



REPORT

OF THE

Comptroller & Auditor General of India

for the year 1977-78

(CIVIL)

Government of Haryana

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1977-78 together with other points arising from audit of financial transactions of the Government of Haryana. It also includes certain points of interest arising from the Finance Accounts for the year 1977-78.

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

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1977-78 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 1977-78 have also been included, wherever considered necessary.

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

CHAPTER I

GENERAL

I.1. Summary of transactions

A summary of transactions of the Government of Haryana during 1977-78 is given below with the corresponding figures for the preceding year :—

1976-77 1977-78

(in crores of rupees)

(1) Revenue—

Revenue raised by the State Government	2,16.23	2,26.14
Receipts from the Government of India	41.56	69.70
Total Revenue	2,57.79	2,95.84
Revenue Expenditure		
Non-Plan	1,81.71	1,94.23
Plan	27.56	36.82
Total Revenue Expenditure	2,09.27	2,31.05
Revenue Surplus (+)	(+)48.52	(+)64.79

(2) Debt—

(i) Internal Debt—

Receipts	1,00.72	1,77.39
Repayments	93.62	1,71.93
Increase (+)	(+)7.10	(+)5.46

(ii) Loans from the Central Government—

Receipts	25.20	47.24
Repayments	20.87	15.58
Increase (+)	(+)4.33	(+)31.66

Total Debt (net)—Increase (+)	(+)11.43	(+)37.12
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	1976-77	1977-78
	<i>(in crores of rupees)</i>	
(3) Capital Expenditure—		
Non-Plan	1.65	(—)5.36*
Plan	66.87	57.46
Increase (—)	<u>(—)68.52</u>	<u>(—)52.10</u>
(4) Loans and Advances by the State Government—		
Recoveries	4.71	5.21
Disbursements	36.03	39.23
Net outgo (—)	<u>(—)31.32</u>	<u>(—)34.02</u>
(5) Contingency Fund (net)—		
Increase (+)/Decrease (—)	(+)1.71	(—)0.65
(6) Public Account—		
Receipts	3,47.23	3,47.32
Disbursements	3,13.73	3,54.72
Increase(+)/Decrease (—)	<u>(+)33.50</u>	<u>(—)7.40</u>
(7) Inter-State Settlement (net)	<u>(—)0.03</u>	<u>(—)1.72</u>
Net Deficit(—)/Surplus (+) during the year	<u>(—)4.71</u>	<u>(+)6.02</u>
Opening Cash Balance	(—)12.97	(—)17.68
Net Deficit(—)/Surplus(+) during the year	<u>(—)4.71</u>	<u>(+)6.02</u>
Closing Cash Balance	<u>(—)17.68</u>	<u>(—)11.66**</u>

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

**There was a difference (Rs.57.84 lakhs) between the figure reflected in the accounts (Rs.(—)11,66.36 lakhs) and that intimated by the Reserve Bank (Rs.(—) 12,24.20 lakhs) regarding "Deposits with Reserve Bank" (included in the Cash Balance). Difference to the extent of Rs. 22.93 lakhs has since been reconciled; the remaining difference is under reconciliation (November 1978).

1.2. Revenue surplus/deficit

(a) *Revenue Receipts*—The actuals of revenue receipts for 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year along with the corresponding figures for 1975-76 and 1976-77 are shown below :—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1975-76	1,96.91	2,04.41	2,28.44	(+)24.03	12
1976-77	2,36.36	2,46.08	2,57.79	(+)11.71	5
1977-78	2,94.05	2,95.81	2,95.84	(+)0.03	..

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision during the year along with the corresponding figures for 1975-76 and 1976-77 is shown below :—

Year	Budget	Budget plus Supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1975-76	1,81.30	1,91.99	1,86.91	(—)5.08	3
1976-77	2,02.59	2,19.39	2,09.27	(—)10.12	4
1977-78	2,38.91	2,49.22	2,31.05	(—)18.17	8

(c) The year ended with a revenue surplus of Rs. 64.79 crores against the surplus of Rs. 55.14 crores anticipated in the budget. In 1976-77 and 1975-76 also, there was surplus of Rs.48.52 crores and Rs.41.53 crores respectively.

1.3. Revenue receipts

Revenue receipts during 1977-78 (Rs.2,95.84 crores) increased by Rs. 38.05 crores over those of 1976-77 (Rs.2,57.79 crores). The increase

compared to 1976-77 is analysed below :—

	1976-77	1977-78	Amount of increase(+)/ decrease(-)	
(in crores of rupees)				
(i) Revenue raised by the State Government—				
(a) Tax Revenue	1,38.07	1,47.68	(+)	9.61
(b) Non-Tax Revenue	78.16	78.46	(+)	0.30
(ii) Receipts from the Government of India—				
(a) State's share of divisible Union Taxes	19.58	37.58	(+)	18.00
(b) Grants	21.98	32.12	(+)	10.14
Total Revenue Receipts	2,57.79	2,95.84	(+)	38.05

The receipts from the Government of India formed about 24 per cent of the total receipts of the State for the year. The corresponding percentage for 1976-77 was 16.

The tax revenue raised by the State Government in 1977-78 accounted for about 50 per cent of the total revenue receipts. The corresponding percentage for 1976-77 was 54.

Increase in the revenue receipts was mainly under the following heads :—

Head	Receipts during		Increase	
	1976-77	1977-78	Amount	Per-centage
(in crores of rupees)				
021—Taxes on Income other than Corporation Tax	10.00	11.95	1.95	20

Due mainly to larger amount received by the State Government out of divisible pool.

030—Stamps and Registration fees	7.89	10.15	2.26	29
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Due mainly to more sale of stamps and transactions of properties of larger value.

039—State Excise	23.52	25.84	2.32	10
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Due mainly to better bids at auctions, lifting of larger quota of country liquor and reported extensive checks conducted by the departmental officers.

040—Sales Tax	62.76	69.12	6.36	10
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Due mainly to normal growth in trade, measures reportedly taken by the Government to check evasion of tax and to recover the arrears and increase in the rates of tax.

042—Taxes on Goods and Passengers	17.27	18.85	1.58	9
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Due mainly to normal growth in goods and passenger traffic and measures reportedly taken to check evasion.

068—Miscellaneous General Services	0.90	1.92	1.02	113
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Due mainly to increase in receipts from State lotteries and larger amount of unclaimed deposits credited to revenue.

138—Road and Water Transport Services	29.43	31.09	1.66	6
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Due mainly to increase in the fleet of the Haryana Roadways and normal growth of traffic.

160—Grants-in-aid from Central Government	21.98	32.12	10.14	46
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Due mainly to larger Central assistance.

162—State's share of Union Excise Duties	9.49	25.53	16.04	169
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Due mainly to account of receipts pertaining to the previous year in the current year's account.

1.4. Expenditure on revenue account

- (i) The break-up of the budget estimates of expenditure on revenue account *plus* supplementary provision and the actual expenditure between Plan and Non-plan for each of the three years ending March 1978 is given below :—

Plan

Year	Budget plus supplementary	Actuals	Variation between columns (3) and (2)—Amount with percentage in brackets	Increase (+)/decrease (—) over the previous year (percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
1975-76	22.24	19.65	(—) 2.59(12)	(+) 5.32(37)
1976-77	32.03	27.56	(—) 4.47(14)	(+) 7.91(40)
1977-78	40.58	36.82	(—) 3.76(9)	(+) 9.26(34)

Non-Plan

Year	Budget plus supplementary	Actuals	Variation between columns (8) and (7)—Amount with percentage in brackets	Increase (+)/decrease (—) over the previous year (percentage in brackets)
(6)	(7)	(8)	(9)	(10)
(in crores of rupees)				
1975-76	1,69.75	1,67.26	(—) 2.49(1)	(+) 16.80(11)
1976-77	1,87.36	1,81.71	(—) 5.65(3)	(+) 14.45(9)
1977-78	2,08.64	1,94.23	(—) 14.41(7)	(+) 12.52(7)

- (ii) The variations during 1977-78 and over the preceding year

under broad sectors are analysed below :—

PLAN

<i>Sector of account</i>	<i>Budget plus Supplement-ary</i>	<i>Actuals</i>	<i>Variation between columns(3) and (2)—Amount (percentage in brackets)</i>	<i>Increase(+)/decrease(—) over 1976-77 (percent-age in brackets)</i>
(1)	(2)	(3)	(4)	(5)
<i>(in lakhs of rupees)</i>				
A—General Services	79.93	1,34.63	(+)54.70(68)	0.86(1)
<p>The excess (column 4) during the year was mainly under 259-Public Works due reportedly to account of percentage recoveries on account of establishment charges under non-Plan.</p>				
B—Social and Community Services	17,08.27	19,10.02	(+)2,01.75(12)	(+)4,31.56(29)
<p>The excess (column 4) during the year was mainly on Public Health, Sanitation and Water Supply (Rs.4,21.70 lakhs), partly counterbalanced by less expenditure on Family Welfare (Rs.1,31.04 lakhs), Medical (Rs.36.54 lakhs), Education (Rs.24.54 lakhs) and Social Security and Welfare (Rs.21.01 lakhs).</p>				
<p>The increase (column 5) over the expenditure of 1976-77 was mainly on Public Health, Sanitation and Water Supply (Rs.4,55.33 lakhs), Medical (Rs.75.58 lakhs) and Education (Rs. 58.66 lakhs), partly counterbalanced by less expenditure on Family Welfare (Rs.1,56.80 lakhs).</p>				
C—Economic Services	22,69.91	16,37.34	(—)6,32.57(28)	(+)4,93.73(43)
<p>The saving (column 4) during the year was mainly on Irrigation, Navigation, Drainage and Flood Control Projects (Rs.3,87.80 lakhs), Community Development (Rs.68.35 lakhs), Soil and Water Conservation (Rs.58.89 lakhs), Co-operation (Rs.41.24 lakhs) and Animal Husbandry (Rs.30.69 lakhs).</p>				
<p>The increase (column 5) over the expenditure of 1976-77 was mainly on Agriculture (Rs.2,03.48 lakhs), Area Development (Rs.1,36.06 lakhs), Forest (Rs.48.43 lakhs), Soil and Water Conservation (Rs.33.91 lakhs) and Animal Husbandry (Rs.32.69 lakhs).</p>				

NON-PLAN

Sector of account	Budget plus Supplementary	Actuals	Variation between columns(3) and (2)— Amount (per- centage in brackets)	Increase(+)/ decrease(—) over 1976-77 (percentage in brackets)
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

A—General Services 64,29.67 54,15.42 (—)10,14.25(16) (—)1,01.28(2)

The saving (column 4) during the year was mainly on Public Works (Rs.5,07.17 lakhs) due to transfer of expenditure on establishment and machinery and equipments to other heads on *pro rata* basis and ban on construction of new works, interest payments (Rs. 3,60.54 lakhs) due mainly to less payment of interest on market loans and on borrowings from State Bank of India and on Treasury and Accounts Administration (Rs.87.22 lakhs) due mainly to non-setting up of the Directorate of Accounts.

The decrease (column 5) in expenditure over that of 1976-77 was mainly on Public Works (Rs.2,21.96 lakhs) and interest payments (Rs.95.79 lakhs) partly counterbalanced by more expenditure on Police (Rs.1,03.94 lakhs) and Stationery and Printing (Rs.44.25 lakhs).

B—Social and
Community
Services

57,16.04 56,73.38 (—)42.66(1) (+)5,05.64(10)

The increase (column 5) over the expenditure of 1976-77 was mainly on Education (Rs.3,48.14 lakhs), Medical (Rs.1,07.79 lakhs) and Relief on account of Natural Calamities (Rs.91.01 lakhs).

C—Economic Ser-
vices

85,93.62 82,29.74 (—)3,63.88(4) (+)7,84.09(11)

The saving (column 4) was mainly on Road Transport (Rs.3,60.76 lakhs), Agriculture (Rs.1,32.92 lakhs) and Irrigation, Navigation, Drainage and Flood Control Projects (Rs.1,10.65 lakhs) partly counterbalanced by more expenditure on 'Roads and Bridges' (Rs.2,56.96 lakhs).

The increase (column 5) over the expenditure of 1976-77 was mainly on Irrigation, Navigation, Drainage and Flood Control Projects (Rs.3,29.92 lakhs), Road and Water Transport Services (Rs.3,02.69 lakhs), Roads and Bridges (Rs.1,74.59 lakhs) and Community Development (Rs.64.73 lakhs) partly counterbalanced by less expenditure on Agriculture (Rs.1,29.06 lakhs).

D—Grants-in-aid
and contributions

1,24.65 1,04.34 (—)20,31(16) (+)63.25(154)

The saving (column 4) during the year was due mainly to less assignments to local bodies in lieu of House Tax owing to abolition of property tax (Rs.68.69 lakhs) counterbalanced by more expenditure on payment of 7 per cent land holding tax grant to *Panchayat Samitis* (Rs.48.43 lakhs).

The increase (column 5) over the expenditure of 1976-77 was due mainly to payment of 7 per cent land holding tax grant to *Panchayat Samitis* (Rs.88.43 lakhs) partly counterbalanced by less expenditure on assignments to local bodies in lieu of House Tax due to abolition of property tax (Rs.24.72 lakhs).

1.5. Capital expenditure

(i) The capital expenditure during the three years ending 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below :—

Year	Budget	Budget plus Supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Per- centage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1975-76	26.86	40.46	39.34	(—)1.12	3
1976-77	34.59	70.55	68.52	(—)2.03	3
1977-78	63.95	69.28	52.10	(—)17.18	25

The saving during the year was on Economic Services (Rs.18.82 crores) offset by more expenditure on Social and Community Services (Rs.1.00 crore) and General Services (Rs.0.64 crore).

(ii) An analysis of capital expenditure during 1977-78 and the

progressive total to the end of that year is given below :—

	During 1977-78	Progressive total to the end of 1977-78*
(in crores of rupees)		
Capital expenditure on—		
A—General Services	1.84	8.67
B—Social and Community Services	3.82	4.94
C—Economic Services—		
(a) General Economic Services	1.16	26.93
(b) Agriculture and Allied Services**	(—)8.46	(—)7.90
(c) Industry and Minerals	1.67	10.51
(d) Water and Power Development	45.21	2,38.94
(e) Transport and Communications	6.86	94.91
Total	52.10	3,77.00

(iii) The sources from which the capital expenditure (Rs.52.10 crores) and the net outgo under loans and advances (Rs.34.02 crores) were met during 1977-78 are given below :—

(in crores of rupees)	
I. Revenue Surplus	64.79
II. Deposits, Remittances, etc.	(—)18.11
III. Net addition to :	
(i) Internal Debt of the State Government	5.46
(ii) Loans from the Government of India	31.66
(iii) Small Savings, Provident Fund, etc.	6.30
(iv) Sinking Funds and Reserve Funds	2.69
(v) Cash Balance—Increase	(—)6.02
(vi) Contingency Fund	(—)0.65
Total	86.12

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

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

1.6. Loans and Advances by the Government

(a) The actuals of disbursement of loans and advances by the Government during 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision along with the corresponding figures for 1975-76 and 1976-77 are shown below :—

Year	Budget	Budget plus Supplementary	Actuals	Variation between columns (4) and (3)- Amount (percentage in brackets)	Increase (+)/ decrease (—) over the pre- vious year (percentage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1975-76	26.15	42.54	42.88	(+)0.34(1)	(+)4.75(12)
1976-77	41.92	43.05	36.03	(—)7.02(16)	(—)6.85(16)
1977-78	41.15	41.15	39.23	(—)1.92(5)	(+)3.20(9)

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

Year	Budget	Actuals	Variation	
			Amount	Percentage
(in crores of rupees)				
1975-76	8.62	7.60	(—)1.02	12
1976-77	7.05	4.71	(—)2.34	33
1977-78	8.38	5.21	(—)3.17	38

(c) Loans and advances given by the Government and outstanding at the end of March 1978 were Rs. 2,51.41* crores

*Includes amount Rs.0.35 lakh adopted *pro forma* during the year on account of allocation of balances of the composite Punjab State outstanding on 31st October 1966. The allocation is provisional.

as shown below :—

(in crores of rupees)

(i) Loans for Power Projects	2,18.24@
(ii) Loans for Agriculture	6.41
(iii) Loans to Municipal Corporations and Municipalities	4.17
(iv) Loans to Government Servants, etc.	4.84
(v) Loans for Minor Irrigation and Soil Conservation	(—)0.14(b)
(vi) Loans for Housing	8.42
(vii) Loans for other purposes	9.47
Total	2,51.41

1.7. Recoveries in arrears

(i) *Loans of which the detailed accounts are maintained by the departmental officers*—According to the information received from departmental officers, recovery of Rs.6,27.66 lakhs (principal : Rs.3,72.31 lakhs and interest : Rs.2,55.35 lakhs) was overdue at the end of March 1978. The scheme-wise details are given in Statement No.5 of the Finance Accounts 1977-78.

(ii) *Loans of which the detailed accounts are maintained in the Audit Office*—At the end of March 1978, recovery of Rs.10,43.29 lakhs was overdue from the following :—

	Amount overdue		
	Principal	Interest	Total
	(in lakhs of rupees)		
Haryana State Electricity Board	9,59.69	..*	9,59.69
Municipal Corporations and Municipalities	21.22	38.83	60.05
Improvement Trusts	18.62	4.93	23.55
Total	9,99.53	43.76	10,43.29

@Represents loans outstanding against the Haryana State Electricity Board. According to the Board's accounts, Rs.2,83.08 crores were outstanding which included Rs.64.24 crores adopted *pro forma* by the Board in respect of its share in the liabilities of the composite Punjab State Electricity Board as on 31st March 1967. The remaining difference of Rs.0.60 crore is under reconciliation.

(b) *Minus* balance is under investigation.

*No interest was paid by the Haryana State Electricity Board. Arrears of interest cannot be worked out as the rate of penal interest applicable to the loans had not been decided by the Government (November 1978).

1.8. Debt position

(a) The outstanding public debt of the Government at the end of 1977-78 was Rs. 3,71.15 crores. An analysis of the debt compared with the debt at the end of preceding two years is given below :—

	Public debt on 31st March		
	1976	1977	1978
	(in crores of rupees)		
Internal debts of the State Government	80.94	88.05	93.51
Loans and advances from the Government of India	2,41.65	2,45.98	2,77.64
Total	3,22.59	3,34.03	3,71.15

The figures given above do not include the State's share in the permanent debt (open market loans) of the composite State of Punjab outstanding on 31st October 1966. Under the Punjab Re-organisation Act, 1966, the permanent debt of the composite State of Punjab became the debt of the State of Punjab and the State of Haryana is to pay to the State of Punjab its share of the amount due from time to time for servicing and repayment of that debt. This share is not included in the accounts under public debt. Payment to the State of Punjab is adjusted under 'G-Inter-State Settlement'.

During 1977-78, Rs.1,72.66 lakhs were paid to the Punjab Government as the State's share towards debt liability.

Details of the transactions under public debt during 1977-78 are given below :—

	Loans		Net increase (+)|decrease (—)
	Raised	Discharged	
	(in crores of rupees)		
(i) Market loans bearing interest	9.62	..	(+)9.62
(ii) Ways and means advances from the Reserve Bank of India	1,25.09	1,25.09	..
(iii) Loans from the Government of India	47.24	15.58	(+)31.66
(iv) Other loans	42.68	46.84	(—)4.16
Total—Public debt	2,24.63	1,87.51	(+)37.12

(b) *Market loans*—During the year a loan of Rs. 9,62.69 lakhs bearing 6 per cent interest per annum was raised by the Government at a discount of $\frac{1}{2}$ per cent and is redeemable at par in 1987.

(c) *Loans from the Government of India*—Loans received from the Government of India and outstanding at the end of 1977-78 (Rs.2,77.64 crores) formed 75 per cent of the total public debt of the State Government.

The loans received from the Government of India by the composite Punjab State and outstanding on 31st October 1966 were allocable among the successor States in the ratio of capital expenditure in the respective areas. Pending determination of the capital expenditure in the respective areas, Haryana's share of liability for this debt has been provisionally allocated, the amount so allocated being Rs.1,58.41 crores which is included in the amount of Rs.2,77.64 crores mentioned in (a) above.

The Government of India had advanced to the Government of the composite State of Punjab certain rehabilitation loans (rural, urban, housing and education) for payment to displaced persons from West Pakistan (now Pakistan). The terms and conditions of such loans sanctioned upto 31st March 1956 provided that the State Government would pay back to the Government of India the amounts actually realised by it from the displaced persons.

In 1964-65, a package deal was entered into by the Government of India with the Government of the composite State to cover the losses on these loans. It was agreed that an amount equal to 65 per cent of the loans outstanding against the displaced persons as on 1st January 1964 would be written off by the Government of India provided the Government of the composite State of Punjab paid to the Government of India the balance 35 per cent by 31st March 1965. Realisation made from the displaced persons after 1st January 1964 was to be credited to the account of the Government of composite State of Punjab and its liability to the Central Government for these loans was to be deemed to have been cleared.

The amount outstanding against the displaced persons as on 1st January 1964 was tentatively reckoned as Rs.1.67 crores on the basis of departmental figures supplied by the Government of the composite State of Punjab. The Government of the composite State of Punjab paid to the Government of India (in cash and by adjustment) Rs. 58 lakhs (35 per cent of the amount) by 31st March 1965. Of the remaining Rs.1.09 crores, Rs. 77 lakhs were written off by the Government of India in 1966-67. Decision about further amounts, if any, to be written off had not been taken (November 1978).

On re-organisation of the Punjab State in November 1966, the amounts outstanding against the composite State on account of rehabilitation loans from the Government of India for displaced persons from West Pakistan (now Pakistan) were allocated among all the successor States, Haryana's share being Rs.33 lakhs. The amount written off by the Government of India (Rs.77 lakhs in 1966-67, after the re-organisation) was likewise allocated to the successor States, Haryana's share being Rs. 28.96 lakhs.

(d) *Other debt and obligations*—In addition to public debt, small savings, provident funds and balances at the credit of earmarked funds as also certain deposits, to the extent these have not been invested separately, constitute

liabilities of the Government. Taking the public debt and these liabilities together, the debt position of the Government at the end of March 1976, 1977 and 1978 was as under :—

	<i>Total debt on the 31st March</i>		
	1976	1977	1978
	<i>(in crores of rupees)</i>		
Public debt	3,22.60	3,34.03	3,71.15
Small savings, provident funds, etc.	31.95	39.38	45.68
Other obligations—			
Interest bearing obligations such as depreciation reserve funds of commercial undertakings	6.52	7.83	9.63
Non-interest bearing obligations, such as deposits of local funds, civil deposits and other earmarked funds, etc.	62.79	72.44	73.20
Total	4,23.86	4,53.68	4,99.66

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

The extent to which the Government maintained the minimum balance with the Bank in 1977-78 is given below :—

Number of days on which the minimum balance was maintained without obtaining any advance	72
Number of days on which minimum balance was maintained by taking ordinary and special ways and means advances	159
Number of days on which the agreed minimum balance could not be maintained even after availing of ordinary and special ways and means advances to the full extent	134

The Government had overdrafts on 131 out of 134 days mentioned above. The maximum overdraft on any one occasion was Rs.31.04 crores.

The rates of interest charged by the Reserve Bank of India on ways and means advances, shortfall from the agreed minimum balance and overdrafts are as under :—

(I) <i>On ways and means advances</i>	
(i) For the first 90 days	One per cent below the Bank Rate
(ii) Beyond 90 days and upto 180 days	One per cent above the Bank Rate
(iii) Beyond 180 days	Two per cent above the Bank Rate
(II) <i>On shortfalls from the agreed minimum balance</i>	One per cent below the Bank Rate
(III) <i>On overdrafts</i>	
(i) Upto and including the seventh day	At the Bank Rate
(ii) From eighth day	At three per cent above the Bank Rate

Interest paid on ways and means advances, shortfalls and overdrafts during the years 1975-76 to 1977-78 was as below :—

<i>Year</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1975-76	29.50
1976-77	13.52
1977-78	59.79

The State Government also obtained a temporary loan of Rs.41.00 crores from the State Bank of India during the year for the purchase of food-grains. The outstanding balance at the end of the previous year of a similar loan was Rs.4.88 crores. After taking this into account the total amount of temporary loans worked out to Rs. 45.88 crores, the whole of which was repaid during the current year. Rupees 1.49 crores were paid as interest (at the rate of 12 per cent per annum) on this temporary loan.

1.9. Servicing of debt

The table below shows the net burden on revenue of interest charges on debt and other obligations during 1977-78 :—

	1977-78 <i>(in crores of rupees)</i>
Interest paid on debt and other obligations	18.45
Deduct—	
(i) interest realised on loans and advances given by the Government	1.20
(ii) Interest realised on investment of cash balance	0.43
Net amount of interest charges	16.82

Apart from the above Rs.19.02 crores were received as interest from investments in commercial departments, etc.

The Government also received Rs. 68.07 lakhs as dividend on investments in commercial undertakings.

1.10. Amortisation arrangements

The following arrangements have been made for amortisation of loans raised in the open market and loans received from the Government of India :—

(a) Open Market loans

(i) *Sinking Funds for depreciation of loans*—A sum equal to 1½ per cent of the nominal value of the total open market loans raised is set apart to form Sinking Funds for depreciation of the loans and utilised for purchasing securities of the loans for cancellation.

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

The balances in these funds so far as these related to open market loans at the commencement and close of the year are given below :—

Name of fund	Balance on 1st April 1977	Addition	Withdrawal	Balance on 31st March 1978*
(in lakhs of rupees)				
Sinking Funds for depreciation of loans	3,39.07	48.79	29.51	3,58.35
Sinking Funds for amortisation of loans	23,93.52	4,61.98	1,63.96	26,91.54
Total	27,32.59	5,10.77	1,93.47	30,49.89

Out of the total balance in the above Sinking Funds, Rs.13.60 lakhs were invested in securities of the Government of India. The rest was merged in the general cash balance of the State Government.

(b) Loans from the Government of India

The State Government had made amortisation arrangements for repayments of some of the loans taken from the Government of India as

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

shown below :—

Sinking Fund for	Balance on 1st April 1977	Addition	With- drawal	Balance on 31st March 1978
(in lakhs of rupees)				
(1) Loans received for the Bhakra Nangal Project	3,33.26	..	2,60.81	72.45
(2) Loans received out of consolidated open market borrowings of the Government of India	1,42.74	2.96	..	1,45.70
Total	4,76.00	2.96	2,60.81	2,18.15

Out of the balance in these Sinking Funds, Rs. 2,14.88 lakhs and Rs. 52.70 lakhs respectively were invested (at the end of March 1978) in the securities of the Government of India and other State Governments. The rest remained merged in the general cash balance of the State Government.

1.11. Guarantees given by the Government

Under Section 6 of the State Financial Corporations Act, 1951, the shares of a State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Again, under Section 7 of the above Act, the bonds and debentures of a State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of interest. The actual amounts guaranteed on behalf of the Haryana Financial Corporation by the State Government on 31st March 1978 were Rs. 16.17 crores.

Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit the repayment of principal and payment of interest on any loan proposed to be raised by the State Electricity Board. The actual amount covered by the guarantees given on behalf of the Haryana State Electricity Board by the State Government as on 31st March 1978 under this Section was Rs. 67.34 crores.

Under Section 60(5) of the Haryana Housing Board Act, 1971, the State Government may guarantee the loans borrowed and debentures issued by the Housing Board as to the repayment of principal and payment of interest thereon. The actual amount covered by the guarantee given by the State Government on behalf of the Housing Board on 31st March 1978 was Rs. 11.13 crores.

Apart from the above, the State Government had guaranteed (to third parties) to the end of 1977-78 the repayment of loans/bonds and payment of interest thereon, repayment of share capital and payment of minimum dividend thereon, cash credits, etc., on behalf of 1 statutory corporation, 7 Government companies, 1 joint stock company, 6 co-operative banks and institutions, 51 municipalities and notified area committees. The maximum amount guaranteed on their behalf to the end of 1977-78 was Rs. 3,10.00

crores against which loans, etc., actually raised by them were for Rs. 1,67.22 crores. No guarantee was invoked during 1977-78. Further details are given in Statement No. 6 of the Finance Accounts 1977-78.

1.12. Investments of the Government

In 1977-78, the Government invested Rs. 6.62 crores in Government companies (Rs. 2.97 crores), joint stock companies (Rs. 0.07 crore) and co-operative institutions (Rs. 3.58 crores). Further, against the investment in co-operative institutions, Rs. 2.41 crores were retired during the year 1977-78.

The total investment of the Government in the share capital and debentures of different concerns at the end of 1975-76, 1976-77 and 1977-78 was Rs. 37.60 crores, Rs. 44.90 crores and Rs. 49.38* crores respectively. Dividend/interest received therefrom was Rs. 77.31 lakhs (2.06 per cent), Rs. 70.64 lakhs (1.57 per cent) and Rs. 68.07 lakhs (1.38 per cent) respectively. Details are given in Statement No. 14 of the Finance Accounts 1977-78.

*Includes investments by erstwhile Punjab State adopted *pro forma* by the departments, investment by way of transfer of assets, etc.

CHAPTER II
APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

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

	Grants/ charged appropriations	Expen- diture	Saving(—)/ Excess (+)	Percentage
(in crores of rupees)				
Voted—				
Original	4,54.81	4,70.23	4,13.07	(—)57.16
Supplementary	15.42			
Charged—				
Original	1,54.31	1,56.26	2,13.53	(+)57.27
Supplementary	1.95			
Total	6,26.49	6,26.60	(+)0.11	

The overall excess of Rs. 0.11 crore was the result of excess of Rs. 63.79 crores in 4 grants (Rs. 2.92 crores) and 4 charged appropriations (Rs. 60.87 crores) partly offset by saving of Rs. 63.68 crores in 22 grants (Rs. 60.08 crores) and 13 charged appropriations (Rs. 3.60 crores).

(b) Further details are given below:—

	Revenue	Capital	Loans and Ad- vances	Public Debt	Inter- -State Settle- ment	Total
(in crores of rupees)						
Authorised to be spent (grants and charged appropriations)						
Original	2,44.06	1,96.97	41.44	1,26.65	..	6,09.12
Supplementary	10.31	5.33	*	..	1.73	17.37
Total	2,54.37	2,02.30	41.44	1,26.65	1.73	6,26.49
Actual expendi- ture (grants and charged appropriations)	2,38.78	1,59.07	39.52	1,87.50	1.73	6,26.60
Shortfall (—)/ Excess (+)	(—)15.59	(—)43.23	(—)1.92	(+)60.85	..	(+)0.11

*Token amount.

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Grants*—The excess of Rs. 0.89 crore in 3 grants in the revenue section and of Rs. 2.03 crores in one grant in the capital section requires regularisation under Article 205 of the Constitution. The details are given below :—

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

Revenue

(i) 4-Revenue

Original	3,37,07,630	4,32,70,900	4,36,61,024	3,90,124
Supplementary	95,63,270			

Excess was due mainly to more expenditure on gratuitous relief on account of natural calamities.

(ii) 9-Education

Original	39,46,50,200	43,42,18,295	43,64,31,703	22,13,408
Supplementary	3,95,68,095			

Excess was due mainly to restoration of cut imposed earlier on dearness allowance, grant of additional dearness allowance and payment of more grants to Kurukshetra University.

(iii) 10-Medical and Public Health

Original	22,35,35,670	22,35,35,670	22,97,90,842	62,55,172
Supplementary	..			

Excess was due mainly to more expenditure on family welfare, prevention and control of malaria and urban water supply schemes, reasons for which have not been intimated (January 1979).

Capital

(i) 15-Irrigation

Original	64,67,93,150	64,67,93,150	66,70,96,281	2,03,03,131
Supplementary	..			

Excess was due mainly to conversion of loan given to Haryana State Minor Irrigation (Tubewells) Corporation Limited into share capital and more expenditure on Beas Project, reasons for which have not been intimated (January 1979).

(b) *Charged appropriations*—The excess of Rs. 60.87 crores in 4 charged appropriations (one in the revenue section and 3 in capital section) also requires regularisation :—

Serial number	Number and name of charged appropriation	Total appro-	Expenditure	Excess
		priation		
		Rs.	Rs.	Rs.

Revenue

2-General Administration

Original	16,20,250	} 17,59,600	18,22,963	63,363
Supplementary	1,39,350			

Excess was due mainly to more expenditure on the Governor's Secretariat/household establishment owing to posting of senior staff, revision of grade of daftries and more electricity and water charges.

Capital

(i) 8-Buildings and Roads

Original	..	} 4,13,875	4,59,510	44,635
Supplementary	4,13,875			

Excess was due to more expenditure on compensation for land acquired for a Government College, reasons for which have not been intimated (January 1979).

(ii) 15-Irrigation

Original	..	} ..	44,996	44,996
Supplementary	..			

Excess was due to payment of decretal amounts in a Public Works division without provision, reasons for which have not been intimated (January 1979).

(iii) Public Debt

Original	1,26,64,93,970	1,26,64,93,970	1,87,50,58,078	60,85,64,108
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Excess was due mainly to repayment of larger ways and means advances obtained from the Reserve Bank of India.

2.3. Supplementary grants/charged appropriations

Supplementary provision of Rs. 10.26 crores and Rs. 5.16 crores was obtained under 10 and 3 grants in the revenue and capital sections respectively. Supplementary appropriation of Rs. 0.05 crore and Rs. 1.90 crores

was also obtained for charged expenditure under 9 and 3 appropriations in the revenue and capital sections respectively.

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

(a) *Unnecessary supplementary grants*—In the following cases, among others, the supplementary grants of Rs. 3,13.08 lakhs remained wholly unutilised as the expenditure did not come up even to the original provision:—

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

(i)	7-Other Administrative services	3,33.40	3.20	3,30.57	6.03
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Saving was due mainly to 6 per cent cut imposed by the Government, delay in taking possession of Bal Bhavan Press and posts kept vacant.

(ii)	8-Buildings and Roads	14,70.21	1,10.77	13,87.46	1,93.52
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Saving was due mainly to more credits for stores issued and ban on new works.

(iii)	17-Agriculture	14,12.57	1,74.11	13,90.54	1,96.14
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Saving was due mainly to less payment of grant to Drought Prone Area Programme Development Agencies/Canal Command Area Development Authorities, less purchase of seeds, non-payment of subsidy to HAFED and less payment of subsidy under Soil Conservation Schemes.

Capital

	16-Industries	1,64.16	25.00	1,54.38	34.78
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Saving was due mainly to less expenditure on schemes to be implemented through Haryana State Handloom and Handicrafts Corporation Limited, Chandigarh owing to changes made in the programme by the Government of India.

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

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

(i)	3-Home	13,45.17	62.45	13,82.18	25.44
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Saving was due mainly to 6 per cent cut imposed by the Government and posts kept vacant,

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

(ii)	12-Labour and Employment	2,13.90	19.03	2,21.11	11.82
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Saving was due mainly to less expenditure on industrial training institutes, some posts remaining vacant and less procurement of material.

(iii)	20-Forest	2,06.96	71.60	2,66.59	11.97
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Saving was due mainly to non-acquisition of land for afforestation near Morni hills owing to disputes.

(iv)	21-Community Development	4,96.22	92.32	5,06.84	81.70
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Saving was due mainly to provision of funds by the Government of India direct to the Chief Executive Officer, Small Farmers Development Agency, Hissar for the Integrated Rural Development Projects and less expenditure on assignments to Local Bodies in lieu of House Tax owing to abolition of property tax with effect from 1st April 1977.

(c) *Inadequate grants*—In the following cases, among others, the supplementary grants of Rs. 4,91.31 lakhs proved inadequate; the final uncovered excess (reasons to the extent received mentioned in paragraph 2.2.) was Rs. 26.04 lakhs.

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

Revenue

(i)	4-Revenue	3,37.08	95.63	4,36.61	3.90
(ii)	9-Education	39,46.50	3,95.68	43,64.32	22.14

2.4. Unutilised provision

(i) Rupees 12.87 crores and Rs. 47.21 crores remained unutilised in 21 and 10 grants in the revenue and capital sections respectively. Similarly, Rs. 3.60 crores and Rs. 0.04 lakh remained unutilised in 11 and 2 charged appropriations in the revenue and capital sections respectively.

(ii) In 12 grants and 1 charged appropriation, the savings (more than Rs. 2 lakhs each) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix I.

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

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

Revenue (charged)

6-Finance		27,15.71	23,57.31	358.40
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Saving was due mainly to less payment of interest on market loans and on loans obtained from the State Bank of India.

Revenue

23-Transport		35,91.42	31,85.26	4,06.16
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Saving was due mainly to late/less addition of vehicles.

Capital

(i) 11-Urban Development		8,00.00	1,94.33	6,05.67
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Reasons for saving have not been intimated (January 1979).

(ii) 14-Food and Supplies		99,24.09	64,53.76	34,70.33
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Saving was due mainly to less purchase of wheat and rice and less expenditure on establishment and interest charges.

(iii) 22-Co-operation		7,08.55	3,58.60	3,49.95
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Saving was due mainly to the provision having remained wholly unutilised or substantially unutilised in respect of the following schemes :—

Name of the scheme	Saving (in lakhs of rupees)	Reasons
(1) Distribution of urea	2,10.00	Non-receipt of expected old debits from the Government of India.
(2) Government contribution to the share capital of marketing societies to meet their margin money requirement	76.00	Non-receipt of sanction from the National Co-operative Development Corporation.
(3) Government contribution to the share capital of Central Co-operative Bank	24.00 (out of Rs. 62.00 lakhs)	Less sanction of funds by the Reserve Bank of India.
(4) Purchase of special Development Debentures of Haryana State Co-operative Land Development Bank	19.88 (out of Rs. 1,87 lakhs)	Less sanction of funds by the Agricultural Refinance and Development Corporation.

2.5. Non-receipt of explanations for savings/excesses

After the close of each financial year, the detailed Appropriation Accounts showing final grants/charged appropriations, actual expenditure and resultant variations are sent to the Heads of Departments, requiring them to explain the variations. According to the Budget Manual of the Government, the Heads of Departments are required to furnish to the Accountant General precise, informative and reasonable explanations in respect of all variations for incorporation in the Appropriation Accounts.

In regard to the Appropriation Accounts for 1977-78, explanations for variations were not received (January 1979) in the case of 140 out of 343 heads. These formed 41 per cent of the number of heads, the variations in which were required to be explained. Such delay in submission of material for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

2.6. Shortfall/excess in recoveries

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the budget estimates. During 1977-78 such recoveries were anticipated at Rs. 1,38.47 crores (Revenue : Rs. 5.14 crores; Capital : Rs. 1,33.33 crores). Actual recoveries during the year, however, were Rs. 1,14.99 crores (Revenue : Rs. 7.73 crores; Capital : Rs. 1,07.26 crores). Grant-wise details of estimated recoveries, actual recoveries and shortfalls/excesses in recoveries have been given in the Appendix to the Appropriation Accounts for the year 1977-78. Some of the important cases of variations are detailed below :—

<i>Number and name of grant</i>	<i>Budget estimates</i>	<i>Actuals</i>	<i>Amount of variation</i>
(1)	(2)	(3)	(4)
<i>(in crores of rupees)</i>			
Revenue			
10-Medical and Public Health	1.82	0.46	1.36
Reasons for shortfall have not been intimated (January 1979).			
15-Irrigation	0.06	4.88	4.82

The increase was due mainly to credit for establishment charges transferred on *pro rata* basis to the capital portion of the grant.

<i>Number and name of grant</i>	<i>Budget estimates</i>	<i>Actuals</i>	<i>Amount of variation</i>
(1)	(2)	(3)	(4)
Capital	<i>(in crores of rupees)</i>		

8-Buildings and Roads	3.70	7.02	3.32
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The increase was due mainly to larger recovery of expenditure on district and other roads which was met from the market fee deposits.

11-Urban Development	8.00	0.47	7.53
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The shortfall was due mainly to conversion of Urban Estate Department into Haryana Urban Development Authority.

14-Food and Supplies	99.76	76.40	23.36
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The shortfall was due to less issue of foodgrains under the Provincial Reserve Food Scheme consequent upon easy availability of foodgrains in the market.

15-Irrigation	17.21	19.32	2.11
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The increase was due mainly to larger credit for expenditure on Beas Project recoverable from Haryana State Electricity Board and more receipts and recoveries.

CHAPTER III
CIVIL DEPARTMENTS
INDUSTRIES

3.1. Subsidy for setting up industrial units in selected backward areas

The Government of India sponsored in August 1971 a scheme of 10 per cent subsidy (raised to 15 per cent from 1st March 1973) on fixed capital investment, comprising land, buildings and plant and machinery, for new industrial units set up in selected backward districts/areas of the State. Industrial units on whose setting up 'effective steps' were taken on or after 1st October 1970 were to be considered new. The term 'effective steps' denoted one or more of such steps as paying up of 60 per cent of the capital issued, construction of a substantial part of the factory building and placing firm orders for a substantial part of the plant and machinery. Units which existed prior to 1st October 1970 were eligible to the subsidy if their fixed capital investment was increased by not less than 25 per cent (10 per cent from 1st January 1977), the subsidy being admissible on the additional fixed capital investment. The maximum amount of subsidy available to a unit was Rs. 5 lakhs (Rs. 15 lakhs on investments made on or after 1st March 1973).

The scheme was initially made applicable to Mohindergarh district (re-organised into Mohindergarh and Bhiwani districts in December 1972) and extended to five blocks in Hissar district and three blocks in Jind district from 28th February 1974.

The disbursing agencies, viz., the Directorate of Industries and the State Financial Corporation when authorised in this behalf by the State Government, were to disburse subsidy on the basis of the prior sanction of State Level Committee, comprising the Director of Industries, Haryana, the Deputy Secretary to Government, Haryana (Finance) and the Managing Director of the Haryana Financial Corporation.

A sum of Rs. 1,32.41 lakhs (amount withdrawn from treasury was Rs. 1,51.63* lakhs) was spent on payment of subsidy during 1974-75 to

*Of this, Rs. 4.69 lakhs were refunded (Rs. 0.05 lakh in 1975-76, Rs. 3.31 lakhs in 1976-77 and Rs. 1.33 lakhs in 1977-78) and Rs. 14.53 lakhs were lying undisbursed on 31st March 1978.

1977-78, as under :—

Year	Amount of subsidy paid by disbursing agencies				Amount of subsidy released by the Government of India to the State Government
	Amount drawn from treasury	Directorate of Industries	Haryana Financial Corporation	Total	
	(in lakhs of rupees)				
1974-75	21.26	4.98	0.57	5.55	..
1975-76	32.08	3.23	2.27	5.50	7.61*
1976-77	51.32	16.84	40.16	57.00	8.96
1977-78	46.97	32.74	31.62	64.36	94.66
Total	1,51.63	57.79	74.62	1,32.41	1,11.23

The number of units assisted and the amount of assistance given in each district were as under :—

District	Subsidy paid		Percentage of subsidy paid in each district to the total amount of subsidy paid
	Number of units	Amount (in lakhs of rupees)	
Bhiwani	28	35.27	27
Hissar	52	57.45	43
Jind	14	33.12	25
Mohindergarh	9	6.57	5
Total	103	1,32.41	

Mention was made about some aspects of the scheme in paragraph 7.5. of the Audit Report for the year 1976-77 (Civil). Further points noticed in test audit of the records (July/August 1978) are given in the succeeding paragraphs.

(a) *Incorrect computation of fixed capital investment qualifying for subsidy*

(i) An industrial unit in Bhiwani claimed, *inter alia*, subsidy on plant and machinery valuing Rs. 66.80 lakhs (investment upto 28th February 1973 : Rs. 16.26 lakhs; investment after 28th February 1973 : Rs. 50.54 lakhs).

*Excludes Rs. 5.00 lakhs disbursed to a unit in Hissar through Industrial Development Bank of India.

It was seen during audit, however, that the investment on plant and machinery certified by the Chartered Accountant was only Rs. 43.84 lakhs but the unit had wrongly shown the value of the machinery as Rs. 66.80 lakhs by including the value of machinery purchased on deferred payment basis (Rs. 22.96 lakhs) twice over. Nevertheless, the claim for subsidy on the basis of investment of Rs. 66.80 lakhs was admitted by the State Level Committee and payment sanctioned in January 1977 and disbursed in June 1977 on that basis, resulting in excess payment of Rs. 3.13 lakhs (i.e., 10 per cent of Rs. 6.18 lakhs plus 15 per cent of Rs. 16.78 lakhs).

(ii) Two industrial units (A and B) in Hissar purchased machinery valuing Rs. 8.23 lakhs and Rs. 2.96 lakhs on hire-purchase basis. The amount payable to the hire-purchase agency was as under :-

<i>Unit</i>	<i>Cost of machinery</i>	<i>Interest</i>	<i>Insurance</i>	<i>Total amount payable to the hire-purchase agency</i>
	<i>(in lakhs of rupees)</i>			
A	8.23	4.22	0.40	12.85
B	2.96	1.10	0.14	4.20

According to the Government of India's instructions, subsidy could be allowed in advance to small scale industrial units on the basic value of assets acquired on hire-purchase basis. The State Level Committee, however, allowed (January 1977 and February 1978) subsidy on the total amount payable to the hire-purchase agency including interest/insurance instead of on the basic value of the machinery only. As a result of inclusion of the expenditure on interest and insurance charges, which is of a revenue nature and was not to be included in capital investment qualifying for subsidy, sums of Rs. 0.69 lakh (15 per cent of Rs. 4.62 lakhs) and Rs. 0.19 lakh (15 per cent of Rs. 1.24 lakhs) were excess paid to the units A and B respectively.

(b) Inadmissible subsidy

(i) An industrial unit in Hissar district, which had taken effective steps on 23rd February 1971 for its setting up and gone into production on 6th June 1971, was allowed in January 1976 a subsidy of Rs. 5 lakhs (i.e., the maximum amount admissible to units which had taken effective steps before 1st March 1973) on a total fixed capital investment of Rs. 90.96 lakhs.

After the issue of orders of the Government of India in November 1976 providing for payment of enhanced rate of subsidy at 15 per cent (subject to a limit of Rs. 15 lakhs) on investments made on or after 1st March 1973 by units which had taken effective steps prior to that date for setting up the units, the unit put in a claim for additional subsidy on the basis of an investment of Rs. 96.15 lakhs. The State Level Committee allowed in January 1977 a further subsidy of Rs. 6.31 lakhs by (a) breaking up the total investment of Rs. 96.15 lakhs into (i) investment made upto 28th February 1973 (Rs. 54.04 lakhs) and (ii) investment made on or after 1st March 1973 (Rs. 42.11 lakhs); and (b) allowing subsidy at the rate of 10

per cent on investment made upto 28th February 1973 (Rs. 5.00 lakhs maximum) plus 15 per cent on investment made on or after 1st March 1973 (Rs. 6.31 lakhs).

The Government of India had stipulated that cases already decided should not be re-opened. Nevertheless, subsidy was allowed on the revised liberalised basis even though the case had already been decided considerably earlier. The additional subsidy of Rs. 6.31 lakhs was thus inadmissible.

(ii) As per clarifications issued by the Government of India in July 1975, the cost of generating sets was to be included in the value of assets for the purpose of computing the subsidy only in those cases where the State Electricity Board was unable to supply power. In the case of two industrial units in Hissar district, subsidy amounting to Rs. 0.60 lakh was paid in September 1976 and March 1977 on the cost of generating sets (Rs. 4.33 lakhs), though there was nothing on record to show that the State Electricity Board was unable to supply power.

(iii) An industrial unit in Hissar district was allowed in March 1975 a subsidy of Rs. 0.23 lakh on fixed capital investment (Rs. 2.26 lakhs). This unit purchased in April 1975 a generating set at a cost of Rs. 0.62 lakh. The unit claimed and was allowed in February 1976 an additional subsidy of Rs. 0.08 lakh on the basis of a total capital investment of Rs. 3.07 lakhs including Rs. 0.62 lakh on purchase of a generating set in April 1975. As per instructions (July 1975) of the Government of India, where subsidy had already been sanctioned to an industrial unit, fresh requests for grant of subsidy on the cost of generating sets were not to be entertained. As subsidy to this unit had already been paid in March 1975, additional subsidy (paid in February 1976) was not admissible.

(c) *Payment of subsidy on second hand machinery without complete details*

According to the scheme, subsidy on second hand machinery could be allowed only if (i) the original owner/subsequent owners had not earlier received subsidy thereon, (ii) the effective life of the machinery had not expired and (iii) the machinery was capable of producing satisfactory production results for at least five years from the date of production. Such machinery was to be valued at the least of the three, namely :

- (i) the original price *minus* depreciation ;
- (ii) the present market value ; and
- (iii) the actual price paid at the time of transfers.

The valuation was to be certified by a Chartered Accountant.

It was noticed that subsidy on second hand machinery was allowed in 4 cases (aggregate amount of subsidy paid : Rs. 0.32 lakh) on the basis of the price paid without ensuring fulfilment of the above conditions and without obtaining a valuation certificate from the Chartered Accountants. In another case involving subsidy of Rs. 2.20 lakhs on second hand machinery, only the certificate about effective life was on record.

(d) Follow-up action

The units receiving subsidy under the scheme were required to submit annual progress reports to the State Government for a period of five years and the State Government in turn was to forward an annual report about progress to the Government of India. Out of 80 units which were given assistance upto 31st March 1977 (amount of subsidy : Rs. 69.33 lakhs), progress reports in respect of 19 units (amount of subsidy : Rs 7.62 lakhs) had not been received for any period by the department from the units (August 1978). The first progress report covering the period upto December 1977 was also sent by the Director of Industries to the Government of India in January 1978 only.

(3) Other points noticed

(i) Subsidy at the rate of 15 per cent amounting to Rs. 5.21 lakhs was allowed to an industrial unit in Hissar on fixed capital investment (Rs.34.72 lakhs) reportedly made out of income voluntarily disclosed under the Voluntary Disclosure of Income and Wealth Ordinance, 1975. No vouchers/receipts were furnished by the unit with its claim for subsidy. The claim was accepted by the State Level Committee (January 1977) on the basis of a certificate given by the Income Tax Department which did not specify the investment made upto 28th February 1973 (on which 10 per cent subsidy was admissible) and that made on or after 1st March 1973 nor was this break-up called for. Thus subsidy was paid in these cases without verifying whether the investments were eligible for subsidy under the terms of the subsidy scheme.

(ii) In 6 cases (3 cases each in Bhiwani and Hissar), subsidy aggregating Rs.0.66 lakh was allowed on the cost of buildings even though there was nothing on record to show that the land on which the buildings were constructed were either owned by the units or had been leased by them.

(iii) In 5 cases (3 cases in Bhiwani and 2 cases in Hissar), subsidy aggregating Rs.0.80 lakh was allowed on the value of land and building even though the land had not been registered in the name of the concerned industrial units.

(iv) Where a unit went out of production (except for periods not exceeding 6 months due to reasons beyond its control) within 5 years from the date of commencement of production, subsidy paid to the unit was recoverable. Four units which had been paid subsidy of Rs. 1.35 lakhs (Hissar-2 units : Rs.1.21 lakhs; Bhiwani-1 unit : Rs.0.10 lakh; Jind-1 unit : Rs.0.04 lakh) had gone out of production (January 1976 to June 1978) within a period of five years. Such units were required to refund the subsidy received by them. Upto 31st December 1978 one unit had refunded the entire recoverable amount of Rs.0.76 lakh and another had refunded a part amount of Rs.0.01 lakh out of Rs.0.10 lakh recoverable from it.

(v) The amount invested on goods carriers actually utilised for transportation of raw materials and marketing of finished products was permitted to be included in fixed capital investment for allowing subsidy. In the case of one industrial unit, subsidy amounting to Rs.0.26 lakh had been paid in April 1976 on the cost of goods carriers amounting to Rs.1.70 lakhs. However, the cost of vehicles required for the purpose of transportation of raw materials and finished products as per certificate of the management of the

industrial unit given in the application for subsidy was Rs.1.37 lakhs only. The resulting excess payment of subsidy was Rs.0.05 lakh (i.e., 15 per cent of Rs.0.33 lakh).

Summing up

(i) As a result of incorrect computation of the capital investment qualifying for subsidy, excess payment of subsidy aggregating Rs.3.82 lakhs was made.

(ii) As a result of re-opening the cases of subsidy already decided contrary to the rules governing the scheme, additional subsidy amounting to Rs. 6.39 lakhs was paid to 2 units.

(iii) The department did not take adequate follow-up action to verify the performance of 19 units which had been paid subsidy aggregating Rs.7.62 lakhs.

(iv) Subsidy aggregating Rs.0.58 lakh was awaiting recovery from 3 units which had closed down.

(v) One unit was paid subsidy amounting to Rs. 5.21 lakhs on investments without verifying the details of the investment and whether these were eligible for subsidy under the scheme.

(vi) Subsidy amounting to Rs.1.46 lakhs was paid to units for investment in land and/or buildings, though the title of the units to the land on which the buildings were constructed had not been verified.

Points mentioned above were referred to Government in September 1978; reply is awaited (January 1979).

3.2. Industrial Development Colonies

With a view to promoting small scale industries in the State, Industrial Development Colonies were set up at Hissar and Gurgaon in September 1965 and February 1967 respectively and land (12.26 acres) for setting up a colony at Kalka was acquired in March 1963. During 1969-70 to 1976-77, setting up of 8 more such colonies at Ambala City, Ambala Cantt., Jind, Karnal, Panchkula, Rohtak, Rai and Sonapat and expansion of the existing colonies at Gurgaon and Hissar were taken up. The department was expected to provide to the entrepreneurs developed plots with facilities of roads, drainage, water and electricity, etc. The expenditure incurred on the colonies from 1969-70 to 1976-77 was Rs.67.63* lakhs.

Out of these, three colonies at Ambala Cantt. (expenditure : Rs.6.44 lakhs), Jind (expenditure : Rs.3.28 lakhs) and Panchkula (no expenditure on Government account) were transferred to the Haryana State Industrial Development Corporation Limited (a State Government undertaking) in June 1974, May 1977 and August 1974 respectively.

*Includes Rs.4.73 lakhs (Rs.1.03 lakhs for Jakhal and Rs.3.70 lakhs for Samalkha) deposited with Land Acquisition Collectors during 1975-76 and 1976-77 respectively towards compensation for land to be acquired,

According to the Industries Department (January/July 1978), the total area of land acquired and the total area of land developed were about 213 and 152 acres respectively. Out of 61 acres of land not developed, 25 acres acquired in May 1974 at Jind were transferred (May 1977) to the Corporation for development and allotment to industries and 7 acres acquired in August 1968 at Rohtak to the Public Health Department for construction of water works. The extension of the existing colony at Gurgaon, for which 16.63 acres of land were acquired in February 1969 at a cost of Rs. 4.80 lakhs, was dropped due to restrictions imposed by the Town and Country Planning Department regarding open space to be left along the roads adjoining the land. The disposal of this land as also the land at Kalka (12.26 acres acquired in March 1963 at a cost of Rs.1.90 lakhs) was reportedly (November 1978) under consideration of the Industries Department.

A test-check of the accounts and records relating to two colonies at Rohtak (expenditure : Rs.30.61 lakhs) and Sonapat (expenditure : Rs.1.12* lakhs) disclosed the following :—

(I) *Industrial Development Colony, Rohtak*

(i) *Development of Land* :—Land measuring 63 acres 2 kanals and 8 marlas was acquired in August 1968 at a cost of Rs.5.97 lakhs but development of land, laying of roads, etc., (expenditure : Rs. 4.46 lakhs) were completed in August 1973.

Water works involving construction of an inlet channel (*katcha*), storage tanks, overhead tanks for distribution of water after purification, etc., were completed by the Public Works Department in April 1977 at a cost of Rs. 20.18 lakhs. The work of constructing *pucca* inlet channel (estimated cost : Rs.1.20 lakhs) for transporting water from Kalanaur minor to storage tanks, allotted to a contractor in June 1977, had not been completed (October 1978).

Further, 132 KV High Tension line passing through the colony was considered a risk and Rs.1.59 lakhs were deposited with the Haryana State Electricity Board during 1973-74 for shifting the line. Upto October 1978, the line had not been shifted.

(ii) *Allotment of plots and setting up of industry* :—The number of plots allotted and the number of allottees who had set up industries were as follows :—

(i) Number of plots carved out	205
(ii) Number of plots allotted upto March 1978	58**
(iii) Number of allottees who had taken possession of plots upto March 1978	16
(iv) Number of allottees who had set up industry in the colony upto March 1978	2
(v) Number of allottees who had started construction activities	1

*Excluding cost of land/development.

**According to the department (November 1978), the total number of plots allotted upto October 1978 is 68.

The department stated (June 1978) that it was hopeful that the position would improve with completion of water supply arrangements, expected reduction in the price of plots and proposed shifting of the branch of Small Industries Service Institute from Bhiwani to Rohtak (which was to provide expertise/guidance to small scale industries units).

Of the 58 allottees, 8 allottees applied for surrender of plots and 3 among them had been allowed refund of earnest money (Rs.0.05 lakh), even though the same was liable to forfeiture under the terms of the allotment.

As on 31st March 1978, Rs.2.88 lakhs were recoverable towards cost of land and development charges from the various allottees.

(iii) *Maintenance cost of water supply scheme* :—The expenditure on operation and maintenance of the water supply scheme during 1977-78 was Rs.0.46 lakh but the receipts from sale of water were negligible, only one water connection having been given. The Industries Department stated (June 1978) that a proposal was under consideration for transferring the water works to the local Municipal Committee with a view to utilising the installed capacity and enabling the department to reduce the burden of capital cost/maintenance cost on the colony.

(iv) *Other points* :—(a) Due to delay in depositing in a court an amount of Rs.5.97 lakhs decreed as enhanced compensation for land acquired (the amount was deposited on 11th November 1971 instead of 19th July 1971), interest amounting to Rs.0.20 lakh had to be paid in June 1972.

(b) Defects in filter bed and storage and sediment tanks noticed at the time of commissioning of the water supply scheme were, after serving a notice on the contractor, got removed through other agencies at a cost of Rs.0.11 lakh. No recovery had been effected from the contractor (March 1978).

(2) *Industrial Development Colony, Sonapat*

Land measuring 3.06 acres, out of 57.44 acres acquired in 1948-49 for setting up work centres, was earmarked in 1968-69 for the industrial colony. The work of development of land, laying of roads, etc., was completed at a cost of Rs.0.12 lakh by 19th August 1969 but water supply and sanitary arrangements were not undertaken. These works were taken up in July 1976 but had not been completed (October 1978). Rupees 1.12 lakhs were spent on these works upto March 1978.

Out of thirty plots carved out in the colony, two were allotted to the Government Quality Marketing Centre in 1971, one to the Public Health Department in 1973, 8 in 1976 and 19 in 1978. None of the allottees (27) had set up any industry and only two allottees had started construction.

Rupees 0.39 lakh were pending recovery towards the cost of land and development charges from the allottees.

Summing up

(i) In the Industrial Development Colony at Rohtak, even though development of land, laying of roads, etc., were completed in August 1973, water supply arrangements were made only in April 1977. The shifting of a

132 KV High Tension line passing through the colony and considered a risk had not been done, though Rs. 1.59 lakhs were deposited in 1973-74 with the Haryana State Electricity Board for the purpose. Out of 205 plots carved out, only 68 plots had been allotted upto October 1978 and only in 2 plots industries had been set up.

(ii) In the Industrial Development Colony at Sonapat, though the development of land, laying of roads, etc., were completed in August 1969, out of 30 plots allotted, no allottee had set up any industry. Water supply and sanitary arrangements, the work on which was started only in July 1976, were yet to be completed.

PUBLIC RELATIONS

3.3. Setting up of an open air theatre in village Kaul (District Kurukshetra)

On the basis of a rough cost estimate for Rs.0.60 lakh prepared by the Public Works Department, administrative approval for the construction of an open air theatre in village Kaul (District Kurukshetra) was accorded by the Government in March 1976. The work was to be completed in a month.

Rupees 0.60 lakh were drawn by the Director in March 1976 and remitted to Provincial Division No.1, Kurukshetra for execution of the work as a deposit work on behalf of the department. The work had not been completed (August 1978). According to the Division (June 1978), the site where the theatre was to be erected had a big pond, which required filling up before any structure could be put up there (this was stated to be not known at the time of preparation of the estimate).

A revised estimate for Rs.3,28,700 for the work including filling up of the pond was awaiting approval (November 1978). However, filling up of the pond and construction of the stage without the floor are reported to have been completed (June 1978) at a cost of Rs.0.64 lakh.

Meanwhile, the department purchased in March-April 1977 a projector and accessories at a cost of Rs.0.69 lakh for the theatre. These were reported (June 1978) to be lying in the stores.

According to the department (December 1978), the site was not selected by it and the Public Works Department did not include in the rough cost estimates any expenditure on preparation of the site. The progress of work was, according to the department, also not reported by the Public Works Department in spite of asking for it on several occasions.

The theatre which was expected to be completed in one month is not yet near completion even after three years and the equipment for the theatre purchased without ensuring the completion of the theatre is lying unused in stores.

HOUSING

3.4. Middle Income Group Housing Scheme

Under the Middle Income Group Housing Scheme, loans are advanced to individuals whose annual income exceeds Rs.7,200 but does not exceed Rs.18,000 (the limits upto April 1968 were Rs.6,000 and Rs.15,000 respectively) and to co-operative societies of such individuals for construction of houses for bonafide residential purposes. The maximum amount of loan admissible

per individual is Rs.27,500 or 80 per cent of the cost of house including cost of land, whichever is less. The loan amount is credited to a joint account opened in the names of the borrower and the sanctioning authority in the State Bank of India and is released in two/three instalments. The principal together with interest is repayable in 25 equated annual instalments. The loanees are charged interest at the rate of 1 per cent above the rate charged by the Life Insurance Corporation of India for the loans advanced to the State Government for the housing schemes, when instalment is paid on due date but higher rate of interest is to be charged on instalments in arrears.

The detailed accounts of these loans are maintained by the departmental officers. According to the information furnished by the Deputy Commissioners, Rs.1,28.97 lakhs were advanced under the scheme between 1959-60 and 1976-77 and out of Rs.96.66 lakhs (principal : Rs.39.41 lakhs; interest : Rs.57.25 lakhs) due for recovery upto the 30th September 1977, a sum of Rs.11.90 lakhs (principal : Rs.4.29 lakhs; interest : Rs.7.61 lakhs), representing 12.3 per cent of the amount due for recovery, was in arrears on that date. District-wise details* are given below :—

Name of the district	Amount advanced upto 31st March 1977	Amount due for recovery upto September 1977			Recoveries in arrears at the end of September 1977			Percent- age of arrears to amount due for recovery
		Principal	Interest	Total	Prin- cipal	Inte- rest	Total	
(in lakhs of rupees)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Ambala	26.62	10.19	16.17	26.36	0.43	1.97	2.40	9.1
Karnal	14.14	4.71	6.16	10.87	1.40	1.10	2.50	23
Sonepat	7.11	2.13	3.34	5.47	0.33	0.78	1.11	20.29
Gurgaon	10.68	1.00	1.23	2.23	0.21	0.47	0.68	30.5
Narnaul	5.99	1.33	1.58	2.91	0.08	0.03	0.11	3.78
Hissar	28.42	8.88	13.33	22.21	0.33	0.81	1.14	5.13
Sirsa	5.25	0.71	1.01	1.72	0.49	0.62	1.11	64.53
Jind	7.27	1.48	2.20	3.68	0.15	0.10	0.25	6.8
Rohtak	10.30	5.06	6.43	11.49	0.40	0.36	0.76	6.61
Bhiwani	6.86	2.01	3.05	5.06	0.32	0.56	0.88	17.39
Kurukshetra	6.33	1.91	2.75	4.66	0.15	0.81	0.96	20.6
Total	1,28.97	39.41	57.25	96.66	4.29	7.61	11.90	12.31

*Departmental figures.

The year-wise analysis of the arrears is as under :—

<i>How long in arrears</i>	<i>Arrears</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	<i>(in lakhs of rupees)</i>		
(i) Upto one year	0.52	1.12	1.64
(ii) For more than one year but less than 5 years	3.03	5.17	8.20
(iii) For more than 5 years	0.74	1.32	2.06

The arrears include amounts due from 49 loanees (loans advanced : Rs.4.63 lakhs)—15 in Hissar (Rs.1.63 lakhs), 12 in Bhiwani (Rs.1.05 lakhs), 13 in Kurukshetra (Rs.0.75 lakh), 5 in Jind (Rs.0.55 lakh), 3 in Sirsa (Rs.0.50 lakh), and 1 in Karnal (Rs.0.15 lakh*)—where not even a single instalment had been repaid. The amounts in these cases had been advanced during 1960-61 to 1976-77.

Inspection by the Departmental Officers disclosed that in 20 cases, involving an amount of Rs.1.67 lakhs, the loans had not been utilised for the purpose they were intended. Details thereof are given below :—

<i>District</i>	<i>Houses not constructed/ completed</i>		<i>Loans not utilised at all</i>		<i>Loans utilised for purposes other than construction of residential building</i>	
	<i>Number of cases</i>	<i>Amount</i>	<i>Number of cases</i>	<i>Amount</i>	<i>Number of cases</i>	<i>Amount</i>
			<i>(amount in lakhs of rupees)</i>			
Ambala	5	0.67	..	..	..	..
Bhiwani	..	..	1	0.03	..	..
Karnal	..	..	2	0.23***	4**	0.46*
Kurukshetra	..	..	6	0.12	..	..
Hissar	1	0.16	..	..	..	..
Total	6	0.83	9	0.38	4	0.46

[**These cases are reportedly under police investigation, Rs.0.22 lakh were advanced in 1960 and Rs.0.24 lakh in 1961. The entire amount of principal (Rs.0.46 lakh) together with interest (Rs.0.42 lakh upto 31st August 1978) was awaiting recovery.

***With State Bank of India, Karnal (in the joint account of the sanctioning authority and the loanee concerned) since 1970-71 (Rs.0.15 lakh) and 1976-77 (Rs.0.08 lakh).]

*The amount is reportedly in the joint account with the State Bank of India, Karnal since 1970-71.

It was also noticed that

(a) Interest on instalments in arrears at higher rates as contemplated in the scheme was not being charged; and

(b) the loanees in 254 cases involving an amount of Rs. 28.01 lakhs had not got their houses insured against damage or loss by fire even though they were required to insure their houses as long as the loan had not been repaid in full.

The matter was referred to the Government in June 1978; reply is awaited (January 1979).

REVENUE

3.5. Allotment of house sites to rural landless harijans and backward classes

The Government decided in January 1974 to provide, free of cost, dwelling sites in rural areas, at the rate of 100 square yards per family, to members of scheduled castes, backward classes and landless labourers who had no land. The land was to be provided from *Shamlat* land with panchayats and where such land was not available the Government was to acquire land. The beneficiaries were expected to construct houses within a year from the date of taking possession of the site and could raise loans from banks for this purpose by mortgaging the land.

Rupees 32.56 lakhs (Rs.27.16 lakhs in 1976-77 and Rs.5.40 lakhs in 1977-78) were placed at the disposal of Deputy Commissioners for acquiring land and credited to Revenue Deposit for payment of compensation.

According to the Revenue Department, upto March 1978 plots had been allotted to 2,14,548 persons out of 2,15,342 eligible persons (identified by Revenue officials), possession had been given to 2,08,198 persons out of 2,14,548 allottees, registration deeds had been executed in 1,57,819 cases out of 2,08,198 cases due for registration and mutation had been completed in favour of 77,319 allottees out of 1,57,819 cases due for mutation.

A test-check of the records in three districts, namely, Ambala, Gurgaon and Karnal (expenditure : Rs.9.91 lakhs) disclosed the following points :—

(1) One hundred and seventyfive plots were formed out of 43 kanals 15 marlas of land acquired in two villages (Dabarki and Jundla) of Tehsil Karnal and three villages (Hathwala, Raksehra and Taraf-Insar) of Tehsil Panipat in May 1976-August 1976 at costs aggregating Rs.0.31 lakh (does not include cost of 10 kanals 15 marlas acquired in village Dabarki where the award had not been announced) but possession had not been given to the allottees due mainly to disputes raised by landowners and complaints about allotment to some ineligible persons.

(2) To be eligible for allotment of a dwelling site under the scheme, a person had to be married, had not to own a house in his own name and he or any of his parents or any member of his family to whom he is a successor had not to own any agricultural land. Statements furnished by Patwaris, however, showed that 644 out of 999 persons allotted dwelling sites in 23 villages of Ambala and Karnal districts did not fulfil one or other of these conditions (631 were owning houses, 10 were owning land either in their own names or in the names of their fathers and 3 were unmarried).

(3) Even though the beneficiaries were expected to complete construction within a year's time, only 3,365 houses had reportedly been constructed upto March 1978 in three districts against 45,707/76,032 sites allotted upto March 1976/March 1977. The district-wise details are given below :—

Name of district	Number of persons to whom possession of dwelling sites was given upto		Number of houses constructed upto March 1978	Percentage of houses constructed to sites made available to beneficiaries upto March 1976
	March 1976	March 1977		
(1)	(2)	(3)	(4)	(5)
Ambala	5,548	8,490	320	5.8
Gurgaon	13,216	32,170	359	2.6
Karnal	26,943	35,372	2,686	10.0

Reasons for slow pace in construction of houses were not on record.

To sum up :

- (i) While dwelling sites were reported to have been made available to most of the eligible persons, only 3,365 of the 76,032 allottees had constructed houses on the sites allotted.
- (ii) Possession of 175 plots formed in May-August 1976 had not been given to allottees due to disputes raised by land owners and complaints about allotment.
- (iii) In 23 villages of Ambala and Karnal districts, 644 out of 999 house sites were found to have been allotted to ineligible persons.

The matter was referred to the Government in September 1978; reply is awaited (January 1979).

SOCIAL WELFARE

3.6. Interest free loans to students

Interest free loans are granted to students, who are bonafide residents of Haryana and belong to scheduled castes, for purchase of books and other stationery articles. A loan of Rs.200 each is allowed to postmatric students in lump sum and a loan of Rs.400 each is allowed to students of post-graduate classes in two instalments, i.e., Rs.250 in first year and Rs.150 in the second year. The loan is recoverable in 20 half-yearly instalments, the first instalment falling due after four years from the date of payment of the loan.

According to the Director, Welfare of Scheduled Castes and Backward Classes, Rs.14.15 lakhs were drawn for disbursements to the beneficiaries

during 1966-67 to 1977-78, as under :—

Year	Number of beneficiaries	Amount (in lakhs of rupees)
(1)	(2)	(3)
Upto 1973-74	3,020	7.72
1974-75	1,132	2.68
1975-76	589	1.45
1976-77	339	0.83
1977-78	593	1.47

The loans were to be disbursed to students through District Welfare Officers, who were expected to maintain individual loanee's account and loanee's file comprising of security bond, agreement deed, etc.

It was noticed that :

(a) While the Directorate was expected to keep an account of the disbursements out of the loan sanctioned, no such account was kept. On the basis of information collected (October 1978) by the Directorate, the amount lying undisbursed was Rs.0.55 lakh pertaining to 271 cases.

(b) According to the information furnished by seven District Welfare Officers, Rs.1.41 lakhs were due for recovery from the loanees upto 31st March 1978. Out of this, Rs.0.08 lakh, representing 5.7 per cent of the amount due, were recovered thus leaving Rs.1.33 lakhs in arrears. District-wise position is given below :—

District	Loans granted upto 31st March 1974		Amount due for recovery upto 31st March 1978	Recovery in arrears on 31st March 1978	Percentage of arrears to amount due for recovery
(1)	Number of cases	Amount	(4)	(5)	(6)
(amount in lakhs of rupees)					
Ambala	106	0.21	0.08	0.08	100
Bhiwani	299	0.58	0.18	0.18	100
Gurgaon	416	0.78	0.23	0.21	91
Karnal	260	0.50	0.16	0.16	100
Narnaul	456	0.86	0.28	0.28	100
Rohtak	438	0.87	0.29	0.24	83
Sonepat	298	0.57	0.19	0.18	95
Total	2,273	4.37	1.41	1.33	94

The District Welfare Officers stated (April-June 1978) that less recovery was due mainly to :

- (i) poor financial position of the loanees; and
- (ii) whereabouts of the loanees being not known.

(c) The Directorate was expected to watch the receipt of utilisation certificates (to be sent by District Welfare Officers) but no utilisation certificates had been received or called for by the Directorate.

(d) Twentyone postgraduate students (8 in Bhiwani, 6 in Gurgaon, 1 in Narnaul, 5 in Rohtak and 1 in Sonapat) were given loans aggregating Rs.0.08 lakh at the rate of Rs.400 each in lump sum even though the rules required disbursement in two instalments.

(e) Out of 2,167 cases involving payment of loan to the extent of Rs.4.16 lakhs upto 1973-74 in six districts, loans in 1,086 cases (amount advanced: Rs.2.00 lakhs) were disbursed either towards the end of the academic year, i.e., February/March or after the final examination was over.

To sum up :

- (i) in 1,086 cases out of 2,167 cases loans were disbursed to the beneficiaries towards the end of the academic year or after the final examination;
- (ii) out of loan amounts drawn, Rs.0.55 lakh were lying undisbursed in 271 cases with various drawing officers; and
- (iii) the recovery position was far from satisfactory, only 5.7 per cent of the amount recoverable upto 31st March 1978 having been recovered.

The matter was referred to the Government in September 1978; reply is awaited (January 1979).

AGRICULTURE

3.7. Soil conservation and water management works

Under a scheme in operation from 1962-63 to 1968-69, soil conservation works (including water management works) were taken up by the department in the cultivators' lands, 25 per cent (50 per cent in hill areas) of the cost of these works being treated as Government subsidy and the balance as loans recoverable from the beneficiaries along with interest through the revenue authorities in 15/30 equal half-yearly instalments.

According to the information furnished by the Soil Conservation Department, works costing Rs. 59.83 lakhs were executed between 1962-63 and 1968-69. Information collected from the Department showed that :

- (i) recoveries were overdue in 326 cases involving Rs. 5.57 lakhs towards principal (interest due not worked out). In 5 of these cases (amount: Rs.0.11 lakh) recovery had not been effected as the cases were pending

in courts and in another 5 cases (amount : Rs. 0.27 lakh) because stay had been granted by the Deputy Commissioners; and

(ii) recovery of Rs. 4.19 lakhs (principal : Rs. 3.62 lakhs; interest : Rs.0.57 lakh) due from the beneficiaries of underground pipelines constructed in October 1971 was waived (April 1973) by the Government on receipt of representation from the beneficiaries that the pipelines were not useful. The circumstances in which the laying of the pipelines was taken up without fully considering their likely utility have not been investigated.

ANIMAL HUSBANDRY

3.8. Information-cum-Mobile Veterinary Clinics

With a view to making veterinary aid available to farmers at their doors and educating them in the latest developments in the field of animal husbandry, 20 information-cum-mobile veterinary clinics were to be set up in the State during the 5th Five Year Plan period. Upto 1977-78, four clinics had been set up at Hissar (April 1976), Narnaul (May 1976), Sonapat (February 1976) and Sirsa (January 1978).

Rupees 4.84 lakhs had been spent on these clinics during 1974-75 to 1977-78 as under :—

Year	Expenditure (in lakhs of rupees)
1974-75	1.47
1975-76	0.73
1976-77	1.25
1977-78	1.39

Important points noticed during audit (January-April 1978) of the clinics are given below :—

(a) Three Matador Delivery Vans were purchased on 25th March 1975 at a cost of Rs.1.47 lakhs. The department was to arrange the fabrication of fittings and fixtures in the vans. Mobile clinics, however, could start functioning only after 11 to 13 months of the receipts of the vans as per details given below :—

Date on which vans were acquired	Date on which delivered for fabrication	Date on which received back after fabrication	Date on which clinic unit started functioning	Period after which clinic unit started functioning
(1)	(2)	(3)	(4)	(5)
25th March 1975	9th August 1975	21st December 1975	16th February 1976	11 months
25th March 1975	14th August 1975	12th February 1976	1st April 1976	12 months
25th March 1975	29th January 1976	18th February 1976	15th May 1976	13 months

The department stated (August 1978) that entrustment of work of fabrication took longer as it was a new type of work.

However, while the work relating to the first two vans was entrusted for fabrication in August 1975 that relating to the third van was entrusted in January 1976.

(b) The staff (Veterinary Assistant Surgeons, Stock Asistants, Drivers) was employed 6 to 10 months earlier to the date of functioning of the clinics (expenditure involved : Rs. 0.20 lakh). According to the department (August 1978), the services of the staff were utilised in local veterinary hospitals.

(c) Three projectors purchased in June 1976 at a cost of Rs.0.32 lakh remained idle for considerable periods as shown below :—

<i>Station</i>	<i>Period</i>	<i>Reasons</i>
(1)	(2)	(3)
Sonepat	June 1976 to August 1977	Accessories had not been purchased
Narnaul	June 1976 to the date of audit (March 1978)	Accessories had not been purchased
Hissar	June 1976 to the date of audit (March 1978)—except during November 1976 and June-July 1977 when shows were arranged by the Publicity Assistant from Head Quarters	Driver could not be trained to operate the projector

Thus, due to delays in getting fixtures and fittings for the vans fabricated, the mobile clinics could not be commissioned for 11 to 13 months even though staff had been employed well in advance (6 to 10 months earlier). Three projectors purchased for the clinics were lying unutilised, two for want of accessories and the third due to the driver not being trained to operate the projector.

PUBLIC RELATIONS/MEDICAL AND HEALTH

3.9. Idle equipment, etc.

Instances of non-utilisation of equipment were noticed in the following cases :—

	<i>Item</i>	<i>Cost (in lakhs of rupees)</i>	<i>Month of purchase</i>	<i>Reasons</i>
<i>Public Relations</i>	Chassis for one Luxury Coach and one Drama Relief Van	1.84	March 1977	Non-fabrication of bodies due to paucity of funds. Sanction for fabrication was accorded only in August 1978.

	Item	Cost (in lakhs of rupees)	Month of purchase	Reasons
<i>Medical and Health</i>				
(i)	E.S.I. Hospital, Jagadhri	Dentograph X-ray machine	0.11 February 1972	Dental surgeon not posted.
(ii)	E.S.I. Hospital, Panipat	Dentograph X-ray machine	0.11 February 1972	
		E.C.G. machine	0.09 December 1971	Medical specialist to run the machine not posted.

The matter was referred to the Government in September 1978; reply is awaited (January 1979).

3.10. Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 1978, on which final action was pending at the end of August 1978, were as follows :—

	Number	Amount (in lakhs of rupees)
Cases reported upto the end of March 1977 and outstanding on 31st August 1977	224	18.54
Cases reported between April 1977 and March 1978	45	6.69
Total	269	25.23
Cases closed between September 1977 and August 1978	145	7.44*
Balance	124	17.79

Of these :

(i) Twentyfour cases (Rs. 2.09 lakhs) were outstanding for more than five years.

(ii) One hundred and thirteen cases (Rs. 16.80 lakhs) were outstanding with the departments of Buildings and Roads, Irrigation, Transport, Education, Food and Supplies and Medical and Health.

Appendix II shows department-wise analysis of cases in which departmental investigation or criminal prosecution were in progress at the end of August 1978.

3.11. Write off of losses, revenue, etc.

During 1977-78, Rs. 0.18 lakh representing losses due to theft, fire, irrecoverable revenue, duties, etc., were written off/recoveries were waived. Details are given in Appendix III.

*62 cases involving Rs. 4.12 lakhs, in which only recovery was pending, have not been included.

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION

4.1. Project for raising capacity of Bibipur lake

Bibipur lake (situated in a depression near Jyotisar), bounded by Thanesar, Bibipur and Kanthala bunds and the natural surface, was being used to store the monsoon flow of the river Saraswati and of the river Markanda (in time of need through a link channel called Kanthala supply channel) for irrigation purposes. The lake was depleted completely every year by 20th October and thus the land coming under temporary submergence (5,357 acres) was available for *Rabi* sowing.

2. With a view to utilising to the maximum extent the potential of the rivers Saraswati and Markanda for irrigation purposes and moderating the floods in the river Ghaggar, of which the Markanda is a tributary, the Irrigation Department took up in 1970 a project estimated to cost Rs. 1,49.07 lakhs (estimate not sanctioned) for raising the storage capacity of the lake from the existing 15,949 acre feet to 1,16,026 acre feet by raising its pond level. The project, which contemplated *inter alia* the raising of the height of the existing bunds and construction of a new Lukhi bund along the natural surface which bounded the lake, was to be completed in 2 years and was to temporarily submerge an additional 11,785 acres of land from 21st June to 15th November every year.

The project envisaged that the owners of the additional land to be temporarily submerged would agree to the same and in the case of non-agreement that it would be acquired under law. The landowners, however, did not agree to the temporary submergence and no steps were also taken for acquisition of the land. The work on the bunds was meanwhile started in 1970 and raising of the height of Kanthala bund and construction of part of the new Lukhi bund were completed by 1972-73 and 1971-72 respectively.

On the insistence of the affected landowners for reduction of the area of submergence and early depletion of the lake, the department decided in December 1973 to exclude the peripheral villages from the area of submergence by reducing the additional storage capacity from the proposed (about) one lakh acre feet to 19,092 acre feet. The area of proposed irrigation was also to be reduced from 33,596 acres to 18,650 acres. However, the Lukhi bund was to be constructed along a new alignment and the estimated cost of the project was to go up from Rs. 1,49.07 lakhs to Rs. 2,93.45 lakhs. The top level of the bund was to be kept at RL 822 feet instead of at RL 828 proposed earlier.

(3) *Revision of estimates*

In the revised estimate for Rs. 2,93.45* lakhs proposed by the Superintending Engineer in January 1978, the increases in the estimated cost of the different items were as follows :—

<i>Item</i>	<i>Increase (in lakhs of rupees)</i>
Earthwork	68.67
Works	27.07
Regulator	24.61
Land	12.45
Miscellaneous	11.58
Total	1,44.38

(4) *Progress of work*

The expenditure upto March 1978 on the project, which had been started in 1970, was Rs. 2,01.69 lakhs. The expenditure on the works remaining to be completed was estimated by the Department at Rs. 91.76 lakhs—Rs. 16.39 lakhs on dry brick pitching, Rs. 24.35 lakhs on providing gates for the Saraswati drain, Rs. 16.52 lakhs on earthwork, Rs. 4 lakhs on bridge and Rs. 30.50 lakhs for payment of compensation for land.

The Bibipur Lake Division stated (April 1978) that the water level of the lake had not been raised so far and thus no additional area had been brought under irrigation. The project was expected to be completed by 30th June 1978 but it had not been completed due mainly to stoppage of work on left protection bund in reach RD 14700 to tail as a result of the landowners not agreeing to the temporary submergence of their land.

(5) *Kanthala and Lukhi bunds*

Prior to the decision (December 1973) to keep the top level of the bunds at RL 822, the Kanthala bund in reach RD O-5500 and the Lukhi bund in RD O-1200 had been constructed during 1971-72 and 1972-73 and 1971-72 respectively with their height at RL 828. The proportionate expenditure on 6 feet of the embankments beyond RL 822 amounted to Rs. 2.20 lakhs and Rs. 0.48 lakh respectively.

(6) *Kanthala Supply Channel*

(i) The discharge of the river Markanda is passed into the lake through this channel (capacity 3,000 cusecs). The head regulator at Jalbehra, the take-off point from the river Markanda, and the channel were remodelled at a cost of Rs. 1.84 lakhs and Rs. 38.30 lakhs respectively during 1970-71 to 1975-76.

*Project estimate not sanctioned (November 1978).

(ii) *Damage to bridges/syphon on the channel*

(a) A village road bridge at RD 13500 was constructed in April 1972 at a cost of Rs. 0.89 lakh. The safety of the piers was endangered in August 1972 reportedly due to deep retrogression resulting from steep slope in the channel and borrowpits in the bed of the channel. Rupees 0.07 lakh were spent on protection works.

In the next season the channel was opened on 13th July 1973 but on 15th July 1973 the second pier (from the right side) of the bridge settled and tilted and caused damage to the two spans resting on this pier.

The damage was attributed by the Bibipur Lake Division to excess release of discharge (957 cusecs against indent for 200 cusecs) by the Pehowa Division which was, in charge of the head regulator but the Pehowa Division denied excess release and attributed the damage to the foundation of the pier being unprotected, the capacity of the channel being 3,000 cusecs. Rupees 1.02 lakhs were spent on repairs (Rs. 0.37 lakh) and protection works including flooring (Rs. 0.65 lakh). No action had been taken to investigate the causes of the damage.

(b) The safety of another bridge at RD 20150 constructed in June 1972 at a cost of Rs. 1.10 lakhs was also endangered in June 1972 reportedly due to non-provision of tail regulator at the tail of the channel as a result of which the channel attained steep slopes and high velocity of flow. Rupees 0.07 lakh were spent on repairs. Again, scour under the bridge below the concrete level was noticed on 25-26th August 1972, and Rs. 0.09 lakh were spent on protection works with a view to decreasing the velocity of the water. The tail regulator was constructed/completed in September 1974 at a cost of Rs. 6.86 lakhs.

(c) In order to drain out the water that would accumulate outside the Lukhi bund into the Saraswati drain, the construction of a syphon at RD 26000 of the Kanthala supply channel was contemplated and its construction was taken up in January 1975 to be completed by 30th May 1975. The syphon was not completed on due date but the channel was run on 29th June 1975 while the work on the syphon was in progress. As a result, the left bank of the channel was breached and water rushed through the syphon barrel to the right side and the right bank of the Kanthala supply channel at syphon side also breached, water thus standing on both sides of the bank. Consequently, a part of the floor concrete settled and the retaining wall overturned. The damage was got repaired at an estimated cost of Rs. 0.37 lakh.

A sum of Rs. 0.63 lakh was also spent during June 1975 to November 1975 to plug the syphon with a view to ensuring the safety of the completed works and to enable further construction work to progress. This expenditure could have been avoided had the work been completed within the stipulated period, i.e., by 30th May 1975.

(7) *Summing up*

(1) The project which was started in 1970-71 and was envisaged to be completed in 2 years had not been completed due mainly to the department's failure to take steps to ensure the availability of land before going

ahead with the construction. Even after 8 years, the progress of the work was reportedly held up due to objections from landowners affected by the project.

(2) While the work was in progress, the scope of the project had to be reduced due to opposition from the owners of the land to be submerged which should have been expected. As a result, the area to be irrigated was reduced from 33,596 acres to 18,650 acres.

(3) Due mainly to the changes in the scope of the project and delays in construction, the cost of the project increased substantially. Works costing Rs. 2.68 lakhs already executed were also rendered infructuous as a result of the decision to reduce the level of the bunds.

(4) Due to the delay in completion of a syphon and the running of a channel before completion of the syphon, there was a breach in the channel, on the plugging of which and on repairs, Rs. 1 lakh had to be spent.

(5) Delays in the construction of a tail regulator of another channel resulted in damage to a bridge on the channel necessitating an expenditure of Rs. 0.16 lakh on repairs and protection works.

(6) Excess release of water in a channel resulted in damage to a bridge on the channel and Rs. 1.02 lakhs had to be spent on repairs and protection works.

The matters mentioned above were reported to the Government in September 1978; reply is awaited (January 1979).

IRRIGATION/INDUSTRIES

4.2. Extra expenditure

On the basis of a rate contract entered into by the Controller of Stores (C.O.S.) with a firm and valid for one year from 1st September 1973, the Karnal Drainage Division placed on 7th January 1974 an order on the firm for supply of 600 tonnes G.I. wire (8 SWG) at Rs. 2,174 per tonne. Another order for supply of 150 tonnes was placed on the same firm by the Drainage Division, Rohtak on 16th January 1974. Even though as per the terms of the contract the firm was required to supply material at the rate of 100 tonnes per month, no supplies were made by the firm and the C.O.S. was informed accordingly by the Superintending Engineer in March 1974.

The C.O.S. served a notice on the firm on 22nd March 1974, invited risk purchase quotations for 300 tonnes to be opened on 10th April 1974, referred the case to Government on 2nd May 1974 for approval and issued to another firm on 12th July 1974 the acceptance of its offer for supply at Rs. 3,839 per tonne after receipt of Government approval (2-4 July 1974). The acceptance was, however, cancelled on 27th January 1975 as the indenting officer (Superintending Engineer, Drainage Circle, Karnal) was not prepared to take the supplies due to paucity of funds.

Between May 1974 and July 1974, the three divisions under Karnal Circle purchased locally 112.50 tonnes G.I. wire at Rs. 3,700 per tonne involving an extra cost of Rs. 1.77 lakhs when compared with the rates of the rate contract. The Superintending Engineer stated (April 1975) that

there was no alternative as the G.I. wire was required for river protection works to be completed by 30th June 1974. Yet, out of 75 tonnes of wire purchased by the Drainage divisions, Rohtak and Karnal, 40.41 tonnes remained unutilised at the end of the rainy season. As direct purchases had been made without observing the formality of routing the purchases through his organisation as required for effecting risk purchase, the C.O.S. refused to take any action against the rate contract firm in the matter.

The delay in the finalisation of the risk purchase order as also the local purchases made by the department without observing the risk purchase formalities thus entailed an extra expenditure of Rs. 1.77 lakhs.

The matter was referred to the Government in August 1978; reply is awaited (January 1979).

IRRIGATION/BUILDINGS AND ROADS

4.3. Extra expenditure due to non-acceptance of tenders within the validity period

According to the departmental instructions, tenders are to be processed at all levels with the utmost promptitude with a view to ensuring that acceptance of the tender is communicated within the validity period. It was noticed in audit that in the Sutlej Yamuna Link Division No. 9, Kurukshetra and Karnal Provincial Division acceptance of the lowest tenders in respect of three works was not communicated within the validity period of the tenders, which necessitated execution of works through other agencies at higher rates resulting in extra expenditure amounting to Rs. 1.42 lakhs. Particulars of these cases are given below :-

<i>Name of Division</i>	<i>Name of the work</i>	<i>Date of tender</i>	<i>Date upto which lowest tender was valid</i>	<i>Extra expenditure incurred in getting work executed through another agency (in lakhs of rupees)</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)	(6)
Sutlej Yamuna Link Division No. 9, Kurukshetra	Excavation of earthwork of Sutlej Yamuna Link Canal (RD 39.5 to 40 kilometres)	3rd January 1977	2nd April 1977	0.83	Recommendation for acceptance of tender sent to Superintending Engineer in May 1977. Contractor expressed unwillingness on 10th June 1977.

(1)	(2)	(3)	(4)	(5)	(6)
Provincial Division, Karnal	(i) Construction of C.I.D. interrogation centre at Madhuban	4th May 1976	31st July 1976	0.27	Validity period expired by the time it was decided whether the tender should be accepted by Superintending Engineer or Chief Engineer.
	(ii) Construction of houses for the Assistant Director and Battalion Commandants at Madhuban	3rd March 1976	2nd April 1976	0.32	Executive Engineer's recommendation sent to Superintending Engineer on 22nd March 1976 and the latter's recommendations to Chief Engineer on 6th April 1976—after expiry of validity period.

These cases were referred to the Government in June and August 1978; replies are awaited (January 1979).

BUILDINGS AND ROADS

4.4. Purchase of coal

In the Construction Division, Sonapat, 553.8 tonnes of R.O.M. (Run of Mines) quality coal was procured for the running of a departmental kiln at Rai from out of a consignment earmarked for the National Highway Division, Faridabad. The coal on receipt in May 1975 was got unloaded at Ballabgarh railway station and on weighment found to be only 491.79 tonnes. Information as to the action taken on the short receipt (62.01 tonnes costing Rs. 0.08 lakh) is awaited (November 1978).

Out of 491.79 tonnes received, the division consumed 42.74 tonnes and sold to a private kilnowner 99.05 tonnes, thus leaving a balance of 350 tonnes costing Rs. 0.59 lakh on hand as at the end of May 1978. The accumulation was attributed (December 1977 and May 1978) to the following:—

(a) Whereas the coal procured was of R.O.M. quality, the coal to be supplied to the kiln as per agreement with the contractor operating the kiln was to be of grade I and grade II quality; and

(b) There was no demand from other users for this coal which was stated to be not of good quality.

The Division stated in May 1978 that the coal was lying in the open since its receipt in May 1975 and that its quality was likely to deteriorate due to weathering effect.

Further developments about the disposal of the coal are awaited (November 1978).

Thus, purchase of coal not suitable for use in the kiln has resulted in idle investment of Rs. 0.59 lakh with possible risk of deterioration in quality since the coal has been lying in the open for the last over 4 years.

The matter was referred to the Government in June 1978 ; reply is awaited (January 1979).

4.5. Recoveries due from a contractor

In the Provincial Division No. II, Rohtak, the work of supplying 2,482 cubic metres (cum.) stone metal was entrusted to a contractor (tendered cost : Rs. 0.72 lakh) in May 1971 for completion within four months. The contractor having failed to complete the supply within the stipulated period, the department levied in April 1972 ten per cent compensation amounting to Rs. 0.07 lakh as provided in the agreement but suspended its recovery on the contractor promising (January 1974) to complete the supply by 31st March 1974. The contractor, however, supplied only 1,269 cum. stone metal upto 27th August 1974.

In December 1975, the department decided that the balance supply (1,213 cum.) should be got completed at the contractor's risk and that the expenses as also the amount of compensation should be recovered. The balance supply was obtained from other sources at an extra cost of Rs. 0.17 lakh.

The contractor's account was finalised only in October 1977. After adjusting the amount due to the contractor on account of supply made and his security, Rs. 0.18 lakh were recoverable from him. The division stated in June 1978 that no amount due to the contractor was pending payment in other divisions.

Information as to the further action taken for effecting the recovery is awaited (June 1978). Meanwhile, the agreement was reported to have been lost.

The matter was referred to the Government in June 1978 ; reply is awaited (January 1979).

PUBLIC HEALTH

4.6. Rural Water Supply Schemes in Ambala district

Mention was made in paragraph 4.10. of the Report of the Comptroller and Auditor General of India for the year 1975-76 about some aspects of the working of the Rural Water Supply Schemes in the State. Further points noticed in respect of such schemes executed in Ambala district are mentioned in the succeeding sub-paragraphs.

(i) According to the information furnished by the department, 46 schemes (estimated cost : Rs. 2,08.28 lakhs) were administratively approved by the Sanitary Board (a Board constituted by the Government with powers to approve and allocate funds for the execution of sanitary schemes) during 1970-71 to 1977-78. Out of these, by March 1978 23 schemes (estimated cost : Rs. 77.17 lakhs ; expenditure : Rs. 77.05 lakhs) had been completed/commissioned, 14 schemes (estimated cost : Rs. 66.47 lakhs) had not been started

for want of funds and 9 schemes (estimated cost : Rs. 64.64 lakhs ; expenditure : Rs. 29.86 lakhs) were under execution. The schemes under execution included two schemes which had been taken up more than three years back as per the details given below :—

<i>Serial number</i>	<i>Name of scheme</i>	<i>Estimated cost (in lakhs of rupees)</i>	<i>Number of villages involved</i>	<i>Population to be covered</i>	<i>Expenditure upto March 1978 (in lakhs of rupees)</i>	<i>Month in which work was commenced</i>
1.	Providing water supply to group of villages Ratte Wali	25.25	21	5,164	13.42 (upto June 1978)	March 1974
2.	Providing water supply to group of villages Tikri	3.76 (Revised)	5	412	2.81	February 1975

The delay in completion of the schemes was reportedly due to paucity of funds.

(ii) According to the approved pattern, 12 per cent of the cost of the scheme was to be recovered from the beneficiaries, 5 per cent in cash and 7 per cent in the form of land and labour. The share of the beneficiaries was to be collected by the Panchayats and deposited in Government account. A sum of Rs. 0.41 lakh on account of share of beneficiary Panchayats in respect of three schemes also remained to be recovered (July 1978) from the Panchayats.

(iii) The Government decided (April 1976) that water charges should be recovered on its behalf by the Panchayats (on a slab system based on house tax) from the beneficiaries for the water drawn by them from public stand posts from the year 1976-77. The department had anticipated an annual income of Rs. 5.84 lakhs in Ambala district. According to the information furnished by the Division, no demand registers were being maintained by the Panchayats and no money had been deposited by them. The villagers were reportedly not in a position to pay water charges due to their weak financial position.

(iv) The maintenance charges of water supply schemes (except those falling in hilly and sandy areas) were recoverable from the Panchayats. A sum of Rs. 1.91 lakhs spent on maintenance of two schemes during 1970-71 to 1977-78 had not been recovered from the Panchayats (August 1978).

(v) *Other points of interest*

The 23 completed schemes (expenditure : Rs. 77.05 lakhs) covered 132 villages and a population of 57,636. A performance analysis of a few selected schemes disclosed the following :—

(a) *Nugatory expenditure on merger of a scheme with another water supply scheme*

The water supply scheme in Kalka group of villages was commissioned sometime during the First Five Year Plan period. The source of water, a

percolation well of 15 feet dia sunk north of Kalka town, being limited, an estimate amounting to Rs. 0.61 lakh was prepared in August 1970 for construction of an additional percolation well of 15 feet dia but construction could not be undertaken as no suitable site was available near the headworks. The department therefore spent Rs. 0.42 lakh upto March 1971 on augmenting the supply from the existing well. The water supply being inadequate still, particularly during summer months, the department took up (June 1971) a project for the merger of this scheme with a consolidated scheme for 'Nagal Bhaga group of villages'. The source of supply of raw water in the consolidated scheme was from a *kuhl* flowing from Bar-Godam, near Shivalik Hills. The work on the consolidated scheme was completed in March 1977 at a cost of Rs. 6.99 lakhs.

In April 1977, the Sub-Divisional Officer informed the Executive Engineer that the scheme could not be run properly for want of raw water in the tail of the *kuhl*, the point at which water was drawn for the water supply scheme. The department proposed to draw water from the head of the *kuhl* by laying 2,660 feet pipeline and prepared in May 1977 an estimate for Rs. 0.84 lakh (not sanctioned) for the work. The work was completed in August 1977 at a cost of Rs. 0.97 lakh.

The inhabitants of the area complained (June 1977) that the drawing of water from the head had affected badly their natural water supply for drinking and agriculture purposes. The *gram panchayats* of the Kalka group of villages also pointed out (August 1977) that the modified scheme was not suitable to them as they were not getting sufficient water (their villages being located at higher altitude than the supply centre) and that the water was also not good and urged the restoration of water supply from Kalka water works. The supply of these villages was re-linked to Kalka water works in December 1977. The expenditure incurred (Rs. 0.40 lakh) on the works executed for linking the Kalka group of villages for water supply with the consolidated scheme of 'Nagal Bhaga', thus, did not serve any purpose.

(b) *Inadequate supply of water*

(i) The scheme for providing water supply to Salehpur group of 4 villages, based on a percolation well bore upto a depth of 155 feet, was completed in July 1971 at a cost of Rs. 3.03 lakhs and commissioned in March 1972. The tubewell had been developed for a discharge of 3,780 gallons per hour with a depression head of 18 feet.

In April 1978, the tubewell started giving muddy water and water supply from the well had to be suspended. The failure of the tubewell was attributed (May 1978) to overpumping (10 hours instead of the normal 8 hours) and to keeping the depression head at 18 feet, which was considered by the department as abnormally high for the discharge. The tubewell was again developed with the help of a compressor and water supply was restored in May 1978.

The department proposed (July 1978) boring of a new tubewell upto a depth of 450 feet at a cost of Rs. 1.48 lakhs, which was expected to yield a discharge of 6,000 gallons per hour. However, the work had neither been sanctioned nor started (August 1978).

Thus, due to defective design and overpumping, the tubewell failed and had to be redeveloped. Even after redevelopment, the requirement of the villages was not being met and work on a new tubewell, which has been proposed is to be started.

(ii) The 'Kakkar Majra' scheme for providing water supply in Shahzadpur group of 18 villages (estimated cost : Rs. 7.54 lakhs), approved in August 1970, contemplated installation of two tubewells for providing water. The scheme was commissioned during 1972-73 with partial supply of safe drinking water with one tubewell constructed at Kakkar Majra at a cost of Rs. 0.50 lakh. Due to non-construction of the second tubewell at village Manglore (reasons not on record), the inhabitants could not get the required quantity of water and the one tubewell installed was overworked.

The tubewell started giving mud and fine sand (May 1975) and stopped working in September 1975. The water supply was restored in December 1975 after redevelopment of the tubewell but supply was restricted as the tubewell even after redevelopment could not give fault free service. The second tubewell at village Manglore was completed in March 1976. A new well at Kakkar Majra was bored (November 1977) but the tubewell had not been commissioned reportedly for want of electric connection. The expenditure on the water supply scheme till the time of audit (August 1978) was Rs. 10.90 lakhs.

Thus, though an expenditure of Rs. 10.90 lakhs had been incurred on the scheme, for four years only one tubewell was working against the two contemplated, which resulted in the overworking of the tubewell and its failure. A new tubewell completed in November 1977 has not been commissioned for want of electric connection.

Summing up

(i) Two water supply schemes on which Rs. 16.23 lakhs had been spent were not completed even after three years of their commencement, reportedly due to paucity of funds ;

(ii) water charges recoverable from the beneficiaries had not been recovered ;

(iii) the beneficiaries' share (Rs. 0.41 lakh) and maintenance charges of water supply schemes (Rs. 1.91 lakhs) had not been recovered from the Panchayats ;

(iv) similarly, linking of the water supply scheme for Kalka with another scheme without adequate investigation of availability of water at the source resulted in a nugatory expenditure of Rs. 0.40 lakh ; and

(v) for a water supply scheme, for which two tubewells had been contemplated, only one tubewell was constructed. The result was that

the well was overworked and consequently got depleted prematurely. A second tubewell completed in November 1977 is awaiting commissioning for want of power supply.

The points mentioned above were referred to the Government in September 1978; reply is awaited (January 1979).

4.7. Recoveries due from a contractor

In Public Health Division, Hissar, work on the sewerage scheme in Hissar town-V instalment (estimated cost : Rs. 1.20 lakhs) was entrusted to a contractor in April 1973 for completion within eight months. The work was completed in February 1976 but the accounts of the contractor had not been finalised.

The contractor was paid at labour rates in respect of certain items of work for which material for use on work had been issued by the department. According to departmental rules, the cost of material not returned is recoverable at double the stock issue rate. The contractor had not returned material valuing Rs. 0.59 lakh issued during July 1973 to July 1975 for use on work but not used due to change in design. Rupees 0.12 lakh were also recoverable on account of empty cement bags not returned (Rs. 0.04 lakh) and cost of material consumed on items of work (Rs. 0.08 lakh) for which the contractor had been paid at rates inclusive of stores.

Against the recoverable amount of Rs. 1.34 lakhs (including Rs. 0.04 lakh towards storage charges), only Rs. 0.08 lakh representing security deposits withheld from running payments (Rs. 0.06 lakh) and the value of work executed due to be paid (Rs. 0.02 lakh) were available with the department.

The matter was referred to the Government in May 1978 ; reply is awaited (January 1979).

PUBLIC WORKS (ALL BRANCHES)

4.8. Miscellaneous Works Advances

The balance under this head represents the value of stores sold on credit, expenditure incurred on deposit works in excess of deposits received, losses of cash or stores, advances awaiting recovery from Government servants, contractors, etc. Items under the head are to be cleared either by actual recovery or by transfer under proper sanction or authority to some other head of account.

Information received from 70 divisions (out of 156 divisions, which

were addressed) indicated that the balance outstanding at the end of 1977-78 was Rs. 4,48.55* lakhs. Year-wise break-up of the balance is given below :—

<i>Period</i>	<i>Number of items</i>	<i>Amount</i> (in lakhs of rupees)
Upto 1973-74	3,367	47.25
1974-75	2,763	51.13
1975-76	3,143	66.74
1976-77	3,286	1,21.67
1977-78	4,685	1,61.76
Total	17,244	4,48.55

Delay in prompt clearance under this head could result in losses to the Government as some of the amounts might become irrecoverable due to lapse of time.

The matter was referred to the Government in November 1978; reply is awaited (January 1979).

*This does not include 364 items for *minus* Rs. 33.90 lakhs requiring adjustment.

CHAPTER V

STORES AND STOCK

5.1. Synopsis of important stores accounts

A synopsis of important stores accounts for 1977-78 (other than those relating to Government commercial and quasi-commercial departments/undertakings) received upto November 1978 is given below :—

Serial number	Department/Stores	Opening balance	Receipts	Issues	Closing balance
(in lakhs of rupees)					
1.	Stamps—				
	Revenue, judicial and non-judicial stamps	80,85.33	24,18.60	18,36.11	86,67.82
2.	Public Health—				
	Iron, cement, bricks, stone, timber, pipes, fuel, lubricants, paints, sanitary fittings, etc.	4,01.34	7,03.45	8,08.68	2,96.11
3.	Irrigation—				
	(a) Bhakra Canals—				
	Building materials, timber, fuel, lubricants, paints, electrical goods, etc.	25.22	19.90	27.10	18.02
	(b) Other than Bhakra Canals—				
	Cement, iron, bricks and miscellaneous stores	2,72.63	21,51.64	21,91.11	2,33.16
4.	Forest—				
	Consumable stores, felled timber and other produce collected departmentally including livestock and non-consumable stores	19.96	39.37	35.95	23.38
5.	Buildings and Roads—				
	Iron, cement, bricks, stone, timber, fuel, lubricants, paints, electrical goods, etc.	(—)55.54	12,48.65	13,26.06	(—)1,32.95*

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

Stores accounts of the following departments for the years indicated against each had not been received (November 1978).

Department	Year(s) for which stores accounts not received
Animal Husbandry	1969-70 to 1977-78
Industrial Training	1969-70 to 1977-78
Medical	1969-70 to 1977-78
Printing and Stationery	1975-76 to 1977-78
Jails	1976-77 to 1977-78
Police	1976-77 to 1977-78
Public Relations	1977-78

5.2. Stores accounts of Public Works divisions

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

- (i) the limits for the year 1977-78 had not been prescribed for 87 out of 163 divisions holding stock. In 10 divisions the value of stock at the end of 1977-78 exceeded the prescribed limits. The details are given below :—

Serial number	Department	Total number of divisions in which stock was held	Number of divisions for which ceiling limits were not prescribed for 1977-78	Divisions in which value of stock held exceeded the prescribed limit	
				Number	Excess amount (in lakhs of rupees)
1.	Public Health	25	..	4	42.93
2.	Irrigation—				
	(a) Bhakra Canals	7	3	1	3.64
	(b) Other than Bhakra Canals	87	63	5	33.94
3.	Buildings and Roads	44	21	..	..
	Total	163	87	10	80.51

(ii) stock registers had not been closed in a number of divisions for several years although, to expedite clearance of arrears, the Government had been granting relaxation from time to time for exhibiting the value of stores in the stock registers. The arrears in the closing of these registers at the end of March 1978 and the preceding two years were as under :—

Serial number	Department	Number of registers of which closing was in arrears at the end of			Number of divisions in which arrears existed at the end of 1977-78	Earliest month to which the arrears pertained
		1975-76	1976-77	1977-78		
1. Irrigation—						
(a)	Bhakra Canals	85	91	105	7	March 1967
(b)	Other than Bhakra Canals	60	99	163	52	March 1972
2.	Buildings and Roads	169	173	173	32	March 1968
Total		314	363	441	91	

(iii) there were *minus* balances in the divisional stock registers of the following departments at the end of March 1978 :—

Serial number	Department	Number of divisions	Minus balance at the end of March 1978 (in lakhs of rupees)
1.	Buildings and Roads	33	2,17.55
2.	Irrigation (other than Bhakra Canals)	30	1,92.44
3.	Public Health	5	46.93
4.	Irrigation (Bhakra Canals)	4	5.54

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

5.3. Physical verification of stores

The stores are required to be physically verified periodically by responsible officers independent of the stock-holders. The results of physical

Verification of stores during 1977-78 were not received by Audit (November 1978) from 141 out of 163 Public Works divisions as shown below :—

1. Irrigation—

(a) Bhakra Canals	7
(b) Other than Bhakra Canals	87

2. Buildings and Roads 44

3. Public Health 3

Total 141

INDUSTRIES

5.4. Extra expenditure

In response to a tender notice issued by the Controller of Stores (C.O.S.), five firms offered (July 1976) to supply Carbaryl 85 per cent aerially sprayable (ISI specification 7121-1973), at the rates indicated below :—

Firm	Rate per tonne in packing of		
	5 kgs.	20 kgs.	50 kgs.
	(in rupees)		
A	..	39,200	..
B	..	39,390*	..
C	..	42,000	..
D	..	44,000	..
E	49,000	48,000	47,000

The offers were valid upto 6th October 1976 (which was extended upto 31st December 1976).

The lowest offer of firm A was not found acceptable in the absence of ISI certificate and test reports. The offer of firm B was accepted and its acceptance was communicated telegraphically to the firm by the C.O.S. on 31st December 1976. The firm B acknowledged the acceptance on 4th January 1977 and remitted the security deposit (Rs. 3,000) in the form of Fixed Deposit Receipt. At the time of signing the agreement, firm B pointed out (April 1977) that the price variation clause as per its offer had not been incorporated by the C.O.S. in the agreement.

*The rate was subject to increase on actual basis in the event of increase in the price of technical material or rise in freight or imposition of additional excise duty/customs duty or devaluation of currency.

The C.O.S., however, declined (May 1977) to incorporate the condition at that stage but promised to examine the case of increase in excise duty/sales tax on merit. The Government also expressed (August 1977) its inability to agree to incorporation of price variation clause but observed that such a conditional offer should not have been recommended for acceptance. By that time the validity period of other offers had already expired.

With a view to meeting the urgent requirement of the indenting department, after inviting fresh tender enquiries, 88 tonnes of the material in 5 kg packing were purchased from C and E at the rate of Rs. 59,000 per tonne during October-November 1977.

The extra expenditure which the department had to incur as compared to even the highest offer of E of Rs. 49,000 per tonne made in July 1976 and valid upto 31st December 1976 was Rs. 8.21 lakhs, which could have been avoided had the contract been finalised in time.

The matter was referred to the Government in September 1978; reply is awaited (January 1979).

5.5. Shortages

In the following cases, shortages came to notice during physical verification/at the time of change in incumbency of Sectional Officers/Storekeepers, etc.

<i>Name of the division/ office</i>	<i>Nature of articles</i>	<i>Amount of shortages (in lakhs of rupees)</i>	<i>When noticed</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)

BUILDINGS AND ROADS

(i) Construction Division, Nuh	Stone metal/ building material, etc.	0.35	September 1971	A Sectional Officer did not hand over charge of the stores in his custody on his transfer in September 1970. Physical verification conducted in September 1971 by the Sub-Divisional Engineer and the successor Sectional Officer showed shortages of material valuing Rs. 0.34 lakh and non-accountal of material of the value of Rs. 0.20 lakh. The department stated (June 1978) that the over-haul of accounts during July-December 1977 established shortages of Rs. 0.15 lakh and non-accountal of Rs. 0.20 lakh. Further developments are awaited (January 1979).
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(1)	(2)	(3)	(4)	(5)
(ii) Construction Division, Karnal	Cement and steel	0.22	March 1973	Shortages were noticed on physical verification of stores under the charge of a Sectional Officer, who did not hand over charge of stores on his transfer in December 1972, by his successor. Recovery of value of the shortages from the Sectional Officer ordered by the Chief Engineer is yet to be effected (January 1979).
(iii) Provincial Division No. 2, Rohtak	Stone metal	0.19	October 1975	Shortages were noticed on physical verification of stores under the charge of a Sectional Officer, who did not hand over charge of stores on his transfer in September 1975, by his successor. Recovery of the value of the shortages from the Sectional Officer ordered (September 1977) by the Superintending Engineer is yet to be effected (January 1979).

IRRIGATION

(iv) Construction Division No. 3, Binjoli (Panipat)	Building material like cement, empty cement bags, tiles, ACC sheets and cement concrete blocks	0.36	September 1975	Shortages noticed by the departmental authorities in September 1975 at the time of change of incumbency of a Sectional Officer were ordered (April 1978) by the Superintending Engineer to be recovered from the Sectional Officer. Further developments are awaited (January 1979).
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CHAPTER VI

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

GENERAL

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

- (i) Statutory Corporations ;
- (ii) Government Companies ; and
- (iii) Departmentally managed Government commercial/*quasi*-commercial undertakings.

SECTION B

STATUTORY CORPORATIONS

6.2. There were three Statutory Corporations in the State on 31st March 1978, viz., Haryana State Electricity Board, Haryana Financial Corporation and Haryana Warehousing Corporation.

A general analysis of the capital structure, working results, etc., of these Corporations is given as under, separately in respect of (i) Haryana State Electricity Board; and (ii) Other Statutory Corporations.

(i) Haryana State Electricity Board

6.3. The Haryana State Electricity Board was formed on 3rd May 1967. The accounts of the Board for the year 1977-78 duly certified together with the audit certificate and report thereon, were forwarded to the State Government in October 1978 for being placed before the State Legislature in terms of Section 69(5) of the Electricity (Supply) Act, 1948.

6.4. Capital and borrowings

The capital of the Board comprises loans obtained from the State Government and borrowings from other sources. The table below indicates

the balance of loans outstanding at the end of 1977-78 :—

Source	Amount (in lakhs of rupees)
State Government	2,83,07.88*
Public borrowings (by issue of bonds)	38,99.49
Life Insurance Corporation of India, banks and others	70,52.04
Total	3,92,59.41

6.5. Working results

The working results of the Board for the three years ending 31st March 1978 are summarised below :—

	1975-76	1976-77	1977-78
	(in lakhs of rupees)		
(i) Revenue receipts	39,71.67	47,92.72	53,00.18
(ii) Revenue expenditure	30,80.68	39,25.41	40,37.51
(iii) Net surplus	8,90.99	8,67.31	12,62.67
(iv) Appropriation towards general reserve, interest on bonds, etc.	6,74.82	7,75.02	12,30.00
(v) Balance available towards interest on loans from Government	2,16.17	92.29	32.67
(vi) Interest due on loans from Government			
(a) For the year	11,16.90	13,06.24	14,54.73
(b) Arrears for previous years	26,98.65	35,99.38	48,13.33
Total interest due	38,15.55	49,05.62	62,68.06
(vii) Arrears of interest on loans from Government shown in accounts as contingent liability	35,99.38	48,13.33	62,35.39

*As per Chapter I and Statement No. 18 of the Finance Accounts, an amount of Rs. 2,18.24 crores is outstanding against the Board. The difference of Rs. 64.84 crores is made up of (i) Rs. 64.24 crores adopted *pro forma* by the Board in respect of its share in the liabilities of the composite Punjab State Electricity Board as on 31st March 1967 and (ii) Rs. 0.60 crore which is under reconciliation.

A synoptic statement showing the summarised results of working of the Board for the year 1977-78 is given in Appendix IV.

6.6. Generation and sale of energy

The table below indicates the installed capacity for generation of power, power generated, power available for sale, power sold and lost in transmission and distribution for the three years upto 1977-78 :—

	1975-76	1976-77	1977-78
	(in MkwH)		
(i) Installed capacity—			
(a) Internal combustion (Diesel)	36.73	28.01	28.01
(b) Thermal	1,264.07	1,789.67	1,789.67
(c) Hydel	3,532.91	3,532.91	4,627.91
Total	4,833.71	5,350.59	6,445.59
(ii) Power generated—			
(a) Internal combustion (Diesel)	0.09	0.03	0.15
(b) Thermal	681.00	976.00	1,016.79
(c) Hydel	2,000.99	1,905.31	1,983.45
Total	2,682.08	2,881.34	3,000.39
(iii) Power used for auxiliaries	63.07	89.69	102.69
(iv) Power purchased	206.18	286.81	77.83
(v) Power available for sale	2,825.19	3,078.46	2,975.53
(vi) Power sold—			
(a) within the State	1,618.88	1,879.19	1,969.37
(b) outside the State (Share of power sold by Bhakra Management Board)	729.32	656.96	481.53
(c) Power used on Board's works	5.63	5.24	5.15
Total sales	2,353.83	2,541.39	2,456.05

	1975-76	1976-77	1977-78
	(in Mkw/h)		
(vii) Loss in transmission and distribution	471.36	537.07	519.48
(viii) Percentage of power generated to installed capacity	55.5	53.9	52.8*
(ix) Percentage of loss in transmission and distribution to power available for sale	22.5	22.2	20.8
(x) Average cost of energy sold (including power used on works) per Mkw/h (in lakhs of rupees)	1.65	1.84	2.00
(xi) Average revenue per Mkw/h (in lakhs of rupees)	1.69	1.89	2.16

*Note :—The percentage of power generated to installed capacity during 1977-78 has been worked out by taking 38.49 MW only as proportionate share of installed capacity of 125 MW in respect of 4 hydel units commissioned during the year 1977-78.

6.7. Sale of energy

(1) Introductory

Section 59 of the Electricity (Supply) Act, 1948, provides that the State Electricity Board shall not as far as practicable, carry on its operations at a loss and shall adjust its charges accordingly from time to time. Under Section 78-A, *ibid*, the Board is required to be guided by such directions on question of policy as may be given to it by the State Government.

The Board had estimated in May 1969 that it would achieve a minimum annual return of not less than 8.5 per cent on its average capital** base by 1970-71 and 9.5 per cent by 1973-74 and would continue to maintain at least this level subsequently. As the Board could not achieve the targetted returns, modified forecasts were sent by the Board to the Central Electricity Authority in July 1976 wherein the return to be achieved in 1977-78 was revised to 8.2 per cent.

**Capital base means the sum total of (i) gross fixed assets, (ii) intangible assets and (iii) working capital which will be 1/6th of the total operating and administrative expenses, reduced by accumulated provisions for depreciation and consumers' contribution for fixed assets and security deposits.

The following table indicates the projected annual rate of return on the average capital base and actual rate of return achieved during the eight years upto 1977-78.

Year	Projected rate of return (per cent)	Return achieved (per cent)
1970-71	8.5	5.8
1971-72	8.5	4.7
1972-73	8.5	5.3
1973-74	9.5	5.7
1974-75	9.5	4.0
1975-76	9.5	7.2
1976-77	7.1	6.4
1977-78	8.2	7.2

The shortfall was attributed by the Board (October 1978) to :—

- (i) shortfall in power availability mainly due to slippage in commissioning schedule of Beas Project which was initially scheduled to be commissioned in 1973-74. With the commissioning of 2 sets in 1977-78 (December 1977 and March 1978) and remaining in 1978-79, the return is likely to improve in the coming years ;
- (ii) non capitalisation of interest on loans obtained for those projects which are still under construction;
- (iii) the return derived from Rural Electrification Scheme which was undertaken as socio economic policy to uplift the rural areas economically was not adequate to cover the operation, maintenance, depreciation and interest charges in initial years;
- (iv) supply of power to common pool consumers (Nangal Fertilizer Factory) at average rate of 4.272 paise per kwh from Bhakra Complex;
- (v) increase in price of essential inputs; and
- (vi) higher rates of purchase of power charged by inter-State Generating agencies.

(2) Tariff revisions

With the object of raising additional revenues, five major tariff revisions were made by the Board since its formation in May 1967. The tariff revisions were made on *ad hoc* basis to (i) meet the increased cost of generation, transmission, distribution, etc. ; (ii) enhance the financial resources of the Board; (iii) liquidate the accumulated liabilities; and (iv) meet the development cost. It may, however, be mentioned that interest liability on the loans raised by Board from the State Government is increasing from year to year

(Rs. 1,83.72 lakhs in 1970-71 to Rs. 62,35.39 lakhs in 1977-78) and no effective steps are being taken to clear the same.

The tariff rates applicable to various categories of consumers from time to time are given in Appendix V.

(3) Revenue and expenditure

The table below indicates the sale of power, revenue earned and the total expenses (including interest paid and payable on Government loans) for each of the three years upto 1977-78 :—

Year	Sale of power (Mkwh)	Revenue realised	Expenditure				Total expenditure	Excess of expenditure over revenue
			Revenue expenditure	Interest paid	Interest payable	Assets written off		
(in lakhs of rupees)								
1975-76	23,53.83	39,71.67	30,80.68	7,96.75	9,00.73	4.06	47,82.22	8,10.55
1976-77	25,41.39	47,92.72	39,25.41	7,58.49	12,13.95	5.00	59,02.85	11,10.13
1977-78	24,56.05	53,00.18	40,37.51	8,70.21	14,22.06	5.91	63,35.69	10,35.51

It would appear from the above that despite the periodical increase in tariff rates, the total expenditure still exceeded the revenue realised. The Board stated (November 1978) that with the revision of rates in respect of various categories of consumers with effect from 15th May 1978, the deficit was likely to be covered partially.

(4) Energy sold and revenue realised.

The table below indicates the category-wise connected load, energy sold, revenue realised and average return per Kwh sold during each of the three

years upto 1977-78 :-

	1975-76				1976-
	Connected load (Mw)	Energy sold (Mkwh)	Revenue from sale of energy (in lakhs of rupees)	Revenue per Kwh energy sold (in paise)	Connected load (Mw)
(1)	(2)	(3)	(4)	(5)	(6)
1. Low Tension					
(a) Domestic	154.82	117.96	3,16.02	26.79	167.66
(b) Commercial	57.83	50.69	2,39.24	47.20	64.97
(c) Industrial	303.02	202.02	5,38.02	26.63	327.75
(d) Public Lighting	2.45	6.02	15.70	26.08	2.61
(e) Agricultural	695.12	611.85	10,32.11	16.87	746.57
2. High Tension					
(a) Industrial	311.63	575.89	8,17.97	14.20	324.43
(b) Bulk	20.45	54.45	2,09.70	38.51	21.94
3. Free supply on Board's works					
	—	5.63	—	—	—
Total	1545.32	1624.51	31,68.76		1655.93

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1977-78

<i>Energy sold (Mkwh)</i>	<i>Revenue from sale of energy (in lakhs of rupees)</i>	<i>Revenue per Kwh energy sold (in paise)</i>	<i>Connected load (Mw)</i>	<i>Energy sold (Mkwh)</i>	<i>Revenue from sale of energy (in lakhs of rupees)</i>	<i>Revenue per Kwh energy sold (in paise)</i>
(7)	(8)	(9)	(10)	(11)	(12)	(13)
137.66	3,63.31	26.39	184.97	157.23	4,09.37	26.04
58.40	2,64.86	45.35	70.32	62.61	2,96.46	47.35
245.76	6,71.90	27.34	351.09	257.16	7,92.38	30.81
7.68	20.48	26.67	2.75	7.86	25.92	32.98
739.64	12,63.96	17.09	801.92	691.35	12,91.97	18.69
632.69	10,64.34	16.82	360.74	668.87	11,57.21	17.30
57.36	1,67.75	29.24	27.08	124.29	3,17.03	25.50
5.24	—	—	—	5.15	—	—
1884.43	38,16.60		1798.87	1974.52	42,90.34	

(5) *Pending applications*

As on 30th September 1978 there were 56,160 applications pending with the Board for new connections. The category-wise details of pending applications along with reasons for not giving new connections are as under :—

<i>Reasons</i>	<i>Domestic</i>	<i>Com- mercial</i>	<i>Indus- trial</i>	<i>Agri- cultural /Tubewells</i>	<i>Others</i>	<i>Total</i>
	(in numbers)					
1. For want of action by consumers—formalities not completed	8,975	1,649	992	3,705	74	15,395
2. For want of action by the Board—						
(a) Being processed in office	7,093	1,789	849	2,691	45	12,467
(b) For want of material	14,725	2,255	545	4,551	17	22,093
(c) Erection work in progress	3,332	532	228	2,113	..	6,205
Total	34,125	6,225	2,614	13,060	136	56,160

Out of above, 8,744 applications were pending over 6 months but less than 1 year, 1,334 applications over 1 year but less than 2 years and 64 applications over 2 years.

The Chief Engineer stated (June 1978) that the field officers had been instructed to clear/minimise the pending applications as early as possible.

(6) *Sundry debtors*

(a) The table below indicates the amount of bills raised for sale of energy, revenue realised and balance outstanding (sundry debtors) for the three years upto 1977-78 :—

<i>Year</i>	<i>Balance outstanding at the beginning of the year</i>	<i>Bills raised during the year</i>	<i>Total</i>	<i>Revenue realised during the year</i>	<i>Balance at the end of the year (sundry debtors)</i>	<i>Percentage of sundry debtors to sale of energy</i>
	(in lakhs of rupees)					
1975-76	2,62.46	35,35.15	37,97.61	34,61.89	3,35.72	9.5
1976-77	3,35.72	42,52.44	45,88.16	42,68.77	3,19.39	7.5
1977-78	3,19.39	46,85.86	50,05.25	46,74.95	3,30.30	7.1

The position of sundry debtors, debts not acknowledged by consumers and the provision for bad and doubtful debts at the end of each of the three years ending 1977-78 was as follows :—

Year	Sundry debtors	Overdue amount	Percentage of overdue sundry debtors	Provision for bad and doubtful debts (in lakhs of rupees)	Percentage of provision for bad and doubtful debts to sundry debtors
1975-76	3,35.72	2,30.74	68.7	13.73	4.1
1976-77	3,19.39	2,31.55	72.5	18.07	5.7
1977-78	3,30.30	2,54.70	77.1	30.05	9.1

In view of the high percentage of amount in default to the sundry debtors, the provision for bad and doubtful debts appears inadequate. The Board stated (September 1977) that only dues outstanding for more than six years in respect of which legal action was barred under Haryana Government Electricity Undertaking (Dues Recovery) Act, 1970 had been treated as bad and doubtful debts.

(b) The following points were also noticed :—

- (i) Cases in respect of consumers involving Rs. 99.71 lakhs were *subjudice*.
- (ii) In 13,040 cases involving Rs. 1,37.09 lakhs, supply of power was disconnected owing to failure of the consumers to make payments in accordance with the conditions of supply. However, in respect of 3,301 consumers against whom dues aggregating Rs. 1,17.61 lakhs were outstanding as on 31st March 1978, the supply of power had not been disconnected. The Chief Engineer (Operation) stated (November 1978) that either the cases were in dispute or pending in the courts for which follow up action was being taken.
- (iii) In view of the stringent financial position of a private consumer of Charkhi Dadri, the State Government issued (December 1976) a directive to the Board that to revive the work of the company, the consumer company may, *inter alia*, be allowed a moratorium of five years on accumulated arrears of electricity charges (including electricity duty). Accordingly, the Board decided (December 1976) to allow a moratorium for five years on the dues to the extent of the amount (Rs. 34.76 lakhs) of accumulated arrears outstanding and not to recover surcharge (2 per cent per month) or interest on such amount for that period.
- (iv) The number of consumers in default had gone down from 21,646 in 1975-76 to 16,341 in 1977-78 but the amount in default had gone up from Rs. 2,30.74 lakhs in 1975-76 to Rs. 2,54.70 lakhs in 1977-78.

(7) *Other topic of interest**Under assessment of energy charges*

The Board is running a small thermal power house within the premises of a cement factory at Surajpur having a large industrial supply electric connection. The consumer was being supplied power both through hydro electric source and thermal power house. The Maximum Demand Indicator (M.D.I.) with reference to which the demand charges were to be assessed was, however, installed only at the hydro electric source of supply and the consumer was accordingly billed on the basis of the readings recorded at the said M.D.I. The demand charges in respect of supply from thermal sources were not billed as no M.D.I. was installed to indicate the demand/consumption of electricity from it.

The Chief Engineer of the Board in response to an enquiry from a subordinate officer about the maximum demand during running of the thermal power house conveyed (May 1971) that for assessing the billing demand, either the M.D.I. be installed at the common point of supply of both the sources or half hourly readings of energy consumption be recorded for both the sources simultaneously, whenever the thermal sets were run, and the maximum demand arrived at on the basis of maximum energy consumed/power factor should be compared with the maximum demand recorded on the hydro electric supply and higher of the two should be charged from the consumer.

Notwithstanding the aforesaid instructions, the billing was continued to be done tentatively on the basis of the readings recorded by the M.D.I. installed at the hydro electric source and it was only in November 1974 and October 1975 that the internal audit wing of the Board worked out additional demand for Rs. 2.12 lakhs and Rs. 1.81 lakhs for the period October 1971 to July 1974 and August 1974 to May 1975 respectively. The consumer, however, contested (December 1974 and November 1975) these demands holding the same as arbitrary and averse to facts and demanded that the issue be discussed and decided by the competent authority.

The Chief Engineer provisionally decided (November 1975) to temporarily freeze the additional demands pending final decision, on the ground that the amount worked out by the internal audit was not factual. The Board started (September 1977) issuing bills to the consumer according to instructions of May 1971 but the additional demand for the period from October 1971 to August 1977 is yet to be raised.

The matter was referred to Government /Board in December 1976. Further development is awaited (January 1979).

(8) *Summing up*

To sum up it may be stated that

(i) despite periodical increase in tariff rates, the total expenditure (including interest) exceeded the revenue realised;

(ii) percentage of amount in default to sundry debtors was increasing from year to year (from 68.7 per cent in 1975-76 to 77.1 per cent in 1977-78); and

(iii) 56,160 applications were pending with the Board for new connections.

The above points were referred to Government in September 1978; reply is awaited (January 1979).

6.8. Thermal Plant, Surajpur

The thermal plant at Surajpur has two generating units of 2.6 MW and 4.2 MW capacity respectively. The consumption of fuel, heat units generated, heat equivalent of electrical energy and average thermal efficiency in the thermal plant for each of the three years upto 1977-78 are given below :—

	1975-76	1976-77	1977-78
(a) Fuel consumed			
Coal (Thousand tonnes)	10.6	11.4	16.00
(b) Heat value of fuel consumed (in thousand millions of kilo calories) :			
Coal (5500 K. Cal/Kg.)	58.4	62.8	88.00
(c) Generation, heat rate and efficiency			
(i) Total units generated (in million Kwh)	7.4	7.4	10.0
(ii) Heat rate (K. Cal/Kwh)	7825	8470	8789
(iii) Thermal efficiency (Percentage)	11.00	10.15	9.78
(iv) Design efficiency (Percentage)	17.8— 19.4	17.8— 19.4	17.8— 19.4

The thermal efficiency of the plant was below the designed efficiency. Further, as compared to the Board's anticipated consumption of coal provided in the annual estimates, there was excess consumption to the extent of 3,673 tonnes valued at Rs. 5.95 lakhs during the years 1975-76 to 1977-78.

The Board stated (July 1978) that overall low efficiency of the plant was due to ageing factor of the units which had outlived their lives and inferior quality of coal received from collieries. It may be mentioned that estimates for the consumption of the coal were prepared keeping in view the ageing factor of the plant and inferior quality of coal.

6.9. Excess consumption of material

Nine works of providing tubewells and industrial connections were completed by a Junior Engineer in charge of a sub office in November 1973, but neither any accounts were submitted by him nor checked by the Sub-divisional Officer, immediately after the completion of the works, as required under the rules. The concerned Junior Engineer was transferred to another division on 25th May 1974 without handing over charge. Despite a request by the old Divisional Officer, not to allow him to join in the new division till he handed over his charge, he was allowed to join. After recall he handed over the charge in old division between 23rd December 1974 and 21st January 1975.

The consumption statements submitted by the Junior Engineer were test-checked by the Sub-divisional Officer (February 1975 to October 1975) and it was noticed that non-consumable stores worth Rs. 0.34 lakh had been

booked in excess on the above works. The official who in the meantime had gone to the Beas Construction Board was stated to be absconding from duty from 9th March 1978 and the amount was, therefore, placed (March 1978) in 'Miscellaneous Public Works Advances' pending recovery. Further progress is awaited.

The Executive Engineer stated (May 1978) that the official had drawn the material in excess of provision in the estimates of the concerned works due to negligence of the then Sub-divisional Officer, who failed to detect the stores requisitions made in excess of the estimated requirements. No action has been taken against the concerned Sub-divisional Officer.

The matter was referred to Government in September 1978; reply is awaited (January 1979).

6.10. Excess consumption of demineralised water

The annual estimates for the running and maintenance of first and second units of Thermal Plant, Faridabad, provided average hourly consumption of 13 tonnes of demineralised (DM) water during the year 1975-76 and 10.40 tonnes during each of the years 1976-77 and 1977-78. The plant was run for 5,335 hours (one unit), 8,770 hours (two units) and 10,604 hours (two units) during the years 1975-76, 1976-77 and 1977-78 respectively.

It was noticed (February 1978) that during these years, 4.17 lakh tonnes DM water had been consumed in the plant against the estimated consumption of 2.71 lakh tonnes DM water resulting in excess consumption of 1.46 lakh tonnes DM water valuing Rs. 3.53 lakhs.

The Government stated (February 1979) that excess consumption of DM water was due to frequent tripping, testing and commissioning of units, hydraulic tests, turbine flushing, etc., and that the plant was to be kept running in view of acute shortage of power in spite of some bearable leakages in the plant. This contention of Government has to be viewed in the light of the fact that the estimates for the consumption of DM water are sanctioned by the competent authority keeping in view all the factors responsible for the loss of DM water and that the units remained under shut down on an average from 5 to 6 months in a year during this period against one month provided in the estimates and the leakage could have been properly plugged.

6.11. Extra expenditure due to delay in the finalisation of tenders

Tenders for 'construction of 8 numbers category III quarters including internal water supply and sanitary fittings at 33 KV Sub-station, Digaran Jattau' were invited on through rate basis by the Executive Engineer, Civil Works Division, Rohtak on 24th February 1975 and opened on 20th March 1975. As per the terms of 'notice inviting tenders' the offers were to remain valid for three months from the date of opening of tenders. In response, three contractors submitted their offers. The lowest offer (Rs. 1.33 lakhs-worked out on the basis of tendered rates) contained a stipulation regarding claim for extra carriage for bricks available beyond three miles from the site of work which was also covered under the provisions contained in common schedule

of rates. The lowest tenderer was, however, asked (31st March 1975) to withdraw this condition but he did not respond. Further, one of the other two contractors, who were addressed regarding the extra carriage for bricks, intimated that such charges were payable. The other contractor did not respond.

After processing, the tenders were forwarded by the Executive Engineer to the Superintending Engineer on 26th April 1975 who finally sent them to the Chief Engineer on 10th June 1975, though both the Divisional and Circle Offices were located at the same place. Since the tenders were still under process, the lowest tenderer was asked (16th June 1975) to extend the validity period by one month, i.e., upto 19th July 1975 to which he agreed. The tenders could not be finalised even by that date and the tenderer was again asked (1st August 1975) to extend the validity period by another two months. This time he refused and requested for refund of the earnest money (Rs. 2,800). Accordingly, the tenders were cancelled by the Chief Engineer on 17th September 1975.

Fresh tenders for the same work were invited on 1st August 1976 and opened on 21st August 1976. The work was allotted (November 1976) to the same tenderer whose rates were lowest (Rs. 1.79 lakhs). The non-finalisation of tenders even within the extended validity period of 4 months (i.e., by 19th July 1975) resulted in extra expenditure of Rs. 0.46 lakh.

The Executive Engineer stated (April 1978) that this being administrative/financial matter, the detailed scrutiny of documents was necessary at various stages and that the extra cost involved was due to the enhancement of premium rate during the intervening period.

The matter was referred to Government in September 1978; reply is awaited (January 1979).

6.12. Avoidable expenditure of Rs. 2.88 lakhs on construction of a Sub-station

The Chief Engineer (P&C) sanctioned two estimates in 1975-76 for construction of a 33 KV Sub-station at Bhirana and a 33 KV line from Fatehabad to Bhirana (15 km.) at an estimated cost of Rs. 5.53 lakhs and Rs. 5.91 lakhs respectively. The required land for the 33 KV Sub-station was, however, acquired at another place, viz., village Bhuttan Kalan instead of at Bhirana in view of the land having been offered by the *Panchayat* of the said village free of cost. Owing to the change in site of the Sub-station a revised estimate for Rs. 9.29 lakhs for constructing a 33 KV line from Fatehabad to Bhuttan Kalan (24 Km.) was prepared (July 1977) for sanction of the competent authority. Simultaneously, the work of construction of the line from Fatehabad to Bhuttan Kalan and of the Sub-station in that village was started in anticipation of the requisite sanction.

The Member (Technical), however, directed (December 1977) that the construction of the 33 KV Sub-station at Bhuttan Kalan and acquisition of land at that place might not be taken up till further orders. The Board intimated (May 1978) that the Sub-station was to be constructed at Bhirana for which the land acquisition proceedings were in progress (November 1978). In view of this decision the entire expenditure on the construction of the Sub-station at Bhuttan Kalan (Rs. 2.88 lakhs) and on the portion of the line to be dismantled as per changed decision has proved infructuous.

The matter was referred to the Board/Government in September 1978; reply is awaited (January 1979).

6.13. Misappropriations, defalcations, etc.

The details of cases of misappropriations, defalcations, etc., of the Board's money upto the end of March 1978 for which final action was pending at the end of August 1978 are as under :—

	Number of cases			Amount (in lakhs of rupees)
	Valued	Value not known	Total	
Cases pending action as on 31st March 1977	911	666	1,577	31.58
Addition during April 1977 to March 1978	93	208	301	31.29
Total	1,004	874	1,878	62.87
Cases closed between April 1977 to August 1978	97	3	100	2.77
Balance	907	871	1,778	60.10

Of these, 1,037 cases (amount : Rs. 23.24 lakhs) were more than three years old.

6.14. Outstanding audit objections

As on 31st August 1978, 26,974 audit objections (Rs. 54.14 crores) raised by the Chief Accounts Officer of the Board pertaining to the period upto 1977-78 were outstanding as per the details given below :—

	Earliest year since outstanding	Amount (in crores of rupees)
(a) Want of sanctions	1967-68	47.39
(b) Want of detailed contingent bills	1967-68	1.96
(c) Want of payees' receipts	1973-74	2.43
(d) Want of agreements/purchase orders	1968-69	2.36
Total		54.14

(ii) Other Statutory Corporations

6.15. The total investment of the State Government in the other two Statutory Corporations as on 31st March 1978 was as under :—

	(in lakhs of rupees)
(i) Haryana Financial Corporation	1,56.33
(ii) Haryana Warehousing Corporation	1,00.04

(8) Repayment of capital/loans and payment of dividend/interest thereon raised by the Haryana Financial Corporation to the extent of Rs. 16.68 crores have been guaranteed by Government. The amount guaranteed and outstanding as on 31st March 1978 was Rs. 16.17 crores.

The Haryana Financial Corporation earned a net profit of Rs. 1,09.05 lakhs (before tax) during 1977-78 against profit of Rs. 95.25 lakhs during 1976-77. This represented 33.05 per cent of the Corporation's paid-up capital of Rs. 3.30 crores. The Corporation declared dividends of Rs. 12.18 lakhs during 1976-77 and Rs. 12.43 lakhs during 1977-78, including Rs. 5.71 lakhs and Rs. 5.83 lakhs respectively, payable to the State Government.

The Haryana Warehousing Corporation earned net profit of Rs. 8.91 lakhs (before tax) during the year 1977-78 against net profit of Rs. 30.99 lakhs during the year 1976-77. This represented 4.46 per cent of the Corporation's paid-up capital of Rs. 2.00 crores. The Corporation declared dividend of Rs. 4.00 lakhs during 1977-78 against Rs. 6.00 lakhs during 1976-77.

A statement showing the summarised financial results of working of the two corporations on the basis of the latest available accounts is given in Appendix IV.

SECTION C

GOVERNMENT COMPANIES

6.16. Introduction

On 31st March 1978, there were 15 Government Companies (including five subsidiaries) in the State. During the year one Joint Sector Company, viz., Haryana Polysteel Limited, incorporated on 20th November 1973, became subsidiary of the Haryana State Industrial Development Corporation Limited. Government investment in the paid-up capital of ten Companies (excluding the subsidiaries) as on that date was Rs. 17,79.95 lakhs. In addition, the Government of India had invested Rs. 94.83 lakhs in one Government Company, viz., Haryana Agro-Industries Corporation Limited as on 31st March 1978.

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

Company	Maximum amount guaranteed	Amount guaranteed and outstanding as on 31st March 1978
(1)	(2)	(3)
(in lakhs of rupees)		
1. Haryana State Minor Irrigation (Tubewells) Corporation Limited	56,87.94	16,01.61

(1)	(2)	(3)
2. Haryana Dairy Development Corporation Limited	4,45.00	1,43.66
3. Haryana Agro-Industries Corporation Limited	89.75	44.79
4. Haryana Tanneries Limited	30.00	37.60*
5. Haryana Breweries Limited	20.00	27.34*
6. Haryana Minerals Limited	20.00	24.15*
7. Haryana State Industrial Development Corporation Limited	10.00	10.00

Of the fifteen Companies, ten close their accounts on 31st March and five on 30th June every year. The accounts of the following Companies have not been received (January 1979) for the period shown against each :—

(i) Haryana State Minor Irrigation (Tubewells) Corporation Limited	1973-74 to 1977-78
(ii) Haryana Harijan Kalyan Nigam Limited	1975-76 to 1976-77
(iii) Haryana Dairy Development Corporation Limited	1975-76 to 1977-78
(iv) Haryana Tourism Corporation Limited	1975-76 to 1977-78
(v) Haryana Matches Limited	1977-78
(vi) Haryana Polysteel Limited	1977-78
(vii) Haryana Tanneries Limited	1977-78
(viii) Haryana Minerals Limited	1977-78
(ix) Haryana Agro-Industries Corporation Limited	1976-77

A statement showing the summarised financial results of working of Government Companies on the basis of latest available accounts is given in Appendix VI.

6.17. Haryana Matches Limited, Yamunanagar

(1) *Introductory*

The Company was incorporated under the name 'Haryana Nimco Private Limited' on 17th June 1970 as a subsidiary of the Haryana State Indus-

*Includes interest payable also.

Industrial Development Corporation Limited in collaboration with a match dealer of Delhi. The main objects of the Company are :—

- (i) to carry on business as dealers in wholesale and/or retail of match boxes, wooden material, packing material, advertisement and publicity material;
- (ii) to carry on business of assembling veneers and to convert the same in finished match boxes; and
- (iii) to deal in wholesale business of veneers and splints manufactured by the Company.

(2) Capital structure

The authorised capital of the Company is Rs. 20 lakhs divided into 2000 shares of Rs. 1000 each. The paid-up capital as on 31st March 1977 was Rs. 12.50 lakhs wholly subscribed by its holding Company, viz., Haryana State Industrial Development Corporation Limited.

In addition, the Company borrowed money from a commercial bank. The total amount of loan outstanding on 31st March 1978, was Rs. 0.86 lakh.

(3) Financial position and working results

(a) The Company has not finalised its accounts for the year 1977-78 (November 1978). The financial position of the Company as at the end of each of the three years upto 1976-77 was as under :—

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
<i>Liabilities</i>			
Paid-up capital	10.50	12.50	12.50
Borrowings	1.75	0.35	0.79
Trade dues and current liabilities (including provisions)	0.95	0.62	0.56
Total	13.20	13.47	13.85
<i>Assets</i>			
(a) Gross block	6.55	6.58	6.58
(b) Less depreciation	1.72	2.20	2.63
(c) Net fixed assets	4.83	4.38	3.95
(d) Current assets	4.05	3.05	2.31
(e) Preliminary expenses not written off	0.04	0.04	0.04
(f) Accumulated losses	4.28	6.00	7.55
Total	13.20	13.47	13.85
(g) Capital employed	7.93	6.81	5.70
(h) Net worth	6.18	6.46	4.91

Notes :—

- (i) "Capital employed" represents net fixed assets plus working capital.
- (ii) "Net worth" represents paid-up capital plus reserves less intangible assets.

(b) Working results

The table below indicates the working results of the Company for the three years upto 1976-77.

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
A. Income			
(i) Sales	2.88	4.30	1.49
(ii) Other income	0.03	0.13*	0.05
Total	2.91	4.43	1.54
B. Expenditure			
(i) Material consumed	1.87	1.38	0.63
(ii) Administrative and other expenses	3.12	3.92	1.68
(iii) Depreciation	0.53	0.48	0.43
(iv) Miscellaneous expenses	0.01	0.01	..
C. Accretion/Decretion in stock	(-)-1.23	(+)-0.36	(+)-0.35
Total	4.30	6.15	3.09
D. Net profit (+) before tax/ Net loss (-) before tax	(-)-1.39	(-)-1.72	(-)-1.55
E. Cumulative losses	(-)-4.28	(-)-6.00	(-)-7.55

The Company has been incurring loss year after year. Thus more than 60 per cent of the paid-up capital had been wiped out on account of losses due mainly to under-utilisation of the installed capacity [see paragraph 5(iii)]. The performance was reviewed by the Board of Directors of the Company in July 1977 and the Management had stated that a feasibility study about availability of raw material, technical know-how, marketing, etc., had not been carried out before the commencement of the project.

(4) Collaboration with Match dealer of Delhi

In order to implement the match box project, a collaboration agreement was entered into on 5th March 1969 by the holding Company (Haryana State Industrial Development Corporation Limited) with the sole proprietor of Northern India Match Factory. The agreement, which was adopted by

*Includes Rs, 0.11 lakh written back out of provision for bad and doubtful debts.

Haryana Matches Limited on its incorporation, *inter alia*, provided for the following :

- (i) The collaborator was to supply complete technical know-how, factory layout and a scheme (within a budget provision of Rs. 8 lakhs) for setting up the factory.
- (ii) The collaborator was to subscribe Rs. 0.25 lakh towards share capital and was to be appointed Executive Director on a monthly remuneration of Rs. 1,500 with allowances.

The collaborator subscribed Rs. 0.25 lakh against the equity share capital but failed to supply technical know-how and factory layout.

Anticipating some delay in the implementation of production activities and with a view to popularising the brand name of matches to be marketed, the Company decided (August 1970) to carry out trading activities by purchasing match boxes with the Company's labels from manufacturers in the South. The Company expected to sell 50,000 to 75,000 gross match boxes per month yielding annual profit ranging between Rs. 1.20 lakhs to Rs. 1.80 lakhs. It could, however, sell 1,74,685 gross match boxes (representing sale target of 3-4 months) during March 1971 to March 1973 which resulted in a loss of Rs. 0.36 lakh (including Rs. 0.14 lakh given as advance to suppliers and subsequently written off as irrecoverable in March 1977).

In the meantime (April 1972) the collaborator demanded an increase in his remuneration to the extent of 50 per cent of net profit or Rs. 5,000 per month or acceptance of his resignation from the post of Executive Director. In view of the fact that the holding Company as well as the Company did not find it possible to accede the demand of the collaborator, the Board accepted (May 1972) his resignation with immediate effect. Eventually the collaborator's agreement was terminated by another agreement of 25th April 1973 whereby the collaborator severed all his connection with the Company on the terms indicated below :—

- (i) the collaborator would transfer his shareholdings of Rs. 0.25 lakh to the Company in consideration of Rs. 0.20 lakh; and
- (ii) the Company would cease to use the trade marks like 'Nimco', 'Club', 'Kutub' and 'Luckystar' and delete the word 'Nimco' from its name. Likewise the collaborator would not use the word 'Haryana'.

The agreement dated 5th March 1969 with the collaborator did not contain provisions relating to (i) time schedule for submission of technical documents, schedule for erection/commissioning of plant, (ii) levy of penalty for non-fulfilment of the provisions of agreement, and (iii) stipulation regarding retention of trade mark after the expiry of the agreement. In the absence of these, the Company could not take any action against the collaborator when he failed to supply technical know-how, factory layout and a scheme as envisaged in the agreement.

Besides, the Company suffered as under :—

- (i) production of match boxes, which was to be taken up during the year 1971-72, was actually taken up in March 1973;

- (ii) the trading activity taken up during the years 1971-72 and 1972-73 resulted in a loss of Rs. 0.36 lakh due mainly to (a) the purchase of poor quality of match boxes from South, (b) non-establishment of proper marketing cell, and (c) advances of Company funds to the parties subsequently proved to be unsound; and
- (iii) with the surrender of old trade mark which was popularised at the cost of the Company in the initial years, the Company lost the goodwill so created.

(5) *Performance analysis*

The factory was scheduled to go into production before the close of the financial year 1971-72. Commercial production was, however, started in March 1973. Late start of production was attributed by the Management (August 1975) mainly to the delay in the erection/installation of machinery.

(ii) The installed capacity of the plant, on single shift basis, was originally kept as 2,000 gross match boxes per day and machinery valuing Rs. 3.21 lakhs was purchased between 1971 and 1974. In view of non-availability of trained labour, insufficient electric power, scarcity of raw material and constraints in sales the Company decided (August 1974) to reduce the installed capacity of plant to 500 gross match boxes per day (i.e., 1.5 lakh gross match boxes a year of 300 working days). Thus machinery valuing Rs. 0.75 lakh became surplus and was awaiting disposal (November 1978).

(iii) The Company started its own production of match boxes in March 1973. The installed capacity, the production and the extent of utilisation of the installed capacity upto 1977-78 was as under :—

Year	Installed capacity	Actual production	Percentage of utilisation
	(in gross match boxes)		
1973-74	1,50,000	41,155	27
1974-75	1,50,000	42,645	28
1975-76	1,50,000	26,765	18
1976-77	1,50,000	9,725	6
1977-78	1,50,000	7,245	5

The under-utilisation of the installed capacity was attributed (September 1978) by the Management to (a) non-availability of trained labour, (b) shortage of power and (c) stiff competition in the trade.

(6) *Cost of production*

The Company has not (July 1978) introduced any costing system. The table below indicates the element-wise cost, total cost and the cost per bundle (each bundle contains 5 gross match boxes) for the three years upto 1976-77.

Particulars	1974-75		1975-76		1976-77	
	Amount spent on the production of 8,529 bundles (in lakhs of rupees)	Amount spent per bundle (in rupees)	Amount spent on the production of 5,353 bundles (in lakhs of rupees)	Amount spent per bundle (in rupees)	Amount spent on the production of 1,945 bundles (in lakhs of rupees)	Amount spent per bundle (in rupees)
Material consumed	1.87	21.92	1.38	25.78	0.63	32.39
Wages	0.69	8.10	0.54	10.09	0.32	16.45
	<u>2.56</u>	<u>30.02</u>	<u>1.92</u>	<u>35.87</u>	<u>0.95</u>	<u>48.84</u>
Factory overheads	1.82	21.34	2.61	48.76	1.09	56.04
	<u>4.38</u>	<u>51.36</u>	<u>4.53</u>	<u>84.63</u>	<u>2.04</u>	<u>104.88</u>
General overheads	1.15	13.48	1.26	23.54	0.71	36.50
Total	<u>5.53</u>	<u>64.84</u>	<u>5.79</u>	<u>108.17</u>	<u>2.75</u>	<u>141.38</u>

As against the production cost of Rs. 64.84, Rs. 108.17 and Rs. 141.38 per bundle during the years 1974-75, 1975-76 and 1976-77, the sale rate was Rs. 58.39, Rs. 58.51 and Rs. 59.33 respectively. Non fixation of sale rate with reference to cost was due to stiff competition in the market.

(7) Inventory control

The table below indicates the opening balance, purchases, consumption and closing balance of raw material/consumable stores (including work-in-progress) for the three years upto 1976-77 :—

Particulars	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
Opening balance	0.47	1.19	1.11
Purchases*	2.59	1.30	0.43
Consumption	1.87	1.38	0.63
Closing balance	1.19	1.11	0.91

It was noticed that :

- (i) the Company had not fixed any minimum, maximum and re-ordering levels of stock of raw material and stores ;

*Includes Octroi, packing material and freight inwards, etc.

- (ii) priced stores ledgers had not been maintained ; and
- (iii) no system of conducting independent physical verification of stores and stock had been prescribed and consequently no such verification had been conducted (March 1978).

(8) *Internal audit*

A firm of Chartered Accountants was appointed to work as Internal Auditor for 1973-74 on a fee of Rs. 500 per annum. In June 1974, the same firm was re-appointed to work as Internal Auditor-cum-Income Tax Adviser on retainership basis of Rs. 100 per month plus travelling allowances. The services of the firm were terminated in December 1975, due to their unsatisfactory work. Reports submitted by Internal Auditor, if any, were not made available to Audit. No other system of internal audit had been introduced by the Company (July 1978).

(9) *Other topic of interest*

Misappropriation of Company funds : Rs. 0.19 lakh

Apprehending certain irregularities in the factory accounts, the holding Company ordered in May 1978 detailed audit of the transactions during the tenure of an ex-Manager (he remained incharge of the factory between November 1977 and May 1978). Based on the findings, the Company filed a criminal case (May 1978) against the ex-Manager for short-accountal of receipts (Rs. 0.03 lakh), shortage of stores (Rs. 0.12 lakh) and fictitious payments (Rs. 0.04 lakh). The misappropriation was rendered possible due to lack of financial control exercised by the Management as the ex-Manager was vested with all the financial and the administrative powers which were misused by him. Further developments are awaited (January 1979).

(10) *Summing up*

The preceding paragraphs bring out that

- (i) the production of match boxes by the Company was decreasing from year to year (41,155 gross match boxes in 1973-74 to 7,245 gross match boxes in 1977-78); and
- (ii) the accumulated losses of the Company were Rs. 7.55 lakhs as on 31st March 1977 against the paid-up capital of Rs. 12.50 lakhs as on that date.

6.18. Haryana Breweries Limited

(1) *Introductory*

The Haryana Breweries Limited was incorporated on 14th September 1970, as a subsidiary of the Haryana State Industrial Development Corporation Limited. Its main objects are :—

- (i) to carry on business as dealers, distillers, brewers and manufacturers of wine, spirits and alcohol; and

- (ii) to deal in and erect factories for the manufacture, refinement, preservation, dehydration, canning and bottling of vegetable, milk and meat products and drinks, wines, liquors, spirits and cognac of every description whether intoxicating or not.

The Company has so far undertaken the manufacture and sale of beer only.

The authorised capital of the Company was raised from Rs. 90 lakhs to Rs. 1,25 lakhs in March 1971 and to Rs. 1,75 lakhs (September 1977) divided into 15 lakh equity shares of Rs. 10 each and 25,000 (9.5 per cent) cumulative preference shares of Rs. 100 each.

The paid-up capital as on 31st March 1978 was Rs. 1,20.06 lakhs contributed by the Haryana State Industrial Development Corporation—Rs. 77.63 lakhs (Rs. 66.48 lakhs in equity and Rs. 11.15 lakhs in preference shares) and others including public—Rs. 42.43 lakhs (Rs. 31.08 lakhs in equity and Rs. 11.35 lakhs in preference shares).

In addition, the Company borrowed money from its holding Company, Haryana Financial Corporation and commercial banks against hypothecation of fixed and current assets.

The table below summarises the loans outstanding at the close of each of the last four years upto 1977-78 :—

Source	1974-75		1975-76		1976-77		1977-78	
	Prin- cipal	Inte- rest over- due	Prin- cipal	Inte- rest over- due	Prin- cipal	Inte- rest over- due	Prin- cipal	Inte- rest over- due
(in lakhs of rupees)								
Haryana State Indu- strial Deve- lopment Corpora- tion Limited	30.00	4.19	30.00	8.97	34.00	14.94	1.94	20.13
Haryana Financial Corpora- tion	20.00	1.16	20.00	3.66	20.00	5.40	20.00	7.34
Commer- cial Banks								
Term loan	70.00		70.00		70.00		70.00	
Working capital loan	20.18	3.38	32.36	7.44	32.55	8.41	39.88	1.72
Total	1,40.18	8.73	1,52.36	20.07	1,56.55	28.75	1,31.82	29.19

(2) *Organisational set-up*

The management of the Company is vested in the Board of Directors headed by the Chairman. The Managing Director, appointed by the State Government, functions as the Chief Executive, controlling the finance and looking after the day to day affairs of the Company. The factory is located at Murthal near Sonapat.

(3) *Financial position and working results*(a) *Financial position*

The table below summarises the financial position of the Company for the four years upto 1977-78 :—

	1974-75	1975-76	1976-77	1977-78
	(in lakhs of rupees)			
<i>Liabilities</i>				
Paid-up capital	87.10	87.51	87.98	1,20.06
Borrowings	1,40.18	1,52.36	1,56.55	1,31.82
Trade dues and other current liabilities (including provisions)	43.67	55.54	71.26	69.70
Total	2,70.95	2,95.41	3,15.79	3,21.58
<i>Assets</i>				
(a) Gross block	1,81.73	1,82.94	1,83.63	1,85.61
(b) Less depreciation	29.55	15.98	21.45	26.91
(c) Net fixed assets	1,52.18	1,66.96	1,62.18	1,58.70
(d) Capital work-in-progress	..	0.05	0.09	0.24
(e) Investments	0.21	0.30	0.30	0.30
(f) Current assets, loans and advances	63.72	57.08	80.00	93.96
(g) Miscellaneous expenditure	5.34	5.06	4.71	4.36
(h) Cumulative losses	49.50	65.96	68.51	64.02
Total	2,70.95	2,95.41	3,15.79	3,21.58
(i) Capital employed	1,72.23	1,68.50	1,70.92	1,82.96
(j) Net worth	32.26	16.49	14.76	51.68

Notes :— (i) "Capital employed" represents net fixed assets (excluding capital work-in-progress) plus working capital.

(ii) "Net worth" represents paid-up capital plus reserves less intangible assets.

The steep rise in 'net worth' in 1977-78 (Rs. 51.68 lakhs) as compared to 1976-77 (Rs. 14.76 lakhs) was due to the conversion of bridging loans obtained from the holding Company into share capital of the Company.

(b) Working results

The table below summarises the working results of the Company for the four years upto 1977-78 :—

	1974-75	1975-76	1976-77	1977-78
	(in lakhs of rupees)			
<i>Income</i>				
Sales (net)	61.81	76.33	1,84.27	2,19.03
Depreciation added back	..	19.00	..	..
Other income	15.92	0.65	1.60	3.53
Total	77.73	95.98	1,85.87	2,22.56
<i>Expenditure</i>				
Material consumed	37.83	39.77	96.77	1,19.92
Manufacturing and other expenses (including deferred revenue expenditure)	40.63	43.10	59.27	67.11
Interest	16.76	24.14	26.91	25.49
Depreciation	14.27	5.43	5.47	5.54
Total	1,09.49	1,12.44	1,88.42	2,18.06
Net profit (+)/Net loss (—)	(—) 31.76	(—) 16.46	(—) 2.55	(+) 4.50

The losses during the years 1974-75 and 1975-76 were due mainly to under-utilisation of the installed capacity of beer bottled which was 23 per cent and 28 per cent respectively. The capacity utilisation during 1976-77 and 1977-78 was 85 per cent and 96 per cent respectively. As per techno economic report of the consultants the break even factor was assessed on achieving 50 per cent of the installed capacity but according to the Company (June 1978) the break even factor worked out at 88 per cent.

(4) Project cost

In their techno economic report, the Consulting Engineers estimated (April 1971) the cost of the Brewery project as Rs. 1,73.00 lakhs which was subsequently revised (July-August 1972) to Rs. 1,80.00 lakhs. The actual cost of the project was, however, Rs. 2,05.50 lakhs. The Management stated

(October 1974) that the over-run in the project cost was due to delay in commissioning the Brewery (Rs. 11.02 lakhs), under-estimation of expenses (Rs. 11.80 lakhs) and other reasons (Rs. 2.68 lakhs).

(5) *Production performance*

(i) The Brewery was set up to manufacture 50,000 hectolitres of beer per annum based on 250 working days in a year. The commercial production which was scheduled to commence in June 1973 was started in April 1974.

The table below indicates the installed capacity of the brewery vis-a-vis the actual production of beer for the four years upto 1977-78 :—

Year	Installed capacity	Beer brewed	Shortfall	Percentage
			(—) / Excess (+)	of utilisation of the capacity
			(in hectolitres)	
1974-75	50,000	20,749	(—)29,251	41.5
1975-76	50,000	15,745	(—)34,255	31.5
1976-77	50,000	47,120	(—) 2,880	94.2
1977-78	50,000	50,360	(+) 360	100.7

The techno economic report of the project envisaged achievement of 60 per cent, 80 per cent and 100 per cent of its capacity in its first, second and third year of operation.

The Management stated (November 1978) that production was limited to market requirements as the brand was new and there was tough competition with the already established brands. Further, shelf life of beer was 3 to 4 months and it could not be produced and stored.

(ii) *Production losses*

Production of beer is a continuous process which passes through various stages of production such as brewing, fermentation, stabilisation, filtration and bottling. There is no system of working out the losses in the various stages of production of beer. In the absence of working out losses in each process, reasons for overall losses could not be identified with reference to loss in each process.

The table below summarises the overall process losses worked out by Audit on the basis of raw material used for brewing the beer and quantity of beer bottled for the four years upto 1977-78 :—

	1974-75	1975-76	1976-77	1977-78
	(quantity in hectolitres)			
Opening balance	1,390.00	5,884.00	5,454.00	5,763.00
Beer brewed based on raw material used	20,749.00	15,745.00	47,120.00	50,360.00
Total	22,139.00	21,629.00	52,574.00	56,123.00

	1974-75	1975-76	1976-77	1977-78
	(quantity in hectolitres)			
Less closing balance of beer in tanks	5,884.00	5,454.00	5,763.00	4,701.00
Beer available	16,255.00	16,175.00	46,811.00	51,422.00
Beer filled in bottles	11,904.62	14,055.28	41,517.71	46,689.35
Production losses	4,350.38	2,119.72	5,293.29	4,732.65
Percentage of production losses to beer brewed	21.0	13.5	11.2	9.4

The Company has not fixed any norm for process losses. However, the consultants in their sketch report had pointed out that the overall loss of beer in production would be about five per cent. The Management stated (July 1978) that the losses were mainly in the process of filtration, filling and pasteurisation.

(6) Breakage of bottles

(a) The table below indicates the incidence of breakage of bottles during different bottling operations, viz., washing, filling, pasteurisation, labelling and packing for the four years upto 1977-78 :—

Year	Bottles introduced in process	Bottles actually filled in and taken into stock	Difference	Percentage of breakage of bottles to bottles introduced
	(numbers in lakhs)			
1974-75	20.23	18.31	1.92	9.49
1975-76	22.40	21.62	0.78	3.48
1976-77	68.92	63.87	5.05	7.33
1977-78	78.31	71.83	6.48	8.27

No norms have been fixed for breakage of bottles during bottling operations.

It was stated (October 1975) by the Brew Master that the higher incidence of breakages was due to poor quality of the bottles. The Company, however, attributed the increase in breakage of bottles during the year 1976-77 to the use of old bottles. The reasons for higher incidence of breakage of bottles in 1977-78 were awaited (January 1979).

(b) The Company purchases old and new bottles after proper inspection. In July 1974 and March 1975 the Company purchased 63,696 old bottles at a total cost of Rs. 0.38 lakh without prior inspection. These bottles

were found defective and were auctioned (April 1976) for Rs. 0.19 lakh. Thus, owing to non-inspection of bottles before purchase, the Company suffered a loss of Rs. 0.19 lakh.

(7) *Commissioning of carbon dioxide compressor*

The Consulting Engineers of the Company in their techno economic report recommended (April 1971) the installation of a compressor for collection of 1.5 Kg. to 2.0 Kg. of carbon dioxide per hectolitre of beer from the fermentation tank for its use in the process. The Company placed (March 1972) an order for supply of a carbon dioxide compressor costing Rs. 1.02 lakhs with a Bombay firm. The compressor, received in February 1973, was installed in March 1974; the same could not, however, be used for collecting gas as certain supporting equipment like purifying and drying units were not purchased. In July 1977, the Company again considered the issue of collection of carbon dioxide as recommended by the Consulting Engineers and assessed that based on 3 cylinders of carbon dioxide per brew, saving of expenditure of Rs. 0.29 lakh per year could be made. In order to implement the scheme, the Company issued orders (October and November 1977) for purchase of the supporting equipment, scheduled for delivery in January 1978. Pending receipt of the supporting equipment and commissioning of the compressor, the Company is meeting its requirement of carbon dioxide through purchases from open market. The Company stated (November 1978) that the collection of carbon dioxide in brewery was in infancy in India and its supporting equipments were to be based on the future working of the brewery. The contention of the Management is not tenable as the compressor could not be put to use without supporting equipments.

Delay in running the carbon dioxide compressor has resulted in blocking of funds to the tune of Rs. 1.02 lakhs. Further, based on the Company's assessment of consumption of 3 cylinders per brew, the Company could have effected a saving of Rs. 1.00 lakh during the years 1974-75 to 1977-78 after meeting the estimated additional expenditure on the installation and running of carbon dioxide compressor.

(8) *Inventory control*

The following table shows the comparative position of inventory at the close of each of the four years upto 1977-78 :—

	1974-75	1975-76	1976-77	1977-78
	(in lakhs of rupees)			
Raw material including work-in-progress and goods in transit	26.99	17.67	20.00	19.38
Finished goods	11.52	7.88	19.33	18.81
Spares, stores and tools	5.78	6.62	4.93	5.04
Other stores	0.91	1.29	1.46	0.36
Total	45.20	33.46	45.72	43.59

The closing stock of stores and spares was equivalent to about 62 months' consumption for production requirements for 1974-75, 98 months' consumption for 1975-76, 14 months' consumption for 1976-77 and 17 months' consumption for 1977-78.

It was further noticed (July 1978) that :

- (a) the Company had not fixed any minimum, maximum and re-ordering levels of stock and stores ;
- (b) total consumption had not been reconciled with the total issues as per the priced ledgers; and
- (c) stores and spares included defective rubber hose pipes worth Rs. 0.22 lakh purchased in November 1974 which had not been put to use (November 1978).

(9) *Cost control*

The Company produces three different types of beer but has not introduced proper system of costing to arrive at the cost price of each brand. It has, however, started compiling cost data from the financial accounts from the year 1976-77 showing the cost of production of beer irrespective of the type of beer manufactured.

The following shortcomings were also noticed in July 1978 in the existing cost technique :—

- (i) reconciliation of cost data with actuals as per the financial books was not being done ;
- (ii) process-wise wastage of beer was not being ascertained; and
- (iii) norms for consumption of raw material for different brands of beer had not been fixed.

(10) *Accounting and internal audit*

The Company had not prepared (November 1978) any accounting manual.

In November 1975, the Company engaged a firm of Chartered Accountants for accounting and internal audit for the year 1975-76 at a lump sum fee of Rs. 4,000. The firm in its offer (November 1975) agreed to (i) assist in finalisation of yearly accounts and preparation of balance sheets; (ii) conduct internal audit of the Company; (iii) devise and suggest ways and means for introduction of modern accounting techniques; and (iv) render advice on various financial aspects as and when desired by the Company. The firm assisted the Company in finalisation of the accounts for the year 1975-76 but no other service including internal audit was rendered by them. The Company has not introduced any system of internal audit (November 1978).

(11) *Other topic of interest*

Extra expenditure on purchase of malt—Rs. 2.39 lakhs

In October 1976, the Company on the basis of tentative production programme for the period from November 1976 to June 1977 assessed the requirement of malt from 600 to 650 tonnes. Limited tender enquiries were floated (October 1976) and offers from eight firms were received.

The case was processed by the Purchase Committee and orders for the purchase of malt were placed (November 1976) on three firms as under :—

<i>Name of supplier</i>	<i>Quantity of malt to be supplied</i>	<i>Rate per tonne (Rs.)</i>
Firm A	350 tonnes	1,500.00
Firm B	200 tonnes	1,500.00
Firm C	100 tonnes (Special grade)	1,525.00

According to the purchase order the entire supply was to be completed by June 1977. The supply orders did not stipulate levy of penalty for non/part supply of material nor any risk purchase clause was included therein. The firms A, B and C supplied 250 tonnes, 64.750 tonnes and 50 tonnes respectively upto April-May 1977, when they approached the Company to reconsider the issue in view of hike in prices of barley. Although the supply orders were not subject to any price escalation clause, the Company, after negotiations with the firms decided (June 1977) to accept the remaining supplies as under :—

<i>Name of supplier</i>	<i>Balance quantity</i>	<i>Rate per tonne (Rs.)</i>
Firm A	100.000 tonnes	2,250.00
Firm B	135.250 tonnes	2,350.00
Firm C	50.000 tonnes	2,500.00

The entire supplies were executed by the firms during June-July 1977. The defective purchase order for the supply of malt resulted in an extra expenditure of Rs. 2.39 lakhs.

(12) *Summing up*

The preceding paragraphs bring out that :

- (i) the accumulated losses of the Company as at 31st March 1978 were Rs. 64.02 lakhs against the paid-up capital of Rs. 1,20.06 lakhs as on that date. The losses were due mainly to under-utilisation of capacity during 1974-75 and 1975-76;

- (ii) the percentage of process losses to beer brewed ranged between 9.4 per cent and 21.0 per cent against 5 per cent provided in the sketch report of process know-how consultants; and
- (iii) the Company had not introduced any system of costing to arrive at the cost of various brands of beer being manufactured by it.

6.19. Haryana Minerals Limited

(1) *Introductory*

The Haryana Minerals Limited was registered on 2nd December 1972 for exploring,* mining and dealing in minerals of all kinds. The Marble and Slate projects of the Haryana State Industrial Development Corporation Limited (H.S.I.D.C.) were transferred (April 1973) to the Company for a consideration of Rs. 8.04 lakhs (converted into equity shares).

The authorised capital of the Company was Rs. 20 lakhs which was raised (May 1974) to Rs. 100 lakhs comprising of 10 lakh equity shares of Rs. 10 each. The paid-up capital on 31st March 1977 was Rs. 24.03 lakhs subscribed by the holding Company (H.S.I.D.C.).

In addition, the Company borrowed money from the holding Company, financial institutions, commercial banks, etc. The outstanding loan on 31st March 1977 aggregated Rs. 27.04 lakhs. Rupees 4.95 lakhs were payable as interest on that date out of which Rs. 2.44 lakhs were overdue in respect of loans obtained from Haryana Financial Corporation. The Company could not discharge its liability due to heavy losses and tight ways and means position of the Company.

(2) *Financial position and working results*

The table below summarises the financial position of the Company for the three years upto 1976-77 (accounts of the Company for the year 1977-78 have not yet been finalised by the Company) :—

	1974-75	1975-76	1976-77
	<i>(in lakhs of rupees)</i>		
<i>Liabilities</i>			
Paid-up capital	23.04	24.03**	24.03**
Reserves and surplus	—	2.11	2.11
Borrowings	11.76	27.37	27.04
Trade dues and other current liabilities (including provisions)	9.29	9.73	14.64
Total	44.09	63.24	67.82

*According to accounts the Company has not undertaken any exploring activity so far.

**Includes share application money.

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
<i>Assets</i>			
(a) Gross block	16.18	27.51	28.54
(b) Less depreciation	3.35	7.34	10.49
(c) Net fixed assets	12.83	20.17	18.05
(d) Capital works-in-progress	9.99	1.22	1.00
(e) Current assets, loans and advances	14.79	16.69	16.44
(f) Miscellaneous expenditure	1.25	1.12	0.99
(g) Accumulated losses	5.23	24.04	31.34
Total	44.09	63.24	67.82
(h) Capital employed	18.33	27.13	19.85
(i) Net worth	16.56	0.98	(—)6.19

Notes :—

- (i) 'Capital employed' represents net fixed assets *plus* working capital.
- (ii) 'Net worth' represents paid-up capital *plus* reserves and surplus *less* intangible assets.

Working results

The table below indicates the working results of the Company for the three years upto 1976-77 (accounts of the Company for the year 1977-78 have not yet been finalised by the Company) :—

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
Turnover	13.52	16.47	29.12
Net loss	4.70	18.81	7.30
Cost of turnover	18.22	35.28	36.42
Percentage of cost of turnover to turnover	135	214	125

The accumulated loss up to the end of 1976-77 (Rs. 31.34 lakhs) had wiped out the paid-up capital (Rs. 24.03 lakhs) of the Company. The relatively heavy loss during 1975-76 as noticed from accounts of the Company.

was due mainly to :—

- (a) increase in establishment and interest charges from Rs. 3.00 lakhs and Rs. 0.46 lakh in 1974-75 to Rs. 7.59 lakhs and Rs. 3.51 lakhs respectively in 1975-76, and
- (b) heavy expenditure on publicity (Rs. 0.43 lakh) compared to that in the previous year (Rs. 0.10 lakh).

The management stated (December 1978) that the heavy losses were due mainly to uneconomic extraction of lime stone and malfunctioning of lime kilns.

(3) *Activities and performance*

The Company concentrated mainly on the following activities :—

- (i) extraction of marble blocks, slate stone and lime stone;
- (ii) processing of :
 - (a) marble blocks into slabs, marble chips and powder ;
 - (b) lime stone into quick and hydrated lime; and
 - (c) slate stone into roofing stones, school slates and building material,
- (iii) manufacture of tiles.

(4) *Marble project*

(a) Large deposits of marble are available at various places in the Mohindergarh district. The Company had secured mining rights in respect of only one area, viz., Antri Beharipur. Marble blocks are extracted manually. The blocks are cut into unfinished slabs and the unfinished slabs are processed into finished slabs of various sizes at the factory. Similarly lumps extracted from the mine are processed into chips and powder at the factory.

The Company had not maintained any record to indicate the total quantity of marble lumps extracted from the mines. The marble (in blocks) extracted and sold during 1975-76 to 1977-78 was as under :—

Year	Opening balance	Blocks extracted	Total	Despatches including sale of blocks	Closing balance
			(in cubic feet)		
1975-76	4,067	2,940	7,007	2,170	4,837
1976-77	4,837	1,334	6,171	1,654	4,517
1977-78	4,517	1,237	5,754	1,529	4,225

Besides the marble blocks, *lumps* to the extent of 1,847, 527 and 281 tonnes were despatched from the mines to the factory site during the three years ending 1977-78.

(b) *Conversion of marble into slabs*

(i) The plant had the capacity to produce 33,000 square feet of slabs annually. The production in the three years ending 31st March 1978 and the percentage of utilisation of the rated capacity was as under :—

Year	Production (slabs)			Installed capacity utilised (per cent)
	Unfinished	Finished	Total	
	(in square feet)			
1975-76	10,460	490	10,950	33.1
1976-77	10,454	3,934	14,388	43.6
1977-78	8,069	1,966	10,035	30.4

Sale during the same period declined from 11,602 sq. ft. in 1975-76 to 6,904 sq. ft. in 1976-77 and 4,653 sq. ft. in 1977-78. The Management attributed (November 1977) decline in sales to (i) uncertain market for small size of slabs due to natural cracks; (ii) non-uniformity of colour of slabs extracted.

(ii) According to the Company, one cubic foot marble block should on an average yield 9 square feet of slabs. The actual production per cubic foot marble block was as under :—

Year	Marble block consumed (in cubic feet)	Marble slabs produced (in square feet)	Wastage in process (in square feet)	Production per cubic foot marble block (in square feet)
1975-76	2,208	10,460	9,412	4.7
1976-77	1,500	10,454	3,046	7.0
1977-78	1,478	8,096	5,206	5.5

(iii) The losses in the processing from unfinished slabs into finished slabs were also very high as per details given below :—

Year	Unfinished slabs consumed	Finished slabs produced	Wastage in the process	Percentage of wastage in the process
	(in square feet)			
1975-76	2,460	490	1,970	80
1976-77	5,233	3,934	1,299	25
1977-78	2,610	1,966	644	25

The Management stated (December 1978) that high wastage in the process was due mainly to :—

- (i) cracks in the deposits and hence in blocks ;
- (ii) extra hardness of marble stone ;
- (iii) falling of certain pieces during cutting of marble blocks; and
- (iv) wastage of side slabs.

The production below the rated capacity was attributed (November 1977) by the Management to the machinery having become old and out-dated. A project approved in 1974 for modernisation and expansion of the marble project (estimated cost : Rs. 9.54 lakhs) had not been implemented reportedly due to non-availability of proper machinery.

(c) *Conversion of lumps into chips and powder*

The plant had the capacity to produce 3,000 tonnes of chips and powder annually. The actual production and the percentage of capacity utilised was as under :—

Year	Plant capacity	Actual production	Capacity utilised (per cent)
		(in tonnes)	
1975-76	3,000	2,093.3	69.8
1976-77	3,000	609.1	20.0
1977-78	3,000	325.0	11.0

The Management stated (December 1978) that under-utilisation of the capacity was due mainly to uneconomical running of the project and low demand. It added (February 1979) that efforts were being made to push up the demand.

(d) *General*

It was also noticed that :

- (i) Stocks of lumps/blocks (both at mines and at factory site) were not physically verified during 1973-74 to 1976-77.
- (ii) The project-wise details of receipt and expenditure were not shown in the accounts. The Company reported (November 1977) to Government that the Marble Project had suffered losses aggregating Rs. 19.45 lakhs upto 31st March 1977 as against the capital investment of Rs. 10.82 lakhs. Low production and losses were attributed by the Management mainly to high cost of marble cutting, out-dated machinery, etc.

(5) Tiles project

(a) The Company decided (September 1974) to set up two tiles projects at Narnaul and Faridabad at a total cost of Rs. 4.56 lakhs. Each plant was to manufacture 6 lakhs tiles annually. The plant at Narnaul was set up at a cost of Rs. 2.50 lakhs and was commissioned in June 1975. The unit at Faridabad had not been taken up (November 1978) as the one set up at Narnaul proved uneconomical. The actual production, vis-a-vis, the capacity was as under :—

Year	Capacity	Production	Capacity utilised
	(number in lakhs)		(per cent)
1975-76	4.50	0.42	9.3
1976-77	6.00	0.29	4.8
1977-78	6.00	0.04	0.6

The Company reported to Government (November 1977) that the unit was running below the capacity as it had not been possible to develop market for these tiles. It was, however, seen that no steps had been taken to develop the market.

(b) Cement, marble chips and powder are used in the manufacture of tiles. According to Project Report, two bags of cement and 70 kg. of marble chips and powder were to be consumed in manufacture of 100 tiles. The material was not consumed in the correct proportion as would be evident from the following table :—

Year	Tiles produced (in lakhs)	Consumption			
		Cement		Chips and powder	
		According to formula (in bags)	Actual	According to formula (in bags of 50 kg. each)	Actual
1975-76	0.42	842	558	585	1,108
1976-77	0.29	589	395	414	697
1977-78	0.04	70	80	49	102

(c) It was also noticed that :

(i) The Company purchased 198 moulds in 1974-75 at a cost of Rs. 0.92 lakh against its requirement of 33 moulds. In July 1975, 165 moulds costing Rs. 0.76 lakh were reported to be surplus. The Management stated (February 1977) that the requirement of moulds could not be assessed properly.

(ii) As on 31st March 1978, 0.26 lakh tiles valuing Rs. 0.29 lakh were on hand. There were few buyers even at a discount of 15 per cent allowed in January 1976. Thus the manufacturing of tiles was reported (July 1978) to have been stopped.

(6) *Lime project*

The Company, on the basis of the Project Report and know-how supplied by the Central Building Research Institute, Roorkee, decided (June 1974) to set up four country type lime kilns with capacity to manufacture 15 tonnes lime per day. These were set up in December 1974 at a total cost of Rs. 15.89 lakhs. Out of these, only two kilns were fired in June 1975 (the two others were kept in reserve).

The Company decided to extract lime stone (used in the manufacture of lime) from Dhani Bathuta (Mandi) mines and the extraction was started in October 1974. A geologist of Industries Department after conducting a survey of the area pointed out (February 1975) that the earlier survey of the area had not been properly conducted as the map supplied to the geologist was not correct and that the lime stone of this mine was not of pure variety but of crystalline variety with the impurities of sulphur and silica which was likely to yield less quantity of finished product (lime) and the reserves assessed were on the very high side. Even then the Company obtained on lease the mine for extraction of lime for a period of 20 years ending February 1995.

The Company had not maintained any record of the lime stone extracted. The quantity despatched and the quantity available at the pit head as at the end of each of the three years upto 1977-78 was as under :—

Year	Actual des-	Lime stone
	patches	lying at pit head
	(in tonnes)	
1975-76	7,331	2,849
1976-77	904	1,823
1977-78	204	1,619

Extraction was stopped with effect from 24th July 1976 owing to poor quality of the lime stone, heavy cost of extraction (Rs. 40 per tonne) compared to the rate at which lime stone was procurable at the factory site (Rs. 30 per tonne) and unfavourable site conditions. The extraction of lime stone was stopped in July 1976 and the lease was surrendered in 1977.

The installed capacity of 4 kilns was 60 tonnes of quick lime per day (4,500 tonnes per kiln per annum). The actual production of lime, vis-a-vis, the plant capacity (in respect of two kilns which were operated) was as under :—

Year	Installed capacity	Actual production of quick lime			Percentage of production to capacity
		1st grade	2nd grade	Total	
		(in tonnes)			
1975-76	9,000	2,338	462	2,800	31
1976-77 (upto December 1976)	9,000	2,179	46	2,225	25

In the production of lime, dust lime, under-burnt lime and slaked lime are obtained as residue. The two kilns produced dust lime, under-burnt lime and slaked lime during these years to the extent given below :—

Year	Dust lime	Under-burnt lime	Slaked lime
	(in tonnes)		
1975-76	2,157	1,417	449
1976-77	1,306	366	267

The more output of dust, under-burnt and slaked lime was due to defective construction of lime kilns, faulty operation and poor quality of raw materials and resulted in less yield of quick lime. The Company stopped operating these kilns in December 1976.

The working of the lime project was assessed by the Management in December 1977 and it was noticed that :

- (i) lime stone raised from the mines was mostly coarse grained to medium grained thereby reducing the recovery of quick lime;
- (ii) lime stone at some places was marble instead of lime which increased the consumption of coal;
- (iii) the design of the kilns was first of its kind in India and was done on an experimental basis;
- (iv) the kilns were circular in shape but the bricks of circular design were not used and thus cracks developed when heated; and
- (v) there was no system to regulate air through the kilns for proper burning of the coal and effective calcination of lime stone.

The matter was brought to the notice of the Board of Directors who decided (December 1977) that the extraction of lime stone and work on the lime project be stopped. The Board also desired that a detailed note giving circumstances under which the decision to set up the lime project was undertaken and whether the difficulties faced in the operation of lime project were envisaged at the time of planning might be put up. The detailed note had not been put up so far (November 1978).

The Company reported to Government (January 1978) that the running of lime project was unprofitable (accumulated losses upto March 1977 on this project were estimated by the Company to be Rs. 16.50 lakhs) and it was considering desirability of closing down the project.

It was also noticed that :

- (i) owing to improper storage of quick lime, 604 tonnes of quick lime was damaged by rains and moisture and 377 tonnes became slaked during 1975-76 which had to be sold at reduced rates. This resulted in a loss of Rs. 0.72 lakh; and

- (ii) according to the Project Report, the ratio of consumption of lime stone and coal in the manufacture of lime was to be 6:1. Based on the consumption of lime stone (13,472 tonnes) during 1975-76 and 1976-77, consumption of coal should have been 2,245 tonnes. The actual consumption was, however, 2,800 tonnes. The value of excess coal consumed works out to Rs. 0.79 lakh.

(7) *Inventory and turnover*

The following table shows the comparative position of the inventory at the close of each of the three years upto 1976-77 :—

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
Marble goods	3.24	2.57	} 7.26
Slate material	3.54	3.76	
Lime and coal	1.10	2.96	
Tiles	..	0.22	
Sundry stores	..	0.46	1.05
Total	7.88	9.97	8.31
Turnover	13.52	16.47	29.12

The stock at the close of the year was equal to 7 months' sales in 1974-75 and 1975-76 and 3.4 months' sales in 1976-77. Physical verification of stores had not been conducted since 1974-75.

(8) *Cost control*

In April 1973, the Company started extraction and manufacturing activities but no costing system had been introduced (November 1978). In the absence of costing system, the Company has neither been able to work out the cost of production of each type of product nor could exercise any effective control to minimise the process losses.

(9) *Accounting manual and internal audit*

In spite of large activities undertaken by the Company, no accounting manual has been compiled. The Company has also not introduced any internal audit (November 1978).

(10) *Other topics of interest*

(a) *Surplus machinery*

One weighbridge and one tugger with trolleys valuing Rs. 1.82 lakhs were rendered surplus with the closure of lime project in December 1976. The Board decided (December 1977) that a study may be conducted to find

out their alternative use. The surplus machinery was awaiting disposal (December 1978). In order to maintain the surplus machinery, the Company spent a sum of Rs. 0.37 lakh (operational staff : Rs. 0.29 lakh; repairs and maintenance : Rs. 0.08 lakh) during January 1977 to March 1978.

(b) *Incomplete supply of machinery*

The Company advanced (May 1974) a sum of Rs. 0.10 lakh to the Irrigation Department for supply of one hanging *Jhula* for slate mining operations. The Department supplied the machinery on 8th May 1975. The machinery could not be erected (November 1978) as certain parts of the machinery and erection drawings were awaited from the Department.

(11) *Summing up*

The preceding paragraphs bring out that :

- (i) the accumulated losses as on 31st March 1977 (Rs. 31.34 lakhs) were more than the paid-up capital (Rs. 24.03 lakhs) plus reserves (Rs. 2.11 lakhs) on that date; the losses were due mainly to (a) uneconomic running of marble project and lime project; and (b) heavy payment of interest on the loans raised by the Company;
- (ii) the lime project (capital investment : Rs. 15.89 lakhs) has not proved economically viable and the tile project (capital investment : Rs. 2.50 lakhs) had made little progress; and
- (iii) the marble project (capital investment : Rs. 10.82 lakhs) was running much below its rated capacity.

The matter was referred to Government in September 1978; reply is awaited (January 1979).

HARYANA SEEDS DEVELOPMENT CORPORATION LIMITED

6.20. Shortage in stores

The store-keeper incharge of the stores in the processing unit of the Corporation at Karnal made over charge (20th December 1977) of the stores to another store-keeper on the eve of his relief following acceptance of his resignation. During physical verification conducted at the time of transfer of charge, stores valuing Rs. 0.46 lakh were found short when compared with the quantities shown in the ledger. The store-keeper absented himself thereafter without completion of handing over of the charge. According to the rules of the Corporation, fidelity bond worth Rs. 10,000 was required to be obtained from the store-keeper but no such security was obtained from him.

The matter was reported to the police authorities on 29th December 1977; further developments are awaited (January 1979).

SECTION D

DEPARTMENTALLY MANAGED GOVERNMENT COMMERCIAL/
QUASI-COMMERCIAL UNDERTAKINGS

6.21. Introduction

On 31st March 1978, there were seven departmentally managed Government commercial and *quasi*-commercial undertakings in the State. The *pro forma* accounts of two undertakings, viz., Haryana Veterinary Vaccine Institute, Hissar and Provincial Reserve Food Scheme for 1977-78 have been received upto January 1979. Appendix VII indicates the arrears in preparation/finalisation of *pro forma* accounts of the undertakings. Summarised financial results of four undertakings on the basis of the latest available accounts are given in Appendix VIII.

TRANSPORT

6.22. Alleged misappropriation of uniform cloth

According to the Punjab Government Transport Services Uniform Rules, 1951, as adopted by the Department, operational and workshop staff of the Haryana Roadways are entitled to free summer/winter uniforms at the prescribed scales. Daily issues of uniform are initially accounted for in the Day Book and the day's total is taken as 'issued' in the main stock register. Entitlement of an individual employee is watched through the individual register.

A test-check of the records of the office of the Haryana Roadways, Chandigarh, for the period 1974-75 to 1976-77 conducted by Audit during December 1977 showed that :

- (a) cloth worth Rs. 0.65 lakh shown as issued to certain individuals was not supported by acknowledgements;
- (b) stocks worth Rs. 0.59 lakh was misappropriated by incorrect balancing of the main stock register; and
- (c) material worth Rs. 0.09 lakh was excess accounted for in the main stock register when compared with the total of the Day Book.

Of the total misappropriation of cloth worth Rs. 1.33 lakhs pointed out as above, Rs. 0.11 lakh were deposited (December 1977) by one of the concerned officials.

The department accepted (July 1978) the misappropriation of cloth and stated that fraudulent/fictitious entries were mostly made by a ticket verifier employed on daily wages posted in *Nazir* branch and that the matter had been referred (March 1978) to the vigilance department for thorough investigations.

The matter was brought to the notice of Government in March 1978 ; reply is awaited (January 1979),

AGRICULTURE

SEED DEPOT SCHEME

6.23. Purchase of wheat seed

In October-November 1974, the department purchased 3,372.16 quintals of 'Sonalika' foundation wheat seed at the rate of Rs. 462.50 per quintal from the National Seeds Corporation Limited through the Haryana Seeds Development Corporation Limited for sale to the farmers at the same rate. Of this, 1,663.20 quintals were sold at this rate during *Rabi* 1974. In order to dispose of the balance quantity, the Department reduced (November 1975) the sale rate of seed to Rs. 325 per quintal and 1,261.06 quintals (including 989 quintals after reprocessing at a cost of Rs. 0.05 lakh) were sold during *Rabi* 1975. Out of the balance seed, 162.93 quintals were auctioned for Rs. 0.17 lakh (average rate ; Rs. 106 per quintal) after *Rabi* 1975 and 18.62 quintals (value : Rs. 0.09 lakh) were found short leaving a balance of 266.35 quintals which was on hand (July 1978).

The loss on the quantity of seed sold (1,423.99 quintals) at reduced rate amounting to Rs. 2.31 lakhs was due to purchase of seed at high rates and without properly assessing the requirement for the ensuing season. Further development about disposal of the stock in hand (quantity : 266.35 quintals; value : Rs. 1.23 lakhs) was awaited (November 1978).

The Department stated (November 1976) that the seed became surplus due to higher sale rate and lesser demand from the farmers.

The matter was reported to Government in September 1978; reply is awaited (January 1979).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. General

This chapter deals with :

- (i) results of audit of bodies and authorities substantially financed by grants/loans,
- (ii) important points noticed during scrutiny of procedure for watching fulfilment of conditions governing grants/loans for specific purposes, and
- (iii) investments in, and financial assistance to, co-operative societies.

7.2. Grants

During 1977-78, Rs. 14.65 crores (about 6 per cent of the Revenue Expenditure during the year) were paid as grants as shown below :—

	<i>Amount</i> (in crores of rupees)
Educational institutions (including universities)	7.11
Other institutions (including statutory bodies)	5.55
Panchayati raj institutions	1.86
Municipal Councils/Corporations	0.13
Total	14.65

The broad purposes for which the grants were given were as under :—

	<i>Amount</i> (in crores of rupees)
(i) Social and Community Services—	
(a) Education	4.12
(b) Medical	3.98
(c) Social security and welfare	0.16
(d) Urban development	0.13
(e) Health	0.04

Amount
(in crores of rupees)

(ii) *Economic Services—*

(a) Agriculture and allied services—	
Agriculture	3.90
Community development	1.86
Animal husbandry	0.19
(b) Industry and minerals	0.26
(c) Transport and Communications—	
Civil aviation	0.01
Total	14.65

The grants paid to educational institutions (including universities) constituted about 49 per cent of the total of all grants paid during the year.

7.3. Utilisation certificates

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

Out of Rs. 36.60 crores (7,859 cases) paid as grants during 1959-60 to 1976-77, in respect of which utilisation certificates were due, certificates for Rs. 31.90 crores (7,287 cases) were awaited (November 1978). Of these, certificates for Rs. 11.72 crores (4,540 cases) were due for over three years.

The department-wise break-up of awaited utilisation certificates is given hereunder :—

<i>Department</i>	<i>Awaited utilisation certificates</i>	
	<i>Number</i>	<i>Amount</i> (in lakhs of rupees)
1. Agriculture	70	11,31.91
2. Development and Panchayat	6,129	9,54.77
3. Education—		
(a) Education	121	6,16.55
(b) N.S.S. Education	2	4.19
4. Medical and Health—		
(a) Medical	88	1,72.30
(b) Health	4	17.10
5. Technical education	14	57.28
6. Animal husbandry	571	80.80
7. Urban development	13	34.97

Department	Awaited utilisation certificates	
	Number	Amount (in lakhs of rupees)
8. Local Government	34	37.16
9. Social Welfare	164	35.20
10. Industries	24	17.80
11. Political	10	12.02
12. Sports	24	5.19
13. General Administration	2	5.15
14. Other Departments	17	7.83
Total	7,287	31,90.22

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

7.4. Unspent balances of grants paid to local bodies

According to the information furnished by the Examiner, Local Fund Accounts, Rs. 3,47.04 lakhs remained unutilised on 31st August 1978 out of grants given to local bodies, Improvement Trusts, etc., upto the end of March 1978. Year-wise analysis of the unspent balances is given below :—

Department which paid the grants	Unspent amount of grants on 31st August 1978 and how long unspent				
	For more than 10 years	For more than 5 years but less than 10 years	For more than 3 years but less than 5 years	For less than 3 years	Total
	(in lakhs of rupees)				
Development and Panchayat	11.19	11.07	21.65	45.05	88.96
Local Government	0.32	7.54	11.23	38.91	58.00
Health	0.40	0.01	0.35	..	0.76
Education	0.02	..	..	..	0.02
Miscellaneous including Sanitary Board	13.28	97.36	53.03	35.63	1,99.30
Total	25.21	1,15.98	86.26	1,19.59	3,47.04

The unspent balances include Rs. 2,11.72 lakhs deposited by local bodies with the Public Works Department for execution of works for which accounts of expenditure had not been rendered by the Public Works Department to the local bodies (August 1978). These also include Rs. 7.97 lakhs which were utilised after the expiry of the prescribed period without approval of the Government or were reported to have been spent but accounts whereof were not made available.

SECTION I

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

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the receipts and expenditure of bodies/authorities substantially financed by grants or loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General.

Information about the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in a year was called from the Government in April 1974 and is awaited (November 1978). On the basis of information about grants available with the Accountant General 26 bodies/authorities for 1976-77 and 21 for 1977-78 which had received grants/loans from the Government of Rs. 5 lakhs or more were asked to submit their accounts to the Accountant General. However, accounts had not been received from 2 bodies for 1976-77 and from 5 bodies for 1977-78 (January 1979).

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

7.6. Small/Marginal Farmers and Agricultural Labourers Development Agency

As part of the State plan to ameliorate the lot of small/marginal farmers (having holdings not exceeding $5\frac{1}{2}$ acres if unirrigated and $4\frac{1}{2}$ acres if irrigated) and landless agricultural labourers, two agencies—one each at Rohtak and Jind were registered on 13th March 1975 and 10th March 1975 respectively as societies under the Societies Registration Act, 1860.

These agencies were to act as catalysts in activating the other existing organisations to execute various schemes relating to (a) minor irrigation works, (b) agricultural implements and (c) subsidiary occupations and provide assistance for capital investment thereon.

The bulk of the funds required for undertaking the works, etc., i.e., 75 per cent in the case of small farmers and 67 per cent in the case of marginal farmers and agricultural labourers, was to be raised by the beneficiaries as loan from banks/financial institutions and the remaining 25/33 per cent was to be given by the agencies as subsidy (to be disbursed through the banks and financial institutions). These agencies were also to contribute to the 'risk fund' maintained by the credit institutions for making good bad debts, the contributions being 3 to 11 per cent of the loans given to the beneficiaries by the Co-operative banks and financial institutions.

The affairs of each of the two agencies are managed by a Chief Executive Officer (appointed by the Government) under the direction of a governing

body headed by the Deputy Commissioner of the District. The receipts and expenditure of the agencies, as per the accounts audited by Chartered Accountants, for three years ending 1977-78 were as under :—

Particulars	Rohtak Agency			Jind Agency		
	1975-76	1976-77	1977-78	1975-76	1976-77	1977-78
(in lakhs of rupees)						
<i>Receipts</i>						
Opening balance	..	3.51	2.39	..	4.00	0.30
Grants from the State Government	4.69	5.07	5.00	4.69	5.07	5.42
Interest	..*	..*	0.04	0.03	0.14	0.07
Miscellaneous receipts	..	..	0.03	..	0.02	0.40**
Receipts on behalf of Draught Prone Area Programme Agency, Rohtak	..	8.93	..	..	..	..
Total	4.69	17.51	7.46	4.72	9.23	6.19
<i>Expenditure</i>						
Revenue expenditure						
(i) Administration	0.24	1.04	1.59	0.22	1.10	1.25
(ii) Subsidy	..	5.09	4.53	..	6.63	4.94
(iii) Contributions to risk fund	..	..	..	..	1.01	..
Capital expenditure	0.94	0.03	0.40	0.50	0.19	..
Payment on behalf of D.P.A.P. Agency, Rohtak	..	8.96	..	..	..	..
Debtors	..	..	0.14	..	..	..
Closing balance	3.51	2.39	0.80	4.00	0.30	£
Total	4.69	17.51	7.46	4.72	9.23	6.19

*The Rohtak Agency kept money in current account upto September 1977.

**Includes Rs. 0.24 lakh, representing recovery of subsidy misutilised.

£ Nominal amount.

A test-check by Audit (January and July 1978) of the accounts and records of the two agencies disclosed the following points :—

1. According to the project reports of the two agencies, the Rohtak Agency was to cover 43,000 families (28,000 families of small and marginal farmers and 15,000 families of agricultural labourers) and the Jind Agency 72,271 families (46,910 families of small and marginal farmers and 25,361 of agricultural labourers). By 31st March 1978, the two agencies together had provided assistance (subsidy) amounting to Rs. 21.19 lakhs to 3,418 beneficiaries as per the details given below :—

Purpose for which assistance was given	Amount disbursed by the agencies upto March 1978				Percentage of amount disbursed to total disbursements	
	Rohtak		Jind		Rohtak	Jind
	Number of beneficiaries	Amount (in lakhs of rupees)	Number of beneficiaries	Amount (in lakhs of rupees)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(A) Minor Irrigation						
(i) Installation of shallow tubewells	103	2.05	132	2.68	21.31	23.16
(ii) Installation of Jhallars	..	..	118	0.58	..	5.02
Total	103	2.05	250	3.26	21.31	28.18
(B) Agricultural implements, etc.						
(i) Purchase of threshers	320	0.80	..	..	8.33	..
(ii) Purchase of bins	78	0.05	..	..	0.52	..
(iii) Purchase of bullock carts	2	0.01	..	..	0.10	..
(iv) Purchase of disc harrows	115	0.09	279	0.19	0.93	1.64
(v) Purchase of spray pumps	..	..	41	0.04	..	0.34
(vi) Laying out of demonstration plots	95	0.09	112	0.11	0.93	0.96
Total	610	1.04	432	0.34	10.81	2.94

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(C) Subsidiary occupations</i>						
(i) <i>Mooda</i> making	99	0.23	..	..	2.39	..
(ii) Rearing of buffaloes	495	4.59	1,167	7.42	47.72	64.13
(iii) Poultry farming	61	0.61	2	0.02	6.33	0.17
(iv) Sheep-rearing	88	0.81	25	0.25	8.43	2.16
(v) Fisheries	11	0.06	..	..	0.62	..
(vi) Piggeries	23	0.23	52	0.28	2.39	2.42
Total	777	6.53	1,246	7.97	67.88	68.88
Total (A)+(B)+(C)	1,490	9.62	1,928	11.57	100.00	100.00

It was noticed that :—

- (i) The subsidy payments for purchase of buffaloes amounted to 47.72 and 64.13 per cent of the total expenditure on subsidies in Rohtak and Jind Agencies. These, per beneficiary, worked out to Rs. 927 and Rs. 636 respectively in the two agencies. The higher average rate in Rohtak was attributed to fixation of a higher limit of Rs. 3,000 per buffalo in Rohtak as against the limit of Rs. 2,000 in Jind. Follow up action to watch the extent of benefits derived by the beneficiaries out of this programme was not on record ;
- (ii) Out of fortyeight units of sheep-rearing (each unit had 20 ewes and 1 ram) financed by Rohtak Agency upto March 1977 (amount of subsidy paid : Rs. 0.42 lakh), five units (subsidy paid : Rs. 0.05 lakh) were closed down during October-November 1976 and twelve units (subsidy paid : Rs. 0.10 lakh) during July-September 1977 due to death of animals owing to out break of liver fluke in 1976 and floods in 1977;
- (iii) Out of 28 poultry units (subsidy paid : Rs. 0.28 lakh) financed by the Rohtak Agency upto March 1977, 21 units (each unit had 100 layers) involving subsidy of Rs. 0.21 lakh were closed down due to death of birds in July-September 1977. Poultry sheds, equipments, etc., valuing about Rs. 2,300 in each unit, purchased out of funds made available by banks/agency were not in use since the closure of the 21 units.

Similarly, the Jind Agency financed two poultry units (100 layers each) upto March 1977 (subsidy paid : Rs. 0.02 lakh) and both the units were closed down due to death of birds in July-September 1977. Poultry sheds, equipment, etc., of the units were not in use since then ; and

(iv) Rupees 0.30 lakh, representing subsidy towards the cost of thrashers purchased by 86 beneficiaries, were paid to the suppliers during the year 1976-77 by the Rohtak Agency on the basis of eligibility certificates issued by Agriculture Inspectors/Block Development and Panchayat Officers and proof of sale. The agency conducted (April-June 1977) a spot verification and found that 19 beneficiaries had not acquired thrashers at all, 7 beneficiaries were not eligible for assistance, 6 beneficiaries had sold/transferred their thrashers, 2 beneficiaries were non-existent (dead) when the thrashers were stated to have been purchased and 2 beneficiaries could not be traced. Out of Rs. 0.13 lakh paid as subsidy to these 36 beneficiaries, the agency had recovered Rs. 0.05 lakh upto June 1978.

2. One jeep costing Rs. 0.55 lakh was acquired by the Rohtak Agency in January 1978. In March 1978, the Agency made an advance payment of Rs. 0.09 lakh to the supplier for additions and alterations to the body of the jeep to convert it into a mobile veterinary dispensary but no additions and alterations had been taken up (June 1978). The agency also purchased in March 1978 medicines costing Rs. 0.05 lakh though the staff required for providing veterinary services were not in position. In March 1978, the jeep was placed at the disposal of a Milk Union for its use. The expenditure on pay and allowances (Rs. 0.02 lakh upto June 1978) of the driver was, however, borne by the agency.

3. According to the project reports of Rohtak and Jind agencies, the administrative charges were estimated to be 4.76 and 11.33 per cent respectively of the amounts earmarked for disbursement as subsidy. The table below indicates the amounts disbursed as subsidy and the administrative charges (including capital expenditure) incurred upto 1977-78 and the percentage thereof :—

Name of the Agency	Amounts disbursed as subsidy upto March 1978	Administrative charges upto March 1978			Percentage of administrative charges to amounts disbursed as subsidy
		Revenue	Capital	Total	
(in lakhs of rupees)					
Rohtak	9.62	2.87	1.37	4.24	44.10
Jind	11.57	2.57	0.69	3.26	28.17
Total	21.19	5.44	2.06	7.50	

The higher incidence of administrative charges was attributable mainly to less expenditure on payment of subsidy than envisaged.

4. Other points

An electronic stencil cutting machine with a reproduction unit was purchased by the Rohtak agency in March 1976 at a cost of Rs. 0.30 lakh.

The agency did not arrange for the installation of a voltage stabilizer even though its installation was recommended by the supplier. The machine went out of order and was not in use since January 1977. The agency stated (July 1978) that minor defects requiring a little adjustment or replacement had been reported to the supplier within the warranty period but had not been removed.

Summing up

The preceding paragraphs bring out that ;—

- (i) the project reports of Rohtak and Jind Agencies envisaged that 43,000 and 72,271 families respectively of small and marginal farmers would be covered by the activities of the agencies. Against these, 1,490 families in the area covered by Rohtak Agency and 1,928 in the area covered by Jind Agency had been provided assistance by the agencies during the two years ending 31st March 1978. Of the assistance provided, 47.72 per cent (Rohtak) and 64.13 per cent (Jind) was for the purchase of buffaloes. No follow-up reports about the functioning of the units were available.
- (ii) Subsidy payments amounting to Rs. 0.38 lakh (Rs. 0.36 lakh in Rohtak and Rs. 0.02 lakh in Jind) for subsidiary occupations (sheep and poultry units) had served little purpose as the units had ceased to function within a short time.
- (iii) Test verification by the Rohtak Agency showed that out of 86 beneficiaries who had been paid subsidy for the purchase of thrashers 19 had not acquired thrashers at all, 6 had sold or transferred them and 2 were non-existent at the time the thrashers were stated to have been purchased and 2 were not traceable.
- (iv) For every Rs. 100 spent on providing assistance in the form of subsidy, Rs. 44 and Rs. 28 had been spent in Rohtak and Jind respectively on administrative charges as against 4.76 and 11.33 per cent envisaged in the project reports.

The matter was referred to the Government in August 1978; reply is awaited (January 1979).

7.7. Command Area Development Authorities

The Government of India sponsored in January 1975 a scheme for integrated development of command areas of selected irrigation projects during the Fifth Plan period. The State Governments were to set up a Command Area Development Authority (CADA) in each of the selected projects for the implementation of the scheme. The Central Government was to meet the entire expenditure on the subsidy to be paid to small and marginal farmers for carrying out improvements on their land (on-farm development works) and 50 per cent of the expenditure on the establishment of the CADA, soil surveys, farm planning, equity capital support to Land Development Corporations, etc. Finance for the remaining cost of on-farm developmental works was expected to be raised by the beneficiaries from banks/financial institutions. The expenditure on providing infra-structural support like water delivery system, marketing, communication, etc., was to be borne entirely by the State Government.

A CADA each was set up at Bhiwani, Gurgaon and Rohtak for the Jui Lift Irrigation, Gurgaon Canal and Rewari Lift Irrigation respectively and were registered in March 1976 under the Societies Registration Act, 1860. A fourth CADA set up at Narnaul for the Jawahar Lal Nehru Canal was similarly registered in June 1976. The allocation/ amounts spent by the State Government vis-a-vis the assistance released by the Government of India during the years 1974-75 to 1977-78 were as under :—

Year	Allocation	Expenditure			Central assistance	
		Payments to CADAs	Other*	Total	Grants	Loans
(in lakhs of rupees)						
1974-75	22.00	12.90	1.49	14.39	6.45	..
1975-76	12.90	12.90	..	12.90	33.18	..
1976-77	80.20	23.00	0.22	23.22	6.50	12.50
1977-78	70.00	59.32	0.76	60.08	..	..
Total	1,85.10	1,08.12	2.47	1,10.59	46.13	12.50

The affairs of each CADA are managed by a Chief Project Officer working under the direction of a governing body headed by the Deputy Commissioner of the district concerned. The accounts of these societies are audited by Chartered Accountants who had completed audit upto 1976-77. The receipts and expenditure of the three CADAs for the years 1974-75 to 1976-77** as per their audited accounts are summarised below :—

Particulars	Command Area Development Authority		
	Bhiwani (2)	Rohtak (3)	Gurgaon (4)
(in lakhs of rupees)			
Receipts			
Opening balance	Nil	Nil	Nil
Grants from the State Government	17.95	11.50	16.85
Interest	0.17	..***	0.45
Payables	0.65	..	0.01
Miscellaneous receipts	..	..	0.01
Total	18.77	11.50	17.32

*Represents expenditure on State level Co-ordinating Cell.

**The figures are upto 1976-77. Audited accounts of CADAs Bhiwani and Gurgaon for the year 1977-78 and of CADA Mohindergarh at Narnaul for 1976-77 and 1977-78 are awaited.

***Upto September 1977, the Rohtak Agency kept its funds in a current account.

(1)	(2)	(3)	(4)
<i>Expenditure</i>			
<i>Establishment</i>			
(i) revenue expenditure	1.07	0.89	1.62
(ii) capital expenditure on vehicles, furniture, equipment, etc.	0.65	2.24	0.86
<i>Soil Survey</i>			
(i) revenue expenditure	1.13	*	*
(ii) capital expenditure on furniture, equipment, etc.	0.57	0.13	1.20
Farm planning	0.18	..	..
Equity capital support to Haryana Land Reclamation and Development Corporation	5.00	4.00	10.00
Subsidy for on-farm development works	0.07	2.02	..
<i>Infra-structural support</i>			
(i) development works	4.09	..	..
(ii) debenture support to Land Development Bank	..	1.00	2.00
Advances	2.17	..	..
Closing balance	3.84	1.22	1.64
Total	18.77	11.50	17.32

A test-check by Audit (February-June 1978) of the accounts and records of CADAs, Bhiwani, Rohtak and Gurgaon disclosed the following;—

(A) *Soil Survey*

(i) Detailed soil and topographical surveys were to be carried out in order to provide reliable data for undertaking on-farm works. According to information collected from the CADAs, soil surveys had been conducted in 2,40,657 acres out of a total of 6,08,319 acres upto March 1978, as per

*Expenditure on soil survey was not separately shown.

details given below :—

Name of the command	Total cultivable command area		Area to be surveyed upto March 1978 as per Project Reports	Surveys conducted upto March 1978	
	Area (in acres)	Number of villages		Area (in acres)	Number of villages
<i>(i) Bhiwani</i>					
Jui Canal Command	74,528	72	60,000	45,257	28
<i>(ii) Rohtak</i>					
(a) Jawahar Lal Nehru Canal	88,000	74	1,55,000	76,500	51
(b) Rewari Lift Scheme	1,18,291	NA			
<i>(iii) Gurgaon</i>					
Gurgaon Canal Command	3,27,500	376	2,62,500	1,18,900	120
Total	6,08,319	522	4,77,500	2,40,657	199

Of the surveys conducted upto March 1978, soil survey reports had been prepared in respect of two villages only (Bhogpur and Khuntpuri in Gurgaon). The Chief Project Officer, Bhiwani stated (May 1978) that the manner/form in which the reports were to be prepared was decided in February 1978 only.

(B) On-farm development works

Improved water utilisation in cultivators' fields was one of the main objects of the scheme and payment of subsidy to small and marginal farmers at the rate of 25 and 33½ per cent respectively towards the cost of on-farm works comprising land levelling/shaping, construction of field channels, exploitation of ground water resources, etc., was envisaged. The amounts spent on payment of subsidy, the work done vis-a-vis the magnitude of work involved and the targets fixed by the governing bodies of the respective CADAs for completion upto March 1978 were as under :—

Particulars	CADA		
	Bhiwani	Rohtak	Gurgaon
(1)	(2)	(3)	(4)
<i>(a) Land levelling</i>			
(i) Total area to be levelled/shaped (in acres)	20,000	5,000	33,875

(1)	(2)	(3)	(4)
(ii) Target fixed of area to be levelled upto March 1978 (in acres)	2,000	1,425	3,500
(iii) Area levelled upto March 1978 (in acres)	365	412	1,192
(iv) Expenditure (in lakhs of rupees)	0.20	0.23	0.33

(b) Field channels

(i) Total length of field channels to be constructed (in Kms.)	100	60	2,200
(ii) Targeted length of field channels to be constructed upto March 1978 (in Kms.)	Length : Not available Number : 100	3	..
(iii) Length of field channels constructed upto March 1978 (in Kms.)	Length : Not available Number : 9	180 rft	..
(iv) Expenditure (in lakhs of rupees)	0.09	0.01	..

(c) Exploitation of ground water resources

(i) Total number of shallow tube-wells/pumping sets to be installed	100	200	2,000
(ii) Targeted number of shallow tubewells/pumping sets to be installed upto March 1978	50	200	..
(iii) Number of shallow tubewells/pumping sets reported for which subsidy was paid upto March 1978	1	100	..
(iv) Expenditure (in lakhs of rupees)	0.02	2.00	..

(d) Laying of underground pipelines

(i) Total area (in acres) in which underground pipelines to be laid	..	NA	..
(ii) Targeted area (in acres) in which underground pipelines to be laid upto March 1978	..	75	..
(iii) Total area (in acres) in which underground pipelines laid upto March 1978	..	67	..
(iv) Expenditure (in lakhs of rupees)	..	0.09	..

It was noticed that :—

- (i) the Central assistance of Rs. 32.50 lakhs (grants : Rs. 20 lakhs ; loans : Rs. 12.50 lakhs) for the construction of field channels remained largely unutilised ; and
- (ii) between December 1976 and March 1977 CADA Rohtak released on a provisional basis subsidy amounting to Rs. 2 lakhs (towards cost of installation of shallow tubewells to small/marginal farmers) to the Land Development Bank, Jhajjar, to be credited to the accounts of 100 beneficiaries. The CADA had not conducted spot verification till the time of audit (June 1978) and it was not known as to how many tubewells had actually been installed. The Government stated (November 1978) that spot verification was being conducted and recovery, if any, found necessary after verification would be made.

(C) Development works

Development works mentioned below were taken up in Bhiwani Agency through the executing agencies mentioned against them and Rs. 4.09 lakhs were spent during 1976-77 :—

Works	Executing agency	Expenditure (in lakhs of rupees)
(i) Project for irrigating <i>tibbas</i> with lift tanks near Lalawas minor	Executive Engineer, Jui Canal Division (Public Works Department), Bhiwani	2.25*
(ii) Construction of <i>katcha</i> water courses and culverts	Assistant Soil Conservation Officer, Bhiwani	1.00
(iii) Construction of <i>katcha</i> water courses	Executive Engineer, Lining Division (Minor Irrigation Tubewells Corporation), Bhiwani	0.57**
(iv) Lining of water courses	Executive Engineer, Lining Division (Minor Irrigation Tubewells Corporation), Bhiwani	0.27**
	Total	4.09

It was noticed that :—

- (i) In the project for irrigating *tibbas* with lift tanks near Lalawas minor under the CADA, Bhiwani which was completed in June

*Out of this, Rs. 0.63 lakh were shown in the accounts (1976-77) as payables.

**Against the advance of Rs. 3 lakhs, the balance amount (Rs. 2.16 lakhs) was shown as advance outstanding against the Corporation in the accounts (1976-77).

1977 at a cost of Rs. 2.98 lakhs, the culturable command area covered by the infra-structure was 216 acres but the area actually irrigated upto March 1978 was 22 acres only (2 acres in *kharif* 1977 and 20 acres in *rabi* 1977-78 respectively). The low development of irrigation was attributed (April 1978) to unlevelled land, higher seepage, evaporational losses, overloading on electric line and frequent breakdowns.

- (ii) Out of 30 water courses (length : 1.60 lakh running feet; C.C.A. : 8,300 acres) constructed by the Assistant Soil Conservation Officer, Bhiwani during August 1976 to March 1977 at a cost of Rs. 0.65 lakh, no irrigation was booked during *rabi* 1976-77 and *kharif* 1977 on 11 water courses (length : 0.41 lakh running feet ; C.C.A. : 2,013 acres) constructed at a cost of Rs. 0.19 lakh (the position after *kharif* 1977 was not known). The irrigation booked on the remaining 19 water courses (C.C.A. : 6,287 acres) was only 989 acres (704 acres in *rabi* 1976-77 and 285 acres in *kharif* 1977). According to the Department (April 1978), less development of irrigation was due to sandy texture of soil, shifting sand dunes and non-adoption of modern agricultural techniques by the farmers.
- (iii) CADA, Bhiwani made payments amounting to Rs. 3 lakhs in February-March 1977 to Haryana State Minor Irrigation (Tubewells) Corporation Limited (Corporation) for (a) digging of *katcha* water courses/ community field channels (Rs. 1.00 lakh) and (b) subsidising the cost of lining of water courses (Rs. 2 lakhs), even though such works were expected to be executed at the cost of beneficiaries and were not to be financed by CADA. In August 1977 the CADA asked the Corporation to stop further work and refund the unspent amount. The Corporation refunded an unspent balance of Rs. 0.48 lakh in May 1978.

(D) Investments

Out of the total expenditure of Rs. 40.89 lakhs incurred by the three CADAs, Rs. 19 lakhs were invested in the share capital of the Haryana Land Reclamation and Development Corporation for enabling it to purchase tractors with a view to speeding up land levelling work. The Corporation could press into service 13 tractors only (Bhiwani:3; Rohtak : 3 and Gurgaon : 7) as against the requirement of 37 tractors (Bhiwani : 7 ; Rohtak : 6 and Gurgaon : 24). The Corporation was expected to undertake levelling work, on payment, in the area covered by CADAs but it could level only 1,969 acres upto 1977-78 against the target of 6,925 acres. After reviewing the progress of work done by the Corporation it was decided in July 1977 to entrust the levelling work to other agencies also like the Haryana Agro-Industries Corporation Limited and private agro service centres.

Rupees 3 lakhs were invested by CADAs, Gurgaon (Rs. 2 lakhs) and Rohtak (Rs. 1 lakh) during 1975-76 and 1976-77 in the debentures of the Land Development Bank to strengthen its financial position. The bank disbursed loans amounting to Rs. 0.24 lakh and Rs. 0.64 lakh to 94 farmers in the area covered by CADA, Gurgaon during 1975-76 and 1976-77 respectively. Information about the quantum of loan disbursed by the bank in the Rohtak CADA area was not available (June 1978).

To sum up :

- (i) The Haryana Land Development Corporation, in the share capital of which Rs. 19 lakhs (out of the total expenditure of Rs. 40.89 lakhs of the 3 CADAs) were invested for enabling it to purchase tractors, could press into service only 13 tractors against the requirement of 37 and consequently only 1,969 acres out of the target of 6,925 acres of land could be levelled by the Corporation.
- (ii) Though construction of field channels was one of the main planks of the strategy for development of land, out of Rs.32.50 lakhs released upto 1976-77 as Central assistance for construction of field channels, the subsidy paid for that purpose upto 1977-78 amounted to Rs. 0.10 lakh only. Out of 2,360 Kms of field channels to be constructed, only about 1 Km had been completed by March 1978. The expenditure upto 1977-78 on other on-farm development works was Rs. 2.87 lakhs only.
- (iii) Against 250 shallow tubewells envisaged to be completed by March 1978, subsidy for only 101 tubewells had been released by that date but spot verification about installation had not been conducted upto June 1978.

7.8. Drought prone area programme (DPAP) agencies

Three Drought prone area programme (DPAP) agencies were established in the State at Bhiwani, Narnaul and Rohtak and registered under the Societies Registration Act, 1860, in February 1975, March 1975 and October 1976 respectively. The main objectives of the agencies were :—

- (i) to plan and execute integrated development programmes of crop husbandry, irrigation, agriculture including dry land farming and introduction of new cropping pattern, programme of afforestation, cattle and dairy development, sheep and wool development ;
- (ii) to execute the above plans for the benefit of the area either directly or through the beneficiaries or through other sources ; and
- (iii) to review the progress of execution of the various schemes undertaken and take up evaluation thereof. For this purpose, the annual action plan of each agency was to be approved by the Central DPAP Cell in the Ministry of Agriculture and Irrigation (Government of India). Under a Centrally sponsored programme, the Central Government was to bear 50 per cent of the approved expenditure and the State Government the remaining 50 per cent. Funds were to be released to the agencies through the State Government.

The affairs of each agency are managed by a Project Director under the direction of a governing body headed by the Deputy Commissioner of the district and composed of district level officers of various departments of the Government and non-official members. The accounts are audited by Chartered Accountants.

The year-wise position of assistance released by the Government of India and the amounts paid by the State Government to the agencies upto 1976-77 were as under :—

Year	Amount for which administrative approval issued including State Government share				Central assistance released to State	Amounts disbursed by the State Government to the agencies		
	Narnaul	Bhiwani	State level cell	Total		Narnaul	Bhiwani	Total
(in lakhs of rupees)								
1974-75	67.98*	..	..	67.98	33.00	12.45	7.45	19.90
1975-76	31.52	29.93	..	61.45	30.72	37.52	35.88	73.40
1976-77	91.74	44.44	1.88	1,38.06	50.50	93.84**	56.16	1,50.00
Total	1,91.24	74.37	1.88	2,67.49	1,14.22	1,43.81	99.49	2,43.30

The receipts and expenditure of the agencies at Bhiwani and Rohtak (the accounts of the third agency at Narnaul had not been received, having reportedly not been audited), as per the audited accounts, were as under :—

	Bhiwani			Rohtak
	1974-75	1975-76	1976-77	1976-77
(in lakhs of rupees)				
<i>Receipts</i>				
Opening balance	..	7.45	35.84	..
Grants from the State Government	7.45	35.88	56.16	8.94
Interest	..	0.02	1.59	..
Payables	..	..	0.02	0.03
Total	7.45	43.35	93.61	8.97
<i>Expenditure</i>				
Project administration	..	0.04	1.95	0.11
Soil survey	..	..	1.57	..
Land levelling	..	..	0.36	0.01
Agriculture	..	3.43	9.21	0.40
Minor irrigation	..	1.32	13.91	0.46
Forestry	..	2.72	19.14	0.06
Animal husbandry and veterinary services	..	..	8.35	0.85
Investments	..	..	2.00	..
Advances	..	..	3.52	..
Closing balance	7.45	35.84	33.60	7.08
Total	7.45	43.35	93.61	8.97

*Both for Narnaul and Bhiwani agencies.

**Includes Rs. 8.94 lakhs transferred to DPAP, Rohtak in October 1976.

The agencies handled the work of soil surveys and disbursement of subsidy for land levelling/subsidiary occupations/agricultural implements directly and advanced funds to district level officers like Deputy Director of Agriculture, Divisional Forest Officer, Assistant Soil Conservation Officer, Executive Engineer (P.W.D.), Deputy Director/District Officer, Animal Husbandry, etc., for execution of works pertaining to different sectors of the programme. The unspent amount with the departmental officers as at the close of the year (Rupees 18.49 lakhs in the case of Bhiwani and Rs. 6.91 lakhs in the case of Rohtak) formed part of the closing balance of the agencies.

A test-check by Audit (March-June 1978) of the accounts and records of Bhiwani and Rohtak agencies disclosed the following points :—

DPAP, Bhiwani

(i) The grants disbursed by the State Government to the agency during 1975-76 (Rs. 35.88 lakhs) and 1976-77 (Rs. 56.16 lakhs) exceeded the outlay approved by the Government of India (Rs. 29.93 lakhs in 1975-76 and Rs. 44.44 lakhs in 1976-77). Rupees 33.60 lakhs, out of the total grant of Rs. 99.49 lakhs disbursed to the agency upto 1976-77, however, remained unspent on 31st March 1977. The unspent amount included Rs. 18.49 lakhs with the departmental officers of Government.

(ii) Rupees 18.92 lakhs had been spent on unapproved items as under :—

<i>Items</i>	<i>Amount spent</i>	
	1975-76	1976-77
	<i>(in lakhs of rupees)</i>	
<i>(a) Agriculture</i>		
(i) Farmers' training centres	..	1.38
(ii) Demonstration through sprinkler sets	3.43	5.16
<i>(b) Forestry</i>		
(i) Erection of tree guards	..	0.28
(ii) Laying of seed beds	..	2.50
(iii) Construction of building	..	0.67
<i>(c) Investment on purchase of debentures of Land Development Bank</i>	..	2.00
<i>(d) Advance to Improvement Trust for land</i>	..	3.50

The advance of Rs. 3.50 lakhs given in December 1976 to the Improvement Trust towards cost of land for construction of office building was got refunded in September 1977, on the Government of India not approving (February 1977) construction of office building under the programme.

(iii) Rupees 23.01 lakhs had been spent over and above the approved outlay as under :—

Items	Approved outlay		Expenditure		Excess	
	1975-76	1976-77	1975-76	1976-77	1975-76	1976-77
	(in lakhs of rupees)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a) Project administration	..	1.00	..	1.76	..	0.76
(b) <i>Agriculture</i>						
Demonstration plots	..	0.63	..	1.61	..	0.98
(c) <i>Minor Irrigation</i>						
Digging of <i>katcha</i> water courses	..	5.50	..	13.91	..	8.41
(d) <i>Forestry</i>						
(i) Afforestation	1.68	1.68	2.72	6.98	1.04	5.30
(ii) Sand dunes fixation	..	1.35	..	4.38	..	3.03
(iii) Improvement of water resources	..	0.16	..	0.31	..	0.15
(iv) Pasture development	..	0.78	..	1.56	..	0.78
(v) Maintenance of forests	..	0.88	..	1.76	..	0.88
(e) <i>Animal Husbandry and Veterinary Services</i>						
Mobile veterinary services	..	0.34	..	2.02	..	1.68
Total					1.04	21.97

(iv) Rupees 12.64 lakhs had been spent in the Agriculture sector on the following schemes :—

Items	Physical				Financial			
	Targets		Achievements		Approved outlay		Expenditure	
	1975-76	1976-77	1975-76	1976-77	1975-76	1976-77	1975-76	1976-77
	(in lakhs of rupees)							
<i>Agriculture</i>								
(a) Demonstration centres (in numbers)	8	10	..	17	0.20	0.25	..	0.25
(b) Demonstration plots (in numbers)	500	625	..	1,095	1.00	0.63	..	1.61
(c) Farmers' training centres	..	..	..	..	1.75	..	..	1.38
(d) Extension staff	..	..	..	..	1.50	1.25	..	0.81
(e) Demonstration through sprinkler sets	..	..	15	10	..	..	3.43	5.16
Total					4.45	2.13	3.43	9.21

It was noticed that :

- (a) Rupees three lakhs were paid in March 1976 to the Deputy Director of Agriculture for the construction of a building for a Farmers' Training Centre at Bhiwani in anticipation of approval by the Central DPAP Cell of the Ministry of Agriculture. The proposal was not approved (March 1976/May 1976) by the latter as a similar centre was being set up at Narnaul which could cater to the needs of both the areas. The Deputy Director of Agriculture was thereupon required (June 1976) by the agency to return the amount to it but this had not been done. Rupees 1.38 lakhs had been spent on putting up an agricultural stall in Red Cross Fair at Bhiwani (Rs. 0.41 lakh), salaries of staff (Rs. 0.35 lakh), purchase of books/duplicating machine/calculating machine (Rs. 0.29 lakh) and miscellaneous items (Rs. 0.33 lakh) without obtaining approval of the Agency for the expenditure.
- (b) With a view to demonstrating to small and marginal farmers the benefits of irrigation through sprinkler sets, the Deputy Director of Agriculture, Bhiwani purchased 25 sprinkler sets with accessories (15 in April 1975 and 10 in April-May 1976) at a cost of Rs. 6.43 lakhs and 25 diesel pumps/electric motors in September-October 1976 at a cost of Rs. 1.62 lakhs. These had, however, not been used (April 1978) for demonstration purpose.

Accessories costing Rs. 0.31 lakh were issued to 5 individuals (who were not small/marginal farmers) without recovery of any charge during the year 1975-76.

Five sets of sprinklers were issued to the Jui Canal Division, Bhiwani in November 1976. Out of Rs. 0.50 lakh paid to the Division in December 1976 for the operation of these sets, Rs. 0.25 lakh were reportedly spent on operation and Rs. 0.25 lakh on purchase of additional accessories. These sets provided irrigation on 117 acres upto November 1977, when these were returned (without accessories) to the Deputy Director of Agriculture.

- (c) According to the annual plan 1976-77, 625 demonstration plots (one acre each) were to be laid out at a cost of Rs. 0.63 lakh (the expenditure by the agency being restricted to Rs. 100 per plot) with a view to popularising the cultivation of oilseeds, pulses, sunflower and fodder crops. Rupees 1.61 lakhs were spent on laying out 1,095 plots, the average expenditure per plot being Rs. 147, thus incurring extra expenditure of Rs. 0.51 lakh as compared to the ceiling of Rs. 100 per plot. These included 67 wheat plots and 38 barley plots (expenditure : Rs. 0.15 lakh) which had not been approved for demonstration. The yield on demonstration plots was not recorded and the impact of demonstration on farm practices had also not been analysed/assessed.

(v) *Minor Irrigation*

According to the annual plans, 300 *katcha* water courses (80 in 1975-76 and 220 in 1976-77) were to be constructed at a total cost of Rs. 7.50 lakhs (Rs. 2.00 lakhs in 1975-76 and Rs. 5.50 lakhs in 1976-77). As against these

targets, 649 *katcha* water courses (71 in 1975-76 and 578 in 1976-77) were got constructed through the Assistant Soil Conservation Officers (A.S.C.O.) Dadri, Hissar and Bhiwani upto 1976-77 at a cost of Rs. 15.23 lakhs (Rs. 1.32 lakhs in 1975-76 and Rs. 13.91 lakhs in 1976-77). The details of work done and the extent of development of irrigation in respect of 386 water courses involving an expenditure of Rs. 8.51 lakhs (information in respect of works undertaken by A.S.C.O. Bhiwani was not available) were as under :—

<i>Particulars</i>	<i>Name of the A.S.C.O.</i>		<i>Total</i>
	<i>Dadri</i>	<i>Hissar</i>	
(A) <i>Construction upto end of 1976-77</i>			
(a) Water courses (in numbers)	250	136	386
(b) Total length (in running feet)	9,45,409	5,72,523	15,17,932
(c) Culturable Command Area (CCA) covered by the water courses (in acres)	62,344	41,933	1,04,277
(d) Expenditure (in lakhs of rupees)	4.13	4.38	8.51
(B) <i>Development of Irrigation during 1977-78</i>			
(a) Water courses (in numbers)	208	85	293
(b) Total length of water courses (in running feet)	7,78,261	3,26,999	11,05,260
(c) C.C.A. covered by the water courses (in acres)	52,560	26,347	78,907
(d) Area actually irrigated (in acres)	3,018	1,209	4,227
(e) Expenditure (in lakhs of rupees)	3.46	2.77	6.23
(f) Percentage of development	5.74	4.58	5.36

No irrigation was developed during 1977-78 on 93 water courses (CCA 25,370 acres) constructed at a cost of Rs. 2.28 lakhs. The Assistant Soil Conservation Officer, Dadri stated (April 1978) that slow development/non-development of irrigation was due mainly to shortage of water in the canals.

(b) Rupees 12.45* lakhs were paid in July 1976 to the Haryana State Minor Irrigation (Tubewells) Corporation Limited towards 50 per cent of the cost of 25 deep tubewells to be installed in Badhra block of Dadri. The remaining 50 per cent cost was to be borne by the Corporation. In lieu of this assistance, the Corporation was to recover from the small/marginal farmers water charges at half the normal rates for a period of five years. According to the information furnished by the Corporation (April 1978),

*Included in the closing balance in the accounts.

the number of tubewells drilled, developed and energised upto 31st March 1978 was 5, 5 and 1 respectively and about Rs. 8.93 lakhs had been spent upto 31st March 1978. The only tubewell energised (February 1977) was operated during 1977-78 for 184 hours as against the norm of 2,500 hours in a year and provided irrigation to 7.5 acres out of the *chak* area of 100 acres.

Meanwhile, the Corporation reported in February 1978 that the project would now cost Rs. 47.44 lakhs—an increase of Rs. 22.54 lakhs over the original cost (Rs. 24.90 lakhs)—and asked the agency to pay Rs. 11.27 lakhs more. The State Government declined to pay the additional amount and asked (February 1978) the Corporation to install as many tubewells as possible within the amount already made available. Further developments are awaited (November 1978).

(vi) *Animal Husbandry and Veterinary services*

The activities to be taken up according to the annual plans and the activities taken up were as under :—

Items	Physical				Approved outlay		Expenditure	
	Targets		Achievements		1975-76	1976-77	1975-76	1976-77
	1975-76	1976-77	1975-76	1976-77				
	(in lakhs of rupees)							
1. Establishment of cross breeding centres for sheep (in numbers)	1	1	..	..	1.50	2.50	..	..
2. Mobile Veterinary dispensary (in numbers)	2	2	..	2	1.34	0.34	..	2.02
3. Subsidy to small/marginal farmers for agricultural and husbandry occupation								
(a) Purchase of buffaloes (in numbers)	200	1,000	..	956	1.00	6.00	..	5.80
(b) Setting up of sheep units (in numbers)	100	100	..	76	0.60	0.60	..	0.53
Total					4.44	9.44	..	8.35

Reasons for not undertaking activities in this sector during 1975-76 and for non-establishment of cross breeding centres for sheep were not on record. It was, however, noticed that one 16 mm projector and 13 feature/documentary films purchased in July 1976 and April 1977 by the Deputy Director, Intensive Cattle Development Project, Bhiwani at a cost of Rs. 0.15 lakh and Rs. 0.37 lakh respectively had not been put to use as no operator had been appointed (June 1978).

(vii) *Forestry* Rupees 21.86 lakhs were spent upto 1976-77 in the forestry sector on the following activities :—

Item	Physical		Amount spent (in lakhs of rupees)
	Targets	Achievements	
(i) Afforestation	700 acres	2,088 acres	9.70
(ii) Sand dunes fixation	680 acres	845 acres	4.38
(iii) Improvement of water resources	66 acres	65 acres	0.31
(iv) Pasture development	330 acres	325 acres	1.56
(v) Erection of tree guards	..	620 acres	0.28
(vi) Laying of seed beds (in numbers)	..	16	2.50
(vii) Maintenance of forests	..	..	1.76
(viii) Construction of building (in numbers)	..	1	0.67
(ix) Establishment	..	..	0.70

Rupees 1.34† lakhs (out of Rs. 1.40 lakhs advanced by the agency in February 1977) were spent by the Deputy Conservator of Forest, Bhiwani on the construction of an office-cum-store building (completed in October 1977) for his office on the land owned by the Forest Department. Prior approval of the Central Government had not been obtained in terms of instructions issued in February 1977 which prohibited expenditure on construction of buildings without its prior approval. *Post facto* approval had also not been obtained (April 1978).

DPAP, Rohtak

- (i) Rupees 2.34* lakhs were advanced to the Haryana State Minor Irrigation (Tubewells) Corporation Limited (MITC) in February-March 1977 towards 50 per cent of the cost of installation of 4 deep tubewells in Salawas and Nahar blocks but the works had not commenced (July 1978). The project was awaiting clearance from the Agricultural Refinance Development Corporation which was to provide to the MITC the remaining 50 per cent of the cost.

†Includes Rs. 0.67 lakh spent during 1977-78.

*Included in the closing balance of Rs. 7.08 lakhs.

- (ii) A veterinary dispensary van was acquired by the agency in February-March 1977, at a total cost of Rs. 0.56 lakh. A test-check of its log book disclosed that out of 14,225 kms covered upto March 1978, 5,240 kms were for non-dispensary purposes.

Summing up

- (i) the grants paid to Bhiwani agency (Rs. 35.88 lakhs in 1975-76 and Rs. 56.16 lakhs in 1976-77) exceeded the approved outlay (Rs. 29.93 lakhs in 1975-76 and Rs. 44.44 lakhs in 1976-77); out of the total grant of Rs. 99.49 lakhs paid upto 1976-77 Rs. 33.60 lakhs remained unspent on 31st March 1977;
- (ii) the expenditure did not in all cases conform to the outlay approved by the Central DPAP Cell; Rs. 18.92 lakhs had been spent on unapproved items and Rs. 23.01 lakhs in excess of the approved outlay;
- (iii) rupees 27.68 lakhs (including Rs. 12.45 lakhs advanced to Haryana State Minor Irrigation (Tubewells) Corporation for the installation of tubewells) were spent on minor irrigation schemes but increase in the area under irrigation was only marginal;
- (iv) sprinkler sets and accessories purchased at a cost of Rs. 8.59 lakhs remained largely unutilised; and
- (v) out of the funds (Rs. 3.00 lakhs) paid for the setting up of a Farmer Training Centre Rs. 1.38 lakhs were without approval of DPAP Agency, Bhiwani utilised by the Deputy Director of Agriculture for putting up an agricultural stall in a fair and on salaries of staff, purchase of office equipment, etc.

The matter was referred to the Government in July-August 1978; reply is awaited (January 1979).

SECTION II

7.9. Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 provides that where a grant or loan is given from the Consolidated Fund for any specific purpose the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants or loans were given and shall for this purpose have right of access to the books and accounts of the beneficiary institutions. Important points noticed as a result of scrutiny conducted under Section 15 of the Act are given in the succeeding paragraphs,

EDUCATION

7.10. Grants paid to educational institutions

According to the information furnished by the Directorate of Education, a sum of Rs. 16,29.44 lakhs was paid during 1971-72 to 1976-77 as

grants to non-technical educational institutions as under :—

	<i>Amount of grants</i>
	<i>(in lakhs of rupees)</i>
Universities	9,26.77
Colleges	3,16.06
Schools	3,15.87
Primary schools	13.89
Others	56.85

Grants are sanctioned by the administrative departments/heads of departments according to the powers delegated to them. Either the grants are drawn and disbursed by the authorities nominated for the purpose or the bills claiming grants preferred by the beneficiaries are countersigned by the authorities nominated for the purpose. The authorities signing or countersigning the bills for drawal of grants and their disbursement are required to watch (a) fulfilment of the conditions subject to which they were sanctioned and (b) their utilisation for the purpose for which they were sanctioned and to forward to Audit certificates of utilisation indicating the checks exercised before the certificates were drawn up/accepted. The Director of Public Instruction is the signing/countersigning authority in respect of grants-in-aid for universities/colleges and the District Education Officer in the case of schools.

A scrutiny by Audit of the procedure followed in the office of the Director of Public Instruction to verify the utilisation of the grants, supplemented by examination of the accounts of six beneficiary institutions (grant paid : Rs. 66.80 lakhs), disclosed the following :—

(a) According to the rules, the beneficiary institutions were required to submit audited statements of accounts so as to enable the sanctioning authority to see that the grants were justified by the financial position of the grantees and to ensure that previous grants had been spent for the purpose(s) for which they were intended. These had not been submitted except in four cases (grant paid : Rs. 0.85 lakh); nor had these been called for or obtained.

(b) The Directorate had not evolved any procedure to watch the progress in the utilisation of grants and was not maintaining any record showing the number of cases in which utilisation certificates were due to be received and were actually received from the grantees. Utilisation certificates furnished by beneficiary institutions had been accepted without indicating the checks exercised while accepting the certificates.

(c) *Development grants*

Rupees 29.01 lakhs were paid as development grants during 1971-72

to 1976-77 for construction of buildings as under :—

Year	Amount paid as grants	
	Number of cases	Amount (in lakhs of rupees)
1971-72	26	4.82
1973-74	46	4.90
1974-75	44	9.80
1975-76	44	9.39
1976-77	1	0.10

(ii) The beneficiary institutions were required to submit rough cost estimates and building plans with their applications for grant. Complete documents were received only in thirty cases (grants paid : Rs. 6.81 lakhs) and grants in the remaining 131 cases (grants paid : Rs. 22.20 lakhs) had been sanctioned/paid without calling for or obtaining these documents from the institutions.

(iii) Similarly, the beneficiary institutions were expected to execute before disbursement of the grant a bond binding themselves *inter alia* to utilise the grant for the purpose for which it was sanctioned and to refund the amount in the event of default. Out of 161 cases (grant : Rs. 29.01 lakhs), bonds in respect of 138 cases (grant : Rs. 20.49 lakhs) only were on record.

(iv) The grantees included two colleges—(College 'A'—grant paid : Rs. 0.10 lakh in 1973-74, Rs. 0.20 lakh in 1974-75 and Rs. 0.20 lakh in 1975-76 and College 'B'—grant paid : Rs. 0.15 lakh in 1975-76)—which had been disaffiliated by universities from December 1977 and the academic year 1977-78 respectively. The rules, however, do not provide for recoveries in such cases.

(v) Another college 'C' was sanctioned and paid a grant of Rs. 0.10 lakh in 1976-77, even though no application duly supported with requisite documents was on record.

(vi) Grants aggregating Rs. 0.60 lakh (Rs. 0.10 lakh in 1973-74, Rs. 0.25 lakh in 1974-75 and Rs. 0.25 lakh in 1975-76) paid to a college 'D' for the construction of staff quarters had been utilised for the payment of salaries to the staff. The construction of the building had not been taken up (August 1978).

(d) Grants under the National Service Corps Scheme

(i) Out of the grants paid to Punjab University under the Centrally sponsored National Service Corps Scheme, Rs. 1.20 lakhs and Rs. 0.14 lakh relating to equipment grant for the years 1971-72 and 1972-73 respectively and required to be spent by 1972-73 and 1973-74 respectively had not been spent upto the end of September 1975. The department had no information about subsequent utilisation or refund of the amount.

Similarly, unspent amount of Rs. 0.18 lakh out of the grant paid in 1973-74 was to be transferred by the Punjab University to the B.N.C. University (now Kurukshetra University) on the affiliation of the colleges in Haryana to the Kurukshetra University from 30th June 1974/1st July 1974 but had not been so transferred (July 1978).

(ii) According to the report (April 1977) of the Internal Audit Cell of the Directorate, Rs. 0.17 lakh out of the grant of Rs. 0.30 lakh released to an institution through the University during 1970-71 to 1973-74 had not been accounted for in the books of the beneficiary institution and were reported to have been embezzled. The matter was also reported to be pending in a court (July 1978).

(e) Grants to colleges to meet additional expenditure on the adoption of U.G.C. scales

According to the Government orders (October 1967), grants were not admissible for meeting additional expenditure on adoption of U.G.C. scales in the case of appointments made after 1st November 1966. In December 1967, it was decided that grants would be admissible in respect of appointments made in posts which were lying vacant as on 1st November 1966 provided these had not been lying vacant for more than six months prior to that date. College 'G' claimed and obtained a grant in respect of certain teachers appointed after 1st November 1966 against posts which, according to the college, were lying vacant for less than six months prior to 1st November 1966. Based on the Internal Audit Report (July 1974 and January 1978), however, the department concluded that grant in respect of the new appointees was not admissible as they were either against new posts or against vacancies (as on 1st November 1966) more than six months old and that the college had been overpaid to the extent of Rs. 2.03 lakhs during 1967-68 to 1975-76. It was noticed in audit that the department had overpaid a sum of Rs. 0.36 lakh to the college for the year 1976-77 also. Even though overpayments to the extent of Rs. 0.05 lakh and Rs. 0.20 lakh were recovered while releasing grants for the years 1975-76 and 1976-77 respectively, grants for the respective years continued to be computed taking these posts also into account till the year 1976-77. The grantee had since filed (August 1978) a civil suit against the recovery and for release of the grant disallowed. Further developments are awaited (November 1978).

Similarly, Rs. 0.38 lakh were overpaid to college 'H' during 1967-68 to 1975-76 for implementing U.G.C. scales in respect of certain teachers appointed after 1st November 1966 in posts which were not vacant for less than 6 months. Out of this, Rs. 0.18 lakh had been reportedly recovered from the grants paid during 1974-75 to 1977-78.

(ii) A college 'I', which was paid Rs. 1.49 lakhs (Rs. 1.10 lakhs in January 1977 and Rs. 0.39 lakh in March 1977) as grants towards arrears payable to teachers on the adoption of U.G.C. scales, utilised the grants for paying current salaries for the period from May 1976 to February 1977. Out of this diversion only Rs. 0.88 lakh were made good in July 1978 and the balance is still to be made good.

(f) Maintenance grants

A college 'J' while submitting its claim for maintenance grants for

1977-78 computed the total expenditure on salaries as Rs. 7.02 lakhs instead of Rs. 6.72 lakhs for which details had been furnished. The mistake went unnoticed and the college was paid an excess grant of Rs. 0.14 lakh, which remains unrecovered (November 1978).

The matter was referred to the Government in September 1978; reply is awaited (January 1979).

CO-OPERATION

7.11. Financial assistance to co-operative societies

Investment by the Government in the share capital and debentures of co-operative societies at the close of 1975-76, 1976-77 and 1977-78 and the return thereon were as under :—

Year	Number of societies	Amount invested	Dividend/interest received	Percentage
(in crores of rupees)				
1975-76	2,054	20.35	0.58(a)	2.8
1976-77	2,321	25.45	0.58(b)	2.3
1977-78	2,402	26.62	0.63(c)	2.4

According to the department, the loans and subsidies/grants paid by the Government to various co-operative societies other than industrial co-operative societies (for which information was not available) during 1975-76, 1976-77 and 1977-78 were as under :—

Year	Loans				Subsidies/grants paid during the year*
	Balance at the end of the previous year	Disbursed during the year	Repaid during the year	Balance at the end of the year	
(in lakhs of rupees)					
1975-76	88.36	0.75	9.04	80.07	14.07
1976-77	80.07	2.99	6.75	76.31	N.A.
1977-78	76.31	20.00	6.30	90.01	40.16

(a) From 42 societies.

(b) From 43 societies.

(c) From 27 societies.

*Departmental figures.

N.A. ; Not available.

According to the information furnished by the department, the principal and interest overdue for recovery as on 31st March 1978 amounted to Rs. 22.41 lakhs and Rs. 11.56 lakhs respectively. The break-up of these amounts was not available.

7.12. Co-operative banks

As on 30th June 1977, there were 12 central co-operative banks in the State, acting as financing bodies for primary societies. Besides, there were two apex institutions, namely the Haryana State Co-operative Bank Limited and the Haryana State Co-operative Land Development Bank Limited. The former provides medium and short term finance to the co-operative institutions while the latter provides long term finance to the agriculturists. According to their audited accounts, the Government investment in these institutions as on 30th June 1976 and 30th June 1977 and other financial data as on those dates were as under :—

Serial number	Institutions	Number	Paid-up capital		Government investment in share capital	
			30th June 1976	30th June 1977	30th June 1976	30th June 1977
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	Central co-operative banks	12	8,08.60	9,19.37	2,45.05	3,41.30
2.	Haryana State Co-operative Bank Limited	1	2,32.21	2,42.21	95.90	1,05.90
3.	Haryana State Co-operative Land Development Bank Limited	1	2,78.31	2,96.61	69.78	69.78

Loans by the Government		Net profit		Reserves	
1975-76	1976-77	1975-76	1976-77	30th June 1976	30th June 1977
(8)	(9)	(10)	(11)	(12)	(13)
(in lakhs of rupees)					
1.36	2.95	1,51.50	1,03.96	3,66.55	4,45.87
3.20	1.68	95.85	1,02.46	2,64.31	3,28.15
..	..	71.11	87.09	1,36.55	1,36.69

The amounts of overdue loans and interest as on 30th June 1977 of the 12 central co-operative banks and the Haryana State Co-operative Bank Limited, were Rs. 21,57.32 lakhs and Rs. 1,29.83 lakhs respectively. Out of these, Rs. 4,62.69 lakhs and Rs. 65.99 lakhs were outstanding for more than three years.

In respect of the 12 central co-operative banks, there were 5,739 indebted co-operative societies as on 30th June 1977. Out of these, 3,618

7.14. Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh

This apex institution was registered in October 1966 mainly to co-ordinate and facilitate the working of affiliated co-operative consumers stores and to assist in the promotion, organisation and development of co-operative consumers stores in the State.

According to its audited accounts, the financial data of the Federation for the three years ending 30th June 1977 were as under :—

Year	Paid-up share capital	Government investment in share capital	Profit during the year	Reserves and funds	Turnover
(in lakhs of rupees)					
1974-75*	7.97	6.77	5.26*	3.76*	99.88*
1975-76	7.97	6.77	3.84	4.49	30.34
1976-77	8.42	6.77	2.32	5.22	24.13

The percentage of profit to capital** employed during 1976-77 was 17.01 per cent as against 30.08 per cent in 1975-76 and 44.32 per cent in 1974-75.

(a) A sum of Rs. 1.56 lakhs was recoverable from staff (including ex-employees) on account of shortage of stores and sale proceeds, etc., against which a provision of Rs. 0.97 lakh had been made in the accounts for writing off shortages.

(b) Reserves for bad and doubtful debts stood at Rs. 0.75 lakh as against bad and doubtful debts of Rs. 1.02 lakhs estimated by the departmental auditors.

(c) A sum of Rs. 0.11 lakh was shown as recoverable under the head 'General Recovery' on account of sale price undercharged from customers.

7.15. Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh

According to the audited accounts of the Federation its financial

*According to the revised accounts approved by the departmental auditors on 10th March 1977.

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

position for the years 1973-74 to 1975-76 was as under :—

Year	Paid-up capital	Government investment	Loans (cash credit)	Loans from the Government and out-standing	Net profit	Reserves
(in lakhs of rupees)						
1973-74	1,86.39	1,67.71	9,79.55	11.21	23.92	86.84
1974-75	2,31.84	2,09.71	7,68.80	10.50	31.67	2,04.57
1975-76	2,69.84	2,44.71	17,11.95	8.04	56.58	2,05.31

A perusal of the departmental audit report for the year 1975-76 disclosed the following :—

- (i) Reserve for bad and doubtful debts stood at Rs. 90.39 lakhs against debts of Rs. 1,52.36 lakhs considered bad and doubtful by the departmental auditors.
- (ii) Old fertilizer stocks lying with various marketing societies for sale/transfer were valued at Rs. 22.54 lakhs on 30th June 1975. These were revalued at Rs. 11.85 lakhs on 1st July 1975 after excluding Rs. 10.69 lakhs being cost of dead and damaged stock, without taking action to write off their value.
- (iii) Of the 15 processing units, 11 units sustained losses aggregating Rs. 14.29 lakhs and 4 units earned profit aggregating Rs. 4.63 lakhs. According to the departmental auditors, these figures represent loss/profit before charging depreciation.
- (iv) Shortages recoverable on 30th June 1976 were Rs. 7.50 lakhs. Of these, Rs. 3.80 lakhs were reported to have been written off subsequently.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

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

The following table shows the number of audit observations issued upto the end of March 1978 and outstanding at the end of November 1978 as compared with the position indicated in two preceding Reports.

	<i>As at the end of December 1976</i>	<i>As at the end of November 1977</i>	<i>As at the end of November 1978</i>
Number [@] of observations	17,296	24,503	27,680
Amount involved [@] (in crores of rupees)	26.99	40.10	43.82

The increase, mainly under Transport (2.80 crores), Irrigation (1.86 crores) and Animal Husbandry (1.33 crores) departments, etc., was partly offset by decrease under other departments.

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

<i>Year</i>	<i>Number of observations</i>	<i>Amount (in crores of rupees)</i>
1973-74 and earlier years	2,870	2.87
1974-75	1,927	2.66
1975-76	4,514	6.18
1976-77	8,245	11.65
1977-78	10,124	20.46

[@] Excludes those relating to the Haryana State Electricity Board.

The following departments have comparatively heavy outstanding observations :—

<i>Serial number</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved</i> (in lakhs of rupees)
1.	Transport	5,826	14,76.37
2.	Irrigation	5,704	6,30.05
3.	Medical	2,668	5,16.86
4.	Buildings and Roads	2,505	4,18.44
5.	Animal Husbandry	1,221	3,31.89
6.	Agriculture	1,615	3,07.81
7.	Public Health (Public Works Department)	870	1,12.46

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

<i>Serial number</i>	<i>Nature of observation</i>	<i>Number</i>	<i>Amount involved</i> (in lakhs of rupees)
1.	Payees' receipts not received	19,786	19,48.67
2.	Detailed bills for lumpsum drawals on abstract bills not received	2,934	12,29.60
3.	Sanctions to reserve limit of stock not received	41	3,36.83
4.	Vouchers not received	2,070	3,23.63
5.	Sanctions for establishment not received	453	2,87.12
6.	Agreements with contractors/suppliers not received	197	1,69.07

It will be seen that a sizable portion of the outstanding is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is not possible for Audit to verify whether all the payments have been made or made for due consideration. The departments with

comparatively heavy outstandings on this account are :—

<i>Serial number</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved</i> <i>(in lakhs of rupees)</i>
1.	Transport	3,283	3,31.20
2.	Medical	2,290	3,23.74
3.	Irrigation	5,615	3,20.69
4.	Agriculture	1,501	3,04.57
5.	Animal Husbandry	1,108	2,96.46
6.	Buildings and Roads	2,328	2,69.18

Rupees 12,29.60 lakhs are held under observation (November 1978) as detailed contingent bills have not been received in the Audit Office. A major part of this outstanding pertains to the Transport Department. The facility of drawing advances on abstract contingent bills by the Disbursing Officers is intended to expedite payment in certain cases but the abstract contingent bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents) which should be sent to the Audit Office by the 15th of the month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not practicable for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn.

A case in which there has been abnormal delay in furnishing detailed bills to Audit is mentioned below :—

A sum of Rs. 41.59 lakhs was drawn by the General Manager, Haryana Roadways, Chandigarh in December 1975 on an abstract bill towards 100 per cent cost of 45 new chassis. Detailed contingent bills had not been furnished to Audit so far (January 1979).

8.2. Outstanding inspection reports

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

At the end of November 1978, seven thousand eight hundred and thirty inspection reports issued upto March 1978 still contained unsettled paragraphs as shown below with figures in two preceding Reports.

	<i>As at the end of December 1976</i>	<i>As at the end of November 1977</i>	<i>As at the end of November 1978</i>
Number* of inspection reports with unsettled paragraphs	6,910	7,475	7,830
Number* of paragraphs	31,289	35,737	38,691

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

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

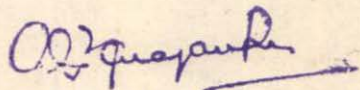
<i>Year</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
1973-74 and earlier years	4,434	13,909
1974-75	886	5,033
1975-76	693	4,815
1976-77	935	7,030
1977-78	882	7,904

The following departments have comparatively heavy outstanding inspection reports :—

<i>Serial number</i>	<i>Department</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
1.	Power (in respect of Electricity Board)	875	6,482
2.	Education	1,760	5,300
3.	Medical	530	3,260
4.	Irrigation	384	2,056
5.	Buildings and Roads	275	1,978
6.	Development	542	1,715

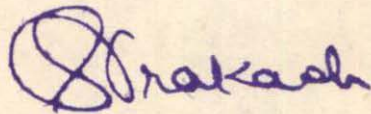
Of the reports outstanding at the end of November 1978, 6,197 reports related to civil departments, 1,126 to commercial departments and 507 to revenue receipts. These included 421 inspection reports (173 civil, 170 commercial and 78 revenue receipts) for which even the first replies had not been received.

CHANDIGARH,
The



(A.G. NARAYANASWAMI)
Accountant General, Haryana

Countersigned



(GIAN PRAKASH)
Comptroller and Auditor General of India

NEW DELHI,
The -

31 MAR 1979

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21 MAR 1978

APPENDICES

APPENDIX

APPENDIX I

(Reference : Paragraph 2.4 (ii); page 24)

Savings Under Grants And Charged Appropriations

Serial number	Number and name of grant/ charged appropriation	Total provision	Expenditure	Saving	Percentage of saving
(in lakhs of rupees)					
<i>Revenue</i>					
(i)	6—Finance				
	Voted	5,40.59	4,51.16	89.43	17
	Charged	27,15.71	23,57.31	3,58.40	13
(ii)	8—Buildings and Roads				
	Voted	15,80.98	13,87.46	1,93.52	12
(iii)	11—Urban Development				
	Voted	89.59	73.20	16.39	18
(iv)	14—Food and Supplies				
	Voted	1,42.14	1,22.91	19.23	14
(v)	16—Industries				
	Voted	2,33.76	2,01.33	32.43	14
(vi)	17—Agriculture				
	Voted	15,86.68	13,90.54	1,96.14	12
(vii)	19—Fisheries				
	Voted	33.96	26.25	7.71	23
(viii)	21—Community Development				
	Voted	5,88.54	5,06.84	81.70	14
(ix)	22—Co-operation				
	Voted	2,06.87	1,68.90	37.97	18
(x)	23—Transport				
	Voted	35,91.42	31,85.26	4,06.16	11
<i>Capital</i>					
(i)	7—Other Administrative Services				
	Voted	27.00	1.10	25.90	96
(ii)	11—Urban Development				
	Voted	8,00.00	1,94.33	6,05.67	76
(iii)	13—Social Welfare and Rehabilitation				
	Voted	15.00	10.90	4.10	27
(iv)	14—Food and Supplies				
	Voted	99,24.09	64,53.76	34,70.33	35
(v)	16—Industries				
	Voted	1,89.16	1,54.38	34.78	18
(vi)	22—Co-operation				
	Voted	7,08.55	3,58.60	3,49.95	49

(Reference : Paragraph

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

Serial number	Department	Departmental investigation cases pertaining to			
		1972-73 and earlier years		1973-74 to 1977-78	
		Number	Amount	Number	Amount (amounts in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Buildings and Roads	3	0.23	35	7.75
2.	Food and Supplies	..	..	6	2.19
3.	Medical and Health	..	..	1	0.04
	(a) Medical	..	..	..	..
	(b) Health	..	..	..	..
4.	Transport	1	0.02	11	1.24
5.	Education	..	..	6	0.08
6.	Irrigation	6	0.61	11	0.28
7.	Fisheries	..	..	..	..
8.	P.W.D. (Public Health)	1	0.12	..	..
9.	Election	..	..	..	..
10.	Forest	..	..	..	..
11.	Development and Panchayat	1	0.03	..	..
12.	Animal Husbandry	..	..	..	..
13.	Agriculture	..	..	..	..
14.	Home Guard	..	..	..	..
	Total	12	1.01	70	11.58

II

3.10 ; page 45)

**INVESTIGATION OR CRIMINAL PROSECUTION
AUGUST 1978)**
*Criminal prosecution cases pertaining to**Grand Total*

1972-73 and earlier years

1973-74 to 1977-78

1972-73 and earlier years		1973-74 to 1977-78		Grand Total	
Number of rupees)	Amount	Number	Amount	Number	Amount
(7)	(8)	(9)	(10)	(11)	(12)
2	0.11	11	0.85	51	8.94
..	..	..	..	6	2.19
..	..	2	1.84	3	1.88
..	..	1	0.01	1	0.01
1	0.10	3	0.13	16	1.49
4	0.26	9	1.06	19	1.40
..	..	..	..	17	0.89
1	0.23	1	0.04	2	0.27
..	..	1	0.14	2	0.26
1	0.17	..	..	1	0.17
1	0.14	..	..	1	0.14
..	..	1	0.03	2	0.06
1	0.05	..	..	1	0.05
1	0.02	..	..	1	0.02
..	..	1	0.02	1	0.02
12	1.08	30	4.12	124	17.79

APPENDIX III

(Reference : Paragraph 3.11 ; page 45)

CASES OF LOSSES DUE TO THEFT, FIRE, IRRECOVERABLE REVENUE, DUTIES, ADVANCES, ETC., WRITTEN OFF/WAIVED DURING THE YEAR

Serial number	Department	<i>Write off of losses/irrecoverable revenue, duties, advances, etc.</i>	
		<i>Number of cases</i>	<i>Amount</i>
1.	Election	2	14,029
2.	Buildings and Roads	1	1,627
3.	Home	1	1,390
4.	Irrigation	1	498
5.	Other Departments	8	220
	Total	13	17,764

APPENDIX IV

APPENDIX

(Reference : Paragraphs 6.5 and

SUMMARISED FINANCIAL RESULTS

Serial number	Name of the Corporation	Name of the Department	Year of incorporation	Period of accounts	Total capital invested (A)	Profit (+) / Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
						(C)
1.	Haryana State Electricity Board	Irrigation and Power	1967	1977-78	4,05,83.15	(+)3,86.55
2.	Haryana Financial Corporation	Industries	1967	1977-78	..	(+)1,09.05
3.	Haryana Warehousing Corporation	Agriculture	1967	(aa) 1977-78	4,11.64	(+)8.91

(Figures in columns

- (A) Capital invested represents paid-up capital plus long term loans and free reserves.
- (B) Capital employed represents net fixed assets (excluding capital works-in-progress) plus working capital.
- (C) Represents contribution to General Reserve.
- (D) Represents mean capital employed, i.e., mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii) reserves, (iv) borrowings including refinance and (v) deposits.
- (aa) Subject to audit.

IV

6.15; pages 66 and 79)

OF STATUTORY CORPORATIONS

<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loans</i>	<i>Total return on capital invested (7+9)</i>	<i>Percentage of total return on capital invested</i>	<i>Capital employed (B)</i>	<i>Total return on capital employed (7+8)</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>6 to 10, 12 and 13 are in lakhs of rupees)</i>						
8,70.21	8,12.99	11,99.54	2.94	2,66,32.05	12,56.76	4.72
1,37.87	1,37.23	..	..	(D) 27,14.58	2,46.92	9.10
6.20	6.20	15.11	3.67	4,02.80	15.11	3.75

APPENDIX

(Reference : Paragraph 6.7 (2);

STATEMENT OF

Serial number	Category	Tariff in force before bifurcation upto 30th June 1968	First revision (with effect from 1968-69)
(1)	(2)	(3)	(4)
1.	<i>Large supply (for load above 100 K.W.)</i>		
	(a) Demand charges	Rs. 6.50 to 5.50 per KVA	Existing tariff revised by 20 per cent (with effect from 1st July 1968)
	(b) Energy charges	5 to 4 paise per KWH	Do
2.	<i>Medium supply</i>		
	(21 KW to 100 KW)		
	(a) Demand charges	Rs. 7 KW of connected load of 70 KW	Do
	(b) Energy charges	6 paise per KWH	Do
3.	<i>Small power</i>		
	(Upto 20 KW)		
	Energy charges	11 to 9 paise per KWH	Do
4.	<i>Agricultural</i>		
	(upto 20 KW or 26 BHP)		
	(a) Demand charges	Re. 1 per BHP	Rs. 1.50 (with effect from 1st August 1969) per BHP
	(b) Energy charges	15 paise per KWH	15 paise (1st February 1968) per KWH
5.	<i>Street Lighting</i>		
	Energy charges	15 paise per KWH	18 paise (1st March 1969) per KWH
6.	<i>Commercial supply</i>		
	Energy charges	31.26 to 9.38 paise per KWH	34 to 12 paise (1st March 1969)
7.	<i>Domestic supply</i>		
	Energy charges	31.25 to 6.25 paise per KWH	34 to 10 paise (1st March 1969) per KWH
8.	<i>Bulk supply</i>		
	Energy charges	14 to 11 paise per KWH	No change
9.	<i>Grid supply</i>		
	(a) Demand charges	Rs. 7 per KVA	20 per cent <i>ad hoc</i> increase (1st March 1969)
	(b) Energy charges	5 to 4 paise per KWH	Do

V

page 69)

ELECTRICITY TARIFFS

<i>Second revision (with effect from June 1972)</i>	<i>Third revision (with effect from September 1974)</i>	<i>Fourth revision (with effect from June 1976)</i>	<i>Fifth revision (with effect from 15th May 1978)</i>
(5)	(6)	(7)	(8)
Existing tariff revised by 20 per cent	Rs. 12 per KVA	Rs. 15 per KVA	Rs. 16 per KVA
Do	8.4 paise per KWH	10 paise per KWH	16 paise per KWH
Do	Rs. 12 per KVA	No change	Rs. 15 per KVA
Do	10.8 paise per KWH	13 paise per KWH	16 paise per KWH
Do	19.20 paise per KWH	21 paise per KWH	25 paise per KWH
No change	No change	Rs. 2 per BHP	No change
No change	19 paise per KWH	20 paise per KWH	No change
20 per cent increase	25 paise per KWH	No change	30 paise per KWH
37 to 16 paise per KWH	40 to 50 paise per KWH	No change	40 to 50 paise per KWH
34 to 13 paise per KWH	No change	No change	37 to 31.25 paise per KWH
20 per cent increase	17 paise per KWH	No change	30 paise per KWH
20 per cent increase	Rs. 12 per KVA	No change	No change
Do	7.5 paise per KWH	No change	No change

APPENDIX

(Reference : Paragraph

SUMMARISED FINANCIAL RESULTS

Serial number	Name of the Company	Name of the Department	Date of incorporation	Year of accounts	Total capital invested (A)
(1)	(2)	(3)	(4)	(5)	(6)
<i>I. Running concerns</i>					
1.	Haryana Land Reclamation and Development Corporation Limited	Agriculture	1974	1976-77 (Ended 31st March 1977)	1,00.48
2.	Haryana State Small Industries and Export Corporation Limited	Industries	1967	1976-77 (Ended 30th June 1977)	64.36
3.	Haryana State Minor Irrigation (Tubewells) Corporation Limited	Irrigation	1970	1972-73 (Ended 31st March 1973)	11,02.86
4.	Haryana State Handloom and Handicrafts Corporation Limited	Industries	1976	1977-78 (Ended 31st March 1978)	96.61
5.	Haryana Harijan Kalyan Nigam Limited	Social Welfare	1971	1974-75 (Ended 30th June 1975)	1,04.62
<i>II. Promotional and Development Undertakings</i>					
6.	Haryana State Industrial Development Corporation Limited	Industries	1970	1977-78 (Ended 31st March 1978)	..
<i>III. Subsidiaries of Haryana State Industrial Development Corporation Limited</i>					
7.	Haryana Minerals Limited	Industries	1972	1976-77 (Ended 31st March 1977)	41.87
8.	Haryana Tanneries Limited	Industries	1972	1976-77 (Ended 31st March 1977)	83.44
9.	Haryana Matches Limited	Industries	1970	1976-77 (Ended 31st March 1977)	12.50
10.	Haryana Breweries Limited	Industries	1970	1977-78 (Ended 31st March 1978)	2,51.88

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

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

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

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

(@) Break-up of interest charged to profit and loss account is awaited.

VI

6.16; page 80)

OF GOVERNMENT COMPANIES

<i>Profit (+) Loss (-)</i>	<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loans</i>	<i>Total return on capi- tal invested (7+9)</i>	<i>Percentage of total return on capital invested</i>	<i>Capital employed (B)</i>	<i>Total return on capital employed (7+8)</i>	<i>Percentage of total return on capital employed</i>
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

and 13 are in lakhs of rupees)

(+)7.08	6.66	2.95	10.03	9.88	96.32	13.74	14.26
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(+)8.87	2.08	0.21	9.08	13.95	82.31	10.95	13.30
---------	------	------	------	-------	-------	-------	-------

(+)9.51	42.72	42.69	52.20	4.73	9,90.43	52.23	5.27
---------	-------	-------	-------	------	---------	-------	------

(-)1.91	1.03	1.03	(-)0.88	..	83.14	(-)0.88	..
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(+)0.83	0.83	0.79	1,04.91	0.83	0.79
---------	----	----	------	------	---------	------	------

(-)1.06	1.20	(C) 4,11.58	(D) 0.14	0.03
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(-)7.30	4.20	@	19.85	(-)3.10	..
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Commercial production started from 1st December 1976. Since the Company has not maintained separate accounts for pre and post production; hence figures are not given.

(-)1.55	0.11	..	(-)1.55	..	5.50	(-)1.44	..
---------	------	----	---------	----	------	---------	----

(+)4.50	25.49	25.49	29.99	11.91	1,82.96	29.99	16.39
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APPENDIX VII

(Reference : Paragraph 6.21 ; page 105)

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

<i>Name of the undertaking</i>	<i>Years for which accounts are in arrears</i>
Seed Depot Scheme	1966-67 to 1977-78
Colonization Scheme	1966-67 to 1977-78
Purchase and distribution of pesticides	1966-67 to 1977-78
Nationalised Text Book Scheme	1974-75* to 1977-78
Haryana Roadways	1976-77 to 1977-78

*Pro forma accounts for 1974-75 stated to be under audit in Audit Report 1976-77 was returned to the Department with comments. Revised accounts are yet to be received.

APPENDIX VIII

APPENDIX

(Reference : Paragraph

SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COM-

<i>Serial number</i>	<i>Name of the concern</i>	<i>Period of accounts</i>	<i>Government capital</i>	<i>Mean capital excluding interest on capital</i>
(1)	(2)	(3)	(4)	(5)
			<i>(Figures in columns 4 to 9 are</i>	
1.	Provincial Reserve Food Scheme	1976-77	..	..
		1977-78	..	..
2.	Haryana Roadways	1975-76	18,89.91	11,78.51
3.	Nationalised Text Book Scheme	1973-74	38.82	34.99
4.	Haryana Veterinary Vaccine Institute, Hissar	1977-78	1.49	0.19
5.	Typewriter Workshop*	1973-74	3.86	3.59

*The Scheme was decommercialised from 1st April 1974.

VIII

6.21 ; page 105)

MERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

<i>Block assets</i>	<i>Cumulative depreciation</i>	<i>Turnover</i>	<i>Profit (+)/ Loss (-)</i>	<i>Percentage of profit on mean capital</i>
(6)	(7)	(8)	(9)	(10)
<i>in lakhs of rupees)</i>				
..	..	79,47.86	(+)1,57.20	..
..	..	83,56.79	(+)1,55.80	..
13,76.65	6,85.59	23,11.92	(-)49.70	..
0.60	0.12	41.05	(+)4.97	14.20
0.53	0.44	2.79	(+)1.95	1026.3
0.73	0.04	2.10	(-)0.28	..

