



REPORT

OF THE

**Comptroller & Auditor General of India
for the year 1973-74**

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 1973-74 together with other points arising from audit of financial transactions of the Government of Haryana. It also includes—

- (i) certain points of interest arising from the Finance Accounts for the year 1973-74 ; and
- (ii) comments on seed farms and Western Jamuna Canal augmentation project.

2. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1973-74 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 1973-74 have also been included, wherever considered necessary.

3. 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.

LABORATORY REPORT

The first part of the report deals with the general principles of the experiment. It describes the apparatus used and the method of measurement. The results are given in the form of a table and a graph.

The second part of the report discusses the results of the experiment. It compares the experimental values with the theoretical values and discusses the sources of error. The conclusion is that the experiment was successful in demonstrating the principle of the experiment.

The third part of the report contains a discussion of the theory of the experiment. It explains the physical principles involved and shows how they are applied to the experiment. The theory is derived from the laws of physics and is used to predict the results of the experiment.

The fourth part of the report contains a discussion of the practical aspects of the experiment. It describes the difficulties encountered during the experiment and the methods used to overcome them. It also discusses the safety precautions that should be taken when performing the experiment.

CHAPTER I

GENERAL

1.1. Summary of transactions

Receipts, expenditure and surplus/deficit during 1973-74 are given below with corresponding figures of the preceding two years :—

	1971-72	1972-73	1973-74
<i>(In crores of rupees)</i>			
(1) Revenue			
(i) Revenue raised by the State Government	89.42	1,04.51	1,19.84
(ii) Receipts from the Government of India	25.48	32.87	34.84
Total Revenue	1,14.90	1,37.38	1,54.68
(iii) Revenue Expenditure			
Non-Plan	90.24	98.70	1,07.12
Plan	16.84	18.34	22.06
Total Revenue Expenditure	1,07.08	1,17.04	1,29.18
Revenue Surplus(+)/ Revenue Deficit(—)	(+)7.82	(+)20.34	(+)25.50
(2) Debt			
(i) Public Debt (other than Floating Debt)			
Receipts	56.25	74.25	47.98
Disbursements	34.50	20.76	22.21
Surplus(+)/ Deficit(—)	(+)21.75	(+)53.49	(+)25.77
(ii) Floating Debt			
Receipts	90.28	68.76	69.84
Disbursements	69.30	95.23	63.19
Surplus(+)/ Deficit(—)	(+)20.98	(—)26.47	(+)6.65

	1971-72	1972-73	1973-74
	(In crores of rupees)		
Total Debt (Net) Surplus(+)/ Deficit(-)	(+)42.73	(+)27.02	(+)32.42
<hr/>			
(3) Capital Account (outside the Revenue Account)			
Non-Plan	(-)0.97	(-)16.27	10.42
Plan	45.31	41.71	40.86
Increase(-)/ Decrease(+)	(-)44.34	(-)25.44	(-)51.28
<hr/>			
(4) Loans and Advances by the State Government			
Receipts	7.51	4.40	3.63
Disbursements	20.59	25.30	29.43
Increase(-)/ Decrease(+)	(-)13.08	(-)20.90	(-)25.80
<hr/>			
(5) Contingency Fund (net)			
Increase(+)/ Decrease(-)	(-)0.09	(+)0.29	(+)0.11
<hr/>			
(6) Public Account			
Receipts	1,89.84	2,37.67	2,31.57
Disbursements	1,87.57	2,31.83	2,19.34
Increase(+)/ Decrease(-)	(+)2.27	(+)5.84	(+)12.23
<hr/>			
(7) Inter-State Settlement (net)	(-)0.74	(-)1.07	..
Net Surplus(+)/ Net Deficit(-)	(-)5.43	(+)6.08	(-)6.82
<hr/>			
Opening Cash Balance	(-)4.47	(-)9.90	(-)3.82
Net Surplus(+)/ Net Deficit(-)	(-)5.43	(+)6.08	(-)6.82
Closing cash balance	(-)9.90	(-)3.82	(-)10.64@

@ There are differences between the figures reflected in the accounts and those intimated by the Reserve Bank regarding 'Deposits with the Reserve Bank' (included in the Cash Balance). The discrepancies are under reconciliation.

1.2. Revenue surplus/deficit

(a) *Revenue receipts*—The actuals of revenue receipts for 1973-74 as compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year along with the corresponding figures for 1971-72 and 1972-73 are shown below :—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount of increase(+)/decrease(—)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(amount in crores of rupees)					
1971-72	1,13.20	1,13.38	1,14.90	(+)1.52	1
1972-73	1,41.41	1,41.53	1,37.38	(—)4.15	3
1973-74	1,47.12	1,52.21	1,54.68	(+)2.47	2

(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 is shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of increase(+)/decrease(—)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(amount in crores of rupees)					
1971-72	1,05.11	1,12.77	1,07.07	(—)5.70	5
1972-73	1,25.71	1,30.95	1,17.04	(—)13.91	11
1973-74	1,41.59	1,45.34	1,29.18	(—)16.16	11

(c) The year ended with a surplus of Rs. 25.50 crores against a surplus of Rs. 5.53 crores anticipated in the budget.

1.3. Revenue receipts

(a) Revenue receipts during 1973-74 (Rs. 1,54.68 crores) increased by Rs. 17.30 crores over those of 1972-73 (Rs. 1,37.38 crores). The increase

compared to 1972-73 is analysed below :—

	1972-73	1973-74	Amount of increase
(in crores of rupees)			
(i) Revenue raised by the State Government—			
(a) Taxes, duties and other principal heads of revenue	60.50	75.61	15.11
(b) Other receipts, such as those from transport services, water rates, etc.	44.01	44.23	0.22
(ii) Receipts from the Government of India—			
(a) State's share of divisible Union Taxes	17.73	18.90	1.17
(b) Grants	15.14	15.94	0.80
Total Revenue Receipts	1,37.38	1,54.68	17.30

The receipts from the Government of India formed 23 per cent of the total receipts of the State for the year. The corresponding percentage for 1972-73 was 24.

The tax revenues raised by the Government in 1973-74 accounted for 49 per cent of the total revenue receipts. The corresponding percentage for 1972-73 was 44.

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

Head	Receipts during		Increase	
	1972-73	1973-74	Amount	Percentage
(amount in crores of rupees)				
State Excise Duties	12.46	14.99	2.53	20

Mainly due to higher bids and lifting of larger stocks of liquor by the vendors.

Sales Tax	24.59	30.52	5.93	24
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Stated to be mainly due to measures taken by the Government to check evasion and recover arrears and increase in prices and trade.

Other Taxes and Duties	13.05	17.25	4.20	32
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Mainly due to increase in the rates of passenger tax and goods tax during

the year and a full year's effect of the increase in the rate of entertainment duty.

Road and Water Transport Schemes	12.79	15.38	2.59	20
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Mainly due to increase in the operations of the Haryana State Roadways in the wake of rise in its fleet from 1,271 vehicles to 1,338 vehicles.

Taxes on Vehicles	2.34	5.15	2.81	120
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Mainly due to imposition of token tax on agricultural tractors and increase in the rate of token tax on vehicles during the year.

(b) *Taxation changes during the year*—(i) The different levies being charged on land were replaced by a comprehensive land tax, viz., Haryana Land Holding Tax, from the 16th June 1973 (estimated additional yield in 1973-74 Rs. 3 crores).

(ii) The rate of passenger tax was enhanced from 40 per cent to 50 per cent of the value of fare or freight, as the case may be, on all passengers or goods carried by a motor vehicle from the 18th April 1973 (estimated additional yield in 1973-74 : Rs. 1.70 crores).

(iii) The rate of goods tax was enhanced from Rs. 1,050 to Rs. 1,250 per vehicle per annum from the 18th April 1973 (estimated additional yield in 1973-74 : Rs. 15.50 lakhs).

(iv) Token tax of Rs. 150 per annum was imposed on agricultural tractors from April 1973 (estimated yield in 1973-74 : Rs. 17 lakhs).

(v) Token tax on vehicles above 4 tonnes carrying capacity was enhanced from Rs. 1,000 to Rs. 1,100 per annum from April 1973 (estimated additional yield in 1973-74 : Rs. 6.50 lakhs).

(c) Arrears in collection of revenue—According to the information furnished by some departments, arrears in collection of revenue at the end of March 1974 were Rs. 5.97 crores as follows :—

<i>Department</i>	<i>Amount (in crores of rupees)</i>	<i>Nature of revenue and other receipts</i>
✓ 1. Excise and Taxation	- 2.95	Sales tax : Rs. 2.68 crores ; Excise duty : Rs. 0.05 crore ; other taxes and duties : Rs. 0.22 crore.
✓ 2. Finance	1.32	Token tax on vehicles.
✓ 3. Chief Electrical Inspector	0.85	Electricity duty recoverable from Haryana State Electricity Board.
✓ 4. Revenue	0.55	Land Revenue : Rs. 0.07 crore ; Abiana : Rs. 0.20 crore ; and Betterment charges : Rs. 0.28 crore.

Department	Amount (in crores of rupees)	Nature of revenue and other receipts
5 ✓ Forest	0.16	Recoveries due from Forest contractors on account of timber and other produce.
6 ✓ Animal Husbandry	0.07	Recoveries for supply of vaccine, manure, fodder, milk, etc.
7 ✓ Agriculture	0.05	Arrears of purchase tax on sugarcane
8 ✓ Police	0.02	Recoveries for additional (punitive) police posts located in disturbed areas.

Information about the extent of arrears was awaited (August 1975) from the following departments :—

- ✓ 1. Public Works (Buildings and Roads)
- ✓ 2. Industries
- ✓ 3. Transport
- ✓ 4. Medical and Health
- ✓ 5. Co-operation
- ✓ 6. Education
- ✓ 7. Public Relations, and
- ✓ 8. Food and Civil Supplies

1.4. Expenditure on revenue account

(i) The break-up of budget estimates of expenditure on revenue account plus supplementary provision obtained and actual expenditure between Plan and Non-Plan for each of the three years ending March 1974 is given below :—

Year	Plan				Non-Plan			
	Budget plus supplementary	Actuals	Variation between columns (3) and (2): Amount of year increase(+)/decrease(-) in brackets	Increase(+)/decrease(-) of expenditure over the previous year (Percentage in brackets)	Budget plus supplementary	Actuals	Variation between columns (7) and (6): Amount of increase(+)/decrease(-) (Percentage in brackets)	Increase(+)/decrease(-) of expenditure over the previous year (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(amounts in crores of rupees)								
1971-72	18.86	16.84	(-)2.02(11)	(+)4.70(39)	93.91	90.24	(-)3.67(4)	(+)8.98(11)
1972-73	25.42	18.34	(-)7.08(28)	(+)1.50(9)	1,05.53	98.70	(-)6.83(6)	(+)8.46 (9)
1973-74	30.14	22.06	(-)8.08(27)	(+)3.72(20)	1,15.20	1,07.12	(-)8.08(7)	(+)8.42 (9)

(ii) The variation during 1973-74 and over the preceding year under broad headings is analysed below :—

PLAN

Section of Head of Account	Budget plus supplementary	Actuals	Variation : Increase(+)/ Decrease(—) (Percentage in brackets)	Increase(+)/ Decrease(—) over 1972-73 (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
A—Collection of Taxes, Duties and other Principal Revenues	—	1.40	(+)1.40(100)	(—)2.31(62)
C—Administrative Services	40.02	23.21	(—)16.81(42)	(+)6.03(35)
D—Social and Developmental Services	23,01.19	19,35.05	(—)3,66.14(16)	(+)3,16.13(20)
E—Multipurpose River Schemes, Irrigation, etc.	1,96.43	7.41	(—)1,89.02(96)	(—)2.29(24)
F—Public Works (including Roads) and Schemes of Miscellaneous Public Improvements	2,39.67	83.68	(—)1,55.99(65)	(+)14.57(21)

The saving under Social and Developmental Services (column 4) was mainly due to cut in Plan outlay consequent on reduction in Central assistance, posts kept vacant and shortfall in fulfilling targets for family planning.

The increase in expenditure over the previous year (column 5) was mainly due to grant of *ad hoc* relief to Government employees, expansion of Medical College, Rohtak, opening of new sub-centres under the Public Health Department and acceleration of water supply programme.

E—Multipurpose River Schemes, Irrigation, etc. 1,96.43 7.41 (—)1,89.02(96) (—)2.29(24)

F—Public Works (including Roads) and Schemes of Miscellaneous Public Improvements 2,39.67 83.68 (—)1,55.99(65) (+)14.57(21)

The saving under F—Public Works (column 4) was due to larger recoveries than anticipated in the budget, partly offset by excesses under certain group heads.

The increase in expenditure over the previous year (column 5) was mainly due to *ad hoc* relief, more expenditure on "Tools and Plant" and "Original Works-Communications".

Section of Head of Account	Budget plus supplementary	Actuals	Variation : Increase(+)/ Decrease(-) (Percentage in brackets)	Increase(+)/ Decrease(-) over 1972-73 (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

G—Transport and Communications (other than Roads)	3.00	0.41	(—)2.59(86)	(+)0.32(356)
I—Miscellaneous	2,34.16	1,54.28	(—)79.88(34)	(+)39.34(34)

The saving under Miscellaneous (column 4) was mainly due to reduction in Plan expenditure and non-execution of the scheme "provision of house-sites for landless workers in rural areas".

The increase in expenditure over the previous year (column 5) was mainly due to payment of more grants, contributions, etc., to *Panchayats* and *Zila Parishads*, etc.

NON-PLAN

A—Collection of Taxes, Duties and other Princi- pal Revenues	2,35.85	2,23.63	(—)12.22(5)	(+)21.58(11)
B—Debt Services	22,47.19	19,93.34	(—)2,53.85(11)	0.21(/)

The saving under Debt Services (column 4) was due to less loans raised from banks, less payment of interest to the Reserve Bank of India due to reduced drawal of ways and means advances and conversion of short term loan of Rs. 22.73 crores received from the Government of India into long term loan resulting in less payment of interest.

C—Administra- tive Services	12,34.04	11,51.41	(—)82.63(7)	(+)1,16.80(11)
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The saving (column 4) was mainly due to non-holding of by-elections, non-revision of electoral rolls, posts kept vacant and transfer of the Enforcement Wing from the Police Department to the Transport Department.

The increase in expenditure over the previous year (column 5) was mainly under General Administration (Rs. 44.88 lakhs) and Police (Rs. 86.67 lakhs) and was due to increase in the number of posts, grant of *ad hoc* relief and setting up of three new districts.

D—Social and Developmental Services	31,59.84	31,12.45	(—)47.39(1)	(+)2,47.90(9)
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<i>Section of Head of Account</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation : Increase(+)/ Decrease(-) (Percentage in brackets)</i>	<i>Increase(+)/ Decrease(-) over 1972-73 (Percentage in brackets)</i>
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

The increase in expenditure over the previous year (column 5) was mainly due to grant of *ad hoc* relief and sanction of new schemes under Public Health.

E—Multipurpose River Schemes, Irrigation and Electricity Schemes

13,76.67	14,55.22	(+)	78.55(6)	(+)	2,83.82(24)
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The excess (column 4) was mainly due to adjustment of larger interest charges on Irrigation Capital Outlay.

The increase in expenditure over the previous year (column 5) was mainly due to increase in maintenance and repair charges on account of high cost of labour and materials, more interest charges on Irrigation Capital Outlay and payment of *ad hoc* relief to employees.

F—Public Works (including Roads) and Schemes of Miscellaneous Public Improvements

7,79.47	4,73.56	(—)	3,05.91(39)	(+)	42.83(10)
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The saving (column 4) was due to larger recoveries than anticipated in the budget, partly offset by excesses under certain group heads.

The increase in expenditure over the previous year (column 5) was mainly due to more establishment charges on account of *ad hoc* relief.

G—Transport and Communication (other than Roads)

16,50.96	15,19.97	(—)	1,30.99(8)	(+)	3,57.10(31)
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The saving (column 4) was mainly due to economy in expenditure.

The increase in expenditure over the previous year (column 5) was mainly due to higher operating expenses.

I—Miscellaneous	8,26.37	7,77.56	(—)	48.81(6)	(—)	2,33.37(23)
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The decrease in expenditure over the previous year (column 5) was mainly due to (a) contribution to Central Government for the relief of

<i>Section of Head of Account</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation : Increase(+)/ Decrease(-) (Percentage in brackets)</i>	<i>Increase(+)/ Decrease(-) over 1972-73 (Percentage in brackets)</i>
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

refugees being not required to be made and (b) less expenditure under (i) pensions and other retirement benefits, (ii) grants, contributions to municipal committees and non-official bodies/institutions, (iii) transfer to foodgrains reserve fund, and (iv) rewards to soldiers, sailors and airmen for gallantry in the war.

J—Contributions
and Miscellaneous
Adjustments

9.45	5.29	(—)4.16(44)	(+)5.01(1,789)
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1.5. Expenditure outside the revenue account

Expenditure outside the revenue account includes, besides capital expenditure, amounts disbursed by the Government as loans and advances.

(i) Expenditure on capital account during the three years ending March 1974 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below (loans and advances are dealt with in paragraph 1.6).

<i>Year</i>	<i>Budget</i>	<i>Budget plus supplemen- tary</i>	<i>Actuals</i>	<i>Variation between col- umns (4) and (3) : Amount of increase (+)/decrease (—)</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)	(6)

(in crores of rupees)

1971-72	33.37	59.83	44.33	(—)15.50	26
1972-73	47.04	61.56	25.44	(—)36.12	59
1973-74	21.16	31.37	51.28	(+)19.91	63

(ii) The break-up of budget plus supplementary estimates and actuals

shown above between Plan and Non-Plan is given below :—

Year	Plan				Non-Plan			
	Budget plus supplementary	Actuals	Variation between columns (3) and (2): Amount of increase (+)/decrease (—) (Percentage in brackets)	Increase(+)/decrease(—) over expenditure of the previous year (Percentage in brackets)	Budget plus supplementary	Actuals	Variation between columns (7) and (6): Amount of increase (+)/decrease(—) (Percentage in brackets)	Increase (+)/decrease (—) over expenditure of the previous year (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(in crores of rupees)								
1971-72	41.78	45.31	(+)3.53(8)	(+)20.10(71)	18.05	(—)0.97	(—)19.02(105)	(—)0.62(182)
1972-73	61.02	41.71	(—)19.31(32)	(—)3.60(8)	0.54	(—)16.27	(—)16.81(3078)	(—)15.30(1577)
1973-74	32.62	40.86	(+)8.24(25)	(—)0.85(2)	(—)1.25	10.42	(+)11.67(934)	(+)26.69(164)

(iii) The variation during 1973-74 as also over the preceding year under broad headings is analysed below:—

PLAN

Head of expenditure	Budget plus supplementary	Actuals	Variation : Increase(+)/decrease(—) (Percentage in brackets)	Increase(+)/decrease(—) over 1972-73 (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
95—Capital Outlay on Schemes of Agricultural Improvement and Research	30.00	29.66	(—)0.34(1)	(—)38.39(56)
96—Capital Outlay on Industrial and Economic Development	5,41.43	5,39.37	(—)2.06(1)	(+)4,82.46(848)

95—Capital Outlay on Schemes of Agricultural Improvement and Research

96—Capital Outlay on Industrial and Economic Development

The increase in expenditure over the previous year under Capital Outlay on Industrial and Economic Development (column 5) was mainly due to larger investments in Government Commercial and Industrial Undertakings and

<i>Head of expenditure</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation : Increase(+)/decrease(-) (Percentage in brackets)</i>	<i>Increase(+)/decrease(-) over 1972-73 (Percentage in brackets)</i>
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

Co-operative Societies and less receipts and recoveries on capital account.

98—Capital Outlay on Multi- purpose River Schemes	4,27.00	7,97.51	(+)3,70.51(87)	(+)1,56.92(24)
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The excess (column 4) was partly due to less receipts and recoveries on capital account than anticipated in the budget.

Increase in expenditure over the previous year was mainly under "III Beas Dam Project".

99—Capital Outlay on Irriga- tion, Naviga- tion, Embank- ment and Drainage Works (Commercial)	14,72.89	17,65.82	(+)2,92.93(20)	(-)4,09.47(19)
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Reasons for excess (column 4) have not been intimated (May 1975). Decrease in expenditure over the previous year (column 5) was on account of less Plan outlay in 1973-74.

103—Capital Outlay on Pub- lic Works	6,39.77	8,15.76	(+)1,75.99(28)	(-)3,12.56(28)
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The excess (column 4) was mainly under "V-Communications" and "Tools and Plant". Reasons have not been intimated (May 1975).

The decrease in expenditure over the previous year (column 5) was mainly due to less expenditure on communications.

109—Capital Outlay on other works	5.00	0.57	(-)4.43(89)	(-)1.57(73)
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114—Capital Outlay on Road and Water Transport Schemes	1,46.00	1,37.19	(-)8.81(6)	(+)37.58(38)
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<i>Head of expenditure</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation : Increase(+)/ decrease(-) (Percentage in brackets)</i>	<i>Increase(+)/ decrease(-) over 1972-73 (Percentage in brackets)</i>
(1)	(2)	(3)	(4)	(5)
NON-PLAN				
<i>(in lakhs of rupees)</i>				
96—Capital Outlay on Industrial and Economic Development	(—)0.69	14.57	(+)15.26(2212)	(+)14.54(48467)
99—Capital Outlay on Irrigation, Navigation, Embankment and Drainage Works (Commercial)	13.30	5.98	(—)7.32(55)	(—)18.11(75)
103—Capital Outlay On Public Works	(—)1,34.67	2,63.01	(+)3,97.68(295)	(+)17,32.42(117)
<p>The excess under Capital Outlay on Public Works (column 4) was mainly due to less recoveries on capital account than anticipated, partly offset by saving under certain group-heads.</p> <p>The increase over the expenditure of 1972-73 (column 5) was mainly due to less receipts and recoveries on capital account (Rs. 13,23.74 lakhs) and more expenditure on building works relating to Miscellaneous Departments and Establishment.</p>				
109—Capital Outlay on other works	9.65	1.76	(—)7.89(82)	(—)0.21(11)
114—Capital Outlay on Road and Water Transport Schemes	34.39	34.22	(—)0.17(/)	(—)40.84(54)
120—Payments of Commuted value of pensions	3.30	2.33	(—)0.97(29)	(+)0.34(17)
124—Capital Outlay on Schemes of Government Trading	(—)49.95	7,19.99	(+)7,69.94(1541)	(+)9,80.76(376)

The excess under Capital Outlay on Schemes of Government Trading (column 4) was due to less receipts and recoveries than anticipated in the budget, offset partly by saving mainly on account of shortfall in procurement of wheat during Rabi 1973.

The increase in expenditure over the previous year (column 5) was mainly due to more expenditure on Grain Supply Scheme and on distribution of fertilizers.

(iv) Progressive outlay on various capital works is given below :—

	During 1972-73	During 1973-74	Progres- sive 1973-74*
	(in crores of rupees)		
I—Capital expenditure on—			
(i) Social and Developmental Services—			
(a) Industrial and economic development	0.57	5.54	18.89 (—)0.02**
(b) Agricultural improvement and research	0.68	0.29	2.60
(ii) Multipurpose River Schemes and Irrigation Works, etc.			
(a) Multipurpose river schemes	6.41	7.97	17.63
(b) Irrigation works (commercial)	22.00	17.72	96.19
(iii) Public works and schemes of miscellaneous public improvements	(—)3.41	10.79	40.35
(iv) Transport and communications, road and water transport schemes	1.74	1.72@	12.98
(v) Miscellaneous—			
(a) Schemes of Government trading	(—)2.61	7.20	2.22
(b) Other miscellaneous expenditure	0.06	0.05	1.67
II—Loans and Advances (net, i.e., after taking recoveries into account)			
	20.90	25.80	1,18.85
Total	46.34	77.08	3,11.38 (—)0.02

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

** Adopted *pro forma* to adjust the amount erroneously credited to the head "LVIII-Dividends, etc." during 1972-73.

@ Excludes Rs. 4.45 lakhs spent out of advance from Contingency Fund during 1973-74 but not recouped to the Fund till the close of the year.

(v) The sources from which expenditure outside the revenue account (including that on loans and advances) was met during 1973-74 are given below :—

		<i>(in crores of rupees)</i>
1.	Public Debt—	
	(i) Market loans	8.04
	(ii) Floating Debt	6.65
	(iii) Loans from the Government of India	17.26
	(iv) Loans from other sources	0.47
II.	Revenue Surplus	25.50
III.	Cash balance—Decrease(+)/ Increase(—)	(+) <i>6.82</i>
IV.	Unfunded Debt	5.09
V.	Sinking Funds and Reserve Funds	4.95
VI.	Deposits, Remittances, etc.	2.19
VII.	Contingency Fund	0.11
	Total	77.08

1.6. Loans and advances by the Government

(a) The actuals of disbursement of loans and advances by the Government during 1973-74 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary grants alongwith the corresponding figures for 1971-72 and 1972-73 are shown below :—

<i>Year</i>	<i>Budget</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation between columns (4) and (3) : Amount of increase (+)/ decrease(—) (Percentage in brackets)</i>	<i>Increase over the pre- vious year (Percentage in brackets)</i>
(1)	(2)	(3)	(4)	(5)	(6)
<i>(in crores of rupees)</i>					
1971-72	18.86	19.21	20.59	(+) <i>1.38(7)</i>	0.95(5)
1972-73	18.95	27.15	25.31	(—) <i>1.84(7)</i>	4.72(23)
1973-74	32.01	32.01	29.43	(—) <i>2.58(8)</i>	4.12(16)

(b) The break-up of budget estimates plus supplementary grants obtained during the year and actual expenditure shown above between Plan and Non-Plan is given below :—

Year	Plan				Non-Plan			
	Budget plus supplementary	Actuals	Variation between columns (3) and (2); Increase (+) / Decrease (—) (Percentage in brackets)	Increase (+) / Decrease (—) over expenditure of the previous year (Percentage in brackets)	Budget plus supplementary	Actuals	Variation between columns (7) and (6); Increase (+) / Decrease (—) (Percentage in brackets)	Increase (+) / Decrease (—) of the previous year (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(in crores of rupees)								
1971-72	8.52	15.32	(+)6.80(80)	(+)4.00(35)	10.69	5.27	(—)5.42(51)	(—)3.04(37)
1972-73	22.99	22.83	(—)0.16(1)	(+)7.51(49)	4.16	2.48	(—)1.68(40)	(—)2.79(53)
1973-74	25.80	27.04	(+)1.24(5)	(+)4.21(18)	6.21	2.39	(—)3.82(62)	(—)0.09(4)

The excess in 1973-74 (column 4) in the Plan sector was mainly due to (i) post-budget decision to give loans under the scheme 'Employment of Educated Unemployed' (ii) higher loans to Haryana State Small Industries and Export Corporation Ltd. for procurement and distribution of cotton yarn, (iii) increased purchases of pesticides, and (iv) more loans under "Low Income Group Housing Scheme".

The increase in 1973-74 (column 5) over the expenditure of 1972-73 was mainly under "Loans to Statutory Corporations, Boards and Government Companies".

The saving in 1973-74 (column 8) in the Non-Plan sector was mainly due to post-budget decision to allow the State Co-operative Supply and Marketing Federation to secure loans for purchase of foodgrains from banks instead of from the State Government and non-payment of wheat advances to Government employees during 1973-74.

(c) The budget and actuals of recoveries of loans and advances for three years ending March 1974 are given below :—

Year	Budget	Actuals	Variation : Amount of decrease	Percentage
(in crores of rupees)				
1971-72	11.82	7.51	4.31	37
1972-73	4.77	4.41	0.36	8
1973-74	8.14	3.63	4.51	55

(d) Loans and advances given by the Government and outstanding at the end of March 1974 were Rs. 1,18.85* crores as shown below :—

(in crores of rupees)

(i) Loans to State Electricity Board	92.22
(ii) Other loans	14.19
(iii) Advances to cultivators	4.29
(iv) Loans to Municipal Corporations and Municipalities	3.81
(v) Loans to Government servants, etc.	3.03
(vi) Loans and advances to displaced persons	0.92
(vii) Loans to <i>Panchayati Raj</i> institutions	0.39
Total	1,18.85

1.7. Recoveries in arrears

(i) *Loans of which the detailed accounts are maintained by departmental officers*—The departmental officers were required by Government to furnish to Audit by July 1974 statements of arrears in recovery of loans as at the end of March 1974.

Against thirtyfour statements due from thirteen departmental officers, only twelve statements from seven departmental officers have been received so far (May 1975). According to those statements, recovery of Rs. ~~144.96~~ lakhs was over-due at the end of March 1974 as shown below :— ^{144.96}

Loans	Amount Overdue		
	Principal	Interest	Total
	(in lakhs of rupees)		
(i) Loans under Low Income Group Housing Scheme	19.84	36.10	55.94
(ii) Advances under the Co-operative Credit Societies Act, 1912	15.90	10.32	26.22
(iii) Loans under the Punjab State Aid to Industries Act, 1935	16.14	7.56	23.70

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

(iv) Loans to poor and deserving students of educational institutions	18.07	—*	18.07
(v) Loans under Middle Income Group Housing Scheme	2.75	6.67	9.42
(vi) Loans to poor and deserving students of engineering institutions	6.30	—*	6.30
(vii) Advances under Land Improvement Act, 1963	5.31	—	5.31
Total	84.31	60.65	1,44.96

(ii) *Loans of which the detailed accounts are maintained in the Audit office*—At the end of March 1974, recovery of Rs. 2,10.11 lakhs was overdue for more than three years from the following :—

	<i>Amount Overdue</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	<i>(in lakhs of rupees)</i>		
Haryana State Electricity Board	1,54.69	—**	1,54.69**
Municipal Corporations and Municipalities	10.66	20.97	31.63
Improvement Trusts	13.87	9.92	23.79
Total	1,79.22	30.89	2,10.11

1.8. Debt position

(a) The outstanding public debt of the Government at the end of 1973-74 was Rs. 2,88.44 crores. An analysis of the debt compared with the debt at the end of preceding two years is given below :—

	<i>Public debt on 31st March</i>		
	1972	1973	1974
	<i>(in crores of rupees)</i>		
Permanent debt (open market loans)	22.41	30.66	38.70
Floating debt	28.59	2.12	8.77
Loans from the Government of India	1,69.67	2,13.61	2,30.87
Other loans (loans from autonomous bodies)	8.33	9.63	10.10
Total	2,29.00	2,56.02	2,88.44

* These are interest-free loans.

** No interest was paid by the Board. Arrears of interest cannot be worked out as the rate of penal interest applicable to the loans has not been decided by the Government.

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 the 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 made by debit to "R-Inter-State Settlement".

During 1968-69, 1971-72 and 1972-73, Rs. 0.69 crore, Rs. 0.74 crore and Rs. 1.06 crores were paid respectively to Punjab Government as the State's share towards debt liability. No loans matured during 1967-68, 1969-70, 1970-71 and 1973-74 necessitating any payment on this account.

Details of the transactions under public debt during 1973-74 are given below :—

	Loans		Net increase(+)/ decrease (—)
	Raised	Discharg- ed	
(in crores of rupees)			
(i) Permanent debt	8.04	..	(+)8.04
(ii) Floating debt	69.84	63.19	(+)6.65
(iii) Loans from the Government of India	38.89	21.63	(+)17.26
(iv) Loans from autonomous bodies (comprising loans from Reserve Bank of India, National Co-operative Development Corporation, Life Insurance Corporation of India and Central Warehousing Corporation)	1.05	0.58	(+)0.47
Total—Public debt	1,17.82	85.40	(+)32.42

(b) *Open market loans*—During the year a loan of Rs. 8.04 crores bearing 5½ per cent interest was raised by the Government at par and was realised in cash. This is redeemable at par in 1985.

(c) *Loans from the Government of India*—Loans received from the Government of India and outstanding at the end of 1973-74 (Rs. 2,30.87 crores) formed 80 per cent of the total public debt of the Government.

Rupees 1.50 crores were sanctioned by the Government of India in April 1973 as Other Ways and Means Advance to the State Government to clear overdrafts with the Reserve Bank of India. The entire advance was repaid during the year by adjustment against the State's share of divisible taxes and other amounts due from the Government of India. Rupees 0.54 lakh were paid as interest on this advance.

The loans received from the Government of India by the composite Punjab State and outstanding on the 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, the share of liability for this debt has been provisionally allocated to Haryana State and is included in the amount of Rs. 2,30.87 crores.

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 the 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 of Punjab 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 the 31st March 1965. Realisation made from the displaced persons after the 1st January 1964 would be credited to the account of the Government of the composite State of Punjab and its liability to the Central Government for these loans would 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 exact amount was to be finally determined after departmental figures were reconciled with those of the Accountant General; reconciliation is still to be made (August 1975). 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 the 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 to be written off has not been taken so far.

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 were allocated among 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, the unfunded debt (comprising mainly the provident fund balances of Government servants) 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 1972, 1973 and 1974 was as under :—

	<i>Total debt on the 31st March</i>		
	1972	1973	1974
	<i>(in crores of rupees)</i>		
Public debt	2,29.00	2,56.02	2,88.44
Unfunded debt	9.68	14.15	19.24*
Interest bearing obligations such as depreciation reserve funds of commercial undertakings	2.95	3.80	4.54
Non-interest bearing obligations, such as deposits of local funds, civil deposits and other earmarked funds, etc.	48.39	47.53	54.04*
Total	2,90.02	3,21.50	3,66.26

(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. 15 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 (Rs. 1,80 lakhs as ordinary and Rs. 90 lakhs as special ways and means advances) or by selling Government of India treasury bills held by the State Government. (The limit for the 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 thereafter the Government is not able to maintain the minimum balance, the Bank allows overdrafts (the rate of interest being six per cent during 1973-74). If the Government overdraws its account continuously for a period of more than seven days, the Bank is entitled to stop all payments on behalf of the Government except payments which are due to be made outside India.

The extent to which the Government maintained this minimum balance with the Bank in 1973-74 is shown below :—

Number of days on which the minimum balance was maintained without obtaining any advance	230
Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances	117

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

Number of days on which overdrafts had to be taken as minimum balance could not be maintained even after taking ordinary and special ways and means advances to the full extent

18

Ways and means advances of Rs. 54.70 crores were availed of during 1973-74. Rupees 2.12 crores were outstanding at the end of the previous year. Rupees 50.62 crores were repaid during 1973-74 leaving a balance of Rs. 6.20 crores. Interest paid on the advances was Rs. 9.60 lakhs (at six per cent per annum).

The Government also availed of overdrafts of Rs. 7.59 crores during 1973-74. The entire amount together with interest (Rs. 0.37 lakh) was repaid during the year leaving no balance.

The State Government obtained a temporary loan of Rs. 7.55 crores from the State Bank of India during the year for purchase of foodgrains for the Provincial Reserve of the State. Out of this, Rs. 4.98 crores were repaid during the year leaving a balance of Rs. 2.57 crores. Interest of Rs. 26.27 lakhs was paid (at the rate of 8½ per cent per annum) on this temporary loan.

1.9. Service of debt

The table below shows the net burden on revenue of interest charges on debt and other obligations during 1973-74 :—

	1973-74
	(in crores of rupees)
Interest paid on debt and other obligations	13.08
<i>Deduct—</i>	
(i) Interest realised on loans and advances given by the Government	1.27
(ii) Interest realised on investment of cash balance	0.16
(iii) Interest credited to revenue by debit to projects, etc., in the capital section	0.34
Net amount of interest charges	11.31

As against this, Rs. 9.28 crores were received as interest from investments in commercial departments, etc.

The Government also received Rs. 37.82 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) *Depreciation fund*—A sum equal to 1½ per cent of the nominal value of the total open market loans raised is set apart to form depreciation fund for purchasing securities of the loans for cancellation.
- (ii) *Sinking fund*—In addition to the annual contribution to the respective depreciation funds, an annual contribution (at rates decided by the Government from time to time) is made to a general sinking fund for amortisation of loans.

The balance in these funds at the commencement and close of the year are given below :—

<i>Name of fund</i>	<i>Balance on 1st April 1973</i>	<i>Addition</i>	<i>Withdrawal</i>	<i>Balance on 31st March 1974</i>
	(in lakhs of rupees)			
Depreciation funds	1,56.16	51.93	..	2,08.09*
Sinking fund	8,52.79	3,23.63	..	11,76.42*
Total	10,08.95	3,75.56	..	13,84.51

Out of the total balance in the sinking fund, Rs. 13.60 lakhs were invested in securities of the Government of India. The balance was merged in the general cash balance of the State Government.

(b) Loans from the Government of India

The balance of loans taken from the Government of India at the end of 1973-74 was Rs. 2,30.87 crores. The State Government has made amortisation arrangements for repayment of certain of those loans as shown below :—

<i>Sinking fund</i>	<i>Balance on 1st April 1973</i>	<i>Addition</i>	<i>Withdrawal</i>	<i>Balance on 31st March 1974</i>
	(in lakhs of rupees)			
1. Loans received for Bhakra Nangal Pro- ject	19,93.74	3,09.40	3,61.32	19,41.82

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

2. Loans received out of consolidated open market borrowings of Government of India	1,05.20	13.24	..	1,18.44
Total	20,98.94	3,22.64	3,61.32	20,60.26

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 1974) in the securities of the Government of India and other State Governments. The balance remained merged in the general cash balance of the State Government.

At the end of 1973-74 the State Government had a *minus* cash balance of Rs. 5.09 crores after taking into account investments out of general cash balance (Rs. 1.73 crores) and the earmarked funds (Rs. 3.57 crores), etc. Further details are given in Statement No. 7 of Finance Accounts 1973-74.

1.11. Guarantees given by the Government

Under Section 6(1) of the State Financial Corporation Act, 1951, the shares of the 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(2) of the above Act, the bonds and debentures of the State Financial Corporations are to be guaranteed by the State Government as to the repayment of principal and payment of interest. The total amounts guaranteed on behalf of Haryana Financial Corporation by the State Government on the 31st March 1974 under Sections 6(1) and 7(2) *ibid* were Rs. 7.27 crores.

Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit the payment of the principal and interest of any loans proposed to be raised by the State Electricity Board or of either the principal or the interest. The actual amount covered by the guarantee given on behalf of the Haryana State Electricity Board by the State Government as on the 31st March 1974 under this section was Rs. 41.19 crores.

Apart from the above, the State Government had guaranteed (to third parties) to the end of 1973-74 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 2 Government Companies, 1 Joint Stock Company, 3 Co-operative banks and Institutions, 51 Municipalities and Notified Areas Committees, 4 private parties and Haryana State Housing Board. The maximum amount guaranteed on their behalf to the end of 1973-74 was Rs. 1,51.55 crores against which loans, etc., actually raised by them were for Rs. 70.50 crores. No guarantee was invoked during 1973-74. Further details are given in Statement No. 6 of Finance Accounts, 1973-74.

1.12. Investments of the Government

In 1973-74, the Government invested Rs. 4.12 crores in Government companies (Rs. 1,72.05 lakhs), non-Government Commercial and Industrial Undertakings (Rs. 14.00 lakhs) and Co-operatives (Rs. 2,26.19 lakhs). Investment during the year included that in Haryana Breweries Ltd., Murthal,

(Rs. 11.14 lakhs out of Rs. 14.00 lakhs withdrawn for the purpose). Details are available in Statement No. 14 of Finance Accounts 1973-74.

The total investment of Government in the share capital and debentures of different concerns at the end of 1971-72, 1972-73 and 1973-74 was Rs. 14.21 crores, Rs. 21.34 crores and Rs. 26.13 crores respectively. Dividend/interest received therefrom during those years was Rs. 27.94 lakhs (1.97 per cent), Rs. 58.37 lakhs (2.73 per cent) and Rs. 37.82 lakhs (1.45 per cent) respectively. Details of these amounts are also given in Statement No. 14 of Finance Accounts 1973-74.

1.13. Utilisation certificates

During 1973-74, Rs. 6.65 crores were paid as grants to local bodies, *Zila Parishads*, *Panchayat Samitis* and other institutions. The financial rules of the Government require that certificates of 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 sanction of grants.

Out of Rs. 30.74 crores (5,171 cases) paid as grants during 1957-58 to 1972-73 and in respect of which utilization certificates were due, certificates for Rs. 26.98 crores (4,988 cases) are still awaited (December 1974). Of these, certificates for Rs. 10.93 crores (2,545 cases) are due for over three years. The departmentwise outstandings are mentioned in Appendix I. Departments from which certificates for the bulk of the amount are awaited are, Examiner, Local Fund Accounts in respect of *panchayati raj* institutions (number of certificates : 3,741 ; amount : Rs. 8.58 crores), Agriculture Department (number of certificates : 57 ; amount : Rs. 7.46 crores) and Education including Technical Education Department (number of certificates : 296 ; amount : Rs. 8.05 crores).

In the absence of the certificates, it is difficult to state to what extent the recipients spent the grants for the purpose or purposes for which these were given.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

The following table compares the expenditure during 1973-74 with the total of voted grants and charged appropriations for that year :—

		<i>Total grants/ appropriation</i>	<i>Actual expenditure</i>	<i>Saving(—)/ Excess(+)</i>
<i>(in crores of rupees)</i>				
<i>Voted—</i>				
Original	2,80.12	} 2,94.07	2,89.80	(—)4.27
Supplementary	13.95			
<i>Charged—</i>				
Original	1,32.57	} 1,32.59	1,05.64	(—)26.95
Supplementary	0.02			
<i>Total—</i>				
Original	4,12.69	} 4,26.66	3,95.44	(—)31.22
Supplementary	13.97			

The saving of Rs. 31.22 crores was the net result of saving of Rs. 66.14 crores in 39 grants (Rs. 39.19 crores) and 21 appropriations (Rs. 26.95 crores) and excess of Rs. 34.92 crores in 10 grants.

2.2. Supplementary grants/appropriations

In 1973-74, supplementary provision of Rs. 13.97 crores was obtained under twentyone grants and five appropriations. It would be seen from Appendix II that

- (i) in three grants the supplementary provision of Rs. 1.09 crores (exceeding rupees five lakhs in each case), proved unnecessary as the expenditure did not come up to even the original grant ;
- (ii) in two grants the supplementary provision (exceeding rupees five lakhs in each case) proved substantially excessive ; against the total supplementary provision of Rs. 0.46 crore in these cases, the amount actually utilised was Rs. 0.14 crore ; and
- (iii) in four grants the supplementary provision proved substantially inadequate, the final uncovered excess being Rs. 31.99 crores.

2.3. Excess over voted grants

(Wherever it appears below, 'O' stands for original grant and 'S' stands for supplementary grant).

The following ten cases of excess over voted grants require to be regularised under Article 205 of the Constitution :—

Serial No.	Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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(i) 4—Sales Tax

O	51,80,990	53,98,990	54,05,615	6,625
S	2,18,000			

Excess occurred under "A-Collection Charges" (expenditure : Rs. 54.06 lakhs ; provision : Rs. 53.99 lakhs).

(ii) 16—Education

O	22,96,18,130	22,96,18,130	23,85,15,957	88,97,827
S	..			

Excess occurred mainly under "A-University-(a) Grants to Universities and (b) Government Arts Colleges" (expenditure : Rs. 1,97.00 lakhs ; provision : Rs. 1,50.35 lakhs) and under "B-Secondary, F- Government secondary schools" (expenditure : Rs. 12,49.39 lakhs ; provision : Rs. 11,83.49 lakhs), partly offset by saving under other group heads. Excess was on account of payment of salaries (Rs. 49.48 lakhs) as also due to post-budget decision of the Government to sanction higher grants to Punjab and Kurukshetra Universities (Rs. 38.29 lakhs).

(iii) 26—Miscellaneous Social and Developmental Organisations

O	1,21,05,360	2,96,80,380	3,20,77,168	23,96,788
S	1,75,75,020			

Excess occurred mainly under Crash Scheme for Educated Unemployed (expenditure : Rs. 2,07.04 lakhs, provision : Rs. 1,75.75 lakhs), which was partly offset by saving under other group heads. Reasons for the excess have not been communicated (May 1975).

(iv) 28—Irrigation (Works)

O	7,52,91,150	8,14,27,860	9,33,70,056	1,19,42,196
S	61,36,710			

Excess, partly offset by saving under other group heads, occurred mainly under the following :—

Serial No.	Group head	Provision	Expenditure	Excess
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(in lakhs of rupees)

1.	43—Irrigation, etc. (Commercial)			
	1-A-Irrigation Works			
	(ii) Interest	5,43.73	6,24.63	80.90

Reasons for the excess have not been communicated (May 1975).

2.	(a) Productive Works—			
	(i) Working expenses—			
	A-2-Maintenance and Repairs	1,06.30	1,55.37	49.07

Excess was partly due to payment of *ad hoc* relief to work charged establishment, renovation and remodelling of minor irrigation works and expenditure on maintenance and operation of pumps including those of Loharu Canal.

Serial No.	Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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(v) 30-Public Works

O	5,43,90,590	} 5,53,43,360	23,76,76,353	18,23,32,993
S	9,52,770			

Excess occurred mainly due to excess of Rs. 18,43.38 lakhs under "Z-Suspense" (expenditure : Rs. 18,55.38 lakhs ; provision : Rs. 12.00 lakhs). Reasons for the excess have not been communicated (May 1975).

(vi) 31-Charges on Public Works
Department, Buildings
and Roads Establishment

O	2,65,00,000	} 2,65,00,000	2,75,49,622	10,49,622
S	..			

Excess occurred mainly under "A-8-Public Health Circle for Works done for Public Works" (expenditure : Rs. 44.39 lakhs ; provision : Rs. 25.00 lakhs) and was stated to be due to more outlay on sanitary works relating to buildings and road works than originally anticipated.

(vii) 38-Forest

O	1,36,58,000	} 1,40,51,850	1,40,74,659	22,809
S	3,93,850			

<i>Serial No.</i>	<i>Particulars of grant</i>	<i>Total grant Rs.</i>	<i>Expenditure Rs.</i>	<i>Excess Rs.</i>
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Excess was mainly due to higher expenditure on Crash Scheme for Rural Employment.

(viii) 42-Capital Outlay on Industrial and Economic Development

O	5,61,49,000	5,61,49,000	5,68,74,866	7,25,866
S	..			

Excess occurred mainly under (i) "B-Investment in Government Commercial and Industrial Undertakings" (expenditure : Rs. 81.00 lakhs, provision : Rs. 64.00 lakhs) due to higher share capital contributions to Haryana Financial Corporation and Haryana State Industrial Corporation and under "D-Investment in Co-operative Societies" (expenditure : Rs. 4,12.68 lakhs ; provision : Rs. 3,70.43 lakhs). Reasons for the excess under the latter head have not been intimated (May 1975). The excess was partly offset by saving under other group heads.

(ix) 43-Capital Outlay on Multipurpose River Schemes

O	20,49,00,000	20,49,00,000	22,35,01,892	1,86,01,892
S	..			

Excess occurred mainly under "III-Beas Dam Project" (expenditure : Rs. 22,01.31 lakhs ; provision : Rs. 20,05.00 lakhs). Reasons for excess have not been communicated (May 1975).

(x) 44-Irrigation (Capital)

O	6,71,57,150	15,94,28,910	28,26,41,998	12,32,13,088
S	9,22,71,760			

Excess occurred under the following group heads which was partly offset by saving under other heads :—

<i>Serial No.</i>	<i>Group head</i>	<i>Provision</i>	<i>Expenditure</i>	<i>Excess</i>
<i>(in lakhs of rupees)</i>				
1.	A-Irrigation Works Open Canals— (i) Productive-	7.60	9,88.53	9,80.93
	D—Suspense			
2.	B-Works	13,48.59	15,23.00	1,74.41
3.	Drainage, Flood Control and Anti-water Logging Schemes- CC-Suspense	5.00	1,16.64	1,11.64

Reasons for the excess have not been intimated (May 1975) except for excess of Rs. 35.44 lakhs which was due to higher expenditure on the Bibipur Lake, Loharu Canal, Jui Canal Projects and a canal system for the drought prone areas of the State.

2.4. Unutilised provision

It would be seen from Appendix III that in thirtyeight cases savings exceeded ten per cent of the grant/appropriation. In twentyseven cases, savings ranged between 20 and 100 per cent. Details of some cases of large savings are given below :—

INTEREST ON DEBT AND OTHER OBLIGATIONS

1. Interest on Debt and Other Obligations-(provision : Rs. 15.62 crores ; expenditure : Rs. 13.08 crores).

Saving (Rs. 2.54 lakhs) was partly due to conversion of short term loan of Rs. 22.72 lakhs into long term loan resulting in less payment of interest to the Government of India, less loans raised from the Commercial Banks with consequential less payment of interest (Rs. 43.73 lakhs) and less interest paid to the Reserve Bank owing to less drawal of ways and means advances (Rs. 25.00 lakhs). Reasons for savings under "Debt raised in India-(I)-Interest on Permanent Loans" (Rs. 85.26 lakhs), "Interest on other Floating Loans" (Rs. 15.03 lakhs) and "Interest on Other Loans" (Rs. 15.96 lakhs) have not been intimated (May 1975).

MEDICAL

2. Grant no. 17-Medical-(provision : Rs. 5.62 crores ; expenditure : Rs. 4.99 crores).

Saving (Rs. 63 lakhs) was mainly due to reduction in Plan ceiling and posts kept vacant (Rs. 37.66 lakhs), non-receipt of Government sanction for upgrading of the Department of Medicine at Medical College, Rohtak (Rs. 9.55 lakhs) and non-receipt of debit from the Government of India on account of medicines and equipment supplied (Rs. 2.22 lakhs).

PUBLIC HEALTH

3. Grant no. 18-Public Health-(provision : Rs. 6.22 crores ; expenditure : Rs. 5.05 crores).

Saving (Rs. 1.17 lakhs) was mainly due to reduction in Plan ceiling (Rs. 92.32 lakhs) and posts kept vacant (Rs. 5.62 lakhs). Reasons for saving of Rs. 24.60 lakhs under "A-Public Health Establishment" have not been intimated (May 1975).

FAMILY PLANNING

4. Grant no. 19-Family Planning-(provision : Rs. 2.38 crores ; expenditure : Rs. 1.12 crores).

Saving (Rs. 1.26 lakhs) occurred mainly due to less fulfilment of various targets (Rs. 72.47 lakhs), posts kept vacant (Rs. 31.10 lakhs), cut imposed on allocation by Government of India (Rs. 15.17 lakhs), non-purchase of contraceptives (Rs. 10.00 lakhs) as these were received free from the Government of India and non-receipt of debit in respect of vehicles supplied by Government of India (Rs. 7.35 lakhs). The savings were partly offset by excesses under certain other group heads.

AGRICULTURE

5. Grant no. 20-Agriculture-(provision : Rs. 7.31 crores; expenditure : Rs. 5.78 crores).

Saving (Rs. 1.53 lakhs) occurred mainly due to posts kept vacant (Rs. 38.71 lakhs), cut imposed by Government of India on centrally assisted items (Rs. 30.05 lakhs), sanctions being issued for less amounts than provided for in the budget (Rs. 29.19 lakhs), non-issue of Government sanctions for the schemes "Extension of oilseeds cultivation" and "Encouragement of the production of white onions" (Rs. 18.20 lakhs), non-issue of administrative approval for the creation of input cell (Rs. 7.00 lakhs) and non-spraying on paddy crops (Rs. 4.75 lakhs).

CAPITAL OUTLAY ON PUBLIC WORKS

6. Grant no. 32-Capital Outlay on Public Works- (provision : Rs. 2.12 crores ; expenditure : nil).

The provision under this grant was to accommodate debits for capital expenditure on certain works for which grants were expected to be received from the Government of India. The provision has remained unutilized for seven years in succession. No amount was surrendered. Reasons for non-surrender of the provision have not been intimated (May 1975).

7. Grant no. 45-Capital Outlay on Public Works-(provision : Rs. 21.40 crores ; expenditure : Rs. 17.61 crores).

Saving (Rs. 3.79 lakhs) was mainly due to non-acquisition of land for Urban Estates (Rs. 1.48.00 lakhs), slow progress of works due to non-availability of land at Karnal, Ambala and in some sectors of Urban Estates at Panipat and Panchkula (Rs. 73.92 lakhs), ban on construction work (Rs. 30.02 lakhs), non-finalisation of land acquisition cases (Rs. 17.11 lakhs) and reduction in Plan ceiling (Rs. 6.46 lakhs). Reasons for saving of Rs. 1.74 lakhs under "V-Communications-V-III-Crash Scheme for Rural Employment" (Rs. 1.25 lakhs) and "V-4-Special Employment Programme" (Rs. 49.00 lakhs) have not been intimated (May 1975). The savings were partly offset by excess under certain group heads.

CAPITAL OUTLAY ON SCHEMES OF GOVERNMENT TRADING

8. Grant no. 49-Capital Outlay on schemes of Government Trading-(provision : Rs. 70.01 crores ; expenditure : Rs. 49.96 crores).

Saving (Rs. 20.05 lakhs) was mainly due to shortfall in procurement of wheat during Rabi 1973 (Rs. 20,07.72 lakhs), non-receipt of debits on account of gunny bales and non-adjustment of other liabilities (Rs. 1,27.36 lakhs),

non-adjustment of debits for fertilizers purchased from the Central Pool (Rs. 84.29 lakhs) and short supply of fertilisers from the Central Pool (Rs. 40.00 lakhs). The savings were partly offset by excess under certain group heads.

PUBLIC DEBT

9. Public Debt-(provision : Rs. 1,09.66 crores ; expenditure: Rs. 85.41 crores).

Saving (Rs. 24,25 lakhs) was due to raising of less loans from the banks for the purchase of foodgrains (Rs. 33,02 lakhs) and conversion of ways and means advances sanctioned by the Government of India to clear the overdrafts during the year 1972-73 into a long term loan with liberalised terms of repayment (Rs. 6,08.00 lakhs), partly offset by excess under "Floating Debt" and "Loans from the Central Government".

CHAPTER III

CIVIL DEPARTMENTS

3.1. Detailed bills and utilisation certificates

Moneys are often drawn in advance on abstract bills which do not contain adequate details of the proposed expenditure. The facility of drawing the amount in advance on abstract bill is intended to expedite payment but a detailed bill containing all the particulars, with supporting documents, is required to be submitted to the Audit Office within 15 days of the close of the month in which the abstract bill is drawn. Detailed bills for Rs. 5.61 crores drawn on abstract bills during 1967-68 to 1973-74 have not yet (December 1974) been submitted. Delay in furnishing detailed bills results in the expenditure remaining unaudited and frauds, misappropriations, etc., if any, remaining undetected. (Reference may also please be made to paragraph 9.1 of Chapter IX of this Report).

For grants paid to outside bodies, departmental officers are required to certify, within 18 months of the payment, that the grants given have actually been used by the recipients for the purpose or purposes for which they were paid. Such certificates for Rs. 26.98 crores paid by the Government as grants during 1957-58 to 1972-73 have not yet (December 1974) been received. In the absence of these certificates, it is not possible to verify to what extent the recipients did not spend the grants for the purpose or purposes for which they were given (Reference may also please be made to paragraph 1.13 of Chapter I of this Report).

AGRICULTURE

3.2. Seed Farms

With a view to producing seeds of high genetic purity and quality for distribution to the farmers, 11 seed farms (area about 1,020 acres) being run through tenants were resumed by the Department during 1967-68 and 1968-69 for direct cultivation. A mention was made in para 28 of the Audit Report for 1969-70 about the working of these farms.

During the Fourth Five Year Plan (1969-74) an additional area of 1,580 acres was planned to be resumed.

The following points were noticed during audit of the programme.

- (i) Against an estimated outlay of Rs. 11.00 lakhs on running the farms between April 1969 and March 1974, the actual expenditure was Rs. 39.80 lakhs.

(ii) The production of fit seeds against the targets envisaged was as indicated below :—

Variety of seed	Crop year (July-June)									
	1969-70		1970-71		1971-72		1972-73		1973-74	
	Target	Achi- eve- ment	Target	Achi- eve- ment	Target	Achi- eve- ment	Target	Achi- eve- ment	Target*	Achie- vement*
(Figures in tonnes)										
Food-grains	1,060	538	1,120	609	1,200	672	990	525	2,300	1,542
Oilseeds	20	8	20	13	25	12	20	17	60	39
Cotton	34	52	33	34	35	29	180	45	700	416
Sugarcane	730	240	800	..	850	12	200	96	100	64
Total	1,844	838	1,973	656	2,110	725	1,390	683	3,160	2,061
Percentage of achievement		45		33		34		49		*

While giving evidence before the Public Accounts Committee on para 28 of the Audit Report for 1969-70, the departmental representative had stated (November 1973) that the shortfall up to 1972-73 was due to the following:—

- (a) production estimates were purposely kept on a higher side so as to gear the staff to achieve increased production ;
- (b) the success of oilseeds crop depended highly on weather conditions and incidence of pests ; and
- (c) in the case of sugarcane, it could not be included in the cropping scheme of the farms regularly owing to various factors.

In relation to the total production, the quantum of fit seeds in respect of foodgrains varied between 23 and 42 per cent during 1969-70 to 1972-73; it was 54 per cent in respect of cotton in 1971-72 and 1972-73 ; it varied in respect of sugarcane from 20 per cent in 1971-72 to 64 per cent in 1972-73 and for oilseeds from 25 per cent in 1969-70 to 65 per cent in 1971-72.

*The targets and achievement for 1973-74 represent the overall production of seeds. Figures of fit seeds obtained from the overall production during 1973-74 were not available with the Department (June 1975).

(iii) The average yield per unit area showed a decline (except during 1973-74) in some of the farms as indicated below :—

Sl. No.	Name of the crop	Farm	Average yield				
			1969-70	1970-71	1971-72	1972-73	1973-74
			(Quintals per acre)				
1.	Wheat H.Y.V.	Pundri	12.38	10.71	10.30	9.58	11.06
		Mangiana	8.48	6.01	7.52	3.60	10.51
		S.Gopalpur	10.74	10.55	8.64	6.40	Not sown
		Gugaheri	7.11	3.38	5.88	2.90	6.44
2.	Gram	Kohalwas	6.36	3.73	3.72	1.81	1.45
		Mangiana	4.55	1.66	1.83	1.59	2.50
		B.S. Farm, Hansi	5.01	3.36	2.57	3.35	1.00
		Gugaheri	4.09	3.09	1.15	0.90	2.38
3.	Cotton	Shamgarh	3.08	2.37	1.77	0.71	2.16
		Kohalwas	N.A.	N.A.	0.63	0.40	Not sown
		Mangiana	3.60	2.92	2.00	2.65	Not sown
4.	Sugarcane	Shamgarh	218.69	N.A.	200.54	118.12	127.85

N.A. : Not available.

(iv)(a) Barbed wire purchased in March 1972 at a cost of Rs. 0.36 lakh for fencing the seed farm at Hansi was lying unutilised (April 1975). It was stated by the Department (March 1974) that fencing could not be provided as cement and bricks were not available.

(b) A sum of Rs. 0.05 lakh was found short in the cash chest of the Farm Superintendent, Agricultural Station, Hansi, on the 6th February 1974 during a surprise check conducted by the Chief Training Officer, Hansi (the Station was under his control). The case was stated to have been registered with the police ; the result of police investigation is awaited (April 1975).

(c) A sum of Rs. 0.17 lakh was spent by the Deputy Director of Agriculture, Sirsa, in March 1972 on the installation of a tubewell in a tenant-cultivated farm, not covered by the programme. However, the tubewell was yet (April 1975) to be commissioned. It was stated by the Department (March 1974) that the tubewell was installed at this farm as an advance action to bring the farm under direct cultivation.

(d) An unspent amount of Rs. 0.03 lakh stated to have been refunded by the Agricultural Engineer, Haryana, to the Deputy Director of Agriculture, Sirsa, in July 1970 had not been accounted for in the books of the latter (April 1975).

ANIMAL HUSBANDRY**3.3. Intensive Cattle Development Blocks**

A mention was made in paragraph 32 of the Audit Report for 1969-70 about the working of the Intensive Cattle Development Blocks (Projects) at Karnal and Gurgaon during 1967-68 to 1969-70. A scrutiny conducted for the subsequent period disclosed the following.

- (i) An expenditure of Rs. 1,12.23 lakhs was incurred on these projects between 1970-71 and 1973-74 as under :—

	<i>Rs. in lakhs</i>
Establishment	61.24
Contingencies	13.53
Civil works	12.46
Grants	4.00
Loans	21.00

- (ii) The projects were introduced to serve the Delhi Milk Scheme in particular. The position regarding the milk supplied to the Delhi Milk Scheme by the Co-operative Societies (through which extension work was to be undertaken) in Karnal and Gurgaon projects during the years 1969-70 to 1973-74 was stated to be as under :—

Karnal project

<i>Year</i>	<i>Total quantity marketed (quintals)</i>	<i>Quantity supplied to the Delhi Milk Scheme (quintals)</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)
1969-70	14,539	14,539	100
1970-71	3,471	3,471	100
1971-72	2,486	789	32
1972-73	5,998	Nil	Nil
1973-74	8,309	Nil	Nil
	Gurgaon project		
1969-70	4,925	4,925	100
1970-71	11,167	11,167	100
1971-72	19,434	19,434	100
1972-73	28,054	28,054	100
1973-74	20,980	7,537	36

The procurement of milk by the Delhi Milk Scheme from the two project areas from all sources during the years 1969-70 to 1973-74 was as shown below :—

Year	Karnal project (in lakhs of quintals)	Gurgaon project
Before the introduction of the scheme	Not available	1.90
1969-70	-do-	2.83
1970-71	-do-	2.51
1971-72	-do-	2.50
1972-73	-do-	1.89
1973-74	-do-	0.75

The above statements indicate that the supply of milk to the Delhi Milk Scheme from the project areas reduced to a great extent from 1971-72 onwards in respect of Karnal and from 1972-73 onwards in respect of Gurgaon project.

The decrease was attributed (July 1974) by the Project Officers to the following factors, amongst others :—

(i) un-remunerative procurement rates of the Delhi Milk Scheme, (ii) competition from the Haryana Dairy Development Corporation and other private agencies which paid higher rates and provided additional facilities such as free supply of chemicals and equipment for fat test and lifting of milk from the headquarters of the Societies, (iii) delay in payment by the Delhi Milk Scheme and (iv) theft of milk in transit.

(iii) In order to assess the progress in respect of milk yield, a Life History Card was to be maintained for each crossbred heifer from the period it reached maturity. In Gurgaon project, against 5,395 female calves born to end of December 1972 and reaching maturity by September 1974, the number of cards maintained was 205, i.e., 4 per cent of the total. Information regarding the maintenance of cards in respect of Karnal project was awaited (May 1975). The average yield of milk from crossbred heifers as compared to that from ordinary/all types of heifers could not, therefore, be assessed. Departmental records indicated that after the introduction of the project, the average daily yield of milk from milch cattle in the milk shed area of Karnal project registered an increase from 2.50 Kgs. in 1966-67 to 2.77 Kgs. in 1973-74 in respect of cows, while there was no sustained increase in the daily yield of 4.3 Kgs. in respect of buffaloes. The average daily yield of milk in respect of cows and buffaloes before the introduction of the project was not available in respect of Gurgaon project. According to the information supplied by the Department, however, the average daily yield of milk increased from 2.36 Kgs. and 3.86 Kgs. in 1970-71

to 3.11 Kgs. and 4.30 Kgs. in 1973-74 for cows and buffaloes respectively in the Gurgaon project.

- (iv) During the years 1970-71 to 1973-74, the successful inseminations were stated to be as follows :

Name of the project	Year			
	1970-71	1971-72	1972-73	1973-74
Karnal—				
Cows	28%	26%	29%	31%
Buffaloes	34%	40%	39%	41%
Gurgaon—				
Cows	37%	22%	27%	22%
Buffaloes	31%	28%	49%	34%

According to the Department, the conception rate should be between 35 and 50 per cent in respect of cows and between 30 and 45 per cent in respect of buffaloes. The low rate of conception was attributed by the Department (August 1974) to (i) untrained inseminators/stockmen ; (ii) under-feeding of the livestock ; (iii) breeders not bringing their animals at the proper time of heat or bringing animals which already had natural service ; and (iv) deficiency diseases, the area being deficient in minerals and trace elements.

- (v) The utilization of semen collected from exotic bulls for cross breeding purposes ranged from 17 to 29 per cent in Karnal project and from 12 to 21 per cent in Gurgaon project. The low utilization of semen was attributed by the Department (August 1974) to (i) apathy on the part of villagers towards artificial insemination ; (ii) presence of scrub bulls in the villages ; and (iii) untimely transfers of stock assistants.
- (vi) A sum of Rs. 9.60 lakhs was paid between 1967-68 and 1971-72 as grants to *Panchayat Samities* for construction, within 18 months, of stockmen centres at the rate of Rs. 5,000 per centre. Out of 192 centres for which grants were paid, 86 centres (Gurgaon 58 and Karnal 28) had not been constructed/completed upto May 1975.
- (vii) Loans amounting to Rs. 26.10 lakhs were paid to the Central Co-operative Bank, Gurgaon, during 1968-69 to 1973-74 for disbursement to Co-operative Milk Supply Societies for purchase of milch animals. While the principal has been repaid by the bank, interest on the loans had not been assessed and recovered (May 1975) due to non-fixation of the rate of interest by the Government.

The matter was referred to the Government in March 1975 ; its reply is awaited (May 1975).

3.4. Pilot Project for Pork Processing

With a view to processing the surplus and culled stock of Government pig breeding farms and private breeders, a Scheme for establishing a pork processing plant at Ambala was submitted to the Government by the Director of Animal Husbandry in January 1970. The Scheme aimed at handling one to three pigs a day and marketing the produce. The receipts during 1970-71 were anticipated at Rs. 0.90 lakh against an expenditure of Rs. 0.70 lakh. No such estimates were made for later years. The Department went ahead with the Scheme in anticipation of Government's approval and purchased equipment worth Rs. 0.40 lakh and started production from October 1970 at the Pig Breeding Farm, Ambala. Pigs of Government farms only were handled as under :—

1970-71	60 numbers
1971-72	44 numbers
1972-73	24 numbers
1973-74	26 numbers

Receipts accruing from the operations from October 1970 to October/November 1973 amounted to Rs. 0.22 lakh against running expenses of Rs. 0.19 lakh which did not include rent, electricity, water, depreciation and other overheads common to Pork Processing Plant and the Pig Breeding Farm. Low receipts were attributed by the Director, Animal Husbandry, to non-running of the unit to full capacity as surplus and culled animals of Government farms only were processed in the initial stages. The processing work was suspended in October 1973 for want of Government sanction to the Scheme. As a result, equipment worth Rs. 0.40 lakh has been rendered surplus. *Ex post facto* sanction to the expenditure incurred till October 1973 was issued by the Government in November 1974 with instructions not to incur such expenditure in future without prior approval of the Government.

INDUSTRIES

3.5. Recoveries from a firm

An order for the supply of 162 tonnes of mild steel rounds of different sizes was placed by the Controller of Stores on a firm at Rohtak in January 1970. The order was on behalf of Kaithal Drainage Division. Delivery was to be made within 15 days. Ten per cent of the value of steel was to be deposited with the Government as security within a week of the supply order. The firm did not furnish the security deposit. Twelve tonnes of mild steel rounds were supplied upto March 1970. The balance quantity was not supplied despite extension of time by the Controller of Stores. The firm was served with a notice in June 1970 requiring it to supply the balance material failing which purchase would be made at its risk and cost. The contents of the firm's reply, if any, are not known (May 1975).

Based on the decision of the Standing Purchase Committee, an order for the supply of 117 tonnes of mild steel rounds was thereupon placed

(July 1970) with another firm at Kanpur at the risk and cost of the first firm. The firm at Kanpur supplied (July to September 1970) 115.40 tonnes mild steel rounds which cost Rs. 0.26 lakh more.

No action to recover the extra amount from the first firm appeared to have been taken by the Controller of Stores till January 1973 when the Department referred the case for arbitration. The award of the Arbitrator is awaited (June 1975).

The matter was referred to the Government in September, 1974; its reply is awaited (May 1975).

LOTTERIES

3.6. Haryana State Lotteries

For mobilising additional resources for its development plans, the Government introduced a lottery scheme in September 1968. A review of the working of the scheme upto March 1970 appeared in paragraph 40 of the Audit Report for 1969-70. Certain cases of irregularities were also mentioned in paragraph 23 of the Audit Report for 1971-72 and paragraph 3.8 of the Audit Report for 1972-73. Further points noticed in the working of the scheme upto 31st March 1974 are stated below :—

(i) Trend of revenue

The estimated net income and ^{the} actual net realisations in the last four years were as under :—

	1970-71	1971-72	1972-73	1973-74
	(in lakhs of rupees)			
Estimated net income	1,77.22	1,10.00	82.05	23.70
Net realisations	1,04.28	20.98	27.77	23.63
Shortfall	72.94	89.02	54.28	0.07

Brief details of the working of the scheme in these years were :—

	1970-71*	1971-72*	1972-73*	1973-74*
Number of draws	15	7	8	12
	(in lakhs of rupees)			
Gross collection	3,04.93	1,69.45	1,12.77	1,20.64
Commission to agents	98.77	58.50	43.11	39.08
Prizes paid	86.10	71.63	30.41	43.60
Prizes unclaimed	14.64	5.33	9.03	6.32
Printing and publicity	11.83	13.70	6.48	7.80
Establishment and Miscellaneous	3.95	4.64	5.00	6.53
Net realisations including unclaimed prizes	1,04.28	20.98	27.77	23.63

*The expenditure on lotteries and receipts therefrom shown are those furnished by the Department.

The margin of surplus available for financing development activities came down sharply from Rs. 1.04 lakhs in 1970-71 to about 1/5th thereof in later years.

(ii) *Misappropriation*

A sales assistant, who was issued 4.6 lakh tickets in October and November 1972 for the 39th draw, furnished a statement in January 1973 showing a sale of 4.45 lakh tickets (value : Rs. 3.02 lakhs) and returned the balance tickets. The sale proceeds were shown as adjusted/credited into the treasury. On enquiry by the Director of Lotteries, the treasury intimated (January 1973) that a sum of Rs. 2.53 lakhs had not been deposited. The assistant was, however, again issued 0.60 lakh tickets for the 41st draw in February 1973. Out of Rs. 0.35 lakh, being the value of 0.50 lakh tickets sold, Rs. 0.34 lakh were allegedly misappropriated. The sales assistant was suspended in April 1973 and the case registered with the police in May 1973. The case is under trial (August 1975) in a court of law. The Department informed Audit in March 1974 that the sales assistant was issued tickets for the draws subsequent to detection of short deposit by him as, in the event of his suspension, the agents would have lost confidence in him and would not have paid him the amounts due from the agents for tickets sold to them on credit. It was further stated that 1.31 lakh tickets of the 39th draw and 0.11 lakh tickets of the 41st draw (value : Rs. 0.97 lakh) had been deposited by the sales assistant in the court. The misappropriation was facilitated as no periodical sale statements were prescribed and obtained, sale of subsequent draw was entrusted to him when non-deposit against the earlier draw was already noticed, sale was made on credit to the agents though not permissible, and no security was obtained from the sales assistant. An amount of Rs. 1,320 for the 40th draw is also recoverable from him, for which no report was made to the police.

CIVIL AVIATION

3.7. Making Haryana Air-minded

With a view to increasing agricultural production by controlling pests and diseases through aerial crop spray and providing employment potential in the field of aviation, a scheme "Making Haryana Air-minded" was included in the Fourth Five Year Plan (1969-74). It aimed at :—

- (a) the development of existing aerodromes at Hissar and Karnal and setting up of a new aerodrome and a new flying club at Kalka;
- (b) providing flying, gliding and aeronautical training to the maximum number of boys and girls;
- (c) the establishment of mobile flying/gliding centres;
- (d) undertaking departmentally aerial crop spray;
- (e) the establishment of a workshop for engine overhaul and instrument overhaul and to undertake certification of airworthiness;

- (f) the setting up of a store to meet day to day requirements of the aviation clubs; and
- (g) the setting up of an institute for training of aircraft maintenance engineers.

A sum of Rs. 97.85 lakhs (Rs. 79.50 lakhs under 'Plan' and Rs. 18.35 lakhs under 'Non-Plan') was spent on the scheme during the Fourth Five Year Plan as detailed below :—

	<i>Amount (Rs.lakhs)</i>
(i) Aviation works	64.95
(ii) Purchase of aircraft	10.88
(iii) Grants to aviation clubs	12.15
(iv) Establishment	5.66
(v) Loans and scholarships to trainees	2.07
(vi) Maintenance and repair of aerodromes	2.03
(vii) Miscellaneous	0.11
Total	97.85

An audit of the scheme conducted in February—March 1974 brought out the following points :—

(i) A sum of Rs. 10 lakhs was advanced in March 1971 to Haryana State Co-operative Marketing and Supply Federation for the purchase of two helicopters for aerial spray on crops without indicating the type of helicopter required. The proposal to make the purchase through the Federation was dropped at the end of 1971. The Federation paid the amount in June 1974, under instructions from the Government, to the Haryana Agro-Industries Corporation for the purchase of two fixed wing aircraft to be imported from a foreign country. The Department stated that recovery of interest on the advance was not provided under the terms of the advance and was not recovered.

Meanwhile, a 'Piper Cherokee' aircraft was purchased from a firm through negotiations in February 1972 (cost : Rs. 1.40 lakhs) for imparting, *inter alia*, advanced training in aerial crop spraying to pilot trainees. It was not, however, used (July 1975) for training purposes. The aircraft was used instead for official flights. For this purpose too, the aircraft was utilised for 105 flight hours only till July 1975, having remained completely idle from 4th February 1973 to 17th August 1973; 8th November 1973 to July 1974 and again from September 1974 onwards (July 1975).

Spray equipment worth Rs. 0.20 lakh purchased a year after the acquisition of the aircraft has consequently remained unused (April 1975).

(ii) The target was to acquire 20 training aircraft, 2 chartered flying aircraft, 4 gliders and 2 helicopters. Against this, only 4 training aircraft (cost : Rs. 2.10 lakhs), two chartered flying aircraft (cost : Rs. 8.55 lakhs) and one glider (obtained free of cost from the Government of India) were acquired upto March 1974. The shortfall was attributed by the Department (March 1975) to non-allocation of gliders by the Ministry of Defence and non-supply of aircraft by Hindustan Aeronautics Ltd., Bangalore, to whom the requirements had been communicated in May 1969. Out of 12 aircraft available for training during 1968-69 and four more acquired later (two each in September 1969 and March 1971) and placed at the disposal of the aviation clubs at Karnal and Hissar, seven were awaiting repairs during 1973-74, four had been written off and one was awaiting (April 1974) write off. No new flying club/gliding club was established, during the Fourth Five Year Plan period due to non-availability of aircraft and because of the Government of India's policy of permitting not more than one gliding club in a State.

(iii) Only 51 persons were trained for commercial pilot licence and 63 for private pilot licence during the Fourth Plan period against the programme of training 100 persons for commercial pilot licence and 400 persons for private pilot licence. Against 189 trainees on roll with the aviation clubs during 1968-69, the trainees on roll during 1973-74 numbered 85, the number came down to 50 by March 1975. The shortfall was attributed (March 1975) by the Adviser, Civil Aviation, to (a) increased cost of flying, (b) restriction imposed (April 1971) by the Government of India in providing subsidized flying, and (c) delay in getting imported agricultural aircraft.

(iv) The Kalka workshop to undertake certification of airworthiness of aircraft and engine/instrument overhaul, initially expected to be ready by August 1970, was actually completed in October 1973 and started functioning from June 1974.

The delay in completing the workshop was attributed by the Department (March 1974) to the following :—

- (a) change in location from Hissar to Kalka decided upon by the Government in December 1971 and land at Kalka being made available only in April 1972 ; and
- (b) construction of the building did not proceed according to schedule due to changes made in design and specifications after start of construction and due to shortage of material.

The time lag between the completion of the workshop and its commissioning was stated (March 1975) to be due to delay in positioning the staff

and non-supply of major components by Hindustan Aeronautics Limited against the orders placed in June 1973.

The aviation clubs are located in Karnal and Hissar. The workshop was initially proposed to be set up at Hissar and according to the Adviser, Civil Aviation, Haryana (March 1969), no additional building would have been required for it except one additional hanger and about 5 rooms attached to it. The workshop was, however, established at Kalka, necessitating the construction of a separate workshop building at a cost of Rs. 3.62 lakhs (upto March 1975). According to the Department, location of the workshop was changed to Kalka on the ground that V.I.P. aircraft could be stationed there and the consideration that the Adviser, Civil Aviation, who is stationed at Chandigarh, would thereby be able to exercise better administrative and technical control, both on the workshop and maintenance, and on operation of the V.I.P. aircraft.

The central store for meeting the day to day requirements of aviation clubs was set up at Kalka in June 1974.

- (v) Mobile flying/gliding centres were not established although 30 such centres were envisaged to be established for popularising aviation amongst the rural masses. This was attributed by the Department (March 1975) to (a) inadequacy of funds, (b) non-availability of suitable sites for establishing the centres, and (c) non-availability of equipment needed for air-co-ordination. A sum of Rs. 1.10 lakhs provided in the budget between 1969-70 and 1972-73 was diverted to other purposes covered by the Scheme.
- (vi) The following points were noticed concerning the execution of various works for development of existing aerodromes and the setting up of the new aerodrome at Kalka.
 - (a) All the works (numbering 47, estimated to cost Rs. 53.70 lakhs) had been taken up by the Public Works Department in anticipation of technical sanction to the estimates. The estimates (Rs. 47.03 lakhs) in respect of 41 works have not been sanctioned so far (March 1974).
 - (b) A sum of Rs. 0.33 lakh was incurred on levelling and partial dressing of an air-strip near Narnaul during 1972-73. Thereafter the work was suspended due to want of sanction of the Government to the execution of the work. The Department stated (February 1975) that an amount of Rs. 5.00 lakhs had been sanctioned during 1974-75 for construction of a portion of pucca runway and the work had been taken up.
- (vii) Grants amounting to Rs. 12.15 lakhs were paid to Hissar and Karnal Aviation Clubs during 1969-70 to 1973-74. One of the conditions for the grants was that the clubs would maintain in serviceable condition a minimum of 75 per cent of the total number of aircraft and gliders available with them. This requirement was, however, not fulfilled by the clubs during any of the years 1969-70 to 1973-74. For example, during 1973-74, in

Hissar Aviation Club, out of six aircraft only two were serviceable during part of the year. During the same year, in Karnal Aviation Club, out of 6 aircraft only two remained serviceable throughout the year and three for part of the year. The Department stated (March 1975) that the Aviation Clubs could not keep enough number of aircraft in serviceable condition because of lack of support in the supply of spares and repair material by Hindustan Aeronautics Ltd., collapse of a hanger at the Hissar Club in May 1973, four major accidents in 1972-73 and 1973-74 and non-replacement of unserviceable aircraft owing to stoppage of production of 'Pushpaks' by Hindustan Aeronautics Ltd.

MEDICAL AND HEALTH

3.8. Avoidable expenditure

An order for the supply of two high pressure rectangular sterilizers for installation in the civil hospitals at Bhiwani and Hissar was placed in January 1971. The supplier pointed out that these sterilizers would not work without boilers and offered to supply two electrically operated boilers for Rs. 0.08 lakh. The Chief Medical Officer, Hissar, agreed to these electrically operated boilers in January 1971. However, the order for the boilers placed in March 1971 was for the supply of two oil-fired boilers, instead of electrically operated ones, together with auxiliary equipment and fittings. These cost Rs. 0.37 lakh. By purchasing oil-fired boilers, in place of electrically operated ones, the Department incurred avoidable extra expenditure of Rs. 0.29 lakh.

Views of the Department, sought in December 1972 and again in March 1974, are awaited (February 1975). The matter was referred to the Government in December 1974; its reply is awaited (May 1975).

3.9. Time expired medicines

In the Employees' State Insurance Hospital, Jagadhri, medicines valuing Rs. 0.18 lakh out of those purchased during 1969-70 remained unutilised till the expiry of their life (December 1969 to August 1970). Non-utilisation of the medicines varied between 55 and 100 per cent of the quantities purchased and was 15 per cent of the total purchases (Rs. 1.20 lakhs) made during 1969-70. The acceptance of medicines with expiry period shorter than two years as stipulated in the purchase orders resulted in a loss of Rs. 0.18 lakh.

The matter was reported to the Department in June 1973. The Department informed (September 1974) that explanations of various Medical Officers were being called to determine responsibility for the loss.

3.10. Purchase of defective equipment

- (a) Four dental units costing Rs. 0.73 lakh were purchased in March 1971 and one dental unit costing Rs. 0.09 lakh in March 1972. The units were not tested/inspected before purchase. They are lying idle due to manufacturing defects which the supplier has not rectified so far (September 1974).

Action taken by the Department against the supplier was enquired in December 1972 and October 1974; reply is awaited (February 1975). Information regarding action taken against defaulting officials, if any, is also awaited (April 1975).

- (b) Seventyseven automatic voltage stabilizers costing Rs. 0.27 lakh were purchased for the Medical College, Rohtak, during April-October 1972 after requisite inspection. Of these, 37 stabilizers costing Rs. 0.13 lakh are lying idle due to manufacturing defects, not noticed during inspection, which have not been rectified by the suppliers so far (April 1975). The Department stated (April 1975) that the Controller of Stores had advised that the repairs of the transformers be done at the supplier's cost out of the balance payment of 10 per cent (Rs. 0.02 lakh) which was still to be made to the supplier. Since the estimated cost of repairs (Rs. 0.03 lakh) exceeded the balance payment, the repairs have not been got done so far (April 1975).
- (c) In June 1972, the Department purchased 22 recording drums with meters costing Rs. 0.11 lakh. While considering the quotation of the firm, the Department had recommended acceptance of the drums subject to prior approval of the sample by the Professor incharge of the Medical College, Rohtak. But in the purchase order placed by the Controller of Stores, goods were required to be inspected by the Superintendent, Quality Marking Centre, Ambala, without mentioning the condition of the indenting Department regarding prior approval of the sample by the Professor incharge of the Medical College, Rohtak. All the recording drums received in June 1972 were found to be defective and are lying idle (April 1975). The firm appears to have agreed in September 1973 to set right the defects; results are awaited (April 1975).

3.11. Idle equipment

- (a) Nine-X-Ray plants purchased for Rs. 4.11 lakhs between February 1971 and March 1972 and two X-Ray plants donated (August 1970 and November 1972) by UNICEF (value : Rs. 1.60 lakhs) for use in various hospitals in the State remained idle for one to four years for want of space to instal them, non-obtaining of power supply, non-appointment of operating personnel or incomplete supply of equipment by the suppliers.

Three of these plants, one (cost: Rs. 0.33 lakh) purchased in March 1971, another (cost: Rs. 0.28 lakh) purchased in March 1972 and the third donated by UNICEF for T.B. Clinic in August 1970 are still (January 1975) lying unused.

The matter was referred to the Government in December 1974; its reply is awaited (May 1975).

- (b) X-Ray plants and other equipment valuing Rs. 8.89 lakhs purchased (July 1971-March 1974) for the Medical College, Rohtak, remained un-installed for periods ranging from one year to over

three years (April 1975) for want of electric connection, shifting of a section, non-completion of building, non-availability of films or want of instruction book for installation.

Two of these units (cost ; Rs. 0.56 lakh) purchased in August 1972 were installed in September 1974 but these have not been commissioned so far (April 1975); the other units were installed only in April 1975.

The matter was referred to the Department in September 1974. The Department stated (November 1974) that the installation was delayed as construction of buildings and electrification, etc., were taken up after the receipt of the machinery.

EDUCATION

3.12. Embezzlement

The staff of the Government Girls Higher Secondary School, Kaithal, were not paid their salaries for the month of June 1973 upto the 24th July 1973. An enquiry made by the Principal of the school with the State Bank of India on the 25th July 1973 disclosed that the school clerk had already encashed the bills on the 7th July 1973.

Internal audit conducted from 16th August 1973 to 19th August 1973 disclosed that Rs. 0.35 lakh (Rs. 0.25 lakh of Government money and Rs. 0.10 lakh of pupils' funds accounts, etc.) had been embezzled. The embezzlement was effected by non-disbursement of the amounts drawn from the treasury and by not depositing the receipts into the treasury. It was facilitated due to non-observance of the following requirements of the rules :—

- (i) Physical verification of cash was not done regularly.
- (ii) Remittances into and withdrawals from the treasury were not reconciled with entries in the cash book.
- (iii) Bill register was not maintained properly.
- (iv) No security was obtained from the school clerk.
- (v) Double lock was not provided; the safe had only one key which remained with the school clerk.

The school clerk was suspended on 30th July 1973 and the F.I.R. lodged with the police.

The Department stated in March 1975 that the case was under trial in a court of law.

PUBLIC RELATIONS

3.13. Subscription dues

The outstanding dues on account of the supply of a priced journal to Panchayats increased from Rs. 0.27 lakh to Rs. 0.70 lakh between December 1967 and December 1974.

The accumulation of arrears was attributed by the Director, Public Relations to the following :—

- (i) the system of recovery of subscriptions in advance was not introduced as, according to the Department, it would adversely affect the publicity work;
- (ii) the Block Development and Panchayat Officers who were asked to realise the subscriptions did not take adequate action in the matter; and
- (iii) the recoveries for the year 1973 (Rs. 0.11 lakh) were not enforced as revision of the price of the journal, taken up with the Government in October 1972, was decided in February 1974.

The Government informed Audit (January 1975) that action to recover the dues has since been taken at the highest level.

GENERAL

3.14. Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 1974 on which final action was pending at the end of April 1975 were as follows :—

	<i>Number of cases</i>	<i>Amount (Rupees in lakhs)</i>
Cases reported upto the end of March 1973 and outstanding on 31st August 1973	235	67.69
Cases reported between April 1973 and March 1974	45	1.89
Total	280	69.58
Cases closed between September 1973 and April 1975	84	5.60
Balance	196	63.98

Of these

- (i) 79 cases (Rs. 10.34 lakhs) were outstanding for more than five years.
- (ii) 141 cases (Rs. 18.61 lakhs) were outstanding with the Departments of Buildings and Roads, Irrigation, Transport, Education and Agriculture.

Appendix IV shows department-wise and year-wise analysis of cases in which departmental action and criminal prosecution had been completed by 30th April 1975 and Appendix V cases which were still under departmental investigation or criminal prosecution on that date.

3.15. Write off of losses, revenue, etc.

In 255 cases, losses (Rs. 1.88 lakhs) due to theft, fire, irrecoverable revenue, duties, advances, etc., were written off/waived during the year. Details are given in Appendix VI.

CHAPTER IV
WORKS EXPENDITURE
IRRIGATION

4.1. Western Jamuna Canal Augmentation Project

The Western Jamuna Canal has nearly 28 lakh acres of culturable command area in Rohtak, Jind, Hissar, Mohindergarh and Karnal Districts. The perennial water requirement at the head of its Main Branch to irrigate the entire command area, excluding that covered by the Sirsa Branch, with 42 per cent to 50 per cent intensity factor is 9,100 cusecs. The Main Branch divides itself into two channels near Munak (46 Kilometres from Indri wherefrom the Sirsa Branch takes off), the Hansi Channel and the Delhi Channel, each having a perennial capacity of 4,000 cusecs.

According to the Department, full discharge was available in the Western Jamuna Canal only for a short period during monsoons, with the result that the two channels were worked in rotation and individual farmers get their turn for water after an interval of 32-40 days. For reducing the interval to 7-15 days, availability of water was required to be increased by about 1,500 cusecs. To meet this object, a project was prepared in 1971 for the construction of a lined 75 kilometre long Augmentation Canal, in lieu of an unlined one, to reduce seepage loss of about 500 cusecs. The Canal was to have winter discharge of 2,500-3,000 cusecs from a place opposite Yamunanagar; it was to run close and parallel to river Jamuna and was to outfall into the Western Jamuna Canal, 10 Kilometres upstream of Munak junction. The water supply in the Canal was also to be augmented through tubewells to be installed in two phases alongside the lined canal. The salient features of the project were as under :—

Serial No.	Particulars	Phase I	Phase II	Total
			(rupees in lakhs)	
1.	Estimated cost	9,96.92	3,48.35	13,45.27
2.	Increase in supply of water by			
	(i) Installation of tubewells	502 cusecs	490 cusecs	992 cusecs
	(ii) savings in seepage losses with the diversion of supply into lined channel	471 cusecs	(—)2cusecs	469 cusecs
	(iii) Total	973 cusecs	488 cusecs	1,461cusecs
3.	Additional area to be irrigated	1,33,140 acres	63,420 acres	1,96,560 acres
4.	Existing matured area in which capacity factor was to be improved	8,14,710 acres	No change	8,14,710 acres
5.	Benefit cost ratio	13 : 1	—	10 : 1

The annual working expenses of the Augmentation Canal were estimated at Rs. 88.12 lakhs exclusive of interest on capital outlay. The revenue expected to be realised from 4th year onwards of the commissioning of the canal at the then prevalent water rate of Rs. 9 per acre and betterment levy of Rs. 10 per acre was Rs. 35.47 lakhs thus showing an annual loss of Rs. 52.65 lakhs (excluding interest charges). The unproductive gap of Rs. 52.01 lakhs (capitalised value of loss : Rs. 7.52 lakhs, accumulated interest charges for 30 years at 7 per cent per annum : Rs. 44.49 lakhs) and the capital investment of Rs. 13.45 lakhs were proposed to be recovered from the cultivators in about 30 years by increasing the water rate to Rs. 31 per acre.

2. The scope of the Project was curtailed in May 1972 by omitting the second phase on the ground that it was not found safe to tap groundwater resources beyond 500 cusecs. The estimates were also revised as under :—

<i>Serial No.</i>	<i>Particulars</i>	<i>Original estimates for phase I</i>	<i>Revised estimates for the Project</i>
1.	Estimated cost	Rs. 9,96.92 lakhs	Rs. 12,69.99 lakhs
2.	Increase in supply of water by		
	(i) installation of tubewells	502 cusecs	460 cusecs
	(ii) savings in seepage losses	471 cusecs	469 cusecs
	Total	973 cusecs	929 cusecs
3.	Additional area to be irrigated	1,33,140 acres	1,37,550 acres
4.	Existing matured area in which capacity factor was to be improved	8,14,710 acres	8,14,710 acres
5.	Benefit cost ratio	13 : 1	9 : 1

While revising the project estimates, the working expenses on the commissioning of the Augmentation Canal were worked out at Rs. 48.41 lakhs and anticipated revenue at Rs. 24.83 lakhs resulting in an annual loss of Rs. 23.58 lakhs. The total of unproductive gap (reckoning interest charges at 10 per cent) and the capital cost, to be recovered from the cultivators, was worked out at Rs. 57,15.45 lakhs. This was sought to be covered by raising the water rate by Rs. 20 per acre over a period of about 30 years.

3. Rupees 13,03.14 lakhs were spent on the Project upto the end of March 1975. The Augmentation Canal (capacity 3,000 cusecs at the head and 3,923 cusecs at the outfall) was completed in December 1972 and water was let into the canal on the 10th January 1973.

The boring of the tubewells was entrusted to the Haryana State Minor Irrigation (Tubewells) Corporation Ltd. One hundred and six tubewells

with a discharge capacity of 374.5 cusecs had been commissioned by the time water was let into the canal as against 164 tubewells with a discharge capacity of 681 cusecs planned to be commissioned by that date. Fortytwo more tubewells (discharge capacity : 217.5 cusecs) have been commissioned (April 1975).

4. The construction and working of the Project was audited (July-September 1974) with reference to the accounts and records in the Chief Engineer's office and in the concerned Public Works Divisions.

The following points came to notice :—

(i) According to the Departmental records the main items of work on which the increase in cost occurred were as under :—

Name of Sub-head	Original estimate	Revised estimate	Actual expenditure (upto March 1975)	Increase in revised estimate (3—2)	Increase in actuals (4—2)	Reasons for excess (column 6) of actuals over the original estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakhs)						
1. B—Land	90.13	1,18.43	1,08.47	28.30	18.34	Average rate of acquisition of land (including compensation for standing crops) according to payments actually made was about Rs. 7,000 per acre as compared with the rate of Rs. 5,000 per acre provided in the original estimate.
2. D—Regulator	6.15	18.45	32.80	12.30	26.65	Change in scope of work, abnormal rise in cost of material and labour during the construction period.
3. G—Bridges	29.66	75.92	80.54	46.26	50.88	Abnormal rise in cost of material and labour charges
4. K—Buildings	23.52	36.17	50.14	12.65	26.62	Change in scope of work and higher cost of material (bricks/tiles, cement, steel, etc.)
5. L—Lining	2,41.43	3,35.05	3,28.14	93.62	86.71	The project estimate had been re-cast keeping in view the actual expenses.
6. T—Tubewells	1,41.66	2,03.48	1,99.34	61.82	57.68	
Total	5,32.55	7,87.50	7,99.43	2,54.95	2,66.88	

(ii) The estimated seepage loss of about 500 cusecs (on which the project was planned) was based mainly on the discharge data collected from Indri to Munak in 1965 and on theoretical calculations. A study of the departmental record of discharge data for the three *Rabi* seasons prior to the Commissioning of the Augmentation Canal, however, showed as under :—

	1970-71				1971-72				1972-73			
	Novem-ber	Decem-ber	Janu-ary	Febr-uary	Novem-ber	Decem-ber	Janu-ary	Febr-uary	Novem-ber	Decem-ber	Janu-ary	Febr-uary
	(cusecs)				(cusecs)				(cusecs)			
Discharge in W.J.C. at Dadupur (a)	3067	2397	1974	1821	4178	2938	2377	2856	2872	2323	1940	2428
Add discharge of N.B.K. link/old tubewells	229	490	1007	1026	212	503	702	699	959	785	781	567
Total	3296	2887	2981	2847	4390	3441	3079	3555	3831	3108	2721	2995
Less off take from M.L.L. and Main Branch	270	72	391	145	394	31	141	124	75	13	66	111
Net discharge which should reach Munak	3026	2815	2590	2702	3996	3410	2938	3431	3756	3095	2655	2884
Actual discharge at Munak	3272	2758	2492	2814	4290	3810	2831	3468	3928	3175	2394	3050
Seepage loss (-)/Regeneration (+)	(+)246	(-)57	(-)98	(+)112	(+)294	(-)400	(-)107	(+)37	(+)172	(+)80	(-)261	(+)166

The discharge data did not depict a uniform position. While the seepage loss ranged between 57 to 261 cusecs, in some months there was even regeneration effect ranging from 37 to 400 cusecs.

After the commissioning of the Augmentation Canal in January 1973 the position of the seepage loss occurring between Dadupur and Munak and the supply augmented through tubewells was as under :—

	1973-74				1974-75			
	Novem-ber	Decem-ber	Janu-ary	Febr-uary	Novem-ber	Decem-ber	Janu-ary	Febr-uary
	(cusecs)				(cusecs)			
1. Anticipated seepage loss	31	31	31	31	31	31	31	31
2. Actual loss	nil	39	338	466	84	649	495	684
3. Anticipated augmentation of supply through tubewells	460	460	460	460	460	460	460	460
4. Actual supply through tubewells	269	285	279	297	302	273	161	173
5. Net augmentation in supply reaching Munak (4-2)	269	246	-59	-169	218	-376	-334	-511

(a) Figures for Indri not available.

Despite construction of the Augmentation Canal, the seepage loss was not reduced; this loss ranged from nil to 684 cusecs during the *Rabi* season of 1973-74 and 1974-75 against an anticipated loss of 31 cusecs. The actual water supply through tubewells ranged from 161 to 302 cusecs against the target of 460 cusecs. The net supply of water augmented in the Canal between Dadupur and Munak thus varied from 269 cusecs to (—) 169 cusecs during November 1973 to February 1974 and 218 cusecs to (—) 511 cusecs during November 1974 to February 1975. The Department attributed (September 1974) the continuous decline in overall augmentation effect to atmospheric and geohydrological conditions.

(iii) According to the Department (October 1973), water was to be released in Delhi and Hansi Channels alternately at an interval of 8 days during October, November and December 1973 and at an interval of 16 days from January 1974 onwards till the end of the *Rabi* season 1973-74. Each Channel was further divided into two groups for irrigation in turn for 4 or 8 days. Accordingly, a farmer was expected to get his turn after about 16 days' interval during October-December 1973 and 32 days' interval during January 1974 onwards. A test check of the records of three out of five divisions concerned indicated that the interval of water availability during *Rabi* 1973-74 was 44-45 days. The object of reducing the interval of water from 32-40 days to 16 days on completion of the original Phase I would not thus appear to have been achieved.

(iv) The project envisaged increase in the water rates on the Western Jamuna Canal tract by Rs. 20 per acre per year. The Canal was commissioned in January 1973 and has since run during three *Rabi* seasons thereafter. No decision appears to have been taken so far regarding the increase in rates (April 1975).

(v) *Other points*

(a) *Hume pipes*

Tenders for the supply of reinforced hume pipes required for the underground link channels were invited in February 1972. The Special Purchase Committee decided on the 12th April 1972 to order 20,000 metres of pipes from Firm 'A' and 24,000 metres of pipes from Firm 'B', at the lowest rates quoted by the later, subject to the condition that necessary accessories would also be supplied by them. Before the orders could be placed, Firm 'A' expressed its inability to supply the accessories. Consequently, the Special Purchase Sub-Committee in its meeting held on the 22nd May 1972 decided that the order for the quantity proposed to be obtained from Firm 'A' should also be placed on Firm 'B' subject to the approval of the Government for advance payment of Rs. 3 lakhs demanded by Firm 'B'. Before, however, sanction for the payment of the advance could be obtained, Firm 'B' also withdrew its offer on the 23rd May 1972 on the ground that the validity period of its tender had expired on the 10th April, 1972. The Department then approached the Haryana State Minor Irrigation (Tubewells) Corporation Ltd. for undertaking the manufacture and laying of the pipes but the Corporation declined (September 1972) to take up the work.

Tenders for the supply of pipes and accessories were consequently reinvited and opened in December 1972. Only two firms, Firm 'B' and Firm 'C', tendered. The offer of Firm 'C' was rejected as the material offered by it was not of required specifications. After negotiations, an order for supply of 20,000 metres of pipes and 8,000 rubber rings for joints valuing Rs. 16.05 lakhs was placed on Firm 'B' in May 1973 for supply by December 1974. A quantity of 18,720 metres of pipes and 7,321 rubber rings valuing Rs. 15.94 lakhs was supplied by the firm till March 1975.

Delay in processing the case thus entailed an extra expenditure of about Rs. 4.00 lakhs over the amount that would have been payable had the purchases been made in response to the first tender.

(b) *Bricks and Tiles*

Three hundred and twenty lakh bricks and 819 lakh tiles were estimated to be required for the project. A quantity of 230 lakh bricks and 1,040 lakh tiles was proposed to be manufactured through contractors at 27 kilns to be located on Government lands along the Augmentation Canal. According to the agreements entered into with the kiln contractors, supplies were to commence in December 1971 and were to be completed by January 1973. As the kiln contractors did not effect timely supplies, 150.43 lakh bricks and 57.44 lakh tiles had to be purchased from other kilns during September 1972 to December 1972. This involved extra expenditure of Rs. 2.98 lakhs on carriage of 67.98 lakh bricks/tiles over longer distances as compared to the distance at which the contractors' kilns were located. Information about the expenditure incurred in respect of carriage of the remaining 139.89 lakh bricks/tiles purchased from other kilns was not available (May 1975). On a proportionate basis, the total extra expenditure on the transportation of 2,07.87 lakh bricks and tiles would work out to Rs. 9 lakhs approximately. No compensation was levied on any contractor for not adhering to the stipulated time schedule for making supplies and instead extension of time for the supplies was given by the Superintending Engineer from time to time on the ground that possession of the land was given late, Indo-Pakistan conflict had adversely affected the production and unexpected winter rains had damaged the moulded material which delayed the burning operations.

The supplies continued to be received even after the completion of the works. A quantity of 1,44.71 lakh bricks and 65.44 lakh tiles was ultimately left unused on the completion of the works. A quantity of 1,35.20 lakh bricks and 65.44 lakh tiles was subsequently sold to other Divisions/Departments between September 1973 and March 1975 leaving 9.51 lakh bricks valuing Rs. 0.52 lakh unsold (April 1975).

Coal (5,697.30 tonnes) was allotted at controlled rate to 33 brick kiln owners who supplied 92.03 lakh bricks and 46.91 lakh tiles requiring 3,230.85 tonnes of coal for their manufacture. A quantity of 2,466.45 tonnes of coal was thus retained by the kiln owners in excess of that used for the project.

(c) *Temporary measures*

The Augmentation Canal was commissioned in January 1973. However, iron gate shutters for head and cross regulators were ordered only in February 1974. In the meantime, *karries* (needles) regulation had been decided to be provided by the Chief Engineer (November 1972) as an interim measure. For this purpose, 642 deodar needles were purchased in December 1972 for Rs. 0.53 lakh. In addition, in order to control the leakage of water through the needles,

a temporary structure of bags filled with sand, earth and manure was erected at a cost of Rs. 0.67 lakh.

One hundred and seventythree needles were lost/broken within a year of commissioning; these had to be replaced in November 1973 at a cost of Rs. 0.14 lakh.

A total extra expenditure of Rs. 0.81 lakh (Rs. 0.14 lakh + Rs. 0.67 lakh) was thus incurred for want of regular iron shutters. In addition, the temporary structure at the cross regulators of the Main Line of the Western Jamuna Canal was also demolished/washed away in the beginning of 1974 monsoon.

Arrangements for the gates of cross regulators are still to be made (April 1975). Gates for the head regulator were awaiting supply by the Nangal Workshop (April 1975).

(d) *G.I. pipes*

One lakh four thousand metres of G.I. pipes were issued to various works. Out of these, 0.85 lakh metres were received back and taken on stock or transferred to other Divisions/Projects on completion of works. Eighteen thousand metres worth Rs. 2.08 lakhs were neither received back in store nor accounted for elsewhere. For the shortage of 1,311 metres of pipes valuing Rs. 0.23 lakh, a Sectional Officer was charge-sheeted in August 1974; final decision in this case is awaited (April 1975). Action for investigation of the remaining shortage of about 17,000 metres is yet to be taken (April 1975).

(e) *Tubewells*

Installation of tubewells was entrusted to Haryana State Minor Irrigation (Tubewells) Corporation Ltd. No formal agreement incorporating the terms and conditions of the contract has been entered into with the Corporation (April 1975). Advance payments of Rs. 1,87.41 lakhs were made to the Corporation on seven occasions between January 1972 and March 1974. The detailed accounts in support have not been received so far (April 1975).

(f) *Un-adjusted credits*

Special tools and plant, machinery, land acquired for kilns and temporary buildings including store sheds and field houses were to be disposed of on the completion of the project. The main work of the project was completed by December 1972 and the Canal commissioned in January 1973. The total depreciated value of special tools and plant, machinery, land for kilns and the temporary structures worked out to Rs. 1,84.41 lakhs as under :—

<i>Particulars</i>	<i>Capital cost (in lakhs of rupees)</i>	<i>Depreci- ation</i>	<i>Depreciated value (in lakhs of rupees) as on 31st Jan- uary 1973</i>
1. Special tools and plant including machinery	1,81.45	10%	1,63.31
2. Kiln lands	19.92	50%	9.96
3. Temporary buildings including store sheds and field houses	24.75	55%	11.14
Total			1,84.41

Special tools and plant and machinery valuing Rs. 1,42.95 lakhs were transferred to other projects and divisions of Public Works Department for which only Rs. 1,13.12 lakhs had been recovered so far (April 1975). Machinery, temporary buildings and land valuing Rs. 41.46 lakhs were yet (April 1975) to be disposed of.

The matter was referred to the Government in February 1975; its reply is awaited (April 1975).

BUILDINGS AND ROADS

4.2. Asbestos cement sheets

To meet the requirements of Public Works Department, Buildings and Roads Branch, an order for the supply of 754 tonnes of 7 mm. thick corrugated asbestos cement sheets at the Director General, Supplies and Disposals (D.G.S.&D.), Rate Contract of Rs. 568 per tonne was placed by the Controller of Stores in January 1972 on a Ballabgarh firm. The supply was required to be completed within 4 to 6 weeks. The firm requested the Controller of Stores between May and October 1972 to accept 6 mm. sheets on the ground that the manufacture of sheets of 7 mm. thickness had been stopped due to non-availability of imported fibre of a particular grade and that I.S.I. specification for roofing permitted the use of 6 mm. sheets. The D.G.S. & D. Rate Contract for 6 mm. thick sheets was Rs. 584 per tonne at that time. After insisting on supply of sheets of 7 mm. thickness for some months, a revised order was placed in February 1973 for supply, within 4 to 6 weeks, of 498 tonnes of 6 mm. thick sheets (including 32 tonnes required for the Government Press Building, Panchkula) on the same firm at the then current Rate Contract rate of Rs. 608.80 per tonne. This involved an extra expenditure of Rs. 0.13 lakh.

Due to delay in supply and urgency of work, an order for the requirement of the press building was placed on a Chandigarh firm by the Controller of Stores on the 8th June 1973 at an extra cost of Rs. 0.11 lakh, without reducing the order on the Ballabgarh firm. On the 11th June 1973, the delivery schedule and some other conditions of the original order on the Ballabgarh firm were amended, but, even then, reduction in the order in respect of the sheets required for the press building was not considered. Decision to reduce this demand was taken on the 26th June 1973 and conveyed to the Ballabgarh firm by the Controller of Stores on the 2nd July 1973, by which date the Ballabgarh firm had already despatched by rail sheets worth Rs. 0.23 lakh meant for the press building to the Executive Engineer, Chandigarh. The Executive Engineer, having received the goods (June 1973) against separate order on the Chandigarh firm, refused to take delivery of the sheets despatched by the Ballabgarh firm despite the fact that the Ballabgarh firm had already received 98 per cent payment against inspection and proof of despatch. The Ministry of Law advised the Director General, Supplies and Disposals, in December 1973 that the action of the consignee in refusing to receive the sheets was unwarranted and in violation of the contract.

The sheets remained as unclaimed property with the Railways which auctioned them on the 25th January 1974 for Rs. 0.34 lakh; the amount was adjusted against the demurrage charges amounting to Rs. 0.60 lakh.

The matter was referred to the Government in October 1974; its reply is awaited (April 1975).

4.3. Excess earthwork

(a) Work on the Indri-Garhi Birbal Road (estimated cost : Rs. 9.95 lakhs) was commenced departmentally in June 1969. On receipt of a complaint (November 1969) from a resident of village Indri containing allegations about uneconomic execution of the earthwork on the road, the matter was investigated by the Executive Engineer under whom the work was executed. He reported to the Superintending Engineer (October 1971) that against the estimated quantity of 48.89 lakh cubic feet of earthwork, payment to the departmental labour had been made for 60.29 lakh cubic feet till April 1971 and a further quantity of 11.59 lakh cubic feet remained to be executed to bring the road to its designed formation width of 32 feet against 22 feet then existing at the site. The Executive Engineer added that the entire length of the road passed through a terrain which was low lying and subject to severe floods and thus there was every likelihood that the earthwork might have been washed away, resulting in excess of 22.99 lakh cubic feet valued Rs. 0.69 lakh. The Superintending Engineer did not accept the report of the Executive Engineer and observed, while forwarding the case to the Chief Engineer (April 1972), that the excess earthwork was not at all justified, even after taking into account losses due to rains, etc. The Chief Engineer directed the Superintending Engineer (April 1972) to stop all further action as the case was separately under investigation by the Vigilance Department. The excess over the estimates paid so far (April 1975) for earthwork amounted to Rs. 0.40 lakh. Further developments are awaited (April 1975).

(b) Work on the approach road from Jhanjheri to Tarawari (estimated cost : Rs. 6.81 lakhs) was started departmentally in August 1970. The sanctioned estimate provided for 32.49 lakh cubic feet of earthwork. The earthwork actually executed, as measured subsequently by the Department, was 56.16 lakh cubic feet resulting in excess earthwork of 23.67 lakh cubic feet valued Rs. 0.69 lakh. The Superintending Engineer informed Audit in January 1975 that the causes of the excess were under investigation. Further information is awaited (April 1975).

4.4. Expenditure on a road

(a) Bhiwani Construction Division, Bhiwani, commenced the construction of a link road between Kaluwas and Mithathal in April 1969 without obtaining requisite administrative approval and without initiating necessary formalities for acquiring private land through which the alignment of the road was to pass. Till May 1969, the Division spent Rs. 0.37 lakh on 0.45 lakh cubic metres of earthwork on private land without acquiring it. The owner of the land challenged the action of the Department in a Court of Law and obtained stay orders. The Department then changed the alignment and restarted the work from another point. The expenditure of Rs. 0.37 lakh incurred on the work thus proved infructuous.

(b) According to the sanctioned estimate, 0.32 lakh cubic metres of earthwork was to be done on the new alignment. Against this, 1.13 lakh

cubic metres of earthwork was actually executed (July 1970) without getting the revised estimate approved (April 1975). The extra expenditure involved on the earthwork was Rs. 0.32 lakh.

The Department attributed (February 1973) the extra expenditure to faulty measurements and the failure of the Sub Divisional Engineer and the Executive Engineer to test check them. Further developments are awaited (April 1975).

4.5. Recoveries due from a contractor

In Karnal Provincial Division, the work of constructing some houses for the Government employees (estimated cost : Rs. 4.45 lakhs) was allotted to a contractor in October 1970 for completion within 20 months. Under the contract, one fourth of the work was to be completed before one fourth of the time and one half before one half of the time. Despite several notices issued to the contractor from December 1970 to May 1971, he executed only 7 per cent of the work upto June 1971. The Department levied 10 per cent compensation amounting to Rs. 0.45 lakh and instructed the contractor to show substantial progress within ten days failing which further action to get the work done at his risk and cost would be taken. The contractor did not accelerate the work and the decision to get the work done at his risk and cost was taken by the Executive Engineer in July 1971.

In October 1971, the contractor requested the Department for permission to execute the work and assured its completion by October 1972. The request was refused (November 1971) because of his meagre financial resources. The remaining work was allotted to another contractor in February 1972 and completed in November 1973 at an extra cost of Rs. 0.51 lakh.

Information as to the action taken to recover the amount of Rs. 0.96 lakh (compensation and additional cost) from the original contractor was enquired from the Department in December 1974; the same is awaited (April 1975). The matter was referred to the Government in January 1975; its reply is awaited (May 1975).

4.6. Shortage of stores

In Karnal Provincial Division, the Sectional Officer in-charge of the stores was transferred in December 1972. When another Sectional Officer took over charge in March 1973, shortage in stores valuing Rs. 0.19 lakh was noticed. It was further noticed that material valuing Rs. 0.10 lakh received back from various works/contractors was not taken on stock.

The matter was reported to the police in June 1973. Investigations were still in progress (April 1975).

PUBLIC HEALTH

4.7. Non-recovery of water charges

Rural water supply scheme, Chutala, District Hisar, was executed by the Public Health Department during January 1959-December 1962 at a cost of Rs. 1.67 lakhs. The Village Panchayat contributed Rs. 0.12 lakh by way of beneficiary share against Rs. 0.20 lakh due, leaving an unrecovered amount of Rs. 0.08 lakh.

According to the byelaws issued by the Chief Engineer, Public Health, in December 1960, water charges at the rate of Rs. 2.50 to Rs. 5.00 per tap were recoverable by the Village *Panchayat* from the consumers and payable to the Government. No recovery was, however, effected from any consumer either by the Village *Panchayat* or by the Public Health Department. In December 1971, the Executive Engineer, Public Health Division, Sirsa, received a complaint from one of the residents of village Chutala that a number of residents were having unauthorised water connections. Eleven unauthorised connections were got disconnected by the Sub Divisional Officer, Dabwali, in January 1972, but no action was initiated to recover water charges. In September 1972, a complaint about the existence of unauthorised connections was again made by a Member of the Vidhan Sabha in the Hissar District Grievances Committee whereupon the Sub Divisional Officer, Dabwali, reported (October 1972) the existence of 131 unauthorised connections since 1962. He also issued notices on the 6th October 1972 to all unauthorised connection holders for producing authority within one month for the connections held by them failing which the connections would be cut off. The Village *Panchayat*, however, filed a writ petition in the Punjab and Haryana High Court (December 1972) which was dismissed (March 1973) on the understanding that the petitioners would pay water charges from the date they had obtained unauthorised connections at a rate to be fixed keeping in view the rate prevalent in the nearest village/town. Recoveries of water charges from authorised consumers are being made from the dates of connection; but from the unauthorised consumers, recoveries are being made from October 1972 only.

The case was referred by Audit to the Chief Engineer in January 1974. The Executive Engineer concerned intimated (September 1974) that the *Panchayat* having failed to collect the water charges, collection was started by the Public Health Department and water charges recoverable from unauthorised consumers prior to October 1972 were being calculated after ascertaining the date of each connection with the help of Block Development and Panchayat Officer.

The matter was referred to the Government in June 1974; its reply is awaited (April 1975).

CHAPTER V
STORES AND STOCK ACCOUNTS

✓ 5.1. Synopsis of important accounts

A synopsis of important stores and stock accounts (other than those relating to Government commercial and *quasi*-commercial departments/undertakings) for 1973-74 is given below :—

Serial No.	Department/ Stores	Opening balance	Receipts	Issues	Closing balance
(in lakhs of rupees)					
1.	Stamps—				
	Revenue-judicial and non-judicial stamps	25,48.76	22,92.36	11,26.29	37,14.83
2.	Police—				
	(a) Clothing and equipment	16.79	37.89	29.64	25.04
	(b) Stationery and other miscellaneous articles	6.49	5.49	3.88	8.10
	(c) Radio equipment and other connected articles	19.92*	14.51	10.26	24.17
3.	Forest—				
	Consumable stores, felled timber and other produce collected departmentally including livestock and non-consumable stores	10.38	50.35	49.70	11.03
4.	Printing and Stationery—				
	(a) Stationery stores accounts	6.10	22.90	26.10	2.90
	(b) General stores accounts	10.42	23.40	26.77	7.05
	(c) Government publications including gazettes	4.87	4.84	4.58	5.13

*Differs from the figure in para 5.1 of the Audit Report, 1972-73, due to rectification.

5. Irrigation—

(a) Bhakra Canals—

Building materials,
timber, fuel, lubricants,
paints, electrical goods, etc.

28.91 22.66 26.94 24.63

(b) Other than Bhakra Canals—

Cement, iron, bricks, and miscellaneous stores

67.29 9,91.40 11,37.72 —79.03

6. Buildings and Roads—

Iron, cement, bricks, stone, timber, fuel, lubricants, paints, electrical goods, etc.

0.05 9,14.24 9,99.35 —85.06

7. Public Health—

Iron, cement, bricks, stone, timber, pipes, fuel, lubricants, paints, sanitary fittings, etc.

41.02 5,92.30 5,42.91 90.41

The position (July 1975) of arrears in preparation of stores accounts where the value of annual purchases exceeded Rs. 5 lakhs is given in Appendix VII.

5.2. Minus balances in stock registers

A minus balance in the stock register shows the possibility of inaccuracies in the stock account. Unless the minus balance is reconciled and adjusted, the correctness of the stock account cannot be ensured. There were large minus balances in a number of divisional stock registers of the following departments at the end of March 1974.

<i>Serial No.</i>	<i>Department</i>	<i>Number of divisions and the amount of minus balance at the end of March 1974</i>	
		<i>Number of divisions</i>	<i>Amount (Rs. lakhs)</i>
1.	Irrigation (other than Bhakra Canals)	24	2,38.16
2.	Buildings and Roads	24	1,66.40
3.	Public Health	8	56.41

The minus balances were attributed by the Departments to (i) non-adjustment of debits for the supplies received through Director General, Supplies and Disposals, and (ii) non-adjustment of advance payments made for supplies in various cases.

5.3. Reserve limit of stock

According to the rules of the Public Works Department, the value of stores held in stock by a division should not exceed the limit prescribed by the Government for that purpose. During 1973-74, limits had not been prescribed for 39 out of 132 divisions holding stock. In 6 divisions the value of stock (closing balance) held exceeded the prescribed limits. The details are given below :—

Serial No.	Department	Total number of divisions in which stock was held	Number of divisions for which ceiling limits were not prescribed during 1973-74	Divisions in which value of stock held exceeded the prescribed limit	
				Number	Excess amount (Rs. lakhs)
1.	Irrigation—				
	(a) Bhakra Canals	6	—	—	—
	(b) Other than Bhakra Canals	56	20	4	30.49
2.	Buildings and Roads	47	19	—	—
3.	Public Health	23	—	2	39.08
Total		132	39	6	69.57

5.4. Completion of half-yearly stock registers

The rules require that stock registers in Public Works divisions 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 that the stores are priced having regard to the prevailing market rates. The stock registers have not, however, been closed in a number of divisions for the past 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 completion of these registers at the end of March 1974 and the preceding two years are shown below :—

Serial No.	Department	Number of half-yearly registers of which closing was in arrears at the end of			Number of divisions in which the arrears existed in 1973-74	Earliest month to which the arrears on 31st March 1974 pertain
		1971-72	1972-73	1973-74		
1.	Irrigation—					
	(a) Bhakra Canals	63	59	37	3	March 1967
	(b) Other than Bhakra Canals	169	148	166	28	September 1962
2.	Buildings and Roads	171	185	226	38	March 1968
3.	Public Health	110	62	45	3	March 1960
Total		513	454	474	72	

5.5. 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 1973-74 were not received by Audit from 97 out of 132 Public Works divisions as shown below :—

1. Irrigation—	
(a) Bhakra Canals	3
(b) Other than Bhakra Canals	44
2. Buildings and Roads	46
3. Public Health	4
Total	97

CHAPTER VI

RECEIPTS

SECTION A—SALES TAX

6.1. Introductory

Sales tax is the principal source of tax revenue of the State. This is a tax on the sale or purchase of goods. The State of Haryana was formed on 1st November 1966. The net proceeds from sales tax which stood at Rs. 9.54 crores in 1967-68, increased to Rs. 30.52 crores in 1973-74.

The receipts under the head 'Sales Tax' comprise receipt under the Punjab General Sales Tax Act, 1948, the Central Sales Tax Act, 1956 and the Punjab Motor Spirit (Taxation of sales) Act, 1939 including registration fees, penalties and composition fees levied under these Acts and additional levy under the State Sales Tax Act. Under the Central Sales Tax Act, 1956, the Central Government have delegated to the State Government the power to levy and collect tax including penalties and registration fees in this behalf on inter-State sales and have also authorised the State Government to appropriate the proceeds of the tax.

6.2. Results of test audit in general

A test check of the assessments made under the Punjab General Sales Tax Act, 1948 and Central Sales Tax Act, 1956 conducted during 1973-74 in 8,173 cases (ten districts) revealed under-assessment of Rs. 17,20,607 (250 cases) and over-assessment of Rs. 562 (2 cases). The under-assessments were due mainly to incorrect computation of turnover, incorrect application of the rate of tax and mistakes in calculation of turnover or tax.

Some of the irregularities noticed are mentioned in the following paragraphs.

6.3. Incorrect deduction of freight charges from taxable turnover

Under the Central Sales Tax Act, 1956, the turnover of a dealer includes any sum charged for anything done by the dealer in respect of the goods at the time of or before the delivery thereof other than the cost of freight or delivery or the cost of installations in cases where such cost is separately charged.

It was, however, noticed during test check that an assessing authority allowed deductions from gross turnover in respect of freight charges amounting to Rs. 5,37,682 to two dealers for the assessment years 1969-70 and 1970-71 contrary to the provisions of the Central Sales Tax Act, 1956. This resulted in short levy of tax of Rs. 19,606.

When this was pointed out in audit (May 1973 and May 1974), cases regarding recovery of tax of Rs. 10,178 in respect of one dealer for 1969-70

and another for 1970-71 were referred by the assessing authority to the Appellate Authority in January 1974 and May 1974 for *suo motu* action. Information regarding action taken to recover the balance amount of Rs. 9,428 in respect of one dealer for 1970-71 is awaited (August 1975).

6.4. Under-assessment of tax for want of declarations in 'D' forms

Under the Central Sales Tax Act, 1956, only inter-State sales to registered dealers or Government departments of other States are taxable at the concessional rate of 3 per cent provided such sales are supported by valid declarations in 'C' or 'D' forms from the purchasing party. It was observed that in the case of a dealer this concessional rate of sales tax was applied for sales amounting to Rs. 1,60,928 even though these sales were not supported by any declarations in forms 'C' or 'D'. Further the concessional rate was not admissible to the dealer even if such declarations had been produced as the purchasing parties were not entitled to the concession. This resulted in an under-assessment of tax of Rs. 11,265.

On this being pointed out in audit (June 1973), the additional tax was recovered (November 1974) from the assessee.

6.5. Short levy of Central sales tax

(i) Under the Central Sales Tax Act, 1956, only inter-State sales to registered dealers or Government departments of other States are taxable at the concessional rate of 3 per cent provided such sales are supported by valid declarations in prescribed form from the purchasing party. The Post Graduate Institute of Medical Education and Research, Chandigarh being an autonomous body is not a Government department. As such the benefit of concessional rate of tax is not admissible to it.

It was, however, noticed in audit (March 1973) that in one case sales of medicines to the extent of Rs. 1,06,048 in 1969-70 to the Institute were assessed to sales tax at the rate of 3 per cent on the basis of declarations in form 'D' obtained from it. As the concessional rate was not admissible, tax should have been levied at the rate of 10 per cent. This resulted in an under-assessment of tax of Rs. 7,423.

The matter was reported to the Government in July 1974 and the Appellate Authority created (September 1974) an additional demand of Rs. 6,552. Report regarding the Collection of the amount is awaited (August 1975).

(ii) In another case an assessing authority, while framing assessment orders for the years 1970-71 and 1971-72 in the case of a dealer, taxed inter-State sales amounting to Rs. 91,553.31 at the concessional rate of 3 per cent instead of 10 per cent although the supporting declarations produced by the dealer were defective. This resulted in an under-assessment of tax of Rs. 6,409. When this was pointed out in audit (August 1973), the assessing authority accepted the objection and moved the case for *suo motu* action in May 1974. The case was reported to the Government in June 1974. Reply is awaited (August 1975).

6.6. Non-levy of tax on sales of transmission belts

According to item 30-B of Schedule 'B' to the Punjab General Sales Tax Act, 1948, such varieties of canvas cloth, tarpaulines and similar other products manufactured with cloth as base, as are manufactured in textile mills, powerloom factories and processing factories, are exempt from sales tax.

An assessing authority allowed refund of Rs. 50,921 already deposited, on account of Central sales tax and State sales tax, to a dealer on sales amounting to Rs. 15,97,774 during 1966-67 of transmission belts, treating these as tax free under the aforesaid item 30-B. The Sales Tax Tribunal upheld the decision of the assessing authority (April 1971).

The said item 30-B was subsequently (October 1972) amended by an Act of Legislature with retrospective effect from 16th November 1959, whereby transmission belts were specifically excluded from tax free category. The case was, however, not re-opened. When this was pointed out in audit in February 1974, the assessing authority moved the case for revision. The matter was reported to Government in August 1974. The Government intimated (April 1975) that tax amounting to Rs. 31,955 was being recovered as per advice of the Law Department. Inquiry was made about reasons for short recovery from the Government (May 1975). In reply it was stated that short recovery was due to change in rate of tax on transmission belts.

6.7. Short levy of tax on truck/bus bodies

Under the Punjab General Sales Tax Act, 1948, motor vehicles including accessories and chassis of motor vehicles, motor tyres and tubes, and spare parts of motor vehicles are included in the list of luxury goods and are taxable at the rate of 10 per cent. Further, sale of such articles is taxable at first stage and deduction from gross turnover on account of their sale to registered dealers is not permissible.

During the course of audit (December 1973), it was noticed that in one case an assessing authority allowed a dealer deduction of Rs. 25,330 from his gross turnover during 1971-72 on account of sale of a truck body to a registered dealer, resulting in an under-assessment of Rs. 2,533. In another case, sales of truck/bus bodies made during 1968-69 to 1970-71 amounting to Rs. 1,90,312 were taxed at 6 per cent instead of 10 per cent treating them as ordinary goods. This resulted in short levy of sales tax of Rs. 9,568.

On this being pointed out in audit (April 1974), Government accepted (October 1974) the objection and the department issued instructions for taking *suo motu* action in such cases. Further report is awaited (August 1975).

6.8. Non-levy of sales tax on pilferage protection seals, etc.

Under the Punjab General Sales Tax Act, 1948, a registered dealer can purchase goods free of tax if such goods are intended for resale in the State or in the course of inter-State trade or commerce or for use in the manufacture of taxable goods. In case, however, such goods are used for purposes other than those for which these were purchased, he is liable to pay tax on the purchase price of such goods at the rate of tax applicable on its sale.

In one case a registered dealer purchased pilferage protection seals and other goods for Rs. 1,06,953 during 1967-68 free of tax and used them in the manufacture of tax free goods, namely, country liquor. This resulted in non-levy of tax of Rs. 6,417. In addition, the assessing authority also allowed deduction of Rs. 69,557 from gross turnover of the dealer during 1967-68 on account of bag rent, representing the value of bags in which liquor bottles were packed, which the purchasers failed to return to the assessee. This amounted to sale of bags on which no exemption was admissible. The incorrect deduction from gross turnover resulted in an under-assessment of tax of Rs. 4,173.

On this being pointed out in audit (May 1973), the assessing authority admitted the objection and moved the case to the Appellate Authority for *suo motu* action (August 1974). The department intimated (February 1975) that necessary demand had been created. Report regarding realisation of the amount is awaited (August 1975).

6.9. Short levy of purchase tax owing to incorrect computation of purchase price

Under the Punjab General Sales Tax Act, 1948, turnover includes the aggregate of the amounts of sales and purchases and parts of sales and purchases actually made by any dealer during the given period less any sum allowed as cash discount according to ordinary trade practice, but including any sum charged for anything done by the dealer in respect of the goods at the time of, or before, delivery thereof. Thus amount paid on account of *dami*, *adat*, *dalali*, etc. by an assessee while purchasing goods are to be included in the turnover.

During the course of audit of the District Excise and Taxation Officer, Ambala, it was observed that one dealer had, in his trading account, included the amount of *dami* (commission) amounting to Rs. 2,95,679.08 for the years 1969-70 to 1971-72 paid on the purchase of Paddy, a schedule 'C' good on which purchase tax is payable. The District Excise and Taxation Officer, Ambala did not include the aforesaid amount in the turnover for the purpose of levying purchase tax. The dealer was thus under-assessed to the extent of Rs. 8,870 (3 per cent on Rs. 2,95,679).

On its being pointed out in audit in March 1974, the case was referred for *suo motu* action. The matter was reported to Government in September 1974, reply is awaited (August 1975).

6.10. Under-assessment due to application of incorrect rate of tax

Under the Punjab General Sales Tax Act, 1948, mono-block pumping sets were taxable as luxury goods at 10 per cent from 1st September 1966 to 31st December 1968 and from January 1969, these are taxable as ordinary goods at the general rate of 6 per cent.

It was, however, noticed in test audit (June 1974) that in the case of an assessee, sales of mono-block pumping sets amounting to Rs. 79,593 from 1st September 1966 to 31st March 1967 were taxed at 6 per cent instead of at 10 per cent. This resulted in short levy of tax amounting to Rs. 3,184. Besides, sales amounting to Rs. 1,30,103 from 1st April 1968 to 31st December 1968,

which were initially taxed at 10 per cent, were subsequently taxed at 6 per cent on the orders of the Appellate Authority. This resulted in further under-assessment of tax of Rs. 4,463.

The department intimated (February 1975) that the additional demands worked out to Rs. 6,251 as the actual sales of the dealer from 1st September 1966 to 31st March 1967 were found to be Rs. 46,509 against Rs. 79,593 and this was realised in December 1974.

6.11. Incorrect computation of turnover

Under the Punjab General Sales Tax Act, 1948, declared goods are taxable at the point of first sale within the State from 14th November 1967. The sale of such goods to registered dealers is not deductible from the gross turnover.

An assessing authority allowed deductions amounting to Rs. 2,43,209 from the gross turnover of a dealer on account of sales of declared goods from 14th November 1967 to 31st March 1968 to registered dealers. This resulted in an under-assessment of sales tax of 7,296. On its being pointed out in audit (April 1973), the assessing authority referred the case to Appellate Authority for *suo motu* action (April 1974) and the amount was realised in August 1974.

6.12. Under-assessment due to incorrect deductions from turnover

Under the Punjab General Sales Tax Act, 1948, a dealer is allowed deductions from his gross turnover on account of sales to registered dealers of goods intended for resale in the State or sale in the course of inter-State trade or commerce or sale in the course of export of goods out of the territory of India or for use by him in the manufacture, in the State, of taxable goods.

An assessing authority allowed deductions of Rs. 1,03,111 during 1967-68 and 1968-69 from the gross turnover of a dealer on account of sale of weighing machines to the registered dealers although the goods sold could neither be used by the purchasing dealers in the manufacture of taxable goods nor were they purchased for resale. This resulted in an under-assessment of sales tax of Rs. 6,187. On this being pointed out in audit (January 1974), the assessing authority referred the case in April 1974 to the Appellate Authority for *suo motu* action. The case was reported to the Government in July 1974 and their reply is awaited (August 1975).

6.13. Under-assessment^{ment} of purchase tax owing to non correlationⁿ of return figures with accounts

Under the Punjab General Sales Tax Act, 1948, goods specified in schedules 'C' and 'D' to the Act are liable to purchase tax at the rate of two and three per cent respectively.

The taxable turnover for 1967-68 of a dealer on account of purchase of goods specified in schedules 'C' and 'D' to the Act was computed by the assessing authority on the basis of quarterly returns filed by him. On verification

with reference to trading account, in the course of test audit (May 1973), it was found that the turnover determined by the assessing authority was less to the extent of Rs. 1,37,538 and Rs. 85,595 in respect of goods specified in schedules 'C' and 'D' respectively. This resulted in an under-assessment of purchase tax of Rs. 5,319. The case was reported to Government in March 1974; reply is awaited (August 1975).

6.14. Under-assessment of tax

In the course of checking the deductions (Rs. 7,60,537) allowed to a dealer from his gross turnover during 1967-68 on account of sales to registered dealers, with the quarterly returns filed by him, it was noticed (February 1972) that deductions allowed were excess to the extent of Rs. 1,14,157 owing to incorrect totals in the first and third quarterly lists of sales. The mistakes being pointed out in audit, the assessing authority reopened the case and created (October 1972) additional demand for an amount of Rs. 5,137 which is stated (September 1974) to have been recovered from the dealer in February 1974.

6.15. Arrears in assessment of sales tax

The number of assessments finalised by the Sales Tax Department and the assessments pending finalisation at the end of 31st March as reported by the department are indicated below :—

Year	Number of assessments for disposals			Number of assessments completed			Number of assessments pending at the end of the year
	Arrear cases	Current cases including remand cases	Total	Arrear cases	Current cases including remand cases	Total	
1969-70	13,145	41,715	54,860	9,813	26,356	36,169	18,691
1970-71	18,691	43,648	62,339	12,678	25,686	38,364	23,975
1971-72	23,975	48,254	72,229	18,571	23,594	42,165	30,064
1972-73	30,064	52,555	82,619	25,343	28,741	54,084	28,535
1973-74	28,535	53,131	81,666	18,021	39,288	57,309	24,357

SECTION B

OTHER REVENUE RECEIPTS

6.16. General

The principal heads of revenue receipts, other than Sales Tax, of the Haryana Government are :—

- (i) State Excise Duties.

(ii) Taxes on Vehicles, Passengers and Goods.

(iii) Land Revenue.

(iv) Stamps and Registration.

(v) Entertainment Duty and Tax.

E.T.C.
(i) State Excise Duties—State Excise Duties are levied and collected under the Punjab Excise Act, 1914, (as applicable to Haryana State), Medicinal and Toilet preparations (Excise Duties) Act, 1956 and represents duty on (a) alcoholic liquors for human consumption, (b) opium, Indian hemp, intoxicating drugs and other narcotic drugs and narcotics and (c) Medicinal and Toilet preparations containing alcohol or any substance included in (b). This also includes revenues realised from sale of (i) licences for the manufacture and supply and (ii) vend licences for the sale of excisable articles and fees for export of excisable articles.

*Transport
Fare Comm.*
(ii) Taxes on Motor Vehicles, Passengers and Goods—Motor Vehicles Tax is levied under the Punjab Motor Vehicles Taxation Act, 1924, while passengers and goods tax is governed by the Punjab Passengers and Goods Taxation Act, 1952, as applicable to Haryana State. Tax on Motor Vehicles is levied by State Government on all Motor Vehicles used or kept for use in a public place in the State. Besides this, certain fees are levied on Motor Vehicles for registration and licensing under the Motor Vehicles Act, 1939 and the rules made thereunder.

Tax on passengers and goods is collected from owners of all Public Service Vehicles who have to pay tax on the basis of the actual fares/freights collected or at compounded rates fixed for the purpose.

Rec.
(iii) Land Revenue—The Land Revenue in Haryana is governed by the Punjab Land Revenue Act, 1887 as applicable to Haryana State.

The basic land revenue is the annual rent payable to Government by the ryot. It is generally fixed on the basis of survey and settlement of the land and it is fixed at a rate not exceeding one fourth of the net produce in the land. In addition, the following important levies are also made by Government with the Land Revenue :—

(a) Irrigation Rates or Water Cess

(b) Betterment Levy

(c) Non-agricultural Land Assessment

(d) Special surcharge, additional surcharge, cess on commercial crops.

Rec.
(iv) Stamp Duties—Stamp duties are levied under the Indian Stamp Act, 1899 as adapted by local Acts. Revenues under this head include proceeds from sale of stamps, judicial or others, to be affixed on instruments as prescribed in the Act, as well as realizations from court fees and suit valuations.

Rec-

(v) **Registration Fees**—The revenue under this head is collected and levied under the Indian Registration Act, 1908 and derived from the fees levied on the registration of documents and other services rendered by the Registration Department.

E.T.C

(vi) **Entertainment Duty and Tax**—Entertainment Duty and Tax is levied under the Punjab Entertainments Duty Act, 1955 and the Punjab Entertainments Tax (Cinematograph shows) Act, 1954 as applicable to Haryana State. Entertainment duty is levied on payments for admission to any exhibition performance, amusement, game, sport or race to which persons are admitted for payment.

Entertainment tax is levied on payments for admission to cinematograph shows in the State.

Test audit of the accounts relating to levy of State Excise Duties, Motor Vehicles, Land Revenue and Stamps and Registration Fees revealed the irregularities mentioned in the following paragraphs.

STATE EXCISE DUTIES

6.17. Under-assessment of excise duties (export fee) due to incorrect application of rates

Export duty leviable under Section 1 A of the Punjab Excise Fiscal Orders, 1932 on all duty paid or under bond issues of rectified spirit and country and Indian made foreign spirits to any other State or Union Territory in India from any distillery or from any wholesale vend was enhanced from 25 paise per proof litre to 50 paise per proof litre from 23rd March 1972 and to Re. 1 per proof litre from 1st April 1974.

In the course of audit (June 1974) it was, however, noticed that in respect of Indian made foreign spirits exported by the Canteen Stores Department, Ambala Cantonment to military canteens in the neighbouring States, export duty at the rate of 25 paise per proof litre was charged from 23rd March 1972 to 17th June 1974 instead of the enhanced rates of 50 paise and Re. 1 per proof litre from 23rd March 1972 and 1st April 1974 respectively. This resulted in short recovery of excise duties to the extent of Rs. 1,96,204. On this being pointed out in audit (June 1974), the department replied (February 1975) that the Canteen Stores Department had deposited the amount on February 11, 1975.

The matter was reported to Government in July 1974; reply is awaited (August 1975).

6.18. Short recovery of licence fee of Country Liquor

Under the Haryana Liquor Licence Rules, 1970, a person to whom Country Liquor Vend has been sold shall pay by the 20th of the month in which he begins business under his licence and by the 20th of every subsequent month an instalment equal to one tenth of the total annual licence fee until the entire licence fee has been realised. But the District Excise and Taxation Officer may authorise the licensee to deposit the amount of instalment or part thereof up to the last day of the month for which the instalment is due on the condition that the licensee pays interest at the rate of 9 per cent per annum for the whole month

on the full amount of the due instalment. In the event of failure to pay the instalment or instalment with interest as the case may be, the Vend shall cease to be in operation on the first day of the following month and shall be sealed by the District Excise and Taxation Officer and the licence may be cancelled.

It was, however, noticed during test audit that in Rohtak, Ambala and Jind Excise Circles annual licence fee including interest for 1972-73 in respect of 8 Country Liquor Vends was short recovered to the extent of Rs. 28,944 but the Vends were not sealed on account of non payment of instalments and interest due.

The matter was reported to the department in February and March 1974. The department recovered Rs. 8,928 in June 1974. An amount of Rs. 20,016 is still recoverable. Out of this amount Rs. 3,800 are stated to have been recovered during 1972-73 but departmental record/treasury challans in support thereof could not be shown to audit.

The matter was reported to the Government in November 1974. In reply it was stated that an additional recovery of Rs. 400 had since been effected (July 1975).

TAXES ON VEHICLES

6.19. Short recovery due to incorrect application of rates

(i) Registration fee in respect of tractors was enhanced from Rs. 75 to Rs. 125 with effect from 20th October 1972.

During the course of test audit, it was noticed that in five districts the registering authorities continued to charge fee at the old rate of Rs. 75 resulting in short recovery of registration fee amounting to Rs. 0.24 lakh during 1972-73.

The matter was reported to Government in August 1974; reply is awaited (August 1975).

(ii) Similarly, tax on stage carriages plying for hire and used for the transport of passengers excluding the driver and conductor was raised from Rs. 105 per seat subject to a maximum of Rs. 4,200 per annum to Rs. 130 per seat subject to a maximum of Rs. 10,000 per annum with effect from 1st April 1971, as per Notification dated 31st March 1971. However, during the course of audit of Registering Authority, Sirsa it was noticed that after 1st April 1971, private passenger buses continued to be taxed at the old rate of Rs. 105 per seat per annum instead of at the revised rate of Rs. 130 per seat per annum. This resulted in short recovery of tax of Rs. 24,266.25 during 1971-72 and 1972-73. The short recovery was brought to the notice of Government on 15th October 1974; reply is awaited (August 1975).

6.20. Short recovery of road tax on vehicles plying as private carriers

Under the Punjab Motor Vehicles Tax Act, 1924, the rate of road tax on vehicles plying on private carrier permits was higher than the rates applicable to vehicles plying on public carrier permits. It was, however, noticed during test check that road tax in respect of private carrier vehicles in the districts of Karnal, Kurukshetra and Sonapat for the year 1972-73 had been levied at the

lower rate applicable to public carriers. This resulted in short recovery of tax amounting to Rs. 0.23 lakh. The matter was brought to the notice of the Government in August 1974. Reply of the Government is awaited (August 1975).

6.21. Short recovery of permit fee

Section 58(4) of the Motor Vehicles Act, 1939 provides that where a permit has been renewed after the expiry of the period thereof, such renewal shall have effect from the date of such expiry irrespective of whether or not a temporary permit has been granted, and where a temporary permit has been granted, the fee paid in respect of such temporary permit shall be refunded.

During the course of test audit of the Regional Transport Authority, Ambala, it was noticed (December 1973) that in 51 cases permits issued were given effect from dates subsequent to the dates of expiry of the old permits, thereby leaving a gap between the date of expiry of original permits and the date of commencement of the new permits during which no permit fee was realised. In these cases the authorities had neither issued any temporary permit nor any fee had been charged on this account resulting in a loss of revenue to the Government to the tune of Rs. 0.14 lakh.

The matter was brought to the notice of Government on 6th August 1974 ; reply is awaited (August 1975).

6.22. Irregular rebate on road tax

Under the Punjab Motor Vehicles Act, 1924, a person who keeps more than ten Motor Vehicles for use solely in the course of trade/industry is allowed a deduction of ten per cent on the aggregate amount of tax payable. Further five per cent deduction is admissible if the tax for whole of the financial year is paid in advance. The latter deduction at the rate of five per cent is admissible on the net tax payable *i.e.* after deducting ten per cent from the gross tax, as clarified by the Transport Controller in August 1970. However, in cases of this type, rebate was allowed in one district (Karnal) at the rate of fifteen per cent on the gross amount of tax, resulting in short recovery of Rs. 0.08 lakh during 1972-73.

The matter was reported to Government in August 1974 ; reply is awaited (August 1975).

CHAPTER VII
GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION 'A'

GENERAL

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

- (i) Statutory Corporations,
- (ii) Government Companies,
- (iii) Departmentally managed Government commercial/quasi-commercial undertakings,
- (iv) Co-operative institutions ; and
- (v) Investments and guarantees by the State Government.

SECTION B

STATUTORY CORPORATIONS

7.2. There were three Statutory Corporations in the State on 31st March 1974, 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

7.3. The Haryana State Electricity Board was formed on 3rd May 1967. The accounts of the Board for 1973-74, duly certified together with the audit certificate and report thereon, were forwarded to the State Government in September 1974 for being placed before the State Legislature in terms of Section 69(5) of the Electricity (Supply) Act, 1948.

7.4. Sources of funds

The Board's sources of funds comprise loans obtained from the State Government and borrowings from other sources. The table given below indicates the balance of loans outstanding at the end of 1973-74 :—

<i>Source</i>	<i>Amount (in lakhs of rupees)</i>
State Government	1,56,78.47
Public borrowings (by issue of bonds)	23,18.62
Life Insurance Corporation of India, Commercial banks and others	36,38.94
Total	2,16,36.03

7.5. Working results

(i) The working results of the Board during the three years ending 31st March 1974 are summarised below :—

	1971-72	1972-73	1973-74
	<i>(Rupees in lakhs)</i>		
(i) Revenue receipts	19,89.40	24,74.57	28,84.39
(ii) Revenue expenditure	14,97.12	18,70.47	21,88.48
(iii) Net surplus	4,92.28	6,04.10	6,95.91
(iv) Appropriation towards general reserve, interest on bonds, etc.	3,35.63	4,13.49	4,87.40
(v) Balance available towards interest on loans from Government	1,56.65	1,90.61	2,08.51
(vi) Interest due on loans from Government—			
(a) For the year	5,76.91	6,32.73	8,09.25
(b) Arrears for previous years	1,83.72	6,03.98	10,46.10
Total interest due	7,60.63	12,36.71	18,55.35
(vii) Arrears of interest on loans from Government at the end of the year shown in the accounts as contingent liability	6,03.98	10,46.10	16,46.84

A synoptic statement showing the summarised results of working of the Board for 1973-74 is given in Appendix VIII(i).

7.6. 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 1973-74 :—

	1971-72	1972-73	1973-74
	<i>(In Mkw/h)</i>		
(i) Installed capacity			
(a) Internal combustion (Diesel)	36.73	36.73	36.73
(b) Thermal generating sets	743.29	743.29	738.47
(c) Hydel	3,530.28	3,530.28	3,532.91
Total	4,310.30	4,310.30	4,308.11

(ii) Power generated—			
(a) Internal combustion (Diesel)	2.14	3.27	0.44
(b) Thermal generating sets	357.78	438.33	449.43
(c) Hydel	1,614.64	1,492.14	1,919.83
Total	1,974.56	1,933.74	2,369.70
(iii) Power used for auxiliaries			
	4.66	11.26	38.27
(iv) Power purchased			
	106.20	244.23	177.51
(v) Power available for sale			
	2,076.10	2,166.71	2,508.94
(vi) Power sold—			
(a) Within the State	1,076.84	1,246.23	1,425.74
(b) Outside the State (Share of power sold by the Bhakra Management Board to common pool consumers)	544.21	533.04	660.97
(c) Free supply to employees	3.60	5.98	5.46
Total Sales	1,624.65	1,785.25	2,092.17
(vii) Loss in transmission and distribution			
	451.45	381.46	416.77
(viii) Percentage of power generated to installed capacity			
	45.8	44.9	55.0
(ix) Percentage of power generated to total power available			
	94.9	88.7	93.0
(x) Percentage of loss in transmission and distribution—			
(a) Power available for sale	29.5	23.3	22.6
(b) Power sold	41.9	30.6	29.2
(xi) Cost of generation per MkwH (in rupees)			
	17,252	21,196	21,103

(xii) Cost of generation, transmission and distribution including interest on loans debited to net revenue and appropriation account—			
(a) Per Mkw h of power generated and purchased (in lakhs of rupees)	0.92	1.10	1.10
(b) Per Mkw h of power sold including free supply to employees (in lakhs of rupees)	1.18	1.34	1.34
(xiii) Revenue per Mkw h sold including free supply to employees (in lakhs of rupees)	1.22	1.38	1.38

The Public Accounts Committee, in its Eighth Report (1974-75) recommended (February 1975) that the position in regard to the transmission and distribution losses should be kept under constant review and effective action taken to reduce the losses to the minimum extent possible.

Some of the points noticed during the test audit are given below :—

7.7. Erection of turbo generators

Tenders for erection of two turbo generators of 60 MW each and auxiliaries, including transportation of the equipment to the site, testing and commissioning of Thermal Extension Project, Faridabad were invited by the Project Chief Engineer in March 1972, in two parts, viz., Part I relating to technical and commercial aspects, and Part II relating to price and financial aspects of the work. Only Part I of the tenders was to be opened in the first instance for technical evaluation. Part II of the tenders was to be opened only in the case of those firms who were found to be technically competent to execute the work according to the specifications. Five firms submitted their tenders. Part I of the tenders was opened on 12th June 1972 for technical evaluation. After obtaining clarifications and holding discussions with the tenderers, Part II of the tenders of four firms, who were considered competent to execute the work, was opened on 11th December 1972.

The Thermal Standing Committee of the Board in its meeting held on 23rd January 1973 ignored the lowest offer of Rs. 15.22 lakhs of a New Delhi firm mainly on the ground that its delivery schedule was unacceptable. The work was allotted to the second lowest tenderer of Poona at Rs. 20.10 lakhs. During discussions on the technical specifications held on 14th November 1972, the lowest tenderer had agreed to the time schedule given by the Board which was also confirmed by the firm in writing on 17th January 1973 (received by the Board on 19th January 1973). The letter of confirmation was not, however, placed before the Thermal Standing Committee in the meeting held on 23rd January 1973. The Board had to incur an extra expenditure of Rs. 4.88 lakhs by ignoring the lowest offer.

The Chief Engineer stated in June 1974 that the lowest offer was passed over keeping in view the delivery period, lack of experience of the New Delhi

(lowest) firm and the firm's dispute with Badarpur Thermal Power Station authorities regarding idle time.

7.8. Loss due to non-supply of distribution transformers

In February 1969, an order for purchase of 325 transformers of 50 KVA at Rs. 3,625 each *f.o.r.* destination (capitalised cost : Rs. 5,476) was placed for stock purposes on the lowest tenderer of Bombay. The purchase order *inter alia* provided for :—

- (i) despatch of material after inspection and performance of tests/ approval by the Board's authorised representative ;
- (ii) supply to be completed by April 1969 and in the case of non-delivery/delayed delivery, the firm was to pay damages at 1/2 per cent of the price of undelivered or delayed portion of supply per week (or part thereof) for the period of delay, subject to a maximum of five per cent ; and
- (iii) risk purchase to be made in the event of neglect to execute the work or contravention of any of the provisions of the purchase order.

No supplies were received by April 1969. A few transformers presented by the firm for inspection at the premises of the manufacturers (Government Electric Factory, Bangalore from whom supplies had been arranged) were rejected by the inspection agency in April and May 1969 as these were not according to specifications. In June 1969, the firm agreed to reduce the price and in August 1969, 50 transformers were accepted by the Board, claiming a total rebate of Rs. 9,306. The firm, however, allowed only Rs. 5,869 as rebate.

In December 1969, the manufacturers refused to supply transformers to the firm as it had defaulted in making payment. A penalty of Rs. 0.59 lakh was levied by the Board on the firm for non-execution of the contract as per the terms and after adjusting the security deposit and other dues of the firm, a demand for Rs. 0.34 lakh was raised in December 1969.

Notices for risk purchase were issued to the firm in June 1969, December 1969, June 1970 and September 1970. The Board invited fresh tender in June and September 1969 for purchase of 1,381 transformers of the same capacity and orders on four firms were issued during the period from July 1969 to November 1969 at capitalised costs ranging from Rs. 6,217 to Rs. 7,667 per transformer. Compared to the average capitalised cost of Rs. 6,713 per transformer, the Board had to incur extra expenditure of Rs. 3.40 lakhs (approximately) on purchase of 275 transformers, not supplied by the first firm of Bombay.

In April 1972, the Board came to know that the firm had become insolvent in the last quarter of 1971. The Board issued (June 1972) a demand notice for Rs. 5.34 lakhs on the firm towards penalty for defective supplies, demurrage charges, claim arising out of risk purchase, etc.

An officer of the Board was appointed on 30th November 1972 as sole arbitrator as the firm had failed to appoint an arbitrator on its behalf. On

23rd October 1974, however, following the officer's transfer from the Haryana State Electricity Board, another officer of the Board was appointed as sole arbitrator, who gave his award on 31st December 1974 for Rs. 1,82,437 in favour of the Board. Recovery of the amount awarded is awaited (May 1975).

7.9. Outstanding audit observations

Audit observations involving Rs. 70.97 crores raised by the Chief Accounts Officer of the Board, pertaining to the period upto 31st March 1974 were outstanding on 30th September 1974. The details are given below :—

	<i>Earliest year since which outstanding</i>	<i>Amount (Rupees in crores)</i>
(a) Want of sanctions	1952-53	47.38
(b) Want of detailed contingent bills	1966-67	00.52
(c) Want of payees' stamped receipts	1969-70	1.07
(d) Other reasons	1967-68	22.00
Total		<u>70.97</u>

(ii) Other Statutory Corporations

7.10. The accounts of the Haryana Warehousing Corporation for 1973-74 have not yet been prepared (May 1975).

Haryana Financial Corporation made a net profit of Rs. 40.77 lakhs (before taxation) during 1973-74 as against Rs. 27.23 lakhs during the previous year. This represented 27.2 per cent of the Corporation's paid-up capital of Rs. 1.5 crores. The Corporation declared a dividend of Rs. 4.38 lakhs for 1972-73 and 5.01 lakhs for 1973-74, including Rs. 1.81 lakhs and Rs. 2.25 lakhs payable to the State Government. Out of Rs. 4.06 lakhs thus due, the State Government received Rs. 1.62 lakhs during 1973-74 and Rs. 1.04 lakhs during 1974-75, the balance amount of Rs. 1.40 lakhs was transferred to Special Reserve Fund in terms of Section 35 A of the State Financial Corporations Act, 1951.

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 VIII (Part ii).

Haryana Warehousing Corporation

7.11. Haryana Warehousing Corporation was established on 1st November 1967 under the Warehousing Corporations Act, 1962 to, acquire, build and run warehouses for storage of agricultural produce, seeds, fertilisers, etc., in the State. The Corporation also took up from 1969, at the instance of Government, the function of providing disinfection services to other agencies

in respect of agricultural produce and notified commodities. Besides, the Corporation is working as an agent of the Government of India for storage, distribution and sale of fertilizers since 1969-70. It took over from the erstwhile Punjab State Warehousing Corporation, 16 warehouses having the storage capacity of 17,800 tonnes (including hired capacity of 10,800 tonnes).

2. Capital structure

The authorised share capital of the Corporation is Rs. 2,00 lakhs divided into 2,00,000 shares of Rs. 100 each. The paid-up capital on 31st March 1974 was Rs. 1,84 lakhs, contributed equally by the State Government and the Central Warehousing Corporation. In addition, the Corporation received Rs. 16.07 lakhs as its share of capital on re-organisation of the erstwhile Punjab State Warehousing Corporation. Shares for this amount have not so far been issued as the question of division of assets and liabilities of the defunct Corporation has not yet been decided (June 1975).

3. Performance

(a) Creation of storage capacity

In 1970, the Corporation undertook a crash programme for construction of godowns with capacity of 1,40,300 tonnes during the years 1971-72 to 1973-74. The details of the actual construction of godowns under the programme are given below :—

Year	Programme		Actual construction	
	Number of godowns	Capacity (in tonnes)	Number of godowns	Capacity (in tonnes)
1971-72	16	30,000	15	28,000
1972-73	27	60,000	15	31,800
1973-74	22	50,300	8	18,000

(ii) The details of the storage capacity created or hired by the Corporation at the end of each of the years 1969-70 to 1973-74 are given below :—

Year	Capacity at the end of the year			Percentage of owned/constructed capacity to total capacity
	Capacity owned/constructed	Hired capacity (in tonnes)	Total capacity	
1969-70	11,500	7,607	19,107	60.2
1970-71	13,000	42,463	55,463	23.4
1971-72	41,000	90,422	1,31,422	31.2
1972-73	72,800	40,268	1,13,068	64.4
1973-74	90,800	87,082	1,77,882	51.0

The Management attributed (June 1975) the shortfall in achievement of targets to non-availability of land and delay in finalisation of design for construction of warehouses.

(b) *Purchase of trusses*

In January 1973, an order for supply of 15 trusses at Rs. 41,314 each, *f.o.r.* destination, was placed on a firm of Hissar for laying roofs of godowns. The supply was to be completed by end of March 1973 failing which a penalty of 5 per cent was to be levied. The firm, however, supplied only 8½ trusses upto 28th February 1973, out of which 4 were found to be defective. Two of the defective trusses were hoisted at Uchana and Tohana and penalty of 5 per cent of their value was imposed (July 1973) on the supplier. The remaining two defective trusses have not been replaced by the supplier. Without issuing a risk purchase notice as prescribed under the terms of the contract, the Corporation invited fresh tenders in July 1973 for supply of trusses. The existing order for the remaining trusses was cancelled in July 1973 without imposing penalty of Rs. 1.04 lakhs leviable under the contract for non-supply of trusses. The lowest rate received against the tenders invited in July 1973 was Rs. 44,051 each against Rs. 41,314 each provided under the old contract. The purchase was not effected at this rate and fresh tenders were invited on 8th May 1974 without assigning any reasons for rejection of the quotations received against the tender notice of July 1973. An order for 4 trusses was placed in August 1974 on a firm of Chandigarh at Rs. 61,191 each. No supply was received against this order and the Corporation forfeited the earnest money of Rs. 1,250 of the firm (November 1974). The Corporation placed in November 1974 another order at the same rates on another firm of Hissar.

As a result of non-receipt of trusses the godowns at Ellenabad, Ambala City, Uklana and Smalkha have not yet been completed (March 1975) and Rs. 9.27 lakhs invested on the incomplete godowns have remained blocked for about two years. The Corporation continued to hire godowns at these places which necessitated payment of rent of Rs. 0.45 lakh during 1973-74 and Rs. 0.36 lakh during 1974-75.

(c) *Utilisation of storage capacity*

The table below indicates the average storage capacity available with the Corporation during each year and that utilised thereagainst during the five years ending 1973-74 :—

Description	1969-70		1970-71	
	Number of centres	Average capacity	Number of centres	Average capacity
(1)	(2)	(3)	(4)	(5)
(capacity in tonnes)				
Capacity available—				
(i) Owned	2	7,000	5	12,625
(ii) Hired	15	16,348	21	41,337
(iii) Total	17	23,348	26	53,962
Average custom deposited by—				
(i) State Government	—	—	—	—
(ii) Food Corporation of India	—	—	—	23,721
(iii) Traders	—	18,235	—	11,683
(iv) Co-operative Societies	—	288	—	200

Description	1969-70		1970-71	
	Number of centres	Average capacity	Number of centres	Average capacity
(1)	(2)	(3)	(4)	(5)
(v) Producers		482		323
(vi) Cotton Corporation of India Limited		—		—
(vii) Government of India		1,915		5,041
(viii) Miscellaneous agencies		—		—
Total average capacity utilised		20,920		40,968
Average reserved capacity which earned revenue but was not occupied		569		12,771
Total remunerative capacity		21,489		53,739
Percentage of remunerative capacity to capacity available		92.0		99.6

1971-72		1972-73		1973-74	
Number of centres	Average capacity	Number of centres	Average capacity	Number of centres	Average capacity
(6)	(7)	(8)	(9)	(10)	(11)
		(capacity in tonnes)			
16	15,916	21	55,425	26	86,091
26	67,841	27	85,573	31	1,27,276
42	83,757	48	1,40,998	57	2,13,367
—	8		—		21,632
	31,662		48,782		2,969
	5,377		4,778		7,545
	4,058		4,388		7,254
	143		410		1,212
	—		3,386		14,961
	9,942		2,006		742
	—		—		5,006
	51,190		63,750		61,321
	30,850		51,999		8,305
	82,040		1,15,749		69,626
	97.6		82.1		32.6

The decline in utilisation of the storage capacity during 1973-74 was attributed (April 1974) by the Management to the following reasons :—

- (i) With a view to avoiding multiplicity of storage agencies, the Corporation took on hire the storage capacity of 1,07,107 tonnes, owned by the Food Supplies Department (50,547 tonnes), Haryana Agriculture Marketing Board (55,810 tonnes) and Haryana Co-operative Supply and Marketing Federation (750 tonnes), without corresponding increase of custom from these sources.
- (ii) The Food Corporation of India reserved less storage capacity mainly because of simultaneous despatch of procured wheat to deficit States.

In reply to an audit observation regarding unnecessary hired capacity kept by the Corporation during 1972-73 and 1973-74, the Management stated (September 1974) that the hired accommodation could not be released owing to the following factors :—

- (i) commodities requiring different disinfestation treatment had to be stored separately,
- (ii) cotton bales occupied more space but showed less utilisation in terms of weight,
- (iii) the Corporation being a storage agency, was always required to have some spare capacity,
- (iv) releasing of private godowns at stations where the Corporation did not have its own godowns would have entailed shifting of the stored commodities to other stations to which the customer might not have agreed; and
- (v) releasing of godowns would have ultimately necessitated extra expenditure on rehiring of godowns at higher rental.

(4) *Financial position*

The accounts of the Corporation for 1973-74 have not yet been finalised (June 1975). The table given below indicates the financial position of the Corporation for the four years ending 1972-73 :—

	1969-70	1970-71	1971-72	1972-73
<i>Liabilities</i>				
	<i>(in lakhs of rupees)</i>			
Paid-up capital	26.07	33.07	90.07	1,82.07
Reserves and surplus	4.94	7.18	9.52	19.13
Current liabilities	7.25	13.22	25.07	48.83
Total	38.26	53.47	1,24.66	2,50.03
<i>Assets</i>				
Fixed assets	9.26	21.34	49.13	1,55.06
Less depreciation	0.35	0.64	1.36	4.52
Net fixed assets	8.91	20.70	47.77	1,50.54
Godowns under construction	6.71	..	25.46	18.67
Current assets, loans and advances	22.64	32.77	51.43	80.82
Total	38.26	53.47	1,24.66	2,50.03

	1969-70	1970-71	1971-72	1972-73
		<i>(in lakhs of rupees)</i>		
Net worth	31.01	40.25	99.59	2,01.20
Capital employed	24.30	40.25	74.13	1,82.53
<i>Profitability analysis</i>				
<i>Revenue receipts</i>				
(i) Warehousing charges	6.87	16.54	24.67	41.93
(ii) Interest on deposits	0.46	0.35	0.80	1.13
(iii) Miscellaneous receipts	0.06	0.14	0.36	0.37
Total	7.39	17.03	25.83	43.43
Revenue expenditure	4.87	10.05	17.23	31.55
Net profit before appropriation	2.52	6.98	8.60	11.88
<i>Percentage of net profits to :—</i>				
(i) Warehousing charges	36.7	42.2	34.9	28.3
(ii) Capital employed	10.37	17.3	11.6	6.5
(iii) Equity capital	9.7	21.1	9.5	6.5
(iv) Net worth	8.1	17.3	8.6	5.9

The decline in percentage of profit in 1971-72 and 1972-73 was attributable mainly to lower utilisation of storage capacity in these years.

The Corporation has been declaring dividend every year since 1968-69. The rate of dividend declared has come down from 5 per cent for 1970-71 to 3.5 per cent for 1971-72 and 2 per cent for 1972-73.

(5) *Credit control*

The depositors, other than the Central/ State Government departments and other Government organisations, are required to pay dues in cash before taking delivery of the stocks. In the case of Central/State Government departments or Government organisations storage charges are realised by issuing monthly bills with a maximum credit limit of 45 days beyond which interest at 9 per cent per annum is recoverable. The Corporation, however, did not charge interest even when storage charges were not paid within the prescribed limit of 45 days. The Management stated (April 1975) that charging of interest on the major customers like the F.C.I. was considered not advisable particularly because these were Government owned institutions.

The table given below indicates the position of debtors and the warehousing receipts for the four years ending 1972-73:—

Year	Balance of debtors at the end of the year			Receipts during the year			Percentage of total debtors to total income
	Warehousing charges	Other debts	Total	Warehousing charges	Other income	Total	
	(in lakhs of rupees)						
1969-70	0.16	6.39	6.55	6.87	0.52	7.39	89
1970-71	7.99	5.57	13.56	16.54	0.49	17.03	80
1971-72	8.69	5.86	14.55	24.67	1.16	25.83	56
1972-73	33.12	2.36	35.48	41.93	1.50	43.43	82

(6) *Manpower analysis*

The table below indicates the number of employees, capacity available, capacity per employee and the average income per employee during the three years upto 1973-74 :—

Year	Number of employees at the end of the year	Capacity available during the year (in tonnes)	Capacity per employee (in tonnes)	Average business income per employee (in Rupees)
1971-72	154	83,757	544	16,253
1972-73	263	1,40,998	536	16,084
1973-74 *	250	2,13,367	853	10,099

The decline in the average income per employee during 1972-73 and 1973-74 was mainly on account of low utilisation of the available storage capacity in these years.

SECTION C

GOVERNMENT COMPANIES

7.12. Introduction

On 31st March 1974 there were thirteen Government Companies in the State including five subsidiaries. One Government Company, viz., Land

* Figures for 1973-74 are provisional.

Reclamation and Development Corporation Limited and a subsidiary Company, viz., Haryana Polysteels Limited were incorporated in March 1974 and November 1973 respectively. The accounts of these companies are not due (March 1975).

The accounts of the following Companies have not been prepared (April 1975) for the periods shown against each :—

Haryana State Minor Irrigation (Tubewells) Corporation Limited	1971-72 to 1973-74
Haryana Harijan Kalyan Nigam Limited	1973-74
Pig Iron Project, Hissar	Since 1966-67

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

7.13. Haryana State Small Industries and Export Corporation Limited

(1) Introduction

Haryana State Small Industries and Export Corporation Limited was incorporated on 9th July 1967 with the main object to :—

- (1) establish, maintain or otherwise assist and protect the interest of small and medium scale industries within the State ;
- (2) develop, organise, establish, run or otherwise assist in the establishment of industrial estates within the State ;
- (3) carry on the business of export of goods and commodities and import of goods including plant and machinery, electrical goods, agricultural implements, etc., required for the industrial development of the State ; and
- (4) start, organise, establish or re-orient any industry in the State for promotion of export of goods.

(2) Capital structure

The authorised capital of the Company is Rs. 50 lakhs divided into 50,000 equity shares of Rs. 100 each. The paid-up capital of the Company on 30th June 1974 was Rs. 20 lakhs wholly subscribed by State Government.

In addition, the Company obtained loans from banks and the State Government. The total amount of loans outstanding on 30th June 1974 was Rs. 19.49 lakhs.

(3) *Financial position*

The table below indicates the financial position of the Company for the three years ending 1973-74 :—

	1971-72	1972-73	1973-74
	<i>(Rupees in lakhs)</i>		
<i>Liabilities</i>			
Paid-up capital	20.00	20.00	20.00
Reserves and surpluses	8.51	20.31	30.70
Secured and unsecured loans	6.99	20.50	19.49
Current liabilities and provisions	80.55	90.18	1,03.95
Total	1,16.05	1,50.99	1,74.14
<i>Assets</i>			
Gross block	1.68	8.23	11.24
Less depreciation	0.41	1.27	2.44
Net fixed assets	1.27	6.96	8.80
Current assets, loans and advances	1,14.78	1,44.03	1,65.34
Total	1,16.05	1,50.99	1,74.14
Capital employed	35.50	60.81	70.19
Net worth	28.51	40.31	50.70

Note :—Capital employed represents net fixed assets plus working capital.
Net worth represents paid-up capital plus free reserves and long term loans.

(4) *Working results*

The table given below summarises the working results of the Company for the three years ending 1973-74.

	1971-72	1972-73	1973-74
	(Rupees in lakhs)		
Turnover	4,31.32	5,61.57	7,61.23
Administrative selling, distribution and other expenses	10.09	15.44	21.63
Net profit	15.51	16.55	27.90
Percentage of net profit to—			
(i) Turnover	3.6	2.9	3.7
(ii) Capital employed	44.00	27.00	40.00
Percentage of administrative, selling, distribution and other expenses to turnover	2.3	2.7	2.8

The increase in the administrative, selling and distribution expenses during 1972-73 and 1973-74 compared to 1971-72 was attributed (March 1975) by the Management to :—

- (a) take over of three emporia in April 1973 from the Industries Department ;
- (b) take over of doll and toy making centre in April 1974 ;
- (c) increase in pay and allowances of staff; and
- (d) opening of new depots to facilitate distribution of material to small scale industrial units in the State.

(5) *Procurement and distribution of raw material*

(a) Procurement of scarce raw material for small scale industrial units and their distribution amongst the units on the basis of their requirements is the main activity of the Company. The capacity of each small scale industrial unit in the State is assessed by the Industries Department and intimated to the Company. The industrial units submit their requirements, indicating the size and type of material required by them and deposit 2½ per cent to 5 per cent of the estimated cost with the Company. On the basis of the capacity assessed by the Industries Department, and requirements intimated by the industrial units, orders on the main suppliers, viz., the State Trading

Corporation of India or the Minerals and Metals Trading Corporation of India are placed by the Company within the total allocation of scarce material for the State.

The table given below indicates the quantity and value of raw material procured and distributed by the Company to small scale units during the three years upto 1973-74 :—

<i>Particulars</i>	1971-72		1972-73		1973-74	
	<i>Quantity</i>	<i>Quantity</i>	<i>Quantity</i>	<i>Quantity</i>	<i>Quantity</i>	<i>Quantity</i>
	<i>Procur- ed</i>	<i>Distri- buted</i>	<i>Procur- ed</i>	<i>Distri- buted</i>	<i>Procur- ed</i>	<i>Distri- buted</i>
<i>(Figures in tonnes)</i>						
Iron and steel	19,483	17,944	22,243	22,778	21,312	22,874
Pig iron	15,991	16,035	15,736	15,835	20,067	20,056
Stainless steel sheets	5	15	104	52	31	85
Aluminium	435	435	..	..	..	..
Mutton tallow	875	1,028	369	366	528	531
Zinc	19	12	9	9	189	137
Raw Wool	3	3	17	17	1	1
Yarn	..	..	1,044	806	33	254
Coke	..	..	..	..	4,912	4,912
Others	..	4	..	..	..	..

(b) During 1973-74 iron and steel materials accounted for nearly 66 per cent of the value of raw material distributed through the Company. In 1973-74, the assessed requirement of iron and steel (excluding stainless steel) of the small units in the State was 542.67 thousand tonnes against which the Company procured and distributed 42.930 thousand tonnes only *i.e.* 8 per cent of the requirements of small industrial units. The shortfall was attributed (March 1975) by the Management to insufficient allocation of materials by Government.

(6) *Export performance*

The table below indicates the value of total exports of the State and value of the export channelised through the Company during the five years

ending 1973-74 :—

Year	Commodities exported by the Company					Total	Expenditure on export promotion	Total exports of the State Company to total exports	Percentage of exports by the Company to total exports
	Diesel engines	Shoes	Hand-loom	Scientific instruments	Miscellaneous goods				
	(Rupees in lakhs)								
1969-70	0.60	35.25	..	0.31	0.03	36.19	0.62	1020	3.5
1970-71	4.86	6.93	..	0.09	0.77	12.65	0.30	1120	1.1
1971-72	8.29	4.07	..	0.18	..	12.54	0.21	1200	1.0
1972-73	8.84	3.72	..	..	0.15	12.71	0.81	1226	1.0
1973-74	3.00	1.98	1.91	..	1.55	8.44	0.31	1670	0.5

(i) The export of shoes of the aggregate value Rs. 51.95 lakhs was to U.S.S.R. under a contract entered into by the State Trading Corporation of India. The decline in the value of export of shoes was attributed by the Management (June 1975) to (i) direct export by the main producer whose products used to be exported through the Company; and (ii) decline in the allotment of export orders by the State Trading Corporation of India.

The fall in export of diesel engines was attributed by the Management (October 1974) to non-channelising of the export by the manufacturer through the Company.

(7) Government emporia

The Company took over from 1st April 1973 Government Emporia at New Delhi, Ambala and Chandigarh for promoting the marketability of consumer goods, manufactured by the industries in the State and to foster export of these goods.

Goods of value Rs. 4.62 lakhs were taken over by the Company on consignment basis, out of which goods of value Rs. 2.44 lakhs were sold up to 30th June 1974. The value of furniture and fixtures taken over from Government is yet to be determined and adjusted in the accounts (June 1975).

A grant of Rs. 7.00 lakhs was given by the State Government during 1972-73 (Rs. 5.00 lakhs) and 1973-74 (Rs. 2.00 lakhs) for renovation of the New Delhi emporium. The emporium was renovated (June 1973) at a cost of Rs. 6.52 lakhs. The State Government also granted in August 1973 a loan of Rs. 5.00 lakhs repayable in 5 yearly instalments on concessional rate of interest of 3 per cent to enable the Company to run the emporia.

Operational results of the emporia

The goods sold at the emporia are either those purchased by the Company or kept on consignment basis for sale. The table given below indicates the turnover, surplus/deficits, etc. (excluding the products of the Haryana Dairy Development Corporation Limited marketed through these emporia) in respect of three emporia for the period from April 1973 to June 1973 and for the year 1973-74 :—

	<i>New Delhi</i>		<i>Ambala</i>		<i>Chandigarh</i>	
	<i>Upto June 1973</i>	<i>1973-74</i>	<i>Upto June 1973</i>	<i>1973-74</i>	<i>Upto June 1973</i>	<i>1973-74</i>
<i>(Rupees in lakhs)</i>						
Sale targets	Not fixed	10.00	Not fixed	5.00	Not fixed	6.50
Sales	1.20	7.47	0.29	1.96	0.63	6.37
Cost of goods sold	1.03	6.31	0.25	1.67	0.55	5.49
Running expenditure including depreciation and bonus to staff	2.30	3.54	0.09	0.36	0.17	0.84
Profit(+)/ Loss (—)	(—)2.13	(—)2.38	(—)0.05	(—)0.07	(—)0.09	(+)0.04
Percentage of total expenditure to sales	191.5	47.4	32.3	18.4	26.8	13.2

One of the reasons for the loss in the New Delhi emporium during April-June 1973 was damage to goods worth Rs. 86,831 as a result of a fire on 16th April 1973. Rupees 0.10 lakh were realised on sale of the damaged goods and 0.35 lakh were received against fire insurance claims. In order to overcome the losses and to recover the expenditure on running of the emporia, the margin included in the selling prices of various items was increased from 15 per cent to 20-30 per cent with effect from 6th March 1974.

Physical verification of stocks at the Ambala and New Delhi emporia at the close of 1973-74 revealed the following shortages and surpluses :—

	<i>Shortage</i>	<i>Surplus</i>
	<i>Rs.</i>	<i>Rs.</i>
Ambala	6,858	148
New Delhi	10,185	3,919

The Management stated (March 1975) that the matter was being investigated.

(8) *Other activities*

(i) *Marketing of the products of Haryana Dairy Development Corporation Limited*

The Company took up from July 1973 the marketing of the products of Haryana Dairy Development Corporation Limited, viz., ghee, butter, etc. through its emporia. Sales during 1973-74 amounted to Rs. 56.57 lakhs. The gross profit from the sale of these products amounted to Rs. 2.10 lakhs before adjusting an expenditure of Rs. 0.36 lakh against it.

Physical verification of stocks by the officers of the Company at the close of the year 1973-74, revealed a total shortage of Rs. 8,237. A further shortage of Rs. 4,355 was noticed due to short balancing of stock at hand on certain dates. Reasons for the shortages are yet to be investigated (March 1975).

(ii) *Marketing of beer*

The Company deposited Rs. 4.00 lakhs with the Haryana Breweries Limited on 24th April 1974 for acting as an agent for sale of beer in Delhi. The Company, however, could not sell beer owing to non-issue of licence by the Excise authorities. The amount has not been recovered so far (June 1975).

(9) *Other topics of interest*

(i) *Production of ready made garments for children*

A ready made garment centre was set up by the Company at Ambala in June 1973 at a total cost of Rs. 0.38 lakh. It went into production on 18th July 1973. The centre produced goods worth Rs. 22,397 and sold garments for Rs. 6,000 upto June 1974. Finished garments valued Rs. 16,485 were lying unsold on 30th June 1974 despite 20 per cent discount having been offered. The Management has yet to make an assessment of the value likely to be realised in respect of the unsold stocks.

In view of the unsatisfactory sales and accumulation of stocks of ready made garments, the Management decided on 28th September 1973 to close the centre. The centre was eventually closed on 24th January 1974.

(ii) *Doll and toy making centre*

The Company took up a scheme for producing dolls/toys at Ambala on 16th June 1973, at Karnal on 21st February 1974 and at Chandigarh on 1st February 1974. The Company also took over a Government owned doll making centre at Ambala with effect from 1st April 1974. During 1973-74 finished goods valued Rs. 0.66 lakh at sale prices were produced. Out of this, goods worth Rs. 0.29 lakh could be sold at the three centres upto 30th June 1974.

(iii) *Hire purchase of machinery for educated un-employed*

With a view to providing machinery to the educated unemployed on hire purchase basis, the State Government placed Rs. 2.00 lakhs at the disposal of the Company on 30th March 1972. This was treated as a loan to the Company carrying interest at 6 per cent, repayable in 60 quarterly instalments beginning from 1st April 1973. Out of 45 applications received and considered in a meeting of Technical Committee held on 8th March 1973, only 12 were found suitable. The Committee recommended six applications; final decision on these has not yet (March 1975) been taken. On 30th June 1974, the amount outstanding against the Company was Rs. 1.83 lakhs.

The Management stated (June 1975) that advances were not given to the applicants recommended by the Technical Committee as they did not come forward to avail of the loan facilities.

(10) *Internal audit*

A firm of Chartered Accountants was appointed to work as internal auditor for 1971-72, 1972-73 and 1973-74. They were paid Rs. 3,508, Rs. 6,215 and Rs. 8,414 for conducting internal audit for the three years respectively.

In January 1975, the Management decided to establish an internal audit wing of the Company. Further developments are awaited (March 1975).

(11) *Inventory Control*

The table given below indicates the values of procurement, sale and closing balance of raw material at the close of each of the three years upto 1973-74 :—

	1971-72	1972-73	1973-74
	(Rupees in lakhs)		
Opening balance	33.15	52.31	75.37
Purchases	4,14.54	5,30.40	5,83.49
Sales	4,18.77	5,46.27	6,80.42
Closing balance	52.31	75.37	30.63

7.14. Haryana Dairy Development Corporation Limited

The Haryana Dairy Development Corporation Limited was incorporated on 3rd November 1969 with the main object of producing, buying, processing and selling milk as well as milk products in the State.

The Company started functioning with effect from 1st January 1970, after taking over the assets of the erstwhile Dairy Development Department at a provisional value of Rs. 39.30 lakhs. The Company agreed to issue 12 percent

non-redeemable debentures to Government in consideration of transfer of assets. These debentures have, however, not been issued pending finalisation of valuation of the assets taken over (July 1974). Interest amounting to Rs. 18.19 lakhs had accrued and become due up to 31st March 1974.

(2) *Capital structure*

The Company was registered with an authorised capital of Rs. 1.00 crore, which was raised to Rs. 4.00 crores on 28th December 1973 divided into four lakh equity shares of Rs. 100 each. The paid-up capital of the Company on 31st March 1974 was Rs. 1.00 crore fully subscribed by State Government.

In addition to the paid-up capital, the Company obtained loans from various sources such as banks, State Government and the Indian Dairy Corporation. The amount of such loans outstanding on 31st March 1974 was Rs. 2,39.91 lakhs.

(3) *Expansion programme*

(a) *Setting up of plants*

During the Fourth Five Year Plan the Company had planned to set up seven plants for processing milk and manufacture of milk products at Jind, Hissar, Ambala, Rewari, Jagadhri, Bhiwani and Mohindergarh at a total cost of Rs. 3,59 lakhs. The capital cost of the four plants at Jind, Hissar, Ambala and Bhiwani was to be met out of the plan outlay of Rs. 2,35.52 lakhs and the remaining three were to be financed out of profits of the Company and loans from commercial banks. The plants at Rewari, Jagadhri and Mohindergarh were not taken up as funds for these plants could not be arranged. The Company, however, took up two new sites at Faridabad and Sirsa during 1973-74 for erection of plants.

The progress made by the Company in setting up the milk plants upto 31st March 1974 was as under :—

<i>Plant</i>	<i>Anticipated year of commissioning</i>	<i>Estimated capital cost (Rupees in lakhs)</i>	<i>Actual date of commissioning</i>	<i>Expenditure as booked upto 31st March 1974 (Rupees in lakhs)</i>
Milk Plant, Jind	1970-71	Project report not prepared	December 1970	1,12.41
Milk Plant, Bhiwani	1971-72	43.12	October 1972	72.63
Milk Plant, Ambala	1972-73	63.00	August 1973	65.54
Milk Plant, Hissar	1972-73	38.50	—	1.86
Milk Plant, Faridabad	1975-76	87.00	—	0.35
Milk Plant, Sirsa	Not available	1,55.00	—	0.66

The Management stated in July 1974 that the plant at Hissar could not be taken up in time as possession of the Modern Dairy Farm at Hissar, where the plant was proposed to be installed, was taken over from the Punjab Dairy Development Corporation Limited only in May 1973.

The increase in the capital cost of the plant at Bhiwani was due to increased expenditure on civil works including provision of public health amenities over an extensive area and setting up of four chilling centres (cost Rs. 13.06 lakhs) which were not included in the project initially.

(b) *Operation Flood Scheme*

During 1971-72, Rs. 3,82 lakhs were allocated by the Government of India through the Indian Dairy Corporation (70 per cent as loan and 30 per cent as grant) to the Company for augmenting milk supply in the metropolitan city of Delhi. Funds aggregating Rs. 1,45.52 lakhs were received by the Company upto 31st March 1974. The details of the programme envisaged, estimated cost of the project and the actual expenditure incurred upto 31st March 1974 are given below :—

	<i>Estimated cost</i>	<i>Expenditure incurred</i>	
	<i>(Rupees in lakhs)</i>		
(i) Construction of a dairy at Rohtak	1,50.00		} 75.74
(ii) Setting up of milk collection and chilling centres at Nuh, Rewari and Rohtak	38.00		
(iii) Technical inputs for increased milk production including the exotic cattle farm at Bhiwani	1,94.00	16.71	
	3,82.00	92.45	

Setting up of the dairy plant at Rohtak and establishment of milk collection and chilling centres at Nuh, Rewari and Rohtak was entrusted to the National Dairy Development Board in April-May 1973 on turn-key basis at an estimated cost of Rs. 1,48 lakhs and Rs. 38 lakhs respectively. The Rohtak dairy duly completed was to be handed over to the Company in running condition within 24 months subject to release of funds by the Company, availability of equipment and handing over the possession of land. No time limit for setting up of the chilling centres at Nuh, Rewari and Rohtak was, however, provided in the agreement. Execution of the project at Bhiwani was taken up in April 1973 by the Company departmentally.

(4) *Production performance*

The Company has three plants at Jind, Bhiwani and Ambala. The main products of Jind Plant are ghee, butter and milk powder, that of Bhiwani plant sweetened condensed milk while the plant at Ambala is supplying milk to the consumers of that area and also producing cream, paneer, ice cream, lassi and whey drink.

(a) The table below indicates the installed capacity for handling milk of the three commissioned plants and the quantity procured/handled during the three years ending 1973-74.

Plant	Installed capacity per day (litres)	Average capacity utilised per day (litres)			Percentage of average capacity utilised to installed capacity		
		1971-72	1972-73	1973-74	1971-72	1972-73	1973-74
Milk Plant, Jind	50,000	18,223	28,585	23,574	36.4	57.2	47.1
Milk Plant, Bhiwani	15,000	—	955	5,206	—	6.4	34.7
Milk Plant, Ambala	20,000	—	—	4,969	—	—	24.8

The low utilisation of the installed capacities of the Jind and Ambala Plants was attributed by the Management (January 1975) to low procurement of milk. Utilisation of the capacity of the Bhiwani Plant was stated to have been low because of lack of demand for sweetened condensed milk.

(b) Milk is procured at different collection centres spread over the State. Besides, the Company had seven milk chilling centres on 31st March 1974 for procurement and chilling of milk for the three milk plants. The table given below indicates the installed capacity and the average quantity of milk handled per day at the chilling centres for the three years ending 1973-74.

Name of the chilling centre	Installed capacity per day (litres)	Average milk procured per day (litres)			Percentage of installed capacity to average milk procured		
		1971-72	1972-73	1973-74	1971-72	1972-73	1973-74
Uchana	5,000	1,074	564	168	21.5	11.3	3.4
Julana	5,000	5,076	3,454	576	101.5	69.1	11.5
Narnaund	5,000	2,063	2,762	1,480	41.3	55.2	29.6
Alewa	5,000	1,012	1,730	1,911	20.2	34.6	38.2
Ludana	5,000	1,337	804	510	26.7	16.1	10.2
Kalanaur	6,000	—	5,742	2,828	—	95.7	47.1
Naraingarh	5,000	—	—	4,015	—	—	80.3

The under-utilisation of the capacities of these centres was, according to the Management (April 1975), due to low procurement of milk and switching over to direct procurement system.

Four chilling centres at Tosham, Loharu, Jui and Mundhal on which capital expenditure of Rs. 7.23 lakhs on land, buildings, etc. was incurred upto March 1974 had not started functioning upto 31st March 1975 although machinery for these centres had been received between October 1972 and April 1973. It was stated that a trial was being given from February 1972 to Amul

pattern of milk procurement, under which milk was collected directly from producers and was transported to the plant. No target dates have been fixed for completion and commissioning of these chilling centres (June 1975).

A chilling centre at Ambala commissioned in November 1972 at a capital cost of Rs. 1.29 lakhs was closed down in August 1973 due to commissioning of the main plant at Ambala. A proposal to utilise the machinery at another chilling centre at Pipli, which was to be set up during 1974-75, is under consideration (April 1975).

(c) *Transit losses*

(i) *Fat*

According to the norms prescribed by the Company, the loss of fat content in transit should not exceed 0.1 kg. in 100 kgs. of milk. It was observed that in respect of six milk collection/chilling centres during 1972-73 and fourteen centres during 1973-74, the loss of fat content in milk despatched from these centres to Milk Plant at Jind, exceeded the norms as detailed below :—

Year	Quantity of milk despatched from centres (kgs.)	Fat content in milk despatched (kgs.)	Quantity of fat received at the milk plant (kgs.)	Difference (kgs.)	Normal loss of fat as per norms (kgs.)	Loss of fat in excess of norms (kgs.)	Rs.
1972-73	5,84,094	37,104	35,893	1,211	597	614	10,438
1973-74	26,83,503	1,78,426	1,71,679	6,747	2,873	3,874	96,580

The Company has not analysed (March 1975) the reasons for the abnormal transit losses of fat.

(ii) *Solid-non-fat*

According to the norms prescribed by the Company from time to time, milk purchased for manufacture of milk products should contain a minimum percentage of Solid-non-fat (SNF). The following table indicates the quantity of SNF received at the Jind Plant, the quantity which ought to have been received, and the loss in terms of value of production during 1972-73 and 1973-74 :—

Year	Quantity of milk received (kgs.)	SNF based on prescribed norms (kgs.)	SNF actually received (kgs.)	Difference being loss of SNF (kgs.)	Skimmed milk powder which could have been produced from lost SNF (kgs.)	Total loss on the sale rate of skimmed milk powder (Rs.)	Deduction made from suppliers for short supply of SNF (Rs.)	Net loss (Rs.)
	(Figures in lakhs)				(kgs.)	(Rs.)	(Rs.)	(Rs.)
1972-73	1,09.26	9.62	9.47	0.15	0.14	1.26	0.56	0.70
1973-74	88.62	7.68	7.43	0.25	0.23	3.51	0.43	3.08
					Total			3.78

Though the quantity of milk purchased declined by 19 per cent during 1973-74 compared to that in 1972-73, loss of SNF increased by 67 per cent. The reasons for the increase in loss were not investigated (March 1975).

(d) *Manufacture of products*

The following table indicates the installed capacity for manufacture of milk products at Jind, Bhiwani and Ambala plants and the actual production thereof during the three years ending 1973-74:—

Plant and products	Installed capacity per day	Average production per day		
		1971-72	1972-73	1973-74
(in tonnes)				
Milk Plant, Jind				
(i) Ghee	4	1.066	1.637	1.089
(ii) Butter	7	*1.347	*2.162	*1.582
(iii) Milk powder	5	1.632	2.609	2.029
Milk Plant, Bhiwani				
(iv) Sweetened condensed milk	5,724.68 kgs.	—	**383.0	2,308.75
Milk Plant, Ambala				
(v) Bottled milk	40,000 bottles	—	—	***9,626
(vi) Ice cream	202 litres	—	—	***7.6
(vii) Paneer	4,000 kgs.	—	—	***24
(viii) Sterilised milk	3,200 bottles	—	—	***821

The shortfall in production was attributed by the Management (July 1974) to less procurement of milk at Jind and lack of demand for products of Ambala Plant. Utilisation of the Bhiwani Plant was kept at a low level as its products could not gain much popularity *vis-a-vis* other familiar brands.

*It included butter processed into ghee.

**Average production per day is for the period from October 1972 to March 1973.

***Average production per day is for the period from September 1973 to March 1974.

(e) Production losses

(i) The table below indicates the production losses against normal production loss as per the prescribed norms during 1972-73 and 1973-74 :—

Name of product	Plant	Prescribed percentage of loss	Quantity manufactured (kgs)		Production loss (kgs)	
			1972-73	1973-74	1972-73	1973-74
	(1)	(2)	(3)	(4)	(5)	(6)
Bhiwani	Full cream sweetened condensed milk	1	39,995	4,58,787	6,210	30,810
	Skimmed sweetened condensed milk	1	19,403	2,51,062	2,904	23,283
Ambala	Fluid milk, ice-cream, paneer etc.	1	..	2,68,916	..	20,174

Production loss as per norm (kgs)		Production loss over and above norm (kgs)		Value of production loss (Rs.)	
1972-73	1973-74	1972-73	1973-74	1972-73	1973-74
(7)	(8)	(9)	(10)	(11)	(12)
400	4,588	5,810	26,222	27,597	1,76,736
194	2,511	2,710	20,772	11,789	1,31,694
—	2,689	—	17,485	—	4,37,125

The loss of production in respect of Milk Plant, Bhiwani during the year 1972-73 was attributed by the Management (January 1974) to trial runs and adjustment of machinery. The Management stated (April 1975) that a technical committee had been constituted to investigate the reasons of heavy production loss during 1973-74. Results of the investigation are awaited (April 1975).

(ii) Curdling of milk

The Company has not prescribed any norm for loss of milk due to curdling. The table given below indicates the quantity of milk curdled, cost of curdled milk, amount realised on sale of ghee manufactured out of curdled milk and the loss suffered, during 1972-73 and 1973-74 :—

Year	Quantity of milk handled (in lakh kgs)	Quantity of milk curdled (in lakh kgs)	Percentage of milk curdled to total milk handled	Average purchase rate (Rupees per kg)	Cost of curdled milk	Amount realised on sale of ghee manufactured from curdled milk	Net loss
(In lakhs of rupees)							
1972-73	1,07.47	0.78	0.72	1.24	0.96	0.32	0.64
1973-74	88.62	0.87	0.98	1.62	1.41	0.54	0.87
Total							1.51

The Management stated (March 1975) that during procurement of milk, especially in summer seasons, losses on account of curdling could not be eliminated.

(iii) *Breakage of bottles*

There was heavy breakage of bottles in the Milk Plant, Ambala during the eight months of its operation from August 1973 to March 1974 as shown below :—

<i>Size of bottle</i>	<i>Total number of bottles filled</i>	<i>Breakage (number)</i>	<i>Percentage of breakage</i>
500 ML	23,40,009	34,332	1.5
250 ML	88,326	4,280	4.8

The Company has not laid down any norms for breakage of bottles. The Management stated in June 1974 that breakage of bottles was on the high side because 1973-74 was the first year of operation of the plant.

(iv) *Damage to tins during filling and packing*

The following table indicates the damage to tins during packing and filling of condensed milk at the Milk Plant, Bhiwani during 1973-74 :—

<i>Type of packing</i>	<i>Total number filled</i>	<i>Number of tins damaged</i>	<i>Percentage of damage</i>	<i>Cost of damaged tins (Rs.)</i>
397 gms	3,71,892	45,390	12.2	31,773
6 Kgs	2,972	184	6.2	754
			Total	32,527

No norms have been laid down for damage to tins during packing and filling of condensed milk (June 1975).

(5) *Sales*

(i) The table given below indicates sale of milk and milk products, manufactured during the three years ending 1973-74 :—

	1971-72 Kgs.	1972-73 Kgs.	1973-74 Kgs.
Ghee	4,00,951	6,05,526	4,24,025
Milk powder	6,82,570	9,59,288	7,04,241
Butter	22,533	1,22,298	1,88,533
Fluid milk (un-bottled)	..	17,081(litres)	85,360 (litres)
Sweetened condensed milk	..	17,360	6,42,458
Fluid milk (bottled)	..	..	10,58,460 (litres)
Cream	..	..	12,247 (kgs)
Whey drink	..	..	3,232 (bottles)
Paneer	..	..	4,960 (kgs)
Ice cream	..	..	1,538 (litres)

The Company has not introduced any system to ascertain the cost of production of various products and to control wastages and production losses. The selling prices of various products are fixed on *ad hoc* basis keeping in view the market trends. In the absence of a proper cost accounting system, it has not been possible to determine the profitability of the various products. The Management stated (April 1975) that a Cost Accountant had been posted at Milk Plant, Jind in July 1974. Similar action of posting qualified Cost Accountants in other units was being taken for evolving a system of costing of various products.

(ii) *Loss on sale of products*

During March 1974, the Company sold 30,800 kgs. of sweetened condensed milk (value Rs. 2.02 lakhs), manufactured at Bhiwani (October 1972), at a discount of 10 per cent as the colour of the product was stated to have become dark.

Out of the total quantity of 30,800 kgs., 2,800 kgs. valuing Rs. 0.18 lakh sold at discount were found unfit for use (June 1974) and Rs. 16,380 had to be refunded to the party. The total loss in the sale of this product amounted to Rs. 36,624.

(6) *Financial position*

The table below summarises the financial position of the Company for the three years ending 1973-74 :—

Liabilities

	1971-72	1972-73	1973-74
	(Rupees in lakhs)		
(a) Paid-up capital	20.00	20.00	1,00.00
(b) Reserves and surplus	8.15	23.31	59.33
(c) Borrowings	1,61.48	2,38.71	2,39.91
(d) Trade dues and other current liabilities (including provisions)	35.44	65.60	1,06.06
	2,25.07	3,47.62	5,05.30

Assets

(a) Gross block	1,03.73	1,77.56	2,67.43
(b) Less depreciation	17.97	31.29	50.53
(c) Net fixed assets	85.76	1,46.27	2,16.90
(d) Capital works-in-progress	42.11	47.34	27.37

(e) Investments	..	0.15	0.15
(f) Current assets, loans and advances	69.32	1,15.43	2,03.24
(g) Miscellaneous expenditure including losses	27.88	38.43	57.64
	2,25.07	3,47.62	5,05.30
Capital employed	1,19.64	1,96.10	3,14.08
Net worth	0.27	4.88	1,01.69

Note (1) Capital employed represents net fixed assets plus working capital.

(2) Net worth represents paid-up capital plus free reserves less intangible assets.

(7) Working results

The table given below indicates the working results of the Company for the three years upto 1973-74 :—

	1971-72	1972-73	1973-74
	(In lakhs of rupees)		
Cost of production	1,24.60	1,94.81	2,69.25
Selling expenses	7.00	13.06	17.78
Cost of sales	1,31.60	2,07.87	2,87.03
Sales	1,20.17	1,96.75	2,67.71
Other income	0.10	0.57	0.43
Total income	1,20.27	1,97.32	2,68.14
Net loss	11.33	10.55	18.89
Accumulated loss (excluding development rebate reserve of Rs. 8.15 lakhs)	19.63	30.18	49.07

(8) Inventory control

The value of stores and spares at the close of the three years ending 1973-74 against the consumption for these years was as under :—

	1971-72 (1st February 1971 to 31st March 1972)	1972-73	1973-74
	(Rupees in lakhs)		
Closing balance at the end of the year	4.64	11.14	15.43
Consumption during the year	7.78	13.33	23.29
Closing balance in terms of months' consumption	8	10	8
Purchases during the year	9.74	19.83	27.58
Purchase in terms of months' consumption	17	18	14

The minimum, maximum and reserve stock limits of stores and spares have not been fixed.

(9) *Internal audit*

Upto March 1974 internal audit was conducted by staff posted at the head office. A firm of Chartered Accountants was appointed in April 1974 to conduct the internal audit on a monthly fee of Rs. 400. The Company has neither prepared any manual defining the scope and functions of internal audit nor prescribed any procedure of periodical submission of internal audit reports to the Board of Directors.

HARYANA HARIJAN KALYAN NIGAM LIMITED

7.15. Grant of loans to non-existing firms

In October 1971, a Delhi firm dealing in tractors and spares, introduced six partnership firms, formed by members of scheduled castes in Haryana, to the Company for grant of loans for sub-dealership of the Delhi firm. The Nigam granted unsecured loans of Rs. 50,000 at 7 per cent per annum to each of the six firms in December 1971 on the basis of personal bond executed by the Delhi firm. The loans were repayable in 10 half-yearly instalments of Rs. 5,000 each, commencing one year after the date of payment. During the first year only interest was payable. The first instalment of interest in each case became due in June 1972 but none of the firms deposited the same. Notices issued to the firms/partners in August 1972 were received back undelivered as none of the addressees was traceable. The Management stated (May 1974) that its field staff could not locate any of the six firms. It was further stated (July 1974) that spot verification of existence of the firms was not done before granting the loans as at that time the Nigam did not have any officer in the field for such duties.

Against the total amount of Rs. 1.28 lakhs recoverable (up to 14th June 1974) from the six firms on account of principal and interest (including penal interest), Rs. 1.12 lakhs had been paid by the guarantor.

Enquiries made by the Nigam disclosed that before the loans were granted, the guarantor firm had received Rs. 50,000 from each of the six firms on account of share money (Rs. 25,000) and part payment of security deposit (Rs. 25,000). The loans granted to the six firms had thus passed on to the guarantor firm at a concessional rate of interest which was meant for members of scheduled castes within the State. On enquiry as to why the guarantor firm had not been called upon to make repayment of the loan in lump sum, the Management stated (July 1974) that the amount involved was so heavy that even if a civil suit was filed, the court in all probability would have allowed repayment in instalments.

The matter was reported to Government in November 1974. The facts have been admitted by Government (February 1975).

SECTION D

DEPARTMENTALLY MANAGED COMMERCIAL/QUASI-COMMERCIAL UNDERTAKINGS

7.16. Introduction

On 31st March 1974, there were eight departmentally managed commercial and *quasi*-commercial undertakings in the State. The *pro forma* accounts of only two undertakings, *viz.*, Provincial Reserve Food Scheme and Veterinary Vaccine Institute, Hissar for 1973-74 have so far been received (June 1975). The details about arrears in preparation/ finalisation of *pro forma* accounts of other undertakings, is given in Appendix X. The financial results of five undertakings (including Government Livestock Farm, Hissar, which was declared non-commercial in April 1972) on the basis of the latest available *pro forma* accounts are given in Appendix XI.

TRANSPORT

7.17. Construction of bus bodies

In March 1973, the Transport Controller invited tenders for construction of bus bodies during 1973-74. In all eighteen firms submitted tenders. Tenders of two of these firms were ignored as they were not on the approved list. On the basis of negotiations held in April 1973 with the remaining tenderers, the Department fixed the following rates :

(a) District type bus bodies	Rate per body Rs.
Leyland chassis 210"	21,000
Tata chassis 205"	19,730
(b) Local type bus bodies	
Leyland chassis 210"	20,760
Tata Chassis 205"	19,500

Out of the sixteen firms with which negotiations were held, one firm from Haryana and two outside firms agreed to construct bus bodies at the prescribed rates. Another Haryana firm, which had not submitted its tender, agreed in July 1973 to accept the rates offered by the Department. Three other Haryana firms asked for rates higher by Rs. 600 per chassis on the ground that they would have to incur heavy expenditure on transportation of raw materials from the main markets at Jullundur and Delhi and that this increase would be realised by the State Government as sales tax. This was agreed to by the Department (August 1973). Agreements were entered into with five firms of Haryana (including the three firms who were given higher rates) and one firm of Delhi.

Only 19 chassis were allotted to two Haryana firms and one Delhi firm, which had accepted the lower rate. Body building for 128 chassis was allotted to the other three Haryana firms at rates higher by Rs. 600 each.

All the five firms of Haryana requested in November 1973 and February 1974 for increase in rates by Rs. 4,607 and Rs. 9,000 per vehicle respectively because of rise in the market price of various materials used in the construction of bus bodies. No such increase was demanded by the Delhi firm already on contract. Although the rates accepted by the Haryana firms were not subject to any escalation due to increase in the market rates of raw materials, the Department in May 1974 allowed an *ad hoc* increase of Rs. 3,400 per chassis over and above the agreed rates with effect from 1st November 1973. This resulted in extra payment of Rs. 2.38 lakhs on 70 bus bodies got constructed by the four firms of Haryana during November 1973 to March 1974. No work was allotted after 1st November 1973 to the Delhi firm which had not demanded any increase.

The matter was brought to the notice of Government in September 1974; reply is awaited (May 1975).

7.18. Purchase of 'Tiger Leyland' chassis

In December 1968, a firm of Madras offered to supply two 228" W. B. chassis of Tiger Leyland buses. The Department approached Government in May 1969 for approval to the purchase as the operation of these buses was considered economical because of extra seating capacity, viz., 72 seats against 54 seats in the existing buses. Government approved the proposal in June 1969 on the condition that a report on the economic performance of these vehicles should be submitted after four months.

On enquiries made by the Department in August 1969 about the performance of similar vehicles, from the Pepsu Road Transport Corporation and Calcutta State Transport Corporation, which had been using Tiger Leyland buses, it was learnt (September 1969) that there was difficulty in obtaining spare parts of these vehicles. The Department, however, placed the order for chassis in December 1969, at a total cost of Rs. 2.20 lakhs.

These buses were put on the road in July 1970 and these had covered 5,02,344 Kms. upto October 1974 against 6,96,960 Kms. normally expected on the basis of the norm of 220 Kms. per day, as these buses were detained in workshop for long periods due to non-availability of spare parts. The loss of revenue due to under-utilisation of these vehicles during this period was Rs. 1.07 lakhs, calculated at an average profit margin of 55 paise per Km. inclusive of passenger tax.

A report on economic performance of these vehicles, which was due for submission to Government in November 1970, *i.e.*, after four months of their working, has not been submitted (February 1975).

7.19. Embezzlements

(a) In September 1974, during internal audit check of special booking receipts in the Ambala Depot, it was detected that the booking staff had not deposited and accounted for Rs. 15,425 received by them in eighteen cases towards security deposit and estimated fare charges for special buses booked during the period from September 1971 to August 1974. They passed on the applications for special buses, duly sanctioned by the General Manager/Traffic Manager, to the duty inspector for detailing the buses and the crew

without making any entries in the register of special booking maintained by them.

The Department intimated in November 1974 that the officials concerned had been suspended from 2nd September 1974 and that the case had been referred to the Vigilance Department in September 1974 for investigation. The findings of the Vigilance Department are awaited (May 1975).

(b) In July 1971, it was noticed by the Department that the building clerk of the Karnal Depot, who was also handling the issue of monthly passes had embezzled Rs. 0.11 lakh during 1970 and 1971 by (i) depositing less amounts of securities and rent than that collected from lessees of shops at the bus stands at Karnal, Panipat and Gharaunda; (ii) showing less amount in the counterfoils of receipts; and (iii) maintaining two sets of receipt books and monthly pass registers.

The embezzlement was facilitated by the following :—

- (i) Instructions issued by the Provincial Transport Controller in 1959 and 1961 to the effect that all receipts up to Rs. 50 should be signed by the Accountant and above Rs. 50 by the General Manager or one of his gazetted officers, were not observed. Receipts for amounts collected were issued by different officials and in some cases by the building clerk himself.
- (ii) No proper record of receipt/issue of receipt books was maintained, making it possible for the clerk to use two receipt books simultaneously.
- (iii) According to the departmental rules all persons handling cash are required to furnish security of amount fixed by the Head of the Department. The building clerk was allowed to handle departmental cash although no security was obtained from him.
- (iv) In contravention of the departmental rules, register of passes was not put up for signatures of the Cashier/Accountant and General Manager at the time of signing of passes.

While the embezzlement came to light on 20th July 1971, the case was registered with the police on 26th August 1971, i.e., more than a month later when the building clerk absented himself from duty. Rupees 1,043 had been recovered from him by that time. The Department stated in June 1974 that further Rs. 181 on account of pay and allowances for July 1971 due to the clerk had been withheld. Results of the police investigation are awaited (March 1975).

The Department stated (June 1974) that no security was obtained from the building clerk as he was allowed to handle Government cash only temporarily.

7.20. Termination of services of employees

The General Manager of Gurgaon and Ambala Divisions suspended/terminated the services of five conductors and one driver between January

1968 and October 1970 on the grounds that these employees had mis-appropriated Government revenues (Rs. 345) and tampered with tickets way bills. The concerned employees filed suits in courts of law against the orders of termination of their services. The courts, while quashing the termination orders, held that reasonable and sufficient opportunity had not been given to the employees to defend themselves, the termination orders were not speaking ones, the charge sheets were issued by officers subordinate to the appointing authority, considerations other than those stated in the charge sheet weighed in the mind of the punishing authority and just and proper enquiries were not held. The Department had to re-instate these employees (between March 1971 and May 1974) and had to pay Rs. 0.70 lakh on account of decrees awarded by the courts, cost of law suits and arrears of pay, in addition to suspension allowance.

SECTION E

CO-OPERATIVE INSTITUTIONS

7.21. Financial assistance

(1) Government investment in the share capital and debentures of co-operative institutions at the close of year 1972-73 and 1973-74 was as under :—

Year	Number of institutions	Amount (in lakhs of rupees)
1972-73	2,305	11,06.95
1973-74	2,553	13,24.73

In addition, loans and subsidies were paid by Government to various co-operative institutions during the year 1972-73 and 1973-74 as per the details given below :—

Year	Balance at the end of previous year	Amount of loans disbursed during the year	Repayment during the year	Balance at the end of the year	Grant of subsidies during the year
(in lakhs of rupees)					
1972-73	93.56	5.27	3.29	95.54	14.70
1973-74	95.54	8.45	5.41	98.58	12.83

The amounts of principal and interest overdue for recovery upto 31st March 1974 were Rs. 15.90 lakhs and Rs. 10.32 lakhs respectively. Age-wise analysis of the arrears is given in the following table :—

Period of arrears	Principal	Interest	Total
(in lakhs of rupees)			
Below three years	11.28	6.00	17.28
More than three years but less than five years	3.54	2.53	6.07
More than five years	1.08	1.79	2.87

(2) *Interest and dividend*

During 1973-74, the State Government received interest on debentures amounting to Rs. 22.46 lakhs (from one institution) and dividend of Rs. 9.52 lakhs (from 19 institutions). Information in respect of the remaining 2,533 societies about the profits earned and dividends declared, was not available (June 1975).

(3) *Completion of audit*

The accounts of the co-operative societies are required to be audited once in each year by the Chief Auditor, Co-operative Societies. The following table indicates the arrears in audit upto 1973-74 :—

Number of societies due for audit during 1973-74	13,818
Number of societies audited during 1973-74	13,342
Number of societies audit in respect of which was in arrears	476

The period-wise break-up of the societies, the audit of which was in arrears, is as under :—

	1 Year	2 Years	3 Years	Above 3 Years
Number of societies	144	53	49	230

The Chief Auditor, Co-operative Societies stated in December 1974 that the accounts could not be audited mainly because the records were either with the police/court or were not made available or were incomplete.

SECTION F

INVESTMENTS AND GUARANTEES BY THE STATE GOVERNMENT

7.22. *Investments*

The following table indicates the Government's investment in Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Societies and the return therefrom :—

	<i>Investment to the end of 1973-74</i>		<i>Dividend/interest re- ceived in 1973-74</i>	
	<i>Number of units</i>	<i>Amount</i>	<i>Number of units</i>	<i>Amount</i>
	<i>(Amount in lakhs of rupees)</i>			
Statutory Corporations	2	1,66.37	1	1.62
Government Companies	13	9,90.80	2	4.99
Central Government Com- pany	1	3.74	..	..
Joint Stock Companies	20	1,60.92	4	2.13
Co-operative institutions	2,553	13,24.73	20	31.98
	2,589	26,46.56*	27	40.72*

* Departmental figures. Being reconciled with figures in Finance Accounts 1973-74.

7.23. Guarantees

Government had given guarantees for repayment of loans/bonds/share capital raised by the Statutory Corporations and boards, Government companies, co-operative institutions, local bodies and private companies. Payment of minimum dividend on the share capital of the Haryana Financial Corporation and interest on loans/bonds raised by Statutory Corporations and co-operative institutions were also guaranteed. Brief particulars of such guarantees, which are in the nature of contingent liabilities of the State Government as on 31st March 1974 are as under:—

<i>In whose favour guarantees given</i>	<i>Maximum amount guaranteed</i>	<i>Guaranteed amount outstanding as on 31st March 1974</i>
	<i>(in lakhs of rupees)</i>	
Statutory Corporations and boards	61,96.47	50,63.07
Government companies	43,23.10	5,90.02
Co-operative institutions	95,24.04	55,45.57
Local bodies	4,62.04	4,62.04
Private companies	3,56.01	2,34.90

Further details are given in statement No. 6 of the Finance Accounts for the year 1973-74. No guarantee was invoked during 1973-74.

CHAPTER VIII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

8.1. General

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General. The State Government was accordingly requested in April 1974 to furnish information about grants and loans given to various bodies and authorities and their expenditure for each of the years since 1971-72. Complete information in this respect has not been received so far (April 1975). With reference to available information, audit of some bodies and authorities substantially financed from the Consolidated Fund was undertaken during 1974-75. Important points noticed during the course of audit are mentioned in the succeeding paragraphs.

EDUCATION

8.2. Kurukshetra University, Kurukshetra

The Kurukshetra University was established in 1956 as a teaching and residential University for encouragement of higher education and research, especially in Sanskrit. Later, it grew into a multi-faculty University providing facilities for post-graduate studies in various subjects. The territorial jurisdiction of the University, which was initially limited to a radius of 10 miles of the Office of the University located at Kurukshetra, was extended to the whole of Haryana from the 30th June 1974.

Besides fees received from the students, the University is financed mainly by grants from the State Government, the Government of India, the Council of Scientific and Industrial Research, the University Grants Commission and the Association of Indian Universities.

The Chief Accounts Officer working under the administrative control of the Registrar is responsible for the maintenance of the accounts of the University. All payments are pre-audited by the Resident Audit Officer, under the Examiner, Local Fund Accounts, Government of Haryana. Since 1961, audit of the accounts of the University is being conducted by the Examiner.

Important points contained in the annual report of the Examiner for the year 1972-73 are given below :—

- (a) Bills amounting to over Rs. 96,000 of the Kurukshetra University Press on account of printing, composing, etc., for the period from April 1971 to February 1972 remained unrecovered.
- (b) Interest due on fixed deposits made out of the Provident Fund amount was either not claimed or was claimed after a lapse

of long time after the due dates which resulted into loss of interest of Rs. 22,100.

The income and expenditure of the University during 1971-72 were as under :—

Income

(a) Grants from the	Plan	Rs. 50,00,000	}	Rs.
State Government	Non-Plan	Rs. 51,63,000		
				1,01,63,000
(b) Grants from the University Grants Commission				7,31,657
(c) Scholarships and fellowships from State and other agencies				4,09,399
(d) Fees and other receipts				27,26,107
	Total			<u>1,40,30,163</u>

Expenditure

(a) Salaries and other charges	82,61,796
(b) Expenditure on construction works	54,69,829
Total	<u>1,37,31,625</u>

Some of the important points noticed by Audit during test audit of the accounts for 1971-72 are stated below :—

- (i) On the 27th November 1971, the Executive Engineer of the University, without sanction of the competent authority and without assessing the requirement, placed an order on a firm in Chandigarh for immediate supply of 485 ceiling fans at the Director General, Supplies and Disposals (D.G.S. & D.), rate contract of Rs. 216 per fan (sales tax and excise duty extra). The guarantee against manufacturing defects was valid for 24 months. Four hundred eightyfour fans were supplied on the 29th November 1971. Payment (Rs. 1.31 lakhs) on two bills for 90 per cent and 10 per cent price was made on the 10th December 1971 after pre-audit by the Resident Audit Officer without verifying whether the purchase was covered by a valid sanction, and, in the case of the bill for the 10 per cent price, without first getting a Test Certificate about the fans as required under the rules.

In June 1972, it was noticed that almost all the fans were defective. Some were repaired by the firm free of cost and were installed in stages. It was stated by the Executive Engineer (December 1974) that there were still 188 defective fans and the firm had given an undertaking to the Vice-Chancellor that 140 fans would be taken back and the balance repaired. The University authorities informed Audit (April 1975) that the fans had been

taken back by the firm at the original price of Rs. 216 (plus excise duty) per fan and an amount of Rs. 33,868 had been refunded in March 1975, i.e., after over 3 years reckoned from the month of payment to the firm.

The matter was reported to the Police in August 1974. The Executive Engineer concerned was dismissed from service and the Resident Audit Officer was being proceeded against departmentally (August 1974).

- (ii) The work of supplying bricks, tiles, etc., for construction of the University building was awarded to a firm on the 15th September 1960.

According to the agreement, the University was to arrange permits for the coal and the firm was to make arrangements for obtaining supplies. Since the firm was not able to make payments for the coal arriving in huge lots, the University authorities decided to advance money at 6 per cent interest to the firm for meeting the cost of coal and adjust such advances with interest from the claims of the firm. Out of Rs. 1.10 lakhs advanced to the firm upto December 1962, Rs. 0.69 lakh were adjusted upto January 1965 leaving an outstanding balance of Rs. 0.41 lakh.

Due to some disputes, the firm sought arbitration (July 1964) and submitted 25 claims totalling Rs. 5.62 lakhs. The University also submitted six counter-claims totalling Rs. 1.32 lakhs. The arbitrator's award (15th January 1965) was as follows :—

<i>Firm's claims admitted</i>	<i>University's claims admitted</i>
<i>(in lakhs of rupees)</i>	
2.32	0.41
(—) 0.69 (adjustable against coal advances)	.
Net 1.63	0.41

The award further provided that bricks worth Rs. 1.25 lakhs may be taken over by the University on payment. The award did not place any obligation on the University to make payment to the firm for bricks without taking over the same. An advance payment of Rs. 1.00 lakh was, however, made to the firm on the 26th February 1965 against which bricks valuing Rs. 0.48 lakh were taken over upto February 1968 leaving a sum of Rs. 0.52 lakh (February 1968) outstanding against the firm. As the firm did not pay this amount, it was agreed between the firm and the University on the 2nd February 1968 to refer the matter again to arbitration of two mutually agreed persons. These arbitrators awarded on the 22nd March 1971 a net sum of Rs. 0.67 lakh in favour of the University for which a decree was also obtained (March 1973) from the Court. The Court also awarded the costs to the University.

The University has not so far (December 1974) received Rs. 0.67 lakh plus costs as ordered by the Court.

- (iii) Provisional payments were being made to contractors and employees pending receipt of (a) technical sanctions/detailed estimates of work from the State Public Works Department, (b) sanctions of the Government for payment of remuneration to teaching staff for translation/additional work, (c) budget allotments/sanctions to creation of posts, and (d) terms and conditions of deputationists. Provisional payments amounting to Rs. 68.98 lakhs made from February 1962 to March 1972 were pending regularisation at the end of March 1975.
- (iv) Temporary advances of Rs. 8.48 lakhs given to various employees and the State Public Works Department during 1962-63 to 1971-72 for meeting expenditure on supplies and works were awaiting adjustment on the 30th June 1975. The year-wise break up was as under :—

Year	(Rupees in lakhs)
1962-63	0.46
1963-64	0.06
1965-66	0.13
1966-67	1.75
1967-68	1.26
1968-69	0.09
1969-70	0.58
1970-71	0.43
1971-72	3.72
Total	8.48

The University stated (July 1975) that efforts were being made to get these advances adjusted.

- (v) Out of 11,425 copies of books (priced publications) on 18 different subjects printed and published by the University Press at a total cost of Rs. 0.68 lakh during 1966 to 1970, only 2,631 copies were sold/distributed upto May 1975 (realisation : Rs. 0.16 lakh) leaving 8,726 copies (cost : Rs. 0.52 lakh) unsold. The percentage of unsold copies of individual publications ranged between 40 and 91.

The matter was referred to the Government in March 1975; its reply is awaited (May 1975).

8.3. Haryana Hindi Granth Akademi

Haryana Hindi Granth Akademi (previously known as 'Haryana State Board for Production of University Level Books in Hindi'), a society registered under the Societies Registration Act, 1860, was established in 1968-69 for implementation of the centrally sponsored scheme of production of university level books in Hindi or concerned regional languages. The Akademi functions under the direction of the Ministry of Education, Government of India.

The General Body of the Akademi, which lays down the policy of the Akademi, consists of a Chairman, Vice-Chairman and 14 members representing Kurukshetra University, Punjab University, Government of India, Government of Haryana, University Grants Commission and experts in five different subjects. The Director of the Akademi, who functions as the Member Secretary of the General Body, is responsible for the execution of all General Body decisions as also for the custody of the Akademi's funds.

The Ministry of Education provided 75 per cent of the approved expenditure during 1968-69, the remaining 25 per cent being met by the State Government. During the Fourth Five Year Plan period (1969-74), the Government of India's assistance was raised to 100 per cent.

The Government of India paid to the Akademi the following grants between 1971-72 and 1973-74 :—

1971-72	Rs. 5.00 lakhs
1972-73	Rs. 1.00 lakh
1973-74	Rs. 4.50 lakhs

The accounts of the Akademi have to be audited by such agency as may be specified by the State Government and presented to it within 6 months of the close of the year. No auditors have been nominated so far (June 1975).

A scrutiny of the accounts of the Akademi by Audit for three years ending March 1974 disclosed the following :—

(i) (a) During the period of 49 months from April 1971 to April 1975, 50 books were published by the Akademi. The position of printing of books at the end of April 1975 was as under :—

<i>Stage</i>	<i>Number of books</i>		
Published			50
Under print			7
Ready for printing			12
Under vetting/editing			21
Under translation/original writing			27 (break-up given below)
	Total		117
<i>Year assigned</i>	<i>Original writing</i>	<i>Translation</i>	<i>Total</i>
1969-70	..	1	1
1970-71	..	..	..
1971-72	8	1	9
1972-73	5	4	9
1973-74	3	2	5
1974-75	1	2	3
	17	10	27

It was stated by the Director (October 1974) that there was delay in the publication of books due to non-completion of assignments within the stipulated period by the translators/authors and for want of copyrights.

- (b) Out of 33,600 copies of 17 books published (cost : Rs. 2.84 lakhs) till September 1973, 12,535 copies were sold/distributed (Rs. 1.54 lakhs) leaving 21,065 copies (cost : Rs. 1.76 lakhs) unsold at the end of April 1975.

<i>Period of publication</i>	<i>No. of pu- blications</i>	<i>Copies printed</i>	<i>Cost (in rupees)</i>	<i>Copies re- maining unsold/un- distributed at the end of April 1975</i>	<i>Percen- tage re- maining unsold/ undist- ributed</i>
April 1971 to September 1971	2	8,100	24,020	4,515	55.74
October 1971 to March 1972	..	..	..	..	..
April 1972 to September 1972	5	11,400	1,01,395	9,210	80.80
October 1972 to March 1973	5	7,700	81,345	3,710	48.18
April 1973 to September 1973	5	6,400	77,670	3,630	56.72
Total	17	33,600	2,84,430	21,065	

Three more publications were got printed during the period October 1973 to April 1975.

The percentage of sale ranged between 19 and 52 for individual publications. Books produced were normally required to be prescribed/recommended for the appropriate University course, but, out of seventeen books published till September 1973, only eleven were so prescribed/recommended upto April 1975. The non-prescription of the books published by the Akademi in the appropriate University courses was attributed (March 1975) to the fact that the Punjab University, to which all colleges in Haryana were affiliated prior to the academic year 1974, had no programme of switch-over to Hindi. The Books produced by the Akademi were not, therefore, prescribed in the syllabi of the University. The Akademi added that with the Kurukshetra University becoming an affiliating University from 1974-75, where there is an option for the students to write their answers in Hindi, quite a number of Akademi publications were likely to find a place in the University syllabi. Further progress is awaited (April 1975).

- (c) The Akademi decided in July 1970 to give preference to titles upto the graduate level and to continue the work on post graduate level books side by side. Out of 81 books taken in

hand by the Akademi after August 1970, 29 books (translations 21 and original writings 8) were for post graduate level, 48 (translations 4 and original works 44) for graduate level and 4 (translations) were for general educative/informative studies.

(ii) According to the instructions of the Ministry of Education, administrative expenditure should not normally exceed five per cent of the overall approved expenditure. Actual administrative expenditure exceeded the prescribed limit by Rs. 1.20 lakhs in the three years ending March 1974.

(iii) As at the end of January 1975, a sum of Rs. 0.48 lakh was overdue from agents, for over one to two years, for books given to them for sale.

8.4. Y.M.C.A. Institute of Engineering, Faridabad

The Y.M.C.A. Institute of Engineering, a Society registered under the Societies Registration Act, 1860, was set up for imparting training on sandwich pattern of West Germany for development of "Middle Level Technicians." It started functioning from September 1969.

The Young Men's Christian Association of India (Y.M.C.A.) was to contribute at least rupees twenty five lakhs in West German foreign exchange towards the non-recurring cost of the Institute and the remaining non-recurring cost was to be shared equally by the State Government and the Government of India. The recurring cost was to be shared between the State Government and the Government of India in the following manner :—

For the first five years

Government of India	50 per cent of the gross expenditure
State Government	Difference between the net expenditure and the Government of India's share.

From the sixth year (1st October 1974) and onwards the Government of India was not to share the recurring cost; it was to be shared between the State Government and the Y.M.C.A. of India, the latter's share being 5, 10, 15 and 20 per cent in the 6th, 7th, 8th and 9th year respectively and 25 per cent thereafter.

Financial assistance of Rs. 35 lakhs, Rs. 13.79 lakhs and Rs. 12.55 lakhs was extended to the Institute by the State Government during 1971-72, 1972-73 and 1973-74 respectively. The question regarding the release of the share of the Government of India for these years was stated (May 1975) to be under correspondence.

A test audit of the accounts for 1971-72 and 1972-73 brought out the following points :—

- (i) According to the agreement between the State Government and the National Council of Y.M.C.A. of West Germany, the Institute received equipment valuing Rs. 34.38 lakhs from 1968-69 onwards from West Germany. No proper record of the

equipment was maintained till September 1972. In October-November 1972, a stock register was prepared from the original invoices received from West Germany and shortages valuing Rs. 0.29 lakh were noticed. A Board constituted to examine the matter recommended (August 1974) write off of the items found short. The Vice Chairman of the Institute's Governing Body did not accept this recommendation in view of the large amount involved and ordered compilation of the record afresh. Further developments are awaited (May 1975).

- (ii) No procedures/rules had been laid down/framed (April 1975) for the purchase of stores, maintenance of accounts and custody and physical verification thereof. The management stated in May 1975 that the rules have since been formulated and would be placed before the Finance Committee/Board of Governors for approval.

An *ad hoc* physical verification of stores was undertaken in November 1972 and section-wise lists of stores issued and those actually in stock were got prepared by July 1973, but action for the discrepant items was still (May 1975) in hand.

- (iii) The budget estimates (non-recurring) for 1971-72 and 1972-73 were not prepared and submitted to the State Government although such submission was stipulated in the agreement between the parties.

The matter was reported to the Government in February 1975; its reply is awaited (May 1975).

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

9.1. Outstanding audit observations

Audit observations on financial transactions of the Government are reported to the departmental authorities concerned so that appropriate action is 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 enable it to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1974 and outstanding at the end of December 1974 as compared with the position indicated in two preceding Reports.

	<i>As at the end of August 1972</i>	<i>As at the end of August 1973</i>	<i>As at the end of December 1974</i>
Number of observations	22,493@	18,840@	19,407@
Amount (in crores of rupees)	30.03@	30.56@	34.42@

The following departments have comparatively heavy outstanding observations :—

<i>Serial No.</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Bulidings and Roads	4,274	10,51.87
2.	Co-operation	207	7,04.27
3.	Transport	1,502	6,81.25
4.	Irrigation	3,123	2,14.02
5.	Agriculture	1,403	1,94.34

@Exclude those relating to Haryana State Electricity Board.

<i>Serial No.</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
6.	Public Health	2,394	1,80.43
7.	Industries	579	1,47.53

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

<i>Serial No.</i>	<i>Nature of observation</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Payees' receipts not received	11,346	8,02.91
2.	Agreements not received	391	5,69.29
3.	Detailed bills for lump sum drawals not received	732	5,61.03
4.	Vouchers not received	1,650	4,62.35

It will be seen that a sizeable portion of the total outstandings is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is difficult to state whether payments have been made or made for due consideration. The Departments with comparatively heavy outstandings on this account are :—

<i>Serial No.</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Buildings and Roads	3,871	5,61.57
2.	Agriculture	1,265	1,65.77
3.	Transport	644	1,23.79
4.	Public Health	1,823	86.76
5.	Irrigation	2,207	74.10

<i>Serial No.</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
6.	Animal Husbandry	546	68.66
7.	Education	886	39.96
8.	Medical	374	30.01

The facility of drawing amounts as advances on abstract contingent bills by Disbursing Officers is intended to expedite payments in certain cases, but they 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 difficult for Audit to know whether the amount has been spent on the purpose or purposes for which the advances were drawn. Rupees 5,61.03 lakhs are held under observation as detailed contingent bills have not been received in the Audit office. A major part (Rs. 5,53.77 lakhs) of this outstanding related to Transport Department.

9.2. 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 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 first replies to inspection reports should be sent within six weeks.

At the end of December 1974, six thousand three hundred eighty-nine inspection reports issued upto March 1974 were not settled fully as shown below with figures for the earlier two years :—

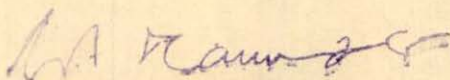
	<i>As at the end of August 1972</i>	<i>As at the end of August 1973</i>	<i>As at the end of December 1974</i>
Number of inspection reports	4,284*	4,734	6,389*
Number of paragraphs	19,400*	19,106	27,645*

*Include those relating to Haryana State Electricity Board.

Of the reports outstanding at the end of December 1974, 5,389 reports related to Civil Departments, 899 to Commercial Departments and 101 to Revenue Receipts. These included 307 inspection reports (99 civil and 208 commercial) for which first replies had not been received till the end of December 1974.

CHANDIGARH:

Dated 19 SEP 1975



(R.S. MAUNDER)
Accountant General, Haryana.

Countersigned

NEW DELHI:

Dated 20 SEP 1975



(A. BAKSHI)
Comptroller and Auditor General of India.

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A P P E N D I C E S

APPENDICES

APPENDIX I

(Reference : paragraph 1.13, page 25)

UTILISATION CERTIFICATES FOR GRANTS PAID UP TO THE 31ST MARCH 1973
OUTSTANDING AS ON THE 31ST DECEMBER 1974

CERTIFICATES

Department	Year of payment of grants	Due		Received		Outstanding	
		Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)
1	2	3	4	5	6	7	8
✓ Development and Panchayat	1961-62	20	4.05	..	..	20	4.05
	1962-63	186	29.61	..	..	186	29.61
	1963-64	240	50.12	..	..	240	50.12
	1964-65	217	48.39	..	..	217	48.39
	1965-66	290	64.38	..	..	290	64.38
	1966-67	19	32.91	..	..	19	32.91
	1967-68	41	2,43.15	..	..	41	2,43.15
	1968-69	641	64.30	..	..	641	64.30
	1969-70	197	37.28	..	..	197	37.28
	1970-71	741	72.80	..	..	741	72.80
1971-72	495	1,16.69	..	..	495	1,16.69	
1972-73	654	94.24	..	..	654	94.24	
	Total	3,741	8,57.92	..	..	3,741	8,57.92
✓ Agriculture	1966-67	2	27.39	..	..	2	27.39
	1967-68	9	81.29	..	..	9	81.29
	1968-69	11	84.85	..	..	11	84.85
	1969-70	41	1,21.90	4	28.47	7	93.43
	1970-71	7	1,66.76	6	1,66.26	1	0.50
	1971-72	16	2,42.94	..	..	16	2,42.94
	1972-73	11	2,17.03	..	1.06	11	2,15.97
	Total	67	9,42.16	10	1,95.79	57	7,46.37

APPENDIX I—contd.

1	2	3	4	5	6	7	8	
✓ Education	1965-66	66	4.58	11	1.34	55	3.24	
	1966-67	21	1.85	10	0.93	11	0.92	
	1967-68	20	16.36	13	13.29	7	3.07	
	1968-69	22	73.05	9	8.76	13	64.29	
	1969-70	56	1,42.25	18	28.93	38	1,13.32	
	1970-71	51	1,82.83	10	12.78	41	1,70.05	
	1971-72	59	2,39.40	4	38.57	55	2,00.83	
	1972-73	58	1,53.22	17	10.52	41	1,42.70	
	Total	353	8,13.54	92	1,15.12	261	6,98.42	
✓ Technical Education	1970-71	12	40.44	..	..	12	40.44
	1971-72	9	36.32	..	..	9	36.32
	1972-73	14	29.35	..	..	14	29.35
		Total	35	1,06.11	35	1,06.11
✓ Animal Husbandry	1966-67	46	2.05	1	1.05	45	1.00	
	1967-68	108	7.05	7	4.22	101	2.83	
	1968-69	114	7.35	5	4.14	109	3.21	
	1969-70	181	15.19	..	..	181	15.19
	1970-71	77	10.16	..	..	77	10.16
	1971-72	65	22.52	1	0.02	64	22.50	
	1972-73	25	21.21	2	0.85	23	20.36	
		Total	616	85.53	16	10.28	600	75.25
✓ Local Government	1963-64	3	2.15	..	..	3	2.15
	1964-65	3	1.45	..	..	3	1.45
	1965-66	2	0.71	..	..	2	0.71
	1966-67	2	0.40	..	..	2	0.40
	1967-68	6	0.66	..	..	6	0.66
	1968-69	12	0.09	..	..	12	0.09
	1969-70	4	4.69	..	..	4	4.69
	1970-71	13	6.64	..	..	13	6.64
	1971-72	8	28.67	..	..	8	28.67
	1972-73	10	41.97	..	..	10	41.97
		Total	63	87.43	63	87.43

APPENDIX I—contd.

1	2	3	4	5	6	7	8
✓ Social Welfare	1957-58	1	0.37	..	..	1	0.37
	1959-60	2	0.52	..	..	2	0.52
	1960-61	1	0.01	..	..	1	0.01
	1961-62	1	0.05	..	..	1	0.05
	1962-63	2	0.21	..	..	2	0.21
	1963-64	2	0.03	..	..	2	0.03
	1964-65	1	0.01	..	..	1	0.01
	1965-66	2	0.04	..	..	2	0.04
	1966-67	1	0.01	..	..	1	0.01
	1971-72	24	42.02	..	..	24	42.02
	1972-73	..	..	..	..	..	..
	Total	37	43.27	..	..	37	43.27

✓ Medical and Health—

✓ (a) Medical	1965-66	1	0.02	..	..	1	0.02
	1966-67	2	0.04	..	..	2	0.04
	1968-69	8	0.49	2	0.30	6	0.19
	1969-70	8	1.19	..	..	8	1.19
	1970-71	5	0.24	..	..	5	0.24
	1971-72	18	3.04	12	2.82	6	0.22
	1972-73	15	4.11	11	3.55	4	0.56
	Total	57	9.13	25	6.67	32	2.46

✓ (b) Health	1968-69	3	0.33	..	..	3	0.33
	1969-70	6	0.98	..	..	6	0.98
	1970-71	7	1.61	..	..	7	1.61
	1971-72	23	18.08	..	..	23	18.08
	1972-73	..	..	..	..	..	..
	Total	39	21.00	..	..	39	21.00

APPENDIX I--concl'd.

	1	2	3	4	5	6	7	8
✓ Industries	1959-60		1	1.63	..	..	1	1.63
	1960-61		1	2.31	..	..	1	2.31
	1961-62		1	1.09	..	..	1	1.09
	1967-68		4	1.42	2	0.13	2	1.29
	1968-69		1	0.06	..	..	1	0.06
	1969-70		2	0.58	..	..	2	0.58
	1970-71		3	0.35	1	0.24	2	0.11
	1971-72		5	1.34	2	0.26	3	1.08
	1972-73		14	9.47	8	8.26	6	1.21
	Total		32	18.25	13	8.89	19	9.36
✓ Civil Aviation	1964-65		1	0.20	..	..	1	0.20
	1965-66		2	0.36	..	..	2	0.36
	1966-67		6	0.78	..	..	6	0.78
	1967-68		4	0.80	..	..	4	0.80
	1970-71		8	1.30	..	..	8	1.30
	1971-72		6	2.00	..	..	6	2.00
	1972-73		8	4.00	..	..	8	4.00
	Total		35	9.44	..	..	35	9.44
✓ Home	1972-73		4	9.00	..	..	4	9.00
Other Departments	1959-60		2	0.21	..	..	2	0.21
	1961-62		1	0.01	..	..	1	0.01
	1962-63		2	0.04	..	..	2	0.04
	1965-66		2	1.27	..	..	2	1.27
	1966-67		5	0.17	..	..	5	0.17
	1969-70		1	0.02	..	..	1	0.02
	1970-71		11	6.37	..	..	11	6.37
	1971-72		27	15.41	..	..	27	15.41
	1972-73		14	8.50	..	..	14	8.50
	Total		65	32.00	..	..	65	32.00
Grand Total			5,144	30,34.78	156	3,36.75	4,988	26,98.03

APPENDIX II

(Reference : paragraph 2.2, page 26)

CASES IN WHICH SUPPLEMENTARY GRANTS EXCEEDING RUPEES FIVE LAKHS IN EACH CASE PROVED SUBSTANTIALLY EXCESSIVE/INADEQUATE

Serial No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Final grant/appropriation	Expenditure	Saving(-)/Excess(+)
(in lakhs of rupees)						
I—Cases in which supplementary grants proved unnecessary						
<i>Administrative Services</i>						
1.	14—Miscellaneous Departments	39.96	12.00	51.96	33.58	-18.38
<i>Miscellaneous</i>						
2.	39—Miscellaneous	5,08.52	16.90	5,25.42	4,78.34	-47.08
<i>Capital Account of Public Works (including Roads) and Schemes of Miscellaneous Public Improvements</i>						
3.	45—Capital Outlay on Public Works	20,60.02	80.00	21,40.02	17,61.33	-3,78.69
II—Cases in which supplementary grants proved substantially excessive						
<i>Administrative Services</i>						
1.	9—General Administration	3,89.14	36.59	4,25.73	3,98.25	-27.48
<i>Contributions and Miscellaneous Adjustments</i>						
2.	40—Other Miscellaneous Compensations and Assignments	0.54	8.92	9.46	5.29	-4.17
III—Cases in which supplementary grants proved substantially inadequate						
<i>Social and Developmental Services</i>						
1.	26—Miscellaneous Social and Developmental Organisations	1,21.05	1,75.75	2,96.80	3,20.77	+23.97
<i>Multipurpose River Schemes, Irrigation, etc.</i>						
2.	28—Irrigation (Works)	7,52.91	61.37	8,14.28	9,33.70	+1,19.42
<i>Public Works (including Roads) and Schemes of Miscellaneous Public Improvements</i>						
3.	30—Public Works	5,43.90	9.53	5,53.43	23,76.76	+18,23.33
<i>Capital Miscellaneous</i>						
4.	44—Irrigation (Capital)	6,71.57	9,22.72	15,94.29	28,26.42	+12,32.13

APPENDIX III

(Reference : paragraph 2.4, page 30)

SAVINGS UNDER GRANTS AND APPROPRIATIONS

Serial No.	Number and name of grant/ appropriation	Original/ Supple- mentary	Total grant/ appropri- ation	Expendi- ture	Saving	Perce- ntage of saving
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(in lakhs of rupees)

I—Cases of saving of 20 per cent or more of the total grant/appropriation

Administrative Services

1. 1—Land Revenue

Charged	O	0.09	} 0.09	..	0.09	100
	S	..				

2. 4—Sales Tax

Charged	O	0.05	} 0.05	..	0.05	100
	S	..				

3. 5—Other Taxes and Duties

Voted	O	26.64	} 28.60	20.74	7.86	27
	S	1.96				
Charged	O	0.07	} 0.07	..	0.07	100
	S	..				

4. 7—Registration Fees

Voted	O	0.53	} 0.53	0.33	0.20	38
	S	..				

5. 11—Jails

Voted	O	87.95	} 87.95	69.55	18.40	21
	S	..				

6. 12—Police

Charged	O	0.06	} 0.06	0.01	0.05	83
	S	..				

7. 14—Miscellaneous
Departments

	O	39.96	} 51.96	33.58	18.38	35
	S	12.00				

APPENDIX III—contd.

Serial No.	Number and name of grant/appropriation	Original/supplementary	Total grant/appropriation	Expenditure	Saving	Percentage of saving
(in lakhs of rupees)						
<i>Social and Developmental Services</i>						
8.	17—Medical					
	Charged	O 0.05	} 0.05	..	0.05	100
		S ..				
9.	18—Public Health					
	Charged	O 0.02	} 0.02	..	0.02	100
		S ..				
10.	19—Family Planning					
		O 2,38.29	} 2,38.29	1,12.15	1,26.14	53
		S ..				
11.	20—Agriculture					
		O 7,30.51	} 7,30.51	5,77.73	1,52.78	21
		S ..				
12.	22—Co-operation					
	Charged	O 0.06	} 0.06	..	0.06	100
		S ..				
13.	23—Industries					
		O 1,74.79	} 1,77.46	1,32.01	45.45	26
		S 2.67				
<i>Public Works (including Roads) and Schemes of Miscellaneous Public Improvements</i>						
14.	30—Public Works					
	Charged	O 0.48	} 0.48	0.17	0.31	65
		S ..				
15.	32—Capital Outlay on Public Works					
		O 2,12.25	} 2,12.25	..	2,12.25	100
		S ..				
<i>Miscellaneous</i>						
16.	34—Famine Relief					
		O 1,10.29	} 1,10.29	80.25	30.04	27
		S ..				

APPENDIX III—contd.

Serial No.	Number and name of grant/appropriation	Original/ supplementary	Total grant/ appropriation	Expenditure	Saving	Percentage of saving	
(in lakhs of rupees)							
17.	35—Pensions and Other Retirement Benefits						
	Voted	O	1,93.75	1,93.75	1,34.44	59.31	31
		S	..				
	Charged	O	0.14	0.14	..	0.14	100
		S	..				
18.	36—Privy Purses and Allowances of Indian Rulers						
		O	0.93	0.93	0.14	0.79	85
		S	..				
19.	37—Stationery and Printing						
	Charged	O	1.81	1.81	1.40	0.41	23
		S	..				
20.	38—Forest						
	Charged	O	0.01	0.01	..	0.01	100
		S	..				
<i>Contributions and Miscellaneous Adjustments</i>							
21.	40—Other Miscellaneous Compensations and Assignments						
		O	0.54	9.46	5.29	4.17	44
		S	8.92				
<i>Capital Account of Public Works (including Roads) and Schemes of Miscellaneous Public Improvements</i>							
22.	45—Capital Outlay on Public Works						
	Charged	O	8.21	10.09	1.68	8.41	83
		S	1.88				
23.	46—Capital Outlay on Other Works						
		O	14.65	14.65	2.33	12.32	84
		S	..				

APPENDIX III—contd.

Serial No.	Number and name of grant/appropriation	Original/ supplementary	Total grant/ appropriation	Expenditure	Saving	Percentage of saving
(in lakhs of rupees)						
<i>Capital Miscellaneous</i>						
24.	48—Payments of Commuted value of Pensions					
	Voted	O 3.75 S ..	} 3.75	2.60	1.15	31
	Charged	O 0.15 S ..				
			} 0.15	..	0.15	100
25.	49—Capital Outlay on Schemes of Government Trading	O 70,01.60 S ..					} 70,01.60	49,96.34	20,05.26	29
26.	Public Debt					
	Charged	O 1,09,65.77 S ..	} 1,09,65.77	85,40.75	24,25.02	22
27.	Inter State Settlement					
	Charged	O 3.81 S ..	} 3.81	..	3.81	100
<i>Public Debt</i>						
<i>Inter State Settlement</i>						
II—Cases of saving of 10 per cent or more but within 20 per cent of the total grant/appropriation						
<i>Debt Services</i>						
1.	Interest on Debt and Other Obligations					
	Charged	O 15,62.10 S ..	} 15,62.10	13,08.25	2,53.85	16
<i>Administrative Services</i>						
2.	8—Parliament, State/ Union Territory Legislatures	O 29.51 S ..	} 29.51	23.87	5.64	19
3.	10—Administration of Justice	O 17.08 S ..					} 17.08	15.21	1.87	11

APPENDIX III—concl.

Serial No.	Number and name of grant/appropriation	Original supplementary	Total grant/appropriation	Expenditure	Saving	Percentage of saving
<i>(in lakhs of rupees)</i>						
4.	13—Supplies and Disposals	O 5.59 S ..	5.59	4.84	0.75	13
<i>Social and Developmental Services</i>						
5.	17—Medical	O 5,61.78 S ..	5,61.78	4,98.93	62.85	11
6.	18—Public Health	O 6,22.41 S ..	6,22.41	5,05.26	1,17.15	19
7.	22—Co-operation	O 1,02.58 S ..	1,02.58	87.81	14.77	14
8.	24—Community Development Project, National Extension Service and Local Development Works	O 1,65.56 S ..	1,65.56	1,47.51	18.05	11
9.	25—Labour and Employment	O 1,49.09 S ..	1,49.09	1,30.91	18.18	12
<i>Miscellaneous</i>						
10.	37—Stationery and Printing	O 1,16.42 S ..	1,16.42	1,00.79	15.63	13
<i>Capital Account of Public Works (including Roads) and Schemes of Miscellaneous Public Improvements</i>						
11.	45—Capital Outlay on Public Works	O 20,60.02 S 80.00	21,40.02	17,61.33	3,78.69	18

APPENDIX IV

(Reference : paragraph 3.14, page 48)

MISAPPROPRIATIONS AND DEFALCATIONS IN WHICH DEPARTMENTAL
ACTION AND CRIMINAL PROSECUTION HAD BEEN
COMPLETED BY THE 30TH APRIL 1975

Serial No.	Department	Cases pertaining to				Total	
		1968-69 and earlier years		1969-70 to 1973-74		Number	Amount
		Number	Amount	Number	Amount		
(amount in lakhs of rupees)							
✓ 1.	Transport	..	..	26	11.86	26	11.86
✓ 2.	Agriculture	7	0.28	2	0.03	9	0.31
✓ 3.	Education	3	0.05	3	0.25	6	0.30
✓ 4.	Printing and Stationery	..	..	2	0.29	2	0.29
✓ 5.	Irrigation	1	0.12	3	0.13	4	0.25
✓ 6.	Public Health	2	0.25	..	..	2	0.25
✓ 7.	Police	..	..	2	0.23	2	0.23
✓ 8.	Industries	1	0.23	..	..	1	0.23
✓ 9.	Medical	1	0.01	2	0.10	3	0.11
✓ 10.	Industrial Training	1	0.02	3	0.07	4	0.09
✓ 11.	Animal Husbandry	..	..	1	0.08	1	0.08
✓ 12.	Food and Supplies	..	..	1	0.03	1	0.03
✓ 13.	Development and Panchayat	1	0.02	..	..	1	0.02
✓ 14.	Buildings and Roads	..	..	1	0.01	1	0.01
15.	Civil Secretariat	1	0.01	..	..	1	0.01
✓ 16.	Revenue	1	0.01	..	..	1	0.01
Total		19	1.00	46	13.08	65	14.08

APPENDIX

(Reference : paragraph

MISAPPROPRIATIONS, DEFALCATIONS, ETC. UNDER DEPARTMENTAL

Serial No.	Department	Departmental investigation cases pertaining to			
		1968-69 and earlier years		1969-70 to 1973-74	
		Number	Amount	Number	Amount
					(Amount)
✓ 1	Co-operation	..	..	1	33.74
✓ 2	Food and Supplies	2	4.18	1	0.01
✓ 3	Lotteries	..	..	..	..
✓ 4	Irrigation	33	1.51	17	1.04
✓ 5	Agriculture	..	..	..	..
✓ 6	Public Health	1	0.73	6	0.12
✓ 7	Transport	..	..	12	0.58
✓ 8	Buildings and Roads	5	0.39	9	0.28
✓ 9	Police	..	..	2	0.67
✓ 10	Education	..	..	2	0.06
✓ 11	Land Revenue	1	0.32	..	..
✓ 12	Technical Education	..	..	1	0.32
✓ 13	Election	..	..	..	..
✓ 14	Development and Panchayat	1	0.02	1	0.02
✓ 15	Forest	2	0.03	1	0.14
✓ 16	Housing	1	0.09	..	..
✓ 17	Animal Husbandry	..	..	..	..
✓ 18	Medical	..	..	..	..
✓ 19	Industrial Training	..	..	..	..
✓ 20	Industries	..	..	..	..
21	Other Departments	..	..	..	..
	Total	46	7.27	53	36.98

*Includes 3 items out of which two items pertain to the theft of two typewriters amount has not been intimated by the Revenue Department and one item pertaining to in rounding.

V

3.14, page 48)

INVESTIGATION OR CRIMINAL PROSECUTION (POSITION AT THE END OF APRIL 1975)

Criminal prosecution cases pertaining to

Grand Total

1968-69 and earlier years		1969-70 to 1973-74		Grand Total		
Number	Amount	Number	Amount	Number	Amount	
<i>in lakhs of rupees)</i>						
..	..	..	..	1	33.74	1
1	0.12	..	..	4	4.31	2
..	..	2	2.88	2	2.88	3
..	..	..	..	50	2.55	4
4	1.43	2	0.12	6	1.55	5
..	..	..	..	7	0.85	6
2	0.13	2	0.04	16	0.75	7
..	..	..	..	14	0.67	8
..	..	..	..	2	0.67	9
3	0.19	4	0.11	9	0.36	10
..	..	..	..	1	0.32	11
..	..	..	..	1	0.32	12
..	..	2	0.31	2	0.31	13
2	0.17	..	..	4	0.21	14
..	..	..	..	3	0.17	15
..	..	..	..	1	0.09	16
..	..	1	0.05	1	0.05	17
..	..	1	0.04	1	0.04	18
..	..	1	0.03	1	0.03	19
1	0.02	..	..	1	0.02	20
1	0.01	3	*	4	0.01	21
14	2.07	18	3.58	131	49.90	Total

during 1970-71 and 1972-73 in the office of Sub Divisional Officer (Civil) Thanesar. The the Tourism Department amounting to Rs. 580 being less than Rs. 1,000 has been ignored

APPENDIX VI

(Reference : paragraph 3.15, page 48)

CASES OF LOSSES DUE TO THEFT, FIRE, IRRECOVERABLE REVENUE, DUTIES, ADVANCES, ETC., WRITTEN OFF/WAIVED DURING THE YEAR

Serial No.	Department	Write off of losses/irrecoverable revenue, duties, advances, etc.		Waiver of recovery		Total	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.
1	Food and Supplies	212	1,60,691	..	..	212	1,60,691
2	Transport	6	11,858	..	..	6	11,858
3	Police	6	5,638	1	2,238	7	7,876
4	Education	1	252	13	3,498	14	3,750
5	Agriculture	2	1,700	..	..	2	1,700
6	Printing and Stationery	11	1,210	..	..	11	1,210
7	Industrial Training	..	..	1	256	1	256
8	Other Departments	2	248	..	..	2	248
	Total	240	1,81,597	15	5,992	255	1,87,589

APPENDIX VII

(Reference : paragraph 5.1, page 61)

ARREARS IN PREPARATION OF STORES ACCOUNTS

<i>Serial No.</i>	<i>Name of the Department</i>	<i>Peirod for which these are in arrears</i>
✓ 1	Medical	1969-70 1970-71 1971-72 1972-73 1973-74
✓ 2	Animal Husbandry	1969-70 1970-71 1971-72 1972-73 1973-74
✓ 3	Agriculture	1969-70 1970-71 1971-72 1972-73 1973-74
✓ 4	Industrial Training	1969-70 1970-71 1971-72 1972-73 1973-74
✓ 5	Public Relations	1973-74
✓ 6	Jails	1973-74

APPENDIX

(Reference : paragraph
paragraph)

FINANCIAL RESULTS OF STATUTORY

Serial No.	Name of the Corporation	Name of the Department	Year of incorporation	Period of accounts	Total Capital invested	Profit(+)/ Loss(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Figures in columns 6 to 10, 12 and 13 are in lakhs of rupees)						
<i>(i) Electricity Board</i>						
1	Haryana State Electricity Board	Irrigation and power	1967	1973-74	2,22,99.41	(+)76.07
<i>(ii) Other Statutory Corporations</i>						
2	Haryana Financial Corporation	Industries	1967	1973-74	12,84.76	(+)40.77
3	Haryana Warehousing Corporation	Agriculture	1967	1972-73	2,01.20	(+)11.88

Capital invested represents paid up capital plus long term loan and free reserves.

Capital employed represents net fixed assets plus working capital.

*Includes interest of Rs. 1.66 lakhs on contributions (included in capital invested)

VIII

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CORPORATIONS

<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loan</i>	<i>Total return on capital invested</i>	<i>Percentage of total return on capital invested</i>	<i>Capital employed</i>	<i>Total return on capital employed</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
6,16.35	5,97.04*	6,73.11	3.02	1,44,05.4	6,92.42	4.8
54.53	54.53	95.30	7.42	..	..	..
..	..	11.88	5.90	1,82.53	11.88	6.51

by the consumers for service lines.

APPENDIX

(Reference : paragraph

SUMMARISED FINANCIAL RESULTS OF

Serial No.	Name of the Company	Name of the Department	Date of incorporation	Year of account	Total capital invested	Profit (+)/ Loss(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>I. Running Concerns</i>				<i>(Figures in columns 6 to 10,</i>		
1	Haryana State Small Industries & Export Corporation Limited	Industries	1967	1973-74 (Ended 30th June 1974)	57.39	(+)27.76
2	Haryana Harijan Kalyan Nigam Limited	Social Welfare	1971	1972-73 (Ended 30th June 1973)	65.23	(-) 0.08
3	Haryana Agro Industries Corporation Limited	Agriculture	1967	1973-74 (Ended 30th June 1974)	2,57.97	(+)3.23
4	Haryana Dairy Development Corporation Limited	Animal Husbandry	1969	1973-74 (Ended 31st March 1974)	3,42.02	(-)18.89
<i>II. Promotional and Development Undertakings</i>						
5	Haryana State Industrial Development Corporation Limited	Industries	1967	1973-74 (Ended 31st March 1974)	1,97.68	(+)2.37
<i>III. Subsidiaries of Haryana State Industries Development Corporation Limited</i>						
6	Haryana Matches Limited	Industries	1970	1973-74 (Ended 31st March 1974)	7.61	(-)1.48
7	Haryana Tanneries Limited	Industries	1972	1973-74 (Ended 31st March 1974)	17.50	(-)1.68*
8	Haryana Minerals Priyate Limited	Industries	1972	Period ended 31st December 1973	7.51	(-)0.53
9	Haryana Breweries Limited	Industries	1970	1973-74 (Ended 31st March 1974)	1,66.68	(-)17.98

Note : Capital invested represents paid up capital, long term loans and free reserves. plus working capital. *The company being under construction, the loss is to be

IX

7.12, page 86)

GOVERNMENT COMPANIES

<i>Total interest charged to Profit & 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</i>	<i>Total return on capital employed</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>12 and 13 are in lakhs of rupees)</i>						
1.00	0.24	28.00	48.79	70.19	28.76	40.97
..	..	..	..	65.08	..	..
1.98	0.78	4.01	1.55	2,57.52	5.21	2.02
10.65	10.33	(—)8.56	..	3,14.08	(—)8.24	..
1.09	..	2.37	1.20	2,18.64	3.46	1.58
..	..	..	..	7.55	..	..
..
..	..	..	..	7.97	..	..
..	..	..	..	1,60.52	..	..

Capital employed represents net fixed assets (excluding capital work in progress) capitalised.

APPENDIX X

(Reference : paragraph 7.16, page 104)

**ARREARS IN PREPARATION OF PROFORMA ACCOUNTS OF COMMERCIAL/
QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS**

<i>Name of the undertaking</i>	<i>Years for which accounts are in arrears</i>
(1)	(2)
Seed Depot Scheme	1966-67 to 1973-74
Colonisation Scheme	1966-67 to 1973-74
Purchase and distribution of pesticides	1966-67 to 1973-74
Nationalised Text Books Scheme	1972-73 and 1973-74
Typewriter Workshop Scheme	1972-73 and 1973-74
Haryana Roadways	1973-74

APPENDIX XI

(Reference : paragraph 7.16, page 104)

SUMMARISED FINANCIAL RESULTS OF THE COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

Serial No.	Name of the Concern	Period of accounts	Government capital	Mean capital excluding interest on capital	Block assets	Cumulative depreciation	Turn over	Profit (+)/ Loss(-)	Percentage of profit on mean capital
(in lakhs of rupees)									
1	Provincial Reserve Food Scheme	1973-74	..	..	..	..	33,88.25	(+)1,12.18	..
2	*Government Livestock Farm, Hissar	1970-71	1,07.39	1,05.10	80.16	..	..	(-)3.81	..
		1971-72	1,21.29	1,20.84	95.87	..	..	(-)13.01	..
3	Nationalised Text Books Scheme	1971-72	29.25	16.86	0.36	0.06	59.62	(+)13.29	78.83
4	Haryana Roadways	1972-73	7,64.79	6,03.31	8,15.11	3,68.88	13,66.37	(+)2,07.65	34.42
5	Haryana Veterinary Vaccine Institute, Hissar	1973-74	0.19	(-)0.07	0.40	0.29	1.34	0.34	..

- *1. Sundry debtors were overstated by Rs. 8.81 lakhs in 1970-71 and Rs. 11.52 lakhs in 1971-72 with corresponding understatement of loss.
2. No provision was made for bad and doubtful debts amounting to Rs. 1.75 lakhs on 31st March 1971 and Rs. 7.40 lakhs on 31st March 1972.
3. Interest on capital, direction charges, pensionary charges and audit fee was neither calculated/ascertained nor provided for in the accounts resulting in understatement of loss.
4. Rupees 3.63 lakhs received during 1970-71 as part payment towards value of land, proposed to be sold, was incorrectly treated as revenue receipts resulting in understatement of loss to that extent.

