURE														
3	Haryana Concast Limited#	1997-98	1998-99	(-) 2.85	4.40	0.72	(-) 7.97	-	-	6.85	(-) 27.18	(+) 9.40	(-) 3.57	-
Sector Wise Total				**(-) 2.85**	**4.40**	**0.72**	**(-) 7.97**	**-**	**-**	**6.85**	**(-) 27.18**	**(+) 9.40**	**(-) 3.57**	**-**
MANUFACTURING														
4.	Haryana Tanneries Limited	2011-12	2012-13	(-) 0.01	-	-	(-) 0.01	-	Non Review Certificate	1.35	(-) 10.58	(+) 10.18	(-) 0.01	-
		2012-13	2013-14	-	-	-	-	-	Non Review Certificate	1.35	(-) 10.58	(+) 10.18	-	
Sector Wise Total				**-**	**-**	**-**	**-**	**-**	**-**	**1.35**	**(-) 10.58**	**(+) 10.18**	**-**	

Sl. No.	Sector and name of the Company	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)				Turnover	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net profit/ loss before Interest & Depreciation	Interest	Depreciation	Net profit/ loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
SERVICES														
5.	Haryana State Handloom and Handicrafts Corporation Limited	2011-12	2012-13	(-) 0.02	-	-	(-) 0.02	-	Non Review Certificate	2.95	(-) 6.18	(+) 5.39	(-) 0.02	-
		2012-13	2013-14	(-) 0.05	-	-	(-) 0.05	-	Non Review Certificate	2.95	(-) 6.23	(+) 2.95	(-) 0.05	-
6.	Haryana State Small Industries and Export Corporation Limited	2011-12	2012-13	(-) 0.34	1.06	-	(-) 1.40	-	Non Review Certificate	1.91	(-) 27.22	(+) 12.73	(-) 0.34	-
		2012-13	2013-14	(-) 0.10	1.06	-	(-) 1.16	-	Non Review Certificate	1.91	(-) 28.38	(+) 12.73	(-) 0.10	
Sector Wise Total				**(-) 0.15**	**1.06**	**-**	**(-) 1.21**	**-**	**-**	**4.86**	**(-) 34.61**	**(+) 15.68**	**(-) 0.15**	
MISCELLANEOUS														
7	Haryana Minerals Limited	2008-09	2012-13	(+) 0.01	0.10	-	(-) 0.09	-	Non Review Certificate	0.24	(-) 10.31	(+) 5.27	(+) 0.01	0.19
		2009-10	2012-13	(-) 0.01	0.10	-	(-) 0.11	-	Non Review Certificate	0.24	(-) 10.42	(+) 5.27	(+) 0.01	0.19
		2010-11	2012-13	(+) 0.01	0.10	-	(-) 0.09	-	Non Review Certificate	0.24	(-) 10.52	(+) 5.27	(+) 0.01	0.19
Sector Wise Total				**(+) 0.01**	**0.10**	**-**	**(-) 0.09**	**-**		**0.24**	**(-) 10.52**	**(+) 5.27**	**(+) 0.01**	**0.19**
Total C (All sector wise non working Government companies)				**(-) 4.89**	**15.72**	**0.72**	**(-) 21.33**			**24.19**	**(-) 416.57**	**(+) 51.42**	**(-) 5.61**	
Grand Total (A+B+C)				**(-)5378.57**	**3526.20**	**944.78**	**(-) 9849.55**	**22384.88**	**(-) 850.95**	**7390.74**	**(-)21210.01**	**16207.42**	**(-) 6323.35**	

@ Capital employed represents Shareholders fund and long term borrowings

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

These companies are under liquidation

Appendix 3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantees outstanding at the end of March 2013

(Referred to in paragraph 1.4)

(Figures in column 3(a) to 6 (d) are ₹ in crore)

Sl. No.	Sector and name of the Company	Equity/ loan received out of budget during the year		Grants* and subsidy received during the year				Guarantees received during the year and commitment at the end of year[@]		Waiver of dues during the year			
		Equity	Loan	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted in to equity	Interest/ penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Haryana Land Reclamation and Development Corporation Limited	-	-	16.27	4.48	-	20.75	-	-	-	-	-	-
2.	Haryana Seeds Development Corporation Limited	-	-	14.18	0.30	16.54	31.02	-	-	-	-	-	-
Sector wise Total		**-**	**-**	**30.45**	**4.78**	**16.54**	**51.77**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCE													
3.	Haryana Scheduled Castes Finance and Development Corporation Limited	-	-	11.98	4.35	-	16.33	3.44	8.94	-	-	-	-
4.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	1.00	-	-	1.25	-	1.25	-	60.00	-	-	-	-
5.	Haryana Women Development Corporation Limited	-	-	0.35	3.91	-	4.26	-	-	-	-	-	-
Sector wise Total		**1.00**	**-**	**12.33**	**9.51**	**-**	**21.84**	**3.44**	**68.94**	**-**	**-**	**-**	**-**

Sl. No.	Sector and name of the Company	Equity/ loan received out of budget during the year		Grants* and subsidy received during the year				Guarantees received during the year and commitment at the end of year@		Waiver of dues during the year			
		Equity	Loan	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted in to equity	Interest/ penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
INFRASTRUCTURE													
6.	Haryana State Industrial and Infrastructure Development Corporation Limited	0.02	-	-	23.50	-	23.50	-	-	-	-	-	-
7.	Haryana Police Housing Corporation Limited	-	-	(35.33)	-	-	(35.33)	-	300.00	-	-	-	-
Sector wise Total		**0.02**	**-**	**-** **(35.33)**	**23.50**		**23.50** **(35.33)**	**-**	**300.00**	**-**	**-**	**-**	**-**
POWER													
8.	Haryana Power Generation Corporation Limited	58.08	-	-	-	0.11	0.11	-	181.53	-	-	-	-
9.	Haryana Vidyut Prasaran Nigam Limited	75.12	-	-	5129.13	-	5129.13	834.30	1795.92	-	-	-	-
10.	Uttar Haryana Bijli Vitran Nigam Limited	32.87	-	-	3620.26	-	3620.26	8814.15	8974.70	-	-	-	-
11.	Dakshin Haryana Bijli Vitran Nigam Limited	32.55	-	-	1508.87	-	1508.87	4579.13	4732.06	-	-	-	-
12	Haryana Coal Company	0.01	-	-	-	-	-	-	-	-	-	-	-
Sector wise Total		**198.63**	**-**	**-**	**10258.26**	**0.11**	**10258.37**	**14227.58**	**15684.21**	**-**	**-**	**-**	**-**
SERVICES													
13.	Haryana Tourism Corporation Limited	-	-	(0.56)	(23.92)	(0.30)	(24.78)	-	-	-	-	-	-
Sector wise Total		**-**	**-**	**(0.56)**	**(23.92)**	**(0.30)**	**(24.78)**	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government Companies)		**199.65**	**-**	**42.78** **(35.89)**	**10296.05** **(23.92)**	**16.65** **(0.30)**	**10355.48** **(60.11)**	**14231.02**	**16053.15**	**-**	**-**	**-**	

Sl. No.	Sector and name of the Company	Equity/ loan received out of budget during the year		Grants* and subsidy received during the year				Guarantees received during the year and commitment at the end of year@		Waiver of dues during the year			
		Equity	Loan	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted in to equity	Interest/ penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d))
STATUTORY CORPORATIONS													
AGRICULTURE & ALLIED													
1.	Haryana State Warehousing Corporation	-	-	3.54	-	-	3.54	1677.93	953.03	-	-	-	-
Sector wise Total		**-**	**-**	**3.54**	**-**	**-**	**3.54**	**1677.93**	**953.03**	**-**	**-**	**-**	**-**
2.	Haryana Financial Corporation	-	-	-	-	-	-	-	105.00	-	-	-	-
Sector wise Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105.00**	**-**	**-**	**-**	**-**
Total B		**-**	**-**	**3.54**	**-**	**-**	**3.54**	**1677.93**	**1058.03**	**-**	**-**	**-**	**-**
Grand Total (A+B)		**199.65**		**46.32 (35.89)**	**10296.05 (23.92)**	**16.65 (0.30)**	**10359.02 (60.11)**	**15908.95**	**17111.18**	**-**	**-**	**-**	**-**

Note: Except in respect of companies/corporations, which finalized their accounts for 2010-11 figures are provisional and as given by the companies/corporations.

@ Figures indicate total guarantees outstanding at the end of the year.

* Figures in brackets represent grants.

Appendix 4

Statement showing investments made by State Government in PSUs whose accounts are in arrear

(Referred to in paragraph 1.7)

(₹ in crore)

Name of the PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
			Year	Equity	Loan	Grants	Others to be specified (subsidy)
Working Companies							
Haryana Land Reclamation and Development Corporation	2011-12	1.56	2012-13	-	-	-	4.48
Haryana Seed Development Corporation Limited	2011-12	5.01	2012-13	-	-	-	0.30
Haryana Scheduled Castes Finance and Development Corporation Limited	2009-10	39.99	2010-11	5.49	-	-	4.10
			2011-12	-	-	-	4.00
			2012-13	-	-	-	4.35
Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	2008-09	16.11	2009-10	1.50	-	-	4.71
			2010-11	1.95	-	-	2.37
			2011-12	1.00	-	-	1.06
			2012-13	1.00	-	-	1.25
Haryana Women Development Corporation Limited	2008-09	16.61	2009-10	-	-	-	1.40
			2010-11	-	-	-	1.50
			2011-12	-	-	-	3.35
			2012-13	-	-	-	3.91
Haryana State Industrial and Infrastructure Development Corporation Limited	2011-12	70.70	2012-13	0.02	-	-	23.50
Haryana Power Generation Corporation Limited	2011-12	2500.30	2012-13	58.08	-	-	-
Haryana Vidyut Prasaran Nigam Limited	2011-12	1261.85	2012-13	75.12	-	-	5129.13
Uttar Haryana Bijli Vitran Nigam Limited	2011-12	1406.57	2012-13	32.87	-	-	3620.26
Haryana Tourism Corporation Limited	2009-10	20.19	2010-11	1.21	-	-	16.61
			2011-12	0.06	-	20.00	-
			2012-13	-	-	23.92	-
Haryana Roadways Engineering Corporation	2010-11	6.40	2010-11	-	-	-	-
			2011-12	0.20	-	-	-
			2012-13	-	-	-	-
Total				**178.50**	**-**	**43.92**	**8826.28**

Appendix 5

Statement showing position of infrastructure under RGGVY as per DPRs, as per award and actual achievement thereagainst as on 31 March 2013

(Referred to in paragraphs 2.1.5.4 and 2.1.8.1)

UHBVNL

Sl. No	Particulars	Target as per			Actual Achievement	Achievement with respect to approved DPRs (in *per cent)*
		Proposed DPRs	Approved DPRs	Award		
Xth Plan						
1	**ROHTAK**					
	11KV Line (in Km.)	207.46	143.00	143.00	71.60	50.07
	63 KVA DT (in Nos.)	69	69	69	71	102.90
	25KVA DT (in Nos.)	89	89	89	94	105.62
	LT line (in Km.)	87.81	72.00	72.00	68.25	94.79
2	**SONIPAT**					
	11KV Line (in Km.)	595.00	595.00	595.00	403.69	67.85
	63 KVA DT (in Nos.)	43	43	43	11	25.58
	25KVA DT (in Nos.)	189	189	189	68	35.98
	LT lines (in Km.)	108.00	108.00	108.00	9.87	9.14
3	**PANIPAT**					
	11KV Line (in Km.)	278.00	278.00	278.00	216.82	77.99
	63 KVA DT (in Nos.)	126	126	126	105	83.33
	25KVA DT (in Nos.)	174	174	174	132	75.86
	LT lines (in Km.)	36.00	36.00	36.00	35.28	98.00
4	**KARNAL**					
	11KV Line (in Km.)	421.00	421.00	421.00	257.27	61.11
	25KVA DT (in Nos.)	535	535	535	412	77.01
	LT lines (in Km.)	166.60	166.60	166.60	47.50	28.51
Total of	**Xth plan (1+2+3+4)**					
	11KV Line (in Km.)	1501.46	1437.00	1437.00	949.38	66.07
	63 KVA DT (in Nos.)	238	238	238	187	78.57
	25KVA DT (in Nos.)	987	987	987	706	71.53
	LT lines (in Km.)	398.41	382.60	382.60	160.90	42.05
XIth Plan						
5	**JIND**					
	11KV Line (in Km.)	79.50	79.50	89.50	34.88	43.87
	63 KVA DTs (in Nos.)	0	0	0	20	0
	25KVA DTs (in Nos.)	447	447	447	281	62.86
	LT line (in Km.)	48.39	48.39	48.00	55.45	114.59
6	**JHAJJAR**					
	11KV Line (in Km.)	123.00	112.66	113.00	35.20	31.24
	63 KVA DTs (in Nos.)	57	52	57	35	67.31
	25KVA DTs (in Nos.)	189	173	189	133	76.88
	LT lines (in Km.)	98.40	98.40	99.00	66.38	67.46
7	**KAITHAL**					
	11KV Line (in Km.)	150.50	150.50	150.50	38.40	25.51
	63 KVA DTs (in Nos.)	95	95	95	90	94.74
	25KVA DTs (in Nos.)	331	331	331	226	68.28
	LT line (in Km.)	120.40	120.40	120.00	136.00	112.96
8	**AMBALA**					
	11KV Line (in Km.)	259.00	94.80	259.80	16.20	17.09
	63 KVA DT (in Nos.)	55	20	55	44	220.00
	25KVA DT (in Nos.)	378	138	378	125	90.58
	LT lines (in Km.)	129.00	129.90	130.00	22.70	17.47

Sl. No	Particulars	Target as per			Actual Achievement	Achievement with respect to approved DPRs (in *per cent*)
		Proposed DPRs	Approved DPRs	Award		
9	**KURUKSHETRA**					
	11KV Line (in Km.)	176.20	176.20	176.20	14.39	8.17
	63 KVA DTs (in Nos.)	10	10	10	10	100.00
	25KVA DTs (in Nos.)	345	345	345	158	45.80
	LT line (in Km.)	71.40	71.40	71.00	25.80	36.13
10	**YAMUNANAGAR**					
	11KV Line (in Km.)	377.40	165.56	377.00	45.00	27.18
	63 KVA DT (in Nos.)	112	49	112	66	134.69
	25KVA DT (in Nos.)	520	229	520	242	105.68
	LT lines (in Km.)	189.20	189.20	189.00	53.00	28.01
11	**PANCHKULA**					
	11KV Line (in Km.)	116.28	61.63	116.00	37.52	60.88
	63 KVA DTs (in Nos.)	61	32	61	24	75.00
	25KVA DTs (in Nos.)	157	84	157	74	88.10
	LT line (in Km.)	220.40	108.00	220.00	61.94	57.35
Total of XIth Plan (5+6+7+8+9+10+11)						
	11KV Line (in Km.)	1281.88	840.85	1282.00	221.59	26.35
	63 KVA DTs (in Nos.)	390	258	390	284	110.47
	25KVA DTs (in Nos.)	2367	1747	2367	1239	70.92
	LT line (in Km.)	877.19	765.69	877.00	421.27	55.02
DHBVNL						
XI th Plan Phase –I						
1	**SIRSA**					
	11 KV Line (in Km.)	240.50	240.50	32.34	34.64	14.40
	16 KVA DT (in Nos.)	0	0	260	260	0.00
	25 KVA DT (in Nos.)	481	481	44	44	9.15
	HT Aerial Bunched Cable	0	0	10.78	7.98	0.00
	LT (in Km.)	96.20	96.20	0.00	0.00	0.00
2.	**BHIWANI**					
	11 KV Line (in Km.)	262.28	262.28	196.71	69.92	26.66
	25 KVA DT (in Nos.)	586	586	586	617	105.29
	HT Aerial Bunched Cable	0	0	65.57	36.40	0.00
	LT (in Km.)	225.62	225.62	0.00	0.00	0.00
3	**HISAR**					
	11 KV Line (in Km.)	171.50	171.50	128.20	58.00	33.82
	25 KVA DT (in Nos.)	343	343	343	341	99.42
	HT Aerial Bunched Cable	0.00	0.00	43.10	24.00	0.00
	LT (in Km.)	171.50	149.50	0.00	0.00	0.00
4.	**MAHENDERGARH**					
	11 KV Line (in Km.)	209.00	209.00	139.00	34.45	16.48
	25 KVA DT (in Nos.)	661	661	580	433	65.51
	HT Aerial Bunched Cable	0.00	0.00	46.00	23.22	0.00
	LT (in Km.)	198.39	198.39	0.00	0.00	0.00
5.	**REWARI**					
	11 KV Line (in Km.)	363.06	161.28	113.00	29.27	18.15
	25 KVA DT (in Nos.)	727	323	421	512	158.51
	HT Aerial Bunched Cable	0	0	38.00	37.90	0.00
	LT (in Km.)	217.84	217.84	0.00	0.00	0.00

Sl. No	Particulars	Target as per			Actual Achievement	Achievement with respect to approved DPRs (in *per cent)*
		Proposed DPRs	Approved DPRs	Award		
6	**FATEHABAD**					
	11 KV Line (in Km.)	143.00	143.00	107.00	23.81	16.65
	25 KVA DT (in Nos.)	294	294	294	294	100.00
	HT Aerial Bunched Cable	0.00	0.00	36.00	17.65	0.00
	LT (in Km.)	160.60	160.60	0.00	0.00	0.00
7	**MEWAT**					
	11 KV Line (in Km.)	251.86	251.86	178.00	88.08	34.97
	25 KVA DT (in Nos.)	656	656	616	718	109.45
	HT Aerial Bunched Cable	0.00	0.00	59.00	42.94	0.00
	LT (in Km.)	125.29	125.29	0	0.00	0.00
Total of XI Plan Phase –I (1+2+3+4+5+6+7)						
	11 KV Line (in Km.)	1641.20	1439.42	894.25	338.17	23.49
	16 KVA DT (in Nos.)	0.00	0.00	260	260	0.00
	25 KVA DT (in Nos.)	3748	3344	2884	2959	88.49
	HT Aerial Bunched Cable	0.00	0.00	298.45	190.09	0.00
	LT (in Km.)	1034.84	1012.84	0	0	0.00
8	**FARIDABAD**					
	11KV Line (in Km.)	27.55	27.55	27.55	0.00	0.00
	16 KVA DT (in Nos.)	81	81	81	0.00	0.00
	25KVA DT (in Nos.)	39	39	39	0.00	0.00
	LT (in Km.)	78.85	78.85	0	0.00	0.00
9	**PALWAL**					
	11KV Line (in Km.)	64.40	64.40	64.40	0.00	0.00
	16 KVA DT (in Nos.)	161	161	161	0.00	0.00
	25KVA DT (in Nos.)	114	114	114	0.00	0.00
	LT (in Km.)	68.38	68.38	0	0.00	0.00
10	**GURGAON**					
	11 KV Line (in Km.)	21.19	21.19	21.19	0.00	0.00
	16 KVA DT (in Nos.)	0	0	0	0.00	0.00
	25 KVA DT (in Nos.)	105	105	105	0.00	0.00
	LT (in Km.)	32.61	32.61	0	0.00	0.00
Total of XI th Plan Phase-II (8+9+10)						
	11 KV Line (in Km.)	113.14	113.14	113.14	0.00	0.00
	16 KVA DT (in Nos.)	242	242	242	0.00	0.00
	25 KVA DT (in Nos.)	258	258	258	0.00	0.00
	LT (in Km.)	179.84	179.84	0	0.00	0.00

Appendix 6

Statement showing schedule date of completion, actual date of completion and delay in execution of projects up to 31 March 2013

(Referred to in paragraph 2.1.7.3)

Name of project	Date of approval of DPRs	Date of award of contract	Target Date of completion[1]	Actual Date of completion	Delay (in months)
UHBVNL					
Rohtak	06.10.05	13.03.06	12.03.07	08.11.07	7
Sonipat	28.07.05	30.06.06	29.06.07	26.10.10	39
Panipat	28.07.05	30.06.06	29.06.07	21.10.10	39
Karnal	06.10.05	30.07.06	29.06.07	26.10.10	39
Kaithal	07.03.08	10.07.07	09.07.08	28.03.14	67
Ambala	07.03.08	23.10.07	22.10.08	28.03.14	64
Kurukshetra	07.03.08	23.10.07	22.10.08	28.03.14	64
Panchkula	07.03.08	23.10.07	22.10.08	28.03.14	64
Jind	07.03.08	10.07.07	09.07.08	Work not completed	
Jhajjar	07.03.08	10.07.07	09.07.08		
Yamananagar	07.03.08	23.10.07	22.10.08		
DHBVNL					
Sirsa	10.03.08	17.04.08	16.01.09	02.11.10	21
Bhiwani	10.03.08	17.04.08	16.01.09	Contract terminated	
Hisar	07.03.08	30.10.08	29.07.09	07.09.10	13
Mohindergarh	07.03.08	30.10.08	29.07.09	31.08.10	13
Rewari	07.03.08	03.11.08	02.08.09	13.12.11	28
Fatehabad	07.03.08	15.01.09	14.10.09	07.09.10	10
Mewat	07.03.08	15.01.09	14.10.09	31.08.10	10
Faridabad	23.12.11	17.09.12	16.06.13	Work in progress	
Palwal	23.12.11	10.09.12	09.06.13		
Gurgaon	23.12.11	17.09.12	16.06.13		

[1] The UHBVNL has provided one year for completion of projects while DHBVNL has provided nine months for completion in Projects.

Appendix 7

Statement showing status of idle infrastructure in UHBVNL

(Referred to in paragraph 2.1.7.4)

(₹ in lakh)

Sl.No.	Particulars	Unit	Idle infrastructure	Rate per unit	Total
A.	**Panchkula Project**				
1	No of villages	NOs.	12	-	-
2	11 KV line	KMs	3.1528	1.93	6.08
3	LT line 1 phase	KMs	2.038	1.57	3.20
4	LT line 3 phase	KMs	3.414	1.17	3.99
5	25 KVA DTs	NOs	9	1.02	9.18
6	63 KVA DTs	NOs	4	1.45	5.80
	Total (A)	-	-	-	**28.25**
B.	**Ambala Project**				
1	No of villages	NOs	1	-	-
2	LT line 1 phase	KMs	0.058	1.13	0.07
	Total (B)	-	-	-	**0.07**
C.	**Kurukshetra Project**				
1	No of villages	NOs.	9	-	-
2	11 KV line	KMs	0.55	2	1.10
3	LT line 1 phase	KMs	0.933	1.13	1.05
4	LT line 3 phase	KMs	0.835	1.58	1.32
5	25 KVA DTs	NOs	8	1.02	8.16
6	63 KVA DTs	NOs	1	1.43	1.43
	Total (C)	-	-	-	**13.06**
D.	**Kaithal Project**				
1	No of villages	NOs.	15	-	-
2	11 KV line	KMs	1.25	2.15	2.69
3	LT line 1 phase	KMs	3.952	1.76	6.96
4	LT line 3 phase	KMs	0.4	1.57	0.63
5	25 KVA DTs	NOs	12	1.01	12.12
6	63 KVA DTs	NOs	1	1.42	1.42
	Total (D)	-	-	-	**23.82**
E.	**Yamunanagar Project**				
1	No of villages	NOs.	34	-	-
2	11 KV line	KMs	2.101	2	4.20
3	LT line 1 phase	KMs	3.432	1.13	3.88
4	LT line 3 phase	KMs	4.692	1.58	7.41
5	25 KVA DTs	NOs	24	1.02	24.48
6	63 KVA DTs	NOs	6	1.43	8.58
	Total (E)	-	-	-	**48.55**

Sl. No.	Particulars	Unit	Idle infrastructure	Rate per unit	Total
F. Karnal Project					
1	No of villages	NOs.	38	-	-
2	11 KV line	KMs	52.151	2.31	120.47
3	LT line 3 phase	KMs	3.525	1.6	5.64
4	25 KVA DTs	NOs	50	1.37	68.50
Total (F)		-	-	-	**194.61**
G. Panipat Project					
1	No of villages	NOs	26	-	-
2	11 KV line	KMs	88.646	2.31	204.77
3	LT line 3 phase	KMs	21.262	0.8	17.01
4	25 KVA DTs	NOs	19	1.37	26.03
5	63 KVA DTs	NOs	17	1.86	31.62
Total (G)		-	-	-	**279.43**
H. Sonipat Project					
1	No of villages	NOs	4	-	-
2	11 KV line	KMs	5.179	2.31	11.96
3	LT line 3 phase	KMs	0.666	1.6	1.07
4	25 KVA DTs	NOs	1	1.37	1.37
5	63 KVA DTs	NOs	1	1.86	1.86
Total (H)		-	-	-	**16.26**
I. Rohtak Project					
1	No of villages	NOs	5	-	-
2	11 KV line	KMs	7.093	2.31	16.38
3	LT line 3 phase	KMs	0.666	1.6	1.07
4	25 KVA DTs	NOs	5	1.2	6.00
Total (I)		-	-	-	**23.45**
Total value of idle infrastructure (A+B+C+D+E+F+G+H+I)					

Total idle infrastructure

Sl. No.	Particulars	Unit	Idle infrastructure	Total
1	No of villages	NOs	144	0.00
2	11 KV line	KMs	160.1228	367.66
3	LT line 1 phase	KMs	15.213	15.15
4	LT line 3 phase	KMs	35.46	38.14
5	25 KVA DTs	NOs	128	155.84
6	63 KVA DTs	NOs	30	50.71
Grand Total				**627.50**

Appendix 8

Statement showing financial position and working results of Haryana State Warehousing Corporation during 2008-09 to 2012-13

(Referred to in paragraph 2.2.6.1)

Financial position

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Liabilities					
Paid-up capital	5.84	5.84	5.84	5.84	5.84
Reserves and surplus					
Free reserves	279.15	301.52	335.41	354.24	218.59
Other reserves	33.19	36.73	34.09	34.37	35.01
Borrowings:					
Term loans	5.97	4.98	31.98	29.76	12.54
Cash credit	224.64	257.48	65.45	502.54	953.02
Short term loans	0.00	193.68	239.97	178.53	401.66
Trade dues and current liabilities (including provisions)	110.78	128.79	145.22	135.43	477.16
Deferred Tax	2.15	2.15	2.15	2.15	2.15
Total- A	**661.72**	**931.17**	**860.11**	**1242.86**	**2105.97**
Assets					
Gross block	121.17	143.74	191.92	221.21	249.29
Less: Depreciation	32.45	34.79	37.98	42.38	48.36
Net Fixed Assets	88.71	108.95	153.94	178.83	200.93
Polythene covers	0.61	1.47	1.01	1.21	1.17
Capital work in progress	0.78	0.81	6.40	3.01	6.81
Current assets, loans and advances	571.60	819.94	698.76	1059.81	1897.06
Total- B	**661.72**	**931.17**	**860.11**	**1242.86**	**2105.97**
Capital employed*	324.14	349.07	407.33	424.21	271.98
Net Worth**	284.99	307.36	341.25	360.08	224.43

* Capital employed represents shareholder funds (Paid up capital and Reserves) plus long term borrowings (Term loans).

** Net worth represents Paid-up capital plus free reserves.

Working results

(₹ in crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Income						
i	Warehousing Charges	46.22	60.54	64.75	80.14	100.77
ii	Interest on Bank	0.51	0.85	0.16	0.24	0.12
iii	Surplus from wheat	18.19	21.50	19.20	3.85	19.94
iv	Surplus from Paddy	0.00	0.00	0.00	0.00	0.00
v	Surplus from Bajra	0.00	0.00	0.30	0.00	1.35
vi	Prior Period Income	0.34	4.06	3.94	5.00	1.43
vii	Misc and other Receipts	2.63	3.14	3.22	3.91	5.04
	Total	**67.89**	**90.10**	**91.58**	**93.14**	**128.66**
Expenditure						
i	Interest on borrowings	0.34	0.59	0.96	3.59	2.12
ii	Establishment Expenses	11.87	16.64	18.39	18.83	19.59
iii	Staff salary & taxes	15.03	4.32	4.75	5.58	7.80
iv	Rent, Rates & Taxes	4.71	5.64	5.55	6.32	6.16
v	Depreciation	2.47	2.44	3.40	4.73	6.59
vi	Deficit from Paddy	0.29	0.77	0.60	6.39	27.32
vii	Deficit from Bajra	0.97	2.57	0.00	1.95	0.00
viii	Prior period expenses	0.85	0.75	0.99	1.90	0.89
ix	Misc. and expenses	9.45	10.90	9.32	10.80	14.64
x	Provision for staff	1.29	13.76	15.66	8.21	175.93
	Total	**47.27**	**58.37**	**59.63**	**68.30**	**261.03**
	Profit Before Tax	**20.62**	**31.72**	**31.94**	**24.85**	**-132.37**
	Provision for Taxation	31.59	7.00	5.50	4.50	6.14
	Profit After Tax	**-10.97**	**24.72**	**26.44**	**20.35**	**-138.51**

Appendix 9

Statement showing capacity utilisation and working results of warehouses during 2008-09 to 2012-13

(Referred to in paragraph 2.2.7.1)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1	No. of Warehouses	106	107	107	107	108
2	Average storage Capacity available (in lakh MT)					
i)	Owned Capacity					
	Covered	9.36	9.45	10.16	11.35	12.32
	Open	1.80	1.48	0.90	0.57	0.89
	Total	**11.16**	**10.93**	**11.06**	**11.92**	**13.21**
ii)	Hired Capacity					
	Covered	2.87	2.88	2.98	2.94	2.67
	Open	0.65	3.11	2.12	1.86	3.00
	Total	**3.52**	**5.99**	**5.10**	**4.80**	**5.67**
iii)	Total covered capacity	12.23	12.33	13.14	14.29	14.99
iv)	Total open capacity	2.45	4.59	3.02	2.43	3.89
	Grand Total	**14.68**	**16.92**	**16.16**	**16.72**	**18.88**
3	Average Storage capacity utilisation (in lakh MT)					
	Covered	10.94	11.32	12.56	14.11	15.56
	Open	1.26	4.13	2.41	2.34	4.11
	Total	**12.20**	**15.45**	**14.97**	**16.45**	**19.67**
4	Percentage of average capacity utilisation					
	Covered	89	92	96	99	104
	Open	51	90	80	96	106
	Total	**83**	**91**	**93**	**98**	**104**
5	Storage income (₹ in crore)	46.22	60.54	64.75	80.14	100.77
6	Profit earned (₹ in crore)	20.62	31.72	31.94	24.85	(-)132.37
7	Profit from wheat activity (₹ in crore)	18.19	21.50	19.20	3.85	19.94
8	Percentage of profit from wheat activity	88.22	67.78	60.11	15.49	-

Appendix 10

Statement showing outstanding amount against connected and disconnected defaulters of various categories of consumers during five years ending March 2013

(Referred to in paragraph 3.4)

(₹ in crore)

Category of Consumers	Connected				Disconnected				Total				Percentage increase			
	2008-09		2012-13		2008-09		2012-13		2008-09		2012-13		Connected		Disconnected	
	Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount	Amount	Percentage	Amount	Percentage
Domestic (Rural)	272037	783.79	299215	1125.06	180969	290.17	240582	587.32	453006	1073.96	539797	1712.38	341.27	43.54	297.15	102.41
Domestic (Urban)	45842	64.93	61411	65.05	78611	61.02	80415	81.95	124453	125.95	141826	147.00	0.12	0.18	20.93	34.30
Total Domestic	317879	848.72	360626	1190.11	259580	351.19	320997	669.27	577459	1199.91	682623	1859.38	341.39	40.22	318.08	90.57
Non Domestic	30094	69.41	31724	79.94	36067	39.15	42911	59.92	66161	108.56	74635	139.86	10.53	15.17	20.77	53.05
Agriculture	55785	68.57	100247	83.21	9480	14.81	8823	24.35	65265	83.38	109070	107.56	14.64	21.35	9.54	64.42
Industrial	4092	74.17	3352	84.84	8208	40.90	7382	47.97	12300	115.07	10734	132.81	10.67	14.39	7.07	17.29
Total (A)	**407850**	**1060.86**	**495949**	**1438.10**	**313335**	**446.05**	**380113**	**801.51**	**721185**	**1506.91**	**876062**	**2239.61**	**377.23**	**35.56**	**355.46**	**79.69**
Government Department																
HSMITC	0	0.00	0	0	284	0.69	0	0.00	284	0.69	0	0	0		(-)0.69	(-)100.00
Irrigation	148	8.51	342	17.42	6	0.05	126	0.45	154	8.56	468	17.87	8.91	104.70	0.4	800.00
Municipal Corporation (Street light)	140	6.42	411	13.27	7	0.54	5	0.24	147	6.97	416	13.51	6.85	106.70	(-)0.3	(-)55.56
Panchayat	77	0.56	145	0.51	178	0.63	142	0.61	255	1.19	287	1.12	(-)0.05	(-)8.93	(-)0.02	(-)3.17
Public health	4095	29.88	4333	35.04	1	0.03	13	0.07	4096	29.90	4346	55.47	5.52	18.47	0.04	133.33
Other Government Department	286	19.97	322	09.85	56	0.33	56	0.45	342	20.30	378	10.30	(-)10.12	(-)50.68	0.12	36.36
Total (B)	**4746**	**65.33**	**5553**	**76.45**	**532**	**2.26**	**342**	**1.82**	**5278**	**67.60**	**5895**	**78.27**	**11.11**	**17.00**	**(-)0.45**	**(-)19.82**
Grand Total (A+B)	**412596**	**1126.19**	**501502**	**1514.55**	**313867**	**448.32**	**380455**	**803.33**	**726463**	**1574.51**	**881957**	**2317.88**	**388.34**	**34.48**	**355.01**	**79.19**
Total consumers	**2348109**	**2727434**														
Connected defaulters (in *per cent*)	**17.57**	**18.39**														

Glossary

Glossary of Abbreviations	
ACD	Advanced Consumption Deposit
AGM	Annual General Meeting
ARR	Aggregate Revenue Requirement
AS	Accounting Standard
BG	Bank Guarantee
BODs	Board of Directors
BPL	Below Poverty Line
CA	Chartered Accountant
CA	Commercial Assistants
CAG	Comptroller and Auditor General
CBSL	Capital Business System Limited
CCL	Central Coalfield Limited
CEA	Central Electricity Authority
COPU	Committee on Public Undertakings
CST	Central Sales Tax
CWC	Central Warehousing Corporation
CWIP	Capital Work in Progress
DCRTPP	Deenbandhu Chhotu Ram Thermal Power Plant
DDOs	Drawing and Disbursement Officer
DFS	Director, Food and Supplies
DGS&D	Director General, Supplies and Disposal
DHBVNL	Dakshin Haryana Bijli Vitran Nigam Limited
DISCOMs	Distribution Companies
DMI	Directorate of Marketing and Inspection
DS	Domestic Supply
DTA	District Transport Authority
DUs	Departmental Undertakings
EPC	Engineering Procurement and Construction
FCI	Food Corporation of India
FSA	Fuel Supply Agreement
FTO	Final Taking Over
GBY	Grameen Bhandaran Yojana
GDP	Gross Domestic Product
GoI	Government of India
HARCO	Haryana State Co-operative Bank
HARTRON	Haryana State Electronics Development Corporation
HBPE	Haryana Bureau of Public Enterprises
HERC	Haryana Electricity Regulatory Commission
HFC	Haryana Financial Corporation
HPA	Haryana Police Academy
HPGCL	Haryana Power Generation Corporation Limited
HPPC	High Power Purchase Committee
HPSPP	Haryana Prathmik Shiksha Pariyojna Parishad
HSIIDC	Haryana State Industrial and Infrastructure Development Corporation Limited
HVPNL	Haryana Vidyut Prasaran Nigam Limited

Glossary of Abbreviations	
HSWC	Haryana State Warehousing Corporation
ICD	Inland Contained Depot
LD	Liquidated Damages
LoI	Letter of Intent
MD	Managing Director
MTS	Meggitt Training System
NABARD	National Bank for Agriculture and Rural Development
NHAI	National Highway Authority of India
NSFDC	National Scheduled Caste Finance Development Corporation
OEM	Original Equipment Manufacturer
OSD	Officer on Special Duty
PAG	Principal Accountant General
PDCO	Permanent Disconnection Order
PSUs	Public Sector Undertakings
PTO	Provisional Taking Over
PTPS	Panipat Thermal Power Station
R Infra	Reliance Infrastructure
RGTPP	Rajiv Gandhi Thermal Power Plant
RIDF	Rural Infrastructure Development Fund
SAI	Sports Authority of India
SARs	Separate Audit Reports
SCA	Special Central Assistance
SDO	Sub Divisional Officer
SEC	Shanghai Electric Corporation
SEs	Superintending Engineers
SPEs	State Public Enterprises
TAC	Tender Approval Committee
TDCO	Temporary Disconnection Order
TRWs	Transformer Repair Workshops
UHBVNL	Uttar Haryana Bijli Vitran Nigam Limited