



REPORT

OF THE

Comptroller & Auditor General of India

for the year 1976-77

(CIVIL)

Government of Haryana



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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1976-77 together with other points arising from audit of financial transactions of the Government of Haryana. It also includes certain points of interest arising from the Finance Accounts for the year 1976-77.

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

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1976-77 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 1976-77 have also been included, wherever considered necessary.

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

CHAPTER I

GENERAL

1.1. Summary of transactions

A summary of transactions of the Government of Haryana during 1976-77 is given below with the corresponding figures for the preceding year :—

	1975-76	1976-77
	<i>(in crores of rupees)</i>	
(1) Revenue—		
Revenue raised by the State Government	1,81.61	2,16.23
Receipts from the Government of India	46.83	41.56
Total Revenue	2,28.44	2,57.79
Revenue Expenditure		
Non-Plan	1,67.26	1,81.71
Plan	19.65	27.56
Total Revenue Expenditure	1,86.91	2,09.27
Revenue Surplus (+)	(+ 41.53)	(+ 48.52)
(2) Debt—		
(i) Internal Debt—		
Receipts	1,19.22	1,00.72
Repayments	1,08.65	93.62
Increase (+)	(+ 10.57)	(+ 7.10)
(ii) Loans from the Central Government—		
Receipts	36.87	25.20
Repayments	32.52	20.87
Increase (+)	(+ 4.35)	(+ 4.33)
Total Debt (net)—Increase (+)	(+ 14.92)	(+ 11.43)

	1975-76 (in crores of rupees)	1976-77
(3) Capital Expenditure—		
Non-Plan	(—) 1.48	1.65
Plan	40.82	66.87
Increase (—)	(—) 39.34	(—) 68.52
(4) Loans and Advances by the State Government—		
Recoveries	7.60	4.71
Disbursements	42.88	36.03
Increase (—)	(—) 35.28	(—) 31.32
(5) Contingency Fund (net)—		
Increase (+)/Decrease (—)	(—) 0.56	(+) 1.71
(6) Public Account—		
Receipts	2,31.61	3,47.23
Disbursements	2,14.20	3,13.73
Increase (+)	(+) 17.41	(+) 33.50
(7) Inter-State Settlement (net)	(—) 0.02	(—) 0.03
Net Deficit (—) during the year	(—) 1.34	(—) 4.71
Opening Cash Balance	(—) 11.63	(—) 12.97
Net Deficit (—) during the year	(—) 1.34	(—) 4.71
Closing Cash Balance	(—) 12.97	(—) 17.68*

1.2. Revenue surplus/deficit

(a) *Revenue Receipts*—The actuals of revenue receipts for 1976-77 as compared with (i) the budget estimates and (ii) the budget estimates *plus*

*There was a difference (Rs. 81.07 lakhs) between the figure reflected in the accounts (Rs. (—) 17, 68.25 lakhs) and that intimated by the Reserve Bank (Rs. (—) 18,49.32 lakhs) regarding "Deposits with Reserve Bank" (included in the Cash Balance). Difference to the extent of Rs. 75.77 lakhs has since been reconciled; the remaining difference is under reconciliation (January 1978).

additional taxation during the year along with the corresponding figures for 1974-75 and 1975-76 are shown below :—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1974-75	1,66.11	1,67.41	1,87.11	(+) 19.70	12
1975-76	1,96.91	2,04.41	2,28.44	(+) 24.03	12
1976-77	2,36.36	2,46.08	2,57.79	(+) 11.71	5

(b) *Expenditure on revenue account*— The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision during the year along with the corresponding figures for 1974-75 and 1975-76 is shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1974-75	1,58.09	1,74.11	1,64.79	(-) 9.32	5
1975-76	1,81.30	1,91.99	1,86.91	(-) 5.08	3
1976-77	2,02.59	2,19.39	2,09.27	(-) 10.12	4

(c) The year ended with a revenue surplus of Rs. 48.52 crores against the surplus of Rs. 33.77 crores anticipated in the budget. In 1975-76 and 1974-75 also, there was surplus of Rs. 41.53 crores and Rs. 22.32 crores respectively.

1.3. Revenue receipts

(a) Revenue receipts during 1976-77 (Rs. 2,57.79 crores) increased by Rs. 29.35 crores over those of 1975-76 (Rs. 2,28.44 crores). The increase compared to 1975-76 is analysed below:—

	1975-76	1976-77	Amount of increase (+)/ decrease (—)
(in crores of rupees)			
(i) Revenue raised by the State Government—			
(a) Tax Revenue	1,16.95	1,38.07	(+) 21.12
(b) Non-Tax Revenue	64.66	78.16	(+) 13.50
(ii) Receipts from the Government of India—			
(a) State's share of divisible Union Taxes	27.14	19.58	(—) 7.56
(b) Grants	19.69	21.98	(+) 2.29
Total Revenue Receipts	2,28.44	2,57.79	(+) 29.35

The receipts from the Government of India formed about 16 per cent of the total receipts of the State for the year. The corresponding percentage for 1975-76 was 20.

The tax revenue raised by the State Government in 1976-77 accounted for about 54 per cent of the total revenue receipts. The corresponding percentage for 1975-76 was 51.

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

Head	Receipts during		Increase	
	1975-76	1976-77	Amount	Percentage
(in crores of rupees)				
039—State Excise	21.06	23.52	2.46	12

Due mainly to better bids at auctions, lifting of larger quota of country liquor and reported extensive checks conducted by the department.

040—Sales Tax	48.30	62.76	14.46	30
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Due mainly to normal growth in trade and measures reportedly taken by the Government to check evasion and to recover the arrears.

041—Taxes on Vehicles 5.35 6.79 1.44 27

Due mainly to registration of larger number of vehicles and issue of more driver/conductor licences.

042—Taxes on Goods and Passengers 15.26 17.27 2.01 13

Due mainly to (i) more goods and passenger traffic and (ii) more receipts by way of tax owing to increase in the bus fare by 20 per cent from 20th April 1976.

043—Taxes and Duties on Electricity 4.69 6.90 2.21 47

Due mainly to more receipts by way of duty as a result of enhancement of energy tariff by the Haryana State Electricity Board in respect of energy consumed by industries.

049—Interest Receipts 15.17 21.17 6.00 40

Due mainly to more receipts from the departmental commercial undertakings and receipt of Haryana's share of interest charges from the Government of Rajasthan on reallocation of Central loans in respect of the Bhakra Nangal Project, the Beas Project and the Bhakra Right Bank Power Project.

132—Multi-purpose River Projects 4.67 6.39 1.72 37

Due mainly to enhancement of water rates and more realisation of old arrears.

138—Road and Water Transport Services 25.45 29.43 3.98 16

Due mainly to increase in the fleet of the Haryana Roadways and increase in the bus fare by 20 per cent from 20th April 1976.

160—Grants-in-aid from Central Government 19.69 21.98 2.29 12

Due mainly to larger Central assistance.

(b) *Taxation changes during the year*

(i) The taxation changes made during 1976-77 and the revenue anticipated, as reported by the Government, were as under :—

<i>Item</i>	<i>Effective from</i>	<i>Revenue anticipated (in crores of rupees)</i>
(a) Increase in the rate of bus fare by 20 per cent	20th April 1976	4.08
(b) Increase in the passenger tax due to increase in bus fare	20th April 1976	2.04

(c) Increase in the rate of Sales Tax on general goods from 6 per cent to 7 per cent	17th November 1976	0.70
(d) Increase in revenue from electricity duty as a result of increase in electricity tariff by the Haryana State Electricity Board	June 1976	2.90
	Total	<u>9.72</u>

(c) Arrears in collection of revenue

According to the information furnished by some departments, arrears in collection of revenue at the end of March 1977 were Rs. 9.75 crores as under :—

Department/ Authority	Amount (in crores of rupees)	Nature of revenue and other receipts
Excise and Taxation	4.60	Sales tax : Rs. 3.96 crores; Taxes on immovable property other than agricultural land : Rs. 0.39 crore; Taxes on goods and passengers : Rs. 0.11 crore ; State Excise : Rs.0.09 crore; Other taxes on income and expenditure : Rs. 0.05 crore.
Chief Electrical Inspector	1.68	Electricity duty from the Haryana State Electricity Board.
Irrigation	1.21	Water rate : Rs. 1.01 crores ; Betterment levy: Rs. 0.19 crore ; Owners' rate : Rs. 0.01 crore.
Colonization	0.79	Instalments falling due against various plot holders.
Agriculture	0.48	Purchase tax on sugarcane.
Medical and Public Health	0.32	Share of local bodies/Panchayat Samitis on account of provincialisation of hospitals/dispensaries.
Revenue	0.31	Land tax : Rs. 0.17 crore ; Land revenue : Rs. 0.14 crore.
Forest	0.15	Sale of forest produce.
Printing and Stationery	0.11	Charges for printing.
Education	0.04	Fees from students.
Industries	0.04	Royal ty from contractors/lessees.
Police	0.01	Cost of additional punitive police posts located in disturbed areas.
Public Relations	0.01	Subscription of 'Panchayati Raj, Punjab'; 'Panchayati Raj, Haryana' and 'Haryana Samvad' publications.
Total	<u>9.75</u>	

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Information about the extent of arrears was awaited (January 1978) from the following departments :—

1. Animal Husbandry — *kind in Nov. 1978 - Para file.*
2. Buildings and Roads
3. Co-operation

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1976-77 (Revenue Receipts)—Government of Haryana.

1.4. Expenditure on revenue account

- (i) The break-up of the budget estimates of expenditure on revenue account *plus* supplementary provision and the actual expenditure between Plan and non-Plan for each of the three years ending March 1977 is given below :—

Year	Budget plus supplementary	Actuals	Plan	
			Variation between columns (3) and (2)- Amount with percentage in brackets	Increase (+)/decrease (—) over the previous year (percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
1974-75	23.02	14.33	(—)8.69(38)	(—)7.79(35)
1975-76	22.24	19.65	(—)2.59(12)	(+)5.32(37)
1976-77	32.03	27.56	(—)4.47(14)	(+)7.91(40)

Year	Budget plus supplementary	Actuals	Non-Plan	
			Variation between columns (8) and (7)- Amount with percentage in brackets	Increase (+)/decrease (—) over the previous year (percentage in brackets)
(6)	(7)	(8)	(9)	(10)
(in crores of rupees)				
1974-75	1,51.09	1,50.46	(—)0.63(1)	(+)42.37(39)
1975-76	1,69.75	1,67.26	(—)2.49(1)	(+)16.80(11)
1976-77	1,87.36	1,81.71	(—)5.65(3)	(+)14.45(9)

- (ii) The variations during 1976-77 and over the preceding year under broad sectors are analysed below :—

PLAN

Sector of Account	Budget plus supplementary	Actuals	Variation between columns (3) and (2)— Amount (percentage in brackets)	Increase (+)/decrease (—) over 1975-76 (percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
A-General Services	79.20	1,33.77	(+) 54.57(6)	(+) 7.41 (6)

The excess over the provision (column 4) was mainly under 259-Public Works due to less recoveries having been made by the department.

B-Social and Community Services	14,61.94	14,78.45	(+) 16.51(1)	(+) 5,29.55 (56)
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The increase in expenditure over the previous year (column 5) was due mainly to (i) grant of additional dearness allowance to Government servants, (ii) grant of University Grants Commission grades to the college teachers, (iii) more expenditure on family planning and (iv) more expenditure on rural water supply schemes and on prevention and control of diseases.

C-Economic Services	16,61.73	11,43.61	(—) 5,18.12(31)	(+) 2,54.29(29)
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The saving (column 4) was mainly under 305-Agriculture, 307-Soil and Water Conservation, 308-Area Development and 333-Irrigation, Navigation, Drainage and Flood Control Projects due to (i) less expenditure on the payment of subsidy to the Marginal Farmers and Agricultural Labour Agencies, (ii) less expenditure on the scheme for amendment of alkaline soil owing to late receipt of the details of the scheme, (iii) less payment of grant/subsidy to the Canal Command Area Development Authority owing reportedly to non-sanction of certain schemes by the Government of India and (iv) transfer of expenditure on establishment to other heads on pro rata basis.

The increase in expenditure over the previous year (column 5) was due mainly to (i) more expenditure on schemes undertaken under the high yielding varieties programme and (ii) more expenditure on dry land development.

NON-PLAN

Sector of Account	Budget plus supplementary	Actuals	Variation between columns (3) and (2)— Amount (percentage in brackets)	Increase (+) / decrease (-) over 1975-76 (percentage in brackets)
(1)	(2)	(3)	(4)	(5)

(in lakhs of rupees)

A—General Services 59,41.66 55,16.70 (—)4, 24.96 (7) (+)1,15.77(2)

The saving (column 4) was mainly under 229-Land Revenue, 249-Interest Payments and 259-Public Works due to (i) less payment of compensation to the land owners whose surplus land was acquired, (ii) less payment of interest on borrowings for non-Plan schemes and (iii) transfer of expenditure on establishment and machinery and equipment to other heads on pro rata basis.

B—Social and Community Services 52,05.60 51,67.74 (—)37.86(1) (+)3,43.79(7)

The increase in expenditure over the previous year (column 5) was due mainly to grant of additional dearness allowance to Government servants and grant of University Grants Commission grades to the college teachers.

C—Economic Services 75,18.51 74,45.65 (—)72.86 (1) (+)9,53.25 (15)

The increase in expenditure over the previous year (column 5) was due mainly to (i) expansion of road transport services, (ii) grant of additional dearness allowance to Government servants, (iii) rise in the prices of oil and lubricants and (iv) larger expenditure on maintenance of irrigation projects and maintenance and repairs of roads.

D—Grants-in-aid and contributions 69.90 41.09 (—)28.81(41) (+)32.49(378)

The increase in expenditure over the previous year (column 5) was due mainly to assignments to local bodies in lieu of House Tax abolished with effect from 1st April 1976.

1.5. Capital expenditure

(i) The capital expenditure during the three years ending 1976-77 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	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1974-75	9.24	34.64	25.85	(—)8.79	25
1975-76	26.86	40.46	39.34	(—)1.12	3
1976-77	34.59	70.55	68.52	(—)2.03	3

(ii) An analysis of capital expenditure during 1976-77 and the progressive total to the end of that year is given below:—

	During 1976-77	Progressive total to the end of 1976-77 *
(in crores of rupees)		
Capital expenditure on—		
A—General Services	2.24	6.83
B—Social and Community Services	6.20	1.12
C—Economic Services—		
(a) General Economic Services	4.89	25.77
(b) Agricultural and Allied Services	0.50	0.56
(c) Industry and Minerals	1.70	8.84
(d) Water and Power Development	46.53	1,93.73
(e) Transport and Communications	6.46	88.05
Total	68.52	3,24.90

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

(iii) The sources from which the capital expenditure (Rs. 68.52 crores) and the net out-go under loans and advances (Rs. 31.32 crores) were met during 1976-77 are given below:—

	(in crores of rupees)
I. Revenue Surplus	48.52
II. Deposits, Remittances, etc.	20.04
III. Net addition to :	
(i) Internal Debt of the State Government	7.10
(ii) Loans from the Government of India	4.33
(iii) Small Savings, Provident Funds, etc.	7.43
(iv) Sinking Funds and Reserve Funds	6.00
(v) Cash Balance-Decrease	4.71
(vi) Contingency Fund	1.71
Total	99.84

1.6. Loans and Advances by the Government

(a) The actuals of disbursement of loans and advances by the Government during 1976-77 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision along with the corresponding figures for 1974-75 and 1975-76 are shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3) : Amount (percentage in brackets)	Increase (+)/decrease (—) over the previous year (percentage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1974-75	28.00	34.60	38.13	(+)3.53(10)	(+)8.70(30)
1975-76	26.15	42.54	42.88	(+)0.34 (1)	(+)4.75(12)
1976-77	41.92	43.05	36.03	(—)7.02(16)	(—)6.85(16)

(b) The budget and the actuals of recoveries of loans and advances for the three years ending March 1977 are given below: —

Year	Budget	Actuals	Variation	
			Amount	Percentage
			(in crores of rupees)	
1974-75	4.31	6.21	(+)1.90	44
1975-76	8.62	7.60	(-)1.02	12
1976-77	7.05	4.71	(-)2.34	33

(c) Loans and advances given by the Government and outstanding at the end of March 1977 were Rs. 2,17.38* crores as shown below:—

		(in crores of rupees)
(i)	Loans for Power Projects	1,88.10@
(ii)	Loans for Agriculture	4.17
(iii)	Loans to Municipal Corporations and Municipalities	4.06
(iv)	Loans to Government Servants, etc.	4.25
(v)	Loans for Minor Irrigation and Soil Conservation	1.56
(vi)	Loans for Housing	7.75
(vii)	Loans for other purposes	7.49
Total		2,17.38

1.7. Recoveries in arrears

(i) *Loans of which the detailed accounts are maintained by the departmental officers*—The departmental officers were asked by the Government to furnish to Audit by July 1977 statements of arrears in recovery of loans as at the end of March 1977.

According to the information received (December 1977) from 6 departmental officers out of 14 departmental officers, recovery of Rs. 1,72.08 lakhs (principal : Rs. 92.36 lakhs and interest : Rs. 79.72 lakhs) was overdue at the end of March 1977. The scheme-wise details are given in Statement No. 5 of the Finance Accounts 1976-77.

*Includes amount (Rs. 0.52 lakh) adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on the 31st October 1966. The allocation is provisional.

@According to the Board's accounts, Rs. 2,52.90 crores were outstanding which included Rs. 64.24 crores adopted *pro forma* by the Board in respect of its share in the liabilities of the composite Punjab State Electricity Board as on 31st March 1967. The remaining difference of Rs. 0.56 crore is under reconciliation.

(ii) *Loans of which the detailed accounts are maintained in the Audit Office*—At the end of March 1977, recovery of Rs. 6,96.72 lakhs was overdue 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	6,40.11	..*	6,40.11
Municipal Corporations and Municipalities	16.79	31.12	47.91
Improvement Trusts	7.02	1.68	8.70
Total	6,63.92	32.80	6,96.72

1.8. Debt position

(a) The outstanding public debt of the Government at the end of 1976-77 was Rs. 3,34.03 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>		
	<i>1975</i>	<i>1976</i>	<i>1977</i>
	<i>(in crores of rupees)</i>		
Internal debt of the State Government	70.37	80.94	88.05
Loans and advances from the Government of India	2,37.30	2,41.65	2,45.98
Total	3,07.67	3,22.59	3,34.03

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

*No interest was paid by the Board. Arrears of interest cannot be worked out as the rate of penal interest applicable to the loans had not been decided by the Government (December 1977).

During 1976-77, no amount had to be paid to the Punjab Government as the State's share towards debt liability.

Details of the transactions under public debt during 1976-77 are given below :—

	Loans		Net increase (+)/ decrease (—)
	Raised	Discharged	
	(in crores of rupees)		
(i) Market loans bearing interest	8.10	..	(+)8.10
(ii) Ways and means advances from the Reserve Bank of India	56.44	61.12	(—)4.68
(iii) Loans from the Government of India	25.20	20.87	(+)4.33
(iv) Other loans	36.18	32.50	(+)3.68
Total-Public debt	1,25.92	1,14.49	(+)11.43

(b) *Market loans*—During the year a loan of Rs. 8.10 crores bearing 6 per cent interest per annum was raised by the Government at a discount of 1 per cent and was realised in cash. This is redeemable at par in 1986.

(c) *Loans from the Government of India*—Loans received from the Government of India and outstanding at the end of 1976-77 (Rs. 2,45.98 crores) formed 74 per cent of the total public debt of the State Government.

Rupees 6 crores were sanctioned by the Government of India in May 1976 as 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 12.79 lakhs were paid as interest on this advance.

The loans received from the Government of India by the composite Punjab State and outstanding on 31st October 1966 were allocable among the successor States in the ratio of capital expenditure in the respective areas. Pending determination of the capital expenditure in the respective areas, the share of liability for this debt has been provisionally allocated to Haryana State (amount so allocated being Rs. 1,58.41 crores) and is included in the amount of Rs. 2,45.98 crores mentioned in (a) above.

The Government of India had advanced to the Government of the composite State of Punjab certain rehabilitation loans (rural, urban, housing and education) for payment to displaced persons from West Pakistan (now

Pakistan). The terms and conditions of such loans sanctioned upto 31st March 1956 provided that the State Government would pay back to the Government of India the amounts actually realised by it from the displaced persons.

In 1964-65, a package deal was entered into by the Government of India with the Government of the composite State of Punjab to cover the losses of these loans. It was agreed that an amount equal to 65 per cent of the loans outstanding against the displaced persons as on 1st January 1964 would be written off by the Government of India provided the Government of the composite State of Punjab paid to the Government of India the balance 35 per cent by 31st March 1965. Realisation made from the displaced persons after ^{the} 1st January 1964 would be credited to the account of the Government of 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 the departmental figures were reconciled with those of the Accountant General ; reconciliation is still to be made (January 1978). The Government of the composite State of Punjab paid to the Government of India (in cash and by adjustment) Rs. 58 lakhs (35 per cent of the amount) by 31st March 1965. Of the remaining Rs. 1.09 crores, Rs. 77 lakhs were written off by the Government of India in 1966-67. Decision about further amounts to be written off had not been taken (January 1978).

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

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

1975, 1976 and 1977 was as under :—

	Total debt on the 31st March		
	1975	1976	1977
	(in crores of rupees)		
Public debt	3,07.67	(a) 3,22.60	3,34.03
Small savings, provident funds, etc.	25.30	(a) 31.95	39.38*
Other obligations—	0.02@		
Interest bearing obligations such as depreciation reserve funds of commercial undertakings	5.59	6.52	7.83
Non-interest bearing obligations, such as deposits of local funds, civil deposits and other earmarked funds, etc.	54.34	(b) 62.79*	72.44
	0.10@		
Total	3,92.90	(b) 4,23.86*	4,53.68
	0.12@		

(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 (Rs.30 lakhs from 1st May 1976) 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 in April 1976 and Rs. 3,00 lakhs from May 1976 for ordinary and Rs.90 lakhs in April 1976 and Rs. 3,00 lakhs from May 1976 for special ways and means advances which are subject to enhancement by the Bank provided adequate Government of India securities are available with the State for being pledged) and charging interest thereon. If even after the maximum advance is given, there is a shortfall in the minimum cash balance, the same is left uncovered. Overdrafts are given by the Bank if the State has a *minus* balance after availing of the maximum advance.

The extent to which the Government maintained the minimum balance with the bank in 1976-77 is given below:—

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

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

(a) Differs by Rs. 0.01 crore from the figure in the Audit Report for the year 1975-76 due to rounding.

(b) Differs by Rs. (+) 0.14 crore from the figure in the Audit Report for the year 1975-76 due to rectification.

Number of days on which the minimum balance was maintained without obtaining any advance	297
Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances	46
Number of days on which overdrafts had to be taken as the minimum balance could not be maintained even after taking ordinary and special ways and means advances to the full extent	22

The maximum overdraft on any one occasion during 1976-77 was Rs. 8.00 crores.

At the end of the year, no amount was outstanding on account of ways and means advances and overdrafts.

Prior to 3rd May 1976, advances and shortfalls carried interest at 1 per cent below the Bank Rate and overdrafts at the Bank Rate. From 3rd May 1976, the advances carry interest at one per cent below the Bank Rate for the first 90 days, one per cent above the Bank Rate beyond 90 days and upto 180 days and two per cent above the Bank Rate beyond 180 days. The Bank charges interest on the shortfalls in the minimum balance at one per cent below the Bank Rate and on overdrafts at the Bank Rate upto and including the seventh day and at three per cent above the Bank Rate thereafter.

Rupees 13.52 lakhs were paid as interest to the Bank on ways and means advances and overdrafts. The amount paid as interest during the preceding two years was as under:—

Year	Amount (in lakhs of rupees)
1975-76	29.50
1974-75	14.95

The State Government also obtained a temporary loan of Rs. 33.00 crores from the State Bank of India during the year for purchase of foodgrains for the Provincial Reserve of the State. The outstanding balance at the end of previous year was Rs. 3.50 crores. Against this, Rs. 31.62 crores were repaid during the year leaving a balance of Rs. 4.88 crores. Rupees 1.79 crores were paid as interest (at the rate of 12 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 1976-77 :—

	1976-77 (in crores of rupees)
Interest paid on debt and other obligations	19.40
Deduct—	
(i) Interest realised on loans and advances given by the Government	1.47
(ii) Interest realised on investment of cash balance	0.47
Net amount of interest charges	17.46

As against this, Rs. 16.51 crores were received as interest from investments in commercial departments, etc. Further, a sum of Rs. 2.72 crores was

received as share of Haryana due from the Government of Rajasthan as interest charges upto the end of 1976-77 on reallocation of Central loans in respect of the Bhakra Nangal Project, the Beas Project and the Bhakra Right Bank Power Project.

The Government also received Rs. 70.64 lakhs as dividend on investments in commercial undertakings.

1. 10. Amortisation arrangements

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

(a) Open Market loans

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

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

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

Name of fund	Balance on Ist April 1976	Addition	With-drawal	Balance on 31st March 1977*
	(in lakhs of rupees)			
Sinking Funds for depreciation of loans	2,88.99	50.08	..	3,39.07
Sinking Funds for amortisation of loans	19,23.97	4,69.55	..	23,93.52
Total	22,12.96	5,19.63	..	27,32.59

Out of the total balance in the above Sinking Funds, 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 1976-77 was Rs. 2,45.98 crores. The State Government has made amortisation arrangements for repayments of some of these loans as shown below:—

Sinking fund for	Balance on Ist April 1976	Addition	Withdrawal	Balance on 31st March 1977
	(in lakhs of rupees)			
(1) Loans received for the Bhakra Nangal Project	5,60.06	4.70	2,31.50	3,33.26
(2) Loans received out of consolidated open market borrowings of the Government of India	1,39.78	2.96	..	1,42.74
Total	6,99.84	7.66	2,31.50	4,76.00

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

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 1977) 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.

1.11. Guarantees given by the Government

Under Section 6 of the State Financial Corporations Act, 1951, the shares of a State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Again, under Section 7 of the above Act, the bonds and debentures of a State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of interest. The actual amounts guaranteed on behalf of the Haryana Financial Corporation by the State Government on 31st March 1977 were Rs. 15.18 crores.

Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit the repayment of principal and payment of interest on any loan proposed to be raised by a State Electricity Board. The actual amount covered by the guarantee given on behalf of the Haryana State Electricity Board by the State Government as on 31st March 1977 under this Section was Rs 54.90 crores.

Under Section 60 (5) of the Haryana Housing Board Act, 1971, the State Government may guarantee the loans borrowed and debentures issued as to the repayment of principal and payment of interest thereon. The actual amount covered by the guarantee given by the State Government on behalf of the Haryana State Housing Board on 31st March 1977 was Rs. 6.56 crores.

Apart from the above, the State Government had guaranteed (to third parties) to the end of 1976-77 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 7 Government companies, 1 joint stock company, 4 co-operative banks and institutions, 51 municipalities and notified area committees and 1 private party. The maximum amount guaranteed on their behalf to the end of 1976-77 was Rs. 2,64.30 crores against which loans, etc., actually raised by them were for Rs.1,45.91 crores. No guarantee was invoked during 1976-77. Further details are given in Statement No. 6 of the Finance Accounts 1976-77.

1.12. Investments of the Government

In 1976-77, the Government invested Rs.7.92 crores in Government companies (Rs.1.97 crores), statutory corporations (Rs.0.04 crore), joint stock companies (Rs. 0.20 crore) and co-operative institutions (Rs. 5.71 crores). Further, against the investment in joint stock companies and co-operative institutions, Rs.0.01 crore and Rs. 0.61 crore respectively were retired during the year 1976-77.

The total investment of the Government in the share capital and debentures of different concerns at the end of 1974-75, 1975-76 and 1976-77 was Rs. 30.31 crores, Rs. 37.60 crores and Rs. 44.90 crores respectively. Dividend/interest received therefrom was Rs. 64.96 lakhs (2.14 per cent), Rs. 77.31 lakhs (2.06 per cent) and Rs. 70.64 lakhs (1.57 per cent.) respectively. Details are given in Statement No. 14 of the Finance Accounts 1976-77.

1.13. Unspent balances of grants paid to local bodies

According to the information furnished by the Examiner, Local Fund Accounts, Rs. 3,24.24 lakhs remained unutilised on 31st August 1977 out of grants given to the local bodies, etc., upto the end of March 1976. Year-wise analysis of the unspent balances is given below:—

Department which paid the grant	Unspent amount on 31st August 1977 and how long unspent				
	For more than 10 years	For more than 5 years but less than 10 years	For more than 3 years but less than 5 years	For less than 3 years	Total
	(in lakhs of rupees)				
Development and Panchayat	10.87	12.05	12.38	46.95	82.25
Local Self Government	0.34	2.55	11.50	22.23	36.62
Health	0.40	0.21	..	0.35	0.96
Education	0.02	..	..	..	0.02
Other depart- ments	12.25	38.80	83.09	70.25	2,04.39
Total	23.88	53.61	1,06.97	1,39.78	3,24.24

The unspent balances include Rs. 2,01.82 lakhs deposited by local bodies with the Public Works Department for execution of works for which accounts of expenditure had not been rendered by the Public Works Department to the local bodies (August 1977). These also include Rs. 3.82 lakhs which were utilised on the expiry of the prescribed period without approval of the Government or were reported to have been spent, but accounts thereof were not made available. These are yet (August 1977) to be regularised by the Government.

1.14. Utilisation certificates

During 1976-77, Rs. 13.34 crores (1,052 cases) 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. 26.53 crores (6,915 cases) paid as grants during 1959-60 to 1975-76 and in respect of which utilisation certificates were due, certificates for Rs. 23.26 crores (6,808 cases) were awaited (December 1977). Of these, certificates for Rs. 11.35 crores (4,005 cases) were due for over three years. The department-wise outstandings are mentioned in Appendix I. Departments from which certificates for the bulk of the amount were awaited were the Development and Panchayat Department (number of certificates : 5,775; amount: Rs. 9.35 crores), the Agriculture Department (number of certificates: 60; amount: Rs. 7.60 crores) and the Education Department (number of certificates : 86; amount: Rs. 2.98 crores).

In the absence of the certificates, Audit is unable 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

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

		<i>Grants/ charged appro- priations</i>	<i>Expen- diture</i>	<i>Saving(—)/ Excess (+)</i>	<i>Percentage</i>	
		<i>(in crores of rupees)</i>				
Voted—						
Original	4,08.95	}	4,61.15	4,04.56	(—)56.59	12.3
Supplementary	52.20					
Charged—						
Original	1,24.94	}	1,26.81	1,39.71	(+)12.90	10.2
Supplementary	1.87					
Total			5,87.96	5,44.27	(—)43.69	7.4

The overall saving of Rs. 43.69 crores was the result of saving of Rs. 57.80 crores in 23 grants (Rs. 57.19 crores) and 12 charged appropriations (Rs. 0.61 crore) partly offset by excess of Rs. 14.11 crores in 2 grants (*Rs. 0.60 crore) and 4 charged appropriations (Rs. 13.51 crores).

(b) Further details are given below :—

	<i>Revenue</i>	<i>Capital</i>	<i>Loans and Advan- ces</i>	<i>Public Debt</i>	<i>Inter- State Settle- ment</i>	<i>Total</i>
	<i>(in crores of rupees)</i>					
Authorised to be spent (grants and charged appropriations)						
Original	2,08.08	1,82.82	42.07	1,00.92	..	5,33.89
Supplementary	16.79	36.04	1.13	0.07	0.04	54.07
Total	2,24.87	2,18.86	43.20	1,00.99	0.04	5,87.96
Actual expendi- ture (grants and charged appro- priations)	2,15.51	1,77.86	36.37	1,14.49	0.04**	5,44.27
Shortfall (—)/ Excess (+)	(—)9.36	(—)41.00	(—)6.83	(+)13.50	..	(—)43.69

*Differs from the figure in paragraph 2.2 (a) by Rs. (—) 0.01 crore due to rounding.

**Differs from the figure in paragraph 1.1.—Summary of transactions (Chapter I)—by Rs. (+) 0.01 crore due to rounding.

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Grants*—The excess of Rs. 0.33 crore in 2 grants in the revenue portion and of Rs. 0.28 crore in 1 grant in the capital portion requires regularisation under Article 205 of the Constitution. The details are given below :—

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

(i) 8-Buildings and Roads

Original	12,45,34,300	} 14,29,05,000	14,60,47,069	31,42,069
Supplementary	1,83,70,700			

Excess was due mainly to more expenditure on maintenance of district and other roads and Government residential buildings, reasons for which have not been intimated (January 1978).

(ii) 13-Social Welfare and Rehabilitation

Original	2,71,25,840	} 3,23,10,580	3,24,57,944	1,47,364
Supplementary	51,84,740			

Excess was due mainly to more expenditure on payment of pre-matric and post-matric scholarships to scheduled castes students.

Capital

(i) 8-Buildings and Roads

Original	7,58,95,430	} 12,21,76,600	12,49,59,529	27,82,929
Supplementary	4,62,81,170			

Excess was due mainly to more expenditure on construction of buildings for the Jails, Police, Health and Tourism departments, reasons for which have not been intimated (January 1978).

(b) *Charged appropriations*—The excess of Rs. 13.51 crores over the charged appropriations in four cases (one in the revenue portion and three in the capital portion) also requires regularisation :—

Serial number	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
Revenue				
(i)	7-Other Administrative Services			
	Original	2,20,000	2,41,508	21,508
	Supplementary	..		
		} 2,20,000		
Capital				
(i)	15—Irrigation			
	Original	..	31,032	32
	Supplementary	31,000		
		} 31,000		
(ii)	17—Agriculture			
	Original	8,00,000	14,00,900	900
	Supplementary	6,00,000		
		} 14,00,000		
(iii)	Public Debt			
	Original	1,00,91,62,596	1,14,49,13,915	13,50,58,165
	Supplementary	6,93,154		
		} 1,00,98,55,750		

Excess was due mainly to repayment of larger ways and means advances obtained from the Reserve Bank of India.

2.3. Supplementary grants/charged appropriations

Supplementary provision of Rs. 15.13 crores and Rs. 37.07 crores was obtained under 18 and 5 grants in the revenue and capital portions respectively. Supplementary appropriation of Rs. 1.66 crores and Rs. 0.21 crore was also obtained for charged expenditure under 6 and 5 appropriations in the revenue and capital portions respectively.

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

(a) *Unnecessary supplementary grants*— In the following cases, among others, the supplementary grant of Rs. 1,89.27 lakhs remained wholly unutilised as the expenditure did not come up even to the original provision.

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

Revenue

(i)	16-Industries	2,12.41	16.00	2,08.47	19.94
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Saving was stated to be due mainly to cut imposed by the Government and posts kept vacant.

(ii)	17-Agriculture	12,54.11	50.00	11,33.78	1,70.33
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Saving was due mainly to less amount sanctioned as grant/subsidy to the Marginal Farmers and Agricultural Labour Agencies, less purchase of bajra seed and non-sanction of the scheme for soyabean demonstration.

(iii)	18-Animal Husbandry	4,31.82	6.52	3,95.18	43.16
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Saving was stated to be due mainly to non-sanction/late sanction of certain schemes and cut imposed by the Government.

Capital

(i)	17-Agriculture	1,71.25	3.75	1,20.78	54.22
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Saving was due mainly to non-purchase of pesticides and less expenditure on acquisition of land.

(ii)	25-Loans and Advances by State Government	42,07.06	1,13.00	36,37.31	6,82.75
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Saving was due mainly to less amount sanctioned as loan (i) to the Haryana State Electricity Board owing to reduction in Plan allocation and (ii) to Government servants reportedly owing to less demand from them.

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

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

Revenue

(i)	4-Revenue	3,28.31	78.80	3,33.26	73.85
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Saving was due mainly to less payment of compensation to the land owners whose surplus land was acquired, reasons for which have not been intimated (January 1978).

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

(ii)	5-Excise and Taxation	1,52.33	34.17	1,70.45	16.05
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Saving was due mainly to posts kept vacant and economy cut imposed by the Government.

(iii)	10-Medical and Public Health	17,20.86	2,50.36	18,05.13	1,66.09
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Saving was due mainly to less expenditure on rural piped water supply schemes, transfer of the hospital attached to the Medical College, Rohtak to the Rohtak University and economy cut imposed by the Government.

(iv)	15-Irrigation	25,76.22	1,31.58	26,76.60	31.20
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Saving was due mainly to less running of pump houses/channels owing to good monsoon and less expenditure on establishment.

(v)	21-Community Development	3,24.18	70.60	3,71.88	22.90
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Saving was due mainly to less payment than anticipated to various local bodies in lieu of house tax, reasons for which have not been intimated (January 1978).

Capital

(i)	15-Irrigation	39,63.60	29,89.16	66,97.32	2,55.44
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Saving was due mainly to less payment made to Punjab for execution of the Sutlej Yamuna Link Project in its territory.

(ii)	16-Industries	85.06	1,38.66	1,62.29	61.43
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Saving was due mainly to less credit released by the Government of India and consequently less investment in the Haryana Handloom and Handicraft Corporation for implementation of certain schemes.

Revenue (charged appropriation)

(i)	6-Finance	23,49.94	1,61.77	24,59.15	52.56
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Saving was due mainly to less payment of interest on loans and advances from the Central Government, reasons for which have not been intimated (January 1978).

(c) *Inadequate grants/charged appropriations* — In the following cases, among others, the supplementary grants/charged appropriations of Rs. 6,53.45 lakhs proved inadequate; the final uncovered excess (reasons to the extent available mentioned in paragraph 2.2.) was Rs. 14,09.83 lakhs.

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

Revenue

(i)	8-Buildings and Roads	12,45.34	1,83.71	14,60.47	31.42
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Capital

(i)	8-Buildings and Roads	7,58.96	4,62.81	12,49.60	27.83
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Capital (charged appropriation)

(i)	Public Debt	1,00,91.63	6.93	1,14,49.14	13,50.58
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2.4. Unutilised provision

(i) Rupees 9.10 crores and Rs. 48.09 crores remained unutilised in 22 and 9 grants in the revenue and capital portions respectively. Similarly, Rs. 0.59 crore and Rs. 0.02 crore remained unutilised in 11 and 1 charged appropriations in the revenue and capital portions respectively.

(ii) In 10 grants and 2 charged appropriations, the savings (more than Rs. 2 lakhs each) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix II. There were substantial savings in the following grants :—

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

Capital

(i)	11-Urban Development	10,00.00	6,13.25	3,86.75
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Saving to the extent of Rs. 1,08.70 lakhs was due to conversion of the Urban Estates Department into the Haryana Urban Development Authority with effect from 13th January 1977. Reasons for the remaining saving have not been intimated (January 1978).

(ii)	14-Food and Supplies	91,62.21	76,86.63	14,75.58
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Saving was due mainly to less purchase of wheat and rice.

(iii)	22-Co-operation	24,79.32	6,71.34	18,07.98
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Saving was due mainly to non-contribution to the share capital of the co-operative sugar mills and supply of fertilizers to approved agencies directly.

2.5. Advances from the Contingency Fund

The object of the Contingency Fund of the State is to enable the Government to meet unforeseen expenditure (including expenditure on a 'new service' not contemplated in the annual financial statement) pending authorisation of such expenditure by the Legislature. The corpus of the Fund is Rs. 3 crores.

In all, thirty sanctions were issued by the Government during 1976-77 for advancing Rs. 3,17.62 lakhs (actual drawal : Rs. 2,79.17 lakhs) from the Fund.

(a) In the following cases, the amounts sanctioned proved to be substantially in excess of the actual requirements :—

Serial number	Head of account	Purpose for which advance was sanctioned	Amount of advance sanctioned (in lakhs of rupees)	Amount drawn
(1)	(2)	(3)	(4)	(5)
1.	254-Treasury and Accounts Administration-A-Directorate of Accounts and Treasuries	Setting up of a Directorate of Accounts	8.99 (January 1977)	2.35 (March 1977)
2.	285-Information and Publicity-B (ii)-Exhibition-(iii) Other charges-Non-Plan-Temporary Staff	Setting up Haryana Pavilion in the Industrial and Handicrafts Exhibition at Srinagar	2.75 (August 1976)	1.98 (Between August 1976 and March 1977)
3.	363-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	Payment of 50 per cent of the revenue from property tax (excluding surcharge) to local bodies in lieu of house tax.	60.00 (December 1976)	31.68 (February and March 1977)

(b) According to the rules, no money should be drawn from the treasury unless it is required for immediate disbursement. In the following cases amounts were drawn out of Contingency Fund but substantial amounts remained unutilised (March 1977).

Serial number	Head of account	Purpose for which advance was sanctioned	Amount of advance sanctioned	Amount drawn	Un-utilised amount
(1)	(2)	(3)	(4)	(5)	(6)
1.	285-Information and Publicity-C-Field Publicity-Other charges-Non-Plan-Temporary Staff	For payment of grant-in-aid to the committee constituted for planning and organising the celebration of 600th Anniversary of Guru Ravidas falling in February 1977 in a befitting manner	5.00 (January 1977)	5.00 (February 1977)	5.00
2.	288-Social Security and Welfare-C-IV-Housing Welfare of Scheduled Castes and Other Backward Classes	For acquisition of land for allotment of dwelling sites to landless Harijans and backward Class people	22.00 (May 1976)	22.00 (July 1976)	8.42
3.	314-Community Development (Plan)-B-Community Development Programme B (X) Subsidy for construction of <i>chaupals</i>	For improving the lot of weaker section of the society	10.00 (February 1977)	10.00 (February and March 1977)	3.38
4.	705-Loans for Agriculture-Other Agricultural Loans	For payment of <i>taccavi</i> loans to the people of hail storm affected areas of Karnal, Kurukshetra and Ambala Districts	25.00 (April 1976)	25.00 (May 1976)	4.01
5.	705-Loans for Agriculture-Other Agricultural Loans	For payment of <i>taccavi</i> loans to the people of flood/heavy rains affected areas	65.00 (September 1976)	64.70 (Between September 1976 and March 1977)	5.97

(in lakhs of rupees)

2.6. Non-receipt of explanations for savings/excesses

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

In regard to the Appropriation Accounts for 1976-77, explanations for variations were not received (January 1978) in the case of 95 out of 280 heads. These formed 34 per cent of the number of heads, the variations in which were required to be explained. Such delay in submission of material for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

Sl. No.	Particulars	Amount (Rs.)	Period
1	314 Community Development (Plan)-B-Community Development Programme B(X) Sub-aid for construction of drainage	10.00	Feb-March 1977
2	328 Social Security and Welfare-C-17-Housing Welfare of Scheduled Caste and Other Backward Class people	22.00	July 1976
3	702 Loans for Agriculture-Other Agricultural Loans	64.70	Between September 1976 and March 1977
4	702 Loans for Agriculture-Other Agricultural Loans	25.00	May 1976
5	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
6	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
7	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
8	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
9	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
10	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
11	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
12	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
13	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
14	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
15	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
16	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
17	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
18	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
19	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
20	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
21	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
22	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
23	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
24	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
25	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
26	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
27	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
28	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
29	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
30	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
31	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
32	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
33	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
34	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
35	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
36	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
37	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
38	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
39	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
40	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
41	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
42	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
43	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
44	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
45	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
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47	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
48	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
49	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
50	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
51	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
52	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
53	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
54	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
55	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
56	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
57	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
58	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
59	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
60	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
61	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
62	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
63	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
64	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
65	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
66	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
67	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
68	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
69	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
70	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
71	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
72	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
73	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
74	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976
75	702 Loans for Agriculture-Other Agricultural Loans	25.00	April 1976

CHAPTER III
CIVIL DEPARTMENTS
LABOUR AND EMPLOYMENT

3.1. Half a million jobs programme

The Government of India sponsored in January 1973 the half a million jobs programme with a view to creating job opportunities for about half million educated persons throughout India at a cost of Rs. 100 crores during 1973-74. The programme was executed mostly through the State Governments. They were to formulate specific schemes within the framework of the Government of India's guidelines which, *inter alia*, provided that the schemes should be quickly executable and dovetailed with plan schemes and that every effort should be made to provide gainful employment to all engineers and highly qualified technicians and to absorb at least 20 per cent of the educated unemployed including all graduates from Scheduled Castes and Scheduled Tribes and minorities by 31st March 1974. The entire outlay on the programme was to be met by Central assistance in the form of grant and loan. The loan component was to cover 50 per cent of the margin money/seed capital to be given to individual entrepreneurs for setting up their units.

According to the State Planning Department (May 1973), as on 31st December 1972, the State had 55,260 educated unemployed (matric/higher secondary passed 44,287, graduates in engineering and other subjects 8,835, post graduates in engineering and other subjects 1,594, engineering diploma holders 544). The Government of India approved in November 1973 an outlay of Rs. 1,67.29 lakhs on 70 schemes (employment potential : 11,098 persons) against which Rs. 1,35.15 lakhs (grant : Rs. 1,06.93 lakhs; loan : Rs. 28.22 lakhs) were released to the State Government in 1973-74 and Rs. 9.42 lakhs (grant) in 1974-75 as spill-over assistance. Rupees 1,42.68 lakhs (Rs. 1,34.87 lakhs in 1973-74 and Rs. 7.81 lakhs in 1974-75) were spent by the State Government.

According to the report furnished in July 1974 by the State Government to the Government of India, the position of amounts spent on the programme and the employment generated vis-a-vis the approved outlay and the

employment potential during 1973-74 was as under:—

<i>Particulars</i>	<i>Schemes</i>			
	<i>Training schemes</i>	<i>Self employment schemes</i>	<i>Subsidised employment schemes</i>	<i>Total</i>
(i) (a) Approved financial outlay (in lakhs of rupees)	1,36.05	26.26	4.98	1,67.29
(b) Actual expenditure (in lakhs of rupees)	75.29	58.40	1.18	1,34.87
(ii) Employment potential (number of persons)	10,394	1,160	498	12,052
(iii) Employment generated (total number of persons in position)	7,171	71	281	7,523
(iv) Number of persons belonging to reserved categories (included in (iii) above)	1,229	..	19	1,248

The excess of expenditure over outlay under 'self employment schemes' was stated to be due to approval of two more schemes (one was an extension scheme) by the Government of India (employment potential: 954) in February-March 1974 involving an outlay of Rs. 34.14 lakhs (expenditure : Rs. 33.79 lakhs) subject to the condition that expenditure would be met out of anticipated savings from the outlay of Rs. 1,67.29 lakhs.

Of the expenditure of Rs. 1,42.68 lakhs on the programme, Rs. 37.78 lakhs were advanced to some Government companies/corporations. Expenditure actually incurred by them during 1973-74 and 1974-75 was Rs. 3.75 lakhs. The balance of Rs. 34.03 lakhs was utilised during 1975-76 and 1976-77.

The position about execution of specific schemes and their impact on the generation of employment during 1973-74/1974-75, as seen in the test-check of accounts/records, etc., was as under :—

A. *Training schemes*

Schemes falling under this category were intended to give job-oriented training (stipend was payable for the training period) to the educated unemployed with a view to their absorption in Government departments, statutory corporations, Government companies, etc. Out of the approved 66 schemes (outlay ; Rs. 1,36.05 lakhs) having employment potential for 10,394 persons, 56 schemes were undertaken at a cost of Rs. 82.54 lakhs (Rs. 75.29 lakhs in 1973-74 and Rs. 7.25 lakhs in 1974-75) and were stated to have generated employment for 7,204 persons (7,171 by 31st March 1974 and the remaining

in the next year). The department-wise details, as furnished by the Planning Department and other departments in July/August 1977, are given below :—

Department	Approved outlay	Expendi- ture	Employment potential (number of persons)	Employment generated	
				By 31st March 1974	By 31st March 1977
	(in lakhs of rupees)			(number of persons in position)	
1. Education	43.45	45.45	3,431	3,431	3,431
2. Police	6.19	4.25	825	804	804
3. Land Records	3.85	0.72	550	493	526
4. Co-operation	5.16	3.20	505	385	385
5. Agriculture	10.28	5.57	615	375	375
6. Transport	2.85	1.71	913	364	364
7. Public Works Department (Public Health)	8.88	0.52	560	167	167
8. Public Works Department (Irrigation)	6.36	0.45	330	133	133
9. Haryana State Minor Irrigation (Tubewells) Cor- poration Limited	9.86	1.38	655	117	117
10. Other departments	21.42	8.52	2,010	902	902
Total	1,18.30	71.77	10,394	7,171	7,204
Add 15 per cent for incidental expenses	17.75	10.77			
	1,36.05	82.54			

(i) Education Department (expenditure : Rs. 45.45 lakhs)

It was noticed that no training was imparted and no new jobs were created. The persons reported to have been provided employment were not

unemployed either on the eve of launching of this half a million jobs programme in July 1973. The expenditure (Rs. 45.45 lakhs) represented part of the expenditure (Rs. 1,30.63 lakhs) on salary of 3,431 employees (trained teachers : 3,400; others : 31) during 1973-74. These employees were appointed in February 1973 (the programme was launched in July 1973) with a view to making alternative arrangements for teaching when the regular staff was on strike and were allowed to continue in service after the strike was over.

(ii) *Haryana State Minor Irrigation (Tubewells) Corporation Limited*
(expenditure : Rs. 1.38 lakhs)

The number of persons trained and employed was as under :—

Scheme	Employment potential	Trained and employed		
		Engineering graduates	Engineering diploma holders	Matriculates/undergraduates
1. Training of graduate engineers/ diploma holders for lining work	80	35	43	..
2. Training of clerks	300	..	..	39
Total	655	35	43	39

Training of engineering graduates started in August 1973 and was due to be completed in March 1974. However, the Corporation terminated the training of 34 engineering graduates in January 1974 on receipt of a directive from the State Government. The directive, *inter alia*, enjoined that the vacancies be filled in by appointing officers on deputation from the Public Works Department (Irrigation Branch), Haryana. The expenditure on part training of 34 engineering graduates (Rs. 0.52 lakh) was rendered infructuous.

B. Self employment schemes

Rupees 58.40 lakhs were reportedly spent on the schemes as per details given below:—

Schemes	Executing agency	Employment potential					Total amount spent (in lakhs of rupees)
		Engineer- ing gra- duates	Engineer- ing diplo- ma holders	I.T.I. certi- ficate holders	Graduates	Matri- culates	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Setting up of 21 industrial co-operative societies by engineers/technicians	Co-operation Department	35	47	474	315	79	33.27
2. Self employment schemes by individual entrepreneurs	Industries Department through the Haryana Financial Corporation	50	50	..	..	..	16.95
3. Setting up of 40 sales centres	Agriculture Department through the Haryana Agro-Industries Corporation Limited	..	..	..	..	40	0.30
4. Setting up of 70 agro-service centres		70	..	..	..	..	4.90
Total		155	97	474	315	119	58.40

2.98*

Under these schemes prospective entrepreneurs (educated unemployed) were to be assisted in raising finance through financial institutions and the Government's contribution was to be in the form of margin money/seed capital (ranging between 5 and 15 per cent of the cost of the scheme) and expenditure on their training in some cases. The following points were noticed:—

(i) Rupees 33.27 lakhs, sanctioned as seed money/margin money to 21 industrial co-operative societies, were deposited in the Haryana State Co-operative Bank Limited in March 1974 in the accounts of the co-operative societies to be jointly operated by the society concerned and the Assistant Registrar, Co-operative Societies. Only 12 out of 21 projects (societies) were approved by the commercial banks for financing for which seed money amounting to Rs. 22.09 lakhs was released in March 1974 (Rs. 7.50 lakhs), April 1974 (Rs. 8.20 lakhs), August 1974 (Rs. 5.10 lakhs) and April 1975 (Rs. 1.29 lakhs) in anticipation of actual financing by the banks. According to the information furnished by the department in June 1977, three of the twelve societies (seed money involved: Rs. 7.05 lakhs) had not been financed by the banks (reasons not known) and had not started functioning properly. Loan assistance to the other nine societies out of the above 12 societies was released by the banks later, *i.e.*, between February 1975 and August 1975. These nine societies which were stated to be functioning, had a total membership of 111 only (engineering graduates : 6, engineering diploma holders : 8, graduates/post graduates : 23, I. T. I. certificate holders : 26,

*Represents 5 per cent of seed money/margin money for strengthening organisation plus 15 per cent of stipendiary amount for meeting incidental expenses, no separate account of actual expenditure thereon being maintained.

matriculates/undergraduates : 35, others :13}. Employment generated under this scheme was thus not for the envisaged 950 persons.

The seed money (Rs. 11.18 lakhs) sanctioned to nine societies which were not approved by the banks for financing was recalled and placed at the disposal of the Haryana State Industrial Co-operative Federation (INFED) in March 1975. Out of this, Rs. 6.85 lakhs were later transferred in June-August 1976 to the Haryana Handloom Weavers Apex Co-operative Society Limited, Panipat (Apex). These amounts were utilised on the following activities.

Agency	Scheme/activity	Total expenditure	Government's assistance (seed money)	Employment reportedly provided	
				1975-76	1976-77
(in lakhs of rupees)					
INFED	(i) Setting up of four footwear production centres	1.94	} 4.33	41*	64*
	(ii) Setting up of 11 emporia	3.76		6	12
Apex	For meeting liabilities of 11 existing handloom centres, purchase of raw material, machinery, etc.	9.13	6.85	..	..
Total		14.83	11.18	47	76

The INFED stated in May 1977 that the workers employed in production centres/emporias would be organised into different co-operative societies at the appropriate stage and 5 per cent wages of the workers were being deducted with a view to converting the accumulated amount into their share money. The Apex stated (May 1977) that no proposal giving targets of employment potential was ever submitted by it to the Government. Neither these schemes had the approval of the Government of India (which was to bear the expenditure) nor were these financed by any financial institution.

The Government stated (October 1977) that the Apex had since got a loan of Rs.18 lakhs against the sanctioned limit of Rs. 37 lakhs from a co-operative bank and the balance would be released by the bank after ensuring satisfactory utilisation and that employment to 248 unemployed hereditary skilled workers was provided in the handloom centres upto 30th June 1976.

(ii) Rupees 16.95 lakhs (seed money : Rs.15 lakhs; stipend : Rs. 1.95 lakhs) drawn by the Industries Department in March 1974

*Includes 12 and 39 under-matric skilled workers.

were placed at the disposal of the Haryana Financial Corporation for disbursement on behalf of the State Government as seed money to eligible persons to whom the Corporation or banks would sanction principal financial assistance for setting up industrial projects. The agency agreement between the State Government and the Corporation was executed on 25th March 1975. By 31st March 1975, only one party was given the seed money amounting to Rs. 0.92 lakh. By 27th August 1976, Rs. 14.87 lakhs were disbursed as seed money to 46 units (employment potential : 100) under the half a million jobs programme as per details given below :—

<i>Year</i>	<i>Number of units financed</i>	<i>Amount (in lakhs of rupees)</i>
1974-75	1	0.92
1975-76	21	7.31
1976-77	24	6.64
Total	46	14.87

Out of Rs. 1.95 lakhs earmarked for payment of stipend to entrepreneurs during training, Rs. 1.12 lakhs were reportedly utilised upto 31st March 1976 and the balance (Rs. 0.83 lakh) was surrendered.

(iii) The scheme for setting up 40 sales centres, on which expenditure of Rs. 0.30 lakh (margin money : Rs.0.21 lakh; stipends : Rs.0.09 lakh) was reported, was not actually implemented as stated (June 1977) by the Haryana Agro-Industries Corporation Limited. The amount had not been refunded (August 1977).

(iv) Out of Rs.4.90 lakhs reportedly spent on setting up 70 agro-service centres during 1973-74, Rs.2.90 lakhs were credited in April 1975 to the accounts of the entrepreneurs who were in the process of setting up these centres. Rupees 2.00 lakhs were similarly credited between May 1975 and March 1977. Actual date of release of this margin money and the amount of loan sanctioned/released by the banks were not known to the Haryana Agro-Industries Corporation (June 1977). Delay was stated to be due to the entrepreneurs' difficulties in furnishing tangible security for the margin money and the delay in the final settlement of the terms and conditions of loans.

These schemes had apparently no impact on the generation of employment during 1973-74 or 1974-75.

C. Subsidised employment schemes

The schemes provided for on-the-job training to 498 persons in various industrial units and for payment of subsidy equivalent to 50 per cent of the salary for a period of nine months to the units employing such persons. The number of persons selected in July 1973 for such training was 230 only as against the reported figure of 281. Out of these 230 persons, 35 persons {expenditure on their training not intimated by the department (January 1978)} dropped out before completion of training. The Industries Department which controlled this scheme had no information about persons actually absorbed by the industrial units after completion of training.

3.2. Employment promotion programme (1974-75)

(1) The Government of India sponsored in May 1974 the employment promotion programme (1974-75) covering in-plant training or such other practical training to educated unemployed as to enable them to take up their selected line of activity. Under the programme, the prospective entrepreneurs (educated unemployed) were to be assisted through stipends or subsistence allowance during the training period and contribution (loan) towards seed/margin money requirements (limited to 10 per cent of the cost of each scheme) or participation in the share capital of industrial co-operative societies (upto 15 per cent of the cost of each scheme) for setting up their enterprises. The bulk of the finances, *i.e.*, about 80 per cent of the cost of the programme were expected to be raised by the beneficiaries from the banks/financial institutions and the remaining amount was to be invested by the individual entrepreneur (10 per cent)/members of the societies (5 per cent).

The State Governments were to formulate schemes within the framework of guidelines which stipulated, *inter alia*, that the schemes should be such as could be completed during 1974-75 (later allowed to be completed by 31st March 1977) and could generate more and more employment. After approval by the Government of India the schemes were to be implemented through the State Governments.

The Government of India approved in December 1974 an outlay of Rs. 52.81 lakhs (employment potential: educated 1,161; uneducated 1,937) against which Rs. 13.20 lakhs (loan: Rs. 6.27 lakhs; grants: Rs. 6.93 lakhs) were released in January 1975 and Rs. 22.17 lakhs (loan: Rs. 10.35 lakhs; grants: Rs. 11.82 lakhs) in March 1976 for completion of on-going sanctioned schemes. In addition, saving of Rs. 1.28 lakhs available under the half a million jobs programme was released for utilisation on this programme. The reported expenditure and the employment generated upto 31st March 1977 were as under :—

Name of the department/ scheme	Approved outlay (in lakhs of rupees)	Amount drawn (in lakhs of rupees)	Employment potential		Employment stated to have been generated	
			Educa- ted (in numbers)	Unedu- cated	Edu- cated (in numbers)	Unedu- cated
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I. (A) Industries						
Setting up self employ- ment units	10.98	9.83	208	467	655	..
(B) Khadi and Village Industries Board						
Setting up self employ- ment units in Khadi and Village Industries Sector	11.64	1.44	370	730	96	142
(C) Co-operation						
Setting up of Co-ope- rative units	21.76	21.03	313	690	152	142
(D) Haryana State Agro- -Industries Corpora- tion						
Setting up agro-service centres	5.70	1.70	270	50	108	36
II. Charge for strength- ening of organisation and incidental cost						
	2.73	1.70	..	..	..	..
Total	52.81	35.70	1,161	1,937	1,011	320

A test-check of the accounts and other records disclosed that employment was not at all generated during the years 1974-75/1975-76 and impact during the year 1976-77 was also negligible as indicated in the succeeding paragraphs.

(A) *Industries*:—The approved outlay of Rs. 10.98 lakhs included Rs. 9.83 lakhs for payment as margin money to the entrepreneurs for 17 projects and Rs. 1.15 lakhs for the training of entrepreneurs. No training was arranged for any of the prospective entrepreneurs and the amount of Rs. 1.32 lakhs (Rs. 1.15 lakhs plus Rs. 0.17 lakh towards incidentals) was surrendered. Rupees 10.32 lakhs (margin money : Rs. 9.83 lakhs; organisational expenses;

Rs. 0.49 lakh) were placed at the disposal of the Haryana Financial Corporation in March 1976. According to the information furnished by the Corporation (September 1977), Rs. 6.46 lakhs were released to 12 units (Rs. 3.75 lakhs) between 17th September 1976 and 31st March 1977 and to 10 units (Rs. 2.71 lakhs) between 7th April 1977 and 12th July 1977 and employment was generated for 127 persons (96 educated and 31 uneducated). The remaining amount of Rs. 3.37* lakhs was reportedly earmarked for certain entrepreneurs but not released due to non-completion of all the formalities.

The Corporation was not aware (August 1977) whether the loanees had utilised the assistance or not. It was also noticed that 18 units (out of 22 units financed) were not in the line of trade for which assistance was approved by the Government of India. Four units (margin money paid : Rs. 1.40 lakhs) in the approved line had reportedly generated employment for 26 (20 educated and 6 uneducated) persons (and not 655 educated persons as otherwise reported).

(B) *Khadi and Village Industries Board* :—An outlay of Rs. 11.64 lakhs (margin money : Rs. 11.27 lakhs, training expenses : Rs. 0.37 lakh) was approved for the setting up of 205 units in thirteen types of Khadi and Village Industries. The Board finally recommended only 26 units (22 units in 1975-76 and 4 in 1976-77) to the banks for financing the setting up of units in seven types of Khadi and Village Industries and deposited Rs. 1.56 lakhs (Rs. 1.30 lakhs in 1975-76 and Rs. 0.26 lakh in 1976-77) into the banks in the accounts of the entrepreneurs as Government's contribution towards margin money/seed capital requirements in anticipation of sanction of loans by the banks. Out of these 26 units, 15 units (margin money : Rs. 1.01 lakhs) were not approved by the banks for financing and 5 units (margin money : Rs. 0.10 lakh) were no longer interested in setting up the units for one reason or the other. The remaining six units (margin money : Rs. 0.45 lakh)—three in *Gur*-making, two in fruit preservation and one in carpentry—were reportedly set up in October 1976. In four** units the employment was reportedly generated for 56 persons (not 96 educated and 142 uneducated).

(C) *Co-operation* :—The approved outlay of Rs. 21.76 lakhs (including Rs. 0.76 lakh for training purposes) was for Government's contribution to the share capital (15 per cent) of 24 industrial co-operative societies (to be organised among engineers and technicians) for setting up enterprises in engineering goods, footwear, textiles, pharmaceuticals, poultry, etc. Rupees 20.76 lakhs were given to the Haryana State Co-operative Industrial Federation (INFED) as financial assistance in the shape of share capital/equity for and on behalf of 24 industrial co-operative societies on certain conditions which, amongst others, stipulated that the INFED would ensure collection of share money from the members (i.e., members' contribution of 5 per cent) and would secure the remaining 80 per cent from commercial/co-operative banks. The INFED stated in August/September 1977 that as it could not secure loans from the banks, the assistance was utilised on setting up 21 footwear production centres during 1975-76 and that it would refund the entire amount as it was not possible to comply with some of the conditions governing its utilisation. The reported employment for 152 educated persons and 142 uneducated persons had not in fact materialised.

*Excludes Rs. 0.49 lakh for strengthening of organisation of the Corporation.

**Similar information in respect of the remaining two units was not available with the department (November 1977).

Similarly, another sum of Rs. 0.27 lakh (share capital : Rs. 0.24 lakh, training expenses : Rs. 3,300) was given in March 1975 to the Haryana Handloom Weavers Co-operative Apex Society Limited, Panipat, but the society could not raise any loan (September 1977) from the banks/financial institutions. The Government stated (November 1977) that the society had since raised a loan of Rs. 3 lakhs and gone into production.

(D) *Haryana Agro-Industries Corporation Limited* :—Rupees 0.98 lakh were paid in March 1976 as margin money to 20 unemployed engineering diploma holders for setting up 20 agro-service centres. This was reported to have generated employment for 69 persons (educated 20-not 108, uneducated 49-as against 36). The remaining amount of Rs. 0.72 lakh was paid in March 1976 as margin money to 16 engineering diploma holders for the extension of their agro-service centres. This did not generate any additional employment.

AGRICULTURE

3.3. Development of pulse crops

A centrally sponsored scheme on development of pulse crops in Haryana was undertaken from 1972. The central assistance was cent per cent in the form of grant. The scheme envisaged mainly :

- (i) organising large scale demonstration plots on farmers' fields with prescribed package of practices with a view to educating the farmers in the use of improved technique of raising crops; and
- (ii) promoting seed multiplication programme with a view to making available good quality seed to the farmers for increasing the area under improved varieties of pulses.

A sum of Rs. 21.67 lakhs (approved outlay : Rs. 35.52 lakhs) was spent on the scheme between 1972-73 and 1976-77. The results of test-check in three districts, namely, Gurgaon, Hissar and Karnal (expenditure : Rs. 15.21 lakhs) are given in the succeeding paragraphs.

A. Demonstrations

The inputs consisting of seed, phosphatic fertilizer, rhizobium culture (used for treating the seed with a view to increasing the yield) and plant protection chemicals were to be supplied by the Government for laying out the demonstrations. Expenditure by the Government was to be restricted to Rs. 110 per acre (Rs. 150 per acre during 1972-73 and 1973-74).

Two thousand two hundred and twentyfour demonstration plots (size of each plot was generally one acre) were laid out in the three districts as per details given below :—

Year	Number of demonstrations laid out		
	Gurgaon	Hissar	Karnal
1972-73	..	45	463
1973-74	109	348	178
1974-75	39	240	195
1975-76	95	43	..
1976-77	236	233	..
Total	479	909	836

Results of 1,034 demonstrations out of 1,388 demonstrations in Gurgaon and Hissar districts were available on the date of audit (April/May 1977). Out of 1,034 demonstrations, there was no yield in 107 demonstration plots (expenditure involved : Rs. 0.10 lakh). In the remaining plots, the range of production per acre was as under :—

Year	Demos- trations laid out	Demos- trations matured	Range of production in demonstrations matured					
			Less than 100 kilo- grams	100-200 kilo- grams	201-300 kilo- grams	301- 400 kilo- grams	401- 500 kilo- grams	Over 500 kilograms
1972-73	45	41	..	2	8	..	..	31
1973-74	457	437	18	52	73	88	83	123
1974-75	279	277	..	26	50	27	41	133
1975-76	122	113	2	18	34	38	11	10
1976-77	131	59	4	4	2	4	1	44
Total	1,034	927	24	102	167	157	136	341

The normal yield expected by the department was a minimum of 500 kilograms per acre. The actual low yield was attributed by the department (April/May 1977) to heavy rainfall, floods, etc.

It was also noticed that :—

- (a) out of 2,224 demonstrations, only 318 demonstrations were laid out with all the components of inputs ; and
- (b) value of fertilizer issued for 1,205 demonstrations was in excess of the monetary limit laid down by the Government of India (which reimbursed to the State the expenditure on the scheme) by Rs. 0.55 lakh.

B. Seed multiplication programme

The seed multiplication programme was carried out at three stages, namely,

- (i) breeder's seed,
- (ii) foundation seed, and
- (iii) certified seed.

At the first two stages, subsidy on major inputs was allowed to :

- (i) breeders (Haryana Agricultural University) for multiplication of nucleus seed and they were expected to supply their entire produce to the Agriculture Department for use in the multiplication programme of foundation seed ; and

- (ii) departmental and other farms for multiplication of foundation seed (the produce was to be supplied to seed producing agencies for use in the multiplication programme of certified seed).

The amount of subsidy was to be based on the area brought under seed production. At the third stage subsidy was allowed to seed producing agencies (at the rate of Re.1 per kilogram) with a view to enable availability of certified seed to the farmers at lower rates.

The area brought under seed multiplication programme and the amount of subsidy paid during five years ending 31st March 1977 was as under :—

Year	Nucleus seed		Foundation seed	
	Area (in hectares)	Subsidy (in lakhs of rupees)	Area (in hectares)	Subsidy (in lakhs of rupees)
1972-73	6	0.03	67	0.13
1973-74	12	0.06	439	0.32
1974-75	60	0.21	200	0.30
1975-76	..	..	466	0.70
1976-77	34	0.12	376	0.56
Total	112	0.42	1,548	2.01

The department did not have complete information about the actual produce and the manner in which it was disposed of. The breeder (Haryana Agricultural University) did not also supply its produce (nucleus seed) to the department. The department had record of the area actually matured in an area of 543 hectares only, out of 1,548 hectares brought under seed production. Out of 67 hectares brought under cultivation during 1972-73, crop in 45 hectares only matured resulting in payment of subsidy amounting to Rs.0.04 lakh on the area not matured.

Rupees 2.52 lakhs were reportedly paid to seed producing agencies during 1976-77 to enable sale of certified seed to the farmers at lower rates (no amount was paid during 1972-73 to 1975-76). The department did not have complete information about actual sale of seed on which subsidy amounting to Rs.1.41 lakhs was paid to the Haryana State Co-operative Supply and Marketing Federation. Rupees 0.68 lakh were paid as subsidy to the Haryana Seed Development Corporation on 681.50 quintals seed sold by the department to it. Out of this, 417.61 quintals were re-sold to the department and the balance remained with the Corporation. The seed having been not sold to the farmers, the subsidy (Rs. 0.68 lakh) was not admissible.

C. Other points of interest

- (i) The department made payment (Rs. 1.10 lakhs) in March 1977 to the Haryana Seed Development Corporation for supply of 480.50 quintals seed of various varieties but the quantity actually received was 417.61 quintals only. The amount excess paid (Rs. 0.13 lakh) had not been recovered (May 1977).
- (ii) Out of 472.75 quintals seed on hand (Karnal and Kurukshetra districts) in April 1974, 396.11 quintals were sold during 1974-75 and 1975-76 leaving a balance of 76.64 quintals. About 47.96 quintals were auctioned during 1974-75 to 1976-77 at an approximate loss of Rs.0.18 lakh and the remaining quantity (28.68 quintals) valuing Rs.0.14 lakh was on hand (31st March 1977) for disposal.

The matter was referred to the Government in June 1977; reply is awaited (January 1978).

3.4. Integrated dry land agriculture programme

The integrated dry land agriculture programme was financed by the Government of India. Funds were made available to the State Government in the shape of loans (long-term and short-term) and grants. The grants were to cover the cost of establishment and subsidy varying from 25 per cent to 100 per cent on various soil/moisture conservation/water management and water harvesting works, inputs and other activities like demonstrations, farmers' training and use of improved farm machinery and equipment. According to the department, the amounts spent by the State Government in respect of Hissar (taken up in 1970-71) and Mohindergarh (taken up in 1971-72) projects (where the programme was undertaken in the State) vis-a-vis amounts released by the Government of India between 1970-71 to 1976-77 were as under :—

Year	Expenditure				Amount released by the Government of India	
	Hissar Project		Mohindergarh Project		Subsidy portion	Loan component
	Subsidy portion	Loan component	Subsidy portion	Loan component		
	(in lakhs of rupees)					
1970-71	8.31	13.80	..	..	20.85	12.54
1971-72	4.69	..	1.69	0.76	18.57	14.15
1972-73	8.72	..	4.41	..	21.45	..
1973-74	3.81	..	4.27	..	10.00	..
1974-75	4.81	..	5.02	..	10.92	..
1975-76	6.43	..	4.54	..	13.29	..
1976-77	5.96	..	5.52	..	9.91	..
Total	42.73	13.80	25.45	0.76	1,04.99	26.69
	82.74				1,31.68	

According to the department, the total expenditure on the two projects was Rs. 1,36.29 lakhs upto 1976-77. This included Rs. 53.55 lakhs met through various financial institutions. The activities on which the expenditure was incurred were as under :—

Item	Hissar Project		Mohindergarh Project	
	Subsidy	Loan	Subsidy	Loan
	(in lakhs of rupees)			
Subsidised issue of inputs	5.43	2.24	2.25	5.74
Permanent/minor and sprinkler irrigation works	9.84	24.41	7.05	11.37
Horticulture and grasses	0.01	..	0.02	..
Demonstrations	1.48	..	1.21	..
Farmers' training	1.36	..	1.62	..
Farm machinery and equipment	6.90	1.11	3.26	0.17
Aerial spray	6.23	0.01	..	..
Animal Husbandry	3.73	9.86	2.97	13.20
Project establishment	7.47	..	6.91	..
Risk Fund	0.28	..	0.16	..
Total	42.73	37.63	25.45	30.48
	80.36		55.93	

A test-check by Audit (April and May 1977) of the accounts and other records relating to the programme disclosed the following :—

- (i) According to the financial rules, money should not be withdrawn from the treasury unless it is required for immediate disbursement and any unspent amount should be refunded into the treasury promptly. Rupees 8.43 lakhs (out of Rs. 17.99 lakhs) withdrawn in the Hissar Project on 31st March 1971 for disbursement to the farmers as subsidy/loan for land levelling, construction of *diggies* and channels, purchase of sprinkler irrigation sets, etc., were refunded into the treasury during March 1972 to February 1973. Between the dates of drawal and refund, the amount remained with Adampur and Siwani branches of the Central Co-operative Bank, Hissar.

- (ii) The Government of India approved the aerial spray on un-irrigated (rainfed) wheat over an area of 4,000 hectares and 10,000 hectares during 1971-72 and 1972-73 respectively at a total cost of Rs.6.66 lakhs. The revenue records showed that an area of only 3 hectares was sown during these years under rainfed wheat in the Hissar Project. Rupees 2.10 lakhs and Rs.4.00 lakhs were, however, spent in March 1972 and March 1973 respectively on aerial spraying on wheat crop in the Ambala, Karnal and Gurgaon districts even though they were not covered by the sanction/programme.
- (iii) Rupees 0.29 lakh (Rs.0.24 lakh in Hissar and Rs.0.05 lakh in Mohindergarh) were spent on payment of subsidy during 1970-71 and 1972-73 respectively on the distribution of certain varieties of seed (sugarcane, cotton and wheat S-306 and S-308) which were not approved as drought resistant, and which, therefore, were not covered by the programme.
- (iv) Rupees 5.36 lakhs were paid during 1970-71 in the Hissar Project as loan (Rs.4.02 lakhs) and subsidy (Rs. 1.34 lakhs) to 134 beneficiaries for levelling 1,377 acres land. The loan and subsidy payable on the basis of the ceiling fixed by the Project Officer (Rs.200 per acre) worked out to Rs.2.06 lakhs and Rs.0.69 lakh respectively thus resulting in excess payment amounting to Rs.2.61 lakhs (loan : Rs.1.96 lakhs, subsidy: Rs.0.65 lakh). Neither the detailed estimates showing the quantity of work required to be executed were prepared nor the work was got executed through the approved agency, i.e., the Haryana Agro-Industries Corporation, Limited.
- (v) Three water storage tanks were constructed in village Ghursal (September 1975), Modakhera (March 1976) and Chaudhriwali (April 1976) at a total cost of Rs. 1.40 lakhs for storage of water to be drawn from the Modakhera Minor for providing sprinkler irrigation. According to the department (October 1976), construction of carrier channels for conveying water from the Minor to the tanks in the villages Modakhera and Chaudhriwali had not been taken up by the respective village panchayats. The tank at Ghursal was partly filled in November 1975 but it could not be filled upto the full level due to dispute between the farmers and the department. The matter was reportedly before a Court.
- (vi) Five out of seven tanks completed in the Mohindergarh Project up to 1974-75 at a cost of Rs. 1.68 lakhs for providing direct irrigation were not in use since their construction. The department stated (April 1977) that the tanks were not filled with rain water upto the designed capacity and these could not, therefore, be used for irrigation purposes.
- (vii) With a view to making optimum use of the available sub-soil and surface water and avoiding seepage losses, the main plank of the strategy for development was through sprinkler irrigation and the programme provided for payment of subsidy on purchase of sprinkler sets. Only 2 sets in Mohindergarh were purchased by the farmers upto 31st March 1977 against the targetted purchase of 51 sets in Hissar and 32 sets in Mohindergarh.

(viii) The Government of India suggested in April 1972 that one or two sprinkler sets should be purchased by the department and used for demonstrating the benefits of sprinkler irrigation and training the farmers in their use. The department had already 9 sets (5 in Hissar and 4 in Mohindergarh). The department, however, purchased pipes and other accessories at a cost of Rs. 1.61 lakhs and Rs. 1.42 lakhs during 1973-74 and 1974-75 in Hissar and Mohindergarh. The sprinkler sets were not, however, used for demonstration purposes. Instead, these were given on loan to a few persons who were keeping these sets with themselves (October 1977).

(ix) Small equipment valuing Rs. 0.65 lakh (Rs. 0.35 lakh in Hissar and Rs. 0.30 lakh in Mohindergarh) was supplied, unauthorisedly on loan, to the farmers who did not return the equipment. The Project Officer proposed to the Government in September 1974 that 50 per cent cost may be recovered from the farmers and the remaining 50 per cent be treated as subsidy to them. Decision was awaited (October 1977).

(x) The loan for the purchase of milch/drought animals was to be granted during 1970-71 to the deserving farmers having land upto 10 acres, but 30* (out of 142) farmers, each owning more than 10 acres land, were also granted loan/subsidy amounting to Rs. 0.60 lakh. The animals, according to instructions of the Director of Agriculture, were to be purchased from the cattle fairs organised by the State Government, but the animals were purchased from other private sources.

The matter was referred to the Government in October 1977; reply is awaited (January 1978).

3.5. Gobar gas plants

The Government of India launched in 1974-75 a programme for the installation of 1,00,000 gobar gas plants in the country during the Fifth Plan period (1974-79). These plants were expected not only to produce (through a process of fermentation) from cattle dung a combustible gas used for cooking and lighting purposes but also save the dung from being burnt directly and thus yield valuable manure.

2. With a view to creating awareness and inducement amongst the farmers, the programme provided for payment of subsidy to them by the Government equal to 25 per cent (20 per cent from 1976-77) of the actual capital cost or the cost estimated by the Khadi and Village Industries Commission, whichever was less. The remaining cost was to be met by the beneficiaries on their own or by raising loan from the commercial banks.

3. In Haryana, the programme was executed through the State Government. According to the prescribed procedure, subsidy was payable to the beneficiaries or to their bank accounts (depending on whether plants were installed without or with bank loans) immediately on completion of plants and the State Government was to claim reimbursement from the Government of India for the plants completed during the year.

*Source: 'Blue Print For Action And Vision For Future', published by the department in 1971-72.

A sum of Rs. 1,01.67 lakhs was spent on payment of subsidy for the installation of gobar gas plants during 1974-75 to 1976-77 as under :—

Year	Amount of subsidy paid by the State Government to the Haryana State Agricultural Marketing Board for payment to the beneficiaries		Amount of subsidy claimed and released by the Government of India to the State Government	
	Number of plants	Amount	Number of plants	Amount
	(amount in lakhs of rupees)			
1974-75	2,000	}	5,000	47.49
1975-76	6,345		94.99	54.18*
1976-77	1,805		6.68	
Total	10,150**	1,01.67***	12,000	1,01.67

4. Important points noticed during a test-check by Audit (June-July 1977) of the accounts and other records are given in the succeeding paragraphs.

5. Actual site verification conducted by the department (June 1977) showed that only 7,500 plants out of 10,150 plants shown as completed were commissioned. Of these, 275 plants were reportedly damaged permanently and 477 damaged temporarily. Computed on the basis of average rate of subsidy (Rs. 950 per plant), subsidy involved in permanently damaged plants worked out to Rs. 2.61 lakhs.

6. The sanctioning authorities (Deputy Commissioners/Deputy Directors of Agriculture) had not kept the detailed accounts/records showing the capacity of the plant installed by a beneficiary, date of installation, cost of installation, date of payment of subsidy, etc. On a request during audit, the department made available the data in respect of four districts (Ambala, Bhiwani, Karnal and Kurukshetra) after collection from lead banks/marketing committees. It was noticed as under :—

*Against the State Government's claim of Rs. 67.72 lakhs. The balance was to be released on production of completion certificate by the State Government.

**Out of these, 525 plants were reportedly completed without bank loans.

***According to the department, Rs. 71.92 lakhs were disbursed to 7,170 beneficiaries upto 28th November 1977 and subsidy claims of the remaining beneficiaries were being settled.

(a) The actual cost of installation was less than the estimated cost of installation of plants in 180 cases (124 in Ambala, 6 in Bhiwani and 50 in Kurukshetra), but the amount of subsidy was not restricted to 25 per cent of the actual cost resulting in excess payment of Rs. 0.29 lakh. The department stated (December 1977) that the factor of labour put in by the beneficiaries themselves was not included in the actual cost and that it was difficult to make the assessment of such labour.

(b) The subsidy to 539 beneficiaries (156 in Ambala, 71 in Bhiwani, 105 in Karnal and 207 in Kurukshetra), who had completed the plants during 1976-77, was calculated at the rate of 25 per cent instead of 20 per cent (this was the rate prescribed by the Government of India for 1976-77) of the cost resulting in excess payment of Rs. 1.22 lakhs.

7. Other points of interest

(a) The rates accepted by the Gobar Gas Committee in the Karnal District (June 1974) for the supply of gas holders were more than the lowest rates offered by the approved fabricators in March 1974 and the rates jointly offered by them at the time of negotiations in June 1974. The comparative position of the rates was as under:—

Capacity of gas holders (in cubic feet)	Lowest rate offered	Rate offered at the time of negotiation	Accepted rate	Corresponding rates as per Khadi and Village Industries Commission estimates of March 1974
	(in rupees)			
100	1,180	1,359	1,360	841
150	1,250	1,380	1,390	962
200	1,400	1,800	2,000	1,349
250	1,560	2,000	2,150	1,568
300	1,800	2,400	2,500	1,700

According to the department (December 1977), the fabricators could not follow the specifications and rates quoted by them were not workable.

(b) The number of persons who applied for loan for the installation of gobar gas plants in Ambala and Bhiwani districts,* number of cases approved by the banks, and the number of persons availing of the loan were as under:—

*Information in respect of the remaining districts was not made available. Information is for 1974-75 to 1976-77.

District	Number of applicants	Number of cases approved by the banks for financing	Number of persons who availed of the loan
Ambala	2,822	1,401	1,063
Bhiwani	3,267	1,715	1,175

According to the department (June 1977), of the persons availing of the loan, 526 persons (137 in Ambala and 389 in Bhiwani), who were advanced loan amounting to Rs. 13.96 lakhs, had not installed gas plants. The department stated in December 1977 that in the case of Ambala District, the authorities had been asked to recover the loan in lump sum from the defaulters and in the case of Bhiwani District only 40 plants remained to be installed.

3.6. Distribution of *taccavi* loans in the form of chemical fertilizers

Mention was made in paragraph 3.5. of the Audit Report (Civil) for the year 1975-76, *inter alia*, about the demands (Rs. 0.30 lakh) for recovery of *taccavi* loans (in the form of fertilizers) not being noted in the Revenue records in the Mohindergarh District.

During test-check of the records in the Gurgaon District, it was noticed that demands in respect of loans given during October 1969 to March 1971 aggregating Rs. 0.73 lakh were not noted in the Revenue records (May 1977) and action for recovery of loans was not, therefore, initiated by the Revenue Department. The Agriculture Department stated in May 1977 that the details were being collected from the permit issuing authorities and would be intimated to the Revenue authorities. Further information is awaited (January 1978).

3.7. Excess payment of subsidy

For proper development of the areas covered by the new lift irrigation canals, the Government approved during 1974-75, among other incentives, payment of 25 per cent subsidy on cost of seed purchased by the farmers. The subsidy was to be restricted to Rs. 12.50, Rs. 5.00, Rs. 5.00 and Rs. 1.25 per acre in respect of wheat, gram, barley and oilseeds respectively.

During test-check of the accounts of the Deputy Director of Agriculture, Rohtak, it was noticed that the subsidy (wheat : 655 acres; gram: 993 acres; barley: 66 acres; oilseeds : 406 acres) was not restricted as mentioned above; subsidy amounting to Rs. 0.33 lakh was paid as against the permissible subsidy of Rs. 0.14 lakh.

On Audit pointing this out (April 1976), the department stated (April 1977) that the matter would be taken up with the beneficiaries for recovery of excess payment (Rs. 0.19 lakh). Further information is awaited (January 1978).

3.8. Purchase of levellers

Ten levellers purchased for Rs. 0.52 lakh in March 1973 for levelling lands requiring heavy earth cutting in the area covered by the Dry Land Agricultural Development Scheme in the Hissar District were not used due mainly to non-availability of high powered tractors with the beneficiaries. Such tractors were not available with the project authorities either.

Of these, six levellers (cost: Rs. 0.32 lakh) were given to the Haryana Agro-Industries Corporation Limited (a Government Company) between September 1973 and February 1974, two (cost : Rs. 0.10 lakh) to the Soil Conservation Division, Ambala in June 1973 and the remaining two (cost : Rs. 0.10 lakh) were lying unused (September 1977). The Corporation and the Soil Conservation Division had no works in the Hissar District.

Hire charges of six levellers given to the Corporation had not been recovered (January 1978) due to non-fixation of rates of hire by the Directorate of Agriculture.

The matter was referred to the Government in August 1977; reply is awaited (January 1978).

3.9. Extra expenditure

In July 1974, the Government of India decided that 50 per cent of the indigenous production of the technical grade pesticides would be routed to the formulators through the State Government and the latter should have contract formulation agreement with the formulators for the supply of formulated material at agreed rates. Accordingly, 80 tonnes B.H.C. (for the quarter ending 31st December 1974) was allotted to Haryana on 30th September 1974. Further allotment to the formulators was made by the State Government only on 30th December 1974, the delay being attributed by the department to non-formation, by the Government, of a committee for the purposes of allotment of technical grade pesticide. The material was lifted by the formulators in February 1975. According to the contract agreement between the Locust Control and Plant Protection Officer and the formulators executed in the last week of December 1974, against the 80 tonnes B.H.C. allotted, 800 tonnes of formulated B.H.C. 10 per cent could be purchased* from the formulators at Rs. 900 per tonne.

Meanwhile, the Controller of Stores, on the basis of indents received from the Locust Control and Plant Protection Officer in September 1974, contracted on 22nd November 1974 and 18th December 1974 for supply of 300 and 200 tonnes respectively of B.H.C. 10 per cent at Rs. 1,100 per tonne and Rs. 1,045 per tonne respectively, these being the lowest tendered rates. Despatch instruction for the contracted supply of 300 tonnes to be completed within one week were issued on 25th November 1974 and supplies were received between November 1974 and January 1975.

However, for the contracted supply of 200 tonnes, the department asked the Controller of Stores on 28th December 1974 to cancel the order placed on 18th December 1974 as supplies at a cheaper rate (Rs. 900 per tonne) would be available from the formulators. The Controller of Stores did not agree to cancel the order on the ground that it had already been accepted by the supplier and the cancellation would involve legal action against the department. Accordingly, the supply was received between 22nd March 1975 and 20th May 1975. If allotment to the formulators had been done early enough after September 1974, extra expenditure of Rs. 0.29 lakh on the order of 18th December 1974 could have been avoided.

*Only 760 tonnes were purchased during May-June 1975 against 140 tonnes B.H.C. allotted to formulators for the quarters ending 31st December 1974 and 31st March 1975 (1,400 tonnes could be so purchased).

3.10. Sugarcane development schemes

(i) Fertilizers valuing Rs. 0.66 lakh were issued to the farmers during 1975-76 and 1976-77 as subsidy for laying out demonstration plots in their fields with a view to popularising the Ratoon cane in the Yamunanagar and Rohtak sugar mill area. According to the approved scheme, the subsidy was meant to cover cost of inputs other than fertilizers and the cost of fertilizers could be covered only in a very few cases when demonstration of the method of application of fertilizer or a particular type of fertilizer was intended. The fertilizers issued being already approved ones for the Ratoon cane, the payment of subsidy (Rs. 0.66 lakh) was thus not in accordance with the scheme.

(ii) Account of Rs. 0.81 lakh paid in March 1975 to the management of the Sonapat Co-operative Sugar Mills Limited, Sonapat for disbursement as subsidy to the farmers for seed treatment (Rs. 0.08 lakh), soil treatment (Rs. 0.23 lakh) and Ratoon demonstration (Rs. 0.50 lakh) had not been rendered (August 1977) to the department.

(iii) Plant protection equipment, purchased at a cost of Rs. 0.59 lakh between November 1976 and March 1977, was not used (June 1977) due to non-supply of pesticides/insecticides to the field staff.

The matter was referred to the Government in August 1977; reply is awaited (January 1978).

DEVELOPMENT AND PANCHAYAT

3.11. Model village scheme

The scheme, called the model village scheme, envisaging the setting up of new *abadis* with the minimum basic amenities in the villages was introduced in 1971-72. It was administered by the Rural Development Board constituted in November 1971 and the works were executed through the Public Works Department and other Government departments.

The scheme provided, *inter alia*, for development of plots on panchayat land, allotment of plots free of cost and payment of loan for the construction of houses (upto 75 per cent of the estimated cost of a house) in the new *abadis* to the occupants, possessors and holders of *Baras* in the old *abadis* and landless residents. The plots in the new *abadis* were classified in four categories, viz., A, B, C and D. The size of the plot in each category, the prescribed criteria for allotment and the maximum amount of loan admissible to allottees of each category for construction of a residential house were as under :—

Category	Size of plot	Eligibility of category (size of holding in acres in the old abadis)	Maximum amount of loan admissible	
			Upto 1975-76	From 1976-77
			(in rupees)	
A	75' x 150'	Above 15	22,500	24,750
B	60' x 120'	Above 10 but not more than 15	15,000	17,250
C	45' x 100'	Above 5 but not more than 10	11,250	13,500
D	30' x 75'	Upto 5 and landless residents*	7,500	9,750

Five villages, namely, Arjaheri, Azadnagar, Ferozepur-Namak, Khanak and Mandhore, were taken up in 1971-72 for setting up new *abadis*. Rupees 40.63 lakhs@ were stated to have been spent on various development works in these villages upto 1976-77 through the State Public Works Department.

A test-check (July 1977) of the accounts and other records for four villages (Arjaheri, Azadnagar, Khanak and Mandhore) disclosed the following :—

(a) According to the information collected from the department, the number of plots developed in each village, the number of plots available for allotment, and allotted, as on 31st March 1977, were as under:—

Village	District	Population according to 1971 census		Plots			
		number of households	popula- tion	develo- ped	kept for staff quarters	available for allot- ment	allo- tted
Arjaheri	Karnal	59	398	140	6	134	63
Azadnagar	Rohtak	144	999	67	2	65	56
Khanak	Bhiwani	495	2,738	212	2	210	210
Mandhore	Ambala	102	686	110	3	107	107
Total		800	4,821	529	13	516	436

(Note : The Government stated (November 1977) that census figures

* According to the amended rules (January 1975), the landless residents could be allotted a plot of a category higher than 'D' commensurate with his immovable property in the *abadi* of old village.

@ Includes expenditure against deposits made by the Sanitary Board and the Haryana Agricultural Marketing Board.

were not available at the time of development of plots in 1971 and lay-out plans were prepared keeping in view the socio-economic and physical survey as also the availability of panchayat land and making an allowance, wherever possible, for expansion of the village *abadi* too)

The number of plots (140) developed in village Arjaheri was apparently more than the requirement for 59 households. Of the 10 category A, 18 category B and 22 category C plots, only 6 plots of category C could be allotted. The rest of the plots allotted belonged to category D (available : 84, allotted : 57).

Out of 436 allottees, 49 allottees (12 in Arjaheri, 8 in Azadnagar and 29 in Mandhore) had not taken possession of the plots (July 1977) allotted to them upto May 1975 and 39 allottees in village Khanak had not been given demarcation of their plots due to non-demolition of the colony already existing. The Government stated (November 1977) that action was being taken to cancel allotment in village Arjaheri since the allottees had been found reluctant to construct their houses.

(b) The loan was released in three instalments (20 per cent on completion of documents and furnishing surety, etc., 50 per cent when the house reached the plinth level and 30 per cent when the house reached the roof level). Rupees 26.37 lakhs were paid as loan during 1972-73 to 1976-77 to 386 allottees as under :—

Village	First instalment		Second instalment		Third instalment		Supplementary instalments	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(amount in lakhs of rupees)							
Arjaheri	51	0.88	46	1.97	32	0.87	21	0.42
Azadnagar	48	0.72	48	1.81	40	1.05	30	0.61
Khanak	209	4.06	114	5.82	53	1.64	15	0.32
Mandhore	78	1.53	46	3.11	47	1.25	17	0.31
Total	386	7.19	254	12.71	172	4.81	83	1.66

It was noticed that :

- (i) the first instalment aggregating Rs. 0.76 lakh (1975-76 and 1976-77) was released to 39 allottees in village Khanak even though demarcation of plots had not been given to them (July 1977) ;

- (ii) sixtytwo allottees who were paid the first instalment aggregating Rs. 1.32 lakhs (2 in Arjaheri, 39 in Khanak and 21 in Mandhore) had not started construction (July 1977) even though the loanees had to commence construction work within one month from the date of payment of the first instalment failing which the loan was to be recovered immediately. The amount advanced as loan had thus become recoverable but was not recovered ;
- (iii) out of Rs. 0.42 lakh recoverable from the loanees upto 31st March 1977, only Rs. 0.11 lakh were recovered leaving a balance of Rs. 0.31 lakh in arrears ; and
- (iv) the first instalment of loan (Rs. 3.47 lakhs) was released to 198 allottees by 31st March 1974 and they were expected to complete the construction by 31st March 1977. Only three loanees (1 in Azadnagar and 2 in village Mandhore) had completed it.

(c) *Other points of interest*

(i) Rupees 0.36 lakh were spent during 1971-72 in the Arjaheri village on the construction of 5 sample 'D' category houses. Out of these, three (raised upto plinth level) were left incomplete as the Board decided to construct only two houses. Rupees 0.11 lakh were spent on these incomplete houses. The Government stated (November 1977) that these are intended to be sold by public auction.

(ii) The *Samitis/Gram Panchayats* had not taken charge of the various sewerage and drainage works completed by the Public Works Department. Rupees 0.37 lakh spent by the Public Works Department from 1974-75 (upto June 1977) on maintenance of these works were recoverable from the *Samitis/Gram Panchayats*. The Government stated (November 1977) that the Board had not given any instruction to the Public Works Department for incurring any expenditure on the maintenance of drainage schemes.

EDUCATION

3.12. National loan scholarship scheme

The scheme was introduced by the Government of India in 1963-64 to provide loan assistance on easy terms to needy scholars for post-matriculation academic studies. Funds for paying these loans were provided by the Government of India in the form of interest-free advances to the State Governments which were required to administer the scheme. All amounts recovered from the loanees towards the principal were to be repaid to the Government of India against advances received; recoveries of interest, in cases of default in repayment by the loanees, were also to be passed on to that Government.

A test audit (May 1977) of the accounts of the scheme as maintained in the office of the Director, Public Instructions indicated the following position :—

(i) *Advances from the Government of India*

Advances aggregating Rs. 58.15* lakhs were received by the State Government under the scheme during 1963-64 to 1976-77. Rupees 13.95 lakhs were

*Includes Rs. 16.35 lakhs adopted *pro forma* due to allocation of balances under the Punjab Re-organisation Act, 1966.

refunded as undisbursed balance of advances and Rs. 5.03 lakhs paid back on account of recoveries leaving a balance of Rs. 39.17 lakhs at the end of 1976-77.

(ii) *Loans paid and recoveries effected*

According to the figures in the books of the Accountant General, Rs. 43.95* lakhs were advanced as loans during 1966-67 to 1976-77 and Rs. 12.22 lakhs were recovered from the loanees or refunded in the corresponding period. Rupees 0.19 lakh (minus) were adopted as the opening balance. The outstanding amount on 31st March 1977 was thus Rs. 31.54 lakhs. According to the corresponding departmental figures, Rs. 50.74 lakhs were paid out and Rs. 11.19 lakhs were recovered leaving an outstanding balance of Rs. 39.55 lakhs. The directorate was not in a position to reconcile the difference between the two sets of figures. Rupees 6.16 lakhs recovered from the loanees during 1972-73 to 1976-77 (as per departmental accounts) had not been credited to the Government of India. Similarly, undisbursed amount of Rs. 1.22 lakhs (1971-72 : Rs. 0.11 lakh, 1972-73 : Rs. 0.01 lakh, 1976-77 : Rs. 1.10 lakhs) had not been refunded to the Government of India.

(iii) *Accounts of loans*

The directorate had opened ledger account for each loanee upto 1971-72 for recording, *inter alia*, payments made and recoveries effected from time to time. But the ledger accounts were not written up fully and also contained no information about the date(s) on which recovery was to be started, income of the loanee per month, and exemptions granted, if any. Individual loanees' accounts during 1972-73 to 1975-76 (number of loanees during the period : 1,068; loan advanced : Rs. 7.57 lakhs) were not kept by the department. The old loanees' accounts were also not carried forward either. Accordingly, balance outstanding against any individual loanee was not known to the department. The balance was also not got accepted by the loanees concerned at any stage.

(iv) *Sanctions to loans*

Loans were paid almost in arrears in the closing months of each academic year and the stipulation in the scheme requiring the annual loan scholarships to be paid in monthly instalments in the course of the academic year was seldom observed. On analysing the details of amounts aggregating Rs. 22.78 lakhs drawn during 1971-72 to 1976-77 for payment to 3,276 students, it was found that Rs. 18.05 lakhs, representing more than 79 per cent of the total draws in these years, were drawn in February and March, and that Rs. 6.59 lakhs were sent for disbursement to 911 students after the colleges had closed for the year-end examinations.

(v) *Disbursement*

(a) Amounts of sanctioned loans were drawn and remitted, for disbursement, to the heads of the institutions in which the scholars were studying. The department had not kept any record to keep a watch over disbursements with a view to ensuring that undisbursed amounts were refunded promptly.

*Figures for the years 1963-64 to 1966-67 (upto 31st October 1966) in respect of Haryana portion have not been adopted so far.

(b) The directorate did not keep a watch on the receipt of monthly, six-monthly and annual certificates and statements which the heads of disbursing institutions were required to send to it. Actual payees' receipts, where received, were also not noted in most of the ledger accounts.

(c) The institutions disbursing the loans were required to open a personal ledger account with the treasuries or an account in a post office/scheduled bank, credit the amount of loan received for disbursement in it, pay the loan to the loanees by withdrawal from such account and render periodical accounts to the directorate. The directorate, however, had no information as to the number of institutions which had opened such accounts. The directorate was thus unable to say whether undisbursed balances of remittances were being kept with it by any institution.

(vi) *Waivers and Writes off*

As an incentive to bright students to take up teaching as a profession, the scheme permitted the State Government to waive recovery of one-tenth of the loan paid to each loanee for each year he served as a teacher in a recognised educational institution. In the case of 62 loanees reportedly joining the teaching profession, waiver of Rs. 0.31 lakh was ordered by the Assistant Director upto 1976-77. But no action was taken for obtaining the Government of India's sanction for reducing balances, owed by the State Government, correspondingly and these balances remained unadjusted (November 1977).

(vii) *Recoveries*

(a) According to the terms on which these loans were paid, recoveries in monthly instalments became due one year after the loanee started earning or three years after the end of the course of study for which assistance was provided, whichever was earlier. The amount of each instalment was to be fixed as a specified proportion of income in the case of loanees who were earning subject to a minimum of Rs. 25 per month, while recoveries were to be effected at this minimum rate from others. Simple interest at 6 per cent per annum (upto December 1975) and 10 per cent per annum (from January 1976) was chargeable on overdue instalments. The agreement could be cancelled for any breach of the terms in which event the entire loan or the part of it still pending for recovery became recoverable in lump sum with interest at the above rates. The agreement contained provisions enabling the directorate to proceed against the defaulters as in cases of arrears of land revenue.

(b) The directorate had no machinery for keeping itself informed about the whereabouts of the loanees from time to time, the dates from which they started earning, the emoluments earned by them, etc., and it was entirely dependent upon such information as the loanees themselves chose to supply.

(c) Amounts due for recovery from time to time from the loanees according to the time schedule prescribed in the rules of the scheme had not been worked out and posted by the directorate in the individual ledger accounts, and therefore, systematic action for enforcing recoveries as they fell due was not possible. Repayments were almost entirely voluntary.

(d) The directorate had not worked out the extent of default in respect of recoveries which fell due in each year. Most of the

courses for which loans were given lasted three years or less. Even if it is assumed that all the scholars failed to find employment within three years of completing the courses and all of them were entitled to make repayments thereafter at the minimum monthly instalments of Rs.25, the total amount due for recovery upto March 1977 could not have been less than about Rs.20.00 lakhs. Against this, Rs. 5.03 lakhs had been recovered and credited to the Government of India and another sum of Rs. 6.16 lakhs recovered during 1972-73 to 1976-77 had not been credited to the Government of India. Interest due on the overdue instalments of recovery had not been worked out and the total amount pending recovery as interest from the loanees in default was not known.

The matter was referred to the Government in July 1977; reply is awaited (January 1978).

INDUSTRIES

3.13. Community project centre (shoe-making)

For imparting training to the rural artisans in the improved/modern technique of shoe-making, a Community Project Centre is functioning in the State since 1967-68. To make its benefits available on a wider scale, it was shifted from place to place.

The training period is one year. According to the department, 15 persons were expected to be trained each year. The actual number of artisans trained was as under:—

Year	Number of artisans			Expenditure (in lakhs of rupees)
	enrolled	dropped out	completed training	
1967-68	11	1	10	0.13
1968-69	9	3	6	0.08
1969-70	..	..	..	0.10
1970-71	3	2	1	0.09
1971-72	5	4	1	0.11
1972-73	4	3	1	0.10
1973-74	..	..	..	0.14
1974-75	10	5	5	0.14
1975-76	7	1	6	0.16
1976-77	12	7	5*	0.14
Total	61	26	35	1.19

*Result awaited.

The centre produced 438 pairs of shoes over a period of ten years ending 31st May 1977 as part of the training programme and realised Rs. 8,094 from sale proceeds of the shoes. Twentynine pairs of shoes costing Rs. 708 were on hand on 31st May 1977.

The department stated (July 1977) that efforts were made from time to time to streamline the working of the centre, as for instance the amount of stipend was increased* from Rs. 12.50 per month to Rs. 40—Rs. 45 per month to make the training programme more attractive.

The centre had not become fully useful and more steps may need to be explored for attracting larger number of artisans.

The matter was referred to the Government in August 1977; reply is awaited (January 1978).

MEDICAL AND HEALTH

3.14. District and Tehsil headquarters hospitals

A test-check (May-June 1977) of the accounts/records of the Civil Hospitals, Gurgaon (120 bedded), Jind (50 bedded), Narwana (50 bedded) and Naraingarh (50 bedded), and the Chief Medical Officer (Bhiwani), disclosed the following :—

(1) *Mobile dispensary and X-ray vans*

The Civil Hospital, Bhiwani had at its disposal a mobile dispensary van costing Rs. 0.57 lakh (chassis : Rs. 0.39 lakh; body : Rs. 0.18 lakh) and a mobile X-ray van costing Rs. 1.02 lakhs (chassis : Rs. 0.39 lakh; body : Rs. 0.30 lakh; X-ray plant : Rs. 0.21 lakh; electricity generating set : Rs. 0.12 lakh) since November 1971 and March 1973 respectively. The chassis for these two vans were purchased in March 1971 but the mobile X-ray van could be ready, after fabrication of its body, only in March 1973. Utilisation of these vans during the period from their availability upto June 1977 was as under :—

- (a) the sanctioned staff (Driver, Radiographer, Radiologist) for the mobile X-ray van had not been appointed and the van was seldom used. When used (on 24 occasions), only a Dark Room Attendant went with the van and no X-rays were taken;
- (b) the mobile dispensary van remained idle between August 1972 and January 1973 due to its being under repairs and between June 1974 and February 1975 due to non-availability of the staff. During the period the van was utilised, it covered a total distance of 80,060 kilometres including 13,270 kilometres for administrative purposes.

(2) *Central oxygen supply system*

A firm offered in June 1974 to instal, in the Civil Hospital, Gurgaon, medical oxygen, nitrous oxide and vacuum pipelines with provision of 50 self-sealing outlet/inlet points and to supply accessories for use with the pipelines at a total cost of Rs. 1.63 lakhs, but the order was not placed then (reasons not known). The firm revised its offer in October 1974 to Rs. 1.82 lakhs and the order was placed in March 1975. The work was completed in September 1975. The delay in placing the order thus resulted in an extra expenditure of Rs. 0.19 lakh.

* From 1st April 1972.

It was also noticed that out of 25 theatre suction units purchased at a cost of Rs. 0.41 lakh, 23 units costing Rs. 0.39 lakh had not been in use. Rupees 0.56 lakh were spent on the installation of vaccum pipelines with provision for 23 self-sealing inlet points.

(3) *Idle equipment*

A scrutiny of stock registers, as maintained in the hospitals, showed that

- (a) four air-conditioners (cost : Rs. 0.31 lakh) in the Civil Hospital, Jind were out of order since their purchase in July 1975. Similarly, three air-conditioners (cost ^{Rs.}0.23 lakh) purchased in October 1974 were lying idle in the Civil Hospital, Gurgaon since December 1975;
- (b) one 100 M.A. X-ray plant (cost : Rs.0.76 lakh) in the Civil Hospital, Jind was not in working order since its installation in July 1975. The plant was purchased in January 1975;
- (c) equipment worth Rs. 0.12 lakh purchased in December 1975 for installation of intercom-telephone system in the Civil Hospitals, Jind and Narwana was lying idle. The Medical Officer in-charge, Civil Hospital, Jind stated (May 1977) that the firm had not yet completed the job in spite of reminders ; and
- (d) six boyle anaesthesia apparatus (Rs.0.33 lakh) purchased between March 1975 and September 1975—two each in the Civil Hospitals, Jind, Narwana and Naraingarh—were not in use due to non-appointment of Anaesthetists in these hospitals.

(4) *Buildings*

New buildings were constructed for Civil Hospitals, Naraingarh (September 1974), Jind and Narwana (July 1975) at a cost of about Rs. 45 lakhs each. The sanctioned bed strength of these hospitals is 50 each. It was noticed that out of a total floor area of 68,210 square feet (sq. ft.) in each hospital, 22,122 sq. ft. (representing 32.43 per cent of the total floor area) were surplus to the requirements of the hospital. The particulars of surplus space were as under :—

- (i) 12,434 sq. ft. Built up accommodation for additional 50 beds which were not sanctioned.
- (ii) 6,632 sq. ft. Covered by kitchen block (meals for about 5 patients only were cooked in the Civil Hospitals, Jind and Naraingarh).
- (iii) 3, 056 sq. ft. Covered by a waiting hall designed to be used as a day light cinema (the hospitals had neither a projector nor the operators).

The matter was referred to the Government in July 1977; reply is awaited (January 1978).

3.15. *Non-disposal of hypofixer waste*

Hypofixer is mixed with water to make a liquid mixture which is used for dipping in X-ray films in the process of their development. The mixture

is used for developing certain number of films and thereafter it has no use for the hospital authorities.

The Director, Health Services authorised on 25th April 1972, 15th April 1974, 22nd August 1975 and 30th November 1976 certain parties to purchase for a period of one year in each case the hypofixer waste from the institutions under his control on payment at the rate of Rs.1.65, Rs. 4.50, Rs.7.25 and Rs.5.65 per litre respectively.

During audit (1976-77) it was noticed that 2,666 litres hypofixer waste, which could have fetched revenue amounting to Rs. 0.15 lakh, was destroyed between May 1972 and January 1977 in nineteen hospitals/health centres. This was attributed by the authorities of some hospitals mainly to non-receipt of instructions about the contract for sale of waste, lack of storage arrangements and non-collection of waste by the approved parties.

The matter was referred to the Government in August 1977; reply is awaited (January 1978).

3.16. Irregularities in the medical institutions

Accounts and other records of 46 medical institutions were test-checked during 1976-77 and the following irregularities were noticed:—

(a) *Non/less realisation of hospital charges*

According to the rates prescribed by the Government in January 1972, Rs.20 were chargeable per X-ray examination from patients whose income was Rs. 500 per month or above and from other patients if they insisted on admission in private wards or wished to take away X-ray films. However, X-ray charges at the rate of Rs.14 (applicable prior to January 1972) were charged in respect of 18,250 X-rays in Medical College Hospital, Rohtak between January 1972 and March 1976, resulting in short recovery of Rs. 1.10 lakhs.

(b) In the same hospital, 10 beds were reserved for the workers covered under the Employees' State Insurance Scheme. The Employees' State Insurance Corporation was to pay to the hospital Rs. 1,500 per annum per bed. It was noticed (June 1976) that the amount receivable from the Corporation was not claimed for the last six years ending 1975-76. On Audit pointing this out, the department initiated action to recover the amount of Rs.0.90 lakh. Further developments are awaited (January 1978).

(c) *Idle X-ray plants*

Again, in the same hospital, one 50 M.A. mobile X-ray plant (cost : Rs. 0.29 lakh) purchased in August 1972 was lying idle (June 1976) as the van in which it was to be fitted had not been acquired. Another 50 M.A. mobile X-ray plant (cost : Rs. 0.26 lakh) purchased in May 1976 was lying idle (April 1977) in the Civil Hospital, Ambala as the hospital building had no ramp for the movement of the plant.

(d) *Stores*

Unserviceable equipment, vehicles, linen and furniture articles valuing Rs.2.06 lakhs were lying undisposed in 15 institutions for

periods ranging over two to ten years. These included two X-ray plants in the Civil Hospital, Sonapat and one in the Civil Hospital, Kalka (cost : Rs.0.75 lakh) not in use since 1971, January 1975 and April 1975 respectively, and three vehicles (cost : Rs.0.18 lakh) in the B.K. Hospital, Faridabad and one vehicle in the Civil Hospital, Tosham (cost : Rs. 0.20 lakh) not in use since October 1966, May 1974 and sometime in the year 1972.

(e) *Other irregularities*

- (i) Defective maintenance of the cash book, erasures, over-writings, non-checking of totals, omission to conduct physical verification of cash, absence of surprise verification of cash, etc., were noticed in 44 institutions.
- (ii) Requirement regarding reconciliation of withdrawals from and remittance into the treasuries was not observed in 29 institutions.
- (iii) In 17 institutions, security was not obtained from officials handling cash and stores.
- (iv) In 14 institutions, physical verification of stores was not conducted at the prescribed intervals.

The above observations were referred to the Government in September 1977 ; reply is awaited (January 1978).

LOTTERIES

3.17. Payment of bonus/prizes to agents/sellers

Under the Haryana State Lotteries Rules, 1970, the amount to be paid to the agents/sellers of lottery tickets on account of bonus and special prizes in lucky draws for agents/sellers shall not exceed three per cent of the total face value of tickets in a draw. For the draw Nos. 54 to 74 held between April 1974 and December 1975, the overall position of tickets provided in the schemes, tickets printed and tickets sold was as under :—

(in lakhs of rupees)

(i) Face value of tickets provided in the schemes	2,49.50
(ii) Face value of tickets printed	1,61.50
(iii) Face value of tickets sold	1,53.51
(iv) Percentage of tickets sold to tickets provided in the schemes	61.5

It was noticed that Rs. 6.22 lakhs paid to the agents/sellers (excluding Rs. 3.35 lakhs paid out of 10 per cent deducted from all prizes above Rs. 50) exceeded the above mentioned limit of 3 per cent of the value of tickets sold by Rs. 1.62 lakhs. When calculated on the face value of tickets provided in the schemes for each draw as contended by the depart-

ment in January 1975 (which amounts to basing the payment on estimates which proved to be largely unrealistic) and the tickets printed for each draw, the amount paid in excess to the agents/sellers worked out to Rs.0.35 lakh and Rs.1.22 lakhs, respectively.

The matter was referred to the Government in June 1977; reply is awaited (January 1978).

3.18. Extra expenditure

The lotteries scheme provides for (i) reimbursement of publicity expenditure to the agents (selling 50,000 tickets or more) upto one per cent of the face value of tickets sold, and (ii) payment of additional commission of one per cent to the agents selling 1,00,000 tickets or more.

It was noticed during audit (November/December 1976) that the tickets sold at out-stations by the Sales Officers of the department to persons other than the agents or their authorised representatives were booked to the accounts of the agents and the agents were thus paid publicity charges and additional commission on the inflated figures of sale. This involved extra expenditure amounting to Rs. 0.90 lakh in the 64th to 77th draws opened between February 1975 and March 1976.

The matter was referred to the Government in April 1977; reply is awaited (January 1978).

HOME

3.19. Non-recovery of Water charges

According to the rules, Government servants who are provided with quarters free of rent have to pay for, *inter alia*, supply of water.

A test-check by Audit (September 1976 to April 1977) indicated that water charges were not being recovered from personnel serving in the Police Department and occupying rent-free quarters. The amount recoverable but not recovered in seven offices for periods between September 1970 and March 1977 worked out to Rs.0.38 lakh. Further information received from four other offices showed that Rs.0.23 lakh were recoverable in those offices for periods between October 1971 and June 1977.

On Audit pointing out the omission, the Inspector General of Police stated (May 1977) that instructions had since been issued to all heads of Police Offices in the State for effecting recoveries forthwith.

3.20. Delay in fabrication of bus/truck bodies

Twentyone chassis were acquired by the Police Department (18 in May 1975 and 3 in April 1976) at a cost of Rs.18.96 lakhs. The department was to arrange fabrication of bus/truck bodies on these chassis for departmental use.

It was noticed in audit (September 1976) that buses/trucks were ready

only after 12-23 months of the receipt of chassis as per details given below :—

<i>Number of chassis acquired</i>		<i>Number of chassis delivered for fabrication of bodies</i>		<i>Number of chassis received back after fabrication of bodies</i>		<i>Period after which buses/trucks were ready for use</i>
<i>Date</i>	<i>Number</i>	<i>Date</i>	<i>Number</i>	<i>Date</i>	<i>Number</i>	<i>(in months)</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Bus Bodies</i>						
19th May 1975	12	23rd January 1976	4	13th May 1976	2	12
				20th June 1976	2	13
		18th May 1976	2	6th August 1976	2	15
		20th June 1976	2	21st October 1976	2	17
		9th August 1976	2	27th January 1977	1	20
				24th February 1977	1	21
		21st October 1976	2	9th April 1977	1	23
				25th April 1977	1	23
Total	12		12		12	
<i>Truck Bodies</i>						
19th May 1975	5	4th March 1976	3	26th May 1976	2	12
24th May 1975	1	26th May 1976	1	27th January 1977	2	20
		28th January 1977	2	9th April 1977	2	23
7th April 1976	3	4th May 1977	2	14th July 1977	1	15
Total	9		8		7	

The truck body on one chassis was stated to be under fabrication (August 1977). The remaining one chassis (cost : Rs. 0.88 lakh) had not been delivered for fabrication of truck body.

The delay was attributable mainly to late finalisation of the terms and conditions of fabrication of bus/truck bodies in December 1975/February 1976 and more time taken (time allowed in contract was 60 days for a bus body and 30 days for a truck body) by the fabricators.

No penal action was taken against the fabricators on the ground that they were small scale industrial units, were not at fault for delayed fabrication and were executing the job under loss.

3.21. Overpayment of pocket allowance

According to the orders issued by the Finance Department in November 1967, police recruits undergoing training at the Recruiting Training Centre were not entitled to any pocket allowance. It was, however, noticed in audit (April 1976) that pocket allowance amounting to Rs. 2.92 lakhs was paid to the recruits between November 1967 and July 1977 in eight districts. On Audit pointing this out, Rs.1.99 lakhs out of Rs.2.38 lakhs so paid were recovered in seven districts (up to July 1977). The department stated (July 1977) that recovery in the Karnal District (Rs.0.54 lakh) would start from August 1977. Further information is awaited (January 1978).

JAILS/AGRICULTURE

3.22. Non-utilisation of land acquired

(a) During June 1972, 30 acres of land were acquired from a gram panchayat at a cost of Rs.3.27 lakhs for the construction (of a jail building) which had not yet started (November 1977) reportedly due to paucity of funds. Only seven, seventeen and seventeen acres were reportedly utilised during 1974, 1975 and 1976 respectively for cultivation.

(b) Similarly, 9.26 acres of land, acquired in May 1974 from private parties at a cost of Rs.1.44 lakhs for developing a deer park near the Yadvindra Gardens, Pinjore, had also not been utilised (July 1977) for the intended purpose reportedly due to paucity of funds. The Horticulture Superintendent, Pinjore stated (August 1977) that the land was being utilised for crop cultivation.

The Government stated (December 1977) that the land would be utilised for expansion of garden instead of developing a deer park.

REVENUE

3.23. Embezzlement

An inspection (March 1976) of the accounts of the Tehsildar, Bhiwani Khera by the district authorities disclosed that between 17th June 1975 and 1st December 1975, amounts aggregating Rs.6.40 lakhs were drawn for distribution as *taccavi* loan for the purchase of cattle and fodder. Actual disbursements upto 31st December 1975 were Rs.5.90 lakhs only. The remaining

amount of Rs. 0.50 lakh was reportedly embezzled by the Tehsildar who had retired from service on 1st January 1976. The embezzlement was facilitated, *inter alia*, by drawal of amounts in excess of requirement and retention of heavy cash on hand ranging between Rs.0.20 lakh and Rs.1.49 lakhs during June 1975 to December 1975.

The department got a criminal case registered on 15th April 1976. The Tehsildar is reported absconding.

Further developments are awaited (January 1978).

3.24. Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 1977, on which final action was pending at the end of August 1977, were as follows :—

	Number	Amount (in lakhs of rupees)
Cases reported upto the end of March 1976 and outstanding on 31st August 1976	183	19.21
Cases reported between April 1976 and March 1977	73	5.31
Total	256	24.52
Cases closed between September 1976 and August 1977	32	5.98
Balance	224	18.54

Of these :

- (i) Seventynine cases (Rs.5.83 lakhs) were outstanding for more than five years.
- (ii) One hundred and eightyone cases (Rs.14.82 lakhs) were outstanding with the departments of Buildings and Roads, Irrigation, Transport, Education and Agriculture.

Appendix III shows department-wise and year-wise analysis of cases in which departmental action and criminal prosecution had been completed but recovery was pending on 31st August 1977. Appendix IV shows cases which were still under departmental investigation or criminal prosecution on that date.

3.25. Write-off of losses, revenue, etc.

During 1976-77, Rs. 1.37 lakhs representing losses due to theft, fire, irrecoverable revenue, duties, etc., were written off/recoveries were waived. Details are given in Appendix V.

CHAPTER IV
WORKS EXPENDITURE

IRRIGATION

4.1. Siwani Lift Irrigation Scheme*

The Siwani Lift Irrigation Scheme (estimated cost : Rs. 19,60 lakhs) envisaged irrigation facilities to a culturable command area (CCA) of 1,79,000 acres in the Bhiwani District. The scheme provided for bringing surplus water of the River Jamuna through the Western Jamuna Canal System (the scheme as originally prepared was based on Haryana's share in the surplus Ravi-Beas waters to be conveyed through the Bhakra Canal System) to the tract by lifting water in stages. The work was commenced in June 1971 and was due to be completed by 31st March 1977 (expected to be completed in 1978-79)@. The work had been done in four stages as under :—

Stage	CCA (acres)	Name of the feeder channel	Point of off-take	Authorised full supply discharge (in cusecs)	Date from which water was let in
Stage I	32,000	Deosar Feeder	Tail Bhakra-Siwani Link Channel at RD 12879	162***	July 1972
Stage II	49,300	** Siwani Feeder	Petwar Distributary (tail RD 172376) and	200	July 1972
Stage III	63,800		Hansi Branch at RD 238326/T	342	(under construction)
Stage IV	36,680	Nigana Feeder	Jui Feeder at RD 88000/R	288	August 1974

*Previously known as Birendra Narayan Chakravarty Lift Irrigation Scheme.

@September 1977.

**Previously known as BNC Feeder.

***To be drawn out of 200 cusecs at the tail of the Petwar Distributary shown in Stage II.

According to the department, Rs. 17,83.58 lakhs were spent on the scheme upto March 1977. Year-wise break-up of the expenditure was as under :—

Year	Expenditure (in lakhs of rupees)
1971-72	2,39.10
1972-73	3,58.46
1973-74	2,42.36
1974-75	2,65.79
1975-76	3,21.69
1976-77	3,56.18
Total	17,83.58

According to the department's estimate, the works yet to be completed, mostly lining of the channels, would cost about Rs. 3,50 lakhs. The Chief Engineer stated (September 1977) that these would be completed during 1978-79.

The following points were noticed during audit (May 1977) :—

1. Cost of the scheme

The cost of the scheme (stage I, II and III) to provide irrigation facilities to a CCA of 1,45,100 acres was estimated in May and June 1971 at Rs. 8.75 lakhs. Another project (stage IV) for extending irrigation facilities to another 36,680 acres CCA in the tract contiguous to the area covered by stages II and III at a cost of Rs.2,99.78 lakhs was prepared in 1973. In 1975, a consolidated project covering all the four stages but with a slightly reduced CCA (1,79,000 acres instead of 1,81,780 acres) was prepared for Rs. 19,60.00 lakhs against the original estimated cost of Rs. 11,74.78 lakhs for all the four stages. The increase in the cost was attributed (May 1977) by the department to the following factors :—

(i) increase in the length of the channels from 528.68 kilometres to 737.39 kilometres (Rs. 3,80 lakhs),

(ii) change in the feeding system involving remodelling of the Hansi Branch (Rs. 2,43 lakhs), and

(iii) increase in the cost of land, labour and materials (Rs. 1,62 lakhs).

2. Development of irrigation

According to the irrigation figures supplied by the department (March

and May 1977), the CCA covered by the infrastructure and the area actually irrigated (based on the assessed area) up to March 1977 were as under:—

Year	CCA covered by the infrastru- cture	Area irrigated			Percentage of deve- lopment
		<i>Kharif</i>	<i>Rabi</i>	Total	
	(	in	acres)	
(1)	(2)	(3)	(4)	(5)	(6)
1972-73	22,333	208	1,406	1,614	7
1973-74	79,957	2,927	8,129	11,056	14
1974-75	86,781	5,819	9,589	15,408	18
1975-76	1,05,451	5,387	12,010	17,397	17
1976-77	1,09,632	6,080	14,872	20,952	19

The year-wise phasing of development of irrigation was not indicated in the project report. In some of the adjoining canals of the Bhakra Canal System, the projected development of irrigation was 15, 25, 35 and 35 per cent (*kharif* only) in the 1st, 2nd, 3rd and 4th year respectively, the actual development being 11, 21, 15 and 22 per cent in those years.

According to the department (August 1977), the development of irrigation was low due to less supply available from the Western Jamuna Canal System and the difficulty in the maintenance of lengthy water courses due to sandy soil.

3. Inadequacy of water

The total requirement of water was worked out at 814 cusecs. The decision on sharing of Ravi-Beas waters having been delayed, the scheme was entirely dependent on the surplus water of the River Jamuna to be conveyed to the area covered by the scheme through the Western Jamuna Canal System. The water is fed into this system from two sides—North and East. On the North, water is brought through two carrier channels, viz., Petwar Distributary and Siwani Feeder (Parallel Petwar Distributary) both off-taking from the Hansi Branch of the Western Jamuna Canal System. On the East, water is brought through the Nigana Feeder which off-takes from the Jui Feeder (Jui Feeder is fed from the Sunder Sub-Branch of the Western Jamuna Canal System).

Of these, only the Petwar Distributary had since been fully developed (October 1977). The required discharges (based on its designed capacity and capacity days) at the tail of the distributary (where it delivers water for the scheme) and the actual discharges run during the last two years, viz., 1975-76 and 1976-77, were as under:—

Designed capacity at tail (cusecs)	200
Capacity days as provided in the Project Estimate (numbers)	240

Discharges required during a year (based on designed capacity and capacity days) (cusec days)	48,000
Discharges actually run during 1975-76 (cusec days)	25,864
Discharges actually run during 1976-77 (cusec days)	27,559

The data regarding actual discharge in the Nigana Feeder were not available (May 1977). The Siwani Feeder (Parallel Petwar Distributary) had not been completely constructed (September 1977).

4. *Nugatory expenditure on the construction of the part of feeder channel—
Rs. 15.63 lakhs*

Based on the assumption that the source of water for the scheme would be Haryana's share in the Ravi-Beas waters to be conveyed through the Bhakra Canal System, a new channel called (newly constructed) Siwani Feeder off-taking from the Balsamand Sub-Branch (of the Bhakra system) was constructed from RD 0 to RD 12879. The decision on the allocation of surplus Ravi-Beas waters having been delayed, the department decided in November 1975 to change the feeding system. The new feeding system was based on surplus water of the River Jamuna to be conveyed through the existing Petwar Distributary and Siwani Feeder (Parallel Petwar Distributary). These outfalls in the (newly constructed) Siwani Feeder at RD 9550. The system had thus no use for the portion of the (newly constructed) Siwani Feeder from RD 0 to RD 9550 (renamed as Bhakra Siwani Link Channel). Rupees 15.63 lakhs were spent on its construction.

The department stated (May 1977) that when the Bhakra Canal System may have surplus water at a time when the Western Jamuna Canal System is either not running supplies for the scheme or running inadequate supplies, this link channel can be utilised.

5. *Extra expenditure due to inbuilt surplus capacity remaining unutilised—
Rs. 4.32 lakhs*

The carrying capacities of all the channels of the scheme were initially designed with a provision of water allowance of 3.5 cusecs per thousand acres of CCA at the distributary head and the channels were constructed accordingly. The State Government decided in February 1972 to increase the water allowance from 3.5 cusecs to 4.5 cusecs during the monsoon season only when surplus water was available in the River Jamuna. The Siwani Feeder and the Siwani Canal (RD 0 to RD 35900) had, by that time, been constructed according to the original design. The remaining length of the Siwani Canal, viz., from RD 35900 to the tail, was, however, constructed with discharge capacity based on water allowance of 4.5 cusecs per thousand acres. For providing the enhanced water allowance, raising of the banks of the entire Siwani Feeder and Siwani Canal (in reaches RD 0 to RD 35900) was necessitated. In order to avoid remodelling of the Siwani Feeder and the part of the Siwani Canal already constructed, the department decided to pass less supply through these channels and to pass a part supply (100 cusecs) through another carrier channel, viz., Nigana-Siwani Link Channel, which outfalls into the Siwani Canal at RD 59000.

The discharge capacity of the portion of the Siwani Canal from RD

35900 to RD 59205 constructed according to the revised design in the descending order of 400 cusecs to 227 cusecs was more than the discharge capacity required to run the reduced supply of 339.84 cusecs to 173.39 cusecs. The inbuilt surplus capacity remaining unutilized worked out to 21.87 lakh cusec feet involving extra expenditure of Rs. 4.32 lakhs on proportionate basis.

6. *Infructuous expenditure on the extra inbuilt capacity—Rs. 3.61 lakhs*

The Sherpura Distributary, which off-takes at RD 38750—R of the Siwani Canal, was designed and constructed with a discharge capacity of 36.5 cusecs in February 1975 at a cost of Rs. 15.04 lakhs. This capacity was, *inter alia*, kept to provide irrigation to 7,972 acres of CCA. In 1976-77, the Bhera Minor (capacity 8.5 cusecs) off-taking from the Siwani Canal at RD 36330—R was constructed and 1,953 acres of CCA out of 7,972 acres were transferred to the command of this Minor. Accordingly the discharge required to flow in the Sherpura Distributary came down to 27.75 cusecs from 36.5 cusecs. Construction of the distributary with a capacity of 27.75 cusecs instead of 36.5 cusecs would have cost about Rs. 3.61 lakhs less on proportionate basis.

7. *Widening of banks*

The width of the banks of various channels ranged from 4 feet to 6 feet depending upon the discharge capacity of the channel. Rupees 9.16 lakhs were spent during 1975-76 and 1976-77 on increasing the width from 4 feet-6 feet to 8 feet--18 feet on eight channels. According to the department, this was necessitated due to constant erosion of banks by winds.

Normally, there should not be such a big erosion as, according to the Public Works Department specifications, earth is compacted in nine inches layer. Information as to whether similar phenomenon was observed on other canals in the same region is awaited (January 1978).

8. *Construction of temporary head regulator on the Nigana Feeder*

A temporary head regulator on the Nigana Feeder (off-taking from the Jui Feeder) for a discharge capacity of 60 cusecs (against the required discharge of 200/310 cusecs) was constructed during 1975-76 (reasons not known) at a cost of Rs. 0.42 lakh. This head regulator was remodelled for a discharge of 288 cusecs during February 1976 to June 1976 at a cost of Rs. 0.56 lakh. The permanent head regulator for which a provision of Rs. 0.94 lakh existed had not been constructed due to non-finalisation of its design. Only Rs. 0.25 lakh being the cost of 502 running feet R.C.C. hume pipes were expected to be salvaged on dismantling the temporary regulator, on which Rs. 0.98 lakh had been spent.

9. *Damages to a newly constructed channel*

The Miran Distributary was constructed in March 1974 at a cost of Rs. 15.90 lakhs. The department noticed in December 1975 that the channel in reaches RD 12 to RD 14 and RD 18 to RD 20 had settled down, due to, according to the Sub-divisional Officer (December 1975), defects in compaction of earth in the bed of the channel.

Rupees 0.47 lakh (estimated cost: Rs. 0.77 lakh) were spent (upto October 1977) on providing double layer tile lining instead of single layer tile lining in the damaged portion of the channel so as to run the channel to the tail end.

10. Avoidable expenditure

The Gudha Minor (RD 0 to RD 29000) off-taking from RD 15760-R of the Motipura Distributary was constructed at a cost of Rs. 1.52 lakhs during 1975-76. The department observed in February 1976 that there was a fall of about 3 to 4 feet at the tail end of the channel and that if the tail of the Minor had been kept 400 feet to 500 feet up-stream, the contour water courses could have been taken on either side along the *tibba* to irrigate the area in a better way. The cost of construction of the channel with a reduced length of 500 feet would have been less by Rs. 0.19 lakh on proportionate basis.

11. Sub-standard work on the V.R. bridge at RD 17835 of the Bhariwas Minor

A V.R. Bridge was constructed at RD 17835 of the Bhariwas Minor during 1974-75 at a cost of Rs. 0.27 lakh. The bridge and the lining of the bank up-stream of the bridge were damaged in August 1976. The department found on investigation that the foundation of the bridge was not properly laid and the thickness of the foundation concrete was 12 inches only instead of 24 inches as per drawings. Rupees 0.11 lakh were spent during October 1976 to March 1977 on repairing the damages.

12. Loss due to excessive pumping

A breach occurred at RD 45200-L of the Mithi Distributary on the night of 18-19 June 1976 due to, as stated by the Sub-divisional Officer (June 1976), excessive pumping of water into the channel and the accumulation of sand in the bed of the channel due to wind-storm. Rupees 0.14 lakh were spent on closing the breach. Responsibility had not been fixed (May 1977).

These observations were referred to the Government in June 1977; reply is awaited (January 1978).

4.2. Construction of bunds and tanks

In the Gurgaon and Mohindergarh districts, small and gushing torrents which flow in the area could be used for basin irrigation by providing bunds across the streams to form storage tanks. According to the information furnished by the department, a sum of Rs. 1,72.22 lakhs was spent during 1972-73 to 1976-77 on the construction of bunds and tanks in these districts.

A test-check by Audit (April and May 1977) of the accounts/records disclosed the following :—

- (i) The bunds constructed in the two districts, area planned to be

irrigated and area stated to have been irrigated were as under :—

Name of bund	Date of completion	Benefit cost ratio envisaged@	Estimated cost	Expenditure	Area planned to be irrigated			Maximum area irrigated in a year upto the end of 1976-77	Percentage	
					inside	outside	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
				(in lakhs of rupees)	(in acres)					
Gurgaon District										
1. Pachgaon Bund	September 1973	2.3 : 1	4.99	4.87	314	262	576	52	9	
2. Bandwari No. II Bund	March 1974	7.85 : 1	5.03	4.32	79	531	610	79	13	
3. Bhagola Bund	March 1974	1.98 : 1	4.98	3.59	52	123	175	42	24	
4. Shikopur Bund	March 1974	2.3 : 1	3.84	3.46	42	351	393	42	11	
5. Barka Mahawan Bund	February 1975	4.47 : 1	4.79	4.30	191	463	654	191	29	
6. Dongrawan Shahzadpur Bund	August 1976	2.2 : 1	3.72	3.12	34	97	131	34	26	
7. Kameda Bund	September 1976	5.01 : 1	42.00	47.23	..	5,000**	5,000**	*		
Total			69.35	70.89	712	1,827	2,539	440		
Mohindergarh District										
8. Badal Bund	March 1973	2.7 : 1	0.23	0.09	7**	..	7**	*		
9. Pachnota Bund	April 1973	0.92 : 1	1.96	1.36	14	..	14	*		
10. Bashirpur Bund	August 1974	3.6 : 1	0.72	0.25	40**	..	40**	*		
11. Gaowari Bund	January 1975	2.35 : 1	0.30	0.26	8**	..	8**	*		
12. Naplo Bund	January 1975	1.17 : 1	6.01	5.31	41	..	41	10	24	

@At 6 to 7 per cent interest per annum.

*Data not available (January 1978).

**Not counted in the totals as the corresponding figures of area irrigated were not available.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
13. Dhadohar Bund	February 1975	.09 : 1	14.66	10.95	150	..	150	37	25
14. Balana Bund	March 1975	1.66 : 1	4.91	2.55	41	..	41	20	49
15. Mukandpura Bund	March 1975	2.66 : 1	2.32	0.71	92**	..	92**	*	
16. Un-Bund	September 1975	13.1 : 1	1.09	0.63	119	..	119	36	30
17. Bamawas Bund	October 1975	1.1 : 1	10.77	4.87	84	..	84	15	18
18. Nain Bund	January 1976	1.51 : 1	1.36	2.31	28	..	28	15	54
19. Bund on Dohan river near village Hamidpur	February 1976	£	42.00	27.68	220**	..	220**	*	
20. Dholera Bund	February 1976	2.3 : 1	2.90	2.36	153**	..	153**	*	
21. Dhancholi Bund	March 1976	3.4 : 1	1.25	2.36	82	..	82	10	12
22. Ghatasher Bund	March 1976	2.08 : 1	5.04	2.10	68	..	68	30	44
23. Nauranga-bad Bas Khurd Bund	March 1976	1.6 : 1	13.08	11.21	331	..	331	52	16
24. Chapra Bibi-pur Bund	March 1977	13.1 : 1	3.83	4.66	416	..	416	350	84
Total			1,12.43	79.66	1,374	..	1,374	575	

A sum of Rs. 21.67 lakhs was also spent on fifteen bunds which had not been completed (March 1977).

Irrigation was neither booked by the Irrigation Department nor by the Revenue Department and accordingly the area claimed to have been irrigated was not susceptible of check with the records.

In the absence of the revenue records it was also not possible to work out the percentage the value of additional crop (if any) bore to the cost, viz., interest on capital and working expenses.

It was observed that area outside the bunds in the Gurgaon District was not brought under irrigation as planned. The Gurgaon Drainage Division stated (April 1977) that irrigation outside the bunds could not be developed

*Data not available (January 1978).

**Not counted in the totals as the corresponding figures of area irrigated were not available.

£ Not calculated.

due to in-sufficiency of water. Less development of irrigation in the Mohindergarh District was attributed by the department to (a) less rains and (b) time required (4-5 years) for the soil to saturate before it is rendered fit for irrigation.

(ii) No decision about the rate of *abiana* and the mode of assessment had been taken (March 1977). According to the Deputy Commissioner, Gurgaon (March 1977), the revenue had remained un-assessed and un-realised since 1971-72.

(iii) *Other points of interest*

(a) *Dongrawan Shahzadpur Bund* :— During construction of the bund, a space of 40 feet only was left for constructing an outlet at RD 1550. The design approved later, in July 1973, after a reference to the Central Design Office (reasons for failure to make the reference earlier are not known) provided for 162 feet long outlet. The bund had to be cut in a length of 122 feet. Rupees 0.10 lakh were spent on the initial laying of the bund and its subsequent removal in this reach. The department stated (June 1977) that the bund had to be cut according to the design approved by the Central Design Office for which no one could be held responsible.

(b) *Naplo Bund* :— The estimates provided for the execution of 20.19 lakh cubic feet (cft.) earthwork at a cost of Rs. 0.91 lakh. The cost was computed at the tendered rate of Rs. 44.90 per thousand cft. About 11.33 lakh cft. earthwork was, however, executed departmentally through local labour under the Crash Scheme for Rural Employment at a cost of Rs. 2.19 lakhs (the average cost per thousand cft. worked out to Rs. 193) and the remaining 8.86 lakh cft. earthwork was got completed through a contractor, after calling tenders, at a cost of Rs. 0.70 lakh (at the rate of Rs. 78.79 per thousand cft.). The total excess expenditure worked out to Rs. 1.98 lakhs. The Bund and Investigation Division, Narnaul stated (November 1977) that the local labour could not give the required output.

(c) *Bund on Dohan river near village Hamidpur* :— Rupees 0.14 lakh were spent during June 1976 on construction of the head regulator for the channel off-taking from the Dohan river on the Hamidpur Bund in anticipation of approval of its design by the Central Design Office. The work was abandoned in July 1976 before its completion as the design was not approved by the Central Design Office due to change in the design of the waste weir.

(d) *Ghatasher Bund* :— The revised estimates prepared in February 1977 provided for 34.97 lakh cft. earthwork against 15 lakh cft. earthwork in the original estimate. The increase in the quantity by 133 per cent was attributed to the existence of a *nallah* at the site of the work, which was not shown in the original plan. This involved additional expenditure of Rs. 1.32 lakhs. The Sub-divisional Officer stated in January 1976 that the *nallah* having been filled in and covered by the bund, its exact dimensions could not be known.

(e) *Naurangabad Bas Khurd Bund* :— A co-operative society was entrusted with the work of laying dry stone pitching on the Naurangabad Bas Khurd Bund between RD 4375—RD 7125 (estimated cost:Rs. 0.91 lakh) at

the rate of Rs. 50 per hundred cft. The society completed the work in March 1974 beyond the designed level and was paid for 1,86,214 cft. against 1,61,520 cft. provided in the estimates. This involved excess payment of Rs. 0.12 lakh. On this being pointed out in audit, the department called for explanation of the Sectional Officers for the excess work. Further developments are awaited (January 1978).

These observations were referred to the Government in June 1977; reply is awaited (January 1978).

4.3. Defective concrete mixers

Eight concrete mixers were purchased in December 1971, after inspection, at a cost of Rs. 0.64 lakh from a New Delhi firm (the firm was paid a sum of Rs. 0.58 lakh) against a supply order placed by the Controller of Stores in September 1971. Out of these, four mixers in the Augmentation Mechanical Division No. 1, Yamunanagar (now defunct) were not in use since June 1972, July 1972, November 1972 and December 1972 after a total working* for 214, 409, 756 and 256 hours respectively. The remaining four mixers in the Augmentation Mechanical Division No. II, Karnal (now defunct) were also reportedly not in use since June 1973, but the department could not indicate their performance when in use.

These mixers were guaranteed against any manufacturing defects for a period of 12 months from the date of supply. The division at Yamunanagar wrote to the firm (May 1972) alleging manufacturing defects in the mixers, but the firm denied the allegations in July 1972 and November 1972 and produced a few satisfactory performance reports given by the department.

No action had been taken against the firm for the supply of allegedly defective mixers, or to get the mixers repaired and put to use (October 1977).

The matter was referred to the Government in May 1977; reply is awaited (January 1978).

4.4. Recoveries due from a contractor

The work of constructing the Ghaggar Syphon at RD 64050 of the Bhakra Main Branch, entrusted to a contractor in May 1954, was completed in October 1960 at a cost of Rs. 4.87 lakhs. The final bill prepared by the Tohana Division in November 1974 disclosed that Rs. 0.40 lakh were recoverable from the contractor on account of overpayments made in running payments (Rs. 0.38 lakh) on certain items of work due mainly to computation of the value of work at rates higher than those approved. The earnest money (Rs. 0.04 lakh) and the security (Rs. 0.15 lakh) withheld from running payments had been refunded to the contractor in January 1955 and April 1956 respectively.

The division stated (August 1975) that the overpayment was noticed in October 1960 and other divisions were asked (only) in June 1971 to recover Government dues (Rs. 0.40 lakh) from the amount payable, if any, to the

*Expected yearly/life working hours are 776/ 10,000, as indicated by the department in November 1977.

contractor in their divisions and that the circumstances in which security was released were not known.

The contractor was asked in July 1974 to deposit the amount overpaid to him within a fortnight failing which a civil suit would be filed against him, but he repudiated Government claim. The dispute was, therefore, referred to the Arbitrator in December 1974. The department stated in October 1977 that the arbitration case was withdrawn in February 1976 and the Sub-divisional Officer and the Sectional Officer were held responsible for the excess payment. Further developments are awaited (January 1978).

The matter was referred to the Government in July 1977; reply is awaited (January 1978).

4.5. Breach in the Jui Feeder

The Jui Feeder was remodelled during 1974 with a view to increasing its discharge capacity from 250 cusecs to 410 cusecs. According to a communication from the Superintending Engineer to the Deputy Commissioner, Bhiwani (March 1976), a breach occurred on the night of 17-18 January 1976 at RD 85300 on the left bank of the feeder due to abnormal and sudden rise in discharge (472 cusecs against the optimum capacity of 410 cusecs) as a result of supply of excess water in the channel at the head of the Jui Feeder at Bhairo Bhan. Water flowing out of the breach also reportedly caused damage to standing crops in the nearby fields. A sum of Rs. 0.12 lakh was spent on closing the breach and strengthening the bank and another Rs. 0.62 lakh were paid to the cultivators by way of compensation for damage to crops (the compensation represented 50 per cent of the assessed damage).

The Superintending Engineer stated (March 1976) that the services of the concerned Sectional Officer (working on *ad hoc* basis) were terminated for his negligence and the concerned Sub-divisional Officer was warned for not making adequate arrangements for watching the banks.

The data of daily discharge at the head of the Jui Feeder at Bhairo Bhan obtained from the department (September 1977), however, showed that there was no discharge in the canal between 10th January 1976 and 16th January 1976 and that the discharge on 17th and 18th January 1976 (380 cusecs) was much less than its designed capacity.

The matter was referred to the Government in October 1977; reply is awaited (January 1978).

BUILDINGS AND ROADS

4.6. Recoveries due from a contractor

In the Kaithal Construction Division, the work of supplying 2.10 lakh cubic feet (cft.) stone metal (estimated cost: Rs. 2.50 lakhs) was entrusted to a contractor in December 1970 for completion within one and a half year. The contractor was shown to have supplied 1.35 lakh cft. stone metal (based on truck measurement) by May 1971 against which Rs. 1.52 lakhs were paid to him.

No further supplies were made by the contractor (February 1972).

According to the agreement, he was required to deliver material proportionate to the time elapsed. The department issued notice to the contractor on 7th February 1972 requiring him to complete the proportionate supply along with screening by 14th February 1972 failing which compensation, as provided in the agreement, would be levied. The contractor did not resume the supply. In March 1972, the department levied 10 per cent compensation amounting to Rs. 0.25 lakh and ordered to have the supply completed at the contractor's risk and expenses. Of the balance supply, 0.23 lakh cft. stone metal was obtained by July 1973 from another source at an extra cost of Rs. 0.06 lakh.

The check-measurement by two Sub-divisional Engineers in March 1972 showed that the quantity of stone metal actually received was 0.96 lakh cft. only and that based on correct quantity and proper gradation of the material the contractor had been overpaid an amount of Rs. 0.30 lakh. In addition, Rs. 0.06 lakh were found recoverable from the contractor for screening supplied short.

Against the recoverable amount of Rs. 0.67 lakh, Rs. 0.08 lakh representing security withheld from the running payments and Rs. 0.20 lakh representing security withheld from the contractor in respect of another work were adjusted in May 1975 and May 1977 respectively.

The contractor, however, disputed the claim and put forward a counter claim for Rs. 0.18 lakh. The Superintending Engineer, Ambala Circle, who was appointed Arbitrator in January 1973, had not given the award (December 1977).

The matter was referred to the Government in April 1974 and June 1977; reply is awaited (January 1978).

4.7. Wasteful expenditure

The work on construction of an additional storey over the existing structure of the Junior Basic Training School for Girls at Gurgaon was taken up in July 1975. The existing building constructed in 1962-63 was a single storey building with provision for the addition of a second storey. The engineer in-charge was asked by the Chief Engineer in May 1974 to verify that the existing structure would be safe to take the load of additional storey, but this was not done before the start of the work in July 1975.

In October 1975, the Superintending Engineer opined after inspection that the existing re-inforcement of slabs at support would not be adequate for additional live load of the second storey. The load-bearing capacity of the soil was also got tested (November 1975) in a laboratory and it was found that the safe bearing capacity of soil had gone down to 0.9 ton per sq. ft. (square foot) from 1 ton per sq. ft. owing to rise in sub-soil water table. The work was, therefore, stopped in December 1975. By that time, the department had spent Rs. 0.18 lakh on masonry work on the first floor, which had to be dismantled at a cost of Rs. 744. Material worth Rs. 0.10 lakh was salvaged.

The extra expenditure (amount not determined) on making provision for the second storey (foundation, slab, etc.) in the existing building together with the net amount (Rs. 0.09 lakh) spent on the masonry work for the second storey which had to be pulled down later was thus rendered infructuous.

The department stated (June 1977) that the work being of immediate and urgent nature was started without checking the data in advance.

The matter was referred to the Government in May 1977; reply is awaited (January 1978).

4.8. Construction of a dispensary

In the Provincial Division, Bhiwani, the work of constructing a dispensary at Chang at an estimated cost of Rs. 1.30 lakhs was entrusted to a contractor in August 1973. According to the agreement the work was to be completed within six months from 20th August 1973 (later extended to 31st March 1975) and the contractor was to execute work proportionate to the time expired.

By 17th February 1975, the contractor had executed work of the value of Rs. 0.08 lakh only. The contractor having failed to execute proportionate work and also to restart the work, the department levied 10 per cent compensation (February 1975) amounting to Rs. 0.13 lakh. The contractor was also given a notice (17th February 1975) to resume the work within ten days failing which the work would be got completed at his risk and cost. The contractor did not resume the work, but the department did not issue formal orders rescinding the agreement to enable execution of the remaining work at his risk and cost.

The remaining work was, however, entrusted to two other contractors in May 1975 and December 1975 and got completed at an extra cost of Rs. 0.17 lakh.

The claim for the extra cost amounting to Rs. 0.14 lakh (based on estimates) was referred in December 1976 to the Arbitrator who did not accept (February 1977) the department's claim.

As for compensation levied, after setting off the earnest money (Rs. 0.03 lakh) and the value of work done since the last interim payment (Rs. 560), Rs. 0.10 lakh remained recoverable from the contractor. Information as to the action taken for effecting the recovery was awaited (January 1978).

The matter was referred to the Government in July 1977; reply is awaited (January 1978).

PUBLIC HEALTH

4.9. Recoveries due from contractors

The rules provide that material should not be issued to a contractor in excess of immediate requirement of a work.

(i) In the Panchkula Project Public Health Division, the work of providing public health amenities in the Youth Hostel (approximate cost : Rs. 0.39 lakh) was entrusted to a contractor in June 1973 for completion within four months, *i.e.*, by 1st November 1973. The contractor having failed to complete the work within the prescribed time limit, the department levied 10 per cent compensation amounting to Rs. 0.04 lakh in March 1974. Action for completing the work departmentally at the risk and responsibility of the contractor was also taken simultaneously. According to the final bill extracted on a

measurement book (bill had not been passed), Rs. 0.21 lakh, representing recoveries (Rs. 0.36 lakh) on account of compensation (Rs. 0.04 lakh), material consumed in excess (Rs. 0.03 lakh), material issued but not returned (Rs. 0.15 lakh—at penal rates), material paid for but not supplied by the contractor (Rs. 0.11 lakh) and other recoveries (Rs. 0.03 lakh), less amount due to the contractor (Rs. 0.15 lakh), were recoverable from the contractor. Against the recoverable amount of Rs. 0.21 lakh, only a sum of Rs. 0.01 lakh withheld as security from interim payments was available with the department. Information as to the action taken for effecting the recovery is awaited (January 1978).

Another sum of Rs. 0.14 lakh was similarly recoverable from the same contractor in respect of the work of providing public health amenities in the Government Press Building in Sector 6, Panchkula, completed on 30th November 1973.

The matter was referred to the Government in October 1977; reply is awaited (January 1978).

(ii) In the Public Health Division, Jind, Rs. 35,257 were recoverable from a contractor (deceased in January 1974) as per details given below:—

<i>Name of the work</i>	<i>Date of completion of the work</i>	<i>Amount due to the contractor on account of value of work done less cost of material consumed (in rupees)</i>	<i>Amount due from the contractor on account of cost of material issued but not returned (computed at penal rates where so provided in the agreement) (in rupees)</i>
1. Water Supply Scheme, Uchana	31st December 1973	9,593	29,147
2. Water Supply Scheme, Village Kalyat	Work done in 1971	56	4,647
3. Sewerage Scheme, Narwana	October 1966	(—)2,314	8,798
Total		<u>7,335</u>	<u>42,592</u>

Against the recoverable amount of Rs. 35,257, Rs. 4,120 representing the amount withheld as security from running payments were available with the department. The circumstances in which material was issued far in excess of the requirement of the works were not on record (October 1977).

Information as to the action taken by the department to recover the balance amount is awaited (January 1978).

(iii) In the Public Health Construction Division, Faridabad, the work of providing water supply in sector 14 (estimated cost: Rs. 1.40 lakhs) was entrusted to a contractor in February 1970 and completed in December 1972.

Interim payments aggregating Rs. 1.19 lakhs were made to the contractor till August 1972. When the final bill was being prepared in January 1977 (preparation of the final bill was reportedly not taken up earlier on the ground that the contractor had been promising to return the excess material), it was noticed that Rs. 0.62 lakh representing cost of material (at double the issue rate) issued in excess of the bonafide consumption on work but not returned were recoverable from the contractor. In addition, Rs. 0.01 lakh were recoverable for not testing pipes, etc. After setting off the value of work done (Rs. 0.06 lakh) since the last interim payment made in August 1972, the net amount recoverable from the contractor worked out to Rs. 0.57 lakh, against which Rs. 0.06 lakh only representing earnest money and the amount withheld as security were available with the department.

The division stated (August 1977) that the case for recovery (Rs. 0.57 lakh) had since been referred to the Arbitrator.

The matter was referred to the Government in July 1977 ; reply is awaited (January 1978).

(iv) In the Project Public Health Division, Faridabad, the work of providing water supply to 500 houses (actual labour cost : Rs. 0.07 lakh) was entrusted to a contractor in March 1973 on work order basis. On completion of the work in March 1975, it was noticed that material worth Rs. 0.21 lakh (at issue rate), which was returnable, was not returned by the contractor. After setting off the value of work done (Rs. 0.03 lakh) since the last running payment made in (February 1973) and the amount of security available with the department (Rs. 195), the net amount recoverable from the contractor was determined as Rs. 0.18 lakh.

According to the departmental rules, recovery of material not returned is to be effected at the penal rate (usually double the issue rate) to be fixed at the time of processing the agreement. However, no such condition was incorporated in the work order.

The division stated (November 1977) that the contractor did not return the material in spite of a notice issued to him in March 1976 and that legal action would be taken.

The matter was referred to the Government in July 1977 ; reply is awaited (January 1978).

4.10. Infructuous expenditure

An estimate for providing public health amenities in the Public Works Department Rest House at Chaudhariwas in the Hissar District was approved in July 1971 for Rs. 0.40 lakh.

The sewerage part of the work, entrusted to a contractor in December 1971, was almost completed in June 1972 at a cost of Rs. 0.05 lakh.

The tubewell bored departmentally was abandoned as the water available was brackish. Boring was done in May 1972 at a new point upto 125 feet (spring level 85 feet) for a discharge of 8,000 gallons per hour, but the pumping

set was not installed. The work was abandoned in October 1973 reportedly owing to paucity of funds. Rupees 0.13 lakh were spent on installation of the tubewell and Rs. 0.05 lakh on other works.

The matter was referred to the Government in August 1977 ; reply is awaited (January 1978).

4.11. Irregular purchase of stores

According to the rules, normally stores are to be purchased through the Controller of Stores. In emergent cases local purchase of stores to a limited extent is permissible.

During test-check (February 1973) of the records of the office of the Ground Water Investigation Division, Ambala, it was noticed that out of stores (spare parts) worth Rs 0.97 lakh purchased from the local market, those costing Rs. 0.90 lakh were purchased from one dealer between July 1972 and November 1972. Out of these, spare parts worth Rs. 0.68 lakh had not been used and were on hand in June 1977.

The department stated (May 1977) that departmental action against the officials responsible for making irregular purchases was being taken. Further developments are awaited (January 1978).

4.12. Overpayment to a contractor

In the Public Health Division, Sirsa, the work of providing water supply to a group of villages was entrusted to a contractor in July 1975 at the rates mentioned below :—

<i>Earthwork</i>	at 125 per cent above the common schedule of rates (C.S.R.)
<i>All other works</i>	at 135 per cent above the common schedule of rates (C.S.R.)

One of the conditions agreed to by the contractor was that he would give 20 per cent rebate on all items including earthwork if the department supplied bricks and tiles for execution of the work. The bricks and tiles were supplied by the department.

All payments, including the final one made to the contractor in December 1976, were, however, made on the basis of C.S.R., plus 105 per cent for earthwork and 115 per cent for other works, instead of applying the 20 per cent rebate on the total value of work computed on C.S.R. plus tendered premium resulting in an overpayment of Rs. 0.17 lakh to the contractor.

The matter was referred to the Government in June 1977 ; reply is awaited (January 1978).

CHAPTER V
STORES AND STOCK

5.1. Synopsis of important stores accounts

A synopsis of important stores accounts for 1976-77 (other than those relating to Government commercial and *quasi*-commercial departments/undertakings) received upto December 1977 is given below :—

Serial number	Department/Stores	Opening balance	Receipts	Issues	Closing balance
(in lakhs of rupees)					
1.	Stamps— Revenue, judicial and non-judicial stamps	70,46.72	23,91.93	13,53.32	80,85.33
2.	Public Health— Iron, cement, bricks, stone, timber, pipes, fuel, lubricants, paints, sanitary fittings, etc.	3,65.58	8,34.86	7,99.10	4,01.34
3.	Irrigation—				
	(a) Bhakra Canals— Building materials, timber, fuel, lubricants, paints, electrical goods, etc.	27.54	11.30	13.62	25.22
	(b) Other than Bhakra Canals— Cement, iron, bricks and miscellaneous stores	1,19.62	18,92.63	17,39.62	2,72.63
4.	Forest— Consumable stores, felled timber and other produce collected departmentally including livestock and non-consumable stores	15.36	46.68	42.08	19.96
5.	Buildings and Roads— Iron, cement, bricks, stone, timber, fuel, lubricants, paints, electrical goods, etc.	(—)53.74	11,86.12	11,87.92	(—)55.54

The position (December 1977) of arrears in receipt of stores accounts where the value of annual purchases exceeded Rs. 5 lakhs is given in Appendix VI.

It would be seen therefrom that the Agriculture, Animal Husbandry, Industrial Training and Medical departments have not sent their stores accounts for eight years from 1969-70 to 1976-77.

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 1977.

Serial number	Department	Number of divisions and the amount of minus balance at the end of March 1977	
		Number of divisions	Amount (in lakhs of rupees)
1.	Buildings and Roads	25	1,56.56
2.	Irrigation (other than Bhakra Canals)	28	1,83.00
3.	Public Health	4	12.28
4.	Irrigation (Bhakra Canals)	3	10.93

5.3. Reserve limit of stock

According to the rules, the value of stores held in stock by a division should not exceed the limit prescribed for that purpose. During 1976-77, limits had not been prescribed for 64 out of 154 divisions holding stock. In 14 divisions the value of stock at the end of 1976-77 exceeded the prescribed limits. The details are given below :—

Serial number	Department	Total number of divisions in which stock was held	Number of divisions for which ceiling limits were not prescribed for 1976-77	Divisions in which value of stock held exceeded the prescribed limit	
				Number	Excess amount (in lakhs of rupees)
1.	Public Health	26	..	5	1,38.59
2.	Irrigation—				
	(a) Bhakra Canals	6	1	2	10.33
	(b) Other than Bhakra Canals	78	45	7	28.73
3.	Buildings and Roads	44	18	..	..
	Total	154	64	14	1,77.65

5.4. Half-yearly closing of stock registers

The rules require that stock registers in the 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 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 several years although, to expedite clearance of arrears, the Government had been granting relaxation from time to time for exhibiting the value of stores in the stock registers. The arrears in the closing of these registers at the end of March 1977 and the preceding two years are shown below :—

Serial number	Department	Number of registers of which closing was in arrears at the end of			Number of divisions in which the arrears existed in 1976-77	Earliest month to which the arrears on 31st March 1977 pertained
		1974-75	1975-76	1976-77		
1.	Irrigation—					
	(a) Bhakra Canals	82	85	91	4	March 1967
	(b) Other than Bhakra Canals	88	60	99	36	March 1972
2.	Buildings and Roads	242	169	173	32	March 1968
3.	Public Health	49	..*	..	..	..
	Total	461	314	363	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 1976-77 were not received by Audit (December 1977) from 110 out of 154 Public Works divisions as shown below :—

1.	Irrigation—	
	(a) Bhakra Canals	6
	(b) Other than Bhakra Canals	78
2.	Buildings and Roads	11
3.	Public Health	15
	Total	110

*"Bin card" system has been introduced in all Public Health divisions.

INDUSTRIAL TRAINING

5.6. Shortages

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

Name of the institute and value of shortage	Remarks
(i) Industrial Training Institute, Gurgaon—Rs. 0.63 lakh.	As a result of internal audit, shortages of store articles valuing Rs. 0.63 lakh were noticed against the Storekeeper. The matter was reported (May 1974) by the department to the police authorities. Store accounts/records were taken over by the police in October 1974. In July 1975, the police asked the department to reconduct physical verification with a view to ascertaining the shortages finally. The Institute stated in November 1977 that an enquiry was being conducted departmentally.
(ii) Industrial Training Institute, Ambala City—Rs.0.21 lakh.	(a) A Storekeeper was transferred out of the Institute in May 1972. The charge was not handed over by him. Physical checking of stores during August 1975 disclosed shortages of store articles valuing Rs. 0.13 lakh (market value: Rs. 0.14 lakh). These were made possible through (i) manipulation of entries in the issue vouchers and the stock registers and (ii) non-accountal in the stock registers. The matter was reported by the department to the police authorities in September 1975 who took into custody various records during September 1975 to February 1976. Further developments are awaited (January 1978). (b) It was noticed during audit in February 1977 that the store articles valuing Rs. 0.07 lakh were handed over short on the eve of change in the incumbency of a Storekeeper in June 1976. The matter was reportedly under investigation (November 1977).
(iii) Industrial Training Institute, Mohinder-garh—Rs.0.18 lakh.	A committee of officials conducting physical verification of stores during February 1973 to June 1973 reported shortages of raw materials, tools and plants and finished goods valuing Rs. 0.18 lakh against various officials. Shortages of Rs. 0.16 lakh were accepted by the concerned officials and the remaining shortages of Rs.0.02 lakh were under investigation (November 1977).

- (iv) Industrial Training
Institute, Palwal—
Rs. 0.07 lakh.

The physical verification conducted in April 1969 disclosed shortages of store articles valuing Rs. 0.07 lakh against four officials. Rupees 0.02 lakh out of Rs. 0.03 lakh due from two of them had been recovered upto July 1976. The other two officials had not accepted the shortages (Rs. 0.04 lakh). The matter was reportedly under investigation (November 1977). Further developments are awaited (January 1978).

- (v) Industrial Training
Institute, Karnal—
Rs. 0.06 lakh.

The physical verification conducted in December 1975 and in August 1976 disclosed shortages of store articles valuing Rs. 0.06 lakh against three officials. Shortages valuing Rs. 0.04 lakh were accepted by the officials and the remaining shortages (Rs. 0.02 lakh) were reportedly (November 1977) under investigation. Further developments are awaited (January 1978).

CHAPTER VI

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

GENERAL

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

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

SECTION B

STATUTORY CORPORATIONS

6.2. There were three Statutory Corporations in the State on 31st March 1977, viz., Haryana State Electricity Board, Haryana Financial Corporation and Haryana Warehousing Corporation.

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

(i) Haryana State Electricity Board

6.3. The Haryana State Electricity Board was formed on 3rd May 1967. The accounts of the Board for 1976-77, duly certified together with the audit certificate and report thereon, were forwarded to the State Government in September 1977 for being placed before the State Legislature in terms of Section 69(5) of the Electricity (Supply) Act, 1948.

6.4. Capital and borrowings

The capital of the Board comprises loans obtained from the State Government and borrowings from other sources. The table below indicates the balance of loans outstanding at the end of 1976-77 :—

<i>Source</i>	<i>Amount (in lakhs of rupees)</i>
State Government	2,52,89.81*
Public borrowings (by issue of bonds)	33,49.49
Life Insurance Corporation of India, banks and others	58,79.04
Total	3,45,18.34

*Difference between this figure and corresponding figures in Chapter I and Statement No. 18 of the Finance Accounts is being reconciled in consultation with Government and the Board.

6.5. Working results

The working results of the Board for the three years ending 31st March 1977 are summarised below :—

	1974-75	1975-76	1976-77
	<i>(in lakhs of rupees)</i>		
(i) Revenue receipts	31,17.83	39,71.67	47,92.72
(ii) Revenue expenditure	26,17.09	30,80.68	39,25.41
(iii) Net surplus	5,00.74	8,90.99	8,67.31
(iv) Appropriation towards General reserve, interest on bonds, etc.	5,00.74	6,74.82	7,75.02
(v) Balance available towards interest on loans from Government	..	2,16.17	92.29
(vi) Interest due on loans from Government			
(a) For the year	10,51.81	11,16.90	13,06.24
(b) Arrears for previous years	16,46.84	26,98.65	35,99.38
Total interest due	26,98.65	38,15.55	49,05.62
(vii) Arrears of interest on loans from Government shown in accounts as contingent liability	26,98.65	35,99.38	48,13.33

A synoptic statement showing the summarised results of working of the Board for 1976-77 is given in Appendix VII.

6.6. Generation and sale of energy

The table below indicates the installed capacity for generation of power, power generated, power available for sale, power sold and lost in transmission and distribution for the three years upto 1976-77 :—

	1974-75	1975-76	1976-77
	<i>(in Mkw h)</i>		
(i) Installed capacity—			
(a) Internal combustion (Diesel)	36.73	36.73	28.01*
(b) Thermal	738.47	1,264.07	1,789.67
(c) Hydel	3,532.91	3,532.91	3,532.91
Total	4,308.11	4,833.71	5,350.59

*The installed capacity has been reduced due to disposal of diesel plants at Karnal, Panipat, Bahadurgarh and Sonapat.

	1974-75	1975-76	1976-77
	(in MkwH)		
(ii) Power generated—			
(a) Internal combustion (Diesel)	0.61	0.09	0.03
(b) Thermal	474.14	681.00	976.00
(c) Hydel	1,318.54	2,000.99	1,905.31
Total	1,793.29	2,682.08	2,881.34
(iii) Power used for auxiliaries	40.01	63.07	89.69
(iv) Power purchased	342.54	206.18	286.81
(v) Power available for sale	2,095.82	2,825.19	3,078.46
(vi) Power sold—			
(a) Within the State	1,215.78	1,618.88	1,879.19
(b) Outside the State (Share of power sold by Bhakra Management Board)	483.54	729.32	656.96
(c) Free supply to employees	6.18	5.63	5.24
Total sales	1,705.50	2,353.83	2,541.39
(vii) Loss in transmission and distribution	390.32	471.36	537.07
(viii) Percentage of power generated to installed capacity	41.6	55.5	53.9
(ix) Percentage of loss in transmission and distribution to power available for sale	24.2	22.5	22.2
(x) Average cost of energy sold (including free supply to staff) per MkwH (in lakhs of rupees)	1.79	1.65	1.84
(xi) Average revenue per MkwH (in lakhs of rupees)	1.83	1.69	1.89

6.7. Panipat Thermal Power Project

In view of the acute power shortage in the State, the Board decided (September 1970) to set up the Panipat Thermal Power Project in two stages of 220 M.W. each. A project report for implementation of the first stage, at an estimated cost of Rs. 46.57 crores, was approved by the State Government in February 1971, which was cleared by the Government of India in

July 1973. The estimated cost of the project was further revised to Rs. 78.00 crores in October 1975. The rise in cost was attributed by the Board to the time gap in taking up the project after sanction due to shortage of funds. The price structure for equipment and wages had considerably gone up in the meantime. An expenditure of Rs. 57.88 crores had been incurred on the project upto September 1977, as under :—

<i>Item of work</i>	<i>Cost as per the original estimates</i>	<i>Cost as per the revised estimates</i>	<i>Actual expenditure upto 30th September 1977</i>
<i>(in lakhs of rupees)</i>			
Preliminary	10.00	15.00	32.29
Land and buildings	6,19.00	12,93.00	9,69.33
Plant and machinery	30,38.00	42,69.00	35,64.08
Electrical equipment	1,25.00	9,00.00	4,42.41
Erection, testing and consultancy charges	3,22.30	4,30.00	1,42.19
Miscellaneous, including establishment	5,00.91	5,52.00	1,08.94
Spares and stores	60.00	3,80.00	5,28.81
Total	46,75.21	78,39.00	57,88.05
Less receipts and recoveries	18.00	39.00	0.22
Net	46,57.21	78,00.00	57,87.83

The two units of 110 M.W. each of first stage which were expected to be completed by December 1977 and June 1978 are now (August 1977) scheduled to be completed by September 1978 and March 1979 respectively. Execution of civil works is in progress (January 1978).

The following points were noticed in regard to execution of the work :—

(i) *Consultancy services*

In order to seek advice on the major aspects of the first stage of the project, such as design, planning, procurement of equipment, execution and operation of the power plant, etc., tenders were invited from consultants. In all, five tenders were received, which were opened on 17th August 1971 and the offer of firm 'A' was found to be the lowest (Rs. 26.72 lakhs in lump sum) conforming to the Board's requirements. Necessary approval to engage firm 'A' as consultants was accorded by the Board on 14th September 1971. The firm was accordingly, informed (October 1971) that its offer for consultancy services had been accepted in principle but since the project was awaiting

clearance from the Government of India, no financial liability should be incurred on the Board's account by them and that the firm order would be placed as soon as the project was cleared by the competent authority.

The draft agreement for the consultancy services was approved by the Board on 31st December 1974 and the formal agreement was signed in March 1975, effective from January 1973 at a fee of Rs. 26.72 lakhs payable as detailed below :—

- (i) First 30 months at the rate of Rs. 77,000 per month from 1st April 1973,
- (ii) next 17 months at the rate of Rs. 13,000 per month,
- (iii) next 17 months at the rate of Rs. 7,800 per month, and
- (iv) last instalment of Rs. 8,400 payable on the expiry of 72 months from the effective date of agreement.

There was no stipulation in the agreement co-relating the amounts payable to the consultants with reference to the progress of work. The project authorities in their meeting held on 27th June 1975 to review the progress reports of the consultants observed that whereas bulk of the payment had been made to the consultants upto March 1975, the total progress achieved by them was 37.7 per cent on design and engineering side and 2.83 per cent on construction side. The monthly progress report for October 1977 submitted by the consultants, showed (by which time the payments made to the consultants amounted to Rs. 25.65 lakhs) the progress achieved on construction side at 58.7 per cent.

(ii) *Procurement of 'Coles' mobile crane*

In May 1973, firm 'B' offered to supply one 'Coles' mobile crane (cost: Rs. 3.91 lakhs), a proprietary item, with the stipulation that the price was subject to variation at the time of supply based on its principal's price. The crane was to be supplied *ex works* at the principal's factory by the end of October 1973 subject to force majeure clause, provided the order was placed immediately.

Though the Thermal Standing Committee approved the purchase of the crane alongwith connected vehicles and other handling machinery on 2nd August 1973, the order for the same was placed in November 1973, without specifying the date of supply. The crane was received in January 1975 at the enhanced rate of Rs. 5.86 lakhs resulting in additional expenditure of Rs. 1.95 lakhs.

The matter was reported to the Board in November 1976; reply is awaited (January 1978).

(iii) *Damage to asbestos cement sheets*

An order for supply of 9,000 asbestos cement sheets costing Rs. 2.99 lakhs was placed on a firm borne on Director General Supplies and Disposals' rate contract in January 1975. In terms of the rate contract, the material was to be inspected by the representative of the Director General Supplies and Disposals and was to be despatched at the railway's risk.

The material was despatched by the firm after inspection by the representative of the Director General Supplies and Disposals. On receipt of the consignment, 2,090 sheets were found (September 1975) cracked/unserviceable. Out of the lot, the claim for 48 sheets only was accepted by the Railways.

The Chief Engineer of the project observed (October 1975) that the material was not properly stacked/handled with the result that the sheets had been damaged after taking delivery from the Railways. The damaged A.C. sheets were valued at Rs. 0.66 lakh. The Executive Engineer, Stores Division stated (December 1977) that 893 sheets had been utilised and the remaining (1,197) sheets in stock were fit for use partially.

The matter was reported to the Board (October 1976); reply is awaited (January 1978).

6.8. Supply/erection of lifts

An order for supply, erection and commissioning of one electric passenger lift (cost: Rs. 1.23 lakhs) and one electric goods lift (cost:Rs. 1.03 lakhs) at the Faridabad Thermal Power Station was placed on a firm in December 1972.

The supply and erection was to be completed upto the dates indicated below :—

	<i>Supply</i>	<i>Erection</i>
Passenger lift	December 1973	May/June 1974
Goods lift	October 1973	February 1974

Both the lifts were despatched by the firm on 31st July 1975. The passenger lift was erected and commissioned in March 1976.

On verification of the consignment of the goods lift, it was noticed by the Power Station authorities (June 1976) that most of the items were not according to the specifications, many of them required replacement due to defect and some parts were missing. The firm was asked in June 1976 to make the necessary replacements which have not yet been done (December 1977). Erection of the goods lift has also not been taken up owing to change in the site of conveyor system of coal handling plant which would necessitate a change in the site of machine room, where the lift was to be hoisted.

6.9. Extra expenditure

The Dhulkote Workshop of the Board manufactures transformers. For this purpose an order for supply of 59,264 Kg. of core laminations at rates ranging between Rs. 8.79 and Rs. 9.34 per Kg. f.o.r. Dhulkote, was placed on a firm 'A' in May 1973. The supplies were to be completed within five months. The rates on which order was placed were declared firm though the supplier in its offer quoted the rates as subject to price variation. The only other firm 'B', which quoted against the tender, offered the rate of Rs. 9.77 per Kg. (equated rate : Rs. 10.45 per Kg).

Between May 1973 and March 1974, 21,375 Kg. of core laminations were supplied, out of which only 11,558 Kg. costing Rs. 1.08 lakhs were accepted and the balance quantity was rejected being rusty and defective. The

remaining 47,706 kg. were not supplied as the price variation clause was not accepted. However, no action could be taken against firm 'A' as the Legal Adviser of the Board was of the opinion (November 1974) that on the facts and circumstances of the case, it could not be considered that a legally binding agreement had come into existence as the terms and conditions included in the order were at variance with those offered by the firm.

In order to meet the requirement of core laminations for the manufacture of transformers, 47,550 Kg. of the material was purchased during January 1975 to March 1975 from firm 'B' at the rate of Rs. 15.28 per Kg. (f.o.r. *ex-works* Bhandup). The above price were exclusive of excise duty, sales and other taxes and insurances. This involved extra expenditure amounting to Rs. 3.14 lakhs when compared with the price (equated price Rs. 10.45 per Kg.) offered by firm 'B' against the original enquiry.

The Board stated (January 1977) that as per its reading of the tender of firm 'A', the offer did not contemplate price variation in the event of the order having been placed within the validity period of the offer and that the supplies were received in the best interest of the Board even though a formal agreement had not been entered into. As already indicated, the rate quoted by firm 'A' was subject to price variation.

6.10. Site checking of meters

According to the Board's rules, site checking of meters in respect of medium supply connections is required to be conducted once in three months by a Sub-divisional Officer and once in a year by an Executive Engineer.

It was noticed that the meter of a consumer who was given connection on 17th May 1962 was not checked between June 1968 and May 1972. Finding a steep fall in the consumption of energy since June 1968, the Sub-divisional Officer checked the installation in June 1972 and found that the polarity of one of the current transformers was reversed. For accurate measurement of consumption of energy, a check meter was installed in June 1972 and it was found that the original meter was recording less consumption by 65.22 per cent. Based on these results, a supplementary bill for Rs. 0.46 lakh (energy: Rs. 0.39 lakh; electricity duty: Rs. 0.07 lakh) relating to the period from June 1968 to June 1972 was issued in June 1972 to the consumer for payment.

Instead of making the payment, the consumer moved an application (June 1972) for arbitration in the Court of Senior Sub Judge, Gurgaon under the Indian Arbitration Act. The Chief Electrical Inspector in his capacity as Arbitrator awarded on 19th January 1973 that the basis adopted by the Board for the assessment of charges was justified but the charges could be levied only for a period of six months immediately preceding the date of inspection (22nd June 1972) under the Indian Electricity Act, 1910. The award was made the rule of the Court on 29th April 1974.

Decision on an appeal filed in the High Court by the Board against the arbitration award and the lower court's order is awaited (January 1978).

Government stated (December 1977) that instructions regarding site checking of meters were issued in April 1971 and all the meters could not have been checked immediately. According to the orders prevalent prior

to the issue of above instructions, the Executive Engineers were required to check/inspect such connections at least once a year.

6.11. Idle line

One 33 K.V. line of 3.5 Km. length was laid in October 1972 at a cost of Rs. 0.92 lakh from a 66 K.V. sub-station at Govindpuri to a 33 K.V. sub-station in the factory premises of a paper mill at Yamunanagar. The transformer at Govindpuri sub-station was damaged on 31st December 1972 due to a manufacturing defect, within the warranty period. Since another transformer of similar capacity was not available, power supply to the factory was shifted on 11 K.V. by installing on 27th August 1973 another transformer of 7.5 MVA capacity through an alternative 11 K.V. line laid from another sub-station, at a cost of Rs. 0.40 lakh. The 33 K.V. line has been lying idle since January 1973. Intimation about repair of the damaged transformer was awaited from repair workshop to which the same was shifted (November 1977).

The Board authorities had stated in December 1975 that the 33 K.V. line had not been dismantled, because another transformer of 66/33 K.V. was expected to be installed soon at the sub-station at Govindpuri, otherwise the idle 33 K.V. line would be converted into 11 K.V. to release additional pending load to the paper mill. The matter is pending decision (January 1978).

6.12. Misappropriations, defalcations, etc.

(i) The details of cases of misappropriations, defalcations, etc., of the Board's money upto the end of March 1977 for which final action was pending at the end of August 1977 are as follows :—

	Number of cases			Amount
	Valued	Value not known	Total	(in lakhs of rupees)
Cases pending action as on 31st March 1976	921	472	1,393	31.24
Addition during April 1976 to March 1977	70	207	277	2.29
Total	991	679	1,670	33.53
Cases closed between April 1976 to August 1977	97	27	124	2.37
Balance	894	652	1,546	31.16

Of these, 754 cases (amount : Rs. 10.40 lakhs) were more than three years old.

(ii) In the following two cases, the officials concerned were allowed to proceed on leave without handing over charge and did not join duty; thereafter shortages of stores, etc., were noticed on verification :—

(a) A Line Superintendent of the Board, drew material worth Rs. 9.77

lakhs from the store during the period from October 1972 to September 1974 for execution of various works under his charge. The official did not produce the relevant records regarding receipt and consumption of material, as also measurement books, etc., to the Sub-divisional Officer who withdrew (September 1974) the various works entrusted to his charge, with directions to hand over the record and the balance material. The official proceeded on earned leave for the period from 9th September 1974 to 30th September 1974 and did not join duty thereafter; he was placed under suspension in December 1974.

The matter regarding non-handing over of records/material by the official remained under correspondence between the various officers of the Board during the period December 1974 to September 1976. In the meantime, the official was arrested in February 1976 by the Police in a theft case of the Board's material and was released on bail on 1st April 1976. The official promised to complete his accounts and hand over the same in April 1976; this has not been done (November 1977). A charge sheet was served on the official in September 1976; reply to which is awaited (November 1977).

The Superintending Engineer intimated (June 1977) that in the absence of records, the actual shortage could not be worked out.

(b) An Assistant Foreman working in a Sub-division at Rohtak proceeded on 12 days earned leave from 5th February 1973 without handing over the charge of material/documents assigned to him. After the expiry of leave, he did not join duties nor did he come to hand over the charge. Registered letters sent to him by the Sub-divisional Officer were received back undelivered.

The Sub-divisional Officer reported to the police authorities on 18th December 1973 about the absconding official and non-rendering of accounts by him. The Police authorities advised on 22nd December 1973 that the store accounts should be got thoroughly audited and responsibility fixed for enabling them to take further action in the matter. The Police authorities were informed (July 1974) by the Executive Engineer concerned that the official had taken away all the records, in the absence of which the shortages could not be ascertained.

The Police registered a case against the official on 8th July 1975. Final shortages of the value of Rs. 1.60 lakhs were reported to the Police on 19th November 1976. The case was referred to the Court in January 1977 but the same was filed (April 1977) being untraceable. The Police authorities have asked (September 1977) the Board to get the case fully investigated through its own vigilance wing. Further developments are awaited (January 1978).

6.13. Store accounts

(i) The value of stores as on 31st March 1977 amounted to Rs. 24,73.98 lakhs against Rs. 19,48.42 lakhs held as on 31st March 1976. Out of the above, stores worth Rs. 24.27 lakhs had been declared obsolete and unserviceable.

(ii) The value of excesses and shortages of stores detected during the

three years upto 1976-77 were as under :—

Year	Excesses	Shortages
	(in lakhs of rupees)	
1974-75	5.21	0.48
1975-76	0.83	0.77
1976-77	2.60	0.79

The above excesses/shortages were awaiting adjustment at the end of 31st March 1977.

(iii) Maximum and minimum limits of various items of stock have not been fixed. The reserve stock limit of stores and stock has also not been fixed (January 1978).

6.14. Outstanding audit objections

As on 31st August 1977, 22,381 audit objections (Rs. 35.60 crores) raised by the Chief Accounts Officer of the Board pertaining to the period upto 1976-77 were outstanding as per the details given below :—

	Earliest year since outstanding	Amount in crores of rupees
(a) Want of sanctions	1967-68	24.70
(b) Want of detailed contingent bills	1967-68	1.93
(c) Want of payees' receipts	1970-71	2.40
(d) Want of agreements/purchase orders	1968-69	6.57
Total		35.60

(j) Other Statutory Corporations

6.15. The accounts of the Haryana Warehousing Corporation for 1976-77 had not been received (January 1978). The Haryana Financial Corporation earned a net profit of Rs. 95.25 lakhs (before tax) during 1976-77 against profit of Rs. 81.26 lakhs during 1975-76. This represented 28.9 per cent of the Corporation's paid-up capital of Rs. 3.00 crores. The Corporation declared dividends of Rs. 11.38 lakhs during 1975-76 and Rs. 12.18 lakhs during 1976-77, including Rs. 5.31 lakhs and Rs. 5.71 lakhs respectively, payable to the State Government.

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

SECTION C

GOVERNMENT COMPANIES

6.16. Introduction

On 31st March 1977, there were 14 Government Companies (including four subsidiaries) in the State. Of the 14 Companies, nine close their accounts on 31st March and five Companies on 30th June every year. The accounts of the following Companies have not been received (January 1978) for the period shown against each :—

(i) Haryana State Minor Irrigation (Tubewells) Corporation Limited	1972-73 to 1976-77
(ii) Haryana Harijan Kalyan Nigam	1974-75 to 1975-76
(iii) Haryana Dairy Development Corporation Limited	1975-76 to 1976-77
(iv) Haryana Tourism Corporation Limited	1975-76 to 1976-77
(v) Haryana Matches Limited	1976-77
(vi) Haryana Minerals Limited	1976-77
(vii) Haryana Tanneries Limited	1976-77

Further, there was one Company coming within the ambit of Section 619 B of the Companies Act, 1956, viz., Haryana Polysteels Limited with a paid-up capital of Rs. 1,07.18 lakhs as on 31st March 1977. Out of this, share capital of Rs. 73.40 lakhs was held by the State Government, other Governments, and Companies and Corporations owned or controlled by Governments. The working results of the Company for the year ended 31st March 1977 showed a net loss of Rs. 80.93 lakhs.

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

6.17. Haryana State Minor Irrigation (Tubewells) Corporation Limited

(1) Introductory

The Haryana State Minor Irrigation (Tubewells) Corporation Limited was incorporated on 9th January 1970 as a wholly owned Government Company with the main objects as under :—

- (i) to take over from the Government of Haryana, the existing system of State owned irrigation and augmentation tubewells;
- (ii) to instal new tubewells for direct irrigation and augmentation of water supplies in the existing or future canal systems; and

(iii) to undertake installation and construction of tubewells and other connected works on behalf of other parties.

The authorised capital of the Company was raised from Rs. 6 crores to Rs. 10 crores in March 1977. The paid-up capital as on 31st March 1977 was Rs. 5,22.34 lakhs which included Rs. 2,10.84 lakhs representing the value of net assets taken over from Government (Irrigation Department) and a loan of Rs. 1,40 lakhs from the State Government, which was converted into share capital during 1975-76.

In addition, the Company borrowed money from Government and Commercial banks. The outstanding loans as on 31st March 1977 aggregated Rs. 17,29.70 lakhs.

Mention about some aspects of working of the Company was made in paragraph 47 of the Report of the Comptroller and Auditor General of India for the year 1971-72.

(2) *Financial position and working results*

The Company has not finalised (January 1978) its accounts for the years 1972-73 to 1976-77. Based on the provisional accounts, the financial position of the Company, as at the end of each of three years upto 1976-77 was as under :—

	1974-75	1975-76	1976-77
	<i>(in lakhs of rupees)</i>		
<i>Liabilities</i>			
Paid-up capital	3,82.34	5,22.34	5,22.34
Subsidy from Government	3.00	1.50	..
Reserves and surplus	99.39	99.39	99.39
Borrowings	11,64.36	13,89.15	17,29.70
Trade dues and other current liabilities (including provisions)	3,68.78	4,43.86	7,32.57
Total	20,17.87	24,56.24	30,84.00
<i>Assets</i>			
Gross block	11,15.35	11,33.55	12,95.66
Less depreciation	2,03.72	2,58.93	3,16.38
Net fixed assets	9,11.63	8,74.62	9,79.28
Capital works-in-progress	2,44.65	4,31.25	4,80.42
Current assets	7,48.19	9,73.09	15,18.97
Loans and advances	73.76	1,15.52	75.51
Miscellaneous expenditure	0.09	..	..
Cumulative losses	39.55	61.76	29.82
Total	20,17.87	24,56.24	30,84.00
Capital employed	13,64.80	15,19.37	18,41.19
Net worth	4,42.09	5,59.97	5,91.91

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

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

(b) Working results

The table below indicates the working results of the Company on the basis of the provisional accounts for the years 1974-75 to 1976-77.

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
Profit (+)/Loss(—) before tax	(+)9.01	(—)22.22	(+)31.94
Transfer to Developmental Rebate Reserve	19.36	..	..
Net profit (+)/Loss (—)	(—)10.35	(—)22.22	(+)31.94
Cumulative losses	(—)39.54	(—)61.76	(—)29.82

The provisional profit for 1976-77 has been arrived at after

(i) including Rs. 12.07 lakhs and Rs. 8.07 lakhs in regard to augmentation tubewells and direct irrigation tubewells respectively, on account of enhancement of rates with effect from 1st June 1976 when the Company had approached the State Government for revision of rates (the State Government, however, approved the enhancement of rates in respect of direct irrigation tubewells from 1st October 1977; approval of enhancement of rates for augmentation tubewells by the State Government is awaited), and

(ii) excluding provision for minimum obligatory bonus.

The losses during 1974-75 and 1975-76 were due mainly to less running of direct irrigation tubewells owing to installation of private tubewells in the command areas of the Company tubewells during 1974-75 and consequently less demand from the farmers.

(3) Performance analysis

The activities of the Company mainly comprise the following :—

- (i) running and maintenance of direct irrigation tubewells and augmentation tubewells ;
- (ii) installation of new tubewells, on its own account or on behalf of other agencies;
- (iii) exploratory work including artificial re-charging of areas where sub-soil water level had gone down;
- (iv) lining of watercourses;
- (v) manufacture of spun pipes; and
- (vi) running and maintenance of workshops.

An analysis of the performance of various activities is given in the succeeding paragraphs.

(4) *Running and maintenance of direct and augmentation tubewells*

(i) The augmentation tubewells are used for augmenting water supplies in the canals according to the requirements indicated by the Irrigation Department. The Company receives payment from the Irrigation Department for the water supplied on unit rate basis. The water supplied to cultivators from the direct irrigation tubewells is also charged on this basis.

The table below shows the number of tubewells in operation, estimated working hours and actual utilisation thereagainst for the three years ending 1976-77 :—

	Annual estimated working hours per tube-well	Average hours per tube-well operated			Percentage of utilisation		
		1974-75	1975-76	1976-77	1974-75	1975-76	1976-77
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Direct irrigation tubewells</i>							
Naraingarh area (197)*	3,000	1,064	877	1,344	35	29	45
Krishnawati area (43)	3,000	446	432	512	15	14	17
Ballabgarh and Palwal area (42)	3,000	240	274	368	8	9	12
Ambala tehsil (135)	3,000	1,255	885	1,114	42	30	37
Raipur Rani (28)	3,000	752	986	1,059	25	33	35
Bilaspur block (54)	3,000	1,194	1,253	1,758	40	42	59
Loharu area (28)	3,000	429	233	440	14	8	15
Sahibi Nadi (54)	3,000	460	308	332	15	10	11
Ghaggar belt area (90)	3,000	496	530	461	17	18	15
Rewari area (18)	3,000	826	880	783	28	29	26
Other schemes (616)	3,000	1,121	1,196	1,383	37	40	46

Note : Figures in brackets indicate the number of tubewells in operation as on 31st March 1977.

*It includes figures in respect of all the three schemes operating in the area.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Augmentation tubewells</i>							
Delhi Parallel branch (100)	3,000	2,620	1,780	2,868	87	59	96
Narwana Branch Karnal link (91)	4,000	3,229	2,773	4,072	80	70	102
Narwana Branch (98)	4,000	3,863	2,604	3,066	97	65	76
Tubewell Feeder and Link Channel in Faridabad (84)	3,500	..	1,856	3,228	..	53	92
Hansi Branch (69)	3,000	..	993	3,500	..	33	117
Bhakra Main Branch and Ratia branch (114)	3,500	1,667	1,552	1,522	48	44	43
<i>Government schemes</i>							
Western Jamuna Canal (128)	3,000	1,253	1,707	3,430	42	57	114
Jagadhari Tubewells Project (256)	3,000	1,184	1,831	2,814	39	61	94
Augmentation Canal (158)	3,000	3,152	2,275	3,456	105	76	115

In September 1975, the Board of Directors of the Company constituted a study group consisting of representatives of Departments of Agriculture and Planning and the State Electricity Board, for examining the reasons for under-utilisation of direct irrigation tubewells and losses being suffered on their running. The study group in its report submitted in October 1976, made the following broad recommendations :—

- (a) The norm of 3000 hours of running a tubewell per annum was considered on the higher side and required revision on realistic basis.
- (b) To increase the yield of old tubewells, a cyclic programme should be framed to redevelop the same.
- (c) Improvement in electric voltage should be assessed through augmentation in system and suitable changes in the distribution lines.

Note : Figures in brackets indicate the number of tubewells in operation as on 31st March 1977.

- (d) Installation of private tubewells in the command area of the Company's tubewells should be controlled.
- (e) Minimum consumption guarantees by the farmers should be enforced.
- (f) Underground pipe lines/water carrying system should be taken up on priority basis in undulated areas.

The Board of Directors in its meeting held on 29th December 1976 accepted the recommendations of the study group and desired that all out efforts should be made to increase the running hours of the tubewells so as to render them self supporting.

(ii) The table below indicates the working results of this activity:—

Particulars	Augmentation tubewells			Direct irrigation tubewells		
	1974-75	1975-76	1976-77	1974-75	1975-76	1976-77
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Units of power consumed (in lakhs)	5,03.34	4,68.64	6,88.32	1,23.90	1,31.63	1,81.53
Expenditure (in lakhs of rupees)	1,24.99	1,43.46	2,09.90	1,04.99	1,20.02	1,32.93
Income from sale of water (in lakhs of rupees)	1,80.99	1,72.66	2,72.98	47.92	54.69	85.70
Profit (+)/ Loss (-) (in lakhs of rupees)	(+)56.00	(+)29.20	(+)63.08	(-)57.07	(-)65.33	(-)47.23
Expenditure per unit of power consumed (in paise)	25	31	31	85	91	73
Income per unit of power consumed (in paise)	36	37	40	39	42	47
Profit (+)/ Loss (-) per unit of power consumed (in paise)	(+)11	(+)6	(+)9	(-)46	(-)49	(-)26

(iii) The losses on the running of direct irrigation tubewells were attributed to establishment of private tubewells in the command areas of the Company's tubewells. It was also noticed that the cultivators had not entered into minimum consumption guarantee agreements with the Company.

(5) *Installation of new tubewells*

- (i) A total sum of Rs. 8,46.07 lakhs was spent upto 31st March 1977

on the installation of new tubewells as under :—

Name of the scheme	Number of tubewells to be installed as per project report	Estimated cost	Actual expenditure booked up to 31st March 1977
(1)	(2)	(3)	(4)
			(in lakhs of rupees)
(A) Direct irrigation tubewells			
Naraingarh	170	1,70.22	177.14*
Ballabgarh and Palwal area	50	45.66	31.89
Raipur Rani	40	53.16	11.16
Ambala Tehsil	150	1,48.34	1,31.70
Bilaspur block	60	51.46	40.42
Loharu Area	50	58.37	37.07
Sahibi Nadi	59	64.31	35.24
Ghaggar Belt area	100	1,24.38	57.69
(B) Augmentation tubewells			
Delhi Parallel Branch	100	70.12	43.96
Narwana Branch Karnal link	100	72.65	43.72
Narwana Branch	200	1,42.67	38.80
Tubewell Feeder Link Channel in Faridabad	100	1,02.72	89.47
Hansi Branch	68	60.72	47.33
Bhakra Main Branch and Ratia Branch	150	76.52	60.48
Total	1,397		8,46.07
(C) Government scheme			
Augmentation Canal	168	..	..

*Includes expenditure on two other schemes for 30 and 25 tubewells in this area, which were taken over from Government by the Company on its formation. Separate figures for these schemes were not available.

Progress of Development upto March 1977						Period of completion		Actual period taken upto 31st March 1977
Drilled	Abandoned before full development	Developed	Energised and commissioned	Abandoned after commissioning	Tubewells operated	As per the project report	As per the terms of loan from the Agricultural Refinance Development Corporation	
(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(tubewells in numbers)						(in years)		
197	27	170	144	2	142	2	3	7
52	5	47	43	1	42	2	2	7
43	8	35	28	..	28	1	2	7
173	22	151	140	5	135	2	2	6
70	9	61	55	1	54	1	2	4
43	..	43	28	..	28	1	2	7
56	..	56	54	..	54	1	1	7
98	6	92	90	..	90	2	1	4
100	..	100	100	..	100	2	2	3
99	2	97	91	..	91	2	2	3
100	..	100	98	..	98	2	2	2
100	..	100	84	..	84	2	2	4
76	7	69	69	..	69	1	1	4
115	..	115	114	..	114	1	1	3
1,322	86	1,236	1,138	9	1,129			
166	..	166	164	6	158			

(i) It would be observed from above that no project was completed in time as anticipated in the project report. Moreover, the project reports anticipated abandonment of 16 tubewells at drilling stage and 15 at development stage. As against this, 44 tubewells were abandoned at drilling stage (expenditure : Rs. 4.67 lakhs) and 42 at the development stage (expenditure : Rs. 13.32 lakhs). The Management explained that tubewells were abandoned mainly due to insufficient water bearing strata, less discharge and presence of heavy sand particles and saline water. Though no abandonment of tubewells after full development was provided in the project reports, nine such tubewells costing Rs. 2.28 lakhs were abandoned as there was low discharge of water.

(ii) The table below indicates the number of tubewells, which had been drilled and developed but had not been energised/commissioned upto 31st March 1977.

Name of the scheme	Number of tubewells drilled and developed but awaiting energisation/commissioning				Total
	Upto 1 year	More than 1 year but upto 2 years	More than 2 years but upto 3 years	More than 3 years	
(1)	(2)	(3)	(4)	(5)	(6)
<i>Direct irrigation tubewells</i>					
Naraingarh area	3	5	18	..	26
Ballabgarh and Palwal area	4	..	..	..	4
Ambala Tehsil	6	..	..	5	11
Raipur Rani	2	2	3	..	7
Bilaspur block	3	1	2	..	6
Loharu area	..	9	4	2	15
Sahibi Nadi area	1	..	1	..	2
Ghaggar belt area	..	..	2	..	2
<i>Augmentation tubewells</i>					
Narwana Branch	..	..	..	6	6
Karnal link	..	..	..	2	2
Narwana Branch	..	..	..	2	2
Tubewell Feeder and link channel in Faridabad	..	1	1	14	16
Bhakra Main Branch and Ratia Branch	..	..	..	1	1
Total	19	18	31	30	98

Out of above, six tubewells (Narwana Branch Karnal link) were drilled (June 1972) and energised in 1973-74 at a cost of Rs. 1.04 lakhs but could not be brought into operation due to objection from the farmers as they apprehended that with the running of these deep tubewells, their own tubewells would go dry.

(iii) *Discharge of water*

The table given below indicates the projected discharge of water of the tubewells installed under the various schemes and the actual discharge obtained after these have been commissioned.

Name of the scheme	Project- ed dis- charge of water by each tubewell (in cusecs)	Actual discharge				
		upto 0.5 cusec	above 0.5 and up- to 1 cusec	above 1 cusec but upto 1.5 cusecs	above 1.5 but upto 2 cusecs	above 2 cusecs
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(number of tubewells)						
<i>Direct irrigation tubewells</i>						
Naraingarh area	2	1	9	61	58	13
Ballabgarh and Palwal area	2	..	..	17	25	..
Ambala Tehsil	1.3 to 1.5	..	29	72	30	4
Raipur Rani	1.5	1	2	15	9	1
Bilaspur block	1.5	..	7	28	7	4
Loharu area	0.6	12	16	..	..	..
Sahibi Nadi	1.5 to 2	..	22	17	3	..
Ghaggar Belt	1.5	1	4	15	46	24
Total		15	89	225	178	46

Name of the Scheme	Projected discharge of water by each tubewell (in cusecs)	Actual discharge			
		upto 1.5 cusecs	1.5 cusecs to 2.0 cusecs	2 cusecs to 2.5 cusecs	above 2.5 cusecs
(1)	(2)	(3)	(4)	(5)	(6)
<i>Augmentation tubewells</i>					
Delhi Parallel branch	2	13	49	33	5
Narwana Branch Karnal link	2 to 3	..	1	83	7
Narwana branch	2 to 3	8	16	60	14
Tubewell Feeder and Link channel in Faridabad	1.5	32	52	..	..
Hansi branch	2.0	..	64	5	..
Bhakra Main Branch and Ratia Branch	1.0	8	106	..	...
Total		61	288	181	26

The tubewells which attained discharge equivalent to that provided in the project reports worked out to 54 per cent in the case of direct irrigation tubewells and 84 per cent in the case of augmentation tubewells.

(iv) *Time taken from drilling to energisation*

The Company has fixed a target of energising a tubewell within a period of 3 months from commencement of drilling. The table below shows the time taken from the stage of drilling to energisation of the tubewells.

Name of the scheme (with the number of tubewells to be installed)	Time taken from drilling to energisation					Total
	Upto 6 months	More than 6 months but less than 12 months	More than 12 months but less than 18 months	More than 18 months but less than 24 months	More than 24 months	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(number of tubewells)</i>						
<i>Direct irrigation tubewells</i>						
Naraingarh area (170)	14	70	36	14	8	142
Ballabgarh and Palwal area (50)	..	16	17	5	4	42
Ambala Tehsil (150)	59	55	12	3	6	135

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Raipur Rani (40)	2	16	4	4	2	28
Bilaspur block (60)	15	23	13	3	..	54
Loharu area (50)	7	8	7	..	6	28
Sahibi Nadi (59)	21	9	4	9	11	54
Ghaggar Belt (100)	3	6	2	61	18	90
Total	121	203	95	99	55	573

Augmentation tubewells

Delhi Parallel Branch (100)	13	66	14	3	4	100
Narwana Branch Karnal link (100)	52	25	11	1	2	91
Narwana Branch (100)	9	82	7	..	..	98
Tubewells Feeder and Link channel in Faridabad (100)	2	7	8	19	48	84
Hansi Branch (68)	..	1	20	28	20	69
Bhakra Main Branch and Ratia Branch (150)	25	77	11	1	..	114
Total	101	258	71	52	74	556

Only 20 per cent of the tubewells installed were energised within six months from the date of drilling.

(v) *Subsidised tubewells*

The Company undertook in 1973 to instal tubewells for Small Farmers Development Agency (SFDA) Ambala and Gurgaon and Marginal Farmers Agricultural Labour Agency (MFALA) Gurgaon. According to the terms agreed with the agencies the Government of India bears 50 per cent cost of such tubewells (cost is paid in advance) and the balance 50 per cent is borne by the Company. Separate capital accounts are required to be kept for these tubewells. The ownership of these tubewells vests in the Company but water charges for the supply are made at half of the normal rates.

The table below indicates the tubewells financed under the above arrangement in the various areas :

Area	Number of tube-wells sites accepted by SFDA/MFALA	Tubewells energised
Ambala tehsil	48	39
Raipur Rani	30	14
Naraingarh area	17	10
Bilaspur area	54	46
Sahibi Nadi area	21	21
Krishnawati area	12	11
Loharu area	50	28
Total	232	169

Rupees 1,34.89 lakhs (Rs. 75.10 lakhs in 1972-73, Rs. 46.29 lakhs in 1973-74 and Rs. 13.50 lakhs in 1974-75) were received from the Government of India for installation of 232 tubewells. Separate capital accounts for these tubewells were not kept by the Company. The agencies have also not executed the minimum consumption guarantee (i.e., for 3,000 hours per tubewell in a year).

Capacity utilised on these tubewells ranged between 8 and 59 per cent only.

(6) *Exploratory work and artificial recharging*

Exploratory work is done by the Company mainly on behalf of the State Government with a view to

- (a) exploring new underground water belt ;
- (b) keeping vigil over the behaviour of the underground water belt ;
- (c) demarcating the boundaries of fresh and saline water ; and
- (d) studying the problem of seepage on unlined channels and of conveyance of water in saline water belts.

Out of Rs. 52.86 lakhs spent by the Company on the exploratory activities during 1974-75 and 1975-76, Government had paid Rs. 51.00 lakhs and the balance was recoverable (January 1978). The exploratory cell made 44 trial bores during 1973-74 to 1975-76 at a cost of Rs. 10.79 lakhs, out of which only 22 trial bores (cost:Rs. 7.52 lakhs) proved successful.

(7) Lining of watercourses

In order to avoid loss of water through seepage and also with a view to increasing the intensity of irrigation, Government decided to have the watercourses lined. In June 1973, the officers of the Company were authorised to take up the lining work and to recover the cost thereof from the farmers under the Northern India Canal and Drainage Act, 1873. The cost of lining of watercourses met initially by the Company was to be recovered from the cultivators in 14 half-yearly instalments through the Government collection agency as arrears of land revenue. The Company made arrangements for obtaining finances from banks (to the extent of 80 per cent of each scheme) under a refinancing arrangement with the Agricultural Refinance Development Corporation (ARDC).

The Company obtained loans aggregating Rs. 12,32.66 lakhs during July 1973 to June 1977 carrying interest at 9.5 per cent per annum upto 30th June 1975 and at 10.5 per cent per annum thereafter. Schedule for repayment of these loans had not been decided (July 1977). However, the Company made repayments aggregating Rs. 3,24.96 lakhs upto July 1977 (including interest amounting to Rs. 169.8 lakhs upto June 1977).

(ii) Progress of lining work

The Company had lined 1,059 watercourses in 90.07 lakh rft. at a cost of Rs. 12,74.43 lakhs upto 31st March 1977 against the project estimate of 1,127 watercourses in 95.80 lakh rft. at a cost of Rs. 12,45.34 lakhs and to be completed by that date. The year-wise details of the work done are given below :—

Name of the Scheme	1973-74		1974-75		1975-76		1976-77		Total	
	Number of water-courses	Length (rft. in lakhs)	Number of water-courses	Length (rft. in lakhs)	Number of water-courses	Length (rft. in lakhs)	Number of water-courses	Length (rft. in lakhs)	Number of water-courses	Length (rft. in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Rori	1	0.06	43	3.66	76	6.43	95	8.20	215	18.35
Sirsa	2	0.13	31	2.67	56	4.79	112	9.50	201	17.09
Fatehabad	4	0.35	97	8.23	108	9.16	139	11.80	348	29.54
Rohtak	8	0.69	86	7.26	80	6.79	100	8.52	274	23.26
Hissar	..	..	..	..	..	..	19	1.65	19	1.65
Jui	..	..	..	..	..	..	2	0.18	2	0.18
Total	15	1.23	257	21.82	320	27.17	467	39.85	1,059	90.07

The slow progress of construction was attributed by the Management

to short supply of cement and bricks. The Company had no data showing the additional acreage brought under cultivation as a result of the lining of the watercourses.

(iii) The position of the demand raised against the cultivators on account of cost of lining of watercourses, the amount realised and the amount outstanding (crop-wise) upto *kharif* 1976 was as under :—

<i>Name of crop</i>	<i>Opening balance</i>	<i>demand raised</i>	<i>Amount realised</i>	<i>Amount outstanding as on 31st May 1977</i>
(1)	(2)	(3)	(4)	(5)
	<i>(in lakhs of rupees)</i>			
<i>Rabi</i> 1973-74	..	0.35	0.31	0.04
<i>Kharif</i> 1974	0.04	13.91	13.21	0.74
<i>Rabi</i> 1974-75	0.74	31.36	30.72	1.38
<i>Kharif</i> 1975	1.38	49.88	48.60	2.66
<i>Rabi</i> 1975-76	2.66	68.46	65.59	5.53
<i>Kharif</i> 1976	5.53	96.24	76.69	<u>25.08</u>

The Management stated that the outstandings were on the increase due to inadequate remuneration fixed for *Lamberdars* of the Revenue Department. It was also stated that the money realised by *Lamberdars* on behalf of the Company was utilised by them for advancing the same to the villagers on short term credit at a very high rate of interest.

(8) *Manufacture of spun pipes*

(a) The requirement of spun pipes for conveying water to the cultivators' fields was assessed at 3,000 feet to 5,000 feet per tubewell in the case of direct irrigation tubewells and about 1,500 feet for augmentation tubewells. The Company planned to manufacture from September 1971 cement concrete pipes/reinforced concrete pipes departmentally. As on 31st March 1977, the Company had ten units (capital investment : Rs. 19.73 lakhs) for manufacturing spun pipes.

(b) The performance of the various units during the three years upto 1976-77 was as under :—

Place	Year	Number of units	Instal- led ca- pacity of work- ing units for pro- duction of pipes	Actual pro- duction		Per- centage of pro- duction to capacity	@ Expen- diture on manu- facture of pipes and col- lars	Value of pipes manufactured	Net loss
				Pipes	Collars				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			(figures in numbers)				(in lakhs of rupees)		
Kala amb	1974-75	3*	27,000	16,182	20,985	59	10.19	8.71	1.48
	1975-76	3*	27,000	7,062	3,780	25	6.72	5.91	0.81
	1976-77	3*	27,000	6,323	3,480	23	5.30	3.55	1.75
Sain Majra	1974-75	3	40,500	23,403	25,144	56	13.86	12.64	1.22
	1975-76	3	40,500	10,320	7,865	22	9.37	6.38	2.99
	1976-77	3	35,000	22,061	25,487	70	15.07	14.17	0.90
Jamalpur	1974-75	1	13,500	4,043	3,885	29	3.03	1.94	1.09
	1975-76	1	13,500	2,676	1,269	19	2.13	1.38	0.75
	1976-77	2	16,875	5,686	5,100	23	3.77	3.27	0.50
Neemka	1974-75	2	21,000	N.A.	N.A.	..	3.61	2.85	0.76
	1975-76	2	21,000	7,888	3,232	35	3.85	2.21	1.64
	1976-77	2	21,000	4,678	8,042	22	3.22	1.75	1.47
						Total	80.12	64.76	15.36

The under-utilisation of capacity was due mainly to forced closure of the units from time to time, owing to power shut down or cement shortage.

(c) Initially, the Company was manufacturing cement concrete pipes of 15 inches outer dia thickness. In September 1971, it switched over to manufacture of R.C.C. pipes of 14½ inches outer dia thickness. The Company, however, continued to manufacture collars on the old pattern. The fitting of old collars in joining the pipes of 14½ inches outer dia necessitated filling of more caulking space between the R.C.C. pipes and collars and as a result thereof, there was excess consumption of 4,331 bags of cement valuing Rs. 0.65 lakh on laying out 5.46 lakhs rft. of R.C.C. pipe lines upto March 1976. The size of the collar moulds is yet (December 1977) to be modified.

*Out of 3 units, only 2 units are functioning.

@Includes indirect charges based on estimates.

(9) *Workshop*(A) *Repair workshop*

The Company is running a workshop at Karnal for repair of motors, machinery, vehicles, etc. The accounts of the workshop are kept on the Public Works Department pattern and annual estimates of operational charges and out-turn are prepared each year.

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

<i>Particulars</i>	1974-75	1975-76	1976-77
	<i>(in lakhs of rupees)</i>		
Direct operation charges (actual)	3.72	5.20	3.65
Indirect charges (as per estimates)	1.94	1.66	1.65*
Total	5.66	6.86	5.30
Out-turn	5.09	3.83	4.53
@ Loss	(—)0.57	(—)3.03	(—)0.77

Reasons for the losses have not been analysed (January 1978).

As on 31st March 1977, 156 submersible motors in electric shop (Rs. 12.48 lakhs) and machinery/vehicles worth Rs. 11.05 lakhs in auto-shop were awaiting repairs from 1973-74 onwards mainly due to shortage of funds or non-availability of spares.

(B) *Pumps manufacturing workshop*

(i) In November 1974, the Company decided to set up a pump manufacturing workshop at Karnal having an annual rated capacity of manufacturing 80 pumps to meet the requirement of the Irrigation Department, Haryana involving a capital outlay of Rs. 25.52 lakhs. The scheme was revised in June 1975 according to which, the annual capacity of the workshop was lowered to 50 pumps while the projected cost was increased to Rs. 40.00 lakhs. The pump workshop was established at Karnal in November 1975 for manufacture of axial flow vertical pumps of various sizes.

A sum of Rs. 50.09 lakhs (land : Rs. 0.73 lakh ; building : Rs. 26.50 lakhs and tools and plants : Rs. 22.86 lakhs) has been spent on setting up of the workshop upto October 1977. The work is in progress (January 1978).

*Based on estimated expenditure for 1975-76.

@Awaiting adjustment.

The workshop handled the work of manufacture of spare parts, repair jobs besides manufacture of pumps of various sizes. The number of pumps manufactured during the two years 1975-76 and 1976-77 was as under :—

Year	Pumps ordered by Irrigation Department	Pumps manufactured	Expenditure on pumps manufactured as per the annual accounts (in lakhs of rupees)
1975-76	47	47	11.14
1976-77	111	94	1,53.27

The work of installation of these pumps was also entrusted by the Irrigation Department to the Company. Out of 141 pumps manufactured, 120 pumps have been installed on the lift irrigation schemes of the State while the number of pumps commissioned is 60 only. The remaining 21/81 pumps are yet to be installed/commissioned (January 1978).

(ii) The terms and conditions relating to the price to be paid per pump and the number of pumps to be supplied/installed per year have not been settled with the Irrigation Department (November 1977). The Company has also not worked out its actual cost per pump (November 1977). However, Government had advanced a sum of Rs. 4,82.05 lakhs upto 31st March 1977 towards supply of pumps, etc., against which Rs. 2,99.75 lakhs were spent.

(iii) During 1975-76 and 1976-77, the value of the out-turn of the workshop was Rs. 2.69 lakhs and Rs. 28.60 lakhs against the expenditure of Rs. 4.20 lakhs and Rs. 27.80 lakhs respectively. Thus there was a surplus of Rs. 0.80 lakh in 1976-77 against a loss of Rs. 1.51 lakhs in 1975-76.

(10) Analysis of establishment expenditure vis-a-vis works expenditure

The project estimates of various schemes of installation of tubewells and lining of water courses provided establishment charges at 12½% and 25% respectively of the works expenditure. The table below indicates the works expenditure, establishment expenditure and the extent of expenditure incurred in excess of the norms, during the three years upto 1976-77 :—

Name of the work	Works expenditure			Actual establishment expenditure			Establishment expenditure in excess of the norms		
	1974-75	1975-76	1976-77	1974-75	1975-76	1976-77	1974-75	1975-76	1976-77
(in lakhs of rupees)									
Direct irrigation tubewells									
Construction	1,18.04	58.20	98.95	17.35	11.97	22.67	2.59	4.70	9.80
Operation	59.64	72.70	90.86	7.91	15.61	12.04	0.46	6.52	0.68
Augmentation tubewells									
Construction	55.30	37.35	26.74	10.42	8.31	6.00	3.51	3.64	2.66
Operation	90.91	99.28	1,62.54	6.88	19.38	20.33	..	6.98	0.01
Lining of watercourses									
	1,88.07	2,44.17	4,24.35	51.73	65.12	89.64	4.71	4.08	..

(11) *Inventory control*

The table below indicates the opening balance, purchases, consumption and closing balance of stores and spares for the three years upto 1976-77.

<i>Particulars</i>	1974-75	1975-76	1976-77
	<i>(in lakhs of rupees)</i>		
(a) Opening balance	1,40.28	1,14.64	76.70
(b) Purchases (including inter-unit transfers)	5,70.44	2,02.03	8,02.91
(c) Consumption (including inter-unit transfers)	5,96.08	2,39.97	7,08.47
(d) Closing balance	1,14.64	76.70	1,71.14

It was noticed that :

- (i) the Company had not fixed any minimum, maximum and re-ordering levels of stock of stores ;
- (ii) priced ledgers were not being maintained ;
- (iii) periodical physical verification of stores and stocks had not been conducted in a number of lining divisions ;
- (iv) physical verification of stores conducted during September 1974 to January 1977 in ten tubewell divisions revealed shortages aggregating Rs. 2.51 lakhs and excesses of Rs. 13.87 lakhs ; these were awaiting investigation and adjustment (November 1977).

Certain other shortcomings noticed were as under :—

(a) In October 1972, the Tubewell Division, Faridabad purchased 71,364 cft. of river bed gravel at a cost of Rs. 1.65 lakhs (at the rate of Rs. 229.90 per 100 cft.). The specifications in the purchase order provided that 70 per cent gravel supplied should range from 1/16" to 1/8". On receipt of a complaint about the quality of gravel, the Company asked the Ground Water and Soil Testing Laboratory, Karnal in September 1973 to analyse the gravel. Out of eleven samples collected by the said Laboratory, ten samples were found mostly under-size, to the extent of 76.4 per cent. The testing authorities further suggested that use of the gravel be stopped till its proper screening.

As on 31st March 1977, 30,047 cft. of gravel valuing Rs. 0.70 lakh were lying with the Division. The leftover stock mainly consisted of material which was reportedly unfit for use.

The purchase of sub-standard gravel has not been investigated (November 1977).

(b) In November 1973, 484.15 tonnes of pipes of 10½" dia were purchased, out of which 279.25 tonnes (cost : Rs. 3.84 lakhs) meant for installation in augmentation tubewells along Augmentation Canal (II phase) had not been utilised as the scheme was discontinued.

(c) In August 1976, 80 manumatic machines were purchased at a cost of Rs. 0.64 lakh for compaction of earth ; these were lying idle (August 1977) as the lining works on which these machines were to be used were entrusted to contractors and the compaction work was done manually.

(d) Two tubular trusses of 100 feet x37 feet size together with 810 A.C. sheets with ridges purchased by the Fatehabad Division in December 1973 (cost :Rs.0.45 lakh) for construction of cement stores on Panchayat land had not been used (August 1977) as the proposal for the construction had been dropped (January 1974).

(e) In January 1973, 6,749 kg. of M.S. rounds of 5 mm size valuing Rs. 0.14 lakh were purchased by the Executive Engineer (Neemka factory) Faridabad. The material was, however, not accounted for in the store accounts (January 1973). The official who received the material, expired in January 1973. His charge was taken over by another Sectional Officer (January 1973) who was reported absconding since June 1973. The matter was reported to the Police in August 1973. Further developments are awaited (January 1978).

(f) During September 1974, 730 cement bags were received in Fatehabad Lining Division No. I from Charkhi Dadri; these were not accounted for in the stock register. During physical verification (November 1974), 19,600 cement bags were found against the book balance of 18,950 bags but the excess (650 bags) was not accounted for in the stock register. Thus 730 bags (value: Rs. 0.14 lakh) remained unaccounted for (November 1977).

(g) During the years 1970-71 to 1976-77, 92 cases of thefts involving Rs. 1.26 lakhs were reported to the Police authorities. Out of these, 13 cases involving Rs. 0.54 lakh were declared as untraceable by the Police. Investigations in the remaining cases were reportedly incomplete.

(h) The Tubewell Division, Ambala reported (June 1972) to the Company's head office about shortage of stores worth Rs. 0.06 lakh in respect of an ex-official of the Company who had resigned and joined the Irrigation Department in December 1971. During April 1976, some 'interpolations' in the indents were also observed, which raised the amount of shortages against the official to Rs. 0.17 lakh. A show cause notice was served to him in May 1976. Further developments are awaited (January 1978).

(12) Internal audit

The Company introduced internal audit for the first time in November 1976 providing an audit party for each circle. There are four Internal Audit Officers for audit of 9 circles. Further, these Officers have been made responsible to Superintending Engineers instead of to the Managing Director. No scope and quantum of internal audit has been prescribed (December 1977).

(13) Cost accounts

The Agricultural Refinance Development Corporation, while sanctioning loans for the various schemes, had put in a condition that the Company

would employ on whole time basis, a qualified Cost Accountant for ensuring *inter alia* maintenance of proper accounts of costs incurred in the implementation of the schemes. The Company has, however, not introduced any costing system to determine the cost at the various stages of installation of tubewells so as to arrive at the total cost of installing a tubewell and the cost of water to be sold. Further, no qualified Cost Accountant was employed on a whole time basis for ensuring maintenance of proper accounts and cost records.

(14) Other points of interest

(i) Non-realisation of sale proceeds of water

The cost of water delivered into canals through the augmentation tubewells is recoverable from the State Government (Irrigation Department). In the case of water supplied to the farmers and other parties through the direct irrigation tubewells, the demand is realised through the Revenue Department of the State Government. Crop-wise *khatunies* are prepared by the Company and passed on to the Revenue Department for recovery. Upto 30th September 1975 (*kharif* 1975) the amount, after collection by the Revenue Department, was deposited into treasuries as Government receipt and then paid by the Government to the Company. No analysis of the outstanding demands was prepared, to ensure that all the demands have been realised by the *Lamberdars* from the farmers, deposited into treasuries and paid back to the Company.

From 1st October 1975, the amount collected by the Revenue Department is deposited direct into the bank account of the Company. The year-wise details of the demand raised, the amount realised and the balance outstanding were as under :—

Year	Demand created		Amount realised		Balance	
	Direct irrigation tubewells	Augmentation tubewells	Direct irrigation tubewells	Augmentation tubewells	Direct irrigation tubewells	Augmentation tubewells
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(in lakhs of rupees)			
1970-71	46.87	5.21	..	..	46.87	5.21
1971-72	39.57	5.69	..	..	86.44	10.90
1972-73	42.35	48.60	..	0.97	1,28.79	58.53
1973-74	67.23	1,38.49	17.99	*99.40	1,78.03	97.62
1974-75	48.93	1,77.80	41.10	*2,85.11	1,85.86	(—)9.69
1975-76	50.56	80.76	1,83.18	81.45	53.24	(—)10.38
1976-77	96.71	2,59.20	91.27	2,29.64	58.68	19.18

*Includes advances amounting to Rs. 19.85 lakhs and Rs. 12.20 lakhs during 1973-74 and 1974-75 respectively with the result that balance outstanding was in minus.

(ii) *Payment of electricity bills*

Monthly electricity bills of the Haryana State Electricity Board were not paid by the Company in time. The delay in payment during December 1974 to April 1976 ranged from 8 to 30 months resulting in loss of rebate aggregating Rs. 11.35 lakhs.

(iii) *Nugatory expenditure*

A sub-division under Sirsa II Division was opened on 14th August 1975. No work was assigned to it till June 1976. A sum of Rs. 0.19 lakh was paid to the staff towards pay and allowances for that period. Similarly, in another sub-division established under Sirsa IV Division in October 1975, the work allotted in December 1975 was later on (February 1976) transferred to other sub-divisions; the staff remained idle upto June 1976. A sum of Rs. 0.15 lakh was spent during the period from October 1975 to June 1976 on the pay and allowances of the idle staff.

(iv) *Defective purchase order*

In June 1976, the Company placed an order for supply of 1,800 metres of pipes of 12" dia for Rs. 170.60 (including central sales tax) per metre (f.o.r. Karnal) on a Delhi firm. The supply was to be completed by October 1976. The supply order contained a penalty clause for delayed supplies but it was silent about penalty for non-performance of the contract. The firm did not complete the supply within the stipulated period and applied (October 1976) for extension of the delivery period upto December 1976. The extension was refused. The supply order was cancelled in March 1977 and the material was arranged from another source at Rs. 252.05 per metre involving extra cost of Rs. 1.47 lakhs. The extra cost could not be recovered from the firm for want of a risk purchase clause in the supply order.

(v) *Purchase of M.S. rounds*

(a) Tenders for supply of 200 tonnes of M.S. rounds of 5 mm size were invited and opened on 19th September 1973. As per the 'notice inviting tenders', offers without earnest money and telegraphic offers were liable to be rejected. Out of five offers (including one telegraphic) received, four were without the requisite earnest money. Telegraphic offer of firm 'A' being the lowest was considered on 6th December 1973 and the firm was asked to deposit the requisite earnest money (Rs. 2,000) to which the firm did not respond. A telegraphic order for supply of 100 tonnes of rounds at Rs. 1,730 per tonne (f.o.r. destination) was issued on 19th December 1973 followed by regular supply order (January 1974) for 150 tonnes. The firm, however, refused to accept the order, because the same was placed after the expiry of the validity period of the offer, i.e., 30 days. The Company cancelled the supply order on 4th February 1974. By this time, validity of the second lowest offer (Rs. 1,728 per tonne ex-godowns) of firm 'B' (which was valid upto 3rd December 1973) had also expired.

The material was later procured in February and June 1974 at Rs. 2,300 per tonne (53.4 tonnes) from another firm 'C' and at Rs. 2,150 per tonne (96.6 tonnes) from firm 'A'.

Failure in finalising the order within the validity period resulted in an extra expenditure of Rs. 0.78 lakh.

(b) In a similar case of purchase of 60 tonnes of M.S. rounds, the Company did not avail of the lowest offer of Rs. 1,545 per tonne ex-godown within the validity period, which expired on 16th April 1976.

The material was purchased later at Rs. 2,040 and Rs. 1,850 per tonne (f.o.r. destination) to the extent of 30.20 and 25 tonnes from Delhi and Naraingarh firms in August and December 1976 respectively, which resulted in extra expenditure of Rs. 0.22 lakh.

(vi) *Idle machinery*

A heavy duty direct rotary drilling rig (Wabco model) was purchased in August 1974 though the Company's programme of drilling new tubewells had considerably slowed down by that time and some of the existing machines had been rendered idle. The said rig alongwith the accessories and operating equipment costing Rs. 5.29 lakhs has been lying idle (December 1977). Besides, an old failing rig (book value : Rs. 0.50 lakh) was lying idle in the Central Stores, Karnal since 1974 as it was beyond economical repairs. The work of converting it into a crane was taken up in June 1976 in the Karnal workshop without preparing any estimate and obtaining technical sanction therefor. An expenditure of Rs. 0.21 lakh was incurred upto March 1977 without any result.

The paragraphs were reported to the Company and Government in August and October 1977, respectively; replies are awaited (January 1978).

6.18. Haryana State Industrial Development Corporation Limited

(1) *Introductory*

The Haryana State Industrial Development Corporation Limited was incorporated on 8th March 1967 to promote and operate schemes for industrial development in the State,

The authorised capital of the Company is Rs. 4.00 crores divided into 40,000 equity shares of Rs. 1,000 each. On 31st March 1977, the paid-up capital, wholly subscribed by Government, was Rs. 2,32.25 lakhs. In addition, the Company borrowed money from Government, commercial banks, etc. The amount of loan outstanding on 31st March 1977 was Rs. 1,21.86 lakhs which included Rs. 10 lakhs taken from the Haryana Education Board in November 1975 for release to Haryana Polysteels Limited (A Company under Section 619-B of the Companies Act). The loan from the Board was repayable within six months but had not been paid back (December 1977) as there was considerable financial strain on the beneficiary Company.

Mention about some aspects of working of the Company was made in paragraph 7.4. of the Report of the Comptroller and Auditor General of India for the year 1972-73.

(2) *Financial position and working results*

(a) The table below summarises the financial position of the Company for the years 1974-75 to 1976-77.

	1974-75	1975-76	1976-77
	<i>(in lakhs of rupees)</i>		
<i>Liabilities</i>			
Paid-up capital	1,52.25	2,13.25	2,32.25
Reserves and surplus	1.32	15.37	22.81
Borrowings	1,09.08	1,10.03	1,21.86
Trade dues and other current liabilities (including provisions)	48.37	16.15	23.74
Total	3,11.02	3,54.80	4,00.66
<i>Assets</i>			
Gross block	1.78	2.73	8.42
Less depreciation	0.62	0.69	0.85
Net fixed assets	1.16	2.04	7.57
Investments	1,27.10	1,52.85	1,59.85
Capital work-in-progress	..	..	0.17
Current assets, loans and advances	1,82.45	1,99.81	2,32.79
Miscellaneous expenditure (including losses)	0.31	0.10	0.28
Total	3,11.02	3,54.80	4,00.66
Capital employed	2,41.22	2,97.79	3,45.80
Net worth	1,53.26	2,28.52	2,54.78

Note : 1. 'Capital employed' represents mean of the aggregate of opening and closing balances of (i) paid-up capital (ii) reserves and surplus and (iii) borrowings.

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

(b) Working results

The table below indicates the working results of the Company for the years 1974-75 to 1976-77.

	1974-75	1975-76	1976-77
	<i>(in lakhs of rupees)</i>		
(i) Income	5.77	8.02	12.64
(ii) Expenditure—			
(a) Salary and other expenses	4.41	4.51	8.87
(b) Interest	0.01	0.49	1.20
(c) Preliminary expenses	0.05	0.03	0.03
(iii) Profit before tax	1.30	2.99	2.54
(iv) Income tax	..	1.00	1.10
(v) Reserve under Section 36(1) VIII of Income Tax Act	0.52	0.75	0.63
(vi) Profit after tax and provision	0.78	1.24	0.81

The Company has not declared any dividend (November 1977). The Department of Industries stated (October 1977) that the Company was engaged in promotion of Industries and its investments in various projects had not started yielding profits and as such it could not declare any dividend.

(3) Performance

The Company concentrated mainly on the following activities :

- (i) Underwriting business on behalf of the State Government.
- (ii) Setting up of industries either by floating subsidiaries or by participation in the share capital of other companies.
- (iii) Developing industrial estates.

(iv) Implementing the scheme of setting up of Electronic Testing and Development Laboratory.

(4) *Underwriting business*

The Company undertakes underwriting of preference/equity shares of industrial companies in Haryana as an agent of Government. Upto the end of 1972-73, the Company had to subscribe to shares of the aggregate value Rs. 55.12 lakhs in 11 industrial units, against underwriting agreements for shares of the value of Rs. 57.88 lakhs. During 1973-74 to 1976-77, the Company had underwritten shares in eight industrial units to the aggregate amount of Rs. 95.99 lakhs. Out of this, Rs. 11.42 lakhs were subscribed by the public and remaining shares for Rs. 84.57 lakhs were taken by the Company. Thus at the close of 1976-77, the Company had taken, on behalf of Government, shares of the value of Rs. 1,39.69 lakhs (preference shares : Rs. 1,12.69 lakhs; equity shares : Rs. 27.00 lakhs) against underwriting agreements for shares of the value of Rs. 1,53.87 lakhs in 19 units.

Out of above 19 concerns, 11 concerns including one subsidiary of the Company (Government's investments aggregating Rs. 63.16 lakhs) had not paid any dividend even on preference shares. The default ranged between one and six years. The aggregate amount of dividend recoverable on such shares worked out to Rs. 20.20 lakhs. It was also observed that out of these, in three concerns (Government investment Rs. 12.38 lakhs) the entire paid-up capital had also been wiped out on account of losses.

The dividend could also not be recovered from the directors who gave personal guarantee for payment of dividend, though according to the guarantee deeds, arrears of dividends were recoverable as arrears of land revenue. The validity of the clause in the guarantee deeds was not legally examined at the time of entering into them. On a reference to the Legal Remembrancer, it was held in July 1973 that "the mere inclusion of a clause in a written agreement that the dividends may be recovered as arrears of land revenue could not entail adoption of a procedure which is not prescribed by law."

(5) *Setting up of industries*

The Company obtained 29 letters of intent/industrial licenses upto March 1977 for setting up large scale projects at an aggregate capital cost of Rs. 1,20.00 crores. Out of these, the Government of India cancelled five letters of intent (capital cost : Rs. 33.50 crores) and the Company surrendered two letters of intent (capital cost : Rs. 9.90 crores) leaving 22 letters of intent/licenses involving the aggregate capital cost of Rs. 76.60 crores with the Company.

Only two new manufacturing units for producing nylon filaments and pace makers and electrodes were promoted in February 1975 and May 1976 (the amount invested by the Company in these two units was nominal).

In all, seven manufacturing units (capital cost : Rs. 29,13 lakhs) had been established upto March 1977 as per the details given below :—

Serial number	Name of the unit	Product to be manufactured	Date of incorporation	Date of commercial production	Estimated cost	Amount invested by the Company in share by the capital company (as on 31st March 1977)	Percentage of investment by the capital company	Working results		
								Profit (+)/Loss (-)	1974-75	1975-76
(1)	(2)	(3)	(4)	(5)	(6) (in lakhs of rupees)	(7)	(8)	(9) (in lakhs of rupees)	(10)	(11)
1.	Haryana Breweries Limited	Beer	September 1970	February 1974	1,80.00	34.43	39.13	(-)31.52	(-)16.46	(-)2.55
2.	Haryana Tanneries Limited	Leather	September 1972	December 1976	1,20.00	17.50	1,00.00	@	@	**
3.	Haryana Polysteels Limited	Steel billets	November 1973	November 1973	3,60.00	42.20	33.17	..	(-)38.24	(-)80.93
4.	Haryana Television Limited	Television sets	December 1973	January 1975	18.00	7.20	37.11	(-)1.86	(-)6.61	..
5.	Haryana Detergent Limited	Synthetic detergents	February 1974	Not yet commissioned	1,10.00	19.00	50.00	..	..	..
6.	Bharat Nylons Limited	Nylon filaments	February 1975	Not yet commissioned	21,00.00	*	..	..	..	..
7.	Haryana Medical Instruments Limited	Pace makers and electrodes	May 1976	Not yet commissioned	25.00	*	..	..	..	..

The following points were also notice :—

(i) *Haryana Polysteels Limited* : The unit was initially set up in November 1973 in joint sector (with the Company's participation at 26 per

*Rs. 400 out of a total paid-up capital of Rs. 800

**Figures not yet available.

@ Under construction.

cent, the collaborator's at 25 per cent and public at 49 per cent). Owing to slump in the market, it was decided in November 1975 to cancel the agreement with the collaborator and to take over the control of the unit. On take over it was observed (December 1975) that the collaborator had subscribed Rs. 10 lakhs to the share capital against the commitment of Rs. 31.87 lakhs.

(ii) *Haryana Television Limited* : This unit was set up in the joint sector in December 1973 (with the Company's participation at 26 per cent, collaborator's at 25 per cent, and public at 49 per cent). The concern suffered heavy losses and the accumulated loss upto 31st December 1975 was Rs. 8.47 lakhs against the paid-up capital of Rs. 16.75 lakhs. The Company took over this concern in March 1977 in terms of an agreement with the collaborator. The collaborator's share of value Rs. 7.19 lakhs was transferred to the Company for a token consideration of Rs. 100. Based on a special audit got conducted by the Company in June-September 1977 through a firm of Chartered Accountants, it filed a criminal case (September 1977) against the collaborator for shortage of picture tubes and cabinets (Rs. 1.20 lakhs), short account of 17 T.V. sets (Rs. 0.35 lakh approximately), payment of Rs. 5.20 lakhs as advertisement expenses without indicating the sites of advertisements, misuse of the Company's funds (Rs. 0.50 lakh) and properties (two cars and one motor cycle), payments without supplies having been received, etc. Further development is awaited (January 1978).

(iii) *Other Companies* : The Company had also set up two small scale projects as its subsidiaries. The working results of these two units were as under :—

Name of the Unit	Product to be manufactured	Paid-up capital as on 31st March 1977	Working results	
			Profit (+)/Loss (—)	
			1974-75	1975-76
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
Haryana Matches Limited	Match box	12.48	(—)1.39	(—)1.72
Haryana Minerals Limited	Marble and slate products	24.04	(—)4.70	(—)18.81

(iv) *Loans to Companies* : In addition to the direct participation in the share capital, the Company has advanced loans to certain companies and has also guaranteed repayment of loans raised by these concerns from commercial banks/financial institutions. The table below shows the loans outstanding

on 31st March 1977 :—

Name of the company ¹	Amounts outstanding on 31st March 1977		Maximum amount guaranteed
	Principal	Interest	
(1)	(2)	(3)	(4)
	(in lakhs of rupees)		
Haryana Breweries Limited (Subsidiary)	46.89	6.52	86.00
Haryana Tanneries Limited (Subsidiary)	9.24	1.27	90.00
Haryana Polysteels Limited	39.16	5.34	4,25.00
Haryana Television Limited	13.71	1.88	37.20
Haryana Detergents Limited	..	2.12	30.00
Haryana Matches Limited (Subsidiary)	..	..	1.00
Haryana Minerals Limited (Subsidiary)	0.02	..	1.52
Total	1,09.02	17.13	6,70.72

No guarantee was invoked. The Company has not been recovering any guarantee fee.

(6) *Setting up of industrial estates*

(i) Loans aggregating Rs. 1,24.40 lakhs (Government : Rs. 1,05.60 lakhs; bank : Rs. 18.80 lakhs) were raised/received during 1967-68 to 1976-77 for setting up of industrial estates on no-profit no-loss basis. Rupees 99.46 lakhs were spent between 1971-72 and 1976-77 as shown under :—

Name of Industrial estate	Area (in acres)	Esti- mated cost	Expen- diture upto 31st March 1977	Number of Plots		Number of plots on which	
				carved out	allotted	Const- ruction is in progress	Const- ruction com- pleted and estates set up upto 31st March 1977
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(in lakhs of rupees)						
Ambala	20.15	35.00	20.93	130	81	..	2
Dundaheera*	1,81.05	1,56.62	3.57	265	255	..	..
Gurgaon	55.52	25.00	22.76	86	86	10	9
Murthal	36.30	14.00	14.99	65	59	15	..
Yamunanagar Phase I	20.70	12.00	9.51	58	58	22	10
Yamunanagar Phase II*	20.30	14.85	1.74	52	16	..	..
Panchkula	7.00	37.00	25.96	24**	24**	..	..

*Development not completed.

**Sheds.

The slow pace in setting up of units by entrepreneurs was attributed (June 1977) by the Management to shortage of cement and other building material, credit squeeze by the Reserve Bank of India.

(ii) Plots were allotted to the entrepreneurs on outright sale basis or instalment basis (5 per cent on application, 15 per cent at the time of allotment, 80 per cent alongwith interest in 10 equated annual instalments). As on 31st March 1977, a sum of Rs. 2.97 lakhs (principal: Rs. 1.35 lakhs; interest: Rs. 1.62 lakhs) was overdue from 64 allottees.

(7) *Setting up of electronic testing and development laboratory*

The Company approved in September 1975 a project for setting up of an electronic testing and development laboratory at a capital cost of Rs. 48.28 lakhs. The laboratory was to test components of entrepreneurs to standardise their products. This project was to be financed to the extent of 75 per cent subject to a maximum of Rs. 25.00 lakhs by the Government of India and the remaining 25 per cent and the recurring expenditure was to be met by the State Government.

The Company had received grants aggregating Rs. 20.99 lakhs (Rs. 12.00 lakhs from the State Government and Rs. 8.99 lakhs from the Government of India) between January 1976 and April 1977. Rupees 7.87 lakhs including capital expenditure of Rs. 6.61 lakhs were spent upto 31st March 1977.

The Company had decided to locate the laboratory near village Dunda-hera in Gurgaon District even though the consultant, who prepared the project, recommended its location at Faridabad or Ambala on account of concentration of electronic industry in these areas. The land near Gurgaon (3 acres) was acquired in September 1976 but civil works thereon have not been taken up (November 1977). Meanwhile, the laboratory had started functioning since June 1976 in a shopping centre of the Industrial estate Gurgaon.

According to the report submitted to the Company by the Incharge of the unit (August 1977), out of equipment costing Rs. 5.70 lakhs received, those valuing Rs. 2.20 lakhs were not useful for the laboratory and equipment valuing Rs. 1.60 lakhs were not in working order.

(8) *Accounting procedure*

The Company has not (September 1977) prepared any Accounting Manual.

In May 1973, the Company appointed a firm of Chartered Accountants at an annual fee of Rs. 4,800 to (i) finalise its yearly accounts and prepare balance sheets; (ii) conduct internal audit of the Company including field offices; (iii) devise and suggest ways and means to streamline the accounting system in order to exercise effective internal control in the Company and its subsidiary units; and (iv) advise the subsidiary units on cost analysis of the products as and when desired by the Company.

The firm has enhanced its fees to Rs. 5,400 per annum for 1977-78. The firm had neither suggested guidelines for streamlining the accounting system for effecting internal control nor has it prepared any cost analysis of the production activities of the subsidiary units (October 1977).

(9) *Other points of interest*

(i) The Company encashed fixed deposit receipts aggregating Rs. 25 lakhs and Rs. 50 lakhs on 28th March 1971 and 29th March 1974 respectively for depositing the same in the Post Office saving accounts. The interest receivable on the fixed deposit receipts was 4½ to 6 per cent while that on the Post Office saving account was 3 per cent. This resulted in loss of interest of Rs. 0.50 lakh (approximately) upto the date when the deposits in Post Office account were withdrawn.

(ii) Rupees 2.78 lakhs were spent on nine projects (seven against letters of intent/industrial licences and two others) during April 1971 to July 1977 which were abandoned mainly due to:—

- (a) cancellation of the letters of intent by the Government of India as the Company had not made any tangible progress;
- (b) surrender of letters of intents by the Company as the projects involved heavy financial commitment, sophisticated technology, stiff competition from established companies in the line; and
- (c) the projects being not found viable.

(iii) In March 1972, the Company acquired 1,760 square yards of land at Faridabad at a cost of Rs. 1.30 lakhs (advance payment made in March 1972 was Rs. 1.85 lakhs) for construction of a commercial estate (shop-cum-flats) for educated un-employed persons. Rupees 0.42 lakh were spent on development of the land. In May 1976, the Company decided to defer construction till development of the area by the State Government as the expected return at the rate of Rs. 1.50 per square feet covered area, by way of monthly rental of shop-cum-flats, was too low keeping in view the outlay involved. To make it a viable unit, a minimum return of Rs. 3 per square feet was considered necessary which was difficult to get. The Management stated (June 1977) that viability would be reviewed again; this has not been done so far (November 1977).

HARYANA MINERALS LIMITED

6.19. Purchase of hydration plant

The Company placed an order on a New Delhi firm on 19th March 1975 for supply of one complete unit of hydration plant capable of manufacturing three to five tonnes of hydrated lime per hour from quick lime at a cost of Rs. 4.50 lakhs. Erection of the plant was to be done by the firm on additional payment of Rs. 0.45 lakh. The plant was to be delivered within 6 to 12 weeks from the date of the order and it was to be erected thereafter.

The firm indicated on 5th May 1975 the break up of the cost of the plant between the various items for purposes of running payments, which was accepted by the Company.

Out of twelve items constituting the plant, seven items were offered by the firm. These items were visually inspected at random on 24th June 1975 by the representatives of the Company and were cleared for despatch. Payments amounting to Rs. 2.29 lakhs (including Rs. 0.22 lakh as sales tax)

representing 95 per cent of the cost of the items were released in July 1975 through bank against railway receipts. On opening the consignments, some of the items were found short while some other items were not as per the description in the bills. Short supplies and discrepancies in respect of equipment costing Rs. 0.89 lakh (including sales tax) were reported to the firm on 31st July 1975 and 21st January 1976 respectively but supplies thereagainst had not been received.

The remaining items of the plant valued Rs. 2.32 lakhs have not been supplied (November 1977). In the absence of the plant, the Company has not started manufacture of hydrated lime (November 1977).

While the Company was holding the firm responsible for non-supply of the complete unit, the firm stated in a letter to the Company in January 1976 that though supply of the remaining items had been offered a number of times, the Company had not taken any action to inspect and to take delivery thereof. The Company has reported (July 1977) to Government that the whereabouts of the supplier were not known.

The Company has instituted (July 1977) a civil suit in a court at Narnaul for recovery of Rs. 0.89 lakh.

HARYANA BREWERIES LIMITED

6.20. Purchase of a malt mill

A mill to crush malt without breaking husk was designed (July 1971) for the brewery by its consultant Engineers. The trial run of the mill fabricated by a Bombay firm, at a cost of Rs. 0.80 lakh, was done at the firm's premises in September 1973 (the extended date of delivery of the mill was 15th December 1972) and it was cleared for despatch to the beer plant site at Murthal. The mill was installed in January-February 1974. Payment of Rs. 74,400 representing 90 per cent value of the equipment (15 per cent advance payment ; 75 per cent against despatch documents) was made, as per the terms of the order. Testing of the mill at the plant in February 1974 showed that it was faulty both in design and manufacture. Accordingly, the remaining 10 per cent payment was withheld in lieu of a performance guarantee to be given by the firm. The mill has not been put to any use (January 1978). The defects were pointed out to the firm in February 1974. In the meantime, re-designing of the faulty parts of the mill was entrusted in February 1974 to a New Delhi firm of consulting engineers at a cost of Rs. 30,000 and fabrication/supply of certain components as per the new drawings was entrusted to its sister concern at a total cost of Rs. 41,000. The entire work was expected to be completed by 3rd April 1974. In addition, ancillary machines of the approximate value of Rs. 31,000 were required for running the mill. The drawings were supplied in July 1974 and the supply of components was offered in September 1974. The Company has neither accepted the supply of the components nor procured the ancillary machines.

Meanwhile, another four-roller dry malt mill was purchased in April 1974 at a cost of Rs. 44,000 for the purpose.

The Management stated (September 1977) that decision to modify the mill had been taken and that further action to procure the machines was in progress.

HARYANA DAIRY DEVELOPMENT CORPORATION LIMITED

6.21. Surplus equipment

Setting up of a dairy plant at Rohtak, including an electric sub-station at the plant for converting high tension power into low tension power, was entrusted in April -May 1973 to the National Dairy Development Board (N.D. D.B.) on turnkey basis. At the time of scrutiny of a project report therefor, the feasibility of procuring low tension supply directly from the Haryana State Electricity Board was, however, not examined by the Company.

N.D.D.B. procured the equipment, for the sub-station, at a landed cost of Rs. 2.19 lakhs. Afterwards, it was found that the Haryana State Electricity Board had agreed to provide low tension power and it was considered advantageous and economical to let the Electricity Board erect and maintain a sub-station for the plant. In July 1975, the Company accepted the responsibility for the disposal of the equipment already procured.

Enquiries were made in December 1975 for disposal of the surplus equipment. The highest offer received was for Rs. 1.22 lakhs. This offer, being much below the cost, was not accepted. The Company was looking for parties willing to take the equipment on favourable terms (October 1977). Departmental enquiry had been instituted in November 1976 to fix responsibility for the loss. Findings of the enquiry are awaited (January 1978).

The Management stated (September 1977) that the Haryana State Electricity Board as well as the suppliers of the equipment had been approached for disposal of the equipment.

SECTION D

DEPARTMENTALLY MANAGED GOVERNMENT COMMERCIAL/ QUASI-COMMERCIAL UNDERTAKINGS

6.22. Introduction

On 31st March 1977, there were seven departmentally managed Government commercial and quasi-commercial undertakings in the State. The *pro forma* accounts of only one undertaking, viz., Haryana Veterinary Vaccine Institute, Hissar for 1976-77 have been received upto December 1977. Appendix IX indicates the arrears in preparation/finalisation of *pro forma* accounts of other undertakings. Summarised financial results of two undertakings on the basis of the latest available accounts are given in Appendix X.

PROVINCIAL RESERVE FOOD SCHEME

6.23. Mention about some aspects of working of the Provincial Reserve Food Scheme was made in paragraph 7.7. of the Report of the Comptroller and Auditor General of India for the year 1972-73. A further review of working

of the scheme brought out the following :—

(2) *Financial results*

The working results of the scheme for the four years upto 1976-77 are as under :—

	1973-74	1974-75	1975-76	1976-77*
	(in lakhs of rupees)			
Opening stock of food-grains	4,52.63	11,75.32	13,07.16	13,73.63
Purchases	39,06.40	45,70.62	48,51.70	73,87.32
Administrative expenses and other liabilities	92.36	1,93.22	2,52.77	2,94.48
Closing stock of food-grains	11,75.32	13,07.16	13,73.63	12,83.84
Cost of sales	32,76.07	46,32.00	50,38.00	77,71.59
Turnover	33,88.25	48,29.17	55,06.87	79,31.72
Net profit	1,12.18	1,97.17	4,68.87	11,60.13
Percentage of profit to turnover	3.31	4.08	8.51	2.02
Debtors	22.31	10.53	1,35.83	1,90.75
Percentage of debtors to turnover	0.66	0.22	2.47	2.40

(3) *Procurement of wheat and rice*

The procurement policy and the rate of procurement is determined by the Government of India. The State Government took over the wholesale trade in wheat during *rabi* 1973-74 and procured the bulk of *mandis* arrivals at Rs. 76 per quintal (Rs. 74 per quintal for the indigenous red variety). During 1974-75, the wheat traders were also permitted to make purchases subject to their delivering 50 per cent of the quantity so purchased to Government as levy at the procurement price of Rs. 105 per quintal. In 1975-76, the levy scheme was abandoned and wheat was procured by the Haryana State Co-operative Supply and Marketing Federation and the Food and Supplies Department at Rs. 105 per quintal under the price support scheme. Rice was, however, purchased from the rice millers/dealers under the Rice Procurement Levy Orders, 1958, under which a fixed quota ranging from 90 to 95 per cent of rice produced was required to be supplied to Government.

*Figures for 1976-77 are provisional.

The foodgrains procured, incidence of expenditure on establishment and interest per tonne of foodgrains procured were as under:—

Year	Production in the State			Procurement by the Food and Supplies Department			Expenditure		Average cost per tonne	
	Wheat	Rice	Total	Wheat	Rice*	Total	Estab-lishment	Interest	Estab-lishment	Interest
	(in lakhs of tonnes)						(in lakhs of rupees)			
1972-73	21.60	4.66	26.26	4.01	0.17	4.18	14.95	23.61	3.58	5.65
1973-74	22.31	5.40	27.71	3.15	0.69	3.84	52.32	34.45	13.63	8.97
1974-75	18.11	3.92	22.03	3.08	0.65	3.73	53.87	1,33.63	14.44	35.83
1975-76	19.54	6.24	25.78	3.48	0.29	3.77	64.12	1,81.91	17.00	48.25
1976-77**	24.48	8.17	32.65	6.03	0.06	6.09	50.67	2,36.95	8.32	38.91

The cost of establishment per tonne of foodgrains procured under the scheme was Rs. 3.58 per tonne during 1972-73. Reasons for the increase in the subsequent years are awaited (January 1978).

(4) Storage capacity

(i) The position of the storage capacity for foodgrains during the four years upto 1976-77 was as under:—

	1973-74	1974-75	1975-76	1976-77**
	(in lakhs of tonnes)			
(i) State owned	1.03	1.16	1.25	1.35
(ii) Hired	0.33	0.31	0.46	0.73
(iii) Procurement (rice and wheat)	3.84	3.73	3.77	6.09

Owing to the limited storage capacity, the Department had to make arrangements for storage of foodgrains in the open. Anticipating higher procurement targets in the wake of the State's takeover of the wholesale trade in wheat from *rabi* 1973-74, the Department estimated on 9th April 1973, the requirement of additional 6,000 tarpaulins for providing cap storage to the additional quantity to be procured. Orders for supply of 2,000 tarpaulins were issued against a rate contract of the Controller of Stores, Haryana to a firm on 13th April 1973. For purchase of the remaining tarpaulins, a special purchase committee was constituted on 30th April 1973. The committee approved on 1st May 1973 the purchase of 4,000 tarpaulins from three other firms.

Government decided on 19th May 1973 to procure less quantity of food-

*Excludes procurement of rice on behalf of the Food Corporation of India.

**Figures for 1976-77 are provisional.

grains than anticipated. Therefore, the Department did not require the additional supplies of 6,000 tarpaulins. Feasibility of cancellation of the orders was considered but it was decided to accept such supplies as were offered by 15th May 1973, mainly on the consideration that cancellation of the orders at that stage would involve legal complications.

Accordingly, the Department received 5,346 tarpaulins between May and September 1973, out of which 3,800 tarpaulins (cost : Rs. 34.54 lakhs) were received/accepted after the expiry of the scheduled date of delivery (15th May 1973), even though the requirements of tarpaulins had decreased by that time. Government accorded sanctions for sale of 5,000 surplus tarpaulins to the Food Corporation of India and other organisations in public/co-operative sectors between 27th November 1975 and 5th May 1977. According to the information furnished by the Department in March 1977, about 3,000 tarpaulins were actually sold leaving a balance of about 2,000 tarpaulins costing Rs. 18.73 lakhs (approximately). The delay in sale was attributed to purchasers' complaints about the quality of tarpaulins.

(ii) Against the approximate annual consumption of 30 lakh empty bags, the Department was holding 48.34 lakh, 61.88 lakh and 79.82 lakh bags (including unserviceable bags : 3.45 lakh) at the close of the years 1974-75, 1975-76 and 1976-77, respectively. The closing stock as at 31st March 1977* was valued at Rs. 2,79.88 lakhs.

(5) *Shortage in storage and transit*

Shortages in storage, to the extent given below, are considered normal as per the Departmental Manual :—

Wheat	0.2 per cent per month of storage from September to May.
	No shortage or excess is allowed from June to August.
Rice	0.125 per cent per fortnight from 15th October to 31st May.
	0.25 per cent per fortnight in June.
	Excess of 0.125 per cent per fortnight in July and August.
	No shortage or excess is allowed from 1st September to 15th October.

Norms for shortages in transit have not been prescribed (January 1978).

In five circles, namely, Gurgaon, Narnaul, Sirsa, Kaithal and Sonapat, the accounts of which were test-checked, shortages in storage of rice over and above the permissible limits mentioned above during the period from November 1972 to September 1976 worked out to 909.71 quintals valuing Rs. 1.59 lakhs.

*Figures for 1976-77 are provisional.

Results of departmental investigation are awaited (January 1978).

(6) *Down-grading of wheat at destination*

The Food and Supplies Department despatches foodgrains to various places as per the directions of the Food Corporation of India. When despatches are made without prior inspection by the Food Corporation of India, the Department has to accept the deductions made on account of quality, if it is established by a committee constituted by the Government of India in 1971 that the stocks despatched were below standard. A test-check (May 1976) disclosed that deductions aggregating Rs. 4.36 lakhs were made by the Food Corporation of India on despatches during September/October 1971 as per the details given below :—

<i>Name of the circle</i>	<i>Quantity despatched</i>	<i>Amount deducted from the bills (in lakhs of rupees)</i>	<i>Reasons</i>
Karnal	207 tonnes	1.58	Sub-standard/damaged
Karnal	898 tonnes	2.10	Damaged and categorised as cattle feed grade I
Karnal	301 tonnes	0.68	Infested and sub-standard

In the first case, the Food Corporation of India is reported to have agreed to release Rs. 1.15 lakhs. The second case is stated to have been referred to a Destination Complaint Committee and decision is awaited (January 1978).

In addition, Rs. 6.53 lakhs were deducted by the Food Corporation of India during 1973-74 to 1976-77 from the bills of six circles on account of infestation (Rs. 2.52 lakhs), downgradation of the quality (Rs. 2.65 lakhs), poor stitching (Rs. 0.95 lakh) and other miscellaneous causes (Rs. 0.41 lakh). Out of the above, Rs. 0.21 lakh were stated to have been recovered. Action to investigate and fix responsibility for the loss of balance amount (Rs. 6.32 lakhs) has not been taken by the Department (December 1977).

(7) *Other topics of interest*

(i) Shortages of stores valuing Rs. 0.89 lakh were noticed by the Department during 1971-72 to 1976-77 in five circles. These included shortages valuing Rs. 0.35 lakh noticed on the eve of transfer of charge of the inspectors concerned. These were not investigated (January 1978).

(ii) Foodgrains valuing Rs. 0.68 lakh seized in 1965 under the Essential Commodities Act, 1955, were auctioned in May 1973 for Rs. 0.32 lakh even though the cases were decided as back as in 1965/1966. Besides, an expenditure of Rs. 0.27 lakh was incurred on their storage by the Department. Reasons for the delay in disposal are awaited (January 1978).

(iii) Wheat (38.2 tonnes) valuing Rs. 0.34 lakh was damaged in March 1972 at Karnal and was rendered unfit for consumption. The Department stated (June and July 1977), that out of the above quantity, 22.7 tonnes of wheat had been issued to roller flour mills after mixing with better quality wheat and the balance (15.5 tonnes) was awaiting disposal (January 1978).

HARYANA VETERINARY VACCINE INSTITUTE, HISSAR

6.24. Introductory

The Haryana Veterinary Vaccine Institute was set up in 1948 with a view to catering to the demands of public in regard to the various vaccines to be used in the control of contagious diseases affecting the live-stock of the State.

The Institute produces 14 types of vaccines, out of which accounts of two vaccines, viz., antirabic single dose (intended for pre-exposure immunisation of animals) and antirabic full course (for post-exposure treatment of all species against rabies) are maintained on commercial lines. The scheme is run on 'no profit no loss' basis.

(2) Working results

The working results for the three years ending 1976-77 are given below :—

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
<i>Expenditure</i>			
(a) Opening balance of finished stock	0.01	0.14	0.63
(b) Cost of finished stock manufactured	1.04	1.26	1.15
(c) Cost of bottles consumed	0.03	0.07	0.05
(d) Administrative, selling and distribution expenses	0.23	0.26	0.34
Total	1.31	1.73	2.17
<i>Receipt</i>			
(a) Sale of vaccines	1.79	1.58	2.24
(b) Miscellaneous receipts and sale of skins	0.05	0.11	0.16
(c) Closing balance of finished stock	0.14	0.63	0.11
Total	1.98	2.32	2.51
Net profit	0.67	0.59	0.34
Percentage of net profit to sales	38	37	15

The annual target fixed for production of these vaccines was 20 lakh 'cc'. The actual production of vaccines during the three years ending 1976-77 was as under :—

	1974-75	1975-76	1976-77
	(in lakhs of 'cc')		
(a) Antirabic vaccine full course	18.41	20.26	16.36
(b) Antirabic vaccine single dose	0.01	0.02	0.03
	18.42	20.28	16.39
(c) Percentage of production to the target	92	101	82

The Department stated (November 1977) that the production of vaccines depended upon the demand from the field and other States, whereas the targets were fixed on the basis of estimates and assumptions.

(3) Sales

Antirabic vaccine is supplied to Haryana, Punjab, Delhi, Rajasthan, Himachal Pradesh, Jammu and Kashmir and other States. It is also supplied free to the poor, subject to fulfilment of certain conditions, in Haryana State, the cost of which is being subsidised by the State Government, and to others against cash payment. The supply of the vaccine under the various categories during the three years ending 1976-77 was as under :—

Year	Antirabic full course				Antirabic single dose			
	Total supply	Supply within the State		Supply to other States	Total supply	Supply within the State		Supply to other States
		Free	On cash			Free	On cash	
	(figures in lakhs of 'cc')							
1974-75	17.16	1.26	4.82	11.08	0.01	..	0.01	..
1975-76	15.33	0.24	4.28	10.81	0.02	..	0.02	..
1976-77	21.51	0.11	5.96	15.44	0.03	..	0.03	..

(4) Pricing Policy

The selling price of the vaccine is required to be fixed by Government from time to time on the basis of cost of production on 'no profit no loss' basis. The selling price fixed from time to time was as under :—

	Rates effective from				
	1st July 1973	1st July 1974	1st July 1975	1st July 1976	1st July 1977
	(figures in rupees)				
Antirabic vaccine full course (rate per ml.)	0.10	0.10	0.10	0.10	0.15
Antirabic vaccine single dose (rate per dose)	2.50	2.50	2.50	2.50	4.00

The Department does not maintain any separate records to determine the actual cost of each type of vaccine produced. In the absence of costing records for each vaccine, it could not be verified whether the selling prices were correctly fixed.

The Department stated (November 1977) that the prices of vaccines were fixed keeping in view the prices of raw materials and administrative/distribution expenses and these were revised when there was an abundant increase in the cost of the above elements. It was further stated that as there was no separate budget provision for each of these vaccines and the institution was manned and run as one unit, the actual cost price in respect of each vaccine could not be worked out accurately.

(5) *Sundry debtors*

The sales and sundry debtors for the three years ending 1976-77 were as under :—

Year	Sundry debtors at the end of the year	Sales*	Percentage of debtors to sales
	(in lakhs of rupees)		
1974-75	0.50	1.79	28
1975-76	0.51	1.58	32
1976-77	0.82	2.24	41

Sundry debtors included Rs. 7,265 relating to 1967-68 and earlier years. Year-wise break-up of the remaining debtors was not available (December 1977).

The Department stated (November 1977) that the debtors made payments for all vaccines including antirabic vaccines, through one draft for which entry was made in the non-commercial cash book. Credit in most of the cases had not been afforded in the commercial cash book.

(6) *Inventory control*

The stocks and stores held as at the end of each of the three years upto 1976-77 were as under :—

	1974-75	1975-76	1976-77
	(in lakhs of rupees)		
Consumable store	0.12	0.11	0.16
Live-stock	..	..	0.10
Finished stock	0.13	0.63	0.11
Total	0.25	0.74	0.37

*Includes free sales, reimbursable by the State Government.

No stock limit had been fixed (January 1978). The closing stock of finished stock was valued at selling price in the absence of cost records.

TRANSPORT

6.25. Purchase of aluminium sheets

An order for supply of 850 aluminium sheets at the rate of Rs. 86.90 per sheet was placed by the Controller of Stores on a firm of Chandigarh on 26th July 1973, on behalf of various depots of the Haryana Roadways. Delivery was to be made within one month from the date of issue of orders. Ten per cent of value of the estimated supply was to be deposited with Government as security within a week of the supply order. The firm did not, however, furnish any security deposit.

The supply order provided for full payment after inspection and physical delivery of stores. The Gurgaon depot paid to the firm Rs. 0.22 lakh (value of 250 sheets) by bank draft on 13th September 1973 in anticipation of taking delivery. The firm supplied only 50 sheets valuing Rs. 0.04 lakh on 20th September 1973 and expressed inability to supply the balance as sheets were stated to be out of stock. The remaining supply has not been made (January 1978).

When asked to refund the amount representing value of 200 sheets, the firm did not respond. In April 1974, one of the partners of the firm alleged that the other partner got the proceeds of the bank draft credited to the account of another firm. The matter was reported in September 1974 to the Police authorities but they refused in July 1976 to intervene stating that the case was of a breach of contract. Departmental proceedings instituted in August 1975 against the official alleged to be responsible for releasing the payment without taking delivery of the material were reported (May 1977) continuing.

The State Government has appointed an arbitrator in the case in October 1977. Further developments are awaited (January 1978).

6.26. Printing of time table

In August 1973, an order for immediate printing of 10,000 copies of combined time table of the Haryana Roadways was placed by the State Transport Controller on the Printing and Stationery Department. The job was completed in April 1974 at a total cost of Rs 0.84 lakh (cost of paper : Rs. 0.32 lakh ; printing : Rs. 0.52 lakh). The Transport Department was not billed for the publication as the Printing and Stationery Department agreed to meet the cost of printing, etc., on the consideration that the time table would provide an essential amenity to the general public.

Based on the size of the time table and estimated cost of the job (Rs. 0.64 lakh), the sale rate as per the departmental rules worked out to Rs. 8 per copy. The sale was, however, authorised in May 1974 by Government at the rate of Rs. 4 per copy.

Even at this reduced rate, the Transport Department could sell on behalf of the Printing and Stationery Department only 288 copies upto August 1976 leaving a stock of 9,712 copies costing Rs. 0.81 lakh on hand. In August 1975, the Transport Department stated that the remaining copies could not be sold as the public considered the price of Rs. 4 for a time table as prohibitive.

SEED DEPOT SCHEME

6.27. Purchase of hybrid bajra seed

(i) Between 1967-68 and 1969-70, the Seed Depot Gurgaon purchased 614 quintals of hybrid bajra seed for sale to farmers, out of which 374 quintals were sold/transferred leaving a stock of 240 quintals valued at Rs. 1.92 lakhs on hand on 31st March 1970. This stock has been lying (August 1977) though samples taken in April 1971 showed that the seed was unfit for revalidation. The seed, having been treated with poisonous chemicals, could also not be used as grain for human consumption.

The Department stated in May 1977 that most of the seed had been reduced to dust and that necessary steps were being taken for their write off.

(ii) In the seed depot in Gurgaon district, 47.32 quintals of hybrid bajra seed (value : Rs. 0.33 lakh) were in stock at the beginning of *Kharif* 1975. Further, 1,392.54 quintals for *Kharif* 1975 were acquired at a cost of Rs. 13.55 lakhs. Out of the total available stock of 1,439.86 quintals, 1,174.36 and 154.54 quintals were sold/transferred during *Kharif* 1975 and *Kharif* 1976 respectively, leaving a stock of 110.96 quintals valuing Rs. 1.08 lakhs. According to the Department, the seed had lost its germination power owing to long storage and inadequate storage facilities. The seed, having been treated with chemicals was also not fit for human/cattle consumption. The Department stated (November 1977) that 78 quintals of the seed had been disposed of for Rs. 0.08 lakh; the balance quantity was in stock (December 1977).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. General

This chapter deals with :

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

7.2. Grants

During 1976-77, Rs. 13.34 crores (about 6 per cent of the revenue expenditure during the year) were paid as grants as shown below :—

	<i>Amount</i> <i>(in crores of rupees)</i>
Educational institutions (including universities)	9.07
Other institutions (including statutory bodies)	3.45
<i>Panchayati raj</i> institutions	0.63
Municipal committees	0.19
Total	13.34

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

	<i>Amount</i> <i>(in crores of rupees)</i>
(i) Social and community services—	
(a) Education	5.34
(b) Medical	2.75
(c) Urban development	0.19
(d) Public health, sanitation and water supply	0.17
(e) Social security and welfare	0.09
(f) Information and publicity	0.01

(ii) Economic services—

(a) Agriculture and allied services—

Agriculture	..	..	..	3.75
Community development	..	..	..	0.63
Animal husbandry	..	..	..	0.16

(b) Industry and minerals 0.23

(c) Transport and communications—

Civil aviation	0.02
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Total 13.34

The grants paid to the educational institutions (including universities) constituted about 68 per cent of the total grants paid during the year. The financial rules of the Government require that certificate of proper utilisation of grants should be furnished to Audit by the departmental officers within 18 months from the date of payment of the grants. Such certificates for Rs. 23.26 crores out of Rs. 26.53 crores paid by the Government as grants during 1959-60 to 1975-76 had not (December 1977) 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 1.14. of Chapter I of this Report).

MEDICAL AND HEALTH

7.3. Shri Krishana Ayurvedic College, Kurukshetra

As a part of the Kurukshetra Bahumukhi Vikas Yojna (administered under the joint auspices of the Manav Dharam Mission and the Navjeevan Sangh), Shri Krishana Ayurvedic College was established at Kurukshetra in September 1972 under the overall control of the Navjeevan Sangh. The object of the college was to popularise the Indian system of medicine and to offer pre-Ayurvedic and degree courses in the Ayurvedic branch of medicine. The Ayurvedic Hospital and the Ayurvedic Research Centre also functioned as a part of the college. The Government took over the college in June 1975. It was transferred to the Rohtak University in April 1977. Before it was taken over by the Government, the overall management of the college was vested in a Governing Council headed by a Chairman. The day-to-day management was entrusted to the Principal of the college who was appointed by the Navjeevan Sangh.

The audit of the college was conducted by the Chartered Accountants, who had completed audit upto the date (17th June 1975) the college functioned under the control of the Navjeevan Sangh.

The receipts and expenditure of the college as per audited accounts

were as under :—

Particulars	Years			
	1972-73	1973-74	1974-75	1975-76 (upto 17th June 1975)
	(in lakhs of rupees)			
Receipts				
Opening balance	..	1.70	7.21	0.97
Grants from the State Government	1.00	5.75	1.00	..
College receipts	0.64	0.96	1.46	0.35
Student funds	1.75	(—)1.75*	0.41	0.08
Loans and advances to the college (net)	0.79	4.22	(—)2.46	0.04
Other payables (including security)	0.18	0.22	0.09	(—)0.02
Total	4.52	11.46	7.71	1.42
Expenditure				
Revenue expenditure	0.95	2.76	4.27	0.79
Capital expenditure@	1.20	0.87	2.17	0.02
Student funds	0.05	0.18	0.29	0.01
Consumable stores (net)	0.06	0.08	(—)0.03*	0.09
Loans and advances by the college (net)	0.56	0.36	0.04	(—)0.26
Closing balance	1.70	7.21	0.97	0.77
Total	4.52	11.46	7.71	1.42

A test-check (November 1976) by Audit of the accounts and records

*Minus figures due to rectification of misclassification in the earlier years.

@According to the Chartered Accountants (December 1975), no physical verification of assets was conducted by the college.

for the years 1972-73 to 1974-75 disclosed the following points :—

- (i) Instruments and equipment costing Rs. 0.71 lakh, purchased between November 1973 and March 1974, were not used. The college stated in June 1977 that these had not been put to any use as the operation theatre and related facilities were yet to be provided.
- (ii) Eight microscopes, purchased in March 1973 from a private firm at a cost of Rs. 0.11 lakh, were found defective. The firm claimed to have set right the defects on 17th December 1973 against performance guarantee for two years but, according to the Incharge of the Physiology Department (February 1974), the microscopes were not found working properly. No further action was taken to get these repaired from the firm and to put them to use (June 1977). As these were out of order, three new microscopes were purchased in December 1973 at a cost of Rs. 0.12 lakh.
- (iii) A sum of Rs. 0.95 lakh was paid to the Architects (Rs. 0.38 lakh), the Resident Engineer (Rs. 0.56 lakh) and others (Rs. 0.01 lakh) during 1973-74 and 1974-75 for preparing plans for the medical school and the hostels and towards their construction. No land had been acquired for the proposed construction (17th June 1975).

According to the Chartered Accountants (December 1975), the detailed account alongwith the supporting documents had not been furnished to them. Such an account was not available during test-check by Audit (November 1976).

- (iv) Rupees 0.23 lakh were spent on pay and allowances of construction staff for the period from January 1974 to November 1974. According to the college records, the staff was mainly engaged on construction work of institutions other than the college, viz., the works of the Manav Dharam Mission, etc.
- (v) Certain market committees made donations amounting to Rs. 4.49 lakhs to the college during 1973-74. These donations were not treated as receipt of the college but were credited to the accounts of the Kurukshetra Bahumukhi Vikas Yojna in the books of the college. According to the Navjeevan Sangh, Rs. 8.02 lakhs were received as donations from the market committees/Zila Parishads during 1972-73 to 1974-75 and Rs 2.55 lakhs out of this amount were spent on the college upto 1974-75. In the accounts of the college, this sum of Rs. 2.55 lakhs was shown as loan received from the Kurukshetra Bahumukhi Vikas Yojna.
- (vi) Central office expenses (Navjeevan Sangh) amounting to Rs. 0.29 lakh (Rs. 0.16 lakh in 1973-74 and Rs. 0.13 lakh in 1974-75) were met by the college but complete details of the expenditure were not on the college records.

These observations were referred to the Government in December 1976-January 1977; reply is awaited (January 1978).

7.4. Haryana Prakritik Chikitsalaya Trust, Bhiwani

The Haryana Prakritik Chikitsalaya Trust, Bhiwani was registered in March 1967 under the Societies Registration Act, 1860 for establishing and maintaining Prakritik Chikitsalaya Centres (nature cure clinics) for teaching naturopathy, popularising the system of "Yoga Asana", etc.

The overall management of the Trust is vested in its Governing Body. The chief office bearer of the Trust is its President.

The accounts of the Trust were audited by the Chartered Accountants. According to the audited accounts, the financial position of the Trust as at 31st March 1976 was as under :—

<i>Liabilities</i>	<i>(in lakhs of rupees)</i>	<i>Assets</i>	<i>(in lakhs of rupees)</i>
General Fund	0.88	Land	0.48
Building Fund (including Rs. 5.00 lakhs received as grant from the State Government)	5.18	Buildings	0.24
		Other fixed assets	0.14
Sundry creditors	0.08	Sundry debtors	0.26
		Securities	0.01
		Cash and bank balances	5.01
Total	6.14		6.14

Income and expenditure of the Trust during 1975-76 were Rs. 0.26 lakh and Rs. 0.22 lakh respectively.

The Government paid a grant of Rs. 5 lakhs to the Trust in March 1976 for the construction of a Prakritik Chikitsalaya at Bhiwani. A test-check (April 1977) by Audit disclosed that the Trust was keeping the amount partly in a saving bank account with a nationalised bank and partly in fixed deposits with them. The Trust stated in July 1977 that the Public Works Department, which is to undertake construction as a deposit work, had not prepared plans for the building. The rules require that grant for specific works (such as construction of buildings) should be released according to the progress of the work during the year.

The matter was referred to the Government in June 1977; reply is awaited (January 1978).

INDUSTRIES

7.5. Assistance for development of industries

A sum of Rs. 1,02.83 lakhs was spent by the Industries Department

during 1974-75 and 1975-76 on payment of subsidy and loans for the development of industries as under :—

<i>Year</i>	<i>Subsidy</i>	<i>Loan</i>
	<i>(in lakhs of rupees)</i>	
1974-75	38.85	6.72
1975-76	34.64	22.62

Scrutiny of the records of the sanctioning authorities in May-August 1977 disclosed the following :—

(A) The assistance in the form of subsidy was provided under the following schemes :—

<i>Scheme</i>	<i>Nature of subsidy</i>	<i>Amount drawn</i>	
		<i>1974-75</i>	<i>1975-76</i>
(1)	(2)	(3)	(4)
		<i>(in lakhs of rupees)</i>	
1. Outright subsidy to units set up in selected backward districts/areas	Ten-fifteen per cent of the total fixed capital	21.26	32.08
2. Subsidy for the purchase of generating sets	Twenty per cent of the cost of new generating sets to overcome the problem of power shortage	16.00	..
3. Development Scheme in the Intensive Area Development Project, Yamunanagar	Fifty per cent of the cost of improved tools and machinery	..	1.01
4. Development Scheme in the Intensive Area Development Project, Karnal	(i) Fifty per cent of the cost of improved tools and machinery	..	0.44
	(ii) Subsidy to small units for payment of interest on loans	..	0.07
5. Development Scheme in the Rural Industries Projects, Hissar and Narnaul	(i) Subsidy for purchase of tools	0.54	0.48
	(ii) Subsidy for expenditure on power consumption	0.56	..
6. Rural Artisans Programme in MFAL area, Bhiwani	(i) Managerial subsidy	0.07	0.20
	(ii) Tools subsidy	0.34	0.14
	(iii) Subsidy for leather stitching machine	0.08	0.03
	(iv) Subsidy for work-shed	..	0.19
Total		38.85	34.64

It was noticed that

(a) Outright subsidy :—

- (i) The disbursements included subsidy amounting to Rs. 4.98 lakhs in March 1975 to the Haryana Tanneries Limited which was a subsidiary of the Haryana State Industrial Development Corporation (a Haryana State Government undertaking). The subsidy was paid (March 1975) much before its going into production in September 1976 when trial run was carried out and December 1976 when commercial production was started even though the scheme stipulated that the subsidy should not be disbursed to any unit before its going into production.
- (ii) The withdrawals of money from the treasury were not synchronised with the disbursements. Out of Rs. 53.34 lakhs so withdrawn, Rs. 36.71 lakhs (Rs. 11.08 lakhs during 1974-75, Rs. 25.63 lakhs during 1975-76) were placed at the disposal of the Haryana Financial Corporation and were disbursed as under :—

Year	Number of parties	Amount (in lakhs of rupees)
1974-75	1	0.57
1975-76	6	2.27
1976-77	39	29.92
Total	46	32.76

Of the balance (Rs. 3.95 lakhs), Rs. 2.81 lakhs only were refunded to the Government (upto 15th July 1977).

Similarly, the amount left with the Industries Department, viz., Rs. 16.63 lakhs (Rs. 10.18 lakhs in 1974-75 and Rs. 6.45 lakhs in 1975-76), was disbursed quite late as per details below :—

Year	Number of parties	Amount (in lakhs of rupees)
1974-75	1	4.98
1975-76	13	3.23
1976-77	20	7.43
Total	34	15.64

The amounts aggregating Rs. 53.34 lakhs were thus, obviously, drawn with a view to avoiding the lapse of the budget grant.

(iii) Certificates of valuation of assets (the subsidy is a certain percentage of the fixed capital) in respect of four beneficiaries (subsidy paid : Rs. 1.70 lakhs) were not on record.

(iv) Utilisation certificates in respect of 39 units involving subsidy of Rs. 26.14 lakhs disbursed at least a year before had not been reportedly received. The annual reports about progress, required to be sent to the Government of India for a period of five years, were also not sent. There was nothing on record to indicate that the department had kept watch on the utilisation of the subsidy.

(b) *Subsidy for the purchase of generating sets*

Mention was made in paragraph 3.12. of the Audit Report (Civil) for the year 1975-76 about the drawal of Rs. 16.00 lakhs in March 1975 even though subsidy payable to various units had not been sanctioned on the date of drawal. According to the information furnished by the department (June 1977), Rs 12.00 lakhs (and interest Rs. 1.30 lakhs) were refunded by the Haryana Financial Corporation during January-March 1977. Of the remaining amount of Rs. 4.00 lakhs, a sum of Rs. 2.56 lakhs were disbursed upto November 1977 and the balance (Rs. 1.44 lakhs) was with the Corporation (November 1977).

(c) *Other development schemes*

(i) The amounts aggregating Rs. 4.15 lakhs were drawn at the end of the financial years but were disbursed in the year following between April and August.

(ii) The position of drawal, disbursement, refund of unspent amount and the amount reportedly mis-utilised was as under :—

	Number of cases	Amount (in lakhs of rupees)
(i) Amounts drawn	848	4.15
(ii) Undisbursed amount refunded	35	0.20
(iii) Amount disbursed	813	3.95
(iv) Amount reported mis-utilised	131	0.83

Out of the mis-utilised amount (Rs. 0.83 lakh), Rs. 0.08 lakh were reportedly realised from the defaulters.

(iii) Progress reports due to be received from the beneficiaries (736 cases, subsidy paid : Rs. 2.48 lakhs) were not on the record of the sanctioning authorities.

(B) The assistance in the form of loan was provided under the

following schemes :—

Scheme	Amount	
	1974-75	1975-76
	(in lakhs of rupees)	
1. Loans under the Punjab State Aid to Industries Act, 1935	2.00	14.97
2. Rural Industries Projects	4.10	4.10
3. Interest-free loans	0.62	3.55
Total	6.72	22.62

(i) Under the Punjab State Aid to Industries Act, 1935, assistance can be provided to industries, *inter alia*, in the form of loans, guarantee of minimum return on the capital (of a Joint Stock Company) and supply of machinery on hire purchase system. The assistance given is to be utilised for the purpose for which it is given.

The loan advanced, amount repaid, balance outstanding and interest realised were as under, as per books of the Accounts Office.

Year	Loan advanced	Repayment	Balance outstanding at the end of the year	Interest realised
	(in lakhs of rupees)			
(1)	(2)	(3)	(4)	(5)
1971-72	39.42*	0.04	1,24.57	..
1972-73	18.25	0.27	1,42.56	..
1973-74	32.51	(—)0.10**	1,75.16	7.44
1974-75	2.00	30.55	1,44.61	6.39
1975-76	14.97	33.12	1,26.47	7.41
Total	1,07.15	63.88		

(ii) As on 31st March 1977, overdues in repayment of principal and interest were Rs. 20.40 lakhs and Rs. 14.90 lakhs; year-wise break-up is

*Includes Rs. 0.60 lakh relating to other industrial scheme.

**The minus amount is due to rectification of misclassification of certain credits during 1972-73.

given below :—

<i>Year</i>	<i>Overdue principal</i>	<i>Outstanding interest</i>
	<i>(in lakhs of rupees)</i>	
Upto 1970-71	11.23	10.40
1971-72	4.63	1.38
1972-73	1.55	1.01
1973-74	1.79	1.01
1974-75	0.45	0.45
1975-76	0.11	0.32
1976-77	0.64	0.33
Total	<u>20.40</u>	<u>14.90</u>

Recovery proceedings had been instituted against 344 parties upto 31st March 1977 for the recovery of Rs. 6.55 lakhs (principal) and Rs. 1.99 lakhs (interest) through the Collectors.

(iii) Of the 2,942 cases where loans were disbursed during 1971-72 to 1975-76, information regarding utilisation available with the sanctioning authorities was as follows :—

	<i>Number of cases</i>	<i>Amount of loan (in lakhs of rupees)</i>	<i>Percentage of the loan amount</i>
(1)	(2)	(3)	(4)
Loans released	2,942	1,18.92	..
Properly utilised	2,632	1,01.75	85
Mis-utilised	254	11.47	10
Information regarding utilisation wanting	56	5.70	5

(iv) Under the Act, the borrower "shall be expected to furnish full returns of all products, manufactured or sold, both as regards description and quantity" till the loan is repaid. Such returns were not called/received from the borrowers as could enable the department to ascertain the achievement of physical objectives for which the loan was granted.

These observations were referred to the Government in September 1977; reply is awaited (January 1978).

CO-OPERATION

7.6. Financial assistance to co-operative societies

Investment by the Government in the share capital and debentures of the co-operative societies at the close of 1974-75, 1975-76 and 1976-77 and the return thereon were as under :—

Year	Number of societies	Amount invested (in crores of rupees)	Dividend/ interest received	Percentage
1974-75	2,730	15.53	0.51(a)	3.3
1975-76	2,054	20.35	0.58(b)	2.8
1976-77	2,321	25.45	0.58(c)	2.3

According to the department, the loans and subsidies/grants paid by the Government to various co-operative societies other than industrial co-operative societies during 1974-75, 1975-76 and 1976-77 were as under :—

Year	Loans*				
	Balance at the end of the previous year	Disbursed during the year	Repaid during the year	Balance at the end of the year*	Subsidies/ Grants paid during the year
	(in lakhs of rupees)				
1974-75	93.58	0.38	5.60	88.36	8.34
1975-76	88.36	0.75	9.04	80.07	14.07
1976-77	80.07	2.99	6.75	76.31	N.A.

According to the information furnished by the department, the principal and interest overdue for recovery as on 31st March 1977 amounted to Rs. 22.01 lakhs and Rs. 12.04 lakhs respectively. Their break-up was as under :—

Period	Principal	Interest	Total
	(in lakhs of rupees)		
Below three years	10.95	4.26	15.21
Three years and above but less than five years	5.07	2.77	7.84
More than five years	5.99	5.01	11.00
Total	22.01	12.04	34.05

(a) From 23 societies.

(b) From 42 societies.

(c) From 43 societies.

*Departmental figures.

N.A. = Not available.

7.7. Co-operative banks

As on 30th June 1976, there were 12 central co-operative banks in the State, acting as financing bodies for primary societies. Besides, there were two apex institutions, namely, the Haryana State Co-operative Bank Limited and the Haryana State Land Development Bank Limited. The former provides medium and short term finance to the co-operative institutions while the latter provides long term finance to the agriculturists. According to their audited accounts, Government investment in these institutions as on 30th June 1975 and 30th June 1976, and other financial data as on those dates, were as under :—

Serial number	Institutions	Number	Paid-up Capital		Government investment in share capital	
			30th June 1975	30th June 1976	30th June 1975	30th June 1976
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	Central co-operative banks	12	7,53.46	8,08.60	2,05.05	2,45.05
2.	Haryana State Co-operative Bank Limited	1	2,28.21	2,32.21	95.90	95.90
3.	Haryana State Land Development Bank Limited	1	2,61.07	2,78.31	69.78	69.78

Loans by the Government		Net Profit		Reserves	
1974-75	1975-76	1974-75	1975-76	30th June 1975	30th June 1976
(8)	(9)	(10)	(11)	(12)	(13)
(in lakhs of rupees)					
0.86	1.36	1,03.38	1,51.50	2,88.28	3,66.55
4.86	3.20	66.88	95.85	1,74.33	2,64.31
..	..	52.72	71.11	63.11	1,36.55

In 12 central co-operative banks and the Haryana State Co-operative Bank Limited, the amounts of overdue loan and interest as on 30th June 1976 were Rs. 13,59.25 lakhs and Rs. 1,19.95 lakhs respectively. Out of these, Rs. 2,30.81 lakhs and Rs. 10.30 lakhs were outstanding for more than three years.

In respect of ten* central co-operative banks, there were 4,326 indebted co-operative societies as on 30th June 1976. Out of these, 2,550 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 3,79.02 lakhs (principal : Rs. 3,01.03 lakhs and interest : Rs. 77.99 lakhs) against which there were reserves of Rs. 1,30.69 lakhs only.

7.8. Co-operative consumers stores

There were 16 central co-operative consumers stores in the State as on 30th June 1976. Besides, there was one apex institution, namely, the Haryana State Federation of Consumers Co-operative Wholesale Stores Limited.

According to their audited accounts, the financial data of the central co-operative consumers stores for the years 1973-74, 1974-75 and 1975-76 were as under :—

Year	Number of stores	Paid-up capital	Government investment in share capital	Loans obtained from the Government and outstanding	Net profit	Reserves	Turnover
(amounts in lakhs of rupees)							
1973-74	10	16.11	10.97	22.99	2.64	8.90	6,13.47
1974-75	13	24.61	18.30	23.32	8.81	11.80	9,42.63
1975-76	16	41.69	31.87	24.62	8.73	14.16	10,14.84

During 1975-76, fourteen stores earned a net profit of Rs. 10.88 lakhs while the remaining two stores (Panipat and Kurukshetra) sustained a loss of Rs. 2.15 lakhs.

A perusal of the audited accounts of these stores for the year ended 30th June 1976 disclosed the following :—

- (a) In fourteen stores, Rs. 8.19 lakhs (cash/stores) were alleged to have been mis-appropriated/embezzled/found short.
- (b) In ten stores, debts considered bad and doubtful amounted to Rs. 5.47 lakhs against which there was a provision of Rs. 2.07 lakhs only.

*Information in respect of two remaining banks (Hissar and Kurukshetra) was not available (January 1978).

- (c) In eight stores the closing stock included damaged stocks valuing Rs. 1.29 lakhs.
- (d) In the stores at Sonapat, minors had been admitted as members in contravention of the provisions of the Co-operative Societies Act, 1961.
- (e) In the stores at Jind, no Purchase Committee was constituted as required under the bye-laws. The purchases during the year (Rs. 55.16 lakhs) were made mostly from the local market and other places without calling quotations and placing formal orders.

7.9. Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh

The above apex institution was registered in October 1966 mainly to co-ordinate and facilitate the working of affiliated co-operative consumers stores and to assist in the promotion, organisation and development of co-operative consumers stores in Haryana State.

According to its audited accounts, the financial data of the Federation for the three years ending on 30th June 1976 were as under :—

Year	Paid-up share capital	Government investment in share capital	Net profit	Reserves
	(in lakhs of rupees)			
1973-74	4.58	3.41	0.47	3.18
1974-75	7.97	6.77	5.61	3.36
1975-76	7.97	6.77	3.84	4.49

The departmental audit report for the year 1975-76 disclosed the following :—

- (a) A sum of Rs. 1.45 lakhs was recoverable from the staff including Rs. 1.28 lakhs from ex-employees on account of shortage of stores, sale proceeds, etc., against which a provision of Rs. 0.82 lakh only was made in the accounts.
- (b) The debts considered bad and doubtful amounted Rs. 1.03 lakhs against which there was a provision of Rs. 0.75 lakh only.

7.10. Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh

According to its audited accounts, the financial data of the above

Federation for the years 1972-73 to 1974-75 were as under :—

Year of account	Paid-up capital	Government investment	Cash credit guaranteed by the Government	Loans from the Government and outstanding	Net profit	Reserves
(in lakhs of rupees)						
1972-73	1,48.19	1,32.71	7,19.13	10.26	10.61	56.00
1973-74	1,86.39	1,67.71	9,79.55	11.21	23.92	86.84
1974-75	2,31.84	2,09.71	7,68.80	10.50	31.67	2,04.57

A perusal of the departmental audit report for the year 1974-75 disclosed the following :—

- (a) The Reserve for Bad and Doubtful Debts stood at Rs. 58.89 lakhs against the debts of Rs. 97.68 lakhs considered bad and doubtful by the departmental auditors.
- (b) Two thousand and eight hundred bags of fertilizer were despatched, during November 1974 and April 1975, from the Fertilizer Plant, Taraori to the various marketing societies against which confirmation of receipt was available in respect of one thousand and four hundred bags only. (The value of bags un-accounted for amounted to Rs. 1.30 lakhs).
- (c) Materials to the extent of Rs. 4.03 lakhs were reportedly received short at the Fertilizer Plant, Taraori during the years 1973-74 and 1974-75. Claims lodged were, however, rejected by the Railway authorities.

7.11. Haryana State Co-operative Industrial Federation Limited, Chandigarh

The above Federation was registered on 29th November 1967 for encouraging proper development of village level small scale and cottage industries on co-operative lines. The financial data for the three years ending 30th June 1976 are given below :—

Year	Paid-up capital	Government investment in share capital	Subsidies and loans from the Government	Profit (+)/ loss (—) during the year	Reserves
(in lakhs of rupees)					
1973-74	3.78	1.92	3.21	(+)0.08	0.08
1974-75	5.64	3.62	10.49	(—)0.22	0.44
1975-76	35.57	5.62*	3.31	(+)0.16	0.74

*Excluding Government contributions under half a million job programme (Rs. 7.18 lakhs) and employment programme for the educated unemployed (Rs. 20.76 lakhs).

The report of the departmental auditors for the year 1975-76, *inter alia*, disclosed the following irregularities :—

(a) Rupees 0.32 lakh were spent on the purchase of a car out of the amount of Rs. 0.40 lakh received as subsidy for the purchase of a mobile van.

(b) Debts and other recoverables amounting to Rs. 3.77 lakhs were considered by the auditors as bad and doubtful but no provision therefor was made in the accounts.

7.12. Co-operative sugar mills

There were (30th June 1976) four co-operative sugar mills in the State located at Karnal, Panipat, Rohtak and Sonapat. Government investment in the share capital of the sugar mills as on 30th June 1976 was Rs. 3,20 lakhs as under :—

- | | |
|---|---------------------|
| (i) Co-operative Sugar Mills, Rohtak and Panipat | Rs. 20 lakhs each |
| (ii) Co-operative Sugar Mills, Karnal and Sonapat | Rs. 1,40 lakhs each |

The sugar mills at Karnal and Sonapat were under construction (June 1976).

According to their audited accounts, the financial data of the sugar mills at Rohtak and Panipat as on 30th June 1975 and 30th June 1976 were as under :—

Serial number	Particulars	Rohtak		Panipat	
		30th June 1975	30th June 1976	30th June 1975	30th June 1976
(1)	(2)	(3)	(4)	(5)	(6)
		(in lakhs of rupees)			
1.	Paid-up capital	66.29	1,22.91	53.80	55.63
2.	Government investment in share capital	20.00	20.00	20.00	20.00
3.	Free Reserves	1,54.98	1,64.85	2,10.36	2,26.97
4.	Capital invested (1+3)	2,21.27	2,87.76	2,64.16	2,82.60
5.	Profit during the year	22.26	26.58	14.61	23.86
6.	Percentage of return on capital invested (5 ÷ 4)	10.06	9.24	5.53	8.44
7.	Cane crushed (in lakhs of quintals)	21.58	22.33	22.07	19.24
8.	Percentage of recovery	10.35	10.17	9.23	9.20

The more important irregularities pointed out by the departmental auditors in their reports on the accounts of the sugar mills at Rohtak/Panipat for the year ended 30th June 1976 were as under :—

Sugar Mills, Rohtak

(i) *Advance bonus payment* : The Board of Directors approved in May 1976 the payment of one month's salary as advance bonus to the employees adjustable against the amount of bonus, if any, for the year 1975-76 (July—June) declared after the closing of the accounts. The payment amounting to Rs. 2.88 lakhs was made.

(ii) Income included Rs. 0.88 lakh by way of adjustments of stores found excess, but not investigated.

Sugar Mills, Panipat

(A) Sugar Unit

(i) A sum of Rs. 3.51 lakhs was outstanding against certain firms (including Rs. 0.49 lakh against employees) for more than three years and was not considered doubtful by the management.

(ii) An excess payment of Rs. 0.10 lakh on account of bonus was made to daily-rated workers for the year 1974-75.

(B) Distillery Unit

Bad and doubtful debts as estimated by the departmental auditors amounted to Rs. 0.37 lakh against which there was no reserve for bad and doubtful debts.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

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

The following table shows the number of audit observations issued upto the end of March 1977 and outstanding at the end of November 1977 as compared with the position indicated in two preceding Reports.

	<i>As at the end of December 1975</i>	<i>As at the end of December 1976</i>	<i>As at the end of November 1977</i>
@ Number of observations	16,483	17,296	24,503
@ Amount involved (in crores of rupees)	26.66	26.99	40.10

The following departments have comparatively heavy outstanding observations :—

<i>Serial number</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Transport	4,955	11,96.46
2.	Buildings and Roads	2,660	6,08.17
3.	Irrigation	4,825	4,44.28
4.	Public Health	1,364	3,55.67
5.	Agriculture	1,967	2,93.37
6.	Medical	1,758	2,89.07
7.	Animal Husbandry	943	1,98.75
8.	Co-operation	106	1,85.83

@ Excludes those relating to the Haryana State Electricity Board.

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

Serial number	Nature of observation	Number	Amount involved (in lakhs of rupees)
1.	Payees' receipts not received	17,069	15,35.48
2.	Detailed bills for lumpsum draws on abstract bills not received	2,187	9,95.24
3.	Sanctions to reserve limit of stock not received	33	3,64.49
4.	Vouchers not received	2,309	3,19.28
5.	Certificates that share/debenture certificates have been obtained and kept in safe custody not received	49	2,28.88

It will be seen that a sizable portion of the outstandings is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is not possible for Audit to verify whether all the payments have been made or made for due consideration. The departments with comparatively heavy outstandings on this account are :—

Serial number	Department	Number	Amount involved (in lakhs of rupees)
1.	Agriculture	1,856	2,90.15
2.	Medical	1,576	2,73.71
3.	Transport	3,181	2,66.96
4.	Irrigation	4,703	2,48.47
5.	Buildings and Roads	2,380	2,44.31
6.	Animal Husbandry	900	1,95.80

Rupees 9,95.24 lakhs are held under observation (November 1977) as detailed contingent bills have not been received in the Audit Office. A major part (Rs. 9,28.26 lakhs) of this outstanding pertains to the Transport Department. The facility of drawing advances on abstract contingent bills by the Disbursing Officers is intended to expedite payment in certain cases, but the abstract contingent bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents) which should be sent to the Audit Office by the 15th of the month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not practicable for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn.

8.2. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial

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

At the end of November 1977, seven thousand four hundred and seventy-five inspection reports issued upto March 1977 still contained unsettled paragraphs as shown below with figures in two preceding Reports.

	<i>As at the end of December 1975</i>	<i>As at the end of December 1976</i>	<i>As at the end of November 1977</i>
* Number of inspection reports with un- settled paragraphs	6,629	6,910	7,475
* Number of paragraphs	29,930	31,289	35,737

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

Of the reports outstanding at the end of November 1977, 6,081 reports related to civil departments, 1,040 to commercial departments and 354 to revenue receipts. These included 331 inspection reports (151 civil, 167 commercial and 13 revenue receipts) for which even the first replies had not been received.

CHANDIGARH ,
Dated

13 MAR 1978

(A.G. NARAYANASWAMI)
Accountant General, Haryana

Countersigned

NEW DELHI ,
Dated

16 MAR 1978

(A. BAKSI)
Comptroller and Auditor General of India

APPENDICES

APPENDIX

APPENDIX I

(Reference : Paragraph 1.14, page 21)

UTILISATION CERTIFICATES FOR GRANTS PAID UP TO 31ST MARCH 1976
OUTSTANDING AS ON 31ST DECEMBER 1977

Department	Year of payment of grants	CERTIFICATES					
		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	289	59.84	..	..	289	59.84
	1966-67	18	12.48	..	..	18	12.48
	1967-68	37	1,99.70	1	1.08	36	1,98.62
	1968-69	371	29.14	1	0.87	370	28.27
	1969-70	192	37.24	..	..	192	37.24
	1970-71	741	72.73	..	..	741	72.73
	1971-72	494	1,15.60	..	..	494	1,15.60
	1972-73	531	92.69	..	..	531	92.69
	1973-74	715	67.26	..	..	715	67.26
	1974-75	806	58.37	..	..	806	58.37
1975-76	920	59.62	..	..	920	59.62	
	Total	5,777	9,36.84	2	1.95	5,775	9,34.89
Agriculture	1966-67	2	27.39	..	..	2	27.39
	1967-68	9	81.29	..	..	9	81.29
	1968-69	11	84.85	2	0.75	9	84.10
	1969-70	7	93.43	1	0.25	6	93.18
	1970-71	1	0.50	1	0.50	..	..

Appendix I—contd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1971-72	2	0.69	1	0.50	1	0.19
	1972-73	1	0.35	..	..	1	0.35
	1973-74	2	1.42	..	..	2	1.42
	1974-75	20	2,82.08	10	2,40.23	10	41.85
	1975-76	20	4,29.84	..	..	20	4,29.84
	Total	75	10,01.84	15	2,42.23	60	7,59.61
Education—							
(a) Education	1966-67	1	0.33	..	..	1	0.33
	1970-71	2	0.28	..	..	2	0.28
	1971-72	4	1.42	..	..	4	1.42
	1972-73	5	3.70	1	0.03	4	3.67
	1973-74	10	2.11	3	0.70	7	1.41
	1974-75	24	61.63	3	0.32	21	61.31
	1975-76	67	2,42.72	20	13.29	47	2,29.43
	Total	113	3,12.19	27	14.34	86	2,97.85
(b) N.S.S. Education	1973-74	2	4.19	..	..	2	4.19
	Total	2	4.19	..	..	2	4.19
Animal Husbandry	1966-67	45	1.00	..	..	45	1.00
	1967-68	101	2.83	..	..	101	2.83
	1968-69	109	3.21	..	..	109	3.21
	1969-70	163	7.43	..	..	163	7.43
	1970-71	73	2.10	..	..	73	2.10
	1971-72	54	6.20	..	..	54	6.20
	1972-73	10	3.86	..	..	10	3.86
	1973-74	1	0.02	..	..	1	0.02
	1974-75	6	18.92	..	..	6	18.92
	1975-76	7	19.43	..	..	7	19.43
	Total	569	65.00	..	..	569	65.00

Appendix I—contd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Technical Education	1972-73	3	1.50	2	1.00	1	0.50
	1973-74	5	15.98	..	..	5	15.98
	1974-75	3	2.87	..	..	3	2.87
	1975-76	13	42.82	2	1.75	11	41.07
	Total	24	63.17	4	2.75	20	60.42
Medical and Health—							
(a) Medical	1966-67	1	0.02	..	..	1	0.02
	1969-70	2	1.09	..	..	2	1.09
	1970-71	4	0.14	..	..	4	0.14
	1972-73	2	0.44	..	..	2	0.44
	1973-74	1	4.75	..	..	1	4.75
	1974-75	5	1.95	..	..	5	1.95
	1975-76	32	32.95	..	..	32	32.95
	Total	47	41.34	..	..	47	41.34
(b) Health	1969-70	1	0.50	..	..	1	0.50
	1974-75	2	0.65	..	..	2	0.65
	1975-76	4	8.28	1	0.28	3	8.00
	Total	7	9.43	1	0.28	6	9.15
Urban Development	1974-75	3	15.00	2	14.91	1	0.09
	1975-76	14	62.78	4	23.74	10	39.04
	Total	17	77.78	6	38.65	11	39.13
Local Government	1963-64	3	2.15	..	..	3	2.15
	1964-65	2	0.02	..	..	2	0.02
	1965-66	2	0.71	..	..	2	0.71
	1967-68	1	0.12	..	..	1	0.12
	1970-71	4	1.10	..	..	4	1.10
	1971-72	7	4.15	..	..	7	4.15
	1972-73	8	24.28	..	..	8	24.28

Handwritten notes:
 - changed
 - changed
 - 77-78
 - 77-78

Appendix I—contd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1973-74	3	2.98	..	..	3	2.98
	1974-75	2	0.67	..	..	2	0.67
	1975-76	2	0.98	..	..	2	0.98
	Total	34	37.16	..	..	34	37.16
Social Welfare							
	1973-74	6	0.59	..	..	6	0.59
	1974-75	51	17.76	22	6.67	29	11.09
	1975-76	81	15.19	6	0.73	75	14.46
	Total	138	33.54	28	7.40	110	26.14
Political							
	1970-71	1	6.00	..	..	1	6.00
	1971-72	8	11.34	..	..	8	11.34
	1972-73	1	0.40	..	..	1	0.40
	1973-74	1	0.28	..	..	1	0.28
	Total	11	18.02	..	..	11	18.02
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	1	0.01	..	..	1	0.01
	1968-69	1	0.06	..	..	1	0.06
	1969-70	2	0.58	..	..	2	0.58
	1970-71	2	0.07	..	..	2	0.07
	1971-72	2	0.42	..	0.05	2	0.37
	1972-73	5	1.09	..	0.27	5	0.82
	1973-74	4	1.41	..	..	4	1.41
	1975-76	10	14.72	8	14.00	2	0.72
	Total	30	23.39	8	14.32	22	9.07

Appendix I—concl'd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Housing	1971-72	1	0.37	..	..	1	0.37
	1972-73	1	2.07	..	..	1	2.07
	1973-74	5	4.62	..	..	5	4.62
	Total	7	7.06	..	..	7	7.06
General Administration	1974-75	1*	0.15*	..	..	1	0.15
	1975-76	1	5.00	..	..	1	5.00
	Total	2	5.15	..	..	2	5.15
Other departments	1965-66	2	1.27	..	..	2	1.27
	1969-70	1	0.02	..	..	1	0.02
	1970-71	6	0.17	..	..	6	0.17
	1971-72	1	1.00	..	..	1	1.00
	1972-73	1	1.52	..	..	1	1.52
	1973-74	3	0.07	1	0.02	2	0.05
	1974-75	21*	4.37*	3	0.18	18	4.19
	1975-76	27	8.88	12	5.18	15	3.70
Total	62	17.30	16	5.38	46	11.92	
Grand Total		6,915	26,53.40	107	3,27.30	6,808	23,26.10

*One item of Rs. 0.15 lakh (1974-75) shown in the Audit Report for 1975-76 under other departments has been shown against General Administration above.

APPENDIX II

(Reference: Paragraph 2.4, page 27)

SAVINGS UNDER GRANTS AND CHARGED APPROPRIATIONS

Serial number	Name and name of grant/appropriation	Total provision	Expenditure	Saving	Percentage of saving
(in lakhs of rupees)					
<i>Revenue</i>					
(i)	3—Home Charged	26.26	21.90	4.36	17
(ii)	4—Revenue Voted	4,07.11	3,33.26	73.85	18
(iii)	17—Agriculture Voted	13,04.11	11,33.78	1,70.33	13
(iv)	19—Fisheries Voted	27.87	24.44	3.43	12
<i>Capital</i>					
(i)	7—Other Administrative services Voted	24.50	6.00	18.50	76
(ii)	8—Buildings and Roads Charged	3.65	1.30	2.35	64
(iii)	11—Urban Development Voted	10,00.00	6,13.25	3,86.75	39
(iv)	14—Food and Supplies Voted	91,62.21	76,86.63	14,75.58	16
(v)	16—Industries Voted	2,23.72	1,62.29	61.43	27
(vi)	17—Agriculture Voted	1,75.00	1,20.78	54.22	31
(vii)	22—Co-operation Voted	24,79.32	6,71.34	18,07.98	73
(viii)	23—Transport Voted	5,74.20	5,07.77	66.43	12
(ix)	25—Loans and Advances by State Government Voted	43,20.05	36,37.30	6,82.75	16

APPENDIX III

(Reference: Paragraph 3.24, page 66)

CASES OF MISAPPROPRIATIONS AND DEFALCATIONS IN WHICH DEPARTMENTAL ACTION AND CRIMINAL PROSECUTION HAD BEEN COMPLETED BY AUGUST 1977 BUT RECOVERY WAS PENDING

Serial number	Department	Cases pertaining to				Total	
		1971-72 and earlier years		1972-73 to 1976-77		Number	Amount
		Number	Amount	Number	Amount		
<i>(amount in lakhs of rupees)</i>							
1.	Agriculture	8	1.30	1	0.10	9	1.40
2.	Transport	8	0.21	10	0.15	18	0.36
3.	Industrial Training	1	0.02	5	0.33	6	0.35
4.	Land Revenue	1	0.32	..	..	1	0.32
5.	Education	4	0.08	6	0.23	10	0.31
6.	Police	1	0.10	2	0.17	3	0.27
7.	Public Health	2	0.25	..	..	2	0.25
8.	Industries	1	0.23	..	..	1	0.23
9.	Irrigation	1	0.12	1	0.11	2	0.23
10.	Food and Supplies	1	0.11	2	0.06	3	0.17
11.	Medical	2	0.09	2	0.07	4	0.16
12.	Buildings and Roads	..	..	3	0.15	3	0.15
13.	Printing and Stationery	..	..	1	0.12	1	0.12
14.	Development and Panchayat	1	0.02	..	..	1	0.02
15.	Fisheries	1	0.02	..	..	1	0.02
16.	Civil Secretariat	1	0.01	..	..	1	0.01
Total		33	2.88	33	1.49	66	4.37

APPENDIX

(Reference : Paragraph

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

Serial number	Department	Departmental investigation cases pertaining to			
		1971-72 and earlier years		1972-73 to 1976-77	
		Number	Amount	Number	Amount (amount in lakhs)
1.	Buildings and Roads	6	0.42	33	5.86
2.	Irrigation	27	1.45	24	1.39
3.	Education	..	..	8	0.28
4.	Transport	..	..	24	1.38
5.	Public Health	1	0.01	1	0.14
6.	Medical	..	..	..	..
7.	Food and Supplies	..	..	2	0.26
8.	Development and Panchayat	2	0.05	..	..
9.	Fisheries	..	..	..	..
10.	Election	..	..	..	..
11.	Forest	1	0.14	..	..
12.	Animal Husbandry	..	..	..	..
13.	Agriculture	..	..	..	..
14.	Tourism	..	..	..	..
15.	Revenue	..	..	..	..
Total		37	2.07	92	9.31

IV

3.24, page 66)

DEPARTMENTAL INVESTIGATION OR CRIMINAL PROSECUTION (POSITION AUGUST 1977)

Criminal prosecution cases pertaining to

1971-72 and earlier years		1972-73 to 1976-77		Grand Total	
Number	Amount of rupees)	Number	Amount	Number	Amount
..	..	..	..	39	6.28
..	..	..	..	51	2.84
1	0.15	11	1.19	20	1.62
1	0.10	3	0.13	28	1.61
..	..	1	0.25	3	0.40
..	..	1	0.30	1	0.30
..	..	..	..	2	0.26
2	0.16	1	0.03	5	0.24
1	0.23	1	N.A.	2	0.23
1	0.17	..	..	1	0.17
..	..	..	..	1	0.14
1	0.05	..	..	1	0.05
1	0.02	..	..	1	0.02
..	..	1	0.01	1	0.01
1	N.A.	1	N.A.	2	N.A.
9	0.88	20	1.91	158	14.17

N.A.—Not available

APPENDIX V

(Reference : Paragraph 3.25, page 66)

LOSSES DUE TO THEFT, FIRE, IRRECOVERABLE REVENUE, DUTIES, ETC.,
WRITTEN OFF/RECOVERIES WAIVED DURING 1976-77

<i>Serial number</i>	<i>Department</i>	<i>Number of cases</i>	<i>Amount Rs.</i>
1.	Food and Supplies	92	73,954
2.	Revenue	1	19,544
3.	Animal Husbandry	20	15,059
4.	Police	6	10,585
5.	Agriculture	2	5,454
6.	Irrigation (Works)	4	5,095
7.	Hospitality Organisation	7	3,601
8.	Forest	1	929
9.	Taxation	1	769
10.	Home	1	752
11.	Other departments	9	960
	Total	144	1,36,702

APPENDIX VI

(Reference : Paragraph 5.1, page 82)

ARREARS IN RECEIPT OF STORES ACCOUNTS

Serial number	Name of the department	Period for which these are in arrears
1.	Agriculture	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75 1975-76 1976-77
2.	Animal Husbandry	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75 1975-76 1976-77
3.	Industrial Training	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75 1975-76 1976-77
4.	Medical	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75 1975-76 1976-77
5.	Printing and Stationery	1975-76 1976-77
6.	Jails	1976-77
7.	Police	1976-77
8.	Public Relations	1976-77

APPENDIX

(Reference : Paragraphs 6.5 and 6.15,

SUMMARISED FINANCIAL RESULTS OF

Serial number	Name of the Corporation	Name of the Department	Year of incorporation	Period of accounts	Total capital invested (A)	Profit (+) / Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					(Figures in columns (C))	
1.	Haryana State Electricity Board	Irrigation and Power	1967	1976-77	3,54,02.67	(+)1,03.82
2.	Haryana Financial Corporation	Industries	1967	1976-77	..	(+)95.25
3.	Haryana Warehousing Corporation	Agriculture	1967	1975-76	2,54.12	(+)21.51

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

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

(C) Represents contribution to General Reserve.

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

VII

pages 89 and 97)

STATUTORY CORPORATIONS

<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loans</i>	<i>Total return on capital invested (7+9)</i>	<i>Percentage of total return on capital invested</i>	<i>Capital employed (B)</i>	<i>Total return on capital employed (7+8)</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>6 to 10, 12 and 13 are in lakhs of rupees)</i>						
7,58.49	7,35.96	8,39.78	2.37	1,99,69.77	8,62.31	4.32
1,19.27	1,18.77	..	..	(D) 24,50.01	2,14.52	8.76
0.98	0.85	22.36	8.80	2,43.12	22.49	9.25

APPENDIX

(Reference : Paragraph 6.16,

SUMMARISED FINANCIAL RESULTS OF

Serial number	Name of the Company	Name of the Department	Date of incorporation	Year of account	Total capital invested (A)	Profit (+)/ Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Figures in columns 6 to 10, 12)						
I. Running Concerns						
1.	Haryana State Handloom and Handicrafts Corporation Limited	Industries	1976	20th February 1976 to 31st March 1977	26.15	(-)3.77
2.	Haryana Dairy Development Corporation Limited	Animal Husbandry	1969	1974-75 (Ended 31st March 1975)	3,71.25	(-)20.94
3.	Haryana Land Reclamation and Development Corporation Limited	Agriculture	1974	1975-76 (Ended 30th June 1976)	96.54	(-)3.16
4.	Haryana Tourism Corporation Limited	Tourism	May 1974	1974-75 (1st May 1974 to 31st March 1975)	1,13.69	(-)5.00
5.	Haryana Agro-Industries Corporation Limited	Agriculture	1967	1975-76 (Ended 30th June 1976)	2,97.79	(-)37.04
6.	Haryana Seeds Development Corporation Limited	Agriculture	1974	1976-77 (Ended 30th June 1977)	32.12	(+)8.85
II. Promotional and Development Undertakings						
7.	Haryana State Industrial Development Corporation Limited	Industries	1967	1976-77 (Ended 31st March 1977)	..	(+)2.54
III. Subsidiaries of Haryana State Industrial Development Corporation Limited						
8.	Haryana Breweries Limited	Industries	1970	1976-77 (Ended 31st March 1977)	2,11.98	(-)2.55

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

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

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

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

VIII

page 98)

GOVERNMENT COMPANIES

Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed (B)	Total return on capital employed (7+8)	Percentage of total return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)
and 13 are in lakhs of rupees)						
0.15	..	(-)3.77	..	54.19	(-)3.62	..
13.32	11.24	(-)9.70	..	3,78.84	(-)7.62	..
1.41	..	(-)3.16	..	91.46	(-)1.75	..
1.70	1.70	(-)3.30	..	1,08.01	(-)3.30	..
20.87	1.86	(-)35.18	..	3,46.07	(-)16.17	..
1.25	..	8.85	27.55	60.68	10.10	16.64
1.20	..	..	..	(C) 3,45.80	(D) 3.74	1.01
26.91	22.03	19.48	9.14	1,70.92	24.36	14.25

APPENDIX IX

(Reference : Paragraph 6.22, Page 130)

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

<i>Name of the Undertaking</i>	<i>Years for which accounts are in arrears</i>
Seed Depot Scheme	1966-67 to 1976-77
Colonization Scheme	1966-67 to 1976-77
Purchase and distribution of pesticides	1966-67 to 1976-77
Nationalised Text Book Scheme	1973-74 to 1976-77*
Haryana Roadways	1975-76 and 1976-77
Provincial Reserve Food Scheme	1976-77
Typewriter workshop	1973-74@

* *Pro forma* accounts for the years 1973-74 to 1975-76 are under audit.

@ The Scheme was decommercialised from 1st April 1974.

APPENDIX X

(Reference : Paragraph 6.22, page 130)

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

Serial number	Name of the concern	Period of accounts	Government capital	Mean capital excluding interest on capital	Block assets	Cumulative Depreciation	Turnover	Profit (+)/ Loss (-)	Percentage of profit on mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(Figures in columns 4 to 9 are in lakhs of rupees)									
1.	Haryana Veterinary Vaccine Institute, Hissar	1976-77	0.92	0.71	0.49	0.39	2.24	(+)0.32	45.07
2.	Haryana Roadways	1974-75	11,13.60	9,18.50	11,11.49	6,02.66	20,71.46	(-)56.43	

5. Financial Statements

1. Income Statement

Number	Name of the concern	Period of account	Capital	Revenue	Expenses	Profit	Dividend	Reserves	Total	Date of Balance Sheet	Amount of contribution to health insurance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

SUMMARY OF FINANCIAL RESULTS OF GOVERNMENT AND NON-GOVERNMENT COMMERCIAL AND INDUSTRIAL UNDERTAKINGS

(1) Year ended 31st March 1950

ANNEXURE 2