



REPORT

OF THE

Comptroller & Auditor General of India

for the year 1978-79

(CIVIL)

Government of Haryana



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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1978-79 together with other points arising from audit of financial transactions of the Government of Haryana. It also includes certain points of interest arising from the Finance Accounts for the year 1978-79.

2. The Report containing the observations of Audit on Revenue Receipts is being presented separately.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1978-79 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1978-79 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.

CHAPTER I

GENERAL

1.1. Summary of transactions

A summary of transactions of the Government of Haryana during 1978-79 is given below with the corresponding figures for the preceding year :—

	1977-78	1978-79
	<i>(in crores of rupees)</i>	
(1) Revenue—		
Revenue raised by the State Government	2,26.14	2,63.96
Receipts from the Government of India	69.70	70.87
Total Revenue	2,95.84	3,34.83
Revenue Expenditure		
Non-Plan	1,94.23	2,31.85
Plan	36.82	49.77
Total Revenue Expenditure	2,31.05	2,81.62
Revenue Surplus (+)	(+ 64.79)	(+ 53.21)
(2) Debt—		
(i) Internal Debt—		
Receipts	1,77.39	1,11.17
Repayments	1,71.93	99.78
Increase (+)	(+ 5.46)	(+ 11.39)
(ii) Loans from the Central Government—		
Receipts	47.24	61.17
Repayments	15.58	23.92
Increase (+)	(+ 31.66)	(+ 37.25)
Total Debt (net)—Increase (+)	(+ 37.12)	(+ 48.64)

	1977-78	1978-79
	<i>(in crores of rupees)</i>	
(3) Capital Expenditure—		
Non-Plan	(—)5.36	(—)2.84*
Plan	57.46	83.28
Increase (—)	<u>(—)52.10</u>	<u>(—)80.44</u>
(4) Loans and advances by the State Government—		
Recoveries	5.21	4.35
Disbursements	39.23	68.92
Net outgo (—)	<u>(—)34.02</u>	<u>(—)64.57</u>
(5) Contingency Fund (net)—		
Increase (+)/Decrease (—)	(—)0.65	(—)1.81
(6) Public Account—		
Receipts	3,47.32	5,00.34
Disbursements	3,54.72	4,47.77
Increase (+)/Decrease (—)	<u>(—)7.40</u>	<u>(+)52.57</u>
(7) Inter-State Settlement (net)	<u>(—)1.72</u>	<u>(—)1.36</u>
Net Deficit (—)/Surplus (+) during the year	<u>(+)6.02</u>	<u>(+)6.24</u>
Opening Cash Balance	<u>(—)17.68</u>	<u>(—)11.66</u>
Net Deficit (—)/Surplus (+) during the year	<u>(+)6.02</u>	<u>(+)6.24</u>
Closing Cash Balance	<u>(—)11.66</u>	<u>(—)5.42**</u>

**Minus* expenditure is due mainly to excess of receipts and recoveries over expenditure under the head "509—Capital Outlay on Food."

**There was a difference of (Rs. 40.33 lakhs) between the figure reflected in the accounts (Rs. (—) 5,42.30 lakhs) and that intimated by the Reserve Bank (Rs. (—) 5,01.97 lakhs) regarding "Deposits with Reserve Bank" (included in the Cash Balance). Difference to the extent of Rs. 27.70 lakhs has since been reconciled. The remaining difference is under reconciliation (February 1980).

1.2. Revenue surplus/deficit

(a) *Revenue Receipts*—The actuals of revenue receipts for 1978-79 as compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation during the year along with the corresponding figures for 1976-77 and 1977-78 are shown below :—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1976-77	2,36.36	2,46.08	2,57.79	(+)11.71	5
1977-78	2,94.05	2,95.81	2,95.84	(+)0.03	..
1978-79	3,31.92	3,35.14	3,34.83	(-)0.31	..

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision during the year along with the corresponding figures for 1976-77 and 1977-78 is shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1976-77	2,02.59	2,19.39	2,09.27	(-)10.12	4
1977-78	2,38.91	2,49.22	2,31.05	(-)18.17	8
1978-79	2,78.20	2,99.05	2,81.62	(-)17.43	6

(c) The year ended with a revenue surplus of Rs. 53.21 crores against the surplus of Rs. 53.72 crores anticipated in the budget. In 1977-78 and 1976-77 also, there was surplus of Rs. 64.79 crores and Rs. 48.52 crores respectively.

1.3. Revenue receipts

(i) Revenue receipts during 1978-79 (Rs. 3,34.83 crores) increased by

Rs. 38.99 crores over those in 1977-78 (Rs. 2,95.84 crores) as shown below :—

(1)	Receipts		Increase(+)
	1977-78	1978-79	Decrease(—)
	(2)	(3)	(4)
	(in crores of rupees)		
(i) Revenue raised by the State Government—			
(a) Tax revenue	1,47.68	1,70.57	(+)22.89
(b) Non-tax revenue	78.46	93.39	(+)14.93
(ii) Receipts from the Government of India—			
(a) Share of net proceeds of—			
(i) Taxes on income other than Corporation Tax	11.95	12.51	(+)0.56
(ii) Union Excise Duties	25.53	20.20	(—)5.33
(iii) Estate Duty	0.10	0.35	(+)0.25
(b) Grants—			
(i) Grants in lieu of Tax on Railway passenger fare	0.42	0.42	..
(ii) Other grants	31.70	37.39	(+)5.69
Total	2,95.84	3,34.83	(+38.99)

The receipts from the Government of India during 1978-79 (Rs. 70.87 crores) formed 21 per cent of the total revenue receipts in the year. (ii) According to the information furnished by some departments, arrears in collection of revenue at the end of March 1979 were Rs. 17.53 crores (Sales Tax : Rs. 9.40 crores; *Abiana* : Rs. 2.38 crores; Electricity Duty : Rs. 2.14 crores and others : Rs. 3.61 crores).

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1978-79, Revenue Receipts—Government of Haryana.

1.4. Expenditure on revenue account

The following table compares the expenditure on revenue account during 1978-79 under broad headings with the provision of funds made thereunder and

also with the expenditure during 1977-78 :—

Head of expenditure	Plan				Non-Plan			
	Budget estimates	Budget plus supplementary	Actuals *	Variations	Budget estimates	Budget plus supplementary	Actuals *	Variations
(in crores of rupees)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A—General Services	0.91	1.08	0.89 (1.35)	(—)0.19	70.12	79.40	74.61 (54.15)	(—)4.79
B—Social and Community Services	22.56	25.33	24.50 (19.10)	(—)0.83	58.17	61.86	60.28 (56.74)	(—)1.58
C—Economic Services—								
(a) General Economic Services	1.02	1.02	0.61 (0.62)	(—)0.41	2.17	2.17	1.82 (1.56)	(—)0.35
(b) Agriculture and Allied Services	24.35	25.72	21.78 (14.35)	(—)3.94	13.50	15.96	15.63 (11.72)	(—)0.33
(c) Industry and Minerals	1.42	1.99	1.67 (1.11)	(—)0.32	0.93	0.93	0.91 (0.80)	(—)0.02
(d) Water and Power Development	4.69	4.69	..(A) (0.01)	(—)4.69	34.18	34.18	32.59 (27.35)	(—)1.59
(e) Transport and Communications	0.56	0.56	0.32 (0.28)	(—)0.24	42.53	43.08	45.52 (40.87)	(+)2.44
D—Grants-in-aid and Contributions	..	..	..	..	1.08	1.08	0.49 (1.04)	(—)0.59
Total	55.51	60.39	49.77 (36.82)	(—)10.62	2,22.68	2,38.66	2,31.85 (1,94.23)	(—)6.81

The shortfall in Non-Plan expenditure (Rs. 6.81 crores) was 0.3 per cent of the provisions whereas the shortfall (Rs. 10.62 crores) in Plan expenditure was 17.6 per cent of the provisions. The savings in Plan expenditure were mainly under "Water and Power Development" where the entire provision of Rs. 4.69 crores remained unutilised and under "Agriculture and Allied Services" (Rs. 3.94 crores) due mainly to provisions for Agricultural Extension Project, Intensive Cotton district programme in Hissar District and Pilot project for amendment of Alkali soils remaining largely unutilised.

*The figures within brackets indicate the expenditure during 1977-78.
(A) Rupees 1,020 only.

Reasons for the variations in expenditure during 1978-79 over the previous year under broad sectors are given in Appendix I.

1.5. Expenditure on capital account

(i) The capital expenditure during the three years ending 1978-79 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is given below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1976-77	34.59	70.55	68.52	(—) 2.03	3
1977-78	63.95	69.28	52.10	(—)17.18	25
1978-79	94.14	99.54	80.44	(—)19.10	19

(ii) The following table compares the expenditure on capital account during 1978-79 under broad headings with the provision of funds made thereunder :—

Head of expenditure	Plan				Non-Plan			
	Budget estimates	Budget plus supplementary	Actuals *	Variations	Budget estimates	Budget plus supplementary	Actuals *	Variations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A—General Services	0.97	1.39	1.62 (1.83)	(+)0.23	0.03	0.03	0.03 (0.01)	..(B)
B—Social and Community Services	2.49	2.56	2.33 (2.29)	(—)0.23	..	0.21	0.40 (1.53)	(+)0.19
C—Economic Services—								
(a) General Economic Services	6.42	6.42	2.41 (1.16)	(—)4.01	..	..	0.30 (—0.01)	(+)0.30

*The figures within brackets indicate the expenditure for 1977-78.

(B) Rupees 31,167 only.

(1)	(2)	(3)	(4)*	(5)	(6)	(7)	(8)*	(9)
(b) Agriculture and Allied Services	1.68	1.79	1.98 (1.10)	(+)0.19	(-)0.48	(-)0.48	(-)3.81 (-9.56)	(-)3.33
(c) Industry and Minerals	1.89	1.89	1.52 (1.67)	(-)0.37	..(C)	0.12	0.12 (0.01)	..
(d) Water and Power Development	74.17	74.17	64.63 (42.63)	(-)9.54	0.04	0.04	0.02 (2.58)	(-)0.02
(e) Transport and Communications	6.84	11.31	8.79 (6.78)	(-)2.52	0.09	0.09	0.10 (0.08)	(+)0.01
Total	94.46	99.53	83.28 (57.46)	(-)16.25	(-)0.32	0.01	(-)2.84 (-5.36)	(-)2.85

The shortfall (Rs. 16.25 crores) in Plan expenditure was 16 per cent of the provision for Plan expenditure. Irrigation accounted for the bulk of the shortfall where out of Rs. 54.47 crores, Rs. 15.89 crores (29 per cent) remained unutilised due mainly to non-execution of work on Sutlej—Yamuna link project in the territory of Punjab (Rs. 18.61 crores).

Reasons for the variations in expenditure during 1978-79 over the previous year, under broad sectors are given in Appendix II.

1.6. Loans and advances by the Government

(i) The actuals of disbursement of loans and advances by the Government in 1978-79 as compared with the budget estimates and the budget estimates plus supplementary provision along with the corresponding figures for 1976-77 and 1977-78 are shown below :-

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
<i>(in crores of rupees)</i>					
1976-77	41.92	43.05	36.03	(-)7.02	16
1977-78	41.15	41.15	39.23	(-)1.92	5
1978-79	51.42	71.91	68.92	(-)2.99	4

The saving (column 5) during the year was due mainly to non-release of loan to Government servants for purchase of wheat (Rs. 3.00 crores), less release of loan to Urban Development Authority (Rs. 1.75 crores), and less loans for

* The figures within brackets indicate the expenditure for 1977-78.
(C) Rupees 6,000 only.

Power projects (Rs. 0.47 crore) partly offset by release of loan to Haryana Agro-Industries Corporation Limited (Rs. 1.00 crore) and release of more loan for Agriculture (Rs. 0.84 crore) and Minor Irrigation (Rs. 0.71 crore).

(ii) The budget and the actuals of recoveries of loans and advances for the three years ending 1978-79 are given below :—

Year	Budget	Actuals	Variation	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
1976-77	7.05	4.71	(—)2.34	33
1977-78	8.38	5.21	(—)3.17	38
1978-79	11.08	4.35	(—)6.73	61

The decrease in recoveries was mainly under “Loans to Government servants” (Rs. 2.96 crores), Agriculture (Rs. 1.51 crores), General Financial and Trading Institutions (Rs. 1.00 crore) and Housing (Rs. 0.92 crore).

(iii) The loans and advances outstanding at the end of the last three years were as under :—

Categories of loans and advances

	31st March		
	1977	1978	1979
(in crores of rupees)			
1. Loans for Social and Community Services	16.78	18.20	20.76
2. Loans for Economic Services—			
(i) General Economic Services	0.53	1.64	7.63
(ii) Agriculture and Allied Services	7.29	7.90	15.48
(iii) Industry and Minerals	0.10	0.26	0.55
(iv) Water and Power Development	1,88.10	2,18.24 2.46* }	2,68.11 @

*Adopted *pro forma* due to allocation of balances under the Punjab Reorganisation Act, 1966.

@Represents loans outstanding against the Haryana State Electricity Board. According to the Board's accounts, Rs. 3,30.49 crores were outstanding which included Rs. 64.24 crores adopted *pro forma* by the Board in respect of its share in the liabilities of the composite Punjab State Electricity Board as on 31st March 1967. The remaining difference of Rs. (—)1.86 crores is under reconciliation.

Categories of loans and advances

31st March

	31st March		
	1977	1978	1979
	(in crores of rupees)		
(v) Transport and Communications	0.33	0.33	0.31
3. Loans to Government Servants	4.25	4.84	5.60
Grand Total	2,17.38	2,51.41 2.46*}	3,18.44

Further details are given in the Statement Nos. 5 and 18 of the Finance Accounts 1978-79.

iv) Recoveries in arrears

(a) The Audit office maintains the detailed accounts of some of the loans and advances. Of these loans, recovery of Rs. 13.14 crores towards principal and Rs. 0.32 crore towards interest was in arrears at the end of March 1979 in respect of the following :—

	Years in which Principal Interest amounts fell due	
	(in lakhs of rupees)	
Loans for Public Health, Sanitation and Water Supply—Loans under the National Water Supply and Sanitation Scheme	1966-67 to 1978-79	14.95 26.27
Loans for Urban Development—		
(i) Loans to Improvement Trusts	1975-76 to 1978-79	8.97 2.17
(ii) Loans to Municipalities under the <i>Ad hoc</i> Revenue Earning Scheme	1971-72 to 1978-79	2.52 3.43

*Adopted *pro forma* due to allocation of balances under the Punjab Re-organisation Act, 1966.

*Years in which Principal Interest
amounts fell
due*

(in lakhs of rupees)

Loans for Power Projects—

Loans to the Haryana State
Electricity Board

1969-70 to
1978-79

12,87.86 Penal rate
for in-
terest
had not
yet been
decided
by the
Govern-
ment
(Novem-
ber 1979).
Rupees
8,89 lakhs
have
been paid
towards
interest
so far.

Total

13,14.30

31.87

(b) The departmental officers maintain the detailed accounts of other loans and advances. According to the orders issued by the Government, the administrative departments are required to intimate to Audit by July every year the arrears (as on 31st March) in recovery of principal and interest on loans. Out of 93 statements due from 14 departmental officers, only 50 statements were received from 11 departmental officers. According to these statements, recovery of Rs. 5,48.16 lakhs (principal: Rs. 4,13.38 lakhs and interest: Rs. 1,34.78 lakhs) was in arrears on 31st March 1979. Year-wise break-up of the arrears was awaited (January 1980).

1.7. Sources of funds for capital expenditure and for net outgo under loans and advances

The sources from which the capital expenditure (Rs. 80.44 crores) and the net expenditure under "Loans and advances" by the State Government (Rs. 64.57 crores) during 1978-79 were met are shown below :—

(in crores of rupees)

I. Net addition to	
(i) Internal Debt of the State Government	(+)11.39
(ii) Loans from the Central Government	(+)37.25
(iii) Small Savings, Provident Funds, etc.	(+)20.76
II. Miscellaneous (mainly deposits, etc., received by Govern- ment less amounts refunded)	(+)30.45
III. Cash balance-increase	(—)6.24
IV. Contingency Fund	(—)1.81

V. Revenue Surplus	(+)53.21
VI. Net amount available for expenditure	(+)1,45.01

1.8. Debt position

(a) The total debt liability of the Government at the close of 1978-79 was Rs. 5,81.31 crores. A comparative analysis of the debt liability as at the end of March 1977, 1978 and 1979 is given below :—

Nature of debt	Balance on 31st March		
	1977	1978	1979
	(in crores of rupees)		
(1) Internal debt of the State Government	88.05	93.51	1,04.90
(2) Loans and advances from the Government of India	2,45.98	2,77.64	3,14.89
(i) Total Public debt	3,34.03	3,71.15	4,19.79
(ii) Provident Funds	39.38	45.68	66.44
(iii) Reserve Funds (interest bearing)	7.83	9.63	11.63
(iv) Non-interest bearing obligations such as civil deposits, deposits of local funds, other earmarked funds, etc.	72.44	73.20	83.45
Total Debt	4,53.68	4,99.66	5,81.31

(b) *Ways and means advances, overdrafts and short term loans*—Under an agreement with the Reserve Bank of India, the Government of Haryana has to maintain with the Bank a minimum balance of Rs. 30 lakhs on all days. When the balance falls below the agreed minimum, the deficiency is made good by the Bank by giving ordinary and special ways and means advances according to limits fixed by it from time to time. The limit is Rs. 6,00 lakhs (Rs. 3,00 lakhs upto 30th September 1978) for ordinary and Rs. 3,00 lakhs for special ways and means advances. If even after the maximum advance has been given there is a shortfall in the minimum cash balance, the same is left uncovered. Overdrafts are taken if the State has minus balance after availing of the maximum advance.

The extent to which the Government maintained the minimum balance with the Bank in 1978-79 is given below :—

Number of days on which the minimum balance was maintained without obtaining any advance	242
Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances	81

Number of days on which the agreed minimum balance could not be maintained even after availing of ordinary and special ways and means advances to the full extent

42

The Government had overdrafts on 40 out of 42 days mentioned above. The maximum overdraft on any one occasion was Rs. 28.57 crores.

Interest paid by Government on ways and means advances, shortfalls and overdrafts during 1978-79 was Rs. 29.54 lakhs.

The State Government also obtained a temporary loan of Rs. 30.00 crores from the State Bank of India during the year for the purchase of food-grains, the whole of which was repaid during the year. Rupees 59.60 lakhs were paid as interest (at the rate of 11 per cent per annum) on this temporary loan.

(c) *Interest charges*—Interest payments on account of debt are analysed below :—

	1976-77	1977-78	1978-79
	(in crores of rupees)		
Interest paid by the State Government	19.40	18.45	35.76
Interest received by the State Government—			
(a) Interest received on loans and advances	1.47	1.20	10.20
(b) Interest received on investment of cash balance	0.47	0.43	0.42
Net burden of interest on revenue	17.46	16.82	25.14
Net interest as percentage of total revenue receipts	6.8	5.7	7.5

In addition, there were adjustments of interest charges (Rs. 21.33 crores) on account of interest received from departmental commercial undertakings; if these are also taken into account, the net burden of interest on revenue was Rs. 3.81 crores.

1.9. Investments

The amount invested by the Government during the year 1978-79, the total investment as at the end of the year 1978-79 and the dividend/interest

received therefrom were ^{as}under :—

	Investment				Dividend/in- terest received during the year with percentage of return on cumu- lative invest- ments in brackets (in lakhs of rupees)	
	During 1978-79		To end of 1978-79			
	No. of concerns	Amount (in lakhs of rupees)	No. of concerns	Amount (in lakhs of rupees)		
(i) Statutory Cor- porations	2	20.00	4	2,83.86	0.79	(0.3)
(ii) Government Companies	6	1,50.25	15	19,71.60	1.01	(0.5)
(iii) Joint Stock Companies	2	17.49	38	2,04.78	7.59	(3.7)
(iv) Co-operative institutions	..	4,26.04	2,461	29,03.02	76.49	(2.7)
Total		6,13.78	2,518	53,63.26	85.88	

1.10. Guarantees given by the Government

The Government has given guarantees for repayment of loans, etc., raised by statutory corporations, co-operative societies and others.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of these contingent liabilities based on the available information are given below (further details are given in Statement No. 6 of the Finance Accounts 1978-79) :—

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1979
(1)	(2)	(3)
	(in crores of rupees)	
Statutory Corporations and Boards	1,40.15*	1,11.24**

*Includes statutory guarantee of Rs. 18.05 crores, Rs. 1,07.21 crores and Rs. 13.77 crores given on behalf of the Haryana Financial Corporation, the Haryana State Electricity Board and the Haryana State Housing Board respectively.

**Includes outstanding statutory guarantee of Rs. 17.61 crores, Rs. 82.54 crores and Rs. 10.31 crores given on behalf of the Haryana Financial Corporation, the Haryana State Electricity Board and the Haryana State Housing Board respectively.

(1)	(2)	(3)
	<i>(in crores of rupees)</i>	
Government Companies	78.81	21.29
Co-operative institutions including co-operative banks	2,91.88	1,44.41
Municipal Corporations, Municipalities and other local bodies	8.84	8.84
Other institutions including private companies and firms	0.02	0.14
Total	5,19.70	2,85.92

No guarantee commission is charged by the Government.

No guarantee was invoked during the year.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

(a) The following table compares the total expenditure during the year with the total grants and charged appropriations :—

		<i>Grants/ charged appropriations</i>	<i>Expendi- ture</i>	<i>Saving (—)/ Excess(+)</i>	<i>Percent- age</i>
<i>(in crores of rupees)</i>					
<i>Voted—</i>					
Original	5,09.63	5,48.19	5,01.91	(—)46.28	8.4
Supplementary	38.56				
Amount transferred to the Contingency Fund under the Haryana Contingency Fund (Amendment) Ordinance 1978		10.00	10.00	..	..
<i>Charged—</i>					
Original	1,77.72	1,85.92	1,66.82	(—)19.10	10.3
Supplementary	8.20				
Total		7,44.11	6,78.73	(—)65.38	8.8

The overall saving of Rs. 65.38 crores was the result of saving of Rs. 69.50 crores in 23 grants in revenue section (Rs. 14.06 crores), 7 grants in capital section (Rs. 34.82 crores), 9 charged appropriations in revenue section (Rs. 0.01 crore) and 4 charged appropriations in capital section (Rs. 20.61 crores) partly counterbalanced by excess of Rs. 4.12 crores in 1 grant in revenue section (Rs. 0.02 crore), 3 grants in capital section (Rs. 2.58 crores), 4 charged appropriations in revenue section (Rs. 1.52 crores) and 1 charged appropriation in capital section (Rs. 5,024 only).

(b) Further details are given below :—

	Revenue	Capital	Loans and Adva- nces	Transfer to Cont- ingency Fund	Public Debt	Inter- -State Settlement	Total
(in crores of rupees)							
Authorised to be spent (grants and charged appropriations)							
Original	2,81.25	2,08.74	51.72	..	1,44.28	1.36	6,87.35
Supplementary	20.86	5.41	20.49	..	..	..	46.76
Amount transferred to the Contingency Fund under the Haryana Contingency Fund (Amendment) Ordinance 1978	..	..	..	10.00	..	..	10.00
Total	3,02.11	2,14.15	72.21	10.00	1,44.28	1.36	7,44.11
Actual expenditure (grants and charged appropriations)	2,89.58	1,84.87	69.22	10.00	1,23.70	1.36	6,78.73
Shortfall (—)/ Excess(+)	(—)12.53	(—)29.28	(—)2.99	..	(—)20.58	..	(—)65.38

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Grants*—The excess of Rs. 2.02 lakhs in 1 grant in the revenue section and of Rs. 2,58.22 lakhs in 3 grants in the capital section requires regularisation under Article 205 of the Constitution. The details are given below :—

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
Revenue				
(i) 6-Finance				
Original	4,87,36,790	} 4,87,36,790	4,89,38,984	2,02,194
Supplementary	..			

Excess was due mainly to the grant of *ad hoc* relief to pensioners.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
Capital				
(i) 8-Buildings and Roads				
Original	12,04,44,500	} 16,99,50,800	17,10,16,261	10,65,461
Supplementary	4,95,06,300			

Excess was due mainly to more expenditure on construction of district and other roads and construction/completion of various office and other buildings, reasons for which have not been intimated (January 1980).

(ii) 11-Urban Development

Original	..	} ..	5,39,602	5,39,602
Supplementary	..			

Excess was due to expenditure by Public Works divisions without budget provision on urban development works, reasons for which are reportedly under investigation.

(iii) 15-Irrigation

Original	85,89,04,040	} 85,89,04,040	88,31,21,242	2,42,17,202
Supplementary	..			

Excess was due mainly to provision for establishment charges, which are transferred on *pro rata* basis from the revenue section of the grant, having not been made in the capital section of the grant.

(b) Charged appropriations—

The excess of Rs. 1,52.06 lakhs in 4 charged appropriations in revenue section and of Rs. 0.05 lakh in 1 charged appropriation in capital section, as detailed below, also requires regularisation :—

Serial number	Number and name of charged appropriation	Total provision	Expenditure	Excess
		Rs.	Rs.	Rs.

Revenue

(i) 2-General Administration				
Original	16,62,600	} 21,33,690	21,76,603	42,913
Supplementary	4,71,090			

Excess was due to more expenditure on Governor's establishment.

(ii) 3—Home

Original	26,30,890	} 26,44,500	27,65,879	1,21,379
Supplementary	13,610			

Excess was due mainly to increase in the share of expenditure to be borne by Haryana on the common High Court of Punjab and Haryana from 30.52 per cent to 35.15 per cent.

<i>Serial number</i>	<i>Number and name of charged appropriation</i>	<i>Total provision</i>	<i>Expenditure</i>	<i>Excess</i>
		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
(iii) 6-Finance				
<i>Original</i>	31,54,26,294	} 39,23,66,920	40,73,61,384	1,49,94,464
<i>Supplementary</i>	7,69,40,626			

Excess was due mainly to payment of more interest on market loans and adjustment of backlog of interest (for 1972-73 to 1977-78) on General Provident Fund balances.

(iv) 20-Forest

<i>Original</i>	..	} ..	47,334	47,334
<i>Supplementary</i>	..			

Excess was due to payment by a Forest division of additional compensation awarded by Court for land acquired.

Capital

(i) 15-Irrigation

<i>Original</i>	..	} ..	5,024	5,024
<i>Supplementary</i>	..			

Excess was due to payment of decretal amount in a Public Works division.

2.3. Supplementary grants/charged appropriations

Supplementary provision of Rs. 13.00 crores and Rs. 25.56 crores was obtained under 15 and 3 grants in the revenue and capital sections respectively. Supplementary appropriation of Rs. 7.86 crores and Rs. 0.34 crore was also obtained for charged expenditure under 8 and 2 appropriations in the revenue and capital sections respectively.

The details of significant cases of unnecessary and excessive supplementary grants are given below :—

(a) *Unnecessary supplementary grants*— In the following cases the supplementary grant of Rs. 1,83.60 lakhs remained wholly unutilised as the expenditure did not come up even to the

original provision :—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

Revenue

(i)	8-Buildings and Roads	16,87.21	55.17	15,34.86	2,07.52
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Saving was due mainly to more credits for stores issued.

(ii)	10-Medical and Public Health	26,58.87	1,16.43	26,21.66	1,53.64
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Saving was due mainly to posts kept vacant and late sanction or non-sanction of certain schemes.

Capital

(i)	17-Agriculture	95.50	12.00	77.89	29.61
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Saving was due mainly to non-acquisition of land for *mandis*.

(b) *Supplementary grants which proved excessive*—In the following cases, the supplementary grants proved excessive :—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

Revenue

(i)	4-Revenue	3,64.74	1,47.38	4,45.26	66.86
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Saving was due mainly to receipt of less number of cases for compensation payable under Pepsu Tenancy and Agricultural Land Act, 1955/Haryana Ceiling on Land Holding Act, 1972 and less expenditure on relief on account of natural calamities, on land records and consolidation operations due to posts kept vacant.

(ii)	13-Social Welfare and Rehabilitation	3,42.07	45.22	3,55.28	32.01
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Saving was due mainly to non-purchase of material for the setting up of production unit in the State After Care Home, Madhuban, late implementation of supplementary nutrition programme and less expenditure under Group Insurance Scheme, reasons for which have not been intimated (January 1980).

(iii)	16-Industries	2,47.23	58.29	2,70.14	35.38
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Saving was due mainly to less expenditure on setting up of District Industries Centres, less demand for subsidy for rural industrialisation, non-payment of rebate on sale of handloom goods and posts kept vacant.

<i>Serial number</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Saving</i>
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(in lakhs of rupees)

Capital

(i) 25-Loans and Advances by State Government	51,72.17	20,48.93	69,21.75	2,99.35
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Saving was due mainly to non-utilisation of provision for grant of loan to Government servants for purchase of wheat (Rs. 3,00 lakhs), less utilisation of the provision for loans to Haryana Urban Development Authority (Rs. 1,75 lakhs) owing reportedly to less release of assistance by the Government of India partly offset by release of a loan of Rs. 1,00 lakhs for the purchase and distribution of agricultural inputs.

2.4. Unutilised provision

(i) The unutilised provision of Rs. 69.50 crores mentioned in paragraph 2.1 (a) was mainly in 11 grants and 2 charged appropriations in which the savings (more than Rs. 2 lakhs each) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix III.

(ii) There were substantial savings in the following grants/charged appropriations :—

<i>Number and name of grant</i>	<i>Total provision</i>	<i>Expenditure</i>	<i>Saving</i>
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(in lakhs of rupees)

Revenue

17-Agriculture	26,08.77	21,92.48	4,16.29
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Saving was due mainly to delay in sanctioning the World Bank Extension project, posts remaining vacant under Intensive Cotton District programme in Hissar District, less purchase of seeds, less requirement of pesticides in spray operations on cotton, less expenditure on subsidy on gypsum used for restoring production potential of alkali soils and less payment of grant for Area Development Programme (Ayacut), reasons for which have not been intimated (January 1980).

<i>Serial number</i>	<i>Number and name of grant</i>	<i>Total provision</i>	<i>Expenditure</i>	<i>Saving</i>
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(in lakhs of rupees)

Capital

(1)	14-Food and Supplies	93,38.17	65,18.11	28,20.06
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Saving was due mainly to shortfall in purchase of wheat, rice, etc.

(2)	22-Co-operation	7,33.20	4,55.47	2,77.73
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Saving was due mainly to the Government of India assistance for installation of tubewells under the scheme for intensive irrigated agriculture being released directly to the Haryana State Co-operative Land Development Bank.

<i>Serial number</i>	<i>Number and name of charged appropriation</i>	<i>Total provision</i>	<i>Expenditure</i>	<i>Saving</i>
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(in lakhs of rupees)

Capital (Charged)

(3)	Public Debt	1,44,27.86	1,23,70.07	20,57.79
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Saving was due mainly to less occasions for repayment of ways and means advances (including overdrafts) to the Reserve Bank of India.

2.5. Advances from Contingency Fund

The Contingency Fund placed at the disposal of the Government is intended to meet unforeseen expenditure (including expenditure on 'New Service' items) pending authorisation by the State Legislature.

The corpus of the fund was increased from Rs. 3 crores to Rs. 13 crores by an Ordinance promulgated on 22nd September 1978. The Ordinance was laid on the Table of the House of the Haryana Vidhan Sabha on 26th December 1978 but was allowed to become inoperative on 5th February 1979 as no legislation was got enacted. Rupees 10 crores were refunded into the Consolidated Fund and the corpus was again reduced to Rs. 3 crores.

Points noticed in the scrutiny of sanctions for advances and expenditure from the Contingency Fund are given below :—

(i) A sanction for Rs. 43.23 lakhs issued in February 1979 was subsequently cancelled in the same month.

(ii) Out of Rs. 11,48.36 lakhs drawn during the year against twenty-six sanctions (sanctioned amount : Rs. 12,15.09 lakhs), Rs. 2,45.56 lakhs against four sanctions (sanctioned amount : Rs. 2,54.59 lakhs) were not recouped to the Fund till the close of the year.

(iii) The actual expenditure against two sanctions (Rs. 49.17 lakhs) was considerably less as indicated below :—

Date of sanction	Amount			Purpose for which advance was sanctioned
	Sanctioned	Drawn	Percentage of amount drawn to amount sanctioned	
	(in lakhs of rupees)			
19th October 1978	32.12	25.03	78	For providing seed to the farmers for Rabi crops in the flood affected areas at subsidised rates.
5th February 1979	17.05	1.64	10	For implementation of District Industries Centres Scheme.

2.6. Non-receipt of explanations for savings/excesses

In regard to the Appropriation Accounts for 1978-79, explanations for variations were not received (January 1980) in the case of 112 out of 225 heads. These formed 50 per cent of the number of heads, the variations in which were required to be explained. Such delay in submission of material for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

2.7. Shortfall/excess in recoveries

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the budget estimates. During 1978-79 such recoveries were anticipated at Rs. 1,27.96 crores (Revenue : Rs. 3.05 crores; Capital: Rs. 1,24.91 crores). Actual recoveries during the year, however, were Rs. 1,22.69 crores (Revenue : Rs. 7.96 crores; Capital : Rs. 1,14.73 crores). Reasons for the shortfalls/excesses in recoveries in some of the significant cases have been given in Appendix IV.

2.8. Drawal of funds in advance of requirements

The financial rules of the Government stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or has already been paid out of permanent advance. Any unspent balance is required to be refunded into the treasury promptly. As detailed in Appendix V, funds aggregating Rs. 4.54 lakhs drawn for purchase of material were retained in the form of cash or bank drafts, etc. Out of the amounts so retained, Rs. 2.86 lakhs were disbursed during the period from April 1976 to March 1979, Rs. 1.39 lakhs were refunded into the treasury in March 1978 (Rs. 0.94 lakh), March 1979 (Rs. 0.23 lakh) and April 1979 (Rs. 0.22 lakh) and Rs. 0.29 lakh were lying unutilised (June 1979).

CHAPTER III
CIVIL DEPARTMENTS
ANIMAL HUSBANDRY

3.1. Livestock production programme

With a view to assisting small and marginal farmers and landless agricultural labourers in supplementing their income and improving their nutritional standards, a Centrally sponsored programme of livestock production was launched from 1975-76. Under the programme, subsidy was payable at the rate of 25 per cent for small farmers and 33½ per cent for marginal farmers and agricultural labourers on capital investment on the setting up of poultry, pig and sheep units. Subsidy was also admissible for purchase of feeding concentrates for one cross-bred heifer from the 3rd to the 28th month of age at the rate of 50 per cent for small/marginal farmers and 66⅔ per cent for landless labourers. The balance cost was expected to be arranged by the department as loans from banks and other financial institutions.

The programme was executed by the Department but subsidy for chicks, feed, sows, ewes and rams was routed through the Small Farmers Development Agencies (S.F.D.A.), Ambala (covering Ambala and Karnal districts), Hissar and Gurgaon. The outlay on the programme was to be met with Central assistance (100 per cent on poultry, piggery and sheep production units, 66⅔ per cent on calf rearing and 50 per cent on marketing, health cover and project administration).

The expenditure on the programme during 1975-76 to 1978-79 was Rs. 2,15.38 lakhs, of which Rs. 26.72 lakhs were spent by the Department on salaries, health care and marketing facilities and the balance Rs. 1,88.66 lakhs was placed at the disposal of S.F.D.As for payment of subsidy to beneficiaries. Of the funds released to the S.F.D.As, Rs. 1,45.87 lakhs had been spent by them and Rs. 42.79 lakhs were lying unutilised with them on 31st March 1979. Of this, Rs. 33.95 lakhs were lying with S.F.D.A., Ambala alone.

The physical targets envisaged and achievements upto 31st March 1979 were as under :—

<i>Units</i>	<i>Targets envisaged by</i>		<i>Achievements</i>	
	<i>Government of India</i>	<i>State Government</i>	<i>Units set up</i>	<i>Amount paid as subsidy (in lakhs of rupees)</i>
	<i>(number of units)</i>			
Calf rearing	20,000	8,700	8,795	40.22
Poultry	12,000	4,642	3,057	55.36
Piggery	1,500	1,125	990	6.01
Sheep	6,000	6,000	6,011	44.28
Total	39,500	20,467	18,853	1,45.87

Points noticed in test-check of records relating to implementation of the programme in the districts of Ambala, Karnal, Hissar and Gurgaon are mentioned in the paragraphs which follow.

(2) *Units closed*

Out of 18,853 calf rearing, sheep, poultry and piggery units set up, information about their continuance or otherwise was available for 7,053 units. Of these, 1,157 poultry and piggery units had ceased to function and 475 beneficiaries had not drawn feed concentrates for calves for the full prescribed period. Subsidy paid on these 1,632 units, on the basis of average subsidy paid for the units, amounted to Rs. 17.05 lakhs.

The closure of poultry production units was as high as 43 per cent. According to the departmental officers, their closure was due mainly to (i) subsidy allowed for feeding chicks being only upto six months by which time the birds could not reach laying stage, (ii) lack of financial support for replenishing the stock and (iii) 46 units being washed away in floods (subsidy involved : Rs. 0.46 lakh). Action taken, if any, to rectify the position in the first two cases was, however, not stated. The department had also no information about the disposal of the birds in the production units closed down.

Similarly, 56 piggery production units (subsidy : Rs. 0.25 lakh) were reportedly washed away in floods. The remaining units had been closed down due to death of the livestock. Reasons for the high mortality rate had not been investigated.

(3) *Calf rearing units*

(i) The department was expected to arrange loans to the beneficiaries for enabling them to meet the balance cost of feeding concentrates after deducting subsidy but no loans were actually arranged.

(ii) Though subsidy was admissible for feeding of calves from 3rd to 28th month of age only, feed valuing Rs. 2.31 lakhs had been issued to 550 beneficiaries in Ambala district after the calves had attained 28 months of age. The department stated (November 1979) that feed was issued late to beneficiaries against their entitlement for the admissible period. The reasons for the late issue were, however, not stated.

(iii) Feed valuing Rs. 1.38 lakhs was issued to 195 beneficiaries (Ambala district) retrospectively including periods during which the calves had already been fed by them from their own sources.

(4) *Poultry units*

(i) Out of the chicks purchased from a private hatchery at Delhi in November 1977-June 1978, 3,399 birds costing about Rs. 0.30 lakh died from Marck's disease immediately after their supply to beneficiaries. The department asked (March 1978/October 1978) the firm to compensate for the loss or supply equal number of birds in replacement of deceased birds but the firm had neither paid compensation nor replaced the supply. No further action had been taken by the department.

(ii) In 186 cases (Ambala : 145 cases; Karnal : 41 cases), feed valuing Rs. 1.34 lakhs was issued to beneficiaries much in advance (one to nine months ahead) of the supply of chicks instead of co-ordinating the supply of chicks and feed.

(iii) Instead of purchasing chicks and feed centrally and supplying them to beneficiaries as contemplated under the programme, the S.F.D.A., Gurgaon released Rs. 13.04 lakhs to the banks during 1975-76 to October 1978 for being paid to the selected beneficiaries towards subsidy for purchase of chicks, feed and equipment, the S.F.D.A., Gurgaon had, however, no information on the amount actually utilised/the amount remaining unutilised nor had it conducted spot verification of units actually set up.

(iv) Fiftythree beneficiaries in Gurgaon district were allowed subsidy aggregating Rs. 0.75 lakh for setting up broiler units instead of layer units as envisaged in the approved programme.

(5) *Sheep production units*

The S.F.D.A., Hissar had paid an amount of Rs. 26.25 lakhs to the banks to be credited as subsidy portion in the loan accounts of the beneficiaries. Though 3,005 units were reported to have been set up, the S.F.D.A. had not conducted any spot verification to verify whether units were actually set up and were functioning.

(6) *Marketing arrangements, etc.*

Rupees 8.10 lakhs were spent on health cover and Rs. 1.60 lakhs on marketing facilities. It was noticed that marketing arrangements were made in one district only (i.e., Ambala). According to the inspections conducted (March-August 1978) by block and bank officials and the Assistant Disease Investigation Officer, Krishi Gyan Kendra, the health cover provided was not adequate, as a result of which death rate was high in the case of poultry.

(7) *Short-accountal of feeding concentrates*

(i) Out of feeding concentrates for calves worth Rs. 16.96 lakhs purchased in Ambala district during 1976-77 to 1978-79, only feed worth Rs. 14.51 lakhs had been accounted for by various distributing centres. No steps to investigate the short-accountal of feed worth Rs. 2.45 lakhs had been taken by the S.F.D.A., Ambala.

(ii) Poultry feed valuing Rs. 18.68 lakhs (Rs. 13.72 lakhs in Ambala and Rs. 4.96 lakhs in Karnal) was purchased during 1976-77 to 1978-79 but the aggregate cost of feed accounted for by the various distributing centres was Rs. 16.17 lakhs only (Rs. 11.69 lakhs in Ambala and Rs. 4.48 lakhs in Karnal). The discrepancy had not been reconciled by the S.F.D.As Ambala and Karnal.

(8) *Evaluation of the programme*

No evaluation of the impact of the programme on the availability of milk, poultry products, pork and other animal products and on supplementing the income of the beneficiaries had been undertaken by the department. Data about the services rendered by the staff under the scheme was not available with the Department as the charts showing work done were reported to have been left with the beneficiaries.

Summing up

- (i) Out of the total amount of Rs. 1,88.66 lakhs released to the S.F.D.As for payment of subsidy to the beneficiaries, Rs. 42.79 lakhs had remained unutilised.
- (ii) Out of 18,853 calf rearing, sheep, poultry and piggery units set up under the programme, no information was available with the department about the continued existence of 11,800 units. Of the 7,053 units for which information was available, 1,632 units had ceased functioning. Subsidy paid for those units amounted to Rs. 17.05 lakhs.
- (iii) The percentage of closure of poultry production units was as high as 43 due reportedly to the feed subsidy being stopped before the birds reached the laying stage and no finances being provided for replenishment in case of mortality. The department had no information about the disposal of the birds in the production units closed down.
- (iv) Though the programme envisaged that finances would be arranged by the department from banks to the beneficiaries for meeting the cost of feeding concentrates in excess of the subsidy paid, no such finances had been arranged.
- (v) Though subsidy totalling Rs. 26.25 lakhs was reported to have been paid for setting up 3,005 sheep rearing units through banks, the S.F.D.A. had not conducted any spot verification to ascertain whether the units had actually been set up and were functioning.
- (vi) No marketing arrangements had been made in three districts covered under the programme.
- (vii) No evaluation of the impact of the scheme had been undertaken.

EDUCATION

3.2. Establishment of book banks in schools

The scheme of book banks in schools was initiated in the State during 1975-76 for the benefit of children belonging to scheduled castes/scheduled tribes and other deprived sections of the society. These banks were to supply to children one set of text books to be returned after the annual examinations. A sum of Rs. 34.81 lakhs was spent on the establishment of book banks in all the schools in the State during 1975-76 to 1977-78.

A test-check (December 1978 to March 1979) of the accounts in three districts of Ambala, Karnal and Sonapat (expenditure : Rs. 10.54 lakhs) disclosed the following :—

(i) *Rebate not availed* : According to departmental instructions, all the District Education Officers (D.E.O.) were expected to make purchases of text books from registered Students' Stores (set up in every school) so that the rebate of 10 to 20 per cent available on such purchases could be availed of and

the savings could be used for purchase of more books. Due to purchase of books from sources other than registered Students' Stores during 1975-76 to 1977-78, despite their being available with these stores, rebate amounting to Rs. 0.24 lakh could not be obtained.

(ii) *Non-accountal of books* : Test-check by Audit revealed that 24,931 books valuing Rs. 0.25 lakh were less accounted for during 1975-76 to 1977-78 by the book banks in the three districts. Action taken to investigate the shortage had not been intimated (February 1980).

(iii) *Books not returned by students* : Books valuing Rs. 0.17 lakh (Ambala : Rs. 0.01 lakh; Karnal : Rs. 0.12 lakh and Sonapat : Rs. 0.04 lakh) had not been returned by students after the annual examination was over. The cost of the books had also not been recovered from the defaulters.

(iv) *Other points*

- (a) Periodical physical verification of books had not been conducted.
- (b) No action to declare as unserviceable books rendered useless due to fair wear and tear had been taken.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

DEVELOPMENT AND PANCHAYAT

3.3. Applied Nutrition Programme

The Applied Nutrition Programme undertaken in Haryana from 1962-63 envisaged development of the villagers' resources for production of nutritional food and the education and training of officials and non-officials in improved methods of production, preservation and conservation of balanced food. Central assistance was provided for the implementation of the programme in selected blocks at the rate of Rs. 30,000 to Rs. 34,000 per block for a period of five years (operation period) and Rs. 10,000 to Rs. 15,000 per block for the post operation period of one year. Thereafter the programme was expected to sustain itself.

The United Nations International Children Emergency Fund (UNICEF) provided items like equipment, vegetable seeds, tools, pumping sets, etc., and the World Health Organisation and the Food and Agriculture Organisation (W.H.O. and F.A.O.) provided technical guidance.

By 31st March 1979, 48 blocks out of 87 blocks in the State had been covered by the programme and Rs. 51.94 lakhs spent.

A test-check (April/May 1979) by Audit of the accounts and other records of seven blocks disclosed the following :—

Out of Rs. 11.40 lakhs made available to the 7 blocks upto 1978-79, Rs. 11.16 lakhs had been spent on the following activities :—

<i>Activity</i>	<i>Expenditure (in lakhs of rupees)</i>
(i) Horticulture development	3.82
(ii) Poultry development	3.24
(iii) Goat keeping	2.76
(iv) Inland fisheries	0.38
(v) Other miscellaneous items	0.96
	11.16

(1) *Horticulture development*

The programme aimed at increased production of fruit and vegetables of high nutritive value by establishing community, school and kitchen gardens. Seed, seedlings, fertilizers, tools, pump sets/hand pumps, etc., were to be provided by UNICEF and expenditure on digging of wells, installation of pump sets and construction of pump sheds was to be met out of Central assistance. Rupees 3.82 lakhs were spent on (i) digging of wells and installation of pump sets (Rs. 1.68 lakhs through Panchayats and Rs. 0.87 lakh through department), (ii) purchase of pump sets (Rs. 0.49 lakh), (iii) construction of village storage tanks and wells (Rs. 0.33 lakh), (iv) purchase of barbed wire (Rs. 0.24 lakh) and (v) on fruit plants (Rs. 0.21 lakh).

Though 11 community, 213 school and 21,756 kitchen gardens were claimed to have been established in all, no record was available with the departmental officers showing the number of gardens functioning.

Out of Rs. 1.68 lakhs given to 59 Gram Panchayats for digging of wells and installation of pump sets, utilisation certificates from 43 Gram Panchayats (amount : Rs. 1.42 lakhs) had not been received in the blocks. In the Pinjore block where assistance totalling Rs. 0.43 lakh had been given to 7 Panchayats, no garden had been set up according to the Block Development and Panchayat Officer. Though the Sectional officers posted in the blocks were to inspect the Panchayats to verify utilisation, no records showing results of verification, if any, of utilisation were produced to Audit.

The community gardens were expected to contribute a part of their produce towards the feeding demonstration programme but no contribution had been received or called for by the Block authorities.

(2) *Poultry development*

Rupees 2.65 lakhs were provided for setting up 119 village level poultry units of 100 to 200 birds each (Rs. 1.22 lakhs) run by schools or associate organisations and 671 home poultry units of about 20 to 25 birds each run by individual beneficiaries (Rs. 1.43 lakhs). The assistance to the beneficiaries was to meet the cost of birds, poultry feed and construction of poultry sheds. The UNICEF supplied equipment, medicine, etc. Out of 119 village level

units for which assistance was given, 112 were closed after functioning for 1 to 1½ years. Out of 671 home units for which assistance was given, no information was available with the Department about the functioning of 200 units; 315 out of the remaining units had closed down.

Of the units reported as functioning, 5 village units had only 7 to 15 birds and 100 home units did not have the full bird strength.

Expenditure on the 427 closed units worked out to Rs. 1.82 lakhs (on proportionate basis). The mass closure of the poultry units was attributed by the departmental officers to apathy on the part of beneficiaries in the matter of replenishment of stocks but steps taken by the Department to prevent this was not stated.

The beneficiaries, according to the guidelines, were expected to contribute a part of their production towards feeding demonstration programme but no such contribution was received between 1969-70 and 1974-75. Cash contribution of Rs. 0.24 lakh was received during 1975-76 to 1978-79 from the beneficiaries but this was treated as receipts of the respective Panchayats instead of being contributed to the feeding demonstration programme.

(3) Goat keeping

Rupees 2.44 lakhs were spent during 1975-76 to 1978-79 on providing goats to 824 landless poor villagers and Rs. 0.32 lakh paid in cash to 80 beneficiaries for purchase of goats. The department had taken no follow up action, though required under the programme, to ascertain whether goats were actually purchased and reared by the beneficiaries.

(4) Development of inland fisheries

Rupees 7.14 lakhs were spent by the Fisheries Department under this programme during 1969-70 to 1978-79 on development of fisheries in village ponds in the whole of the State. Out of the 7 blocks, whose records were test-checked by Audit, the programme was not taken up in 4. In the other 3 blocks Rs. 0.38 lakh were spent on the programme but the blocks had no records of fish harvested. Though the programme envisaged 10 per cent of the fish harvested being contributed to the feeding demonstration programme, no contribution had been made by the beneficiaries.

(5) Evaluation

The programme was evaluated by the State Government in 2 out of the 7 blocks whose records were test-checked. The evaluation teams pointed out *inter alia* that while the community and school gardens were functioning satisfactorily no follow up action had been taken by the Fisheries Department to ensure that the fry stocked in the ponds had led to the development of fishery in a profitable way.

Summing up

(i) Out of 119 village level and 671 home poultry units for which assistance totalling Rs. 2.65 lakhs was given, 112 village level and 315 home units (proportionate expenditure Rs. 1.82 lakhs) had ceased to function after brief periods.

(ii) Though assistance amounting to Rs. 2.76 lakhs was given to 904 beneficiaries for rearing goats, the blocks did not take any follow up action to ascertain whether goats were actually being reared on a continuing basis.

(iii) Rupees 3.82 lakhs were spent on horticulture development activity and 11 community, 213 school and 21,756 kitchen gardens were reported to have been set up but no follow up action had been taken by the department to watch the continued functioning of the gardens.

(iv) Though Rs. 7.14 lakhs were spent on development of fisheries, the blocks had no information about the fish harvested.

(v) The beneficiaries had not contributed the envisaged share of the produce, though expected to, under the above schemes towards the demonstration feeding programme.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

HOUSING

3.4. Low Income Group Housing Scheme

Under the Low Income Group Housing Scheme (L.I.G.H.), loans are advanced to individuals whose annual income does not exceed Rs. 7,200 (limit was Rs. 6,000 upto April 1968), and co-operative societies of such individuals for constructing houses. Mention was made of points relating to the implementation of the scheme in Rohtak and Gurgaon districts in paragraph 3.3 of the Audit Report for the year 1972-73. The Public Accounts Committee in its tenth Report (1976-77) had recommended *inter alia* that the department should vigorously pursue the recovery of arrears of loans.

Points pertaining to implementation of the scheme in all the districts are mentioned in the paragraphs which follow :—

(1) Loans and their utilisation

According to the information furnished by the Deputy Commissioners/ Estate Officers, Rs. 7,28.07 lakhs were advanced under the scheme between 1955-56 and 1978-79. The loanees were expected to complete the construction within one year from the date of drawal of the first instalment. The departmental authorities were also expected to release the loan in instalments on the basis of certificate of completion upto plinth/roof level and to verify the construction at various stages till the completion of construction. Where the loan was misutilised, it was liable to be recovered in lump sum.

Points noticed in test-check are mentioned below :—

- (i) Beneficiaries numbering 312, who had been paid loans totalling Rs. 6.65 lakhs, and 3 co-operative societies and one Improvement Trust, which had been paid Rs. 2.70 lakhs, had either not started the construction (52 cases) or not completed the construction (263 cases). Of this, Rs. 5 lakhs had been advanced to 242 beneficiaries prior to 1976-77. In 42 cases, further instalments of loans had been released even though construction had not been started by the

loanees. The whereabouts of the loanees were not known in 7 of these cases, to whom Rs. 0.23 lakh had been paid.

- (ii) Verification of construction had not been conducted in 2,905 cases (loan advanced : Rs. 1,27.14 lakhs). These included 1,469 cases (Rs. 60.08 lakhs) in which loans had been advanced over 4 years ago.

No action had been taken by the sanctioning authority to ensure that the district officers conducted verification of construction as prescribed under the scheme.

(2) *Arrears in recovery*

Detailed accounts of the loans are maintained by the departmental officers. According to the information furnished by them, Rs. 91.33 lakhs towards principal and interest were overdue for recovery as at the end of March 1979 as shown below :—

How long in arrears

Arrears

	<i>Arrears</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	<i>(in lakhs of rupees)</i>		
(i) Upto 4 years	10.47	25.26	35.73
(ii) For more than 4 years	17.96	37.64	55.60
Total	28.43	62.90	91.33

The arrears include amounts due from 1,742 loanees (loan advanced : Rs. 67.23 lakhs) where not even a single instalment had been repaid. No effective action had been taken for recovery of the overdue amounts.

(3) *Other points noticed in audit*

(a) According to the prescribed procedure, the loan amount was to be credited into a joint account of the loanee and the Deputy Commissioner and disbursed to the loanee in instalments depending on the progress of construction. Out of the amounts credited to joint accounts, Rs. 6.57 lakhs credited upto the year 1977-78 in 306 cases remained to be disbursed to loanees as on 31st March 1979. These included 232 cases where amounts aggregating Rs. 1.89 lakhs had been credited to joint accounts upto 1975-76.

(b) The loanees were required to get their houses insured against damage or loss by fire as long as the loan had not been repaid in full. In respect of 3,627 cases (loan advanced : Rs. 1,64.23 lakhs), there was no indication in the records maintained by the departmental officers that the houses had been insured.

(c) Mortgage deeds had not been obtained in respect of 51 cases where loans totalling Rs. 2.02 lakhs had been advanced during 1972-73 to 1977-78.

Summing up

(i) The verification conducted by the District officers showed that 315 loanees who had been advanced loans totalling Rs. 9.58 lakhs had either not taken up construction of houses or not completed the construction.

(ii) Verification of construction of houses had not been conducted in 2,905 cases in which loans totalling Rs. 1,27.14 lakhs had been advanced. No action had been taken by the sanctioning authority to ensure that the district officers conducted verification of construction as prescribed under the scheme.

(iii) In 42 cases, second and subsequent instalments of loans had been released even though construction of houses had not been started by the loanees.

(iv) Recovery of Rs. 91.33 lakhs was in arrears as on 31st March 1979.

The matter was referred to Government in July 1979 ; reply is awaited (February 1980).

MEDICAL AND HEALTH

3.5. Medical care facilities in rural areas

In order to provide medical and health services in rural areas, 89 Primary Health Centres (hereinafter called centres) with 834 sub-centres had been set up in the 87 blocks in the State. The expenditure incurred on these centres/sub-centres during 1974-75 to 1978-79 was Rs. 5,55.80 lakhs.

Test-check of the records pertaining to the functioning of 23 out of 24 centres in the three districts of Ambala, Karnal and Jind, conducted in July-August 1979, revealed the following :—

2. Buildings

Thirteen of the centres in Karnal and Jind districts were functioning in old buildings of rural dispensaries. According to the Medical Officers, space in 9 of them was inadequate for the efficient functioning of the centres. Only 12 out of the 222 sub-centres were housed in Government buildings and the remaining had generally inadequate rented accommodation.

A new building for Kalwa centre (district Jind), completed by Public Works Department at a cost of Rs. 6.21 lakhs in January 1978, had not been taken over by the Health Department (August 1979) as some minor defects pointed out by it in October 1978 had not been removed by the Public Works Department. The centre is meanwhile functioning in the rural dispensary building which lacks facilities.

3. Staff

Against the sanctioned strength of 59 medical officers and 463 para medical staff for the 24 centres, only 42 and 413 posts respectively were filled up on an average during 1974-75 to 1978-79 ; in 15 centres no lady doctors had been posted due reportedly to paucity of lady doctors in the State.

The non-filling up of posts was attributed to the inadequacy of residential accommodation for medical and para medical staff. Action taken for providing accommodation was not stated.

4. Public Health and diagnostic facilities

Out of the 24 centres in the three districts, 10 did not have water supply arrangements, 14 no sewerage, 20 did not have X-ray plant and 22 no clinical laboratories.

It was also noticed that, out of the 4 centres where X-ray plants were available, in Nilokheri the X-ray plant purchased in February 1972 was installed only in February 1974 and was out of use from June 1974 to March 1978 due to non-posting of a Radiographer. In Raipur Rani (Ambala) also the X-ray plant acquired in January 1972 remained out of use upto September 1975 due to non-posting of a Radiographer.

It was also noticed that, in the Odhan centre (Sirsa district), one X-ray machine acquired in November 1971 at a cost of Rs. 0.32 lakh had not been used for taking X-rays as necessary electrical supply connection could not be secured and the machine was being used only for screening.

5. Facilities for treatment of indoor patients

Each centre was expected to maintain 8 beds for indoor patients. The position of bed strength and its utilisation during 1974-75 to 1978-79 was as under :—

<i>District</i>	<i>Number of centres</i>	<i>Total number of beds</i>	<i>Average utilisation of beds</i>
Karnal	9	94	41
Ambala	8	64	34
Jind	7	56	15

According to the Medical Officers, optimum utilisation of the bed strength was not possible in the absence of diagnostic and surgical facilities, arrangement of diet for patients, etc. Action taken for providing the necessary facilities was, however, not stated.

It was also noticed that the number of indoor patients treated was nil at Ahar centre (Karnal district) and only 1 to 18 per year in Gogarian (Jind) and Chouramasatpur (Ambala) centres. While non-availability of accommodation for indoor ward was the reason given for the Ahar centre, the poor performance in Gogarian centre was attributed to location of the centre at one corner of the block and lack of transport facilities.

6. Availability of medicines

A test-check of availability of medicines (based on stock registers) showed that supply was not regular and for long periods some medicines were not available in stock. Regular assessment of requirement had not been made and

medicines were supplied by the Chief Medical Officers of the districts on *ad hoc* basis and stocks were often replenished after long periods.

In Jind district, out of medicines worth Rs. 3.27 lakhs purchased for the centres in 1977-79, medicines worth Rs. 1.41 lakhs (43 per cent) were diverted to Civil Hospitals and rural dispensaries.

7. Immunisation programme

The centres and sub-centres were required to take up immunisation of children against diphtheria, pertusis and tetanus and of mothers against tetanus and iron deficiency.

Only 5 to 37 per cent of the targets fixed for immunisation of children were achieved during 1977-78 and 1978-79, while for mothers 25 to 56 per cent of the targets fixed were achieved. Poor response from village women was stated to be the main reason for shortfall in achievement of targets. Action taken to motivate them was, however, not indicated.

8. Family welfare programme

While the targets for I.U.C.D. insertions were overfulfilled in the 3 districts during 1977-78 and 1978-79, as against a target of 31,763 sterilisations only 3,597 sterilisations had been conducted during the period. The performance was particularly low in Ambala where in 1977-78 only 4 per cent of the target had been achieved.

9. School health programme

The medical officers in charge of the centres were required to visit all the schools located in the area under the centre and examine the students. The number of schools visited in the three districts were as follows :—

Year	Number of schools in the three districts	Number of schools visited by the medical officers
1975	1,787	110
1976	1,787	198
1977	1,793	299
1978	1,793	267

Non-visit of the remaining schools was attributed to centres' vehicles not being available for the school health programme work, and medical officers being busy with family welfare programme.

10. Community Health Workers Scheme

Under the Community Health Workers Scheme launched in October 1977, one community health worker was to be trained for every village or

community with a population of 1,000 persons for a period of three months and a free medicine kit of Allopathic and Ayurvedic medicines provided thereafter to him. The medicines were to be replenished quarterly.

Information supplied by the Chief Medical Officer, Jind (August 1979) showed that out of 61 and 128 Community Health Workers trained in the year 1977-78 and 1978-79, 23 and 26 workers respectively were posted at stations where the centres/sub-centres were located and where regular medical facilities were already available.

Test-check of records of the Nilokheri centre, where 112 Community Health Workers had been trained during October 1977 to March 1979, showed that replenishment of medicine kits was not done at regular quarterly intervals as prescribed, and that after November 1978 replenishment was done only in July 1979 and that too only to 42 out of 112 trained workers. The centre had no information whether the other workers were actually working and why the stocks had not been replenished as no record showing the work done by the Community Health Workers had been kept by the centres, though these workers were working under the centres.

Summing up

- (i) Only a few centres (two out of 16 primary health centres in Karnal and Jind districts) had proper buildings and the others were functioning in either rented buildings or old buildings of rural dispensaries with inadequate accommodation and facilities ;
- (ii) diagnostic facilities (X-ray machine and clinical laboratory) were not available at most of the centres ; some of the centres did not even have water supply arrangements ;
- (iii) supply of medicines to the centres and replenishment of stock were irregular ;
- (iv) against the sanctioned strength of 59 Medical Officers and 463 para medical staff for 24 centres only 42 and 413 posts respectively were filled up on an average during 1974-75 to 1978-79. The non-filling up of posts was attributed to inadequacy of accommodation for the medical and para medical staff ; and
- (v) supply of medicines to the Community Health Workers was irregular and no record had been kept at the centres of the work done by these workers.

The matter was referred to Government in October 1979 ; reply is awaited (February 1980).

3.6. Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 1979, on which final action was pending at the end of August 1979 were as follows :—

	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
Cases reported upto the end of March 1978 and outstanding on 31st August 1978	124	17.79
Cases reported between April 1978 and March 1979	13	0.81
Total	137	18.60
Cases closed between September 1978 and August 1979	34	2.68
Balance	103	15.92

Of these :

(i) Twenty cases (Rs. 1.73 lakhs) were outstanding for more than five years.

(ii) Seventythree cases (Rs. 14.23 lakhs) were outstanding with the departments of Buildings and Roads , Food and Supplies, Medical, Transport and Education.

Appendix VI shows department-wise analysis of cases in which final action was pending at the end of August 1979.

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION

4.1. Gurgaon Canal Project

With a view to providing irrigation facilities in a command area of 6,08,605 acres in the Gurgaon district (4,43,605 acres) and Rajasthan (1,65,000 acres), the Gurgaon canal project, estimated to cost Rs. 8,99.90 lakhs, was taken up by the undivided Punjab State from May 1960 and was commissioned (after formation of Haryana) in 1967. Sanction of Government to the project is, however, yet to be issued (October 1979). The expenditure incurred upto 31st March 1979 was Rs. 11,64.46 lakhs. Mention about some aspect of execution of the project was made in paragraph 37 of the Audit Report for the year 1970-71. Points noticed in further test-check of the records of the project are mentioned in the paragraphs which follow :—

(1) *Change in the scope of the project*

The project, the detailed estimates for which as prepared in 1965 totalled Rs. 7,89.50 lakhs, envisaged :

- (i) remodelling by the Government of Uttar Pradesh (cost to be met by Haryana and Rajasthan) of the Agra Canal to carry a discharge of 5,550 cusecs, of which 2,240 cusecs were to be delivered for the Gurgaon canal system at mile 4.38 of Agra canal, (ii) construction of the Gurgaon parallel feeder (taking off from the Agra canal) with 3 distributaries, (iii) construction of Gurgaon canal with distributaries, (iv) construction of Nuh sub-branch with 3 distributaries and (v) construction of Rajasthan feeder (cost to be met by Rajasthan) for delivering water into the Rajasthan canal. The Nuh sub-branch was to carry 566 cusecs for delivery to the Sohna lift irrigation scheme (estimated cost : Rs. 1,10.40 lakhs) to provide irrigation in further 81,680 acres in Sohna plateau and Rewari area.

In 1971, a revised project estimated to cost Rs. 12,06.64 lakhs was prepared providing for irrigation to 2 lakh acres in a command area of 3.23 lakh acres. In this project, the Sohna lift scheme was delinked from the Gurgaon canal project because of the high operational cost involved and included in another project (Jawaharlal Nehru lift scheme) but by that time the Gurgaon parallel feeder taking off from Agra canal, the Gurgaon canal and the Nuh sub-branch had all been constructed with their full designed capacity of 2,240, 1,960 and 726 cusecs respectively. The expenditure incurred on the extra inbuilt capacity of these canals had not been worked out by the department; however, proportionate expenditure on the extra capacity provided over the capacity required for the revised system would be Rs. 60.51 lakhs. The decision to

delink the Sohna lift scheme from the Gurgaon canal system at a late stage as a result of the failure to take into account initially the reportedly high operational cost of the lift scheme thus resulted in unfruitful expenditure of Rs. 60.51 lakhs.

(2) *Rajasthan's share of cost of the project*

Rajasthan's share towards the cost of common works and the cost of Rajasthan feeder were determined at Rs. 3,24.86 lakhs, out of which Rs. 2,21.50 lakhs had been recovered by 1972-73. Recovery of the balance was stated to be under correspondence between the two Governments.

(3) *Development of irrigation*

The system was designed on the assumption that supplies in the river Yamuna above Okhla Headworks would be able to feed a discharge of 2,240 cusecs for 100 days in *Kharif* and that the unutilised Ravi-Beas water would be available to feed the discharge for the remaining 265 days. Taking the intensity of irrigation at 62 per cent, it was assumed that about 2,00,000 acres (80,000 acres during *Kharif* and 1,20,000 acres during *Rabi*) would get irrigation. The actual irrigation was much below the target as shown below :—

Year	Area actually irrigated			Percentage of area irrigated to area to be irrigated
	<i>Kharif</i>	<i>Rabi</i>	Total	
	(in acres)			
1974-75	11,150	25,640	36,790	18
1975-76	11,362	25,607	36,969	19
1976-77	9,517	22,276	31,793	16
1977-78	8,500	14,232	22,732	11
1978-79	6,485	18,027	24,512	12
	Average			15

The shortfall in irrigation was attributed mainly to:—

- (a) inter-State dispute (which has not been resolved so far) on sharing of Ravi-Beas water, as a result of which Ravi-Beas water has not become available to the system and
- (b) non-remodelling of the Okhla Barrage by the Uttar Pradesh Government and consequent less release of water from Okhla Headworks into the Agra canal during the rainy season as a result of which delivery to the Gurgaon parallel feeder remained much below its share.

With a view to running the system, about 250-300 cusecs of the Sutlej water were released from the Narwana Branch of the Bhakra canal system into

the river Yamuna. The supply so released was first diverted into the Agra canal at the Okhla Barrage and then into the Gurgaon feeder.

As against the discharge of 2,240 cusecs for which the Gurgaon parallel feeder is designed, the minimum, maximum and average discharge delivered to the feeder during 1974-75 to 1978-79 were as under :—

Year	Discharge		Average
	Minimum (in cusecs)	Maximum	
1974-75	8	349	123.43
1975-76	10	325	121.42
1976-77	20	401	154.63
1977-78	11	352	129.31
1978-79	13	326	105.87

Consequently, irrigation in the following distributaries was particularly poor :—

	Envisaged irrigation	Area irrigated	
		(Percentage to area envisaged)	
		1977-78	1978-79
		(areas in acres)	
(i) Banarsi distributary	28,142	165 (1)	5 (..)
(ii) Harchandpur distributary	15,457	574 (4)	591 (4)
(iii) Kalanjar distributary	3,599	260 (7)	420 (12)
(iv) Uttawar distributary	17,242	1,695 (10)	1,408 (8)

(4) Other points

(i) The Banarsi distributary was completed upto its RD 9000 prior to 1970 and work on its reaches RD 9000 to tail end at RD 99315 and two minors (Umra minor of length 6.08 miles and Gangawani minor of length 7.57 miles) was taken up in 1975. After spending Rs. 13.22 lakhs on the distributary, work on reaches beyond RD 45000 was suspended in 1976 on the ground that the area thereafter was prone to flooding due to heavy spill from Landoth *nallah*. According to the department, the distributary could be run only upto RD 9000 as the discharge received at the head of the distributary was about 1 cusec only as against the projected discharge of 130.6 cusecs. Consequently, the expen-

diture of Rs.13.22 lakhs on reaches beyond RD 9000 had not served its purpose. Further, 4 electric pumping sets purchased in 1968 at a cost of Rs. 1.05 lakhs to be installed in a pump house to be constructed at RD 28040 of the distributary were lying idle at the site of the pump house.

(ii) Land measuring 16.31 acres was acquired in 1968 at a cost of Rs. 0.26 lakh for the construction of Lakhwas minor to take off from RD 71155 of the Harchandpur distributary. The minor had not been constructed so far reportedly because of non-availability of water.

(iii) The Kalanjar distributary was excavated in its full length of 17,700 feet in 1966-67 at a cost of Rs. 3.10 lakhs. However, the distributary had been run upto RD 6000 only as irrigation beyond this reach was not possible in the absence of proper drainage crossings for the Ujjina drain.

(iv) For the Rajaulka minor to take off from RD 37900 L of Uttawar distributary, some land was acquired at a cost of Rs. 0.80 lakh (compensation paid in July 1975 and March 1977) but for the remaining objection had been raised by land owners and consequently work on the minor had not been taken up.

(5) Revenue and financial return

According to the financial forecast given in the project estimates (1971), the annual gross receipts (Rs. 20.31 lakhs) from sale of water were expected to cover the annual working expenses (Rs. 17.97 lakhs) but not fully cover the interest on capital. The unfilled gap (Rs. 13,01.33 lakhs) for 50 years was to be covered by levy of betterment charges on matured area (Rs. 18 per acre per crop) for 40 years.

Though betterment charges were levied from 1967-68, the application in the State of Haryana of the Punjab Betterment Charges and Acreage Rates Act, 1952, under which the betterment charges were levied, was repealed in September 1975. The betterment charges assessed and recovered for the years 1967-68 to 1974-75 were Rs. 14.68 lakhs only.

The accumulated deficit on the working of the project during the period from 1971-72 to 1978-79 including accumulated arrears of simple interest at 6 per cent of the capital invested was Rs. 5,45.35 lakhs. Information on the accumulated deficit upto 1970-71 was not available with the department.

Summing up

(i) The Gurgaon canal project envisaged supply of water for 265 days to be available from the unutilised waters of Ravi-Beas. Though under the project (completed at a cost of Rs. 11,64.46 lakhs) irrigation commenced from 1967-68, supply from Ravi-Beas has not been possible as the inter-State dispute regarding sharing of Ravi-Beas water has not been resolved.

(ii) Further, remodelling of the Okhla Headworks from which supplies for the remaining 100 days were to be arranged had also not been undertaken by the Uttar Pradesh Government.

(iii) Consequently, the average irrigation during the 5 years 1974-75 to 1978-79 was only 0.31 lakh acres as against 2 lakh acres envisaged in the

project. Irrigation in the Banarsi distributary beyond RD 9000 constructed at a cost of Rs. 13.22 lakhs was nil and in 3 others irrigation was less than 15 per cent of the area envisaged to be irrigated.

(iv) Though the project envisaged levy of betterment charges to cover the financial deficit in the working of the project for a period of 40 years, the levy of betterment charges which started in 1967-68 was stopped from 1975-76 consequent on the repealment of the application of the enabling legislation. The accumulated deficit during 1971-72 to 1978-79 was Rs. 5,45.35 lakhs.

(v) The decision to delink the Sohna lift irrigation scheme from the Gurgaon canal system, by linking it with the Jawaharlal Nehru lift scheme, due to the high operational cost involved resulted in considerable part (25 per cent) of the carrying capacity of the Gurgaon and appurtenant canals being rendered surplus. The unfruitful expenditure on this account worked out to Rs. 60.51 lakhs on a *pro rata* basis.

(vi) Expenditure of Rs. 2.05 lakhs on reaches beyond RD 6000 of Kalanjar distributary was not fruitful due to non-provision of drainage crossings for a drain.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

4.2. Excess payments to contractors

In Remodelling Division, Sonapat, payments totalling Rs. 8.07 lakhs for 1,14.05 lakh cubic feet of earthwork in various reaches of the Jawaharlal Nehru Feeder were made upto October 1977 on the basis of measurements recorded by the Sectional Officers (October 1976 to June 1977) and checked by the Sub-Divisional Officers simultaneously. No check measurement was, however, conducted by the Divisional Officer though he was, under the departmental rules, required to check at least 5 per cent of the work.

The contractors having left the work incomplete, final measurements of the incomplete works were taken during May 1977 to November 1978 which showed that the contractors had executed only 89.94 lakh cubic feet of earthwork for which only Rs. 6.36 lakhs were due to them.

Besides the excess payment of Rs. 1.71 lakhs (Rs. 8.07 lakhs minus Rs. 6.36 lakhs), Rs. 0.28 lakh were also recoverable from four contractors towards the cost of wheat issued to them for distribution to the labour at subsidized rates. Against the total recoverable amount of Rs. 1.99 lakhs, only Rs. 0.39 lakh representing amounts withheld as security from running payments, were available with the department.

The Divisional Officer stated (March/May 1979) that departmental action against officials responsible for excess payments was being processed. The department also stated (October 1979) that action was being taken for appointment of an arbitrator in each case.

4.3. Outstanding recoveries against contractors

Test-check of records relating to four works/supply contracts showed that amounts aggregating Rs. 5.30 lakhs remained to be recovered from

contractors who had left the contracts incomplete or to whom excess payments had been made. The details of the amounts are given below :—

<i>Division</i>	<i>Name of the work</i>	<i>Nature of dues from the contractor</i>	<i>Amount due (in lakhs of rupees)</i>	<i>Dues of the contractor available for adjustment</i>
(1)	(2)	(3)	(4)	(5)
(i) Jawaharlal Nehru Canal Construction Division No. I, Rewari	Manufacture and supply of bricks at Km. 27, 22-23 and 33-34 of the canal-three contracts	(i) Cost of coal supplied by the Department (ii) Extra cost of coal issued but not used in the manufacture of bricks supplied to the Department (iii) Recoveries towards income tax, sales tax, cost of earth and water supplied by the Department	1.50 1.97 0.31	(i) Amount of Rs. 1.11 lakhs due to contractors for supplies (ii) earnest money of Rs. 0.30 lakh; and (iii) security of Rs. 0.37 lakh withheld from running payments.
			3.78	

As per the terms of the contracts for supply, cash payment was to be obtained before supplying coal to the contractors. The circumstances in which coal was supplied without prior payment of the cost were not stated. Further, supply of coal was not regulated in accordance with the scale mentioned in the contracts. It was also seen that against Rs. 1.61 lakhs due to be recovered towards security as per the terms of the contracts, only Rs. 0.37 lakh had been recovered. The Department stated (October 1979) that two of the cases involving recovery of Rs. 1.79 lakhs had been referred to arbitration and that the third case was being processed for reference.

(1)	(2)	(3)	(4)	(5)
(ii) Project Public Health Division, Faridabad	Manufacture and supply of bricks	Cost of coal supplied	0.71	Earnest money lying in saving bank account (Rs. 0.08 lakh) and security deposit (Rs. 0.05 lakh).

The coal was supplied without recovery of its cost though there was no provision in the contract for supply of coal by the Department and the contractor's rates were on the basis that he would make his own arrangements for coal. A claim filed for recovery of Rs. 0.58 lakh with the arbitrator was awaiting decision (November 1979). It was, however, seen that the Department had proposed recovery at the issue rate *plus* 10 per cent supervision charges and 3 per cent storage charges without taking into account the market rates as required under the financial rules.

(1)	(2)	(3)	(4)	(5)
iii) Industrial Area Public Health Division, Faridabad (now defunct)	Water supply scheme	Cost of material (at penal rates) issued in excess but not returned	0.61	

Though the works had been completed in January-July 1975, the final bills were passed in February/March 1977. The case for recovery of Rs. 0.31 lakh referred to arbitrator in May 1977 was awaiting decision. Approval for filing a civil suit for recovery of the balance amount of Rs. 0.30 lakh sought by the Division from the higher authorities was awaited (November 1979). The Divisional office also stated (May 1979) that action to fix responsibility for excess issue of material was being taken.

(1)	(2)	(3)	(4)	(5)
iv) Provincial Division No. 2, Sonapat	Constructing a Nursery school at Rai	Cost of material consumed in excess of the theoretical requirements	0.20	

Though the work was completed in June 1976, the final bill was prepared only in December 1978. Meanwhile, security earlier withheld from the contractor had been released in April 1976 (Rs. 0.24 lakh) and January 1977 (Rs. 0.04 lakh). The Government stated (September 1979) that the circumstances under which the security was released were being looked into and that an arbitrator had been appointed for considering the amount due for recovery.

The first and third cases were referred to Government in July 1979 and the second in June 1979; replies were awaited (February 1980).

CHAPTER V
STORES AND STOCK

5.1. Synopsis of important stores accounts

A synopsis of important stores accounts for 1978-79 (other than those relating to Government commercial and *quasi*-commercial departments/undertakings) received upto November 1979 is given below :—

Serial number	Department/ Stores	Opening balance	Receipts	Issues	Closing balance
(in lakhs of rupees)					
1.	Stamps—				
	Revenue, Judicial and non-judicial stamps	86,67.82	10,64.42	19,84.63	77,47.61
2.	Public Health—				
	Iron, cement, bricks, stone, timber, pipes, fuel, lubricants, paints, sanitary fittings, etc.	2,96.11	8,16.90	9,72.28	1,40.73
3.	Irrigation—				
	(a) Bhakra Canals—				
	Building materials, timber, fuel, lubricants, paints, electrical goods, etc.	18.02	14.42	27.60	4.84
	(b) Other than Bhakra Canals—				
	Cement, iron, bricks and miscellaneous stores	2,33.16	27,79.14	26,81.44	3,30.86
4.	Forest—				
	Consumable stores, felled timber and other produce collected departmentally including livestock and non-consumable stores	23.38	72.22	52.43	43.17
5.	Buildings and Roads—				
	Iron, cement, bricks, stone, timber, fuel, lubricants, paints, electrical goods, etc.	(—)1,32.95	14,61.54	15,22.95	(—)1,94.36*

*Please see comments on *minus* balances in paragraph 5.2. (iii) infra.

Stores accounts of the following departments for the years indicated against each had not been received (November 1979).

<i>Department</i>	<i>Year (s) for which stores accounts not received</i>
Animal Husbandry	1969-70 to 1978-79
Industrial Training	1969-70 to 1978-79
Medical	1969-70 to 1978-79
Printing and Stationery*	1976-77 to 1978-79
Jails	1978-79
Police	1976-77 to 1978-79
Public Relations	1978-79

In the absence of proper accounts there exists a risk of misappropriation and even frauds going unnoticed.

5.2. Stores accounts of Public Works divisions

The rules require that the value of stores held in stock by a division should not exceed the limit prescribed for that purpose and that the stock registers of the division should be closed at the end of each half-year and reviewed by the Divisional Officer to see that the stock consists only of serviceable and necessary articles and the stores are priced having regard to the prevailing market rates. It was noticed that :—

- (i) the limits for the year 1978-79 had not been prescribed for 133 out of 208 divisions holding stock. In 7 divisions the value of stock at the end of 1978-79 exceeded the prescribed limits. The details are given below :—

<i>Serial number</i>	<i>Department</i>	<i>Total number of divisions in which stock was held</i>	<i>Number of divisions for which ceiling limits were not prescribed for 1978-79</i>	<i>Divisions in which value of stock held exceeded the prescribed limit</i>	
				<i>Number</i>	<i>Excess amount (in lakhs of rupees)</i>
1.	Public Health	29	9	3	33.07
2.	Irrigation—				
	(a) Bhakra Canals	7	5	..	..
	(b) Other than Bhakra Canals	120	102	2	34.99
3.	Buildings and Roads	52	17	2	15.95
	Total	208	133	7	84.01

*Stores account in respect of 'General Store', has been received upto 1977-78.

- (ii) stock registers had not been closed in a number of divisions for several years although, to expedite clearance of arrears, the Government had been granting relaxation from time to time exempting exhibition of value of stores in the stock registers. The arrears in the closing of these registers at the end of March 1979 and the preceding two years were as under :—

Serial number	Department	Number of registers of which closing was in arrears at the end of			Number of divisions in which arrears existed at the end of 1978-79	Earliest month to which the arrears pertained
		1976-77	1977-78	1978-79		
1. Irrigation—						
(a)	Bhakra Canals	91	105	111	6	March 1967
(b)	Other than Bhakra Canals	99	163	201	44	March 1973
2.	Buildings and Roads	173	173	54	9	March 1969
Total		363	441	366	59	

- (iii) there were *minus* balances in the divisional stock registers of the following departments at the end of March 1979 :—

Serial number	Department	Number of divisions	Minus balance at the end of March 1979 (in lakhs of rupees)
1.	Buildings and Roads	22	2,63.70
2.	Irrigation (other than Bhakra Canals)	41	2,35.64
3.	Public Health	10	1,19.35
4.	Irrigation (Bhakra Canals)	3	5.44

The *minus* balances were mainly due to non-adjustment in accounts of (i) the cost of materials on receipt of advice memos for such adjustment from the Accountant General or (ii) the value of stores lying with sub-divisions transferred from one division to another or (iii) profit on stock due to issue rate being higher than procurement rate. Delays in the adjustment of transactions and non-clearance of *minus* balances are fraught with serious risks and inaccuracies in accounts and urgent action for their clearance is indicated.

5.3. Physical verification of stores

The stores are required to be physically verified periodically by responsible officers independent of stock-holders. The results of physical verification of stores during 1978-79 were not received by Audit (November 1979) from 112 out of 208 Public Works divisions as shown below :—

1. Irrigation—	
(a) Bhakra Canals	4
(b) Other than Bhakra Canals	43
2. Buildings and Roads	36
3. Public Health	29
Total	<u>112</u>

PUBLIC WORKS DEPARTMENT

5.4. Shortages

(a) Three cases of shortages of materials valuing Rs. 0.95 lakh were noticed in three divisions mentioned below :—

<i>Division/work</i>	<i>Value of shortage (in lakhs of rupees)</i>	<i>When noticed</i>
(1)	(2)	(3)
(i) Water supply schemes for sectors 24 and 25 of Industrial-cum-Housing Estate, Faridabad	0.44	At the time of finalisation of accounts of the contractor in April 1976.

Inventory of material left by the contractor at site was not prepared and indents on which material was transferred from site to stores contained discrepancies. The cost of material found short was proposed by the department to be recovered from the contractor but the department's claim was disallowed by the arbitrator. No steps had been taken to investigate the shortage or fix responsibility.

(ii) Provincial Division No. I, Rohtak	0.15	On receipt of complaints from a supplier about non-payment in 1975.
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On receipt of complaints from a supplier about non-payment for 20.36 tonnes of M.S. Plate received by the Sectional Officer on 24th September 1963, it was found that receipt of the material had not been entered in the Stock Register. Though payment was made in February 1975, no action was initiated to investigate the short accountal or to determine the responsibility of the concerned Sectional Officer as he was reported to have been allocated to Punjab,

(1)	(2)	(3)
(iii) Mechanical Division, Karnal	0.36	In May 1976 while compiling stock return for period ending March 1975.

Shortages were due mainly to fictitious entries of issue of stores in stock registers, incorrect balancing of registers, etc. Out of Rs. 0.41 lakh (including Rs. 0.05 lakh due to other items) ordered (August 1977) to be recovered from the Sectional Officer, Rs. 0.05 lakh had been recovered from him by April 1979.

ANIMAL HUSBANDRY

5.5. Unserviceable stores

Unserviceable stores worth Rs. 18.77 lakhs were awaiting disposal in the Office of the Mechanical Engineer, Government Livestock Farm, Hissar.

5.6. Idle machinery and equipment

MEDICAL AND HEALTH

(i) *Hospital equipment* :—The following items of equipment had been lying idle in various civil hospitals (C.H.) for the reasons indicated against each :—

Serial number	Items	Cost (in lakhs of rupees)	Hospital	Since when lying idle	Reasons
(1)	(2)	(3)	(4)	(5)	(6)
(1)	One 50-X-ray plant	0.29	C.H. Bhiwani	March 1975	As the machine was not required at Bhiwani due to it being in excess of requirement, it was transferred to C.H. Rewari in February 1976.
			C.H. Rewari	August 1976	Remained idle for want of repairs till June 1978 and was transferred to C.H. Narnaul in March 1979 as it was not required at Rewari.
(2)	One 50-X-ray plant	0.26	C.H. Karnal	March 1976	As it was not required at Karnal, it was transferred to C.H. Panipat in July 1976.
			C.H. Panipat	August 1976	Want of replacement of certain defective parts.
(3)	50-M.A. Mobile X-ray machine	0.25	C.H. Sirsa	September 1975	It was idle for want of ramps (constructed in May 1978) in the hospital and thereafter for want of repairs.

(1)	(2)	(3)	(4)	(5)	(6)
(4)	Steam sterilizer	0.25	C.H. Ladwa	April 1977	Want of an operation theatre which had not been constructed (January 1979).
(5)	Steam sterilizer	0.25	C.H. Tohana	April 1977	Due to certain parts missing.
(6)	Steam sterilizer	0.25	C.H. Shaha-bad	April 1977	Want of an operation theatre, the construction of which had not been completed (January 1979).
(7)	E.C.G. Machine	0.09	C.H. Rewari	March 1975	Due to non-posting of specialist to operate the machine.

IRRIGATION

(ii) Gates and gearing for head regulator

Gates and gearing for head regulator of Delhi parallel Branch at RD 154500, got fabricated during July 1973 to July 1975 at a cost of Rs. 0.39 lakh by the Nangal Workshop Division, were lying unlifted from the Workshop as the proposal for the construction of head regulator had been dropped by the Department in July 1972. Despite the decision not to construct the head regulator, the Division instead of stopping the fabrication reminded in July 1973 the Workshop to expedite it. The Department was stated to be exploring the possibility of utilising the equipment elsewhere.

Matters mentioned above were referred to Government in February 1979, June 1979, July 1979 and September 1979 ; replies are awaited (February 1980).

EDUCATION

5.7. Extra expenditure

On the basis of an indent (14th February 1979) of the Education Department, the Controller of Stores (C.O.S.) placed on 23rd March 1979 an order on firm 'A' for supply of 500 sewing machines at the rate of Rs. 235 a piece (including wooden cover) before 31st March 1979.

The Education Department sent on 23rd March 1979 another indent to the C.O.S. for 1,610 more sewing machines before 28th March 1979 for supply to non-formal education centres to be opened in Government primary schools. The C.O.S. informed the department (28th March 1979) that, according to Government's instructions, a repeat order could be placed upto the quantity originally ordered with the consent of the supplier.

The department did not explore the possibility of obtaining supplies from firm 'A' either through the C.O.S. or directly and placed an order on 30th March 1979 on the local emporium of the Haryana State Small Industries and Export Corporation Limited (a Government Company) on the basis of

its single quotation for supply of 1,610 sewing machines of a make manufactured by a large scale manufacturer at the rate of Rs.357 a piece (including wooden covers). The supply was completed on 19th April 1979. As per the provisions of the financial rules, items manufactured by approved sources mentioned in the Rules could be purchased from them without inviting tenders. In this case, however, the Company was not the manufacturer nor an approved source of supply for this item.

As compared to the rates of firm 'A' the rate of the emporium was higher by Rs. 122 per machine and taking 4 per cent sales tax payable on that, the extra expenditure on the purchase of 1,610 machines from the emporium was Rs. 2.04 lakhs.

The matter was referred to Government in September 1979 ; reply is awaited (February 1980). The Director of Public Instruction intimated (December 1979) that the matter was being investigated through the Vigilance Department.

IRRIGATION

EDUCATION

CHAPTER VI

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

GENERAL

6.1. This chapter deals with the results of audit of :—

- (a) Statutory Corporations ;
- (b) Government Companies ; and
- (c) Departmentally managed Government commercial/*quasi*-commercial undertakings.

SECTION B

STATUTORY CORPORATIONS

6.2. There were three Statutory Corporations in the State as on 31st March 1979, viz., Haryana State Electricity Board, Haryana Financial Corporation and Haryana Warehousing Corporation.

(i) Haryana State Electricity Board

6.3. The Haryana State Electricity Board was formed on 3rd May 1967. The accounts of the Board for the year 1978-79 together with the audit certificate and report thereon, were forwarded to the State Government in October 1979 for being placed before the State Legislature in terms of Section 69 (5) of the Electricity (Supply) Act, 1948.

6.4. Capital and borrowings

The capital of the Board comprises loans from the State Government and borrowings from other sources. The table below indicates the balances of loans outstanding at the end of 1978-79 :—

Source	Amount (Rupees in lakhs)
State Government	3,30,48.77*
Public borrowings (by issue of bonds)	45,87.49
Life Insurance Corporation of India, banks and others	80,19.41
Total	4,56,55.67

*The outstanding amount as per Chapter I and Statement No. 18 of the Finance Accounts is Rs. 2,68.11 crores. The difference of Rs. 62.38 crores is due to (i) Rs. 64.24 crores adopted *pro forma* by the Board in respect of its share in the liabilities of the composite Punjab State Electricity Board as on 31st March 1967 and (ii) Rs. (—) 1.86 crores which is still under reconciliation.

6.5. Working results

The working results of the Board for the three years up to 1978-79 are summarised below :—

	1976-77	1977-78	1978-79
	(Rupees in lakhs)		
(i) Revenue receipts	47,92.72	53,00.18	70,54.54
(ii) Revenue expenditure	39,25.41	40,37.51	40,08.68
(iii) Net surplus	8,67.31	12,62.67	30,45.86
(iv) Appropriations—			
(a) Reserves, interest on bonds, loans, etc.	7,75.02	12,30.00	18,24.56
(b) Interest on loans from Government	92.29	32.67	12,21.30
Total I	8,67.31	12,62.67	30,45.86
(v) Contingent liability for interest on loans			
(a) Arrears	35,99.38	48,13.33	62,35.39
(b) For the year	13,06.24	14,54.73	16,22.00
(c) Total	49,05.62	62,68.06	78,57.39
(d) Provided	92.29	32.67	12,21.30
Contingent liability	48,13.33	62,35.39	66,36.09

A synoptic statement showing the summarised results of working of the Board for the year 1978-79 is given in Appendix VII (a).

6.6. Generation and sale of energy

The Board, besides generating its own thermal and diesel power, has a share in the hydel power generated by the Bhakra Project and Beas-Sutlej Link Project. It also receives one-third share of the power generated through the second, third and fourth units of Indraprastha Thermal Power Plant, Delhi. The table below indicates the installed capacity, power generated, share of hydel power received, power sold, and transmission and distribution losses for the three years up to 1978-79 ;—

	1976-77	1977-78	1978-79
	<i>(in M kwh)</i>		
(i) Installed capacity			
(a) Diesel	28.01	28.01	28.01
(b) Thermal	1,789.67	1,789.67	1,789.67
(c) Hydel	3,532.91	4,627.91*	4,794.35*
Total	5,350.59	6,445.59	6,612.03
(ii) Power generated			
(a) Diesel	0.03	0.15	0.96
(b) Thermal	976.00	1,016.79	695.26
(c) Hydel	1,905.31	1,983.45	3,133.48
Total (gross)	2,881.34	3,000.39	3,829.70
Less power used on auxiliaries	89.69	102.69	75.74
Total (net)	2,791.65	2,897.70	3,753.96
(iii) Power purchased	286.81	77.83	115.91
(iv) (a) Total power available for sale	3,078.46	2,975.53	3,869.87
(b) <i>Less power sold outside the State (share of power sold by Bhakra Management Board)</i>	656.96	481.53	591.03
(v) Power available for sale within the State	2,421.50	2,494.00	3,278.84
(vi) Power sold/used			
(a) Within the State	1,879.19	1,969.37	2,621.39
(b) Used on Board's works	5.24	5.15	5.24
Total	1,884.43	1,974.52	2,626.63
(vii) Loss in transmission and distribution	537.07	519.48	652.21

*Due to the increase in Hydel installed capacity on installation of two units of 165 M.W. each at Dehar and two units of 60 M. W. each at Pong under Beas-Sutlej Link Project.

	1976-77	1977-78 (per cent)	1978-79
(viii) Percentage of			
(a) Power generated to installed capacity			
(i) Diesel	0.1	0.5	3.4
(ii) Thermal	54.5	56.8	38.8
(iii) Hydel	53.9	42.9	65.4
(b) Loss in transmission and distribution to power available for sale within the State	22.2	20.8	19.9
		(Rupees in lakhs)	
(ix) Average cost of energy sold (including power used on works) per Mkw h	1.84	2.00	1.92
(x) Average revenue per Mkw h	1.89	2.16	2.19

6.7. Material Management and Inventory Control

A—Purchases

(1) Organisation and purchase procedures

With a view, *inter alia*, to streamline its procurement activities and purchase procedures, the Board constituted a Central Purchase Organisation (C P O) in February 1974 under the overall charge of a Chief Engineer. Ancilliary functions of stores control and inspection were also assigned to the C P O. Simultaneously, regulations were also framed regarding the procedure to be followed in invitation, consideration and acceptance of tenders. A Stores Purchase Committee comprising the Chief Engineer, the Superintending Engineer and the Financial Adviser was constituted to decide on purchases of specified items up to Rs. 5 lakhs in each case. Purchases of over Rs. 5 lakhs and up to Rs. 10 lakhs require the approval of the wholetime members of the Board. Purchases of over Rs. 10 lakhs require the approval of the full Board.

(2) Extra expenditure in placement of orders

A test-check of purchase orders revealed the following cases involving extra/avoidable expenditure aggregating Rs 42.97 lakhs.

(2.1.) Extra expenditure in purchase of pre-stressed cement concrete (PCC) poles

The requirements of 8.22-metre PCC poles were assessed by the Board as follows :—

Assessed in	Requirements	
	Year	Quantity
October 1977	1977-78	10,000
March 1978	1978-79	60,000
October 1978	1979-80	50,000

While purchase orders valuing R s. 91.60 lakhs for a total quantity of 48,963 poles (8.22-metre) were placed on 6 firms (November 1978) at rates ranging between Rs. 185.50 — R s. 192 per pole, orders for 75,000 poles of a bigger (non-standard) size (8.50—metre) were placed on a single firm of New Delhi without calling for competitive tenders, as follows :—

<i>Order placed in</i>	<i>Quantity Number</i>	<i>Rate per pole (Rupees)</i>
November 1977	7,000	231
June 1978	18,000	245
November 1978	20,000	245
March 1979	30,000	245

This involved an additional expenditure of Rs. 48.96 lakhs. On this being pointed out by Audit (March 1979), the Board decided (May 1979) that 8.50—metre poles be utilised with a 5 per cent increase in the usual distance between the poles. By then 46,023 poles (8.50—metre) had already been issued/ utilised. While the economics of utilisation of the remaining 28,977 (8.50—metre) poles by increasing the usual distance between the poles has not been assessed, the utilisation of 46,023 (8.50—metre) poles resulted in an extra expenditure of R s. 30.72 lakhs.

Management's reply to the paragraph issued in September 1979 is still awaited (February 1980).

(2.2.) Purchase of poles without calling competitive tenders

Against an additional requirement of 5,000 (9.75—metre) P C C poles received from the Controller of Stores in October 1977 for increased targets of tubewell connections during 1977-78, an order was placed (November 1977), without calling for tenders on a New Delhi firm for the supply of 10,000 PCC poles at a negotiated rate of Rs. 300 per pole (against quantity increased from 5,000 to 10,000). The decision not to invite tenders was attributed by the Board to its anxiety to obtain the supplies by March 1978 so as to achieve the targets of tubewell connections for the year 1977-78. Although the delivery schedule required the supply of 4,000 poles to be completed up to March 1978 and rest up to October 1978 in instalments of 800 to 1,000 poles per month, the firm had, however, supplied only 2,695 poles up to March 1978 and the balance quantity was supplied between April 1978 and January 1979. Thus the purpose for which the order was placed without resort to competitive tenders was not achieved. For delay in supply the Board had the right to reject the delayed supplies and to make up the shortfall by risk purchase at the cost of the firm in addition to claim liquidated damages ; but this right was not exercised by the Board and all the delayed supplies were accepted.

Furthermore, a review in audit revealed that orders for similar (9.75-metre) poles were placed earlier in April 1977 (on the basis of tenders) at an average rate of Rs. 238 per pole (rates ranging from Rs. 232 to Rs. 248 per pole) and later in August 1978 at a rate of Rs. 271 per pole. The order for 10,000 poles involved an extra expenditure of Rs. 6.77 lakhs with reference to the (average)

tendered rate of April 1977 and of Rs. 3.17 lakhs with reference to the tendered rate of August 1978.

(2.3.) *Extra carriage charges on poles*

Against a tender enquiry for 60,000 PCC poles (8.22-metre) opened on 26th July 1978, the Board placed orders (November 1978) for 40,000 P C C poles on 4 firms at F.O.R. destination prices, after taking into account the carriage charges of Rs. 24 to Rs. 25.50 per pole quoted by the firms.

The Board had earlier (October 1978) entered into an agreement (valid up to March 1980) with two transport contractors for the transportation of PCC poles from the manufacturers' premises to various stores of the Board. Had the poles purchased under the above orders been transported through these two transport contractors, instead of paying the suppliers for transportation at rates quoted by them, the Board would have saved an expenditure of Rs. 5.43 lakhs.

The Board stated (August 1979) that the decision to place orders on F.O.R. destination basis was taken as payments in the case of ex-works supplies had to be made immediately after inspection which blocked the funds since carriage contractors took a long time in transporting the materials and work also suffered.

(2.4.) *Rejection of lowest tenders*

Under HSEB (Purchase) Regulations 1974, tenders not accompanied by earnest money are, subject to the following exceptions, liable to be rejected forthwith.

(i) Public sector undertakings of the Central/State Governments ;

*(ii) firms borne on DGS&D rate contract;

*(iii) firms registered with the Director of Industries; and

(iv) firms borne on the Board's approved list with a permanent earnest money deposit of Rs. 30,000.

(a) A review in audit revealed 5 cases in which the lowest tenders were rejected (April-November 1977) on the ground that these were not accompanied by earnest money, involving the Board in an extra expenditure of Rs. 2.79 lakhs. On the other hand, in 6 other cases (value : Rs. 16.27 lakhs), tenders received without earnest money (and not falling in the exempted categories) were duly considered and accepted (January-December 1977). No reasons were on record for the departure from the approved policy.

The Chief Engineer (MM) stated (August 1979) that in exceptional cases, tenders without or with inadequate amount of earnest money, are considered so as to procure urgent requirements.

(b) In another case, the lowest tender for 220 KV hardware fittings and insulators was rejected (June 1977) due to non-deposit of earnest money although

*Deleted in March 1978.

the firm was borne on DGS&D rate contract. However, after floating limited enquiries, the order was placed on the same firm after about 4 months, (on deposit of earnest money) at higher rates involving an extra expenditure of Rs. 0.62 lakh.

(2.5.) *Non-placement of order within the validity period*

Tenders were invited for 500 Km of ACSR conductor (code 'Racoon') to be opened on 5th April 1977. Telegraphic orders were placed (15th July 1977) on two firms whose rates were the lowest :—

	Quantity	Basic rate	Equated rate
		Rs.	Rs.
Firm 'A'	400 KMs	3,850	4,004.00
Firm 'B'	100 KMs	3,737	4,041.94

Firm 'A' declined to accept the order on the ground that their offer was valid for 3 months and had lapsed on 5th July 1977. The quantity covered by this order (400 Kms) was then ordered (August 1977) on two other firms at higher rates, resulting in an extra expenditure of Rs. 0.24 lakh.

B—INVENTORY CONTROL

(3) *Organisation*

In September 1969, the control of all the stores depots was transferred from the Divisional Officers of the Board to the Controller of Stores. The Controller of Stores was attached to the Central Purchase Organisation in 1974 under the overall charge of the Chief Engineer (MM). At the close of March 1979, there were 7 central stores and 19 sub-stores catering to the requirements of operations and maintenance as well as the construction works. The responsibility for the stores of the Thermal Projects, Panipat and Faridabad is vested in the respective project authorities. The Dhulkote Workshop Stores are under the control of the Superintending Engineer of the workshop.

(4) *Inventory*

The Board has not fixed any minimum and maximum limits of stock of stores. The table below indicates the opening balance, purchases, issues and closing balance of capital, operational and maintenance stores for the three years up to 1978-79 :—

	1976-77	1977-78	1978-79
	(Rupees in crores)		
Opening balance	7.15	9.55	8.71
Purchases during the year	19.17	16.81	22.88
Issues during the year	16.77	17.65	21.17
Closing balance	9.55	8.71	10.42

It was noticed that :

- (i) the stock at the close of the year was the equivalent of 6.8 months' issues in 1976-77, 5.9 months' issues in 1977-78 and 6 months' issues in 1978-79.
- (ii) As on 31st March 1979, the balance as per the financial ledgers was Rs. 13.74 crores as against Rs. 10.42 crores as per the priced stores ledgers revealing a discrepancy of Rs. 3.32 crores. The discrepancy has not been reconciled.
- (iii) 329 items of imported stores (value : Rs. 3.46 lakhs) and 217 items (without value) meant for 220 KV sub-station/lines, have been lying unused at the Dhulkote Central Stores since 1965 (November 1979).

(5) *Slow moving and non-moving stores*

The closing stock as on 31st March 1979 included stores of the value of Rs. 3.56 crores (18.3 per cent) which had been lying unutilised for long periods as per details below :—

Period	Important stores		Other stores		Total value (Rupees in lakhs)
	Number of items	Value (Rupees in lakhs)	Number of items	Value (Rupees in lakhs)	
1—5 years	76	1,15.87	1,786	1,46.61	2,62.48
5—10 years	30	13.59	2,739	53.17	66.76
10 years or over	6	0.26	2,412	26.53	26.79
Total	112	1,29.72	6,937	2,26.31	3,56.03

The Board stated that action to dispose of/utilise these items of stores was being taken (November 1979).

(6) *Non-accountal of stores transfers*

The stores transferred from one store to another are required to be accounted for immediately by the recipient store. It was, however, noticed that as on 31st March 1979, stores of the value of Rs. 75.50 lakhs had not been accounted for by the recipient stores. As per details furnished by the Board, the year-wise break up was as follows :—

Year	Amount (Rupees in lakhs)
1976-77	17.48
1977-78	18.94
1978-79	32.42
	68.84
Difference awaiting reconciliation	6.66
Total	75.50

(7) *Other topics of interest*(i) *Over payment on transportation of PCC poles*

For the transportation of 44,590 (8.5-metre) PCC poles from the premises of a New Delhi supplier to the various central/sub-stores of the Board during the period December 1977—May 1979, the Executive Engineer, Central Stores, Delhi admitted payments to the transporters on the basis of 460 Kg per pole instead of 440 Kg as per the specifications, resulting in an over-payment of Rs. 0.30 lakh.

(ii) *Avoidable expenditure on transportation*

Cement is procured by the Board from the suppliers on the basis of F.O.R destination rates. A test-check of receipts and issues at the central store, Rohtak and sub-stores, Sonapat, Karnal and Kaithal, revealed that during the period September 1976-March 1979, out of total issues of 42,919 bags of cement only 6,707 bags were used in the divisions served by these stores and the balance of 36,212 bags (84 per cent) had to be re-transferred to other stores resulting in an avoidable expenditure of Rs. 0.87 lakh.

(iii) *Unaccounted/disputed stores*

As on 31st March 1979, 175 items of stores valued at Rs. 68.20 lakhs (comprising mainly Central Stores, Hissar : Rs. 33.28 lakhs; Central Stores, Gurgaon : Rs. 7.26 lakhs; Central Stores, Dhulkote : Rs. 6.79 lakhs and Central Stores, Panipat : Rs. 6.36 lakhs) were lying unaccounted for, due to defective supplies or short receipts or due to the cases being under dispute/arbitration. In these cases 90 to 100 per cent payments had already been made to the suppliers. While year-wise details were not available, it was noticed that some of the stores/material had been lying for over 5 years.

6.8. Transmission and distribution of power

(1) The power is transmitted through high voltage (220, 132, 66, 33 and 11 KV) transmission lines to the various distribution centres in the State, whence it is supplied to the consumers through medium and low voltage distribution lines.

The capital expenditure on the construction of transmission and distribution lines at the end of 31st March 1979 was Rs. 1,79.76 crores.

(2) *Transmission and distribution facilities*

The table below indicates the details of transmission and distribution facilities built up to the end of three years up to 1978-79 :—

	1976-77	1977-78	1978-79
(i) Length of transmission lines (in circuit kilometres)	36,182	37,473	38,406
(ii) Length of distribution lines (in circuit kilometres)	52,317	55,115	57,833

	1976-77	1977-78	1978-79
(iii) Expenditure on operation and maintenance of transmission lines (Rupees in lakhs)	1,63.07	1,65.90	4,12.45
(iv) Expenditure on operation and maintenance of distribution lines (Rupees in lakhs)	17,09.03	19,35.68	20,98.20
(v) Cost of transmission per Km. (in rupees)	451	443	1,074
(vi) Cost of distribution per Km. (in rupees)	3,267	3,512	3,628
(vii) Units available for sale within the State (in million KWH)	2,421.50	2,494.00	3,278.84
(viii) Cost of transmission and distribution per unit available for sale (in paise)	7.73	8.43	7.66
(ix) Units sold including power used on Board's works (in million KWH)	1,884.43	1,974.52	2,626.63
(x) Cost of transmission and distribution per unit sold (in paise)	9.93	10.64	9.56
(xi) Transmission and distribution loss per unit (in paise)	2.20	2.21	1.90

(3) *Construction of transmission and distribution lines and sub-stations*

(a) The following table indicates the transmission and distribution lines and sub-stations planned for construction and the progress of construction during the three years up to 1977-78 (the data for 1978-79 was awaited-February 1980) :-

	1975-76		1976-77		1977-78	
	Target	Actual	Target	Actual	Target	Actual
<i>Transmission lines (in route kilometre)</i>						
220-K.V.	—	—	—	—	549	—
132-K.V.	289	0.5	220	60	68	150
66-K.V.	50	—	115	2	62	26
33-K.V.	188	13	274	87	187	127

*Depreciation during 1978-79 has not been charged as adequate surplus was not available for the purpose after adjustment of priorities laid down in Section 67 of the Electricity (Supply) Act, 1948, as amended in June 1978. For purposes of comparison notional figures of depreciation on the same pattern as in the past have been added.

	1975-76		1976-77		1977-78	
	Target	Actual	Target	Actual	Target	Actual
<i>Sub-stations (in numbers)</i>						
220-K.V.	—	—	—	—	4	—
132-K.V.	9	1	11	2	3	4
66-K.V.	8	—	9	1	—	3
33-K.V.	31	2	38	13	26	15

The reasons for the shortfalls against the targets were awaited from the Board (February 1980).

(b) In order to meet the growing demand of the consumers, the capacity of various sub-stations is augmented either by installing additional transformers or by replacing the existing transformer(s) by higher capacity one(s). The number of sub-stations planned for augmentation and the actual progress during the three years up to 1977-78 was as follows :—

	1975-76		1976-77		1977-78	
	Target	Actual	Target	Actual	Target	Actual
132-K.V.	10	5	7	4	4	1
66-K.V.	5	3	6	1	6	4
33-K.V.	35	15	34	15	18	14

Note : Data for 1978-79 is not available (February 1980).

The reasons for the shortfalls were awaited from the Board (February 1980).

(4) System losses

The transmission and distribution losses consist of transformer losses, transmission and distribution losses. The Board had prescribed (adopted from erstwhile Punjab State Electricity Board) overall transmission and distribution losses as 23 per cent (transmission : 8 per cent; transformation : 3 per cent and distribution : 12 per cent); however, the losses attributable to each cause are neither compiled nor analysed.

Units available for sale, units sold and transmission and distribution losses during the three years up to 1978-79 were as follows :—

<i>Particulars</i>	1976-77	1977-78	1978-79
	<i>(in million KWH)</i>		
Units available for sale (excluding power sold outside the State)	2,421.50	2,494.00	3,278.84
Units sold within the State and internally consumed	1,884.43	1,974.52	2,626.63
Transmission and distribution losses	537.07	519.48	652.21
Percentage of losses	22.2	20.8	19.9

A test-check of records relating to some of the feeders revealed very high distribution losses (ranging from 26.0 to 50.6 per cent) during 1977-78, as indicated below :—

<i>Name of the division</i>	<i>Name of the feeder</i>	<i>Percentage of losses</i>
(a) Operation Division, Hissar	Madakhera	34.1
(b) Operation-cum-Construction Division, Kalanwali	Dograwali	32.8
(c) -do-	Matter	50.6
(d) -do-	Odhan	27.6
(e) Operation Division, Bhiwani	Singhani	26.0
(f) -do-	Budhera	29.8
(g) -do-	Dandura	26.2
(h) -do-	Nakipur	26.2

The reasons for high losses on the feeders are awaited from the Board (February 1980).

(5) *Delay in energisation of lines*

The following table indicates cases of considerable delays, ranging from 23 to 51 months, in the energisation of the completed lines :—

<i>33-K.V. Line</i>	<i>Actual expenditure (Rupees in lakhs)</i>	<i>Completed in</i>	<i>Energised in</i>	<i>Delay (in months)</i>	<i>Reasons for delay</i>
(1)	(2)	(3)	(4)	(5)	(6)
1. Kalanaur-Beri	6.21	March 1973	July 1975	27	Delay in the acquisition of land for the sub-station and non-availability of transformers.
2. Hodel-Hassanpur	4.57	May 1973	August 1977	51	Delay in the acquisition of land for the sub-station.
3. Nangal-Sirohi Mun-diakhera	Not available	1973-74	November 1977	43	Delay in finalisation of the site for the sub-station.

(1)	(2)	(3)	(4)	(5)	(6)
4. Sirsa-Mad ho-Sighana	4.27	August 1974	July 1976	23	Delay in the acquisition of land for the sub-station, non-completion of civil works due to non-availability of cement, delay in receipt of transformers, etc.
5. Jhajjar-Machhrauli	4.27	August 1974	July 1976	23	Delay in completion of the sub-station.
6. Sirsa-Farwain	1.55	August 1974	July 1976	23	Non-availability of transformers, isolators, etc.
7. Safidon-Jalmana	4.92	August 1974	July 1977	35	Delay in completion of the sub-station and inspection by the Chief Electrical Inspector.

(6) *Material at site accounts*

(a) As per prescribed procedure, material-at-site accounts are required to be prepared in respect of each work estimated to cost more than Rs. 50,000. As the accounts had fallen into arrears, the Board issued instructions in February 1970 and again in November 1973 for the clearance of arrears and for the material-at-site accounts being brought up to date. The matter was considered again in January 1978 and the Board issued specific instructions/guidelines to deal with the problem. These enjoined fixing of responsibility and disciplinary action (including withholding of salary) against delinquent officials, issue of notices for completion of the accounts within specified periods and report to the Police about embezzlement of stores on the expiry of such notices.

A review revealed, however, that on 31st March 1979 as many as 375 material-at-site accounts, involving material worth Rs. 5.19 crores, were pending for over six months in 25 (out of 46) divisions as per details given below :—

<i>Period</i>	<i>Number of accounts</i>	<i>Amount (Rupees in crores)</i>
6—12 months	93	1.53
1—2 years	72	1.88
2 years and over	210	1.78
Total	375	5.19

(b) The following points were also noticed :—

- (i) In the Operation Division, Faridabad, the preparation of 3 material-at-site accounts for the years 1960-61, 1962-63 and 1963-64 and involving Rs. 9.30 lakhs was proposed to be waived as the old records were not available.
- (ii) In the Operation Division, Kaithal, materials worth Rs. 2.97 lakhs were issued to a Line Superintendent (October 1968-April 1969) for providing tubewell connections at Pundri. The official has so far been able to account for materials worth Rs. 0.68 lakh only (January 1979).

(7) *Other topics of interest*

(a) *Extra expenditure*

In the Civil Works Division, Gurgaon two cases came to notice where acceptance of the lowest tenders was not conveyed within the validity period of the tenders (8 months in one case and 3 months in another), resulting in an avoidable extra expenditure of Rs. 0.96 lakh (i.e. 38.7 per cent) apart from delay in the execution of works.

(b) *Blocking of funds*

Against the requirement of 5.55 acres of land for the construction of 66-KV Ring Main A-4 sub-station at Faridabad, it was decided (March 1971) to acquire 15 acres of land. An amount of Rs. 2.25 lakhs was deposited with the Estate Officer, Faridabad in April 1972 at the provisional rate of Rs. 15,000 per acre. The land was acquired in March 1973 and the Board took possession of the land in June 1973. Later, in March 1974, the Estate Officer cancelled the allotment and asked the Board to take 5.55 acres of land only as per their original demand. This was accepted by the Board (June 1974) and it lodged a claim (July 1974) for Rs. 1.42 lakhs paid in excess (9.45 acres) and interest thereon. The Director, Urban Estates, Haryana, however, admitted a refund (July 1976) of Rs. 0.26 lakh only on the plea that the actual cost of land given to the Board was assessed at Rs. 1.99 lakhs including compensation of Rs. 0.55 lakh for tubewell and fruit trees. The refund of Rs. 0.26 lakh was received in July 1977.

In March 1978 it was noticed that there was no tubewell and only 19 trees on the land taken over by the Board and the Board asked the Director, Urban Estates, for refund of the compensation for the tubewell. The issue has not yet been settled (November 1979).

In the meantime, the Board had decided (January 1977) that the sub-station was not required at that site and that the land might be utilised for office and residential buildings. However, later in March 1979, the Board reverted to the original decision to construct the sub-station at the same site. The work has, however, not yet been started (May 1979). Meanwhile the investment of Rs. 1.99 lakhs has been put to no use for six years.

(c) *Unproductive expenditure*

In August 1975, the Chief Engineer (Planning and Construction), sanctioned an estimate for Rs. 4.07 lakhs for the construction of a 33-KV line from

Ateli to Pump House No. 6. Soon after, the work was stopped (November 1975) after an expenditure of Rs. 0.74 lakh had been incurred as another 33-KV line from Bhadra to Pump House No. 6 was proposed to be constructed in its place.

Since then neither has the work on 33-KV line from Bhadra to Pump House No. 6 been taken up, nor has the line already laid been dismantled.

6.9. Extra expenditure due to incorrect assessment of cable requirements

The project authorities of the Thermal Power Plant, Panipat assessed (July 1976) the requirement of different sizes of cables for stage I (two units) of the project on the basis of the Consultant's report. Tenders were called in August 1976 and an order placed in July 1977.

During execution, the project authorities found that the quantities ordered for certain sizes of cables were totally inadequate. The requirements were accordingly re-assessed by the project authorities in September 1978 and orders for about 161 Km of cables were placed in November 1978, involving an extra expenditure of Rs. 7.95 lakhs as compared to the rates of the earlier order.

The project authorities stated (February 1979) that they had generally been accepting the advice of the Consultants on the quantities of material to be procured.

The matter was referred to the Government in September 1979; reply is awaited (February 1980).

6.10. Avoidable expenditure—Rs. 1.29 lakhs

A contract (February 1977) for the construction of roads in the Panipat Thermal Project colony provided, *inter alia*, that overburnt second (B) class bricks would be supplied by the Board for soling of the roads. In March 1977 the Chief Engineer decided that second class bricks procured under the departmental brick kiln contract should be used for the construction of road work as first (A) class bricks from these kilns would be required for the construction of the colony, the tender for which was under finalisation. However, between May 1977 and April 1979, 36.73 lakh 'A' class bricks procured under the departmental brick kiln contract (at Rs. 89.50 per 1000) were used in road construction work and 32.9 lakh 'B' class bricks available (at Rs. 84.50 per 1000) under the brick kiln contract were allowed to be disposed of by the contractor. On the other hand 24 lakh 'A' class bricks had to be procured from the open market (at Rs. 136.55 per 1000) during March-June 1978 to meet the requirements for the construction of residential buildings in the colony. This resulted in an avoidable extra expenditure of Rs. 1.29 lakhs.

6.11. Arrears of electricity dues*

As on 30th June 1979, an amount of Rs. 3.83 crores was due to the Board from 18,653 consumers (including Rs. 85.86 lakhs outstanding against 4,802

*The outstanding dues have been arrived at after adjusting security deposit. Information on the amount so adjusted was not readily available with the Board.

consumers for more than 3 years). Power supply to 13,262 consumers had been disconnected by the Board for non-payment of dues of Rs. 1.63 crores. No action had been taken in regard to 5,391 consumers against whom dues aggregating Rs. 2.20 crores were outstanding (June 1979).

As a result of test-check of the cases where power had not been disconnected, it was noticed that arrears in respect of M/S Haryana Concast Limited (a State Government undertaking) as on 31st July 1979 amounted to Rs. 56 lakhs. The Company had been in arrears since May 1976. According to the Board, the supply of energy was continued to the Company on the advice (April 1979) of the Chief Secretary to Government of Haryana.

6.12. Outstanding audit objections

As on 31st August 1979, 30,334 audit objections (Rs. 66.79 crores) raised by the Chief Accounts Officer of the Board (for the period up to 1978-79) were outstanding as per the details given below :—

	<i>Earliest year since outstan- ding</i>	<i>Amount (Rupees in crores)</i>
(a) Want of sanctions	1967-68	61.50
(b) Want of detailed contingent bills	1967-68	0.64
(c) Want of payees' receipts	1973-74	2.25
(d) Want of agreements/purchase orders	1968-69	2.40
Total		66.79

(ii) OTHER STATUTORY CORPORATIONS

6.13. (a) Haryana Financial Corporation

The paid-up capital (including the State Government's investment) of the Haryana Financial Corporation as on 31st March 1979 was as under :—

<i>Contributed by</i>	<i>Amount (Rupees in lakhs)</i>
State Government	1,56.33*
Industrial Development Bank of India	1,37.91
Scheduled Commercial Banks, other Financial Institutions, Co-operative Banks, Insurance Companies, etc.	34.25
Private Shareholders	1.51
	3,30.00

*Excludes Rs. 8 lakhs received during 1978-79—pending receipt of the matching contribution from the Industrial Development Bank of India.

Under the provisions of the State Financial Corporations Act, 1951 repayment of shares/loans raised by the Haryana Financial Corporation and the payment of minimum dividend/interest on loans have been guaranteed by the State Government. The guarantee as given by the State Government amounted to Rs. 18.05 crores against which the Corporation had availed of Rs. 17.61 crores up to 31st March 1979.

According to the Management, the Corporation had, during the period 1st April 1967-31st March 1979, extended financial assistance aggregating Rs. 33.44 crores to 1,933 units (including Rs. 9.34 crores to 497 units in the backward areas).

The amount recoverable and overdue as on 31st March 1979 was Rs. 11.21 crores including Rs. 6.33 crores for which suits were pending in the courts.

The table given below indicates the working results of the Corporation for the four years up to 1978-79 :—

	1975-76	1976-77	1977-78	1978-79
	(Rupees in lakhs)			
(a) Income	2,00.45	2,60.27	3,12.63	3,32.45
(b) Expenditure	1,19.19	1,65.02	2,03.58	2,28.10
(c) Profit as per Profit and Loss Account :—				
(i) For the year	81.26	95.25	1,09.05	1,04.35
(ii) Surplus brought forward	0.04	0.04	0.08	—
	81.30	95.29	1,09.13	1,04.35
(d) Provision for income tax	28.87	31.43	37.79	36.16
(e) Provision for reserves	41.01	51.60	58.91	55.67
(f) Dividend declared	11.38	12.18	12.43	12.43
(g) Surplus carried forward	0.04	0.08	—	0.09
(h) Capital employed*	19,71.86	24,50.01	27,14.58	28,77.26
(i) Total return on capital employed (profit plus total interest charged to Profit and Loss Account)	1,71.58	2,14.52	2,46.92	2,45.04
Percentage of return on capital employed	8.70	8.76	9.10	8.52

*Capital employed represents mean of the aggregate of opening and closing balance of paid-up capital, bonds and debentures, reserves, borrowings including refinance and deposits.

(b) Haryana Warehousing Corporation

The paid-up capital of the Haryana Warehousing Corporation as on 31st March 1979 was as under :—

<i>Contributed by</i>	<i>Amount</i>
	<i>(Rupees in lakhs)</i>
State Government	1,04.00
Central Warehousing Corporation	92.00
Amount received from Punjab State Warehousing Corporation in terms of the reorganisation scheme.	16.07
	2,12.07

The table given below indicates the working results of the Corporation for the four years up to 1978-79 :—

	1975-76	1976-77	1977-78	1978-79
	<i>(Rupees in lakhs)</i>			
(a) Income	85.53	1,53.84	1,57.67	1,56.18
(b) Expenditure	64.02	1,22.85	1,48.76	1,27.48
(c) Profit as per Profit and Loss Account :—				
(i) For the year	21.51	30.99	8.91	28.70
(ii) Surplus brought forward	(—)9.19	0.82	0.54	0.60
(iii) Previous year's adjustments	—	0.18	10.80	—
	12.32	31.99	20.25	29.30
(d) Provision for income tax	0.14	0.27	0.26	—
(e) Provision for reserves	7.36	24.18	10.00	22.00
(f) Previous year's adjustments	—	1.00	5.39	0.30
(g) Dividend declared	4.00	6.00	4.00	6.01
(h) Surplus carried forward	0.82	0.54	0.60	0.99

	1975-76	1976-77	1977-78	1978-79
	(Rupees in lakhs)			
(i) Capital invested*	2,17.72	2,54.12	4,11.64	4,22.83
(j) Capital employed**	2,00.92	2,43.12	4,02.80	4,23.27
(k) Total return on capital employed***	4.18	22.49	15.11	42.13
Percentage of return on capital employed	2.08	9.25	3.75	9.95

A statement showing the summarised financial results of working of the two Corporations on the basis of the latest available accounts is given in Appendix VII (a) and (b).

SECTION C GOVERNMENT COMPANIES

6.14. Introduction

There were 15 Government Companies (including 5 subsidiaries) as on 31st March 1979. Government investment in the paid-up capital of 10 Companies (excluding the subsidiaries) as on that date was Rs. 19,25.20 lakhs. In addition, the Government of India had invested Rs. 94.83 lakhs in one Government Company, viz., Haryana Agro-Industries Corporation Limited.

Government has guaranteed repayment of loans and interest thereon and cash credit facilities availed of by the following Companies to the extent indicated against each :

<i>Company</i>	<i>Maximum amount guaranteed</i>	<i>Amount guaranteed and outstanding as on 31st March 1979</i>
(1)	(2)	(3)
	(Rupees in lakhs)	
1. Haryana State Minor Irrigation (Tubewells) Corporation Limited	72,76.89	[18,06.28
2. Haryana Dairy Development Corporation Limited	4,45.00	2,06.66

*Capital invested represents paid-up capital plus long term loans and free reserves.

**Capital employed represents net fixed assets (excluding capital works-in-progress) plus working capital.

***Profit plus total interest charged to Profit and Loss Account.

(1)	(2)	(3)
	(Rupees in lakhs)	
3. Haryana Agro-Industries Corporation Limited	89.25	23.33
4. Haryana Tanneries Limited	30.00	42.59*
5. Haryana Breweries Limited	20.00	23.31*
6. Haryana Minerals Limited	20.00	26.69*

Of the 15 Companies, 11 close their accounts on 31st March and 4 on 30th June every year. The accounts of the following 9 Companies were in arrears (December 1979) for the period shown against each :—

Haryana State Minor Irrigation (Tubewells) Corporation Limited	1973-74 to 1978-79
Haryana Harijan Kalyan Nigam Limited	1975-76 to 1977-78
Haryana Dairy Development Corporation Limited	1975-76 to 1978-79
Haryana Tourism Corporation Limited	1975-76 to 1978-79
Haryana Agro-Industries Corporation Limited	1976-77 to 1977-78
Haryana Matches Limited	1978-79
Haryana Tanneries Limited	1977-78 to 1978-79
Haryana Concast Limited	1978-79
Haryana Minerals Limited	1978-79

A statement showing the summarised financial results of the working of 9 Government Companies on the basis of the latest accounts made available during the year is given in Appendix VIII.

6.15. Haryana Land Reclamation and Development Corporation Limited

(1) *Introductory*

The Haryana Land Reclamation and Development Corporation Limited was incorporated on 27th March 1974 with the following as its main objects :—

- to undertake and promote measures for land development, reclamation, conservation and improvement of soil and water resources;
- to carry on the business of farmers, quarry owners and any other operations connected directly or indirectly to the development of land for agricultural purposes ;
- to construct, operate and superintend works conducive to the development of land and water resources; and

*Includes interest payable.

- to purchase or lease machinery, tools and plants for the development, improvement and exploitation of the land for making it culturable or utilising it for agriculture purposes.

In pursuance of these objects the Company has undertaken the following activities :—

- reclamation of saline and alkaline soils ;
- land levelling, shaping and grading;
- horticultural development in sub-mountainous areas of Ambala district; and
- production of quality seed of high yielding varieties in the Seed Farm, Hissar (transferred by the Government to the Company in July 1976).

(2) Organisational set up

The management of the Company is vested in the Board of Directors appointed by the Government. The Board is headed by the Chairman, and the Managing Director functions as the Company's chief executive.

(3) Capital structure

The Company has an authorised capital of Rs. 3 crores divided into 30,000 equity shares of Rs. 1,000 each.

The paid-up capital as on 31st March 1979 was Rs. 66.00 lakhs, subscribed by the State Government and the Command Area Development Authority as under :—

<i>Name of the shareholder</i>	<i>Number of shares</i>	<i>Amount</i>	<i>Percentage of holding</i>
		<i>(Rupees in lakhs)</i>	
State Government	4,700	47.00	71.21
Command Area Development Authority	1,900	19.00	28.79

In addition, the Company borrows moneys from the commercial banks against hypothecation of tractors and agricultural implements. The outstanding loans as on 31st March 1979 aggregated Rs. 24.95 lakhs.

(4) Financial position

The table below summarises the financial position of the Company for

four years ending 31st March 1979 :—

	1975-76	1976-77	1977-78	1978-79
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(Rupees in lakhs)

Liabilities

(a) Paid-up capital	48.00	61.00	65.00	66.00
(b) Reserves and surplus	15.22	22.29
(c) Borrowings	43.11	39.47	32.21	24.95
(d) Trade dues and other current liabilities (including provisions and advance subsidy from Government)	87.33	73.30	89.71	1,03.23
Total	1,78.44	1,73.77	2,02.14	2,16.47

Assets

(a) Gross block	78.09	64.00	80.50	81.69
(b) <i>Less</i> depreciation	8.48	11.75	20.43	28.42
(c) Net fixed assets	69.61	52.25	60.07	53.27
(d) Capital works in progress	..	..	..	3.15
(e) Investments	..	..	0.22	1.06
(f) Current assets, loans and advances	97.54	1,17.37	1,41.55	1,58.74
(g) Miscellaneous expenditure	0.40	0.34	0.30	0.25
(h) Accumulated losses	10.89	3.81
Total	1,78.44	1,73.77	2,02.14	2,16.47

Capital employed	91.46	96.32	1,11.91	1,08.78
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Net worth	36.71	56.85	79.92	88.04
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Notes : Capital employed represents net fixed assets *plus* working capital.

Net worth represents paid-up capital *plus* reserves *less* intangible assets.

(5) Working results

The table below summarises the working results of the Company for the four years ending 31st March 1979 :—

	1975-76 (July-June)	1976-77* (July-March)	1977-78 (April-March)	1978-79
(Rupees in lakhs)				
A. Income				
Sales				
Gypsum, fertilizers and plants	42.37	26.58	98.65	89.26
Farm produce	..	13.96	27.01	29.84
Income from hiring of tractors	21.98	17.98	30.73	26.64
Other income	1.84	3.42	9.50	8.76
Total	66.19	61.94	1,65.89	1,54.50
B. Expenditure				
Opening stock	19.59	21.49	25.38	52.17
Purchases	35.69	26.06	1,00.58	50.19
	55.28	47.55	1,25.96	1,02.36
Less closing stock	21.50	25.38	52.17	32.03
Cost of sales (Gypsum, fertilizers and plants)	33.78	22.17	73.79	70.33
Farm expenses	..	13.29	18.29	21.34
Tractors-running and maintenance	7.60	5.61	10.62	12.47
Depreciation	7.84	4.81	8.68	8.16
Administrative expenses	15.57	15.62	27.04	30.41
Miscellaneous expenses	4.56	2.27	11.39	8.73
Decretion-Farm Produce	..	(-)11.00	(-)2.95	(-)4.01
Total	69.35	52.77	1,46.86	1,47.43

*The Company changed its accounting year from July-June to April-March.

	1975-76	1976-77	1977-78	1978-79
	(July-June)	(July-March)	(April-March)	

(Rupees in lakhs)

C. Net profit (+)/ Net loss (-) before tax	(-)3.16	(+)9.17	(+)19.03	(+)7.07
D. Prior period adjustments	..	(-)2.09	..	..
E. Cumulative losses (-)/ profit (+)	(-)10.89	(-)3.81	(+)15.22	(+)22.29

The Company had incurred a loss of Rs. 7.73 lakhs in 1974-75. The losses during the initial years were due mainly to the surplus staff transferred by the Agriculture Department to the Company and uneconomical tractor operations in 1975-76.

(6) Reclamation

(i) The State Government estimated (August 1973) that about 4.5 lakh hectares (14 lakh acres) of land was affected by salinity and alkalinity, of which 2.6 lakh hectares (8 lakh acres) needed immediate attention.

The work of reclamation of land was earlier being done by the Agriculture Department under the re-financing scheme of the Agricultural Refinance and Development Corporation (ARDC). The Department had reclaimed (up to 1973-74) 500 acres of land against a target of 1000 acres. Thereafter, the work of reclamation of land was transferred to the Company.

In 1975-76, the Government of India sponsored a pilot project (to be executed through the State Government) for 'amendment' of alkaline soil by application of gypsum in the districts of Jind, Karnal, Kurukshetra and Sonapat. The pilot project covered an area of 18,000 hectares (45,000 acres). The State Government in turn entrusted the project to the Company. The scheme envisaged 50 per cent subsidy towards the cost of gypsum by Government of India in the case of small and marginal farmers (up to 3 acres), and 25 per cent in case of others. An additional 33.33 per cent subsidy to small and marginal farmers and 25 per cent to others was allowed by the State Government. Remaining cost of gypsum, i.e., 16.67 per cent to 50 per cent was to be met by the farmers from their own resources and/or from the institutional finances to be covered under the re-financing scheme of the ARDC.

According to the terms for grant of subsidy by the Government of India, the subsidy was to be utilised towards cost of gypsum used in reclamation of saline and alkaline lands. The Company arranged the purchase and distribution of gypsum to the farmers.

The table given below indicates the quantity of gypsum ordered, received,

sold and its closing stock at the close of four years ending 31st March 1979 :—

<i>Year</i>	<i>Opening stock</i>	<i>Quantity ordered</i>	<i>Quantity received</i>	<i>Sales</i>	<i>Closing stock</i>	<i>Percentage of closing stock to sales</i>
<i>(in tonnes)</i>						
1975-76	12,300	40,000	15,329	14,972	12,657	85
1976-77	12,657	40,000	12,609	8,019	17,247	215
1977-78	17,247	38,500	48,900	34,651	31,496	91
1978-79	31,496	60,000	19,819	31,858	19,457	61

It would be seen from the above table that though the receipts during the four years amounted to only 54 per cent of the orders placed the distribution of gypsum did not keep pace with the supplies and the Company had to carry heavy stocks.

The State Government had, during this period placed funds aggregating Rs. 1.16 lakhs at the disposal of the Company (for the purchase of gypsum), out of which only Rs. 54.35 lakhs were utilised leaving a balance of Rs. 61.65 lakhs :

<i>Year</i>	<i>Amount received</i>	<i>Amount utilised</i>	<i>Balance (cumulative)</i>
<i>(Rupees in lakhs)</i>			
1975-76	40.00	..	40.00
1976-77	..	0.92	39.08
1977-78	30.00	24.90	44.18
1978-79	46.00	28.53	61.65

While the subsidy of Rs.40 lakhs received in 1975-76 had been diverted by the Company to meet its working capital requirements, the State Government informed the Government of India in March 1976 that the amount had been expended on the purchase of gypsum. Again, while the Government of India had been pressing the State Government for details of actual expenditure against the funds released, the Company is yet to furnish these details (November 1979).

The pilot project initially covered 4 districts, but the Company, however, fixed its targets for 6 districts including Gurgaon and Rohtak. The targets

for reclamation fixed/achieved by the Company were as under :—

Year	Targets fixed by the Company			Achievement	Percentage of achievement to target after second revision
	Project	1st revision	2nd revision		
	(in acres)				
1975-76	60,000	60,000	13,000	4,600	35
1976-77	1,20,000	80,000	27,000	11,004	41
1977-78	40,000	..	..	13,400	33
1978-79	40,000	..	..	12,361	31

As the programme of reclamation of saline and alkaline land had not yielded the desired results, the Government decided in 1976 to carry out an opinion survey with a view to ascertain the reasons for non-achievement of targets in Kurukshetra district. The Statistical Section of the Directorate of Agriculture in their report, after studying the results of survey, made the following recommendations :

- (i) Dissemination of knowledge regarding the benefits emerging from the reclamation of land needs to be intensified.
- (ii) The entire procedure of loan system needs to be explained in detail to the cultivators.
- (iii) Procedure for processing of applications for obtaining loans may be simplified.
- (iv) The suggestion for increasing the existing extent of subsidy for land reclamation work needs to be considered.

The Management, however, attributed the shortfall in the achievement of targets (February 1979) to difficulties in reclaiming *Kallar* land belonging to the panchayats and weaker sections of society, joint ownership of lands, absentee landlords and mortgages, besides non-availability of the assumed supply of water to the fields.

(ii) The Company has not assessed or evaluated the working results of the operation of the scheme. An analysis of the working of the scheme, however, revealed the following :—

	1975-76	1976-77	1977-78	1978-79
	(Rupees in lakhs)			
A. Expenditure				
Purchase of*				
Gypsum	21.71	13.23	57.19	52.56
Other fertilizers	5.35	1.80	17.55	13.98

*At cost.

1975-76 1976-77 1977-78 1978-79

(Rupees in lakhs)

Selling and distribution expenses including sales tax 2.84 2.26 10.05 6.87

Administrative and other expenses* 9.80 9.37 16.75 18.25

Total 39.70 26.66 1,01.54 91.66

B. Income

Sale of

 Gypsum 28.77 16.21 75.25 70.00

 Other fertilizers 5.55 1.67 21.52 17.58

Service charges for reclamation 0.79 0.67 2.45 2.15

Total 35.11 18.55 99.22 89.73

Loss (—)4.59 (—)8.11 (—)2.32 (—)1.93

The Company has not analysed the reasons for continuing losses incurred on these operations.

(7) Land development

Extension of irrigation to new areas through lift irrigation and minor irrigation schemes involves the levelling and grading of undulated areas of land. The Company prepared a scheme in 1975 for the levelling of 46,000 acres of land in the districts of Bhiwani and Rohtak (35,000 acres), and Ambala (11,000 acres). The scheme envisaged a capital outlay of Rs. 1,43.75 lakhs. The ARDC approved re-financing (February-April 1977) for 21,000 acres : 10,000 acres in Bhiwani and Rohtak, and 11,000 acres in Ambala. The actual achievement up to 31st March 1979 amounted to 8,969 acres.

The table below indicates the achievements against the year-wise targets for the three years ending 1978-79 :—

Year	Bhiwani		Ambala		Total	
	Target	Actual	Target	Actual	Target	Actual
	(in acres)					
1976-77	3,000	214	2,000	1,203	5,000	1,417
1977-78	7,000	2,452	3,000	1,314	10,000	3,766
1978-79	7,000	2,802	3,000	984	10,000	3,786

*At 60 per cent of the total expenditure.

The shortfalls were mainly attributable to non-availability of tractors for levelling and insufficient response from the farmers.

(8) *Horticulture*

(a) In September 1975, the Company prepared a scheme for the development of mango and chikku orchards in Ambala district as the area was considered agro-climatically suitable for their cultivation. The scheme envisaged plantation of mango and chikku orchards in an area of 5,500 acres over a four-year period with a total financial outlay of Rs. 83.28 lakhs and was approved by the ARDC for re-financing assistance (February 1977).

The table below indicates the achievements against the targets :

<i>Year</i>	<i>Target</i>	<i>Actual</i>	<i>Percentage of shortfall</i>
	<i>(in acres)</i>		
1977-78	1,500	866.0	42
1978-79	1,500	887.2	41

The Company stated (December 1979) that the shortfalls were due to unprecedented floods and complete drought in the project area, and that the farmers were reluctant to undertake the work. A review in audit, however, revealed the following as the main contributory factors :—

- inadequate procurement of saplings/grafts by the Company (from Uttar Pradesh); actual procurement amounted to 43,827 saplings/grafts as against 76,500 required to achieve the target; and
- delivery of saplings/grafts was not synchronised with the preparation of pits by the farmers.

(b) While the Company has not assessed the working results of this scheme, an analysis in audit based on the available data revealed the following :—

	1977-78	1978-79
<i>Expenditure</i>	<i>(Rupees in lakhs)</i>	
Cost of plants	1.04	0.88
Transportation	0.13	0.15
Salaries and wages, etc.*	0.53	1.08
Total	1.70	2.11
Income	1.61	1.63
Loss	0.09	0.48

Reasons for the losses have not been analysed by the Company so far (July 1979).

*Excluding Headquarter's proportionate expenditure.

(9) Custom hiring services

The Company maintains a fleet of tractors and harvester combines for land reclamation, levelling, etc. These are provided to the farmers on custom hiring basis through various Company outlets.

(i) While the Company has not analysed the working results of this activity, a review in audit revealed the following :-

Expenditure	1976-77		1977-78		1978-79	
	Tractors	Combines	Tractors	Combines	Tractors	Combines
	(Rupees in lakhs)					
Salaries and wages*	4.91	0.13	8.12	0.13	8.73	0.13
Oils and Lubricants	3.95	0.05	7.06	0.06	6.35	0.10
Repairs and maintenance	2.24	0.23	3.93	0.79	7.04	0.35
Depreciation	4.33	0.15	7.62	0.19	7.17	0.17
Interest and other charges	3.41	0.21	4.95	0.18	3.93	0.17
Total	18.84	0.77	31.68	1.35	33.22	0.92
Income	17.96	0.41	30.70	0.92	26.62	0.98
Profit (+)/ Loss(-)	(-)0.88	(-)0.36	(-)0.98	(-)0.43	(-)6.60	(+)0.06

It will be seen that the Company incurred a loss of Rs. 9.19 lakhs during this period. The management stated (February 1980) that custom hiring was a service oriented scheme and losses were due mainly to under-utilisation of tractors owing to less work, tractors requiring major repairs and short availability of H. S. diesel.

(ii) The table below analyses the extent of utilisation of tractors and combines for the four years ending 1978-79 :-

(a) Tractors

Year	Operating fleet strength	Available hours as per norms	Utilisation (Revenue hours)	Percentage
1975-76	65	97,500	50,547	52
1976-77	65	97,500	54,284	56
1977-78	80	1,20,000	70,934	59
1978-79	75	1,12,500	60,674	54

*Excluding Headquarter's proportionate expenditure.

(b) Combines

<i>Year</i>	<i>Fleet strength</i>	<i>Acreage to be covered as per norms</i>	<i>Acreage actually covered</i>	<i>percentage</i>
1976-77 (July-March)	2	15,00	276	18
1977-78	2	2,000	1,158	58
1978-79	2	2,000	1,161	58

While the Company has not analysed the reasons for low utilisation of tractors and combines, a review in audit revealed the following as the main contributory factors :—

- journeys to and from the place of use for which no recoveries are effected;
- non-availability of spares; and
- diversion of tractors to deliver fertilizers.

(iii) The Company has fixed a norm of 1,500 hours per year per tractor. An analysis of the monthly performance statements of tractors revealed the following :—

<i>Number of hours worked</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>
	<i>(Number of tractors)</i>		
Zero hours	..	1*	5*
100 to 399 hours	3	3	3
400 to 699 hours	33	16	18
700 to 999 hours	21	27	31
1,000 to 1,499 hours	8	31	18
1,500 and above	..	2	5
Total	65	80	80

(10) Inventory control

The Company has not laid down any maximum and minimum stock limits for various items of stores and spares. The following is an analysis of the inventory (including the Seed Farm, Hissar) for the three years ending

*Out of 5 tractors taken over from Haryana Agro-Industries Corporation Limited during 1977-78, one tractor in 1977-78 and all the five tractors in 1978-79 became unserviceable.

31st March 1979 :-

Year	Opening balance	Purchase of stores and spares	Stores and spares consumed	Closing balance	Percentage of stock to consumption	Stock in terms of months' consumption (in months)
(Rupees in lakhs)						
1976-77	4.58	5.24	2.82	7.00	248	30
1977-78	7.00	5.63	5.77	6.86	119	14
1978-79	6.86	5.57	4.47	7.96	178	21

(11) *Accounting and internal audit*

The Company has not prepared any accounting manual so far (August 1979).

In July 1974 a firm of Chartered Accountants was appointed to work as an Internal Auditor-cum-Income Tax Adviser on a retainer of Rs. 1,200 per annum plus T.A./D.A. and other actual expenses. In addition, the firm undertook to finalise the annual accounts of the Company and to advise it on financial and cost analysis matters. The same firm was extended thereafter on an annual fee (plus T.A./D.A. and other actual expenses) of Rs. 2,400 each for 1975-76 and 1976-77, Rs. 3,600 for 1977-78 and Rs. 6,000 for 1978-79.

The firm has mainly assisted the Company in the finalisation of annual accounts and the work of internal audit has been confined to routine check of a small part of the Company's transactions.

(12) *Other topics of interest*(i) *Defective purchase of trollies*

(a) The Company, with a view to facilitate transportation of gypsum, decided (June 1974) to purchase 69 four-wheeler (8 tonne) trollies for use as tractor-trailors. On the basis of open tenders (October 1974) and the recommendations of the Technical Committee constituted for the purpose, the Company placed an order (December 1974) for 69 trollies at Rs. 13,580 per trolley (value : Rs. 9.37 lakhs) on a firm of Yamunanagar without ensuring their suitability for use with the Company's tractors. According to the terms of the order these trollies were to be inspected at the supplier's premises and if the trollies failed within one year from the date of supply due to defective manufacture/workmanship the supplier was to replace these free of cost.

The first consignment (6 trollies) was accepted by the Company after due inspection in December 1974, but these were found to be defective when put to use. Although the defects were reported by the Regional Manager, Karnal unit in December 1974, two further consignments of 14 and 12 trollies were inspected and accepted by the Company in January and February 1975

respectively making a total of 32 trollies (Rs. 4.35 lakhs). The Regional Manager, Karnal unit and the Company's Service Engineer again reported (January 1975) that these trollies could not be relied upon because of inherent manufacturing defects. In October 1975 the Company deferred further supplies of trollies and in January 1976 asked the firm to rectify the defects in the trollies already received. The firm repaired/modified one trolley (March 1976) on a trial basis but this modified trolley too did not give satisfactory service and the Managing Director constituted a Committee to evaluate the modified trolley. The Committee suggested certain modifications (March 1976) which the firm did not agree to on the ground that these involved a change in the Company's earlier specifications. The matter was finally referred to arbitration in June 1978.

The following deficiencies/irregularities were noticed in the purchase of these trollies :—

- (i) the specifications provided by the Company to the tenderers did not contain any designs/drawings for the trollies;
- (ii) the trollies had been ordered before the tractors were procured in June-July 1975;
- (iii) the specifications did not take into account the capacity and specifications of the tractors;
- (iv) the Company did not retain the approved sample of the trolley;
- (v) the officers deputed for inspection were not adequately equipped for the task; and
- (vi) although no sales tax was leviable (being agricultural implements) the Company paid Rs. 0.27 lakh as sales tax on these trollies. On investigation it was later found that the supplier had not deposited the sales tax with the sales tax authorities.

(b) Out of 32 trollies 24 trollies have not been put to any use at all. The following is the year-wise utilisation of the remaining 8 trollies since their purchase :—

Year	Utilisation	
	Total (8 trollies)	Average per trolley (in hours)
1974-75	722.6	90.32
1975-76	409.5	51.18
1976-77	432.7	54.08
1977-78	163.6	20.45

It will be evident from the above that no useful purpose has been served by the purchase of these trollies at a cost of Rs. 4.35 lakhs.

(ii) *Loss of Rs. 9.04 lakhs due to non-recovery of sales tax*

During the years 1974-75 to 1977-78, the Company did not charge sales tax on the sale of gypsum on the assumption that no sales tax would be levied on the sale of agricultural grade gypsum for reclamation of land. However, no notification exempting gypsum from sales tax was issued by the Government. In July 1976 and March 1977, the sales tax authorities assessed the Company for Rs. 1.55 lakhs (including Rs. 0.38 lakh paid by the Company along with the sales tax returns) as tax on sale of gypsum for the assessment years 1974-75 and 1975-76. An amount of Rs. 1.34 lakhs (including Rs. 0.17 lakh as interest) was deposited during September 1976-March 1978. The Company filed appeals (January 1977 and January 1978) before the Sales Tax Tribunal whose judgement is awaited.

The Company had to pay a further sum of Rs. 7.32 lakhs for 1976-77 (Rs. 1.90 lakhs) and 1977-78 (Rs. 5.42 lakhs) as sales tax making a total of Rs. 9.04 lakhs.

The Company started recovering sales tax from the farmers with effect from January 1978.

(13) *Summing up*

The preceding paragraphs bring out that :

- (i) targets for reclamation of land were achieved to the extent of 35 per cent in 1975-76, 41 per cent in 1976-77, 33 per cent in 1977-78 and 31 per cent in 1978-79 ;
- (ii) funds to the extent of Rs. 1.16 lakhs were placed at the disposal of the Company during the years 1975-76 to 1978-79 for payment as subsidy to the farmers for the purchase of gypsum; out of this, the Company had utilised only Rs. 54.35 lakhs during the same period;
- (iii) the utilisation of tractors ranged between 52 per cent and 59 per cent during the years 1975-76 to 1978-79; and
- (iv) the Company paid Rs. 9.04 lakhs as sales tax for the years 1974-75 to 1977-78 on the sale of gypsum though not collected from the farmers.

HARYANA AGRO-INDUSTRIES CORPORATION LIMITED

6.16. Import of Tifone Sprayers

In August 1974 the Company entered into an agreement with an Italian firm for the import of 100 Tifone sprayers (self-propelled tractor-drawn/mounted) of the value of Rs. 38.22 lakhs C & F (including spares and accessories)—under Italian suppliers' credit. In addition, 10 per cent of the C & F value was payable to the Indian agent of the Italian firm. The agreement came into force from 26th February 1975. The Company was to place indents within 6 months and the firm was to get the supplies ready for despatch (ex factory) within 46-60 days of the receipt of the indent(s). The sprayers were intended for sale or hire for spraying pesticides on plants and standing crops.

The Company was to make a down payment of 5 per cent of the value of the contract. Further 5 per cent of the contract price was payable on receipt of shipping documents. The balance 90 per cent (with interest at 6 per cent) was payable in 20 half-yearly instalments.

If the total quantity indented was less than 100 sprayers, the firm was to refund, on demand, the proportionate amount of 5 per cent down payment.

The down payment of Rs. 1.91 lakhs was made in February 1975. The Company placed a single indent for 5 sprayers (with spares and accessories) of the value of Rs. 3.44 lakhs C & F in February 1975. These were received in July/August 1975. The total cost (including custom duty, commission, etc.) amounted to Rs. 6.23 lakhs.

The sprayers, being tractor-driven, did not find favour with the farmers. Besides, there were complaints of standing crops having been damaged by the sprayers. The total realisation of hire charges (May 1976-February 1979) amounted to Rs. 0.10 lakh.

The Company had neither placed any further indents nor had it demanded refund of the balance of advance payment amounting to Rs. 1.74 lakhs.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

6.17. Infertuous expenditure

The Board in their meeting held on 25th September 1975 approved the Management's proposal to set up five 3,000-tonne capacity cold storage plants at Shahabad, Karnal, Murthal, Gurgaon and Rai, for storage of potatoes, fruit and vegetables. The Board was informed that the Company had its own land available at Shahabad and Gurgaon.

On 1st October 1975, the Company entrusted the work of providing consultancy services for the designing and setting up of the cold storage plant at Shahabad to a New Delhi firm. The Consultants were to be paid 2.5 per cent of the actual cost of the project (excluding the cost of land and working capital). On the basis of tenders received on 30th September 1975, the construction work (value : Rs. 3 lakhs) was awarded to a Dehradun firm on 31st October 1975. The work was to be completed within four months. After the consultants had furnished the drawings, estimates, tender papers for the plant and machinery, etc., and the construction firm had executed some work, the Company decided on 29th November 1975 not to go ahead with the project. An amount of Rs. 0.47 lakh had been spent by then on payment to the consultant (Rs. 0.35 lakh) and on construction work (Rs. 0.12 lakh). A proposal mooted in December 1975 to pass on the project to the Hafed—an institution in the co-operative sector—did not materialise as they were setting up their own cold storage plant at Shahabad.

The Company stated in May 1979 that "due to changes in the policy of the management and in order to invest the amount on other priority projects" the Corporation decided not to go ahead with the construction of the cold storage at Shahabad.

The matter was referred to Government in July 1979; reply is awaited (February 1980).

6.18. Idle machinery

A crank shaft grinding machine acquired by the Company in February 1976 (value : Rs. 2.60 lakhs) has not yet been installed. The Company stated (May 1979) that the machine was acquired for the setting up of a model tractor repair workshop at Nilokheri but the Management decided during 1976-77 not to instal any heavy machines. The Company further stated (December 1979) that the said machine was being disposed of.

HARYANA STATE SMALL INDUSTRIES AND EXPORT CORPORATION LIMITED

6.19. Export performance

One of the activities of the Company is to encourage the export-oriented small scale units within the State by exporting their products. The following are the highlights of the exports channelled through the Company during the five years up to 1978-79 :-

1974-75 1975-76 1976-77 1977-78 1978-79
(Rupees in lakhs)

1. Exports

Shoes (through State Trading Corporation)	6.30	5.74	8.70	0.54	..
Handloom and Handicrafts	3.69	0.81	2.53	2.58	2.59
Scientific instruments and sports goods	..	0.10	0.15	0.01	0.24
Diesel engines and machinery	2.56	..	..	..	11.49
Leather belting, gloves and garments	4.05	0.78	..	..	..
Miscellaneous	..	..	0.75	0.90	1.06
Total	16.60	7.43	12.13	4.03	15.38

1974-75 1975-76 1976-77 1977-78 1978-79

(Rupees in lakhs)

2. Expenditure on export promotion	4.80	2.89	4.73	3.15	6.77*
Percentage of expenditure to total exports	29	39	39	78	44

It would be seen that the administrative expenses on the total turnover of Rs. 55.57 lakhs (during the 5-year period) amounted to Rs. 22.34 lakhs or 40.2 per cent.

The following other points of interest came to notice :

- (i) At the suggestion of the Trade Development Authority of India the Company decided (July 1974) to set up an export processing zone at Gurgaon (on the pattern of Export Processing Zone, Santa Cruz) for the manufacture and export of readymade garments, and appointed a firm as consultants for the preparation of a project report at a total fee of Rs. 0.40 lakh. The consultants submitted the project report in November 1974 envisaging an outlay of Rs. 52.50 lakhs. The scheme was thereafter referred to the Government of India for approval (December 1974). The State Government stated (December 1979) that the scheme, not having been cleared by the Government of India, had been dropped.
- (ii) In May 1974, the Company received an order from a foreign buyer for 10,500 metres of handloom fabrics valued at Rs. 2.37 lakhs. At the instance of the foreign agent (and without the confirmation of the foreign buyer), the Company supplied (August-October 1974) 12,400 metres of handloom fabrics valuing Rs. 2.80 lakhs. On the arrival of the goods the foreign buyer informed the Company (November 1974) that 2,395 metres of the fabrics (value Rs. 0.37 lakh) were not acceptable since these were not covered by the order. In February 1976, the Company sold the goods to another foreign buyer at 50 per cent of the invoice value (Rs. 0.18 lakh). The Company incurred an infructuous expenditure of Rs. 0.57 lakh on this transaction including an expenditure of Rs. 0.38 lakh on freight, warehousing/demurrage and interest charges.
- (iii) The Chairman, the Managing Director and 3 other officers of the Company undertook a tour of different foreign countries during September-October 1978, with a view to promote the Company's exports. In their tour reports (submitted during October-November 1978) the officers had indicated that during their foreign tour they had negotiated export orders worth Rs. 7.77 lakhs. It was also mentioned that business worth

*Figures are provisional.

Rs. 57 to 1.18 lakhs was further likely to be transacted. In addition it was mentioned that if rice deal is finalised the Company might be able to export rice worth Rs. 2.5 crores. Details of actual orders received/executed are, however, awaited (February 1980).

Incidentally it was also seen that the officers had neither submitted their T.A. bills nor rendered an account of the expenditure incurred by them (Rs. 1.44 lakhs).

The Management stated (December 1979) as follows :

“The Corporation had purchased return tickets for their foreign visits and the foreign exchange against daily allowance and other incidental expenses were released by the Reserve Bank of India as per rates fixed by the Government of India/Reserve Bank of India. The actual days spent by them were not less than for which foreign exchange was released.”

The matter was referred to Government in October 1979; reply is awaited (February 1980).

SECTION D

DEPARTMENTALLY MANAGED GOVERNMENT COMMERCIAL/ QUASI-COMMERCIAL UNDERTAKINGS

6.20. Introduction

As on 31st March 1979, there were seven departmentally-managed commercial and *quasi*-commercial undertakings in the State. The *pro forma* accounts of only one undertaking viz., Haryana Veterinary Vaccine Institute, Hissar for the year 1978-79 had been received upto November 1979. Appendix IX indicates the arrears in the preparation/finalisation of the *pro forma* accounts of the undertakings. Summarised financial results of 2 undertakings on the basis of the latest accounts made available during the year are given in Appendix X.

TRANSPORT

6.21. Haryana Roadways

A—Workshop Facilities

(1) Introduction

With the re-organisation of the composite Punjab State, the Haryana Roadways was formed (with three depots) with effect from 1st November 1966. As on 31st March 1979, the Haryana Roadways had eleven depots and a total fleet strength of 2,100 buses.

The accounts for the years 1977-78 and 1978-79 have not been finalised so far (February 1980). The working results of the undertaking for the years

1975-76 and 1976-77 are summarised below :—

	1975-76	1976-77
	(Rupees in lakhs)	
A. Revenue		
Operating	22,66.78	27,13.46
Non-operating	82.62	99.92
Total	23,49.40	28,13.38
B. Expenditure		
Operating	21,38.49	24,34.19
Non-operating	2,60.61	3,31.02
Total	23,99.10	27,65.21
Profit (+)/ Loss (—)	(—)49.70	(+)48.17

The working of the Roadways was reviewed in paragraph 7.18 of the Report of the Comptroller and Auditor General of India for the year 1974-75. Some points noticed during the test audit of workshops, stores, etc., in 5 (out of 11) depots (Ambala, Chandigarh, Gurgaon, Jind and Rohtak) are mentioned in the succeeding paragraphs.

(2) Organisational set up of workshops

The department has workshops attached to all the depots for undertaking repairs and maintenance of vehicles, reconditioning and renovation of engines, assemblies, bus bodies, tyre retreading, etc.

The technical branch of the department, headed by the Deputy Transport Controller (T &C), is responsible for the running of the workshops and other related technical matters. Each depot is under the overall charge of a General Manager who is assisted by a Works Manager, incharge of the depot workshop.

The table below indicates the number of vehicles held at the 5 depots at the end of three years up to 1978-79 :—

Name of depot	1976-77	1977-78	1978-79
(1)	(2)	(3)	(4)
Ambala	267	255	263
Chandigarh	178	178	187
Gurgaon	249	233	245

(1)	(2)	(3)	(4)
Jind	156	153	173
Rohtak	241	219	227

The vehicle utilisation in the five depots is summarised in Appendix XI.

(3) Consumption of oil and lubricants

(i) High speed diesel oil (HSD) and other lubricants account for about 29 per cent of the operating expenditure.

The management had not laid down any norms for the consumption of HSD and mobil oil (top up) until December 1978 when the following norms were fixed at the instance of audit :-

HSD— 4 Km. per litre

Mobil oil (top up)— 280 Km. per litre

The above norms do not, however, take into account the age group of the vehicles or the terrain or routes on which the vehicles ply.

The average kilometres obtained per litre of HSD and mobil oil (top up) during the three years ending 1978-79 was as under :-

Year	Ambala	Chandigarh	Gurgaon	Jind	Rohtak
	(Kilometres)				
<i>HSD</i>					
1976-77	3.9	4.2	3.7	4.0	3.7
1977-78	3.9	4.1	3.7	4.0	3.8
1978-79	3.9	3.9	3.8	4.0	3.6
<i>Mobil oil</i>					
1976-77	222	301	230	181	147
1977-78	201	315	230	249	147
1978-79	200	261	263	202	176

It would be seen from the above that the average consumption of HSD varied from 3.6 to 4.2 Km. per litre and that of mobil oil from 147 to 315 Km. per litre. The actual consumption of both was generally in excess of the norms, reasons for which have not been analysed by the management.

(ii) A detailed analysis of 10 vehicles (Rohtak depot) of the same

vintage (April/May 1976) disclosed wide variations in the consumption of mobil oil (top up) during 1978-79 :—

	<i>Kilometres covered</i>	<i>Consumption of mobil oil (in litres)</i>	<i>Average Km. per litre</i>
1.	96,420	462	209
2.	1,05,769	512	206
3.	92,852	508	183
4.	79,005	317	249
5.	78,868	458	172
6.	64,383	551	117
7.	12,748	83	154
8.	80,220	520	154
9.	1,19,701	307	390
10.	1,10,409	478	231

It would be seen that as against the norm of 280 Km. per litre the average Km. per litre of mobil oil varied from 117 to 390.

(iii) The table below indicates the details of mobil oil issued and burnt (black) oil recovered from the vehicles in respect of Ambala, Gurgaon and Jind depots (similar information in respect of Chandigarh and Rohtak depots was not available) for the years 1976-77 to 1978-79 :—

<i>Year</i>	<i>Name of depot</i>	<i>Quantity of mobil oil issued</i>	<i>Quantity of burnt oil received</i>	<i>Percentage of burnt oil received to mobil oil issued</i>
(1)	(2)	(3)	(4)	(5)
		<i>(in litres)</i>		
1976-77	Ambala	46,859	26,550	57
	Gurgaon	52,470	26,100	50
	Jind	23,354	18,860	80
1977-78	Ambala	53,875	32,400	60
	Gurgaon	56,536	33,425	59
	Jind	27,094	17,630	65

(1)	(2)	(3)	(4)	(5)
1978-79	Ambala	52,799	22,275	42
	Gurgaon	57,001	26,550	47
	Jind	24,347	16,605	68

It will be seen that there were wide variations (42 to 80 per cent) in the burnt oil received. The management has neither fixed any norms for the purpose nor is any vehicle-wise account maintained.

(iv) It was also noticed that—

the entries in the HSD and mobil oil registers were not being checked with reference to the original issue slips, and

the registers had never been checked by the Foreman/Works Manager as required.

(4) Tyres and tubes

The expenditure on tyres and tubes (including spares) represents about 23 per cent of the operating expenditure. The department, for the first time in December 1978, prescribed the following normal expected life of new and retreaded tyres :—

	TMB buses	Leyland buses
	(in kilometres)	
New	50,000	40,000
Retreaded	30,000	30,000

A review of the actual performance in some of the depots during the last three years revealed the following :—

(a) TMB buses

(i) New tyres (norm : 50,000 Km.)

	1976-77	1977-78	1978-79
Ambala	45,474	48,720	51,889
Jind	41,456	43,115	41,907
Rohtak	48,203	47,922	50,121

(ii) Retreaded tyres (norm : 30,000 Km.)

	1976-77	1977-78	1978-79
Ambala	39,530	34,755	35,500
Jind	37,061	34,854	34,277
Rohtak	28,933	29,197	40,709

	1976-77	1977-78	1978-79
<i>(b) Leyland buses</i>			
<i>(i) New tyres (norm ; 40,000 Km.)</i>			
Gurgaon	45,617	43,434	42,538
<i>(ii) Retreaded tyres (norm : 30,000 Km.)</i>			
Gurgaon	33,392	23,489	32,818

It would be seen from the above table that the actual performance of new tyres of TMB buses in all the three depots during 1976-77 and 1977-78 and in Jind depot during 1978-79 fell far short of the norms and ranged between 41,456 Km. and 48,720 Km.

A test-check by Audit of the tyre mileage records disclosed many cases when new tyres had to be scrapped (without retreading) due to delay in removal for retreading after covering the expected normal life. To illustrate : in Rohtak depot, 26 tyres had not been removed for retreading during 1978-79 even after the same had covered between 60,397 and 74,557 Km.

B—Inventory Control

(5) (i) *Purchase policy*

The bulk of stores, tools and equipment, etc., are purchased from the manufacturers and suppliers on rate contracts with the Director General, Supplies and Disposals (State Government), the Association of State Road Transport Undertakings or the Controller of Stores.

In October 1974, the Government had constituted a Purchase Committee (with the State Transport Controller as the Chairman and representatives of the Finance Department and the Controller of Stores as members) for all purchases up to Rs. 4 lakhs of any single item (except for bus/truck chassis) for which the Committee was given full powers. For items of over Rs. 4 lakhs, the Secretary, Transport Department, acts as the Chairman of the Purchase Committee with the other officers mentioned above as members. The General Manager of the depot has been delegated with powers to make emergent purchases, up to Rs. 1,000 in each case, by inviting tenders and up to Rs. 50 on a single tender basis.

Maximum, minimum and reordering levels for various items of stores have not been fixed so far (November 1979).

(ii) *Value of stores*

The table below indicates the opening balance, purchases, consumption

and closing balance of stores in five depots ;—

	<i>Opening balance</i>	<i>Purchases</i>	<i>Stores consumed</i>	<i>Closing balance</i>	<i>Closing balance in terms of months' consump- tion</i>
<i>(Rupees in lakhs)</i>					
<i>Ambala</i>					
1976-77	20.71	68.59	67.53	21.77	3.89
1977-78	21.77	85.72	83.67	23.82	3.53
1978-79	23.82	1,04.06	98.38	29.50	3.59
<i>Chandigarh</i>					
1976-77	26.54	50.27	51.98	24.83	5.73
1977-78	24.83	72.58	63.86	33.55	6.31
1978-79	33.55	91.09	81.09	43.55	6.44
<i>Gurgaon</i>					
1976-77	29.78	1,46.22	1,50.48	25.52	2.03
1977-78	25.52	1,56.48	1,57.49	24.51	1.87
1978-79	24.51	1,90.50	1,78.86	36.15	2.42
<i>Jind</i>					
1976-77	10.02	88.06	87.42	10.66	1.46
1977-78	10.66	98.66	97.00	12.32	1.52
1978-79	12.32	1,13.72	1,09.93	16.11	1.75
<i>Rohtak</i>					
1976-77	23.37	1,35.91	1,38.08	21.20	1.84
1977-78	21.20	1,41.95	1,43.09	20.06	1.68
1978-79	20.06	1,61.17	1,46.24	34.99	2.87

The value of spare parts in the closing balance as on 31st March 1979 ranged between 83.2 per cent (Jind) and 94.2 per cent (Chandigarh).

It would be seen from the table that the level of inventory (in terms of months' consumption) is the highest in the case of Chandigarh depot followed

by Ambala depot. The Management has, however, not analysed the reasons for these heavy stock holdings.

(iii) It was also noticed that :

- (a) the closing stock (five depots) as on 31st March 1979 includes spare parts of the value of Rs. 7.74 lakhs, declared obsolete in November 1966 and still awaiting disposal (November 1979);
- (b) the closing stock as on 31st March 1979 for Chandigarh depot includes spare parts of the value of Rs. 3.49 lakhs reported to have been burnt in a fire during 1974-75;
- (c) the closing stock as on 31st March 1979 includes spares valuing Rs. 2.16 lakhs in Chandigarh (Rs. 0.16 lakh), Ambala (Rs. 0.50 lakh), Jind (Rs. 0.26 lakh) and Gurgaon (Rs. 1.24 lakhs) depots which have not moved during the three years ending 1978-79;
- (d) a test-check of the records of Jind depot revealed that during the three years ending 1978-79, 1,709, 2,886 and 3,850 bus revenue days were lost due to non-availability of spare parts;
- (e) shortages of stores valued at Rs. 0.58 lakh (Gurgaon depot) adjusted during 1976-77 and 1977-78 are yet to be investigated (November 1979); and
- (f) the depots neither maintained the consumption account of paints and rexine nor have any norms been laid down for the consumption of these stores.

(6) *Frequent issue of spare parts*

The Jind depot does not maintain any vehicle-wise record of spare parts issued. An analysis of spare parts issued to various buses (fleet : 173 buses) during 1978-79 as analysed by audit revealed the following :—

Serial Number	Name of the spare parts	Average cost (Rupees)	Number of times spare parts issued to one bus				
			Twice	Thrice	Four times	Five times	Six times
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Bell housing	290	8	3	..	..	..
2.	Gear box handi	290	9	2	..	..	..
3.	Main shaft	220	42	17	3	2	..
4.	Counter shaft	220	9	2	2	..	..
5.	Double gear	205	32	8	2	1	..
6.	Primary shaft	190	41	31	13	..	1
7.	Clutch plate assembly	130	10	1	..	..	..

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8.	Second gear box	95	4	..	..	..	..
9.	Pressure plate repair kit	90	20	6	3	..	..
10.	Third gear box	85	21	3	2	1	..
11.	Fourth gear box	85	30	17	2	2	..
12.	Slide gear	70	15	8	1	..	..

The apparently excessive issues of stores (more than once) to the same vehicle had not been investigated.

(7) Other topics of interest

Purchase of tread rubber

At the instance of the State Transport Controller, the General Manager of Gurgaon depot purchased (November 1978), on trial basis, 5 rolls of tread rubber weighing 135 Kgs. valued at Rs. 0.02 lakh from a firm of Gurgaon and the same was utilized for retreading 12 tyres. The consumption of the rubber was 11.25 Kgs. per tyre against 9.25 Kgs. per tyre of other makes purchased earlier. Out of 12 retreaded tyres put to use 9 tyres had to be scrapped after covering distances between 11,625 kms. and 28,753 kms. resulting in a loss of Rs. 0.15 lakh.

However, the depot without examining the economics of the trial order, purchased further 70 rolls (1,890 Kgs.) valuing Rs. 0.32 lakh, from the same firm during April-June 1979.

6.22. Purchase of land

The Management decided (July 1971) to acquire a particular site for the construction of a new bus stand at Jhajjar. The site was located in a low lying area and required 3-4 feet of earth filling at a cost of about Rs. 0.60 lakh. The said land (29 kanals 6 marlas) was acquired in March 1974 at a cost of Rs. 1.63 lakhs. An expenditure of Rs. 0.85 lakh was incurred on the temporary structure and a *pucca* platform at the new site (without the earth filling) and the bus stand started functioning in March 1975.

The site was flooded during the rainy season and the bus stand had to be shifted (September 1975) to the old site. The bus stand was again shifted to the new site in May 1976 but due to heavy floods it had to be shifted back to the old site again in July 1976.

The department finally decided (August 1976) to abandon the new bus stand, as the site was not considered suitable and took another site at a monthly rent of Rs. 1,800 to operate the bus stand.

Thus, investment of Rs. 1.63 lakhs on the land and the expenditure of Rs. 0.73* lakh on structures have not served the purpose, and the

*An amount of Rs. 0.12 lakh has been adjusted on account of salvaged material.

Management has been incurring an expenditure of Rs. 21,600 per annum on payment of rent for land since August 1976 which could have been avoided had the Management got the required earth filling done initially.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

PRINTING AND STATIONERY

6.23. Excess consumption of paper

Two web-fed offset machines were installed at the Government Press, Panchkula in September 1974 and October 1975 at a cost of Rs. 7.75 lakhs.

The fact that these machines were designed (as per specifications) to cut the paper rolls every 88 cm. (as against 84 cm. in the case of other machines) was not noticed until December 1976. Since the material for printing continued, during this period, to be composed for a cut at 84 cm., these operations resulted in a wastage of paper computed at 51.084 tonnes, valued at Rs. 1.69 lakhs.

The Management stated (November 1979) as under :—

“The computation of loss by Audit, towards such excess consumption of paper is correct in theoretical sense only. Practically there being no option but to have a cut at 44 cms. (half of 88 cms.) the only variable left with us was the composition of printing material suiting that size.”

The contention of the Management is not tenable as material is now being composed for printing based on a cut on a paper at 88 cms. since January 1977.

6.24. Shortage in paper stores

According to the rules, the stores are required to be physically verified periodically (all stores being verified at least once every year) by responsible officers independent of the stock holders. However, no physical verification was conducted of the paper stores (set up in 1969-70 at Government Press, Panchkula) for a period of over 4 years.

With a change in the incumbency of the store-keeper, physical verification of paper stocks carried out during May-October 1974, revealed a net shortage computed by the Management at Rs. 0.65 lakh.

The store-keeper who was suspended in July 1975 was reinstated in November 1976. An Enquiry Officer was appointed in June 1976 who submitted his report in October 1979. The final action taken against the store-keeper is awaited (February 1980).

GRAIN SUPPLY SCHEME

6.25. Loss of Rs. 2.85 lakhs

The Management stored 3,963.35 quintals of rice of “Begmi” and “Permal” varieties (value : Rs. 5.42 lakhs) in the Kalyat warehouse of the

Haryana Warehousing Corporation (HWC) in February-March 1975. According to warehouse practices these varieties of rice could under normal storage conditions be stored for a period of 1—1½ years. A part of the stock (642 quintals) lifted by the Food and Supplies Department from the warehouse in October 1976 for delivery to the Food Corporation of India (FCI), was rejected (October 1976) by them, being below specifications.

In June 1977, the HWC approached the department for immediate arrangements for disposal of the stock as the rice could not be stored any longer. No action was taken until February 1978 when the Management carried out joint inspection of the stocks with the representatives of the FCI and the HWC. The joint inspection revealed that the entire stock contained damaged, discoloured and dehusked grain. In April 1978, the HWC again asked the Management for immediate disposal of the stocks failing which the same would be put to auction. Finally, in May 1978 the Corporation auctioned the rice for Rs. 2.57 lakhs, resulting in a loss of Rs. 2.85 lakhs.

The Management stated (May 1979) that the HWC was responsible for proper preservation of the stocks in storage and it had lodged a claim of Rs. 6.53 lakhs with it. The matter was stated to be pending with Government (November 1979).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. Grants

During 1978-79, Rs. 26.44 crores (about 9 per cent of the Revenue Expenditure during the year) were paid as grants as shown below :—

	<i>Amount (in crores of rupees)</i>
Educational institutions (including universities)	10.51
Panchayati raj institutions	1.38
Municipal Councils/Corporations	0.47
Other institutions (including statutory bodies)	14.08
Total	<hr style="width: 100%;"/> <u>26.44</u> <hr style="width: 100%;"/>

7.2. Utilisation certificates

The financial rules of the Government require that certificates of the grants having been utilised by the grantees for the purposes for which these were paid to them should be sent by the departmental officers to the Accountant General within 18 months from the date of payment of the grants.

Out of Rs. 47.38 crores (8,687 cases) paid as grants during 1959-60 to 1977-78 in respect of which utilisation certificates were due, certificates for Rs. 36.69 crores (6,728 cases) were awaited (September 1979). Of these, certificates for Rs. 11.31 crores (4,138 cases) were due for over three years.

The department-wise break-up of awaited utilisation certificates is given in Appendix XII.

In the absence of these certificates, it is not possible to verify to what extent the recipient bodies had spent the grants for the purpose or purposes for which they had been given.

7.3. Bodies and authorities substantially financed by Government grants and loans

For purposes of audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, information about the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in a year was called from the Government in April 1974 and is awaited (November 1979). On the basis of information about grants available with the Accountant General, 26 bodies/authorities for 1976-77, 21

for 1977-78 and 36 for 1978-79 which had received from the Government grants/loans of Rs. 5 lakhs or more were asked to submit their accounts to the Accountant General. However, accounts had not been received from 2 bodies for 1976-77, from 4 bodies for 1977-78 and from 34 bodies for 1978-79 (November 1979).

Important points noticed during audit of some bodies and authorities are given in the succeeding paragraphs.

AGRICULTURE

7.4. Drought Prone Area Development Agency, Narnaul

The Drought Prone Area Development Agency (DPAP), Narnaul, a society registered on 5th March 1975 for undertaking integrated development programmes in drought prone areas, was paid grants totalling Rs. 2,06.54 lakhs during 1974-75 to 1977-78. The accounts of the body for the years 1974-75 to 1976-77 had been audited by Chartered Accountants. The receipts and expenditure of the DPAP for the three years ending 31st March 1977, were as under :—

(1) Grants from State Government	Rs.	1,43.81 lakhs
(2) Other receipts	Rs.	0.63 lakh
(3) Total	Rs.	1,44.44 lakhs
(4) Total expenditure	Rs.	62.82 lakhs
(5) Advances	Rs.	17.57 lakhs*
(6) Closing balance	Rs.	64.05 lakhs

(2) The programme-wise approved outlay of the Agency and the expenditure thereagainst during 1974-75 to 1977-78 were as under :—

Particulars of programme	Outlay approved by the Governing body of the agency	**Expenditure	
		Shortfall (—)	Excess (+)
(1)	(2)	(3)	(4)
(in lakhs of rupees)			
(1) Project administration including State monitoring cell	7.83	9.17	(+)1.34
(2) Minor irrigation	92.85	35.91	(—)56.94

*Includes advances of Rs. 6.37 lakhs to the executing departments for works in the area of DPAP Rohtak, which had not been accounted for in the books of DPAP Rohtak.

**Departmental figures. The audit of the accounts for the years 1976-77 and 1977-78 had not been completed by the Chartered Accountants at the time of test-check.

(1)	(2)	(3)	(4)
<i>(in lakhs of rupees)</i>			
(3) Animal husbandry (cattle and dairy development and sheep and wool development)	76.43	68.72	(-)7.71
(4) Forestry	49.05	36.93	(-)12.12
(5) Farmers training	21.20	19.51	(-)1.69
(6) Agriculture	10.26	6.80	(-)3.46
(7) Soil conservation and soil survey	9.33	6.44	(-)2.89
(8) Contribution to risk fund	2.78	..	(-)2.78
	2,69.73	1,83.48	(-)86.25

Points noticed in test-check of records of implementation of schemes relating to minor irrigation and animal husbandry under which there were substantial savings are mentioned below :—

Minor Irrigation

The project report envisaged Rs. 3,30 lakhs (subsidy portion : Rs. 82.50 lakhs) being spent on 3,300 units of wells/tubewells/pump sets which were expected to provide irrigation for 6,600 hectares of land. Laying of 3,100 underground pipelines which were to reduce water losses was also envisaged at a cost of Rs. 77.51 lakhs out of which Rs. 19.38 lakhs were to be paid as subsidy to farmers. The achievements under major schemes were as follows :—

<i>Particulars of scheme</i>	<i>Targets</i>	<i>Achievements</i>	<i>Outlay proposed</i>	<i>Expenditure</i>	<i>Reasons adduced for shortfall</i>
<i>(in lakhs of rupees)</i>					
(1)	(2)	(3)	(4)	(5)	(6)
(i) Installation of deep tubewells	4	..	3.00	..	Scheme dropped on the directive of the State Government.
(ii) Subsidy on installation of pump sets/wells	1,000	394	23.45	9.43	Due to limitation in further exploitation of underground water.
(iii) Digging of <i>katcha</i> water-courses	351	80	12.00	3.39	Due to slow progress in digging of the canal.

(1)	(2)	(3)	(4)	(5)	(6)
					<i>(in lakhs of rupees)</i>
(iv) Construction of irrigation bunds	4	1	19.95	12.85*	Due to technical approval by the Irrigation Department not having been accorded.
(v) Blasting and drilling of wells	100	36	9.68	2.55	Due to limited machinery available.
(vi) Laying of underground pipelines	489	126	5.24	0.23	Due to farmers' inability to invest owing to their poor economic condition.
(vii) Construction of water harvesting tanks	12	5	6.00	1.15	Due to consent for works not having been given by farmers.

The following points were also noticed :—

- (a) For the construction of Nagal Chaudhary bund, land was acquired at a cost of Rs. 0.90 lakh in September 1977. However, the agency advised (August 1978) the Division not to proceed with the work, as the bund was not found feasible technically. Action taken for use/disposal of land was not stated.
- (b) With a view to demonstrating the benefits of sprinkler irrigation to small and marginal farmers, 25 sprinkler sets were purchased in April-June 1975 at a cost of Rs. 3.41 lakhs and diesel engines for the sets in March-May 1976 (cost : Rs. 1.54 lakhs) but no demonstrations were taken up, the reasons for which were not on record. Out of the sets purchased, 11 sets and 4 engines were issued to farmers during December 1975 to October 1978 without recovery of any charge or security. The farmers who were to return the sets had not returned 9 sets (cost : Rs. 1.23 lakhs). Though transfer of the sets to the Haryana Land Reclamation and Development Corporation at book value had been proposed, the transfer had not yet been effected (April 1979).
- (c) Out of the 80 *katcha* water-courses constructed during 1976-77 and 1977-78 at a cost of Rs. 2.39 lakhs, no irrigation had been developed on 38 water-courses constructed at a cost of Rs. 1.18 lakhs due reportedly to non-availability of water in the Jawaharlal Nehru Canal from where water was to be drawn. Irrigation from the remaining 42 water-courses was only 552 acres out of total culturable command area of 23,240 acres.

*According to the division executing the work, the expenditure upto 1977-78 was Rs. 6.79 lakhs.

- (d) Rupees 2.48 lakhs towards subsidy payable for sinking of tubewells/installation of pumping sets at 25 per cent for small farmers and 33½ per cent for marginal farmers were released in March 1977 to the Land Development Bank, Narnaul to be credited to the joint accounts of 144 small and marginal farmers on receipt of sanction of the DPAP in each case. Out of this, the DPAP had issued sanction in 27 cases only (subsidy involved : Rs. 0.43 lakh), even in these cases it had no information as to how many tubewells/pumping sets had actually been installed.

Further amounts totalling Rs. 6.93 lakhs were paid to the bank between October 1977 and March 1978 to be credited to the accounts of 249 beneficiaries. The bank was in these cases required to furnish to the DPAP within a month of the release of subsidy, application forms, affidavits containing particulars of land owned by the beneficiaries, income, etc., and details of actual expenditure but these had not been received (February 1979) and no action had been taken to obtain them. The DPAP had also not done any verification of the wells, if any, installed.

- (e) Rupees 0.78 lakh were paid in March 1977 to 11 Panchayats towards subsidy for installation of 11 community tubewells for providing irrigation on Panchayat land to be leased out to small/marginal farmers. However, no completion reports were on record nor was the DPAP aware as to how many tubewells had been completed and how much area, if any, had been brought under irrigation.

Animal Husbandry

The expenditure on Animal Husbandry schemes was Rs. 68.72 lakhs as under :-

<i>Particulars of scheme</i>	<i>Targets</i>	<i>Achievements</i>	<i>Expenditure (in lakhs of rupees)</i>
(i) Subsidy on milch cattle	2,444	2,358	21.84
(ii) Setting up of semen bank and dairy demonstration farms	1	1	20.09
(iii) Sheep Extension Centres	4	4	6.96
(iv) Stockmen Centres	15	15	5.45
(v) Subsidy to milk chilling centre	1	1	5.00
(vi) Other schemes viz., Diagnostic Laboratory, Heifers Subsidy, Managerial Subsidy, Establishment, etc.			9.38
			68.72

No subsidy for supply of feed concentrates for rearing cross bred heifers and setting up of piggery units was given though the approved programme included provision of Rs. 3.46 lakhs for such subsidy.

The following points were noticed :—

- (a) The wastage of semen in the semen bank amounted to 67 to 73 per cent in respect of bulls and 35 to 59 per cent in respect of buffaloes reportedly due to the apathy of villagers towards artificial insemination and the short period for which semen could be preserved. Action taken to motivate the villagers was, however, not stated. The conception rate of cattle artificially inseminated ranged between 19 to 25 per cent for cows and 22 to 38 per cent for buffaloes reportedly because only problem cases were brought for insemination.
- (b) Subsidy for purchase of milch cattle was paid to 2,358 beneficiaries at the rate of 25 per cent of the cost to small farmers and 33½ per cent to marginal farmers and agricultural labourers subject to an overall ceiling on cost of Rs. 0.03 lakh per buffalo. The beneficiaries were expected to maintain milch cattle at least for a period of 3 years but the agency had not conducted any verification. According to physical verification conducted (December 1978) by a bank through which subsidy was distributed to 13 beneficiaries for purchase of cattle between August 1977 and September 1978 (subsidy paid : Rs. 0.12 lakh), the beneficiaries had disposed of the cattle without permission. The agency had not obtained affidavits/bonds from the beneficiaries for retaining the ownership of milch cattle for at least a period of 3 years as required under the programme.
- (c) A sheep shearing plant was received in September 1978 from the Government of Australia free of cost (Rs. 0.33 lakh paid as custom duty by the agency). The plant had not been put to use as the electrically operated grinder required for its operation had not been received with the plant nor had any action been taken to acquire it.

Summing up

(i) As against the approved outlay of Rs. 2,69.73 lakhs for 1974-75 to 1977-78 for different programmes executed by the DPAP, the actual expenditure was Rs. 1,83.48 lakhs; the shortfall (Rs. 86.25 lakhs), representing 30 per cent of the outlay, was mainly under Minor Irrigation (Rs. 56.94 lakhs), Forestry (Rs. 12.12 lakhs) and Animal Husbandry (Rs. 7.71 lakhs);

(ii) out of the total amount of Rs. 35.87 lakhs spent on payment of subsidy for various purposes, Rs. 21.84 lakhs were paid on purchase of milch cattle. The DPAP was expected to obtain affidavits/bonds from the beneficiaries for retaining ownership of the cattle for a period of at least 3 years but it had not obtained the requisite affidavits/bonds nor done any verification;

(iii) the DPAP was expected to verify whether or not tubewells/pumping sets had been installed but no verification was conducted (amount of subsidy paid : Rs. 9.43 lakhs);

(iv) sprinkler sets and diesel engines purchased at a cost of Rs. 5 lakhs had remained largely unutilised;

(v) out of 80 *katcha* water-courses constructed, no irrigation was booked on 38 water-courses constructed at a cost of Rs. 1.18 lakhs; and

(vi) out of grants released to DPAP, Rs. 64.05 lakhs remained unutilised as at the end of 1976-77 due mainly to non/slow execution of some schemes.

SECTION II

7.5. Important points noticed as a result of scrutiny conducted under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, of the procedure by which the sanctioning authorities satisfy themselves as to the fulfilment of the conditions subject to which specific purpose grants or loans were given by them are given in the succeeding paragraphs.

LOCAL GOVERNMENT

7.6. Grants/loans paid to local bodies

According to the information furnished by the Local Government Department, a sum of Rs. 1,31.47* lakhs was paid to local bodies as grants and Rs. 1,80.78* lakhs as loan during 1971-72 to 1977-78 as under :—

<i>Local bodies</i>	<i>Amount (in lakhs of rupees)</i>	<i>Purpose for which grant/ loan sanctioned</i>
(a) Loan		
(i) Municipal Committees/ Notified Area Committees	70.28	Construction of roads, paving of streets and lanes, <i>ad hoc</i> remunerative schemes, etc.
(ii) Improvement Trusts	1,10.50	For execution of approved development schemes.
(b) Grants		
(i) Municipal Committees/ Notified Area Committees	1,08.52	For providing to the general public basic amenities such as construction of urinals, repair/widening of roads, paving of streets, construction/repairs of drains, etc.
(ii) Improvement Trusts	22.95	For establishment cost.

A scrutiny by Audit of the procedure followed in the office of the sanctioning authority to verify the utilisation of the grants/loans disclosed the following :—

(a) Under the financial rules, the sanctioning authority has to keep

*Based on sanctions produced by the department for scrutiny.

a watch over the utilisation of assistance given by obtaining progress reports and audited accounts of utilisation and by verification by departmental officers. The sanctioning authority had not maintained any records to watch the utilisation of the grants/loans released or evolved any other procedure for ascertaining the progress of the schemes. The utilisation certificates furnished by beneficiary institutions had been accepted without any check. In the case of seven local bodies, while grants totalling Rs. 0.17 lakh and loans totalling Rs. 13.65 lakhs were certified as utilised by the sanctioning authority on the basis of certificates furnished by the grantees, the accounts of the bodies audited later by the Examiner, Local Fund Accounts showed that loans totalling Rs. 1.74 lakhs only had been utilised.

- (b) In five cases loans totalling Rs. 11.75 lakhs were sanctioned to Improvement Trusts on the basis of applications received from them but the detailed schemes on which the loans were to be utilised were approved one to three years later in 4 cases and in one case (loan : Rs. 2 lakhs) the scheme has not been approved yet (July 1979) even after 2 years of release of loan.
- (c) In 143 cases test-checked in which assistance totalling Rs. 1,03.35 lakhs had been given, procedural formalities like obtaining detailed estimates for works for which assistance was sanctioned, audited accounts or financial forecasts of the bodies, and recommendations of the Deputy Commissioner had not been followed. Details are as follows :—

<i>Particulars of irregularity noticed</i>	<i>Number of cases in which irregularity was noticed</i>	<i>Amount involved (in lakhs of rupees)</i>
(i) Detailed estimates of works for which loans were applied for not obtained	129	95.90
(ii) Audited accounts not submitted by beneficiaries	69	59.60
(iii) Assistance sanctioned without obtaining recommendations of the Deputy Commissioner	65	57.60
(iv) Financial forecast of the body for the year in which loan was applied for not obtained	70	54.05

These points were referred to Government in August 1979; reply is awaited (February 1980).

MEDICAL AND HEALTH

7.7. Grant for solar eclipse fair

The Department of Health sanctioned grants aggregating Rs. 16.60 lakhs (Rs. 4 lakhs in March 1976 and Rs. 12.60 lakhs in April 1976) to the Panchayat Samiti, Thanesar (District Kurukshetra) for expenditure on the

mela on the eve of the solar eclipse in April 1976. The expenditure was to be incurred only on such schemes as were approved by the Deputy Commissioner, Kurukshetra/*Mela* Administrator. Points noticed in the course of scrutiny of the procedure followed by the department to satisfy itself as to the fulfilment of the conditions governing the grants are indicated below :—

- (i) Particulars of the proposed schemes together with their estimated cost had not been furnished by the grantee nor called for by the department.
- (ii) The department had not called for any report from the grantee regarding the assets, if any, created out of the grant.
- (iii) The *Samiti* was to furnish accounts of the expenditure incurred but had not furnished them (May 1979). The department had not called for the accounts nor required the grantee to refund the unspent amount out of the grant, if any. According to the Examiner, Local Fund Accounts, Haryana (the accounts of the *Samiti* are audited by the Examiner), the *Samiti* had utilised only Rs. 8.33 lakhs out of the grants of Rs. 16.60 lakhs upto March 1977.

The matter was referred to Government in August 1979; reply is awaited (February 1980).

CO-OPERATION

7.8. Financial assistance to co-operative societies

Investment by the Government in the share capital and debentures of co-operative societies at the close of 1976-77, 1977-78 and 1978-79 and the return thereon were as under :—

Year	Number of societies	Amount invested as at the end of the year	Dividend/ interest received during the year	Percentage
		(in crores of rupees)		
1976-77	2,321	25.45	0.58(a)	2.3
1977-78	2,402	26.62	0.63(b)	2.4
1978-79	2,461	29.03	0.76(c)	2.7

(a) From 43 societies.

(b) From 27 societies.

(c) From 38 societies.

7.11. Co-operative sugar mills

There were (30th June 1978) four co-operative sugar mills in the State located at Karnal, Panipat, Rohtak and Sonapat.

According to the audited accounts, the financial data of the sugar mills at Rohtak, Panipat, Karnal and Sonapat as on 30th June 1976 and 30th June 1977 were as under :—

Serial number	Particulars	Rohtak		Panipat		Karnal	Sonapat
		30th June 1976	30th June 1977	30th June 1976	30th June 1977	30th June 1977	30th June 1977
(in lakhs of rupees)							
1.	Paid-up capital	1,22.91	1,25.79	55.63	55.63	1,78.19	1,80.36
2.	Government investment in share capital	20.00	20.00	20.00	20.00	1,40.00	1,40.00
3.	Free reserves	1,64.85	2,46.39	2,26.97	2,76.96	1,53.18	1,17.00
4.	Capital investment (1+3)	2,87.76	3,72.18	2,82.60	3,32.59	3,31.37	2,97.36
5.	Profit (+)/ Loss (-) during the year	(+)26.58	(-)50.61	(+)23.86	(-)1,31.38	(-)2,14.66	(-)1,92.99
6.	Percentage of return on capital invested (5 ÷ 4)	9.24	..	8.4	..	..	..
7.	Cane crushed (in lakhs of quintals)	22.33	20.92	19.24	17.49	7.64	2.83
8.	Percentage of recovery	10.17	9.77	9.20	9.07	8.17	7.37

The reasons for reduction in the quantity of cane crushed and recovery rate in the first 2 mills and for comparatively low recovery in the other two mills were not on record.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

Audit observations on financial transactions are reported to the departmental authorities concerned so that appropriate action can be taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1979 and outstanding at the end of November 1979 as compared with the position indicated in two preceding Reports :—

	<i>As at the end of November 1977</i>	<i>As at the end of November 1978</i>	<i>As at the end of November 1979</i>
@ Number of observations	24,503	27,680	33,729
@ Amount involved (in crores of rupees)	40.10	43.82	72.25

The increase was mainly under Transport (Rs. 12.99 crores), Buildings and Roads (Rs. 4.31 crores), Revenue (Rs. 4.10 crores), Agriculture (Rs. 3.56 crores), Animal Husbandry (Rs. 1.15 crores) and Irrigation (Rs. 1.02 crores) departments.

Year-wise break-up of the outstanding items is as follows :—

<i>Year</i>	<i>Number of observations</i>	<i>Amount (in crores of rupees)</i>
1974-75 and earlier years	3,469	4.05
1975-76	3,248	5.29
1976-77	5,891	8.27
1977-78	7,510	12.35
1978-79	13,611	42.29

@Excludes those relating to the Haryana State Electricity Board.

The following departments have comparatively heavy outstanding observations :—

<i>Serial number</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Transport	7,869	27,75.10
2.	Buildings and Roads	2,359	8,49.72
3.	Irrigation	6,965	7,32.27
4.	Agriculture	2,510	6,63.55
5.	Revenue	365	4,64.03
6.	Animal Husbandry	1,525	4,46.98
7.	Medical	2,712	2,90.24
8.	Education	2,976	2,30.90
9.	Lotteries	546	1,29.93
10.	Industries	231	1,12.12

The following are some of the major reasons for which audit observations have remained outstanding :—

<i>Serial number</i>	<i>Nature of observation</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Payees' receipts not received	21,692	32,75.43
2.	Detailed bills for lumpsum drawals on abstract bills not received	2,639	23,90.18
3.	Vouchers not received	2,262	5,80.09
4.	Agreements with contractors/suppliers not received	340	3,31.52
5.	Sanctions to reserve limit of stock not received	58	2,62.50
6.	Sanctions for establishment not received	2,222	1,15.28
7.	Other reasons	2,360	2,21.81

It will be seen that a sizable portion of the outstandings is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is not possible for Audit to verify whether all the payments

have been made or made for due consideration. The departments with comparatively heavy outstandings on this account are :—

<i>Serial number</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Agriculture	2,351	6,58.22
2.	Buildings and Roads	2,079	5,59.33
3.	Irrigation	6,872	4,84.12
4.	Transport	1,854	4,68.93
5.	Revenue	300	4,46.92
6.	Animal Husbandry	1,395	4,30.95
7.	Medical	2,450	2,23.36
8.	Lotteries	546	1,29.93
9.	Education	1,922	1,23.24

Rupees 23,90.18 lakhs are held under observation (November 1979) as detailed contingent bills have not been received in the Audit Office. A major part of this outstanding pertains to the Transport Department. The facility of drawing advances on abstract contingent bills by the Disbursing Officers is intended to expedite payment in certain cases but the abstract contingent bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents) which should be sent to the Audit Office by the 15th of the month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not practicable for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn.

8.2. Outstanding inspection reports

(i) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and the Government. The Government has prescribed that the first replies to inspection reports should be sent within six weeks.

At the end of November 1979, seven thousand eight hundred and twentythree inspection reports issued upto March 1979 still contained unsettled paragraphs as shown below with figures in two preceding Reports.

	<i>As at the end of November 1977</i>	<i>As at the end of November 1978</i>	<i>As at the end of November 1979</i>
*			
Number of inspection reports with unsettled paragraphs	7,475	7,830	7,823
*			
Number of paragraphs	35,737	38,691	38,373

(*Includes those relating to the Haryana State Electricity Board).

Year-wise break-up of the outstanding inspection reports is given below :—

<i>Year</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
1974-75 and earlier years	4,833	16,540
1975-76	633	3,998
1976-77	841	5,828
1977-78	815	6,434
1978-79	701	5,573

The following departments have comparatively heavy outstanding inspection reports :—

<i>Serial number</i>	<i>Department</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
	Education	1,699	5,449
	Power (in respect of Electricity Board)	766	4,937
	Medical and Health	542	3,349
	Revenue	487	3,146
	Irrigation	477	2,561
	Agriculture	493	2,474
	Excise and Taxation	279	2,262
	Buildings and Roads	365	2,095

Of the reports outstanding at the end of November 1979, 6,233 reports related to civil departments, 1,017 to commercial departments and 573 to revenue receipts. These included 489 inspection reports (233 civil, 168 commercial and 8 revenue receipts) for which even the first replies had not been received.

(ii) The more important types of irregularities noticed during inspection and local audit of Public Health Divisions and Industries, Agriculture and Animal Husbandry departments are summarised below :

A. Public Works Department

Public Health Divisions

<i>Serial number</i>	<i>Nature of irregularity</i>	<i>Number of cases</i>	<i>Amount involved (in lakhs of rupees)</i>
1)	(2)	(3)	(4)
	(i) Works executed—		
	(i) without estimates	238	17,00.57
	(ii) excess over estimates	67	39.53
	(ii) Expenditure on deposit works without or in excess of funds	10	1,87.81

(1)	(2)	(3)	(4)
(iii)	Non-disposal of surplus/unserviceable material	22	59.18
(iv)	Utilisation of surplus of issue rates over procurement rates on stock materials for construction of residential/non-residential buildings without approval of the competent authority	20	20.85
(v)	Amounts recoverable from contractors/suppliers due mainly to cost of material not returned or material not received against advance payment	43	19.10
(vi)	Compensation for delays not levied or less amount levied as compensation	13	13.30
(vii)	Wasteful and infructuous expenditure due to defective plans, designs, abandonment of works, changes in alignment, etc.	15	11.45
(viii)	Extra cost to Government due to rejection of lowest tenders, delay in accepting tenders, etc.	10	3.21
(ix)	Splitting up of purchase orders/contracts	17	3.04
(x)	Unauthorised financial aid to contractors	5	1.45
(xi)	Extra cost due to non-observance of conditions of contracts or non-provision of necessary safeguards in contracts	4	1.09

B. Other Civil Departments

Serial number	Nature of irregularity	Number of offices in which irregularities were noticed		
		Industries department	Agriculture department	Animal Husbandry department
(1)	(2)	(3)	(4)	(5)
(i)	Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash books, physical verification of cash, reconciliation of departmental receipts and remittances with the treasury records, etc.	37	62	22
(ii)	Irregularities connected with purchase of stores	25	54	18

(1)	(2)	(3)	(4)	(5)
(iii) Irregularities in the accountal of stores		28	49	13
(iv) Irregular, excess and wasteful expenditure due to appointment of staff, etc.		12	46	..
(v) Irregularities in drawal, disbursement and recovery of loans		11	..	5
(vi) Defective maintenance of log-books of vehicles		7

CHANDIGARH,

The

5 JUL 1980

Accountant General, Haryana

Countersigned

NEW DELHI,

The

8 JUL 1980

(GIAN PRAKASH)

Comptroller and Auditor General of India

A P P E N D I C E S

APPENDIX I

(Reference : Paragraph 1.4 ; page 6)

ANALYSIS OF VARIATIONS IN REVENUE EXPENDITURE DURING
1978-79 OVER 1977-78

(a) Plan

The increase in revenue expenditure from Rs. 36.82 crores in 1977-78 to Rs. 49.77 crores was mainly under :—

<i>Head of expenditure</i>	<i>Increase</i>	<i>Remarks</i>
<i>(in crores of rupees)</i>		
Agriculture and Allied Services	7.43	Due mainly to increase in expenditure on Area Development (Rs. 5.13 crores), Community Development (Rs. 1.10 crores), Soil and Water Conservation (Rs. 0.56 crore) and Animal Husbandry (Rs. 0.33 crore).
Social and Community Services	5.40	Due to increase in expenditure on Education (Rs. 2.92 crores), Public Health, Sanitation and Water Supply (Rs. 1.38 crores) and Medical (Rs. 1.10 crores).

(b) Non-Plan

The increase in revenue expenditure from Rs. 1,94.23 crores in 1977-78 to Rs. 2,31.85 crores was mainly under :—

<i>Head of expenditure</i>	<i>Increase</i>	<i>Remarks</i>
<i>(in crores of rupees)</i>		
General Services	20.46	Due mainly to adjustment of the backlog of interest payment on General Provident Fund deposits of the State Government employees, more payment of interest on market loans and on loans obtained from the Government of India and more expenditure on police and public works.
Water and Power Development	5.24	Due mainly to payment of larger interest and more expenditure on maintenance of canals, etc.
Transport and Communications	4.65	Due mainly to more expenditure on maintenance and running charges of transport services (Rs. 3.51 crores) and additional expenditure on the maintenance of roads and bridges damaged by floods (Rs. 1.12 crores).
Agriculture and Allied Services	3.91	Due mainly to more expenditure on Agriculture (Rs. 2.41 crores) and Community Development (Rs. 0.86 crore).
Social and Community Services	3.54	Due mainly to more expenditure on Education (Rs. 1.89 crores), Social Security and Welfare (Rs. 0.47 crore), Public Health, Sanitation and Water Supply (Rs. 0.31 crore) and Urban Development (Rs. 0.28 crore).

APPENDIX II

(Reference : Paragraph 1.5(ii) ; page 7)

ANALYSIS OF VARIATIONS IN CAPITAL EXPENDITURE DURING
1978-79 OVER 1977-78

Plan

The increase in capital expenditure from Rs. 57.46 crores in 1977-78 to Rs. 83.28 crores was mainly under :—

<i>Head of expenditure</i>	<i>Increase</i>	<i>Remarks</i>
	<i>(in crores of rupees)</i>	
1. Water and Power Development	22.00	Due mainly to more outlay on Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 22.71 crores) partly offset by less expenditure on Multi-purpose River Projects (Rs. 0.71 crore).
2. Transport and Communications	2.01	Due mainly to increase in expenditure on Roads and Bridges (Rs. 1.72 crores) and on Road and Water Transport Services (Rs. 0.18 crore).
3. General Economic Services	1.25	Due to more expenditure on Co-operation.

APPENDIX III

(Reference : Paragraph 2.4(i) ; page 20)

SAVINGS UNDER GRANTS AND CHARGED APPROPRIATIONS

Serial number	Number and name of grant/ charged appropriation	Total provision	Expenditure	Saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
Revenue					
(i)	4—Revenue Voted	5,12.12	4,45.26	66.86	13
(ii)	5—Excise and Taxation Voted	2,35.65	1,80.85	54.80	23
(iii)	8—Buildings and Roads Voted	17,42.38	15,34.86	2,07.52	12
(iv)	11—Urban Development Voted	1,14.54	1,01.33	13.21	12
(v)	12—Labour and Employment Voted	2,77.75	2,45.20	32.55	12
(vi)	14—Food and Supplies Voted	1,44.61	1,05.12	39.49	27
(vii)	16—Industries Voted	3,05.52	2,70.14	35.38	12
(viii)	17—Agriculture Voted	26,08.77	21,92.48	4,16.29	16
(ix)	19—Fisheries Voted	55.39	37.01	18.38	33
(x)	22—Co-operation Voted	2,10.22	1,74.43	35.79	17
Capital					
(i)	7—Other Administrative Services Voted	9.00	4.25	4.75	53
(ii)	14—Food and Supplies Voted	93,38.17	65,18.11	28,20.06	30

APPENDIX III—concl'd.

(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
(iii) 16—Industries					
Voted		1,60.72	1,29.24	31.48	20
(iv) 17—Agriculture					
Voted		1,07.50	77.89	29.61	28
Charged		8.00	4.85	3.15	39
(v) 22—Co-operation					
Voted		7,33.20	4,55.47	2,77.73	138
(vi) Public Debt					
Charged		1,44,27.86	1,23,70.07	20,57.79	14

APPENDIX IV

(Reference : Paragraph 2.7; page 22)

SIGNIFICANT CASES OF SHORTFALL/EXCESS IN RECOVERIES

Serial number	Number and name of grant	Estimated recovery	Actual recovery	Amount of excess (+)/shortfall (-) as compared to estimates	Remarks
(in crores of rupees)					
Revenue					
(1)	8—Buildings and Roads	..	0.78	(+)0.78	The amount represents recovery of establishment and tools and plant charges. Reasons for not making any provision have not been intimated (January 1980).
(2)	10—Medical and Public Health	1.92	0.68	(-)1.24	Reasons have not been intimated (January 1980).
(3)	15—Irrigation	0.08	6.06	(+)5.98	The excess was due mainly to recovery having not been estimated in revenue section for the establishment charges transferred to the capital head on <i>pro rata</i> basis.
Capital					
(4)	8—Buildings and Roads	5.85	8.58	(+)2.73	The excess was due mainly to larger recovery of expenditure on district and other roads which was met from the market fee deposits.
(5)	14—Food and Supplies	93.97	68.64	(-)25.33	Due mainly to less procurement of foodgrains and consequent less issue/sales resulting in less recoveries.
(6)	15—Irrigation	10.68	22.50	(+)11.82	Due mainly to more expenditure on Beas Project (which is treated as loan to Haryana State Electricity Board) and consequent more recoveries.
(7)	22—Co-operation	0.91	1.85	(+)0.94	Due mainly to larger retirement of investments than anticipated.

APPENDIX V

(Reference : Paragraph 2.8 ; page 22)

DRAWAL OF FUNDS IN ADVANCE OF REQUIREMENTS

<i>Office</i>	<i>Month of drawal from the treasury</i>	<i>Amount (in lakhs of rupees)</i>	<i>Remarks</i>
District Education Officer, Sonapat	March 1978	0.32	Twelve drafts of the aggregate value of Rs. 0.32 lakh obtained on placing order for scientific material were lying in cash chest undisbursed (November 1978). Out of this, Rs. 0.22 lakh were deposited into treasury in April 1979.
Director, State Institute of Science Education, Gurgaon	March 1978	1.46	The amount was kept (November 1978) in the form of bank drafts pending receipt of 574 scientific kits for which orders had been placed in September 1977 with delivery period of 2 months.
Deputy Director, Intensive Cattle Development Programme, Ambala City	March 1977	1.60	The amount was kept in the form of bank drafts pending receipt of truck, stores articles, etc. Out of this, Rs. 1.17 lakhs were deposited into treasury in March 1978 (Rs. 0.94 lakh) and March 1979 (Rs. 0.23 lakh), Rs. 0.14 lakh were spent during November 1977 to March 1979 and Rs. 0.29 lakh were lying unutilised (June 1979).
Deputy Director, Rinderpest, Haryana	March 1976	1.16	Payment made in April-October 1976 for supplies (i.e., sound projector, jeep, medicines) received between June 1976 and October 1976.

APPENDIX

(Reference : Paragraph

CASES OF MISAPPROPRIATIONS, DEFALCATIONS, ETC., UNDER
(POSITION AT THE END OF

Serial number	Department	Departmental investigation cases pertaining to			
		1973-74 and earlier years		1974-75 to 1978-79	
		Number	Amount	Number	Amount
					(amounts)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Buildings and Roads	5	0.47	19	5.76
2.	Food and Supplies	..	..	5	2.16
3.	Medical	..	..	..	..
4.	Transport	..	..	8	0.37
5.	Education	..	..	5	0.07
6.	Irrigation	..	..	9	0.18
7.	Election	..	..	..	..
8.	Fisheries	..	..	..	..
9.	P.W.D. (Public Health)	1	0.12	..	..
10.	Forest	..	..	..	..
11.	Industries	..	..	1	0.12
12.	Development and Panchayat	1	0.03	2	0.04
13.	Revenue	..	..	1	0.03
14.	Animal Husbandry	..	..	..	..
15.	Agriculture	..	..	..	..
16.	Home Guards	..	..	..	..
	Total	7	0.62	50	8.73

VI

3.6; page 36)

**DEPARTMENTAL INVESTIGATION OR CRIMINAL PROSECUTION
AUGUST 1979)**
*Criminal prosecution cases pertaining to**Grand Total*

1973-74 and earlier years		1974-75 to 1978-79		Grand Total	
Number	Amount	Number	Amount	Number	Amount
<i>in lakhs of rupees)</i>					
(7)	(8)	(9)	(10)	(11)	(12)
2	0.11	9	0.84	35	7.18
..	..	..	..	5	2.16
..	..	4	2.12	4	2.12
2	0.13	4	0.96	14	1.46
2	0.19	8	1.05	15	1.31
2	0.07	2	0.09	13	0.34
1	0.17	1	0.12	2	0.29
1	0.23	1	0.04	2	0.27
..	..	1	0.14	2	0.26
1	0.14	..	..	1	0.14
..	..	..	..	1	0.12
..	..	1	0.03	4	0.10
..	..	1	0.05	2	0.08
1	0.05	..	..	1	0.05
1	0.02	..	..	1	0.02
..	..	1	0.02	1	0.02
13	1.11	33	5.46	103	15.92

APPENDIX

(Reference : Paragraphs 6.5 and

SUMMARISED FINANCIAL RESULTS

Serial number	Name of the Corporation	Name of the Department	Year of incorporation	Period of accounts	Total capital invested (A)	Profit (+)/ Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					(Figures in columns 6 to 10, 12 and 13 are (C))	
1.	Haryana State Electricity Board	Irrigation and Power	1967	1978-79	4,69,74.60	(+)8,72.52
2.	Haryana Warehousing Corporation	Agriculture	1967	1978-79	4,22.83	(+)28.70

(A) Capital invested represents paid-up capital plus long term loans and free reserves.

(B) Capital employed represents net fixed assets (excluding capital works-in-progress) plus working capital.

(C) Represents contribution to re-payment of loan reserve.

VII (a)

6.13; pages 52 and 69)

OF STATUTORY CORPORATIONS

<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loans</i>	<i>Total return on capital invested (7+9)</i>	<i>Percentage of total return on capital invested</i>	<i>Capital employed (B)</i>	<i>Total return on capital employed (7+8)</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>in lakhs of rupees)</i>						
21,67.09	21,46.35	30,18.87	6.43	3,19,78.5	30,39.61	9.51
13.43	13.43	42.13	9.96	4,23.27	42.13	9.95

APPENDIX

(Reference : Paragraph 6.13;

SUMMARISED FINANCIAL RESULTS OF

Serial number	Name of the Corporation	Name of the Department	Year of incorporation	Period of accounts	Profit (+)/ Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Haryana Financial Corporation	Industries	1967	1978-79	(+)1,04.35

(Figures in columns 6 to 10 are in

(A) Represents mean capital employed, i.e., mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii) reserves, (iv) borrowings including refinance and (v) deposits.

VII (b)

page 69)

STATUTORY CORPORATIONS

<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loans</i>	<i>Capital employed (A)</i>	<i>Total return on capital employed (6+7)</i>	<i>Percentage of total return on capital employed</i>
(7)	(8)	(9)	(10)	(11)
<i>lakhs of rupees)</i>				
1,40.69	1,39.97	28,77.26	2,45.04	8.52

APPENDIX

(Reference : Paragraph

SUMMARISED FINANCIAL RESULTS

Serial number	Name of the Company	Name of the Department	Date of incorporation	Year of accounts	Total capital invested (A)	Profit (+)/ Loss (-)
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(1) (2) (3) (4) (5) (6) (7)

(Figures in columns 6 to 10, 12 and 13

I. Running concerns

1.	Haryana Land Reclamation and Development Corporation Limited	Agriculture	1974	1978-79 (April-March)	1,13.24	(+)7.07
2.	Haryana State Small Industries and Export Corporation Limited	Industries	1967	1977-78 (July-June)	60.94	(+)17.78
3.	Haryana State Handloom and Handicrafts Corporation Limited	Industries	1976	1978-79 (April-March)	1,02.49	(+)0.96
4.	Haryana Seeds Development Corporation Limited	Agriculture	1974	1978-79 (July-June)	1,01.90	(+)12.70

II. Promotional and Development Undertakings

5.	Haryana State Industrial Development Corporation Limited	Industries	1970	1978-79 (April-March)	..	(+)2.96
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III. Subsidiaries of Haryana State Industrial Development Corporation Limited

6.	Haryana Matches Limited	Industries	1970	1977-78 (April-March)	12.50	(-)1.74
7.	Haryana Minerals Limited	Industries	1972	1977-78 (April-March)	45.80	(-)4.67
8.	Haryana Breweries Limited	Industries	1970	1978-79 (April-March)	2,46.76	(+)7.94
9.	Haryana Concast Limited	Industries	1973	1977-78 (April-March)	3,74.72	(-)89.56

(A) Capital invested represents paid-up capital plus long term loans and free reserves.

(B) Capital employed represents net fixed assets (excluding capital works-in-progress) plus working capital.

(C) Represents mean capital employed, i.e., mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) reserves and surplus and (iii) borrowings.

(D) Represents net profit before charging interest, tax provision and reserve under Section 36 (1) (viii) of the Income Tax Act.

VIII

6.14 ; Page 70)

OF GOVERNMENT COMPANIES

Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed (B)	Total return on capital employed (7+8)	Percentage of total return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>are in lakhs of rupees)</i>						
2.63	2.63	9.70	8.57	1,08.78	9.70	8.92
6.52	0.33	18.11	2.97	1,25.19	24.30	19.41
2.25	2.25	3.21	3.13	1,11.54	3.21	2.88
4.25	..	12.70	12.46	1,72.57	16.95	9.82
0.20	..	..	..	(C) 4,83.60	(D) 3.16	0.65
0.13	..	(-)1.74	..	4.03	(-)1.61	..
4.51	3.49	(-)1.18	..	18.14	(-)0.16	..
19.35	19.35	27.29	11.06	1,86.00	27.29	14.67
47.78	26.19	(-)63.37	..	3,12.34	(-)41.78	..

APPENDIX IX

(Reference : paragraph 6.20; page 87)

ARREARS IN PREPARATION OF PRO FORMA ACCOUNTS OF GOVERNMENT
COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

<i>Name of the undertaking</i>	<i>Years for which accounts are in arrears</i>
Seed Depot Scheme	1966-67 to 1978-79
Colonization Scheme	1966-67 to 1978-79
Purchase and distribution of pesticides	1966-67 to 1978-79
Nationalised Text Book Scheme	1974-75 to 1978-79
Haryana Roadways	1977-78 to 1978-79
Grain Supply Scheme	1978-79

The following is a list of the names of the persons who have been
 named in the report of the committee on the subject of the
 proposed amendments to the constitution of the State of New York.
 The names are given in the order in which they were named in the
 report.

APPENDIX X

APPENDIX

(Reference :

SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COMMERCIAL/

<i>Serial number</i>	<i>Name of the concern</i>	<i>Period of accounts</i>	<i>Government capital</i>
(1)	(2)	(3)	(4)
		<i>(Figures in columns 4 to 9</i>	
1.	Haryana Roadways	1976-77	23,94.90
2.	Haryana Veterinary Vaccine Institute, Hissar	1978-79	1.24

X

paragraph 6.20 ; page 87)

QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

<i>Mean capital excluding interest on capital</i>	<i>Block assets</i>	<i>Cumulative depreciation</i>	<i>Turnover</i>	<i>Profit (+)/ Loss (-)</i>	<i>Percentage of profit on mean capital</i>
(5)	(6)	(7)	(8)	(9)	(10)
<i>are in lakhs of rupees)</i>					
14,49.90	17,84.12	8,13.28	27,71.40	(+)48.17	3.32
0.40	0.55	0.45	3.43	(+)1.88	470

APPENDIX

(Reference :

VEHICLE

Serial number	Particulars	1976-77				
		Ambala	Chandigarh	Gurgaon	Jind	Rohtak
1.	Total fleet (as on 31st March)	267	178	249	156	241
2.	Average number of kilometres done by a vehicle per day	245	301	287	242	237
3.	Total kilometres (in lakhs)	2,17.68	1,61.55	2,27.61	1,22.59	1,94.04
4.	Effective kilometres (in lakhs)	2,09.59	1,53.48	2,20.10	1,20.40	1,88.38
5.	Dead kilometres (in lakhs)	8.09	8.07	7.51	2.19	5.66
6.	Accidents (in number)	30	35	31	33	39

APPENDIX XII

(Reference : Paragraph 7.2; Page 98)

UTILISATION CERTIFICATES FOR GRANTS PAID UPTO 31ST MARCH 1978
OUTSTANDING AS ON 30TH SEPTEMBER 1979

Department	Awaited utilisation certificates	
	Number	Amount
		(in lakhs of rupees)
1. Agriculture	80	10,49.23
2. Education—		
(a) Education	183	9,76.38
(b) N.S.S. Education	2	4.19
3. Development and Panchayat	5,694	9,40.55
4. Medical and Health—		
(a) Medical	79	4,85.38
(b) Health	4	17.38
5. Local Government	60	76.47
6. Animal Husbandry	485	52.88
7. Industries	30	25.63
8. Social Welfare	65	13.85
9. Political	8	11.3
10. General Administration	2	5.14
11. Other Departments	36	10.07
Total	6,728	36,68.50