



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

**FOR THE YEAR ENDED 31 MARCH 2002**

**(CIVIL)**

**GOVERNMENT OF HARYANA**



## TABLE OF CONTENTS

	Reference to Paragraph	Page(s)
Preface		vi
<b>OVERVIEW</b>		vii-xvii
<b>Chapter I</b>		
<b>AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT</b>		
Introduction	1.1	1
Financial position of the State	1.2	1
Financial operations of the State Government	1.3	1-2
Sources and application of funds	1.4	2-7
Revenue receipts	1.5	8-9
Revenue expenditure	1.6	9-11
Capital expenditure	1.7	11
Quality of expenditure	1.8	11-12
Financial Management	1.9	12-16
Public debt	1.10	16-17
Indicators of the financial performance	1.11	18-24
<b>Chapter II</b>		
<b>APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE</b>		
Introduction	2.1	26
Summary of Appropriation Accounts	2.2	26
Results of Appropriation Audit	2.3	26-30
<b>Chapter-III</b>		
<b>CIVIL DEPARTMENTS</b>		
<b>Section A – Audit Review</b>		
<b>Welfare of Scheduled Castes and Backward Classes Department</b>		
Liberation and Rehabilitation of Scavengers	3.1	31-40
<b>Section B - Audit Paragraphs</b>		
<b>Development and Panchayat Department</b>		
Non-responsiveness to audit findings and observations resulting in erosion of accountability	3.2	41
<b>Finance Department</b>		
<b>(Inspection of Treasuries)</b>		
Overpayment of pensionary benefits	3.3	42

	<b>Reference to</b>	
	<b>Paragraph</b>	<b>Page(s)</b>
<b>Health Department</b>		
Injudicious purchase of imported implants	3.4	42-43
Delay in procurement of equipment for PGIMS, Rohtak	3.5	43-44
<b>Home Department (Director General of Police)</b>		
Infructuous expenditure on idle constable drivers	3.6	44-45
<b>Small Savings Department</b>		
Misutilisation of incentive/award money	3.7	45-47
<b>Sports Department</b>		
Unfruitful expenditure	3.8	47-48
<b>Town and Country Planning Department</b>		
Non-recovery of service charges	3.9	48-49
<b>General</b>		
Misappropriations, defalcations, etc.	3.10	49-50
Follow-up on Audit Reports	3.11(a)	50-51
Response of the departments to Draft Audit paragraphs	3.11(b)	51

#### **Chapter-IV**

#### **WORKS EXPENDITURE**

##### **Section A – Audit Review**

##### **Buildings and Roads Branch**

Integrated Audit including Manpower Management of Buildings and Roads Branch of Public Works Department	4.1	52-70
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##### **Section B - Audit Paragraphs**

##### **Buildings and Roads Branch**

Idle investment due to improper planning on road over bridge	4.2	71-72
--	-----	-------

##### **Irrigation Branch**

Unjustified premature expenditure	4.3	72-73
Avoidable expenditure	4.4	73-74

##### **Public Health Branch**

Excess payment for digging water storage tanks	4.5	74-75
Unfruitful expenditure on water supply scheme	4.6	76

	Reference to	
	Paragraph	Page(s)
<b>Chapter-V</b>		
<b>STORES AND STOCK</b>		
<b>Public Works Department (Public Health Branch)</b>	5.1	77-83
<b>Chapter-VI</b>		
<b>FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS</b>		
<b>Section A – Audit Review</b>		
<b>Rural Development Department</b>		
Rural Housing Schemes	6.1	84-98
<b>Section B - Audit Paragraphs</b>		
General	6.2	99-101
<b>Animal Husbandry Department (Haryana Live Stock Development Board)</b>		
Non-recovery of lease money	6.3	102
<b>Agriculture Department (Haryana State Agricultural Marketing Board)</b>		
Development of Mandis by the Haryana State Agricultural Marketing Board	6.4	102-107
Avoidable extra expenditure on packed bitumen	6.5	107-108
<b>Housing Department (Housing Board Haryana)</b>		
Blocking of funds due to improper planning	6.6	108-109
<b>Rural Development Department (District Rural Development Agency)</b>		
Swaranjayanti Gram Swarozgar Yojana	6.7	109-112
Reclamation work not taken up for 2½ years	6.8	113
Idle wages	6.9	114
<b>Town and Country Planning Department (Haryana Urban Development Authority)</b>		
Non-recovery of external development charges	6.10	115
Loss of revenue	6.11	116
Avoidable payment of interest	6.12	116-117



**Chapter-VII**  
**COMMERCIAL ACTIVITIES**

**Audit Paragraphs**

General	7.1	118-119
<b>Food and Supplies Department</b>		
Avoidable expenditure	7.2	119-120
Avoidable loss due to delay in disposal of rice	7.3	120-121
<b>Transport Department (Haryana Roadways)</b>		
Excess payment of passenger tax	7.4	121-122

## APPENDICES

		Paragraph	Page(s)
<b>Appendix-I</b>	Government Accounts	1.1	123
<b>Appendix-II</b>	Unnecessary supplementary grants	2.3.3 (a)	124
<b>Appendix-III</b>	Excessive supplementary grants/appropriations	2.3.3 (b)	125
<b>Appendix-IV</b>	Statement of various grants/appropriations where expenditure fell short by more than Rs 10 crore in each case and also by more than 10 <i>per cent</i> of the provision	2.3.4 (a)	126-127
<b>Appendix-V</b>	Statement of various grants/appropriations where expenditure exceeded the original provision by Rs 5 crore or more and also by more than 10 <i>per cent</i> of original provision	2.3.4 (b)	128-129
<b>Appendix-VI</b>	Persistent Savings	2.3.5	130
<b>Appendix-VII</b>	Details of saving of more than Rs 1 crore not surrendered	2.3.6	131
<b>Appendix-VIII</b>	Details of surrender in excess of actual saving in the grants	2.3.7	132
<b>Appendix-IX</b>	Cases of injudicious re-appropriation of funds resulting in excess/savings by more than Rs 50 lakh in each case	2.3.8	133-135
<b>Appendix-X</b>	Cases where expenditure was incurred without any provision of funds	2.3.9	136
<b>Appendix-XI</b>	Year-wise break-up of outstanding Inspection Reports and paragraphs as on June 2002	3.2	137
<b>Appendix-XII</b>	Department-wise/year-wise break-up of misappropriations/ defalcations, etc. cases pending at the end of June 2002	3.10	138
<b>Appendix-XIII</b>	Statement showing the names of departments where Action Taken Notes were awaited	3.11(a)	139-140
<b>Appendix-XIV</b>	Statement showing the details of time and cost overrun	4.1.7 (iii)(d)	141-143
<b>Appendix-XV</b>	Statement showing minus closing balances of stock	5.1.2	144
<b>Appendix-XVI</b>	Details of excess stock held over Reserve Stock Limit	5.1.5	145
<b>Appendix-XVII</b>	Statement showing names of bodies and authorities the accounts of which had not been received	6.2 (d)	146-151





### **Preface**

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapter I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2002.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001-2002 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 2001-2002 have also been included wherever necessary.



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# OVERVIEW





## OVERVIEW

The Report includes two Chapters on Finance and Appropriation Accounts of the Government of Haryana for the year 2001-2002 and five other Chapters comprising 3 reviews and 31 paragraphs, based on the audit of certain selected programmes and activities and financial transactions of Government. A synopsis of findings contained in the Report is presented in this overview.

As per existing arrangement, copies of the draft audit paragraphs and Reviews are sent demi-officially to the concerned Secretaries to the State Government by the Accountant General (AG), with a request to furnish replies within 6 weeks. The Secretaries are also reminded demi-officially by the AG for replies. However, despite such efforts, no reply had been received in respect of all the 31 draft audit paragraphs and 3 Reviews as of August 2002.

### 1 Review of the State's Finances

- Revenue receipts increased from Rs 6,574 crore in 2000-2001 to Rs 7,600 crore in 2001-2002 mainly due to increase in tax revenue. Tax revenue increased from Rs 4,311 crore to Rs 4,971 crore, registering an increase of 15 *per cent* mainly due to increase in stamp duty, goods and passenger tax and registration of documents of immovable properties. The share of tax revenue (Rs 4,971 crore) and non-tax revenue (Rs 1,666 crore) in total revenue receipts was 65 and 22 *per cent* respectively in 2001-2002. Non-tax revenue increased by Rs 227 crore (16 *per cent*) during 2001-2002 over the previous year due mainly to sale of more lottery tickets, increase in interest receipts from departmental commercial undertakings, grant of mining lease by public auctions, etc.
- Revenue Deficit increased from Rs 607 crore to Rs 1,056 crore and fiscal deficit from Rs 2,265 crore to Rs 2,739 crore during 2001-2002.
- Revenue expenditure increased from Rs 7,181 crore to Rs 8,656 crore. The increase of Rs 1,475 crore (21 *per cent*) during the year was mainly due to release of increased assistance (Rs 764 crore) to Haryana Vidhyut Prasaran Nigam Limited for rural electrification.
- Out of total arrears of revenue for Rs 516 crore as of March 2002, Rs 169 crore (32 *per cent*) were outstanding for more than five years indicating unsatisfactory tax compliance.
- Interest payments (Rs 1,624 crore) consumed 33 *per cent* of tax revenue and constituted 19 *per cent* of revenue expenditure.



- Capital expenditure increased from Rs 492 crore in 1997-98 to Rs 1,467 crore in 2001-2002. However, Rs 564 crore spent on purchase of foodgrains and Rs 74 crore released as subsidy to Haryana State Minor Irrigation (Tubewells) Corporation in 2001-02 and accounted as capital expenditure did not result in asset creation.
- The Government invested Rs 62.24 crore in the Government companies and Co-operative banks and societies in 2001-2002. Dividend received from total Government investment of Rs 2,905.97 crore at the end of 2001-2002 was less than even 1 per cent (Rs 0.40 crore). In 12 loss making companies, where Government had invested Rs 1,034.95 crore, the accumulated losses were Rs 931.29 crore.
- The net addition to Public Debt during the year was Rs 3,068.96 crore. After meeting the capital expenditure (Rs 1,467.12 crore) and lending for development and other purposes (Rs 216.47 crore) this generated a surplus of only Rs 1,385.37 crore. After meeting the Revenue Deficit of Rs 1,055.95 crore, cash balance increased by Rs 329.42 crore.
- Total revenue received from the seven major irrigation projects was Rs 60.07 crore against the cumulative expenditure of Rs 307.91 crore. Net loss in these projects was Rs 48.05 crore after meeting the working and maintenance expenditure.
- During 1997-2002, internal debt of the State Government grew by 357 per cent; loans and advances from Government of India by 29 per cent and other liabilities by 111 per cent. Also debt of the State on an average increased faster than the rate of growth of GSDP.
- Assistance to different bodies/authorities increased by 113 per cent from Rs 314.26 crore in 1997-98 to Rs 668.46 crore in 2001-2002.
- Amount of guarantees given by the Government to Statutory Corporations and Boards, Co-operative Banks/Societies, etc. and Government Companies showed a quantum leap from Rs 6,453 crore to Rs 12,222 crore during 1997-2002, indicating a higher risk exposure.
- Ways and Means Advances obtained by the State increased from Rs 165.75 crore in 1997-98 to Rs 2,642.96 crore in 2001-2002 (1,495 per cent). Similarly, availing of overdraft increased from Rs 49.14 crore in 1997-98 to Rs 964.01 crore in 2001-2002 (1,862 per cent). Ways and Means advances of Rs 178.01 crore and overdraft of Rs 406.65 crore remained unpaid as on 31 March 2002. This reflected significant mismatch between the receipts and disbursements of the Government.

(Paragraphs 1.1 to 1.10)



### Indicators of financial position of the State

- Increase in negative BCR and revenue deficit during the year should be seen in the context of increase in assistance to the Haryana Vidyut Prasaran Nigam Limited. Restructuring of Haryana State Electricity Board into four companies by the State Government resulted in additional burden. Weighted average cost of debt as indicated by the ratio of interest payments to total outstanding debt is 10.5 *per cent* during the year which is very close to the rate of growth of GSDP. During the year, the interest payments increased by Rs 132 crore (9 *per cent*) over the previous year and consumed 33 *per cent* of tax revenue. Analysis also shows that during the period 1997-2002, the debt of the State had increased (on an average) at a rate faster than the rate of growth of GSDP. Increase in fiscal deficit by Rs 474 crore (21 *per cent*) was mainly due to procurement of food grains under non-plan capital expenditure mainly financed by borrowings from the commercial banks. This however, did not lead to any asset creation. This indicates that the State finances had become vulnerable to heightened borrowings. Negligible returns on investment also showed weakness of State Government's finances. Defective budgeting and inadequate control over expenditure has given rise to excess expenditure over budget estimates, substantial savings, etc. This also is not a favourable trend.

(Paragraph 1.11)

### 2 Appropriation Audit and control over expenditure

- Excess expenditure of Rs 3,982.48 crore incurred during 1998-2002 was not regularised in terms of Article 205 of the Constitution of India. The Government had not furnished explanations for excess expenditure to the Public Accounts Committee as of July 2002.
- Supplementary provisions of Rs 37.31 crore obtained in 2 cases during the year was unnecessary as the expenditure in each case was less than the original provision. In other 12 cases, while additional funds of Rs 752.24 crore were needed, supplementary grants and appropriations of Rs 887.57 crore were obtained which resulted in savings of Rs 135.33 crore.
- In 8 cases, as against the actual savings of Rs 293.84 crore, the amount surrendered was Rs 414.41 crore resulting in excess surrender of Rs 120.57 crore. Against the final savings of Rs 864.68 crore in 51 cases, Rs 876.81 crore were surrendered on the last day of the year, indicating that expenditure and budgetary controls were ineffective.



- Explanations for savings/excesses were not received for 178 (34 per cent) out of 525 heads/sub-heads of accounts.

(Chapter II)

### **3 Liberation and Rehabilitation of Scavengers**

Implementation of Liberation and Rehabilitation of Scavengers Scheme, was largely ineffective. Proper survey for identification of scavengers was not conducted. Several components of the scheme were fractionally implemented, while huge funds remained unutilized. The level of awareness about the schemes was not raised and there was lack of co-ordination between State Government departments and implementing agencies. Thus, the scavengers remained engaged in the most inhuman occupation despite the implementation of the scheme for 21 years. Significant points noticed during audit were as under:

- Against the unspent grant of Rs 11.49 crore, only Rs 6.21 crore (54 per cent) was spent during 1997-2002 leaving unspent balance of Rs 5.28 crore. Neither funds were surrendered to GOI, nor permission for utilizing the grants in subsequent years was obtained. Moreover, interest of Rs 4.03 crore earned on unspent balances was irregularly utilised on pay and allowances of staff and other office expenses.
- Although grants of Rs 3.55 crore were lying with Haryana Scheduled Castes Finance Department Corporation Limited (SCDC) as unspent in February 1997, further grants of Rs 7.97 crore were obtained during 1996-97 from GOI by sending unrealistic proposals.
- Proper survey for identification of scavengers was not conducted in 1992 and the list of scavengers had to be revised in 1995 and 1997.
- Of the 32,227 untrained scavengers, only 1,589 (5 per cent) were imparted training. No training in Piggery and Dairy Farming was imparted though 6,483 (53 per cent) out of the 12,279 beneficiaries had shown aptitude in these trades.
- Against the target of rehabilitating 15,500 beneficiaries, only 6,327 (41 per cent) were rehabilitated during 1997-2002. Group projects were not formed in the State for obtaining the financial assistance.
- There was lack of co-ordination between Urban Development Department and SCDC. Conversion of dry latrines into water-borne flush latrines was not undertaken by Urban Development Department.

(Paragraph 3.1)



**4 Integrated Audit including Manpower Management of Buildings and Roads Branch of Public Works Department**

A review on the working of Public Works Department (Buildings and Roads Branch) brought to light significant weaknesses in financial and programme management. Due to weak budgetary control mechanism, savings totalling Rs 805.49 crore during 1999-2002 were not surrendered. Establishment cost exceeded the permissible limit of 25 *per cent* of works expenditure by Rs 58.48 crore. State Government could not avail of World Bank loan and Central assistance for Haryana Highway Upgradation Project due to delay in preparation of Project Report and non-adherence to terms and conditions of the World Bank. The efficiency of the department needed a closer look. Some of the important highlights are given below:

- Against the budget provisions of Rs 909.36 crore under Revenue Head and Rs 910.88 crore under Capital Head, Rs 545.48 crore and Rs 469.27 crore respectively were spent during 1999-2002. Engineer-in-Chief prepared budget estimates without adequate data base and information. No timely action was taken to reconcile the departmental expenditure figures with Accountant General's figures.
- Due to delay in finalizing the Project Report and non-adherence to the terms and conditions, the State Government could not avail a World Bank loan of Rs 690.22 crore and Central assistance of Rs 295.80 crore, besides incurring avoidable expenditure of Rs 10.52 crore on carrying out feasibility study, preparation of detailed design, etc.
- Due to non-levy of Toll fee on newly constructed bridge on Jhajra a river on Ambala-Kalka road, Government sustained loss of revenue of Rs 2.27 crore. Similarly, Government lost revenue of Rs 1.53 crore due to non-levy of Toll fee on Rewari-Ateli-Narnaul and UP Border-Sonipat-Gohana roads.
- Premature laying of renewal coats on three roads resulted in additional expenditure of Rs 3.10 crore.
- Undue financial aid of Rs 4 crore was extended to an agency for construction of over bridge at Faridabad on Built-Operate-Transfer basis resulting in loss of interest of Rs 90 lakh and Rs 2.80 crore remained outstanding against the contractor.
- Failure of departmental officers to prevent encroachment on Government land resulted in avoidable expenditure of Rs 21.64 lakh on clearing coal and foundry slag in Samalkha town.
- Extra payment of Rs 94.49 lakh was made to a contractor on account of price variation during extended period of the work despite defaults on the part of contractor.



- Construction of village roads were sanctioned without assurance of funds. In 29 cases, Rs 2.62 crore incurred on partly constructed roads became unfruitful.

(Paragraph 4.1)

## **5 Rural Housing Schemes**

The aim of Indira Awaas Yojana (IAY) was to help construction/upgradation of dwelling units by members of scheduled castes/scheduled tribes, freed bonded labourers and rural poor below poverty line by providing them grants-in-aid. In implementing this, the State Government included a large number of ineligible families by liberalising eligibility criteria. Only about 8 per cent of the BPL families were covered in 5 years. Inflated figures of expenditure and physical performance were reported to GOI to avoid deduction in release of funds. Houses were constructed departmentally and material was purchased by the implementing agencies on behalf of beneficiaries without their consent and in violation of the provisions of the scheme. Large number of houses were allotted to ineligible families. The important points detected in audit were as under:

- Inflated figures of expenditure to the extent of Rs 1.70 crore under Indira Awaas Yojana and Rs 0.28 crore under Pradhan Mantri Gramodaya Yojana were reported to GOI.
- Deduction of Rs 2.62 crore was made under IAY by GOI while releasing subsequent instalments due to excess carry over of balances and late submission of proposals.
- Rs 2.91 crore were released to 1,573 ineligible families by liberalising the eligibility criteria.
- 28 and 22 per cent of houses constructed were not provided with smokeless *chullahs* and sanitary latrines respectively.
- Contrary to the provisions of the scheme unskilled labour was engaged for construction of houses and Rs 46 lakh was paid in 3 of the 5 test checked districts.
- In test checked districts, 936 houses were allotted to ineligible persons, involving an expenditure of Rs 1.79 crore.
- In the test checked districts, unspent balances of Rs 1.07 crore were retained by the implementing agencies instead of refunding to DRDAs.
- Monitoring the scheme at State, district and block level was weak.

(Paragraph 6.1)



## 6 Development of *Mandis* by the Haryana State Agricultural Marketing Board

A review of Haryana State Agricultural Marketing Board for providing market facilities and civil amenities to the farmers brought out ineffective management. There were savings of Rs 42.59 crore (25 per cent) of the budget provisions. Extra expenditure was incurred by the Board for land acquisition due to late release of funds and by not following the land acquisition procedure. *Mandis* remained non-functional due to poor assessment of demand, poor location and poor provisioning of basic amenities. Consequently the Board suffered financially. Significant points noticed in audit were as under:

- Failure to deposit Rs 36 lakh in time for acquisition of land at Charkhi Dadri for development of a *Mandi* resulted in delayed announcement of award and loss of Rs 1.19 crore.
- Extra payment of Rs 1.25 crore had to be made due to delayed release of funds by the Board for purchase/acquisition of land for Sirsa and Uklana *Mandis*.
- Rs 6.68 crore spent on development of 7 Sub-Market yards/*Mandis* during 1981-97 remained unfruitful as these were developed without any survey for demand and proper selection of sites.
- Due to absence of basic amenities like water supply, sewerage and drainage in the New Grain Market Nigdhu (Karnal), the Market Committee could not recover interest of Rs 1.06 crore from allottees.
- In case of six market committees, Rs 16.01 crore was outstanding on account of instalments of plots/booths from 325 allottees for period ranging between 3 and 19 years. Board neither resumed the plots nor forfeited the deposits.

(Paragraph 6.4)

## 7 Swaranjayanti Gram Swarozgar Yojna

- Test-check of implementation of Swaranjayanti Gram Swarozgar Yojna brought to light significant weaknesses in the implementation of programme. The target of covering 30 per cent BPL families in 5 years was unlikely to be achieved as only 9 per cent families were covered in 3 years. Only 583 self help groups out of 4,044 groups formed, took up economic activities. Adequate attention was not paid towards training the *Swarozgaris*. Rs 2.12 crore was utilised/released for the activities not covered under the scheme, to ineligible groups in



test checked districts, etc. Banks delayed finalisation of loan cases of *Swarozgaris*. Physical verification of assets created by the *Swarozgaris* was not being conducted. The vital activities such as cluster approach for facilitating *Swarozgaris* with infrastructure, raw material, distribution, technology transfer, etc. and marketing support for goods produced by *Swarozgaris* were not taken up. Initiative for special innovative projects was not taken by the State Government although the GOI had set apart 15 per cent of funds under Swaranjayanti Gram Swarozgar Yojna for the purpose.

*(Paragraph 6.7)*

## **8 Blocking of Government funds**

- Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak imported implants costing Rs 46.22 lakh without framing any policy for use of implants, which resulted in blocking of Government funds.

*(Paragraph 3.4)*

- The indoor stadium constructed by District Sports Council, Faridabad remained incomplete for want of funds and remained unutilised. Rs 70 lakh spent so far remains blocked.

*(Paragraph 3.8)*

- Shops, booths and houses constructed by Haryana Housing Board at a cost of Rs 57.03 lakh without any norms and survey remain unallotted, resulting in blocking of funds.

*(Paragraph 6.6)*

## **9. Non-utilisation of funds**

- District Rural Development Agencies, Bhiwani and Jhajjar delayed the release of funds of Rs 4.01 crore received from Government of India for reclamation of water logged and saline land resulting in non-implementation of the project.

*(Paragraph 6.8)*

**10 Extra/avoidable expenditure**

- Delay in finalising tendered rates by the Chief Engineer, Irrigation resulted in avoidable expenditure of Rs 16.07 lakh in Narwana Water Services Division, Narwana.

*(Paragraph 4.4)*

- Haryana State Agricultural Marketing Board incurred an avoidable expenditure of Rs 1.44 crore in purchase of packed bitumen instead of bulk bitumen.

*(Paragraph 6.5)*

- Rs 1.28 crore was paid in excess as Director General Supplies and Disposals, Kolkata was not insisted upon to arrange supplies of balance allocated quantity of gunny bales at pre-revised rates.

*(Paragraph 7.2)*

**11 Excess payment**

- Treasury Officers failed to apply the required checks and made excess payment of pensionary benefits amounting to Rs 19.86 lakh.

*(Paragraph 3.3)*

- In Public Health Department, incorrect application of rates for excavation of water storage tanks for canal based water supply schemes, resulted in excess payment of Rs 1.12 crore to contractors.

*(Paragraph 4.5)*

- Without the operation of buses, 7 Depots of Haryana Roadways made excess payment of passenger tax of Rs 1.36 crore to Punjab Government for 1.37 lakh route kilometres not covered in Punjab area.

*(Paragraph 7.4)*



## **12 Unfruitful/infructuous expenditure**

- The constable drivers being in excess of vehicles, Superintendent of Police, Telecommunication, Haryana paid Rs 1.15 crore as idle wages.

*(Paragraph 3.6)*

- Rs 1.69 crore spent by the Executive Engineers of Mohindergarh Canal Water Services Mechanical Division, Narnaul and Mohindergarh Canal Water Services Division, Charkhi Dadri were rendered unfruitful due to non-availability of water.

*(Paragraph 4.3)*

- In Public Health Division, Rewari one village was included in two water supply schemes, which resulted in unfruitful expenditure of Rs 47.60 lakh incurred on defluoridation-cum-desalination plant.

*(Paragraph 4.6)*

## **13 Other points of interest**

- Director, Small Savings, misutilised the incentive/award money of Rs 1.30 crore on items not covered under the scheme of promotion of small savings.

*(Paragraph 3.7)*

- Director, Town and Country Planning failed to recover the service charges of Rs 6.93 crore from HUDA.

*(Paragraph 3.9)*

- In World Bank Project Division, Ambala Cantt. road over bridge constructed by spending Rs 2.28 crore on National Highway-I was lying unutilised due to non-construction of remaining part of over bridge by the Railways.

*(Paragraph 4.2)*

- In 9 Public Health Divisions, Rs 1.90 crore spent on pump sets, motors etc. fitted on various water works and other items were not accounted for in T&P registers.

*(Paragraph 5.1.6)*



- Thirteen Estate Officers of HUDA failed to monitor the recovery of external development charges on land released to owners after acquisition, resulting in a loss of Rs 40.55 crore.

*(Paragraph 6.10)*

- Delay in revising the rates for the sale of tender forms resulted in a loss of Rs 81.34 lakh to HUDA.

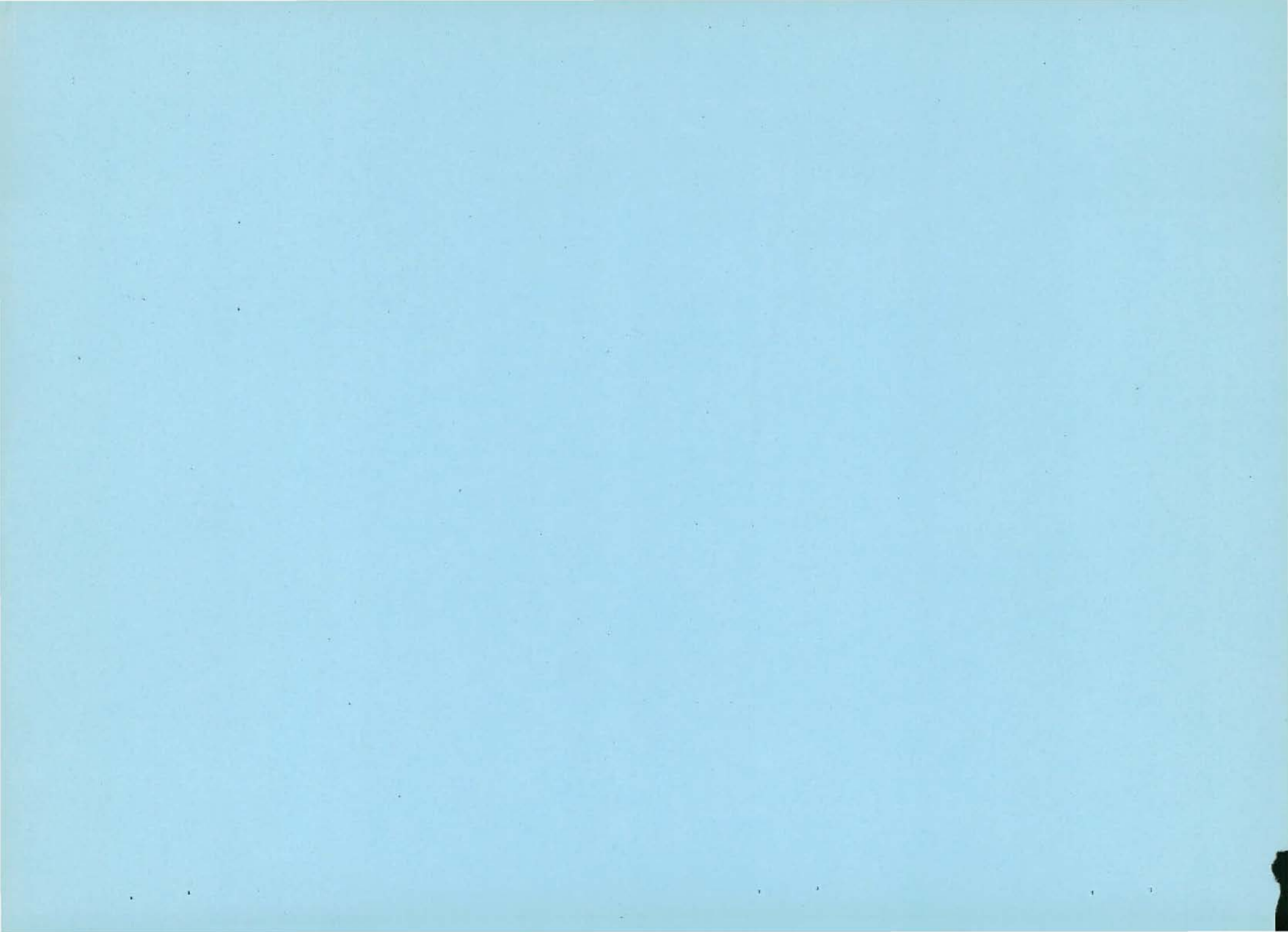
*(Paragraph 6.11)*

- Due to delay in making payment to land owners, extra interest of Rs 2.23 crore was paid by HUDA at Gurgaon and Hisar.

*(Paragraph 6.12)*

- Failure of District Food and Supply Controller, Kaithal, to deliver rice to the Food Corporation of India in accordance with terms of agreement, resulted in a loss of Rs 28.48 lakh.

*(Paragraph 7.3)*



## CHAPTER-I

# **AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT**





## CHAPTER – I

### AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

#### 1.1 Introduction

This Chapter discusses the financial position of the State Government, based on information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of financial performance of the Government, based on certain ratios and indices pertaining to some select indicators developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this Chapter are explained in the *Appendix - I*.

#### 1.2 Financial position of the State

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings, etc., owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit-1 (Page 3) gives an abstract of such liabilities and the assets as on 31 March 2002, compared with the corresponding position on 31 March 2001. While the liabilities in this statement consist mainly of money owed by the State Government such as Internal Borrowings, Loans and Advances from the Government of India, receipts from the Public Accounts and Reserve Funds, the assets comprise mainly the Capital Outlay, Loans and Advances given by the State Government and the cash balances. It would be seen from Exhibit-I (Page 3) that while the liabilities grew by 19 *per cent*, the assets grew by 17 *per cent* during 2001-2002. The overall financial position of the Government is brought out in succeeding paragraphs.

#### 1.3 Financial operations of the State Government

**1.3.1** Exhibit-II (Page 4-5) details receipts and disbursements of the State Government. The revenue expenditure (Rs 8,656 crore) during the year exceeded the revenue receipts (Rs 7,600 crore) resulting in a revenue deficit of Rs 1,056 crore. The revenue receipts comprised of tax revenue (Rs 4,971 crore), non-tax revenue (Rs 1,666 crore), State's share of Union taxes and duties (Rs 450 crore) and grants-in-aid from the Central Government (Rs 513 crore). The main sources of tax revenue were Taxes on Sales, Trade, etc. (Rs 2,945 crore : 59 *per cent*), State Excise (Rs 875 crore : 18 *per cent*),



Taxes on Goods and Passengers (Rs 499 crore : 10 *per cent*) and Stamp Duty and Registration Fees (Rs 488 crore: 10 *per cent*). Non-tax revenue came mainly from Road Transport (Rs 411 crore: 25 *per cent*), Miscellaneous General Services (Rs 388 crore: 23 *per cent*), Interest Receipts (Rs 333 crore : 20 *per cent*) and Non-Ferrous Mining and Metallurgical Industries (Rs 140 crore: 8 *per cent*).

**1.3.2** The net addition to Public Debt by the effect of remittance, suspense balance, etc. was Rs 3,068.96 crore. After meeting the capital expenditure (Rs 1,467.12 crore) and lending for development and other purposes (net) (Rs 216.47 crore), this generated a surplus of Rs 1,385.37 crore. After meeting the revenue deficit (Rs 1,055.95 crore), there was increase in cash balance by Rs 329.42 crore.

**1.3.3** The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit-II (Page 4-5) and the time series data for the five year's period from 1997-98 to 2001-2002, presented in Exhibit-IV (Page 7).

#### **1.4 Sources and application of funds**

**1.4.1** Exhibit-III (Page 6) gives the position of sources and application of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of the Loans and Advances, Public Debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and lending for developmental purposes. The revenue receipts contribute the most significant source of funds for the State Government. Their relative share in total funds decreased from 74 *per cent* in 2000-2001 to 71 *per cent* in 2001-2002. The receipts in Public Debt increased from 13 *per cent* in 2000-2001 to 22 *per cent* in 2001-2002. The receipt in Public Account decreased from 11 *per cent* to 6 *per cent* in 2001-2002.

**1.4.2** The funds were mainly applied to revenue expenditure, which remained significantly higher than the revenue receipts and led to revenue deficit of Rs 1,055.95 crore. The percentage of capital expenditure to total available funds decreased from 16 to 14 *per cent* in 2001-2002.

## EXHIBIT-I

## SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF HARYANA

(Rupees in crore)

As on 31 March 2001	Liabilities		As on 31 March 2002
4,057.74	<b>Internal Debt</b>		6,340.86
	1,761.72	Market Loans bearing interest	2,020.75
	5.42	Market Loans not bearing interest	6.56
	41.58	Loans from LIC	38.30
	2,225.19	Loans from other Institutions, etc.	3,690.59
	23.83	Ways and Means Advances	584.66
5,219.14	<b>Loans and Advances from Central Government</b>		5,334.21
	152.16	Pre 1984-85 Loans	130.71
	2,848.99	Non-plan Loans	2,775.39
	2,172.79	Loans for State Plan Schemes	2,382.39
	29.55	Loans for Central Plan Schemes	28.67
	15.65	Loans for Centrally Sponsored Plan Schemes	17.05
10.00	<b>Contingency Fund</b>		10.00
3,901.83	<b>Small Savings, Provident Funds, etc.</b>		4,307.06
412.61	<b>Deposits</b>		710.87
377.51	<b>Reserve Funds</b>		429.43
35.10	<b>Remittance Balances</b>		16.22
524.10	<b>Suspense and Miscellaneous Balances</b>		458.56
2.88	<b>Cash in Treasuries and Local Remittances<sup>1</sup></b>		2.44
294.41	<b>Deposits with Reserve Bank<sup>1</sup></b>		44.65
14,835.32	<b>Total</b>		17,654.30
As on 31 March 2001	Assets		As on 31 March 2002
9,045.45	<b>Gross Capital Outlay</b>		10,512.57
	2,843.73	Investments in shares of Companies, Corporations, etc.	2,905.97
	6,201.72	Other Capital Outlay	7,606.60
1,062.99	<b>Loans and Advances</b>		1,279.46
	187.68	Loans for Power Projects	259.72
	765.31	Other Development Loans	871.31
	110.00	Loans to Government Servants, etc.	148.43
0.34	<b>Advances</b>		0.57
123.74	<b>Cash</b>		202.95
	5.51	Departmental Balances	6.66
	0.07	Permanent Cash Imprest	0.08
	118.16	Cash Balance Investment and other Reserve Fund Investment	196.21
4,602.80	<b>Deficit on Government Accounts</b>		5,658.75
	607.48	(i) Revenue Deficit of the Current Year	1,055.95
	3,995.32	(ii) Accumulated deficit up to preceding year	4,602.80
		(iii) Miscellaneous Government Account <sup>2</sup>	
14,835.32	<b>Total</b>		17,654.30

<sup>1</sup> Included on liability side as the balances under "Cash in Treasuries and local remittances" and "Deposits with RBI" were in the negative.

<sup>2</sup> Rs 33,138 only.



**EXHIBIT-II**  
**ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR**  
**2001-2002**

(Rupees in crore)

Receipts				Disbursements				
2000-2001			2001-2002	2000-01		Non-Plan	Plan	2001-2002
	<b>Section A : Revenue</b>							
6,573.89	<b>I. Revenue Receipts</b>		7,600.55	-	<b>I. Revenue Expenditure</b>			
4,310.55	Tax Revenue	4,971.19		3,117.33	<b>General Services</b>	3,452.29	33.90	3,486.19
1,439.39	Non Tax Revenue	1,666.07		2,506.30	<b>Social Services</b>	1,995.00	729.79	2,724.79
345.81	State's share of Union Taxes and Duties	450.25		1,330.63	Education, Sports, Art and Culture	1,265.42	210.73	1,476.15
88.14	Non-Plan Grants	158.66		290.91	Health and Family Welfare	217.48	96.93	314.41
226.36	Grants for State Plan Schemes	194.86		293.89	Water Supply, Sanitation, Housing and Urban Development	278.94	31.51	310.45
163.64	Grants for Central Plan and Centrally Sponsored Plan Schemes	159.52		14.16	Information and Broadcasting	11.86	1.99	13.85
				33.69	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	15.89	23.25	39.14
				53.70	Labour and Labour Welfare	36.27	18.00	54.27
				486.48	Social Welfare and Nutrition	165.65	347.38	513.03
				2.84	Others	3.49	-	3.49
				1,542.81	<b>Economic Services</b>	1,980.92	433.90	2,414.82
				358.18	Agriculture and allied activities	260.52	132.13	392.65
				89.19	Rural Development	41.34	94.12	135.46
				325.45	Irrigation and Flood Control	290.72	134.04	424.76
				140.81	Energy	765.04	26.19	791.23
				25.32	Industry and Minerals	13.84	10.42	24.26
				578.24	Transport	595.59	22.49	618.08
				3.66	Science, Technology and Environment	0.35	3.10	3.45
				21.96	General Economic Services	13.52	11.41	24.93
				14.93	<b>Grants-in-aid and Contributions</b>	30.70	-	30.70
607.48	<b>II. Revenue Deficit carried over to Section B</b>		1,055.95					
7,181.37	<b>Total Section A</b>		8,656.50	7,181.37		7,458.91	1,197.59	8,656.50
	<b>Section B – Others</b>							
(-) 30.96	<b>III. Opening Cash Balance including Permanent Advances and Cash Balance investment</b>		(-)173.55	1,445.16	<b>II. Capital Outlay</b>	565.15	901.97	1,467.12
				30.07	<b>General Services</b>	-	50.67	50.67
				142.69	<b>Social Services</b>		191.19	191.19
				3.86	Education, Sports, Art and Culture	-	3.51	3.51
				7.36	Health and Family Welfare	-	7.51	7.51
				129.16	Water Supply, Sanitation, Housing and Urban Development	-	178.13	178.13
				0.45	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	0.70	0.70
				0.43	Social Welfare and Nutrition	-	0.21	0.21
				1.43	Others	-	1.13	1.13
				1,272.40	<b>Economic Services</b>	565.15	660.11	1,225.26
				607.66	Agriculture and allied activities	564.81	3.31	568.12
				322.46	Irrigation and Flood Control	-	354.68	354.68
				264.83	Energy	-	38.31	38.31
				4.45	Industry and Minerals	-	0.56	0.56
				71.00	Transport	0.34	259.55	259.89
				2.00	General Economic Services	-	3.70	3.70

Receipts				Disbursements			
2000-2001			2001-2002	2000-2001			2001-2002
69.51	<b>IV. Recoveries of Loans and Advances</b>		84.71	282.07	<b>III. Loans and Advances Disbursed</b>		301.18
0.87	From Power Projects	-		89.68	For Power Projects	72.04	
41.40	From Government Servants	49.28		71.32	To Government Servants	87.71	
27.24	From others	35.43		121.07	To others	141.43	
<b>1,881.80</b>	<b>V. Public Debt Receipts</b>		<b>3,358.85</b>	<b>607.48</b>	<b>IV. Revenue Deficit brought down</b>		<b>1,055.95</b>
1,563.30	Internal Debt other than Ways and Means Advances and Overdraft	2,459.43		757.05	<b>V. Repayment of Public Debt</b>		<b>960.66</b>
--	Net transaction under Ways and Means Advances and Overdraft	560.83 <sup>3</sup>		479.06	Internal Debt other than Ways and Means Advances and Overdraft	737.14	
318.50	Loans and Advances from Central Government	338.59		85.58 <sup>4</sup>	Net transaction under Ways and Means Advances and Overdraft	-	
<b>4,478.11</b>	<b>VI. Public Accounts Receipts</b>		<b>4,913.65</b>	192.41	Repayment of Loans and Advances to Central Government	223.52	
958.93	Small Savings, Provident Fund, etc.	996.76					
119.28	Reserve Funds	126.01		<b>3,480.25</b>	<b>VI. Public Account Disbursements</b>		<b>4,242.88</b>
1,130.25	Deposits and Advances	1,710.27		460.27	Small Savings, Provident Fund, etc.	591.53	
984.63	Suspense and Miscellaneous	284.36		64.52	Reserve Funds	74.08	
1,285.02	Remittances	1,796.25		1,140.00	Deposits and Advances	1,412.25	
				557.86	Suspense and Miscellaneous	349.89	
				1,257.60	Remittances	1,815.13	
				<b>(-) 173.55</b>	<b>VII. Cash Balance at end</b>		<b>155.87</b>
				<b>(-) 2.88</b>	Cash in Treasuries and Local Remittances	<b>(-) 2.43</b>	
				<b>(-) 294.41</b>	Deposits with Reserve Bank	<b>(-) 44.65</b>	
				5.58	Departmental Cash Balance including Permanent Advances, etc.	6.74	
				118.16	Cash Balance Investment	196.21	
<b>6,398.46</b>	<b>Total - Section B</b>		<b>8,183.66</b>	<b>6,398.46</b>	<b>Total</b>		<b>8,183.66</b>

<sup>3</sup> Represents receipts: Rs 3,606.97 crore and repayments: Rs 3,046.14 crore.

<sup>4</sup> Represents receipts: Rs 2,327.73 crore, repayments: Rs 2,413.31 crore.



**EXHIBIT-III**  
**SOURCES AND APPLICATION OF FUNDS**

(Rupees in crore)

2000-2001	Sources	2001-2002
6,573.89	<b>Revenue Receipts</b>	7,600.55
69.51	<b>Recoveries of Loans and Advances</b>	84.71
1,124.75	<b>Increase in Public debt</b>	2,398.19
997.86	<b>Net Receipts from Public Account -</b>	670.77
	498.66 Increase in Small Savings, Provident Funds, etc.	405.23
	(-) 9.75 Increase/Decrease (-) in Deposits and Advances	298.02
	54.76 Increase in Reserve funds	51.93
	426.77 Net effect of Suspense and Miscellaneous transactions	(-) 65.53
	27.42 Net effect of Remittance transactions	(-) 18.88
142.59	<b>Decrease in cash balance</b>	
<b>8,908.60</b>	<b>Total</b>	<b>10,754.22</b>
2000-2001	Application	2001-2002
7,181.37	<b>Revenue expenditure</b>	8,656.50
282.07	<b>Lending for development and other purposes</b>	301.18
1,445.16	<b>Capital expenditure</b>	1,467.12
--	<b>Increase in cash balance</b>	329.42
<b>8,908.60</b>	<b>Total</b>	<b>10,754.22</b>

Explanatory Notes for Exhibit I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was a difference of Rs 2.87 crore (net credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (July 2002).

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

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	5,898	5,479	5,767	6,574	7,600
<b>(i) Tax Revenue</b>	2,369(40)	3,120(57)	3,518 (61)	4,311 (66)	4,971 (65)
Taxes on Sales, Trade, etc.	1,553(65)	1,599(51)	1,968 (56)	2,573 (60)	2,945 (59)
State Excise	50(2)	775(25)	765 (22)	841 (20)	875 (18)
Taxes on Vehicles	67(3)	71(2)	85 (2)	86 (2)	104 (2)
Stamps duty and Registration fees	302(13)	295(10)	310 (9)	419 (10)	488 (10)
Land Revenue	4	4	4	12	19
Taxes on goods and passengers	331(14)	316(10)	324 (9)	367 (8)	499 (10)
Taxes and duties on Electricity	40 (2)	45 (1)	46 (1)	1 (-)	29 (1)
Other Taxes	22 (1)	15 (1)	16 (1)	12 (-)	12
<b>(ii) Non-Tax Revenue</b>	2,631(45)	1,518(28)	1,259 (22)	1,439 (22)	1,666 (22)
<b>(iii) State's share in Union taxes and duties</b>	539(9)	480(9)	525 (9)	346 (5)	450(6)
<b>(iv) Grants in aid from GOI</b>	359(6)	361(6)	465 (8)	478 (7)	513 (7)
<b>2. Misc. Capital Receipts</b>	-	-	-	-	-
<b>3. Total Revenue and Non debt capital receipt (1+2)</b>	5,898	5,479	5,767	6,574	7,600
<b>4. Recoveries of Loans and Advances</b>	522	554	233	69	85
<b>5. Public Debt Receipts</b>	1,274	1,556	2,038	1,882	3,359
Internal Debt (excluding Ways & Means Advances and Overdrafts)	472 (37)	532 (34)	923 (45)	1,563 (83)	2,459(73)
Net transactions under Ways and Means Advances and Overdraft	-	18 (1)	91 (5)	-	561 (17)
Loans and Advances from Government of India <sup>5</sup>	802 (63)	1,006 (65)	1,024 (50)	319 (17)	339 (10)
<b>6. Total Receipts in the Consolidated Fund (3+4+5)</b>	7,694	7,589	8,038	8,525	11,044
<b>7. Contingency Fund Receipts</b>	-	-	-	-	-
<b>8. Public Accounts receipts</b>	3,735	3,540	3,789	4,478	4,914
<b>9. Total receipts of the State (6+7+8)</b>	11,429	11,129	11,827	13,003	15,958
<b>Part B. Expenditure</b>					
<b>10. Revenue Expenditure</b>	6,617	7,019	6,952	7,181	8,656
Plan	645 (10)	769 (11)	901 (13)	992 (14)	1,197 (14)
Non-plan	5,972 (90)	6,250 (89)	6,051 (87)	6,189 (86)	7,459 (86)
General Services (including Interests payments)	3,261 (49)	2,778 (39)	2,903 (42)	3,117 (43)	3,486 (40)
Economic Services	1,779 (27)	2,155 (31)	1,791 (26)	1,543 (22)	2,415 (28)
Social Services	1,577 (24)	2,085 (30)	2,257 (32)	2,506 (35)	2,725 (32)
Grants-in-aid and contributions	-	1	1	15	30
<b>11. Capital Expenditure</b>	492	1,026	894	1,445	1,467
Plan	481 (98)	866 (84)	886 (99)	914 (63)	902 (61)
Non-plan	11 (2)	160 (16)	8 (1)	531 (37)	565 (39)
General Services	23 (5)	28 (3)	27(3)	30 (2)	51 (3)
Economic Services	339 (69)	849 (83)	702 (79)	1,272 (88)	1,225 (84)
Social Services	130 (26)	149 (14)	165 (18)	143 (10)	191 (13)
<b>12. Disbursement of Loans and Advances</b>	438	228	286	282	301
<b>13. Total (10+11+12)</b>	7,547	8,273	8,132	8,908	10,424
<b>14. Repayments of Public Debt</b>	476	437	543	757	961
Internal Debt (excluding Ways and Means Advances and Overdrafts)	241 (51)	191 (44)	377 (69)	479 (63)	737(77)
Net transactions under Ways and Means Advances and Overdraft	6 (1)	-	-	86 (11)	-
Loans and Advances from Government of India	229 (48)	246 (56)	166 (31)	192 (25)	224 (23)
<b>15. Appropriation to Contingency Fund</b>	-	-	-	-	-
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	8,023	8,710	8,675	9,665	11,385
<b>17. Contingency Fund disbursements</b>	-	-	-	-	-
<b>18. Public Accounts disbursements</b>	3,434	2,465	3,095	3,480	4,243
<b>19. Total disbursement by the State (16+17+18)</b>	11,457	11,175	11,770	13,145	15,628
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (1-10)</b>	719	1,540	1,185	607	1,056
<b>21. Fiscal Deficit (3+4-13)</b>	1,128	2,240	2,132	2,265	2,739
<b>22. Primary Deficit (21-23)</b>	308	1,243	775	773	1,115
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure .)</b>	820	997	1,357	1,492	1,624
<b>24. Arrears of Revenue(Percentage of Tax &amp; non-tax Revenue Receipts)</b>	257 (5)	307 (7)	312 (7)	395 (7)	516(8)
<b>25. Financial Assistance to local bodies etc.</b>	314	381	411	512	668
<b>26. Ways and Means Advances (WMA)/Overdraft availed (days)</b>	29	154	245	281	299
<b>27. Interest on WMA/Overdraft</b>	0.36	0.94	3.66	4.38	7.15
<b>28. Gross State Domestic Product (GSDP)<sup>6</sup></b>	37,789	42,941	47,184	52,242	57,727
<b>29. Outstanding Debt (year end)</b>	8,063	10,199	12,249	13,928	17,004
<b>30. Outstanding guarantees including interest (year end)</b>	3,151	3,977	4,316	8,209	8,606
<b>31. Maximum amount guaranteed (year end)</b>	6,453	6,906	7,219	12,025	12,222
<b>32. Number of incomplete projects</b>	6	6	6	6	3
<b>33. Capital blocked in incomplete projects</b>	8.82	8.82	8.82	8.82	2.50

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

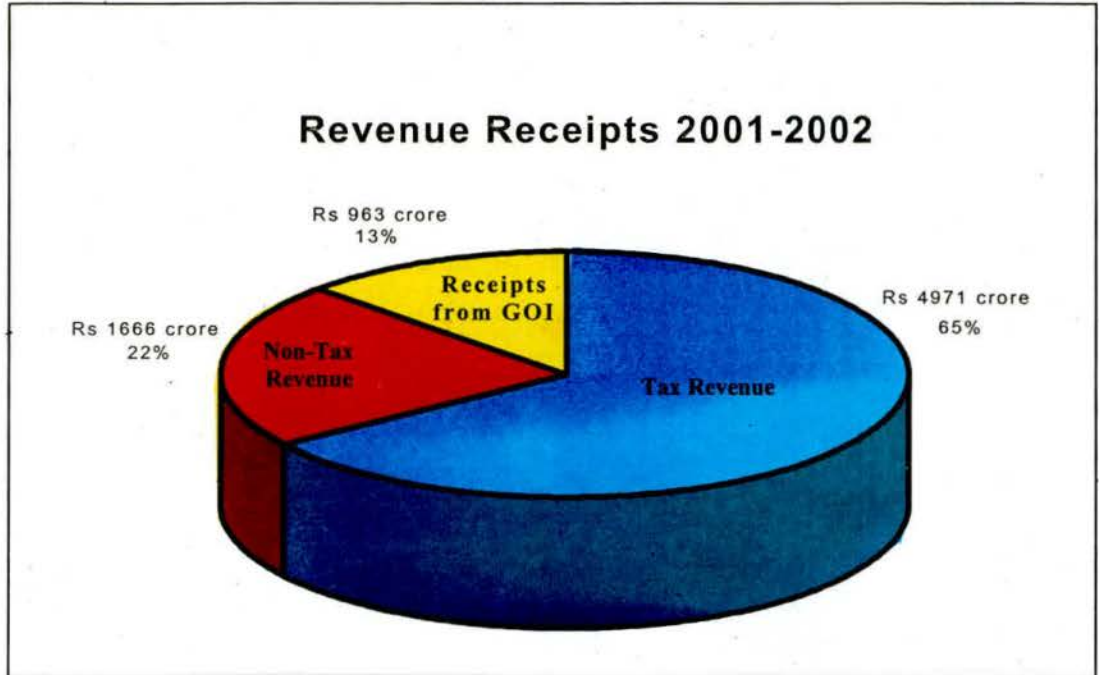
<sup>5</sup> Includes Ways and Means Advances from GOI.

<sup>6</sup> Source of GSDP : GSDP for 2001-2002 has been worked out by taking growth rate of 10.5 per cent on the basis of last four years average from 1997-98 to 2000-01.



## 1.5 Revenue receipts

1.5.1 The revenue receipts of the State have four components: own tax revenue, non-tax revenue, tax transfers from the Government of India (GOI) and the grants-in-aid. The relative share of these components are shown below. During 2001-02, the revenue receipts increased by 16 per cent over that of 2000-01.



### *Tax revenue*

1.5.2 Tax revenue constitutes a major share (65 per cent) of the revenue receipts. The increase in own tax during 2001-02 (Rs. 4,971 crore) over 2000-01 (Rs 4,311 crore) was Rs 660 crore (15 per cent). The increase in tax revenue was mainly under taxes on Sales, Trade, etc. by Rs 371 crore, Stamp and Registration fees by Rs 69 crore and Taxes on Goods and Passenger Tax by Rs 132 crore. The increase under Taxes on Sales, Trade, etc. was attributable to increase in procurement price of wheat and its heavy arrival in the market, hike in prices of High Speed Diesel (HSD) and petrol, and effective check on tax evasion by introduction of Form ST-38 for regulating movement of goods in and out of the State. Similarly, the increase under Stamps and Registration fees and Taxes on Goods and Passenger Tax was due mainly to revision of rates for immovable properties and more registration of documents in the State and to imposition of Haryana Local Development Tax respectively.

### *Non-tax revenue*

1.5.3 The share of non-tax revenue in total revenue receipts declined from Rs 2,631 crore (45 per cent) in 1997-98 to Rs 1,666 crore (22 per cent) in 2001-02. However, non-tax increased in 2001-02 over 2000-01 by Rs 227 crore (16 per cent). The increase was mainly under 'Miscellaneous General Services' (Rs 88 crore), 'Interest receipts' (Rs 97 crore) and

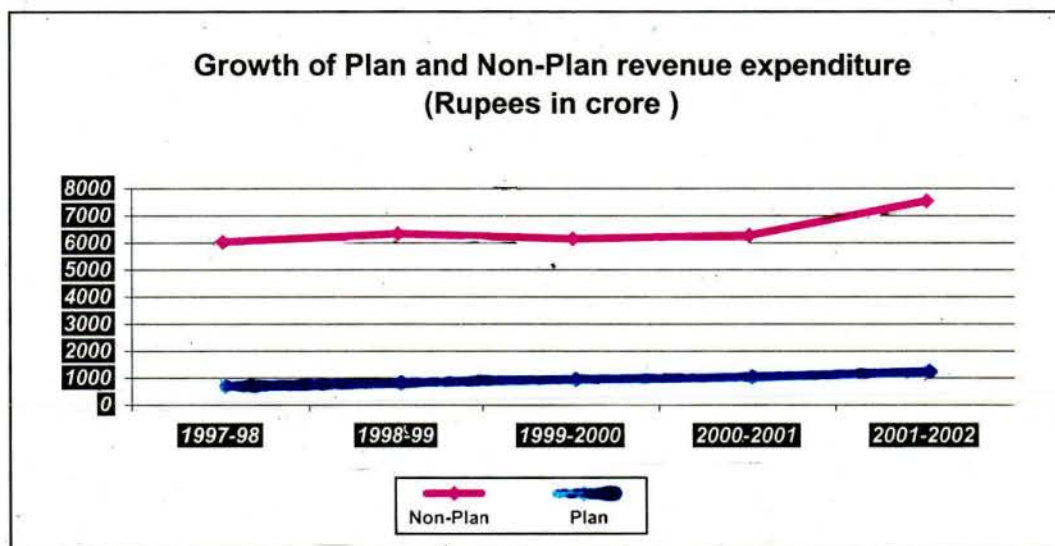
'Non-Ferrous Mining Metallurgical Industries' (Rs 35 crore) . While the increase under Miscellaneous General Services was due mainly to sale of more lottery tickets, under 'Interest receipts' it was due to more receipts from departmental commercial undertakings, Public sector /other undertakings and co-operative societies. The increase under 'Non-Ferrous Mining Metallurgical Industries' was attributable to higher bids in grant of mining lease by public auctions and strenuous efforts for recovery by departmental officers of Industries Department.

### **State's share of Union taxes and duties and grants-in-aid from the Central Government**

**1.5.4** The grants-in-aid from the Central Government increased by Rs 154 crore (43 *per cent*) during the period 1997-2002. During the year, the State's share of Union taxes and duties increased by Rs 104 crore (30 *per cent*) over the previous year. However, as a percentage of revenue receipts, these receipts (taken together) came down from 17 *per cent* in 1999-2000 to 13 *per cent* during 2001-2002. This was due to decrease in State's share of Union taxes and duties from 9 *per cent* in 1999-2000 to 6 *per cent* in 2001-02.

## **1.6 Revenue expenditure**

**1.6.1** The revenue expenditure increased from Rs 6,617 crore in 1997-98 to Rs 8,656 crore in 2001-2002 registering an increase of 31 *per cent* as detailed in Exhibit-IV (Page 7). During the year, revenue expenditure increased by Rs 1,475 crore (21 *per cent*) over 2000-2001. Growth of Plan and Non-Plan revenue expenditure is shown as under:



**1.6.2** Sector-wise analysis shows that expenditure on 'Social Services' increased by 73 *per cent* from Rs 1,577 crore in 1997-98 to Rs 2,725 crore in 2001-2002. Expenditure under 'General Services' and 'Economic Services' increased by 7 *per cent* and 36 *per cent* respectively during the same period. However, during the year, expenditure on 'General Services' increased by



Rs 369 crore due mainly to increase in interest payments by Rs 132 crore and more expenditure under 'State lotteries' (Rs 88 crore) and on pension and other retirement benefits (Rs 86 crore). Similarly, expenditure on 'Social Services' increased by Rs 219 crore (9 per cent) during the year due to increased expenditure on general education (Rs 134 crore) and on water supply (Rs 38 crore). Expenditure on 'Economic Services' increased by Rs 872 crore during the year mainly due to release of enlarged assistance (Rs 764 crore) to Haryana Vidhyut Prasaran Nigam Limited (HVPNL) for rural electrification and large expenditure under Major Irrigation (Rs 65 crore).

### **Interest payments**

**1.6.3** Interest payments increased steadily by 98 per cent from Rs 820 crore in 1997-98 to Rs 1,624 crore in 2001-2002. During the year, interest payments consumed 33 per cent of tax revenue and constituted 19 per cent of revenue expenditure of the State Government. Increase of Rs 132 crore in interest payments during 2001-2002 as compared to 2000-2001 was 9 per cent mainly on Internal Debt. This is further discussed in the section on financial indicators at Para 1.11.2(ii).

### **Financial assistance to local bodies and other institutions**

**1.6.4** The quantum of assistance provided to different Bodies/Authorities etc., during the period of five years ending 2001-2002 was as follows:

Sr. No.	Bodies/ authorities, etc.	1997-98	1998-99	1999-2000	2000-2001	2001-2002
(Rupees in crore)						
1	Universities and Educational Institutions	101.55	102.12	130.43	167.48	215.59
2	Municipal Corporation and Municipalities	102.46	103.76	103.55	116.26	144.03
3	Zila Parishads and Panchayati Raj Institutions	1.44	2.67	4.97	9.78	35.77
4	Development Agencies	48.67	87.27	91.76	119.06	128.32
5	Hospitals and other Charitable Institutions	5.63	8.39	19.29	12.10	16.04
6	Other Institutions (including statutory bodies)	54.51	76.55	61.42	87.49	128.71
	<b>Total</b>	<b>314.26</b>	<b>380.76</b>	<b>411.42</b>	<b>512.17</b>	<b>668.46</b>
	Percentage of increase(+)/ decrease(-) over previous year	(-)21	21	8	24	31
	Assistance as a percentage of revenue receipts	5	7	7	8	9
	Percentage of assistance to revenue expenditure	5	5	6	7	8

During 2001-2002, the quantum of assistance provided to different bodies/ authorities, etc. increased by 31 per cent over that of 2000-01.

### Loans and Advances by the State Government

**1.6.5** Government gives loans and advances to the Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc. for developmental and non-developmental activities. During the years 1998-99 to 2001-2002, uncollected balance considerably increased (60 per cent) from Rs 797 crore to Rs 1,279 crore. Recovery of loans decreased by 85 per cent from Rs 554 crore to Rs 85 crore during the same period.

	1998-99	1999-2000	2000-2001	2001-2002
	(Rupees in crore)			
Opening balance	1,123	797	850	1,063
Amount advanced during the year	228	286	282	301
Amount repaid during the year	554	233	69	85
Closing balance	797	850	1,063	1,279
Net addition(+)/ reduction(-)	(-326)	(+53)	(+213)	(+216)
Interest received	7	7	9	8

### 1.7 Capital expenditure

Capital expenditure generally leads to asset creation. In addition, financial assets arise from money invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations, etc. and loans and advances. Capital expenditure had grown from Rs 492 crore in 1997-98 to Rs 1,467 crore in 2001-2002, an increase of Rs 975 crore (198 per cent) as a result of which its share in total expenditure<sup>7</sup> had grown from 7 per cent in 1997-98 to 14 per cent in 2001-2002. It was even 17 per cent during 2000-2001. Exhibit-IV shows that most of the capital expenditure (84 per cent) was made on 'Economic Services' of which Rs 563.85 crore was spent on procurement and supply of foodgrains and Rs 74 crore was given as subsidy to Haryana State Minor Irrigation (Tubewells) Corporation. This expenditure, however, did not lead to any asset creation.

### 1.8 Quality of expenditure

**1.8.1** Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. The Government expenditure is broadly classified into plan and non-plan and revenue and capital. While the plan and capital expenditure is usually associated with asset creation, the non-plan and revenue expenditure is identified with expenditure on establishment, maintenance and services.

<sup>7</sup> Revenue expenditure plus Capital expenditure.



**1.8.2** Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year, it should be excluded from the figures of expenditure for that year for the purpose of financial achievements. Another possible indicator is the increase in the expenditure on General Services to the detriment of Economic and Social Services. The following table/lists out the trend in these indicators:

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
1. Plan expenditure as a percentage of					
-Revenue expenditure	10	11	13	14	14
-Capital expenditure	98	84	99	63	61
2. Capital expenditure (Per cent of total expenditure)	7	13	11	17	14
3. Expenditure on General Services (Per cent)					
-Revenue	49	39	42	43	40
-Capital	5	3	3	2	3
	(Rupees in crore)				
4. Amount of wastages and diversion of funds, other irregularities, etc. detected during test audit	3.42	82.87	363	441	471
5. Non-remunerative expenditure on incomplete projects (Rs in crore)	8.82	8.82	8.82	8.82	2.50

It would be seen that the share of plan expenditure on capital side had decreased from 99 per cent in 1999-2000 to 61 per cent in 2001-2002 despite significant increase in the capital expenditure. Comments in Paragraph 1.7 also refers.

## **1.9 Financial Management**

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Based on the findings of the test audit, subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government. Some other parameters, which can be segregated from the accounts and other related financial information of the Government are discussed in this section.

### **1.9.1 Investments and returns**

Investments by the Government are made out of the capital outlay to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as

under:

Sector	Number of concerns	Amount invested	
		As on 31.03.2002	During 2001-2002
		(Rupees in crore)	
Statutory Corporations	7	1,535.82	-
Government Companies	25	1,184.11	58.49
Joint Stock Companies	31	1.75	-
Co-operative Institutions	807	184.29	3.75 <sup>8</sup>
<b>Total</b>	<b>870</b>	<b>2,905.97</b>	<b>62.24</b>

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent)
	(Rupees in crore)			
1997-98	1,898.07	2.38	0.13	13.05 and 12.30
1998-99	2,224.32	2.21	0.10	12.15 and 12.50
1999-2000	2,568.20	7.78	0.30	11.85 and 12.25
2000-2001	2,843.73	1.81	0.06	10.52 and 12.00
2001-2002	2,905.97	0.40	0.01	8, 8.30, 9.45 and 10.35

Thus, while the Government was raising high cost borrowings, its investments in the Government companies, etc. fetched insignificant returns. As on 31 March 2002, 12<sup>9</sup> Government Companies, in which the Government invested Rs 1,034.95 crore, were running under loss with accumulated losses of Rs 931.29 crore as per the accounts furnished by these companies for various years from 1996-97 to 2000-01. During 1967-1996 Haryana State Electricity Board (Statutory Corporation) where Rs 1,500 crore had been invested, has been restructured into four Government companies (1998) but the assets and liabilities were yet to be finalised and redistributed. The total accumulated losses in the Government companies is likely to increase when HSEB accounts and the assets and liabilities are finalised and redistributed.

### 1.9.2 Financial results of irrigation works

The financial results of 7 major irrigation projects with a capital outlay of Rs 307.91 crore at the end of March 2002 showed that revenue realised from these projects during 2001-2002 (Rs 60.07 crore) was only 19.51 per cent of

<sup>8</sup> Includes investment of Rs 8.61 crore during the year and excludes Rs 4.86 crore being the capital retired during the year.

	Investment	Loss	Year of Account
	(Rupees in crore)		
(i) Haryana Dairy Development Corporation Limited	5.57	6.74	2000-01
(ii) Haryana State Minor Irrigation (Tubewells) Corporation Limited	10.89	83.21	1996-97
(iii) Haryana State Handloom and Handicrafts Corporation Limited	2.65	5.89	1999-2000
(iv) Haryana Tanneries Limited	0.67	10.55	2000-01
(v) Haryana Scheduled Castes and Finance Development Corporation Limited	25.96	6.17	1997-98
(vi) Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited	8.51	3.12	1997-98
(vii) Haryana Vidyut Prasaran Nigam Limited	572.33	247.45	2000-01
(viii) Haryana Power Generation Limited	243.52	51.91	1999-2000
(ix) Dakshin Haryana Bijli Vitran Nigam Limited	66.80	254.78	2000-01
(x) Uttar Haryana Bijli Vitran Nigam Limited	96.07	257.44	2000-01
(xi) Pig Iron Project, Hisar	0.17	0.02	2000-01
(xii) Haryana State Small Industries and Export Corporation	1.81	4.01	2000-01
	<b>1,034.95</b>	<b>931.29</b>	



the capital outlay. After meeting the working and maintenance expenditure (Rs 92.46 crore) and interest charges (Rs 15.66 crore), the projects suffered a net loss of Rs 48.05 crore.

### 1.9.3 Incomplete projects

As of 31 March 2002, there were 3<sup>10</sup> incomplete projects in which Rs 2.51 crore was blocked.

### 1.9.4 Arrears of revenue

The arrears of revenue increased by 101 *per cent* during five years (Exhibit-IV). Of the arrears of Rs 515.74 crore as of March 2002, Rs 168.70 crore (32 *per cent*) were pending for more than five years and pertain mainly to "Taxes on Sales, Trade, etc." (Rs 113.91 crore), "Taxes and Duties on Electricity" (Rs 29.49 crore) and "State Excise" (Rs 10.28 crore). The overall increase in the arrears of revenue showed a slackening of the revenue collection efforts of the State Government and declining tax compliance.

### 1.9.5 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs 1.14 crore. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary and special ways and means advances (WMA)/overdraft (OD) from time to time. The limit was Rs 167 crore for ordinary and Rs 10.62 crore to Rs 11.01 crore for special ways and means advances during the year.

Analysis of ways and means advances and overdraft taken by the State Government and interest paid thereon showed that Government's reliance on overdraft had increased alarmingly during 1997-2002:

Year	Ways and means advances			Overdraft		
	Advance taken during the year (gross)	Advance outstanding at the end of the year	Interest paid	Taken during the year (gross)	Outstanding at the end of the year	Interest paid
(Rupees in crore)						
1997-98	165.75	-	0.27	49.14	-	0.09
1998-99	497.89	18.41	0.66	579.55	-	0.28
1999-2000	1,211.78	109.41	2.09	656.07	-	1.57
2000-2001	1,563.46	23.83	1.28	764.26	-	3.10
2001-2002	2,642.96	178.01	6.35	964.01	406.65	0.80

This reflected significant mismatch between the receipts and disbursements of the Government.

<sup>10</sup>

- (i) Construction of Judicial complex of Safidon (Rs 1.04 crore);
- (ii) Construction of HL Bridge over Bagna Nadi Crossing, Kalpi Joli (Rs 0.87 crore) and
- (iii) Raising Side Drain and Retaining Wall on Karnal Assandh Jind Road (Rs 0.60 crore).

### 1.9.6 Deficit

**1.9.6.1** Deficit in Government account is the gap between receipts and payments. The nature of deficit is an important indicator of the financial management process in the Government. Further, the ways of financing the deficit and the application of the funds raised for the purpose are important pointers to the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

**1.9.6.2** Revenue Deficit is the excess of revenue expenditure over revenue receipts. Fiscal Deficit is the excess of revenue and capital expenditure (including net loans) over the revenue receipts (including grants-in-aid). Primary deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account during 2001-2002.

#### EXHIBIT-V

#### FINANCIAL OVERVIEW OF THE GOVERNMENT EXPENDITURE

(Rupees in crore)

CONSOLIDATED FUND(CF)				
Receipts	Amount		Disbursements	Amount
Revenue	7,600	Revenue deficit: 1056	Revenue	8656
Miscellaneous Capital receipts	-		Capital	1,467
Recovery of loans and advances	85		Loans and Advances disbursement	301
<b>Sub-total</b>	<b>7,685</b>	<b>Gross fiscal deficit: 2,739</b>	<b>Sub Total</b>	<b>10,424</b>
Public debt	6,405		Public debt repayments	4,007
<b>Total</b>	<b>14,090</b>	<b>A: Deficit in CF:341</b>	<b>Total</b>	<b>14,431</b>
PUBLIC ACCOUNT				
Small savings, PF etc.	997		Small savings, PF etc	592
Deposit and Advances	1,710		Deposit and Advances	1,412
Reserve Funds	126		Reserve Funds	74
Suspense and Miscellaneous.	284		Suspense and Miscellaneous	350
Remittances	1,796		Remittances	1,815
<b>Total</b>	<b>4,913</b>	<b>B: Deficit in CF financed by Public Account: 670</b>	<b>Total</b>	<b>4,243</b>
<b>Increase in cash balance (B-A):329</b>				

The table shows that the revenue deficit of Rs 1,056 crore was entirely met from borrowings. The Fiscal Deficit of Rs 2,739 crore was financed by net proceeds of the Public Debt (Rs 2,398 crore) and partly by the surplus from Public Account (Rs 670 crore).



### 1.9.6.3 Application of the borrowed funds (Fiscal Deficit)

The fiscal deficit represents total net borrowings of the Government. These borrowings are applied for meeting the revenue deficit (RD), for meeting the capital expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the last five years:

Ratio	1997-98	1998-99	1999-2000	2000-2001	2001-2002
RD/FD	0.64	0.69	0.56	0.27	0.39
CE/FD	0.44	0.46	0.42	0.64	0.53
Net loans/FD	(-) 0.08	(-) 0.15	0.02	0.09	0.08
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

It would be seen that 39 per cent of borrowed funds were applied during the year for meeting the revenue expenditure. However, the increase in capital expenditure was mainly due to non-plan capital expenditure on account of purchase of foodgrains from borrowed funds.

### 1.9.7 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc. raised by the statutory corporations, Government companies and cooperative institutions, etc. and payment of interest and minimum dividend by them. They constitute contingent liability of the State.

No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which the Government may give guarantees on the security of the Consolidated Fund of the State. The amount of guarantees given by the Government increased from Rs 6,453 crore to Rs 12,222 crore (89 per cent increase) during 1997-2002 (Exhibit-IV). The amount guaranteed as at the end of the year was nearly 1.6 times more than the revenue receipts of the year. The guarantees were given mostly for Haryana State Financial Corporation, Other Statutory Corporations and Boards, Government Companies, Co-operative banks/societies, etc.

## 1.10 Public debt

**1.10.1** The Constitution of India provides that a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the

following table:

Year	Internal Debt	Loans and advances from Central Government	Total Public Debt	Other liabilities <sup>11</sup>	Total Debt	Ratio of Debt to GSDP
(Rupees in crore)						
1997-98	1,388.38	4,149.71	5,538.09	2,524.77	8,062.86	0.21
1998-99	1,747.92	4,908.98	6,656.90	3,542.03	10,198.93	0.24
1999-2000	2,384.98 (+) 674.10 <sup>12</sup>	5,767.15 (-) 674.10 <sup>12</sup>	8,152.13	4,096.77	12,248.90	0.26
2000-2001	4,057.74	5,219.14	9,276.88	4,651.26	13,928.14	0.27
2001-2002	6,340.86	5,334.21	11,675.07	5,328.62	17,003.69	0.29

During 1997-2002, the total liabilities of the Government had grown by 111 per cent. This was on account of 357 per cent growth in internal debt, 29 per cent growth in loans and advances from the Government of India and 111 per cent growth in other liabilities. During 2001-2002, the Government borrowed Rs 292.86<sup>13</sup> crore from the open market at interest rates of 8, 8.30, 9.45 and 10.35 per cent per annum.

**1.10.2** The amount of funds raised through debt, the amount of repayment and net funds available are given in the following table:

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
(Rupees in crore)					
<b>Internal Debt<sup>14</sup></b>					
-Receipt	472	532	923	1,563	2,459
-Repayment (principal + interest)	404	397	555	895	1,252
-Net funds available (per cent)	68(14)	135(25)	368(40)	668(43)	1,207(49)
<b>Loans and Advances from GOI</b>					
- Receipt during the year	802	1,006	1,024	319	339
- Repayment (principal+interest)	670	773	804	856	913
- Net funds available (per cent)	132(16)	233(23)	220(21)	(-) 537 <sup>15</sup> (-) 168	(-) 574 <sup>15</sup> (-) 169
<b>Other liabilities</b>					
- Receipt during the year	2,277	2,176	2,141	2,165	2,782
- Repayment + Interest paid	2,184	1,421	2,021	2,018	2,418
- Net funds available (per cent)	93(4)	755(35)	120(6)	147(7)	264(9)

It is seen that under GOI loans, there was net outflow. To meet this there was heightened borrowings.

<sup>11</sup> Other liabilities include small savings, provident funds, reserve funds and deposits, etc.

<sup>12</sup> Change in classification carried out as per correction slip No.373 dated 22.6.2000 issued by Controller General of Accounts.

<sup>13</sup> Rs 292.86 crore includes Rs 2.39 crore of previous year.

<sup>14</sup> These represent borrowings from market and institutional borrowings excluding Ways and Means Advances and Overdraft from Reserve Bank of India.

<sup>15</sup> Represents repayments (including interest paid) more than the receipts.



## **1.11 Indicators of the financial performance**

**1.11.1** A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if the Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity primarily through Five Year Plans, which translate to annual development plans and are provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity<sup>16</sup>, while plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility, vulnerability and transparency. These terms are defined as follows:

### **(i) Sustainability**

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

### **(ii) Flexibility**

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

### **(iii) Vulnerability**

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

### **(iv) Transparency**

The issue of transparency concerns the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist, and completeness of accounts would be the principal criterion.

**1.11.2** Information available in Finance Accounts can be used to analyse sustainability, flexibility, and vulnerability and can be expressed in terms of

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<sup>16</sup> There are exceptions to this notably transfer of Plan to Non-plan at the end of Plan period.

certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Annexure (Page 24). The following table indicates the behaviour of these indices/ratios over the period 1997-98 to 2001-2002.

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
(1)	(2)	(3)	(4)	(5)	(6)
<b>Sustainability</b>					
BCR (Rs in crore)	(-) 402.00	(-)	(-) 717	(-) 6	(-) 213
		1,085.00			
Primary Deficit (PD) (Rs in crore)	308.00	1,243.00	775	773	1,115
Interest Ratio	0.103	0.154	0.208	0.198	0.178
Capital outlay/Capital receipts	0.29	0.39	0.36	0.67	0.49
Total Tax Receipts/GSDP	0.08	0.08	0.08	0.09	0.09
State Tax Receipts/GSDP	0.06	0.07	0.07	0.08	0.09
Return on Investment ( <i>per cent</i> )	0.13	0.10	0.30	0.06	0.01
<b>Flexibility</b>					
BCR (Rs in crore)	(-) 402.00	(-)	(-) 717	(-) 6	(-) 213
		1,085.00			
Capital repayments/ Capital borrowings	0.37	0.28	0.28	0.36	0.34
State Tax Receipts/GSDP	0.06	0.07	0.07	0.08	0.09
Debt/GSDP	0.21	0.24	0.26	0.27	0.29
<b>Vulnerability</b>					
Revenue Deficit(RD) (Rs in crore)	719.00	1,540.00	1,185	607	1,056
Fiscal Deficit(FD) (Rs in crore)	1,128.00	2,240.00	2,132	2,265	2,739
Primary Deficit(PD) (Rs in crore)	308.00	1,243.00	775	773	1,115
PD/FD	0.27	0.55	0.36	0.34	0.41
RD/FD	0.64	0.69	0.56	0.27	0.39
Outstanding guarantees/revenue receipts	0.53	0.73	0.75	1.25	1.13
Assets/Liabilities	0.84	0.73	0.68	0.69	0.68

The implications of these indices/ratios for the State of the financial health of the State Government are discussed in the following paragraphs:

### **Sustainability**

#### **(i) Balance from current revenues (BCR)**

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenue for meeting plan expenditure.

The table shows that BCR continued to remain negative since 1997-98. This indicated that the State had no surplus from current revenues for funding its Annual Plans in these years. The position has worsened during the year in comparison to previous year. It is because of release of more assistance under Energy sector during the year.



**(ii) Interest ratio**

Interest ratio is the relativity between net interest outgo to revenue receipts excluding interest receipts. The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts.

In case of Haryana, interest ratio increased from 0.103 in 1997-98 to 0.178 in 2001-2002 indicating drop in availability of revenue receipts for programme spending and constituted 19 *per cent* of revenue expenditure during the year (Discussion in Paragraph 1.6.3 refers). Interest payments had increased during the year mainly on internal debts. Weighted average cost of debt as indicated by the ratio of interest payments to total outstanding debt is 10.5 *per cent*<sup>17</sup> in 2001-2002 and is now very close to the rate of growth of GSDP and servicing of the loans is unsustainable.

**(iii) Capital outlay/capital receipts**

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long run in as much as it would indicate that a part of the capital receipts was being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments were being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance.

In case of Haryana, the ratio of capital outlay to capital receipts had been less than 1 indicating that in all these years part of capital receipts was used to meet revenue expenditure.

**(iv) Tax receipts Vs Gross State Domestic Product (GSDP)**

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility.

Time series analysis shows that ratio of State tax receipts to the GSDP had ranged between 0.06 and 0.09. Further, in view of revenue deficits and low rate of State taxes, the State Government had to borrow heavily (which comes at a cost) for meeting its revenue expenditure.

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<sup>17</sup> Percentage of interest payments during 2001-2002 to the average of outstanding debt during current and previous year.

**(v) Return on Investment (ROI)**

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability.

ROI in case of Government of Haryana was negligible. It decreased from 0.30 *per cent* in 1999-2000 to 0.01 *per cent* during 2001-2002. Poor returns are not sustainable, especially when the investments are funded from borrowings.

**Flexibility**

**(vi) Capital repayments Vs Capital borrowings**

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher the availability of capital for investment.

In case of Haryana, this ratio had increased from 0.28 in 1999-2000 to 0.34 in 2001-2002 indicating decrease in availability of Capital for investments. It is also to be viewed in the context of increased borrowings in the recent years (vide comments in Paragraph 1.10.2) and the liability of repayment falling due in future. Consequently, pressure on the State revenues to meet high level of repayments will further increase in future.

**(vii) Debt Vs Gross State Domestic Product (GSDP)**

The GSDP is the total internal resource base of the State, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in Government's ability to meet its debt obligations and therefore increasing risk for the lender.

In case of Haryana, this ratio increased from 0.21 in 1997-98 to 0.29 in 2001-2002, which shows that there was increase in the indebtedness of the Government. During the period debt of the State increased (on an average) faster than the rate of growth of GSDP which was unsustainable.

**(viii) Revenue deficit/Fiscal deficit**

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings, etc. Evidently, higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowing of the Government are being used to finance non-productive revenue expenditure. Thus, higher the ratio the worse off is the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State.

This ratio increased from 0.27 in 2000-2001 to 0.39 in 2001-2002 due mainly to increase in revenue expenditure by release of more subsidy under rural electrification in comparison to previous year. Further, large amount of fiscal



deficit was accounted for borrowings for purchase of food grains which were not capital expenditure in nature. It should also be seen in the context that fiscal deficit had shown increasing trend and had grown by 143 *per cent* during the period (1997-2002).

**(ix) Primary deficit Vs Fiscal deficit**

Primary deficit is the fiscal deficit minus interest payments. Less the value of the ratio less the availability of funds for capital investment.

In case of Haryana, this ratio was less than one in all the preceding five years, which was indicative of increased vulnerability since capital was being applied to meet revenue deficit rather than increasing the assets.

**(x) Guarantees Vs Revenue receipts**

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of the State Government and should therefore be compared with the ability of Government to pay viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government.

In case of Haryana, this ratio had been increasing since 1997-98. As a result guarantees significantly exceeded the revenue receipts. This trend shows an increase in the vulnerability of State's finances and higher risk exposure.

**(xi) Assets Vs Liabilities**

This ratio basically is related to financial assets and liabilities as indicated in Exhibit-I and points towards the solvency of Government. A ratio of more than one would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than one would be a contra indicator.

This ratio had remained less than one during 1997-2002 and has shown downward trend. This is indicative of increase in vulnerability since capital was being applied to revenue deficit rather than for increasing the assets.

**Transparency**

**(xii) Budget**

There was no delay in submission of budget proposals and their approval. The details are given in the following table:

Preparation	Month of submission	Month of approval
Budget	12 March 2001	14 March 2001
Supplementary	11 March 2002	11 March 2002

Chapter-II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and

inadequate control over expenditure, as evidenced by persistent resumptions (surrenders) of significant amounts every year vis-a-vis the final modified grant and a significant variation (excess/saving) between the final modified grant and actual expenditure as detailed below:

	Paragraph	Rs in crore
(i) Supplementary provisions	2.2	960.31
(ii) Excess of provision requiring regularisation for the period 1998-2002	2.3.1	3,982.48
(iii) Substantial savings	2.3.4(a)	779.73
(iv) Substantial excess	2.3.4(b)	1,523.58
(v) Surrender of funds on the last day of financial year	2.3.6	876.81

### Conclusion

Increase in negative BCR and revenue deficit during the year should be seen in the context of increase in assistance to the Haryana Vidyut Prasaran Nigam Limited which was curtailed in 2000-2001. Restructuring of Haryana State Electricity Board into four companies by the State Government resulted in additional burden. Weighted average cost of debt as indicated by the ratio of interest payments to total outstanding debt is 10.5 *per cent* during the year which is very close to the rate of growth of GSDP. During the year, the interest payments increased by Rs 132 crore (9 *per cent*) over the previous year and consumed 33 *per cent* of tax revenue. Analysis also shows that during the period 1997-2002, the debt of the State had increased (on an average) at a rate faster than the rate of growth of GSDP. Thus, the State could not meet the existing requirements without increasing the debt burden which is unsustainable. Increase in fiscal deficit by Rs 474 crore (21 *per cent*) was mainly due to procurement of food grains under non-plan capital expenditure mainly financed by borrowings from the commercial banks. This however, did not lead to any asset creation. This indicates that the State finances had become vulnerable to heightened borrowings. Negligible returns on investment also showed weakness of State Government's finances. Defective budgeting and inadequate control over expenditure has given rise to excess expenditure over budget estimates, substantial savings, etc. This also is not favourable trend for the State finances.



**Annexure**  
**(Refer paragraph 1.11; page 21)**  
**List of Indices/ratios and basis for their calculation**

Indices/ratios		Basis for calculation
<b>Sustainability</b>		
Balance from the current revenue	B C R	Revenue Receipts minus all Plan grants (under Major Head 1601- 02.03.04) and Non-plan revenue expenditure
Primary Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Interest Ratio		$\frac{\text{Interest payments} - \text{Interest receipts}}{\text{Revenue receipts} - \text{Interest receipts}}$
Capital Outlay Vs Capital receipts	Capital Outlay	Capital expenditure as per Statement No 13 of the Finance Accounts
	Capital receipts	Miscellaneous capital receipts + Internal Loans* (net of Ways and Means Advances) + Loans and Advances from Government of India + Net receipts from small savings, PF etc. + Repayments received of loans advanced by the State Government – Loans advanced by the State Government
Total Tax Receipts Vs GSDP	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
State Tax Receipts Vs GSDP	State Tax Receipt	Statement No. 11 of Finance Account
<b>Flexibility</b>		
-Balance from current revenue		As above
-Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/ Overdraft under both the major heads
	Capital Borrowings	Addition under Major Heads 6003 & 6004 minus addition on accounts of Ways and Means Advances/ overdraft under both the major heads
Incomplete Projects		Paragraph no. 1.9.3
-Total Tax Receipts Vs GSDP		As above
-Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)
<b>Vulnerability</b>		
-Revenue Deficit		Revenue deficit = Revenue expenditure - Revenue receipts Fiscal deficit = Revenue expenditure + Capital expenditure (including net loans given) - Revenue receipts
-Fiscal Deficit		As above
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Exhibit IV
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees	Exhibit II
	Revenue Receipts	
Assets Vs Liabilities	Assets and Liabilities	Exhibit I

\* Excluding Ways and Means Advances from RBI.

## CHAPTER-II

# **APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE**





## CHAPTER – II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### APPROPRIATION ACCOUNTS-2001-2002 AT A GLANCE

*Total number of grants/appropriation : 26*

*Total provision and actual expenditure*

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original Supplementary	14,302.95 960.31		
<b>Total gross provision</b>	<b>15,263.26</b>	<b>Total gross expenditure</b>	<b>15,623.79</b>
Deduct-Estimated recoveries in reduction of expenditure	951.65	Deduct-Actual recoveries in reduction of expenditure	1,192.20
<b>Total net provision</b>	<b>14,311.61</b>	<b>Total net expenditure</b>	<b>14,431.59</b>

**Voted and Charged provisions and expenditure**

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
<b>Revenue</b>	7,534.38	1,817.14	7,188.85	1,640.94
<b>Capital</b>	3,112.24	2,799.50	2,784.25	4,009.75
<b>Total Gross</b>	<b>10,646.62</b>	<b>4,616.64</b>	<b>9,973.10</b>	<b>5,650.69</b>
<b>Deduct-recoveries in reduction of expenditure</b>	951.65	-	1,192.20	-
<b>Total: Net</b>	<b>9,694.97</b>	<b>4,616.64</b>	<b>8,780.90</b>	<b>5,650.69</b>



## 2.1 Introduction

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

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

## 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2001-2002 against 26 grants/appropriations was as follows:

Nature of expenditure		Original grants/ appropriations	Supplementary grants/ appropriations	Total	Actual expenditure	Saving(-) / Excess(+)
(Rupees in crore)						
Voted	I. Revenue	7,237.74	296.64	7,534.38	7,188.85	(-) 345.53
	II. Capital	2,222.13	578.42	2,800.55	2,482.57	(-) 317.98
	III. Loans and Advances	226.45	85.24	311.69	301.68	(-) 10.01
<b>Total Voted</b>		<b>9,686.32</b>	<b>960.30</b>	<b>10,646.62</b>	<b>9,973.10</b>	<b>(-) 673.52</b>
Charged	IV. Revenue	1,817.13	0.01	1,817.14	1,640.94	(-) 176.20
	V Capital	3.60		3.60	2.95	(-) 0.65
	VI Public Debt	2,795.90		2,795.90	4,006.80	(+)1,210.90
<b>Total Charged</b>		<b>4,616.63</b>	<b>0.01</b>	<b>4,616.64</b>	<b>5,650.69</b>	<b>(+)1,034.05</b>
<b>Grand Total</b>		<b>14,302.95</b>	<b>960.31</b>	<b>15,263.26</b>	<b>15,623.79</b>	<b>(+)360.53</b>

## 2.3 Results of Appropriation Audit

### 2.3.1(a) Excess expenditure over provisions of previous years requiring regularisation

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

Rs 2,757.26 crore for the years 1998-2001 was yet to be regularised (July 2002).

Year	Number of Grants/ Appropriations	Grant/ Appropriation No.(s)	Amount of excess (Rupees in crore)	Amount for which explanations not furnished to PAC
1998-99	3	6,2 and Public Debt	449.96	449.96
1999-2000	9	3,4,6,8,9,14,18,23 and Public Debt	1,153.82	1,153.82
2000-2001	4	1,3,10 and Public Debt	1,153.48	1,153.48
		<b>Total</b>	<b>2,757.26</b>	<b>2,757.26</b>

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

**(b) Excess expenditure over provisions of 2001-2002 requiring regularisation**

In Revenue Section, there was an excess of Rs 14,31,93,417 in three grants and one appropriation. In Capital Section, there was an excess of Rs 12,10,90,22,607 in one grant. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Sr. No	Number and name of grants/ appropriations	Total grants/ appropriations	Actual expenditure	Excess
	<b>Revenue (Voted)</b>	<b>(In Rupees)</b>		
1	5-Excise and Taxation	49,01,30,000	50,57,02,565	1,55,72,565
2.	8-Buildings and Roads	1,97,02,81,000	2,01,55,70,368	4,52,89,368
3.	17-Agriculture	2,47,00,94,000	2,55,24,24,386	8,23,30,386
	<b>Revenue (Charged)</b>			
4.	4-Revenue	2,000	3,098	1,098
	<b>Total</b>	<b>4,93,05,07,000</b>	<b>5,07,37,00,417</b>	<b>14,31,93,417</b>
	<b>Capital (Voted)</b>			
5.	Public Debt	27,95,89,67,000	40,06,79,89,607	12,10,90,22,607
	<b>Total</b>	<b>32,88,94,74,000</b>	<b>45,14,16,90,024</b>	<b>12,25,22,16,024</b>

Government did not furnish reasons for excess expenditure (August 2002).

**2.3.2 Original budget and supplementary provisions**

The overall excess of Rs 361 crore was the net result of excess of Rs 1,225 crore in 5 cases involving 5 grants/appropriations offset by saving of Rs 864 crore in 51 cases of 24 grants/appropriations.

Supplementary provisions made during the year constituted 7 per cent of the original provision as against 6 per cent in the previous year.



**2.3.3 Unnecessary/excessive/inadequate supplementary provisions**

(a) Supplementary provisions of Rs 37.31 crore in 2 cases proved unnecessary as the expenditure in each case was less than the original provision as detailed in *Appendix - II*.

(b) In 12 cases, against additional requirement of Rs 752.24 crore supplementary grants and appropriations of Rs 887.57 crore were obtained resulting in savings, in each case exceeding Rs 50 lakh, aggregating Rs 135.33 crore. Details of these cases are given in *Appendix - III*.

**2.3.4 Substantial savings/excesses**

(a) In 18 cases, expenditure fell short by more than Rs 10 crore in each case and also by more than 10 *per cent* of the original provision as indicated in *Appendix-IV*. In 3 cases<sup>1</sup>, the entire provision totalling Rs 85.35 crore was not utilised.

(b) In 14 cases, expenditure exceeded the original provisions by Rs 5 crore or more and also by more than 10 *per cent* of the original provision. Details of these are given in *Appendix-V*.

**2.3.5 Persistent savings**

In 6 cases, there were persistent savings of Rs 10 lakh and more and 10 *per cent* or more of the provisions in the last three years. Details are given in *Appendix-VI*.

**2.3.6 Entire savings surrendered only on the last day of the year**

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof as and when the savings are anticipated.

However, against the final savings of Rs 864.68 crore in 51 cases, Rs 876.81 crore were surrendered on the last day of financial year viz., 31 March 2002. In 4 cases, against the available savings of Rs 289.36 crore, savings aggregating Rs 124.61 crore (savings of more than Rs 1 crore in each case) were not surrendered as detailed in *Appendix-VII*. Though such failures had been pointed out in earlier Audit Reports, the deficiencies/shortcomings, etc. continue to persist year after year. This indicated that expenditure control mechanism and State level budgetary control process are ineffective.

**2.3.7 Surrender in excess of actual savings**

As against the actual savings of Rs 293.84 crore, the amount surrendered was Rs 414.41 crore resulting in excess surrender of Rs 120.57 crore in 8 cases. This indicated poor financial and budgetary control practices in the departments. Details are given in *Appendix-VIII*.

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1 S.No. 10, 14 and 15 of *Appendix-IV*.

### 2.3.8 *Injudicious re-appropriation of funds*

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

### 2.3.9 *Expenditure without provision*

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 49.29 crore was incurred in 8 cases as detailed in *Appendix-X*, without provision in the original estimates/supplementary demands and no re-appropriation orders were issued.

### 2.3.10 *Trend of recoveries*

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

In 3 grants<sup>2</sup>, the actual recoveries adjusted in reduction of expenditure (Rs 1,013.23 crore) exceeded the estimated recoveries (Rs 891.86 crore) by Rs 121.37 crore. Though no recoveries were provided in the budget estimates in 4 grants<sup>3</sup> for the year 2001-2002, recoveries of Rs 119.40 crore were made. Despite having been pointed out in earlier Audit Reports, such recoveries without budget estimates persist year after year. However, in 2 grants<sup>4</sup>, the actual recoveries (Rs 18.51 crore) were less than the estimated recoveries (Rs 18.75 crore) by Rs 0.24 crore. Details of recoveries are given in Appendix of Appropriation Accounts.

### 2.3.11 *New Service/New Instrument of service*

Article 205 of the Constitution of India provides that expenditure on a 'New Service' not contemplated in Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature. In one case, under the major head '4059-Capital Outlay on Public Works, 80 General; 051-Construction; 97-Haryana Public Service Commission' expenditure of Rs 1.19 crore which should have been treated as 'New Service/New Instrument of Service' was met by re-appropriation without approval of Legislature.

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

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

4 14-Food and Supplies (Revenue) and 25-Loans and Advances by State Government (Capital).



**2.3.12 Savings/excesses without explanation**

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

Explanations for savings (57 *per cent*)/excesses (43 *per cent*) in respect of the Appropriation Accounts for the year 2001-2002 were not received in respect of 178 heads/sub heads (34 *per cent*) against the total 525 heads/sub-heads of accounts.

## CHAPTER-III

### **CIVIL DEPARTMENTS**

#### **SECTION – A AUDIT REVIEW**

	Page
❖ Liberation and Rehabilitation of Scavengers	31-40





## CHAPTER – III

### CIVIL DEPARTMENTS

#### Section – A- Audit Review

#### Welfare of Scheduled Castes and Backward Classes Department

### 3.1 Liberation and Rehabilitation of Scavengers

#### Highlights

*Management and implementation of Liberation and Rehabilitation of Scavengers Scheme, sought to liberate scavengers from the existing hereditary and inhuman occupation, was largely ineffective. Proper survey for identification of scavengers was not conducted. Several components of the scheme were fractionally implemented, while huge funds remained unutilized. Despite this, exaggerated projections for the future were made to the Government of India (GOI). Very small number of identified scavengers were rehabilitated. Adequate financial assistance was not provided to the beneficiaries and the level of awareness about the schemes was not raised. There was lack of co-ordination between departments and implementing agencies and resultantly various components of the scheme did not work harmoniously. Significant points noticed during audit were as under:*

**Rs 11.49 crore was the balance of grant in April 1997. Out of this only Rs 6.21 crore (54 per cent) was spent during 1997-2002. The unspent funds by March 2002 was Rs 5.28 crore. This was not surrendered to GOI nor permission to utilise the grants in subsequent years was obtained. Interest of Rs 4.03 crore earned on unspent balances was irregularly utilised on pay and allowances of staff and other office expenses.**

*(Paragraph 3.1.4(a))*

**Although grants of Rs 3.55 crore were lying with Haryana Scheduled Castes Finance and Development Corporation Limited (SCDC) as unspent in February 1997, further grants of Rs 7.97 crore were obtained during 1996-97 from GOI by sending inflated proposals.**

*(Paragraph 3.1.4(b))*



Proper survey for identification of scavengers was not conducted in 1992 and the list had to be revised in 1995 and 1997.

(Paragraph 3.1.5)

Of the 32,227 untrained scavengers, only 1,589 (5 per cent) were imparted training. No training in Piggery and Dairy Farming was conducted, though 6,483 (53 per cent) out of the 12,279 beneficiaries had shown aptitude for these trades.

(Paragraph 3.1.6)

Against the target of rehabilitating 15,500 beneficiaries, only 6,327 (41 per cent) were rehabilitated, though 12,609 applications were received for financial assistance. Against the norm of Rs 50,000 assistance per scavenger, average assistance provided was Rs 20,985. No group projects were formed in the State for obtaining the financial assistance.

(Paragraph 3.1.7)

There was decreasing trend in recovery of margin money loan, which declined from 56 per cent in 1997-98 to 30 per cent in 2001-2002.

(Paragraph 3.1.8)

Loans of Rs 1.57 crore sanctioned for opening of 90 Sanitary Marts were not availed, of and this scheme was not operated in the State.

(Paragraph 3.1.9)

There was lack of co-ordination between Urban Development Department, Welfare of Scheduled Castes and Backward Classes Department and SCDC. Conversion of dry latrines into water-borne flush latrines was not attempted by Urban Development Department.

(Paragraph 3.1.11)

### **3.1.1 Introduction**

Government of India (GOI) launched the National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS) and their dependents in 1980-81 as a Centrally sponsored scheme to liberate scavengers from the existing hereditary and inhuman occupation of manually removing night soil and filth and to provide for and engage them in alternative and dignified occupations. The

scheme was bifurcated in March 1992 and the component of conversion of dry latrines into water-borne flush latrines was entrusted to the Ministry of Urban and Rural Development while Rehabilitation of Scavengers was entrusted to the Ministry of Social Justice and Empowerment (Ministry). The scheme was modified from April 1996 with the following main components:

- (i) Time bound programme for identification through a survey of scavengers and their dependents and their aptitude for alternative trade.
- (ii) Training in identified trades for scavengers and their dependents keeping in view the local requirements at the local training institutions/centres of various departments of the State Government, Central Government and other Semi-Government and Non-Government Organisations.
- (iii) Rehabilitation of scavengers in various trades and occupations by providing subsidy, margin money loan and bank loan.

### **3.1.2 Organisational set up**

Financial Commissioner and Secretary, Welfare of Scheduled Castes and Backward Classes Department (FCS) was the administrative head in the Government. The Director, Welfare of Scheduled Castes and Backward Classes was responsible for implementation of the policies, programme, etc. The Scheme was implemented through Haryana Harijan Kalyan Nigam Limited now renamed (July 2000) as Haryana Scheduled Castes Finance and Development Corporation Limited, Chandigarh (SCDC) through its District Managers in each district supported by field officers, etc.

### **3.1.3 Audit coverage**

The implementation of the scheme for the period 1997-2002 was reviewed in audit during December 2001-January 2002, based on test-check of records of SCDC, Chandigarh and its 5<sup>1</sup> district offices. Of the total expenditure of Rs 13.73 crore and 36,362 scavengers/dependants identified in the State, Rs 5.06 crore (37 per cent) covering population of 12,279 scavengers (34 per cent) was covered in test-check.

### **3.1.4 Financial arrangement**

- (a) The financial assistance for training of scavengers was to be provided wholly by GOI while assistance for rehabilitation of scavengers was to be shared between GOI, State Government/SCDC and nationalized banks. GOI

<sup>1</sup> Gurgaon, Hisar, Jind, Karnal and Yamunanagar.



released Rs 18.37 crore during 1992-97, of which Rs 6.88 crore was spent on training and subsidy during the period 1993-97 leaving an unspent balance of Rs 11.49 crore. No grant was released by GOI during 1997-2002. Against the unspent grant of Rs 11.49 crore, Rs 6.21 crore (54 per cent) was spent on training and subsidy for rehabilitation during 1997-2002, leaving unspent balance of Rs 5.28 crore as on 31 March 2002. Besides, Rs 2 crore was contributed by SCDC as margin money loan and Rs 5.51 crore by banks as loan on rehabilitation of scavengers.

Details of balances and contributions made by SCDC/banks and expenditure incurred during 1997-2002 were as under:

Year	Opening balance	Contribution made by		Funds available	Expenditure incurred on			Total	Closing Balance
		SCDC	Banks		Training	Subsidy	Margin money		
(Rupees in lakh)									
1997-1998	1,148.93	56.82	152.21	1,357.96	6.72	168.18	209.03	383.93	974.03
1998-1999	974.03	51.69	138.65	1,164.37	12.63	151.26	190.34	354.23	810.14
1999-2000	810.14	32.39	90.92	933.45	15.37	92.24	123.31	230.92	702.53
2000-2001	702.53	35.16	99.45	837.14	6.61	99.45	134.61	240.67	596.47
2001-2002	596.47	23.87	70.14	690.48	3.60	65.28	94.01	162.89	527.59
<b>Total</b>		<b>199.93</b>	<b>551.37</b>		<b>44.93</b>	<b>576.41</b>	<b>751.30</b>	<b>1,372.64</b>	

The funds remained unspent due to incorrect survey/identification of scavengers which resulted in lower targets for training and rehabilitation of scavengers, as discussed in the subsequent paragraphs.

**Unspent funds not surrendered**

Scrutiny revealed that neither the unspent balances were surrendered nor permission to utilise the same in the subsequent years was taken. Meanwhile, the Managing Director, SCDC invested the unspent amount in Fixed Deposit and earned interest of Rs 4.03 crore during 1997-2002 which was irregularly utilised by him towards pay and allowances and other office expenses.

**Irregular utilisation of interest**

Separate financial accounts for the scheme were not maintained/prepared by the SCDC, though required as per conditions of grant.

**Non-submission of utilisation certificate**

Audited accounts and utilisation certificates, though required, were not sent to GOI from 1997-98 onwards. Only monthly expenditure statements were sent.

**Inflated proposal to GOI for obtaining higher grants**

(b) Although an unspent balance of Rs 3.55 crore was lying as of February 1997, yet an inflated revised proposal for rehabilitating 9,000 scavengers was submitted (August 1996) by SCDC at the instance of the State Government to receive grant of Rs 9.34 crore. GOI released (February 1997) Rs 7.97 crore. Scrutiny of records revealed that MD, SCDC was aware of inflated proposal in the light of past experience. Even then the proposal was sent. Only 6,327 scavengers, at a cost of Rs 6.21 crore were rehabilitated.



### 3.1.5 Identification of scavengers

A survey to identify scavengers within a time bound programme was the first step. Accordingly, Deputy Commissioners in the State, on the directions of FCS identified 18,438 scavengers/dependents comprising 7,771 families in June 1992 and the same was reported to the Ministry in March 1993. In another survey conducted in 1995 by SCDC at the instance of State Level Monitoring Committee (SLMC), 6,841 scavengers/dependents comprising 4,003 families were added to the previous survey list, which was also reported to the Ministry in February 1996. Meanwhile, a number of scavengers approached the field offices for financial assistance under NSLRS but their names were not found in the survey list. Subsequently, National Commission for *Safai Karamcharis* met (January 1997) the SLMC and it was decided to conduct another survey through a non-government agency so that proper identification was done. Identification was, however, carried out through the SCDC staff in view of heavy expenditure involved in getting the survey conducted through a non-government agency. Survey forms were filled up in the presence of Municipal Councillor in urban areas and *Sarpanch* of the village in rural areas and they duly verified. As a result of third survey conducted during 1996-97, 11,083 scavengers/dependants comprising 4,771 families were further added to the list, totalling to 36,362 scavengers and their dependants comprising 16,545 families.

Scrutiny of the records in test checked districts revealed that in three districts of Gurgaon, Jind and Yamunanagar survey was not carried out properly and 1,004 ineligible persons were identified as scavengers.

### 3.1.6 Training

The objective of the training was to create or upgrade skills for self-employment and to enable the scavengers and their dependents to take up other income generating occupations. Training was to be provided in various trades such as tailoring, embroidery, electric motor winding, knitting, handloom, auto repair, carpentry, typing, computer, electrical work, pot painting, TV/radio repair, etc. by designing special training schemes to meet the requirements of the beneficiaries. For this purpose, the department had to take full advantage of the existing training schemes run by Central/State Governments and non-government organisations.

Under the scheme, all the scavengers and their dependents were to be rehabilitated by the end of 1996-97. However, out of 36,362 scavengers identified during 1992-97, training was imparted to only 4,135 scavengers (11 per cent) leaving 32,227 scavengers untrained. For the period 1997-2002, targets for the training in the Annual Action Plans and achievements

Scavengers not identified properly

Negligible number of scavengers imparted training



thereagainst were as under:

Year	Target	Achievement	Shortfall (percentage)
(Number of trainees)			
1997-98	3,000	375	2,625 (88)
1998-99	1,250	431	819 (66)
1999-2000	1,500	441	1,059 (71)
2000-2001	1,500	189	1,311 (87)
2001-2002	1,000	153	847 (85)
<b>Total</b>	<b>8,250</b>	<b>1,589</b>	<b>6,661</b>

Targets should have been so fixed to train all the eligible scavengers by the end of IX Five Year Plan for successful rehabilitation. However, out of 32,227 untrained scavengers in 1997-98, targets for training was 8,250 scavengers during 1997-2002, against which 1,589 scavengers were trained. Thus, only 5 per cent (out of 32,227) scavengers were imparted training in the last 5 years indicating clear mismatch between the programme of training and the scheme objectives. Even out of the inadequate target of 8,250 scavengers to be trained only 1,589 (19 per cent) were trained.

District Managers, SCDC in the test checked districts attributed the shortfall in achievement to lack of interest among scavengers to switch over to some other trades. However, element of counselling, guidance and motivating the target group to undergo training was found lacking.

It was further observed in the test-checked districts that:

(a) Out of 12,279 scavengers identified, only 286 were imparted training during the period 1997-2002, against the target of 3,068 to be trained and that 249 of them were trained in the trade of cutting and tailoring ignoring the facilities of the other training centres like Industrial Training Institutes, Training Centres of DRDAs and of Industries Department, etc.

**Training in Piggery and Dairy farming was not imparted despite strong preference of scavengers for these trades**

(b) 6,483 scavengers had opted for training in piggery and dairy farming out of 12,279 identified, but no training in these trades was imparted to them. FCS, Welfare of Scheduled Castes and Backward Classes Department had directed (January 1997) the implementing agency in the State to organise a short-term training about the care of animals through Animal Husbandry Department, but no action was taken as of March 2002. Further, MD, SCDC did not maintain any data regarding aptitude of the scavengers for planning training programmes in different trades/fields.

**Tool -kits were not provided to trainees**

(c) As per TRYSEM (Training for Rural Youth for Self Employment) norms adopted for training under the scheme, a tool- kit costing upto Rs 800 was required to be provided to each trainee but no tool-kits were provided to 286 trained personnel during 1997-2002, though funds were not a constraint. The District Managers, SCDC stated that no instructions had been received from their Headquarters' office to supply tool-kits to the trainees. Reply was not tenable, because, as per TRYSEM norms adopted for training, tool-kit was required to be provided to each trainee.



### 3.1.7 Rehabilitation

Low achievement in rehabilitation of scavengers

A beneficiary is considered to be successfully rehabilitated if he/she has taken up another income generating profession after leaving the job of scavenging with the help of loan under the scheme.

(a) Subsidy at 50 per cent of the cost of projects such as dairy farming, sheep rearing, piggery, etc. with maximum ceiling of Rs 10,000 was to be provided to the beneficiaries by GOI. The margin money for loans was to be shared between GOI and State Government in the ratio of 49:51 to the extent of 15 per cent of the project cost (viable within the ceiling of Rs 50,000) at 4 per cent rate of interest and the balance amount of the project cost was to be provided through bank loan.

Out of 36,362 scavengers identified, 9,231 scavengers were rehabilitated upto 1996-97 and 27,131 scavengers remained to be rehabilitated. For the period 1997-2002, the details were as under:

Year	Number of beneficiaries			
	Target	Number of cases received	Achievements	Shortfall with reference to target (Percentage)
1997-98	6,000	3,921	1,859	4,141 (69)
1998-99	2,500	3,057	1,660	840 (34)
1999-2000	3,000	2,325	1,049	1,951 (65)
2000-2001	2,000	2,025	1,069	931 (47)
2001-2002	2,000	1,281	690	1,310 (66)
<b>Total</b>	<b>15,500</b>	<b>12,609</b>	<b>6,327</b>	<b>9,173</b>

Though 27,131 scavengers remained to be rehabilitated, targets for rehabilitation was only for 15,500 scavengers. Reasons for low targets were not intimated by the MD, SCDC. 12,609 applications for loan were received and loans were disbursed to 6,327 applicants. District Managers, SCDC in the test checked districts replied that while some applications were rejected by banks on flimsy grounds, some others were rejected on the ground that applicants were defaulters in other schemes, etc. The co-ordination between nodal/lead bankers and SCDC, in the interest of rehabilitation of scavengers could have been better. In all, the percentage of rehabilitated scavengers (6,327) to total identified scavengers (27,131) was 23 during 1997-2002. Average percentage of shortfall against targets during 1997-2002 was 47 in Jind, 58 in Karnal and 72 in Yamunanagar district.

Low per capita assistance

(b) NSLRS envisages maximum per capita assistance of Rs 50,000 per scavenger. However, average assistance to 6,327 scavengers was Rs 20,985 only. In test checked districts District Managers, SCDC attributed the reason for low per capita assistance to small amount of loan sought by the scavengers. Target group being socially and economically backward required generating awareness about the scheme. SCDC paid no attention in generating such awareness among scavengers which could have helped in making NSLRS a success.

Group projects not formed

(c) Since the beneficiaries had very limited exposure to business and trade, the scheme required the implementing agency to encourage group projects.



However, no group project was formed. SCDC stated (January 2002) that scavengers/dependents were not interested in group loaning indicating failure to motivate the scavengers for group projects.

### 3.1.8 Recovery of margin money loan

Decreasing trend in recovery of margin money loan

Details of recovery of margin money loan from the beneficiaries in equated half yearly instalments (inclusive of interest) within a period of five years was as below:

Year	Margin money loan provided	Due for recovery (inclusive of interest)	Recovered (Percentage)
(Rupees in lakh)			
1997-98	56.82	29.35	16.36 (56)
1998-99	51.69	38.26	16.27 (43)
1999-2000	32.39	46.94	15.29 (33)
2000-2001	35.16	55.22	17.11 (31)
2001-2002	23.87	50.86	15.03 (30)
<b>Total</b>	<b>199.93</b>	<b>220.63</b>	<b>80.06 (36)</b>

Percentage of recovery decreased from 56 per cent in 1997-98 to 30 per cent in 2001-02. Test-check revealed that no follow up action was taken to recover the amount as arrear of land revenue (July 2002).

### 3.1.9 Non-opening of sanitary marts

Sanitary marts not opened

Sanitary marts were to be set up to create demand for sanitary latrines through information, education and communication, construction of water-borne flush latrines and supply of low cost equipment and material for their construction and maintenance. The basic strategy was to rehabilitate the scavengers by forming co-operatives to run the sanitary marts. National *Safai Karamcharis* Finance and Development Corporation sanctioned (November 2000) Rs 1.57 crore as loan to SCDC for opening 90 sanitary marts but the loan was not availed of and no sanitary mart was opened in the State.

On being pointed out, MD, SCDC stated (December 2001) that the Government found (September 2001) the scheme unviable as sanitary materials were available in the market at competitive rates. The reply of the Government was not tenable as purpose of opening of sanitary marts was for employing scavengers gainfully and improving the sanitary conditions in towns and villages, which was not achieved.

### 3.1.10 Follow up Action

SCDC was required to inspect the assets of rehabilitated scavengers to ensure that assets created were existing with them and generating the desired income.

SCDC checked the assets of 4,298 beneficiaries out of which assets with 681 beneficiaries (16 per cent) were not found intact. Action taken by the SCDC against the defaulters was not available on record (May 2002).

### 3.1.11 Co-ordination

Lack of co-ordination between departments for implementation of the scheme

(i) Scavengers can successfully be rehabilitated only when dry latrines on which they are employed are converted into water-borne flush latrines. Since this responsibility was entrusted to the Urban Development Department, co-ordination between the Urban Development and the SCDC was an integral part of the scheme. For this purpose, guidelines provided that at the time of selection of beneficiaries for training and rehabilitation, the implementing agency shall intimate the Municipal Committee/Municipal Council/Local Body regarding the colonies serviced by scavengers, who were given training and financial assistance to ensure simultaneous action on conversion of latrines. It was noticed that no such information was furnished by SCDC to the Local Bodies for parallel action.

(ii) Municipal Committees, Municipal Councils/Local Bodies were required to conduct a survey in July 2001 to collect detailed data, regarding number of dry latrines and the number of scavengers involved in manual cleaning of those dry latrines, for preparing time bound action plan for conversion of all dry latrines into water-borne flush latrines. No survey was conducted either by the Local Bodies or by the SCDC.

Non-conversion of dry latrines into water-borne flush latrines

(iii) Out of 92,980 dry latrines identified during 1991, Director, Urban Development converted 51,998 dry latrines (56 per cent) into water-borne flush latrines upto 1996-97 leaving 40,982 dry latrines unconverted. Director, Urban Development had not converted even a single dry latrine into water-borne flush latrine during 1997-2002. Such inaction was an impediment in successful implementation of the scheme.

Thus, the scheme lacked co-ordination between the departments, implementing agencies and local bodies affecting its successful implementation.

### 3.1.12 Publicity and awareness

Inadequate publicity and awareness of the scheme

National Commission for *Safai Karamcharis* in its reports for the period 1996-97 to 1997-98, and 1998-99 to 1999-2000 observed that level of awareness among the intended beneficiaries was very poor and it was impressed upon the District Collectors to organise conventions and conferences with the help of SCDC. No such conventions/conferences were held during 1997-2002. Further, no expenditure was incurred towards publicizing the scheme by way of advertisements, pamphlets, folders, posters, corner meetings/motivation camps, etc.



### 3.1.13 Monitoring and evaluation

Monitoring and evaluation of the scheme was inadequate

As per the scheme, State Level Monitoring Committee under the chairmanship of Chief Secretary and District Monitoring Committees under the chairmanship of District Collectors/District Magistrates/District Commissioners were required to meet once in three months for overall implementation and monitoring of the scheme. Scheme also provided for the formation of small committees for each town where the number of scavengers may be about hundred or more and *Mohalla* Committees where the number of scavengers and their dependents were more than hundred for helping in identification of scavengers and providing forum for discussion and initiating concrete action in the implementation of the programme.

The records revealed that State Level Monitoring Committee met 5 times, District Monitoring Committees in the districts of Gurgaon, Hisar, Jind, Karnal met once and no meeting was held in Yamunanagar during 1997-2002. No small committees or *Mohalla* committees were formed in these districts.

Evaluation of the scheme by the State Government or by any external agency had not been conducted (February 2002).

### 3.1.14 Conclusion

There was lack of interest towards scavengers and their rehabilitation resulting in lack of co-ordination between SCDC, Director, Urban Development, nodal banks and local bodies. Monitoring mechanism was not activated properly and little attention was paid towards providing adequate information to the target group. Targets set were on lower side. All these resulted in a tardy pace of progress in achieving the objective of liberating scavengers from the hereditary and inhuman occupation.

These points were referred to the Government in April 2002; reply had not been received (August 2002).

## CHAPTER-III

### **SECTION – B** **AUDIT PARAGRAPHS**





## Section B - Audit Paragraphs

### Development and Panchayat Department

#### 3.2 Non-responsiveness to audit findings and observations resulting in erosion of accountability

A review of the Inspection Reports (IRs) revealed that the response of the department for submitting the replies was very poor and wherever submitted, these were incomplete as a result of which these could not be settled. Even the initial replies which were required to be received from the Head of Offices within six weeks from the date of issue had not been received (June 2002) in respect of 45 IRs issued between December 1998 and March 2002. The Secretary, Development and Panchayat Department, who was informed of the position through half yearly reports, also did not ensure that the concerned officers of the department take prompt action. As of June 2002, 646 paragraphs relating to 276 IRs involving Rs 24.78 crore remained outstanding from 116 offices. Of these, 73 IRs containing 111 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is given in *Appendix XI*.

The following serious irregularities commented upon in these IRs had not been settled as of June 2002:

Nature of irregularities	Number of paragraphs	Amount (Rs in crore)	Period
Non-obtaining/non-production of utilisation certificates in respect of grants sanctioned to the <i>Gram Panchayats</i> and wanting actual payees' receipts from firms/departments	89	11.77	June 1986 to December 2001
Non-recovery/short-recovery of unspent grant/loan/advance and non-refund of money/avoidable liability of interest	15	0.45	April 1981 to August 2000
Misutilisation/non-utilisation of scooter advance	8	0.03	February 1991 to January 2001
Non-production of records/ irregularity in TA bill/ register	27	0.04	May 1983 to November 2001
Excess/irregular/wasteful expenditure on salaries/LTC/TA/Daily wages and interim relief	150	2.36	February 1982 to February 2002
Non-condemnation of old unserviceable articles/ vehicles and non-disposals of condemned store articles/vehicles	37	0.05	February 1990 to December 2001
Irregular/unjustified/uneconomical and improper purchase/expenditure	41	0.32	September 1986 to January 2002
Irregular retention of Government money/loan/release of funds/blockade of funds and excess expenditure over budget	81	4.28	November 1984 to February 2002
Miscellaneous expenditure/cash book	198	5.48	May 1981 to February 2002
<b>Total</b>	<b>646</b>	<b>24.78</b>	

Despite these irregularities having been pointed out in audit, the inaction against the defaulting officers facilitated continuation of serious financial irregularities and loss to the Government.



**Finance Department  
(Inspection of Treasuries)**

**3.3 Overpayment of pensionary benefits**

As per Punjab Treasury Rules and Financial Rules applicable to Haryana, Treasury Officers (TOs) were responsible for ensuring the correctness of the payments made with reference to the records maintained by them before incorporating the transactions in their accounts including pension payments. They were required to maintain a register in the prescribed *pro forma* for keeping a comprehensive record of pension payments and each entry of monthly payment registers was to be checked by the TO in token of having applied the required checks.

Inspection of 21 District Treasuries including sub-treasuries conducted by Principal Accountant General (A&E), Haryana, during 2001-02 revealed an overpayment of Rs 19.86 lakh of pensionary benefits to 139 pensioners/family pensioners due to failure on the part of TOs in observing rules/orders and their incorrect interpretation. Of this, overpayment of Rs 19.47 lakh was attributable to excess payment of pension/family pension/commutation pension in respect of 132 pensioners. Rs 0.39 lakh was attributable to excess payment of medical allowance and dearness allowance in respect of 7 pensioners.

The matter was referred to the Financial Commissioner and Principal Secretary, Finance Department in June 2002; reply had not been received (August 2002).

**Health Department**

**3.4 Injudicious purchase of imported implants**

**Purchase of imported implants without framing any policy had resulted in injudicious expenditure of Rs 46.22 lakh**

For the Orthopaedics Department of Pandit Bhagwat Dyal Sharma Post Graduate Institute of Medical Sciences, Rohtak (Institute), the Director and Medical Superintendent of the Institute purchased implants valuing Rs 46.79 lakh through Director, Supplies and Disposals (DS&D) during 1998-99. The supplies were received in the Institute during March-June 1999.

However, only one implant valuing Rs 0.57 lakh had been issued (October 1999) by the Orthopaedics Department to a poor and a needy patient free of cost so far. Remaining implants worth Rs 46.22 lakh were lying in stock for the last three years as no policy for use of these implants was framed by the Institute as of February 2001.

On being pointed out in audit (February 2001), the Director of the institute framed (March 2001) a policy and requested (May 2001) the State Government for according sanction for use of these implants on Government employees. The State Government agreed (December 2001) to the proposal and accorded (December 2001) the sanction to utilise the implants for Government servant till the implants are exhausted. Evidently, the sanction accorded in December 2001 by the Government was a *fait accompli* and none of the remaining implants had been utilised.

Thus, the purchase of imported implants during March–June 1999 without framing any policy by the State Government resulted in injudicious expenditure of Rs 46.22 lakh and these remain unutilised (August 2002).

The matter was referred to the Government (December 2001); reply had not been received (June 2002).

### **3.5 Delay in procurement of equipment for PGIMS, Rohtak**

**As a result of failure to observe financial rules in procurement of medical equipment, Rs 3.77 crore remained outside the Government account and resulted in loss of interest of Rs 15.17 lakh to Government besides undue financial aid to the bank**

Scrutiny of records (November 2001) of the Director, Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences (PGIMS), Rohtak revealed that PGIMS was in need of two Blood Gas Analysers (BGAs) and a Multi Slice whole body CT Scanner. PGIMS requested the Director, Supplies and Disposals (DS&D) for procurement of BGAs in December 1998 and CT Scanner in January 2001. DS&D placed orders (March 1999) for supply of two BGAs at a cost of Rs 0.52 crore and CT Scanner at a cost of Rs 3.25<sup>2</sup> crore in March 2001 on a Delhi based firm with a condition to supply these equipment within 3 months from the date of opening of Letter of Credit (LOC), as the items involved were to be imported from Denmark and Germany respectively. The supply order for CT Scanner, *inter alia*, also provided that the firm was to prepare the site and construct building for its installation. In the case of BGAs, LOC could not be opened during 1998-99 and 1999-2000 due to paucity of funds and the Government was requested (January 2001) to accord the revised financial sanction.

Accordingly, the State Government sanctioned (March 2001) Rs 3.77 crore for the purchase of two BGAs (Rs 0.52 crore) and a CT Scanner (Rs 3.25 crore) from abroad. The Director, PGIMS withdrew the entire amount of Rs 3.77 crore from treasury in March 2001 to avoid lapse of budget grant and kept the same in the State Bank of India (SBI).

<sup>2</sup> Cost of equipment: Rs 3 crore, cost of building: Rs 0.25 crore.



For supply of two BGAs, the supplier firm demanded in March 2001 NMIC<sup>3</sup>, CDEC<sup>4</sup> and authority letter to be provided by the PGIMS. Decision from the Government regarding issue of NMIC and CDEC were still awaited (June 2002) and hence LOC for BGA remains to be opened. In the light of prolonged delay, the matter was being reviewed afresh in consultation with DS&D regarding cancellation of order and depositing money into Government Treasury.

As regards the CT Scanner, the supplier constructed the building for installation and LOC was opened on 19 March 2002. The firm, however, informed (July 2002) that after conducting third party inspection, CT Scanner would be air lifted and installed as soon as the electric connection was provided to the new building meant for CT Scanner.

Thus, due to delay in arranging the NMIC, CDEC, power supply, etc., the supplier could not supply the equipment and the entire money of Rs 3.77 crore had remained outside the Government accounts for more than a year. This was in contravention of the financial rules, which prohibit drawal of funds in advance without requirement. This also resulted in loss of interest of Rs 15.17 lakh upto June 2002 (interest at the borrowing rates of 12 per cent: Rs 56.55 lakh less interest earned: Rs 41.38 lakh) to the Government besides undue financial aid to the bank.

The matter was referred to the Government in January 2002; reply had not been received (August 2002).

**Home Department  
(Director General of Police)**

**3.6 Infertuous expenditure on idle constable drivers**

**Expenditure of Rs 1.15 crore incurred on pay and allowances of constable drivers rendered infertuous**

Under Modernisation of State Police, a Centrally sponsored scheme, the State Government, sanctioned (July 1989) 116 temporary posts of constable drivers for 52<sup>5</sup> vehicles @ 2 drivers for each vehicle and including leave reserves.

Scrutiny of records (September 2001) of Superintendent of Police (SP) Telecommunication, Haryana, revealed that as against 52 vehicles only 15-19 vehicles were on road during April 2000 to March 2002 for which 101 to 108 constable drivers were on rolls. As per the norms, the department had 67 to 77 constable drivers without vehicles. Resultantly, the department had to incur

<sup>3</sup> NMIC : Non-manufacturing items certificate.

<sup>4</sup> CDEC : Customs duty exemption certificate.

<sup>5</sup> Jeeps: 19, Motor Cycles: 29, Gypsy: 1, Mini Bus: 1, Car: 1 and Truck: 1.

Rs 1.15 crore on their pay and allowances without any productive work during April 2000 to March 2002. In addition, other benefits like TA, LTA, MCA, LTC, uniform allowance, OT were also paid to them.

SP, Telecommunication stated (January 2002) that as soon as the replacement vehicles were received, the constable drivers would be put to work. Till then they would be performing the duty of couriers. The reply was not found tenable as no post of courier existed in the department. Moreover, the department had not taken any action either to adjust these constable drivers elsewhere or to abolish the temporary posts in the absence of vehicles.

Thus, the expenditure of Rs 1.15 crore incurred on pay and allowances of these constable drivers during April 2000 to March 2002 was infructuous.

The matter was referred to the Government in January/May 2002; reply had not been received (August 2002).

### **Small Savings Department**

#### **3.7 Misutilisation of incentive/award money**

##### **Misutilisation of incentive/award money amounting to Rs 1.30 crore on items not covered under Promotion of Small Savings**

For the promotion of small savings in the State, the Director, Small Savings, Haryana releases *ad hoc* incentive/award money to the Deputy Commissioners (DCs) every year. This scheme is in vogue since 1981-82. As per instructions (October 1989) these incentive/award money was to be spent on publicity campaigns, cultural functions, office automation machines, sports and games, welfare of Government employees, etc.

Test-check of records (October 2000 to March 2002) of Small Savings accounts maintained by 19 DCs revealed that Rs 1.30 crore of the award money for the period April 1998 to March 2002 was spent on the items not



covered under the aforesaid instructions as detailed below:

Name of DC Office	Period of transaction	Incentive/ award money sanctioned	Purchase of furniture	Purchase of mobile/pager/ EPABX/ Telephone Bills	Purchase of AC/Generator/Inverter/Refrigerator	Rupees in lakh		
						Purchase and repair of vehicles	Other <sup>6</sup> items	Total amount diverted
Ambala	August 1998 to March 2002	44.32	0.34	0.95	0.02	1.21	4.85	7.37
Bhiwani	May 1998 to March 2002	31.26	2.37	2.19	0.97	1.15	6.48	13.16
Faridabad	April 1999 to March 2002	42.70	1.80	5.86	0.30	3.32	4.52	15.80
Fatehabad	April 1998 to March 2002	20.44	1.55	0.57	0.74	-	3.60	6.46
Gurgaon	April 1998 to March 2002	33.14	0.49	3.16	1.29	0.29	7.02	12.25
Hisar	March 1999 to March 2002	24.02	0.80	0.41	0.24	0.05	2.44	3.94
Jhajjar	April 1998 to March 2002	20.60	0.76	0.83	1.56	0.33	1.35	4.83
Jind	July 1998 to March 2002	25.12	2.89	0.36	-	0.37	6.38	10.00
Kaithal	April 1998 to March 2002	19.48	1.18	-	0.39	1.73	2.23	5.53
Karnal	July 1999 to March 2002	33.22	0.36	0.56	0.39	0.06	1.94	3.31
Kurukshetra	December 1999 to March 2002	18.84	0.40	0.06	0.25	0.10	0.29	1.10
Narnaul	April 1998 to March 2002	20.94	-	0.25	-	1.45	1.37	3.07
Panchkula	August 1998 to March 2002	25.00	0.24	0.17	0.17	-	1.33	1.91
Panipat	April 1998 to March 2002	23.76	3.98	1.23	1.12	0.85	2.20	9.38
Rewari	January 2000 to March 2002	17.04	0.43	0.06	-	0.20	0.16	0.85
Rohtak	May 1999 to March 2002	30.00	2.41	0.75	0.26	0.39	9.19	13.00
Sirsa	August 1999 to March 2002	20.12	0.50	0.21	-	0.01	1.53	2.25
Sonipat	February 2000 to March 2002	18.82	1.45	0.19	1.78	0.62	1.30	5.34
Yamunanagar	February 1999 to March 2002	28.82	2.18	2.05	0.47	3.09	3.00	10.79
<b>Total</b>		<b>497.64</b>	<b>24.13</b>	<b>19.86</b>	<b>9.95</b>	<b>15.22</b>	<b>61.18</b>	<b>130.34</b>

This resulted in misutilisation of incentive/award money of Rs 1.30 crore.

DC, Panchkula admitted the facts and stated (February 2002) that the funds were utilised for smooth running of the newly created district while DCs at Bhiwani, Jhajjar, Kaithal and Sonipat stated (January 2002 – July 2002) that these items were purchased to have better co-ordination with agents/field functionaries and for smooth working of the offices. The replies of the DCs were not tenable as the expenditure incurred on the purchase/repair of

<sup>6</sup> Other items include expenditure on repair/renovation/white washing of DC residence, Independence/Republic Day celebrations, State Assembly/Lok Sabha elections, computer fair, purchase of typewriters, dinner sets/crockery/electrical goods, stationery, payment of electricity bills, etc.

vehicles, mobile phones/pagers/payment of telephone bills, furniture, air conditioners, etc. were not covered under the defined objectives of the scheme.

The matter was referred to the Government in January 2002; their reply had not been received (August 2002).

## Sports Department

### 3.8 Unfruitful expenditure

#### **Due to paucity of funds, expenditure of Rs 70 lakh incurred on the construction of indoor stadium was rendered unfruitful**

Government of India (GOI), Ministry of Youth Affairs and Sports sanctioned a project "Construction of Sports complex at Faridabad" at an estimated cost of Rs 4.15 crore revised to Rs 8.43 crore on 50:50 sharing basis between GOI and the State Government, with an overall limit of Rs 2 crore by the GOI. The remaining funds were to be arranged through local resources. Under the project, Rs 5.37 crore had been spent upto 2001-02 against the releases of Rs 5.52 crore (Rs 1.90 crore by GOI, Rs 2.87 crore by the State Government and Rs 0.75 crore arranged through local resources) and the work valuing Rs 3.06 crore was yet to be executed.

Test-check of records (September 2001) of District Sports and Youth Welfare Officer (DSYWO), Faridabad revealed that the Deputy Commissioner-cum-President, District Sports Council, Faridabad had allotted (March 1995) the work of construction of Indoor Stadium (including public health and electrical services) as one of the component of the proposed Sports Complex in Sector-12, Faridabad to an agency at a cost of Rs 2.80 crore with the condition to complete the work by 3 October 1996.

The agency took up the work on 4 April 1995. After constructing the basement at a cost of Rs 70 lakh, the agency left (August 1996) the work incomplete due to delay in providing detailed working drawings, cement, steel and irregular monthly payments. Deputy Director, Sports, approached Haryana Urban Development Authority (HUDA), for providing assistance of Rs 2 crore for the completion of the indoor stadium. Though, the Chief Administrator, HUDA assured (January 2000) to provide Rs 2 crore, no funds were received from HUDA for which no reasons were on record. Thus the expenditure of Rs 70 lakh incurred on the construction of indoor stadium was rendered unfruitful and no further progress had been made in the last six years.

DSYWO, Faridabad, while admitting the facts, stated (December 2001) that the work was stopped due to paucity of funds. Thus, the indoor stadium in the Sports Complex remained incomplete and neither the State Government nor the local resources had come forward to complete the partially constructed indoor stadium.



The matter was referred to the Government in February 2002; reply had not been received (August 2002).

## **Town and Country Planning Department**

### **3.9 Non-recovery of service charges**

#### **Assurance given by Town and Country Planning Department to PAC to recover service charges due from HUDA was not honoured and State Government was deprived of Rs 6.93 crore till December 1996**

Under the Haryana Development and Regulation of Urban Areas Act 1975, Haryana Urban Development Authority (HUDA) being a colonizer was liable to deposit service charges with the Department of Town and Country Planning (TCP) at the rate of Re one per square metre (sqm) (revised to Rs 10 from December 1996) of the plotted area developed by it as residential, commercial or industrial (excluding the areas used by public for general purposes) colony.

Test-check of records of the Director, TCP in January 2001 and January 2002 revealed that neither HUDA deposited the service charges since inception (1977) nor the TCP had raised any demand till August 1997. TCP raised (September 1997) a demand of Rs 4.30 crore as service charges due upto 31 December 1991. Service charges due from 1 January 1992 onwards had not been worked out. However, on the basis of information available with TCP, audit worked out Rs 6.93 crore as service charges due upto 31 December 1996 but HUDA had not deposited any amount on this account with TCP as of December 2001. Records also indicated that TCP pursued the matter with HUDA in a causal manner.

The Director, TCP, while admitting the facts also stated (January 2002) that service charges due from HUDA from January 1997 onwards could not be worked out for want of information from the field offices.

Thus, due to failure of TCP in pursuing the recovery of service charges due from HUDA the State Government had been deprived of the revenue of over Rs 6.93 crore (upto December 1996). This was despite the fact that the Commissioner and Secretary of TCP and Urban Development Department was the same officer and HUDA had sufficient funds with them.

A mention of this issue was made in paragraph 3.13 of Report (Civil) of the Comptroller and Auditor General of India – Government of Haryana, for the year ended 31 March 1990 and the department assured the PAC in the meeting held on 18 July 1994 that the matter would be pursued with HUDA for recovery of service charges after reconciliation of plotted area with HUDA but the assurance to PAC had not been honoured as of February 2002. TCP had also not worked out the service charges due for the years 1997-2002

The matter was referred to the Government in January 2002; reply had not been received (July 2002).

### General

#### 3.10 Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc. of Government money reported to Audit upto the end of March 2002 on which final action was pending at the end of June 2002 were as under:

	Number	Amount (Rupees in lakh)
Cases reported up to the end of March 2001 and outstanding as on 30 June 2001	272	130.55
Cases reported between April 2001 and March 2002	18	24.40
<b>Total</b>	<b>290</b>	<b>154.95</b>
Cases disposed of between July 2001 and June 2002	12	5.35
Cases outstanding as on 30 June 2002	<b>278</b>	<b>149.60</b>

The department-wise/year-wise break-up of the cases in which final action was pending at the end of June 2002 is given in *Appendix XII*.

Of these pending cases, 140 cases (Rs 43.62 lakh) and 39 cases (Rs 20.83 lakh) were under departmental and police investigation respectively, 30 cases (Rs 55.96 lakh) were pending in the courts, 54 cases (Rs 19.93 lakh) were sent to Government for write off and in 15 cases (Rs 9.26 lakh) full recovery had not been made as of June 2002.

The department-wise details in respect of cases relating to theft, misappropriation/loss of Government material and fire/accident at the end of



June 2002 were as under:-

Name of the Department	Theft cases		Misappropriation/loss to Government material		Fire/Accident	
	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)
Agriculture	3	0.84	-	-	-	-
Animal Husbandry	4	3.74	4	0.91	1	-
Education	19	11.52	11	7.12	-	-
Fisheries	-	-	1	0.23	1	2.28
Food and Supplies	1	0.02	-	-	4	6.25
Forest	6	5.92	1	0.40	16	11.36
Irrigation	65	8.08	29	10.45	7	-
Labour and Employment	3	0.45	-	-	-	-
Medical and Health	3	1.60	2	4.07	2	11.92
Mines and Geology	-	-	-	-	1	1.44
Panchayat	1	1.28	-	-	-	-
Police	-	-	-	-	1	0.72
Public Health (PH)	29	5.09	8	1.20	2	0.66
Public Relations	-	-	-	-	1	0.08
Public Works (PW) (B&R)	10	1.82	12	4.44	-	-
Revenue	-	-	1	9.28	-	-
Social Welfare	-	-	1	0.26	1	-
Technical Education	4	1.60	1	11.38	1	0.29
Transport	8	14.75	8	5.12	5	3.03
<b>Total</b>	<b>156</b>	<b>56.71</b>	<b>79</b>	<b>54.86</b>	<b>43</b>	<b>38.03</b>

The concerned departments need to pursue these cases more vigorously for early recovery of dues from delinquent officials.

### 3.11(a) Follow-up on Audit Reports

According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the Administrative Departments were to initiate, *suo-motu* positive and concrete action on all Audit paragraphs and reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the corrective/ remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action Taken Notes (ATNs) on the paragraphs included in the ARs upto the period ending 31 March 2001 revealed that the ARs for the period 1997-2001 were presented to State Legislature in November 1999, September 2000, March 2001 and March 2002, respectively. Of the 174 paragraphs/reviews of 35 Administrative Departments included in ARs of 1997-2001, 23 Administrative Departments

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had not submitted the remedial/corrective ATNs on 83 paragraphs / reviews as per details given in the *Appendix XIII*.

**3.11 (b) Response of the departments to Draft Audit Paragraphs**

Draft Paragraphs and Reviews are always forwarded to the Secretaries of the concerned Administrative Departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments are invariably indicated at the end of each paragraph included in the Audit Reports. Finance Department also issued directions on 5 January 1982 to all Administrative Departments to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks.

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002, no reply had been received in respect of all the 33 audit paragraphs and three reviews as of August 2002.





## CHAPTER-IV

### WORKS EXPENDITURE

#### SECTION – A AUDIT REVIEW

- ❖ Integrated Audit including Manpower Management of Buildings and Roads Branch of Public Works Department

**Page**

52-70





## CHAPTER – IV

### Works Expenditure

#### Section – A - Audit Review

#### Public Works Department (Buildings and Roads Branch)

#### 4.1 Integrated Audit including Manpower Management of Buildings and Roads Branch of Public Works Department

##### Highlights

*A review on the working of Public Works Department (Buildings and Roads Branch) brought to light significant weaknesses in financial and programme management. Due to weak budgetary control mechanism, savings totalling Rs 805.49 crore during 1999-2002 were not surrendered. Establishment cost over permissible limit of 25 per cent of works expenditure exceeded by Rs 58.48 crore. State Government could not avail of World Bank loan of Rs 690.22 crore and Central assistance of Rs 295.80 crore for Haryana Highway Upgradation Project due to delay in preparation of Project Report and non-adherence to terms and conditions of the World Bank. Targets set for National Highways were not achieved despite adequacy of funds. There was extra avoidable expenditure on excess consumption of bitumen and premature renewal coating of roads. Large number of roads were lying incomplete. Some of the important observations are given below:*

**Against the budget provisions of Rs 909.36 crore under Revenue Head and Rs 910.88 crore under Capital Head, Rs 545.48 crore and Rs 469.27 crore respectively were spent during 1999-2002. Engineer-in-Chief prepared budget estimates without adequate data base and information. No timely action was taken to reconcile the departmental expenditure figures with Accountant General's figures.**

*(Paragraph 4.1.4(a) to (c))*

**Rs 3.94 crore drawn in the month of March of the years 1999-2001, was carried over to the next financial year in five test checked divisions to avoid lapse of budget grant. Rs 4.07 crore was diverted from one scheme to another unauthorisedly.**

*(Paragraph 4.1.4(e)(i) & (ii))*



**Due to delay in finalizing the Project Report and non-adherence to the terms and conditions, the State Government could not avail World Bank loan of Rs 690.22 crore and Central assistance of Rs 295.80 crore, besides incurring avoidable expenditure of Rs 10.52 crore on a consultant for preparation of World Bank Project Report.**

*(Paragraph 4.1.6(a))*

**Due to non-levy of Toll fee on newly constructed bridge on Jhajjra river on Ambala-Kalka road, Government sustained loss of revenue of Rs 2.27 crore. Similarly, Government lost revenue of Rs 1.53 crore due to non-levy of Toll fee on Rewari-Ateli-Narnaul and UP Border-Sonipat-Gohana roads.**

*(Paragraphs 4.1.7(c) and 4.1.8(xii))*

**Failure of departmental officers to prevent encroachment on Government land resulted in avoidable expenditure of Rs 21.64 lakh on clearing coal and foundry slag in Samalkha town.**

*(Paragraph 4.1.8(iii))*

**Undue financial aid of Rs 4 crore was extended to an agency for construction of Railway over bridge at Faridabad on Built-Operate-Transfer basis, resulting in loss of interest of Rs 90 lakh and Rs 2.80 crore remained outstanding against the contractor.**

*(Paragraph 4.1.8(iv))*

**Premature laying of renewal coats on three roads resulted in additional expenditure of Rs 3.10 crore.**

*(Paragraph 4.1.8(v))*

**Extra payment of Rs 94.49 lakh was made to a contractor on account of price variation occurring during extended period of work occasioned by the default of contractor.**

*(Paragraph 4.1.8 (vii))*

**Construction of village roads were being sanctioned without assurance of funds. In 29 cases, expenditure of Rs 2.62 crore incurred on partly constructed roads was rendered unfruitful.**

*(Paragraph 4.1.8(x)(a) &(b))*

**Department did not avail concessional rate of sales tax, available on Government purchases (on purchase of bitumen), which resulted in extra expenditure of Rs 64.15 lakh.**

*(Paragraph 4.1.9(iii))*

#### **4.1.1 Introduction**

Public Works Department, (PWD) Buildings and Roads (B&R) Branch is looking after the (i) construction and maintenance of roads in the State, (ii) National Highways on behalf of the Government of India, Ministry of Road Transport and Highways (MORT&H) and (iii) construction and maintenance of Government buildings and of other organisations as Deposit Works.

#### **4.1.2 Organisational set up**

The Commissioner and Secretary to the Government of Haryana, PWD, B&R is the administrative head at the Government level and is responsible for implementation of policy decisions, programmes and schemes, etc. The Engineer-in-Chief (EIC), B&R, is the Head of the Department. He is assisted by five Chief Engineers (CEs), 21 Superintending Engineers (SEs) and 92 Executive Engineers (EEs) (31 in EIC/SE's offices and 61 in divisions).

#### **4.1.3 Audit coverage**

Some aspects relating to working of the Public Works Department were reviewed in audit through test check of 15<sup>1</sup> divisions (out of 61) as well as the office of the EIC covering expenditure of Rs 368.41 crore (out of total expenditure of Rs 1,480.94<sup>2</sup> crore incurred during 1999-2002. Audit findings are discussed in the succeeding paragraphs.

<sup>1</sup> Provincial Divisions, Bhiwani, Charakhi Dadri, No. I Gurgaon, No. I Hisar, Jind, Narnaul, Narwana, Rewari, No. I and II Sirsa, No. I Sonipat, Bridge Construction Division Chandigarh, Mechanical Division, Ambala Cantt., Stores & Procurement Division (S&P), Karnal and National Highway Construction Division, Panchkula.

<sup>2</sup> Departmental figures including amount spent on National Highways (Rs 346.78 crore) and deposit works (Rs 97.07 crore).



**4.1.4 Financial management and control****(a) Preparation of Budget without input from field offices**

**Budget estimates were prepared by EIC without input from field units**

Budget estimates for the period 1999-2002 were prepared in the office of EIC without any input from field units in contravention of the provisions of Budget Manual. EIC had also delayed submission of budget estimates to the Government by 5 to 78 days during 1999-2002.

**(b) Unrealistic budget**

Details of Budget grant viz-a-viz expenditure during 1999-2002 were as under:

Year	Budget provisions		Revised Budget provisions		Expenditure as per Appropriation Accounts		Savings vis-à-vis original budget provisions	
	(1)	(2)	(3)		(4)		(5)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(Rupees in crore)							
1999-2000	322.42	266.16	194.21	74.74	174.93	74.89	147.49	191.27
2000-2001	389.91	302.25	384.05	106.16	181.20	99.90	208.71	202.35
2001-2002	197.03	342.47	187.71	294.33	189.35	294.48	7.68	47.99
<b>Total</b>	<b>909.36</b>	<b>910.88</b>	<b>765.97</b>	<b>475.23</b>	<b>545.48</b>	<b>469.27</b>	<b>363.88</b>	<b>441.61</b>

Besides, the department had spent Rs 346.78 crore and Rs 97.07 crore on National Highways and Deposit works respectively during 1999-2002.

**Savings were not surrendered**

The budget estimates were unrealistic as provisions for Haryana Highway Upgradation Project (HHUP) were made during 1999-2001, without getting the loan sanctioned from World Bank under externally aided project. Thus, due to fractional release of funds to HHUP there were savings. Other reasons for savings were non-replacement of vehicles and machinery, non-release of assistance to Housing Board for Economically Weaker Section (EWS) houses and non-payment of enhanced land compensation as decided by the courts. As per Budget Manual, any unspent balance which was likely to lapse or could not be utilized was to be surrendered by the Controlling Officer to the Administrative Department by 14 February and by the Administrative Department to the Finance Department by 21 February each year. The department did not surrender these funds.

**(c) Non-reconciliation of figures**

**Non-reconciliation of figures**

**(i)** Reconciliation of departmental figures of expenditure with those maintained by Accountant General (A&E) had not been done completely. Besides, rectification of misclassifications detected had not been carried out. As a result there were variations in the two sets of figures to the extent of

Rs 22.34 crore as detailed under:

Year	Rupees in crore					
	As per Appropriation Accounts(A)		As intimated by department (B)		Difference (B-A)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1999-2000	174.93	74.89	189.09	76.26	14.16	1.37
2000-2001	181.20	99.90	194.59	99.57	13.39	(-)0.33
2001-2002	189.35	294.48	181.52	296.06	(-) 7.83	1.58
<b>Total</b>	<b>545.48</b>	<b>469.27</b>	<b>565.20</b>	<b>471.89</b>	<b>19.72</b>	<b>2.62</b>

(ii) In all the 61 divisions, it was noticed that schedule of settlement with treasuries in Form 26 was not sent to Accountant General (A&E) office for 5 to 13 months. Scrutiny in audit revealed that there was difference of Rs 86.78 crore between the figures of department and the treasuries. No action was taken by the EEs concerned to reconcile the figures.

(d) *Execution of works without technical sanctions*

As per codal provisions, before the commencement of construction works, detailed estimates should be technically sanctioned by competent authority after satisfying that the proposals are structurally sound and estimates are correct. However, test-check revealed that Rs 46.11 crore were spent by eight<sup>3</sup> divisions against 182 unsanctioned estimates during 1999-2002. Thus, these works were taken up by EEs without ensuring soundness of structures and correctness of estimates resulting in cost overrun of Rs 2.75 crore in 7 cases<sup>4</sup>.

(e) *LOC System*

Funds allotted by the Government through letter of credit (LOC) are utilised by drawing cheques against the LOC after getting clearance from the Treasury Offices. Following shortcomings were noticed in this regard:

(i) *Balances carried over to next financial year*

Rs 10 lakh and Rs 3.84 crore drawn in the month of March 2000 and March 2001 respectively were carried over to next financial years, in five<sup>5</sup> divisions to avoid lapse of LOC and in violation of rules.

(ii) *Diversion of LOC*

Rs 1.50 crore released by the State Government for National Highway Project in 1999-2000, was diverted to District roads and rural roads by the Engineer-in-Chief. Similarly, in six<sup>6</sup> divisions, LOC of Rs 69.86 lakh and Rs 166.37 lakh meant for Central Road Fund (CRF) and NABARD works

<sup>3</sup> Provincial Divisions, Bhiwani, Charkhi Dadri, No. I Gurgaon, No. I Hisar, Narnaul, No. I Sirsa, No. I Sonipat and Bridge Constuction Division Chandigarh.

<sup>4</sup> Refer Sr. No. 5, 6, 7, 9, 11, 12 and 14 of *Appendix-XIV*

<sup>5</sup> Provincial Divisions, Charakhi Dadri, Jind, No. I Panipat and No. I and II Sirsa.

<sup>6</sup> Provincial Divisions, Bhiwani, No. I Gurgaon, No. II Panipat, Narnaul, No. I Sonipat and S&P, Karnal.

Drawal of funds to avoid lapse of LOC

LOC of Rs 4.07 crore utilized on works other than sanctioned



respectively were spent (March 2001 to November 2001) on HUDCO works for the purchase of bitumen. Similarly, Rs 20 lakh allotted for construction works of new carriage way was spent on widening of existing carriage way and Rs 0.64 lakh meant for purchase of bitumen for HUDCO works during 1999-2000 was spent for purchase of diesel for vehicles in July 2001. Thus, Rs 4.07 crore was diverted unauthorisedly.

**(iii) Wrong accounting procedure – Government liability kept in deposits**

Provisions require that sum due to contractors on closed accounts only should be classified under Head “Public Works (PW) Deposits”. However, during 1999-2002 in eight<sup>7</sup> divisions, Rs 7.94 crore on account of running payment due to contractors/suppliers was charged to budget without making actual payment by keeping the amount under “Public Works Deposits” due to non-receipt of LOC. This was contrary to the codal provisions. The transactions resulted not only in irregular utilization of budget grant but also showed inflated figures under the head “PW Deposits”.

**(iv) Loss of interest-retention of money outside Government Accounts**

**Amounts kept outside Government Accounts**

Amounts received for Deposit Works are to be credited to “Public Works Deposits” and subsequently expenditure debited to it out of the funds released by Government through LOC.

Haryana Rural Development Fund Administration Board and Panchayati Raj Institutions deposited Rs 20.50 crore between May 1999 and January 2002 for execution of works. These amounts were kept in different banks in the names of EEs of concerned divisions as per decision taken by the EIC in October 1997, in contravention of instructions. The amount remained outside the Government Accounts and led to loss of interest of Rs 1.10 crore to the Government (at the rate of interest of 14 per cent).

**4.1.5 Human Resource Management**

(i) Men in position vis-à-vis sanctioned posts in the department in various cadres during 1999-2002 were as under:

Sr. No.	Cadre	Number of posts			Percentage of vacancy
		Sanctioned	Filled	Vacant	
1.	Technical				
	(a) Officer	416	416	-	-
	(b) Class III	1,646	1,293	353	21
	<b>Total</b>	<b>2,062</b>	<b>1,709</b>	<b>353</b>	
2.	Non-technical				
	(a) Officer	1	1	-	-
	(b) Class III	1,519	1,519	-	-
	(c) Class IV	10,704	10,421	283	3
	<b>Total</b>	<b>12,224</b>	<b>11,941</b>	<b>283</b>	
	<b>Grand Total</b>	<b>14,286</b>	<b>13,650</b>	<b>636</b>	

<sup>7</sup> Provincial Divisions, Bhiwani, , Charkhi Dadri, No.-I Gurgaon, Rewari, No. II Sirsa, No. I Sonapat, Bridge Construction Division, Chandigarh and S&P Division, Karnal.

**High ratio of non-technical staff**

It is evident that the ratio of technical and non-technical staff is very high at 1:7 against the prescribed norms of 1:3. There was disproportionately large number of non-technical staff particularly Beldars. Norms were not followed even for sanctioning of posts.

**(ii) Drawal of pay and allowances of unsanctioned posts**

In PWD (B&R), Mechanical Division, Ambala, pay and allowances of 26 Junior Engineers (JEs) were drawn (April 1999 to March 2002) against 19 sanctioned posts resulting in irregular expenditure of Rs 31.53 lakh on pay and allowances of 7 JEs. The EE stated (March 2002) that pay and allowances of 26 JEs were drawn within overall strength of Mechanical Circle. The reply of EE was not tenable as 7 JEs were posted at Ambala in excess of sanction of posts in the division.

In National Highway Construction Division, Panchkula, 72 regular Beldars transferred from other divisions had been working since 1 April 2000, whereas there was no sanctioned post of beldar. This resulted in irregular expenditure of Rs 80.58 lakh on their pay and allowances upto March 2002. The EE stated (May 2002) that these beldars had been transferred from other divisions and sanction of posts was awaited (July 2002). However, no case for sanction of these posts had been initiated.

**(iii) Excess expenditure on establishment****Excess expenditure of Rs 58.48 crore on establishment**

According to norms, the expenditure on establishment should not exceed 25 per cent of works expenditure. Notwithstanding these norms, excess expenditure of Rs 58.48 crore was incurred as detailed below:

Year	Works expenditure	Expenditure on establishment	Permissible establishment expenditure at 25 per cent of works expenditure	Excess expenditure on establishment
(1)	(2)	(3)	(4)	(5)
(Rupees in crore)				
1999-2000	288.73	105.74	72.18	33.56
2000-2001	344.88	111.14	86.22	24.92
2001-2002	520.58	109.87	130.14	--
<b>Total</b>	<b>1154.19</b>	<b>326.75</b>	<b>288.54</b>	<b>58.48</b>

**(iv) Nugatory expenditure**

To cater to stores requirement of five Mechanical Divisions of PWD (Building and Roads), a stores division with five sub-divisions was created (May 1979) at Karnal.

**Inadequate workload in three Mechanical Store sub-divisions**

Test-check of records of Stores & Procurement Division, Karnal revealed that in its 3 sub-divisions stores valuing Rs 38.37 lakh only were handled during the period April 1999 to January 2002. Against this, the establishment expenditure was Rs 64.56 lakh. No norms for deployment of staff were fixed, and sub-divisions continued with inadequate work.



#### 4.1.6 Haryana Highway Upgradation Project

##### (a) Failure to avail of World Bank assistance

Due to violation of World Bank terms and conditions, loan of Rs 690.22 crore and Central assistance of Rs 295.80 crore could not be availed of

The Haryana Highway Upgradation Project (HHUP) initiated in July 1993, envisaged upgradation (widening and strengthening) of 627.30 kilometres (km) and periodic maintenance of 2,595 kms of State Highways. The estimated cost of the Project was Rs 1,408.60 crore. World Bank was to finance 70 *per cent* of the Project cost whereas balance 30 *per cent* was to be provided by the State Government. 30 *per cent* of World Bank loan, was to be provided as grant by Government of India (GOI) and the balance Principal amount of loan along with interest was to be repaid in 20 years. The detailed project report was to be submitted to World Bank for appraisal by November 1994. A Denmark based firm was appointed (June 1995) as consultant for carrying out feasibility study, detailed engineering design and project implementation. No time limit for preparation of detailed design of the Project was fixed by the department though required as per World Bank norms. The consultant completed detailed design of Project Phase I covering 260.40 kms of road in September 1997 and Project Phase II covering 366.90 kms in December 1998. Payment of Rs 10.52 crore (including Rs 6.13 crore in Foreign Exchange) was made to the consultant. In audit, it was noticed that there was an inordinate delay in preparation of detailed design of the Project Phase I by the consultant which resulted in delay in submitting the Project Report to World Bank.

In April 1998, the State Government approached World Bank to finance the HHUP. The works were started in anticipation of sanction of loan from the World Bank and after deleting upgradation works, bids for periodic maintenance of 11 State Highways were invited by the department in July 1998. The World Bank authorities pointed out various discrepancies in these bids, viz. (i) technical specifications and bill of quantities not being in order, (ii) cost estimates being not based on market rates/trends and (iii) violation of bidding procedures, etc. The World Bank finally refused (August 2000) to sanction the loan on the grounds that (i) the State Government took little interest in institutional strengthening and maintenance aspects, (ii) inordinately delayed the essential studies even though agency for these studies was selected, (iii) works were allotted late and to ineligible bidders and (iv) the deletion of the upgradation works from the Project and the project design laying no emphasis on introduction of large construction packages with modern technologies and construction practices.

Thereupon the project excluding upgradation work was continued by the State Government by obtaining bridge loan from HUDCO and Rs 137.21 crore were spent upto March 2002. Scrutiny of records revealed that the rate of interest on HUDCO loan was 13.5 *per cent* per annum whereas the State Government liability of interest on World Bank loan would work out to 5.5 *per cent* per annum after taking into account the Central assistance to be received for the World Bank Project. Further, the World Bank loan was to be repaid in 20 years whereas HUDCO loan was to be repaid in 10 years.



Against the target of 2,595 kms of State Highways to be maintained under the project, work on 501.31 kms only could be completed and work on 546.62 kms was in progress as of March 2002.

Thus, due to delay in preparation of detailed designs of the project and non-adherence to World Bank's terms and conditions, the State Government failed to avail soft loan of Rs 690.22 crore from World Bank and Central assistance of Rs 295.80 crore from GOI and consequently deprived the State of better road facilities.

**Hiring of a consultant despite having sufficient engineering/technical staff**

(b) For supervision of 11 State Highway maintenance works and preparation of engineering drawings, a private consultant firm was engaged (June 1999) at a cost of Rs 4.66 crore. Rs 2.65 crore had been paid upto March 2002. According to normal functioning of the department the work relating to maintenance of roads right from commencement to completion is to be got executed by Divisional Officer with the help of SDOs/JEs/Draftsmen. But the department engaged a consultant for supervision of road maintenance works which resulted in unjustified expenditure of Rs 2.65 crore with further liability of Rs 2.01 crore.

#### 4.1.7 Programme management

(a) *Physical targets and achievements*

(i) *State schemes*

The physical targets and achievements were as under:

Item	1999-2000		2000-2001		2001-2002	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
	(In kilometres)					
Construction of Link roads	65	69	34	65	52	45.5
Widening/ Strengthening/ Raising/ Pre-mix carpeting	200	294	500	1588	5126	4928
Bye-passes	37	-	23	-	-	-
Bridges	2	-	-	-	1	3
NABARD	152	-	-	-	-	-
NCR/Gurgaon/ Faridabad	-	-	100	-	-	-

Against the annual action plan target of 500 kms at a cost of Rs 120 crore for widening/strengthening/raising and pre-mix carpeting, during 2000-2001 the achievement was 1,588 kms at a cost of Rs 139.58 crore. Excessively high achievement was due to deletion of upgradation works from the HHUP as discussed in paragraph 4.1.6(a) supra. On the other hand construction of bye passes during 1999-2002 and bridges during 1999-2001 were not at all started.



(ii) *National Highways*

The physical targets and achievements were as under:-

Name of scheme	1999-2000		2000-2001		2001-2002	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
(In kilometres)						
4- laning	0.87	-	0.87	0.87	-	-
Strengthening	76.58	27.37	306.17	232.24	176.755	112.189
Raising	13.45	1.30	12.15	11.15	4.03	2.00
Widening/Hard-shouldering	71.92	27.80	50.50	31.75	240.37	37.10
Bye Passes	-	-	-	-	0.145	-
Renewal coat	256.80	204.50	82.06	38.24	128.21	105.920

**Non-achievement of targets**

It would be seen that the department failed to achieve the targets in respect of all the schemes (except four laning) although the funds were not a constraint. The main reasons for non-achievement of targets were non-preparation of estimates, design of bridges/studs and non-acquisition of land.

(iii) *Buildings*

The physical targets and achievements were as under:

Year	Targets (in numbers)	Achievements (in numbers)	Shortfall (in numbers)	Percentage
1999-2000	107	37	70	65
2000-2001	52	17	35	67
2001-2002	94	32	62	66

**Shortfall in achievement of targets in construction of buildings**

The reason for shortfall was attributed (May 2002) by EIC to non-allotment of funds by the State Government. It was noticed in audit that construction of buildings were being sanctioned without assessing the availability of funds. Illustratively works on four buildings<sup>8</sup> had to be deferred for want of funds after spending Rs 6.30 lakh in 2001-2002.

(b) *Reimbursement claims*

Against claims of reimbursement of expenditure aggregating Rs 346.78 crore preferred by the State Government, Rs 246.58 crore was only reimbursed by MORT&H during 1999-2002 leaving a balance of Rs 100.20 crore which was disallowed/withheld/awaiting reimbursement.

Out of Rs 100.20 crore, Rs 2.66 crore was disallowed due to non-adoption of MORT&H specifications of heating the bitumen on boiler instead of using fire ood and non-regularisation of excess expenditure over and above the sanctioned estimates and Rs 5.59 crore spent on inadmissible items. Besides,

<sup>8</sup> Administrative block in Chhotu Ram State Engineering College, Murthal, Government Polytechnic at Loharu-“Teaching Block”, Trauma block B and C in PGIMS, Rohtak and Trauma block A in PGIMS, Rohtak.

reimbursement of Rs 61 crore had been withheld for want of requisite documents. Claims worth Rs 30.95 crore pertain to February-March 2002 and were awaiting reimbursement (June 2002).

(c) *Non-collection of fee for use of bridges on National Highways*

**Loss due to non-levy of Toll fee for use of bridges**

As per National Highway Rules 1992, further clarified by GOI in July 2000 and August 2001, the fee for the use of National Highway Section and Permanent bridge (Public Funded Project), the cost of which (including the cost of toll booths) was more than Rs 100 lakh, completed and opened to traffic on or after first day of April 1976, was required to be collected immediately after construction of facility by the State Government, either departmentally or through private contractor and required to be remitted to Pay and Accounts Officer, Office of the National Highway Authority, New Delhi. MORT&H in turn releases funds to the State Government for development of National Highways.

High level Bridge over river Jhajjra in kilometre 53 of Ambala-Kalka National Highway was completed on 31 March 2001 at a cost of Rs 3.60 crore. The proposal of the department to impose the Toll fee structure was also approved by the State Government on 8 October 2001, but Toll fee was not being collected as of April 2002 leading to loss of revenue of Rs 2.27 crore<sup>9</sup> to the Government.

(d) *Time and cost overrun*

Of 72 works of test checked divisions, 30 works (42 per cent) were completed in time and 20 works were completed with delays ranging between 2 and 50 months. 22 works were still in progress as of March 2002, though scheduled dates of completion were over 11 to 168 months before.

Against the estimated cost of Rs 8.04 crore, 11 works<sup>10</sup> were completed with time overrun of 8 to 27 months and with cost overrun of Rs 4.26 crore (53 per cent). Three works<sup>11</sup> were still in progress while the scheduled dates of completion had been over 20 to 42 months before and the expenditure had already exceeded the estimated cost by Rs 65.34 lakh. Details are in **Appendix-XIV**. The delay in completion and cost overrun was mainly due to non-supply of materials, change in scope of work, delay in preparation of drawings, non-release of LOC, etc.

<sup>9</sup> Loss of revenue calculated at Rs 1,10,570 per day for 205 days from 8 October 2001 to 30 April 2002 on the basis of traffic census conducted by the department.

<sup>10</sup> Sr. No. 1 to 9 and 13 to 14 of **Appendix-XIV**.

<sup>11</sup> S.No.10 to 12 of **Appendix-XIV**.



**4.1.8 Execution of works**

*(i) Unfruitful expenditure due to defective construction of link road*

**Unfruitful expenditure on village road constructed without technical sanction**

The EE, Bridge Construction Division, Chandigarh constructed (August 1998) a link road between village Jallah and Mandana via Thapli in Panchkula district at a cost of Rs 93 lakh except for a stretch of 300 metres. This stretch of 300 metres was passing through forest land and construction of this road required prior permission from the Central Government. This had not been obtained. Thus, the road so far constructed remained unutilised leading to unfruitful expenditure of Rs 93 lakh. Additional Deputy Commissioner during inspection also noticed (November 1998) that gradient near village Thapli was so high that heavy vehicles could not pass through the road. Approval of alignment and technical sanction had not been obtained from CE (Roads).

*(ii) Infructuous expenditure on repair work without survey*

**Infructuous expenditure on laying of bituminous macadam on weak sub-base**

On the basis of survey conducted during 1995-97 by a private consultant firm hired for the World Bank Project, the works of periodic maintenance of (i) Gohana-Jind-Barwala road and (ii) Assandh-Jind road were taken up by the Provincial Division, Jind in November 2000 and August 2000, under the Haryana Highway Upgradation Project (HHUP). Both the works were allotted to an agency by the Chief Engineer, (HHUP) at a cost of Rs 14.23 crore and Rs 7.17 crore respectively. No fresh survey regarding condition of roads was conducted before allotting the works (August 2000). During execution of works (October 2001) the executing agency complained that in some reaches the sub-base of the roads had got damaged/sunk after bituminous macadam was laid and profile corrective course works were required to be undertaken. The agency requested for taking up corrective measures for strengthening the existing sub-base and demanded extra payment as per rates in the agreement on account of reconstruction of damaged portion. Rs 67.75 lakh (Rs 19.35 lakh in Gohana-Barwala road and Rs 48.40 lakh in Assandh-Jind road) were paid to the agency, for relaying bituminous macadam and profile corrective course which had got damaged due to failure of sub-base. Failure to get the fresh survey conducted before allotting the works, resulted in infructuous expenditure of Rs 67.75 lakh.

*(iii) Avoidable Expenditure*

**Failure of Departmental officers to protect encroachment of Government land resulted in avoidable expenditure of Rs 21.64 lakh**

MORT&H sanctioned (December 1997) a revised estimate for the work of "Widening of 4 lanes including strengthening of existing pavement of National Highway-I (NH-I) from km 50 to 130" for Rs 27.32 crore. Estimate contained a provision of Rs 22.40 lakh for cutting (Rs 12.81 lakh) and carriage/removal (Rs 9.59 lakh) of 15,075 cum coal and foundry slag dumped by various foundries in restricted area of Government land in Samalkha Town. However, the expenditure on this item was restricted to that already incurred till date (December 1997) and no further cutting and removal from the green belt was to be taken up.

Test-check of records (December 2000) of the EE, Provincial Division II, World Bank (WB) Works, Panipat revealed that Rs 17.31 lakh had already



been paid to an agency 'A' for the work of cutting and carriage/removal of coal and foundry slag on the above area of the road before the date of sanction of the estimate (December 1997).

It was further noticed that another payment of Rs 21.64 lakh was made (February 2001) to agency 'B' for similar items of work executed during September to December 2000 other than those covered in payment of Rs 17.31 lakh in the same section of NH-I after getting the quantities and rates approved (January 2001) as non-scheduled items from the Chief Engineer (NH), PWD (B&R), Haryana despite a decision not to allow further cutting and removal in December 1997.

Thus, failure of the departmental officers in preventing encroachment on Government land in their charge as per codal provisions resulted in avoidable expenditure of Rs 21.64 lakh on clearance of coal and foundry slag. No action to fix responsibility of defaulting officer(s) had been initiated (March 2002).

**(iv) Undue financial aid to an agency**

Undue financial aid to an agency led to loss of interest of Rs 90 lakh and outstanding principal amount of Rs 2.80 crore

Bids for the construction of Four Lane Road Over Bridge on Delhi-Agra Railway line at Faridabad New Town Railway Station on Built-Operate-Transfer (BOT) basis, were invited by the department in January 1998. As per terms of the bid notice, the entrepreneur was to make arrangements for financing the project from his own resources and collect Toll fee from the vehicles. The work was allotted (December 1998) to an agency for an ownership right of eight years nine months plus ninety days (including construction period of 2 years). The scope of work, inter-alia, included construction of the bridge which was under construction at that time. Contrary to the terms of agreement, it was decided (December 1998) that initially Rs 4 crore towards construction cost of the bridge would be paid by the department to Railway Authorities on behalf of the agency which would be reimbursed by it to PWD at the rate of Rs 30 lakh every six months. First instalment was to be paid on allotment of work. The work was completed and the agency started collecting Toll fee from October 2000 onwards. However, the agency stopped payment of further instalments after depositing four instalments of Rs 30 lakh each up to June 2000. This resulted in undue financial aid of Rs 4 crore to the agency and loss of interest of Rs 90 lakh<sup>12</sup> upto March 2002 besides non-recovery of Rs 2.80 crore and interest thereon. No action was taken by the department to recover the amount.

**(v) Unjustified expenditure on laying of premix carpet prematurely**

Unjustified expenditure on laying of renewal coat prematurely

In three<sup>13</sup> Provincial Divisions, work of special repairs in various kms of 3 roads namely (i) Hansi-Barwala Road, (ii) Barwala-Jind road and (iii) Sirsa-Ellanabad road were executed during 1998-2000. Apart from other items, the special repair works included 20 mm thick premix carpet including tack coat with 'B' type seal coat. According to norms fixed by the department, renewal coat on roads is laid after an interval of 5 years where bitumen had been used.

<sup>12</sup> Calculated at 14 per cent from March 1999 to March 2002.

<sup>13</sup> Provincial Divisions, Hansi, Hisar-I and Sirsa-II.



Accordingly, every year certain stretches of a road are selected in such a manner that the work of renewal coat on the entire length of the road is completed within a cycle of 5 years.

The works of periodic maintenance of these roads were also taken up by the department under HHUP and the works in the entire length of these roads were allotted to various agencies during October-November 2000. The works including widening of existing width of road from 5.50 to 7.00 metres, laying of tack coat, bitumen macadam 50 mm and mixed seal surfacing in the entire portion of the road were executed by the agencies during 2000-2002.

In audit, it was noticed that in certain reaches the work was allotted though the work in these reaches had already been done during preceding five years and renewal coat was not due. Thus, laying of premix carpet prematurely in the same reaches resulted in avoidable expenditure of Rs 3.10 crore.

On being pointed out, the concerned EE stated that these works were being executed on the basis of works allotted by the Head Office and bituminous macadam were laid in full length of the roads to improve the riding qualities keeping in view the traffic intensity and axle load. The reply was not tenable as the earlier works were also stated to have been executed strictly in accordance with PWD specifications which were to last for 5 years. Besides, no fresh survey of traffic intensity and axle load was undertaken by the department before taking up the works on these roads.

**(vi) Irregular time extension for delay in completion of works**

**Irregular time extension granted to avoid levy of liquidated damages**

Periodic maintenance of SH-14 Panipat – Safidon - Jind (66.5 km) road under HHUP was allotted to a firm during November 2000, with the condition to reach the Mile-Stone-I i.e. completion of 37 kms by 26 July 2001 and the entire work by 26 November 2001 at a cost of Rs 11.98 crore. As per clause 49 of the contract, the liquidated damages for the whole work was Rs 1,25,000 per day and that for the milestone Rs 83,000 per day subject to a maximum amount of 10 per cent of final contract price recoverable for delayed completion of works.

The Engineer-in-Chief granted the extension up to 20 November 2001 in case of Milestone-I and for entire work up to 20 March 2002 on the grounds of (i) delay in grant of mobilisation advances and equipment advance, (ii) weather conditions and (iii) delay in deciding the Executive Engineer incharge. These were not based on facts as (i) there was delay of only 44 days in release of advance while the extension was granted for 115 days, (ii) weather conditions were taken into account at the time of allotment of contract.

Thus, due to grant of irregular extension of 71 days, liquidated damages of Rs 88.75 lakh could not be levied on the contractor.



**(vii) Extra payment on account of price variation**

Extra payment of  
Rs 94.49 lakh due to  
allowing inadmissible  
price variation

Provincial Division No-II, Panipat allotted the work of widening of 4 lanes including strengthening of existing carriage way from km 50 to 74.80 of NH-I to a contractor in April 1992 for completion by December 1995, extended up to 6 May 1996. Under clause 70 of the contract, the price was subject to adjustment on account of general variation of price of materials till expiry of the contract period or such extended time as granted by the Engineer. But no variation was admissible if cost incurred was due to the default or negligence on the part of the contractor. The agency failed to complete the work within the extended period i.e. up to 6 May 1996. The agency again requested (April 1996) to extend the time limit up to 31 May 1997 to complete the project. The Chief Engineer (NH), Haryana, PWD, B&R granted extension of time upto 31 May 1997. As such variation of price was not to be allowed beyond 6 May 1996 to the agency. In contravention, the agency was paid Rs 94.49 lakh on account of variation of price during the period 7 May 1996 to 28 January 1999. This resulted in extra payment of Rs 94.49 lakh to the firm. No responsibility in the matter had been fixed.

**(viii) Extra expenditure due to excess consumption of bitumen**

Consumption of  
bitumen worth  
Rs 52.43 lakh in  
excess of norms

The work for strengthening of Sher Shah Suri Marg (NH-1) km 29.295 to 50 (New Carriage Way) was allotted (September 1998) to a contractor at a cost of Rs 4.79 crore by the EE, Provincial Division III, Karnal. As per DNIT, 4 per cent and 4.5 per cent of bitumen content by weight of the total mix as binder was to be used for providing and laying 100 mm thick compacted dense bitumenous macadam (DBM) and providing and laying 40 mm thick compacted bitumenous concrete (BC) respectively. The Job mix formula for these items of work was to be got approved from Central Road Research Institute (CRRI). During audit (July 2000) it was noticed that job mix formula was sent to Central Road Research Institute in December 1998 who informed (July 1999) the divisional office that the aggregates of job mix formula of both DBM and BC given by the contractor were of stripping variety and with the use of these aggregates it was not possible to conform to specified percentage of bitumen thereafter. Instead of asking the contractor to change aggregates, the EE allowed (May 2000) consumption of bitumen at 5.2 per cent in case of DBM and at 5.7 per cent in case of BC resulting in extra payment of Rs 52.43 lakh. The Divisional Officer stated (February 2001) that the bitumen was treated with suitable dose of anti stripping agent. The reply was not tenable as the contractor was allowed excess consumption of bitumen, resulting in extra expenditure of Rs 52.43 lakh, instead of asking him to change the quality of aggregates.

**(ix) Extra expenditure due to non-adoption of specification in applying tack coat**

In Provincial Division, Narwana tack coat had been applied with 5 kilogram (kg.) bitumen for 10 square metres area instead of 2.5 kgs bituminous emulsion. During 2000-2002, eight works had been executed and 306 metric tonnes (MT) of bitumen had been consumed instead of 122 MT of bituminous emulsion resulting in extra expenditure of Rs 15.30 lakh. The EE



stated (February 2002) that the bitumen consumption was as per PWD specifications. Reply was not correct as CE (Roads) had issued instructions (March 2000) to use bitumen emulsion for such works as per MORT&H specifications (third revision of 1995).

**(x) Unfruitful expenditure/infructuous expenditure on incomplete works**

Roads left incomplete after spending Rs 1.68 crore

(a) 28 new roads/duplicate link roads at an estimated cost of Rs 6.19 crore were undertaken by three<sup>14</sup> divisions during 1995-97. After partially completing the earth work during November 1996 to November 2000 at a cost of Rs 1.68 crore further works were stopped on these roads. The incomplete roads were lying in a state of neglect and no efforts were made by the department to ensure the completion of these roads.

The Divisional Officers of Provincial Divisions replied that these roads were constructed upto earth work level and thereafter no funds were allotted. Thus taking up the works without ensuring the availability of funds resulted in unfruitful expenditure of Rs 1.68 crore on incomplete roads.

Bye-pass at Jhajjar not completed, Rs 93.77 lakh spent were rendered infructuous

(b) The work regarding construction of Jhajjar bye-pass was approved by the Government in August 1996 for a length of 4.53 km at a cost of Rs 4.11 crore. The Provincial Division, Jhajjar completed the earth work in a length of 4.00 km at a cost of Rs 93.77 lakh during 1997-98. Tenders for the remaining work were invited in February 1999 but were not approved by the Government on the plea that Bawal-Rewari-Jhajjar-Rohtak road had been declared as National Highway and MORT&H would be requested to complete the pending work. On being asked, the MORT&H intimated (October 1999) the department that stretches of the newly declared National Highways where development projects were in progress should be completed by the State Government and handed over to the National Highway wing only after completion.

In audit (December 2001) it was noticed that no action to complete the balance work was taken up by the EE in order to protect the already executed work and make the road functional. Due to non-completion of work, the bye-pass could not be handed over (March 2002) to the National Highway Authorities (GOI) thus rendering the earthwork of Rs 93.77 lakh as infructuous.

**(xi) Loss due to lapse of bank guarantee**

Non-encashment/renewal of Bank Guarantee leading to loss

The work 'periodic maintenance of State Highway No. 14' was allotted to an agency in February 2000 at a cost of Rs 8.98 crore for 60 kms which was later enhanced to Rs 9.93 crore to be completed by 23 February 2001. According to work programme, the agency was required to complete the work in 33 kms by 23 October 2000 and the remaining 27 kms by 23 February 2001. On submission of bank guarantee for Rs 44.90 lakh, the agency was paid mobilisation advances of Rs 44.90 lakh in February 2000. The progress of work was very slow and never reached the desired level of work programme as mentioned in the contract. The agency completed only 2.89 per cent of

<sup>14</sup> Provincial Divisions, Hisar-I, Jind and Rewari.

work against the requirement of 55 per cent work as of November 2000. The work was totally stopped by the agency in December 2000. In between, two bank guarantees amounting to Rs 30 lakh submitted by the agency lapsed and these were not got renewed/encashed. On failure of the agency to resume work, the contract was terminated (August 2001) by the department and Rs 1.50 crore<sup>15</sup> was recoverable from the agency for which recovery proceedings were not initiated (April 2002). By not getting the bank guarantees of Rs 30 lakh renewed/encashed, the SE, Jind Circle, (Engineer-in-Charge of the work) bestowed undue favour to the agency. No responsibility in the matter was fixed by the department.

**(xii) Loss of revenue due to non-levy of Toll-fee**

**Loss due to non-levy of Toll fee for use of roads**

To improve the condition of State roads, the State Government had raised (March 2000) a loan of Rs 173.92 crore from Housing and Urban Development Corporation (HUDCO). To repay the loan and interest to HUDCO, it was decided by the State Government to levy Toll fee at 16 points after improvement of State highways.

In Provincial Division, Rewari and Provincial Division I, Sonipat periodical maintenance works of two State highways namely Rewari-Ateli-Narnaul road and UP-Border-Sonipat-Gohana road were completed at a cost of Rs 22.93 crore in August 2001 and November 2001 against the scheduled date of completion of March 2001 and November 2001 respectively. Both these roads were identified for levy of Toll fee to be levied immediately on completion of these works. In audit, it was noticed that no Toll fee was levied on these roads as of March 2002, which resulted in loss of revenue of Rs 1.53 crore (Rewari: Rs 80.50 lakh; Sonipat: Rs 72.67 lakh). Reasons for non-levy of Toll fee were not on record. Reply of EIC was awaited (July 2002).

**(xiii) Unfruitful expenditure on construction of staff quarters**

**Unfruitful expenditure of Rs 33.92 lakh on construction of staff quarters lying incomplete**

The work of construction of nine staff quarters in Government College, Loharu was administratively approved (March 1997) by the State Government for Rs 26 lakh. The work was allotted (May 1998) to a contractor for Rs 19.27 lakh and was to be completed by 13 November 1998. The contractor completed 70 per cent of the work (March 1999) and was paid Rs 19.14 lakh. The balance 30 per cent of work was held up due to non-sanction of revised cost estimate of Rs 43.87 lakh submitted in April 2001. Due to incorrect preparation of original estimate and delay in preparation of revised estimate, the partially constructed staff quarters at a cost of Rs 26.53 lakh, including Rs.7.39 lakh on account of cost of construction of boundary wall, etc. against a separate estimate, were lying unutilised.

<sup>15</sup> Penalty (Rs 1.93 crore) + outstanding mobilization advance (Rs 30 lakh) – (Performance guarantee encashed (Rs 45 lakh) + work done by the contractor but not paid (Rs 28 lakh)).



#### 4.1.9 Stores and Stock

Utilization of road rollers ranged between 16 to 69 per cent

##### (i) Under-utilization of road rollers

87 road rollers worth Rs 5.10 crore were in operation in ten Provincial Divisions for operation on road works. Test-check of records revealed that utilization of 84 rollers ranged between 16 and 69 per cent only (48 rollers: 16 to 30 per cent; 22 rollers: 31 to 49 per cent and 14 rollers: 50 to 69 per cent) against the norm of 1000 hours per year per roller. Due to under-utilisation of road rollers, idle wages of Rs 1.60 crore (out of total salary paid of Rs 2.66 crore) were paid to the drivers during 1999-2002. Reasons for non-utilisation of road rollers to the optimum capacity were not furnished (April 2002).

##### (ii) Fictitious adjustments of stock

According to codal provisions, stock adjustments such as debiting a work with the cost of material not required or in excess of actual requirement are strictly prohibited. In contravention of codal requirement, material valuing Rs 12.02 lakh and Rs 47.56 lakh was booked against various works by Provincial Division-III, Rohtak and Bridge Construction Division, Chandigarh in March 1999 and March 2001 respectively. The material was, however, withdrawn in September 1999 and June 2001 by transfer to stock/other works. The action of the EE was mainly to avoid the lapse of budget grant which was irregular.

##### (iii) Excess payment of sales tax on purchase of bitumen

Non-availing of the concessional rate of sales tax

In five<sup>16</sup> Provincial Divisions, it was noticed that bitumen valuing Rs 11.76 crore was purchased from Indian Oil Corporation, Panipat during April 2000 to August 2001 by paying sales tax at the rate of 10 per cent instead of concessional rate of 4 per cent (effective from 4 March 2000) against declaration in Form B by the concerned EEs. The omission resulted in extra expenditure of Rs 64.15 lakh. No action had been taken by EEs for getting the refund of excess sales tax paid.

#### 4.1.10 Monitoring

Ineffective monitoring

The execution/completion of works was required to be effectively monitored by the Engineer-in-Chief, with a view to ensure that for each work, targets relating to time, cost, services, etc. were achieved.

It was, however, noticed that no monitoring cell was created to watch the progress of works. The periodical progress reports (physical and financial) received by the EIC from the field officers were not scrutinized properly and no follow-up action was taken on deficient works. The reports did not indicate time frame fixed for completion of schemes. As a result, new roads/second

<sup>16</sup> Provincial Divisions, No. I Hisar, Narnual, No. I Panipat, Rewari and No. I Sonipat.

link roads undertaken by the divisions remained incomplete. Funds were not being earmarked for completing the left out works. In respect of five<sup>17</sup> divisions, the SE failed to conduct annual inspection during 1999-2000. 16 sub-divisions falling under four<sup>18</sup> divisions were also not inspected annually by concerned Executive Engineer/Divisional Accounts Officers.

#### **4.1.11 Conclusion**

The department has to improve budgetary and estimation procedures to effectively use the available funds. The EIC has to streamline the staff observing the norms and to cut down establishment cost. Supervisory staff should see that responsibility is fixed where the materials usage varies. Undue favours to contractors, shoddy preparation of estimates, etc. are noticed. Monitoring and Inspection Mechanisms within the department require toning up.

These points were referred to the Government in June 2002; reply had not been received (July 2002).

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<sup>17</sup> Provincial Divisions, Bhiwani, Hansi, Jind, Narwana and No. II Sirsa.

<sup>18</sup> Provincial Divisions, Bhiwani, Hansi, Jind and Narwana.





## CHAPTER-IV

### **SECTION – B** **AUDIT PARAGRAPHS**





## Section – B – Audit Paragraphs

### Public Works Department (Building and Roads Branch)

#### 4.2 Idle investment due to improper planning on road over bridge

#### Partial construction of road over bridge at a cost of Rs 2.28 crore on National Highway-I lying unutilised due to non-construction of remaining part of over bridge by the Railways

National Highway I (NH-I) passes through Ambala Cantonment (Cantt.) and divides it into two halves, North and South. Commutation by Army and Civilian traffic between the two parts of the Cantt. involves crossing of the National Highway and high volume and speed of traffic made the crossing fraught with danger. To overcome the problem of crossing the NH-I, construction of a new Military Bridge at kilometre (km) 200.600 of NH-I near Railway station Ambala Cantt. was approved (May 1998) by Ministry of Road Transport and Highways (MORT&H). The proposal of "Four laning and strengthening of NH-I km 132.675 to 212.161" was sanctioned (January 2001) by MORT&H for Rs 371.99 crore. The proposed new bridge extends the existing railway over bridge with the new military bridge which is over the National Highway. The work was allotted to the agency which was executing the work of "Four laning and strengthening of NH-I km 155 to 212.161" at the same rates. The work of the new over bridge NH-I was completed in April 2000 at a cost of Rs 2.18 crore.

The existing railway bridge over railway tracks was to be reconstructed by Railway Authorities along with the approaches of road over bridge on UMB – LDH section. The expenditure on the approaches was to be borne by State PWD. Railway authorities prepared (April 1999) an estimate of Rs 20 lakh revised to Rs 1.52 crore in May 1999 which was further revised to Rs 3.16 crore in April 2002. The State Government paid Rs 10.60 lakh (Rs 0.60 lakh in April 1999 and Rs 10 lakh in September 2000) to the Railways. The estimate was awaiting approval from the MORT&H as of July 2002.

During audit (July 2000) of WB Project Division, Ambala Cantt. it was noticed that the department instead of constructing military bridge over the National Highway simultaneously with the reconstruction of the existing Railway bridge (which was to be constructed by the Railways) completed only the over bridge in April 2000. The bridge so constructed on NH-I was lying idle as portion of the bridge over railway track linking the military bridge on NH-I had not been taken up as of July 2002. Resultantly the military bridge, which is only a portion of the total over bridge is unserviceable.



Thus, improper planning and construction of only the military bridge has led to an idle investment of Rs 2.18 crore since April 2000 besides Rs 10.60 lakh lying with the Railways.

The Chief Engineer, World Bank Project, Haryana stated (July 2002) that the Railway Department had been changing their proposal/cost estimates. The new proposal costing Rs 3.15 crore was not considered reasonable and matter had been taken up with the Railways.

The matter was referred to the Government in June 2002; reply had not been received (August 2002).

## **Irrigation Branch**

### **4.3 Unjustified premature expenditure**

#### **Unfruitful expenditure of Rs 1.69 crore incurred on incomplete works without ensuring the availability of water in SYL Channel**

Madhogarh Branch, a part of Jawahar Lal Nehru (JLN) lift Irrigation Scheme Stage V, takes off from Satnali Feeder at km. 36.523. The branch was to irrigate the area of Bhiwani and Mohindergarh districts covering Gross Command Area (GCA) of 4600 acre and Cultivable Command Area (CCA) of 4,265 acre. The construction of channel was started in 1981 and Rs 2.41 crore was spent upto 1986-87. In addition, Rs 12.09 lakh was paid (May 1984 and February 1987) to Northern Railways, Bikaner for construction of a bridge at km. 8.368. Being a carrier channel, estimates for Rs 60.63 lakh for energisation of pump houses were also sanctioned in May 1993 against which department paid (February 1987) Rs 34.02 lakh to Haryana State Electricity Board (HSEB) {(Now Haryana Vidhut Prasarn Nigam (HVPN)}.

Mention regarding unfruitful expenditure due to non-energisation of pumps was made in paragraph 4.1.10.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992 – Government of Haryana. The Financial Commissioner and Secretary to Government, Irrigation Department in his reply (February 1996) to the Public Accounts Committee (PAC) stated that works were completed with the hope that water would be available immediately on completion of canals/pump houses, etc. but later on due to inter-state dispute on sharing of water it was not considered proper to spend more money on energisation as the full supply of water in the JLN system was not available and the situation was beyond their control. PAC, however, was not satisfied with the reply that pumps were still without electricity connections since 1987 and thus termed the whole expenditure incurred on construction of channel, pump houses and machinery as unfruitful and recommended that sincere efforts be made to put all these pumps in working condition. But the position remained the same as of March 2002.

Scrutiny of records (March 2001) of Mohindergarh Canal Water Services, Mechanical Division, Narnaul and Mohindergarh Canal Water Services Division, Charkhi Dadri revealed that the works remained suspended for



12 years and were resumed in July 1999. Rs 1.23 crore and Rs 0.46 crore were paid during March 1999 to December 2000 in addition to Rs 34.02 lakh and Rs 12.09 lakh already paid to HVPN and to Railway authorities respectively without getting the revised estimates sanctioned. However, the works were still in progress as of July 2002.

The Executive Engineer, Mohindergarh Canal Water Services Division, Charkhi Dadri intimated (March 2002) that besides civil works costing Rs 2.41 crore already done up to 1986-87, civil works of Rs 3.11 crore were still to be executed.

It was further stated that the system was dependent on completion of Satluj Yamuna Link (SYL) Canal in Punjab State and availability of water.

Thus, the payment of Rs 1.57 crore made to HVPN and Rs 0.58 crore paid to Railways without ensuring the availability of water after completion of carrier SYL channel from Punjab, had remained unfruitful. Additional expenditure of Rs 1.69 crore was also incurred during March 1999 to December 2000 without resolving the inter state dispute and ensuring availability of water. The EIC Irrigation Branch stated (August 2002) that payments to HVPN and Railway authorities were made so that the scheme is ready for functioning on completion of carrier SYL channel in Punjab. Thus despite observations of PAC on the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992 energisation of the pumps had not been achieved in the last 15 years.

The matter was referred to the Government in April 2002; their reply had not been received (August 2002).

#### **4.4 Avoidable expenditure**

##### **Delay in finalising tendered rates by Chief Engineer resulted in avoidable expenditure of Rs 16.07 lakh**

The Executive Engineer (EE), Water Services Division, Narwana opened tenders for execution of "Earthwork and lining of Barsola Feeder RD 5000-10000 and RD 10000- 15250" on 30 December 1997 with the validity upto 90 days i.e 30 March 1998. The lowest tendered rates of contractors 'A' and 'B' were recommended by the EE to the Superintending Engineer (SE), Bhakhra Water Services Circle, Kaithal on 27 January 1998 and 1 January 1998. The SE further recommended these rates to the Chief Engineer (CE), Bhakhra Water Services, Irrigation Department on 2 February 1998 and 2 January 1998. But the CE approved the rates on 23 April 1998 and 12 May 1998 i.e. after the expiry of the validity period. The contractors who were asked (May 1998) to start the work did not turn up. As the rates were approved after the expiry of validity period, no action could be taken against the contractors. The tenders were re-invited and opened on 20 July 1999 and after approval (October 1999) of the rates from the CE, the works were allotted to contractors 'C' and 'D' in October 1999 and November 1999 respectively. The works were



completed in July 2000 and their final bills were paid for Rs 51.06 lakh and Rs 29.19 lakh in October 2001 and June 2001 respectively.

During audit (January 2002) of Water Services Division, Narwana it was noticed that the rates paid to contractors 'C' and 'D' were higher by 21 *per cent* and 33.50 *per cent* than those quoted by contractors 'A' and 'B' respectively. Thus, there was an avoidable expenditure of Rs 16.07 lakh due to delay in finalisation of rates by the CE.

The EE in his reply (February 2002) stated that no responsibility was fixed in his office as the tenders were processed well within the validity period by the division. The Engineer-in-Chief stated that responsibility was being fixed. Further developments were awaited (July 2002).

The matter was referred to the Government in April 2002; reply had not been received (August 2002).

## Public Health Branch

### 4.5 Excess payment for digging water storage tanks

#### Incorrect application of rates for excavation of water storage tanks for canal based water supply schemes resulted in excess payment of Rs 1.12 crore to contractors

Item 6.7 of Haryana Public Works Department (PWD) Schedule of Rates, 1988 (HSR) provided a rate of Rs 932 per 100 cum (Basic rate) for execution of "Earthwork in excavation in foundations, trenches, of underground structures, sullage drains, etc. and other similar works in ordinary soil". It has specifically been mentioned in the item that these rates are applicable "for Public Health Works only". Accordingly, the rate of Rs 932 per 100 cum is being paid for excavation of water storage tanks which is also an underground structure of Public Health works. The break up of Rs 932 is as under:

	Labour for Earth work	Unit	Number/Quantity	Rate	Amount
(i)	Mazdoor	100 cum	21 Nos	20.52	430.92 'B'
(ii)	Mazdoor of age not less than 15 years and under 18 years old	-do-	8 Nos	16.52	132.16 'B'
(iii)	Labour for refilling trenches in 15 cm layers, remming and watering, 80 <i>per cent</i> earth will be surplus (Rate as per item No. 6.13(a))	-do-	20 cum	343.40	68.68
(iv)	Labour for dressing of sides, beds to correct section and dewatering of rain water templates, etc. (Mazdoor)	-do-	4 Nos	20.52	82.08 'B'
(v)	Removal of surplus spoil upto lead of 30 metres	-do-	80 cum	91.00	72.80
(vi)	Diversion of traffic, night signals, fixing and maintenance of caution board, watching, cutting grass and bushes, etc			Lump sum	2.50
(vii)	Crossing of trenches for access to houses			Lump sum	1.25
(viii)	Sundries			Lump sum	2.50
	Add for contractors profit and overhead charges at 21.50 <i>per cent</i> on items marked 'B'		645.16		138.71
	<b>Total</b>				Rs 931.60 say Rs 932

A perusal of the break up of these items by audit revealed that items mentioned at Sr. No. (iii), (iv), (vi) and (vii) were not payable while digging water storage tanks as these were actually not required to be executed at site, because (a) storage tanks being an underground structures were required to be excavated in cutting for which earth was required to be taken out to the precise dimensions to correct levels in such a manner that there existed neither any concavity nor any convexity; (b) the bed and side slopes are lined with bricks/tiles and hence refilling of 20 *per cent* of total excavated earth was not required and instead the item was required to be paid under item No. (v) above for which a rate of Rs 91.00 per 100 cum was fully payable; (c) diversion of traffic, night signals and caution boards were not required as the sites of water storage tanks were in the open fields away from the habitation and (d) crossing for access to houses was neither required nor possible to lay. Thus the payable rates worked out to Rs 778<sup>1</sup> instead of Rs 932 per 100 cum which resulted in excess payment at the rate of Rs 154 per 100 cum plus sanctioned zonal premiums and approved percentage rates of the contractors. The nature of excavation of water storage tanks was not actually similar to that of underground foundations, trenches, sullage drains, etc. and was thus not covered under item 6.7 of HSR. Instead a separate rate for this item of work was required to be worked out by treating it as a non-schedule item.

Through audit scrutiny and as per the information (October 2001 to April 2002) collected subsequently, it was noticed that in 21 Public Health Divisions, 267 works for excavation of water storage tanks were allotted (June 1991 to December 2001) to various contractors who executed (March 1992 to March 2002) 2857153 cum earthwork and were paid at the rate of Rs 932 instead of Rs 778 per 100 cum, besides sanctioned zonal premium and contractor's approved rates which resulted in overall excess payment of Rs 1.12 crore.

On being pointed out (January 2002) the Engineer-in-Chief, (EIC) Public Health Department stated (March 2002) that had all the components mentioned under item 6.7 of HSR been paid separately then amount payable to the contractor would have been higher than the rates provided under single item 6.7 of HSR. The reply was not tenable as all the components under the item 6.7 were not actually payable being not required for the nature of work executed and instead of preparing separate rates from this basic rate for item, 6.7 of HSR had been adopted facilitating excess payment to the contractors and causing loss of Rs 1.12 crore to Government.

The matter was referred to the Government in July 2002; reply had not been received (August 2002).

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<sup>1</sup> Rs 932 (-) Rs 154 (Rs 99.73 + Rs 68.68 + Rs 2.50 + Rs 1.25 (-) Rs 18.20) = Rs 778.



#### 4.6 Unfruitful expenditure on water supply scheme

##### **Simultaneous sanction of two water supply schemes by the State Sanitary Board for the same village resulted in unfruitful expenditure of Rs 47.60 lakh**

In some parts of Haryana, the ground water sources are affected with excess fluorides and salinity and such problem villages, wherever possible, have been provided with alternative drinking water facility through canal based water supply schemes. To eradicate the problem of excess fluorides, State Sanitary (SS) Board approved (May 2000) a project for Defluoridation and Desalination systems, in three<sup>2</sup> villages under "Sub-Mission Control of Fluorosis" for Rs 196.00 lakh on the basis of estimate prepared by the Executive Engineer (EE), Technology Mission, Gurgaon. The project was to be shared with Government of India on 50:50 basis. One out of the three schemes, proposed for installation of Defluoridation plant was in village Banipur (Rewari district), where the fluoride level of ground water source was higher by 5 mg per litre of water than the maximum permissible limit of 1 mg per litre of water. Accordingly, the EE, Public Health (PH) Division, Palwal placed (December 2000) an order with a firm in Chennai for supply and installation of Defluoridation-cum-desalination plant of 30,000 litres per capita per day (lpcd) capacity. The firm supplied the equipment and completed installation work (September 2001). An expenditure of Rs 47.60 lakh had been incurred on this scheme as of July 2002.

During audit of Public Health Division, Rewari (February 2002) it was noticed that the same village of Banipur was also covered under canal based water supply scheme of 12 villages from Jalalpur Distributary, which was approved by the SS Board in June 2000 for Rs 97.75 lakh. The estimate for the canal based water supply scheme was prepared by the EE, PH Division, Rewari on the plea that the installation of Defluoridation plant was typical and costly. The work for this scheme was allotted (February 2001) to contractor for Rs 53.65 lakh. Expenditure of Rs 48.80 lakh had been incurred upto July 2002 and the work was still in progress (July 2002).

Thus, two schemes were sanctioned in May and June 2000, under two different schemes, for supply of drinking water to the same village. Both the schemes were under progress as of July 2002. The State Sanitary Board had approved both the schemes and it was an injudicious decision. With the completion of canal based scheme Defluoridation plant would be of no use and the expenditure of Rs 47.60 lakh incurred upto July 2002 would be unfruitful besides recurring annual maintenance charges estimated to be Rs 2.75 lakh.

The matter was referred to the Government in April 2002; their reply had not been received (August 2002).

<sup>2</sup> Banipur (Rewari), Gharrot (Faridabad) and Phagu (Sirsa).

CHAPTER-V

**STORES AND STOCK  
AUDIT PARAGRAPHS**





## CHAPTER – V

### STORES AND STOCK

#### Public Works Department (Public Health Branch)

#### 5.1 Stores and Stock

Records relating to purchase, custody, issue and management of stores in respect of 12<sup>1</sup> out of 43 divisions of Public Works Department (Public Health Branch) along with the office of the Engineer-in-Chief (EIC) were test-checked for the years 1999-2002 during October 2001 to March 2002. This was supplemented by information obtained from other divisions as well as from monthly accounts. Important points noticed in audit are mentioned in the following paragraphs.

#### 5.1.1 Store accounts and position of stock

Under Rule 15.21 (2) of Punjab Financial Rules, applicable to Haryana State also, all Heads of departments are to furnish store accounts (in duplicate) by 15 May each year in respect of purchase of stores valuing Rs 5 lakh or more in a year to the Accountant General (AG). Though the purchases exceeding Rs 5 lakh in each year were made through orders placed by EIC, no consolidated accounts of receipts, issues and balances of stock for the department as a whole, were prepared and submitted to AG due to which value of stores had to be compiled by the audit from monthly accounts of the 43 divisions. The details were as under:

	Value of stores		
	1999-2000	2000-01	2001-02
	(Rupees in crore)		
Opening balance as on 1 April	8.41	(-)1.77	(-)0.48
Receipts during the year	75.11	71.66	69.26
Total	83.52	69.89	68.78
Issues during the year	85.29	70.37	64.73
Closing balances as on 31 March	(-)1.77	(-)0.48	4.05

<sup>1</sup> Public Health (PH) Divisions, Ambala Cantt, No. I & II Bhiwani, P&I Charkhi Dadri, Dabwali, Hansi, No. III Hisar, No. I Karnal, Naraingarh, Narnaul, No. II Panipat and Panchkula at Chandigarh.



### 5.1.2 Minus balances

As required under article 184 of Accounts Code Volume-III and instructions issued by the EIC from time to time, transactions originating in another division, department or Government should, as a rule, be adjusted in divisional accounts on receipt of intimation of the debit or the credit/book transfer bills and suspense slips from the Accountant General (AG memos). Rules<sup>2</sup> further provide that issue rate of store articles fixed at the beginning of the year should be reviewed, during half yearly closing of the register of stocks so that the value accounts and stock registers agree. No efforts were made to adjust the value of stores at the close of each financial year with the result that minus balances of Rs 13.49 crore, Rs 12.74 crore and Rs 11.43 crore appeared in 19, 17 and 17 divisions at the end of March 2000, 2001 and 2002 respectively as per details in *Appendix-XV*.

Minus balances were attributable to:

- (i) non-adjustment of profit/loss on stores and non-revision of issue rate;
- (ii) fictitious issue of stores; and
- (iii) non-adjustment of A.G. memos (Rs 0.87 crore), issued by Accountant General for material received through DGS&D.

Further examination revealed that:

(a) In Planning and Investigation (P&I) P H Division, Charkhi-Dadri, stores valuing Rs 80.86 lakh were issued and shown as consumed on various works through 141 indents during September 2000 to March 2001 but their value in the store accounts was debited during May and July 2001 by contra credit to concerned works. This led to incorrect depiction of balances of stores in the accounts for the year ending March 2001.

(b) In five<sup>3</sup> divisions, 3,03,339 bags of cement were purchased at the rates varying from Rs 101 to Rs 125 per bag. The cement so purchased was issued to various works at the rate of Rs 129, Rs 130, and Rs 135 per bag against the uniform issue rate of Rs 129 per bag notified by Government. By issuing the cement at higher rates, Rs 50.50 lakh (including 3 per cent stock storage charges) were excessively charged to various works. Incorrect fixation of issue rates had resulted in profit to stock and increase in minus balances.

No remedial steps were taken to avoid minus balances and recurring minus balances indicated charging of stores at incorrect rates to works which could also conceal errors and fictitious adjustments, if any, in stock accounts, etc.

<sup>2</sup> Rule 6.22 of Punjab Financial Hand Book No.3, Departmental Financial Rules (DFR) applicable to Haryana State also.

<sup>3</sup> PH Divisions, Ambala Cantt., No. II Bhiwani, No. I Karnal and No. I & II Panipat.

### 5.1.3 Re-working of storage charges

Storage charges are recovered from the issue prices of stores to meet the expenditure on maintenance and upkeep of stores, watch and ward charges, rent, repairs and electricity charges of godowns or yards, etc. A test check of records revealed credit balances (Profit) of Rs 2.77 crore in 27 divisions, Rs 3.05 crore in 27 divisions and Rs 2.86 crore in 31 divisions at the end of March 2000, March 2001 and March 2002 respectively and debit (Loss) balances of Rs 0.45 crore in 7 divisions, Rs 0.40 crore in 6 divisions and Rs 0.10 crore in 4 divisions at the end of March 2000, March 2001 and March 2002 respectively. These were lying unadjusted at the end of each financial year. The accumulated unadjusted debit and credit balances were attributable to non-revision of storage charges. Besides, the department had failed to adjust the balances at the end of corresponding financial year by crediting/debiting the storage head, as required under the rules.

### 5.1.4 Priced store ledgers

In P&I PH Division, Charkhi Dadri, Priced Store Ledger (PSL), showing the numerical quantities of stores with their value in opening balances, receipts, issues and closing balances, was not maintained since the date of its inception (April 1996). In other four<sup>4</sup> divisions, the balances of receipts and issues in the ledgers were not reconciled with those shown in the bin cards. Non-reconciliation of these balances could lead to misappropriation of stores.

### 5.1.5 Reserve Stock limit

To facilitate optimum limit of stores in stock, Government (July 1985), fixed a permanent Reserve Stock Limit (RSL) of Rs 20 lakh in respect of all the existing PH Divisions. In June 1990, this limit was raised to Rs 40 lakh each in respect of four<sup>5</sup> divisions.

It was noticed in audit that 13 divisions in 1999-2000, 10 in 2000-2001 and 12 in 2001-2002 held stores in excess of permanent RSL by Rs 7.67 crore, Rs 7.38 crore and Rs 9.76 crore respectively as detailed in *Appendix-XVI*. Holding stock in excess of permanent RSL could mean unnecessary procurement, blockade of Government money, etc.

<sup>4</sup> PH Divisions, No. I Bhiwani; No. III Hisar; Hansi and No. II Panipat.

<sup>5</sup> PH Divisions, Kurukshetra, No. I Karnal, Kaithal and Yamunanagar.



### **5.1.6 Tools and plant returns**

To guard against shortages, pilferages, misappropriations and frauds, an yearly Tools and Plant (T&P) return is required to be prepared by each sub-division and consolidated in the division. These returns were not prepared for periods ranging from 2 to 21 years in seven<sup>6</sup> out of 12 test checked divisions. The divisions did not try to obtain these returns from the Sub-Divisional Officers and no action was taken against the defaulting officers. Absence of T&P returns would mean shortages/pilferages which cannot be detected by audit.

The EE, PH Division II, Panipat stated (November 2001) that the T&P returns of the PH Division I, Sonipat (defunct) which was merged with that division in April 2000 were not available since 1990. As such the returns could not be prepared.

Test-check of T&P, returns so prepared in nine<sup>7</sup> divisions revealed that pump sets, motors fitted on various water works and other items issued from the stores during 1996-2002 valuing Rs 1.90 crore were not taken on T&P registers maintained by sub-divisions, which resulted in non-accountal of T&P articles to this extent. This could mean payment without supply also.

When these cases were pointed out in audit (January 2002) the EE, PH Division, Hansi accounted for the T&P articles valuing Rs 0.35 crore. For the remaining divisions, no reply was received as of April 2002.

### **5.1.7 Physical verification of stores**

Physical verification of stores required to be conducted once in a year by an officer other than the one incharge of the stores. Such verification was never conducted in PH, P&I, Division, Charki-Dadri and PH, Division II, Panipat since their inception in 1995 and 1996 respectively and in PH Division I, Bhiwani it had not been conducted since 1997-98.

### **5.1.8 Other points of interest**

#### **(i) Irregular use of PVC pipes**

State Sanitary (SS) Board, Haryana, in its meeting held on 9 June 1998, observed that PVC pipes have become a serious hazard in itself. There was rampant puncturing of PVC pipes in the rural areas because of excessive stand posts and these pipes crack as they cannot with-stand high pressure. In view of this, it was decided (June 1998) in the meeting that use of PVC pipes in

<sup>6</sup> PH Divisions, No. I Bhiwani, P&I Charki-Dadri, Dabwali, No.III Hisar, Narnaul, No.II Panipat and Panchkula at Chandigarh.

<sup>7</sup> PH Divisions, Ambala Cantt., No II Bhiwani, P&I Charkhi Dadri, Dabwali, No. III Hisar, No. I Karnal, Naraingarh, Narnaul and Panchkula at Chandigarh.

future would only be limited to repair/replacement of existing pipes. However, during test-check it was noticed that PVC pipes of various sizes valuing Rs 27.36 lakh were used on augmentation of various water supply schemes in eight<sup>8</sup> divisions during April 2001 to March 2002 though AC pipes of various diameters were available in the stores. This was in contravention of the decision (June 1998) of the SS Board Haryana.

**(ii) Loss due to non-extraction of old pipe lines**

The estimates of augmentation water supply schemes provided for extraction of old pipe line in cases where it became non-functional due to construction of new water supply schemes.

In eight<sup>9</sup> test checked divisions, 45 new schemes of augmentation of water supply were completed between 1999 and 2002. The estimates of these schemes provided for extraction of 2.32 lakh metre of pipes of various sizes valuing Rs 1.29 crore<sup>10</sup>. These pipes were not extracted (December 2001), which resulted in loss of Rs 1.06 crore after taking into account the dismantling charges of Rs 0.23 crore. Meanwhile, the department purchased 1.87 lakh metres of pipes at a cost of Rs 1.91 crore of the same dimensions required to be extracted. Had these pipes been extracted and utilised, Rs 1.91 crore spent on the newly purchased pipes could have been avoided.

**(iii) Injudicious purchases of material**

**(a)** DS&D, Haryana on receipt of indent from EIC, PH Branch, Chandigarh, placed supply orders (December 1998 and January 1999) on two suppliers for supply of 1500 Stone Ware (SW) pipes each 600 mm dia at the rate of Rs 1144 per pipe along-with other material. Pipes were to be received in PH Division I, Bhiwani. Supplier 'A' supplied (June 1999) 1500 pipes whereas the supplier 'B' supplied (July 1999) only 106 pipes. 739 pipes were already lying in the stores of the division at the time of receipt of these pipes.

Scrutiny of the records in EIC office revealed that there was no demand from field offices for this size of SW pipe during 1998-99. It was indented by the EIC on his own, on the ground that the firms also manufacture this size and this is to be purchased for urban drainage works. 887 pipes costing Rs 10.15 lakh were transferred (June 1999 to February 2002) to other divisions {PH Division No.II, Bhiwani (24) and PH Division, Tosham (863)} as these were not required in PH Division I, Bhiwani. Out of the total 2345 pipes, 1458 pipes valuing Rs 16.68 lakh were un-consumed as of February 2002.

<sup>8</sup> PH Divisions, Ambala Cantt., Charkhi-Dadri, No. II Bhiwani, Naraingarh, Hansi, Narnaul, No. I Panipat and No. I Karnal.

<sup>9</sup> PH Divisions, Ambala Cantt, No. I & II Bhiwani, P&I Charkhi Dardi, Hansi, No. III Hisar, No. I Karnal and Naraingarh.

<sup>10</sup> Depreciated value taken as provided in the estimates.



(b) In four<sup>11</sup> divisions, 17 pump/diesel generating sets, etc. valuing Rs 14.22 lakh were purchased between July 1996 and June 2000, without immediate requirement. Of these, only one pump set of Rs 1.46 lakh was put to use upto February 2002. Remaining 16 pump sets valuing Rs 12.76 lakh were lying un-utilised for the last 2 to 6 years.

Thus, purchase of items without requirement had resulted in blocking of Government funds of Rs 29.44 lakh.

(iv) *Splitting up of purchases*

The EE and the Superintending Engineers (SE) are empowered to purchase upto Rs 10,000 and Rs 50,000 respectively any one item on any one occasion. Rules prohibit the split up of purchases. In eight out of 12 test checked divisions, purchases of material such as specials, sluice valves, pipe fittings, electrical fittings, pump sets, motors, etc. were made in 222 cases valuing Rs 20.54 lakh, as per details given below:

Sr. No.	Name of Division	No of purchase orders/payment vouchers	Amount paid (In rupees)
1.	PH Division, Dabwali	96	9,06,717
2.	PH Division No. II, Bhiwani	36	3,44,732
3.	PH Division, Charkhi Dadri	14	2,27,868
4.	PH Division, Hansi	24	1,96,782
5.	PH Division, Panchkula at Chandigarh	20	1,80,385
6.	PH Division, Narnaul	10	74,897
7.	PH Division, Naraingarh	11	74,817
8.	PH Division No. III, Hisar	11	48,077
	<b>Total</b>	<b>222</b>	<b>20,54,275</b>

(v) *Utilisation of material without detailed record entries in measurement books*

Measurement Book (MB) is an important basic record for all accounts of quantities, whether of work done by daily labour or by the contractor or of material received which have to be counted or measured. The entries in MB are made in such a way as to enable check of vouchers for payment invariably with reference to recorded entries in MB for each month.

In ten<sup>12</sup> test checked divisions, material such as pipes, cement, fittings, etc. valuing Rs 8.71 crore was issued to various maintenance works but no reference entries were made in the MBs. In some cases, old material such as pipe fittings, etc., which was required to be taken back, were not entered. In the absence of reference/record entries in the MBs, bonafide issue/return of material could not be established. The EE, PH Division, Panchkula at Chandigarh agreed (January 2002) to make entries of major items in future.

<sup>11</sup> PH Divisions No. II Bhiwani, No. II Hisar, No. I Karnal and No. II Panipat.

<sup>12</sup> PH Divisions Ambala Cantt., No. I & II Bhiwani, P&I Charkhi Dadri, Dabwali, Hansi, No. III Hisar, Narnaul, Naraingarh and Panchkula at Chandigarh.

**(vi) Shortage of material**

In PH Division, Hansi, shortage of material valuing Rs 22.96 lakh was noticed by audit during cross linking of records. The details are as under:

Sr. No.	Nature of shortage	Amount (Rupees in lakh)	Period	Description
1.	Physical verification (i) Material found short = 0.20 (ii) Material found surplus but not accounted for = 0.16 (iii) Shortage pointed by committee = 4.44	4.80	December 1999, May 2001 and July 2002	GI pipe, CID joints, CID/FSV, etc.  23 items of fittings etc.
2.	Non -carry over of balances in Bin Cards	5.85	May 2001	AC Pipe 8730 metre
3.	Errors in totalling in Bin Cards	1.36	January 2000 and August 2000	GI and AC pipe
4.	Non-accountal of material received through GR sheets	4.34	October 2000 to March 2001	AC pipe and PVC Bend
5.	Short handing/taking over	6.61	August 2001 to December 2001	GI/AC pipe, SV 10 inch
	<b>Total</b>	<b>22.96</b>		

The EE confirmed (July 2002) the shortage of Rs 8.01 lakh and placed the amount in 'Miscellaneous Public Works Advances' of Junior Engineer(JE) in July 2002, but JE had expired in April 2002. In respect of shortage of remaining items confirmation was awaited (July 2002).

The matter was referred to the Government in June 2002; reply had not been received (August 2002).





## CHAPTER-VI

### **FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS**

#### **SECTION – A AUDIT REVIEW**

❖ Rural Housing Schemes

Page  
84-98





## CHAPTER - VI

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### Section – A – Audit Review

#### Rural Development Department

#### 6.1 Rural Housing Schemes

##### Highlights

*The aim of Indira Awaas Yojana (IAY) was to help construction/upgradation of dwelling units by members of scheduled castes/scheduled tribes, freed bonded labourers and also other than SC/ST rural poor below poverty line by providing them grants-in-aid. A large number of ineligible families were included in below poverty line (BPL) lists by liberalising eligibility criteria. Only about 8 per cent of the BPL families were covered in 5 years. Inflated figures of expenditure and physical performance were reported to Government of India to avoid deduction in release of funds. Houses were constructed departmentally and material was purchased by the implementing agencies on behalf of beneficiaries without their consent and in violation of the provisions of the scheme. A large number of houses were allotted to ineligible families. The progress of the Rural Housing Schemes launched in 1999-2000 was very slow. Monitoring aspect for the effective implementation of the schemes was weak. The important points detected in audit were as under:*

**Inflated figures of expenditure to the extent of Rs 1.70 crore under Indira Awaas Yojana and Rs 0.28 crore under Pradhan Mantri Gramodaya Yojana were reported to Government of India (GOI).**

*(Paragraph 6.1.5(i) and 6.1.14(a)(ii))*

**Deduction of Rs 2.62 crore was made under IAY by GOI while releasing subsequent instalments during 1997-2002 due to excess carry over of balances and late submission of proposals by DRDAs.**

*(Paragraph 6.1.5 (ii))*



**By liberalising the eligibility criteria 1,573 ineligible families in three districts were allotted houses constructed at a cost of Rs 2.91 crore.**

(Paragraph 6.1.6)

**Though clearly envisaged in the scheme, 28 and 22 per cent of houses constructed were not provided with smokeless chullahs and sanitary latrines respectively.**

(Paragraph 6.1.8 (ii))

**Instead of giving cash assistance, building material was purchased by the implementing agencies and supplied to the beneficiaries without their consent.**

(Paragraph 6.1.10 (i))

**Contrary to the provisions of the scheme, in 3 of the 5 test checked districts, unskilled labour was engaged for construction of houses on payment of Rs 46.17 lakh.**

(Paragraph 6.1.10 (ii))

**In test checked districts, 936 houses, on which expenditure of Rs 1.79 crore was incurred, were allotted to ineligible persons.**

(Paragraph 6.1.11(i))

**In test checked districts, unspent balances of Rs 1.07 crore were retained by the implementing agencies instead of refunding to DRDAs. In contravention of the provisions of the scheme, the formal titles of the constructed houses ranging between 53 and 65 per cent were made only in the names of male members in five test checked districts.**

(Paragraph 6.1.12(a)&(b))

**Against the allocation of Rs 1.98 crore under Credit-cum-Subsidy Scheme for Rural Housing, only Rs 90.44 lakh (46 per cent) was released due to failure of the DRDAs to send proposals for release of second instalment.**

(Paragraph 6.1.13 (i))

**Monitoring at State, district and at block levels was weak.**

(Paragraph 6.1.15)

### 6.1.1 Introduction

Indira Awaas Yojana (IAY) was launched by the Government of India (GOI) in 1985-86 as a sub-scheme of the Rural Landless Employment Guarantee Programme (RLEGP) for providing houses to the scheduled castes, scheduled tribes and freed bonded labourers living below poverty line (BPL) and was also extended to BPL families of other than scheduled castes/scheduled tribes in rural areas with effect from 1993-94. Further, it was made an independent scheme from 1 January 1996 and the benefit of the scheme was also extended to widows or next of kin of defence personnel, para-military forces killed in action, ex-servicemen/retired members of para-military forces and disabled persons. Conversion of un-serviceable *kucha* houses to semi-*puccal/pucca* houses in rural areas was also included within the scope of the scheme from April 1999.

GOI also launched following housing schemes during 1999-2000 to cover the untouched areas needing immediate attention in the Rural Housing Sector:

- (a) Credit-cum-Subsidy Scheme for Rural Housing;
- (b) Samagra Awaas Yojana;
- (c) Setting up of Rural Building Centres;
- (d) Innovative Stream for Rural Housing and Habitat Development; and
- (e) Pradhan Mantri Gramodaya Yojana (Gramin Awaas) (launched in 2000-2001).

### 6.1.2 Organisational set up

The Joint Secretary-cum-Director, Rural Development Department, Haryana was the head of the department and was responsible for overall monitoring of the Rural Housing Schemes. He was assisted by a Project Economist and two Research Officers. At district level, District Rural Development Agencies (DRDAs) functioning in each district under the chairmanship of Deputy Commissioner (DC) of the district concerned and Additional Deputy Commissioner (ADC) as Chief Executive Officer (CEO) were responsible for implementation of the scheme. The schemes were implemented through Block Development and *Panchayat* Officers (BDPOs). In the district, ADC-cum-CEO was assisted by a Project Economist, Assistant Programme Officers and an Accounts Officer. Each DRDA had a Governing Body to review the progress of works under various schemes and approve plans at district level, which was to meet once in a quarter.



### 6.1.3 Audit coverage

Records relating to Rural Housing Schemes for the period 1997-2002 were test checked in the offices of the Joint Secretary-cum-Director of Rural Development Department and 5<sup>1</sup> districts (out of 19) and 33 blocks (out of 114) during December 2001 to March 2002. Out of total expenditure of Rs 92.57 crore<sup>2</sup>, Rs 32.10 crore were test checked. Significant audit findings are discussed in the succeeding paragraphs.

### 6.1.4 Funding pattern

The Indira Awaas Yojana is a Centrally sponsored scheme funded on cost-sharing basis between GOI and the State Government in the ratio of 80:20, changed to 75:25 from April 1999. The ratio was similar for Credit-cum-subsidy scheme for Rural Housing. Pradhan Mantri Gramodaya Yojana (Gramin Awaas), Smagra Awaas Yojana, Innovative Stream for Rural Housing and Habitat Development and Setting up of Rural Building Centres are 100 per cent Centrally sponsored schemes.

### Indira Awaas Yojana

### 6.1.5 Funds released and expenditure

(i) Details of release of funds by GOI and the State Government and expenditure were as under:

Year	Opening balance	Funds released by		Miscellaneous receipts	Total funds available	Expenditure <sup>3</sup> incurred	Balance
		GOI	State Government				
1997-98	181.75	809.25 <sup>4</sup>	192.21	5.60	1,188.81	972.34	216.47
1998-99	216.47	1,949.39 <sup>5</sup>	468.38	10.85	2,645.09	2,206.01	439.08
1999-2000	439.08	1,163.61 <sup>6</sup>	267.63	20.84	1,891.16	1,706.10	185.06
2000-2001	185.06	1,518.85 <sup>7</sup>	628.36	28.73	2,361.00	2,244.41	116.59
2001-2002	116.59	1,183.36 <sup>8</sup>	405.11 <sup>9</sup>	29.67	1,734.73	1,677.19	57.54
<b>Total</b>		<b>6,624.46</b>	<b>1,961.69</b>	<b>95.69</b>		<b>8,806.05</b>	

<sup>1</sup> Faridabad, Hisar, Kurukshetra, Sonipat and Yamunanagar.

<sup>2</sup> IAY: Rs 88.06 crore, Pradhan Mantri Gramodaya Yojana: Rs 3.33 crore, Credit cum Subsidy scheme: Rs 0.91 crore and Samgra Awaas Yojana: 0.27 crore.

<sup>3</sup> Expenditure figures are on the basis of progress reports submitted by the State Government to GOI.

<sup>4</sup> It includes Rs 23.81 lakh and Rs 68.61 lakh released by GOI during 1996-97.

<sup>5</sup> It includes Rs 41.72 lakh released during 1997-98.

<sup>6</sup> It includes Rs 127.58 lakh released during 1998-99.

<sup>7</sup> It includes Rs 411.89 lakh released during 1999-2000.

<sup>8</sup> It includes Rs 44.97 lakh released during 2000-01.

<sup>9</sup> It includes Rs 3.62 lakh released during 2000-01.

**Inflated figures of expenditure reported to GOI**

It was observed in test checked districts that against an unspent balance of Rs 1.71 crore, only Rs 0.96 lakh was shown at the close of financial year 2001-2002 in the progress reports submitted to GOI. As intimated (March 2002) by ADC, Sonipat, figures of expenditure were inflated since grants were released at the close of the financial year and to avoid cut in the second/subsequent release of grant by GOI.

(ii) The table below indicates the deduction imposed by GOI in release of grant, delay in release of funds by the State Government, delay in release of funds to the implementing agencies and release of fund at the fag end of the year:

Deduction imposed by GOI		Delay in release of funds by the State Government	Delay in release of funds to implementing agencies	Release of funds at the close of the year
<b>Period:</b>	1997-2002	<p>1. As provided under the scheme the State Government was required to release its share to DRDAs within one month of receipt of GOI share but there was a delay of more than one to eight months. The delay in release of State share was attributed by Joint Secretary-cum-Director Rural Development to shortage of funds with the State Government.</p> <p>2. In one specific case while the GOI released its share of Rs 68.61 lakh on 31 March 1997 the State Government released this amount to DRDAs only on 27 March 1998 i.e. after a delay of about one year.</p>	<p>In 5 test checked districts, the funds received from GOI and State Government were in turn released by DRDAs to the implementing agencies after a delay of one to eight months, which resulted in non-implementation of scheme and as a consequence of which the GOI deducted the grant to the extent of under-utilisation from subsequent releases.</p> <p>The late release of funds was attributed by DRDAs to time taken in completion of process of selection of beneficiaries.</p>	<p>Out of total funds released during 1997-2002, funds to the extent of Rs 27.63 crore and Rs 10.05 crore respectively were released by GOI and the State Government during the last quarter of respective financial year. Of this, Rs 9.72 crore and Rs 7.86 crore were released in the month of March by GOI and the State Government respectively.</p>
<b>Reasons</b>	(Rs in crore)			
(i) On account of excess carry over of balances.	1.37			
(ii) Late submission of proposals to GOI	1.25			
<b>Total</b>	2.62			
<b>Impact of delay</b>	1,693 families were deprived of the benefit.			
<b>Departmental reply</b>	The Joint-Secretary-cum-Director, Rural Development, Haryana intimated (April 2002) that the matter for restoration of cut imposed by GOI was taken up without success and none could be held responsible.			

### 6.1.6 Survey and identification of beneficiaries

The GOI guidelines (April 1997) for the Ninth Five Year Plan period had excluded from the scope of BPL families, those families having more than 2 hectare of land, *pucca* house, annual income exceeding Rs 24,300, having any of the consumer durables/farm implements like TV, fridge, ceiling fan, motor cycle/scooter, three wheeler, tractor, power tiller or combined thresher harvester. In contravention of these guidelines, the State Government directed (December 1997) the DRDAs to prepare BPL families list including even those having *pucca* house or a ceiling fan or both but were otherwise poor. This resulted in extending the benefit to 5.03 lakh families (revised to 6.39 lakh families, consequent upon revised survey in 1999-2000) against 2.70 lakh families originally found eligible under the scheme.

**Liberalised eligibility criteria fixed by the State Government led to avoidable expenditure**

In test checked districts of Hisar, Sonipat and Yamunanagar, 1,573 ineligible families were allotted houses under IAY during 1998-2002 under relaxed instructions constructed at a cost of Rs 2.91 crore which led to extension of benefit to ineligible families at the cost of eligible ones. In the



absence of bunch codes in Faridabad and Kurukshetra districts in BPL lists, the houses allotted under the scheme to ineligible persons if any, could not be detected in audit.

### 6.1.7 Non-preparation of annual action plans

DRDAs did not prepare annual action plans

Annual Action Plans had to be prepared and got approved from the Deputy Commissioner (Chairman of DRDA) before the commencement of the financial year. These plans were based on reports received from Gram Sabhas, Gram Panchayats and from people's representatives, etc. In four<sup>10</sup> test checked districts, no annual action plan was prepared and funds were released on the basis of *ad-hoc* proposals received from them.

The Joint Secretary-cum-Director, Rural Development Department, Haryana denied (April 2002) the need for preparation of annual action plans at the State/District level. This contention was at variance with the guidelines.

### 6.1.8 Physical performance

(i) The targets fixed for construction of new houses and upgradation of *kucha* houses and achievements thereagainst were as under:

Year	New construction				Upgradation			
	Target	Houses completed/ allotted	Houses under progress	Houses allotted to SC	Target	Houses completed/ allotted	Houses under progress	Houses allotted to SC
(In numbers)								
1997-98	4,943	4,505	1,231	3,031	The Scheme came in being from 1999-2000.			
1998-99	10,690	10,043	2,605	6,589				
1999-2000	8,744 <sup>11</sup>	8,020	1,421	5,209	3,123	1,828	291	1,143
2000-01	6,244	9,126	627	6,108	3,122	4,206	293	2,772
2001-02	6,113	6,547	637	4,305	3,056	3,292	168	2,027
<b>Total</b>	<b>36,734</b>	<b>38,241</b>	<b>637</b>	<b>25,242</b>	<b>9,301</b>	<b>9,326</b>	<b>168</b>	<b>5,942</b>

It was seen in audit that the department could exceed the targets by utilizing unspent balance of previous years and miscellaneous receipts and because of receipt of additional funds of Rs 3.72 crore (GOI: Rs 2.96 crore and State Government Rs 0.76 crore), without targets being revised correspondingly.

Proper record of construction of houses not maintained

In the absence of records regarding date of commencement of construction/completion of the house of each beneficiary, the actual construction could not be verified in audit.

In test checked districts, it was noticed that the funds for construction/upgradation of houses were released in the last week of each financial year by

<sup>10</sup> Faridabad, Hisar, Kurukshetra and Sonapat districts.

<sup>11</sup> Includes 2500 houses as per Government of India letter no H-11018/6/2000-RH/225 dated 30 March 2000, for which special additional grant for Rs 3.75 crore was received for flood affected BPL families.

the DRDAs, but the houses were shown as completed/or under construction in the physical progress reports of the respective financial years sent to GOI, as indicated below:

Name of DRDA	Houses	1997-98	1998-99	1999-2000	2000-2001	2001-2002
(Number of houses)						
Faridabad	For which funds released	115	104	216 96 (UG <sup>12</sup> )	80 (UG)	-
	Shown in progress	-	-	-	1 (UG)	-
	Shown as completed	115	104	216 96 (UG)	79 (UG)	-
Hisar	For which funds released	-	-	-	176 193 (UG)	-
	Shown in progress	-	-	-	71 23 (UG)	-
	Shown as completed	-	-	-	105 170(UG)	-
Kurukshetra	For which funds released	54	-	62 (UG)	2	-
	Shown in progress	-	-	41 (UG)	-	-
	Shown as completed	54	-	21 (UG)	2	-
Sonipat	For which funds released	-	194	-	-	-
	Shown in progress	-	70	-	-	-
	Shown as completed	-	124	-	-	-
Yamunanagar	For which funds released	-	-	-	-	101 50 (UG)
	Shown in progress	-	-	-	-	-
	Shown as completed	-	-	-	-	101 50 (UG)
<b>Total</b>	<b>For which funds released</b>	<b>169</b>	<b>298</b>	<b>216</b> <b>158 (UG)</b>	<b>178</b> <b>273 (UG)</b>	<b>101</b> <b>50 (UG)</b>
	<b>Shown in progress</b>	<b>-</b>	<b>70</b>	<b>41 (UG)</b>	<b>71</b> <b>24 (UG)</b>	<b>-</b> <b>-</b>
	<b>Shown as completed</b>	<b>169</b>	<b>228</b>	<b>216</b> <b>117 (UG)</b>	<b>107</b> <b>249 (UG)</b>	<b>101</b> <b>50 (UG)</b>

In all the districts, actual construction/upgradation of the houses continued beyond the period indicated in above years.

#### Non-providing of smokeless *chullahs* and sanitary latrines

(ii) Each dwelling unit was to be provided with a smokeless *chullah* and sanitary latrine for healthy environment. Scrutiny of records revealed that 28 per cent and 22 per cent of total houses constructed under the scheme during 1997-2002 were not provided with smokeless *chullahs* and sanitary latrines respectively as detailed below:

Year	Number of houses completed	Number of houses without smokeless <i>chullahs</i>	Percentage	Number of houses without sanitary latrines	Percentage
1997-1998	4,505	1,706	38	1,691	38
1998-1999	10,043	3,816	38	3,478	35
1999-2000	8,020	2,238	28	2,214	28
2000-2001	9,126	1,823	20	949	10
2001-2002	6,547	1,163	18	189	3
<b>Total</b>	<b>38,241</b>	<b>10,746</b>	<b>28</b>	<b>8,521</b>	<b>22</b>

<sup>12</sup> UG : Upgradation



Similarly, 42 per cent and 35 per cent of the total houses upgraded during 1999-2002 were not provided with smokeless *chullahs* and sanitary latrines respectively.

Low coverage of SC families

(iii) The scheme envisaged that 60 per cent of funds was to be utilized for SC/ST families. However, only 47 per cent of the expenditure was incurred in Faridabad district during 1997-2002 and 53 per cent in Sonipat district during 1998-2001 for SC/ST families.

Only 8 per cent BPL families covered in 5 years

(iv) Of the total 6.39 lakh families (as per BPL lists revised in 1999-2000), only 50,379 families or about 8 per cent of the families were covered under Rural Housing Schemes (IAY and *Gramin Awaas*) during 1997-2002.

#### 6.1.9 Non-observance of prescribed procedure for selection of beneficiaries

Selection of beneficiaries was not made at the beginning of the financial year and in test checked districts the beneficiaries were selected only on receipt of funds from the Central/State Governments which adversely affected the progress of the scheme as this resulted in funds not being utilised in time by the implementing agencies.

Besides, in contravention of the scheme, the selection of beneficiaries was not got done through the *Gram Sabha* in Yamunanagar district before release of funds. The ADC, Yamunanagar stated (April 2002) that the BPL lists were prepared with the consent of concerned *Gram Sabha* after conducting survey and the beneficiaries were selected from these BPL lists. The reply was not tenable as the selection of beneficiaries was required to be got done through the concerned *Gram Sabha* before release of funds.

#### 6.1.10 Execution of work through NGOs/Government department and unauthorised purchase of material

The scheme envisaged that the houses were to be constructed by the beneficiaries themselves. However, Government departments or organizations were to provide technical assistance or arrange for supply of construction materials, if the beneficiaries so desired. Test-check of records revealed:

Purchase of material on behalf of beneficiaries without their consent

(i) A study report by GOI in 1999-2000 brought out that the houses were departmentally constructed in Kurukshetra and Hisar districts and all material was provided by the DRDAs without involving the beneficiaries. In the districts test checked also the implementing agencies, instead of giving cash assistance of Rs 20,000 for new construction and Rs 10,000 for upgradation to the beneficiaries, purchased construction material i.e. cement, steel, doors, bricks, etc. without the consent of beneficiaries and showed these as handed over to the beneficiaries in the stock registers.

The ADCs, Sonipat and Yamunanagar stated (March-April 2002) that this procedure was resorted to maintain uniformity and low cost. The reply was not acceptable as departmental supply of material could only be allowed when the beneficiary so desired.

Engagement of unskilled labourers in contravention of scheme

(ii) In Hisar, Kurukshetra and Yamunanagar districts, muster rolls for engaging unskilled labour were prepared and wages of Rs 46.17 lakh were paid by BDPOs for construction against the provisions of the scheme.

#### 6.1.11 Allotment of houses to ineligible families

Allotment of houses to persons not covered in BPL lists

(i) 936 houses, constructed at a cost of Rs 1.79 crore, were allotted to ineligible persons not included in BPL lists as detailed below:

		Faridabad	Hisar	Kurukshetra	Sonipat	Total
1998-99	No. of Families	305	7	40	80	432
	Expenditure (Rs in lakh)	57.24	1.41	7.41	15.64	81.70
1999-2000	No. of Families	124	9	24	31	188
	Expenditure (Rs in lakh)	24.80	1.79	3.84	5.49	35.92
2000-2001	No. of Families	82	34	12	35	163
	Expenditure (Rs in lakh)	16.18	6.69	2.12	6.95	31.94
2001-2002	No. of Families	96	49	1	7	153
	Expenditure (Rs in lakh)	18.47	9.78	0.20	1.39	29.84
<b>Total</b>	<b>No. of Families</b>	<b>607</b>	<b>99</b>	<b>77</b>	<b>153</b>	<b>936</b>
	<b>Expenditure (Rs in lakh)</b>	<b>116.69</b>	<b>19.67</b>	<b>13.57</b>	<b>29.47</b>	<b>179.40</b>

Allotment in respect of 1,431 beneficiaries involving expenditure of Rs 2.86 crore could not be verified in audit due to absence of records and cross references in the sanction orders.

(ii) On receipt of complaints about allotment of houses to 19 ineligible persons in Faridabad and Yamunanagar districts, ADCs directed (between August 2000 and May 2001) the BDPOs to recover Rs 3.20 lakh from these ineligible persons and fix responsibility. Rs 1.33 lakh had been recovered from 12 persons, but no action was taken against the defaulting officials as of May 2002.

#### 6.1.12 Other irregularities

(a) *Non-refund of unspent balances*

Unspent balances retained by implementing agencies

28 implementing agencies did not release full assistance in the form of construction material to 4,362 beneficiaries and funds to the tune of



Rs 1.07 crore thereagainst were kept by them. Neither the amount had been returned to DRDAs nor the poor families were helped fully.

**(b) Allotment of houses in the name of male members**

The dwelling unit was to be allotted in the name of female member of the beneficiary household. Alternatively, it could be allotted in the name of both husband and wife. In test checked districts, the number of houses allotted in the name of male members alone were as under:

District	1997-98		1998-99		1999-2000		2000-01		2001-02	
	Total allottees	Male allottees	Total allottees	Male allottees	Total allottees	Male allottees	Total allottees	Male allottees	Total allottees	Male allottees
Faridabad	305	191	626	323	519	113	543	152	471	309
Hisar	360	111	987	744	414	163	743	518	420	158
Kurukshetra	188	72	410	300	396	255	361	301	358	59
Sonipat	174	120	698	152	346	178	843	570	314	226
Yamunanagar	269	191	681	512	859	715	878	650	743	646
<b>Total</b>	<b>1,296</b>	<b>685</b>	<b>3,402</b>	<b>2,031</b>	<b>2,534</b>	<b>1,424</b>	<b>3,368</b>	<b>2,191</b>	<b>2,306</b>	<b>1,398</b>
<b>Percentage</b>		<b>53</b>		<b>60</b>		<b>56</b>		<b>65</b>		<b>61</b>

In 53 to 65 per cent of the cases the formal titles of the constructed houses were made in the name of male members, which was in violation of the provisions of the scheme. Reasons for this deviation were awaited from the department.

**(c) Non-maintenance of inventory of houses**

The implementing agencies were required to maintain details i.e. date of start and completion of construction of the dwelling unit, name of the village and block in which the house was located; name, address, occupation and category of beneficiaries, etc. But no such records were maintained in any of the districts and actual number of houses constructed could not be verified in audit.

**(d) Non-display of IAY Board and Logo**

The DRDAs were required to ensure that for each house constructed, a display board was fixed indicating the IAY Logo, year of construction, name of beneficiary, etc. This had not been done.

**6.1.13 Credit-cum-Subsidy scheme for Rural Housing**

The scheme provided credit-cum-subsidy to such households in rural areas who were below poverty line or having an annual income of up to Rs 32,000 and not covered under *Indira Awaas Yojana*.

Under this scheme, a loan of Rs 40,000 was to be given by the authorised banks for construction of a house, against which Rs 10,000 was to be released by Government as subsidy.

**(i) Slow implementation of the scheme**

During 1999-2002 against the allocation of Rs 1.98 crore, only Rs 90.44 lakh (1999-2000 : Rs 49.49 lakh, 2000-2001 Rs 31.91 lakh and 2001-2002: Rs 9.04 lakh) were released to DRDAs. Of this, Rs 90.42 lakh were spent. Due to slow implementation of the scheme and failure of DRDAs to send proposals, GOI did not release further funds.

**(ii) Physical performance**

The targets for construction of houses fixed by GOI and number of houses constructed were as under:

Year	Number of houses		
	Target	Houses completed	Houses under construction
1999-2000	990	26	4
2000-01	-	312	66
2001-02	354	400	29
<b>Total</b>	<b>1,344</b>	<b>738</b>	<b>29</b>

The low achievement was attributed to non-grant of loans by the banks because of difficulty faced in mortgaging of land in the *Lal-Doras*<sup>13</sup> of the villages.

Subsidy of Rs 90.42 lakh was released by DRDAs to banks during 1999-2002. As per norms, 904 houses were to be constructed but only 767 houses (i.e. 738 houses completed and 29 houses under progress) were taken up as per physical reports. Thus, the physical performance was disproportionate to the expenditure incurred.

**(iii)** The scheme envisaged that 60 per cent of funds allocated under the scheme were to be utilised towards financing the construction of houses for SC/ST families. But only 41 and 31 per cent of the expenditure was incurred on release of subsidy for financing the construction of houses to SC/ST families during 2000-2001 and 2001-2002 respectively.

**(iv) Non-verification of assets**

In the 5 test checked districts, subsidy of Rs 36.30 lakh was released to 363 beneficiaries for construction of houses. But utilisation certificates and creation of assets by 15 (4 per cent) beneficiaries were only received from banks or verified by the DRDAs. In the absence of UCs, chances of misutilisation of subsidy could not be ruled out.

The ADC, Yamunanagar stated (March 2002) that the utilisation certificates would be furnished by the banks after recovery of the loan. The reply was not tenable as UCs were required to be submitted after construction of the houses.

<sup>13</sup> Demarcation of land situated within the village *abadi* for which neither the land record of individuals nor title deeds are maintained.



#### **6.1.14 Other rural housing schemes**

The following other rural housing schemes were launched by GOI within a portfolio of objectives.

- (i) Pradhan Mantri Gramodaya Yojana (Gramin Awaas) launched from the year 2000-2001 with emphasis on extending facilities on drinking water and sanitation,
- (ii) Samagra Awaas Yojana implemented from the year 1999-2000 with the aim of improving the quality of life of the people and overall habitant in the rural areas and
- (iii) Setting up of Rural Building Centers from the year 1999-2000 with the aim of transfer of technology from 'lab to land', production of cost effective building material for sale and providing training.

The following irregularities were noticed in implementation of these rural housing schemes.

##### **(a) Pradhan Mantri Gramodya Yojana (Gramin Awaas)**

(i) It was observed that out of Rs 251.70 lakh allocated and released by GOI during 2000-2001, the State Government released only Rs 125.85 lakh to DRDAs. DRDAs in turn could utilise only Rs 100.94 lakh, leaving a balance of Rs 24.91 lakh. Similarly, during 2001-2002 against allocation and release of Rs 187.90 lakh by GOI, the State Government released Rs 219.80 lakh (including the balance of Rs 125.85 lakh available out of last year's released funds by GOI) and DRDAs spent Rs 231.93 lakh. Thus, out of Rs 439.60 lakh released by GOI, the State Government released only Rs 345.65 lakh to DRDAs who could utilise Rs 332.87 lakh leaving a balance of Rs 12.96 lakh, including miscellaneous receipt of Rs 0.18 lakh.

(ii) It was observed in test checked districts that the utilisation certificates/progress reports for the period 2000-2002 were inflated to the extent of Rs 27.73 lakh UCs/progress reports were furnished to GOI for Rs 126.12 lakh against the actual expenditure of only Rs 98.39 lakh.

(iii) No targets for construction/upgradation of houses were fixed. However, 1237 and 236 houses were reported to have been completed and under completion respectively during 2000-02. Similarly, upgradation in respect of 640 houses was shown as completed and 43 houses in progress. Test-check, however, revealed that in Faridabad and Yamunanagar districts, though 32 and 38 houses were shown as completed and 24 and 30 houses as upgraded during 2000-2001 respectively, there was neither any house constructed nor any upgraded in Faridabad district as no amount was found to have been spent. Similarly, in Yamunanagar district though Rs 4.75 lakh worth of material was found to have been purchased, it was not possible to construct 38 houses and upgrade 30 houses with this material.

(iv) Each dwelling unit was to be provided with a smokeless *chullah* and sanitary latrine for healthy environment. Scrutiny of the records revealed that 31 per cent and 22 per cent of the houses constructed and 40 per cent and 31 per cent of the houses upgraded during the years 2000-2001 and 2001-2002 were not provided with smokeless *chullahs* and sanitary latrines respectively as required in the scheme.

(v) In Sonipat and Yamunanagar districts, 34 families not eligible under the scheme were found to have been allotted houses costing Rs 5.70 lakh, resulting in irregular expenditure.

(vi) In four<sup>14</sup> test checked districts, it was found that 76 out of 115 houses allotted in 2000-2001 and 172 out of 285 houses allotted in 2001-2002 were found to have been allotted in the names of male members instead of female members or joint names as envisaged in the scheme.

(b) *Samagra Awaas Yojana*

One block each in Gurgaon and Rohtak districts were selected as pilots for the implementation of the scheme.

It was observed that against Rs 25 lakh released by GOI in 1999-2000 for Sampla block, the DRDA, Rohtak, spent Rs 27.23 lakh during 2000-2002, the excess having been met by collection from the community. No grant was found to have been released for the block in Gurgaon district.

(c) *Setting up of Rural Building Centres*

The GOI sanctioned (January 2000) one rural building centre to be set up in Gurgaon district with the project cost of Rs 15 lakh, out of which Rs 4.50 lakh were to be contributed by the promoter. Rs 4.20 lakh were released as first instalment (March 2001) to DRDA, Gurgaon by HUDCO but the building centre could not be set up as of March 2002 due to encroachment of land by the villagers.

### 6.1.15 Monitoring

The State Government nominated (November 1994) the Divisional Commissioners as Area Officers who were required to visit the districts once in a quarter and submit comprehensive reports to the Government. Against 380 quarterly reports required to be submitted during last 5 years, only 11 reports were submitted to Government.

The State level coordination committee was constituted for monitoring the programme every quarter but it met only twice in August 1998 and August 2001 in the last five years.

<sup>14</sup> Faridabad, Hisar, Sonipat and Yamunanagar.



Governing bodies of the DRDAs constituted at district level to monitor the programme of all the schemes implemented by Rural Development Department were also required to hold their meetings quarterly. However, in Sonipat district, only 3 and 2 meetings were held during 2000-2001 and 2001-2002 respectively. Similarly, in Yamunanagar district, 3, 2 and 2 meetings were held during 1997-98, 1998-99 and 1999-2000 respectively.

As per instructions (June 1997) of the State Government, Block Level Vigilance and Monitoring Committees (BLVMC) were to be constituted to supervise, exercise vigilance and monitor the implementation of schemes but no such committee was constituted in any district except Sonipat. In Sonipat also details of meetings held were not made available to audit.

In Kurukshetra and Yamunanagar districts, officials/officers were deputed for monitoring of the schemes through field visits and were required to submit weekly/monthly reports but no such report was submitted. In Faridabad, Hisar and Sonipat districts the details of the officials/officers deputed for monitoring of the schemes and reports submitted by them were not made available to audit.

#### 6.1.16 Evaluation

**Follow up remedial actions on issues brought out in evaluation study not taken up**

The concurrent evaluation study of IAY pertaining to the period 1985-86 to 1998-99 was got conducted during 1998-99 by GOI from Socio-Economic Research, Training and Development Association (SERTDA) with a view to evaluate the implementation, impact and reach. The study report brought out that 40 *per cent* of the construction work was done by contractors/voluntary organizations/Government agencies. The practice was against the guidelines as self labour in construction was the objective of the scheme. 93 and 72 *per cent* of the houses constructed were not provided fuel efficient *chullahs* and sanitary latrines respectively.

43 *per cent* of the constructed houses had less than 20 metres plinth area whereas the plinth area of dwelling unit should not be less than 20 metres.

The formal title of 64 *per cent* of constructed houses was in the name of male members.

The maximum technical assistance was to made available at village level but only 11 *per cent* cost effective technology was made available at village level.

Though the report was submitted by SERTDA in February 2000, the State Government circulated the main points to DRDAs only in September 2001 for taking remedial corrective measures, but no action was taken for these lapses. No further follow up action plan was prepared by Government.

### 6.1.17 Conclusion

The State Government identified 5.03 lakh BPL families during 1997-98 (revised to 6.39 lakh families in 1999-2000) by liberalizing the eligibility criteria, whereas 2.70 lakh families were originally found eligible as per criteria fixed by GOI. About 8 *per cent* of the BPL families only were covered in five years. In test checked districts 2,528 ineligible families were extended the benefit under the schemes at the cost of more deserving families. Material was purchased by the implementing agencies without the consent of the beneficiaries instead of providing cash assistance as envisaged in the scheme. Unskilled labour was to be contributed by the beneficiaries themselves but in 3 districts test checked, unskilled labour was engaged by the implementing agencies for construction of houses. In Faridabad and Sonapat districts the expenditure on providing benefits to the SC/ST families was 47 and 53 *per cent* respectively, against the requirement of minimum of 60 *per cent*. Progress under rural housing schemes launched during 1999-2001 was not satisfactory. Monitoring of the programmes was weak. Remedial measures were not taken to remove the defects brought out in the evaluation study conducted by GOI.

These points were referred to the Government in June 2002; reply had not been received (August 2002).





## CHAPTER-VI

### **SECTION – B** **AUDIT PARAGRAPHS**





## Section – B – Audit Paragraphs

### 6.2 General

#### (a) Financial assistance to autonomous bodies

During 2001-2002, the Government provided financial assistance of Rs 668.46 crore to various autonomous bodies and others. Details as per Paragraph 1.6.4 (Page 10)

#### (b) Delay in furnishing utilisation certificates

2,666 utilisation certificates are due from these bodies in respect of grants-in-aid of Rs 1,161.05 crore paid during 1991-92 to 2000-2001. But only 1,405 utilisation certificates for Rs 673.84 crore were furnished to AG by 30 June 2002 and 1,261 certificates for Rs 487.21 crore were in arrears. Department-wise and age-wise break-up of outstanding utilisation certificates were as under:

Department	Upto 1997-98		1998-99		1999-2000		2000-2001	
	Number of certificates	Amount	Number of certificates	Amount	Number of certificates	Amount	Number of certificates	Amount
	(Rupees in crore)							
Education	-	-	-	-	-	-	6	32.82
Medical	41	5.98	2	0.19	-	-	5	0.08
Agriculture	1	0.01	-	-	-	-	13	64.27
Development and Panchayat	1	0.12	6	0.26	42	4.27	33	9.53
Rural Employment	-	-	-	-	4	0.13	13	1.54
Economical and Statistical Organisation	-	-	-	-	1	0.33	28	6.40
Tourism	-	-	-	-	-	-	2	0.42
Social Security and Welfare	44	9.52	43	5.11	37	17.74	60	10.49
Sports	-	-	-	-	9	0.16	2	0.84
Public Health	47	138.82	17	32.32	5	3.64	165	43.67
Science and Technology	1	0.01	-	-	1	0.05	6	0.22
Art and Culture	-	-	-	-	-	-	3	0.04
Non-Conventional Sources of Energy	2	0.04	-	-	-	-	6	0.20
Ecology and Environment	3	0.13	4	0.17	3	0.09	1	0.06
Urban Development	80	4.83	22	6.31	190	11.52	250	20.94
Technical Education	-	-	-	-	-	-	1	1.89
Irrigation	-	-	2	1.0	2	1.20	17	41.27
Civil Aviation	-	-	-	-	-	-	1	0.01
Village and Small Scale Industries	-	-	3	0.39	14	2.97	14	3.11
Revenue	4	0.64	1	0.51	-	-	3	0.95
<b>Total</b>	<b>224</b>	<b>160.10</b>	<b>100</b>	<b>46.26</b>	<b>308</b>	<b>42.10</b>	<b>629</b>	<b>238.75</b>



(c) *Delay in submission of accounts*

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2002 was as under:

Sr. No.	Name of the body	Year for which accounts due	Year upto which accounts submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1.	Haryana Khadi and Village Industries (Board), Manimajra, Chandigarh	2001-2002	2000-2001	1999-2000	1996-97	Separate Audit Report (SAR) for the year 2000-2001 is under process for issue to Government
2.	Haryana Labour Welfare Board, Chandigarh	2001-2002	2000-2001	2000-2001	1999-2000	-
3.	Haryana Urban Development Authority, Panchkula	2000-2001 2001-2002	1999-2000	1999-2000	1989-90	-
4.	Haryana Housing Board, Panchkula	2001-2002	2000-2001	2000-2001	1998-99	-
5.	Haryana State Agricultural Marketing Board, Panchkula	2001-2002	2000-2001	1999-2000	Not yet submitted	-
6.	Haryana Prathmik Shiksha Pariyojna Parishad, Chandigarh	2000-2001 2001-2002	1999-2000	1999-2000	1995-96	Entrustment of Audit from 2000-2001 and onwards is awaited
7.	Mewat Development Agency, Nuh, (Gurgaon)	2000-2001 2001-2002	1999-2000	1999-2000	Not applicable	-
8.	Haryana State Legal Service Authority, Chandigarh	1996-1997 1997-1998 1998-1999 1999-2000 2000-2001	-	-	-	Accounts not submitted since 1996-97
9.	Haryana Urdu Akademi, Panchkula	1996-1997 1997-1998 1998-1999 1999-2000 2000-2001	-	-	-	- <sup>1</sup>

The audit of accounts of the following bodies had been entrusted to the Comptroller and Auditor General of India for a period of 5 years as detailed below:

Sr. No.	Name of body	Period of entrustment
1.	Haryana Khadi and Village Industries Board, Manimajra, Chandigarh	1997-98 to 2001-2002
2.	Haryana Labour Welfare Board, Chandigarh	1998-99 to 2002-2003
3.	Haryana Urban Development Authority, Panchkula	1997-98 to 2001-2002
4.	Haryana Housing Board, Panchkula	1999-2000 to 2003-2004
5.	Haryana State Agricultural Marketing Board, Panchkula	2000-2001 to 2004-2005
6.	Haryana Prathmik Shiksha Pariyojna Parishad, Chandigarh	1995-96 to 1999-2000
7.	Mewat Development Board, Nuh (Gurgaon)	2000-2001 to 2004-2005
8.	Haryana State Legal Service Authority, Chandigarh	1996-97 to 2000-2001
9.	Haryana Urdu Akademi, Panchkula	1996-97 to 2000-2001

<sup>1</sup> Audit of Autonomous body at Sr.No. 9 entrusted in June 2002.

**(d) Audit arrangements**

The audit of local bodies (*Zila Parishad, Nagar Palikas, Town Area/Notified Area committees*), educational institutions, *Panchayati Raj* institutions and others was conducted by the Director, Local Audit, Haryana, Chandigarh. Audit of co-operative societies is conducted by the Registrar, Co-operative Societies, Haryana, Chandigarh.

One hundred sixty five bodies/authorities, accounts of which were received for 2000-2001 attracted audit by Comptroller and Auditor General of India. Of these 83 bodies/authorities, audit of which was due, were audited during 2001-2002.

Two hundred and sixteen annual accounts of 97 bodies/authorities for 2001-2002 and earlier years had not been received as of September 2002 by the Accountant General (Audit). The details are given in *Appendix-XVII*. Of these bodies/authorities, Municipal Committee, Bhiwani and Rohtak did not submit accounts for 8 years, Municipal Committee, Karnal, Bahadurgarh, Narnaul and Faridabad for 6 years, Municipal Committee, Hisar, Gurgaon and Jagadhari for 5 years and Municipal Committee, Palwal, Sonipat, Charkhi Dadri, Rewari, Panipat, Barwala and Yamunanagar for 4 years.

**(e) Non-furnishing of Accounts of utilisation of grants**

Out of 336 autonomous bodies to whom various Government departments released grant-in-aid as detailed below during 2001-2002, 74 did not render the accounts for the utilisation of grants to the concerned departments as of July 2002. Social Justice and Empowerment Department had no information in respect of 27 units regarding maintenance of cash book as there was no such check by the department. Animal Husbandry Department had not received utilisation certificates for Rs 72.50 lakh out of Rs 371 lakh released as grant.

Sr. No.	Department	Total number of bodies	Did not render the accounts/ year of accounts	Did not render accounts in prescribed format	Did not utilise 50% of grants given in a year	Which diverted/ misutilised the funds (including grants released by GOI)/amount diverted/ misutilised	Defaulted repayment of loans/ amount overdue	Which did not maintain cash book/ maintained irregularly	Which did not invest its surplus funds/retained huge balance in cash chest/average amount of surplus funds	Any other interesting point noticed from the audit of accounts
1	2	3	4	5	6	7	8	9	10	11
1.	Medical	11	Nil	Nil	Fully utilised	Nil	Nil	-NIL	Nil	Nil
2.	Technical Education	7	-	Nil	Fully utilised	Nil	NIL	-	NIL	-
3.	Social Justice and Empowerment	56	Nil	Nil	Fully utilised	NIL	NIL	27	NA <sup>2</sup>	NIL
4.	Housing	1	1	Nil	NIL	NIL	NIL	-	NIL	NIL
5.	Agriculture	1	1	Nil	NIL	NIL	NIL	NIL	NIL	Nil
6.	Sports	68	NIL	Nil	Fully utilised	NIL	NIL	-	NIL	NIL
7.	Urban Development	68	68	Nil	NA	NA	NA	-	NA	NIL
8.	Rural Development	19	Nil	Nil	Fully utilised	NA	NIL	-	NIL	NIL
9.	Education	99	Nil	Nil	Fully utilised	NIL	NIL	-	-	NIL
10.	Science and Technology	2	Nil	Nil	Fully utilised	Nil	Nil	-	Nil	-
11.	Animal Husbandry	4	4	Nil	NA	NA	NA	NA	NA	Nil
	<b>Total</b>	<b>336</b>	<b>74</b>					<b>27</b>		



**Animal Husbandry Department  
(Haryana Live Stock Development Board)**

**6.3 Non-recovery of lease money**

**Due to non-recovery of lease money, Live Stock Development Board was deprived of revenue of Rs 7.47 crore**

The Government of Haryana accorded (July 1968) approval for leasing 14,850 *acres* of land out of Government Live Stock Farm land to the Government of India (GOI) for setting up the Central Sheep Breeding Farm and Central Seed Farm at Hisar. The State Government initially leased out (August 1968) 6,477 *acres* of land for Central Sheep Breeding Farm and 6,704 *acres* of land for Central Seed Farm (reduced to 6,692 *acres* in August 1996), at the rate of Re 1 per *acre* per annum for a period of 20 years. The lease was extended upto 31 July 1991 at the revised rate (August 1988) of Rs 500 per *acre* per annum, which was further enhanced to Rs 1,000 per *acre* per annum thereafter (August 1991).

Scrutiny of records of Live Stock Development Board (Board) revealed (October 2001) that Central Sheep Breeding Farm had paid enhanced lease money while the Central Seed Farm had paid only Rs 0.80 lakh as against Rs 7.48 crore due for the period August 1988 to March 2001. As a result, Rs 7.47 crore remained unrecovered. No action had been taken to recover the lease money.

The matter was referred to the Government in January 2002 and March 2002; reply had not been received (August 2002).

**Agriculture Department  
(Haryana State Agricultural Marketing Board)**

**6.4 Development of Mandis by the Haryana State Agricultural Marketing Board**

**6.4.1 Introduction**

Haryana Government had set up Haryana State Agricultural Marketing Board (Board) in August 1969 within the ambit of Punjab Agriculture Produce Markets Act, 1961 (PAPM Act, 1961) for the development of *Mandis* and to exercise superintendence and control over the market committees to protect the interest of the farmers and also to provide market facilities and civil amenities to them in the *Mandis*. The Board constituted (1972) a construction cell for the execution of various developmental works for the *Mandis*.

The Board is headed by a full time Chairman and the Chief Administrator (CA) is the executive head and Controlling Officer, who is assisted by a Controller, Finance and Accounts, a Chief Engineer and a Chief Marketing and Enforcement Officer. The Executive Officer-cum-Secretary is the head of the Market Committee (MC), who is assisted by an Assistant Secretary, *Mandi* Supervisors and Auction Recorders, etc. and the Construction Divisions are headed by the Executive Engineers and assisted by Sub-Divisional Officers/Junior Engineers.

Against the budget provision of Rs 168.45 crore, Rs 125.86 crore (75 per cent) were spent on development of *Mandis* during 1997-2002. It was also noticed (April 2002) in audit that out of saving of Rs 42.59 crore, Rs 26.85 crore were diverted towards construction/ repair of link roads.

Records of the Board, 36 (out of 105) MCs and 7 connected Construction Divisions (out of 20) were test checked for the period 1997-2002 during November 2001 to April 2002. Important audit findings were as follows:

#### 6.4.2 Land acquisition/purchase

Irregularity/deficiency	Gist of the irregularity
Extra expenditure due to non-depositing of cost of land within two years of issue of notifications under Land Acquisition Act	Notifications under Sections 4 and 6 of Land Acquisition Act, 1894 (Act) were issued in May 1990 and May 1991 for acquiring 32 acres of land for development of New Grain/Vegetable Market at Charkhi Dadri. The District Revenue Officer-cum-Land Acquisition Officer (LAO) asked (April 1993) the Executive Officer-cum-Secretary, MC to deposit Rs 36 lakh to enable him to announce the award. The amount was not deposited. Resultantly the award could not be announced (May 1993) under the Act <i>ibid</i> within two years. The acquisition procedure had to be abandoned and restarted in April 1998. Final award for 26 acres 4 kanals and 13 marlas land for Rs 1.55 crore was announced in September 1999. Due to failure of the Board to deposit Rs 36 lakh extra expenditure of Rs 1.19 crore was incurred.
Cost of land of Rs 1.14 crore pending against HUDA and 6 acres land not transferred by HUDA to Market Committee, Jhajjar	On creation of new district of Jhajjar, the Government decided (July 1997) to construct Mini Secretariat at Marketing Committee's land. Accordingly, 12 acres of land was transferred to HUDA in September 1997. In lieu thereof, HUDA was to transfer 6 acres of land adjoining the New Grain Market (NGM) and pay the cost of remaining 6 acres of land. HUDA had neither transferred 6 acres of land nor paid the cost of remaining 6 acres of land, assessed at Rs 1.14 crore. The Board had not pursued the matter with HUDA and development of NGM was delayed.
Extra expenditure due to delay in depositing cost of land	(a) HUDA offered (February 2001) 13 acres 7 kanals and 6 marlas of land at the rate of Rs 1,453 per square yard for development of New Cotton Market, Sirsa and asked the MC to deposit 25 per cent of the total cost by 31 March 2001. But the MC, Sirsa did not deposit the amount and requested allotment at the rate of Rs 900 per square yard (collectorate rate of the area). In October 2001, HUDA revised the rates to Rs 1,603 per square yard and demanded the deposit by 31 March 2002. Considering that the collectorate rates were not applicable in the case of HUDA



Irregularity/deficiency	Gist of the irregularity
	land, the Board issued sanction for Rs 11.22 crore (October 2001) to MC, Sirsa at revised rate of Rs 1,603 per square yard and cost of infrastructure of Rs 35.21 lakh. The delay in according sanction in the first instance resulted in extra expenditure of Rs 1.01 crore.
	(b) The Land Acquisition Collector (LAC), Hisar demanded Rs 1.86 crore (February 1999) towards payment of compensation to the land owners for acquisition of land for development of New Grain/Vegetable/Fodder Market at Uklana (Hisar). The Market Committee failed to deposit the amount due to shortage of funds and requested the Board (April 1999) for a loan. The Board showed its inability (July 1999) to sanction the loan as the matter regarding selection of site was pending with the Cabinet Sub Committee. However, ultimately in December 1999, the Board sanctioned Rs 1.86 crore initially and Rs 2.10 crore subsequently as by then amount due for payment to landowners including interest swelled to Rs 2.10 crore. The market committee accordingly deposited the amount with the LAC and the award was announced on 7 June 2000. Thus delayed release of funds by ten months by the Board, resulted in extra expenditure of Rs 0.24 crore.

#### 6.4.3 Non-operational Mandis

Irregularity/deficiency	Gist of the irregularity
<b>Wasteful expenditure on development of Sub Market Yards without assessing demand</b>	Five <sup>3</sup> Sub Market Yards (SMY)/New Grain Market developed at a cost of Rs 5.51 crore could not be sold for the last 6 to 14 years. According to the respective Executive Officer-cum-Secretaries (January-March 2002) the demand for SMYs was seasonal and the dealers stayed away because of high reserve price.
<b>Development of Mandi without making provisions for shops of bigger size</b>	Allottees of auctioned plots can do the business only with a licence of Category II which is allotted to the dealers having shops of bigger size. 93 acres 2 kanals 10 marlas of land at a cost of Rs 30.04 lakh was acquired (1976) at Rohtak for developing Grain, Vegetable and Fodder Markets. Fodder Market was developed in 3.65 acres of land at a cost of Rs 15.56 lakh and 48 booth plots of size 12'x27.5' were carved out. Out of these, 22 booth plots were auctioned in March 1990. None had constructed shops on the allotted sites on the plea that licence of Category II were not granted to them. The Executive Officer-cum-Secretary, MC, Rohtak stated (December 2001) that as per policy of the Board, bigger size plots of size 20'x50' were necessary for granting the licence. Thus development of Mandis without making provision for big shops led to unfruitful expenditure and the Board had failed to convert these 48 plots to lesser number of plots of required size for issue of licence of Category II.
<b>Due to high rate of market fee in comparison to Chandigarh, the</b>	Proportionate cost of land and development of New Vegetable Market (NVM) Panchkula, developed in February 1995 was Rs 6.33 crore. Of the 57 shop-cum-flats and 22 booth plots carved out in NVM, only 13 shop-cum-flats and 6 booth plots were

<sup>3</sup> SMY Gumthala Garhu, (Pehowa), Odhan (Kalanwali), Aurnauli (Cheeka), Kaul (Dhand) and Additional NGM Hansi.

<b>Panchkula Mandi could not be made fully functional</b>	<p>auctioned for Rs 5.43 crore during December 1997. The allottees of these plots had not deposited any instalment except initial amount of 25 per cent (Rs 1.36 crore) with the result that the NVM could not be made functional. NVM functioned barely for two-three months since its inception as the nearer Mandi at Chandigarh was merely at a distance of 7 km where market fee was 1 per cent as compared to 2 per cent in Panchkula besides contribution of 2 per cent to be made to Haryana Rural Development Fund. Thus, the dealers of Panchkula could not compete with the dealers of Chandigarh Mandi. This indicated that the plan was <i>ab initio</i> unfeasible.</p>
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#### 6.4.4 Other points of interest

Irregularity/deficiency	Gist of the irregularity
<b>Development of Sub-Market Yards (SMYs) in water-logged areas</b>	<p>MCs, Kalanwali (Sirsa) and Sirsa developed (1981-89) Sub-Market Yards (SMY) at villages Baragudha and Nathusari Chopta respectively at a cost of Rs 1.17 crore (Kalanwali : Rs 0.78 crore and Sirsa : Rs 0.39 crore). Of 181 plots (Kalanwali : 50 and Sirsa : 131) carved out, 33 plots (Kalanwali : 15 and Sirsa : 18) were auctioned. As the area was highly water-logged, the bidders, after depositing 25 per cent (Kalanwali: Rs 2.55 lakh and Sirsa: Rs 21.83 lakh) of the bid amount, neither paid any subsequent instalments nor constructed their shops (January 2002). Failure to carry soil test before developing the area resulted in wasteful expenditure of Rs 1.17 crore.</p>
<b>Development of vegetable market without adequate demand</b>	<p>New Vegetable Market (NVM), Taraori was developed at a cost of Rs 71.90 lakh (including cost of land Rs 5.98 lakh) adjoining the New Grain Market (NGM) during 1994-95. 49 shop plots and 48 booth plots were carved out of the land without assessing the actual requirement though there were only 15 dealers carrying the business of vegetable in the old Mandi. In May 1994, MC, Taraori proposed to convert and sell 49 plots to <i>kacha arhtias</i> dealing in grain. But this proposal was not considered and no shop plots were sold by the Board to <i>kacha arhtias</i>. 44 plots carved out for shops remained unsold and the Mandi could not be made functional (April 2002). The old vegetable Mandi was also not denotified, which affected development of NVM.</p>
<b>Failure to provide basic amenities held up the functioning of Mandis</b>	<p>(a) The Board acquired land measuring 27 acres (April 1988) at a cost of Rs 58.98 lakh, for setting up of New Grain/Vegetable/Fodder Market (NVM) at Dabuwa (Faridabad) and Rs 83.39 lakh was spent on the development of infrastructure of the Mandi. Of the 259 plots earmarked by the Market Committee, 20 plots were sold in February 1990 through auction. The allottees of 20 plots had neither constructed their shops nor paid the full price of the plots along with interest and filed appeal (January 2002) with the Board for exemption of interest on balance amount on the plea that basic amenities like water supply, sewerage and drainage facilities were not provided. Further, allottees of 52 booth sites which were sold in November 2000, had not constructed any booth as of April 2002. In February 1994, temporary business of vegetable market was shifted on the orders of CA of the Board to NVM and 42 dealers were allowed to carry on their business on the platforms of NVM without charging any rent. Failure to provide basic amenities like water supply, drainage and sewerage before auction of plots, had resulted in the Mandi</p>



Irregularity/deficiency	Gist of the irregularity
	not being made functional for the last 14 years, though it was developed at a cost of Rs 1.42 crore. Providing platform to fruit dealers without charging any rent led to recurring loss of revenue to the Board.
	<p>(b) The Board auctioned (January 1999) 90 shop/booth sites in New Grain Market (NGM) at village Nigdhu (Karnal) with the assurance to the allottees that ultra modern facilities of all types would be provided in the NGM.</p> <p>But without water supply and sewerage facilities, etc., 60 out of 90 allottees filed (December 1999) a suit against the MC and requested for rescheduling the payment of instalments after these facilities were provided. The court vide its order dated 7 June 2000 accepted the plea and re-scheduled the instalments without interest. Similarly, another 27 allottees also filed suits (24 cases in July 2000 and 3 cases in October 2000) which were decided on these lines.</p> <p>This resulted in loss of Rs 1.06 crore on account of interest though the facilities were estimated to cost only Rs 41.95 lakh.</p>
<p><b>Undue benefit to allottees</b></p>	<p>The Market Committee, Pehowa sold 20 booth plots by open auction during June 1993.</p> <p>The allottees filed civil suit (28 November 1996) in the court of Additional Civil Judge, Pehowa against recovery of instalments and interest as possession letters were not issued in their favour. The court decided (November 1999) and awarded relief of interest and penal interest for the period from the date of auction (15 June 1993) to the date of issue of allotment letter (9 February 1994). On appeal of the allottees in the Court of District and Session Judge, against the judgment/decreed for charging interest on balance cost of plots till the date of handing over possession, the Chief Administrator of the Board, without waiting for the verdict of the court, directed (30 August 2000) the Market Committee to accept the balance cost of the plots in three instalments starting from October 2000 along with interest at 12.5 per cent from the date of construction of shops. As per terms of allotment, no separate letter of possession was required to be issued and interest was to be charged from the date of issue of allotment letter which was also considered by the Court while deciding the case in November 1999. Injudicious and hasty decision of the Chief Administrator in favour of the allottees resulted in loss of interest of Rs 45.75 lakh.</p>
<p><b>Non-recovery of Rs 16.01 crore from allottees</b></p>	<p>325 allottees of six <i>mandis</i><sup>4</sup> did not deposit subsequent instalments after paying the initial amount of 25 per cent of the cost of plots. The Board and the MCs neither took any effective steps to recover the outstanding dues of Rs 16.01 crore for the last 3 to 19 years nor initiated any proceedings for resumption of these plots.</p>
<p><b>Non-recovery of extension fee for not constructing the shops/booths within two years of allotment</b></p>	<p>The Board made it imperative (August 1987) upon all the plot holders to complete the construction of shops/booths within a period of two years from the date of allotment, failing which extension fee was to be charged from the allottees and also the plots were liable to be resumed and deposits forfeited.</p> <p>Scrutiny of records revealed that in 3 MCs (Kunjipura, Panipat and Palwal), 414 plots were allotted by the Colonisation Department and MCs during 1971-72 to 1991-92. Of these 127 allottees had neither constructed the buildings nor applied for</p>

<sup>4</sup> Piply (Kurukshetra), Mallekan (Sirsa), Panchkula, Mohna (Ballabgarh), Sector-16 Faridabad and Rohtak.

Irregularity/deficiency	Gist of the irregularity
	extension in time as of April 2002. As verified by audit neither the extension fee of Rs 47.40 lakh was recovered as of December 2001, nor any action to resume the plots was initiated.
<b>Non-recovery of maintenance of water supply and sewerage charges</b>	Of 36 test checked MCs, 18 MCs had paid during 1997-2002 Rs 1.64 crore maintenance, water and electricity charges of tube wells to the Public Health Department. Out of these 18, only two MCs i.e. Ladwa and Rohtak were recovering the water supply and sewerage charges at the rate fixed by Public Health Department. However, at the instance of audit the Board constituted a sub-committee (June 2001) for imposition and collection of water and sewerage charges from the allottees.

These points were referred to the Government in June 2002; reply had not been received (July 2002).

### **6.5 Avoidable extra expenditure on packed bitumen**

#### **Uneconomical purchase of packed bitumen by HSAMB led to extra expenditure of Rs 1.44 crore**

State financial rules provide that all the purchases should be made in a most economical manner, in accordance with the definite requirement of the public service.

Test-check of records of Executive Engineers (EEs), 6<sup>5</sup> out of 18 Construction Divisions, Haryana State Agricultural Marketing Board (HSAMB) (November 2001 to May 2002) revealed that for construction, special repairs and annual repairs of link roads, the EEs purchased 9,460.04<sup>6</sup> metric tonnes (MT) of packed bitumen at the rates ranging between Rs 11,599 to Rs 14,624 per MT from various refineries at Panipat and Mathura<sup>7</sup>. The rates of packed bitumen were higher by Rs 1,978 per MT for supply received from Panipat and by Rs 2,221 per MT for supply from Mathura than the rates of Rs 9,621 per MT and Rs 12,403 per MT respectively of bulk bitumen, though there was no difference in quality. This had resulted in excess expenditure of Rs 1.44 crore (Rs 1.88 crore less cost of empty drums Rs 0.44 crore).

The EE, HSAMB Ambala, while admitting the facts, stated (February 2002) that for bulk bitumen pits were required to be dug for storage and in that event efficiency of bitumen was prone to loss on account of atmospheric effects, dust and other foreign particles and rehandling of pits also involved heavy expenditure. EEs, HSAMB, Panchkula and Gurgaon stated (January - February 2002) that there were also lot of chances of adulteration and pilferage during storage of bulk bitumen. The replies of EEs were not tenable as the bulk bitumen was being simultaneously purchased, handled and used by

<sup>5</sup> Ambala, Gurgaon, Kurukshetra, Panchkula, Sonipat and Yamunanagar.

<sup>6</sup> Ambala: 1882.40 MT, Gurgaon: 1076.05 MT, Kurukshetra: 2824.16 MT, Panchkula: 1042.90 MT, Sonipat: 1233.18 MT and Yamunanagar: 1401.35 MT.

<sup>7</sup> Indian Oil Corporation, Panipat and Mathura and Hindustan Petroleum Corporation, Panipat.



them during the same period on similar works and no extra expenditure was involved as bulk bitumen was directly shifted to site of work and handed over to the contractor. The replies of EEs, Kurukshetra, Sonipat and Yamunanagar were awaited (July 2002).

Thus, uneconomical purchase of packed bitumen by HSAMB led to extra expenditure of Rs 1.44 crore.

The matter was referred to the Government in January 2002; reply had not been received (August 2002).

**Housing Department  
(Housing Board Haryana)**

**6.6 Blocking of funds due to improper planning**

**Construction of shops, booths and houses in the absence of norms and without conducting proper survey resulted in blocking of funds of Rs 57.03 lakh**

According to the provisions of Haryana Housing Board Act, 1971, Housing Board Haryana (the Board) may undertake housing schemes as it may consider necessary for allotment to the public and for any class of inhabitants, industries, institutions, office, co-operative societies, etc.

Test-check of the records of the Chief Administrator of the Board revealed (October 2000) that the Board had constructed 130<sup>8</sup> shops and booths at a cost of Rs 72.88 lakh in 6 housing colonies during March 1991 to December 1998. Of these, the Board could allot 35 shops and booths through auction as of October 2001. Remaining 95 shops and booths (Ambala: 27, Bhiwani: 44, Jind: 2, Shahbad: 7 and Narnaul: 15) constructed at a cost of Rs 52.86 lakh could not be allotted due to poor response in the auction as the bidders were of the view that location of shops and booths was not good and their reserve price was high. It was only during May and July 2002 that 51 shops and booths (Ambala: 24, Bhiwani: 21 and Shahbad: 6) were auctioned and the balance 44<sup>9</sup> shops and booths constructed at a cost of Rs 20.48 lakh were yet to be auctioned. It indicated that business potential of these shops and booths was not properly assessed before construction.

Besides, 20 houses (MIG: 13, HIG: 7) constructed at a cost of Rs 36.55 lakh (February 1998) in Sector 15, Sonipat were also lying unallotted (March 2002) as the allottees surrendered the houses for which no reasons were on record.

<sup>8</sup> Ambala (Sector-8 and Sector-10): 41, Bhiwani: 44, Jind: 6, Shahbad: 10 and Narnaul: 29.

<sup>9</sup> Ambala (Sector 8): 3, Bhiwani: 23, Jind: 2, Shahbad: 1 and Narnaul: 15.

Thus, construction of shops and booths/houses without conducting proper survey of demand, not only rendered the expenditure of Rs 57.03 lakh as unfruitful but also the funds had remained blocked over a period of 4-10 years.

The matter was referred to the Government in April 2002; reply had not been received (August 2002).

**Rural Development Department  
(District Rural Development Agency)**

**6.7 Swaranjayanti Gram Swarozgar Yojana**

Swaranjayanti Gram Swarozgar Yojana (SGSY) aimed at covering all aspects of self employment and organising the poor into self help groups, imparting training, extending credit, providing technology, infrastructure and marketing, was introduced by GOI on 1 April 1999 after restructuring the Self Employment Programmes. The scheme focused on the vulnerable groups among rural poor and envisaged establishing micro-enterprises with emphasis on group approach. The scheme also envisaged assisting the poor families below poverty line (BPL), so as to bring at least 30 *per cent* of them above poverty line over a period of five years during 1999-2004. SGSY, a Centrally sponsored scheme, is funded by the Government of India (GOI) and the State Government in the ratio of 75:25.

The implementation of the scheme at State level was with the Director-cum-Joint Secretary, Rural Development Department. Over all charge was with State Level Co-ordination Committee (SLCC) for rural development programmes, which was responsible for planning/implementation and monitoring of scheme. The scheme was implemented under the guidance and monitoring of DRDAs at districts level, which in turn implemented the same through Block Development and Panchayat Officers (BDPOs) and block level SGSY Committees.

Rs 58.50 crore was spent during 1999-2002 against the availability of funds of Rs.58.68 crore. Test-check of records of 5<sup>10</sup> out of 19 districts and 35 out of 114 blocks in the State covering an expenditure of Rs.18.49 crore revealed the following:

**6.7.1 Delay in release of State share**

Government of India (GOI) share of 75 *per cent* was released directly to DRDAs. However, the State share of 25 *per cent* was released with delays ranging between 27 and 249 days during the period 1999-2002.

<sup>10</sup>

Bhiwani, Gurgaon, Kaithal, Panipat and Sirsa.



### **6.7.2 Short release of funds by GOI due to excess carry over of previous balance by DRDA**

As per the provision of the scheme, the DRDA-wise opening balances of the subsequent years were not to exceed 15 per cent (20 per cent for the year 1999-2000) of the allocation of the earlier years, failing which the Central share equal to such excess was to be deducted from the second instalment. Since the closing balance of DRDA, Gurgaon for the year 1999-2000 exceeded the prescribed limit, GOI imposed a cut of Rs 30.54 lakh, thus depriving coverage of 407 poor families.

### **6.7.3 Low coverage of swarozgaris**

For the coverage of 30 per cent of BPL families in the next five years under the scheme, the State Government neither prepared the perspective plans for the five years nor prescribed annual targets towards achieving this objective. It was also noticed in audit that against the target of coverage of 1.15 lakh families (18 per cent) out of 6.39 lakh BPL families in the State, only 0.57 lakh families (9 per cent) could be covered up to March 2002.

### **6.7.4 Formation of Self Help Groups (SHGs)**

#### **(i) Formation of SHGs not successful**

The scheme emphasized on group approach in the form of organising the rural poor into Self Help Groups (SHGs). SHGs in existence for 6 months with potential of being a viable group could enter second stage and become entitled for receiving Revolving Fund (RF). The SHG was further subjected to another grading test after six months from the date of receipt of RF, based on its effective functioning and capacity of taking up an economic activity for higher level of investments. It was observed that out of 4,044 SHGs formed during 1999-2002, only 583 groups took up the second stage activities. Further, Rs 10 lakh was released to 100 groups, which did not fulfill the conditions like staying in existence for six months as viable groups.

#### **(ii) Irregular release of subsidy of Rs.50.75 lakh to old DWCRA groups**

Though the scheme provided for release of subsidy only upto 1999-2000 to SHGs (DWCRA) formed by NABARD/other banks and thereafter to new groups formed under SGSY, DRDA, Sirsa had released a subsidy of Rs 50.75 lakh to old DWCRA groups in 2000-2001 also.

#### **(iii) Non-grading of SHGs**

A suitable agency to be selected by DRDA was to grade SHGs with a view to identify their weaknesses and help develop them into good groups. This exercise was necessary till such time all the groups attained good grades.

However, no such grading exercise was done in any of the test checked districts resulting in 92 per cent of SHGs in these districts becoming dysfunctional.

(iv) *Non involvement of NGOs in group formation*

It was noticed that no NGO was involved at the grass root level in helping group formation in the test checked districts.

**6.7.5 Training to swarozgaris**

The scheme envisaged skill development through well-designed courses for imparting training to the beneficiaries, who were sanctioned loans. Out of the total allocation of Rs.13.58 crore, 10 per cent of the funds were earmarked as SGSY Training Fund. It was, however, seen that only Rs 29.41 lakh (2.17 per cent) was spent in test checked districts on training of 6,638 *swarozgaris* during 1999-2002.

**6.7.6 Other important activities not taken up under scheme**

(i) Cluster approach meant for facilitating greater control over the progress of the programme including setting up of infrastructure, raw material, distribution, technology transfer as well as quality control was not found to have been followed in test checked districts.

(ii) Marketing support including marketing intelligence, development of markets, consultancy services as well as institutional arrangement for marketing of goods including exports aimed towards providing the market for goods produced by *swarozgaris* was not found to have been provided in the test checked districts.

(iii) DRDAs failed to devise any mechanism to ensure that the Block SGSY Committees were able to find out that the schemes were giving the intended income to *swarozgaris* and they were repaying the loans taken from the banks. In the absence of such mechanism no remedial measures could be taken to improve the performance of *swarozgaris* by solving their problems.

(iv) Neither the State Government/Semi-Government organizations nor NGOs proposed any special project to support poverty reduction efforts for which the Ministry has set apart 15 per cent of funds under the SGSY.

**6.7.7 Diversion of funds**

(i) The funds released under the scheme were not to be utilized in activities like purchase of furniture, vehicles, construction of buildings,



salaries, etc. However, it was seen that Rs 1.32 crore was spent by four DRDAs viz. Bhiwani, Panipat, Sirsa and Kaithal during 1999-2002 on activities like constructions of Veterinary Aid Centre and staff quarters, purchase of vehicles, milk cooling tanks and equipment. DRDA, Bhiwani justified construction of Veterinary Aid Centre and staff quarters on the ground that the cattle purchased by *swarozgaris* needed veterinary aid. Reply was not tenable as the construction of Veterinary Aid Centres and staff quarters was the responsibility of the line department/State Government.

(ii) Funds were not to be spent on purchase of computers, multimedia projectors and machinery from the infrastructure development fund meant for the skill development of *swarozgaris*. It was seen that Gurgaon-Rohtak Co-operative Milk Producers Union Limited, Ballabgarh, DRDAs, Kaithal and Gurgaon had procured 10 computers, one multimedia projector along with accessories worth Rs 19.69 lakh during 1999-2000 out of infrastructure fund on the ground that these were required for administering the scheme. The plea was not tenable as these purchases were not directly related to skill development of *swarozgaris*.

#### **6.7.8 Delay in finalisation of loan cases**

Under the scheme, banks were to finalise loans to the beneficiaries within 15 days. However, in test checked districts, 6,029 loan cases were pending for periods ranging from 1 to 6 months. 35 cases were pending for more than six months for want of sanctions.

#### **6.7.9 Physical verification of assets not conducted**

To ensure follow up of projects by DRDAs the scheme envisaged annual physical verification of assets on campaign basis at the end of every year and the results of such verifications were required to be incorporated in the annual plan for the next year. It was observed that in test checked districts, though 18,891 families including SHGs were provided subsidy/term credit for purchase of income generating assets during 1999-2002, no verification of assets was done as of March 2002.

These points were referred to the Government in June 2002; reply had not been received (August 2002).

**6.8 Reclamation work not taken up for 2½ years**

**Rs 4.01 crore sanctioned by GOI for reclamation of water logged and saline land in Bhiwani and Jhajjar districts remained unutilised for 2½ years for want of State share**

Government of India (GOI) accorded (November 1998) approval for reclamation of water logged and saline area of Bhiwani and Jhajjar districts at a cost of Rs 9.16 crore (Rs 4.58 crore for each district) for the development of 1,600 hectares (800 hectares in each district) during the period 1998-2001 to be implemented by Agriculture Department. The financial pattern of assistance for these projects was 60:30:10 between GOI, State and beneficiary farmers. Since the proposal of the projects was submitted to GOI by the DRDAs and their implementation was to be monitored by them, GOI released (November 1998) first instalment of Rs 3.01 crore to DRDAs, Bhiwani and Jhajjar (Bhiwani: Rs 2.04 crore and Jhajjar: Rs 0.97 crore). Further, GOI directed that these funds be placed at the disposal of Agriculture Department within 15 days from the date of receipt of amount for implementation of the projects with the stipulation that further instalment would be released on receipt of satisfactory progress reports along with funds utilisation certificate. Since the funds released in first instalment for Jhajjar district were inadequate, GOI released (March 2000) the second instalment of Rs 1 crore to DRDA, Jhajjar. However, no share was made available for these projects by the State Government and the beneficiaries.

Test-check of records (January and August 2001) of DRDAs Bhiwani and Jhajjar revealed that DRDAs kept the amounts in their saving bank accounts instead of transferring the funds to Agriculture Department. However, after prolonged correspondence, discussions and meetings between DRDAs, Rural Development Department and Agriculture Department regarding release of matching State share by Agriculture Department, it resolved (25 January 2000) that Agriculture Department would implement the scheme and funds received from GOI would be transferred to Director of Agriculture and Agriculture Department would also arrange matching share of the State out of its own budget.

Thereafter, Rs 4.01 crore was sent to Agriculture Department by DRDAs, Bhiwani and Jhajjar (Rs 2.04 crore in April 2000 and Rs 1.97 crore in June 2000) through cheques which could be credited to Agriculture Department in April 2001 due to delay in opening the Personal Ledger Account. Interest of Rs 37.97 lakh earned on the GOI grant was also transferred (May 2002). However, the project had not been started as of June 2002.

Thus, no work of reclamation had been executed during November 1998 to June 2002 and Rs 4.01 crore remained unutilised for a period of 2½ years for want of State share of contribution.

The matter was referred to the Government in January 2002, no reply had been received (August 2002).



**6.9 Idle wages**

**DRDA Fatehabad paid Rs 25.41 lakh as idle wages as the services of surplus staff could not be utilised elsewhere**

Integrated Rural Development Programme (IRDP) provided for new staffing pattern for District Rural Development Agencies (DRDAs) since 1978-79, with provision that a part of IRDP allocations could also be utilised for meeting expenditure on administrative infrastructure at DRDA level. Government of India launched (August 1979) Training of Rural Youth for Self Employment (TRYSEM), a Centrally sponsored scheme, as a component of IRDP. As per the scheme, DRDA was to set up Training-cum-Production Centres (TPCs) and obtain services of skilled persons on contract basis and charge the same to TRYSEM. From April 1999, a new programme known as *Swarnjayanti Gram Swarozgar Yojana* (SGSY) had been launched and IRDP and TRYSEM had been merged with it. For administrative expenditure of DRDA including SGSY, a new scheme namely 'DRDA Administration' was launched in April 1999.

Test-check of records of DRDA, Fatehabad revealed (February 2002) that DRDA had employed the staff for TPC on regular basis instead of on contract basis. With the merger of TRYSEM in SGSY scheme, staff (3 instructors; 2 helpers; 1 chowkidar and 1 driver) employed on regular basis for TPCs was rendered surplus since April 1999. Under new staffing pattern, there was no post of instructors and helpers and posts of chowkidar and driver in DRDA had already been filled in. As a result, payment of Rs 17.89 lakh on account of idle wages had to be made for the period April 1999 to January 2002.

In addition, there were three drivers against the sanctioned post of one driver. Two drivers were also rendered idle since April 1998 as there was only one vehicle. Rs 7.52 lakh had been paid as pay and allowances to these two drivers during April 1998 to January 2002.

DRDA, Fatehabad, while admitting the facts, stated (April 2002) that there was no technical work in DRDA for TRYSEM technical staff. Hence their services could not be utilised for technical purposes and the staff remained idle since April 1999.

The matter was referred to the Government in April 2002; reply had not been received (August 2002).

**Town and Country Planning Department  
(Haryana Urban Development Authority)**

**6.10 Non-recovery of external development charges**

**HUDA had been deprived of external development charges of Rs 40.55 crore due to inaction of staff in getting the agreements executed in time from allottees**

As per instructions issued by Haryana Urban Development Authority (HUDA) in August 1996, external development charges (EDCs) in respect of released land<sup>11</sup> and for change of land use, were to be fixed every year by adding 10 *per cent* compound interest for fresh cases while old cases were to be updated by adding simple interest at the rate of 10 *per cent*. The rate valid upto 31 December 1995 was the basis on which the additions were to be calculated.

In respect of new cases, 10 *per cent* EDCs were to be recovered with the application, 40 *per cent* before execution of agreement and remaining 50 *per cent* either in lumpsum within 120 days from the date of approval communication without interest or in 4 equal annual instalments with 15 *per cent* simple interest. In respect of old cases, 25 *per cent* EDCs were to be recovered within 30 days from the date of communication and balance 75 *per cent* either in lumpsum within 120 days without interest or in 4 equal annual instalments with 15 *per cent* simple interest per annum. Penal interest at the rate of 18 *per cent* per annum was chargeable on delayed payments in respect of all such cases. The Chief Administrator (CA), HUDA also decided (August 1998) that no such charges for water supply were recoverable from the industrial units who made their own arrangements for water supply.

Test-check of records of 17 Estate Officers (EOs) of HUDA conducted between November 1999 and July 2002 revealed that in the case of 13 EOs<sup>12</sup> where the released land was in possession of 770 persons/firms, recoverable dues had accumulated to Rs 40.55 crore as of March 2002. Records also indicated that HUDA had taken no action to get the agreements executed with the parties concerned due to which action to recover the due amounts, as arrear of land revenue, could not be taken.

Thus, due to inaction on the part of officers/officials of HUDA in getting the agreements executed in time, HUDA had been deprived of revenue of Rs 40.55 crore as of March 2002.

The matter was referred to Government in January 2002; reply had not been received (August 2002).

<sup>11</sup> Land exempted from acquisition and retained with the owner.

<sup>12</sup> Ambala, Bahadurgarh, Faridabad, Gurgaon, Hisar, Jagadhari, Karnal, Kurukshetra, Panchkula, Panipat, Rewari, Rohtak and Sonapat.



## **6.11 Loss of revenue**

### **Loss of revenue amounting to Rs 81.34 lakh due to delay in adopting the revised rates of tender forms**

Haryana Urban Development Authority (HUDA) followed State Public Works Department's (PWD) rules, regulations, accounting procedure, charges of tender forms, 1988 Edition of Schedule of Rates and revised premiums thereon, etc. for execution of works.

Scrutiny of records of Executive Engineers of 13<sup>13</sup> divisions revealed that though HUDA has been following the revised premiums of Haryana Schedule of Rates (1988 Edition), from the dates from which these were being followed by Haryana PWD, the cost of tender forms which was revised by Haryana PWD from March 1997 was not revised by it from the same date.

At the instance of audit (December 2000), the Chief Administrator (CA), HUDA, Panchkula revised the rates of tender forms on the PWD pattern from 27 April 2001 and circulated the same to all the concerned officers/officials of HUDA for compliance. Thus, due to delay in adoption of revised rates of tender forms from the date from which Haryana PWD revised it in March 1997 HUDA lost revenue of Rs 81.34 lakh for the period from 27 March 1997 to 31 March 2001 in the 13 divisions test checked. The loss would be much more if all the divisions are taken into account.

The matter was referred to the Government in December 2001, reply had not been received (August 2002).

## **6.12 Avoidable payment of interest**

### **Haryana Urban Development Authority paid extra interest of Rs 2.23 crore due to delay in making payment to land owners**

As per provisions of Land Acquisition Act, 1894, Land Acquisition Collector (LAC) was to pay interest on enhanced compensation awarded by court at the rate of 9 *per cent* for the first year and 15 *per cent* per annum for the subsequent years from the date on which collector took possession of the land to the date of payment.

Scrutiny of records of LACs for Haryana Urban Development Authority at Gurgaon and Hisar revealed (November 2000) that in 271<sup>14</sup> cases, courts

<sup>13</sup> Construction Division No. I, II and III Gurgaon, Electrical Division, Gurgaon, Horticulture Division, Gurgaon Construction Division Rewari, Construction Division, Rohtak, Construction Division No. I Faridabad, Construction Division No. I, II, III Panchkula, Electrical Division, Panchkula and Horticulture Division Panchkula.

<sup>14</sup> High Court: 31 Case (27 March 1998); 12 Case (3 June 1999) and 76 Cases (23 September 1999); District Judge, Hisar: 72 Case (2 February 1998); Additional

enhanced the amount of compensation (during 1997 to 1999) awarded by LACs. The delay in payment of enhanced compensation ranged between 80 and 568 days. Due to this delay HUDA paid extra interest of Rs 2.23 crore.

On being pointed out in audit (December 2000 and March 2001) LAC, Hisar admitted (January 2002) the delay and attributed it to late receipt of advice of Legal Remembrancer (LR), Haryana, late receipt of funds from HUDA and shortage of revenue staff.

In fact there was a considerable delay of more than 9 months in respect of 72 cases pertaining to LAC, Hisar itself. This included delay in taking advice of LR (142 days), in raising demand to HUDA (44 days) and in depositing amount in the court (104 days) even after the decision of the court for enhanced compensation.

Thus, delay in making payment of enhanced compensation had occurred due to delay in legal and financial formalities, with the result HUDA had to bear extra liability of Rs 2.23 crore towards interest payments for the period of delay.

The matter was referred to the Government in December 2001, reply had not been received (August 2002).





## CHAPTER-VII

### **COMMERCIAL ACTIVITIES**

### **AUDIT PARAGRAPHS**





## CHAPTER – VII

### COMMERCIAL ACTIVITIES

#### Audit Paragraphs

#### 7.1 General

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

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

As of March 2002, there were 6 departmental commercial undertakings with the Government of Haryana. Rs 941.48 crore had been invested by the State Government in these undertakings at the end of the financial year up to which their accounts were completed. The department-wise position of preparation of accounts in respect of these undertakings was as follows:

Department	No. of undertakings under the department	Accounts not finalised (name of undertakings)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Agriculture	2	(i) Purchase and Distribution of Pesticides <sup>1</sup>	1981-82	0.11
		(ii) Seed Depot. Scheme <sup>1</sup>	1985-86	NA
Printing and Stationery	1	Nationalised Text Book Scheme	1998-99	7.28
Transport	1	Haryana Roadways	1998-99	315.21
Animal Husbandry	1	Veterinary Vaccine Institute, Hisar	2000-2001	0.01
Food and Supplies	1	Grain Supply Scheme	2000-2001	618.87
			<b>Total</b>	<b>941.48</b>

It would be seen that the two undertaking relating to Agriculture Department had not prepared their accounts for more than 10 years. Similarly, accounts of undertakings relating to departments of Printing and Stationery and Transport were in arrears by 2 years.

<sup>1</sup> These schemes are defunct since 1986-87 (Purchase and Distribution of Pesticides) and 1983-84 (Seed Depot scheme).



The summarised account of Food and Supplies Department for the year 2000-2001 revealed that the loss of Rs 71.77 crore incurred during the year was understated by Rs 9.31 crore mainly due to (i) non-provision of labour charges, storage charges, milling charges, transport charges, short provision of interest on capital, wrong booking, etc. (Rs 7.17 crore) and (ii) rejection of claim for auction fee, non-delivery of wheat as per linkage plan, moisture cut, non-accountal of gunny bags, bonus on wheat purchased by Food Corporation of India, etc. (Rs 2.14 crore).

The matter was referred to the Government in May 2002; reply had not been received (August 2002).

## Food and Supplies Department

### 7.2 Avoidable expenditure

**Rs 1.28 crore was paid in excess as DGS&D, Kolkata was not insisted upon to arrange supplies of balance allocated quantity of gunny bales at pre revised rates**

The Director, Food and Supplies Department Haryana, Chandigarh placed (October 1999) an indent for supply of 1,43,520<sup>2</sup> gunny bales (one bale = 500 bags) of 50 kgs pack for procurement of wheat during *Rabi* season 2000-2001 with Director General, Supplies and Disposals (DGS&D), Kolkata. As per terms and conditions settled by DGS&D with the suppliers, gunny bales were to be supplied between November 1999 and January 2000<sup>3</sup>. The department paid Rs 127.08 crore in advance to DGS&D, Kolkata between November 1999 and January 2000.

Against the indented quantity of 1,43,520 gunny bales, DGS&D issued production control orders (PCOs) for 1,04,130 gunny bales. This supply was required to be completed by January 2000. The millers, however, supplied 72,962 bales only upto January 2000 at Rs 1,544.86 per 100 bags.

A meeting of the Co-ordination Committee was held on 1 February 2000 to review the supplies of gunny bales under the chairmanship of Chairman-cum-Managing Director, Food Corporation of India, wherein it was decided that delivery period for supplies be extended upto 28 February 2000, without liquidated damages and the rate of supplying of bags should remain the same. The delivery period was further extended upto April 2000 by the Co-ordination Committee on the same terms and conditions.

<sup>2</sup> Food and Supplies Department: 43,290 bales; Haryana State Co-operative Supply and Marketing Federation Limited: 59,280; Haryana Ware Housing Corporation: 18,200; Haryana Agro Industries Corporation: 12,480 and Haryana State Federation of Consumers Co-operative Wholesale Stores Limited: 10,270.

<sup>3</sup> November 1999: 49,140; December 1999: 50,700 and January 2000: 43,680.

The Deputy Jute Commissioner, Government of India, Ministry of Textile, Kolkata revised the rates for gunny bales from Rs 1,544.86 to Rs 1,606.77 per 100 bags for February 2000 and to Rs 1,635.77 for March 2000. The jute millers supplied 31,168 bales to Director, Food & Supplies Department, Haryana. 12,500 bales were supplied in February 2000 and 18,668 bales in March 2000 at the enhanced rate of Rs 1,606.77 and Rs 1,635.77 per 100 bags respectively.

Though payment was made to the Controller of Accounts of DGS&D in advance the department did not insist upon the DGS&D to arrange the supplies for balance allocated quantity at pre-revised rates. Thus, the payment at higher rates had resulted in excess payment of Rs 1.28 crore (including Sales Tax).

The matter was referred to the Government in April 2002; reply had not been received (August 2002).

### 7.3 Avoidable loss due to delay in disposal of rice

#### DFSC, Kaithal/millers did not deliver the rice to FCI in accordance with the terms of agreement causing loss of Rs 28.48 lakh to Government

The Director, Food and Supplies Department, Haryana, Chandigarh procures paddy from *mandis* for Central pool and provides the same to the millers, who deliver the rice to the Food Corporation of India (FCI) after milling. The milling agreements entered with millers, *inter-alia*, provide that the millers would take delivery of paddy either against bank guarantee or delivery of rice in advance to FCI.

During *Khariff* 1999, District Food and Supplies Controller (DFSC), Kaithal procured 16,242 metric tonnes (MT) of paddy for Central pool. As per agreements with the millers, the rice was to be delivered to the FCI by the end of February 2000. Delivery period was extended upto April 2000 by Government of India. DFSC, Kaithal without obtaining bank guarantee or delivery of rice in advance, allowed the millers to take 15,429 MT of paddy for milling upto 30 April 2000. For 15,429 MT of paddy supplied to millers, 10,305 MT of rice was required to be delivered against which only 9,469 MT of rice was delivered to FCI, Kaithal. To make good the shortage, DFSC, Kaithal held auctions and could sell (January 2002) only 728 MT of rice actually found available with millers. Thus, there was a shortage of 108 MT of rice resulting in a loss of Rs 9.97 lakh as detailed below:

Variety of rice	Quantity of rice found short (In MT)	Rate (Rupees per quintal)	Amount (Rupees)
Rice Grade A	1.31	954.73	12,507
Sela Grade A	46.35	949.00	4,39,861
Sela Common	60.52	899.46	5,44,353
<b>Total</b>	<b>108.18</b>		<b>9,96,721</b>



Besides, auction of 728 MT of rice by the Food and Supplies Department resulted in loss of Rs 18.51 lakh as detailed below:

Variety of rice	Quantity sold in auction (In MT)	Rate at which supplied to FCI (Rs per quintal)	Rate at which sold during auction (Rs per quintal)	Difference in rates (Rs per quintal)	Total loss (In rupees)
Rice Grade A	101.62	954.73	701	253.73	2,57,840
Sela Grade A	427.90	949.00	715	234.00	10,01,286
Sela Common	198.42	899.46	601	298.46	5,92,204
	<b>727.94</b> say 728 MT				<b>18,51,330</b> <b>Rs 18.51 lakh</b>

Thus, the failure of DFSC, Kaithal to deliver the rice to FCI in accordance with the terms of agreement resulted in a loss of Rs 28.48 lakh to Government for which neither any action had been taken against the millers nor against the officers at fault as of May 2002.

The matter was referred to the Government (May 2002); reply had not been received (August 2002).

**Transport Department  
(Haryana Roadways)**

**7.4 Excess payment of passenger tax**

**Failure to enhance operation of buses due to shortage of buses and non-availability of route permits, 7 Depots of Haryana Roadways made excess payment of Rs 1.36 crore to Punjab Government as passenger tax for 1.37 lakh route kilometres less covered in Punjab area**

Under the Punjab Passengers and Goods Taxation Act, 1952 (Act) and Rules framed thereunder, as applicable to Haryana, passenger tax is levied and charged on all fares and freights in respect of passengers and goods carried by a motor vehicle. When passengers and goods are carried by a motor vehicle on a joint route, the tax shall be payable in respect of the fare or freight for distance covered within the State at the rates laid down under Section 3 of the Act *ibid*. In Punjab State, this tax is named as special road tax and rates were notified on 30 June 1998. In Haryana, passenger tax is charged at the rate of 60 per cent of the value of fare charged.

Prior to May 1998, the Haryana Roadways was operating 65,000 kilometres (kms) per day in Punjab area on the basis of an inter-state agreement. In May 1998, both the states agreed to enhance the operation to 1,05,000 kms on reciprocal basis. But no formal agreement between the two states was signed till 19 August 1998 as the proceedings of the joint meeting of State Transport Commissioners (held in May 1998) were not received by the Punjab Transport Commissioner. As such Haryana Roadways never directed its depots to operate the enhanced kms. and continued to operate only upto 65,000 kms.

When the Punjab State Regional Transport authorities asked for the payment of tax for enhanced kms, Haryana Roadways agreed and issued (September 1998) directions to its depots to operate 88,000 kms and pay special road tax (passenger tax) from June 1998. Thus, the depots paid tax for enhanced kms with effect from June 1998.

A test-check of records of Haryana Roadways (June 1998 to November 2000) and information collected subsequently revealed that during the period June 1998 to July 2002, 7 out of 17 Haryana Roadways depots<sup>4</sup> actually operated 9.13 lakh kms in Punjab area against the agreed mileage of 10.50 lakh kms but the payment of passenger tax was made for 10.50 lakh kms. This resulted in excess payment of Rs 1.36 crore as passenger tax for 1.37 lakh kms less covered causing loss to the Government.

While admitting the loss, the General Manager, Haryana Roadways, Yamunanagar attributed the less coverage to non-availability of route permits/shortage of vehicles/staff. However, no reply was received from other depots.

The matter was referred to Government in April 2002; no reply had been received (August 2002).



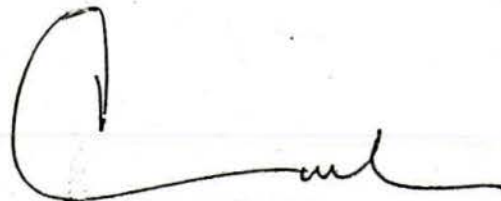
(ASHWINI ATTRI)

Chandigarh

Dated: 27 DEC 2002

Accountant General (Audit), Haryana

Countersigned



(Vijayendra N.Kaul)

New Delhi

Dated: 03 JAN 2003

Comptroller and Auditor General of India

<sup>4</sup> Fatehabad, Gurgaon, Jind, Kaithal, Rohtak, Sirsa and Yamunanagar.





## **APPENDICES**





## Appendix – I

(Refer paragraph 1.1; page 1)

### Government Accounts

**I. Structure:** The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

#### Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorization from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

#### Part II. Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorized by the Legislature during the year was Rs 10 crore.

#### Part III. Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

### II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-a-vis* the amounts authorized by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularization by the Legislature.



**Appendix – II**

(Refer paragraph 2.3.3(a); page 28)

**Unnecessary supplementary grants**

<b>Sr No.</b>	<b>Number and name of grant</b>	<b>Original grant</b>	<b>Supplementary provision</b>	<b>Total</b>	<b>Expenditure</b>	<b>Saving</b>
		<b>(Rupees in crore)</b>				
	<b>Revenue (Voted)</b>					
1	9-Education	1,482.66	29.30	1,511.96	1,476.14	35.82
2	13-Social Welfare and Rehabilitation	472.35	8.01	480.36	465.76	14.60
	<b>Total</b>	<b>1,955.01</b>	<b>37.31</b>	<b>1,992.32</b>	<b>1,941.90</b>	<b>50.42</b>

**Appendix – III**  
(Refer paragraph 2.3.3(b), page 28)

**Excessive supplementary grants/appropriations**

Sr. No.	Number and name of grants/appropriations	Original grants/appropriations	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
<b>Revenue (Voted)</b>						
1.	2-General Administration	106.78	11.41	118.19	109.92	8.27
2.	3-Home	500.29	51.01	551.30	526.99	24.31
3.	4-Revenue	141.60	24.19	165.79	158.10	7.69
4.	6-Finance	619.57	64.56	684.13	682.71	1.42
5.	14-Food and Supplies	22.50	1.20	23.70	23.02	0.68
6.	19-Fisheries	7.83	4.29	12.12	10.90	1.22
7.	20-Forest	68.58	4.65	73.23	71.01	2.22
8.	21-Community Development	141.54	82.99	224.53	162.02	62.51
<b>Capital (Voted)</b>						
9.	7-Other Administrative Services	0.03	2.17	2.20	1.60	0.60
10.	14-Food and Supplies	1001.97	551.15	1553.12	1537.51	15.61
11.	22-Co-operation	4.44	4.71	9.15	8.36	0.79
12.	25-Loans and Advances by State Government	226.45	85.24	311.69	301.68	10.01
	<b>Total</b>	<b>2,841.58</b>	<b>887.57</b>	<b>3,729.15</b>	<b>3,593.82</b>	<b>135.33</b>



**Appendix – IV**  
(Refer paragraph 2.3.4(a); page 28)

**Statement of various grants/appropriations where expenditure fell short by more than Rs 10 crore in each case and also by more than 10 per cent of the provision**

Sr. No.	Number and name of grants/appropriations	Major/Minor Head of Account, etc	Original provision	Saving (per cent)
			(Rupees in crore)	
1.	6-Finance	2049-Interest Payments 01-Interest on Internal Debt 123-Interest on Special Securities issued to National Small Savings Fund of the Central Government by State Government	218.92	77.70 (35)
		200-Interest on other Internal Debts 95-Loans from State Bank of India and Other Banks	120.00	21.03 (18)
		115-Interest on Ways and Means Advances from Reserve Bank of India Ways and Means Advances from Reserve Bank of India	21.60	14.45 (67)
4.	8-Buildings and Roads	5054-Capital Outlay on Roads and Bridges 03-State Highways 337-Road works	151.65	47.72 (31)
5.	9-Education	2202-General Education 03-University and Higher Education 103-Government Colleges and Institutes 99-Institutes	84.78	13.35 (16)
6.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply Programmes 99-Maintenance of Urban Water Supply and Sewerage	60.48	24.71 (41)
		001-Direction and Administration 96-Executive Engineer and their Establishment Regular/confirmed Mechanical staff	105.24	11.38 (11)
8.		4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply 102-Rural Water Supply 96-Desert Development Programme	20.00	14.15 (71)
		98-Accelerated Rural Water Supply	32.40	14.89 (46)
10.		02-Sewerage and Sanitation 101-Urban Sanitation Services 92-Sewerage Treatment Y.A.P.	47.50	47.50 (100)
11.	15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation-Commercial 001-Direction and Administration 91-Executive Engineer – Multipurpose River Projects (MRP)	24.34	19.78 (81)
12.		89-Special Revenue Staff – MRP	15.03	14.23 (95)

Sr. No.	Number and name of grants/ appropriations	Major/Minor Head of Account, etc	Original provision	Saving (per cent)
			(Rupees in crore)	
13		2701-Major and Medium Irrigation 02-Major Irrigation –Non-Commercial 001-Direction and Administration 97-Execution	17.23	16.33 (95)
14.		800-Other Expenditure 97-Improved/Upgradation, operation and maintenance of channels	17.85	17.85 (100)
15.		4701-Capital Outlay on Major and Medium Irrigation 01-Major Irrigation –Commercial- 232-Rewari Lift Irrigation 99-Constrection	20.00	20.00 (100)
16.		4801-Capital Outlay on Power Projects 05-Transmission and Distribution 99-Equity capital HVPNL	312.75	284.04 (91)
17.		98-Equity Capital HPGCL	62.25	52.25 (84)
18.	25-Loans and Advances by State Government	6801-Loans for Power Projects 205-Transmission and Distribution 98-Grant of loan to Haryana Vidyut Prasaran Nigam Limited	110	68.37 (62)



**Appendix – V**  
(Refer paragraph 2.3.4(b);page 28)

**Statement of various grants/appropriations where expenditure exceeded the original provision by Rs 5 crore or more and also by more than 10 per cent of original provision**

Sr. No.	Number and name of grants/appropriations	Head of account	Amount of excess expenditure/Percentage of provision within brackets (Rupees in crore)
1.	8-Buildings and Roads	3054-Roads and Bridges 80-General 99-Transfers to/from Central Road Fund Inter Account transfer	19.63 (1498)
2.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	27.75 (2775)
3.		001-Direction and Administration 97-Executive Engineer and their establishment	5.31 (23)
4.		4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply 99-Urban Water Supply	17.16 (36)
5.		102-Rural Water Supply 93-Rural Water Supply	17.43 (45)
6.		15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation-Commercial 001-Direction and Administration 97-Execution Irrigation
7.	95-Special Revenue Staff – Irrigation		5.65 (27)
8.	4701-Capital outlay on Major and Medium Irrigation 01-Major Irrigation-Commercial 209-Improvement of old/existing channels 99-Construction of RIDF		47.84 (80)
9.	113-Modernisation and lining of canal system in Haryana 99-Construction		36.63 (111)
10.	228-Institutional strengthening such as Data Collection, Planning, Design and Administration etc. 99-Construction		23.62 (1094)
11.	225-Rehabilitation of existing channels/drainage system in State 99-Construction		18.10 (41)
12.	17-Agriculture		2705-Command Area Development 103-Command Area Development Authority 99-Area Development Programme for Jui Canal Area

Sr. No.	Number and name of grants/ appropriations	Head of account	Amount of excess expenditure/Percentage of provision within brackets (Rupees in crore)
13.	Public Debt	6003-Internal Debt of the State Government 110-Ways and Means Advances from Reserve Bank of India	1246.14 (69)
14.	25-Loans and Advances by State Government	7610-Loans to Government Servants etc. 201-House Building Advances- 99-Advances to Government Servants other than All India Service Officers	16.27 (59)



**Appendix – VI**  
**(Refer paragraph 2.3.5; page 28)**

**Persistent savings**

Sr. No.	Number and name of grants/appropriations	Percentage of saving to total provision (amount of savings - Rupces in crore)		
		1999-2000	2000-2001	2001-2002
	<b>Revenue (Voted)</b>			
1.	21-Community Development	20 (30.13)	42 (73.14)	28 (62.51)
2.	22-Co-operation	11 (2.34)	22 (5.46)	23 (5.70)
	<b>Capital (Voted)</b>			
3.	8-Buildings and Roads	72 (191.28)	67 (202.35)	14 (47.99)
4.	13-Social Welfare and Rehabilitation	73 (1.60)	70 (1.05)	22 (0.20)
5.	15-Irrigation	14 (110.25)	18 (125.73)	36 (216.80)
6.	16-Industries	94 (15.82)	57 (5.86)	91 (5.40)

**Appendix – VII**  
(Refer paragraph 2.3.6; page 28)

**Details of savings of more than Rs 1 crore not surrendered**

Sr. No.	Name of the grants/ appropriations	Saving	Surrender	Saving remained un-surrendered
	<b>Revenue (Voted)</b>			
1.	9-Education	35.82	17.39	18.43
2.	10-Medical and Public Health	60.36	44.05	16.31
3.	18-Animal Husbandry	27.39	22.22	5.17
	<b>Revenue (Charged)</b>			
4.	6-Finance	165.79	81.09	84.70
	<b>Total</b>	<b>289.36</b>	<b>164.75</b>	<b>124.61</b>



**Appendix – VIII**  
(Refer paragraph 2.3.7; page 28)

**Details of surrender in excess of actual savings in the grants**

Sr. No.	Name of the grant	Savings	Amount surrendered	Excess fund surrendered
	<b>Revenue (Voted)</b>			
1.	4-Revenue	7.69	9.42	1.73
2.	6-Finance	1.42	2.15	0.73
3.	12-Labour and Employment	4.66	5.13	0.47
4.	13-Social Welfare and Rehabilitation	14.60	15.95	1.35
5.	15-Irrigation	8.53	19.80	11.27
	<b>Capital (Voted)</b>			
6.	10-Medical and Public Health	30.13	37.53	7.40
7.	15-Irrigation	216.80	306.30	89.50
8.	25-Loans and Advances by State Government	10.01	18.13	8.12
	<b>Total</b>	<b>293.84</b>	<b>414.41</b>	<b>120.57</b>

**Appendix – IX**  
(Refer paragraph 2.3.8; page 29)

**Cases of injudicious re-appropriation of funds resulting in excess/savings`  
by more than Rs 50 lakh in each case**

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O:Original S: Supplementary R:Reappropriation		
(Rupees in crore)					
<b>Injudicious re-appropriations</b>					
1.	5-Excise and Taxation	2040-Taxes on Sales, Trade, etc. 001-Direction and Administration 98-District staff	(O) 11.06 (R)(-) 1.73 9.33	9.86	(+) 0.53
2.	6-Finance	2049-Interest Payments 01-Interest on Internal Debt 200-Interest on other Internal Debts 96-Loans from National Rural Credit Fund of NABARD	(O) 24.75 (R)(-) 5.27 19.48	24.02	(+) 4.54
3.		98-Interest on AIS (State Provident Fund to Government Servants of All India Services Officers)	(O) 1.55 (R) 1.58 3.13	1.45	(-) 1.68
4.		99-Interest on State Provident Fund to Government Servants Other than All India Services Officers	(O) 429.25 (R)(-) 51.90 377.35	390.99	(+) 13.64
5.		101-Interest on Market Loans 99-Interest on other Internal Debts	(O) 233.75 (R)(-) 10.64 223.11	236.90	(+) 13.79
6.		04-Interest on Loans and Advances from Central Government 107-Interest on Pre - 1984-85 Loans 99-Interest on Small Saving Loans	(O) 3.06 (R)(-) 2.33 0.73	3.06	(+) 2.33
7.		98-Loans for Semi Productive Purposes repayable over 30 years	(O) 2.56 (R) 1.58 4.14	2.27	(-) 1.87



Sr. No.	Grant No.	Major Head of account and sub-head	Provision O:Original S: Supplementary R:Reappropriation		Actual expenditure	Excess (+)/ Saving (-)
			(Rupees in crore)			
8.	8-Buildings and Roads	3054-Roads and Bridges 80-General 797-Transfer to/from Reserve Fund/Deposit Account 99-Transfers to/from Central Road Fund Inter Account Transfer	(O) 1.31 (R) (-) 0.95 0.36		20.94	(+) 20.58
9.	10-Medical and Public Health	2215-Water Supply and Sanitation 001-Direction and Administration 93-Staff of ARP and YAP	(O) 2.88 (R) 0.12 3.00		-	(-) 3.00
10.		02-Sewerage and Sanitation 107-Sewerage Services 99-Sewerage Services	(O) 1.80 (R) 5.00 6.80		2.63	(-) 4.17
11.	15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation – Commercial 001-Direction and Administration 98-Supervision Irrigation	(O) 14.81 (R)(-) 5.92 8.89		11.73	(+) 2.84
12.		99-Chief Engineer's Common Establishment	(O) 12.69 (R)(-) 2.23 10.46		11.08	(+) 0.62
13.		97-Execution	(O) 103.05 (R)(-) 0.89 102.16		131.65	(+) 29.49
14.		95-Special Revenue staff	(O) 20.70 (R)(-) 1.43 19.27		26.36	(+) 7.09
15.		02-Major Irrigation Non-Commercial 001-Direction and Administration 97-Execution	(O) 17.23 (R) 0.57 17.80		0.90	(-) 16.90
16.		106-Sewani Lift Irrigation Project 98-Energy Charges	(O) 8.00 (R) 3.41 11.41		10.66	(-) 0.75

Sr. No.	Grant No.	Major Head of account and sub-head	Provision		Actual expenditure	Excess (+)/ Saving (-)
			O:Original	S: Supplementary R:Reappropriation		
(Rupees in crore)						
17.		115-Maintenance of Channels and Distributaries Multipurpose River Projects 99-Maintenance Works	(O) 2.18 (R)(-) 1.69 0.49		3.90	(+) 3.41
18.		4801-Capital outlay on Power Project 05-Transmission and Distribution 190-Investment in Public Sector and other undertakings 98-Equity capital HPGCL	(O) 62.25 (R)(-) 53.97 8.28		10.00	(+) 1.72
19.		4701-Capital Outlay on Major and Medium Irrigation 01-Major Irrigation Commercial 227-Construction of Hathni Kund Barrage	(O) 10.00 (R) 4.48 14.48		9.44	(-) 5.04
20		225-Rehabilitation of Existing channels/drainage system in State 99-Construction	(O) 44.00 (R)(-) 4.67 39.33		62.10	(+) 22.77
21		104-Loharu Lift Irrigation Project 99-Construction	(O) 1.50 (R)(-) 1.05 0.45		4.18	(+)3.73
22.	25-Loans and Advances by State Government	6215-Loans for Water Supply and Sanitation 01-Water Supply 191-Loans to Local bodies and Municipalities/Municipal Corporations 99-Loans to Municipal Corporations and Municipalities National Water Supply Scheme	(O) 3.20 (R)(-) 1.20 2.00		2.74	0.74



**Appendix – X**  
(Refer paragraph 2.3.9; page 29)

**Cases where expenditure was incurred without any provision of funds**

Number and name of the Grant	Head of account	Expenditure (Rupees in crore)
3-Home	4055-Capital Outlay on Police 211-Police Housing 93-Investment Investment in Police Housing Corporation	16.66
	92-Share Capital to Haryana Police Housing Co-operation	2.84
8-Buildings and Roads	3054-Roads and Bridges 04-District and Other Roads 337-Road Works 97-Centrally Sponsored Plan C.R.F. Reserve	0.36
	4217-Capital Outlay on Urban Development 60-Other Urban Development Schemes 051-Construction 99-Construction of memorial of late Sh. Gulzari Lal Nanda at Kurukshetra	0.55
15-Irrigation	2701-Major and Medium Irrigation 02-Major Irrigation Non-Commercial 101-Drainage and Flood Control 99-Maintenance	0.97
	001-Direction and Administration 95-Special Revenue staff	0.34
	2701-Major and Medium Irrigation 01-Major Irrigation Commercial 800-Other Expenditure 97-Improved, Upgradation, Operation and maintenance of channels	27.17
25-Loans and Advances by State Government	6801-Loans for Power Projects 201-Hydel Generation	0.40
<b>Total</b>		<b>49.29</b>

**Appendix-XI****(Refer to paragraph 3.2; page 41)****Year-wise break-up of outstanding Inspection Reports and Paragraphs as of June 2002**

<b>Year</b>	<b>IRs</b>	<b>Paras</b>	<b>Amount (Rs in crore)</b>
Up to March 1992	73	111	1.94
1992-93	29	69	2.09
1993-94	29	48	0.99
1994-95	22	53	1.61
1995-96	26	76	1.12
1998-99	21	73	5.09
1999-2000	22	90	2.54
2000-01	30	82	8.14
2001-02	24	44	1.26
<b>Total</b>	<b>276</b>	<b>646</b>	<b>24.78</b>



**Appendix XII**  
**(Refer to paragraph 3.10; page 49)**  
**Department-wise/year-wise break-up of misappropriations/defalcations,**  
**etc., cases pending at the end of June 2002**

Name of the Department	Upto 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to more	Total
Agriculture	1 (0.03)	2 (0.81)	-	-	-	-	3 (0.84)
Animal Husbandry	1 (0.52)	2 (3.02)	5 (1.03)	1 (0.08)	-	-	9 (4.65)
Education	6 (5.45)	6 (3.16)	9 (5.84)	6 (2.38)	1 (0.87)	2 (0.94)	30 (18.64)
Fisheries	-	-	1 (2.28)	1 (0.23)	-	-	2 (2.51)
Food and Supplies	2 (1.25)	1 (0.27)	2 (4.75)	-	-	-	5 (6.27)
Forest	11 (14.34)	2 (0.63)	8 (2.16)	2 (0.55)	-	-	23 (17.68)
Irrigation	23 (4.05)	10 (0.41)	36 (6.48)	27 (7.46)	5 (0.13)	-	101 (18.53)
Labour and Employment	-	1 (0.29)	2 (0.16)	-	-	-	3 (0.45)
Medical and Health	1 (1.51)	2 (0.02)	2 (11.92)	2 (4.14)	-	-	7 (17.59)
Mines and Geology	-	-	1 (1.44)	-	-	-	1 (1.44)
Panchayat	-	1 (1.28)	-	-	-	-	1 (1.28)
Police	-	-	1 (0.72)	-	-	-	1 (0.72)
Public Health (PH)	1 (-)	5 (0-24)	10 (1.96)	14 (2.48)	9 (2.27)	-	39 (6.95)
Public Relations	1 (0.08)	-	-	-	-	-	1 (0.08)
Public Works (PW) (B&R)	4 (0.44)	3 (0.54)	2 (0.29)	8 (3.56)	5 (1.43)	-	22 (6.26)
Revenue	1 (9.28)	-	-	-	-	-	1 (9.28)
Social Welfare	-	-	1 (-)	1 (0.26)	-	-	2 (0.26)
Technical Education	6 (13.27)	-	-	-	-	-	6 (13.27)
Transport	1 (3.17)	5 (13.22)	7 (2.59)	4 (2.19)	3 (1.63)	1 (0.10)	21 (22.90)
<b>Total</b>	<b>59</b> <b>(53.39)</b>	<b>40</b> <b>(23.89)</b>	<b>87</b> <b>(41.62)</b>	<b>66</b> <b>(23.33)</b>	<b>23</b> <b>(6.33)</b>	<b>3</b> <b>(1.04)</b>	<b>278</b> <b>(149.60)</b>

(Figure in bracket indicate Rupees in lakh)

### Appendix-XIII

(Refer to paragraph 3.11(a); page 51)

**Statement showing the names of departments where Action Taken Notes were awaited**

Name of Administrative Department	Year of Audit Reports	Paragraph Number(s)	Number of paragraphs
Agriculture	1997-98	6.2,6.3 and 6.4,	3
	1999-2000	6.4	1
	2000-2001	6.3,6.4,6.5,6.6 and 6.7	5
Revenue	1997-98	3.7,3.8 and 3.9,	3
	1998-99	3.13,3.14 and 3.15	3
	2000-2001	3.12,3.13 and 3.14	3
Education	1997-98	6.5	1
	1999-2000	3.1(A) and 3.1(B)	2
	2000-2001	3.6,3.7,5.1 and 6.11	4
General	1997-98	6.1	1 <sup>1</sup>
	1998-99	3.18	1 <sup>2</sup>
	2000-2001	3.17,3.18,3.19 and 6.2	4 <sup>3</sup>
Co-operative	1998-99	6.8	1
	1999-2000	3.5	1
	2000-2001	3.5,6.8 and 6.9	3
P.W.D. (Irrigation)	1998-99	4.3 and 4.4	2
	1999-2000	4.1	1
	2000-2001	4.1,4.5,4.6 and 4.7	4
Medical and Health	1998-99	3.4	1
	2000-2001	3.1	1
Science and Technology	1998-99	6.10	1
Home	1998-99	3.9 and 3.10	2
	1999-2000	3.9 and 3.10	2
Food & Supplies	1999-2000	7.2	1
	2000-2001	7.3 and 7.4	2
P.W.D. (Buildings & Roads)	1999-2000	4.2,	1
	2000-2001	4.3 and 4.4	2
Local Self Government	1999-2000	6.3	1
Town & Country Planning (HUDA)	2000-2001	3.16, 6.7, 6.12 to 6.16,	7

<sup>1</sup> Para 6.1: Financial Assistance to Local bodies and others.

<sup>2</sup> Para.3.18 : Follow up on the Audit Reports.

<sup>3</sup> Paras 3.17, 3.18,3.19 and 6.2: Misappropriations, defalcation etc., write off losses etc, follow-up on the Audit Reports, financial assistance to local bodies and others.



Name of Administrative Department	Year of Audit Reports	Paragraph Number(s)	Number of paragraphs
Public Works (Public Health)	2000-2001	4.2,4.8,4.9,4.10 and 4.11	5
Jail	2000-2001	3.1,3.9 and 3.10	3
Animal Husbandry	2000-2001	3.3 and 3.4	2
Environment	2000-2001	3.8 and 6.1	2
Transport	2000-2001	7.1 and 7.2.	2
Social Welfare	2000-2001	3.15	1
Rural Development	2000-2001	6.10	1
Printing and Stationery	2000-2001	7.5	1
Urban Development	2000-2001	6.18	1
Architecture	2000-2001	3.2	1
		<b>Total</b>	<b>83</b>

**Appendix-XIV**

**(Refer paragraph 4.1.7 (iii)(d); page 62)**

**Statement showing the details of time and cost overrun**

Name of Provincial Division	Sr. No.	Name of work	Estimated cost	Expenditure	Cost overrun	Scheduled month of completion	Month of completion	Delay in completion (in months)	Reasons for time and cost overrun
			(Rupees in lakh)						
Rewari	1.	Construction of Judicial complex at Rewari	175.67	208.54	32.87	December 1999	November 2001	23	Change in alignment of building.
	2.	Widening Khor Railway station to village Kanuka road km. 0 to 4.64	24.35	50.36	26.01	June 2000	July 2001	13	Enhancement of scope of work, late receipt of LOC, non-procurement of material in time, etc.
	3.	Special repair of Jurani to Jiwan Gudara road	61.77	96.31	34.54	June 2000	July 2001	13	Enhancement of scope of work, late receipt of LOC, non-procurement of material in time, etc.
	4.	Special repair of widening Rewari – Narnaul Road via Kanuka	71.34	114.19	42.85	August 2000	July 2001	11	Enhancement of scope of work, late receipt of LOC, non-procurement of material in time, etc.
Charkhi Dadri	5.	Construction of Polytechnic at Loharu	219.48	324.10	104.62	May 1999	August 2001	27	Delay in preparation of drawing and design on the part of the division and increased scope of work.
	6.	Construction of Judicial building at Charkhi Dadri	55.40	118.33	62.93	May 2000	December 2001	19	The work was started without ensuring the availability of materials and estimates were prepared without proper assessment of the quantities of work involved.
	7.	Construction of S.D.O.(Civil) Tehsil at Charkhi Dadri	45.80	97.48	51.68	May 2000	September 2001	16	The work was started without ensuring the availability of materials and estimates were



Name of Provincial Division	Sr. No.	Name of work	Estimated cost	Expenditure	Cost overrun	Scheduled month of completion	Month of completion	Delay in completion (in months)	Reasons for time and cost overrun
			(Rupees in lakh)						
									prepared without proper assessment of the quantities of work involved.
Narwana	8.	Construction of residential quarters. at ITI, Narwana	18.88	29.66	10.78	April 2000	October 2001	18	The work was started without ensuring the availability of cement and steel.
Hisar-I	9.	Widening Barwala-Jind road km. 0 to 19.61	34.26	49.08	14.82	January 2000	July 2001	18	Non-receipt of LOC as the work was taken up without ensuring the availability of funds.
Bhiwani	10.	Improvement of Jhumpa Kalan, Kairu-Loharu road	88.56	123.25	34.69	July 2000	In progress	20*	Without ensuring availability of materials the work was taken up which caused delay in its completion. Cost also increased due to incorrect preparation of estimate.
	11.	Construction of Judicial officials residence	61.49	80.54	19.05	September 1998	In progress	42*	Without ensuring availability of materials the work was taken up which caused delay in its completion. Cost also increased due to incorrect preparation of estimate.
	12.	Construction of high security enclosure in District Jail, Bhiwani	33.30	44.90	11.60	March 1999	In progress	36*	Without ensuring availability of materials the work was taken up which caused delay in its completion. Cost also increased due to incorrect

Name of Provincial Division	Sr. No.	Name of work	Estimated cost	Expenditure	Cost overrun	Scheduled month of completion	Month of completion	Delay in completion (in months)	Reasons for time and cost overrun
			(Rupees in lakh)						
									preparation of estimate.
Jind	13.	Construction of Judicial complex at Safidon	67.45	102.47	35.02	March 1999	May 2001	26	Improper survey led to increase in area of building to be constructed.
Sirsa-I	14.	Construction of Kaluwana to Bachir road	29.63	39.89	10.26	January 2000	September 2000	8	Without ensuring availability of funds, the work was started. Cost overrun due to change in specifications.

\* Upto March 2002



**Appendix – XV**  
**(Refer paragraph 5.1.2; Page 78)**  
**Statement showing minus closing balances of stock**

Sr. No.	Name of Division	Minus closing balances at the end of		
		March 2000	March 2001	March 2002
		(Rupees in lakh)		
1.	PH Division No. II, Yamunanagar	23.36	48.74	33.73
2.	PH Division, Kaithal	94.50	92.16	30.88
3.	PH Division, Narwana	0.42	30.48	24.91
4.	PH Division No. II, Sonipat	31.36	89.32	69.68
5.	GW-PH Division, Sonipat	36.53	5.75	44.12
6.	PH Division, Palwal	10.13	21.25	-
7.	PH Division, Nuh	46.08	47.60	-
8.	PH Division No. I, Rohtak	15.81	1.17	-
9.	PH Division No. II, Rohtak	3.10	-	0.18
10.	PH Division, Bahadurgarh	9.43	-	-
11.	PH Division, Jhajjar	103.33	-	-
12.	PH Division No. I, Bhiwani	329.21	326.53	280.24
13.	PH Division No. II, Bhiwani	269.49	381.67	414.50
14.	PH Division, Rewari	156.49	46.17	15.36
15.	PH Division, Mohindergarh	8.37	18.87	8.49
16.	PH Division, Sirsa	126.17	-	-
17.	PH Division, Tosham	-	17.23	30.64
18.	PH Division, Fatehabad	-	22.62	-
19.	PH Division, Dabwali	-	22.45	-
20.	PH Division, Faridabad	-	48.63	59.98
21.	PH Division No. II, Panipat	25.94	53.02	63.84
22.	PH Division, Panchkula at Chandigarh	-	-	20.41
23.	PH (Mech.) Division, Ambala Cantt.	46.95	-	9.17
24.	PH Division No. I, Panipat	-	-	27.21
25.	PH Division No. I, Sonipat	12.44	-	-
26.	PH Division, Sohana	--	-	9.50
	<b>Total</b>	<b>1349.11</b>	<b>1273.66</b>	<b>1142.84</b>
		<b>19 Divisions</b>	<b>17 Divisions</b>	<b>17 Divisions</b>

**Appendix -XVI**  
(Refer paragraph 5.1.5; Page 79)

**Details of excess Stock held over Reserve Stock Limit**

Sr. No.	Name of Division	Permanent RSL sanctioned	Stock held at the end of March			Excess stock held at the end of March		
			2000	2001	2002	2000	2001	2002
(Rupees in lakh)								
1.	PH Division, Hansi	20	167.14	58.52	55.07	147.14	38.52	35.07
2.	PH Division, Jind	20	27.17	63.00	-	7.17	43.00	-
3.	PH Division, Karnal	40	82.92	107.09	88.60	42.92	67.09	48.60
4.	PH Division No. II, Sirsa	20	43.87	25.52	23.13	23.87	5.52	3.13
5.	PH Division, Panchkula at Chandigarh	20	34.38	-	-	14.38	-	-
6.	PH Division, Narnaul	20	37.52	-	-	17.52	-	-
7.	PH Division, Gurgaon	20	48.24	58.48	55.65	28.24	38.48	35.65
8.	PH Division, Ambala Cantt.	20	265.26	368.04	405.29	245.26	348.04	385.29
9.	PH Division No. I, Sirsa	20	-	88.88	178.52	-	68.88	158.52
10.	PH Division No. III, Hisar	20	188.35	109.52	79.71	168.35	89.52	59.71
11.	PH Division, Naraingarh	20	77.16	46.72	78.86	57.16	26.72	58.86
12.	PH Division No. I, Faridabad	20	-	32.60	23.05	-	12.60	3.05
13.	PH Division, Fatehabad	20	-	-	79.06	-	-	59.06
14.	PH Division No. I, Rohtak	20	-	-	102.51	-	-	82.51
15.	PH Division, Bahadurgar	20	-	-	66.98	-	-	46.98
16.	PH Division No. II, Faridabad	20	27.19	-	-	7.19	-	-
17.	PH Division No. II, Gohana	20	23.66	-	-	3.66	-	-
18.	PH, Tosharn	20	23.68	-	-	3.68	-	-
<b>Total</b>						<b>766.54</b>	<b>738.37</b>	<b>976.43</b>
						<b>13</b>	<b>10</b>	<b>12</b>
						Divisions	Divisions	Divisions



**Appendix XVII**  
(Refer paragraph 6.2(d), page 101)

**Statement showing names of bodies and authorities the accounts of which had not been received**

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
1	Municipal Committee, Bahadurgarh	1986-87 1993-94 1996-97 1997-98 1999-2000 2000-2001	35.93 34.08 50.00 25.95 49.50 48.93
2	Municipal Committee, Bhiwani	1987-88 1988-89 1989-90 1995-96 1997-98 1998-99 1999-2000 2000-2001	36.40 33.25 36.00 50.00 27.56 72.00 1,156.87 247.58
3	Municipal Committee, Karnal	1982-83 1988-89 1997-98 1998-99 2000-2001 2001-2002	7.00 32.61 36.12 26.25 60.08 57.73
4	Municipal Committee, Narnaul	1988-89 1989-90 1997-98 1998-99 2000-2001 2001-2002	25.30 28.63 36.12 26.25 60.08 75.88
5	Municipal Committee, Rohtak	1987-88 1988-89 1989-90 1996-97 1997-98 1999-2000 2000-2001 2001-2002	34.00 37.61 32.35 25.08 78.44 266.56 197.41 101.20
6	Municipal Corporation, Faridabad	1995-96 1996-97 1997-98 1998-99 1999-2000 2000-2001	39.38 50.00 30.00 669.00 394.00 111.61
7	Municipal Committee, Palwal	1995-96 1998-99 1999-2000 2000-2001	50.00 30.00 105.00 62.75

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
8	Municipal Committee, Sonipat	1997-98 1998-99 1999-2000 2000-2001	69.93 326.25 263.23 167.82
9	Municipal Committee, Charkhi Dadri	1995-96 1999-2000 2000-2001 2001-2002	33.33 50.00 43.14 50.00
10	Municipal Committee, Rewari	1996-97 1997-98 1999-2000 2000-2001	50.00 38.82 229.73 84.17
11	Municipal Committee, Jagadhri	1996-97 1998-99 1999-2000 2000-2001 2001-2002	50.00 26.25 28.15 108.53 131.66
12	Municipal Committee, Panipat	1996-97 1998-99 1999-2000 2000-2001	65.00 528.00 306.30 146.26
13	Municipal Committee, Hisar	1996-97 1997-98 1998-99 1999-2000 2000-2001	50.00 48.31 58.25 61.81 176.93
14	Municipal Committee, Barwala	1996-97 1999-2000 2000-2001 2001-2002	33.33 50.00 31.04 70.54
15	Municipal Committee, Gurgaon	1996-97 1997-98 1998-99 1999-2000 2000-2001	31.69 42.78 471.25 235.76 170.38
16	Municipal Committee, Thanesar	1997-98 1999-2000 2000-2001	31.81 26.76 80.81
17	Municipal Committee, Ambala City	1998-99 2000-2001	70.25 676.27
18	Municipal Committee, Ambala Cantt	1999-2000 2000-2001 2001-2002	460.97 84.63 124.32
19	Municipal Committee, Kurukshetra	1998-99	33.75
20	Municipal Committee, Kaithal	1998-99 1999-2000 2000-2001	62.25 638.42 98.95



Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
21	Municipal Committee, Gharonda	1999-2000	25.00
22	Municipal Committee, Yamunanagar	1998-99 1999-2000 2000-2001 2001-2002	350.00 578.66 172.96 273.05
23	Municipal Committee, Gohana	1999-2000 2001-2002	70.00 35.90
24	Municipal Committee, Bhiwani Khera	1998-99 1999-2000	32.03 40.00
25	Municipal Committee, Kharkhoda	1998-99	50.00
26	Municipal Committee, Pehowa	1999-2000 2000-2001 2001-2002	36.16 41.81 32.67
27	Municipal Committee, Jhajjar	1999-2000	180.00
28	Municipal Committee, Safidon	2000-2001	81.62
29	Municipal Committee, Sirsa	2001-2002	48.66
30	Municipal Committee, Dabwali	1999-2000 2000-2001	98.83 73.25
31	Municipal Committee, Taoru	1999-2000	40.00
32	Municipal Committee, Uchana	1999-2000	30.00
33	Municipal Committee, Asandh	1999-2000	120.00
34	Municipal Committee, Naraingarh	1999-2000	34.79
35	Municipal Committee, Kalanaur	1999-2000	40.00
36	Municipal Committee, Tosham	1999-2000	28.40
37	Municipal Committee, Ratia	1999-2000	30.00
38	Municipal Committee, Shahabad	2000-2001	73.04
39	Municipal Committee, Ladwa	2000-2001	45.16
40	Municipal Committee, Tohana	2001-2002	137.98
41	Municipal Committee, Meham	2000-2001	31.06
42	Municipal Committee, Sohna	2000-2001	37.58
43	Municipal Committee, Narwana	2000-2001	60.58
44	Municipal Committee, Hansi	2000-2001 2001-2002	108.50 105.25
45	Municipal Committee, Mohindergarh	2000-2001	38.55
46	Municipal Committee, Jind	2000-2001 2001-2002	135.63 73.50
47	Municipal Committee, Fatehabad	2000-2001	50.23

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
48	Municipal Committee, Ellenabad	2000-2001	43.10
49	Municipal Council, Panchkula	2001-2002	116.06
50.	Shri Bhuteshwar Temple Tirath, Jind	1994-95	25.29
51.	Aravali Vikas Sangathan, Gurgaon	1995-96	100.00
52.	Haryana Urdu Akademi, Panchkula	2001-2002	25.00
53.	Haryana Slum Clearance Board, Chandigarh	1998-99	700.48
54.	Rajay Sainik Vocal Training Centre, Panchkula	1998-99	46.25
55.	District Council for Child Welfare Rewari	1999-2000	38.75
56.	Fish Farm Development Agency, Gurgaon	2000-2001	45.85
57.	Charitable Endowment, Haryana, Manimajra	2001-2002	478.00
58.	Vaish Technical Institute, Rohtak	2001-2002	34.60
59.	Haryana Energy Development Agency, Chandigarh	2001-2002	67.30
<b>Private Aided Colleges</b>			
60.	S.L.D.A.V. College of Education, Ambala City	2000-2001 2001-2002	38.65 54.59
61.	SM Lubana Khalsa Girls College, Barara (Ambala)	2000-2001 2001-2002	38.20 40.55
62.	M.P.N. College, Mullana (Ambala)	2000-2001 2001-2002	34.00 33.80
63.	Maharaja Aggarsein College, Jagadhri	1999-2000 2000-2001 2001-2002	48.60 47.90 47.24
64.	DAV College, Sadhaura	2000-2001 2001-2002	40.70 53.06
65.	M.L.N. College, Radaur	2000-2001	43.82
66.	Adarsh Mahila M.V., Bhiwani	2000-2001 2001-2002	88.75 98.80
67.	K.M. College of Education, Bhiwani	2001-2002	31.35
68.	APJ Saraswati College of Education, Charkhi Dadri	2001-2002	35.92
69.	B.L.J. Suiwala College, Tosham	2000-2001 2001-2002	25.25 29.70



Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
70.	RLS College of Education, Sidhrawali (Gurgaon)	1999-2000 2000-2001 2001-2002	33.00 35.60 38.32
71.	DAV Centenary College, Faridabad	2001-2002	46.00
72.	Saraswati Mahila Mahavidyala, Palwal	2000-2001 2001-2002	31.63 36.30
73.	SD Mahila Mahavidyalya, Hansi	2000-2001	27.20
74.	CR College of Education, Hisar	1999-2000 2000-2001 2001-2002	26.40 27.50 48.73
75.	SD Mahila Mahavidyalya, Narwana, (Jind)	2000-2001 2001-2002	27.95 28.40
76.	DAV College, Pundri (Kaithal)	1999-2000 2000-2001 2001-2002	30.00 32.75 39.10
77.	DAV College Cheeka, (Kaithal)	1999-2000 2000-2001 2001-2002	42.70 43.35 50.50
78.	Kanya Mahavidyalya, Dhand (Kaithal)	1999-2000 2000-2001 2001-2002	31.40 36.05 34.60
79.	Bhagwan Parshu Ram College, Kurukshetra	1999-2000 2000-2001 2001-2002	37.30 44.30 48.96
80.	RDS Public Girls College, Rewari	1998-99 1999-2000 2000-2001 2001-2002	39.30 30.40 29.55 38.55
81.	SP College of Education, Rewari	2000-2001 2001-2002	25.80 32.82
82.	GB Degree College, Rewari	1996-97 1997-98 1998-99	29.90 31.70 31.30
83.	CR College of Education, Rohtak	1999-2000 2000-2001 2001-2002	31.00 36.50 34.01
84.	MK Jat Kanya Mahavidyalya, Rohtak	2000-2001 2001-2002	46.90 52.60
85.	Guru Hari Singh Mahavidyalya, Jiwan Nager, Sirsa	2001-2002	24.95
86.	Vaish Arya Kanya Mahavidyalya, Bhadurgarh (Jhajjar)	1999-2000 2000-2001 2001-2002	27.00 35.75 38.02
87.	M.A College for Women, Jhajjar	2000-2001 2001-2002	40.70 46.40

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
88.	TR College of Education, Sonipat	2000-2001 2001-2002	29.10 35.51
89.	BPS College of Education, Khanpur Kalan	2000-2001 2001-2002	26.40 34.95
90.	DAV College Naneola	2001-2002	19.56
91.	Dr. Ganesh Dass DAV College of Education, Karnal	2001-2002	31.85
92.	Vaish Girls College, Smalkha (Panipat)	2001-2002	16.90
93.	RBS College of Education, Rewari	2001-2002	17.35
94.	GB College of Education, Rohtak	2001-2002	19.89
95.	B.Shri Krishan College of Education, Dabwali	2001-2002	50.90
96.	Kanya Mahavidyalya, Kharkhoda (Sonipat)	2001-2001	17.64
97.	T.R. Girls College, Sonipat	1999-2000 2000-2001 2001-2002	33.10 30.70 33.39



