

Epitome of Reports

of

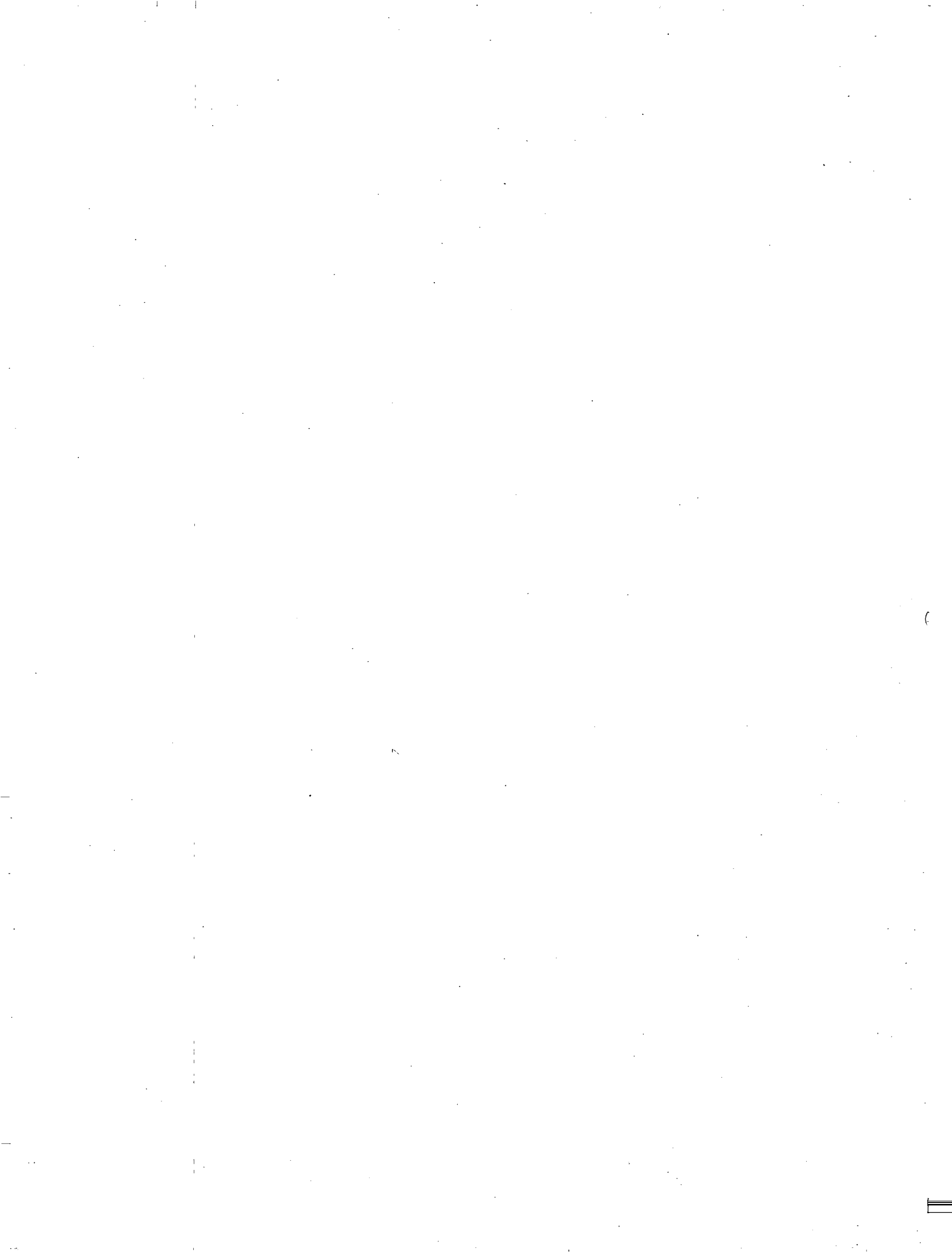
Comptroller and Auditor General of India

ON

Government of Haryana

for the year ended 31 March 2014

Principal Accountant General (Audit) Haryana, Chandigarh



CONTENTS

Sr. No.	Description	Page No.
Audit Report on State Finances		
1.	Highlights	1
2.	Finances of the State Government	6
3.	Financial management and budgetary control	7
4.	Financial Reporting	8
Audit Report No. 2 of 2015 Social, General and Economic Sectors (Non-PSUs)		
5.	Highlights	9
6.	Performance Audits	
	Working of Secondary Education Department	10
	National Rural Health Mission	11
	Development of Urban Estates	12
7.	Compliance Audit	13
Audit Report No. 3 of 2014 Revenue Sector		
8.	Highlights	16
9.	Trends of revenue receipts	17
10.	System appraisal/IT audit	
	Haryana Registration Information System (HARIS)	17
11.	Important audit findings included as paragraphs	18
	Sales Tax/VAT (Excise and Taxation Department)	18
	Stamp Duty (Revenue and Disaster Management Department)	18
	Taxes on Vehicles, Goods and Passengers (Excise and Taxation Department)	18
Audit Report No. 3 of 2015 Public Sector Undertakings (Economic and Social Sectors)		
1.	About the State Public Sector Undertakings	19
2.	Performance audit relating to Government companies	19
	Financial Restructuring Plan in UHBVNL and DHBVNL	20
	Working of Haryana Seeds Development Corporation Limited	20
3.	Transaction audit observations	21



PREFACE

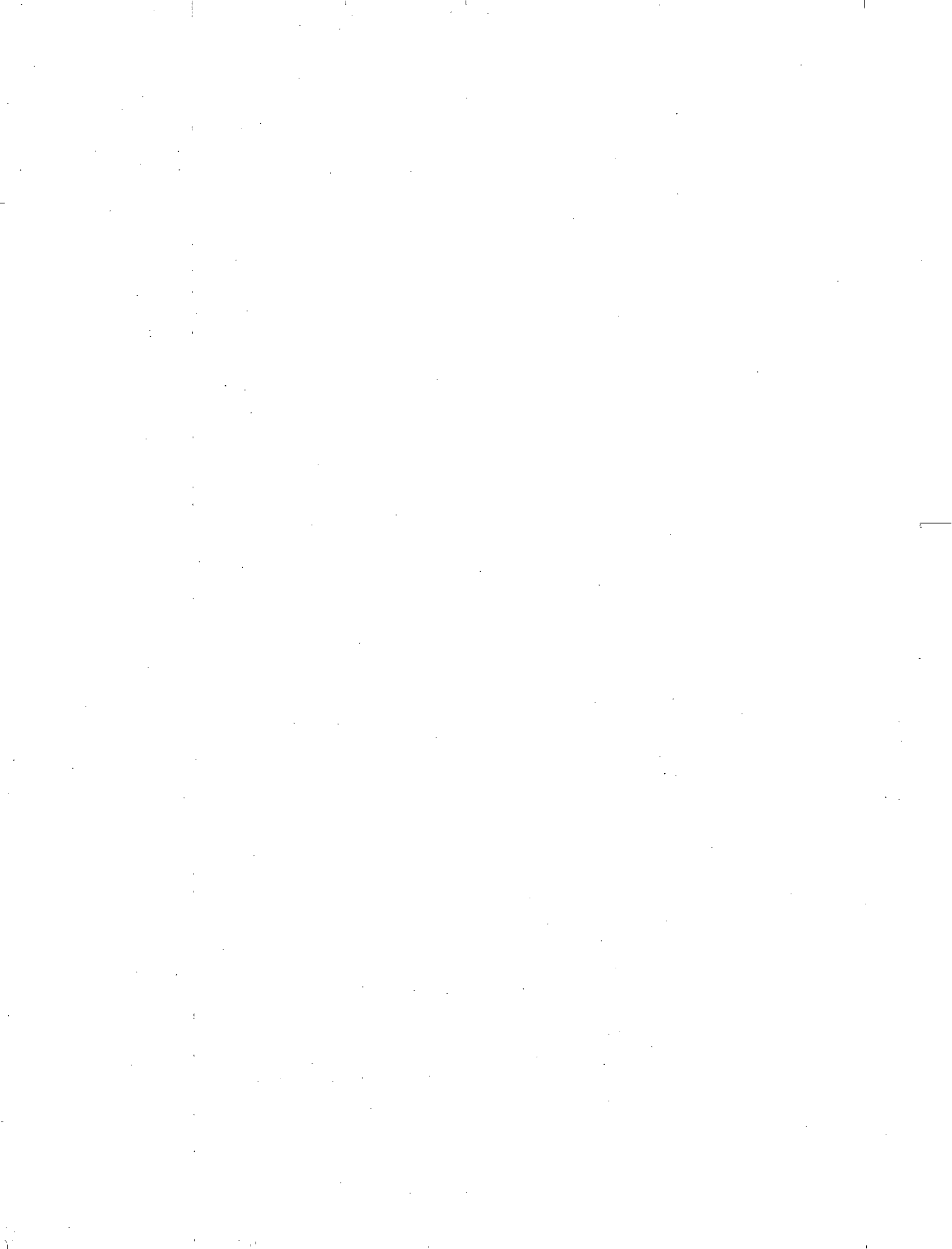
This brochure presents, at a glance, the contents of the Reports {State Finances, Social, General and Economic Sectors (Non-Public Sector Undertakings), Revenue Sector and Public Sector Undertakings (Social and Economic Sectors)} of the Comptroller and Auditor General of India relating to the Government of Haryana for the year ended 31 March 2014. These Reports contain major findings of audit of the financial transactions of Government of Haryana, Government Companies and Statutory Corporations.

In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards the Audit Reports on the accounts as well as on the points noticed during the audit of financial transactions of the State Government to the Governor, who causes them to be laid on the table of *Vidhan Sabha*.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the *Vidhan Sabha* stand referred to the Public Accounts Committee (PAC) in respect of State Finances, Revenue Sector, Social, General and Economic Sectors (Non-PSUs) and Committee on Public Undertakings (COPU) in respect of Public Sector Undertakings (Social and Economic Sectors). The Government departments are to submit *suo moto* Action Taken Notes on all audit paragraphs and performance audits to the Committees, duly vetted by Audit. The Committees select some of the paragraphs/performance audits for detailed examination after which a report containing their observations and recommendations is presented to *Vidhan Sabha*.

The draft of the paragraphs/ performance audits included in the Audit Reports is always forwarded to the Secretary of the concerned department for his comments so that the views of the Government can be incorporated in the Audit Reports before their presentation to the *Vidhan Sabha*. The Finance Department has prescribed that the draft paragraphs should be disposed of as expeditiously as possible and the comments of the concerned department intimated to Audit within a period not exceeding six weeks. In a large number of cases, however, the departments did not abide by the provision about furnishing the comments on the draft paragraphs within the stipulated time.

This brochure contains only summarized version of the more important issues included in the Audit Reports. While it has been our endeavour to keep the contents of this document as close to the original Reports as possible, the original Reports ought to be referred to for detailed facts and figures. The names and telephone numbers of the officers who could be contacted for any clarification in respect of Audit Reports are on the inner page of the rear cover of this publication.



Audit Report on State Finances

This Report includes three chapters containing observations on the Finances of the State Government, Financial Management and Budgetary Control and Financial Reporting of the Government of Haryana for the year 2013-14.

Highlights

- *The revenue deficit which was required to be brought down to zero during 2011-12 and to maintain zero upto 2014-15 slightly decreased during the year as compared to previous year. The trends in fiscal parameters, i.e. revenue, fiscal and primary deficit which stood at ₹4,438 crore, ₹10,362 crore and ₹5,618 crore respectively in 2012-13 decreased to ₹ 3,875 crore, ₹ 8,314 crore and ₹ 2,464 crore respectively in 2013-14.*
- *Interest payments (₹ 5,850 crore), increased by 23 per cent during the year over 2012-13 and were higher than the projections made in the Fiscal Correction Path (₹5,180 crore) and the limit fixed by Thirteenth Finance Commission (₹ 5,314 crore) but was within the projections made in the Medium Term Fiscal Policy Statement (₹6,302 crore).*
- *Revenue expenditure (₹ 41,887 crore) was 90 per cent of the total expenditure (₹46,598 crore) and the Non-Plan component (₹31,735 crore) was 76 per cent of revenue expenditure which was higher than the normative assessment of the Thirteenth Finance Commission (₹ 22,138 crore) and the projection of Fiscal Correction Path (₹31,135 crore).*
- *Forty projects of two departments which were scheduled to be completed between May 2013 and March 2014 were still lying incomplete (June 2014). Time overruns of incomplete projects need to be reduced.*
- *The average return on the Government's investments in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives varied between 0.02 to 0.17 per cent in the past five years while the Government paid an average interest of 9.22 to 9.86 per cent on its borrowings. During 2013-14 a major portion of investments (72 per cent) was made in form of investment in equity shares of various Power Corporations.*
- *GOI directly transferred ₹ 2,308.06 crore to State implementing agencies during the year, registering increase of ₹290.22 crore (14 per cent) in comparison to the previous year. Since these funds do not pass through the State Budget, the Finance Accounts do not present a complete picture of fund flow of Central Government resources into the State.*
- *During 2013-14, expenditure of ₹ 61,250.73 crore was incurred against total grants and appropriations of ₹ 78,118.14 crore. Overall savings of ₹16,867.41 crore were the result of saving of ₹17,197.08 crore in various grants and appropriation offset by excess expenditure of ₹329.67 crore in two grants which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹428.10 crore in grants relating to 2012-13.*

- *In 46 cases, ₹ 14,332.63 crore were surrendered at the end of the financial year. In five cases, ₹ 1,654.68 crore was surrendered including an excess surrender of ₹ 32.05 crore than actual savings indicating inadequate budgetary control in these departments. Further, out of savings of ₹ 13,599.30 crore in 15 cases, savings of ₹ 2,967.99 crore were not surrendered. There were both instances of inadequate provision of funds and unnecessary or excessive re-appropriations.*
- *Expenditure of ₹ 3,288.63 crore (37 per cent) in 17 major heads under 12 grants was incurred during the month of March 2014 which shows rush of expenditure at the end of the financial year and was against the provisions of Rule 56 of the General Financial Rules.*
- *The plan expenditure during 2013-14 was only ₹ 15,712.16 crore (87 per cent) against the assessed amount of ₹ 18,000 crore. No expenditure incurred in 143 schemes with approved plan outlay of ₹ 1,498.43 crore and in 299 schemes expenditure of ₹ 3,984.63 crore was incurred against the approved outlay of ₹ 7,348.08 crore.*
- *1,391 Utilization certificates in respect of loans and grants of ₹ 3,691.25 crore provided by various departments were in arrear as on 31 March 2014. 269 annual accounts of 114 autonomous bodies/authorities to which financial assistance was provided by State Government were in arrear as on 31 July 2014. Six out of 28 autonomous bodies, whose audit has been entrusted to the CAG by the State, had not submitted their annual accounts for the last 17 years.*
- *State Government reported 137 cases of misappropriation, defalcation, etc involving Government money amounting to ₹ 1.58 crore on which final action was pending as of June 2014. Out of these 120 cases were more than five years old.*
- *During 2013-14, 13.96 per cent of total expenditure and 4.10 per cent of total revenue receipts were classified under omnibus Minor Head – 800 instead of depicting distinctly in the Finance Accounts which affects the transparency in financial reporting.*

Summary of Finance Accounts

Receipts and disbursements for the year 2013-14

(₹ in crore)

Receipts	2012-13	2013-14	Disbursements	2012-13	2013-14		
					Non Plan	Plan	Total
Section-A: Revenue							
Revenue receipts	33,633.53	38,012.08	Revenue expenditure	38,071.72	31,735.01	10,152.09	41,887.10
Tax revenue	23,559.00	25,566.60	General Services	11,896.75	13,505.73	91.58	13,597.31
Non-tax revenue	4,673.15	4,975.06	Social Services	14,516.35	8,167.73	7,245.68	15,413.41
Share of Union Taxes/Duties	3,062.13	3,343.24	Economic Services	11,556.73	9,925.37	2,814.83	12,740.20
Grants from Government of India	2,339.25	4,127.18	Grants-in-aid and Contributions	101.89	136.18	-	136.18
Section-B: Capital and others							
Misc. Capital Receipts	10.81	9.89	Capital Outlay	5,761.84	(-)1132.12	5,066.72	3,934.60
Recoveries of Loans and Advances	349.38	261.85	Loans and Advances disbursed	521.99	282.26	493.35	775.61
Public Debt receipts	15,213.54	17,604.16	Repayment of Public Debt	5,951.37			7,968.47
Contingency Fund	-	-	Contingency Fund	-			-
Public Account receipts	22,708.90	26,548.06	Public Account disbursements	21,073.88			24,560.19
Opening Cash Balance	2,161.75	2697.11	Closing Cash Balance	2,697.11			6,007.18
Total	74,077.91	85,133.15	Total	74,077.91			85,133.15

(Source: Finance Accounts for the respective years)

Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(₹ in crore)

	Nature of expenditure	Original grant/Appropriation	Supplementary grants/appropriation	Total	Actual expenditure	Saving (-)/Excess (+)
Voted	I Revenue	39,589.62	2,312.68	41,902.30	36,022.03	(-)5,880.27
	II Capital	14,160.14	702.16	14,862.30	10,368.25	(-)4,494.05
	III Loans and Advances	1,083.55	5.74	1,089.29	775.61	(-)313.68
Total Voted		54,833.31	3,020.58	57,853.89	47,165.89	(-)10,688.00
Charged	IV Revenue	7,086.35	10.00	7,096.35	5,945.77	(-)1,150.58
	V Capital	63.00	0	63.00	61.81	(-)1.19
	VI Public Debt repayments	13,104.90	0	13,104.90	8,077.26	(-)5,027.64
Total Charged		20,254.25	10.00	20,264.25	14,084.84	(-)6,179.41
Appropriation to Contingency Fund		--	--	--	--	--
Grand Total		75,087.56	3,030.58	78,118.14	61,250.73	(-)16,867.41

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 80.71 crore) and Capital Heads (₹ 6,495.46 crore).

Time Series Data on State Government Finances

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Part A. Receipts					
1. Revenue Receipts	20,993	25,564	30,558	33,634	38,012
(i) Tax Revenue	13,220(63)	16,790 (66)	20,399(67)	23,559(70)	25,567(67)
Taxes on Sales, Trade, etc.	9,032(68)	11,082 (66)	13,384(66)	15,377(65)	16,774(82)
State Excise	2,059(16)	2,366 (14)	2,832(14)	3,236(14)	3,697(18)
Taxes on Vehicles	277(2)	457 (3)	740(4)	887(4)	1,095(5)
Stamps duty and Registration fees	1,294(10)	2,319 (14)	2,793(14)	3,326(14)	3,203(16)
Land Revenue	9	10	11	13	12
Taxes on goods and passengers	392(3)	387 (2)	429(2)	471(2)	498(2)
Taxes and duties on Electricity	120(1)	130 (1)	166	192(1)	219(1)
Other Taxes	37	39	44	57	69
(ii) Non-Tax Revenue	2,741(13)	3,421 (13)	4,722(15)	4,673(14)	4,975(13)
(iii) State's share in Union taxes and duties	1,775(8)	2302 (9)	2,682(9)	3,062(9)	3,343(9)
(iv) Grants-in-aid from Government of India	3,257(16)	3,051 (12)	2,755(9)	2,340(7)	4,127(11)
2. Miscellaneous Capital Receipts	9	8	9	11	10
3. Recoveries of Loans and Advances	213	233	294	349	262
4. Total Revenue and Non debt capital receipt (1+2+3)	21,215	25,805	30,861	33,994	38,284
5. Public Debt Receipts	8,455	9,843	10,767	15,213	17,604
Internal Debt (excluding Ways and Means Advances and Overdrafts)	8,320(98)	9,535 (97)	10,669(99)	15,162 (100)	17,263(98)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	135(2)	308 (3)	98(1)	51	341(2)
6. Total Receipts in the Consolidated Fund (4+5)	29,670	35,648	41,628	49,207	55,888
7. Contingency Fund Receipts	-	193	168	-	-
8. Public Accounts receipts	15,789	16,595	19,260	22,709	26,548
9. Total receipts of the State (6+7+8)	45,459	52,436	61,056	71,916	82,436
Part B. Expenditure/disbursement					
10. Revenue Expenditure	25,257	28,310	32,015	38,072	41,887
Plan	5,715(23)	6,251 (22)	7,792(24)	9,456(25)	10,152(24)
Non-plan	19,542(77)	22,059 (78)	24,223 (76)	28,616(75)	31,735(76)
General Services (including Interests payments)	7,755(31)	9,328 (33)	10,220 (32)	11,897(31)	13,597(32)
Economic Services	7,530(30)	7,997 (28)	9,054 (28)	11,557(30)	12,740(30)
Social Services	9,902(39)	10,904 (39)	12,641 (39)	14,516(38)	15,414(37)
Grants-in-aid and contributions	70(-)	81 (-)	99	102	136(1)
11. Capital Expenditure	5218	4,031	5,372	5,762	3,935
Plan	4,203(81)	3,845 (95)	4,354 (81)	4,191(73)	5,067(129)
Non-plan	1,015(19)	186 (5)	1,018 (19)	1,571(27)	(-1,132 (-29)
General Services	187(4)	199 (5)	235 (5)	251(4)	282(7)
Economic Services	3,961(76)	2,602 (65)	3,770 (70)	4,065(71)	1,829(46)
Social Services	1,070(20)	1,230 (31)	1,367 (25)	1,446(25)	1,824(46)
12. Disbursement of Loans and Advances	830	722	627	522	776
13. Total (10+11+12)	31,305	33,063	38,014	44,356	46,598
14. Repayments of Public Debt	2,746	3,971	4,037	5,951	7,968
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,576(94)	3,846 (97)	3,812 (94)	5,825(98)	7,800(98)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	170(6)	125 (3)	225 (6)	126(2)	168(2)
15. Appropriation to Contingency Fund	-	190	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	34,051	37,224	42,051	50,307	54,566
17. Contingency Fund disbursements	-	3	168	-	-
18. Public Accounts disbursements	14,320	15,324	17,051	21,074	24,560
19. Total disbursement by the State (16+17+18)	48,371	52,551	59,270	71,381	79,126

	2009-10	2010-11	2011-12	2012-13	2013-14
Part C. Deficits/Surplus					
20. Revenue Deficit (-)/Surplus (+) (1-10)	(-4,264)	(-2,746)	(- 1,457)	(-4,438)	(- 3,875)
21. Fiscal Deficit(-)/Surplus(+) (4-13)	(-10,090)	(-7,258)	(- 7,153)	(-10,362)	(- 8,314)
22. Primary Deficit (-)/surplus (+) (21+23))	(-7,353)	(-3,939)	(- 3,152)	(-5,618)	(- 2,464)
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	2,737	3,319	4,001	4,744	5,850
24. Financial Assistance to local bodies etc.	1,947	2,223	3,306	4,648	4,540
25. Ways and Means Advances (WMA)/Overdraft availed (days)	170(7)	670(8)	974(11)	347(12)	109 (4)
26. Interest on WMA/Overdraft ¹	0.05	1.16	1.51	0.78	0.03
27. Gross State Domestic Product (GSDP) ²	2,23,600	2,60,621	2,98,786	3,39,451	3,83,911
28. Outstanding Fiscal liabilities (year end)	39,337	46,282	54,540	64,818	76,263
29. Outstanding guarantees including interest and guarantee fee (year end)	4,536	4,528	5,608	21,124	27,309
30. Number of incomplete projects	15	21	8	14	40
31. Capital blocked in incomplete projects (₹ in crore)	30.00	41	186	48	398
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	0.059	0.064	0.068	0.069	0.067
Own Non-Tax Revenue/GSDP	0.012	0.013	0.016	0.014	0.013
Central Transfers/GSDP	0.008	0.009	0.009	0.009	0.009
II Expenditure Management					
Total Expenditure/GSDP	0.140	0.127	0.127	0.131	0.121
Total Expenditure/Revenue Receipts	1.491	1.293	1.244	1.319	1.226
Revenue Expenditure/Total Expenditure	0.807	0.856	0.842	0.858	0.899
Expenditure on Social Services/Total Expenditure	0.364	0.367	0.368	0.360	0.370
Expenditure on Economic Services/Total Expenditure	0.374	0.321	0.337	0.352	0.313
Capital Expenditure/Total Expenditure	0.167	0.122	0.141	0.130	0.084
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.161	0.116	0.135	0.124	0.078
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	(-0.019)	(-0.011)	(-0.005)	(-0.013)	(-0.010)
Fiscal deficit/GSDP	(-0.045)	(-0.028)	(-0.024)	(-0.031)	(-0.022)
Primary Deficit (surplus) /GSDP	(-0.033)	(-0.015)	(-0.011)	(-0.017)	(-0.006)
Revenue Deficit/Fiscal Deficit	0.423	0.378	0.204	0.428	0.466
Primary Revenue Balance/GSDP	(-0.032)	(-0.021)	(-0.013)	(-0.018)	(-0.017)
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.176	0.178	0.183	0.191	0.199
Fiscal Liabilities/RR	1.187	1.810	1.785	1.927	2.006
Primary deficit vis-à-vis quantum spread	4.181	(-0.457)	(-0.730)	(- 2.044)	(- 1.163)
Debt Redemption (Principal +Interest)/ Total Debt Receipts	0.740	0.831	0.810	0.806	0.833
V Other Fiscal Health Indicators					
Return on Investment	9.60	2.48	1.64	7.05	6.49
Balance from Current Revenue (₹ in crore)	(-1117)	2325	4977	3741	4406
Financial Assets/Liabilities	0.80	0.77	0.78	0.75	0.74

¹ Interest of ₹ 0.03 crore at the rate of seven to ten per cent was paid on ways and means advances.

² GSDP figures at current prices as communicated by the Directorate of Economic and Statistical Analysis, Haryana.

1 Finances of the State Government	
Fiscal deficit, Revenue deficit and Primary deficit	The revenue deficit which was required to be brought down to zero during 2011-12 and to maintain zero upto 2014-15 slightly decreased during the year as compared to previous year. The trends in fiscal parameters, i.e. revenue, fiscal and primary deficit which stood at ₹ 4,438 crore, ₹ 10,362 crore and ₹ 5,618 crore respectively in 2012-13 decreased to ₹ 3,875 crore, ₹ 8,314 crore and ₹ 2,464 crore respectively in 2013-14.
Revenue Receipts	Revenue receipts during 2013-14 increased by 13 <i>per cent</i> over the previous year due to increase in grants-in-aid from GOI by 76 <i>per cent</i> . Tax revenue for 2013-14 fell short by 9.01 <i>per cent</i> and non-tax revenue fell short by 70 <i>per cent</i> of the targets fixed by ThFC. GOI directly transferred ₹ 2,308.06 crore to State implementing agencies during the year which were not included in the State Budget and Finance Account. Revenue Receipts of ₹ 929.53 crore collected under Haryana Rural Development fund were not credited to Consolidated Fund of the State during 2011-13.
Tax Revenue and Non-Tax Revenue	<p>Tax revenue (₹ 25,567 crore) increased by ₹ 12,347 crore (93 <i>per cent</i>) during 2009-14. All the major taxes and duties recorded increase in the tax revenue except stamp duty and registration and land revenue which decreased during 2013-14. Major increase was in sales tax, state excise and taxes on vehicles.</p> <p>The actual receipts under non-tax revenue increased by ₹ 2234 crore (82 <i>per cent</i>) during 2009-14. Non Tax revenue (₹ 4,975 crore) constituted 13 <i>per cent</i> of the total receipt during 2013-14 registering an increase of ₹ 302 crore (6.46 <i>per cent</i>) over the previous year.</p>
Expenditure	Revenue expenditure during the year constituted 90 <i>per cent</i> of the total expenditure. Its NPPE component at ₹ 31,735 crore was higher by 43 <i>per cent</i> than the projection of ThFC (₹ 22,138 crore) of which 87 <i>per cent</i> expenditure was on four components i.e. salary and wages, pension liabilities, interest payments and subsidies. Moreover, 92 <i>per cent</i> (₹ 5,206 crore) of total subsidies (₹ 5,681 crore) were for the energy sector.
Committed expenditure	The total expenditure (₹ 21,695 crore) on salary, interest and pension payments was higher by ₹ 1,445 crore (seven <i>per cent</i>) than the projections by the Government in its FCP (₹ 20,250 crore) and consumed 57 <i>per cent</i> of the revenue receipts against 36 <i>per cent</i> projected in the ThFC. The four components, i.e. salary and wages, interest, pension payment and subsidies constituted about 87 <i>per cent</i> of the NPPE during 2013-14.

Insignificant returns on Investments	The average return on the Government's investments in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives varied between 0.02 to 0.17 <i>per cent</i> in the past five years while the Government paid an average interest of 9.22 to 9.86 <i>per cent</i> on its borrowings. During 2013-14 a major portion of investments (72 <i>per cent</i>) was made in form of investment in equity shares of various Power Corporations.
Total indebtedness	The overall fiscal liabilities of the State increased from ₹ 64,818 crore in 2012-13 to ₹ 76,263 crore in 2013-14. The growth rate at 17.66 <i>per cent</i> during 2013-14 over the previous year was mainly due to increase in public debt (₹ 9,636 crore) and public account liabilities (₹ 1,809 crore). The ratio of fiscal liabilities to GSDP showed increasing trend and increased from 17.59 <i>per cent</i> in 2009-10 to 19.86 <i>per cent</i> in 2013-14. These liabilities were two times the revenue receipts and 2.50 times the State's own resources as at the end of 2013-14. Payment of interest on the fiscal liabilities was ₹ 5,850 crore (7.67 <i>per cent</i>) during the year 2013-14. It is significant to note that fiscal liabilities at ₹ 76,263 crore were higher than the limit of ₹ 72,882 crore projected in the MTFPS and FCP (₹ 67,770 crore) made by the Government for the year 2013-14.

II Financial management and budgetary control	
Excess expenditure not regularized	During 2013-14, expenditure of ₹ 61,250.73 crore was incurred against total grants and appropriations of ₹ 78,118.14 crore. Overall savings of ₹ 16,867.41 crore were the result of saving of ₹ 17,197.08 crore in various grants and appropriation offset by excess expenditure of ₹ 329.67 crore in two grants which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹ 428.10 crore in grants relating to 2012-13.
Unnecessary/Inadequate supplementary provision	Supplementary provisions aggregating ₹ 542.29 crore obtained in 20 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. In Grant No 6 (Finance), the supplementary provision of ₹ 229.29 crore proved inadequate leaving an excess expenditure of ₹ 110.38 crore.
Expenditure without provision	In 20 cases the expenditure of ₹ 516.46 crore was incurred without any provision in the original estimates/supplementary demands and without any reappropriation orders to this effect.

Non-surrendering and excess surrendering of funds	In 15 cases against the savings of ₹ 13,599.30 crore only ₹ 10,631.31 crore were surrendered and savings of ₹ 2,967.99 crore were not surrendered. In five cases, ₹ 1,654.68 crore were surrendered against the savings of ₹ 1,622.63 crore resulting in excess surrender of ₹ 32.05 crore and in two cases though the actual expenditure exceeded by ₹ 323.64 crore, but even then, funds of ₹ 168.67 crore were injudiciously surrendered.
----------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

III Financial Reporting	
Delay in furnishing utilization certificates	As on 31 March 2014, 1,391 UCs for an aggregate amount of ₹ 3,691.25 crore were in arrears. 747 UCs (54 <i>per cent</i>) were outstanding from Rural Development Department. 466 UCs (34 <i>per cent</i>) were in arrear for the grants released during the period between 2008-09 and 2011-12.
Non-submission/delay in submission of accounts	A total of 269 annual accounts of 114 autonomous bodies/authorities were awaited as on 31 July 2014, to whom grants of ₹ 683.61 crore were released.
Theft, losses and defalcation, etc.	There was inordinate delay in deciding the cases of theft, losses and defalcation, etc. which ranged between 1 and more than 25 years.
Operation of omnibus Minor Head 800	During 2013-14, expenditure aggregating ₹ 6,509.40 crore (13.96 <i>per cent</i> of total expenditure) was classified under Minor Head – 800 against nine Major Heads in both revenue and capital sections. Similarly, revenue receipts aggregating ₹ 1,559.40 crore (4.10 <i>per cent</i> of total revenue receipts) was classified under omnibus minor head ‘800-Other Receipts’ under 16 major heads.

Audit Report No. 2 of 2015
Social, General and Economic Sectors (Non-PSUs)

This Report contains three Performance Audits i.e. (i) Working of Secondary Education Department; (ii) National Rural Health Mission; and (iii) Development of Urban Estates and 23 paragraphs relating to excess, irregular, unfruitful expenditure, avoidable payment, loss to State Government, shortcomings in implementation of rules and programmes, etc.

Highlights

Performance Audit-Working of Secondary Education Department

- *There were substantial savings ranging between ₹ 56.23 crore and ₹ 542.51 crore under Plan and between ₹ 67.50 crore and ₹ 606.40 crore under Non-Plan during 2009-14. Funds amounting to ₹ 8.87 crore were parked outside the Government Account. Undue favour was extended to the service provider. The functioning of ICT laboratories established by a service provider was rated as poor by 102 out of 123 schools. Vouchers in support of expenditure of ₹ 39.75 lakh were not available with District Education Officer, Kaithal. The pass percentage of students of Class XII and X had declined sharply from 89.33 to 71.16 and from 79.58 to 49.78 respectively. The fee structure of private recognised schools was not monitored by the department. Out of 91 upgraded schools, 55 schools were not fulfilling the prescribed norms. As against 37,236 sanctioned posts in the cadres of Principals, Headmasters and Lecturers, the actual strength was 10,979.*

Performance Audit-National Rural Health Mission

- *Baseline survey at village level and the facility survey of CHCs and PHCs was not conducted upto 2013-14. There was shortage of Community Health Centres (CHCs), Primary Health Centres (PHCs) and Sub-Centres (SCs) besides shortage of medical and paramedical staff. There was shortage of essential drugs in test-checked General Hospitals, CHCs and PHCs. No guidelines were framed by the Department to deal with cases where a firm has been blacklisted by another Corporation/State. As against the target of conducting 7.14 lakh cataract operations, 6.42 lakh cataract operations were performed during 2009-14. Against the detection of 1,22,966 students with refractive errors, only 44,320 students were provided spectacles.*

Performance Audit-Development of Urban Estates

- *Planning of National Capital Region was not done in consonance with Regional Plan of National Capital Regional Planning Board. Delay in referring the cases of landowners to courts by Land Acquisition Officers and making payment of land enhanced compensation resulted in extra payment of interest. A sum of ₹ 2.46 crore on development of auto market in Gurgaon, ₹ 19.52 crore on execution of five sewer and storm water drains, and ₹ 1.90 crore on execution of four road works was rendered infructuous/remained blocked due to poor implementation of works. 2,563 houses constructed at a cost of ₹ 93.88 crore without proper survey under Ashiana Scheme for economically weaker section remained unallotted due to non-availability of eligible persons. Lack of transparency and consistency in development of Commercial areas by colonizers was noticed in processing applications of colonizers, assessing financial adequacy and transfer of licenses, etc. Resultantly, the possibility of extending undue benefit to particular applicants cannot be ruled out. Five developers earned profit of ₹ 215.21 crore over cost of ₹ 52.26 crore on sale of land without completing the projects.*

Compliance Audit

- An amount of ₹ 28.96 crore as cost of 73 acre land and ₹ 12.35 crore as interest on this amount remained to be recovered from HAFED.
- Construction of 28 institutional toilets had not started or remained incomplete. Solid and Liquid Waste Management projects were not started. Against the target of 196 community toilets, only 113 toilets were constructed.
- Purchase of dual desks at higher rates resulted in extra expenditure of ₹ 7.61 crore.
- The Haryana State Pollution Control Board and Health Department did not enforce the Bio-Medical Waste (Management and Handling) Rules, 1998.
- Various Government Departments did not recover interest of ₹ 20.21 crore on unutilised funds from Haryana State Roads and Bridges Development Corporation.
- An expenditure of ₹ 3.40 crore incurred on construction of Drug Testing Laboratory and State Ayurvedic Pharmacy was rendered unfruitful.
- Despite shortage of officers and operational police force, police personnel were posted in excess of sanctioned strength in some offices. Shortage in forensic science laboratory was to the extent of 50 per cent. Crime ratio in the state was very high in comparison to neighbouring States.
- Under the Organic Farming scheme, four service providers diverted ₹ 1.58 crore for staff salary which were meant for farm inputs. Survival rate of plants was very low in New Garden Scheme. 237 community tanks were incomplete and Plant Health Clinics were not utilised for requisite purpose.
- Non observance of Programme Guidelines regarding operation of Saving Bank Accounts by Water Supply and Sanitation Board resulted in loss of interest of ₹ 5.51 crore.
- GOI grant of ₹ 1.24 crore could not be availed and an excess expenditure of ₹ 3.78 crore was incurred on procurement of 8,691 street lights with old specifications. Beneficiary share of ₹ 2.96 crore was recoverable and undue favour was given to an agency.
- Appointment of conductors without the availability of buses resulted in avoidable expenditure of ₹ 9.93 crore.
- Delay of five to 32 months was observed in release of Vivah Shagun to 1,082 claimants. ₹ 10.95 crore were paid to 5,153 beneficiaries under the Ladli Social Security Allowance Scheme without proper verification. 4,000 girl students were deprived of yoga classes and self defence training. The sex ratio of girl child had decreased in Jind and Hisar during the period 2009-14.

PERFORMANCE AUDIT

1. Working of Secondary Education Department

Secondary Education is a crucial stage in the educational hierarchy as it prepares the students for higher education and also for gainful employment later. The main objective of the Secondary Education Department is to provide quality education at secondary level.

Major Audit Findings

Substantial savings	There were substantial savings ranging between ₹ 56.23 crore and ₹ 542.51 crore under Plan and between ₹ 67.50 crore and ₹ 606.40 crore under Non-Plan during 2009-14. Funds amounting to ₹ 8.87 crore were parked outside the Government Account.
----------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Undue favour to service provider	Undue favour was extended to the service provider of maintenance of information and communication technology laboratories by making extra payment of ₹ 1.06 crore in violation of contract agreement. The functioning of ICT laboratories established by a service provider was rated as poor by 102 out of 123 schools from whom feedback was obtained.
Suspected Misappropriation/ embezzlement of Government money	Vouchers in support of expenditure of ₹ 39.75 lakh as having been incurred were not available with District Education Officer, Kaithal and non-receipt of material for ₹ 4.99 lakh by DEO, Nuh which may amount to misappropriation/ embezzlement of Government money.
Declining pass percentage of students and lack of monitoring over fees charged by the private recognized schools	The pass percentage of students of Class XII and X had declined sharply from 89.33 to 71.16 and from 79.58 to 49.78 respectively. The fee structure of private recognised schools was not monitored by the department.
Norms not followed in up-gradation of schools and vacancies in teaching cadres	Out of 91 upgraded schools in test-checked districts, 55 schools were not fulfilling the prescribed norms of classrooms, number of students, area of the schools premises, etc. As against 37,236 sanctioned posts in the cadres of Principals, Headmasters and Lecturers, the actual strength was 10,979.

2. National Rural Health Mission

The National Rural Health Mission (NRHM) was launched in April 2005 with a view to provide accessible, affordable and quality health care to the rural population especially to the poor and vulnerable sections of the population. The strategy of the NRHM is to bridge gaps in healthcare facilities and facilitate de-centralised planning in the health sector.

Major Audit Findings

Baseline survey not conducted	Baseline survey at village level and the facility survey of Community Health Centres (CHCs) and Primary Health Centres (PHCs) was not conducted upto 2013-14 to facilitate preparation of perspective plan for the entire Mission period.
Shortage of CHCs, PHCs and SCs and medical and para-medical staff	Against the requirement of 125 CHCs, 501 PHCs and 3006 Sub-Centres (SCs), 112 CHCs, 485 PHCs and 2,630 SCs were available in the State besides shortage of medical and paramedical staff ranging between 7 and 30 per cent.

Partial availability of essential drugs and drug kits for ASHAs. Procurement of Absorbent Cotton Wool from a black listed firm	There was shortage of essential drugs in test-checked General Hospitals, CHCs and PHCs during 2010-14. Drug kits were not provided to 4,800 out of 16,800 Accredited Social Health Activists in the State. No guidelines were framed by the Department to deal with cases where a firm has been blacklisted by another Corporation/State.
Lack of check-ups by pregnant women. Delay/non-payment of incentives	A large number of registered pregnant women did not show up for antenatal check-ups at the time of first trimester. There were cases of substantial delays/non-payment of incentives under Janani Suraksha Yojna.
Non-achievement of targets of cataract operation and providing spectacles	As against the target of conducting 7.14 lakh cataract operations, 6.42 lakh cataract operations were performed during 2009-14. Against the detection of 1,22,966 students with refractive errors, only 44,320 students were provided spectacles.

3. Development of Urban Estates

The State Legislature enacted the Haryana Urban Development Authority Act 1977 to promote and secure development of urban areas in a systematic and planned way with the power to acquire, sell and dispose of property, both movable and immovable.

Major Audit Findings

Planning not done in consonance with Plan of NCRPB	Planning of National Capital Region was not done in consonance with Regional Plan of National Capital Regional Planning Board.
Extra payment of interest due to delay in referring the cases to Courts and delay in payment of enhanced land compensation	Delay in referring the cases of landowners to courts by Land Acquisition Officers resulted in extra payment of interest of ₹ 3.17 crore. Further, delay in making payment of land enhanced compensation led to extra payment of interest of ₹ 4.67 crore.
Infructuous expenditure on development of auto market, Sewer and storm water drainage works and Development of roads	A sum of ₹ 2.46 crore on development of auto market in Gurgaon, ₹ 19.52 crore on execution of five sewer and storm water drains, and ₹ 1.90 crore on execution of four road works was rendered infructuous/remained blocked due to poor implementation of works.

Flats for EWS category under Ashiana Scheme constructed without proper survey	2,563 houses constructed at a cost of ₹ 93.88 crore without proper survey under 'Ashiana Scheme' for economically weaker sections remained unallotted due to non-availability of eligible persons.
Lack of transparency and consistency in development of commercial areas	Lack of transparency and consistency in development of Commercial areas by colonizers was noticed in processing applications of colonizers, deciding the compactness of the area to be developed, development of internal roads, fixing area norms for setting up commercial colonies, assessing financial adequacy, interpretation of Development Plan, and transfer of licenses etc. Resultantly, the possibility of extending undue benefit to particular applicants cannot be ruled out. Five developers earned profit of ₹ 215.21 crore over cost of ₹ 52.26 crore on sale of land without completing the projects.
Inadequate control over colonizers	Inadequate monitoring by the Department over advertisement of colonizers for floating housing schemes led to an unauthorized collection from applicants of ₹ 55 crore by a colonizer.

COMPLIANCE AUDIT

Agriculture Department (Haryana State Agricultural Marketing Board)

Non-recovery of cost of land	An amount of ₹ 28.96 crore as cost of 73 acre land and ₹ 12.35 crore as interest on this amount remained to be recovered from Haryana State Co-operative Supply and Marketing Federation Limited (HAFED).
-------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Development and Panchayat Department

Total Sanitation Campaign/Nirmal Bharat Abhiyan	Construction of 28 institutional toilets had not started or remained incomplete in 22 Gram Panchayats. Solid and Liquid Waste Management projects were not started. Against the target of 196 community toilets, only 113 toilets were constructed, incentive of ₹ 3.46 lakh was given to 133 beneficiaries without ensuring construction of toilets and double payment of incentive amounting to ₹ 3.10 lakh was made.
--------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Education Department

Avoidable expenditure on procurement of dual desks	Purchase of dual desks at higher rates resulted in avoidable extra expenditure of ₹ 7.61 crore.
-----------------------------------------------------------	-------------------------------------------------------------------------------------------------

Environment Department (Haryana State Pollution Control Board) and Health Department

Implementation of Bio Medical Waste Management Rules in Haryana The Haryana State Pollution Control Board and Health Department did not enforce the Bio-Medical Waste (Management and Handling) Rules, 1998 as bio-medical waste (BMW) generating establishments were not identified and authorised Health Care Establishments were not inspected. BMW was not being segregated in colour coded containers nor disposed off properly.

Finance Department

Non-claiming of interest on unutilised funds Various Government Departments did not recover interest of ₹ 20.21 crore on unutilised funds from Haryana State Roads and Bridges Development Corporation (HSRDC).

Health Department

Unfruitful expenditure on non-functional Drug Testing Laboratory and State Ayurvedic Pharmacy An expenditure of ₹ 3.40 crore incurred on construction of Drug Testing Laboratory and State Ayurvedic Pharmacy was rendered unfruitful due to non-availability of manpower.

Home Department

Manpower Deployment in Police Department Despite shortage of officers and operational police force, police personnel were posted in excess of sanctioned strength in some offices. Shortage in forensic science laboratory was to the extent of 50 *per cent* resulting in increase in pendency of samples. Crime ratio in the state was very high in comparison to neighbouring States.

Horticulture Department

Implementation of National Horticulture Mission in State Under the Organic Farming scheme, four service providers diverted ₹ 1.58 crore for staff salary which were meant for farm inputs. Survival rate of plants was very low in New Garden Scheme. 237 community tanks were incomplete and Plant Health Clinics were not utilised for requisite purpose.

Public Health Engineering Department (Water Supply and Sanitation Board)

Loss of interest due to non entering into agreement with the bank Non observance of Programme Guidelines regarding operation of Saving Bank Accounts by Water Supply and Sanitation Board resulted in loss of interest of ₹ 5.51 crore.

**Renewable Energy Department
(Haryana Renewable Energy Development Agency)**

Implementation of Solar Street Lighting Systems Programme GOI grant of ₹ 1.24 crore could not be availed due to non-obtaining written consent from beneficiary department and an excess expenditure of ₹ 3.78 crore was incurred on procurement of 8,691 street lights with old specifications with lesser working life. Beneficiary share of ₹ 2.96 crore was recoverable and undue favour was given to an agency.

Transport Department

Employment of bus conductors in excess of requirement Appointment of conductors without the availability of buses resulted in avoidable expenditure of ₹ 9.93 crore.

Women and Child Development, Health, Welfare of Scheduled Castes and Backward Classes, Social Justice and Empowerment and Education Departments

Deficiencies in implementation of the schemes for 'Welfare and Protection of Girl Child' Delay of five to 32 months was observed in release of Vivah Shagun to 1,082 claimants. ₹ 10.95 crore were paid to 5,153 beneficiaries under the Ladli Social Security Allowance Scheme without proper verification. 4,000 girl students were deprived of yoga classes and self defence training. The sex ratio of girl child had decreased in Jind and Hisar during the period 2009-14.

Audit Report No. 3 of 2014 Revenue Sector

This Report contains 23 paragraphs and one IT Audit on “**Haryana Registration Information System**” (HARIS) involving tax effect of ₹ 527.46 crore. The Departments/Government have accepted audit observations involving ₹ 323.74 crore out of which ₹ 0.91 crore has been recovered.

Highlights

- Irregular allowance of Input Tax Credit (ITC) in respect of sale of petroleum products (four cases), goods not sold (nine cases), pre-owned cars (12 cases), paints (eight cases), bogus claim of ITC (three cases), excess benefit of ITC (14 cases) and incorrect carry forward of ITC (eight cases) resulted in inadmissible claim of ITC of ₹ 24.22 crore.
- Irregular deduction of transit sale (19 cases), High Sea Sales to turnkey contractors (four cases) and wrong deduction of sale during import (two cases) resulted in under assessment of tax of ₹ 195.38 crore. Exempted (transit) sales against E-I and ‘C’ forms was incorrectly allowed in 32 cases which resulted in underassessment of VAT of ₹ 32.69 crore.
- No action was taken to recover the differential amount of license fee of ₹ 23.70 crore from 74 defaulting allottees of retail liquor outlets, after re-auction of vends under the risk and cost clause of the contract conditions.
- Failure to identify and record khasra number of prime land/colonies/wards/sectors and land falling within MC limit in the Collector rate list and non observance of the instructions for cases decided by the Collectors within two months resulted in short realisation of revenue of ₹ 14.75 crore in 782 cases.
- Failure to take timely action to recover the bid money from the five contractors resulted in short realisation of ₹ 4.43 crore (including interest of ₹ 2.55 crore). Royalty and interest of ₹ 66.27 lakh was not realised from 151 BKO.
- *Adda* fees was not collected in respect of 194 permits (Faridabad: 67 and Gurgaon: 127) issued to private operators for city bus service amounting to ₹ 7.55 crore and service tax from shop contractors amounting to ₹ 16.83 lakh in respect of 10 Depots for the years 2009-10 to 2013-14. An amount of ₹ 571.08 crore was pending as on 31 March 2014 from various departments in respect of free/concession facility.

Trend of revenue receipts

The total revenue receipts of the Government of Haryana for the year 2013-14 were ₹ 38,012.08 crore against ₹ 33,633.53 crore during 2012-13. The revenue raised by the State Government from its own resources during the year 2013-14 was ₹ 30,541.66 crore comprising tax revenue of ₹ 25,566.60 crore and non-tax revenue of ₹ 4,975.06 crore against ₹ 23,559.00 crore and ₹ 4,673.15 crore respectively during the previous year 2012-13.

Sales tax receipts of ₹ 16,774.33 crore and Urban development receipts of ₹ 1,104.54 crore contributed 66 *per cent* and 22 *per cent* of the tax and non tax revenue respectively.

Audit observations

Inspection reports containing 4,579 audit observations with money value of ₹ 3,084.83 crore (issued upto December 2013) were outstanding for want of final replies from the departments at the end of June 2014.

Results of audit

Test check of the records of 250 units of sales tax/Value Added Tax, stamp duty and registration fee, State excise, motor vehicles, goods and passengers and other Departmental offices conducted during the year 2013-14 revealed under assessment/short levy/loss of revenue amounting to ₹ 1,625.53 crore in 5,383 cases.

SYSTEM APPRAISAL/IT AUDIT

• Haryana Registration Information System (HARIS)

Lack of input controls in HARIS IT application led to misclassification of 254 sale documents resulting in irregular remission of stamp duty of ₹ 70.90 crore.

Deficient design of the application to capture details of properties being exchanged resulted in short realisation of stamp duty of ₹ 4.06 crore in 13 cases.

Non-mapping of locations falling within MC limits led to non-levy of two per cent additional stamp duty of ₹ 31.62 crore in 3,497 cases.

Non-incorporation of appropriate validation checks in IT application led to wrong remission of stamp duty of ₹ 70.25 crore in 334 documents.

Deficient validation checks on the transactions made within MC limits with area less than 1,000 square yards led to short levy of stamp duty of ₹ 19.90 crore in 1,213 cases.

Failure of the department to reconcile the entries of receipts recorded in the manual cash book with the system generated cash book resulted in shortage of ₹ 74.83 lakh.

Important audit findings included as paragraphs

Sales tax/VAT (Excise and Taxation Department)

Exemptions/concessions were allowed for the years 2009-10 to 2010-11 against fake 'C' forms which were not issued to the dealers, resulting in evasion of tax of ₹ 3.33 crore including penalty of ₹ 2.50 crore.

Irregular deduction of ₹ 107.88 crore treating as SEZ sale to the dealer, resulting in under assessment of tax of ₹ 8.03 crore including interest of ₹ 3.65 crore in two cases.

Stamp Duty (Revenue and Disaster Management Department)

Misclassification of sale deeds as collaboration agreements instead of agreement to sell in 10 agreements resulting in short levy of stamp duty of ₹ 2.32 crore.

Taxes on Vehicles, Goods and Passengers (Excise and Taxation Department)

Passengers tax amounting to ₹ 34.67 lakh including interest of ₹ 10.20 lakh was not realised by the Department in respect of 53 private bus operators.

Audit Report No. 3 of 2015
PSUs (Economic and Social Sectors)

Overview

This Report contains 11 paragraphs including two performance audits on 'Financial Restructuring Plan' and 'Haryana Seeds Development Corporation Limited' involving a financial effect of ₹ 1,118.40 crore relating to avoidable expenditure, non compliance of rules, directives and procedures; non safeguarding of the financial interests *etc.* Some of the major findings are mentioned below:

1 About the State Public Sector Undertakings

Investment in PSUs

The State of Haryana had 24 working PSUs (22 companies and two statutory corporations) and 4 non-working companies. As on 31 March 2014, the investment (capital and long-term loans) in 28 PSUs was ₹ 39,383.18 crore. Out of the total investment in State PSUs, 99.70 *per cent* was in working PSUs and the remaining 0.30 *per cent* in non-working PSUs. The total investment consisted of 21.95 *per cent* towards capital and 78.05 *per cent* in long-term loans. The equity has increased from ₹6,867.94 crore in 2009-10 to ₹8,643.43 crore in 2013-14. The State Government contributed ₹10,748.50 crore towards equity, loans and grants/subsidies in 13 PSUs during 2013-14.

Performance of Public sector undertakings

Out of 24 working PSUs for which the accounts were received up to September 2014, 15 PSUs earned profit of ₹118.21 crore and eight PSUs incurred losses of ₹4,032.54 crore. One Company is yet to start commercial operations. Out of 15 PSUs earning an aggregate profit of ₹118.21 crore, only two PSUs declared dividend of ₹0.26 crore and 13 PSUs did not declare any dividend.

Arrears in finalisation of accounts

19 working PSUs had arrears of 35 accounts as of September 2014. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

2 Performance audit relating to Government companies

Performance audits relating to 'Financial Restructuring Plan' in Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited and working of 'Haryana Seeds Development Corporation Limited' were conducted. The important findings noticed during audit are as under:

'Financial Restructuring Plan' in Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

- The mandatory conditions of enactment of Model State Electricity Distribution Responsibility Bill, private participation in distribution network, metering of agriculture consumers and finalisation of accounts in time was not fulfilled by DISCOMs and the State Government. The State Government had not projected their plan of taking over the bonds by issuing of special securities in phased manner in favour of participating lenders though in the Scheme the same was indicated on provisional basis.
- Due to non-inclusion of STLs of ₹641.16 crore on account of working capital loan availed from Punjab & Sind Bank and Rural Electrification Corporation (REC), the DISCOMs were burdened with avoidable interest of ₹71.79 crore .
- The target regarding ACS-ARR and reduction in AT&C losses were not achieved and deprived the benefits being made available by Government of India under TFM to the extent of ₹199 crore.
- The State Government did not honour its commitments - releasing subsidy recoverable on account of FSA on account of AP consumers of ₹2,115.87 crore, release of outstanding energy dues of Government departments of ₹500.42 crore, reimbursing interest of ₹1,537.36 crore on STLs to DISCOMs and taking over the bonds by issuing special securities in a phased manner.
- Accumulated losses of UHBVNL increased from ₹12,423.61 crore to ₹16,185.47 crore (excluding accumulated losses of ₹2,291.68 crore of Jind Circle transferred from UHBVNL to DHBVNL in July 2013) and in DHBVNL from ₹7,285.53 crore to ₹10,726.59 crore during 2011-14 despite the Scheme.

Working of Haryana Seeds Development Corporation Limited

- The Company could not achieve the targeted production of certified seeds during 2009-14. The shortfall ranged between 17.27 and 33.29 *per cent* during 2009-14.
- The Company produced 3.07 lakh quintals of wheat seed for sale in 2012-13 but could sell only 1.86 lakh quintals in the State and 0.34 lakh quintals was sold (outside State) below cost resulting in loss of ₹1.66 crore. Remaining 0.87 lakh quintals seed was sold at a loss of ₹1.63 crore during 2013-14.
- The Company incurred an extra expenditure of ₹2.95 crore in purchase (November 2010) of one lakh quintal of wheat seed from Government agencies at higher rates in comparison to the market rates.
- While working out the cost of seeds, the Company over-recovered ₹2.58 crore and ₹5.52 crore from farmers towards interest and commission respectively

during 2009-13 and extended undue favour to co-producers by allowing them to overcharge other Government organisations by ₹2.84 crore.

- Against the target of covering 11.58 lakh farmers under the Seed Village Scheme during 2009-14, the Company covered 4.03 lakh farmers. The Company claimed ₹2.72 crore in excess of actual expenditure incurred towards training cost under the scheme from Government of India.

3 Transaction audit observations

Gist of the audit observation is given below:

Haryana Power Purchase Centre

HPPC made an excess payment of ₹755.91 crore to HPGCL, suffered loss of ₹165.26 crore due to soft penalty norms, defective clauses in Power Purchase Agreements and delay in finalising the short term power purchase. Shortfalls in availability of power was made good by purchasing short term and UI power at rates higher than those approved by HERC which placed additional financial burden of ₹2,095.27 crore on DISCOMs.

Haryana State Roads and Bridges Development Corporation Limited

Wrong deposit of money into contractors account and non-reconciliation thereof led to non-recovery of ₹1.34 crore.

Haryana Agro Industries Corporation Limited

Due to the Company not following prescribed procedure, FCI is yet to reimburse ₹10.46 crore of the bonus paid to farmers and the Company made avoidable payment of interest of ₹4.79 crore on such CC limit availed to pay bonus.

Haryana Women Development Corporation Limited

The Company did not evolve any system to ensure 20 *per cent* disbursement of grant in-aid to the Scheduled Caste beneficiaries. There was improper management of surplus funds/ equity. Suspected embezzlement of interest subsidy was noticed in which ₹10.90 lakh relating to 47 different cases was credited into one bank account.

Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited

Loan amounting to ₹50 lakh was sanctioned and disbursed to ineligible beneficiaries in five districts. The percentage of recovery ranged between 21 and 39 *per cent* in case of backward classes, 14 and 25 *per cent* in case of minority communities and 29 and 35 *per cent* in case of handicapped persons.

