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

FOR THE YEAR ENDED 31 MARCH 2003

(Civil)

GOVERNMENT OF HARYANA

दिनांक 13 FEB 2004 को विधानसभा
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on 13 FEB 2004

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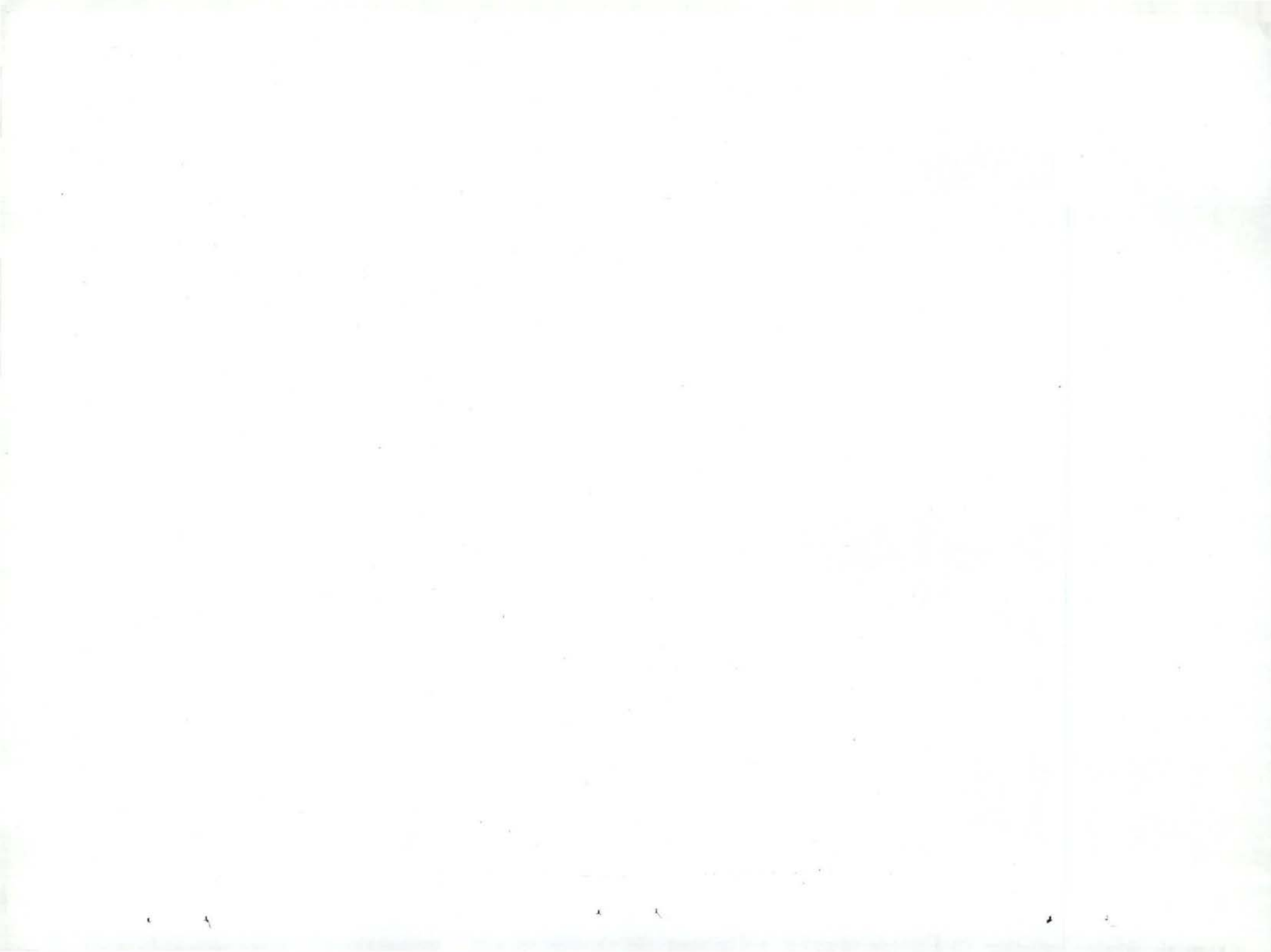
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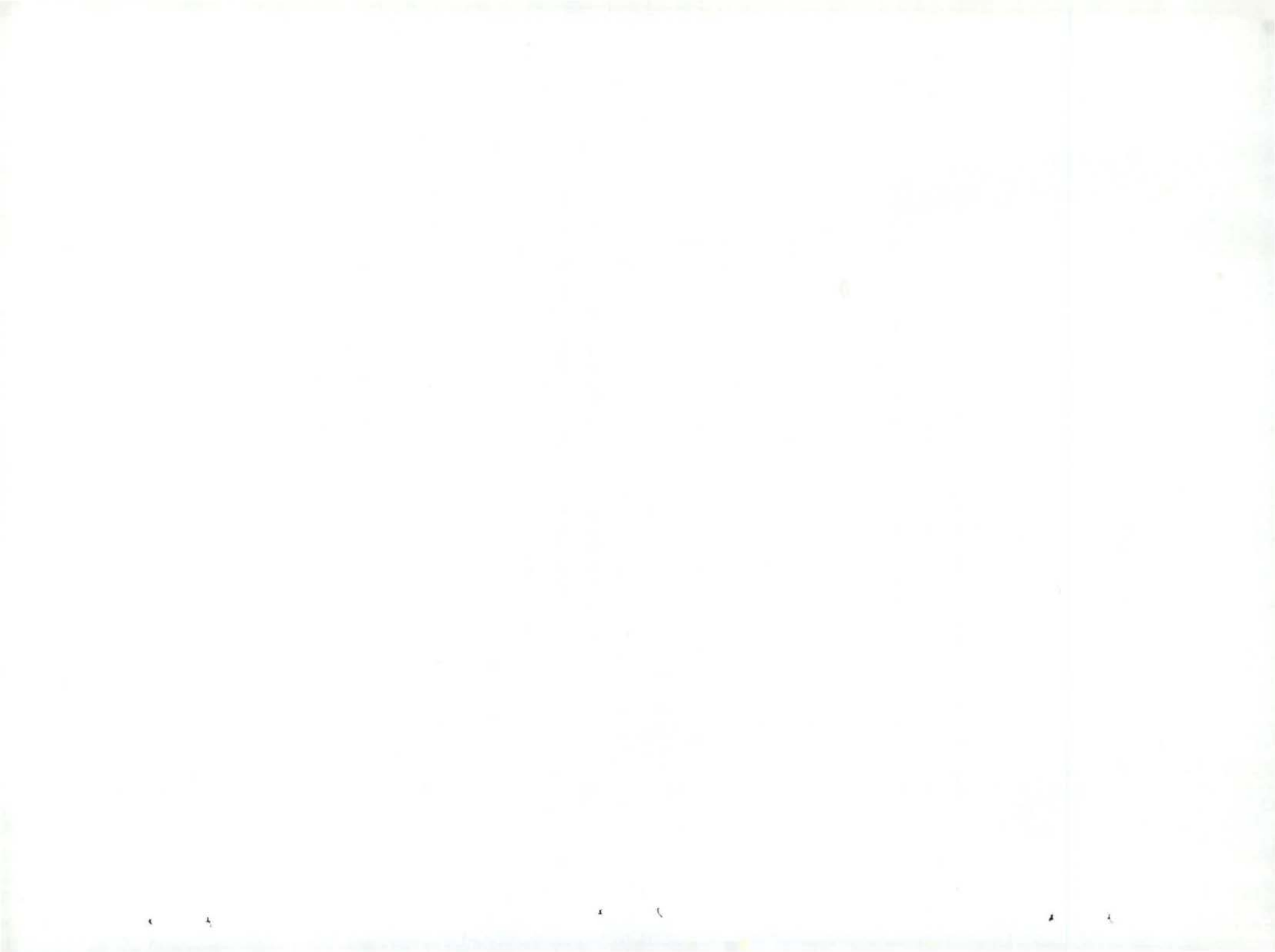
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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.
2. Chapter I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2003.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test-audit of accounts during the year 2002-2003 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 2002-2003 have also been included wherever necessary.



OVERVIEW

OVERVIEW

The Report includes two Chapters on Finance and Appropriation Accounts of the Government of Haryana for the year 2002-03 and three other Chapters comprising four reviews and 33 paragraphs, based on the audit of certain selected programmes and activities and financial transactions of Government. A synopsis of findings contained in the Report is presented in this overview.

As per existing arrangement, copies of the draft audit paragraphs and reviews are sent demi-officially to the concerned Secretaries to the State Government by the Accountant General (AG), with a request to furnish replies within six weeks. The Secretaries are also reminded demi-officially by the AG for replies. However, despite such efforts, no reply had been received in respect of 25 out of 33 draft audit paragraphs and all the four reviews as of September 2003.

1 An over view of the Finances of the State Government

- Revenue receipts of the Government increased from Rs 5,479 crore in 1998-99 to Rs 8,657 crore in 2002-03 registering increase at an average trend rate of 9.05 *per cent per annum*. The share of tax revenue (Rs 5,550 crore) and non-tax revenue (Rs 1,808 crore) in total revenue receipts was 64 and 21 *per cent* respectively in 2002-03.
- 85 *per cent* revenue came from State's own resources whereas central tax transfers and grants-in-aid contributed nearly 15 *per cent* of the total revenue
- Out of total arrears of revenue for Rs 577 crore as of March 2003, Rs 199 crore (34 *per cent*) were outstanding for more than five years indicating unsatisfactory tax compliance.
- Total expenditure increased from Rs 8,273 crore in 1998-99 to Rs 10,234 crore in 2002-03 at a trend rate of 6.81 *per cent*.
- Revenue expenditure increased from Rs 7,019 crore in 1998-99 to Rs 9,342 crore in 2002-03 showing increase at an average trend rate of 7.05 *per cent per annum*. During the year, revenue expenditure increased by Rs 686 crore (eight *per cent*) which was mainly due to more expenditure on interest payments, pensions and other retirement benefits apart from subsidy of Rs 829 crore to Haryana Vidhyut Parsaran Nigam Limited for rural electrification.
- Relative share of plan, capital and developmental expenditure in total expenditure declined from 20.32, 12.75 and 65.11 *per cent* in 1998-99 to 19.38, 4.46 and 58.62 *per cent* respectively in 2002-03.

- The share of economic services in total expenditure declined from 36.31 *per cent* in 1998-99 to 26.46 *per cent* in 2002-03, the share of general services and social services increased from 33.92 and 27.01 *per cent* in 1998-99 to 39.47 and 29.55 *per cent* respectively in 2002-03.
- Huge expenditure on salaries (Rs 3,008 crore), interest payments (Rs 1,946 crore) and pensions (Rs 746 crore) during the current year consumed 66 *per cent* of revenue receipts.
- Interest payments increased steadily by 95 *per cent* from Rs 997 crore in 1998-99 to Rs 1,946 crore in 2002-03 and consumed 35 *per cent* of tax revenue and constituted 21 *per cent* of revenue expenditure.
- Capital expenditure decreased from Rs 1,467 crore in 2001-02 to Rs 436 crore in 2002-03. Decrease in expenditure was due to healthy recoveries over expenditure incurred for procurement of foodgrains under grain supply schemes during the year.
- Revenue deficit decreased from Rs 1,056 crore to Rs 685 crore and fiscal deficit from Rs 2,739 crore to Rs 1,471 crore during 2002-03.
- Government invested Rs 161.28 crore in the Government companies and Co-operative Banks and Societies in 2002-03. Dividend received from total Government investments of Rs 3,067.25 crore at the end of 2002-03 was less than even one *per cent* (Rs 1.73 crore). Government had invested Rs 1,205.95 crore in one statutory corporation and 13 Government loss-making companies, where the accumulated losses were Rs 1,210.73 crore.
- Total revenue received from seven major irrigation projects was only 13 *per cent* (Rs 40.50 crore against the cumulative expenditure of Rs 311.25 crore). Net loss in these projects was Rs 65 crore after meeting the working and maintenance expenditure.
- Overall fiscal liabilities of the State Government increased from Rs 10,199 crore in 1998-99 to Rs 19,227 crore in 2002-03 at an average growth rate of 18.72 *per cent* per annum. These liabilities as ratio to GSDP increased from 23.4 *per cent* in 1998-99 to 28.9 *per cent* in 2002-03 and stood 2.22 times of revenue receipts.
- Assistance to different Bodies/Authorities increased by 60 *per cent* from Rs 380.76 crore in 1998-99 to Rs 607.80 crore in 2002-03.
- Amount of guarantees given by the Government to Statutory Corporations and Boards, Co-operative Banks/Societies, etc. and Government Companies showed a quantum leap from Rs 6,906 crore to Rs 12,461 crore during 1998-2003, indicating a higher risk exposure.

- Ways and Means Advances obtained by the State increased from Rs 497.89 crore in 1998-99 to Rs 633.97 crore in 2002-03 (27 per cent). State also availed overdraft of Rs 177.42 crore during the year. This reflected significant mismatch between the receipts and disbursements of the Government.

(Paragraphs 1.1 to 1.9)

Indicators of financial position of the State

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large revenue and fiscal deficit year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt with regard to its revenue receipts indicate its increasing unsustainability. There has also been a decline in net availability of funds for infrastructural development from its borrowings as a larger portion of these funds were being used for debt servicing and on establishment expenditure. The State's continuous declining low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. Investments in loss making companies are not sustainable. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without an asset back-up. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance of current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment. State Government needs to address to these vulnerabilities to make its finances more sustainable.

(Paragraph 1.10)

2. Appropriation and control over expenditure

- Excess expenditure of Rs 1,225.21 crore incurred during 2001-02 was not regularised in terms of Article 205 of the Constitution of India. The Government had not furnished explanations for excess expenditure to the Public Accounts Committee as of September 2003.
- Supplementary provisions of Rs 55.67 crore obtained in four cases during the year were unnecessary as the expenditure in each case was less than the original provision. In other eight cases, while additional funds of Rs 98.60 crore were needed, supplementary grants and appropriations of Rs 223.41 crore were obtained which resulted in savings of Rs 124.81 crore.

- In 11 cases, as against the actual savings of Rs 263.14 crore, the amount surrendered was Rs 309.88 crore resulting in excess surrender of Rs 46.74 crore. Against the final savings of Rs 2,136.60 crore in 49 cases, Rs 1,284.81 crore were surrendered on the last day of the year, indicating that expenditure and budgetary controls were ineffective.
- Explanations for savings/excesses were not received for 202 (31 per cent) out of 647 heads/sub-heads of accounts.

(Chapter II)

3. Working of Agriculture Department

Though Haryana State is one of the largest contributors of foodgrains to the Central Pool, a review on the working of Agriculture Department brought to light significant weaknesses in programme management, resource application and monitoring of key areas. Level of yield/production per hectare attained at the end of VIII five year plan i.e. in 1996-97 for various crops could not be maintained. Yield per hectare declined under rice, *jawar*, *kharif* pulses and cotton. Certified seeds were not used in large areas. Diversification from cereal crops to commercial crops, which were more remunerative, was not popularised among farmers as area under these crops declined. People's involvement in water management and soil conservation programmes was lacking as self help groups/watershed management committees were not formed for maintenance of completed works. Adequate coverage of scheduled castes, small/marginal farmers were not ensured for providing benefits under various Centrally sponsored schemes. Control mechanism such as internal audit, monitoring of implementation of schemes/programmes were non-functional. Some of the important highlights are given below:

- Area sown under commercial crops (cotton, *rabi* oil seeds and sunflower) declined during 2000-03 as compared to the coverage achieved at the end of VIII Five Year Plan (FYP) i.e. in 1996-97. Shortfalls in coverage of targeted area under maize, *kharif* pulses and gram during 2000-03 ranged between 14 and 68 per cent.
- Targets for production and per hectare yield for cotton (except in 2000-01), rice, *jawar*, *kharif* pulses, *rabi* pulses and *rabi* oil seeds were not achieved during 2000-03. Level of per hectare yield for *jawar*, *kharif* pulses and cotton attained at the end of VIII FYP in 1996-97 could not be maintained during 2000-03.
- Eight hundred forty nine works completed at a cost of Rs 1.67 crore by Assistant Soil Conservation Officer, Panchkula and Naraingarh during 2000-02 were not handed over to Watershed Management Committees for their maintenance though very clearly provided in the scheme.

- Certified seeds were not provided to 82 to 96 *per cent* of the sown area under wheat, paddy and gram crops during 2000-03.
- The department failed to popularise crop diversification from cereal crops to commercial crops as areas sown under these crops declined from 14.83 lakh hectares in 1996-97 to 13.26 lakh hectares in 2002-03.
- Out of Rs 48.94 lakh released by the Director, Agriculture to the State Land Use Board for preparation of land use data bank and creating awareness among farmers for adoption of suitable land use measures, during 2000-02, Rs 32.40 lakh remained unutilised.
- In the districts test checked, 10 officials were posted at places where the posts were not sanctioned, but their salaries were drawn against vacant posts in other offices.

(Paragraph 3.1)

4. Implementation of the Drugs and Cosmetics Act

Medical and Health Department was responsible for enforcing the provisions of the Drugs and Cosmetics Act and Rules framed thereunder. These legislations were enacted with the objectives to ensure availability of standard and safe drugs and cosmetics, availability of drugs at fair and affordable prices to the consumers and to see that the drugs were promoted through projection of factual information only. The department, however, did not have adequate infrastructural resources and manpower to effectively discharge the regulatory functions. There was shortfall in inspections of drug units to check compliance of provisions of the Act. In large number of cases, the firms continued their business without getting their licences renewed. Collection of drug samples for quality control was arbitrary as no sample was collected from large number of units for several years. Sub-standard and spurious drugs were in sale in market and were supplied even to the Government hospitals. The department thus, failed to achieve the objectives enshrined in the Act. Important points noticed in audit were as under:

- Against the requirement of 50 Drug Inspectors, as per norms recommended by the task force of the Central Council of Health and Family Welfare, only 16 were in position. This led to a situation where against the requirement of 52,913 inspections covering 6,100 to 8,051 Allopathic/Homeopathic drug selling units in the State during 1998-2003, 21,473 inspections were carried out by Drug Inspectors, resulting in shortfall of 59 *per cent*. For inspection of 230 to 366 Ayurvedic/Unani drug manufacturing units in the State, shortfall was 37 *per cent* during 1998-2003.
- Testing facilities were not available with the State Drug Laboratory for any of the Homeopathic, Ayurvedic and Unani medicines nor any alternative arrangements for their testing were made. Also, for large number of allopathic drugs, these facilities were not available.

- Seventy four *per cent* of the drug samples were tested after prescribed period of 45 days from the date of collection of samples. The delay ranged between one and half month and one and half year. Licences of 25 out of 38 Blood Banks in the State were not renewed for the last two to seven years although they continue to be in operation.
- Prosecution cases increased from 324 in 1997-98 to 522 in 2002-03. The department did not take up the case for setting up special designated courts with the Government for their speedy disposal.
- Records of complaint cases were not maintained properly. Details made available disclosed that 227 cases were pending as of March 2003. Appropriate speedy action was not taken against the defaulters.

(Paragraph 3.2)

5. Welfare of Handicapped

Survey conducted in 1998 identified 2.21 lakh handicapped persons in the State. Of which, 1.37 lakh were orthopaedically handicapped. The Government did not have any policy or specific action plan to cover all the handicapped persons. Large number of orthopaedically handicapped persons were yet to be benefited under the programme for whom no specific action plan was formulated.

- The State Government had no policy or specific time bound action plan to cover/rehabilitate large number of orthopaedically handicapped persons.
- Out of 2.21 lakh disabled persons identified in 1998, only 21-22 *per cent* were benefited under various schemes during 1998-2003. Heavy shortfalls in achievements were noticed mainly under the schemes, 'Providing Unemployment Allowance', and 'Prosthetic Aid to Handicapped Persons'.
- Out of 10,618 persons registered with special employment exchange for handicapped during 1998-2003, only 236 (two *per cent*) were provided employment.
- Under National Programme for Rehabilitation of Persons with disabilities, only Rs 30 lakh were released to the District Red Cross Societies out of Rs 2.57 crore released by Government of India during 1999-2002 and balance of Rs 2.27 crore was lying unutilised in saving bank account of the Director. Similarly, District Disability Rehabilitation Centre at Sonipat had not been set up so far (March 2003) despite release of Rs five lakh for the purpose to the Red Cross Society, Sonipat in 2001-02.

- Braille press installed at a cost of Rs 6.98 lakh in 1993-94 at the Institute for blind at Panipat was lying idle as computer instructor had not been provided so far (March 2003).
- Only 11 to 37 *per cent* handicapped persons were enrolled at the Training Centre for adult blind at Sonipat during 1998-2003. Per person training cost increased from Rs 35,297 in 1998-99 to Rs 93,364 in 2002-03.
- Meetings of State Co-ordination Committee and State Executive Committee for monitoring the implementation of the schemes were not held at prescribed intervals.

(Paragraph 3.3)

6. Prevention and Control of Fire

Fire services in Haryana failed to increase their resources in proportion to the rising population, increasing number of fire calls/incidents and high rise buildings in the State. Despite Dabwali fire tragedy in 1995, State Government had not enacted Fire Force Act, in the absence of which no legal action could be taken against the defaulters for not taking fire preventive and safety measures in high rise buildings and institutional buildings, cinema halls, etc. There was no worthwhile improvement in the infrastructure; even number of hydrants and tubewells had declined during 1997-2003. Fire services were ill equipped with regard to men and machines and available resources were poorly managed leading to increased response time to fire calls. Nearly 39 *per cent* sanctioned posts of operational staff remained vacant. About 18 *per cent* fire fighting equipments/vehicles were out of order while 30 *per cent* such vehicles/equipments had outlived their lives. In 50 *per cent* fire stations, only 22 *per cent* hydrants were available and 87 *per cent* of the available hydrants were unserviceable. All these factors led to increase in response time to fire calls, which was more than the prescribed time in large number of cases. No training and awareness programmes were conducted for leading firemen, breathing apparatus course, fire prevention course and other specialised courses as recommended by Standing Fire Advisory Committee. The State Government was, thus, not prepared and equipped to control any major fire incident.

- State Government did not enact the Fire Force Bill. Fire services were run without specific powers/guidelines from the department/Municipal Committees, which badly affected the services.
- Municipal Committees/Corporations, against the budget provision of Rs 37.32 crore, spent Rs 23.76 crore (64 *per cent*) during 1997-2003.

- Against the requirement of 4,268 Fire Stations in the State, there were only 28 Fire Stations and no Fire Station existed in rural areas though 30 *per cent* of the fire calls were from these areas. Only 10 hydrants, 14 underground water tanks and eight tubewells were in working conditions in test checked districts against the requirement of 345 hydrants, 46 underground water tanks and 21 tubewells respectively. Only 105 Water Tenders were available in the State, against the requirement of 422.
- In the Fire Stations test checked, response time to fire calls was more than prescribed time of five minutes in 33 *per cent* cases in urban areas and between 13 and 120 minutes in 72 *per cent* cases in rural areas.
- Adequacy of provision for fire preventive measures was not ensured by Municipal Committees as inspections of high-rise buildings were not carried out by fire fighting staff during 1997-2003.
- Against the requirement of 678 operating staff in test checked districts, 245 were in position. At five Fire Stations, Assistant Fire Station Officers were also not in position.
- As on 31 March 2003, fire tax of Rs 8.73 crore from various building owners and fire charges of Rs 20.72 lakh remained unrecovered.

(Paragraph 3.4)

7. Blocking of funds

- Delay in procurement of the software had not only led to failure to achieve the desired objective of computerisation of district libraries but the funds of Rs 74.47 lakh also remained blocked over a period of two years.
(Paragraph 4.1.1)
- Haryana Urban Development Authority constructed booths without proper survey of demand which not only rendered the expenditure of Rs 59.31 lakh as unfruitful but also the funds had remained blocked over a period of two years.
(Paragraph 4.1.2)
- Investment of Rs 89.97 lakh on the construction of staff quarters by Public Health department under Yamuna Action Plan Project proved injudicious as the quarters were occupied by private agencies on nominal rent rather than their staff.
(Paragraph 4.1.3)

8. Injudicious/irregular expenditure

- HUDA incurred an injudicious expenditure of Rs 10.86 crore on the maintenance of developed sectors not transferred to Municipal Councils.
(Paragraph 4.2.1)
- By not implementing the Government orders, Finance, Justice and Forest Departments had incurred an irregular expenditure of Rs 2.25 crore on engagement of daily wage workers.
(Paragraph 4.2.2)
- Divisional Forest Officer (Production), Kurukshetra incurred an irregular and doubtful expenditure of Rs 84.11 lakh on logging works which included felling of trees, their transportation, loading and unloading by splitting up the works on quotation basis to avoid sanction of higher authorities.
(Paragraph 4.2.3)
- In Construction Division 23, Panipat of Irrigation Department, Rs 50.28 lakh spent on earth work excavation in abandoned Old Delhi Branch, without revision of design parameters, resulted in infructuous expenditure with a further proposal to spend Rs 84.40 lakh on re-excavation of the same earth.
(Paragraph 4.2.4)

9. Wasteful/unfruitful expenditure

- Incorrect spacing and alignment affected the plantation as a result of which survival rate remained between 0 to 60 *per cent* and rendered Rs 16.69 lakh waste.
(Paragraph 4.3.1)
- In Construction Division 14, Kurukshetra, gates and gearings manufactured by spending Rs 41.04 lakh without any demand from land owners were lying un-utilised resulting in wasteful expenditure.
(Paragraph 4.3.2)
- Water supply schemes to Uchana Town in Jind district and Dadam Village in Bhiwani district constructed at the cost of Rs 1.26 crore by Public Health Divisions, Narwana and Tosham respectively, without ensuring water, remained unutilised even after four years.
(Paragraph 4.3.3)
- Sewerage schemes in Tosham and Julana towns constructed at a cost of Rs 1.27 crore by Executive Engineer, Public Health Divisions, Tosham and Jind respectively remained non-functional due to non-construction of disposal chambers.
(Paragraph 4.3.4)

- Haryana State Agricultural Marketing Board spent Rs 36.37 lakh on laying sewerages in Ismailabad and Hodal towns without finalising the disposal work, which has resulted in unfruitful expenditure.

(Paragraph 4.3.5)

10. Avoidable/extra expenditure

- By printing of Teaching Learning Material in excess of actual requirement, Haryana Prathmik Shiksha Pariyojna Parishad had to incur an avoidable expenditure of Rs 2.77 crore. Parishad also incurred an extra expenditure of Rs 36.73 lakh on printing of text books of superior specifications from a private printer.

(Paragraph 4.4.1)

- In Kurukshetra Depot of Haryana Roadways, lack of pursuance and delay in getting the electricity load enhanced resulted in avoidable payment of Rs 36.39 lakh.

(Paragraph 4.4.2)

- Injudicious decision of Transport Department to include the flaps in set of tyres and tubes resulted in an extra expenditure of Rs 20.45 lakh.

(Paragraph 4.4.3)

- By not adhering to the Government instructions to route all the advertisements through Director, Public Relations, Haryana, Universities had to incur extra expenditure of Rs 48.78 lakh on the advertisements published at higher rates through private advertising agencies.

(Paragraph 4.4.4)

11. Loss/non-recovery/excess payments

- Due to injudicious decision of Administrator, not to accept the highest bid of Rs 4.41 crore received on 12 February 1999, HUDA, Faridabad sustained a loss of Rs 88 lakh.

(Paragraph 4.6.1)

- Premature withdrawal of Rs 40.73 lakh from the treasury without verifying the eligibility/present status of five industrial units and keeping the amount outside the Government account led to loss of interest of Rs 16.57 lakh to the Government.

(Paragraph 4.6.2)

- Failure of the Executive Engineer in Provisional Division PWD (B&R), Sirsa to check the correctness of the payment resulted in excess payment of interest of Rs 65.81 lakh to the land owners on enhanced compensation of land and solatium.
(Paragraph 4.6.3)
- Non-recovery of interest of Rs 16.80 crore on a loan of Rs 44.21 crore granted to Haryana Vidyut Prasaran Nigam Limited and Uttar Haryana Bijli Vitran Nigam Limited resulted in loss of revenue to Market Committees.
(Paragraph 4.6.5)
- Failure of Estate Officers of HUDA to recover the professional service fees resulted in non-recovery of Rs 2.01 crore from allottees.
(Paragraph 4.6.6)
- Due to slackness on the part of HUDA Estate Officers of Faridabad, Gurgaon and Panchkula to revise rent after every three years and non-charging of rent for additional filling points of petrol pumps installed subsequently, HUDA was deprived of the revenue of Rs 1.49 crore.
(Paragraph 4.6.7)
- District Food and Supplies Controllers, Fatehabad and Yamunanagar failed to invoke the provisions of agreements entered with rice millers, which resulted in loss of Rs 80.30 lakh due to short supply of rice by the rice millers to FCI against paddy delivered to them.
(Paragraph 4.6.8)
- In Rewari Depot of Haryana Roadways, non-insurance of buses has resulted in avoidable expenditure of Rs 52.50 lakh on account of compensation.
(Paragraph 4.6.9)
- Due to non-construction of sports complexes at various places by Sports Department, not only the objective of the scheme was defeated but also the funds of Rs 31.60 lakh remained outside the Government account as a result of which Government sustained a loss of interest of Rs 9.63 lakh.
(Paragraph 4.6.10)

12. Embezzlement/Misappropriation

- Non-observance of financial rules and failure of the DDOs of Education Department in exercising the proper checks, facilitated the embezzlement of Rs 8.14 lakh.
(Paragraph 4.7.1)

CHAPTER-I

**FINANCES OF THE STATE
GOVERNMENT**

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

Introduction

1.1 The Finance Accounts of the Government of Haryana are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State Government. The lay out of the Finance Accounts is depicted in the Box 1.

Box 1

Lay out of Finance Accounts

Statement No. 1 presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements, etc. in the consolidated fund, contingency fund and public account of the State.

Statement No. 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2002-03.

Statement No. 3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the summary of guarantees given by the Government for repayment of loans, etc. raised by the statutory corporations, Government companies, local bodies and other institutions.

Statement No. 7 gives the summary of cash balances and investments made out of such balances.

Statement No. 8 depicts the summary of balances under consolidated fund, contingency fund and public account as on 31 March 2003.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2002-03 as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between the charged and voted expenditure incurred during the year.

Statement No. 11 indicates the detailed account of revenue receipts by minor heads.

Statement No. 12 provides accounts of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure by major head wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2002-03.

Statement No. 14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies, etc. up to the end of 2002-03.

Statement No. 15 depicts the capital and other expenditure to the end of 2002-03 and the principal sources from which the funds were provided for that expenditure.

Statement No. 16 gives the detailed account of receipts, disbursements and balances under heads of account relating to debt, contingency fund and public account.

Statement No. 17 present detailed account of debt and other interest bearing obligations of the Government of Haryana.

Statement No. 18 provides the detailed account of loans and advances given by the Government of Haryana, the amount of loan repaid during the year, the balance as on 31 March 2003 and the amount of interest received during the year.

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

Trend of finances with reference to previous year

1.2 Finances of State Government during the current year compared to previous year was as under:

(Rupees in Crore)

2001-02	Sl. No	Major Aggregates	2002-03
7,600	1	Revenue Receipts (2+3+4)	8,657
4,971	2	Tax Revenue	5,550
1,666	3	Non-Tax Revenue	1,808
963	4	Other Receipts	1,299
85	5	Non-Debt Capital Receipts	106
85	6	Of which Recovery of Loans	106
7,685	7	Total Receipts (1+5)	8,763
8,160	8	Non-Plan Expenditure (9+11+12)	8,171
7,459	9	On Revenue Account	8,293
1,624	10	Of which, Interest Payments	1,946
565	11	On Capital Account	(-) 410
136	12	Of which Loans disbursed	288
2,264	13	Plan Expenditure (14+15+16)	2,063
1,197	14	On Revenue Account	1,049
902	15	On Capital Account	846
165	16	Of which Loans disbursed	168
10,424	17	Total Expenditure (8+13)	10,234
2,739	18	Fiscal Deficit (17-7)	1,471
1,056	19	Revenue Deficit (9+14-1)	685
1,115	20	Primary Deficit (+)/Surplus(-) (18-10)	(-)475

Summary of receipts and disbursements

1.3 Table 1 summarises the finances of the State Government of Haryana for the year 2002-03 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03 (Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
					Non-Plan	Plan	Total
7,600.55	I. Revenue receipts	8,657.02	8,656.50	I. Revenue expenditure	8,292.97	1,049.16	9,342.13
4,971.19	Tax revenue	5,549.68	3,486.19	General Services	3,962.08	33.24	3,995.32
1,666.07	Non-tax revenue	1,807.85	2,724.79	Social Services	2,183.36	625.34	2,808.70
450.25	Share of Union Taxes/Duties	756.59	2,414.82	Economic Services	2,141.90	390.58	2,532.48
513.04	Grants from Government of India	542.90	30.70	Grants-in-aid / Contributions	5.63	-	5.63
Section-B: Capital							
-	II. Misc. Capital Receipts	-	1,467.12	II. Capital Outlay	(-) 410.48	846.28	435.80
84.71	III. Recoveries of Loans and Advances	106.30	301.18	III. Loans and Advances disbursed	287.96	168.47	456.43
3,358.85	IV. Public Debt receipts*	3,648.93	960.66	IV. Repayment of Public Debt	1932.28 [#]	-	1,932.28
4,913.65	V. Public account receipts	4,920.81	4,242.88	V. Public account disbursements	5288.81 [#]	-	5,288.81
(-) 173.55	Opening Balance	155.87	155.87	Closing Balance			33.48
15,784.21	Total	17,488.93	15,784.21	Total	15,391.54	2,063.91	17,488.93

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

* Includes net ways and means advances and over draft also.

Bifurcation of plan and non- plan not available.

Audit methodology

1.4 Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2002-03 and wherever necessary, show these in the light of time series data and periodic comparisons. Major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and loans and advances, etc. have been presented as percentages to the GSDP at current market prices. For tax revenues, non-tax revenues, revenue expenditure, etc. buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are

(i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

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

State finances by key indicators

Resources by volumes and sources

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

Table 2 shows that the total receipts of the State Government for the year 2002-03 was Rs 17,333 crore. Of which, the revenue receipts of the State Government was Rs 8,657 crore only, constituting 50 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Haryana

		(Rupees in crore)
I. Revenue Receipts		8,657
II. Capital Receipts		3,755
<i>a</i>	Miscellaneous Receipts	-
<i>b</i>	Recovery of Loans and Advances	106
<i>c</i>	Public Debt Receipts	3,649
III. Public Account Receipts		4,921
<i>a</i>	Small Savings, Provident Funds, etc.	1,000.85
<i>b</i>	Reserve Funds	135.09
<i>c</i>	Deposits and Advances	2,141.42
<i>d</i>	Suspense and Miscellaneous	(-)123.82
<i>e</i>	Remittances	1,767.27
Total Receipts		17,333

Revenue receipts

1.5.2 Statement 11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own taxes and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy is indicated in Table 3.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue Receipts	5,479	5,767	6,574	7,600	8,657
Own taxes	56.94	61.00	65.58	65.41	64.12
Non-Tax Revenue	27.71	21.83	21.89	21.93	20.88
Central Tax Transfers	8.76	9.10	5.26	5.92	8.73
Grants-in-aid	6.59	8.07	7.27	6.75	6.27
Rate of Growth	(-) 7.10*	5.26	13.99	15.61	13.91
Revenue Receipts/GSDP	12.55	11.80	12.03	12.72	12.99
Revenue Buoyancy	**	0.439	1.182	1.675	1.209
GSDP Growth	12.93	11.97	11.84	9.32	11.50

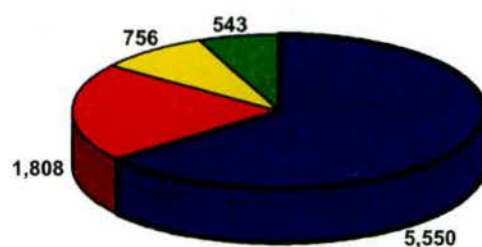
* Rate of growth of Revenue Receipts was negative.

** Average trend rate of growth.

Revenue receipts of the State increased from Rs 5,479 crore in 1998-99 to Rs 8,657 crore in 2002-03 at an average trend rate of 9.05 per cent per annum. There were, however, significant inter year variations in the growth rates with steady growth of around 14-15 per cent during last three years. The increase in the tax revenue during the year over 2001-02 was mainly on Sales Tax (Rs 392 crore), Taxes and Duties on commodities and services (Rs 190 crore), Taxes on goods and passengers (Rs 154 crore) and Stamps and Registration fees (Rs 53 crore).

While on an average around 85 per cent of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 15 per cent of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 60 per cent of the tax revenue followed by State Excise (16 per cent), taxes on goods and passengers, etc. (12 per cent). Of non-tax revenue sources, Road Transport (25 per cent), State Lotteries (24 per cent) and interest receipts (18 per cent) were principle contributors. The high receipts under State Lotteries (Rs 406.53 crore) during the year were, however, neutralised by equally high expenditure of Rs 433.45 crore on State Lotteries. Similarly, the receipts of Rs 451.83 crore under Transport during the year were neutralised by equally high expenditure of Rs 501.61 crore under the Transport as Haryana does not have a Road Transport Corporation and the State buses are run under the Department of Transport directly. Further, a large chunk of interest receipts (Rs 317 crore) was notional in nature as these are from their own irrigation works, civil supplies expenditure, road transport and multi purpose river scheme.

**REVENUE RECEIPTS FOR 2002-03
(Rupees in crore)**



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

Besides, the arrears of revenue increased by 88 per cent from Rs 307 crore in 1998-99 to Rs 577 crore at the end of 2002-03. Of these, Rs 199.47 crore were outstanding for a period of more than five years. Arrears were mainly in respect of Taxes on Sales, Trade, etc. (Rs 440.49 crore), Taxes and duties on electricity (Rs 58.87 crore), Taxes on goods and passengers (Rs 29.33 crore) and State Excise (Rs 28.48 crore). The deterioration in the position of arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

The source of revenue receipts under different heads and GSDP during 1998-2003 is indicated in Table 4.

Table 4 – Sources of receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1998-99	5,479	554	1,556	3,540	11,129	43,646
1999-2000	5,767	223	2,038	3,789	11,827	48,872
2000-01	6,574	69	1,882	4,478	13,003	54,660
2001-02	7,600	85	3,359	4,914	15,958	59,754
2002-03	8,657	106	3,649	4,921	17,333	66,626

Application of resources

Trend of Growth

1.6.1 Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major headwise. The total expenditure of the State increased from Rs 8,273 crore in 1998-99 to Rs 10,234 crore in 2002-03 at an average trend rate of 6.81 per cent per

annum. The rate of growth of total expenditure was lower than the rate of growth of revenue receipts during this period. There was sharp inter year variations in the revenue expenditure

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

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

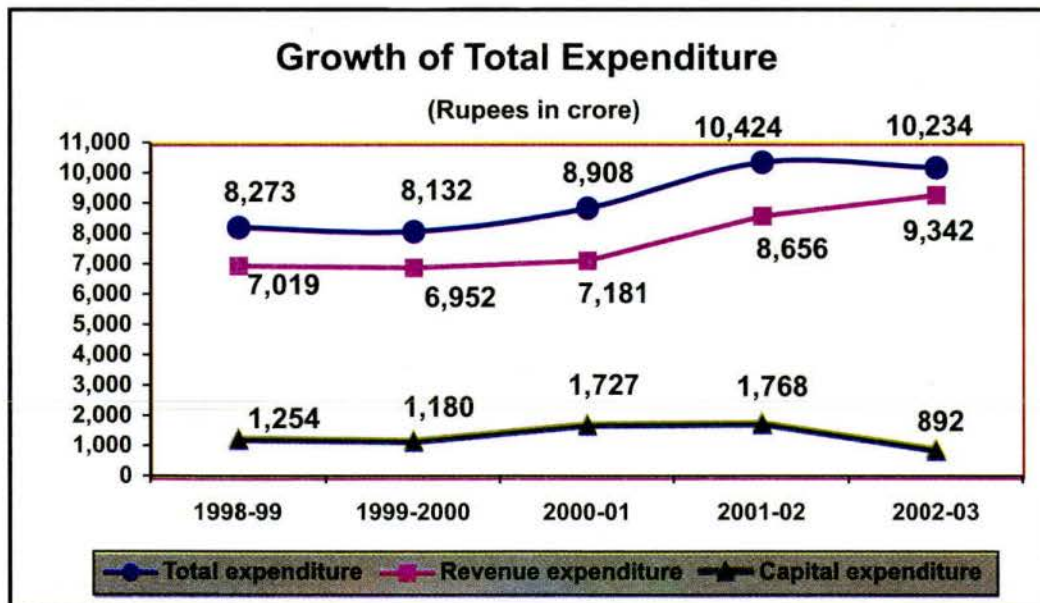
	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Total Expenditure (TE)	8,273	8,132	8,908	10,424	10,234	9,194
Rate of Growth	9.62	(-) 1.70	9.54	17.02	(-) 1.82	6.81**
TE/GSDP	18.95	16.64	16.30	17.44	15.36	16.80
Revenue Receipts/TE	66.23	70.92	73.80	72.91	84.59	73.69
Buoyancy of Total Expenditure with						
GSDP	0.744	S	0.806	1.826	S	0.598
Revenue Receipts	*	S	0.682	1.090	S	0.753

* Rate of growth of revenue receipts was negative in 1998-99.

** Average trend rate of growth.

S Rate of growth of expenditure was negative during 1999-2000 and 2002-03.

The decline in expenditure in the current year was primarily due to significant collection of receipts and recoveries of Rs 411 crore under capital outlay on food storage and warehousing. There was upward trend in the ratio of revenue receipts to total expenditure from 66.23 per cent in 1998-99 to 84.59 per cent in 2002-03, indicating that approximately 85 per cent of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.



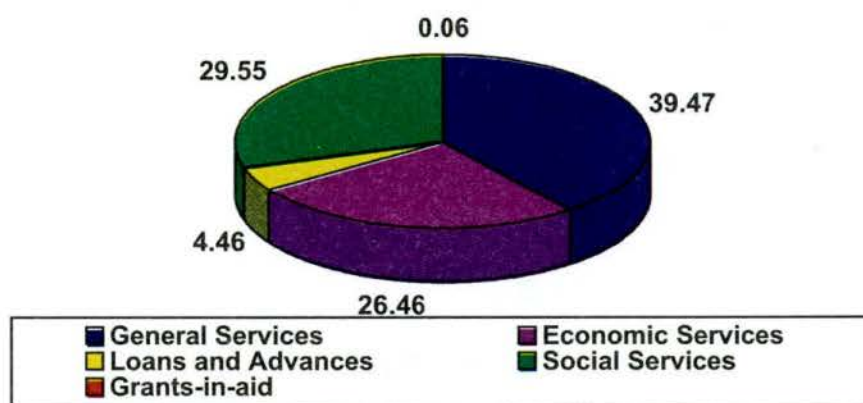
In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
General Services	33.92	36.03	35.33	33.93	39.47	35.74
Social Services	27.01	29.79	29.74	27.97	29.55	28.81
Economic Services	36.31	30.66	31.60	34.92	26.46	31.99
Grants-in-aid	-	-	0.16	0.29	0.06	0.10
Loans and advances	2.76	3.52	3.17	2.89	4.46	3.36

The movement of relative share of these components of expenditure indicated that while the share of economic services in total expenditure declined from 36.31 per cent in 1998-99 to 26.46 per cent in 2002-03, the relative share of general services and social services increased from 33.92 and 27.01 per cent in 1998-99 to 39.47 and 29.55 per cent respectively in 2002-03.

**Allocative Priorities - Trend of Expenditure 2002-03
(Relative Share in per cent)**



Incidence of revenue expenditure

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

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Expenditure (RE)	7,019	6,952	7,181	8,656	9,342	7,830
Rate of Growth	6.08	(-) 0.95	3.29	20.54	7.93	7.05*
RE/ GSDP	16.08	14.22	13.14	14.49	14.02	14.31
RE as <i>per cent</i> of TE	84.84	85.49	80.61	83.04	91.28	85.16
RE as <i>per cent</i> to Revenue Receipts	128.11	120.55	109.23	113.89	107.91	114.89
Buoyancy of Revenue Expenditure with						
GSDP	0.470	**	0.278	2.204	0.689	0.619
Revenue Receipts	**	**	0.235	1.316	0.570	0.780

* Average trend rate of growth.

** Rate of growth of revenue expenditure was negative in 1999-2000 and revenue receipts had a negative growth in 1998-99 and 1999-2000.

Revenue expenditure of the State increased from Rs 7,019 crore in 1998-99 to Rs 9,342 crore in 2002-03 at an average trend rate of 7.05 *per cent per annum*. The increase in the revenue expenditure during the year was mainly due to more expenditure on interest payment (Rs 322 crore), pension and other retirement benefits (Rs 89 crore), transmission and distribution of power (Rs 59 crore), water supply and sanitation (Rs 46 crore) and direction and administration in Public Works (Rs 42 crore) in comparison to previous year.

Revenue expenditure accounted for 91 *per cent* of total funds available during 2002-03. This was higher than the share of revenue receipts (85 *per cent* in total receipts) of the State Government, which has led to revenue deficit. Though the ratio of revenue expenditure to revenue receipts declined from 128.11 *per cent* in 1998-99 to 107.91 *per cent* in 2002-03, yet dependence of the State on borrowings, for meeting its current expenditure continues primarily due to the fact that salaries (Rs 3,008 crore), Interest payments (Rs 1,946 crore), and Pensions (Rs 746 crore) alone consumed 66 *per cent* of total revenue receipts of the State during the year.

High salary expenditure

1.6.3 Salaries alone accounted for nearly 35 *per cent* of the revenue receipts of the State. The expenditure on salaries increased from Rs 2,703 crore in 1998-99 to Rs 3,008 crore in 2002-03 as indicated in the Table 8 below:

Table 8

(Rupees in crore)

Heads	1998-99	1999-2000	2000-01	2001-02	2002-03
Salary expenditure	2,703.33	2,686.98	2,700.18	3,032.18	3,008.46
As percentage of GSDP	6.19	5.50	4.94	5.07	4.52
As percentage of Revenue Receipts	49.34	46.59	41.07	39.90	34.75

Huge expenditure on pension payments

1.6.4 Pension payments have increased by 40.55 *per cent* from Rs 530.71 crore in 1998-99 to Rs 745.91 crore in 2002-03. Year-wise break-up of

expenditure incurred on pension payments during the years 1998-99 to 2002-03 was as under:

Table 9

Year	Expenditure	Percentage to total revenue
	Rupees in crore	
1998-99	530.71	8
1999-2000	587.36	8
2000-01	570.84	8
2001-02	657.05	8
2002-03	745.91	8

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

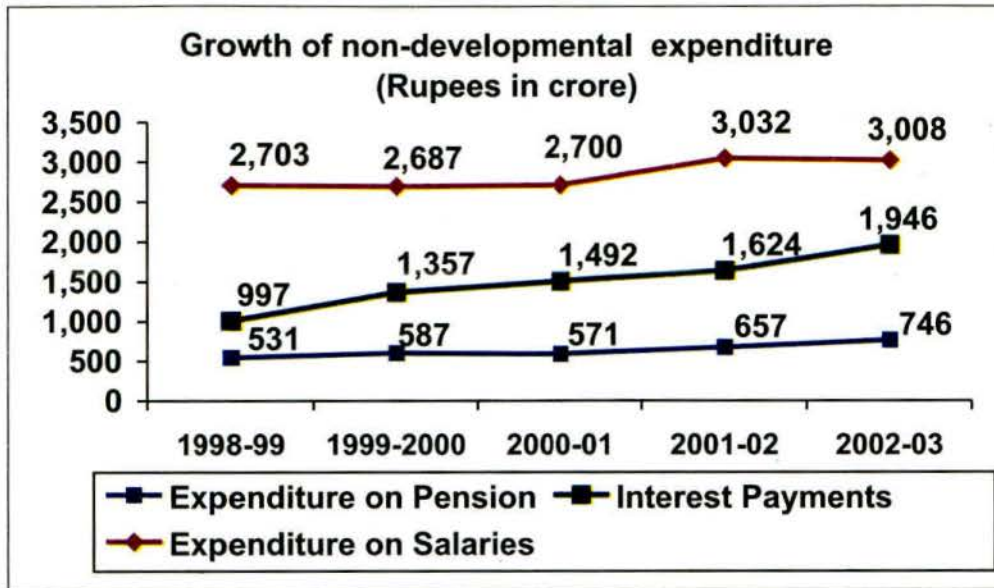
Interest payments

1.6.5 The Eleventh Finance commission (August 2000) has recommended that as a medium term objective, States should endeavour to keep interest payment as a ratio to revenue receipts to 18 *per cent*. It was, however, observed that interest payments as percentage of revenue receipts ranged between 21 and 24 during the last four years. If we exclude the receipts from State lotteries, Road transport and notional interest receipts from the revenue receipts as there are equally high level of corresponding entries in the revenue expenditure side, interest payments as percentage of revenue receipts would rise upto 26 *per cent*.

Table 10

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
1998-99	997	18	14
1999-2000	1,357	24	20
2000-01	1,492	23	21
2001-02	1,624	21	19
2002-03	1,946	22	21

In absolute terms, interest payments increased steadily by 95 *per cent* from Rs 997 crore in 1998-99 to Rs 1,946 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit. The increase in interest payments was mainly due to increased interest on Internal Debt (Rs.635 crore), loans received from Central Government (Rs.168.44 crore) and Small Savings, Provident Funds, etc. (Rs. 139.71 crore). Large interest payments, increasing year after year, due to continued reliance on borrowing for meeting the deficits crowd out the expenditure on primary education, health and social welfare schemes.



Subsidies by the Government

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

Table 11

(Rupees in crore)

Sr. No.	Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Haryana Vidyut Prasaran Nigam Limited	846.40	412.00	138.33	763.54	829.10
2.	Haryana State Minor Irrigation (Tube wells) Corporation	35.95	42.80	69.51	85.15	39.31
3.	Others	8.66	14.31	18.15	11.04	15.11
	Total	891.01	469.11	225.89	859.73	883.52
1.	Percentage Increases (+)/ Decreases (-) over previous years	26	(-) 47	(-) 52	281	03
2.	Percentage of subsidy with total expenditure*	11	6	3	9	9

* Total expenditure excludes Loans and Advances

During the current year, subsidies constituted nine *per cent* of the total expenditure out of which 94 *per cent* was paid to Haryana Vidyut Prasaran Nigam Limited only.

Expenditure by allocative priorities

1.7.1 The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement

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

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan Expenditure	20.32	22.78	22.10	20.73	19.38	20.99
Capital Expenditure	12.75	11.39	16.75	14.49	4.46	11.86
Developmental Expenditure	65.11	62.34	63.34	64.76	58.62	62.90

* Total expenditure exclude expenditure on loans and advances.

All the three components of expenditure show a relative decline during 1998-2003. Plan expenditure declined from 20.32 per cent of total expenditure in 1998-99 to 19.38 per cent in 2002-03. The sharp decline of capital expenditure from 14.49 per cent in 2001-02 to 4.46 per cent in 2002-03 was mainly due to excess receipts and recoveries of Rs 411 crore under capital outlay of food storage and warehousing in this year.

Out of the developmental expenditure (Rs 5,732 crore), social services (Rs 3,023 crore) accounted for 53 per cent of the developmental expenditure during the year. General Education, Health and Family Welfare and Water and Sanitation consumed nearly four-fifths (81 per cent) of the expenditure on social sector.

Table 13: Social Sector Expenditure

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
General Education	1,244 (2.85)*	1,265 (2.59)	1,335 (2.44)	1,480 (2.48)	1,455 (2.18)
Medical and Public Health	308 (0.71)	294 (0.60)	298 (0.55)	322 (0.54)	442 (0.66)
Water Supply and Sanitation	339 (0.78)	424 (0.87)	423 (0.77)	488 (0.82)	562 (0.84)
Total	1,891	1,983	2,056	2,290	2,459

* GSDP in brackets.

Similarly, the expenditure on Economic Services (Rs 2,708 crore) accounted for 47 per cent of the developmental expenditure. Of which, Power (Rs 984 crore), Irrigation and Flood Control (Rs 703 crore) and Transport (Rs 808 crore) accounted for 92 per cent of the expenditure on Economic sector.

Table 14: Economic Sector Expenditure

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Power	1,172.89	763.57	405.64	829.54	984.48
Irrigation and flood control	601.97	621.61	647.91	779.44	702.78
Transport	598.58	607.51	649.24	877.67	808.44
Total	2,373.44	1,992.69	1,702.79	2,486.65	2,495.70

Financial assistance to local bodies and other institutions

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

The quantum of assistance provided to different Bodies, etc. during the period of five years ending 2002-03 was as follows:

Table 15

Sr. No.	Bodies/authorities, etc.	(Rupees in crore)				
		1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Universities and Educational Institutions	102.12	130.43	167.48	215.59	190.14
2.	Municipal Corporations and Municipalities	103.76	103.55	116.26	144.03	158.95
3.	Zila Parishads and Panchayati Raj Institutions	2.67	4.97	9.78	35.77	5.02
4.	Development Agencies	87.27	91.76	119.06	128.32	116.82
5.	Hospitals and other Charitable Institutions	8.39	19.29	12.10	16.04	16.26
6.	Other Institutions (including statutory bodies)	76.55	61.42	87.49	128.71	120.61
	Total	380.76	411.42	512.17	668.46	607.80
	Percentage increase(+)/ decrease (-) over previous year	21	8	24	31	(-) 9
	Assistance as a percentage of revenue receipts	7	7	8	9	7
	Percentage of assistance to revenue expenditure	5	6	7	8	7

Delay in furnishing utilisation certificates

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

Of 3,062 utilisation certificates due in respect of grants-in-aid of Rs 1,155.63 crore paid during 1991-92 to 2001-02, only 794 utilisation certificates for Rs 556.48 crore were furnished to AG by 30 June 2003 and 2,268 certificates for Rs 599.15 crore were in arrears. Department-wise and age-wise break is given in *Appendix II*.

Delay in submission of accounts by Autonomous Bodies

1.7.4 The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2003 is given in *Appendix III*.

Audit arrangements

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

The accounts of eighty-eight bodies/authorities, which were received for the year 2001-02, attracted audit by Comptroller and Auditor General of India. Of these, 68 bodies/authorities, audit of which was due, were audited during 2002-03.

Two hundred and forty eight annual accounts of 93 bodies/authorities for 2002-03 and earlier years had not been received as of July 2003 by the Accountant General (Audit). The details are given in *Appendix IV*. Of these bodies/authorities, 12¹ Municipal Committees and one² Aided College did not submit their accounts for five years or more.

Non-furnishing of accounts of utilisation of grants

1.7.6 Out of 271 autonomous bodies to whom various Government departments released grants-in-aid of Rs 172.68 crore during the year 2002-03, as detailed in *Appendix V*, 171 did not render the accounts for the utilisation of grants to the concerned departments as of July 2003.

Misappropriations, defalcations, etc.

1.7.7 State Government reported 260 cases involving Rs 1.61 crore on account of misappropriations, defalcations, etc. of Government money. These cases pertained to the period from 1971-72 to the end of March, 2003 on which final action was pending at the end of June 2003. The department-wise/year-wise and category-wise break-up of pending cases is given in *Appendix-VI and VII* respectively.

Write off of losses, etc.

1.7.8 During 2002-03, Rs 5.01 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 10 cases by competent

¹ Sr. No. 1 to 12 of *Appendix-IV*.

² Sr. No. 81 of *Appendix-IV*.

authorities as reported to audit. The relevant details were as under:

Table 16

Sr. No.	Department	Number of cases	Amount (In Rupees)
1.	Animal Husbandry	1	10,670.00
2.	Social Welfare	1	25,692.00
3.	Police	1	72,400.95
4.	Transport	7	3,91,808.64
	Total	10	5,00,571.59

Assets and liabilities

1.8.1 The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings, etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. **Statement-I** presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. The liabilities of Government of Haryana depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/letters of comforts issued by the State Government. **Statement-IV** depicts the Time Series Data on State Government Finances for the period 1998-2003.

Financial results of irrigation works

1.8.2 The financial results of seven major irrigation projects with a capital outlay of Rs 311.25 crore at the end of March 2003 showed that revenue realised from these projects during 2002-03 (Rs 40.50 crore) was only 13 *per cent* of the capital outlay which was not sufficient to cover even the direct working expenses (Rs 89.67 crore). After meeting the working and maintenance expenditure (Rs 89.67 crore) and interest charges (Rs 15.83 crore), the schemes suffered a net loss of Rs 65 crore.

Incomplete projects

1.8.3 As per information received from the State Government, as of 31 March 2003, there were six³ incomplete projects in which Rs 9.50 crore were blocked.

Investments and returns

1.8.4 As on 31 March 2003, Government had invested Rs 3,067.25 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was not only meagre (less than one *per cent*) and it was also on a continuous decline as indicated in Table 17 below. Of these, one Statuary Corporation and 13 Government Companies with an aggregate investment of Rs 1,206 crore upto 2002-03 were incurring losses and their accumulated losses amounted to Rs 1,211 crore as per the accounts furnished by these companies upto 2001-02 (*Appendix-VIII*). During 1967-97, Rs 1,500 crore were invested in Haryana State Electricity Board which was restructured (August 1998) into four Government Companies but its assets and liabilities were yet to be finalised and redistributed.

Table 17: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (<i>per cent</i>)
1998-99	2,224.32	2.21	0.10	12.15 and 12.50
1999-2000	2,568.70	7.78	0.30	11.85 and 12.25
2000-01	2,843.73	1.81	0.06	10.52 and 12.00
2001-02	2,905.97	0.40	0.01	8,8.30,9.45 and 10.35
2002-03	3,067.25	1.73	0.06	6.75, 6.80, 6.95 and 7.80

Loans and advances by State Government

1.8.5 In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs 1,629 crore as on 31 March 2003 (Table 18). Overall, interest received against these advances declined to 0.43 *per cent* during 2002-03. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

3

Sr. No.	Name of Projects	Expenditure (Rupees in crore)
1.	Construction of H. L. Bridge over Begna Nadi X-ring Kalpi Joli	1.32
2.	Construction of Sampla Kharkhoda Road	1.73
3.	Rehabilitation of Channels Tohana, Banmandori	2.35
4.	Construction ditch drain RD 1,56,014 - 3,25,000 Jawahar Lal Nehru Feeder	1.83
5.	Construction of New Sagwan Minor, Bhiwani	1.81
6.	Construction of Rajulka Minor	0.46
	Total	9.50

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

	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening Balance	1,123	797	850	1,063	1,279
Amount advanced during the year	228	286	282	301	456
Amount repaid during the year	554	233	69	85	106
Closing Balance	797	850	1,063	1,279	1,629
Net Addition (+) / Reduction (-)	(-)326	53	213	216	350
Interest Received (Rupees in crore)	7	7	9	8	7
Interest received as <i>per cent</i> to outstanding Loans and advances	0.88	0.82	0.85	0.63	0.43
Average rate of interest paid by the State	12.33	12.05	11.26	9.03	7.07
Difference between interest paid and received	(-)11.45	(-)11.23	(-)10.41	(-)8.40	(-)6.64

Commercial activities

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

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

As of March 2003, there were six such undertakings with the Government of Haryana. Rs 1,312.13 crore had been invested by the State Government in these six undertakings at the end of the financial year up to which their accounts were completed. The department-wise position of preparation of accounts in respect of these undertakings was as follows:

Table 19

Department	No. of undertakings under the department	Accounts not finalised (name of undertakings)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Agriculture	2	(i) Purchase and Distribution of Pesticides ⁴	1982-83	1.11
		(ii) Seed Depot Scheme ⁴	1985-86	NA
Printing and Stationery	1	Nationalised Text Book Scheme	2000-01	3.50
Transport	1	Haryana Roadways	1999-2000	323.06
Animal Husbandry	1	Veterinary Vaccine Institute, Hisar	2000-01	0.01
Food and Supplies	1	Grain Supply Scheme	2001-02	984.45
Total				1,312.13

⁴ These schemes are defunct since 1986-87 (Purchase and distribution of pesticides) and 1983-84 (Seed Depot scheme).

It would be seen that the two undertakings relating to Agriculture Department had not prepared their accounts for more than 17 years. Accounts of one undertaking of Transport Department and two undertakings (one each of Printing and Stationery and Animal Husbandry Departments) were in arrears by two years and one year respectively.

Management of cash balances

1.8.7 It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Haryana had the WMA limit of Rs 180 crore from 1 April 2002 and Rs 205 crore from 3 March 2003. During the year, the State has used this mechanism for 64 days only as against 299 days last year although it raised borrowings of Rs 756 crore from the market on five occasions. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the overdraft facilities on 4 occasions for 21 days during the year as against 16 occasions for 70 days last year. In a nutshell, the State managed its cash requirements in much better way this year than the previous year.

Table 20: Ways and Means and Overdrafts of the State and Interest paid thereon (Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Ways and Means Advances						
Taken in the Year	497.89	1,211.78	1,563.46	2,642.96	633.97	1,310.01
Outstanding	18.41	109.41	23.83	178.01	--	--
Interest Paid	0.66	2.09	1.28	6.35	3.04	2.68
Overdraft						
Taken in the Year	579.55	656.07	764.26	964.01	177.42	628.26
Outstanding	--	--	--	406.65	--	--
Interest Paid	0.28	1.57	3.10	0.80	0.79	1.31
Number of Days State was in Overdraft	70	97	104	70	21	72

Undischarged liabilities

Fiscal liabilities—public debt and guarantees

1.8.8 The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated fund, within such limits, as may from time to time, be fixed by an Act of Legislature. However, no such law was passed from the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the

year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the over all fiscal liabilities of the State increased from Rs 10,199 crore in 1998-99 to Rs 19,227 crore in 2002-03 at an average growth rate of 18.72 *per cent*. These liabilities as ratio to GSDP increased from 23.4 *per cent* in 1998-99 to 28.9 *per cent* in 2002-03 and stood at 2.22 times of its revenue receipts and 2.61 times of its own resources comprising its own tax and non-tax revenue. Table 21 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Fiscal Liabilities	10,199	12,249	13,928	17,004	19,227	14,521
Rate of growth	26.49	20.10	13.71	22.09	13.07	18.72
Ratio of Fiscal Liabilities to						
GSDP	23.4	25.1	25.5	28.5	28.9	26.5
Revenue Receipts	186.1	212.4	211.9	223.7	222.1	210.3
Own Resources	219.9	256.4	242.2	256.2	261.3	246.3
Buoyancy of Fiscal Liabilities to						
GSDP	2.049	1.679	1.157	2.370	1.137	1.643
Revenue Receipts	(-) 3.279	3.824	0.980	1.415	0.940	2.070
Own Resources	(-) 3.659	6.707	0.673	1.432	1.203	1.961

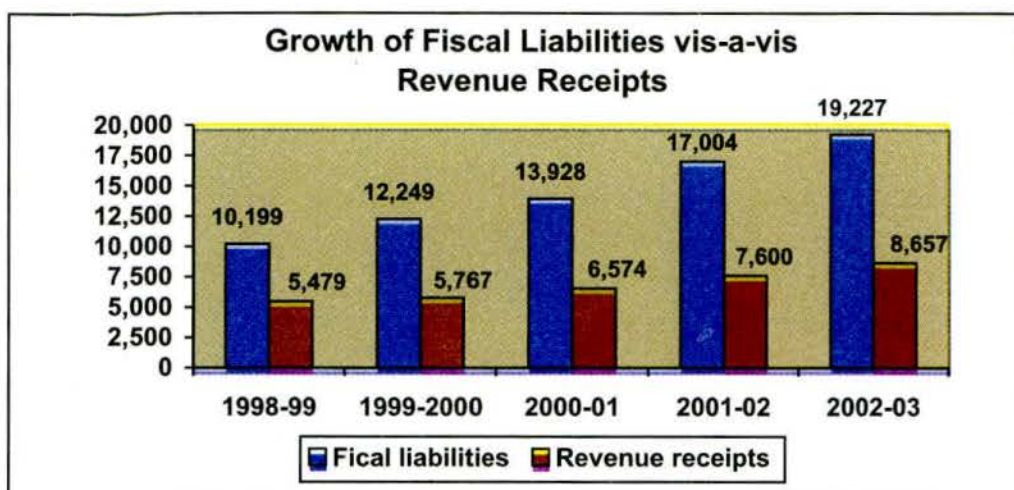
In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-03 stood at Rs 7,690 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities exceed three times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP. On average for each one *per cent* increase in GSDP, the direct fiscal liabilities of the State have gone up by 1.643 *per cent*.

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

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

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Weighted Interest Rate	10.92	12.09	11.40	10.50	10.74	11.13
GSDP Growth	12.93	11.97	11.84	9.32	11.50	11.40
Interest spread	2.01	0.12	0.44	1.18	0.76	0.27



Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 23 below gives the position of the receipts and repayments of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 24 *per cent* to 21 *per cent* during 1998-03.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Internal Debt*						
Receipts	532	923	1,563	2,459	3,400	1,775
Repayments (Principal + Interest)	397	555	895	1,252	1,935	1,007
Net Funds Available	135	368	668	1,207	1,465	769
Net Funds Available (<i>per cent</i>)	25	40	43	49	43	43
Loans and Advances from Government of India						
Receipts	1,006	1,024	319	339	249	587
Repayments (Principal + Interest)	773	804	856	913	947	859
Net Funds Available	233	220	(-) 537	(-) 574	(-) 698	(-) 271
Net Funds Available (<i>per cent</i>)	23	21	(-) 168	(-) 169	(-) 280	(-) 46
Total Public Debt						
Receipts	1,538	1,947	1,882	2,798	3,649	2,363
Repayments (Principal + Interest)	1,170	1,359	1,751	2,165	2,882	1,865
Net Funds Available	368	588	131	633	767	498
Net Funds Available (<i>per cent</i>)	24	30	7	23	21	21

* Internal debt excluding ways and means advances.

The State Government raised market loans of Rs 755.56 crore during the year. The weighted average rate of market borrowing (Rs 756 crore) during the year was 7.13 *per cent* whereas the State Government borrowed Rs 1,571.79 crore from National Small Saving Fund at the rate of 10.5 *per cent per annum* and Rs 249.17 crore at the rate of 11.5 *per cent per annum* from Government of India. The State Government did not use the option of raising the market borrowing at competitive rates through auctions. As on 31 March 2003, 70 *per cent* of the existing market loans of the State Government carried the

interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly one-fourth of the total market loans are repayable within next five years while remaining three-fourth loans are required to be repaid within 5 to 10 years.

Management of deficits

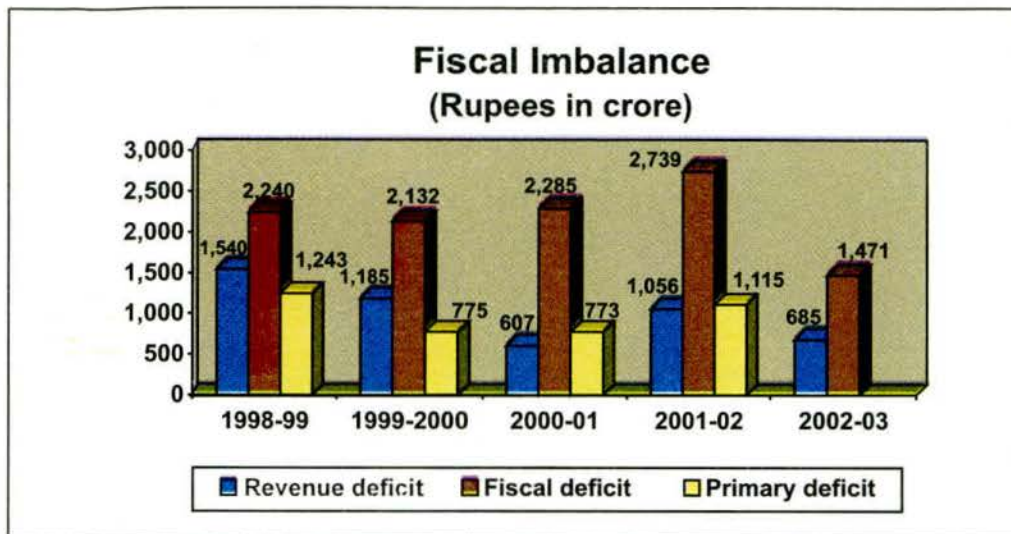
Fiscal imbalances

1.9.1 The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to the fiscal health.

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs 1,540 crore in 1998-99 to Rs 685 crore in 2002-03. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also decreased from Rs 2,240 crore in 1998-99 to Rs 1,471 crore in 2002-03. Primary deficit decreased from Rs 1,243 crore in 1998-99 to Rs 1,115 crore in 2001-02 and the State was now having surplus of Rs 475 crore in 2002-03 as indicated in Table 24.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Deficit (RD)	(-) 1,540	(-) 1,185	(-) 607	(-) 1,056	(-) 685	(-) 1,015
Fiscal Deficit (FD)	(-) 2,240	(-) 2,132	(-) 2,265	(-) 2,739	(-) 1,471	(-) 2,169
Primary Deficit (PD) (-)/ Surplus (+)	(-) 1,243	(-) 775	(-) 773	(-) 1,115	475	(-) 2,151
RD/GSDP	(-) 3.53	(-) 2.42	(-) 1.11	(-) 1.77	(-) 1.03	(-) 1.85
FD/GSDP	(-) 5.13	(-) 4.36	(-) 4.14	(-) 4.58	(-) 2.21	(-) 3.97
PD/GSDP	(-) 2.85	(-) 1.59	(-) 1.41	(-) 1.87	0.71	(-) 3.93
RD/FD	68.75	55.58	26.80	38.55	46.57	46.77



Persistent revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure because of poor tax administration and Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit has been decreased from 68.75 per cent in 1998-99 to 46.57 per cent in 2002-03. As proportion to GSDP, revenue deficit had decreased to 1.03 per cent in 2002-03 and fiscal deficit to 2.21 per cent.

Fiscal ratios

1.10.1 The finances of a State should be sustainable, flexible and non-vulnerable. Table 25 below presents a summarised position of Government Finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprises not only the tax and non-tax resources of the State but also the transfers from Union Government. It indicates sum total of the resources which the State has access to, for which there is no direct services provision obligations recovery of users charges for the social and economic services provided by it and its entitlement from the central pool of resources. These ratios, show a continuous improvement during 1998-2003 indicating mobilization of resources and its sustainability.

Various ratios concerning expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilization. The ratio of revenue expenditure and development expenditure to total expenditure which declined in 2000-01 as compared to 1998-99 and 1999-2000 has shown continuous increase thereafter while its capital expenditure as percentage to total expenditure has declined to 4.46 per cent in 2002-03. All these indicate State's increasing dependence on borrowings for

meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 25: Ratios of Fiscal Efficiency (in per cent)

Fiscal Ratios	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Resources Mobilization						
Revenue Receipts/GSDP	12.55	11.80	12.03	12.72	12.99	12.46
Revenue Buoyancy	(-) 0.549	0.439	1.182	1.675	1.209	0.794
Own Tax/GSDP	7.15	7.20	7.89	8.32	8.33	7.85
Expenditure Management						
Total Expenditure/GSDP	18.95	16.64	16.30	17.44	15.36	16.80
Revenue Receipts/Total Expenditure	66.23	70.92	73.80	72.91	84.59	73.69
Revenue Expenditure/Total Exp.	84.84	85.48	80.60	83.04	91.28	85.16
Capital Expenditure	12.75	11.39	16.75	14.49	4.46	11.86
Development Expenditure/Total Expenditure (RE/CE)	65.11	62.64	63.34	64.71	58.61	62.89
Buoyancy of TE with RR	(-) 1.354	(-) 0.324	0.682	1.090	(-) 0.131	0.735
Buoyancy of RE with RR	(-) 0.865	(-) 0.182	0.235	1.316	0.570	0.780
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	(-) 1,540	(-) 1,185	(-) 607	(-) 1,056	(-) 685	(-) 1,015
Fiscal deficit (Rs in crore)	(-) 2,240	(-) 2,132	(-) 2,265	(-) 2,739	(-) 1,471	(-) 2,169
Primary Deficit (Rs in crore)	(-) 1,243	(-) 775	(-) 773	(-) 1,115	475	(-) 2,142
Revenue Deficit/Fiscal Deficit	68.75	55.58	26.80	38.55	46.57	46.77
Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	23.4	25.1	25.5	28.5	28.9	26.5
Fiscal Liabilities/RR	186.1	212.4	211.9	223.7	222.1	210.3
Buoyancy of FL with RR	(-) 3.729	3.824	0.980	1.415	0.940	2.070
Buoyancy of FL with OR	(-) 3.659	6.707	0.673	1.432	1.203	1.772
Interest Spread	2.01	(-) 0.12	0.44	(-) 1.12	0.76	0.38
Net Fund Available	24	30	7	23	21	21
Other Fiscal Health Indicators						
Return on Investment	2.21	7.78	1.81	0.40	1.73	2.786
BCR (Rs in crore)	(-) 1,085	(-) 717	(-) 96	(-) 213	(-) 70	(-) 418
Financial Assets/Liabilities	0.73	0.68	0.69	0.68	0.68	0.69

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large revenue and fiscal deficit year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt with regard to its revenue receipts indicate its increasing unsustainability. There has also been a decline in net availability of funds for infrastructural development from its borrowings as a larger portion of these funds were being used for debt servicing and on establishment expenditure. The State's continuous declining low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. Investments in loss making companies are not sustainable. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without an asset back-up. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance of current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

STATEMENT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
HARYANA

(Rupees in crore)

As on 31 March 2002	Liabilities		As on 31 March 2003
6,340.86		Internal Debt	8,059.98
	2,020.75	Market Loans bearing interest	2,739.20
	6.56	Market Loans not bearing interest	3.24
	38.30	Loans from LIC	35.04
	3,690.59	Loans from other Institutions, etc.	5,282.50
	584.66	Ways and Means Advances	
5,334.21		Loans and Advances from Central Government	5,331.74
	130.71	Pre 1984-85 Loans	110.52
	2,775.39	Non-plan Loans	2,675.81
	2,382.39	Loans for State Plan Schemes	2,499.22
	28.67	Loans for Central Plan Schemes	26.74
	17.05	Loans for Centrally Sponsored Plan Schemes	19.45
10.00		Contingency Fund	10.00
4,307.06		Small Savings, Provident Funds, etc.	4,661.92
710.87		Deposits	826.66
429.43		Reserve Funds	436.31
16.22		Remittance Balances	-
458.56		Suspense and Miscellaneous Balances	-
17,607.21 ⁵			19,326.61
As on 31 March 2002	Assets		As on 31 March 2003
10,512.57		Gross Capital Outlay	10,948.37
	2,905.97	Investments in shares of Companies, Corporations, etc.	3,067.25
	7,606.60	Other Capital Outlay	7,881.12
1,279.46		Loans and Advances	1,629.59
	259.72	Loans for Power Projects	300.15
	871.31	Other Development Loans	1,144.33
	148.43	Loans to Government Servants, etc.	185.11
0.57		Advances	0.67
	-	Remittance Balances	7.39
	-	Suspense and Miscellaneous Balances	363.25
155.86 ⁵		Cash	33.48
	(-)2.44	Cash in Treasuries and Local Remittances	1.44
	6.66	Departmental Balances	9.03
	0.08	Permanent Cash Imprest	0.09
	196.21	Cash Balance Investment and other Reserve Fund Investment	248.76
	(-)44.65	Deposits with Reserve Bank	(-)225.84
5,658.75		Deficit on Government Accounts	6,343.86
	1,055.95	(i) Revenue Deficit of the Current Year	685.11
	4,602.80	(ii) Accumulated deficit up to preceding year	5,658.75
	-	(iii) Miscellaneous Government Account	-
17,607.21 ⁶		Total	19,326.61

⁵ Figures changed as a result of readjustment of figures of "Cash in Treasuries and local remittances" and "Deposit with RBI" in cash.

⁶ Rs 33,138 only as on 31 March 2002.

⁷ Rs 10,664 only as on 31 March 2003.

STATEMENT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE
YEAR 2002-03

(Rupees in crore)

Receipts			Disbursements					
2001-02		2002-03	2001-02		Non-Plan	Plan	2002-03	
	Section A : Revenue			I. Revenue Expenditure		Total		
7,600.55	I. Revenue Receipts	8,657.02	8,656.50		8,292.98	1,049.15	9,342.13	
4,971.19	Tax Revenue	5,549.68	3,486.19	General Services	3,962.08	33.24	3,995.32	
1,666.07	Non-Tax Revenue	1,807.85	2,724.79	Social Services	2,183.36	625.34	2,808.70	
450.25	State's share of Union Taxes and Duties	756.59	1,476.15	Education, Sports, Art and Culture	1,350.34	96.84	1,447.18	
158.66	Non-Plan Grants	109.17	314.41	Health and Family Welfare	235.30	107.38	342.68	
194.86	Grants for State Plan Schemes	213.91	310.45	Water Supply, Sanitation, Housing and Urban Development	319.47	47.08	366.55	
159.52	Grants for Central Plan and Centrally Sponsored Plan Schemes	219.82	13.85	Information and Broadcasting	13.85	0.56	14.41	
			39.14	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	19.19	25.89	45.08	
			54.27	Labour and Labour Welfare	48.18	8.27	56.45	
			513.03	Social Welfare and Nutrition	194.07	339.32	533.39	
			3.49	Others	2.96	-	2.96	
			2,414.82	Economic Services	2,141.90	390.58	2,532.48	
			392.65	Agriculture and allied activities	309.37	101.88	411.25	
			135.46	Rural Development	43.12	92.78	135.90	
			424.76	Irrigation and Flood Control	347.39	127.17	474.56	
			791.23	Energy	830.74	19.52	850.26	
			24.26	Industry and Minerals	15.68	21.36	37.04	
			618.08	Transport	581.48	11.02	592.50	
			3.45	Science, Technology and Environment	0.40	3.68	4.08	
			24.93	General Economic Services	13.72	13.17	26.89	
			30.70	Grants-in-aid and Contributions	5.63	-	5.63	
1,055.95	II. Revenue Deficit carried over to Section B	685.11	685.11					
8,656.50	Total Section A	9,342.13	8,656.50		8,292.98	1,049.15	9,342.13	
(-173.55)	Section B - Others			II. Capital Outlay	(-410.48)	846.28	435.80	
	III. Opening Cash Balance including Permanent Advances and Cash Balance investment	155.87	1,467.12	General Services		45.36	45.36	
			50.67	Social Services		214.28	214.28	
			191.19	Education, Sports, Art and Culture		7.83	7.83	
			3.51	Health and Family Welfare		8.42	8.42	
			7.51	Water Supply, Sanitation, Housing and Urban Development		195.43	195.43	
			178.13	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		0.70	0.70	
			0.70	Social Welfare and Nutrition		1.06	1.06	
			0.21	Others		0.84	0.84	
			1.13	Economic Services	(-410.48)	586.64	176.16	
			1,225.26	Agriculture and allied activities	(-410.99)	5.77	(-405.22)	
			568.12	Irrigation and Flood Control		228.22	228.22	
			354.68	Energy		134.23	134.23	
			38.31	Industry and Minerals		0.48	0.48	
			0.56	Transport	0.51	215.43	215.94	
			259.89	General Economic Services		2.50	2.50	
			3.70					

Receipts

Disbursements

Audit Report (Civil) for the year ended 31 March 2003

Receipts				Disbursements			
2001-02			2002-03	2001-02			2002-03
84.71	IV. Recoveries of Loans and Advances		106.30	301.18	III. Loans and Advances Disbursed		456.43
	From Power Projects			72.04	For Power Projects	40.43	
49.28	From Government Servants	58.31		87.71	To Government Servants	94.99	
35.43	From others	47.99		141.43	To others	321.01	
3,358.85	V. Public Debt Receipts		3,648.93	1,055.95	IV. Revenue Deficit brought down		685.11
2,459.43	Internal Debt other than Ways and Means Advances and Overdraft	3,399.76		960.66	V. Repayment of Public Debt		1,932.28
				737.14	Internal Debt other than Ways and Means Advances and Overdraft	1,095.97	
560.83 ⁸	Net transaction under Ways and Means Advances and Overdraft				Net transaction under Ways and Means Advances and Overdraft	584.67 ⁹	
338.59	Loans and Advances from Central Government	249.17		223.52	Repayment of Loans and Advances to Central Government	251.64	
4,913.65	VI. Public Accounts Receipts		4,920.81	4,242.88	VI. Public Account Disbursements		5,288.81
996.76	Small Savings, Provident Fund, etc.	1,000.85		591.53	Small Savings, Provident Fund, etc.	645.99	
126.01	Reserve Funds	135.09		74.08	Reserve Funds	128.22	
1,710.27	Deposits and Advances	2,141.42		1,412.25	Deposits and Advances	2,025.72	
284.36	Suspense and Miscellaneous	(-)123.82		349.89	Suspense and Miscellaneous	698.00	
1,796.25	Remittances	1,767.27		1,815.13	Remittances	1,790.88	
				155.87	VII. Cash Balance at end		33.48
				(-) 2.43	Cash in Treasuries and Local Remittances	1.44	
				(-) 44.65	Deposits with Reserve Bank	(-)225.84	
				6.74	Departmental Cash Balance including Permanent Advances, etc.	9.12	
				196.21	Cash Balance Investment	248.76	
8,183.66	Total - Section B		8,831.91	8,183.66	Total		8,831.91

⁸ Represents receipts of Rs 3,606.97 crore and repayments of Rs 3,046.14 crore.
⁹ Represents receipts of Rs 811.39 crore and repayments of Rs 1,396.06 crore.

STATEMENT-III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-02	Sources	2002-03
7,600.55	Revenue Receipts	8,657.02
84.71	Recoveries of Loans and Advances	106.30
2,398.19	Increase in Public debt	1,716.65
670.77	Net Receipts from Public Account -	(-)368.00
	405.23 Increase in Small Savings, Provident Funds, etc.	354.86
	298.02 Increase in Deposits and Advances	115.70
	51.93 Increase in Reserve funds	6.87
	(-) 65.53 Net effect of Suspense and Miscellaneous transactions	(-)821.82
	(-) 18.88 Net effect of Remittance transactions	(-)23.61
	Decrease in cash balance	122.39
10,754.22	Total	10,234.36
2001-02	Application	2002-03
8,656.50	Revenue expenditure	9,342.13
301.18	Lending for development and other purposes	456.43
1,467.12	Capital expenditure	435.80
329.42	Increase in cash balance	-
10,754.22	Total	10,234.36

Explanatory Notes for Statements I, II and III:

1. The abridged accounts in the foregoing Statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government accounts, as shown in Statement-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement, etc.
4. There was a difference of Rs 1.14 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (June 2003).

**STATEMENT-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES**

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Part A. Receipts					
1. Revenue Receipts	5,479	5,767	6,574	7,600	8,657
(i) Tax Revenue	3,120(57)	3,518 (61)	4,311 (66)	4,971 (65)	5,550 (64)
Taxes on Sales, Trade, etc	1,599(51)	1,968 (56)	2,573 (60)	2,945 (59)	3,337 (60)
State Excise	775(25)	765 (22)	841 (20)	875 (18)	879 (16)
Taxes on Vehicles	71(2)	85 (2)	86 (2)	104 (2)	114 (2)
Stamps duty and Registration fees	295(10)	310 (9)	419 (10)	488 (10)	541 (10)
Land Revenue	4	4	12	19	10
Taxes on goods and passengers	316(10)	324 (9)	367 (8)	499 (10)	653 (12)
Taxes and duties on Electricity	45 (1)	46 (1)	1 (-)	29 (1)	1
Other Taxes	15 (1)	16 (1)	12 (-)	12	15
(ii) Non-Tax Revenue	1,518(28)	1,259 (22)	1,439 (22)	1,666 (22)	1,808 (21)
(iii) State's share in Union taxes and duties	480(9)	525 (9)	346 (5)	450(6)	756 (9)
(iv) Grants-in-aid from Government of India	361(6)	465 (8)	478 (7)	513 (7)	543 (6)
2. Misc. Capital Receipts	--	--	--	--	--
3. Total Revenue and Non debt capital receipt (1+2)	5,479	5,767	6,574	7,600	8,657
4. Recoveries of Loans and Advances	554	233	69	85	106
5. Public Debt Receipts	1,556	2,038	1,882	3,359	3,649
Internal Debt (excluding Ways & Means Advances and Overdrafts)	532 (34)	923 (45)	1,563 (83)	2,459(73)	3,400 (93)
Net transactions under Ways and Means Advances and Overdraft	18 (1)	91 (5)	--	561 (17)	--
Loans and Advances from Government of India ¹⁰	1,006 (65)	1,024 (50)	319 (17)	339 (10)	249 (7)
6. Total Receipts in the Consolidated Fund (3+4+5)	7,589	8,038	8,525	11,044	12,412
7. Contingency Fund Receipts	--	--	--	--	--
8. Public Accounts receipts	3,540	3,789	4,478	4,914	4,921
9. Total receipts of the State (6+7+8)	11,129	11,827	13,003	15,958	17,303
Part B. Expenditure					
10. Revenue Expenditure	7,019	6,952	7,181	8,656	9,342
Plan	769 (11)	901 (13)	992 (14)	1,197 (14)	1,049 (11)
Non-plan	6,250 (89)	6,051 (87)	6,189 (86)	7,459 (86)	8,293 (89)
General Services (including Interests payments)	2,778 (39)	2,903 (42)	3,117 (43)	3,486 (40)	3,995 (43)
Economic Services	2,155 (31)	1,791 (26)	1,543 (22)	2,415 (28)	2,532 (27)
Social Services	2,085 (30)	2,257 (32)	2,506 (35)	2,725 (32)	2,809 (30)
Grants-in-aid and contributions	1	1	15	30	6
11. Capital Expenditure	1,026	894	1,445	1,467	436
Plan	866 (84)	886 (99)	914 (63)	902 (61)	846 (194)
Non-plan	160 (16)	8 (1)	531 (37)	565 (39)	(-410 (-)94)
General Services	28 (3)	27(3)	30 (2)	51 (3)	45 (10)
Economic Services	849 (83)	702 (79)	1,272 (88)	1,225 (84)	176 (41)
Social Services	149 (14)	165 (18)	143 (10)	191 (13)	215 (49)
12. Disbursement of Loans and Advances	228	286	282	301	456
13. Total (10+11+12)	8,273	8,132	8,908	10,424	10,234
14. Repayments of Public Debt	437	543	757	961	1,932
Internal Debt (excluding Ways and Means Advances and Overdrafts)	191 (44)	377 (69)	479 (63)	737(77)	1,096 (57)
Net transactions under Ways and Means Advances and Overdraft	--	--	86 (11)	--	585 (30)
Loans and Advances from Government of India	246 (56)	166 (31)	192 (26)	224 (23)	251 (13)
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	8,710	8,675	9,665	11,385	12,166
17. Contingency Fund disbursements	--	--	--	--	--
18. Public Accounts disbursements	2,465	3,095	3,480	4,243	5,289
19. Total disbursement by the State (16+17+18)	11,175	11,770	13,145	15,628	17,425
Part C. Deficits					
20. Revenue Deficit (1-10)	(-1,540)	(-1,185)	(-607)	(-1,056)	(-685)
21. Fiscal Deficit (3+4-13)	(-2,240)	(-2,132)	(-2,265)	(-2,739)	(-1,471)
22. Primary Deficit (-)/surplus (+) (21-23)	(-1,243)	(-775)	(-773)	(-1,115)	(+475)
Part D. Other data					
23. Interest Payments (included in revenue expenditure .)	997	1,357	1,492	1,624	1,946
24. Arrears of Revenue(Percentage of Tax & non-tax Revenue Receipts)	307 (7)	312 (7)	396 (7)	516(8)	577(8)
25. Financial Assistance to local bodies etc.	381	411	512	668	608
26. Ways and Means Advances (WMA)/Overdraft availed (days)	154	245	281	299	71
27. Interest on WMA/Overdraft	0.94	3.66	4.38	7.15	3.83
28. Gross State Domestic Product (GSDP) ¹¹	43,646	48,872	54,660	59,754	66,626
29. Outstanding Debt (year end)	10,199	12,249	13,928	17,004	19,227
30. Outstanding guarantees including interest (year end)	3,977	4,316	8,209	8,606	7,690
31. Maximum amount guaranteed (year end)	6,906	7,219	12,025	12,222	12,461
32. Number of incomplete projects	6	6	6	3	6
33. Capital blocked in incomplete projects	8.82	8.82	8.82	2.50	9.50

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

¹⁰ Includes Ways and Means Advances from GOI.

¹¹ Source of GSDP: Economic and Statistical Organisation, Haryana.

GSDP for 2002-03 has been worked out by taking the average growth rate of 11.5 per cent on the basis of growth during 1997-98 to 2001-02.

CHAPTER-II

APPROPRIATION AND CONTROL OVER EXPENDITURE

CHAPTER – II

APPROPRIATION AND CONTROL OVER EXPENDITURE

APPROPRIATION ACCOUNTS 2002-03 AT A GLANCE

2.1 The summarised position of actual expenditure during 2002-03 against 26 grants/appropriations was as follows:

Nature of expenditure		Original grants/ appropriations	Supplementary grants/ appropriations	Total	Actual expenditure	Saving(-) / Excess(+)
(Rupees in crore)						
Voted	I. Revenue	8,032.58	411.47	8,444.05	7,615.06	(-) 828.99
	II. Capital	2,434.26	19.42	2,453.68	2,155.31	(-) 298.37
	III. Loans and Advances	221.13	126.60	347.73	456.43	108.70
Total Voted		10,687.97	557.49	11,245.46	10,226.80	(-) 1,018.66
Charged	IV. Revenue	2,016.03	1.55	2,017.58	1,961.15	(-) 56.43
	V Capital	5.10	0.50	5.60	4.09	(-) 1.51
	VI Public Debt	3,631.09	-	3,631.09	2,743.67	(-) 887.42
Total Charged		5,652.22	2.05	5,654.27	4,708.91	(-) 945.36
Grand Total		16,340.19	559.54	16,899.73	14,935.71	(-) 1,964.02

Introduction

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

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

Excesses and savings

Excess expenditure over provisions of previous years requiring regularisation

2.1.2 As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to

Rs 1,225.21 crore for the years 2001-02 was yet to be regularised (September 2003).

Year	Number of Grants/ Appropriations	Grant/ Appropriation No.(s)	Amount of excess	Amount for which explanations not furnished to PAC
			(Rupees in crore)	
2001-02	5	4,5,8,17 and Public Debt	1,225.21	1,225.21
		Total	1,225.21	1,225.21

Due to failure and long delay in furnishing explanations of un-regularised excess expenditure, there was possibility of financial irregularities remaining un-examined.

Excess expenditure over provisions of 2002-03 requiring regularisation

2.1.3 In Revenue Section, there was an excess of Rs 12.40 crore in three grants. In Capital Section, there was an excess of Rs 160.19 crore in three grants. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Sr. No	Number and name of grants/ appropriations	Total grants/ appropriations	Actual expenditure	Excess
	(In Rupees)			
	Revenue (Voted)			
1	1-Vidhan Sabha	8,99,52,000	9,47,69,913	48,17,913
2.	6-Finance	7,59,04,79,000	7,70,93,57,286	11,88,78,286
	Revenue (Charged)			
3.	10-Medical and Public Health	15,60,000	18,81,241	3,21,241
	Total	7,68,19,91,000	7,80,60,08,440	12,40,17,440
	Capital (Voted)			
4.	10-Medical and Public Health	1,64,23,00,000	1,92,75,66,040	28,52,66,040
5.	15-Irrigation	3,25,00,00,000	3,47,57,64,732	22,57,64,732
6.	25-Loans and Advances by State Government	3,47,72,75,000	4,56,81,07,094	1,09,08,32,094
	Total	8,36,95,75,000	9,97,14,37,866	1,60,18,62,866

Government did not furnish reasons for excess expenditure (August 2003).

Original budget and supplementary provisions

2.1.4 The overall saving of Rs 1,964 crore was the net result of saving of Rs 2,137 crore (49 cases) of 24 grants/appropriations offset by excess of Rs 173 crore in six cases of five grants/appropriations. Savings were mainly under General Administration (Rs 133.33 crore), Revenue (Rs 112.94 crore), Education (Rs 258.78 crore), Capital outlay on Roads and Bridges (Rs 138.67 crore) and Capital outlay on Food and Supplies (Rs 203.05 crore).

Supplementary provisions made during the year constituted 2.51 per cent of the original provision as against seven per cent in the previous year.

Unnecessary/excessive/inadequate supplementary provisions

2.1.5 Supplementary provisions of Rs 55.67 crore in four cases proved unnecessary as the expenditure in each case was less than the original provision as detailed below:

Sr. No.	Number and name of grant	Original grant	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
Revenue (Voted)						
1	10-Medical and Public Health	687.40	22.58	709.98	654.92	55.06
2	15-Irrigation	1,409.93	32.15	1,442.08	1,381.82	60.26
Revenue (Charged)						
3.	3-Home	10.21	0.44	10.65	8.35	2.30
Capital (Charged)						
4.	15-Irrigation	2.00	0.50	2.50	1.65	0.85
	Total	2,109.54	55.67	2,165.21	2,046.74	118.47

2.1.6 In eight cases, against additional requirement of Rs 98.60 crore, supplementary grants and appropriations of Rs 223.41 crore were obtained resulting in savings, in each case exceeding Rs 50 lakh, aggregating Rs 124.81 crore. Details of these cases are given below:

Sr. No.	Number and name of grants/ appropriations	Original grants/ appropriations	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
Revenue (Voted)						
1.	4-Revenue	160.07	169.96	330.03	217.09	112.94
2.	11-Urban Development	41.06	14.44	55.50	52.22	3.28
3.	14-Food and Supplies	24.09	1.20	25.29	24.63	0.66
4.	16-Industries	35.72	8.11	43.83	42.79	1.04
5.	20-Forest	75.11	4.55	79.66	77.47	2.19
6.	21-Community Development	126.64	14.17	140.81	138.65	2.16
Revenue (Charged)						
7.	2-General Administration	3.97	0.98	4.95	4.18	0.77
Capital (Voted)						
8.	4-Revenue	5.00	10.00	15.00	13.23	1.77
	Total	471.66	223.41	695.07	570.26	124.81

Substantial savings/excesses

2.1.7 In 10 cases, expenditure fell short by more than Rs 10 crore in each case and also by more than 10 per cent of the original provision as indicated in *Appendix-IX*. In two cases¹, the entire provision totalling Rs 49.85 crore remained unutilised.

1 S. No. 8 and 9 of *Appendix-IX*.

2.1.8 In 12 cases, expenditure exceeded the original provisions by Rs five crore or more and also by more than 10 per cent of the original provision. Details of these are given in *Appendix-X*.

Persistent savings

2.1.9 In five cases, there were persistent savings of Rs 10 lakh and more and 10 per cent or more of the provisions in the last three years. Details are given below:

Sr. No.	Number and name of grants/appropriations	Percentage of saving to total provision (amount of savings - Rupees in crore)		
		2000-01	2001-02	2002-03
Revenue (Voted)				
1.	18-Animal Husbandry	13 (14.03)	22 (27.39)	22 (30.28)
2.	19-Fisheries	13 (1.24)	10 (1.22)	31 (3.85)
3.	22-Co-operation	22 (5.46)	23 (5.70)	11 (2.42)
Capital (Voted)				
4.	8-Buildings and Roads	67 (202.35)	14 (47.99)	36 (138.67)
5.	16-Industries	57 (5.86)	91 (5.40)	70 (1.18)

Entire savings surrendered only on the last day of the year

2.1.10 According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof as and when the savings are anticipated and latest by the 1 December every year by the respective administrative department to the Finance Department.

However, against the final savings of Rs 2,136.60 crore (49 cases), Rs 1,284.81 crore (45 cases) were surrendered on the last day of financial year viz., 31 March 2003. In eight cases, against the available savings of Rs 1,349.40 crore, savings aggregating Rs 883.08 crore (savings of more than Rs one crore in each case) were not surrendered as detailed below:

Sr. No.	Name of the grants/appropriations	Saving	Surrender	Saving remained un-surrendered
		(Rupees in crore)		
Revenue (Voted)				
1.	8-Buildings and Roads	16.36	15.33	1.03
2.	9-Education	258.78	213.82	44.96
3.	10-Medical and Public Health	55.05	26.12	28.93
4.	13-Social Welfare and Rehabilitation	17.51	16.50	1.01
5.	15-Irrigation	60.27	51.05	9.22
Revenue (Charged)				
6.	6-Finance	52.24	32.25	19.99
Capital (Voted)				
7.	4-Revenue	1.77	0.38	1.39
Capital (Charged)				
8.	Public Debt	887.42	110.87	776.55
	Total	1,349.40	466.32	883.08

Though such failures had been pointed out in earlier Audit Reports, the deficiencies/shortcomings, etc. continue to persist year after year. This indicated that expenditure control mechanism and State level budgetary control process are ineffective.

Surrender in excess of actual savings

2.1.11 As against the actual savings of Rs 263.14 crore, the amount surrendered was Rs 309.88 crore resulting in excess surrender of Rs 46.74 crore in 11 cases. In respect of one case (Sr. No.3) Rs 2.34 crore were surrendered despite of excess expenditure of Rs 11.89 crore. This indicated poor financial and budgetary control practices in the departments. Details are given in ***Appendix-XI***.

Injudicious re-appropriation of funds

2.1.12 Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where injudicious re-appropriation of funds resulted in excess/savings by over Rs 50 lakh in each case, are as given in ***Appendix-XII***.

Expenditure without provision

2.1.13 As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 53.79 crore was incurred in 17 cases as detailed in ***Appendix-XIII***, without provision in the original estimates/supplementary demands and no re-appropriation orders were issued.

Trend of recoveries

2.1.14 Under the system of gross budgeting followed by the Government, the demands for grants presented to the Legislature are for gross expenditure and excludes all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

In three grants², the actual recoveries adjusted in reduction of expenditure (Rs 1,781.32 crore) exceeded the estimated recoveries (Rs 1,027.86 crore) by Rs 753.46 crore. Though no recoveries were provided in the budget estimates in four grants³ for the year 2002-03, recoveries of Rs 131.64 crore were made. Despite having been pointed out in earlier Audit Reports, such recoveries without budget estimates persist year after year. However, in respect of 25-Loans and Advances by State Government (Capital) the actual recoveries (Rs 0.38 crore) were less than the estimated recoveries (Rs 0.60 crore) by Rs 0.22 crore. Details of recoveries are given in Appendix of Appropriation Accounts.

2 4-Revenue (Revenue), 10-Medical and Public Health (Revenue) and 14-Food and Supplies (Revenue and Capital).

3 8-Buildings and Roads, 15-Irrigation, 17-Agriculture and 22-Co-operation.

Savings/excesses without explanation

2.1.15 After the close of the accounts of the each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and resultant variations are sent to the Controlling Officers, requiring them to explain the variations in general and those under important heads/sub-heads in particular.

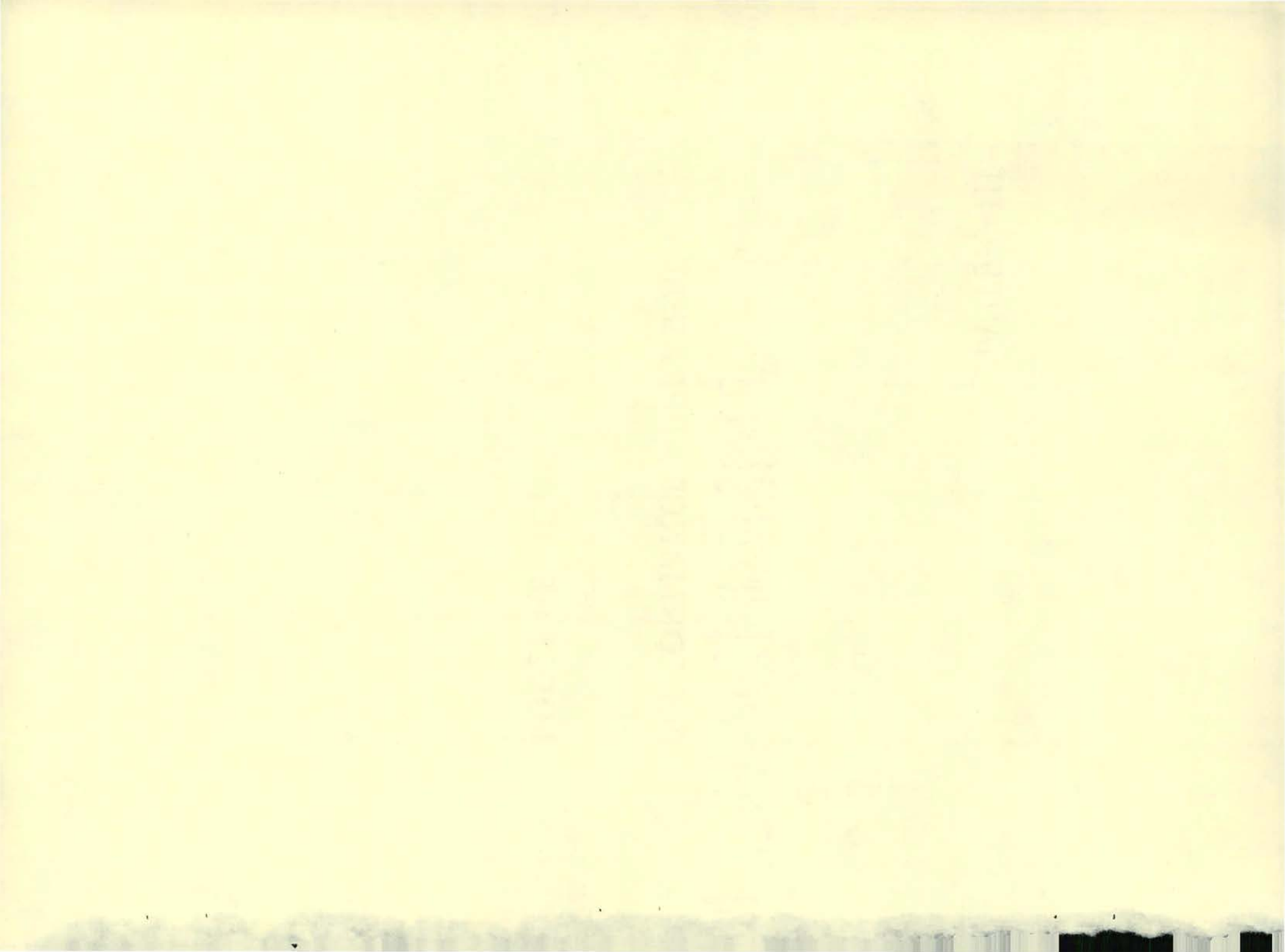
Explanations for savings (60 *per cent*)/excesses (40 *per cent*) in respect of the Appropriation Accounts for the year 2002-03 were not received in respect of 202 heads/sub-heads (31 *per cent*) against the total 647 heads/sub-heads of accounts.

CHAPTER-III

PERFORMANCE APPRAISALS

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CHAPTER III

PERFORMANCE APPRAISALS

AUDIT REVIEWS

Agriculture Department

3.1 Working of Agriculture Department

Highlights

A review on the working of the Agriculture Department brought to light significant weaknesses in programme management, resource application and monitoring of key areas. Level of yield/production per hectare attained at the end of VIII five year plan i.e. in 1996-97, could not be maintained for various crops. Yield per hectare declined under rice, jawar, kharif pulses and cotton. Certified seeds were not used in large areas. Diversification of areas for sowing commercial crops, which were more remunerative for farmers, was not done as area under these crops declined. People's involvement in water management and soil conservation programmes was lacking as self help groups/watershed management committees were not formed for maintenance of completed works. Adequate coverage of scheduled castes, small/marginal farmers was not ensured for providing benefits under various Centrally sponsored schemes. Under Centrally sponsored schemes, huge funds remained unutilised. Control mechanism such as internal audit, monitoring of implementation of schemes/programmes were non-functional. Some of the important highlights are given below:

Area sown under commercial crops (cotton, rabi oil seeds and sunflower) declined during 2000-03 as compared to the coverage achieved at the end of VIII Five Year Plan (FYP) i.e. in 1996-97. Shortfalls in coverage of targeted area under maize, kharif pulses and gram during 2000-03 ranged between 14 and 68 per cent. Targets for production and per hectare yield for cotton (except in 2000-01), rice, jawar, kharif pulses, rabi pulses and rabi oil seeds were not achieved during 2000-03. Level of per hectare yield for jawar, kharif pulses and cotton attained at the end of VIII FYP in 1996-97 could not be maintained during 2000-03.

(Paragraph 3.1. 6)

Eight hundred forty nine works completed at a cost of Rs 1.67 crore by ASCO Panchkula and Naraingarh during 2000-02 were not handed over to Watershed Management Committees for their maintenance though very clearly provided in the scheme.

(Paragraph 3.1.14)

Certified seeds were not provided to 82 to 96 per cent of the sown area under wheat, paddy and gram crops during 2000-03.

(Paragraph 3.1.19)

There was a shortfall between 21 and 58 per cent in achievement of targets under seed treatment, crop pest control (except Kharif) and vegetable pest control during 2000-03.

(Paragraph 3.1.29)

The department failed to popularise crop diversification from cereal crops to commercial crops as areas sown under these crops declined from 14.83 lakh hectares, in 1996-97 to 13.26 lakh hectares, in 2002-03.

(Paragraph 3.1.34)

Out of Rs 48.94 lakh released by the Director, Agriculture to the State Land Use Board during 2000-02, Rs 32.40 lakh remained unutilised.

(Paragraph 3.1.37)

Under five Centrally sponsored schemes, Rs 99.78 lakh remained unutilised at the end of March 2003 due to late release of funds by State Government.

(Paragraph 3.1.39)

In the districts test checked, 10 officials were posted at places where the posts were not sanctioned, but their salaries were drawn against vacant posts in other offices.

(Paragraph 3.1.45)

Introduction

3.1.1 The department of Agriculture of the Government of Haryana is the administrative department for implementing the agricultural policies of the State. Agriculture being the mainstay of 75 per cent population, continues to occupy highest priority in the development plan of the State. For the ninth five year plan (1997-02), out of an approved outlay of Rs 11,600 crore for various sectors, Agriculture sector was allocated Rs 700.78 crore (6.04 per cent). As 96 per cent of the cultivable area was already under cultivation, additional area was to be brought under cultivation through reclamation of saline/alkaline land. The change in the agricultural profile of the State from the base level of 1966-67 has been substantial. While the total cultivable area, net area sown and net irrigated area has increased marginally, the production of foodgrains, oil seeds, and sugarcane have increased manifold. Production of foodgrains has grown up from 25.92 lakh tonnes in 1966-67 to 133.01 lakh tonnes in 2001-02 while the production of oil seeds has increased from 0.92 lakh tonnes in 1966-67 to 8.07 lakh tonnes in 2001-02. Similarly, production of sugarcane increased from 51 lakh tonnes in

1966-67 to 93.30 lakh tonnes in 2001-02. About 33 per cent of the total income of the State comes from agriculture including live stock.

The State is one of the largest contributors of foodgrains to the central pool as it contributed about 45 to 64 lakh tonnes of wheat and 14 to 16 lakh tonnes of paddy every year during 2000-03. But a closer look at the agricultural production performance would show that production of major agricultural crops have reached a point of saturation during last few years. There was a major fall in the production of cotton in the State because of attack of Heliiothis insect (American Sundi) on the crop. The agricultural policy of the State has recognised this and has been moving in the direction of improving the quality of the soil, diversifying the cropping pattern, controlling quality and ensuring optimal utilisation of the inputs for even better end. From 2002-03, major stress was towards diversification from cereal to high value cash crops like cotton, sugarcane, oilseed, pulses, etc.

Organizational set up

3.1.2 The Commissioner and Secretary is the administrative head of the department at Government level and is responsible for implementation of the Government's policies relating to programmes/schemes of the Agriculture Department. The Director is the Head of the Department and also the controlling officer. He is assisted by five Additional Directors, seven Joint Directors and an Additional Cane Commissioner at Headquarter located at Panchkula. In the field, there are four Joint Directors i.e. for cotton project at Sirsa, for soil and water testing at Karnal, for Hisar Zone at Hisar and for Karnal Zone at Karnal. Besides, there are 18 Deputy Directors at district level i.e. one in each district except in Panchkula district.

Audit coverage

3.1.3 Records relating to the implementation of agriculture polices and working of the department for the period 2000-03 were test checked during November 2002 to March 2003 in the offices of the Director, Agriculture, Haryana at Panchkula and six¹ districts (out of 19) covering 42 Drawing and Disbursing Officers(DDOs), out of 192 DDOs in the department.

Audit objectives, methodology and performance indicators

3.1.4 For reviewing the working of Agriculture Department, the technique of integrated audit has been adopted. This technique seeks to integrate and interpret disaggregated information along policy and functional lines. The following integral parameters have been adopted:

¹ Ambala, Hisar, Karnal, Narnaul, Panchkula and Sirsa.

Moving from policies to decision making process, to functions, to output and to outcome;

Relating financial, physical and human resources to the policy goals intended and achievements thereof.

The departments of Government do not prescribe performance indicators for self-appraisal. Invariably, schemes, programmes and activities get evaluated in disaggregated manner by either the planning bodies or funding agencies depending on the emerging priorities at a particular time. Audit adopted the following Performance Indicators for evaluating the working of Agriculture Department of the Government of Haryana:

- Soil conservation and reclamation of soil,
- Water management,
- Mechanisation of cultivation,
- Achievements in the production and popularisation of certified seeds,
- Distribution of fertilizers,
- Achievements in pest surveillance and pest management,
- Crop diversification,
- Improvement in marketing facilities,
- Improvement in warehousing facilities; and
- Agriculture credit facilities.

Interface with other departments/organizations

3.1.5 In regard to implementation of agricultural schemes/activities, setting of physical targets, etc., Agriculture Department had co-ordination and interface with the following corporations/departments:

Haryana Land Reclamation and Development Corporation	For reclamation of soil, sale of fertilizer/ gypsum and water management (sprinkler sets).
Haryana Agro Industries Corporation	For mechanisation of cultivation, sale of fertilizers, sprinkler irrigation sets, etc.
Haryana Seeds Development Corporation	For production, processing and marketing of certified seeds of different crops.
Haryana State Agricultural Marketing Board	To provide improved and easily accessible marketing facilities.
Haryana Warehousing Corporation	To provide scientific storage facilities to farmers.

Co-operation Department

To provide agriculture credit facilities to farmers.

Programme management

3.1.6 The department prepared annual production programme at the beginning of each year indicating, *inter-alia*, targets for area to be sown under *kharif*, *rabi* and commercial crops and production /yield to be achieved for each crop, the details of which were as follows:

Area sown

Area targeted and sown under various crops at the end of VIII FYP i.e. in 1996-97 and during 2000-03 (IX FYP) was as under:

Sr. No.	Crops	Area sown at the end of eighth Five Year Plan i.e. 1996-97	2000-01		2001-02		2002-03	
			Target	Achievement	Target	Achievement	Target	Achievement
	Kharif Crops		(Area in 000 hectare)					
(i)	Rice	831	1,100	1,054	950	1,027	950	906
(ii)	Bajra	571	550	608	600	586	620	515
(iii)	Maize	26	25	15	40	18	50	16
(iv)	Jawar	129	120	109	120	104	120	113
(v)	Pulses	60	30	22	60	33	70	60
	Commercial Crops							
(vi)	Cotton	653	600	555	600	630	610	519
(vii)	Sugarcane	162	150	143	150	162	170	190
(viii)	Rabi Oilseed	613	600	409	600	535	600	602
(ix)	Sunflower	55	70	6	-	6	-	15
	Rabi Crops							
(x)	Wheat	2,017	2,300	2,355	2,300	2,300	2,300	2,250 (T)
(xi)	Gram	345	360	125	300	145	300	102 (T)
(xii)	Pulses	12	20	8	10	10	10	16 (T)

T: Tentative figures

In spite of change in the agricultural process and cropping pattern, there has been shortfalls from 55 to 68 *per cent* for maize, from 14 to 45 *per cent* for *kharif* pulses and from 52 to 66 *per cent* for gram during 2000-03 in area coverage.

As evident from the table above, area under cotton, *rabi* oilseeds (commercial crops), sunflower, *bajra* and *jawar* declined during 2000-03 as compared to the area at the end of VIII FYP as the emphasis was given mainly on rice and wheat crops for which area increased in 2002-03 in comparison to 1996-97.

Department failed to motivate the farmers to shift from traditional food grains crops to commercial crops, which were more remunerative and income generating.

Production and yield

Production and per hectare yield achieved at the end of VIII FYP in 1996-97

and during 2000-03 for main crops were as under:

P- Production in 000 tonnes (cotton in 000 bales)

Y- Yield in kg. per hectare

Sr. No.	Crop	Achievement at the end of eighth Five Year Plan i.e. 1996-97	2000-01		2001-02		2002-03	
			Target	Achievement	Target	Achievement	Target	Achievement (Tentative)
	Kharif crops		(Area in 000 hectare)					
(i)	Rice	(P) 2,463 (Y) 2,964	3,080 2,800	2,695 2,557	2,750 2,895	2,724 2,652	2,800 2,947	2,468 2,727
(ii)	Jawar	(P) 29 (Y) 222	30 250	23 209	30 250	22 209	35 292	22 195
(iii)	Pulses	(P) 58 (Y) 972	30 1,000	13 591	60 1,000	17 515	70 1,000	30 500
(iv)	Cotton	(P) 1,507 (Y) 392	1,300 368	1,383 424	1,350 382	722 195	1,450 404	1,038 340
(v)	Sugarcane	(P) 902 (Y) 5,568	900 6,000	817 5,713	900 6,000	933 5,761	1,000 5,882	1,100 5,790
	Rabi Crops							
(vi)	Wheat	(P) 7,826 (Y) 3,880	9,600 4,174	9,669 4,106	9,600 4,174	9,437 4,103	9,800 4,261	9,500(T) Awaited
(vii)	Gram	(P) 276 (Y) 799	350 972	80 640	350 1,167	124 854	360 1,200	100 (T) Awaited
(viii)	Other rabi pulses	(P) 11 (Y) 917	20 1,000	7 636	10 1,000	9 900	10 1,000	14 (T) Awaited
(ix)	Rabi Oilseeds	(P) 894 (Y) 1,458	900 1,500	560 1,369	825 1,500	796 1,488	850 1,416	850 (T) Awaited

T: Tentative figures.

Yield per hectare declined under rice, jawar, kharif pulses and cotton

The above table reveals that targets for production as well as per hectare yield were not achieved for any crop in any year during 2000-03 (except for production/yield of cotton and production of wheat in 2000-01 and of sugarcane in 2001-02).

Production of rice and wheat decreased from 26.95 lakh tonnes in 2000-01 to 24.68 lakh tonnes in 2002-03 and from 96.69 lakh tonnes in 2000-01 to 95 lakh tonnes in 2002-03 respectively primarily due to draught like conditions prevailing in the State. In case of rice, the production decreased because of decrease in the net sown area. Though the department incurred Rs 4.63 crore towards subsidy to farmers on certified seeds of wheat during 2000-02, yet the level of production could not be improved.

Per hectare yield of *jawar*, *kharif* pulses and cotton decreased during 2000-03 and level of per hectare yield attained at the end of VIII FYP in 1996-97 could not be maintained during 2000-03. Targets for production as well as yield for cotton (except in 2000-01), rice, *jawar*, *kharif* pulses, other *rabi* pulses and *rabi* oilseeds were not achieved during 2000-03.

Net area under irrigation

3.1.7 At the time of formation of the State in 1966-67, net area irrigated through various sources (canals, tubewells, etc.) of irrigation was 12.93 lakh hectares (37.8 per cent of the net area sown), which increased to 29.58 lakh hectares (83.9 per cent) in 2000-01. However, it again declined to 29.44 lakh hectares (82.9 per cent) in 2001-02. The decrease was mainly due to less irrigation through canal waters.

Macro Management Agriculture Mode for financial assistance

Work plan for 2000-01 not prepared and for 2001-03 not got approved from GOI

3.1.8. Macro Management Agriculture Mode (MMM) of finance was introduced from 2000-01 and 27 on going plan schemes in the State were merged with it. GOI directed State Governments to prepare detailed work plan for each financial year to include such schemes which justified Central assistance.

Detailed work plan indicating schemes to be implemented during 2000-01 was not prepared, though Rs 8.01 crore were drawn against GOI's release of Rs 9.16 crore during the year. Work plans for 2001-03 were prepared, but specific approval of GOI had not been obtained so far (March 2003).

Performance evaluation

Soil conservation and reclamation of soil

3.1.9 A major part of the area in the State was seriously inflicted with soil alkalinity. Survey conducted in 1994-95 indicated that out of the total 2.31 lakh hectare area affected with alkali soil in the State, 0.82 lakh had been reclaimed upto March 2003. Reclamation of alkaline soils was an integral part of crop production system. Gypsum was an important chemical catalyst for the reclamation for alkaline soils.

The programme aimed at, *inter alia*, reclaiming alkaline soil and improving soil health.

Reclamation of alkaline soil

3.1.10 The scheme provides for payment of subsidy on the purchase of gypsum and *dhaincha* seed to the farmers identified by the department for reclamation of alkaline soil to small/marginal farmers and SC farmers (20 per cent). Expenditure of Rs 11.06 crore was incurred during 2000-03. Against the target of reclaiming 33,952 hectares area through the use of 2.52 lakh metric tonnes (mts) gypsum during 2000-03, 42,625 hectares was reclaimed with the use of 2.90 lakh mts gypsum.

Identification of farmers not done in advance

Extent of coverage of small/marginal and SC farmers not on record

A scrutiny of records of Directorate and DSCO, Karnal revealed that survey for identification of farmers having alkaline land was not made before the distribution of gypsum and *dhaincha* seed. Further, neither the requisite percentage of target groups i.e. small/marginal and SC farmers was ensured nor the required certificate to the effect that the assistance had not been availed of by the farmers during last seven years under any other scheme was obtained from the farmers.

The details of distribution of *dhaincha* seed during 2001-02, for which Rs 18.83 lakh were released by Director, Agriculture to HLRDC, were not on record. Impact of the scheme towards reclamation of alkaline land in the State could not be assessed in Audit as the physical verification reports for utilisation for gypsum from DSCOs were not being received by the Director.

Reclamation of saline/waterlogged soils

3.1.11 About 70,000 hectares area was critically water logged in Haryana and this problem was on the increase. Under operational pilot project, under implementation since 1994 in Haryana, an area of 1,236 hectares, in Gohana area was provided with sub-surface drainage system while work for similar drainage system in Kalayat region in about 500 hectares was in progress for reclamation of soils.

However, Rs 1.20 crore provided during 2001-03 under MMM scheme for purchase of collector pipes, lateral pipes, filter and socks, etc. for construction of sub-surface drainage in Kalayat region over about 400 hectares were not utilised. It was thus evident that the efforts towards reclamation of saline/waterlogged soils were not adequate as large areas were yet to be reclaimed.

Improvement in soil health

3.1.12 With a view to improve soil health through promotion of green manuring, setting up of bio-fertilizer testing laboratories, issue of soil health cards to farmers, awareness programmes for organic farming, the work plans of MMM scheme had a provision of Rs 56 lakh and Rs 20 lakh for 'Integrated Nutrient Managements (INM)' and 'Promotion of organic farming systems' respectively during 2001-03. These schemes were, however, not taken up for implementation by the department except that Rs 4.89 lakh were spent under INM for use of bio-fertilizer.

Non-implementation of these schemes deprived the farmers of financial/technical assistance for increasing green manuring and organic farming. The Director stated (May 2003) that the funds for the scheme organic farming could not be utilised as the Government sanction for the scheme was received late and the consultant for conducting a techno-economic feasibility study for promoting organic farms could not be engaged for want of GOI's approval. Reply was not tenable as the matter for engaging the consultant should have been taken up well in time especially when the outlay was already approved by Government of India through annual work plans.

Water management

Improved Onfarm Water Management

3.1.13 The scheme 'Improved Onfarm Water Management' aimed at addressing the problem of over exploitation of underground water. The scheme provided for subsidy on purchase of sprinkler sets in undulated tracts in southern Haryana and for laying underground water conveyance system in flat topographic (paddy-wheat growing) areas to save water through change of irrigation system. During 2000-02, the Director incurred an expenditure of Rs 3.09 crore (2000-01: Rs 2.27 crore and 2001-02: Rs 0.82 crore) under the scheme.

Blocking of Central funds with HLRDC and HAU

ASCO (Ghaggar) Panchkula drew Rs 1.01 crore on the last day of the financial year i.e. 31 March 2002 and paid irregularly the entire amount in advance to Haryana Land Reclamation and Development Corporation (HLRDC) on the same day only to avoid lapse of budget grant as HLRDC was not in any way involved in purchase/distribution of sprinkler sets and laying of underground pipe lines. The department made the HLRDC a sort of treasurer to utilise the funds in subsequent years, which was in contravention of Financial Rules. While Rs 7.44 lakh had been spent in the State, no expenditure had been incurred in any of the districts test checked so far (March 2003).

In another case, the Director, Agriculture released Rs 27.50 lakh to HAU, Hisar during 2001-02, for the purchase of five Laser Land Levelers, which had not been purchased so far (March 2003). The Director stated (June 2003) that the purchase of Laser Land Levelers was under process.

Integrated Watershed management in catchment areas of flood prone river Ghaggar

3.1.14 The scheme aimed at prevention of land degradation, reducing run off from the catchment area of flood prone river Ghaggar was in operation in three⁷ districts.

The ASCO (Ghaggar), Panchkula and Naraingarh spent Rs 1.33 crore and Rs 33.90 lakh during 2000-02 on 729 and 120 completed works such as farm ponds, percolation tanks, earthen bandhs, etc. respectively on 3,671 hectares of land, but neither the 'Corpus' (one *per cent* by GOI and one *per cent* by State Government) for their maintenance was established nor completed works handed over to the Watershed Management Committees/Self Help Groups for their upkeep as required in the guidelines, as these bodies had not been constituted so far (March 2003). Further, area and the extent to which land degradation was prevented was not assessed by the department.

⁷ Districts Ambala, Panchkula and Yamunanagar.

Distribution of sprinkler sets

3.1.15 To reduce water loss by way of evaporation/percolation, sprinkler irrigation is envisaged under various schemes for crops like mustard, pulses, wheat, etc. in undulating tracts of coarse textured soils in southern Haryana. During 1997-02, against the target of providing subsidy for 21,880 sprinkler sets in the State, subsidy of Rs 12.82 crore for 17,137 sets (78 per cent) was paid under OPP, NPDP, ICDP-Wheat, ICDP-Cotton and MMM schemes.

In four of the six districts test checked, it was noticed that subsidy of Rs 25.29 lakh for 352 sprinkler sets was paid during 2000-02 by the concerned DDAs. However, copies of field maps, *jamabandi*, etc. were not furnished by the farmers with the applications and there was no indication of land holding by individual farmers, their category (SC or general) to ensure that the benefit reached the small/marginal and SC farmers as per scheme requirements.

As stipulated in the programme, undertakings for not selling/transferring sprinkler sets for at least seven years were also not obtained from beneficiary farmers by any DDA. Further, subsidies were released based on *proforma* invoices of the supplier firms instead of on the basis of approved technical estimates, as was required. In the absence of requisite documents, the subsidy paid to the farmers could not be termed as regular.

Mechanisation of cultivation

3.1.16 Agricultural mechanisation is significant for effective and timely completion of farming operations to benefit the farmers in saving time, reducing cost of cultivation and increasing productivity. To achieve these objectives, a centrally sponsored scheme "Promotion of Agriculture Mechanisation" launched under MMM from 2000-01, provided for subsidy on farm implements like Zero-till Seed-cum-fertilizer Drill, sugarcane cutter/planter, rice transplanter, etc. at 30 per cent of the cost of the machine upto a maximum of Rs 3,000 per machine. Audit observed that no physical targets were fixed under the scheme. However, subsidy of Rs 31.14 lakh was disbursed to 1,038 farmers during 2000-02 in the State.

Irregular payment of subsidy

Further, the Director, Agriculture drew Rs 30 lakh in October 2001 and paid the entire amount as advance to Haryana Agro Industries Corporation (HAIC) as subsidy. Of this HAIC paid, Rs 29.40 lakh as subsidy to 98 farmers during 2001-03 for purchase of tractors, though the payment of subsidy on purchase of tractors was not provided in the scheme and was thus, irregular.

Popularisation of use of certified seeds

3.1.17 The programme for popularisation of use of certified seeds aimed at enhancing productivity of different crops through quick spread of certified seeds of newly released varieties. Haryana Seeds Development Corporation

(HSDC), constituted in 1974, was primarily responsible for providing quality seeds of various agricultural crops for sale to farmers.

Shortfall in production of certified seeds

3.1.18 Targets fixed for production of certified seeds of main crops viz. wheat, gram, paddy, mustard and cotton and actual production during 2000-03 were as under:

Crop	Year	Target for production	Actual production	Percentage achievement
(In thousand quintals)				
Wheat	2001-01	167.50	95.54	57
	2001-02	191.88	161.49	84
	2002-03	210.00	177.00	84
Paddy	2000-01	17.50	13.08	75
	2001-02	13.70	8.88	65
	2002-03	14.90	10.82	73
Cotton	2000-01	7.35	4.45	61
	2001-02	5.37	1.39	26
	2002-03	4.50	2.56	57
Gram	2000-01	3.05	1.30	43
	2001-02	4.00	1.31	33
	2002-03	6.10	2.00	33
Mustard	2000-01	2.80	1.38	49
	2001-02	1.30	1.04	80
	2002-03	3.00	2.25	75

As evident from the above table, the shortfalls in achievement of targets for production of certified seeds ranged between 16 and 74 per cent for various crops. Though the targets for paddy and cotton fixed in 2000-01 were reduced in subsequent years, yet these were not achieved. HSDC attributed the lowering of targets to marketing problems stating that even the reduced production could not be sold. The Agriculture Department and HSDC, thus, failed to popularise the use of certified seeds among farmers.

In-adequate coverage of area under certified seeds

3.1.19 Area sown under main crops and area covered with the use of certified seeds during 2000-03 were as under:

Area in 000 hectare

Sr. No.	Crop	2000-01		2001-02		2002-03	
		Total area sown	Area where certified seed used and its percentage	Total area sown	Area where certified seed used and its percentage	Total area sown	Area where certified seed used and its percentage
(i)	Wheat	2,355	335 (14)	2,300	416 (18)	2,250 (T)	406 (18)
(ii)	Paddy	1,054	148 (14)	1,027	116 (11)	906	128 (14)
(iii)	Gram	125	6 (5)	145	6 (4)	102 (T)	12 (12)
(iv)	Cotton	555	274 (49)	630	292 (46)	519	259 (50)

T: Tentative figures

Certified seeds were not sown in large areas

Of the total sown area, 82 to 96 *per cent* area under wheat, paddy and gram crops was not covered with good quality certified seeds while for cotton, farmers were not provided with certified seeds for 50 to 54 *per cent* of the area sown during 2000-03. Inadequate coverage of cropped area with certified seeds was one of the factors for decline of per hectare yield as discussed in paragraph 3.1.6.

Coverage of SC and small/marginal farmers

3.1.20 Subsidy on certified seeds of paddy, bajra, barley and wheat was provided under MMM while for oil, pulses and cotton seeds, subsidy was provided under respective schemes i.e. OPP, NPDP and ICDP- cotton.

Coverage of SC and small/marginal farmers not ensured

As per GOI's guidelines, for grant of subsidy on purchase of certified seeds, preference was to be given to small and marginal farmers and at least 16.5 to 20 *per cent* of the financial benefit was to flow to SC farmers. A scrutiny of subsidy claims for certified seeds worth Rs 3.59 crore paid to Haryana Seeds Development Corporation (HSDC) during 2000-02 by JDA (Cotton), Sirsa, DDA, Hisar and DDA, Karnal disclosed that there was no indication about land holdings with individual beneficiary farmers and about the category of farmers i.e SC/general/small/marginal.

The JDA(Cotton) Sirsa stated (February 2003) that SC farmers did not have enough cultivable land to fulfill the target of 20 *per cent*; and as regards indication of land holdings by farmers, instructions would be issued to the concerned agencies. DDAs Hisar and Karnal stated (June 2003) that the coverage of small/marginal and SC farmers was not ensured by HSDC.

Irregular payment of subsidy

Subsidy released irregularly on more than 10 years old variety seeds

3.1.21 As per GOI's instructions, seed varieties which were more than 10 year old did not qualify for subsidy. DDA, Hisar irregularly released subsidy of Rs.16.30 lakh to HSDC during 2000-02 for C-235 variety of gram seed released in February 1976.

Seed village programme

Irregular payment of incentive on certified seeds

3.1.22 Under component 'Seed Village Programme' under NPDP aimed at production of good quality seed locally to overcome the shortage of certified seeds of pulses, DDA, Hisar paid Rs.16.49 lakh to HSDC during 2000-02 towards incentive. It was, however, noticed that selection of area, villages to constitute 'Seed Village' was not made and the land used for growing seed not kept for 5-10 years as envisaged in the scheme guidelines. The DDA, Hisar while admitting the lapse stated (July 2003) that HSDC was responsible for not following GOI guidelines as they were handling this activity; and the Director was being requested to instruct HSDC to follow GOI guidelines.

Seed minikit programme

3.1.23 Under seed minikit programme, minikits containing certified seeds of new varieties on different crops were supplied by GOI free of cost to the

department for onward distribution to farmers with the objective to popularise the lately released varieties for quicker adoption by farmers.

Distribution of minikits without following the prescribed guidelines

As laid down in OPP and NPDP schemes, identification of farmers for distribution of minikits was to be done well in advance of the sowing season to cover small and marginal farmers (50 per cent) and at least 20 per cent of SC farmers. In three of the six districts test checked, it was noticed that 1.11 lakh seed minikits for main crops (wheat, paddy, mustard, gram and sunflower) were distributed during 2000-03 to farmers without their identification in advance of sowing season and without any record about beneficiary farmer's land holdings/castes, etc. In absence of supporting records, Audit could not verify whether the benefits reached the targeted beneficiaries.

Oilseed Production Programme

3.1.24 The Centrally sponsored, Oil Seed Production Programme aimed at increasing the production of oilseeds i.e. rape seed, mustard, soybeans and sunflower by adopting improved agronomic practices by the farmers. Test-check of records revealed:

Production of foundation/certified seeds

Shortfall in achievement of targets for production of certified seeds

3.1.25 During 2000-02, Rs nine lakh were allotted for providing incentive to farmers/ agencies for production of 2,000 qtls. foundation seeds and Rs 40 lakh for providing incentives for production of 8,000 qtls. certified seeds of oil crops in farmer's fields in the State against which merely 20 qtls (one per cent) foundation seed (at a cost of Rs 0.10 lakh) and 4,506 qtls. (56 per cent) of certified seeds (at a cost of Rs 6.78 lakh) were produced. Shortfalls in the production of foundation and certified seeds indicated that department failed to motivate the farmers/agencies for adopting improved agronomic practices by providing incentive inspite of availability of funds. The Director, Agriculture while admitting the poor performance under this component stated (July 2003) that seed component was being implemented by HSDC.

Subsidy on certified seeds of oil crops and farm implements

3.1.26 The programme earmarked Rs 22 lakh as subsidy for distribution of certified seeds of groundnut and soyabean and Rs four lakh as subsidy for purchase of manual/bullock drawn farm implements during 2002-03, but no expenditure was incurred on these components.

Agriculture land in illegal possession

3.1.27 Two Hundred sixty one acre seven marla agriculture land of Agriculture Station, Hansi was on lease (patta) with 34 labourers/farmers (tenants) since the formation of Haryana State in 1966 for which *pattanama* was executed with them upto 1987-88. According to *pattanama*, the tenants were to give one-third of the agriculture produce to the department. However, since 1988-89, no *pattanama* was executed and no share of produce was given to the department but the land was still in illegal possession of these farmers. The department failed to take timely action for getting the land vacated and hence, sustained revenue loss. The revenue loss during 2002-03 alone worked out to Rs 15.66 lakh at the rate of Rs 6,000 per acre.

The department had been auctioning 73 acre 3 kanal 9 marla land (in four districts) every year to farmers without specific directions for its use and had no plans for monitoring of agricultural activities in future also.

Use of fertilizers

3.1.28 Fertilizer is an important input for maximising agricultural production. In Haryana, there were 7,385 fertilizer sale points as of March 2003, run by Haryana Agro Industries Corporation, HLRDC and private dealers, etc. The targets fixed for distribution of following types of fertilizer by Agriculture Department under *kharif* and *rabi* crops were not achieved to the extent indicated below during 2002-03:

Type of fertilizer	Kharif crops		Rabi crops	
	Targets	Achievements	Targets	Achievements
(In lakh MT)				
Urea	17.00	14.98	25.90	25.86
DAP	4.80	4.05	9.45	9.63
CAN	0.39	0.30	0.47	0.24
SSP	0.85	0.49	0.89	0.68

Insect/pest management and insect/pest surveillance

Plant protection measures

3.1.29 Plant protection is an important factor for influencing crop production. The department provides necessary advice to the farmers for taking various measures for controlling insect-pests and diseases in their crops. Targets and achievements under various components of pest management during 2000-03 were as under:

Component	Crop	Target	Achievement	Percentage achievements
(000, hectares)				
Seed treatment	<i>Kharif</i>	6,150	4,876	79
	<i>Rabi</i>	3,520	1,660	47
Crop pest control	<i>Kharif</i>	5,700	5,208	91
	<i>Rabi</i>	3,840	1,776	46
Vegetable pest control	<i>Kharif</i>	2,550	1,328	52
	<i>Rabi</i>	1,600	676	42
Pest surveillance	<i>Kharif</i>	1,050	1,046	100
	<i>Rabi</i>	790	613	78

Shortfalls were significant for crop pest control in *rabi* (54 per cent), vegetable pest control in *kharif/rabi* (48 to 58 per cent) and pest surveillance in *rabi* (22 per cent).

Quality Control of insecticides/pesticides

3.1.30 Agriculture Department is responsible to ensure the sale of quality agriculture inputs to farmers through inspection of manufacturing/sale units of insecticides, fertilizers and sale-agencies of certified seeds of various crops. Following shortcomings were noticed:

Insecticides/pesticides

3.1.31 The department had 5,514 to 5,937 insecticides/pesticides selling units in the State during 2000-03 (upto January 2003). Annual targets for collection of samples during 2000-03 ranged between 2,100 and 2,251 i.e. 38 to 39 *per cent* of the total selling units. The department did not have system to ensure that the samples were drawn at least once in a given time frame from all the units. The department stated (June 2003) that targets for collection of samples were fixed considering the annual analysing capacity of 1,100 samples each of the two laboratories at Karnal and Sirsa. There was thus, a need to strengthen the laboratories.

Quality standards of insecticides/pesticides sold in the market did not improve as the percentage of misbranded samples (to total samples drawn) was nine *per cent* in 2000-01 and remained the same in 2002-03 also.

In the districts test checked, it was noticed that the entire stock of the batch of insecticides/pesticides, from which the samples were drawn by inspectors, was sold by the concerned units by the time laboratory test reports were available. Thus no stock was seized to stop sale in the market. Government should consider the desirability of reducing the time limit of 60 days for test reports by laboratories to stop the sale of misbranded insecticides/pesticides.

Non-maintenance of records of inspections

3.1.32 In six districts test checked, it was noticed that the concerned quality control inspectors (QCIs) did not maintain a record/register of inspections of insecticides selling/manufacturing units and seed selling units during 2000-03 though these were required to be maintained under Insecticides Rules, 1971 and Seed Rules, 1968. In the absence of such records, frequency of inspection of individual units vis-à-vis prescribed under the rules was not verifiable. Details of units having remained un-inspected during 2000-03 were not maintained and no programme was formulated to cover such units in subsequent years.

Intensive cotton development programme

3.1.33 Main objective of the scheme was to enhance cotton production through technology transfer, supply of quality seeds, demonstration for IPM activities and timely supply of inputs (bio agents) to the farmers.

Absence of mechanism and criteria for drawing samples

Shortfall in achievement of targets

Against the target of supply of bio agent for 12,000 hectares area of cotton crop during 2000-02 and demonstration of integrated pest management (IPM) over 50 hectares in 2001-02, actual achievement was 5.825 hectares (49 per cent) and 40 hectares (80 per cent) respectively.

Crop diversification

3.1.34 Traditional foodgrain crops like wheat and paddy had dominance in Haryana. The Agriculture Department, however, gave emphasis on diversification in agriculture to divert area from traditional cereal crops (wheat and paddy) to high value cash crops viz. cotton, sugarcane, oilseeds, etc. so that the farmers could get more remunerative prices. The department, however, failed to popularise the diversification in agriculture among farmers as the area sown under commercial crops declined from 14.83 lakh hectares in 1996-97 to 13.26 lakh hectares in 2002-03.

Marketing facilities

3.1.35 Haryana State Agricultural Marketing Board (HSAMB) had a net work of markets comprising 58 principal yards and 60 sub-yards at the time of its formation in 1969 which increased to 106 principal yards and 177 sub-yards in 2002-03 spread over the State. Total storage capacity of foodgrains in the State increased from 28.85 lakh tonnes in 1999-2000 to 52.06 lakh tonnes in 2002-03.

During 2001-03, the Agriculture Department released Rs 81 lakh under MMM scheme (Rs 50 lakh in 2001-02 and Rs 31 lakh in 2002-03) to HSAMB for construction of covered sheds in five¹ mandis and for strengthening of existing facilities for the farmers/labourers. It was noticed during audit that the Board did not construct any shed so far (August 2003) and the entire amount was lying in their bank account.

Agriculture credit facilities

3.1.36 Farmers from weaker sections of society form cooperative societies, which are registered under Cooperative Societies Act by the Department of Co-operation. Farmers' societies as well as individual farmers obtain agriculture loan from Haryana State Co-operative Agriculture and Rural Development Bank (HSCARDB). During 1999-2002, HSCARDB provided

¹ Ateli, Babian, Bilaspur, Dhamtan Sahib and Gharaunda.

credit to the extent indicated below:

Year	Target	Achievements	Percentage achievement
(Rupees in crore)			
1999-2000	307.68	231.48	75
2000-01	315.54	262.42	83
2001-02	346.50	299.91	87

Besides, the Agriculture Department facilitated credit facilities to farmers for purchase of agricultural inputs, equipments, implements, etc. Under MMM scheme, the Agriculture Department released Rs 3.60 crore to Registrar Co-operative Societies, Haryana (Rs 2.18 crore) and Haryana Co-operative Bank (Rs 1.42 crore) during 2000-03 for providing credit facilities to farmers directly and through Weaker Section Societies by way of converting short term loans into medium term loans due to natural calamities (drought and flood). The Director, however, did not maintain any record about the actual number of Societies/farmers benefited against these releases and thus, the monitoring of progress under this activity was lacking.

Strengthening of State Land use Board

Funds released
without requirement

3.1.37 The scheme aimed at strengthening the Land Use Board (the Board) by involving it in preparation of land use data bank, utilisation of fallow/waste lands and creating awareness among farmers for adoption of suitable land use. The Director, Agriculture released Rs 48.94 lakh to the Board during 2000-02 under MMM, against which only Rs 16.54 lakh had been spent on staff salary/other expenses, mapping and management of fallow land and for preparation of perspective plans upto February 2003. However, the required perspective plans for land use in the State, mapping of current-fallow/waste land, etc. had not been finalised as yet.

Perspective plans for
land use not
prepared

Instead of refunding the unspent amount of Rs 32.40 lakh to GOI, the Board kept Rs 15 lakh under fixed deposit while the balance was lying in their bank account.

Resource application

Financial management

Financial outlay and expenditure

Shortfall in
utilisation of funds

3.1.38 Budget provisions and expenditure under various schemes during

2000-03 were as under:

Year	Budget provision						Expenditure (as per Appropriation Accounts)		
	Original			Final grant			Plan	Non-plan	Total
	Plan	Non-plan	Total	Plan	Non-plan	Total			
(Rupees in crore)									
2000-01	62.83	115.20	178.03	52.26	111.94	164.20	51.67	112.92	164.59
2001-02	66.70	124.50	191.20	66.86	124.28	191.14	66.45	124.23	190.68
2002-03	78.35	135.88	214.23	58.57	134.37	192.94	57.17	133.96	191.13
Total	207.88 (36)	375.58 (64)	583.46	177.69 (32)	370.59 (68)	548.28	175.29 (32)	371.11 (68)	546.40

The figures in brackets indicate the percentage.

Less utilisation of Central assistance

Rs 99.78 lakh remained unspent under five centrally sponsored schemes

3.1.39 Actual release of Central assistance under the following five Centrally sponsored schemes during 2000-03 was not utilised to the extent indicated below:

Sr. No.	Name of scheme	Unspent balance as of 1 April 2000	Releases by GOI during 2000-03	Total funds available	Expenditure incurred during 2000-03	Unspent balance
(Rupees in lakh)						
1	ICDP ^a (Cotton) MM-II	122.68	245.50	368.18	335.90	32.28
2	NPDP ^b	57.55	59.00	116.55	104.34	12.21
3	OPP ^c	190.12	483.00	673.12	660.33	12.79
4	MDP ^d	16.55	-	16.55	3.86	12.69
5	MMM ^e	-	4,283.11	4,283.11	4,253.30	29.81
	Total	386.90	5,070.61	5,457.51	5,357.73	99.78

Under Macro Management Agriculture Mode for financial assistance (MMM) scheme, the Director drew Rs 8.01 crore in the last week of March 2001 and reported (May 2001) to GOI as having utilised these funds during 2000-01 itself though the funds were carried over to 2001-02.

Reasons for short utilisation of Central assistance were attributed mainly to delay or non-release of funds by the State Government and non-implementation of certain schemes as discussed under paragraphs 3.1.9 to 3.1.36.

Rush of expenditure in March

3.1.40 Heavy rush of expenditure in the month of March under Centrally sponsored schemes ICDP (Cotton), NPDP, OPP, ICDP (Wheat) and MMM

² Intensive Cotton Development Project (Mini-Mission-II).

³ National Pulses Development Project.

⁴ Oil Seeds Production Programme.

⁵ Maize Development Programme.

⁶ Macro Management of Agriculture Mode.

was noticed in the five (out of six) districts test checked as detailed below:

DDO	No. of Scheme	Year								
		2000-01			2001-02			2002-03		
		(Rs in lakh)								
		Expenditure	Expenditure in March	Percentage	Expenditure	Expenditure in March	Percentage	Expenditure	Expenditure in March	Percentage
DDA, Sirsa	4	17.62	15.91	90	38.92	33.96	87	23.38	15.14	65
JDA (Cotton), Sirsa	1	46.76	20.09	43	63.54	44.61	70	-	-	-
DDA, Karnal	3	31.61	21.77	69	294.63	125.83	43	365.89	184.60	50
DDA, Ambala	2	15.61	13.71	88	4.28	2.58	60	1.77	1.22	69
ASCO, Mahendgarh	2	54.19	54.19	100	41.54	41.54	100	10.96	9.57	87
DDA, Hisar	5	394.10	290.39	74	250.34	164.84	66	262.81	248.60	95

Expenditure incurred in March ranged between 43 and 100 per cent

Substantial funds drawn at the fag end of financial years, which remained unspent in the year of their drawal and were carried over to subsequent financial years in contravention of financial rules, adversely affected the implementation of programmes/schemes.

Grants-in-aid

Non-monitoring of research and education activities by Director of Agriculture

3.1.41 State Government released grants-in-aid of Rs 209.40 crore during 2000-03 to Haryana Agriculture University (HAU), Hisar broadly for agricultural research and education. While sanctioning the grant, the State Government prescribed the condition that the grant was to be utilised for approved objects, but the specific objectives were not indicated in the sanction. The Director of Agriculture, without monitoring the progress towards agricultural research work done by HAU and verification of the purpose for which the grants were specifically utilized, accepted UCs for Rs 134.95 crore for the period 2000-02. The HAU also did not maintain specific grant-wise expenditure.

Expenditure control

3.1.42 The Director did not maintain expenditure control register to monitor the progress of expenditure under each major, minor, sub-head of accounts. Expenditure figures received monthly from various DDOs in the field were compiled on loose sheets of paper, which did not give consolidated picture of progressive flow of expenditure and thus weakened the mechanism for monitoring of financial progress.

Personnel management

Manpower profile

3.1.43 Codal provisions provide that the department should follow sound system for determination of manpower requirement, their regulations and their efficient and effective utilization. A periodical review should be conducted to

compute manpower needs and to watch whether the sanctioned manpower is utilised for the purpose it was sanctioned.

Details of posts sanctioned and filled during 2000-03 in various cadres of department were as under:

Sr. No.	Cadre	No. of posts sanctioned	Men in position April 2002	Vacant posts as of April 2002
(i)	Class-I posts including Director, Addl. Directors and Joint Directors	74	60	14
(ii)	Class-II posts	380	238	142
(iii)	ADOs	1,375	1,097	278
(iv)	Tracers	119	91	28
(v)	Agriculture Inspectors/Surveyors	734	537	197
(vi)	Sectional Officers (GWC)	22	10	12
(vii)	Technical Assistants (GWC)	17	6	11
(viii)	Junior Scientific Assistants	133	115	18
(ix)	Drivers	196	101	95
(x)	Others	3,466	3,083	383
	Total	6,516	5,338	1,178

Audit observed that the activities such as production and distribution of certified seeds, procurement and distribution of fertilizer and agricultural equipments were transferred to HSDC, HAIC and HLRDC long back, but employees sanctioned for these functions were continuing with the department. In view of the reduced work load there was a need to review the sanctioned strength, especially in the cadres of Agriculture Inspectors and Beldars.

Unjustifiable expenditure on staff salary

3.1.44 Emphasis under "Bee-Keeping" scheme was on farmers training, demonstration of bee-rearing and subsidy on purchase of bee-keeping appliances. The department had two bee-keeping Centres at Yamunanagar and Karnal.

The scheme did not have any budget provision for imparting training and giving subsidy on bee-keeping appliances during 2000-03. HAIC released Rs 0.40 lakh to the department in 2002-03, against which two groups of 23 and 27 farmers were provided training by Yamunanagar and Karnal Centres respectively. Against target of selling 660 bee-colonies to farmers, only 89 (13 per cent) were sold during 2000-03 (upto December 2002), which fetched only Rs 4.30 lakh. Thus, Rs 38.65 lakh spent on salary of staff during 2000-03 (upto December 2002) were not justifiable.

In reply to audit observation, the Director stated (March 2003) that training to 1,522 small/marginal farmers had been imparted upto 2002-03 and achievement of targets for development of bee colonies and their sale depended upon availability of flora and proper weather conditions. Reply was not tenable as these were known factors and there was no record to prove that 1,522 farmers were imparted training during 2000-03.

Improper deployment/adjustment of staff

3.1.45 In the districts test checked, in four offices, salaries of 10 officials were drawn by these offices under the orders of the Director, Agriculture though these officials were posted in other offices, where no sanctioned posts existed. Such adjustments without sanctioned posts tantamounted to extending undue favour to the concerned officials. Rs 27.93 lakh were spent towards payment of salaries to the officials between June 1997 to November 2002.

Disproportionate expenditure on staff salaries compared to benefits extended to farmers

3.1.46 Under the scheme, "boring operations and development of tubewells", staff were to provide services for boring and developing tubewells in farmers fields. In the office of AAE, Hisar, the department rendered tubewell boring/installation services worth Rs 1.66 lakh during 2000-03 by way of hiring out machinery to farmers while Rs 51.45 lakh were spent on salaries of staff deployed for the purpose.

Salary without work

3.1.47 The State Government converted plan scheme for soil conservation on watershed basis in sub-mountainous areas, into non-plan scheme from 2002-03 and accorded sanction to the continuation of existing posts without any provision of funds for soil conservation works. In July 2002, the Director Agriculture sent a proposal to the Government for sanctioning fund for soil conservation works, which was not accepted. The staff remained idle during 2002-03 and expenditure of Rs 24.20 lakh incurred on their salary was wasteful. The Director stated (March 2003) that the staff was engaged in implementation of NWDPRAs and 'Improved On Farm Water Management' schemes. Reply was not tenable as separate staff was deployed for NWDPRAs.

Training

3.1.48 State Agricultural Training Institute (SATI) at Jind, organised courses of one to three weeks duration for in service training to its field functionaries in various disciplines, i.e. field demonstrations, practicals, agricultural activities, etc. During 2000-03, 21 to 26 courses were organised and against the target of 1,740 employees, 1,265 (73 per cent) were imparted training. The Principal, ATI Jind attributed (April 2003) the shortfall to deployment of staff for *panchayat*/municipal elections in 2000-01 and existence of large number of vacancies in the cadres of agriculture inspectors, extension workers, etc. The reply was not tenable as the vacancy position in these cadres was already in the knowledge of the department and was required to be taken into account while fixing targets.

Internal audit

3.1.49 The Directorate had one Audit Branch comprising of an Accounts Officer, two Section Officers and supporting ministerial staff. The branch conducted internal audit of four units only during 2000-03. The staff of audit branch was not assigned with any other accounting or budgeting work.

Monitoring and evaluation

3.1.50 The field offices of the department sent monthly financial/physical progress reports under various schemes to the Directorate which were not consolidated monthly to ascertain overall status of implementation of individual schemes for the State as a whole. As per GOI's instruction (November 2000) State Government was to constitute an inter-departmental co-ordination committee to monitor the implementation of schemes under MMM. The Committee was constituted only in February 2003 and was yet to hold it's meeting. The Director paid (March 2002) Rs five lakh to HLRDC for conducting evaluation study of scheme; report of which was not furnished so far (February 2003).

These points were referred to the Financial Commissioner and Principal Secretary to Government, Haryana, Agriculture Department (May 2003); reply had not been received (September 2003).

Medical and Health Department

3.2 Implementation of the Drugs and Cosmetics Act

Highlights

Medical and Health Department was responsible for enforcing the implementation of the provisions of the Drugs and Cosmetics Act and Rules framed thereunder, to ensure availability of standard and safe drugs and cosmetics, at fair and affordable prices to the consumers and to see that the drugs were promoted through projection of factual information. The department, however, did not have adequate manpower to effectively enforce the regulatory functions. There was shortfall of 59 per cent in inspections of drug units to check compliance of provisions of the Act. In large number of cases, the firms continued their business without getting their licences renewed. Testing facilities for Ayurveda and Unani drugs and certain vaccines under Allopathic system were neither available with the State Drug Laboratory nor any alternative arrangements were made by Regulatory Authority and sub-standard drugs of these types, manufactured or sold, if any, remained undetected. Collection of drug samples for quality control was arbitrary as sample was not collected from large number of units for several years. Sub-standard and spurious drugs were in sale in the market and were supplied even to the Government hospitals. Punitive action against the defaulting units was not taken properly and promptly. The department thus, failed to achieve the objectives enshrined in the Act. Important points noticed in audit were as under:

Shortage of Drug Inspectors (68 per cent), as compared to the norms recommended by the Task Forces of the Central Council of Health and Family Welfare, led to a shortfall in inspection of Allopathic/Homeopathic drug selling units by 59 per cent during 1998-2003. For inspection of 230 to 366 Ayurvedic/Unani drug manufacturing units in the State, shortfall was 37 per cent during 1998-2003.

(Paragraph 3.2.11, 3.2.24 and 3.2.25)

Testing facilities for large number of Allopathic drugs, articles, all Homeopathic, Ayurvedic and Unani medicines were neither available with the State Drug Laboratory nor any alternative arrangements for testing these items were made.

(Paragraph 3.2.14)

Seventy four *per cent* of the drug samples were tested after the prescribed period of 45 days from the date of collection of samples. The delay ranged between one and half month and one and half year. Licences of 25 out of 38 Blood Banks in the State were not renewed for the last two to seven years although they were in operation.

(Paragraph 3.2.15 and 3.2.17)

25 out of 64 drugs manufacturing units in the state have not been inspected and their samples were not tested during the period 1998-2003.

(Paragraph 3.2.18)

Prosecution cases increased from 324 in 1997-98 to 522 in 2002-03. The department did not take up the case for setting up special designated courts with the Government for their speedy disposal.

(Paragraph 3.2.28)

Records of complaint cases, of the violation of the provisions of the Act, were not maintained properly. Details made available disclosed that 227 cases were pending as of March 2003. Test-check disclosed that appropriate speedy action was not taken against the defaulters.

(Paragraph 3.2.29)

Adequate in-service training to staff was not imparted under Ayurveda/laboratory staff during 1998-2003.

(Paragraph 3.2.30)

Introduction

3.2.1 Government of India (GOI) enacted the Drugs and Cosmetics Act, 1940 (the Act) and framed Drugs and Cosmetics Rules 1945 to regulate the import into, manufacture, distribution and sale of drugs and cosmetics in the country and also to ensure availability of standard quality drugs and cosmetics to consumers, which otherwise pose a serious problem to public health. For keeping the prices of drugs under control, GOI also issued Drug (price control) order, 1995. The objectives of the legislation were to:

- ensure availability of standard and safe drugs and cosmetics;
- ensure availability of drugs at fair and affordable prices to the consumers and
- ensure that drugs are promoted through projection of factual information.

To achieve these objectives, the State Regularity Authority viz. State Drug Controller was entrusted with the functions of granting and renewal of

licences for manufacture, distribution and sale of drugs, carrying out inspections, testing of samples, vigilance and surveillance over the manufacturers/traders; and taking consequential legal/administrative action against the defaulters.

Regulatory machinery

3.2.2 The State Drug Controller (under the administrative control of the Director General, Health Services) and the Director, Ayurveda were the regulatory and licensing authorities for Allopathic/Homeopathic and Ayurvedic/Unani drugs respectively. The State Drug Controller was assisted by a Deputy State Drug Controller and three Assistant State Drug Controllers at State level. There were seven Senior Drug Inspectors at zonal level and 23 Drug Inspectors at District level.

Director, Ayurveda was assisted by an Assistant Director at State level and four Ayurvedic Medical Officers in the field.

A State drugs laboratory, headed by a Government Analyst, was functioning at Chandigarh since 1976 for testing the samples of Allopathic/Homeopathic medicines and cosmetics (except vaccine and sera).

Regulatory procedure

3.2.3 The licences for manufacture of drugs other than Ayurvedic and Unani drugs and their wholesale trade were granted and renewed by the State Drugs Controller while for the retail sale, by the Senior Drug Inspectors at zonal level. Licences for manufacture of ayurvedic drugs were granted and renewed by the Director, Ayurveda. Licences unless suspended or cancelled, were valid upto 31 December of the year following the year of their issue/renewal. However, licences issued and renewed after August 2001 were valid for five years from the date of their grant/ renewal. If a licensee failed to apply for renewal of licence within a period of six months after the date of its expiry, the same would be deemed to be invalid thereafter.

Drug Inspectors were responsible for inspection of the premises of allopathic and homeopathic drug manufacturing and sale units at least twice a year (once a year from September 2001). To ensure the quality of drugs/cosmetics, the samples were collected by inspectors from the manufacturing/selling units and sent to State Drug Laboratory for testing purposes.

If any person willfully prevents the inspector from discharging his duties or any serious offences are detected/suspected on the basis of sample testing or inspections, search and seizure, cases are filed against offenders in the courts of Chief Judicial Magistrates of the area for suitable penalty/punishment.

Audit coverage

3.2.4 Records relating to implementation of Act for the period 1998-2003 in the offices of the Director General Health Services, State Drug Controller, Government Analyst Haryana at Chandigarh and 10² out of 19 districts were test checked. Audit findings are discussed in the succeeding paragraphs.

Deployment of resources

Financial outlay and expenditure

3.2.5 Details of budget provision, expenditure and revenue receipts under Allopathic and Homeopathic systems for the period 1998-2003 were as under:

Year	Budget provision			Expenditure			Revenue receipts	
	(Rupees in lakh)							
	State	Central	Total	State	Central	Total	Budget Estimates	Receipts
1998-99	147.28	-	147.28	119.52	-	119.52	15.00	16.16
1999-2000	138.85	12.50	151.35	138.82	12.50	151.32	15.00	15.51
2000-01	140.86	12.50	153.36	140.80	12.48	153.28	20.00	20.00
2001-02	141.41	-	141.41	141.08	-	141.08	22.00	22.22
2002-03	151.84	-	151.84	146.32	-	146.32	23.00	23.00
Total	720.24	25.00	745.24	686.54	24.98	711.52	95.00	96.89

Note: No funds were provided for the implementation of the Act under Ayurveda and Unani systems of medicines.

Expenditure of Rs 7.12 crore comprised of plan expenditure of Rs 0.39 crore (seven per cent) of which Rs 0.25 crore was Central grant as indicated in the table above.

Scrutiny of records revealed that:

95 per cent of the expenditure was on establishment

3.2.6 Of the total expenditure of Rs 7.12 crore during 1998-2003, Rs 6.74 crore (95 per cent) were spent on establishment, three per cent on other contingent expenditure and merely two per cent spent on infrastructure.

Diversion of funds

3.2.7 Further, the expenditure included Rs 47.53 lakh spent by the Chemical Examiner, Karnal and Public Analyst, Haryana during 1998-2003 towards salary of staff sanctioned under state non-plan scheme but not deployed for the activities connected with the implementation of Drugs and Cosmetics Act.

Central assistance neither utilised nor refunded to GOI

3.2.8 GOI, Ministry of Health and Family Welfare released grant of Rs 12.50 lakh in October 1999 for strengthening of Haryana State Drug Laboratory. Since the funds could not be utilised during 1999-2000, GOI

² Ambala, Bhiwani, Hisar, Faridabad, Karnal, Narnaul, Panchkula, Panipat, Rohtak and Sonapat.

revalidated (August 2000) the sanction for utilisation of funds during 2000-01. Out of this, Rs 5.32 lakh were drawn by the Government Analyst, Haryana, Chandigarh in March 2001 for purchase of laboratory equipment (four electronic single pan balances) but balance Rs 7.18 lakh were neither utilised nor refunded to GOI (March 2003).

3.2.9 An expenditure of Rs 24.98 lakh was booked during 1999-2000 and 2000-01 against Central grant in the books of the Accountant General (A&E), Haryana through Transfer Entries (TEs) proposed by the department. As details of these TEs were not available in the offices of Director General, Health Services, Haryana, authority of expenditure and the basis of preparing these TEs could not be verified. Matter was also referred to the State Government to which reply had not been furnished (July 2003).

Procedure for reconciliation of receipts with treasury not followed

3.2.10 Fees for issue/renewal of licences were deposited in the government treasury by licencees directly. The Financial rules required that the departmental authorities should maintain a daily collection register. At the end of each month, credits, as entered, were to be reconciled with the treasury and certificate to this effect obtained from the Treasury Officer. Daily collection registers were not maintained and reconciliation of receipts with treasury records not done, which was fraught with the risk of serious financial irregularities, if not getting detected in time. SDC, Haryana stated (July 2003) that proper procedure for reconciliation of receipts had now been adopted.

Manpower

State Drug Controller, Haryana

3.2.11 As laid down in the Drugs and Cosmetic Act, Drug Inspectors were responsible for inspection of premises of manufacturers and sellers, drawing samples of drugs and cosmetics to determine their standards, etc.

Against the requirement of 50 Drug Inspectors, 16 were in position

As per recommendations of the task force of the Central Council of Health and Family Welfare, there was a requirement of 50 drug inspectors. However, as on 31 March 2003, there were only 23 sanctioned post of inspectors, against which 16 inspectors were in position. Thus there was shortage of 34 inspectors in comparison to the norms recommended by the task force, which resulted in delayed action against defaulting units, lesser number of inspections, delayed attending of complaint cases, etc., as discussed in paragraph 3.2.20 to 3.2.26. As the State Government had imposed (April 1999) complete ban on fresh recruitments, vacancies were not filled. Shortage of drug inspections adversely affected the implementation of the 'Act'.

Director, Ayurveda

Lack of staff resulted in deficiencies in drug control activities

3.2.12 There was no separate staff for implementation of Drug Control Act under Director, Ayurveda. Central Council of Health and Family Welfare of Indian Systems of Medicine passed a resolution in January 1997 for strengthening of Drug Control Cell in the Directorate of Ayurveda by establishing an independent drug control branch. Director, Ayurveda,

however, failed to send any proposal to the State Government for sanction of the posts of inspectors/doctors.

Due to lack of staff, proper scrutiny of records relating to grant, renewal and cancellation of licences and inspection of manufacturing premises suffered. On being pointed out in audit, the Director, Ayurveda accepted (November 2002) the deficiencies in performing the drug control functions.

Manufacturing and selling units

3.2.13 As of 31 March 2003, there were 445 manufacturing, 8,051 selling units for Allopathic drugs and cosmetics and 366 manufacturing units for Ayurveda and Unani medicines in the State. Though the State Drug Controller, Haryana was the licensing authority for drug manufacturing, yet the records/registers maintained in his office were not updated as a result of which details of 409 manufacturing (out of total of 445) units was only available and supplied.

No survey was conducted by the department during 1998-2003 for detecting manufacturing and selling units operating in the State without valid licences.

Testing infrastructure

3.2.14 The State had only one Drug Testing Laboratory at Chandigarh which was set up in the year 1976 for testing samples of drugs and cosmetics with the objective to determine their quality standards. Of the 15 sanctioned posts of laboratory technical staff, three to five posts remained vacant during 1998-2003, due to ban on recruitment imposed by the Government.

Testing facilities for certain drugs/devices did not exist

Testing facilities for determining the standards and quality of Sera vaccines, toxins, antigens, anti-toxins, oral polio vaccine, anti-sera for veterinary use, intra-uterine devices, Homoeopathic and Ayurvedic medicines were neither available at State Drug Laboratory nor any other alternative arrangement was made by the department.

The laboratory maintained a register indicating the details of drug/cosmetic samples received from the inspectors; and also recorded test results of such samples. Test results were communicated to the inspectors in the prescribed form. At the beginning of 1998-99, 993 samples were pending in the laboratory for testing, 13,910 samples were received during 1998-2003. Out of which 13,938 samples were tested and 14 samples rejected leaving a balance of 951 samples untested. Out of 13,938 samples tested at the laboratory during the above period, 59 were found spurious and 853 sub-standard.

Further scrutiny revealed the following:

Testing samples of medicines and drugs – time taken for reporting and the adverse impact on reporting delays

3.2.15 Against the target of 15,780 sample collection during 1998-2003, 13,910 samples (88 *per cent*) were collected and sent to Haryana Government Analyst for testing.

Abnormal delay in testing of samples

A test-check of records of laboratory revealed that of 13,938 samples tested at the laboratory during 1998-2003, 10,295 (74 *per cent*) were tested after the prescribed period of 'within 45 days' and the delay ranged between 45 and 562 days. The department attributed (January 2003) the delay to shortage of manpower. Since, only three to five posts of laboratory technical staff were vacant (out of 15 sanctioned), delays were not proportionately commensurate with the shortage of manpower.

As stated by Government Analyst, Haryana, capacity of the laboratory for sample testing was not fixed due to variation in time required for testing different samples.

Samples for blood not collected/ tested

3.2.16 To guard against spread of AIDS diseases, testing of units of blood stored in blood banks was necessary but no sample of blood units was collected for testing at the State Laboratory.

3.2.17 Thirty eight blood banks in the State were granted licences as on 31 March 2003. Out of these, licences of 25 blood banks were not renewed for the last two to seven years although these were in operation. In reply (June 2003) the SDC, Haryana stated that licences in most of the cases were not renewed due to non-conducting of inspection by joint inspection committee of Central/State inspectors and blood bank experts.

Arbitrary sampling

3.2.18 Of the 69 manufacturing units (64 drugs and five cosmetics) in three³ districts, no sample was collected from 28 units (25 drugs and three cosmetics) during 1998-2003. Further, no sample was collected from any of the six blood banks in existence in these districts. As a result, drug/cosmetics manufactured and blood stocked by the concerned units remained untested. On the other hand, samples from 29 individual units were collected repeatedly i.e. two to six times during 1998-2003.

³ Ambala, Panchkula and Yamunanagar.

Regulatory captures

Standing of the law

3.2.19 Under the Drugs and Cosmetics Act, and rules thereunder, there were no legal provisions for issue of licences to sellers of Ayurvedic and Unani drugs and such selling units being unlicensed, were also not covered under departmental inspections. As a result, there was no control of the department over these units for ensuring sale of standard and quality drugs.

Issue and renewal of licences

Continuation of business without getting the licences renewed

3.2.20 Test-check of records of State Drug Controller and in districts test checked revealed that 104 drug selling units did not apply for renewal of their licences within the prescribed period of six months and thus their licences were deemed to have expired, but these firms continued their business unauthorizedly and the department did not initiate any action against them.

Inordinate delay in renewal of licences

3.2.21 The rules did not lay down any time limit for issue and renewal of licences after the receipt of applications. The department also had neither fixed any time limit nor devised any system to keep watch over the receipt and disposal of applications for issue/renewal of licences in a time bound manner. Scrutiny of records of 448 cases in the districts test checked revealed that there was delay of one to eight years in 95 cases in renewal of licences.

State Drug Controller attributed (July 2003) the delay to shortage of manpower. The reply was not justifiable as against the sanctioned posts of 14 District Drug Inspectors in districts test checked, only four were vacant. This important function should have been given due priority.

3.2.22 The District Drug Inspector, Hisar proposed (March 2002) the cancellation of licence of a firm of Hansi because the drugs were being sold by them without the supervision of a qualified person, but no action was taken by the Senior Drug Inspector, Hisar for cancellation of licence (January 2003).

Irregular grant of manufacturing licences under Ayurveda

Licences issued without consulting the approved expert

3.2.23 As laid down in Drugs and Cosmetic Rules, a licence to manufacture for sale of any ayurvedic or unani drugs was required to be issued by the Licensing Authority after consulting the expert appointed for the purpose by the State Government. No such expert was appointed/approved by the State Government. However, the Director, Ayurveda, Haryana constituted a committee of three officers to scrutinise the formulations presented by the firms before issuing manufacturing licences. Since no expert was associated with the process, the licences issued by the Director for manufacture of Ayurveda medicines were in violation of the provisions of the Drugs and Cosmetics Rules.

Director, Ayurveda stated (June 2003) that he himself being a qualified person, there was no need of getting further approval or appointment of such

expert from the Government. The reply was not in line with the mandatory requirement under the Act.

Adequacy of inspection

3.2.24 The department had not devised any system to ensure that all the sale units were inspected as per prescribed frequency of at least once/twice a year.

Year-wise position of inspections of Allopathic/Homeopathic drug selling units was as under:

Year	Selling units	Inspections required	Inspections conducted	Shortfall	Percentage of shortfall
1998-99	6,200	12,400	3,277	9,123	74
1999-2000	6,100	12,200	4,524	7,676	63
2000-01	6,200	12,400	4,401	7,999	65
2001-02	7,862	7,862	4,555	3,307	42
2002-03	8,051	8,051	4,716	3,335	41
Total		52,913	21,473	31,440	59

Shortfall in conducting of inspections

There was a shortfall of 59 *per cent* in conducting the inspection of selling units as a result of which large number of selling units continued their business without valid licences as discussed in paragraph 3.2.20 to 3.2.22. The State Drug Controller attributed (February 2003) the shortfall to shortage of inspecting officers. Reply was not convincing since the shortfall was proportionately of alarming magnitude even if the shortage of staff is taken into account.

In the districts test checked, 522 inspections were carried out against the requirement of 2,064 (for 358 Allopathic units) resulting in shortfall of 1,542 inspections (75 *per cent*). State Drug Controller, Haryana attributed (July 2003) the shortfall to manpower constraints, non-provision of facilities of vehicles and the number of licenced units being high. The contention was not convincing as shortage in these districts was negligible.

3.2.25 Under Ayurvedic and Unani systems of medicine, against requirement of 2,978 inspections of 230 to 366 manufacturing units in the State, 1,887 inspections were carried out during 1998-2003, resulting in shortfall of 37 *per cent*.

Ayurvedic and Unani drug selling units were not being inspected

There was neither any provision for periodical inspection of Ayurvedic and Unani drugs selling units in the Act/Rules nor any inspection was conducted by the department. In the absence of any quality control over sales and distribution of Ayurvedic and Unani medicines, possibility of passing on spurious/fake drugs to the consumers could not be ruled out.

Follow-up action on samples found sub-standard or spurious; effectiveness thereof

3.2.26 In the districts test checked, 78 cases of spurious (34) and sub-standard (44) drugs were test checked. It was noticed that out of 34 spurious

drug cases, court cases were launched against the offenders in 30 cases, which were pending in various courts. Remaining four cases were under process for launching the cases in courts. Out of 44 substandard cases, 26 cases related to manufacturers from other States for which matter was reported to the concerned State Drugs Controllers for taking suitable action against the offenders, but no follow up action was taken by the SDC, Haryana. Further, details of supply of these sub-standard drugs in Haryana were not obtained from the SDCs of the other concerned States to initiate action for recalling the sub-standard drugs from the market. As regards manufacturers of Haryana, licences were suspended in 16 cases and cancelled in two cases, but no action was taken to recall sub-standard drugs from the market.

Instances of specific drugs procured by various civil hospitals which were found sub-standard on testing in Government Laboratory were as under:

Sr. No	Sample collecting authority	Sample collected from	Name of drug	Total quantity	Quantity withdrawn	Balance quantity
1	District Drug Inspector (DDI), Ambala (August 2002)*	Civil Surgeon, Ambala	Prochlorperazine 5 mg tablet (Batch: AT-1,526)	4.04 lakh	0.31 lakh	3.73 lakh
2	Senior Drug Inspector (SDI), Panchkula (April 2002)*	Civil Surgeon, Panchkula	CPD bags	25,000 bags	-	24,603 bags (397 bags used)
3	DDI, Ambala (October 2002)*	PMO, Ambala and Karnal	Triful perazine 5 mg (Batch: AT-01,529)	10,000 9,400 tablets	3,400 -	6,600 9,400
4	DDI, Ambala (November 2002)*	Civil Surgeon, Ambala	Biscodyle tablet 5 mg (Batch: PT-77)	7.6 lakh	-	7.6 lakh

* Month/year of sample collection.

As evident from the above table, negligible quantity of sub-standard drugs was withdrawn/replaced while for the bulk of quantities, there was nothing on record of SDC, Haryana as to whether these were withdrawn or not. Circulation of sub-standard drugs posed a serious problem to public health.

3.2.27 Lists of spurious drugs were not circulated to the trade associations, Government and semi-government hospitals, ESI dispensaries/hospitals, recognized consumer associations, etc. to avoid their use. Publicity in leading daily newspapers and over electronic media regarding such spurious drugs and their manufacturers was also not given to make people aware of spurious/adulterated drugs. While admitting the failure, the SDC, Haryana stated (May 2003) that the compliance would be done in future.

Statistics of prosecutions vis-à-vis cases filed

3.2.28 When a drug was found spurious, adulterated or grossly sub-standard, prosecution was to be launched against the concerned firm. Details of prosecution launched, cases decided and pending in courts during 1998-2003

Increasing trend in prosecution cases

were as under:

Year	Pending cases at the beginning of the year	Prosecution launched	Total	Decided	Pending
1998-99	324	90	414	17	397
1999-2000	397	45	442	22	420
2000-01	420	54	474	28	446
2001-02	446	28	474	18	456
2002-03	456	91	547	25	522
		308		110	

Poor progress in prosecution

Out of 522 pending cases, 228 were more than five years old. Though the prosecution cases were on the increase, the department did not take up the matter with the Government for considering setting up special/designated courts for their speedy disposal. SDC, Haryana replied (July 2003) that an average of 25 cases per district were under trial in the State, which did not suggest necessity of setting up of special/designated courts. The fact remains that a large number of pending cases pertained to very old period and department should devise appropriate system for their speedy disposal in case setting up of special/designated courts is not necessitated.

Out of 110 court cases decided during April 1998 to March 2003, 44 cases (40 per cent) ended in acquittal. A scrutiny of 23 acquittal cases revealed that acquittals were due to launching of cases before issue of notification by the Government empowering the Chief Judicial Magistrates to try such cases, launching of cases after the expiry date of the drugs, declaration of the drug as standard by Central Drug Laboratory, Kolkata, change of statements by witnesses and launching of cases after the prescribed period of three years, etc. Thus, the department failed to defend their cases properly. Acquittals by default in large number reduced the fear of punishment in the minds of offenders.

Establishment of intelligence-cum-legal cells

3.2.29 The State Government did not set up any intelligence and legal Cell to tackle the problem of manufacture/sale of spurious and mis-branded drugs upto July 2002. In August 2002, the Cell, comprising one Assistant Drug Controller was set up which conducted 10 raids upto March 2003. During these raids, 40 units were checked and 221 samples were seized. Permission for launching prosecution was granted only in two cases and licence of only one unit was cancelled. No such Cell was set up for Ayurvedic and Unani systems.

Cases of spurious/sub-standard drugs/cosmetics, coming to notice of the department, were to be dealt with and investigated properly for taking departmental/legal action against the offenders.

Records of complaint cases not maintained properly

There was, however, no system in the office of the State Drug Controller for recording in a register such complaints, their disposal and pendency, indicating delay in taking follow up action. Details made available for the State disclosed that 227 complaints were pending as of March 2003. Of the 55 complaints test checked in eight districts, 10 were pending for one to four years. SDC, Haryana attributed (July 2003) non-disposal of complaint cases to non-availability of vehicles for making enquiries.

To collect information relating to offences under the Act, no system of co-ordination with other organisations like airport customs, vigilance and investigating authorities existed in the department.

Training

Training to staff not imparted

3.2.30 Implementation of regulatory functions under the Act required well trained staff but it was noticed that in-service training was not imparted to the drug inspectors under Ayurveda during 2001-02 and 2002-03 while during 1998-99 and 2000-01, against the target of imparting training to two Drug Inspectors each year, training was imparted to only one inspector in each year. No training was imparted to laboratory technicians during 1998-2003. Under Allopathic system, two districts drug inspectors were given training for five days during 1998-99 and two senior drug inspectors for 11 days during 2002-03. No training was given during 1999-2002. Director Ayurveda replied (June 2003) that inspectors would be given training in coming years. As regards training to laboratory staff, Government Analyst, Haryana stated that training could not be imparted due to shortage of staff.

Monitoring

3.2.31 Enforcement of various regulatory functions required close monitoring to ensure that the objectives of Drugs and Cosmetics Act/rules were achieved efficiently.

The Drug Inspectors in the field submitted monthly/yearly reports to the State Drug Controller indicating the progress in regard to achievements of targets. The reports were simply compiled at the Directorate Office. Remedial steps were, however, not taken to improve the performance and achievements.

Registers/records of drug manufacturing and sale units inspected during a particular year, giving details as to whether licencees had got their licences renewed on time, were not maintained.

In a meeting of Inspectors held on 3 May 2002 at Panchkula under the Chairmanship of Minister of State for Health and Medical Education to monitor the working of the Drug Inspectors, it was decided that such meeting of inspectorate staff were to be held at least twice a year. However, no such meeting was held thereafter despite lapse of almost a year.

Meetings and interaction jointly with the Industry Associations could be helpful to disseminate information on manufacture and sale of spurious drugs and persons involved in it. The department did not fix any periodicity for organising such conferences/symposia at State level. However, the department decided (January 2001) to hold such meetings at district level at least once in three months. Four State level meetings at Chandigarh (January and May 2001) and at Panchkula (October 2001 and January 2002) and one district level meeting at Faridabad (January 2002) were held during 1998-2003. No meeting was held after January 2002. This aspect was thus not given adequate attention.

Conclusion

3.2.32 Acute shortage of drug inspectors and laboratory technicians with the State Drug Controller and Government Analyst resulted in shortfall in inspection of Allopathic/Homeopathic drug selling units and sub-standard drugs were in circulation in the market. Renewal of licences for manufacturing/sale units were delayed in a number of cases. State Drug laboratory lacked testing facilities for a number of Allopathic drugs/substances while for Homeopathy, Ayurvedic and Unani drugs, there was no facility at all.

These points were referred to the Commissioner and Secretary to Government, Haryana, Medical and Health Department (May 2003); reply had not been received (September 2003).

Social Justice and Empowerment Department

3.3 Welfare of Handicapped

Highlights

Survey conducted in 1998 identified 2.21 lakh handicapped persons in the State. Of which, 1.37 lakh were orthopaedically handicapped. Audit exercise was focused mainly to assess the success of the policies and programmes of State Government towards rehabilitation of large number of orthopaedically handicapped persons and the preventive measures taken to guard against recurrence of such disabilities. The department did not follow any systematic approach to cover all the handicapped persons. Implementation of Welfare of Handicapped programme was largely ineffective as barely 22 per cent of the total disabled were benefited during 1998-2003. Targets for various schemes were fixed without any basis. Of 10,618 persons registered with special employment exchange for disabled, only 236 persons could be provided employment. National programme for rehabilitation of persons with disabilities was not implemented properly as only Rs 30 lakh were released to the programme implementing agencies, out of Rs 2.57 crore released by Government of India. Large number of orthopaedically handicapped persons were yet to be benefited under the programme for whom no specific action plan was formulated. Only 11 to 37 per cent of the capacity of the Training Centre for adult blind was utilised.

No specific time bound action plan was formulated to cover/rehabilitate large number of orthopaedically handicapped persons under the programme. Out of 2.21 lakh disabled persons identified in 1998, only 21-22 per cent were benefited under various schemes during 1998-2003. Heavy shortfalls in achievements were noticed mainly under the schemes, 'unemployment allowance', 'Prosthetic aid to handicapped' and their rehabilitation.

(Paragraph 3.3.6)

Out of 10,618 persons registered with special employment exchange for handicapped during 1998-2003, only 236 (two per cent) were provided employment.

(Paragraph 3.3.7)

Under National Programme for Rehabilitation of Persons with disabilities, only Rs 30 lakh were released to the District Red Cross Societies out of Rs 2.57 crore received from Government of India during 1999-2002 and balance of Rs 2.27 crore was lying unutilised in saving bank account of the Director. Similarly, District Disability Rehabilitation Centre at Sonipat had not been set up so far (March 2003) despite release of Rs five lakh for the purpose to the Red Cross society, Sonipat in 2001-02.

(Paragraph 3.3.8 and 3.3.9)

Computerised Braille press installed at a cost of Rs 6.98 lakh in 1993-94 at the Institute for blind at Panipat was lying idle as computer instructor had not been provided so far (March 2003).

(Paragraph 3.3.12)

Only 11 to 37 per cent handicapped persons were enrolled at the Training Centre for adult blind at Sonipat during 1998-2003. Per person training cost increased from Rs 35,297 in 1998-99 to Rs 93,364 in 2002-03.

(Paragraph 3.3.14)

Meetings of State Co-ordination Committee and State Executive Committee for monitoring the implementation of the schemes were not held at prescribed intervals.

(Paragraph 3.3.18)

Introduction

3.3.1 Welfare of handicapped, the complex social issue involving coordination of curative, promotional and rehabilitational activities, directed at different forms of handicapped and multitude of welfare measures. There is neither a single legislative channel nor a single focal department for co-ordination even though the subject falls in the scope of social security. Further, the definition of handicapped for the purpose of coverage is so widely dispersed over such a large area of disability that no single focus emerges automatically from the efforts undertaken by different agencies entrusted with the delivery of the programme objectives.

The Government of India enacted the 'Persons With Disability (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995' (Act) which aimed at identification of handicapped, information sharing, generation of public awareness, accessibility of facilities, education, training/employment, prevention of disability, etc. In order to address these areas of concern, the major activities carried out in Haryana State includes:

- Identification of persons with disabilities;

- Providing the institutional framework for management and rehabilitation of specific disabilities;
- Implementation of 'National Programme for Rehabilitation of Persons with Disabilities' (NPRPD); and
- Creating awareness in the public through mass media in order to change their attitude towards disabilities and providing for preventive measures where ever required.

The programme for the welfare of handicapped comprised of 13 schemes mainly for running training centres for adult blind, schools for providing education to boys/girls, establishment of rehabilitation centres, grants-in-aid to non-government organisations, etc. and aimed at developing the skills of handicapped persons in different crafts to make them self sufficient, providing employment and rehabilitation services, etc.

Organisational set up

3.3.2 In Haryana State, Financial Commissioner and Principal Secretary to Government of Haryana, Social Justice and Empowerment (SJE) Department is responsible for implementation of State Government's policies and programmes relating to the welfare of handicapped. Director, SJE, was in over all charge of the programme. At district level, the programme was implemented by District Social Welfare Officers, District Rehabilitation Centre, Bhiwani and other voluntary organisations such as District Red Cross Societies, Institutes for hearing and speech handicapped persons, etc.

Audit coverage

3.3.3 Records relating to implementation of the programme for the period 1998-2003 were test checked during January to June 2003 in the Directorate of Social Justice and Empowerment, Haryana and seven district offices⁴ (out of 19 districts) and Districts Rehabilitation Centre, Bhiwani from all the four Commissionerates together with two Institutions⁵ which constituted 61 *per cent* of the total expenditure under the programme.

Budget provision and expenditure

3.3.4 The department implemented 13 State funded schemes for which provisions were made through annual budgets. Besides, GOI released grants-

⁴ Ambala, Faridabad, Jind, Karnal, Panipat, Panchkula and Sonipat.

⁵ Training Centre for Blind Adults, Sonipat and Government Institute for Blind (including Braille Library), Panipat.

in-aid under four cent *per cent* centrally sponsored schemes directly to the non-government organisations.

The budget provision and expenditure under the schemes funded by State Government during 1998-2003 were as under:

Year	Budget provision	Expenditure	(-) Saving
	(Rupees in crore)		(+) Excess
1998-99	3.13	3.01	(-) 0.12
1999-2000	3.17	3.63	(+) 0.46
2000-01	3.71	3.04	(-) 0.67
2001-02	3.94	3.27	(-) 0.67
2002-03	3.50	3.31	(-) 0.19
Total	17.45	16.26	(-) 1.19

Funds remaining unutilised shows department's half hearted approach in implementing the welfare schemes like providing posthetic aid, unemployment allowance to handicapped and their rehabilitation.

Identification of persons with disabilities

Absence of mechanism to detect early disability

3.3.5 Section 25 of the Act provided for prevention and early detection of disabilities. As per GOI's guidelines, all children were required to be screened at least once a year for identifying 'at risk cases', people were to be educated through village level workers, schools, radio, television, etc. It was, however, noticed that the Health Department implemented polio immunisation programme to prevent polio but the SJE Department did not devise any system/mechanism for early detection of disability. The survey to identify the disabled was conducted during 1998.

To carry out a survey for identifying handicapped persons, the State co-ordination committee constituted (December 1997) committees comprising health workers, *anganwari* workers, teachers and gram *sachivs/patwaris* in rural areas and workers of municipal committees in urban areas. The Committees conducted the survey during 1998 and identified 2.21 lakh disabled persons in the State.

Implementation of schemes

Lack of focus on orthopaedically handicapped

Shortfall in coverage of beneficiaries

3.3.6 Out of 2.21 lakh identified handicapped persons, 45,713 to 47,970 persons (21-22 *per cent*) were benefited during 1998-2003 under various schemes. The department fixed physical targets for the following six schemes executed through various Institutions. Physical targets and achievements

during 1998-2003 for these schemes were as under:

Sr. No.	Scheme	Targets	Achievements ⁶ and its percentage
(Number of persons covered)			
1.	Scholarships to physically handicapped students	44,500	40,705 (91)
2.	Employment to blind	643	636 (99)
3.	Unemployment allowance	1,250	802 (64)
4.	Prosthetic aid	20,000	13,722 (69)
5.	State award to handicapped	50	34 (68)
6.	Grant-in-aid to voluntary organisations	1,75,000	1,79,500 (103)

The department did not fix targets by taking into account the requirement as per the magnitude and type of disabilities which resulted in shortfalls in achievements under several schemes indicated in the table above.

Out of 2.21 lakh disabled persons, 1.37 lakh persons were orthopaedically handicapped of which 0.68 lakh persons had more than 40 *per cent* disability. During 1998-2003, 0.25 lakh persons were benefited by providing them artificial limbs, wheel chairs, tricycles, surgical treatments, etc., but large number of orthopaedically handicapped persons still remained to be benefited. The State Government had no policy to address the disability. There was also no programme or specific action plan to cover these remaining handicapped in a given time frame except that Haryana Government had made rules namely Dangerous (Machinery) Operation Rules 1987 which prescribed guidelines for providing necessary safeguards to protect the operators of agricultural equipments/implements from accidents. The reasons as to why this area has not been specifically addressed were not on record.

Employment of persons with disabilities

3.3.7 As laid down in the Section 32 of the Act, the State Government/department were to identify posts which could be reserved for persons with disabilities. Further, according to section 33 *ibid*, three *per cent* reservation of posts in all Government departments was required to be done for the handicapped persons. The State Government had also issued notification in October 1997 in this regard. However, the department did not have any consolidated information for the total number of posts identified and filled for handicapped persons in Government departments.

The State had one special Employment Exchange at Chandigarh for providing employment to handicapped. 10,618 handicapped persons were registered with the Exchange during 1998-2003, out of which only 236 persons were provided employment. Since the department did not maintain any data regarding the number of posts identified against three *per cent* reservation, it was not verifiable in audit as to whether by providing employment to

⁶ Achievements include five years figure. Under Sr. No. 1, 3 and 6 of the table, the beneficiaries were repeated.

236 persons, the requirement of filling the prescribed percentage was met or not. The department stated (April 2003) that ban was imposed on fresh recruitment, which the State Government had now lifted and the concerned departments had been requested to fill up the backlog. The reply was not tenable, as the ban for recruitment of handicapped persons was lifted in December 1999 by the Government.

Rehabilitation of Persons with Disabilities

Huge funds remained unutilised due to non-implementation of scheme

3.3.8 The Scheme 'National Programme for Rehabilitation of Persons with Disabilities' (NPRPD) was introduced in 1999-2000 by Government of India (GOI) to create services delivery system at State/District/Block/Gram *Panchayat* levels, provide services to persons with disabilities and create awareness for prevention of disabilities with clear linkages at each level.

GOI released grant-in-aid of Rs 2.57 crore during 1999-2002. Though the scheme was introduced in 1999-2000 and GOI also started releasing funds from the same year, the Director, SJE had not formulated any action plan for implementation of the programme. The Director released Rs five lakh each to District Red Cross Society, Sirsa and Ambala in October 2001 and another Rs 20 lakh in March 2002 to Red Cross Society, Ambala for the implementation of the scheme. Utilisation certificates had not been furnished by the concerned Red Cross Societies so far (March 2003).

The balance amount of Rs 2.27 crore was lying unutilised in the saving bank accounts of the Director. The department failed to identify the prospective beneficiaries and to prepare action plan for the implementation of the scheme. Non-implementation of the scheme apart from blocking of funds, deprived the handicapped persons from deriving the benefits of the scheme.

3.3.9 Similarly, GOI identified (April 2001) Sonipat district in Haryana (out of total 107 identified in the country) and released Rs five lakh (Rs two lakh in April 2001 and Rs three lakh in October 2001) to Red Cross Society, Sonipat for setting up District Disability Rehabilitation Centre. Out of Rs five lakh, Rs 1.05 lakh were spent in May 2002 on purchase of machinery and equipment, which were still lying unused in the store; and balance Rs 3.95 lakh were lying unspent in the bank. District Disability Rehabilitation Centre had not been set up so far (March 2003).

District Rehabilitation Centre Scheme

3.3.10 Government of India launched the District Rehabilitation Centre (DRC) Scheme in 1985, to provide comprehensive rehabilitation services to the rural disabled right at their doorsteps. Haryana had only one DRC at Bhiwani, which was established in 1991. The services were rendered through camps organised at village level in the district for making people aware of the scheme and providing necessary treatment for blindness, accidents, deaf and dumb incidents causing disabilities. During 1998-2003, GOI released Rs 1.07 crore to this centre which were utilised.

A perusal of information relating to physical targets and achievements revealed that the number of handicapped persons treated at the Centre showed declining trend as indicated in the table given below:-

Sr. No.	Services	1998-99		1999-2000		2000-01		2001-02		2002-03	
		Regd.*	Treated	Regd.	Treated	Regd.	Treated	Regd.	Treated	Regd.	Treated
1.	Operations	292	292	181	181	36	36	32	32	3	3
2.	Fabrication of appliances	850	966	702	816	963	819	1,195	1,035	1,257	794
3.	Advance therapy (Physto, occupational and speech therapy)	4,111	4,111	3,145	3,145	2,536	2,536	3,064	3,064	3,221	3,221

* Regd.: Registered

Though the State had only one DRC for providing comprehensive rehabilitation services, yet its activities were confined to Bhiwani district only. The centre did not expand its activities i.e. organisation of camps outside the district to cover more disabled persons in the State.

Irregular purchase of aids and appliances

3.3.11 Red Cross Society, Jind received Rs 25.93 lakh during 1998-01 as grant-in-aid from GOI for the purchase of hearing aid and appliances under the scheme 'Assistance to Disabled Persons for Purchase/Fittings of Aids Appliances'.

As per GOI's instructions, appliances purchased were to be of ISI certification or manufactured/certified by Artificial Limb Manufacturing Corporation of India (ALIMCO), Kanpur. In contravention of these instructions, the Society purchased material/appliances worth Rs 15.66 lakh, which were neither ISI certified nor manufactured/certified by ALIMCO.

Infructuous expenditure

3.3.12 The State Government sanctioned Rs 10.21 lakh in October 1993 to the Institute for Blind, Panipat for purchase of computerised Braille press comprising equipment such as computer, CVT software and air conditioner (AC) for use in the Institute for preparing Braille books. The Government also sanctioned one post of computer instructor in May 1994.

The Computerised Braille press and AC were installed at the Institute during 1993-94 after spending Rs 6.98 lakh, but the computer instructor had not been provided upto March 2003 by the Directorate and the installed equipments were lying unutilised.

The Institute admitted (March 2003) that due to non-availability of trained operator/computer instructor, the system could not be operated successfully.

Non-utilisation of loan for self employment

3.3.13 National Handicapped Finance and Development Corporation (NHFDC), set up by the Ministry of Social Justice and Empowerment, GOI in January 1997 to promote economic development activities and self employment ventures for the benefit of persons with disability, channelised

Computerised Braille press installed in 1993-94 lying unused

funds through Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam (Nigam) in Haryana.

The Nigam received Rs 7.27 crore as loan during 1998-2003 from NHFDC for the above purpose. Out of this, Rs 3.74 crore were disbursed as loans to 926 beneficiaries against the receipt of 2,487 applications and Rs 1.88 crore were refunded to NHFDC while the balance of Rs 1.64 crore were still lying with the Nigam (March 2003). The Managing Director of the Nigam stated (June 2003) that large number of applicants could not complete loan-formalities/documents and therefore, the funds had to be refunded to NHFDC. The reply was indicative of the fact that not only the procedure to complete formalities was cumbersome but the Nigam also failed to make adequate efforts to help/ensure completion of loan formalities by making the applicants aware of such requirements which led to deprivation of scheme benefits to the disabled persons.

Performance of Institutes for disabled persons

Training Centre for adult blind

3.3.14 Section 26 of the Act provided for development of educational infrastructure for disabled persons. Training Centre for Adult Blind at Sonipat was set up with the objectives to provide education and training in caning, weaving, candle making, music, etc. to such blind adults who were not having adequate means for their sustenance to enable them to become self-sufficient. The sanctioned capacity was 100 persons. Year-wise details of beneficiaries and expenditure incurred on the school during 1998-2003 were as under:

Year	Expenditure (Rupees in lakh)	No. of trainees ⁷	Total staff	Ministerial staff	Teaching staff	Staff-trainee ratio
1998-99	13.06	37	12	10	2	1:3
99-2000	11.06	37	11	9	2	1:3
2000-01	10.21	11	11	9	2	1:1
2001-02	9.51	12	9	8	1	1:1
2002-03	10.27	11	9	8	1	1:1
Total	54.11					

Under utilisation of the capacity of Training Centre

As evident from above table, only 11 to 37 per cent of the capacity of the training centre was utilised during 1998-2003. The number of beneficiaries decreased from 37 in 1998-99 to 11 during 2000-03 and therefore, per person training cost increased from Rs 35,297 in 1998-99 to Rs 93,364 in 2002-03, which was on higher side. There was no teacher since April 2001 for training in the vocations of caning, weaving, candle making and music. The department in their reply (May, 2003) stated that the sufficient number of applications were not received to meet the targets. It was indicative of the fact that the department did not make efforts to publicise the facility available under the scheme to attract more trainees.

⁷ Depict total number of trainees in the Institute.

Government Institute for blind

Shortfall in achievement of targets in imparting education to the blind

3.3.15 To provide education to blind boys and girls, the State has a Government Institute at Panipat. The targets and achievements during 1998-2003 were as under:

Year	Targets	Achievements [*]	Shortfall in percentage
	(Students in numbers)		
1998-99	120	87	27
1999-2000	120	81	32
2000-01	120	107	11
2001-02	120	87	27
2002-03	120	87	27

For shortfall, the department in their reply (May 2003) stated that the applications for admissions in the centre were not received to the extent to meet the targets. The reply was not tenable as the department should have made more efforts to give due publicity for education facility available under the scheme.

Grants-in-aid

Short utilisation

Short utilisation of grant and non-contribution of matching share

3.3.16 State Government sanctioned grant-in-aid of Rs 10 lakh to Honorary General Secretary, Haryana Saket Council, Saket Hospital, Chandimandir in January 2000 on matching basis for purchase of machinery and equipments for physiotherapy unit for the welfare of orthopaedically handicapped. Of this grant, Rs 5.71 lakh had been utilised so far (March 2003) and balance of Rs 4.29 lakh was lying blocked in banks for the last three years.

Further, the grant-in-aid was released on matching basis but the Council had not contributed Rs 10 lakh towards its 50 per cent share so far (March 2003).

Non-maintenance of records

3.3.17 As per terms and conditions for grants-in-aid, separate accounts were to be maintained for each grant. Haryana Saket Council, Chandimandir did not maintain grant-wise separate account, although 21 grants totaling Rs 1.21 crore were released by the State Government to the Council during 1998-2003. In the absence of separate accounts for each grant, unspent balance, if any, under a particular grant could not be ascertained in audit.

Monitoring

3.3.18 State Co-ordination Committee (SCC) and State Executive Committee (SEC), formed under Section 13 (i) of the Act, were to meet after every six months and three months respectively for reviewing and coordinating the

* Depict total number of students in the Institute.

activities of all the departments and other Government and non-government organisations dealing with the matters relating to disabled persons. However, against the requirement of 10 meetings of SCC and 20 of SEC, only four and 11 meetings respectively were held during 1998-2003. At these meetings also, no major decisions were taken for effective implementation of the programme. The Commissioner for exclusively monitoring the activities under "Persons with Disabilities Act, 1995" was appointed only in February 2003 and therefore, no monitoring at his level was done.

The Directorate office did not devise any system to obtain input reports from various field organisations regarding educational infrastructure, training, preferential allotment of land, screening of children 'at risk' cases, employment of disabled persons, etc. for regular monitoring of the implementation of various schemes.

These points were referred to the Financial Commissioner and Principal Secretary to Government, Haryana, Social Justice and Empowerment Department (May 2003); reply had not been received (September 2003).

Urban Development Department

3.4 Prevention and Control of Fire

In 1995, a major fire tragedy occurred in a *pandal* at a local function at Dabwali (District Sirsa), which resulted in a death toll of 438 persons and shook the State of Haryana. The magnitude of the tragedy was unprecedented in the State. In the wake of this major tragedy, the State Government constituted (January 1996) a committee to make recommendations for fire prevention and safety measures. The committee in its report recommended (March 1996) *inter-alia* enactment of Haryana Fire Prevention and Fire Safety Act, framing of bye-laws/rules for construction of temporary structures/*pandals*, semi-permanent/permanent structures/buildings, effective enforcement of guidelines regarding *pandals*, tents, etc. as laid down in Haryana Municipal Act. It is with this mishap in the background, a performance appraisal was carried out in Audit to assess the preparedness and efficiency of the Fire Services in the State of Haryana. The results of the study are given in the succeeding paragraphs.

Highlights

Fire services in Haryana failed to increase their resources in proportion to the rising population, increasing number of fire calls/incidents and high rise buildings in the State. Despite Dabwali fire tragedy, State Government had not enacted Fire Force Act, in the absence of which no legal action could be taken against the defaulters for not taking fire preventive and safety measures in construction of high rise buildings and institutional buildings, cinema halls, etc. There was no worthwhile improvement in the infrastructure; even number of hydrants and tubewells had declined during 1997-2003. Fire services were ill equipped with regard to men and machines and available resources were poorly managed leading to increased response time to fire calls. There were no Fire Stations in rural areas where 71 per cent of State's population resided although nearly 30 per cent fire calls were from rural areas during the period under review (1997-2003). Against the requirement of 422 water tenders, there were only 105 water tenders in the State. Nearly 39 per cent sanctioned posts of operational staff remained vacant. About 18 per cent fire fighting equipments/vehicles were out of order while 30 per cent of such vehicles/equipments have outlived their lives. In 50 per cent fire stations, only 22 per cent hydrants were available and 87 per cent of the available hydrants were unserviceable. All these factors led to increase in response time to calls, which was more than the prescribed time in large number of cases. No training and awareness programmes viz. breathing apparatus course, fire prevention course and other specialised courses as recommended by the SFAC were conducted for leading firemen. The State Government was, thus, not well prepared and equipped to control any major fire incident.

State Government did not enact the Fire Force Bill. Fire services run without specific powers/guidelines with the department/Municipal Committees badly affected the services.

(Paragraph 3.4.4)

Municipal Committees, against the budget provision of Rs 37.32 crore, spent Rs 23.76 crore (64 per cent) during 1997-2003.

(Paragraph 3.4.9)

Against the requirement of 4,268 Fire Stations, there were only 28 in the State. No Fire Station was established in rural areas though 30 per cent of the fire calls were from these areas.

(Paragraph 3.4.11 and 3.4.18)

Only 10 hydrants, 14 underground water tanks and eight tubewells were in working conditions in test checked districts against the requirement of 345 hydrants, 46 underground water tanks and 21 tubewells.

(Paragraph 3.4.14 to 3.4.16)

Only 105 Water Tenders were available in the State, against the requirement of 422.

(Paragraph 3.4.17)

In the Fire Stations test checked, response time to fire calls was more than prescribed time of five minutes in 33 per cent cases in urban areas and between 13 and 120 minutes in 72 per cent cases in rural areas.

(Paragraph 3.4.18)

Adequacy of provision for fire preventive measures was not ensured by Municipal Committees as inspections of high-rise buildings were not carried out by fire fighting staff during 1997-03.

(Paragraph 3.4.19)

Against the requirement of 678 operating staff in test checked districts, 245 were in position. Assistant Fire Station Officers were also not in position at five Fire Stations.

(Paragraph 3.4.21)

As on 31 March 2003, fire tax of Rs 8.73 crore from various building owners and fire charges of Rs 20.72 lakh remained unrecovered.

(Paragraphs 3.4.23 and 3.4.24)

Introduction

3.4.1 Fire prevention and related safety measures are an integral part of town planning and building construction. 'Fire Services' are organised by municipal bodies to combat any odd situation arising out of fire related

calamities and expected to be the first responder to save life and property in the State. Besides, municipal bodies are to ensure adequate fire prevention arrangements in high rise buildings, institutional and industrial buildings, cinema halls, etc.

Organisational set up

3.4.2 The Chief Fire Officer, Haryana Chandigarh is the executive incharge of Haryana Fire Services (HFS) in the State (except for Faridabad) and functions under the administrative control of the Director, Urban Development Department while Municipal Corporation, Faridabad is under the administrative control of the Commissioner and Secretary to Government, Haryana, Urban Development. There were 28 Fire Stations and one Training Centre in the State, Fire Stations were headed by Fire Station Officers/Sub-Officers.

Audit coverage

3.4.3 With a view to examining the overall performance of Fire Stations, especially fire fighting operations, the accounts/records of the Director, Urban Development Department, 14⁹ Fire Stations in eight¹⁰ districts, Fire Prevention Wing, Stores and the Workshop of Municipal Corporation, Faridabad for the period 1997-03 were test checked during December 2002, January, May and June 2003.

Non-enactment of Fire Force Bill

3.4.4 Government of India (GOI) requested all the State Governments in 1958 to strengthen fire services in their States. A model Fire Force Bill, drafted in the Ministry of Home Affairs, was forwarded to State Governments for similar enactments by State Legislatures. Accordingly, the Director, Urban Development, Haryana sent the proposal to the State Government for enactment of fire force bill in August 1994 after 36 years of these guidelines of GOI. The bill was not accepted (January 2001) on the ground that creation of new posts would involve substantial expenditure. The department did not revive the proposal thereafter.

As regards safety measures for permanent structures and buildings, the State Government made Haryana Building (Amendment) bye-laws in May 2000 under Haryana Municipal Act 1973 by adopting and incorporating therein the relevant provisions of the National Building Code 1983.

Fire Force Bill for effective fire safety measures not enacted

⁹ Bahadurgarh, Dabwali, Faridabad (Sector-15, N.I.T., Sarai and Ballabhgarh), Gurgaon, Jind, Palwal, Pehowa, Rohtak, Sirsa, Thanasar and Yamunanagar.

¹⁰ Faridabad, Gurgaon, Kurukshetra, Jind, Jhajjar, Rohtak, Sirsa and Yamunanagar.

For strengthening fire services, the State Government sanctioned (July 2003) posts of 41 Fire Stations/Assistant Fire Stations Officers, 117 drivers/operators (to be engaged on contract basis). In addition, provisions for 849 leading firemen/fireman was made for engaging them on contract basis out of municipal funds. None of these posts had been filled so far (September 2003).

The recommendations of the Standing Fire Advisory Committee (SFAC) of GOI, which prescribed standardised structure for fire services in regard to norms for manpower, requirement of Fire Stations, staff quarters, water sources, fire fighting equipments and vehicles, training, workshops, etc. were not observed as discussed in succeeding paragraphs. But all these measures for improving efficiency and preparedness of fire services were taken in the State without the backing of any legislative Act or Rules.

Financial outlay and expenditure

3.4.5 Details of budget provisions and expenditure during 1997-2003 were as under:

Year	Budget provisions (Plan/Non-Plan)		Expenditure ¹¹	Savings (-) Excess (+)
	(Rupees in lakh)			
1997-98	Non-Plan	17.72	17.22	(-) 0.50
	Plan (Loan)	35.39	35.78	(+) 0.39
1998-99	Non-Plan	20.57	19.66	(-) 0.91
1999-2000	Non-Plan	8.11	7.80	(-) 0.31
	Plan (Loan)	70.12	70.12	-
2000-01	Non-Plan	20.78	20.75	(-) 0.03
	Plan (Loan)	270.00	269.00	(-) 1.00
2001-02	Non-Plan	20.79	20.81	(+) 0.02
	Plan	120.66	120.66	--
2002-03	Non-Plan	26.14	21.65	(-) 4.49
	Plan	60.00	-	(-) 60.00
Total	Non-Plan	114.11	107.89	(-) 6.22
	Plan	556.17	495.56	(-) 60.61

Test-check of records revealed:

3.4.6 Of Rs 40 lakh drawn in March 2002 by the Director, Urban Development for purchase of fire machines, Rs 11.93 lakh remained unspent and were kept in fixed deposits with bank as of February 2003.

3.4.7 Rs 10 lakh drawn in March 2002, for purchase of delivery hose and branch pipes, were lying unspent in the shape of bank drafts as of February 2003 as the material was not received.

3.4.8 Budget provision of Rs 60 lakh under 'plan' during 2002-03 for strengthening fire services by creating infrastructure in various towns was not utilised for which reasons were not furnished by the department.

¹¹ The figures have been adopted from Appropriation Accounts.

Thirty six per cent of budget provisions with MCs remained unspent

3.4.9 Besides, Municipal Committees/Corporations, against the budget provision of Rs 37.32 crore, spent Rs 23.76 crore (64 per cent) during 1997-03 (*Appendix XIV*). The percentage of savings ranged between 8 and 85, which was a pointer to indifferent approach towards control and preventive measures.

Assessment of measures for preparedness

Infrastructure

3.4.10 Infrastructure facilities like fire stations, machinery, equipments, water tenders/sources were an essential requirement for controlling fire incidents with due promptness. The details of infrastructure with the department/municipal committee at the beginning of 1997-98 and at the end of 2002-03 were as under:

Type of infrastructure	As of April 1997	As of March 2003
Fire stations	27	28
Hydrants	276	123
Static water tanks	31	38
Tubewells	17	12
Fire fighting vehicles/equipments	82	105

As evident from above table, number of hydrants and tubewells declined to 123 and 12 at the end of 2002-03 compared to 276 and 17 respectively at the beginning of 1997-98. The department drew Rs 4.96 crore during 1997-2003 for the construction of fire stations at various places, purchase of fire fighting vehicles and equipments. Audit findings relating to these aspects are discussed in succeeding paragraphs.

Fire Stations

Non-setting up of Fire Stations in rural areas

3.4.11 As per SFAC's recommendations, 4,268 fire stations were required to be setup in the State (i.e. one for every four square miles) against which only 28 existed and that too in urban areas. No Fire Station was established in rural areas though 71 per cent of population in the State resided in rural areas.

Delay in construction of Fire Stations

3.4.12 The Director, Urban Development, Haryana released Rs 80.66 lakh in March 2002 as grant-in-aid to six¹² MCs for construction of Fire Stations. It

Fire Stations in rural areas not established at all

¹² Barwla, Jagadhari, Kalka, Mohindergarh, Narwana and Shahbad.

was noticed that none of the three¹³ MCs test checked had completed the construction work of buildings (March 2003).

Further, another Rs 2.69 crore was released in March 2002 by the Commissioner and Secretary to Government Haryana, Urban Development Department out of which Rs 1.02 crore were for construction of five¹⁴ Fire Stations.

Delay in construction of Fire Stations due to non-availability of land

Test-check of records of MCs in Jind and Kurukshetra districts revealed that construction of Fire Stations at Jind and Thanesar was not started because of land dispute and non-availability of land respectively. Meanwhile, the MC, Thanesar also demolished the old building for making site available for new shopping complex and its office building, construction of which was in progress (July 2003). The Fire Station was in a pathetic condition as all the motor fire engines were lying in open space. The work of construction of Fire Station at Pehowa was in progress (March 2003).

Poor condition of Fire Station, Rohtak

3.4.13 Fire Station at Rohtak was located under a tin shed open from all sides. The store, office and duty rooms were in very poor condition. This affected the efficient working of Fire Station as the machinery/equipments in the open were exposed to rain and sun causing their deterioration and affecting service worthiness.

Water sources of Fire Stations

Hydrants

Against the requirement of 345 hydrants, only 10 were in working condition

3.4.14 In 14 Fire Stations test checked, against the requirement of 345 hydrants, 77 hydrants were available. Of which, 67¹⁵ hydrants were unserviceable and no satisfactory arrangement existed for their repair and maintenance. The Director, Urban Development Haryana instructed (August 2001) all the MCs to initiate the matter of providing additional hydrants with the respective Public Health divisions within a week, but this was not done so far (March 2003) by any MC in the districts test checked.

Static water tanks

Shortage of static Water tanks

3.4.15 In the districts test checked, against the requirement of 46 underground water tanks as of December 2002, 20 existed. Of which, six were unserviceable. No action was taken by the concerned MCs for construction of new tanks or to repair unserviceable tanks.

¹³ Jagadhri, Narwana and Shahbad.

¹⁴ Bhiwani, Jind, Kaithal, Pehowa and Thanesar.

¹⁵ Kurukshetra: 2; Rohtak: 25 and Sirsa: 40.

Provision of tubewells at Fire Stations

Against the requirement of 21 tubewells in 14 Fire Stations, only 8 existed

3.4.16 To meet perennial water supply, tubewells were the most important source of water. It was noticed that only eight existed against requirement of 21 tubewells in 14 Fire Stations test checked.

Fire fighting vehicles and equipments

Shortage of Water Tenders/ fire fighting equipments

3.4.17 Against the requirement of 422 water tenders (WT) in 28 Fire Stations (including five WT at four Fire Stations under Municipal Corporation, Faridabad), only 105 water tenders were available in the State.

Adequacy of fire fighting equipments, their proper maintenance and upkeep was an essential requirement for fire fighting service.

The status of equipments/vehicles at Fire Stations test checked was as indicated below:

Sr. No.	Name of equipment/vehicles	Total Number (excluding condemned items)	In use	Out of commission
1	Motor fire engine	30	24	6
2	Small fire engine	9	8	1
3	Foam crash tender	4	4	-
4	Rescue tender	4	4	-
5	Water bowser	1	1	-
6	Trailor pump	2	-	2
	Total	50	41	9

As evident from the table above, 9 out of 50 equipments were out of use. Of the 41 equipments in use, 15 had outlived their lives during the years between 1994 and 2003.

Facilities of ambulances/wireless were not available in any of the Fire Stations. Similarly, arrangements for fire fighting in high-rise buildings were also insufficient as no turntable ladders were available with any of the Fire Stations.

The department purchased 22 chassis at a cost of Rs 97.09 lakh during 2000-02. Test-check of records revealed that out of eight Ashoka Leyland/Tata Chassis purchased in May 2000, April 2001, May 2002, three were lying unfabricated in open at Rohtak, Bahadurgarh and Palwal Fire Stations and their condition was deteriorating due to vagaries of nature. Thus, Rs 16.84 lakh spent on the purchase of three chassis remained unfruitful as of February 2003.

Response time

3.4.18 As per recommendations of the SFAC, GOI, in order to achieve reasonable efficiency, the locations of Fire Stations should be such that the

men and equipment could reach any part of the area covered by the respective Fire Stations in a maximum period of 5 and 10 minutes in urban and rural area respectively after receipt of calls.

Number of fire, rescue and other calls attended by Haryana Fire Service (HFS) during 1997-2003 was as follow:

Sr. No.	Year	No. of calls
1	1997-98	2,417
2	1998-99	2,725
3	1999-2000	3,497
4	2000-01	3,334
5	2001-02	3,292
6	2002-03	3,835
Total		19,100

The loss of property recorded through these calls by the concerned Fire Stations was to the tune of Rs 192.48 crore and the number of deaths was 411 which occurred before the water tenders could reach the places of incidents.

Test-check of fire reports in 14 Fire Stations revealed that response time to fire calls was more than the prescribed time in large number of cases as indicated below:

Number of fire and other calls

Time interval in minutes taken for reaching destination	1997-98		1998-99		99-2000		2000-01		2001-02		2002-03		Total	
	UR	RL	UR	RL	UR	RL	UR	RL	UR	RL	UR	RL	UR	RL
1-5	782	12	702	17	857	43	683	43	638	19	576	43	4,238	177
6-9	186	20	255	26	285	49	290	55	295	68	289	90	1,600	308
10-13	13	33	49	33	64	39	48	47	37	56	94	82	305	290
14-17	4	32	35	49	12	70	19	64	11	76	38	177	119	468
Above 17	15	196	11	200	11	223	18	314	9	290	30	319	94	1,542
Total	1,000	293	1,052	325	1,229	424	1,058	523	990	509	1,027	711	6,356	2,785

Prescribed response time to calls not adhered to

The response time was more than the prescribed maximum time of five minutes in urban areas in 33 per cent cases while in rural areas, response time was between 13 to 120 minutes in 72 per cent cases.

A scrutiny of the logbooks/fire reports revealed that delay in attending the calls was attributable to non-existence of fire stations for every four square miles, as per recommendations of SFAC. Most of the calls in rural areas were attended after covering distance of 6 to 90 kilometres.

Fire prevention

Fire preventive measures not ensured by MCs

3.4.19 Municipal Committees were responsible for ensuring maintenance of minimum standards of fire prevention and fire safety measures, necessary in accordance with building byelaws, in high-rise buildings of more than 15

metres height and for special buildings like cinema, institutional and industrial buildings. The department did not have a database of high-rise buildings and no mechanism to ascertain such numbers. Though 105 'No Objection Certificates' for high-rise buildings were issued by HFS during 1997-2003, audit, in districts test checked, did not find any evidence on record to ensure that these important fire preventive measures were in place as no inspection of any building was carried out by the fire fighting staff.

Mass awareness programme for fire safety measures not undertaken

No special fire safety drills and mass awareness programmes for general public were carried out in the State so that the people themselves could take some precautions against the fire incidents. The department attributed the lapse to non-availability of funds which was not tenable, because there were savings against budget provisions available with Municipal Committees.

Management of staff quarters

Staff quarters not provided at 12 Fire Stations

3.4.20 Continuous duty system was in vogue for fire services and all personnel were required to live within the premises of Fire Stations. However, only 2 out of 14 Fire Stations test checked had staff quarters as of December 2002.

Out of 26 staff quarters at Fire Station, Sector 15 in Faridabad, five were lying vacant because these were situated at distant places from duty point of the employees. Staff of rest of the 12 Fire Stations was residing at places outside the premises of Fire Stations. Non-providing of residential accommodation within Fire Stations premises affected the preparedness and efficiency of the fire services staff.

Manpower

3.4.21 The department had a sanctioned strength of 558 operational staff in the State, against which 435 were in position as on 31 March 2003.

The requirement of operational staff as per recommendations of SFAC, sanctioned strength and men-in-position for operating 41 fire machines in districts test checked, as of March 2003, were as under:

Sr. No.	Category	Requirement as per recommendation of SFAC	Sanctioned strength	Men-in-position	Shortfall with reference to requirement
1.	Fire Men	435	151	147	288
2.	Leading Fire Men	120	46	31	89
3.	Driver-operator	123	105	67	56
	Total	678	302	245	433

Acute shortage of operational staff

As evident from above, considering SFAC recommendations, there was shortfall of 64 *per cent* of operational staff. Even 57 sanctioned posts of operational staff remained vacant. Further, the Assistant Fire Station Officers

were not in position at five¹⁶ Fire Stations. The shortage of staff was attributable to weak financial position of the MCs. Shortage of manpower led to increase in response time and consequential loss of life and property.

Training and awareness

3.4.22 The State had State Fire Fighting Training Centre at Roz-ka-Meo (Gurgaon) comprising of one leading Fire Man and one Peon-cum-Chowkidar, against the sanctioned strength of six personnel (Fire Station Officer: one, Leading Fire Man: one, Driver/Operator: one, Fireman: two and Peon-cum-Chowkidar: one).

Inadequate training to operational staff

It was observed that only 74 persons had been imparted training by conducting four refresher training programmes during 1997-2002 although 435 operational staff were in position in the State. No training programmes for leading fire-man, breathing apparatus course, fire prevention course and other specialised courses as recommended by the SFAC were conducted by the Centre. There was no scheduled programme of fire training at the Centre. Thus, the fire services were manned mostly by the untrained staff despite spending Rs 7.03 lakh during 1997-2002 on running the Training Centre.

Equipments of Training Centre lying idle since long

Prior to July 1997, the Training Centre was at Ambala Sadar where one motor fire engine, a jeep and store articles of the centre were lying idle. No action was taken to transfer these items to the Training Centre at Roz-ka-Meo.

Non-collection of fire tax

3.4.23 The State Government directed (May 2000) all the MCs/Corporation to impose fire tax at one *per cent* of the annual value assessed for the purpose of imposing tax on building and land.

Outstanding fire tax accumulated to Rs 8.73 crore

A test-check of records of 27 MCs of districts test checked and Municipal Corporation, Faridabad revealed that these bodies had collected Rs 3.96 crore from the building owners as fire tax during 2000-03 against the assessment of Rs 12.69 crore and balance of Rs 8.73 crore remained outstanding.

Fire tax collected by MCs but fire services not provided

It was noticed that 17 MCs collected Rs 81.54 lakh towards fire tax but no Fire Station existed in their areas. Thus funds collected by way of fire tax were not spent for providing fire services and protection of life and property in cases where fire incidents occurred. Scrutiny of record further revealed that the area of eight MCs, where Fire Stations were not in existence, 12 fire incidents occurred for which services had to be arranged from near by Fire Stations after covering distance ranging between 15 and 90 kms.

¹⁶ Bahadurgarh, Dabwali, Gurgaon, Palwal and Pehowa.

Non-realisation of fire charges

Rs 20.72 lakh Fire charges not collected

3.4.24 As per Haryana Municipal Act 1973, fire charges were to be recovered at Rs 150 per hour for fire fighting operations to control fire incidents occurring outside the municipal limits. It was noticed in the Fire Stations test checked that of Rs 43.80 lakh recoverable on this account during 1997-2003, Rs 23.08 lakh were recovered and Rs 20.72 lakh remained outstanding as of March 2003. Though the Director stated (June 2003) that necessary steps were taken to recover the amounts, perusal of records in audit disclosed that effective follow up action was lacking.

Non-auction of condemned machinery/equipments

Condemned vehicles not auctioned since long

3.4.25 During test-check of records of 14 Fire Stations, it was noticed that six vehicles as detailed below were declared as condemned by the Condemnation Board during 1992-2002 but were not auctioned as of December 2002:

Sr. No	Name of Fire Station	Type of Vehicle	Year of condemnation	Reserve Price (Rs in lakh)
1.	Thanesar	Jeep Fire Engine	2001-02	0.18
2.	Rohtak	Motor Fire Engines (2 Numbers)	1997-98	1.30
3.	Bahadurgarh	Motor Fire Engines	2001-02	0.90
4.	Jind	Hindustan Bed-For Petrol Make	1992-93	1.00
5.	Sirsa	Motor Fire Engines	1999-2000	Not available
Total				3.38

With the delay in their auction, condition of these vehicles would deteriorate and may fetch relatively lesser sale proceed and cause financial loss to the Government.

These points were referred to the Commissioner and Secretary to Government, Haryana, Urban Development Department (May 2003); reply had not been received (September 2003).

CHAPTER-IV

TRANSACTION AUDIT OBSERVATIONS

AUDIT PARAGRAPHS

CHAPTER-IV

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TRANSACTION AUDIT OBSERVATIONS

AUDIT PARAGRAPHS

4.1 Blocking of funds/idle investment

Education Department

Delay in procurement of the software had not only led to failure to achieve the desired objective of computerisation of District Libraries but the funds of Rs 74.47 lakh also stood blocked and remained out of Government accounts

4.1.1 With a view to cater the need of the general public for reference of catalogues, journals, text books, news papers, etc. and to develop an integrated system in all the District Libraries, Education Department, decided (January 2001) to computerise seven¹ District Libraries and also to open a cyber centre at Karnal in the first phase.

State Government sanctioned (March 2001) Rs 74.47 lakh to implement the scheme and placed (April 2001) the funds at the disposal of Haryana State Electronics and Development Corporation Limited (HARTRON), being a nodal agency. Besides providing infrastructure, HARTRON was required to impart training to the staff of District Libraries and also to provide application software for each District Library.

Test-check of records (January 2003) of Director, Higher Education (DHE) revealed that DHE placed (March 2001) an indent on HARTRON for supply of 33 computers and eight servers alongwith computer peripherals and related items, at a cost of Rs 74.47 lakh (four computers and one server for each District Library and five computers and one server for cyber centre). Although in the proposal, it was mentioned that application software shall be provided within a period of six to eight weeks from the date of receipt of confirmed order alongwith advance payment, no such clause was inserted in the indent by the DHE for which no reasons were on record. HARTRON supplied during July 2001 to December 2001, 33 computers and eight servers costing Rs 49.34 lakh but the same could not be put to use as the application software was not procured. It was only in December 2002 that the committee of librarians constituted (August 2002) by the Higher Education Department submitted its report and recommended to procure the 'SOUL' software from M/s Inlibnet, Ahmedabad, which was procured (March 2003) and installed at the District Libraries and training was also imparted to the staff during April 2003. Against the sanctioned amount of Rs 74.47 lakh, HARTRON had spent Rs 53.89 lakh on computerisation of these libraries. Unspent amount of Rs 20.58 lakh was still lying with HARTRON.

¹ Bhiwani, Gurgaon, Jind, Karnal, Narnaul, Rohtak and Sirsa.

The librarians of these District Libraries reported that the desired objective could not be achieved as the 'SOUL' software installed in these District Libraries (except Gurgaon and Bhiwani) was not working properly. Further, training imparted was insufficient and even the server procured had not been installed at Narnaul and Sirsa.

Thus, due to inordinate delay in procurement of software, unsatisfactory performance of 'SOUL' software and inadequate training imparted to the staff, funds of Rs 74.47 lakh not only stood blocked unnecessary over a period of two years and remained out of Government accounts but also desired results could not be achieved in five out of seven District Libraries².

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, Education Department in March 2003, but no reply was received from the Government (September 2003).

Town and Country Planning Department (Haryana Urban Development Authority)

Construction of booths without proper survey of demand not only rendered the expenditure of Rs 59.31 lakh as unfruitful but also the funds had remained blocked over a period of two years

4.1.2 State Government approved (December 1987) a 'General scheme' of transfer of lands by various departments to the Town and Country Planning Department, Haryana for their further alienation to Haryana Urban Development Authority (HUDA) for sale, with a view to mobilise additional resources and for taking up urban renewal schemes. Accordingly, State Government transferred (January 1999) a piece of land of old Government Senior Secondary School, Rohtak to HUDA for construction of shopping centre and also a new Senior Secondary School at Bhiwani Road, Rohtak.

Test-check of records of Estate Officer (EO), HUDA, Rohtak (September 2002) revealed that HUDA had constructed 141 booths at a cost of Rs 86.22 lakh during December 1999 to April 2001. Out of these, Construction Wing of HUDA had not handed over the possession of 17 booths to EO, HUDA Rohtak upto September 2003. Of the 124 booths transferred, HUDA could allot only 27 booths through auction as of September 2003. Remaining 97 booths constructed at a cost of Rs 59.31 lakh could not be allotted due to poor response in the auction. EO, HUDA, Rohtak attributed (December 2002) the reasons for poor response to ill planning of the department by constructing shops without survey for demand, higher reserve price and shifting of old bus stand.

Thus, construction of booths without proper survey of demand not only rendered the expenditure of Rs 59.31 lakh as unfruitful but also the funds had remained blocked over a period of two years.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana Town and

² Jind, Karnal, Narnaul, Rohtak and Sirsa.

³ (Rs 86.22 lakh/141) x 97 = Rs 59.31 lakh.

Country Planning Department in February 2003, but no reply was received from the Government (September 2003).

Public Works Department (Public Health Branch)

Investment of Rs 89.97 lakh on the construction of staff quarters under Yamuna Action Plan Project proved injudicious as quarters were occupied by private agencies on a nominal rent rather than the staff

4.1.3 In Yamuna Action Plan Project (YAPP), provision of staff quarters was made in the estimates of the "Sewage Treatment Plants (STP)" and "Main Pumping Stations (MPS)" for housing the Operation and Maintenance (O&M) staff at the sites of STPs. The quarters were meant for Assistant Engineers (AEs), Junior Engineers (JEs), Chemists, Operators, Electricians, Fitters, etc. These officials were required to be trained for maintenance of STPs from the staff of Public Health Department (PHD). Fifty staff quarters (four AEs, 12 JEs and 34 other categories) were constructed at six STPs in four towns by spending Rs 89.97 lakh during November 1996 -September 2000 as detailed below:

Sr. No.	Name of STP	Provisions as per estimate (Rs in lakh)	No. of staff quarters	Cost of construction (Rs in lakh)	Date of completion
1.	30 MLD Sonipat	13.33	7	11.31	29 November 1996
2.	10 MLD Yamunanagar	14.85	7	13.90	28 November 1998
3.	10 MLD & 35 MLD Panipat	34.51	14	22.89	31 March 1999
4.	25 MLD Yamunanagar	19.66	7	14.19	31 March 2000
5.	40 MLD Karnal	16.98	8	15.28	30 June 2000
6.	8 MLD Karnal	12.62	7	12.40	26 September 2000
	Total	111.95	50	89.97	

Audit (September, December 1999 and October 2001) of Public Health (PH) Division I Sonipat, 2 Panipat and 1 Yamunanagar revealed that these quarters were lying vacant since their construction as PHD staff were not trained to maintain STPs. When pointed out in audit, the Executive Engineer (EE) PH Division I, Yamunanagar stated (December 2002) that construction of quarters was necessary because funds would not have been available on completion of YAPP.

The Engineer-in-Chief (EIC) PWD PH Branch stated (May 2003) that the staff quarters at Yamunanagar and Karnal had been allotted to staff working on these STPs and those at Panipat and Sonipat were being utilised by private agencies which are maintaining those STPs.

Audit scrutiny however, revealed that out of these 50 quarters which were meant for AEs, JEs, Chemists, Operators, Electricians, Fitters, etc. (Class II and III employees in the department) 24 quarters were allotted (April 2003) to daily wagers without any such provisions in Rules for allotment of staff quarters to daily wagers. Twenty one quarters were given to private agencies for their staff, leaving five quarters still unoccupied. No steps were taken to fix the recoverable rent after assessing the rent for the quarters/office occupied by the staff of private agencies. The rent recovered for office and staff quarters irregularly occupied by private agencies was found negligible as only Rs 0.17 lakh were recovered for 14 quarters at Panipat for 25 months and Rs 0.12 lakh for seven quarters at Sonipat for the period from March 2001 to March 2003. No detailed terms for recovery of rent for office and residential

accommodation were settled before allotment of maintenance work of the STPs to private agencies.

Thus, the expenditure of Rs 89.97 lakh incurred on the construction of staff quarters proved to be an idle investment and was made just to avoid lapse of budget grants received under YAPP and have irregularly been allotted to private agencies and their staff.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Secretary (FC&S) to Government Haryana, PWD, PH Branch in April 2003, but no reply was received from him (September 2003).

4.2 Injudicious/irregular expenditure

Town and Country Planning Department (Haryana Urban Development Authority)

HUDA incurred an injudicious expenditure of Rs 10.86 crore on the maintenance of developed sectors, which was an unnecessary financial burden on its resources

4.2.1 Under HUDA Act 1997 where any area was developed, its maintenance was required to be transferred to the Municipal Committee (MC) within whose local limits the areas so developed was situated. Government decided (September 1988) to transfer such sectors to the concerned Municipal Committees (MCs) in various urban estates which had been fully developed for more than five years and where 25 per cent (revised to 50 per cent in December 2002) or more houses has been constructed as HUDA has been charging from plot holders for maintenance for a period of five years.

Mention about the 'Non-transfer of developed sectors' had been made in the Report of Comptroller and Auditor General of India for the year ended 31 March 1996 –Civil (Paragraph 6.10) and was discussed in Public Accounts Committee (PAC). PAC had recommended that transfer of all the sectors be settled with the coordination of Local Bodies Department and MCs concerned. Despite this, HUDA had not transferred the developed sectors and is still carrying out their maintenance as discussed below:

Test-check of records (July 2002 to April 2003) of five⁴ Executive Engineers, HUDA revealed that HUDA had not transferred 13 sectors (Ambala: three, Panipat: four, Rewari: two, Rohtak: two and Sonipat: two), which were identified as fully developed in which about 63 per cent to 90 per cent of the total plots/houses had been constructed, to the respective MCs and had incurred an expenditure of Rs 5.46 crore during 1996-2003 on their maintenance which otherwise would have been borne by the concerned MCs after these sectors were transferred.

It was further noticed that Sectors 4, 7, 7 (Extension) and 14 of Urban Estate Gurgaon had already been transferred to MC, Gurgaon, in January 1993 but

⁴ Ambala, Panipat, Rewari, Rohtak and Sonipat.

despite transfer of these sectors, HUDA incurred an expenditure of Rs 5.40 crore (from 1996-97 to 2002-03) on their maintenance. Reasons for incurring the expenditure on the already transferred sectors were not on records.

On being pointed out, Chief Administrator, HUDA issued (January 2003) instructions to all the Estate Officers/Executive Engineers to conduct survey of sectors which were to be transferred to local authorities and submit a detailed report of deficiencies of services. He further stated (June 2003) that these sectors would be transferred on receipt of survey report and after overcoming the deficiencies in amenities. Further developments were awaited (September 2003).

Thus, action of HUDA was in contravention of the provisions of HUDA Act as well as against the recommendations of the PAC and had, therefore, caused unnecessary financial burden of Rs 10.86 crore on its resources.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana Town and Country Planning Department, in February 2003, but no reply was received from the Government (September 2003).

Finance, Justice and Forest Departments

By not implementing the Government orders, the departments had incurred an irregular expenditure of Rs 2.25 crore on daily wage workers during April 1999 to August 2003 and had not taken any action to recover the irregular expenditure from the defaulting officers

4.2.2 State Government decided in January 1996 that no appointment on daily wages would be made in future. However, in emergency cases the competent authority was, with prior permission of Finance Department, allowed to engage an employee on contract basis limited to three months. Government also made it (May 1998) mandatory for the requisitioning authority/establishment to engage the daily wages staff through employment exchange. Government while reiterating these instructions further directed (August 2001) all Heads of the Departments that recovery would be effected from the officers who had appointed the daily wage workers in violation of the instructions *ibid*.

Test-check of records (May 2002-January 2003) of Director, Haryana State Lotteries (DOL), Advocate General, Haryana and Forest Department revealed that these departments, in contravention of the Government orders *ibid* continued to engage daily wage workers direct without getting the approval of Finance Department and incurred an irregular expenditure of Rs 2.25 crore on

daily wage workers as discussed below:

Sr. No.	Name of Department	Gist of Irregularities
1.	Lotteries	The Department had not engaged the daily wage workers through Employment Exchanges and continued to engage such workers direct. While seeking relaxation from the Government for deploying daily wage workers directly, the DOL had justified (November 1997-September 1998) that deployment of daily wage workers depends upon the sale of lottery tickets, which may increase or decrease from time to time, as such it was not feasible to engage the daily wage workers through employment exchanges, to which the Government did not agree. Instead of recovering the amount from the officers who had appointed the daily wage workers in violation of the instructions <i>ibid.</i> , the department continued to engage daily wage workers and paid Rs 85.21 lakh. ⁵
2.	Justice	The department engaged 15 to 34 ⁶ daily wage workers during August 1999 to August 2003, paid Rs 6.42 lakh as per Government pay scales upto January 2000 and Rs 32.19 lakh on daily wage rates from February 2000 to August 2003. Irregular payment of Rs 38.61 lakh had been made to daily wage workers during August 1999 to August 2003. Despite repeated requests of the Advocate General to the Government during November 2002 and July 2003 for according ex-post-facto sanction to engage daily wage workers, the Government did not agree. Chief Secretary on the other hand had already issued a general circular (August 2001) to all the departments to identify all such cases and recover the amount from the defaulting officers. Further developments were awaited.
3.	Forest	The records of the seven ⁷ Divisional Forest Officers revealed (May 2002 and August 2003) that staff on daily wages were engaged for earth work, raising of plants and maintenance of plants, etc. during the period 2000-2002 without getting prior permission of the Finance Department and were paid Rs 1.02 crore to 6,867 daily wage workers for different spells. The Commissioner and Secretary to Government Haryana, Forest Department stated (August 2003) that Finance Department's permission was duly obtained through the SNEs pertaining to various plantation schemes for which the daily wage workers were engaged. The reply was not tenable as the approval of SNEs was for execution of the work only and was not the permission to engage daily wage workers.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Finance and Justice Departments in November 2002, but no reply was received from the Government (September 2003).

⁵

1999-2000	:	Rs 09.59 lakh
2000-01	:	Rs 18.60 lakh
2001-02	:	Rs 33.70 lakh
2002-03	:	Rs 23.32 lakh

⁶

Class-III employees: 8 to 15 and Class-IV employees: 6 to 24.

⁷

Social Forestry Project: Ambala, Faridabad, Panipat and Rewari.

Territorial Project: Gurgaon, Kaithal and Kurukshetra.

Forest Department

Divisional Forest Officer (Production), Kurukshetra spent Rs 84.11 lakh on logging works which included felling of trees, their transportation, loading and unloading by splitting up the works on quotation basis to avoid the sanction of higher authorities

4.2.3 As per Punjab Financial Rules applicable to Haryana State for every work a proper estimate should be prepared and technical sanction obtained from the competent authority. Further, the works should not be split up so as to avoid sanction of higher authority.

Test-check of records (February 2003) of Divisional Forest Officer (DFO) (Production), Kurukshetra revealed that an expenditure of Rs 84.11 lakh was incurred during 2001-02 on logging works which included felling of trees, their transportation, loading and unloading by splitting up the works in small quantities to avoid the sanction of higher authorities. The work was also allotted on quotation basis rather than through open tendering system. Further, all the bills/vouchers of small payments were prepared by affixing thumb impressions. Thus, all the quotations and bills prepared by the DFO were of doubtful nature. In the absence of systematic procedure, it could not be verified in audit whether the different kinds of works of felling of trees, loading/unloading, transportation, etc. were actually done in full/complete measure as no entry was made in any other subsidiary records by the department. There was neither any address of any small contractor/labourer who had executed this work nor any contractor was registered for executing the works in this production Division. This has resulted in an irregular and doubtful expenditure of Rs 84.11 lakh.

On being pointed out, the DFO stated (May 2003) that the works were done under the orders of the competent authority. Reply was not tenable because neither the prescribed financial rules were followed nor subsidiary records were maintained. Hence, each voucher was observed as doubtful and requires thorough investigation.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government of Haryana, Forest Department in March 2003, but no reply was received from the Government (September 2003).

Public Works Department (Irrigation Branch)

Rs 50.28 lakh spent on excavation of earth work in Old Delhi Branch by Construction Division 23, Panipat had resulted in an infructuous expenditure with a further proposal to spend Rs 84.40 lakh on re-excavation of same earth

4.2.4 An unlined channel named Old Delhi Branch (ODB) (RD 0 to 1,45,250 tail) was abandoned after commissioning of Parallel Delhi Branch (PDB) in 1966. Subsequently, it was felt necessary to remodel this abandoned branch and accordingly last revised longitudinal section (L-Section) was approved (May 1981) by Central Design office (CDO) for a discharge of 2,630 cusecs water. No work on this proposal was, however, executed.

In the meeting (March 1999) of Board of Chief Engineers, it was decided to accommodate the Carrier Lined Channel (CLC) for 723 cusecs water to be supplied to Delhi Territory through the existing abandoned ODB which was also proposed to be lined for 2,100 cusecs water to run only during monsoon season or as an alternate channel to existing PDB.

During audit (May 2002) of Construction Division No 23, Panipat, it was noticed that instead of working on the above project, Chief Engineer (CE), Construction Unit-I Irrigation, sanctioned (February and March 1999) two estimates for Rs 54.89 lakh (RD 0 to 72,927) and Rs 85 lakh (RD 72,927 to 1,45,250) respectively for rehabilitation of abandoned ODB under a World Bank assisted Water Resources Consolidation Project. This work included internal clearance and bank strengthening for maintaining bed width of 110 feet with a provision of earthwork excavation of 5,86,630 cubic meters (cum). The work against both these estimates was allotted (September 2000) for rehabilitation upto 2,100 cusecs against design parameters for 2,630 cusecs water approved during 1981, to a contractor who executed 4,15,057 cum earthwork (71 per cent of the total work) between September 2000 and March 2002 and was paid Rs 50.28 lakh in March 2002.

As the existing data was different from the data approved in 1981, the revised data (L-section) was, therefore, required to be approved from CDO before the commencement of the work. But contrary to this, revised design parameters (L-sections) were sent to CE in August 2001 for ex-post-facto approval on which the CE of CDO observed (August 2001) that at that belated stage, he was unable to check the economics and hydraulic efficiency of the design as the parameters had already been fixed (i.e. works executed) at the site of work. After perusal of cross section attached with L-Section he further observed that there was no need to execute the work to pass a discharge of 2,100 cusecs. Thus, the rehabilitation work was not completed according to provisions contained in the estimate and the channel could not be made operational due to partially completed work.

It was further noticed that a proposal of constructing CLC and lining of ODB with bed width of 60 feet only was approved for 2,823 cusecs in March 1999 and six estimates were sanctioned (June 2002) by CE from RD 0 to 1,45,250 for Rs 47.42 crore wherein a provision of 7,44,569 cum of earthwork excavation had been made. For completion of this work, the earthwork already done during September 2000 to March 2002 from bed and side slopes for rehabilitation of ODB had been proposed to be re-excavated and brought back in the section of the channel entailing double expenditure, once incurred for rehabilitation work and again re-excavation of the same earth for bringing back in the section of the channel.

Thus, execution of earthwork in abandoned ODB without revision of design data for its rehabilitation had not only resulted in infructuous expenditure of Rs 50.28 lakh but would also require extra expenditure of Rs 84.40 lakh for re-excavating the same earth to complete the revised L-section of the channel.

On being pointed out (April 2003) Financial Commissioner and Principal Secretary to Haryana Government, Irrigation Branch, intimated (July 2003) that the concerned officers (including a retired EIC) have already been charge-sheeted for the irregularities committed by them while executing the rehabilitation work of ODB and findings of the Inquiry Officer appointed by the Government were awaited (July 2003).

4.3 Wasteful/unfruitful expenditure

Forest Department

Incorrect spacing and alignment affected the plantation as a result of which survival rate remained between zero to sixty per cent and rendered Rs 16.69 lakh waste

4.3.1 Principal Chief Conservator of Forests, Haryana observed that proper protections and care was not being provided to young plantation during their formation stage and thus decided (January 1992) to take disciplinary action including recovery from the concerned Forest Guards, Block Incharges and Range Incharges, for poor success and laxity on their part where survival of plantation was below 70 per cent.

Audit observed (May 2002) that Divisional Forest Officer, Social Forestry Project, Faridabad (DFO) undertook plantation work at 15 sites during 1998-2001 and incurred an expenditure of Rs 21.58 lakh. Monitoring and Evaluation of plantation conducted (January and September 2001) by Monitoring and Evaluation cell, revealed that due to incorrect spacing and alignment, termite and frost, effects the survival rate of plantation ranged between zero to sixty per cent. This had resulted in wasteful expenditure of Rs 16.69 lakh incurred on the plantation which could not survive. Chief Conservator of Forests, Social Forestry Project, directed (December 2001) the DFO to initiate disciplinary action against the defaulters for loss caused to Government.

Commissioner and Secretary to Government Haryana, Forest Department stated (November 2003) that charge-sheets against the officials responsible for loss of Rs 15.14 lakh in respect of 11 cases have been issued and inquiry officer has been appointed (December 2002). In respect of the cases, loss was due to draught and frost and no action has to be taken against any official. Final outcome of the enquiry is still awaited (November 2003).

Public Works Department (Irrigation Branch)

In Construction Division 14, Kurukshetra Rs 41.04 lakh spent on manufacturing gates and gearings without demand from the land owners had resulted in wasteful expenditure

4.3.2 The floodwater, during monsoon season is stored in the Bibipur Lake and is utilised for irrigation during *Kharif* season through Sarswati distributory. Surplus water stored in the lake is released in Sarswati drain through head regulator provided with wooden *Karries*^{*}. As the water through wooden *Karries* used to leak continuously, Irrigation authorities decided (1983-84) to replace the wooden *Karries* with iron gates and gearings. Chief Engineer, Construction Unit-II (CU-II), Irrigation Department, Haryana, (CE) sanctioned (November 1999) an estimate for providing gates and gearings to the Head Regulator of Sarswati Drain including cost of civil works for Rs 76.61 lakh chargeable to Water Resources Consolidation Project.

Executive Engineer, Construction Division 14, Kurukshetra allotted (April 2000) the work of providing gates and gearings on the Head Regulator

* Wooden Rafter.

of Saraswati Drain to a contractor. Initially the gates and gearings were manufactured by Haryana State Minor Irrigation and Tubewell Corporation (HSMITC) in 1986 at a cost of Rs 37.66 lakh against advance payment of Rs 39 lakh made in March 1983 (Rs nine lakh) and March 1985 (Rs 30 lakh), the balance amount was yet to be adjusted.

The contractor transported the gates with other material from HSMITC workshop at Karnal to the site of work at a cost of Rs 1.75 lakh and commenced the work in May 2000. The old structure was dismantled (upto 26 May 2000) and before gates could be installed, local *Bhartiya Kisan* Union leaders/ members staged *dharna* at the site of work on the apprehension that temporary storage of water would damage their crops and demanded that no parts of gates and gearings should be laid and the old structure be restored to its original position. The work was suspended on 27 May 2000. Chief Minister on 12 June 2000, directed the CE to restore the dismantled structures. Accordingly, the dismantled structures were brought (June 2000) to its original shape at a cost of Rs 1.22 lakh. In this way a total expenditure of Rs 41.04⁹ lakh was incurred on these jobs.

On being pointed out in audit during May 2001, the EIC Irrigation Branch, stated (February 2002) that sincere efforts were being made to persuade the land owners whose land fall in Bibipur lake for fixing the gates and gearings and in case they did not agree, these gates and gearings would be utilized on the regulator of some other canal/ drain. Superintending Engineer, Karnal Circle, circulated (June 2000) the details of gates and gearings available for utilisation on other works but no demand from other Divisions was received. No further progress was achieved and the gates and gearings were still lying at site (September 2003).

Thus, making advance payment to HSMITC for getting the gates and gearings manufactured without prior survey, sanction of any estimate and incurring of further expenditure on the civil work without any demand from the land owners whose land fell in the lake area, had resulted in wasteful expenditure of Rs 41.04 lakh. Had the department conducted proper site survey and got the estimate sanctioned before taking up the work, the public protest to the scheme could have come to the knowledge of the department in advance and expenditure could have been avoided.

When the matter was referred to Government (April 2003) the FC&PS to Haryana Government, Irrigation Department admitted the facts and stated (May and October 2003) that out of 22 gates, seven gates (valuing Rs 14.30 lakh) have been transferred to Water Services Division, Rohtak for installation on cross-regulator of Jawahar Lal Nehru Feeder and balance gates and gearings would be utilised on new schemes. Till such time this scheme will remain abandoned. No responsibility for this was fixed.

⁹ Cost of gates and gearings: Rs.37.66 lakh; Transportation of gates from Karnal to the site of work: Rs.1.75 lakh; dismantling of old structure: Rs.0.06 lakh; restoration of dismantled structure: Rs.1.22 lakh and miscellaneous expenditure: Rs.0.35 lakh.

Public Works Department (Public Health Branch)

Water Supply Schemes constructed with an expenditure of Rs 1.26 crore without ensuring the availability of water remained unutilised

4.3.3 Government of India identified Uchana town in Jind district to provide financial assistance under Centrally sponsored Accelerated Urban Water Supply Programme, (AUWSP), to State Government to improve water supply to those towns with population less than 20,000 persons as per 1991 census. Haryana State Sanitary Board, approved (March 1999) the scheme at the cost of Rs 1.03 crore for augmentation of existing water supply scheme, from 45 litre per capita per day (lpcd) to 70 lpcd. The augmentation scheme provided construction of inlet channel, filter beds, clear water tank and laying of distribution pipe lines based on expected receipt of four cusecs of raw water, in place of existing receipt of 2.54 cusecs water from Kheri Safa Minor from newly constructed Barsola Feeder at RD 37400/L.

During audit (April 2002) of Public Health (PH) Division, Narwana it was noticed that the construction of scheme was taken up (November 1999) without obtaining sanction of outlet connection from Irrigation Department. The work of inlet channel was completed (August 2001) at a cost of Rs 19.14 lakh and construction of filter bed, two number clear water tanks were completed (March 2003) at a cost of Rs 24.29 lakh. The total expenditure including other connected works such as pipe line at head works, pumping machinery distribution system, staff quarters, etc. was Rs 85.12 lakh upto March 2003. But the scheme remained non-functional due to non-availability of water as no provision existed in Barsola Feeder for supplying water to Uchana town.

When pointed out in Audit (May 2002) the EIC, PWD, PH Branch while admitting the facts stated (August 2003) that the EIC, PWD, Haryana Irrigation Branch had agreed (April 2003) to spare two-three cusecs of water from Barsola Feeder subject to the condition of depositing renovation charges of Rs four lakh which was yet to be deposited (September 2003). Further, scrutiny revealed that two-three cusecs water now spared by Irrigation Branch from Barsola Feeder was in lieu of old connection of 2.54 cusecs of Kheri Safa Minor. As the existing structures before augmentation of water supply scheme were able to supply drinking water at 45 lpcd from 2.54 cusecs raw water, the new structures for augmentation would remain unutilised and 70 lpcd supply would not be possible from two-three cusecs of water.

Similarly, Haryana State Sanitary Board, approved a Canal Based Water Supply scheme for providing independent water works at village Dadam in Bhiwani district for Rs 30.25 lakh in September 1997.

During audit (November-December 2002) of Public Health (PH) Division, Tosham it was noticed that the construction of water works at village Dadam was taken up (December 1997) without obtaining prior consent of Irrigation Branch for supply of water. The work was completed in May 2000 at an expenditure of Rs 40.88¹⁰ lakh which included unauthorised expenditure of

¹⁰ Contractor's payment: Rs 22.21 lakh; Cost of material: Rs 8.37 lakh; Cost of machinery: Rs 3.38 lakh; Cost of leveling water works: Rs 1.04 lakh and Cost of 2 Nos. Shallow Tubewells: Rs 5.88 lakh = Rs 40.88 lakh.

Rs 5.88 lakh on two shallow tubewells without any such provisions in the estimates. But the scheme could not be commissioned for want of water (August 2003).

EIC, PH Branch while admitting the facts stated (August 2003) that efforts are being made to get the out-let sanctioned from Dadam distributary and in case of failure, action will be taken against the defaulting officers who took up the work without taking consent from Irrigation Branch.

Thus, both the water supply schemes constructed by spending Rs 1.26 crore remained non-functional due to non-availability of required quantity of water.

The draft audit paragraphs were demi-officially forwarded to the Financial Commissioner and Secretary (FC&S) to Government Haryana, PWD PH Branch in June and April 2003, but no reply was received from him (September 2003).

Sewerage schemes in Public Health Divisions, Tosham and Jind constructed at a cost of Rs 1.27 crore remained non-functional due to non-construction of disposal chamber

4.3.4 As per provisions made in the Manual of Sewage and Sewerage issued by Government of India, Ministry of Urban Development, while designing waste water collection treatment and disposal systems, planning should generally begin from the final disposal point going backwards to give an integrated and optimum design to suit the topography and available hydraulic head.

During audit (November 2002) of Public Health (PH) Division, Tosham, it was noticed that Haryana State Sanitary Board (HSSB) administratively approved (March 1991) a sewerage scheme for Notified Area Committee (NAC), Tosham in Bhiwani district for Rs 86.35 lakh (June 1998). Executive Engineer (EE) got the work of laying sewer line in NAC Tosham commenced in 1997 and incurred an expenditure of Rs 84.32 lakh upto March 2002. But the infrastructure at disposal site, such as screening chamber, collection tanks, pump chamber, etc. were not constructed. As a result, the scheme was lying non-functional. It was further noticed that the scheme was taken up without conducting detailed survey to identify the beneficiaries. As a result no beneficiary came forward to obtain sewerage connection till date of audit (November 2002).

EIC, PH Branch stated (August 2003) that construction of sewerage system was taken up because the district administrative authorities had given a time bound programme for the construction of *pucca* streets (concrete). As such, the sewer lines were laid before construction of *pucca* streets to avoid damages. He further stated that the disposal work could not be completed as funds under urban works were not being allotted to Tosham town due to denotification of Tosham town from NAC to *Gram Panchayat* in March 1999. The reply was not found tenable, as the work of disposal chamber should have been taken up simultaneously with laying of sewer line. Further, the scheme was conceived without conducting the detailed survey as there was no demand for the sewer connection from the beneficiaries.

Thus, Rs 84.32 lakh spent on the sewerage scheme, without construction of disposal works, had resulted in an unfruitful expenditure, as the scheme was

practically lying non-functional as of July 2003 and the department continued the execution of work even after the date of denotification of the Tosham town, just to exhaust the funds already made available during budget for 1999-2000 i.e. before denotification of the town.

Similarly, SSB administratively approved the scheme for providing sewerage to Julana Town in Jind district for Rs 70 lakh vide special resolution dated 18 December 1997. The work included provision of sewer lines and surface drains which shall ultimately discharge into the sewerage disposal chamber.

During audit (January/February 2003) of PH Division, Jind it was noticed that the work of laying sewer line and surface drains was commenced in October 1998 and completed in March 2001 by spending Rs 42.19 lakh without constructing the final disposal chamber. It was further noticed that the Government abolished Municipal Committee, Julana in March 2000 and converted the town into a rural area and no further work on the scheme was undertaken.

The EIC, PH Branch while admitting the facts stated (August 2003) that due to limited availability of funds, the sewer line was laid first to make the scheme functional by providing a temporary disposal site but due to dissolution of Municipal Committee, Julana, more funds were not released by the Government and the works of sewerage scheme came to stand still.

Thus, both the schemes constructed by spending Rs 1.27 crore remained non-functional due to non-construction of disposal work.

The draft audit paragraph was demi-officially forwarded to the FC&S to Haryana Government PWD PH Branch in April 2003, but no reply was received from him (September 2003).

Agriculture Department (Haryana State Agricultural Marketing Board)

Rs 36.37 lakh spent on laying sewerages for two towns without finalising the disposal work rendered the expenditure unfruitful

4.3.5 Sewage and Sewerage Manual issued by Government of India provides that the sewerage work should begin from final disposal point going backward.

Test-check of records (October 2002 – January 2003) of Market Committees (MCs) Ismailabad (Kurukshetra) and Hodal (Faridabad) revealed that the Chief Administrator, Haryana State Agricultural Marketing Board (HSAMB) accorded (February 1994 and October 1998) administrative approval for providing sewerage scheme in the grain markets at Ismailabad (Rs 17.78 lakh) and Hodal (Rs 31.00 lakh) as a deposit work. Accordingly, MCs of Ismailabad and Hodal deposited Rs 48.78¹¹ lakh with the Executive Engineers, Public Health Division, Kurukshetra and Palwal respectively for execution of

¹¹ Ismailabad : Rs 17.78 lakh in January 1995 and Hodal : Rs 15 lakh in June 1999 and Rs 16 lakh in December 1999.

the above works. Expenditure of Rs 36.37¹² lakh was incurred (March 2003) on laying of sewer lines at Ismailabad and Hodal but sewerage scheme was not made functional as the work of final disposal was not completed.

The Deputy Secretary, Government of Haryana, Agriculture Department stated (July 2003) that the sewerage system in Ismailabad is operative and line is maintained, cleaned at regular intervals. As regards sewerage scheme for Hodal town, there was a provision for temporary disposal and estimate had been prepared to provide a temporary pumping arrangement for disposal of the same on the fields of irrigation.

The reply was not tenable as the Executive Officer-cum-Secretary Market Committee, Ismailabad in July 2003 had again enquired about area of land required for final disposal from the Public Health Department. As such the scheme was not made fully functional. Moreover, the sewerage system requires continuous and regular cleaning instead of cleaning the lines at regular intervals. Laying of sewer line without providing for final disposal was likely to cause health and environmental problem. As regard sewerage scheme for Hodal town, though the provision for temporary disposal was made in the estimate but the same had not been constructed due to protest from public/officials.

Thus, due to ill planning of the department to lay sewer lines before finalising the disposal works, expenditure of Rs 36.37 lakh (Rs 15.05 lakh in respect of Ismailabad and Rs 21.32 lakh in respect of Hodal) had remained unfruitful since March 1998 and March 2001 respectively.

4.4 Avoidable/extra expenditure

Education Department (Haryana Prathmik Shiksha Pariyojna Parishad)

By Printing of Teaching Learning Material in excess of actual requirement, Parishad had to bear an avoidable expenditure of Rs 2.77 crore

4.4.1 District Primary Education Programme (DPEP) was implemented in seven¹³ educationally backward districts with the main objective to improve the efficiency in the process of production and distribution of teaching learning materials (TLM). TLM was meant for the guidance of teachers and not for children. Training on TLM at district level and block level had been imparted and about 19,000 teachers in all these seven districts had been trained in the preparation and use of TLM. To meet the demand raised by primary teachers, two books namely "Nanhe Kadam Vigyan Ki Ore" and "Pitara Khole Ank Bole" had been developed on Science and Mathematics respectively.

¹² Ismailabad : Rs 15.05 lakh upto March 1998 and Hodal : Rs 21.32 lakh upto March 2001.

¹³ Bhiwani, Gurgaon, Hisar, Jind, Kaithal, Mohindergarh and Sirsa.

Test-check of records (January 2003) of *Haryana Prathamik Shiksha Pariyojna Parishad (Parishad)* revealed that under TLM component, *Parishad* got printed 12.03 lakh copies of these two books viz., "*Nanhe Kadam Vigyan Ki Ore*" (6.03 lakh copies) and "*Pitara Khole Ank Bole*" (6.00 lakh copies) at a cost of Rs 2.96¹⁴ crore against 18,455 sanctioned posts of teachers in these seven districts during 2000-02. Records indicated that the excess copies of TLM were got printed by creating an artificial demand on the plea that it would be provided to students also. Printing of excess TLM, resulted in avoidable expenditure of Rs 2.77¹⁵ crore.

Commissioner, Education and Language ordered (September 2002) to fix responsibility as the demand for TLM was not checked to ascertain whether the material was actually meant for children or not but no action had been taken as of September 2003.

Thus, on printing of TLM in excess of actual requirement, *Parishad* had to bear an avoidable expenditure of Rs 2.77 crore.

Similarly an avoidable expenditure of Rs 36.73 lakh was incurred on printing of text books of undesirable high specifications from a private printer

Under another scheme of providing text books free of cost to students under DPEP, *Parishad* requested (June 2000) the Controller, Printing and Stationery (P&S) Department Haryana to intimate the rates for printing of text book 'Tarang' for class-II, on 70 GSM paper with a cover of 210 GSM imported Art card. The Controller, P&S Department intimated (August 2000) that in Haryana the text books were being printed on 60 GSM white cream wove paper with a cover of 130 GSM paper at the rate of Rs 10.50 per copy. The *Parishad* ignoring the advice of the Controller, got 1,98,745 copies of the said text book printed from the open market through a Chandigarh based private firm, on 70 GSM Maplitho paper with a cover of 220 GSM Art card and paid Rs 57.60 lakh (March 2001 to September 2001) at the rate of Rs 28.98 per copy.

Test-check of records (January 2003) revealed that the *Parishad* itself felt subsequently (March 2002) that the books meant for children studying in class-II were to be used only for one academic session and therefore, such high specifications of paper and cover were not desirable. As a result, *Parishad* decided to get the text books for the next year printed as per the specifications given by P&S Department, Haryana.

Thus, by getting the text books printed on 70 GSM Maplitho paper with a cover of 220 GSM Art card in violation at the specification prescribed by

¹⁴ Nanhe Kadam Vigyan Ki Ore:	2000-01: 3.00 lakh @ Rs 32.65 each:	Rs 97.95 lakh
	2001-02: 3.03 lakh @ Rs 19.98 each	: Rs 60.54 lakh
Pitara Khole Ank Bole	2000-01: 3.00 lakh @ Rs 25.90 each	: Rs 77.70 lakh and
	2001-02: 3.00 lakh @ Rs 19.80 each	: Rs 59.40 lakh
	Total	: Rs 295.59 lakh

¹⁵ Total expenditure:	Rs 2.96 crore
Less cost of 76,000 books issued during 2000-02	Rs 0.19 crore
Excess expenditure	Rs 2.77 crore

Government during 2001-02 from the private firm, *Parishad* incurred an extra expenditure of Rs 36.73¹⁶ lakh.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Secretary to Government Haryana, Education Department in March and April 2003, but no reply was received from the Government (September 2003).

Transport Department (Haryana Roadways)

In Kurukshetra Depot of Haryana Roadways, lack of pursuance and delay in getting the electricity load extended resulted in avoidable payment of Rs 36.39 lakh

4.4.2 Kurukshetra Depot, Haryana Roadways (upgraded from sub-depot in January 1990) was having electric connections of 15.57 KW for supply of power to tubewell, workshop and office. In September 1991, Junior Engineer (JE) of Operation Sub-Division, Haryana State Electricity Board (HSEB) No. 2, Kurukshetra inspected the premises of depot and found that actual load in workshop and office was 50.548 KW which was in excess of the sanctioned load of 15.57 KW. Consequently the Sub-Divisional Engineer (HSEB) imposed (December 1991) a penalty of Rs 14,100 and asked the General Manager (GM) Haryana Roadways, Kurukshetra to remove the unauthorised load and submit the fresh test reports for revised load along with requisite security. But no effective steps were taken for regularisation of the excess load till March 1997.

In March 1997, the vigilance cell of HSEB checked the premises of the depot and not only charged Rs 3.34 lakh (unauthorised charges Rs 1.43 lakh, average charges Rs 1.64 lakh and non-levy of capacitor charges Rs 0.27 lakh) but also asked the GM to complete all the formalities within seven days to regularise the load.

Though the GM approached (May 1997) the HSEB for waiver of the penalty no effective steps to regularise the load were taken. Charges as per demand raised by the HSEB i.e. on an average consumption of 19,503 units, alongwith shunt capacitor charges at the rate of 10 *per cent* were paid upto January 2001. In February 2001, the GM requested the HSEB for installation of a new meter and regularisation of extended load of 152.139 KW. HSEB issued (June 2001) a demand notice of Rs 2.68 lakh as an estimated cost for the supply of material by HSEB. The GM furnished (June 2001) the test report alongwith estimated amount for enhanced load and thereafter the HSEB installed a new meter for extended load in February 2002.

Before installation of new meter, the department had to pay (March 2001 to February 2002) Rs 15.89 lakh (Rs 11.35 lakh on account of Low Tension (LT) surcharge at the rate of 25 *per cent* of power consumed as the power was supplied on LT line instead of High Tension (HT) line and Rs 4.54 lakh as shunt capacitor charges at the rate of 10 *per cent*) for the period from March 1997 to January 2002 after which HSEB started charging as per actual

¹⁶ Paid Rs 57.60 lakh (-) Rs 20.87 lakh (1,98,745 copies x Rs 10.50 per copy as intimated by P&S Department).

consumption which was 11,651, 11,912 and 12,830 units for the month of March, April and May 2002 respectively whereas Rs 45.41 lakh were paid for the average consumption (19,503 units per month) from March 1997 to January 2002 against Rs 28.25 lakh actually payable on the basis of average actual consumption of March to May 2002. This had resulted in excess payment of Rs 17.16 lakh for 4,34,948 units at the rate ranging from Rs 3.22 to Rs 5.11 per unit.

Thus, lack of pursuance and delay in getting the extended load regularised in time replacing the current meter and non-obtaining power supply on HT line, had resulted in avoidable expenditure of Rs 36.39¹⁷ lakh.

Transport Commissioner stated (August 2003) that GM, Kurukshetra had requested the HSEB a number of times since 1997 to extend the load but no action was taken by them. Therefore, HSEB is responsible for excess payment. The reply was not tenable as GM, Kurukshetra had taken the issue of defective meter only. The application for extending load was submitted only in February 2001.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to the Haryana Government, Transport Department in March 2003 but no reply was received from him (September 2003).

Injudicious decision to include the flaps in the set of tyres and tubes resulted in an extra expenditure of Rs 20.45 lakh

4.4.3 The Transport Department had been purchasing tyres, tubes and flaps separately through Director Supplies and Disposal (DS&D) Haryana. However, while finalising purchase order for tubes in September 1999, the officers of the Transport Department submitted before High Powered Purchase Committee (HPPC) about the problem of poor quality of tubes. In order to ensure better quality of tubes and consistency of tubes with tyres for more mileage, life of tyres and tubes, the HPPC decided (September 1999) that DS&D should call composite tender for a complete set of tyres, tubes and flaps from the tyre manufacturing companies.

A test-check of records of the Transport Commissioner, Haryana revealed (January 2003) that the department placed in April 2000 a composite indent for the purchase of 24,000 complete set of tyres, tubes, flaps and extra quantity of 6,000 tubes and 12,000 flaps to meet its requirement from July 2000 to June 2001 on the DS&D Haryana, with the condition that extra tubes and flaps be also purchased from the tyres manufacturing companies from which the complete set of tyres were to be purchased.

The DS&D after inviting quotations (April 2000) submitted the case to HPPC in June 2000. The HPPC decided to place (June 2000) orders for the said quantity on Firm A¹⁸ at the rate of Rs 5,404 for each set of tyres, tubes and flaps; Rs 463 for each tube and Rs 131 per flap for their extra quantity. DS&D placed a formal order in June 2000 and the material was to be

¹⁷ Unauthorised charges: Rs 1.43 lakh, shunt capacitor charges: Rs 4.54 lakh and Rs 0.27 lakh, excess energy consumption charges: Rs 17.16 lakh plus Rs 1.64 lakh and LT surcharge: Rs 11.35 lakh.

¹⁸ M/s Apollo Tyres Limited.

delivered at various depots of Haryana Roadways during July 2000 to June 2001. Further scrutiny revealed that in another case, the HPPC also approved (April 2000) the rate of Rs 72.96 per flap in favour of Firm B¹⁹ for supplies between April 2000 and June 2000 and this firm had also quoted (April 2000) its rate for flaps for supply during July 2000 to June 2001 but this offer was rejected on the plea that it was not a tyre manufacturing firm. But this firm was also on rate contract for supply of flaps with DGS&D and was supplying flaps to tyre manufacturing companies.

The department received 14,978 flaps against the orders placed during July 2000 to July 2001 from Firm A at the rate of Rs 131 per flap whereas the rate of Firm B was Rs 72.96 per flap. Thus, an extra expenditure of Rs 8.69 lakh was incurred on the purchase of flaps from Firm A instead of from Firm B.

Similarly, to meet its requirement of tyres, tubes and flaps for the period July 2001 to June 2002, the department placed an indent for purchase of 20,000 set of tyres, 30,000 additional tubes and 5,000 additional flaps in May 2001. This time also HPPC approved (July 2002) rate of Rs 5,000 for each set of tyres, tube and flap and Rs 450 and Rs 140 per additional tube and additional flap respectively. Against this order, the department received 23,459 flaps during July 2001 to June 2002 for which extra expenditure of Rs 11.76 lakh²⁰ had been incurred as the department also allowed (June 2001) the tyre manufacturing companies to arrange flaps from flap manufacturers, the rate of which was Rs 89.85 per flap.

Thus, as the flaps had no bearing on the quality of tubes and mileage life of tyre and tube, and was an independent item, the decision of the department to include flaps in the complete set was not judicious which had resulted in an extra expenditure of Rs 20.45 lakh on the purchase of 38,437 flaps.

The Transport Commissioner stated (August 2003) that the flaps were purchased from the tyre manufacturing companies to ensure the quality, consistency and better mileage life of tyres, tubes and flaps because there were complaints on quality and performance of flaps purchased earlier from other flap manufacturing companies and these were not upto the mark as that of tyre manufacturing companies. The reply was not tenable as the complaints relate to the supplies received during 1992-1996 and also that flaps were purchased (April – June 2000), after the decision (September 1999) of HPPC, from the other manufactures, which were not tyre manufacturing companies.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, Transport Department in May 2003, but no reply was received from him (September 2003).

¹⁹ M/s Duropolyprene Limited.

²⁰ Rs 140 – Rs 89.85=Rs 50.15x23,459.

**Education Department
(Haryana Agriculture University, Hisar,
Kurukshetra University, Kurukshetra and
Maharshi Dayanand University, Rohtak)**

By not adhering to the Government instructions to route all the advertisements through the DPR Haryana, the Universities had to incur extra expenditure of Rs 48.78 lakh on the advertisements got published at higher rates through private advertising agencies

4.4.4 State Government issued (June 2000) instructions and directed all the Heads of the Department/authorities that no advertisement be issued to any newspaper/magazine/electronic media directly. All advertisements must be routed through Director, Public Relations, Haryana (DPR).

Test-check of records (May 2002) and further information collected from Kurukshetra University (KU), Kurukshetra, Maharshi Dayanand University (MDU), Rohtak and Haryana Agriculture University (HAU), Hisar revealed that these universities had not implemented the instructions issued by Government. Contrary to these instructions, Universities had given advertisements for admission, tenders, entrance tests, counseling, etc. in various newspapers directly through private agencies at the rates ranging between Rs 130 to Rs 2,700 per standard column centimetre against the fixed rates ranging between Rs 61.20 and Rs 805.70 of the Department of Advertising and Visual Publicity (DAVP)/DPR. This had resulted in an extra expenditure of Rs 48.78²¹ lakh by the Universities during 2000-03.

KU, Kurukshetra stated (December 2002) that as the DPR could not adhere to the university's schedule of release of advertisements, they switched over to get all the advertisements released through the then appointed private agencies. The reply was not tenable as the DPR again reiterated (September 2003) the Government order and specifically wrote to all the Universities that all the advertisements can easily be got published through his department even at a short notice. Reply from other Universities was awaited (May 2003).

Thus, by not adhering the Government instructions, the Universities had to incur extra expenditure of Rs 48.78 lakh on the display of advertisements in leading newspapers through private agencies.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana Education Department, in November 2002, but no reply was received from the Government (September 2003).

²¹ KU, Kurukshetra: Rs 11.93 lakh, MDU, Rohtak: Rs 31.50 lakh and HAU, Hisar: Rs 5.35 lakh.

4.5 Undue financial aid to contractor

Agriculture and Town and Country Planning Departments (Haryana State Agricultural Marketing Board and Haryana Urban Development Authority)

Due to failure of Executive Engineers to recover sales tax from the contractors, on the value of cement and bitumen supplied to them on chargeable basis, HUDA/HSAMB had to pay Rs 18.30 lakh from their funds

4.5.1 The Principal Excise and Taxation Commissioner, Haryana clarified (December 1996) that material supplied by the contractees to contractors constitute an independent sale for which they are required to be registered under the Haryana General Sales Tax Act, 1973. Such value of the material supplied to contractors becomes eligible to sales tax.

Test-check of records of two²² Executive Engineers (EEs), HUDA, revealed that these EEs, supplied cement and bitumen to various contractors on chargeable basis for use in the execution of works, but no such recovery of sales tax was made from the contractors. The assessing authorities (Sales Tax) at Hisar, while finalising the assessment of the EEs for the year 1993-94 to 1996-97, raised (January 1998 to January 1999) a demand of sales tax of Rs 12.35 lakh (Division No. 1, Hisar: Rs 5.45 lakh, and No. II, Hisar: Rs 6.90 lakh). The two EEs of Hisar had to deposit Rs 12.31 lakh out of HUDA funds during March 1998 to March 2001 against demand of Rs 12.35 lakh.

Both the EEs filed an appeal before Joint Excise and Taxation Commissioner (Appeal), Hisar (JETC) against their demands of Rs 4.95 lakh (assessment orders of January and March 1998) but the appeal was rejected (July 1998).

Similarly, test-check of records of EE, Haryana State Agricultural Marketing Board (HSAMB) Division, Hisar (November 2002) also revealed that EE did not recover any sales tax from the bills of contractors on the value of cement and bitumen supplied to them on chargeable basis for executing various works. Excise and Taxation Officers, Hisar while finalising the assessments for 1992-93 to 1997-98, levied tax and raised (February 1998 to January 1999) demands of Rs 5.99 lakh. EE had deposited (March 1999-December 1999) Rs 5.99 lakh from HSAMB funds.

Thus, due to failure of EEs to recover sales tax from the contractors on the value of material supplied to them on chargeable basis, HUDA/HSAMB had to pay Rs 18.30²³ lakh out of their own funds during March 1988 to March 2001 resulting in an undue financial aid to the contractors. No action has been taken against the concerned EEs for not complying with Government orders, resulting in the loss to the Government.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Agriculture

²² Division No. I and II of Hisar.

²³ HSAMB Division, Hisar: Rs 5.99 lakh. HUDA Division, Hisar: Rs 12.31 lakh.

and Town and Country Planning Department in February 2003, but no reply was received from the Government (September 2003).

4.6 Loss/non-recovery/excess payments

Town and Country Planning Department (Haryana Urban Development Authority)

Due to injudicious decision of Administrator, HUDA, Faridabad, not to accept the highest bid of Rs 4.41 crore received on 12 February 1999, HUDA sustained a loss of Rs 88 lakh (including interest of Rs 31 lakh)

4.6.1 Commercial sites are being auctioned by the Estate Officers, HUDA every year on freehold basis. Accordingly, Administrator, HUDA, Faridabad announced enblock open auction of nine shops-cum-office site No. 46 to 54 in Sector-12, Faridabad on 12 February 1999 at a reserve price of Rs 3.67 crore fixed by Administrator, HUDA in February 1999. M/s Goverdhan Apartment Private Limited offered the highest bid of Rs 4.41 crore. The Administrator, HUDA, however, did not approve the same for the reason that highest bid received was not upto the satisfaction of the Presiding Officer and felt that the site would fetch better price than the highest bid received.

Test-check of records (February 2003) of Estate Officer, HUDA, Faridabad revealed that the auction of these sites was again held on 21 September 1999 at the same reserve price of Rs 3.67 crore. This time M/s Paragon Associates offered the highest bid of Rs 3.84 crore which was accepted and the site was allotted to the bidder on 1 October 1999. The allottee took the possession of sites after depositing 25 per cent price of these sites as per terms and conditions. As such the sites fetched less amount of Rs 57 lakh in the subsequent auction.

Thus, due to injudicious decision of Administrator, HUDA, Faridabad, not to accept the highest bid of Rs 4.41 crore, HUDA sustained a loss of Rs 88 lakh (including interest of Rs 31²⁴ lakh).

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Town and Country Planning Department in April 2003, but no reply was received from the Government (September 2003).

²⁴ Rs 4.41 crore x 15 per cent = Rs 30.87 lakh.

5 months 18 days (13 April to 30 September 1999).

(Worked out after allowing a benefit of 60 days for making payments in lump sum).

Industries Department

Drawal of Rs 40.73 lakh from the treasury without verifying the eligibility criteria/status of five industrial units and keeping the amount outside the Government account led to a loss of interest of Rs 16.57 lakh to the Government

4.6.2 Financial Rules provide that no money should be drawn from the treasury unless required for immediate disbursement or for recoupment of the amount paid out of permanent advance. Drawal of advance from the treasury for execution of works, the completion of which is likely to take considerable time is also not permissible. Any unspent amount not required for immediate disbursement is required to be refunded into the treasury promptly. Retention of funds outside Government account is also irregular.

Scrutiny of records (July 2002) of Director, Industries, Haryana, revealed that State Government released (September 1998) Rs 2.30 crore for disbursement of capital investment subsidy to 58²⁵ units set up in the State. Accordingly, Director of Industries drew Rs 2.30 crore in November 1998 against which Rs 1.89²⁶ crore could be disbursed upto April 2001. Cheques for the balance amount of Rs 40.73 lakh pertaining to five other Industrial units could not be disbursed as these five units were either not found eligible or had already been closed at the time of disbursement of subsidy. Ultimately, the cheques for Rs 40.73 lakh had to be got cancelled in May 2001. Of which Rs 40 lakh were converted in Fixed Deposit Receipts and balance amount remained in current account.

The Director, Industries stated (September 2003) that unspent amount could not be refunded as the Government had stopped the scheme and fourth instalment of subsidy was to be released to the already identified eligible units. As such unspent amount was disbursed to other units in June-July 2003.

The reply was not tenable as unspent amount was meant for five already identified industrial units which were subsequently found ineligible. The action of the Department in keeping the funds initially in current account/FDRs and subsequently releasing it (June-July 2003) to other units was not appropriate and correct. The Government had not stopped this scheme for the units to whom the amount of subsidy was being released in a phased manner.

Thus, drawal of Rs 40.73 lakh from the treasury two years in advance without verifying the eligibility criteria/current status of these industrial units and keeping the undisbursed amount outside the Government account led to a loss of interest of Rs 16.57²⁷ lakh (upto 31 May 2003) to the Government.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Secretary to Government Haryana, Industries Department, in April 2003, but no reply was received from the Government (September 2003).

²⁵ Sponsored by Haryana Financial Corporation: 27 units, Haryana State Industrial Development Corporation: 4 units and other Developed Industries: 27 units.

²⁶ HFC: Rs 0.62 crore, HSIDC: Rs 0.36 crore and other industrial units: Rs 0.91 crore.

²⁷ Calculated at the borrowing rate of 12 per cent per annum.

Public Works Department (Buildings and Roads Branch)

The failure of Executive Engineer, Provincial Division, Sirsa to check the correctness of the payment resulted in payment of excess interest of Rs 65.81 lakh to land owners on enhanced compensation and solatium

4.6.3 Land Acquisition Act, 1894, as amended from 24 September 1984 (Act) provides that in addition to the market value of land, 30 *per cent* (solatium) on market value shall also be awarded in consideration of the compulsory nature of acquisition. The Act further provides that if market value of the land is enhanced subsequently by the courts, the interest is payable on such excess at the rate of nine *per cent per annum* upto one year from the date of possession of land to the date of payment of enhanced amount. Where enhanced amount or any part thereof is paid after one year, interest at the rate of 15 *per cent per annum* shall be payable from the date of expiry of initial period of one year.

Haryana Government, acquired (November 1978) 205 *acre*, 4 *kanal* and 5 *marla* land situated on the outskirts of Sirsa town for the construction of Mini Secretariat, Police Lines and Housing Colony at Sirsa. The Land Acquisition Collector (LAC), Sirsa announced (15 November 1978) the award with 15 *per cent* compulsory acquisition charges (prevailing at that time) and crop compensation, etc. On representation for higher rates by 19 out of 42 land owners, the Additional District Judge (ADJ) awarded (March 1983 and February 1984) higher rate of compensation of land than that allowed by LAC. On further appeal by land owners in 1983 and 1984 on the orders of ADJ, the Punjab and Haryana High Court further enhanced these rates on 17 October 1984. The payment of enhanced compensation including six *per cent* interest and 15 *per cent* solatium (prevailing prior to the amendment of the Act) was made in February 1984, May 1985 and November 1986. But the land owners demanded (as per amended provision of the Act) interest at the rates of nine *per cent* for first year from the date of award and 15 *per cent* thereafter with 30 *per cent* as solatium which the Punjab and Haryana High Court also admitted and modified (30 May 1997) the earlier award, the payment for which were made in October 1998 alongwith the amount of solatium. In this payment the interest on solatium was not paid as there was a doubt as to whether the interest was payable on solatium or not. On further appeal by land owners (February 1999), the ADJ, Sirsa allowed (10 November 2001) the interest on solatium also. In view of the above decision the State Government, Revenue Department, accorded sanction (August 2002) of Rs 83.15 lakh as worked out by District Revenue Officer for payment of enhanced compensation, with the condition that the correctness of the amount may be ascertained before making payment.

During Audit (February 2003) of Provincial Division No. 1, PWD B&R, Sirsa, it was noticed that the payment of Rs 83.15 lakh made in September 2002 included the interest on entire enhanced compensation of land plus 30 *per cent* solatium thereon upto 31 May 2002 without reducing the amount of compensation and solatium already paid in February 1984, May 1985, November 1986 and October 1998 whereas interest was required to be calculated on the amount due from time to time upto the actual date of

payment resulting in an excess payment of Rs 65.81 lakh as under:

	Compensation	Solatium	Interest	Total
(Rupees in lakh)				
Amount paid	32.31	9.69	103.34	145.34
Amount due	32.31	9.69	37.53	79.53
Amount excess paid	Nil	Nil	65.81	65.81

When pointed out by audit (February 2003) the EE stated (March 2003) that no overpayment of interest was made by his office as this amount had been worked out by District Revenue Officer (DRO). The DRO stated (June 2003) that upto date interest was calculated on the advice of District Attorney. The matter was referred to the Engineer-in-Chief PWD (B&R) Branch in March 2003 who also endorsed (July 2003) the reply of EE/DRO but these replies were not found tenable as both the EE and DRO were required to check the correctness of the amount actually payable as per condition laid down in the Government's sanction.

The Audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary (FC&PS), Haryana Government, Buildings and Roads Branch in April 2003, but no reply was received (September 2003).

Public Works Department (Irrigation Branch)

Non-adherence to the provisions of contract agreement resulted in loss of Rs 17.56 lakh

4.6.4 The Executive Engineer (EE), Construction Division 23, Panipat allotted (February 1999) the work of 'Rehabilitation of Gohana Distributory from RD 0-1,12.118 including repair of ghats and replacement of bridges' to a contractor for Rs 1.33 crore. The agreement *inter-alia*, provided that (i) the contractor shall request the Engineer to issue a certificate of completion of the works and the Engineer will do so upon deciding that the work was completed, (ii) the liquidated damages would be imposed at the stipulated rate subject to maximum of 10 *per cent* of the final contract price for delay and (iii) for incomplete work, 20 *per cent* of the value of work not completed shall be payable by the contractor.

During audit (May 2002) of Construction Division 23, Panipat it was noticed that the work was shown as completed on 9 July 2001 and final bill for Rs 1.09 crore was paid in March 2002 and February 2003, but completion certificate was neither asked for by the contractor nor the same was issued by the Engineer as it was actually not completed. Further scrutiny of payment vouchers with reference to the quantities of work as provided for in the agreement and confirmed by the new EE, revealed that the work can not be treated as final as the remaining items of work valuing Rs 31.45 lakh were still left unexecuted as per site requirement.

Thus the contractor was liable to pay Rs 4.80 lakh being 20 per cent on Rs 24²⁸ lakh of the value of the work as per agreement not completed, in addition to liquidated damages of Rs 13.30 lakh (10 per cent of value of the work allotted) against which liquidated damages of Rs 0.54²⁹ lakh only were deducted in August 2002 from the running bill of the contractor.

Thus, non-adhering to the provisions contained in the contract agreement had resulted in a loss of Rs 17.56 lakh to the Government.

On being pointed out (April 2003) the FC&PS to Government Haryana, PWD, Irrigation Branch while admitting the facts stated (September 2003) that the Government had decided to chargesheet the defaulting EEs for the lapses. Further developments were awaited (September 2003).

Agriculture Department (Haryana State Agricultural Marketing Board)

Non-recovery of interest of Rs 16.80 crore from HVPN/UHBVN resulted in loss of revenue to MCs

4.6.5 Under the Haryana State Agricultural Marketing Board and Market Committees Investments and Disposal of Surplus Funds Rules, 1981, a Market Committee (MC), subject to any directions issued by the Chief Administrator in this behalf, may invest its surplus funds or any portion thereof in securities of the Central Government, Savings Bank Account or Fixed Deposit Receipts of the Post Office, Nationalised Banks, Haryana State Government Boards and Undertakings or in the Haryana State Co-operative Banks. The income resulting from such investments should be credited to the funds of the MCs concerned or the Board, as the case may be. These funds are ultimately utilised for the improvement of markets and betterment of the agriculture produce of farmers.

Test-check of records (November 2002 to February 2003) of 16³⁰ Market Committees (MCs) under Haryana State Agricultural Marketing Board (HSAMB) revealed that the Chief Administrator (CA), HSAMB under the directions of the State Government, directed the MCs from time to time to invest their surplus funds in the fixed deposit scheme of erstwhile Haryana State Electricity Board now *Haryana Vidyut Prasaran Nigam Limited* (HVPN) and *Uttar Haryana Bijli Vitran Nigam Limited* (UHBVN). Accordingly, these MCs invested Rs 44.21 crore from April 1992 onwards for a period of 61/72 months, bearing annual interest of 10.5 per cent payable half yearly. HVPN/UHBVN, after paying the interest upto March 1999/September 1999 stopped further payments of interest without assigning any reasons. Interest of Rs 16.80 crore had become due for the period 1 April 1999 to 31 March 2003. Even the Fixed Deposit Receipts for Rs 14.51 crore which stood matured for payments during February 2000 and February 2003, were

²⁸ Rs. 133.08 lakh - Rs 109.08 lakh.

²⁹ At the rate Rs. 0.06 lakh per day for nine days as per provision in the agreement.

³⁰ Ambala Cantt, Ambala City, Assandh, Bahadurgarh, Bhiwani, Charkhi Dadri, Dabwali, Ellenabad, Gurgaon, Ismailabad, Kalanwali, Nissing, Nuh, Rania, Shahbad and Taraori.

neither encashed nor renewed as of March 2003, for which no reasons were on record. On the behest of the State Government (March 2003), HSAMB requested (March 2003) the Managing Directors of HVPN and UHBVN to repay the principal amount of FDRs of MCs immediately, but no repayment had been received as of September 2003.

Thus due to non-receipt of principal amount of Rs 44.21 crore and non-recovery of interest of Rs 16.80 crore, the MCs have been deprived from utilising these funds for providing the market facilities to the farmers.

Deputy Secretary, Government of Haryana, Agriculture Department reiterated (August 2003) the action taken in March 2003 to accept the repayment of principal amount. The fact, however, remains that neither the principal of Rs 44.21 crore was received nor the payment of interest has commenced as of now (September 2003).

Town and Country Planning Department (Haryana Urban Development Authority)

Failure of Estate Officers of Haryana Urban Development Authority to recover the professional service fees resulted in non-recovery of Rs 2.01 crore from allottees

4.6.6 HUDA made amendments (12 January 1999) in Haryana Urban Development (Disposal of Land and Buildings) Regulations, 1978 which *inter-alia* provided that the transferee or lessee of a land/building could use 25 per cent of built up covered area of the building or 50 square metre whichever was less for rendering non-nuisance professional consultancy services by Doctors, Lawyers, Tax Consultants, Architects, Contractor Consultants, Chartered Accountants/ Company Secretaries, Property Consultants and Tourist Guides with prior permission of Chief Administrator (CA) on payment of fees ranging between Rs 0.20 lakh and Rs 0.50 lakh initially for a period of five years at various places of urban estates in Haryana. The fees should be recovered at 10 per cent with application, 40 per cent at the time of grant of permission and balance after one year from the date of permission, failing which the permission should stand cancelled. If the payment was made in lump sum, a rebate of 10 per cent would be given. The permission shall be renewed after a period of five years on the payment of renewal fee, equal to 10 per cent of the total fee, which would be recovered in lump sum at the time of renewal.

Scrutiny of records in audit revealed that three Estate Officers³¹ (EOs) conducted surveys between August 2001 and February 2003 and identified 455 residential premises which were being used for non-nuisance professional consultancy services. Out of 455 users identified in these Estates (Gurgaon: 145, Karnal: 96 and Panchkula: 214) only 20 were using their premises after obtaining the approval and by depositing the professional service fee. Remaining 435 users were still using their premises without obtaining the approval. As a result of which Rs 2.01 crore due from these users remained unrecovered.

³¹ Estate Officers, HUDA, Gurgaon, Karnal and Panchkula.

The EO, Panchkula stated (December 2002) that as per policy, Rs 0.50 lakh in each case was to be recovered from the beneficiaries over a period of five years. The reply was not tenable as the entire fees was to be recovered for a period of five years and not over a period of five years. Replies from other EOs were awaited (September 2003).

Thus, due to inaction on the part of EOs, HUDA in levying the professional service fee, HUDA could not recover the professional service fees and had been deprived of revenue of Rs 2.01 crore.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government, Haryana, Town and Country Planning Department in November 2002, but no reply was received from the Government (September 2003).

4.6.7 Under the provisions of HUDA Act 1971, HUDA leased out 15³² sites of petrol pumps at Faridabad, Gurgaon and Panchkula for a period of 15 years at a monthly rent of Rs 5,000 to Rs 33,750 for one filling point each of petrol and diesel during June 1992 to February 2000 depending upon the site locations. The allotment letters inter alia provided that these rates would be applicable for first five years and for every additional filling point of petrol/diesel, additional rent of 12.5 *per cent* of the monthly rent should be charged. In October 1997, HUDA revised the policy and decided to increase the lease rent of each petrol pump by 25 *per cent* after every three years.

Test-check of records (February 2003 and May 2003) of Estate Officers (EOs), HUDA, Faridabad, Gurgaon and Panchkula revealed that EOs, HUDA conducted the survey during December 2000 to July 2002 and identified that each petrol pump had installed additional filling points (1 to 10) but no demand for additional lease rent was raised at any stage and all the allottees of petrol pumps were paying usual lease rent. Even the EOs had not revised the lease rent of the petrol pumps which was due after expiry of three years.

Due to non-revision of rent after every three years and non-charging of rent for additional filling points installed subsequently, as per decision taken by HUDA in October 1997, HUDA had been deprived of the additional revenue of Rs 1.49 crore (Faridabad: Rs 0.59 crore, Gurgaon: Rs 0.56 Crore and Panchkula: Rs 0.34 crore).

Chief Administrator, HUDA Panchkula while admitting the facts stated (November 2003) that necessary notices to effect the recovery on the basis of revised lease rent and for each additional points have been issued.

³²Faridabad: Sector 12 opposite sector 15 (February 1993), Sector 16 (May 1995), Sector 29 (August 1995), Sector 12 (November 1994), Sector 19 (May 1994) and Sector 3-4 (October 1997).

Gurgaon: Sector 18 (May 1994), Sector 25 (October 1997), Sector 30 (August 1998), Sector 15-II (July 1994), Sector 17 (March 1994), and Sector 37 (July 1995).

Panchkula: Sector 14 (February 2000), Sector 4 (February 1995) and Sector 16 (June 1992).

Due to slackness on the part of EOs, HUDA, Faridabad, Gurgaon and Panchkula in revision of rent after every three years and non-charging of rent for additional filling points of petrol pumps installed subsequently, HUDA was deprived of the revenue of Rs 1.49 crore

Thus, due to slackness on the part of EOs, HUDA, lease rent of Rs 1.49 crore remained unrecovered for which no responsibility had been fixed.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government, Haryana, Town and Country Planning Department in April 2003, but no reply was received from the Government (September 2003).

Food and Supplies Department

District Food and Supplies Controllers, Fatehabad and Yamunanagar failed to invoke the provisions of agreements entered with rice millers, which resulted in loss of Rs 80.30 lakh due to short supply of rice by the millers to FCI against paddy delivered to them

4.6.8 Food and Supplies Department, Haryana procures paddy for Central pool and provides the same to the millers, who deliver rice to the Food Corporation of India (FCI) after milling. The milling agreements entered with a miller (October 1999 and November 2000), *inter alia*, provide that the miller would take delivery of paddy for milling either against bank guarantee or delivery of advance rice to FCI. In the event of failure to supply rice within the stipulated period the miller would be liable to pay interest at the prevailing rate of Cash Credit Limit (CCL) of Reserve Bank of India, for the period of default in supply of required quantity of rice from the paddy delivered to him. All the disputes and differences arising out of the agreement shall be referred to the arbitrator only within one year of the date of completion or on expiry of the period of contract.

Scrutiny of records (December 2002) of the District Food and Supplies Controller (DFSC), Fatehabad revealed that 48,418.50 quintal of paddy was delivered to a miller at Fatehabad during *kharif* 1999-2000. The miller was required to deliver 32,668.68 quintal of the rice to FCI by February 2000. However, the miller delivered 23,600.31 quintal of rice to FCI during 1999-2000 and deposited cost of 135.55 quintals of undelivered rice in July 2000. Balance 13,136.50 quintal of paddy (equivalent of 8,932.82 quintal of rice) valuing Rs 83 lakh was not milled by the miller during agreed period. However, this paddy was milled by the miller during 2000-01 alongwith paddy issued during *kharif* 2000-01, but no action for delayed supply was taken against him. Though the performance of the miller in the past was unsatisfactory, DFSC again delivered 42,883.53 quintal of paddy to the same miller (during *kharif* 2000-01), against which 36,093.88 quintal of rice was due. But again the miller delivered only 30,129.17 quintal of rice to FCI during November 2000 to March 2001. Thus, 5,964.71 quintal of rice valuing Rs 58.90 lakh was short supplied. As the miller failed to deliver full quantity of rice to FCI, the security of Rs one lakh only of the miller was adjusted in December 2001. On physical verification conducted by Assistant Food and Supplies Officer, Fatehabad on 14 March 2002, no stock of rice was found with miller. The department lodged an FIR against the miller (April 2002). Upon this the miller delivered post-dated cheques for Rs 43 lakh encashable between July 2002 and September 2004. The department had so far recovered a paltry amount of Rs 24 lakh and Rs 34.90 lakh were still recoverable from the miller (January 2003).

It was further noticed that the department had not filed a claim for recovery of interest which worked out to Rs 21.25 lakh (Rs 7.35 lakh for 1999-2000 and Rs 13.90 lakh for 2000-01) upto May 2003 on recoverable amount of Rs 34.90 lakh before the Arbitrator and had thus lost an opportunity for recovery of the same as no claim was filed with the Arbitrator within the required period of one year from the date of execution of the agreement. Thus, in terms of agreement the miller stood discharged of liability. Besides, the action of department to engage the same miller for *kharif* 2000-01, knowing well his past status was not in consonance with the commercial practice. This had resulted in a loss of Rs 56.15 lakh to the Government.

Similarly, the DFSO, Yamunanagar delivered 13,121 quintal of paddy grade 'A' to a miller at Mustafabad, Yamunanagar during *kharif* 2001-02 for milling without obtaining bank guarantee bond of Rs 7.21 lakh and without ensuring delivery of advance rice. The miller was required to deliver 8,922.28 quintals of rice grade 'A' by February 2002, against which only 6,904.89 quintals of rice was delivered to FCI till January 2003. Balance 2,017.39 quintals of rice valuing Rs 20.23 lakh was still to be recovered from the miller besides interest of Rs 3.92 lakh as of May 2003 causing loss of Rs 24.15 lakh to Government.

Thus, the failure of DFSCs Fatehabad and Yamunanagar to enforce the provisions of agreement had resulted in loss of Rs 80.30 lakh (Rs 56.15 + Rs 24.15 lakh) to Government.

The Financial Commissioner and Secretary (FC&S) to Haryana Government stated (July 2003) that in the case of Fatehabad an indemnity bond against the liabilities of Rs one crore and Rs 38 lakh alongwith interest had been obtained in February 2003. Further efforts were being made to recover the balance amount and disciplinary action for failure to obtain bank guarantees against the defaulting officials had also been initiated.

Transport Department (Haryana Roadways)

Non-insurance of buses resulted in avoidable loss of Rs 52.50 lakh in Rewari Depot of Haryana Roadways

4.6.9 The State Transport Commissioner circulated (December 1996) to all the Heads of departments, the decision of October 1996 taken by Council of Ministers to insure all the Government vehicles and clarified (May 1997) that the concerned department should take decision at their own to insure the vehicles as a third party or comprehensive insurance. Subsequently, in a meeting of Commercial Officers held in September 1997, under the Chairmanship of Transport Minister, all the General Managers (GMs) of Haryana Roadways were apprised about insurance coverage for the buses in Faridabad depot from Oriental Insurance Company from 6 August 1997 to 5 August 1998. They were advised to get the buses in their depot also insured in consultation with the local insurance offices.

During audit (March 2003) of Rewari Depot it was noticed that the GM did not make any efforts for obtaining even third party insurance of buses in his depot till February 1999. The buses were insured with effect from 30 March 1999 with a premium of Rs 9.97 lakh *per annum*. But during February 1998

to January 1999, 19 buses met with accidents for which Rs 63.99 lakh were paid as compensation during April 2001 to March 2002 which resulted in a loss of Rs 52.50 lakh³³ to Government.

The GM stated (July 2003) that the Insurance Companies were initially reluctant to insure the buses. The reply was not found tenable as a sister Depot at Faridabad had already got their buses insured from Oriental Insurance Company.

Thus, non-insurance of buses by GM, Rewari during February 1998 and January 1999 has resulted in loss of Rs 52.50 lakh to the Government.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to the Government Haryana, Transport Department in May 2003, but no reply was received from him (September 2003).

Sports Department

Due to non-construction of Sports Complexes at various places in the State, not only the object of scheme was defeated but also the funds of Rs 31.60 lakh remained out-side the Government account over a period of one to six years on which Government also sustained a loss of interest of Rs 9.63 lakh

4.6.10 Financial rules provide that no money should be drawn from the treasury unless required for immediate disbursement or for recoupment of the amount paid out of permanent advance. Drawal of advance from the treasury for execution of works, the completion of which is likely to take considerable time is also not permissible. Any unspent amount not required for immediate disbursement is to be refunded into the treasury promptly. Retention of funds outside Government account is also irregular.

State Government under the scheme 'Construction of Modern Sports Infrastructure' sanctioned (January 1997 to December 2001) Rs 35.10 lakh for disbursement to the District Sports Councils (DSCs) for construction/maintenance of various sports infrastructures. The sanctions *inter alia* provided that the grant was subject to 50 per cent matching contribution to be arranged through local sources and agreement bonds were to be got executed from the recipient before disbursing the amount. The amount was to be utilised within one year and the unspent balance, if any, was required to be refunded in treasury.

Scrutiny of records of eight³⁴ District Sports and Youth Welfare Officers (DSWOs) revealed that Rs 35.10 lakh as detailed below were withdrawn during January 1997 to December 2001 and transferred to the concerned DSCs who kept these amounts in the banks. No agreement bond was, however, got

³³ Compensation paid Rs 63.99 lakh less Rs 11.49 lakh as insurance premium for 144 buses of this depot at the rate of Rs 7,978 per bus per year (based on the rates paid for insurance coverage during March 1999 to March 2000).

³⁴ Bhiwani, Fatehabad, Hisar, Jhajjar, Jind, Narnaul, Rohtak and Sonapat.

executed at the time of transfer of funds to DSCs.

Sr. No.	Name of DSWO	Name of work	Date of sanction	Amount sanctioned (Rs in lakh)	Date of drawal of amount	Amount utilised (Rs in lakh)	Amount unspent (Rs in lakh)	Replies of DSWO
1.	Bhiwani	Construction of sports stadium at Tosham	28.1.1997	4.00	12.3.1997	Nil	4.00	Amount could not be utilised due to disputed land made available by the municipality for the construction of Sports Stadium at Tosham and non-availability of land required for athletic track at Isherwal.
		Maintenance of Isherwal Stadium	30.9.1998	1.00	13.11.1998	Nil	1.00	
2.	Fatehabad	Construction of Rafia Stadium	30.9.1998	2.00	15.3.1999	Nil	2.00	Work in progress.
		Sports Stadium, Fatehabad	8.3.1999	2.00	15.3.1999	Nil	2.00	
3.	Hisar	Extention of sitting sheds and stage	21.12.2001	3.66	28.12.2001	Nil	3.66	The work could not be taken up due to non-preparation of drawing and estimates.
4.	Jhajar	Construction of gymnasium hall at Bahadurgarh stadium.	10.12.1999	5.00	24.12.1999	Nil	5.00	Permission to divert the funds for the construction of wrestling shed in place of Gymnasium hall had not been granted so far.
		Construction of pucca cemental ground at Bahadurgarh stadium.	10.12.1999	3.00	24.12.1999	Nil	3.00	
		Construction of bathrooms, toilet at Bahadurgarh stadium	10.12.1999	1.00	24.12.1999	Nil	1.00	
5.	Jind	Construction of multipurpose hall at Jind	28.1.1997	2.00	25.2.1997	Nil	2.00	After incurring expenditure of Rs 3.50 lakh on the filling work upto DPC level for the construction of Boxing wrestling shed, work had to be stopped due to court case. The electrical work in multipurpose hall had also not been done due to court case. However, the work had been taken up and was in progress.
		Construction of Boxing shed at Jind	6.3.1998	5.00	24.3.1998	3.50	1.50	
		Construction of wrestling shed at Jind	6.3.1998	4.00	24.3.1998	Nil	4.00	
6.	Narnaul	Laying cricket pitch at Netaji Subhash Chander Bose Stadium	11.8.2000	0.50	18.10.2000	Nil	0.50	Laying of cricket pitch at Netaji Stadium could not be done as the amount had been misutilised by ex-DSWOs for conducting Women Sports Festival at Panipat which has now been recovered (December 2002) from him and the work would be taken up shortly.
7.	Rohtak	Levelling of cricket pitch	6.3.1998	0.50	27.3.1998	Nil	0.50	The work could not be done due to non-availability of proper site.
8.	Sonapat	Construction of mini stadium Halalpur	23.2.2001	0.34	30.3.2001	Nil	0.34	Mini stadium at Halalpur and Basketball court at Subhash Stadium Sonapat could not be constructed due to non-receipt of permission from GOI and matching contribution from local resources.
		Construction of Basket ball court at Subhash stadium	23.2.2001	1.10	30.3.2001	Nil	1.10	
Total				35.10		3.50	31.60	

This shows that out of total amount of Rs 35.10 lakh only Rs 3.50 lakh were spent and remaining amount of Rs 31.60 lakh remained unspent over a period of one to six years.

Commissioner and Secretary to Government Haryana, Sports and Youth Welfare Department while admitting the facts stated (July 2003) that the work of creating of sports infrastructure at Bhiwani, Jhajjar, Rohtak and Sonipat could not be taken up and the amount was being deposited. Further developments were awaited.

Thus, due to non-construction of Sports Complexes at various places in the State, not only the objective of scheme was defeated but also the funds of Rs 31.60 lakh remained out-side the Government account over a period of one to six years on which Government also sustained a loss of interest of Rs 9.63 lakh as of August 2003.

4.7 Embezzlement/Misappropriation

Education Department

Non-observance of financial rules and failure of the DDOs in exercising the proper checks, facilitated the embezzlement of Rs 8.14 lakh

4.7.1 Punjab Financial Rules³⁵ (PFR) as applicable to Haryana *inter alia*, require Drawing and Disbursing Officer (DDO) to satisfy that every payment voucher should bear or have attached to it, an acknowledgement of the payment, all monetary transactions should be entered in cash book as soon as they occur and attested by the DDO. Further, cash book should be closed regularly and completely checked. Rules also provide that totals of the cash book should be checked by the DDO or by some responsible officer subordinate to him other than the writer of the cash book and initial it as correct. A consolidated receipt should be obtained from the treasury by 15 of the following month and compare it with the entries in the cash book.

The above requirements were not followed in the cases discussed below:

To ensure education amongst the students of Scheduled Castes and other economically weaker sections of the society, the State Government formulated various schemes and released incentive money to respective Block Education Officers (BEOs) for distribution to Centre Incharges for further disbursements to the eligible students for the purposes envisaged in the schemes.

Test-check of records of BEOs, Safidon, Julana and Kalayat (November 2002 – February 2003) relating to disbursement of incentive money for the period from February 1997 to January 2003 revealed embezzlement and misappropriation of Government money of Rs 6.32 lakh due to non-adherence to the codal provisions discussed above. When pointed out (April 2003) the Director, Primary Education informed (April 2003) that departmental inquiry

³⁵ Rule 2.2(i), 2.2(ii), 2.2(iii) and 2.2(v).

has been initiated against the concerned officials. Similarly, test-check (March 2002) of records of Principal, Government Senior Secondary School at Old Faridabad revealed that Rs 1.82 lakh were embezzled by the clerk due to failure of the DDO to apply the prescribed checks during May 1998 to February 2002.

The details of above cases are given as under:

Sr. No.	Name of office	Period of disbursement	Amount embezzled (Rs in lakh)	Gist of irregularity
1.	BEO, Safidon	May 1998 to June 1999	3.68	Rs 3.68 lakh on account of incentive money was shown as disbursed to the Centre Incharge of various schools for disbursement amongst the students. Though the entries in the cash book were attested by BEO, there was no proof in support of disbursement to the actual payees. The concerned Centres Incharges stated (November 2002) that they had not received the money from BEO.
2.	-do-	October 1998	0.90	Rs one lakh was drawn from the treasury in October 1998 and was shown as disbursed to a Centre Incharge for disbursement amongst students whose parents were engaged in unclean occupation whereas the Centre Incharge stated (October 1998) that he had received only Rs 10,000 which were disbursed to eligible students.
3.	-do-	July 1997 to September 1999	0.87	Undisbursed amount of Rs 0.87 lakh on account of incentive money returned by the Centres Incharges to the BEO, Safidon had not been accounted for in the cash book or refunded into treasury.
4.	-do-	March 1997	0.12	Closing balance in the cash book had not been shown correctly. On 5 March 1997 and 14 March 1997, Rs 0.11 lakh and Rs 0.01 lakh respectively were entered less in the cash book.
5.	-do-	October 1999	0.05	As per cash book, there was a closing balance of Rs 0.05 lakh as on 11 October 1999. But the then BEO had not handed over the same on his transfer and was thus embezzled.
6.	BEO, Julana	April 1997 to May 2002	0.54	Incentive money of Rs 0.54 lakh paid to Centre Incharge, Shadipur between April 1997 to March 2002 was neither disbursed amongst students nor accounted for in the cash book. On being pointed out in audit (February 2003), the entire amount was refunded into treasury (February 2003) and the official was placed (March 2003) under suspension.
7.	BEO, Kalayat	July 1997 to August 2001	0.16	Undisbursed amount of incentive money of Rs 0.16 lakh returned (July 1997 to August 2001) by the Centres Incharge to the BEO, Kalayat had neither been accounted for in the cash book nor deposited into treasury. On being pointed out in audit (February 2003) the entire amount was refunded (February 2003 - March 2003) into treasury but no further action had been taken against the official at fault as of May 2003.
8.	Principal, Government Senior Secondary School, Old Faridabad	May 1998 to February 2002	1.82	Out of Rs 1.82 lakh collected as fee from the students Rs 1.72 lakh were shown as paid into the treasury by preparing challans affixing fictitious stamp and Rs 0.10 lakh were not accounted for in the cash book or deposited into treasury. However, on being pointed out in audit (March 2002) the entire amount of Rs 1.82 lakh alongwith interest of Rs 0.62 lakh had been deposited (March 2002) into treasury. Director, Secondary Education stated (June 2003) that the official at fault had been chargesheeted (February 2003). Further developments were awaited.
		Total	8.14	

Thus, non-observance of financial rules and failure of the DDOs in exercising the proper checks, had facilitated the embezzlement of Rs 8.14 lakh in these offices.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, Education Department in June 2003, but no reply was received from the Government (September 2003).

4.8 Stores and Stock

Public Works Department (Buildings and Roads Branch)

Stores and Stock accounts

4.8.1 Stores comprise of all articles and material purchased or otherwise acquired for use on works. These include expendable and issuable articles in use or accumulated for specific purposes as well as articles of dead stock of the nature of plant and machinery, instruments, equipment, fixtures, etc. Stores are purchased through Director General, Supplies and Disposals, (DGS&D), Government of India or Director, Supplies and Disposals (DS&D), Haryana or by departmental officers for use on works. Test-check of records relating to purchase, custody, issue and management of stores for the years 2000 to 2003 in respect of 15³⁶ out of 60 Divisions of Public Works Department (PWD) Buildings and Roads (B&R) Branch was conducted during October 2002 to March 2003.

Budgetary arrangement and misuse of LOC system

4.8.2 No specific allocation of funds for procurement of stores is made in annual budget of the PWD (B&R). To enforce strict financial control and discipline, the Finance Department introduced the letter of credit (LOC) system in the PWD in July 1972. No separate LOC for the purchase of stores is issued. Payments for purchase of stores are made out of the funds released through LOC for works.

During test-check, following cases of injudicious drawal and misutilisation

³⁶ Provincial Divisions, Bhiwani, Charkhi Dadri, No. I Hisar, No. II (NH) Hisar, Narwana, Narnaul, Punchkula, Rewari, No. II Sirsa, Construction Division (NH), Hisar, Research Laboratory, Hisar, Mechanical Division, Ambala Cantt, Store Procurement Division, Karnal and Electrical Divisions, Bhiwani and Hisar.

of LOC were noticed.

- The Executive Engineer (EE), Provincial Division, Narwana drew Rs 1.52 crore under "Central Road funds schemes" (Rs 1.13 crore) and "Prime Minister's *Gramin Sadak Yojana*" (Rs 0.39 crore) during March 2002 (Rs 0.94 crore) and June 2002 (Rs 0.58 crore) for making advance payment to Indian Oil Corporation (IOC), Panipat for purchase of 1,620.87 metric tonnes (MT) of bitumen on photo copies of two *proforma* invoices. However, only 174.17 MT of bitumen valuing Rs 20 lakh was procured in March and June 2002. Balance amount of Rs 1.32 crore was converted in bank drafts for making payment to IOC, Panipat and were subsequently cancelled. Of these, Rs 0.84 crore were spent on annual/special repair works other than those for which the funds were originally drawn.
- Engineer-In-Chief (EIC), PWD, B&R placed (June 2002) LOC of Rs 2.95 crore at the disposal of EE, Provincial Divisional II, Hisar for the period upto 30 June 2002. Instead of making payments to contractors, EE prepared bank draft for Rs 66.75 lakh on 28 June 2002 in favour of IOC for purchase of 555.09 MT of bitumen without any invoice or any requirement. After cancelling this bank draft in August 2002, the amount was utilised for making payments to contractors. Thus, the LOC meant for June 2002 was irregularly utilised in August 2002.
- EE, Provincial Division, PWD (B&R), Bhiwani withdrew Rs 82.82 lakh during March 2002 for the purchase of 869.67 MT bitumen. Of this, Rs 52.82 lakh were paid in March 2002 to IOC, Panipat. Balance amount Rs 30 lakh was retained in Divisional Office in the form of two bank drafts of Rs 15 lakh each which were cancelled during April and May 2002 and funds were utilized for making payment to contractors for execution of work. Thus funds were drawn without immediate requirement only to avoid lapse of LOC.

Store management

4.8.3 The Divisional Officer is mainly responsible for assessment, acquisition, custody and disposal of stores at divisional level. A chronological record of receipt, issue and running balance of each article of stock is kept in a Bin Card. The value accounts of stores are kept in the Priced Store Ledger (PSL) maintained at the divisional level. According to the procedure prescribed for maintenance of stock accounts, value of stores received is debited to stock suspense head and on issue/transfer to works/other units, is cleared by charge to the concerned works and other units.

Store accounts and position of stock

4.8.4 The position of stores in 54 out of 60 Divisions of the State as compiled by Audit from the monthly accounts for the years 2000-2003 was as under:

	Value of stores		
	2000 – 01	2001 – 02	2002 – 03
	(Rupees in crore)		
Opening balance as on 1 April	(-) 8.75	(-) 7.62	(-) 6.13
Receipts during the year	59.09	78.52	44.79
Total	50.34	70.90	38.66
Issues during the year	57.96	77.03	46.91
Closing balance as on 31 March	(-) 7.62	(-) 6.13	(-) 8.25

Efforts to obtain position of receipts, issues and balances of stock for the department as a whole did not yield any result as there was no system of maintaining any consolidated store/stock position in the office of the EIC.

The following irregularities were noticed in store accounts:

- In Provincial Division, Gurgaon, the balance under 'Other Sub Heads' in Form PWA-29 for the month of May 2001 was incorrectly worked out as Rs 13.76 lakh instead of (-) Rs 8.66 lakh resulting in incorrect balances of Rs 22.42 lakh at the close of the month. The difference was neither reconciled nor reasons thereof were given by the EE.
- In four³⁷ Divisions, machinery and equipments (M&E) such as Jeeps, Truck, Road Rollers, Tractors, Hot Mix Plant, Tipper, etc. value Rs 4.41 crore were purchased between 1970 and 1993. Of this, M&E valuing Rs 4.15 crore were declared unserviceable and M&E valuing Rs 26 lakh were condemned between 1994 to November 2002. The Superintending Engineer (SE), Mechanical Circle, Karnal intimated (June 2003) that the disposal will be done by the Director, Supplies and Disposals shortly, but their disposal was still awaited (August 2003).
- In 11³⁸ Divisions, store material such as steel boards, durmet, empty bitumen drums, RCC Hume pipes, steel shuttering, etc. valuing Rs 14.14 lakh, purchased during 1973 to November 2002, was lying un-utilized in the divisional stores since the date of their purchase. Reasons for non-disposal and purchase of material without immediate requirement were awaited (September 2003).

³⁷ Mechanical Divisions, Gurgaon, Hisar, Karnal and Rohtak.

³⁸ Provincial Divisions, No. 1, Hisar, No. II Hisar, Panchkula, Narnaul, Rewari, Mechanical Divisions, Ambala Cantt, Karnal, Mechanical S&P, Karnal, Rohtak, Electrical Divisions, Hisar and Gurgaon.

Minus balances in stock

4.8.5 As required under articles 184 of Accounts Code Volume-III and instructions issued by the Engineer-in-Chief from time to time, transaction originating in another Division, Department or Government should, as a rule, be adjusted in divisional accounts on receipt of intimation of debit or credit/book transfer bills and suspense slips (A.G. Memos) from the Accountant General, Accounts and Entitlements. Rules³⁹ further provide that issue rate of store articles fixed at the beginning of the year should be reviewed half yearly so that value accounts of stores and stock register agreed. Minus balances of Rs 16.82 crore, Rs 14.56 crore and Rs 14.01 crore appeared in 37 Divisions at the end of March 2001, 2002 and 2003 respectively (*Appendix-XV*) were attributable to:

- non-adjustment of profit/loss on stores and non-revision of issue rates;
- fictitious adjustment of stores and stock;
- non-adjustment of inter-divisional transactions and
- non-adjustment of A.G. Memos (Rs 4.05 crore in six Divisions from March 1995 to May 2002 through 108 AG Memos) issued by the Accountant General for material received through DGS&D.

Further examinations revealed that:

In following cases non-revision of issue rates resulted in profit to stock and increase in minus balances

- In ten⁴⁰ Divisions, 6,09,128 bags of cement were purchased at the rates varying from Rs 106.75 to Rs 120 per bag between April 2000 and March 2003. The cement so purchased was issued to various works at the rate of Rs 129 and Rs 130 per bag. By issuing the cement at higher rates, Rs 81.64 lakh (including three *per cent* storage charges) were excessively charged to various works resulting in profit to stock.
- In Provincial Divisions, I, Sonipat and II, Rohtak, 4,294,400 metric tonnes (MT) of bulk bitumen was purchased at the rates varying from Rs 9,294 to Rs 11,598 per MT between April 2000 and March 2003. The bulk bitumen so purchased was issued to various works at the rates varying from Rs 11,200 to Rs 12,500 per MT. By issuing the bulk bitumen at higher rates Rs 79.67 lakh (including three *per cent* storage charges) were excessively charged to various works resulting in profit to stock.

³⁹ Rule 6.22 of Punjab Financial Hand Book No. 3, Departmental Financial Rules.

⁴⁰ Provincial Divisions, No.-II Ambala, Charkhi Dadri, No.I Faridabad, No. II Gurgaon, No. III Hisar, No.II Karnal, No. I Panipat, No. III Rohtak No. I Sonipat and No. II Sonipat.

In the following cases non-adjustment of inter-divisional transactions resulted in minus balances in stock:

- In Provincial Divisions, II, Kurukshetra and I, Panipat, 455.700 and 180.024 MT bitumen costing Rs 48.48 lakh (Rs 32.28 lakh and Rs 16.20 lakh respectively) was transferred from Provincial Divisions, I Ambala Cantt. and I Karnal between February to August 1999 and in June 1998 respectively. Bitumen was utilised on various works and expenditure was charged to works concerned by giving credit to stock but the cost of bitumen was not charged to stock as no payment was made to the Divisions concerned as on June 2003. This had resulted in increase in minus balances.
- It was further noticed (June 2003) in Provincial Division II, Kurukshetra that Rs 1.04 crore were received in June 2000 from Haryana Rural Development Administration (HRDA) for repair of rural roads damaged during floods of 1995 and 1996. Of this, Rs 76.43 lakh were spent on purchase of 683.015 MT bitumen during June 2000 to December 2000. Out of which 276.545 MT of bitumen valuing Rs 31.18 lakh was transferred and irregularly utilised on Government funded works between July 2000 and July 2001. Irregular diversion of bitumen to Government works without transfer of cost of bitumen to stock had resulted into increase in minus balances.

Recurring minus balances indicated charging of stores to works at incorrect rates which could also conceal errors and fictitious adjustments in stock accounts.

Non-adjustment of storage charges

4.8.6 Storage charges were required to be fixed every year by the Divisional Officers so that all expenditure on maintenance and upkeep of stores, watch and ward expenses, rent, repairs and electricity charges of godown or yards, etc. as far as possible, were recovered from issue of stores. These charges were required to be adjusted finally in the account of the same year. A test-check of records of 54 Divisions revealed that credit balance (profit) of Rs 0.48 crore in 16 Divisions (*Appendix-XVI*) and debit (loss) balance of Rs 3.37 crore in 27 Divisions (*Appendix-XVII*) at the end of March 2003 were lying unadjusted.

Irregular/un-authorised expenditure of storage charges

4.8.7 Storage charges are recovered on issue of stores and are required to be spent on maintenance and upkeep of stores, watch and ward, rent, etc.

Contrary to these provisions it was noticed that in seven⁴¹ test checked Divisions, Rs 57.54 lakh were irregularly spent on the construction of office buildings (Rs 19.97 lakh), purchase of stationery articles for office use (Rs 3.72 lakh), payment of electricity bills (Rs 0.76 lakh), telephone bills (Rs 1.32 lakh), payment of compensation for accident (Rs two lakh), celebration of Republic/Independence days (Rs 8.50 lakh), protection of Ghaggar bridge (Rs 1.99 lakh), payment of wages (Rs 0.55 lakh) and on miscellaneous items (Rs 18.73 lakh) between April 2000 and March 2003 by charging the expenditure to storage instead of respective works.

Irregular purchases

Split up of purchases

4.8.8 The EEs are empowered to purchase material for use on works upto Rs 10,000 on any item on any one occasion. Rules prohibit the split up of purchases.

In Provincial Division, Panchkula and II Sirsa store material such as, stone boulder, stone metal, *hajri*, white washing material, paints, furniture, etc., valuing Rs 24.64 lakh were irregularly purchased between June 2000 and March 2002 by splitting up the purchases in 129 purchase orders. Scrutiny of the purchase order of Provincial Division, Panchkula revealed that in most of the cases the material worth Rs 22.26 lakh was purchased on different orders on the same date whereas the material was meant for either the same work or similar work.

As regard the purchases made by Provincial Division, II Sirsa, it was noticed that the purchases worth Rs 2.28 lakh made during January and February 2001 pertain to the furniture and furnishing items meant for rest house at Ellnabad.

Idle Pot Hole repairing machine

4.8.9 For repair of roads in the State, the Chief Minister (CM) approved (7 October 1998) the proposal to purchase one Pot Hole repairing machine, from a supplier on the terms and conditions approved by GOI Ministry of Surface Transport (Road wing), New Delhi. Accordingly, the machine was received in January 1999 in Mechanical Store and Procurement Division, Karnal and payment of Rs 21.52 lakh (against total cost of Rs 23.81 lakh) was made in February 1999.

During audit (November, 2002), it was noticed that the machine was commissioned in March 1999 but was not fully utilised as the working of the machine was not accepted by the field staff on the plea that it is not required by them. It worked only for 511 hours (473 hours during 1999-2000 and 38 hours during 2000-01) whereas it was required to run satisfactorily for 2,500

⁴¹ Provincial Divisions No. 1, Hisar, Narnaul, Panchkula, Rewari, No. II Sirsa, Construction Division (NH), Hisar and Electrical Division, Bhiwani.

hours within 30 months from the date of its purchase and was lying idle since July 2000.

Thus, Pot Hole machine purchased by spending Rs 21.52 lakh, without assessing requirement from field offices had resulted in its under utilisation.

Excess payments of sales tax on the purchase of bitumen

4.8.10 Sales tax at the rate of four *per cent* was required to be paid on the purchase of bitumen for Government works with effect from 4 March 2000. In Provincial Divisions II, Hisar and Narwana, it was noticed that 3,678.595 MT of bitumen was purchased from IOC, Panipat during April 2000 to August 2001 but the sales tax at the rate 10 *per cent* was paid resulting in excess payment of Rs 23.30 lakh to IOC, Panipat.

Non-recovery of difference of sales tax

4.8.11 In the meeting of SEs and EEs held on 6 August 2001 under the Chairmanship of Financial Commissioner and Secretary to Government Haryana, PWD B&R, it was decided that where the contractors are arranging bitumen at their own level and are paying sales tax at the concessional rate of four *per cent*, instead of normal rate of 10 *per cent*, the difference of six *per cent* should be recovered from the bills of the contractors. In audit (December 2002) of Construction Division (NH), Hisar it was noticed that two contractors arranged 3,879.179 MT of bitumen valuing Rs 3.66 crore during October 2001 to October 2002 from IOC by paying sales tax at concessional rate of four *per cent* for Government works. Thus an amount of Rs 21.96 lakh became recoverable but the same had not been recovered as of September 2003.

Inventory control

Non-fixation of Reserve Stock Limit

4.8.12 Before the commencement of the financial year, the Divisions are required to obtain approval from Government for fixing the monetary limits known as Reserve Stock Limit (RSL) for holding the stores and stock every year. It was noticed that in 18 Divisions, RSL for the year 2000 to 2003 was not fixed although the stores valuing Rs 6.55 crore, Rs 6.51 crore and Rs 4.89 crore were held at the end of March 2001, 2002 and 2003 respectively (*Appendix-XVIII*). Non-fixation of RSL would result in ineffective inventory control/excess procurement of stores.

Priced store ledger

4.8.13 The numerical quantities with their value showing opening balances, receipts, issues and closing balances are kept in the PSL maintained in the

Divisional Office. The ledger was required to be closed both for quantity and value at the end of each month and its balances reconciled half-yearly with the balances in the bin cards. In four⁴² test checked Divisions, PSL for the period 2000-2003 were not maintained. In other seven⁴³ test checked Divisions, only quantity accounts of receipt and issue of store was maintained without their value accounts. Even the balances in the ledgers were not reconciled with those shown in the bin cards.

Non-preparation of Tools and Plants returns

4.8.14 To guard against shortages, pilferages, misappropriations and frauds, a yearly Tools and Plant (T&P) return is required to be prepared by each Sub-Division and consolidated in the Division. In five⁴⁴ test checked Divisions, these returns were not prepared for the period ranging from 3 to 12 years despite being pointed out regularly in annual inspection reports of these Divisions. The Divisions did not try to obtain these returns from Sub-Divisional offices and no action was taken against the defaulting officers. In the absence of T&P returns, the shortages/pilferages and proper account of all the articles purchased could not be ascertained in audit.

Fictitious stock adjustment

4.8.15 Financial Rules prohibit stock adjustment such as debiting the cost of material not immediately required on a work or in excess of the actual requirement. In five⁴⁵ Divisions, material such as Bitumen, Cement and tube light fittings, etc. valuing Rs 1.40 crore was shown as issued unnecessarily to various works during March 1999 to April 2002 without any requirement and was written back to stock (Rs 77.30 lakh) and Miscellaneous Public Works Advances (Rs 62.26 lakh) during September 1999 to December 2002 respectively.

Non-conducting of Physical verification of stores

4.8.16 Physical verification of stores was required to be conducted once in a year by an officer other than the custodian of stores and results thereof communicated to the Divisional Officer immediately. However, in 4⁴⁶ test checked Divisions, the stores were not physically verified during 2001 to 2003

⁴² Provincial Divisions, Bhiwani, Narnaul, Panchkula and Rewari.

⁴³ Provincial Divisions No. I Hisar, No. II Hisar, Narwana, No. II Sirsa, Construction Division (N.H.), Hisar, Mechanical Division, Ambala Cantt and Electrical Division, Hisar.

⁴⁴ Provincial Divisions, II Karnal, Panchkula, Rewari, Construction Division (N.H), Hisar and Electrical Division, Gurgaon.

⁴⁵ Provincial Divisions, No. I Hisar, No. II Hisar, Narwana, Construction Division (NH), Hisar and Electrical Division, Hisar.

⁴⁶ Provincial Divisions, No.II Hisar, Panchkula, Rewari, and Construction Division (N.H), Hisar.

in the absence of which shortages/surplus in store material could not be ascertained.

The audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary, Haryana Government, PWD, B&R, in June 2003, but no reply was received (September 2003).

4.9 General

Follow-up on Audit Reports

4.9.1 According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the Administrative Departments were to initiate, *suo-motu* positive and concrete action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the corrective/remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action Taken Notes (ATNs) on the paragraphs included in the ARs upto the period ending 31 March 2002 revealed that the ARs for the period 1998-2002 were presented to State Legislature in September 2000, March 2001, March 2002 and March 2003, respectively. Of the 170 paragraphs/reviews of 35 Administrative Departments included in ARs 1998-2002, 24 Administrative Departments had not submitted the remedial/corrective ATNs on 86 paragraphs /reviews as per details given in the *Appendix-XIX*. Out of this, 10 Administrative Departments have not taken any action to recover the amount of Rs 363.31 crore in respect of 16 paragraphs/reviews as per details given in the *Appendix-XX*.

Response of the departments to Draft Audit Paragraphs

4.9.2 Draft Paragraphs and Reviews are always forwarded to the Secretaries of the concerned Administrative Departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments are invariably indicated at the end of each paragraph included in the Audit Reports. Finance Department also issued directions on 5 January 1982 to all Administrative Departments to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks.

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003, 33 audit paragraphs and four reviews were issued to the

Government which included five draft paragraphs and one review involving recoverable amount of Rs 30.12 crore. No reply had been received in respect of 247 audit paragraphs and four reviews as of September 2003.

Public Works Department (Irrigation Branch)

Non-responsiveness to Audit findings and observations resulting in erosion of accountability

4.9.3 After periodical inspection of the Government departments, Accountant General (Audit) (AG) issues the Inspection Reports (IRs) to the Heads of offices inspected, with a copy to the next higher authorities, who are required to rectify the defects and omissions promptly and report their compliance to the AG within six weeks. A half-yearly report of pending IRs for more than six months is also sent to the concerned Administrative Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

A review of IRs issued upto March 2003 of 98 Divisions of Public Works Department (PWD), Irrigation Branch, disclosed that 883 paragraphs of 411 IRs (as per *Appendix-XXI*) remained outstanding at the end of March 2003. Of these, 106 IRs containing 135 paragraphs were for more than 10 years old. Divisional Officers of 68 Divisions have failed to submit even the initial replies for IRs issued during April 2002 to March 2003.

The Administrative Secretary of the Department who was informed of the position through half-yearly reports, also failed to ensure prompt and timely action by the Departmental Officers. Even serious irregularities such as recoverable amounts of Rs 23.50 crore from officers and contractors/agencies due to shortage of material, excess payments, works got completed on risk and cost of the defaulting agencies, etc. as categorised in *Appendix XXII and XXIII*, remained unsettled as of June 2003.

These amounts were placed in routine in the 'Miscellaneous Public Works Advances' against the concerned officials/contractors/agencies but no action was taken to recover the amount from them. As a result, possibility of permanent loss of huge amounts cannot be ruled out.

Similar paragraphs were floated in the Audit Report (Civil) for the year ended March 1996 and 1999. Public Accounts Committee while discussing the Report for the year 1995-96 directed the Department to settle the old outstanding inspection reports/paragraphs with Accountant General. But 204 old paragraphs involving 158 IRs for period ending March 1996, were still pending. Audit Report for the year 1998-99 is yet to be discussed by the PAC.

The Audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary, Haryana Government, PWD, Irrigation Branch in May 2003, but no reply was received (August 2003).

CHAPTER-V

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ARRANGEMENT

CHAPTER - V

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ARRANGEMENT

5.1 Industrial Training and Vocational Education Department

Introduction

5.1.1 Internal Control System safeguards against errors, irregularities in operational and financial matters. It examines and evaluates the level of compliance of the departmental rules and procedures. It also assures senior management on the adequacy of risk management and internal control framework in the Department. In Haryana State, no independent centrally controlled Internal Audit Organisation existed. However, major Departments have Internal Audit system where Accounts Officers and Section Officers are provided by the State Finance Department. Records of the Director, Industrial Training and Vocational Education Department (Director) were test checked in September 2003 for evaluating the effectiveness of internal control mechanism.

An Internal Audit Officer alongwith four Section Officers (S.A.S.) and three Junior Auditors under the administrative control of the Director, was conducting internal audit.

Important audit findings are given in the succeeding paragraphs:

Duties and responsibilities of Internal Audit Organisation

5.1.2 Internal Audit Wing was required to conduct the audit of accounts of 196¹ institutions. Wing was also required to render advice in administrative, financial and accounting matters. Internal audit of the Directorate was, however, never conducted by the Internal Audit Wing.

Training of Audit Personnel

5.1.3 No training was imparted to SAS personnel and other staff during 1998-2003.

¹ Industrial Training Institutes Boys: 47, Women and Women Wing: 31 and Vocational Education Institutes: 118.

Planning of Internal Audit

5.1.4 Risk based audit planning through meticulous risk analysis after identification of risk indicators was not observed in the unit. Even audit plan keeping in view periodicity, norms for providing man-days and selection of priority was not being prepared by the Internal Audit Wing. The audit was being conducted only on the basis of longer pendency of the institutions.

Pendency of Audit

5.1.5 The detail of total number of Institutions, Institutions audited and those pending during 1998-2003 was as under: -

Sr. No.	Year	Number of Institutions	Number of Institutions audited	Pending for internal audit	Percentage of Auditee units
1.	1998-99	194	29	165	14
2.	1999-2000	194	40	154	20
3.	2000-01	192	62	130	32
4.	2001-02	192	56	136	30
5.	2002-03	196	32	164	16
			219		

The Director, admitted the facts but stated that the pendency was due to shortage of staff and assignment of other nature of works to the audit staff. The reply was not tenable as there was no shortage of staff in comparison to the sanctioned strength. Further, the assignment of other nature of work to the audit staff, when large number of Institutions were pending for audit, indicates that low priority was being accorded to the internal audit work in the Internal Audit Wing itself.

Delay in issue of Inspection Reports and settlement of old objections

5.1.6 Inspection Reports were required to be issued to the concerned institutions within one month of the completion of audit.

Out of 108 Inspection Reports test checked, 44 Inspection Reports were found to be issued late by two to six months, 10 by six to twelve months and two by more than twelve months. Out of 543 outstanding paras, 42 paras were settled on the basis of first reply and 501 paras were still outstanding. No efforts were made to settle these paras. Further, no record was maintained to show the total number of paras outstanding and the amount involved therein.

Conclusion-Procedural irregularities only

5.1.7 A review of the audit paras pointed out by Internal Audit Wing were found to be of minor errors/irregularities of procedural and routine nature involving petty amounts.

Audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary to Government Haryana, Industrial Training and Vocational Education Department in September 2003, but no reply was received from the Government (September 2003).



(ASHWINI ATTRI)

Accountant General (Audit), Haryana

Chandigarh

Dated:

04 FEB 2004

Countersigned



(Vijayendra N. Kaul)

Comptroller and Auditor General of India

New Delhi

Dated:

06 FEB 2004

APPENDICES

Appendix – I

(Refer paragraph 1.4; page 4)

Statement showing definitions of terms used in Chapter I

Part A-Government Accounts

I. Structure: The accounts of the State Government are kept in three parts

(i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorization from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II. Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund.

Part III. Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-a-vis* the amounts authorized by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularization by the Legislature.

Part B – List of terms used in the Chapter – I and basis for their calculations

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of five years (LOGEST (Amount of 1997-98: Amount of 2002-03)-1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of five years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economics Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth – Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048 – Appropriation for Reduction or Avoidance of Debt

Appendix-II

(Refer paragraph 1.7.3; page 13)

Details of utilisation certificates required, received and outstanding

Sr. No.	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
1	Housing	2001-02	8	58.17	-	-	8	58.17
2	Urban Development	1994-95	35	423.92	1	350.00	34	73.92
		1995-96	4	28.91	1	25.00	3	3.91
		1996-97	10	7.00	1	0.17	9	6.83
		1997-98	31	22.65	3	10.89	28	11.76
		1998-99	22	630.76	3	45.43	19	585.33
		1999-2000	190	1,152.18	17	151.20	173	1,000.98
		2000-01	250	2,094.15	87	875.35	163	1,218.80
		2001-02	535	2,900.42	35	691.81	500	2,208.61
3	Irrigation	1998-99	2	100.00	-	-	2	100.00
		1999-2000	2	120.00	-	-	2	120.00
		2000-01	17	4,126.95	14	3,805.27	3	321.68
		2001-2002	15	4,701.89	12	4,319.20	3	382.69
4	Power	2001-02	5	2,537.36	-	-	5	2,537.36
5	Agriculture	1998-99	1	0.50	1	0.50	-	-
		2000-01	11	6,425.00	-	-	11	6,425.00
		2001-02	10	7,135.78	10	7,135.78	-	-
6	Rural employment	1999-2000	4	12.65	3	12.18	1	0.47
		2000-01	13	154.48	3	1.33	10	153.15
		2001-02	61	5,609.46	29	3,545.21	32	2,064.25
7	Development and Panchayat	1997-98	1	11.76	-	-	1	11.76
		1998-99	6	26.29	1	16.55	5	9.74
		1999-2000	42	426.81	19	375.23	23	51.58
		2000-01	33	953.06	10	742.83	23	210.23
		2001-02	60	3,577.26	18	2,147.51	42	1,429.75
8	Economical and Statistical Advisor	1999-2000	1	33.21	-	27.82	1	5.39
		2000-01	28	640.00	19	638.73	9	1.27
		2001-02	38	1,000.00	-	-	38	1,000.00
9	Medical	1991-92	1	5.00	-	-	1	5.00
		1992-93	2	35.00	-	-	2	35.00
		1993-94	13	250.15	-	-	13	250.15
		1994-95	16	232.96	-	-	16	232.96
		1995-96	9	74.82	-	-	9	74.82
		1998-99	2	18.93	-	-	2	18.93
		2000-01	5	7.66	1	0.27	4	7.39
		2001-02	53	93.13	28	85.92	25	7.21
10	Education	2000-01	6	3,282.27	6	3,282.27	-	-
		2001-02	228	19,019.79	160	13,829.10	68	5,190.69

Sr. No.	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
11	Revenue	1992-93	3	60.00	-	-	3	60.00
		1995-96	1	4.34	-	-	1	4.34
		1998-99	1	50.50	-	-	1	50.50
		2000-01	3	95.00	-	-	3	95.00
		2001-02	8	372.72	-	-	8	372.72
12	Social Security and Welfare	1996-97	12	666.09	-	-	12	666.09
		1997-98	32	286.05	1	0.50	31	285.55
		1998-99	43	511.44	20	80.00	23	431.44
		1999-2000	37	1,773.89	-	-	37	1,773.89
		2000-01	60	1,048.78	31	83.24	29	965.54
		2001-02	91	1,510.59	3	13.50	88	1,497.09
13	Technical Education	2000-01	1	189.21	1	189.21	-	-
		2001-02	56	2,350.73	27	854.19	29	1,496.54
14	Sports	1999-2000	9	15.38	-	-	9	15.38
		2000-01	2	84.01	-	3.00	2	81.01
		2001-02	8	184.00	1	31.50	7	152.50
15	Science and Technology	1993-94	1	1.00	-	-	1	1.00
		1999-2000	1	4.42	-	-	1	4.42
		2000-01	6	22.09	6	22.09	-	-
		2001-02	11	186.11	6	101.36	5	84.75
16	Ecology and Environment	1997-98	3	12.89	-	-	3	12.89
		1998-99	4	16.66	-	-	4	16.66
		1999-2000	3	8.94	-	-	3	8.94
		2000-01	1	6.62	-	-	1	6.62
		2001-02	3	0.98	-	-	3	0.98
17	Tourism	2000-01	2	42.00	-	-	2	42.00
		2001-02	2	42.00	-	-	2	42.00
18	Public Health	1995-96	12	592.27	12	592.27	-	-
		1996-97	21	11,166.43	10	2,100.05	11	9,066.38
		1997-98	14	2,123.86	14	2,123.86	-	-
		1998-99	17	3,231.73	17	3,231.73	-	-
		1999-2000	5	364.06	5	364.06	-	-
		2000-01	165	4,366.70	110	2,923.40	55	1,443.30
		2001-02	544	14,402.86	-	-	544	14,402.86
19	Art and Culture	2001-02	3	4.27	3	4.27	-	-
20	Animal Husbandry	2001-02	10	436.00	9	416.00	1	20.00
21	Fisheries	2001-02	16	222.12	-	-	16	222.12
22	Non-conventional sources of energy	1993-94	1	1.99	-	-	1	1.99
		1996-97	1	1.72	-	-	1	1.72
		2000-01	6	20.28	5	18.99	1	1.29
		2001-02	8	65.36	5	16.72	3	48.64

Sr. No.	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
23	Village and Small Scale Industries	1998-99	4	39.41	-	-	4	39.41
		1999-2000	14	296.85	-	-	14	296.85
		2000-01	14	310.74	2	2.50	12	308.24
		2001-02	18	397.32	9	318.12	9	79.20
24	Civil Aviation	2000-01	1	1.34	1	1.34	-	-
		2001-02	14	40.50	14	40.50	-	-
Total			3,062	1,15,562.58	794	55,647.98	2,268	59,914.63
Say				Rs 1,155 crore		Rs 556 crore		Rs 599 crore

Appendix III

(Refer paragraph 1.7.4; page 14)

Details with status of accounts submitted by Autonomous bodies to State Legislature

Sr. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year for which accounts due	Year upto which accounts submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1.	Haryana Khadi and Village Industries (Board), Manimajra, Chandigarh	2002-03 to 2006-07	2002-03	2001-02	2000-01	1996-97	
2.	Haryana Labour Welfare Board, Chandigarh	1998-99 to 2002-03	2002-03	2001-02	2001-02	1999-2000	
3.	Haryana Urban Development Authority, Panchkula	2002-03 to 2006-07	2000-01 2001-02 2002-03	1999-2000	1999-2000	1989-90	
4.	Haryana Housing Board, Panchkula	1999-2000 to 2003-04	2002-03	2001-02	2001-02	2000-01	
5.	Haryana State Agricultural Marketing Board, Panchkula	2000-01 to 2004-05	2000-01 2001-02 2003-03	1999-2000	1999-2000	Not yet submitted	Accounts for 2000-01 are to be re-submitted
6.	Mewat Development Agency, Nuh, (Gurgaon)	2000-01 to 2004-05	2000-01 2001-02 2002-03	1999-2000	1999-2000	Not applicable	
7.	Haryana State Legal Service Authority, Chandigarh	1996-97 to 2000-01 ¹	1996-97 to 2002-03	-	-	-	Accounts not submitted since 1996-97
8.	Haryana Urdu Akademi, Panchkula	1996-97 to 2000-01 2001-02 to 2005-06	1996-97 to 2002-03	-	-	-	-do-

¹ No further entrustment is required, as the audit is required to be undertaken under section 19(2) of CAG's Act 1971.

Appendix IV

(Refer paragraph 1.7.5; page 14)

Statement showing names of bodies and authorities the accounts of which had not been received

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
1	Municipal Committee, Bahadurgarh	1986-87	35.93
		1993-94	34.08
		1996-97	50.00
		1997-98	25.95
		1999-2000	49.50
		2000-01	48.93
2	Municipal Committee, Bhiwani	1987-88	36.40
		1988-89	33.25
		1989-90	36.00
		1995-96	50.00
		1997-98	27.56
		1998-99	72.00
		1999-2000	1,156.87
		2000-01	247.58
	2002-03	169.48	
3	Municipal Committee, Karnal	1982-83	7.00
		1988-89	32.61
		1997-98	36.12
		1998-99	26.25
		2000-01	60.08
		2001-02	57.73
	2002-03	62.67	
4	Municipal Committee, Narnaul	1988-89	25.30
		1989-90	28.63
		1997-98	36.12
		1998-99	26.25
		2000-01	60.08
		2001-02	75.88
5	Municipal Committee, Rohtak	1987-88	34.00
		1988-89	37.61
		1989-90	32.35
		1996-97	25.08
		1997-98	78.44
		1999-2000	266.56
		2000-01	197.41
		2001-02	101.20
		2002-03	155.48

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
6	Municipal Corporation, Faridabad	1995-96 1996-97 1997-98 1998-99 1999-2000 2000-01 2002-03	39.38 50.00 30.00 669.00 394.00 111.61 93.29
7	Municipal Committee, Sonipat	1997-98 1998-99 1999-2000 2000-01 2002-03	69.93 326.25 263.23 167.82 132.73
8	Municipal Committee, Jagadhri	1996-97 1998-99 1999-2000 2000-01 2001-02 2002-03	50.00 26.25 28.15 108.53 131.66 27.69
9	Municipal Committee, Panipat	1996-97 1998-99 1999-2000 2000-01 2002-03	65.00 528.00 306.30 146.26 55.65
10	Municipal Committee, Hisar	1996-97 1997-98 1998-99 1999-2000 2000-01 2002-03	50.00 48.31 58.25 61.81 176.93 207.76
11	Municipal Committee, Gurgaon	1996-97 1997-98 1998-99 1999-2000 2000-01 2002-03	31.69 42.78 471.25 235.76 170.38 34.96
12	Municipal Committee, Yamunanagar	1998-99 1999-2000 2000-01 2001-02 2002-03	350.00 578.66 172.96 273.05 419.51
13	Municipal Committee, Palwal	1995-96 1998-99 1999-2000 2000-01	50.00 30.00 105.00 62.75
14	Municipal Committee, Charkhi Dadri	1995-96 1999-2000 2000-01 2001-02	33.33 50.00 43.14 50.00

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
15	Municipal Committee, Rewari	1996-97 1997-98 1999-2000 2000-01	50.00 38.82 229.73 84.17
16	Municipal Committee, Barwala	1996-97 1999-2000 2000-01 2001-02	33.33 50.00 31.04 70.54
17	Municipal Committee, Thanesar	1997-98 1999-2000 2000-01 2002-03	31.81 26.76 80.81 126.28
18	Municipal Committee, Ambala City	1998-99 2000-01 2002-03	70.25 676.27 145.80
19	Municipal Committee, Ambala Cantt	2002-03	26.43
20	Municipal Committee, Kurukshetra	1998-99	33.75
21	Municipal Committee, Kaithal	1998-99 1999-2000 2000-01	62.25 638.42 98.95
22	Municipal Committee, Gannaur	2002-03	41.16
23	Municipal Committee, Gohana	1999-2000 2001-02	70.00 35.90
24	Municipal Committee, Bhawani Khera	1998-99 1999-2000	32.03 40.00
25	Municipal Committee, Kharkhoda	1998-99	50.00
26	Municipal Committee, Pehowa	1999-2000 2000-01 2001-02 2002-03	36.16 41.81 32.67 50.00
27	Municipal Committee, Jhajjar	1999-2000	180.00
28	Municipal Committee, Safidon	2000-01	81.62
29	Municipal Committee, Sirsa	2001-02 2002-03	48.66 127.27
30	Municipal Committee, Dabwali	2002-03	140.23
31	Municipal Committee, Taoru	1999-2000	40.00
32	Municipal Committee, Uchana	1999-2000	30.00
33	Municipal Committee, Asandh	1999-2000	120.00
34	Municipal Committee, Naraingarh	1999-2000 2002-03	34.79 59.62
35	Municipal Committee, Kalanaur	1999-2000	40.00
36	Municipal Committee, Tosham	1999-2000	28.40
37	Municipal Committee, Ratia	1999-2000	30.00
38	Municipal Committee, Shahabad	2000-01	73.04

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
39	Municipal Committee, Ladwa	2000-01	45.16
40	Municipal Committee, Tohana	2001-02	137.98
41	Municipal Committee, Meham	2000-01	31.06
42	Municipal Committee, Sohna	2000-01	37.58
43	Municipal Committee, Narwana	2000-01	60.58
44	Municipal Committee, Hansi	2000-01 2001-02 2002-03	108.50 105.25 83.89
45	Municipal Committee, Mohindergarh	2000-01	38.55
46	Municipal Committee, Jind	2000-01 2001-02 2002-03	135.63 73.50 57.39
47	Municipal Committee, Fatehabad	2000-01 2002-03	50.23 40.16
48	Municipal Committee, Ellenabad	2000-01	43.10
49	Municipal Council, Panchkula	2001-02	116.06
50.	Shri Bhuteshwar Temple Tirath, Jind	1994-95	25.29
51.	Aravali Vikas Sangathan, Gurgaon	1995-96	100.00
52.	Software Technology Park of India, New Delhi	2002-03	250.00
53.	Haryana Slum Clearance Board, Chandigarh	1998-99	700.48
54.	Rajay Sainik Vocal Training Centre, Panchkula	1998-99	46.25
55.	District Council for Child Welfare, Rewari	1999-2000	38.75
56.	Fish Farm Development Agency, Gurgaon	2000-01	45.85
57.	Charitable Endowment, Haryana, Manimajra	2001-02 2002-03	478.00 478.00
58.	Society for I.T. Initiative fund for Governance, Chandigarh	2002-03	165.55
59.	Haryana Energy Development Agency, Chandigarh	2001-02 2002-03	67.30 41.50
60.	Manager, Sanik Pariwar Bhawan Sector 12, Panchkula	2002-03	80.00
Private Aided Colleges			
61.	S.L.D.A.V. College of Education, Ambala City	2000-01 2001-02 2002-03	38.65 54.59 73.24
62.	SM Lubana Khalsa Girls College, Barara (Ambala)	2000-01 2001-02 2002-03	38.20 40.55 33.65

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
63.	M.P.N. College, Mullana (Ambala)	2000-01 2001-02 2002-03	34.00 33.80 43.63
64.	Maharaja Aggarsein College, Jagadhri	1999-2000 2000-01 2001-02 2002-03	48.60 47.90 47.24 36.20
65.	DAV College, Sadhaura	2000-01 2001-02 2002-03	40.70 53.06 50.75
66.	M.L.N. College, Radaur	2002-03	41.98
67.	Adarsh Mahila M.V., Bhiwani	2000-01 2001-02 2002-03	88.75 98.80 120.60
68.	K.M. College of Education, Bhiwani	2001-02 2002-03	31.35 27.74
69.	APJ Saraswati College of Education, Charkhi Dadri	2001-02	35.92
70.	B.L.J. Suiwala College, Tosham	2000-01 2001-02 2002-03	25.25 29.70 27.59
71.	RLS College of Education, Sidhrawali (Gurgaon)	1999-2000 2000-01	33.00 35.60
72.	DAV Centenary College, Faridabad	2002-03	38.78
73.	Saraswati Mahila Mahavidyala, Palwal	2000-01 2001-02 2002-03	31.63 36.30 44.11
74.	SD Mahila Mahavidyalya, Hansi	2002-03	54.66
75.	CR College of Education, Hisar	1999-2000 2000-01 2001-02 2002-03	26.40 27.50 48.73 40.12
76.	SD Mahila Mahavidyalya, Narwana (Jind)	2000-01 2002-03	27.95 26.43
77.	DAV College, Pundri (Kaithal)	1999-2000 2000-01 2001-02 2002-03	30.00 32.75 39.10 42.46
78.	DAV College, Cheeka (Kaithal)	1999-2000 2000-01 2001-02 2002-03	42.70 43.35 50.50 51.96
79.	Kanya Mahavidyalya, Dhand (Kaithal)	1999-2000 2000-01 2001-02 2002-03	31.40 36.05 34.60 40.78

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
80.	Bhagwan Parshu Ram College, Kurukshetra	1999-2000 2000-01 2002-03	37.30 44.30 44.30
81.	RDS Public Girls College, Rewari	1998-99 1999-2000 2000-01 2001-02 2002-03	39.30 30.40 29.55 38.55 30.42
82.	SP College of Education, Rewari	2000-01 2001-02	25.80 32.82
83.	GB Degree College, Rewari	1996-97 1997-98 1998-99	29.90 31.70 31.30
84.	CR College of Education, Rohtak	1999-2000 2000-01 2001-02 2002-03	31.00 36.50 34.01 39.86
85.	MK Jat Kanya Mahavidyalya, Rohtak	2000-01 2001-02 2002-03	46.90 52.60 62.30
86.	Guru Hari Singh Mahavidyalya, Jiwan Nager, Sirsa	2002-03	34.88
87.	Vaish Arya Kanya Mahavidyalya, Bhadurgarh (Jhajjar)	1999-2000 2000-01 2001-02 2002-03	27.00 35.75 38.02 40.05
88.	M.A College for Women, Jhajjar	2000-01 2001-02 2002-03	40.70 46.40 40.43
89.	TR College of Education, Sonipat	2000-01 2001-02 2002-03	29.10 35.51 28.60
90.	BPS College of Education, Khanpur Kalan	2000-01 2002-03	26.40 29.47
91.	Dr. Ganesh Dass DAV College of Education, Karnal	2001-02	31.85
92.	B. Shri Krishan College of Education, Dabwali	2001-02	50.90
93.	T.R. Girls College, Sonipat	1999-2000 2000-01 2001-02 2002-03	33.10 30.70 33.39 38.53

Appendix-V

(Refer paragraph 1.7.6; page 14)

Details and status of grants-in-aid released by State Government

Sr. No.	Name of the Department	Total number of bodies	Did not render the accounts/year of accounts	Did not render the accounts in prescribed format	Did not utilise 50 per cent of grants given in a year	Which diverted/misutilised the funds (including grants released by GOI)/amount diverted/misutilised	Defaulted repayment of loans/amount overdue (Rupees in crore)	Which did not maintain cash book/maintained irregularly	Which did not invest its surplus funds/retained huge balance in cash chest/average amount of surplus funds	Any other interesting point noticed from the audit of accounts	Grant paid (Rupees in crore)
1	2	3	4	5	6	7	8	9	10	11	12
1.	Medical	12	Nil	-	Fully utilised	No	Nil	Nil	Nil	Nil	0.52
2.	Technical Education	8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	15.09
3.	Housing	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.52
4.	Agriculture	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.02
5.	Sports	53	Nil	Nil	Fully utilised	Nil	Nil	Nil	NA*	Rs 0.45 crore as unutilised grant of previous year	1.01
6.	Urban Development	68	68	-	Not available	Not available	303.24	Nil	NA	Rs 8.53 crore as unutilised grant of previous year	33.60
7.	Rural Development	19	Nil	Nil	Nil	Funds are diverted on loan basis	Nil	Nil	Nil	Rs 6.41 crore as unutilised grant of previous year	35.30
8.	Education	103	103	Nil	Fully utilised	No	NA	Nil	Nil	Nil	76.63
9.	Science and Technology	2	Nil	Nil	Fully utilised	Nil	Nil	-	Nil	Nil	1.59
10.	Animal Husbandry	4	Nil	Nil	Fully utilised	Nil	Nil	Nil	Nil	Nil	8.40
	Total	271	171	-	-	-	303.24	-	-	15.39	172.68

Not applicable

Appendix-V

Appendix VIII

(Refer paragraph 1.8.4; page 16)

Details of Statutory Corporations and Government Companies with Government investments which are in loss

		Investment (upto 2002-03)	Accumulated Loss	Year of Account
		(Rupees in crore)		
I.	Statutory Corporations			
1	Haryana Financial Corporation, Chandigarh.	32.38	84.79	2000-01
II.	Government Companies			
1	Haryana Dairy Development Corporation Limited, Chandigarh.	5.57	6.74	2000-01
2	Haryana State Minor Irrigation (Tubewells) Corporation Limited, Chandigarh.	10.89	83.21	1996-97
3	Haryana State Handloom and Handicrafts Corporation Limited, Chandigarh.	2.65	5.89	1999-2000
4	Haryana Tanneries Limited, Chandigarh.	0.67	10.55	2000-01
5	Haryana Scheduled Castes and Finance Development Corporation Limited, Chandigarh.	26.46	6.01	1998-99
6	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited, Chandigarh.	8.71	3.77	1998-99
7	Haryana Vidhyut Parsaran Nigam Limited, Panchkula.	572.33	250.59	2001-02
8	Haryana Power Generation Limited, Panchkula.	377.19	51.91	2000-01
9	Dakshin Haryana Bijli Vitran Nigam Limited, Hisar.	66.80	411.53	2001-02
10	Uttar Haryana Bijli Vitran Nigam Limited, Panchkula.	96.07	291.49	2001-02
11	Pig Iron Project, Hisar.	0.17	0.02	2000-01
12	Haryana State Small Industries and Export Corporation, Chandigarh.	1.81	4.01	2000-01
13	Haryana Women Development Corporation Limited, Chandigarh.	4.25	0.22	2000-01
	Total	1,205.95	1,210.73	

Appendix – IX
(Refer paragraph 2.1.7; page 31)

Statement of various grants/appropriations where expenditure fell short by more than Rupees 10 crore in each case and also by more than 10 per cent of the provision

Sr. No.	Number and name of grants/appropriations	Major/Minor Head of Account, etc.	Original provision	Savings (per cent)
			(Rupees in crore)	
1.	6-Finance	2049-Interest Payments 01-Interest on Internal Debt 115-Interest on Ways and Means Advances from Reserve Bank of India	17.60	13.77 (78)
2.	8-Buildings of Roads	3054-Roads and Bridges 80-General 001-Direction and Administration 99-Prorata transfer of Establishment charges transfer from Major Head-2059 – Public Works	68.79	22.25 (32)
3.		04-District and Other Roads 337-Road Works 98-Rural Roads	38.61	13.62 (35)
4.		5054-Capital Outlay on Roads and Bridges 03-State Highways 337-Road Works	145.40	82.08 (56)
5.		04-District and Other Roads 101-Bridges 98-Rural Roads	61.00	60.01 (98)
6.		15-Irrigation	2701-Major and Medium Irrigation 02-Major Irrigation Non-Commercial 001-Direction and Administration 97-Execution	27.12
7.		01-Major Irrigation Commercial 001-Direction and Administration 91-Executive Engineers	25.22	19.19 (76)
8.		02-Major Irrigation Non-Commercial 800-Other expenditure 97-Improved, up gradation, operation and Maintenance of channels – Irrigation	19.85	19.85 (100)
9.		4702-Capital outlay on Minor Irrigation 800-Other expenditure 99-Subsidy to H.S.M.I.T.C. for lining/ Rehabilitation of water courses, augmentation of Tubewells and D.I.T.	30.00	30.00 (100)
10.	Public Debt	6003-Internal debt of the State Government 110-Ways and Means Advances from the Reserve Bank of India	2,200.00	803.94 (37)

Appendix – X
(Refer paragraph 2.1.8;page 32)

Statement of various grants/appropriations where expenditure exceeded the original provision by Ruppes five crore or more and also by more than 10 per cent of original provision

Sr. No.	Number and name of grants/appropriations	Head of account	Amount of excess expenditure/Percentage of provision within brackets (Rupees in crore)	
1.	8-Buildings and Roads	2059-Public Works 80-General 799-Suspense	11.69 (2338)	
2.		3054-Roads and Bridges 80-General 797-Transfers to/from Reserve Funds/Deposit Account 99-Transfer to/from Central Road Fund Internal Account Transfer	9.23 (744)	
3.	10-Medical and Public Health	5054-Capital Outlay on Roads and Bridges 04-District and Other Roads 337-Road Works 98-Rural Roads	31.11 (45)	
4.		4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply 95-11 th Finance Commission	6.99 (62)	
5.	15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation Commercial 001-Direction and Administration	48.74 (59)	
6.		115-Maintenance of canals and Distributaries (Multipurpose River Projects) 99-Maintenance Works	6.45 (282)	
7.		4701-Capital outlay on Major and Medium Irrigation 01-Major Irrigation Commercial 209-Improvement of old/Existing channels 99-Construction of RIDF	34.61 (52)	
8.		225-Rehabilitation of Existing Channels/Drainage system in state 99-Construction	23.14 (231)	
9.		113-Modernisation and Lining of canal system in Haryana 99-Construction	15.53 (78)	
10.		228-Institutional Strengthening such a data collection, planning, design and admn. etc. 99-Construction	7.54 (151)	
11.		25-Loans and Advances by State Government	6851-Loans for Village and Small Industries 102-Small Scale Industries 99-Interest free loans in lieu of deferred sales tax	124.35 (22435)
12.			7610-Loans to Government Servants etc. 201-House Building Advances 99-Advances to Government Servants other than All India Services Officers	5.84 (14)

Appendix – XI
(Refer paragraph 2.1.11; page 33)

Details of surrender in excess of actual savings in the grants

Sr. No.	Name of the grant	Savings	Amount surrendered	Excess fund surrendered
	Revenue (Voted)			
1.	3-Home	7.95	8.49	0.54
2.	4-Revenue	112.94	116.46	3.52
3.	6-Finance	(-)11.89	2.34	14.23
4.	16-Industries	1.04	1.15	0.11
5.	19-Fisheries	3.85	3.87	0.02
6.	20-Forest	2.19	2.21	0.02
7.	21-Community Development	2.16	2.52	0.36
8.	22-Co-operation	2.42	2.59	0.17
	Capital (Voted)			
9.	3-Home	3.25	3.29	0.04
10.	8-Buildings and Roads	138.67	164.81	26.14
	Capital (Charged)			
11.	8-Buildings and Roads	0.56	2.15	1.59
	Total	263.14	309.88	46.74

Appendix – XII
(Refer paragraph 2.1.12; page 33)

Cases of injudicious re-appropriation of funds resulting in excesses/savings by more than Rupees 50 lakh in each case

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O:Original S: Supplementary R:Reappropriation		
(Rupees in crore)					
Injudicious re-appropriations					
1.	4-Revenue	2245-Relief on account of Natural Calamities 01-Draught 101-Gratuitous Relief	(O) 0.30	66.48	(+) 1.72
		98-Supply of seeds, Fertilizers and Agricultural Implements	(S) 165.95 (R)(-) 105.49 64.76		
2.		4711-Capital outlay on Flood control projects 800-Other Expenditure 99-Flood Protection and Disaster preparedness	(O) 5.00 (S) 10.00 (R)(-) 0.38 14.62		
3.	6-Finance	2071-Pensions and other Retirement Benefits 01-Civil 106-Pensionary charges in respect of High Court Judges	(O) 0.26 (S) 0.67 0.93	Nil	(-) 0.93
4.		249-Interest Payments 04-Interest on loans and Advances from Central Government 104-Interest on Loans for Non-Plan Schemes 97-Other Administrative Services	(O) 2.11 (S) 1.76 3.87	2.03	(-) 1.84
5.		2048-Appropriation for reduction or avoidance of debt 101-Sinking Fund 99-Amortisation of market loan-transfer to sinking fund and deposit accounts	(O) Nil (S) Nil (R) 5.00 5.00	Nil	(-) 5.00
6.		200-Other Appropriations 99-Guarantee Redemption Fund Transferred to Reserve Fund and Deposit Accounts	(O) Nil (S) Nil (R) 1.00	Nil	(-) 1.00

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)	
			O:Original S: Supplementary R:Reappropriation			
(Rupees in crore)						
7.	8-Buildings and Roads	3054-Roads and Bridges 80-General 797-Transfer to/from Reserve Fund Deposit Account 99-Transfers to/from Central Road Fund Inter Account Transfer	(O) 1.24 (R)(-) 1.24 Nil	10.47	(+) 10.47	
8.		2059-Public Works 80-General 053-Maintenance and Repairs 99-Maintenance and Repairs	(O) 9.61 (R) 4.07 13.68	9.64	(-) 4.04	
9.		5054-Capital outlay on Roads and Bridges 04-District and other Roads 101-Bridges 98-Rural Roads	(O) 61.00 (R) 0.35 61.35	0.99	(-) 60.36	
10.		4059-Capital outlay on Public Works 60-Other Buildings 051-Construction 99-Public Works	(O) 2.75 (R)(-) 1.50 1.25	1.83	(+) 0.58	
11.		5054-Capital outlay on Roads and Bridges 04-District and Other Roads 337-Road Works 99-District Roads	(O) Nil (R) 19.00 19.00	16.43	(-) 2.56	
12.		4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education 202-Secondary Education 99-Secondary School Buildings	(O) 1.00 (R)(-) 1.00 Nil	0.83	(+) 0.83	
13.		9-Education	2202-General Education 02-Secondary Education 109-Government Secondary Schools 96-Improvement of Science Education in Senior Secondary Schools	(O) Nil (R) 1.03 1.03	Nil	(-) 1.03
14.			99-Technical Staff including other Establishment	(O) 435.69 (R) 11.32 447.01	434.14	(-) 12.87

Sr. No.	Grant No.	Major Head of account and sub-head	Provision		Actual expenditure	Excess (+)/ Saving (-)	
			O: Original	S: Supplementary R: Reappropriation			
(Rupees in crore)							
15.	10-Medical and Public Health	2215-Water Supply and Sanitation					
		01-Water Supply	(O)	2.46			
		001-Direction and Administration	(R)	0.39	1.91	(-) 0.94	
		92-Staff for Yamuna Action Plan		2.85			
16.		2211-Family Welfare					
		103-Maternity and Child Health	(O)	7.09			
		99-Immunization Programme	(R)	12.60	12.31	(-) 7.38	
		99-Immunization Programme		19.69			
17.		2215-Water Supply and Sanitation					
		01-Water Supply	(O)	75.86			
		102-Rural Water Supply Programmes	(S)	10.58			
		97-Rural Water Supply Programme	(R)	9.36	86.22	(-) 9.58	
		97-Rural Water Supply Programme		95.80			
18.		101-Urban Water Supply Programmes					
		99-Maintenance of Urban Water Supply and Sewerage	(O)	71.26			
			(S)	12.00			
			(R)	8.84	84.61	(-) 7.49	
				92.10			
19.	15-Irrigation	2701-Major and Medium Irrigation					
		01-Major Irrigation – Commercial					
		001-Direction and Administration	(O)	13.36			
		98-Supervision Irrigation	(R)(-)	3.39	10.77	(+) 0.80	
		98-Supervision Irrigation		9.97			
20.			99-Interest on Irrigation Projects	(O)	164.89		
				(R)	0.61	163.05	(-) 2.45
				165.50			
21.		97-Execution	(O)	82.30			
			(R)	30.35	131.04	(+) 18.39	
				112.65			
22.		95-Special Revenue staff	(O)	17.03			
			(R)(-)	0.47	20.58	(+) 4.02	
				16.56			
23.		115-Maintenance of Canals and Distributaries (Multipurpose River Projects) -	(O)	2.29			
		99-Maintenance Works	(R)(-)	1.48	8.74	(+) 7.93	
				0.81			

Sr. No.	Grant No.	Major Head of account and sub-head	Provision		Actual expenditure	Excess (+)/ Saving (-)
			O:Original	S: Supplementary R:Reappropriation		
(Rupees in crore)						
24.		01-Major Irrigation Commercial 001-Direction and Administration 190-Assistance to Public Sector and Other Undertakings 98-Advance to Bhakra Beas Management Board – Beas Project	(O) 10.40 (R)(-) 3.04 7.36		8.36	(+) 1.00
25.		97-Operation and Maintenance	(O) 4.28 (R) 3.14 7.42		Nil	(-) 7.42
26.		4701-Capital Outlay on Major and Medium Irrigation 01-Major Irrigation Commercial 209-Improvement of old/Existing channels 99-Construction RIDF	(O) 66.50 (R)(-) 11.98 54.52		101.11	(+) 49.59
27.		225-Rehabilitation of Existing channels/drainage system in State 99-Construction	(O) 10.00 (R)(-) 6.65 3.35		33.15	(+) 29.80
28.		113-Modernisation and Lining of canal system in Haryana 99-Construction	(O) 20.00 (R)(-) 4.63 15.37		35.53	(+) 20.16
29.		228-Institutional Strengthening such a data collection, planning design and admn. etc. 99-Construction	(O) 5.00 (R)(-) 3.00 2.00		12.54	(+) 10.54
30.		227-Construction of Hathnikund Barrage 99-Construction	(O) 5.00 (R)(-) 5.00 Nil		7.34	(+) 7.34
31.		108-Jawahar Lal Nehru Lift Irrigation 98-Dam and Appurtenant Works	(O) 1.95 (R)(-) 0.44 1.51		2.17	(+) 0.66
32.		215-Lining of Channels and Institutional Strengthening 99-Restoration capacity of B.M.L.	(O) 1.50 (R) 2.44 3.94		0.96	(-) 2.98

Sr. No.	Grant No.	Major Head of account and sub-head	Provision		Actual expenditure	Excess (+)/ Saving (-)
			O:Original	S: Supplementary R:Reappropriation		
(Rupees in crore)						
33.		800-Other expenditure 99-Payment of enhanced land compensation under court order	(O) 2.00 (R)(-) 0.50 2.50		1.65	(-) 0.85
34.	21-Community Development	2515-Other Rural Development Programmes 101-Panchayati Raj 94-Grants-in-aid to Panchayati Raj Institutions of the Recommendation of 11 Finance Commission	(O) 29.42 (S) 7.41 (R)(-) 0.64 36.19		36.77	(+) 0.58
35.	Public Debt	6004-Loans and Advances from the Central Government 01-Non-Plan Loans 203-Police 99-Modernisation of Police Force	(O) 0.73 (R)(-) 0.93 1.66		1.03	(-) 0.63
36.		102-Share of Small Savings Collections	(O) 100.61 (R) 290.26 390.87		100.61	(-) 290.26
37.	25-Loans and Advances by State Government	6801-Loans for Power Projects 202-Advances for purchase of Motor Conveyances 99-Advances for purchase of Motor Conveyance other than Ministers and State Legislatures	(O) 13.00 (R)(-) 2.00 11.00		11.68	(+) 0.68
38.		205-Transmission and Distribution 97-Market loan to Haryana Vidyut Prasaran Nigam Limited	(O) 30.00 (R)(-) 30.00 Nil		7.81	(+) 7.81
39.		93-Loans from NABARD for Power Projects	(O) Nil (S) Nil (R) 21.79 21.79		13.98	(-) 7.81

Appendix – XIII
(Refer paragraph 2.1.13; page 33)

Cases where expenditure was incurred without any provision of funds

Number and name of the Grant	Head of account	Expenditure (Rupees in crore)
8-Buildings and Roads	3054-Roads and Bridges 04-District and Other Roads 337-Road Works 97-Centrally Sponsored Plan – CRF Reserve	3.60
	5054-Capital outlay on Roads and Bridges 80-General 190-Investment in public sector and other undertakings	20.66
	4202-Capital outlay on Education, Sports, Art and Culture 01-General Education 203-University and Higher Education 98-Construction of building of Shiksha Sadan at Panchkula	3.96
	5054-Capital outlay on Roads and Bridges 04-District and Other Roads 337-Road Works 98-Rural Roads	1.96
	99-District Roads	0.35
	03-State Highways 337-Road Works	0.13
	15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation – Commercial - 001-Direction and Administration 85-Chief Engineer
02-Major Irrigation Non-commercial 799-Suspense		0.34
001-Direction and Administration 95-Special Revenue staff		0.21
4711-Capital Outlay on Flood Control Projects 01-Flood Control 001-Direction and Administration 98-Execution		13.87
95-Special Revenue staff		2.74
98-Supervision		0.83
99-Chief Engineer		0.79
93-Pensionary charges		0.13
4801-Capital Outlay on Power Projects 80-General 800-Other Expenditure		0.40
01-Hydel Generation 201-Bhakra Nangal Project		0.17
Public Debt	6003-Internal Debt of the State Government 101-Market Loans 98-Market Loans not bearing interest 81-8.75% Haryana State Development Loan, 2000	3.26
Total		53.79

Appendix-XIV
(Refer to paragraph 3.4.9; page 84)

Financial outlay and expenditure incurred by Municipal Committees/Corporations on prevention and control of fire for the period 1997-98 to 2002-03

Sr. No.	Name of Fire Station	Name of district	Budget Provisions	Expenditure	Saving	Percentage of saving
(Rs in lakh)						
1	Yamunanagar	Yamunanagar	281.94	225.37	56.57	20
2	Thanesar	Kurukshetra	92.53	73.41	19.12	21
3	Pehowa	Kurukshetra	36.70	26.86	9.84	27
4	Rohtak	Rohtak	160.37	116.47	43.90	27
5	Bahadurgarh	Jhajjar	100.37	77.74	22.63	23
6	Jind	Jind	131.29	77.84	53.45	41
7	Sirsa	Sirsa	188.55	104.39	84.16	45
8	Dabwali	Sirsa	79.79	46.39	33.40	42
9	Gurgaon	Gurgaon	250.55	149.79	100.76	40
10	Palwal	Faridabad	63.68	35.89	27.79	44
11	Four Fire Stations of MC, Faridabad	Faridabad	765.94	352.00	413.94	54
12	Ambala City	Ambala	148.14	92.97	55.17	37
13	Ambala Sadar	Ambala	142.38	105.44	36.94	26
14	Karnal	Karnal	106.55	85.66	20.89	20
15	Kaithal	Kaithal	111.20	87.02	24.18	22
16	Panipat	Panipat	150.20	94.72	55.48	37
17	Sonipat	Sonipat	156.88	115.33	41.55	26
18	Rewari	Rewari	90.53	75.32	15.21	17
19	Narnaul	Mohindergarh	50.35	36.50	13.85	28
20	Bhiwani	Bhiwani	142.93	88.72	54.21	38
21	Hisar	Hisar	167.75	101.46	66.29	40
22	Hansi	Hisar	130.50	120.29	10.21	8
23	Fatehabad	Fatehabad	93.60	52.53	41.07	44
24	Tohana	Fatehabad	29.55	25.20	4.35	15
25	Panchkula	Panchkula	59.34	8.77	50.57	85
	Total		3,731.61	2,376.08	1,355.53	36

Appendix-XV
(Refer paragraph 4.8.5 page 127)
Statement showing minus closing balances of stock

Sr. No.	Name of Division	Minus closing balances at the end of		
		March 2001	March 2002	March 2003
		(Rupees in lakh)		
1.	Provincial Division-I, Ambala Cantt.	23.43	-	-
2.	Provincial Division-III, Hisar	19.74	1.28	24.71
3.	Electrical Division, Rohtak	6.40	7.17	9.99
4.	Provincial Division, Palwal	-	14.66	-
5.	Provincial Division-I, Gurgaon	89.08	78.55	81.88
6.	Electrical Division, Ambala Cantt.	5.43	7.14	4.17
7.	Provincial Division-II, Kurukshetra	181.48	160.75	134.98
8.	Provincial Division, Fatehabad	-	-	19.42
9.	Provincial Division-II, Ambala Cantt.	85.00	56.56	54.64
10.	Provincial Division-I, Kurukshetra	30.88	-	-
11.	Electrical Division, Karnal	1.92	2.48	1.57
12.	Provincial Division-I, Hisar	89.89	83.91	124.82
13.	Construction Division (NH), Hisar	6.16	14.32	25.38
14.	Provincial Division-II, Hisar	185.48	174.70	138.61
15.	Provincial Division-II, Sirsa	-	31.23	30.81
16.	Electrical Division, Hisar	4.80	2.38	6.82
17.	Provincial Division, Bhiwani	-	92.84	54.97
18.	Provincial Division, Charkhi Dadri	16.96	16.86	48.74
19.	Provincial Division, Narnaul	107.53	101.76	-
20.	Construction (NH) Division, Panchkula	-	0.47	5.01
21.	Provincial Division-II, Sonipat	26.74	27.57	43.12
22.	Bridge and Construction Division, Chandigarh	76.98	79.70	42.43
23.	Electrical Division, Gurgaon	7.21	5.29	7.97
24.	Provincial Division-I, Sonipat	172.34	176.86	186.78
25.	Provincial Division-II, Gurgaon	19.60	17.95	20.61
26.	Provincial Division, Jind	46.69	34.68	32.04
27.	Provincial Division, Kaithal	33.79	33.08	31.27
28.	Provincial Division, Narwana	11.99	-	8.12
29.	Mechanical Stores and Procurement (S&P) Division, Karnal	0.09	-	0.14
30.	Provincial Division I, Faridabad	-	-	29.15
31.	Provincial Division II, Karnal	39.53	47.60	53.98
32.	Provincial Division I, Panipat	90.49	101.93	94.98
33.	Provincial Division, Hansi	-	-	3.08

Sr. No.	Name of Division	Minus closing balances at the end of		
		March 2001	March 2002	March 2003
		(Rupees in lakh)		
34.	Provincial Division III, Rohtak	225.09	58.74	38.55
35.	Provincial Division IV, Rohtak	45.31	-	9.59
36.	Mechanical Division, Karnal	1.25	0.92	5.29
37.	ADB Project Division I, Faridabad	30.94	25.07	26.91
	Total	1,682.22	1,456.45	1,400.53
	Say	Rs 16.82 crore	Rs 14.56 crore	Rs 14.01 crore

Appendix-XVI
(Refer paragraph 4.8.6; page 128)

Statement showing details of non-adjustment of credit balance (Profit) of storage charges

Sr. No.	Name of Division	Closing balance of storage charges during 2002-03
		(Rupees in lakh)
1.	Provincial Division, Narwana	3.59
2.	Construction Division (NH), Hisar	2.14
3.	Provincial Division II, Sirsa	4.35
4.	Electrical Division, Hisar	1.72
5.	Electrical Division, Rohtak	0.14
6.	Provincial Division I, Gurgaon	4.58
7.	Electrical Division, Ambala cantt.	0.63
8.	Electrical Division, Karnal	0.68
9.	Mechanical Division, Hisar	0.16
10.	Provincial Division II, Karnal	0.51
11.	Provincial Division I, Rohtak	9.25
12.	Provincial Division, Nuh	5.61
13.	Provincial Division I, Karnal	8.50
14.	Electrical Division, Gurgaon	0.30
15.	Provincial Division, Hansi	6.08
16.	Provincial Division I, Panipat	0.04
	Total	48.28
	Say	Rs 0.48 crore

Appendix-XVII
(Refer paragraph 4.8.6; page 128)

Statement showing details of non-adjustment of debit balance (loss) of storage charges

Sr. No.	Name of Division	Closing balance of storage charges during 2002-03
		(Rupees in lakh)
1.	Chandigarh Provincial Division, Panchkula	180.10
2.	Provincial Division II, Hisar	2.85
3.	Provincial Division, Rewari	3.54
4.	Provincial Division I, Ambala Cantt.	0.10
5.	Provincial Division III, Hisar	0.88
6.	Provincial Division, Palwal	18.01
7.	Provincial Division II, Kurukshetra	0.38
8.	Provincial Division, Fatehabad	1.11
9.	Provincial Division II, Ambala Cantt	0.42
10.	Electrical Division, Gurgaon	0.30
11.	Mechanical Division, Karnal	0.51
12.	Provincial Division III, Karnal	22.34
13.	Provincial Division, Kaithal	8.17
14.	Construction Division NH, Panchkula	1.71
15.	Provincial Division III, Rohtak	18.94
16.	Provincial Division II, Rohtak	23.97
17.	Provincial Division, Narnaul	0.40
18.	Provincial Division II, Sonipat	3.98
19.	Provincial Division I, Sonipat	20.92
20.	Provincial Division, Naraingarh	6.73
21.	Provincial Division I, Faridabad	4.95
22.	Provincial Division, Jind	4.72
23.	Provincial Division, Panipat renamed as Quality Control Division, Panipat	0.34
24.	Provincial Division I, Sirsa	0.17
25.	Bridge Construction Division, Chandigarh	11.61
26.	Provincial Division II, Gurgaon	0.09
27.	Provincial Division IV, Rohtak	0.21
	Total Say	337.45 Rs 3.37 crore

Appendix-XVIII
(Refer paragraph 4.8.12; page 130)

Statement showing details of divisions where Reserve Stock Limit was not sanctioned alongwith the details of store held at end of March 2001, 2002 and 2003

Sr. No.	Name of Division	Stock held at the end of		
		2000-01	2001-02	2002-03
		(Rupees in lakh)		
1.	Provincial Division, Fatehabad	24.82	11.30	-
2.	Provincial Division I, Sirsa	22.07	32.73	23.74
3.	Provincial Division II, Sirsa	16.18	-	-
4.	Provincial Division I, Rohtak	68.80	38.40	36.13
5.	Provincial Division II, Rohtak	-	-	40.38
6.	Provincial Division, Rewari	68.17	71.60	74.08
7.	Provincial Division III, Karnal	41.29	51.13	76.63
8.	Provincial Division I, Faridabad	-	48.29	-
9.	Electrical Division, Bhiwani	0.68	1.22	0.09
10.	Provincial Division, Narnaul	-	-	7.49
11.	Provincial Division, Yamunanagar	74.84	138.36	84.12
12.	Chandigarh Provincial Division, Panchkula	38.76	23.86	13.30
13.	Provincial Division I, Ambala Cantt.	-	34.44	13.88
14.	Construction Division N.H.Panchkula	39.23	-	-
15.	Provincial Division, Naraingarh	124.54	98.45	75.89
16.	Provincial Division I, Kurukshetra	-	21.77	5.07
17.	Provincial Division I, Karnal	135.71	50.18	24.96
18.	Provincial Division, Nuh	-	29.23	13.19
	Total Say	655.09 Rs 6.55 crore	650.96 Rs 6.51 crore	488.95 Rs 4.89 crore

Appendix-XIX
(Refer paragraph 4.9.1; page 132)

Statement showing the names of departments where Action Taken Notes were awaited

Sr. No.	Name of Administrative Department	Year of Audit Report	Para Number	Number of paragraphs	Total paragraphs
1	Agriculture	2000-01 2001-02	6.3,6.4,6.5,6.6,6.7 6.4,6.5	5 2	7
2.	Animal Husbandry	2000-01 2001-02	3.3,3.4 6.3	2 1	3
3.	Co-operative	2000-01	3.5,6.8,6.9	3	3
4	Development and Panchayat	2001-02	3.2	1	1
5	Education	1998-99 1999-2000 2000-01	3.2 3.1A, 3.1B 3.6	1 2 1	4
6.	Finance	1998-99 2001-02	3.7 3.3	1 1	2
7.	Forest	1998-99	3.3	1	1
8	Food and Supplies	1999-2000 2000-01 2001-02	7.2 7.3,7.4 7.2,7.3	1 2 2	5
9	General	1999-2000 2000-01 2001-02	6.1,7.1 3.17,3.18,3.19, 6.1, 7.2 3.10,3.11a,b,6.2, 7.1	2 ¹ 5 ² 4 ³	11
10	Home	1998-99 1999-2000 2001-02	3.9,3.10 3.9,3.10 3.6	2 2 1	5
11	Housing	2001-02	6.6	1	1
12	Irrigation	1999-2000 2000-01 2001-02	4.1 4.1,4.5,4.6,4.7 4.3,4.4	1 4 2	7
13	Jail	2000-01	3.9,3.10,3.11	3	3
14	Medical and Health	2001-02	3.4,3.5	2	2
15	PWD (PH)	1998-99 2000-01 2001-02	4.7 4.2,4.8,4.9,4.10, 4.11 4.5,4.6,5.1	1 5 3	9
16.	PWD (B&R)	2001-02	4.1,4.2	2	2
17	Revenue	1998-99 2000-01	3.13,3.14,3.15 3.13,3.14	3 2	5
18	Rural Development (DRDA)	2001-02	6.1,6.7,6.8,6.9	4	4

¹ Para 6.1 Financial Assistance to Local Bodies and Others, Para 7.1 Commercial Activities.

² Para 3.17, 3.18, 3.19, 6.2, 7.2: Misappropriations, defalcations, etc, write off losses, etc, follow up on the Audit Reports, Financial Assistance to Local Bodies and Others and Commercial Activities.

³ Para 3.10, 3.11(a), (b), 6.2, 7.1: Misappropriations, defalcations, etc, write off losses, etc, follow up on the Audit Reports, response of the departments to Draft Audit paragraphs, Financial Assistance to Local Bodies and Others and Commercial Activities.

Sr. No.	Name of Administrative Department	Year of Audit Report	Para Number	Number of paragraphs	Total paragraphs
19	Small Savings	2001-02	3.7	1	1
20	Sports	2001-02	3.8	1	1
21	Town and Country Planning (HUDA)	2000-01	3.16	1	5
		2001-02	3.9,6.10,6.11,6.12	4	
22	Transport	2000-01	7.1	1	2
		2001-02	7.4	1	
23	Urban	2000-01	6.18	1	1
24	Welfare of Scheduled Castes and Backward Classes	2001-02	3.1	1	1
Total				86	86

Appendix-XX

(Refer paragraph 4.9.1; page 132)

List of paragraphs where recovery has been pointed out but no action has been taken by the Administrative Departments

Sr. No.	Name of Administrative Department	Year of Audit Reports	Para Number	Amount (Rupees in lakh)
1.	Agricultural	2000-01	6.3	40.45
			6.6	30.60
		2001-02	6.4.2	114.00
			6.4.4	1,765.00
2.	Animal Husbandry	2000-01	3.4	21.96
		2001-02	6.3	747.00
3.	Finance	2001-02	3.3	19.86
4.	Home	1998-99	3.9	155.00
			3.10	16.26
5.	Irrigation	2000-01	4.1.5 (iv)(a)	4,886.00
			4.1.5 (iv) (b)	7,127.00
			4.1.7(v)	345.00
6.	Jail	2000-01	3.11	417.00
7.	Public Health	2001-02	5.1.8 (vi)	22.96
8.	PWD (Buildings and Roads)	2001-02	4.1.8(iv)	280.00
			4.1.9(iii)	64.15
9.	Rural Development	2001-02	6.1.11	1.87
10.	Town and Country Planning (HUDA)	2000-01	3.16	15,529.00
		2001-02	3.9	693.00
			6.10	4,055.00
Total			16	36,331.11

Appendix-XXI

(Refer paragraph 4.9.3; page 133)

Statement showing the yearwise break-up of outstanding IRs and Paras

Year	IRs	Paras	Amount (Rupees in crore)
1975-76 to 1992-93	106	135	10.58
1993-94	16	27	1.14
1994-95	18	23	2.72
1995-96	18	19	1.33
1996-97	16	21	1.25
1997-98	17	21	4.78
1998-99	16	21	3.10
1999-2000	16	26	4.65
2000-01	32	46	14.51
2001-02	57	139	64.38
2002-03	99	405	212.61
Total	411	883	321.05

Appendix-XXII

(Refer Paragraph 4.9.3 ; page 133)

Details of serious irregularities pointed out through outstanding Inspection Reports

Sr. No.	Nature of Irregularities	Number of paragraphs	Amount (Rupees in crore)
1.	Loss due to theft, misappropriation and embezzlement	17	0.12
2.	Recoverable amounts from contractors/agencies on account of excess payments, excess issue of material, cost of work done at their risk and cost and non-recovery of income tax, sales tax and liquidated charges	71	20.64
3.	Recoverable amounts on account of shortages/excess payments from government officials	88	2.86
4.	Non-observance of rules relating to custody and handling of cash, reconciliation of withdrawal from treasuries, maintenance of cash books and irregular utilisation of departmental receipts and non-observance of codal provisions	192	30.92
5.	Extra and avoidable expenditure, excess expenditure incurred on deposit works, irregular, unauthorised and infructuous expenditure	385	197.27
6.	Irregular/injudicious purchases	9	5.42
7.	Undue financial aid to contractors	10	1.26
8.	Execution of sub-standard works	9	1.24
9.	Blocking of funds	22	8.75
10.	Non-accounting/short receipts of material	14	0.18
11.	Non-preparation of tools and plant returns, non-closing of manufacturing accounts and under-utilisation of machinery	24	2.36
12.	Unsanctioned estimates and loss of measurement books	29	48.06
13.	Non-adjustment under stock/suspense other sub head/Cash Settlement Suspense Account	13	1.97
	Total	883	321.05

Appendix-XXIII

(Refer paragraph 4.9.3; page 133)

Details of amount recoverable from various categories of officers/officials

Sr. No.	Name of officers/officials	Number of officers/officials	Amount (Rupees in crore)	Period for which outstanding
1.	Executive Engineers	4	0.03	Between July 1983 and 2001
2.	Sub-Divisional Engineers	14	0.07	Between August 1981 and 2001
3.	Junior Engineers	60	1.09	Between 1975-76 and 2002-03
4.	Others	24	1.67	Between March 1980 and 2003
	Total	102	2.86	

