

HARYANA VIDHAN SABHA

PUBLIC ACCOUNTS COMMITTEE

(1978-79)

(Fourteenth Report)

Report

ON THE

*Appropriation Accounts and Finance Accounts of the  
Haryana Government for the year 1974-75 and  
the Report of the Comptroller and Auditor  
General of India for the year 1974-75.*

*(Excluding the paragraphs relating to Corporations/Boards.)*



VIDHAN SABHA SECRETARIAT,  
CHANDIGARH.

March, 1979.

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
CHAIRMAN**

1. Shri Kanwal Singh.

**MEMBERS**

2. Rao Dalip Singh.
3. Chaudhri Hukam Singh.
4. Shri Jagdish Kumar.
5. Shri Jai Narain Verma.
6. Shri Lehri Singh Mehra.
7. Chaudhri Peer Chand.
8. Master Shiv Parshad.
9. Sardar Sukhdev Singh

**SECRETARIAT**

1. Shri Raj Krishan, Secretary.
2. Shri Sant Ram Sharma, Under Secretary.

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## INTRODUCTION

1. The Chairman of the Public Accounts Committee, having been authorised by the Committee in this behalf present this their Fourteenth Report on the Appropriation Accounts and Finance Accounts of the Haryana Government for the year 1974-75 and the Report of the Comptroller and Auditor General of India for the year 1974-75 (excluding the paragraphs relating to institutions which are now within the purview of the Committee on Public Undertakings).

2. The previous Committee framed the questionnaires on the Appropriation Accounts and Finance Accounts of the Haryana Government for the year 1974-75 and the Report of the Comptroller and Auditor General of India for the year 1974-75 relating to a few Departments. The questionnaires relating to the remaining Departments were framed by the present Committee which subsequently examined all departments.

3. The Committee also framed questionnaires on the Appropriation Accounts and Finance Accounts of the Haryana Government for the year 1975-76. The questionnaires on the Report of the Comptroller and Auditor General of India for the year 1975-76 relating to most of the departments were also framed by the Committee.

4. A brief record of the proceedings of the meetings of the Committee has been kept in the Haryana Vidhan Sabha Secretariat.

5. The Committee place on record their appreciation of the valuable assistance given by the Accountant General, Haryana, and his staff, and the Finance Department. The Committee are thankful to the representatives of the various Departments who appeared before them in connection with the examination of paragraphs relating to their Departments; and also to the Secretary, Haryana Vidhan Sabha and his officers and staff for the whole-hearted co-operation and assistance given by them.

Chandigarh :  
The 31st March, 1979.

KANWAL SINGH,  
Chairman.

## REPORT GENERAL

1. The present Public Accounts Committee was elected vide, Notification No. PAC/3/77-78/97, dated 9th March, 1978.

2. The Committee held seventy meetings in all at Chandigarh and other places.

3. The Committee observed that as in earlier years written replies to the questionnaires of the Committee were not furnished by the Departments within the stipulated period of a fortnight. The replies were generally furnished very late. In some cases these replies were furnished at the nick of the time or just before the commencement of the oral examination of the Departments concerned, thereby allowing no time for the members of the Committee to go through the same or for the Accountant General to verify the facts. The Committee feel unhappy on this situation and urge that Departments should give due importance to the work relating to the Committee, and ensure that the written replies to the questionnaires are furnished to the Committee within the stipulated period.

The Committee also find that the Secretaries to Government do not always personally appear before the Committee which results in considerable waste of time and non-submission of complete information in reply to the questions of the Committee. The Committee emphasize that the Secretaries to Government should invariably appear personally before them in order to furnish all the required facts and figures and to assist them in the discharge of their functions and in arriving at correct conclusions.

### *Excesses over Voted grants/charged Appropriation*

4. Cases of excesses over voted grants/charged appropriation in Revenue Portion and Capital portion for the year 1974-75 requiring regularisation by the Legislature in accordance with the provisions of Article 205 of the Constitution are detailed below :—

#### EXCESS OVER VOTED GRANTS.

Sr. No.	Particulars of grant	Original grant Rs.	Supplementary grant Rs.	Total grant Rs.	Expenditure Rs.	Excess,
REVENUE PORTION						
1.	2-General Administration	3,74,19,570	—	3,74,19,570.	3,77,84,971	3,65,401
2.	5-Excise and Taxation	94,69,070	6,90,930	10,1,60,000	1,03,83,770	2,23,770
3.	6-Finance	2,70,60,220	7,28,780	2,77,89,000	2,83,68,274	5,79,274
4.	8-Buildings and Roads	10,23,51,400	2,44,410	10,25,95,810	33,54,57,795	23,28,61,985

Sr. No.	Particulars of grant	Original grant Rs.	Supplementary grant Rs.	Total grant Rs.	Expenditure Rs.	Excess. Rs.
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## REVENUE PORTION

5.	9-Education	27,84,80,170	2,79,76,790	30,64,56,950	31,01,73,670	37,16,710
6.	20 Forest	1,38,01,970	1,59,650	1,39,61,620	1,41,90,617	2,28,997
7.	21-Community Development	2,34,22,900	10	2,34,22,910	2,44,21,663	9,98,753

## CAPITAL PORTION

1.	13-Social Welfare and Rehabilitation	15,00,000	—	15,00,000	15,00,054	54
2.	15-Irrigation	23,57,01,440	4,84,26,420	28,41,27,860	42,11,70,994	13,70,43,134
3.	18-Animal Husbandary	14,00,000	—	14,00,000	14,10,445	10,445
4.	23-Transport	2,84,41,200	66,03,800	3,50,45,000	3,51,13,035	68,035
5.	25-Loans and advances by State Govt.	28,54,25,220	6,60,01,930	35,14,28,150	38,29,56,940	3,15,28,790

## CHARGED APPROPRIATIONS

## REVENUE PORTION

1.	2-General Administration	12,45,840	77,600	13,23,440	13,52,221	28,781
2.	3-Home	16,40,890	—	16,40,890	21,52,661	5,11,771
3.	8-Buildings and Roads	48,000	—	48,000	2,19,547	1,71,547

## CAPITAL PORTION

8-Buildings and roads.	—	—	—	4,99,689	4,99,689
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The Committee regret to observe that expenditure was incurred in excess of the grants/appropriations by certain departments in the above cases. The Committee feel that the Departments should forecast their budgetary requirements accurately and keep the expenditure within the budget provisions. In case, on any occasion, the incurring of expenditure in excess of the grants/appropriations becomes unavoidable, the Departments should obtain additional funds through Supplementary grants or by taking advance from the contingency fund.

The Committee recommend that the Finance Department should investigate the reasons for the excess expenditure and fix responsibility on the Controlling Officers who allowed the excess expenditure to be incurred. In this connection, attention is also invited to the observations contained in para 4 of the Committee's 11th Report. Subject to the above observations the Committee recommend that the excess expenditure indicated above may be regularised by the Legislature under Article 205 of the Constitution of India.

## AGRICULTURE

### *Paragraphs 3.1 Intensive Cotton District Programme.*

5. The Intensive Cotton District Programme, financed fully by grants from the Government of India, was undertaken in Hissar District from November 1971. The objective of the programme was to increase the annual production of long staple cotton in the district from 1.60 lakh bales (base year 1970-71) to 3.20 lakh bales by the end of 1973-74.

The programme provided for—

- (i) the grant of subsidy on the cost of cotton seeds, insecticides, cycocel, plant protection equipment and operational charges for aerial spraying ; and
- (ii) the laying out of demonstration plots.

The rates of subsidy admissible under the programme were—

- (a) upto Rs. 25/- per quintal on improved cotton seed ;
- (b) twenty-five per cent of the cost of insecticides per spray for 3 sprays (thirty-three and one-third per cent of the cost per spray for subsequent sprays) and Rs. 7.50 per hectare towards operational charges for aerial spraying ;
- (c) thirty-three and one-third per cent of the cost of cycocel and weedicides ; and
- (d) twenty-five per cent of the cost of plant protection equipment subject to a maximum of Rs. 200 per item.

A test check (March-May 1975) of the programme for the period ending March, 1974 disclosed the following:—

### **(3) Supply of cotton seed**

- (a) The programme envisaged coverage of the entire cotton area with pure long staple cotton seed to be supplied to the cultivators through departmental agencies. Against the target of distribution of 16,000, 20,000 and 24,000 quintals of seed during the years 1971-72 to 1973-74, the quantity actually supplied to the cultivators was 4,289, 5,267 and 3,388 quintals which worked out to about 25 per cent, 25 per cent and 13 per cent of the targets.
- (b) During 1971-72 to 1973-74, 22,058 quintals of seed were purchased on which subsidy aggregating Rs. 4.95 lakhs at rates varying from Rs. 20 to Rs. 25 per quintal was paid at source to the State Marketing Board. Out of this, 12,944 quintals of seed, which had been purchased at rates ranging from Rs. 123 to 175 per quintal, were distributed among the cultivators at rates ranging from Rs. 100 to Rs. 195 per quintal. The amount of subsidy actually reaching the cultivators in these sales worked to Rs. 0.26 lakh

only against Rs. 3.01 lakhs paid to the Marketing Board. This was due to the Board fixing the sale price of seed on the basis of market prices irrespective of actual cost.

The balance of 9,114 quintals of seeds, on which subsidy of Rs. 1.94 lakhs had been paid to the Marketing Board, was not sold to the cultivators and was either transferred out of the area of the programme or was disposed of through auction (loss in auction : Rs. 1.81 lakhs).

(c) The scheme envisaged payment of subsidy only on approved varieties of long staple cotton seed, viz., H-14 and F-320. The department, however, purchased 904.89 quintals of Jai cotton seed on which subsidy of Rs. 0.23 lakh was paid outside the scope of the programme.

(d) During 1972-73, 4,360.02 quintals of F-320 seed were purchased in Sirsa Zone in respect of which account for 4,219.20 quintals only was available with the Deputy Director of Agriculture, Sirsa, leaving 140.82 quintals unaccounted for.

\* \* \* \* \*

**(5) Purchase of plant protection equipment for being hired to cultivators.**

The programme envisaged supply of plant protection equipment to cotton cultivators at 25 per cent subsidy subject to a maximum of Rs. 200 per item. Where the cultivators were unable to purchase the plant protection equipment the department was to create adequate stocks of plant protection equipment for issue to needy cultivators on loan for a nominal hire charge.

During 1972-73 and 1973-74, equipment costing Rs. 25.02 lakhs and Rs. 6.46 lakhs, which included 6,198 hand operated spray pumps (cost : Rs. 16.51 lakhs), was purchased for being lent on hire. During September 1973 2,040 pumps were transferred to other districts to fight sugarcane pyrrilla. The pumps had not been received back in the project area till May 1975 ; the disposal of the pumps subsequent to May 1975 is not known (March 1976).

To a question regarding the purchase of F-320 seed in Sirsa Zone, the department stated in their written reply as under—

The Deputy Director of Agriculture, Sirsa procured 4,120.02 qtls. of 320—F cotton seed. An additional quantity of 99.20 qtls. was supplied to him by the Deputy Director of Agriculture, Hissar. Thus a total quantity of 4219.22 qtls. was available with the Deputy Director of Agriculture, Sirsa, and not 4,360.02 qtls. as stated by the Audit. The entire quantity of 4,219.22 qtls. of cotton seed has been accounted for by the Deputy Director of Agriculture, Sirsa.

Regarding the purchase of plant protection equipment for being lent on hire to farmers, the department stated as under—

“All the Plant Protection equipment purchased during 1972-73 and 1973-74 could not be lent on hire to the farmers. However, a very large number of this equipment was lent on hire to the farmers as per



their requirements. This equipment is lying with various field functionaries of the Department working in the area to facilitate their availability to the farmers at the time of need. 2040 pumps were transferred to the sugarcane growing area to save the sugarcane crops from the ravages of pyrilla pests towards the end of September, 1973 and were received back. There was nothing wrong in utilising the equipment lying in cotton areas in the sugarcane areas to save the sugarcane crops. Such narrow compartmentalisation in Agriculture development programme cannot be allowed to operate. There is no question of fixing any responsibility in this behalf".

During oral examination the departmental representative promised to supply information regarding the quantity of plant equipment which had been lying in store and had not been put to use at all.

The Committee desire that the Department should reconcile the figures regarding F-320 seed with the Audit and intimate the actual position to them.

The Committee also desire that the promised information regarding non-utilisation of plant protection equipment be supplied to them without any further delay.

### *Paragraphs 3.3 Construction of katcha water courses.*

G. The Northern India Canal and Drainage Act, 1873, requires the cultivators to bear the cost of construction of field water courses to carry canal water to the open fields from the outlets provided on the irrigation channels. It was, however, observed by the Government (January 1971) that the irrigation facilities provided by various canal system were not being fully utilised in certain areas due to undulating topography and ignorance and poor economic condition of farmers. The Government, therefore decided (April 1971) to take up construction of *katcha* water courses in the command areas of Jui Canal, Indira Gandhi Canal and Kairu Minor of Western Jamuna Canal systems. This facility was subsequently extended to the command areas of B. N. Chakravarti Canal and Gurgaon Canal systems during 1972-73 and Jaajjar Lift Irrigation Scheme during 1973-74. An expenditure of Rs. 53.58 lakhs was incurred on the construction of water courses to end of March 1975 against the provision of Rs. 54.44 lakhs.

A mention of *katcha* water courses constructed during 1971-72 and 1972-73 under the Crash Scheme for Rural Employment was made in paragraph 2 (8) of the Advance Audit Report for the year 1972-73. Points noticed during further scrutiny of the programme of construction of *katcha* water courses are mentioned in the succeeding paragraphs.

- (2) The targets fixed and the number of water courses actually

constructed were as under :—

Sr. No.	Name of Project	1971-72		1972-73		1973-74		1974-75		Total	
		Tar-gets	Achi-vements	Tar-gets	Achi-vements	Tar-gets	Achi-vements	Tar-gets	Achi-vements	Tar-gets	Achi-vements
1.	Jui Canal System (number)	171	139	21	21	109	89	94	81	395	330
2.	Indira Gandhi Canal System (number)	100	92	342	284	330	258	342	250	1114	884
3.	B.N. Chakravarti Canal System (number)	—	—	67	67	148	136	245	201	460	404
4.	Gurgaon Canal System (including Nigana Minor) (number)	—	—	170	168	135	117	156	156	461	441
5.	Jhajjar Lift Irrigation Scheme (number)	—	—	—	—	98	94	30	17	128	111
Grand Total										2,558	2,170

In most of the cases, the water courses were not dug to the full proposed length. Against the proposed length of 2,700 miles, the actual length excavated was 2,268 miles. The shortfall was attributed by the department (October 1975) to (i) resistance from the farmers due to standing crops ; and (ii) the actual availability of water in those reaches not warranting excavation beyond the length dug.

(a) The Executive Engineer, Gurgaon Canal Division, Faridabad informed Audit (September 1975) that 29 water courses excavated at a cost of Rs. 0.67 lakh had not been dug according to the required level especially in reaches with heavy filling/cutting.

(b) Twentyfive water courses (15 on B.N. Chakravarti Canal, 5 on Gurgaon Canal, 4 on Jhajjar Lift Canal and 1 on Jui Canal System) constructed in 1973-74 and 1974-75 costing Rs. 0.69 lakh were such in respect of which no outlet had been provided by the Irrigation Department (November 1975).

(c) In order that irrigation could be done throughout the length of

a water course, it was necessary that culverts be provided over crossings simultaneously with the construction of the water-course. The targets fixed in respect of the culverts and the achievements there against during 1974-75 were as under:—

Sr. No.	Name of Project	Number of culverts to be constructed	Number of culverts constructed	Shortfall
(i)	Jui Canal System	25	25	—
(ii)	Indira Gandhi Canal System	35	18	17
(iii)	B.N. Chakravarti Canal System	30	—	30
(iv)	Gurgaon Canal System	25	35	(—)10
(v)	Jhajjar Lift Irrigation Scheme	30	1	29
				<hr/> 66 <hr/>

The shortfall in construction of the culverts was attributed by the department (November 1975) to

- (i) non-availability of construction materials like cement and bricks ;
- (ii) inadequate budget allocation ; and
- (iii) non-availability of labour required for pucca construction.

In the case of 40 water-courses, excavation was done beyond the crossing-points though the culverts had not been constructed. Consequently, water could not run beyond the crossing points in 21 miles out of 38 miles (20 miles excavated in 1973-74 and 18 miles in 1974-75) of water-courses. The approximate cost of excavation of these 21 miles of water-courses was Rs. 0.48 lakh.

- (3) (a) According to the concerned Executive Engineers of the Irrigation Department, no irrigation was done till Rabi 1974-75 though 77 out of a total of 1,465 water-courses dug till then.
- (b) The data relating to the culturable command area of the outlets provided on the Gurgaon Canal System and the irrigation achieved in Rabi 1974-75 through the water-courses dug in its command showed that the irrigation achieved through 22 per cent of the total number of water courses was less than 10 per cent of the area commanded by them, for another 40 per cent of the total number of water courses irrigation achieved ranged between 10 and 30 per cent, while in the case of the remaining 38 per cent of the water-courses the irrigation achieved was, in a majority of cases, between 31 and 60 per cent.

(4) The objective of the construction of water-courses at Government cost was to expedite development of irrigation in the command area of the canals. The targets and achievements were as under :—

Sr. No.	Name of the project	Gross command area (in thousand acres)	Culturable command area (in thousand acres)	Actual irrigated area (in thousand acres)							
				1971-72		1972-73		1973-74		1974-75	
				Tar-gets	Achi-eve-ments	Tar-gets	Achi-eve-ments	Tar-gets	Achi-eve-ments	Tar-gets	Achi-eve-ments
1.	Jui Canal System	82	66	6	6	12	12	20	19	25	18
2.	Indira Gandhi Canal System	330	264	46	4	46	13	163	21	163	24
3.	B.N. Chakravarti Canal System	240	182	@ NA	@ NA	@ NA	2	@ NA	13	@ NA	14
4.	Gurgaon Canal System	359	323	@ NA	18	26	21	33	25	41	37
5.	Jhajjar Lift Irrigation Scheme	36	29	—	—	—	—	@ NA	4	@ NA	1

The shortfall in irrigation was attributed by the department (November 1975) to—

- (i) non-existence of "Wara Bandi";
- (ii) non-construction of water-courses to cover the full command ;
- (iii) less flow of water with resultant lower working head on outlets for considerable duration,
- (iv) the increasing length of canals/distributaries/minors every year resulting in the supply remaining below the designed full supply levels, despite increased average discharge;
- (v) frequent power break-downs; and
- (vi) light texture of soils coupled with unlevelled fields.

(5) The following points were also noticed :—

- (i) A sum of Rs. 0.10 lakh was paid in December 1974 to a firm for supply of 30 tonnes of cement. The material has, however, not been received so far (October 1975).

(ii) Under the rules, measurements of work done as recorded by the Agricultural Sub-Inspector were to be checked to the extent of 25 per cent, 10 per cent and 2.5 per cent by the Agricultural Inspector, the Assistant Soil Conservation Officer and the Divisional Soil Conservation Officer respectively. In respect of measurements relating to digging of water courses on Gurgaon Canal, while no difference was reported by the Assistant Soil Conservation Officer, Gurgaon, as a result of his check differences involving excess payment of Rs. 1,965 in a total payment of Rs. 8,330 were noticed by the Divisional Soil Conservation Officer in 5 out of 6 cases test checked by him during 1974-75.

The department stated in November 1975 that the recovery of excess payment was under progress.

The matter was referred to Government in December 1975 ; reply is awaited (March 1976).

To the various questions of the Committee relating to points brought out in the audit para the department stated in their written reply as under :—

“All the katcha water courses whose alignment was given by the Irrigation Department were constructed by the Government. No criteria were laid down by the Department in this respect.

The farmers are being educated through group discussion regarding usefulness of these water courses. They are also being encouraged to construct katcha water courses themselves by providing technical logistical, support through extensive staff, through witnessing other works of similar nature etc. The water courses are still being dug at the Government expenses, the objective being to expedite development of irrigation in the command area of the canal. Poor and economic condition of the farmers, illitracy etc. are other factors on account of which the farmers are not coming forward to dig these water courses at their own expenses.

The water courses were not dug to the full proposed lengths due to following reasons—

- (i) Paucity of funds.
- (ii) Resistance from the farmers due to standing crops in their fields.
- (iii) Non availability of water in the canals.
- (iv) difficult topographic condition

The water courses in areas where crops were standing at that time were dug after the crops had been harvested.

The water courses were dug after proper survey and the alignments were given by the Irrigation Department. The availability of water depends on the supply of water in canal and this was to be looked after and ensured by Irrigation Department.

All the 29 water courses were dug according to the required level but wherever any modification was needed, it was effected to suit the topographic

condition of the area. Irrigation in these water courses was recorded by the Irrigation Department. A few water courses could not be fully used, because canal could not run on full supply level. Hence the question of fixing the responsibility does not arise.

The water-courses were dug according to the best suited alignments hence the question of redigging/completing later on does not arise.

No water courses were constructed where no outlets were provided by the Irrigation Department. The situation of 25 water courses is as under—

15 on B.N.C.

5 on Gurgaon Canal.

4 on Jhajjar Lift Canal.

1 on Jui Canal.

The outlets were provided by the Irrigation Department and have been put to use.

Out of 77 water courses 21 were in Faridabad Division of the Gurgaon Canal and 56 in other lift canal areas.

Out of these only 5% could not be fully utilised because the canal being seasonal, did not run upto full supply level and water did not flow in these.

The water courses were dug properly and irrigation through them has been recorded by the Irrigation Department. For low irrigation, the reasons are—

- (i) Non existence of warabandi.
- (ii) All the water courses to cover the entire command area have not yet been dug.
- (iii) Less flow of water in the canal with resultant lower working head on outlets for considerable duration.
- (iv) Light texture of soils coupled with unlevelled fields.

In the subsequent years the performance of irrigation has substantially improved.

The Department of Agriculture dug water courses along the alignments given by the Irrigation Department and the performance of irrigation through these water courses is the responsibility of irrigation department, now they are being properly utilised.

The execution was done according to the plan. However, the achievement in initial stages were bound to be less on account of the reasons given above.

The department has dug water courses according to outlets fixed by the Irrigation Department and these have been excavated by proper survey.

ing and planning. Further steps are to be taken by the Irrigation Department to improve the performance of irrigation.

There was/is full co-ordination between the Irrigation and Agriculture Departments regarding the running of water courses. No complaints have been received in this office about non-cooperation. The Irrigation Department is still preparing the warabandies without which full irrigation cannot be developed.

Since the cement was in short supply the firm was given an advance of Rs. 9,700/- by the Assistant Soil Conservation Officer, Dadri for the supply of 30M tons cement vide order No. 46 dated 17.12.1974. The firm supplied 24.15 tons cement on 24.10.1975 and the balance amount of Rs. 1,763.36 was refunded by the firm and deposited into treasury.

The amount of Rs. 1965 has since been recovered and action to fix responsibility for excess payment is being taken."

The Committee recommend that the targets fixed by the Government should be realistic keeping in view the topography water resources available and the needs of the people of the area; and the Department should try their best to achieve the targets so fixed.

The Committee would also like to know the basis on which the targets of irrigation in the command area of Indira Gandhi Canal system for the year 1973-74 and 1974-75 were fixed.

The Committee further desire that action taken against the officials responsible for the over payment of Rs. 1,965/- be intimated to them.

#### Paragraphs 3.4. Area Development Programme

7. An area of about 10 lakh acres in the district of Mohindergarh and in parts of Hissar, Bhiwani, Rohtak and Gurgaon districts is chronically drought prone with low and erratic rainfall. The subsoil water is generally insufficient, mostly brackish and unfit for irrigation. The construction of the following lift irrigation canals was, therefore, taken up during the Fourth Five Year Plan (1969-74) :—

Serial No.	Name of the scheme	Discharge capacity (cusecs) perennial monsoon	Estimated cost (in crores of rupees)	Actual expenditure upto December 1975 (in crores of rupees)	Date of commencement	Date of completion	Cultivable command area (in thousand acres)	Date of release of water
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Jul Canal	250/410	5.81	5.40	October 1969	June 1971 (1st stage only)	74.6	June 1971
2.	Indira Gandhi Canal	1000/1315	18.00	15.29	October 1970	June 1974	263.7	August 1971
3.	B.N. Chakravarti Canal	635/805	16.00	12.96	August 1971	In progress (March 1976)	181.8	May 1973

The cultivators of the area were, however, by and large, not accustomed to cultivation under irrigated conditions and had seldom used improved seed; fertilisers, plant protection equipment and pesticides, etc. With a view to have integrated development and proper utilisation of the potential created by lift irrigation canals, an Area Development Programme (AYACUT) for the command area of Jui Canal was prepared in December 1970. The programme contemplated provision of special incentives to the farmers by way of subsidies (25 per cent) and loans (75 per cent) towards the cost of—

- (i) land shaping and levelling, and
- (ii) inputs, i.e., improved seeds, fertilizers and pesticides.

The programme also envisaged the training of farmers in the use of modern agricultural techniques through—

- (a) crop demonstrations and introductory trials,
- (b) implements and machinery demonstrations, and
- (c) use of chemical and mechanical lining materials.

The programme was subsequently extended to the command areas of Indira Gandhi and B.N. Chakravarti Canals from *Kharif* 1971 and *Kharif* 1972 respectively.

3.4.2. An expenditure of Rs. 17.52 lakhs as detailed below was incurred on the programme during the period 1971-72 to 1973-74.

Serial No.	Year	Allotment		Expenditure
		Original budget provision	Modified	
		(in lakhs of rupees)		
1.	1971-72	10.00	8.32	8.03
2.	1972-73	15.00	1.32	0.94
3.	1973-74	15.00	8.54	8.55
	Total	40.00	18.18	17.52

(a) Rupees 6 lakhs were withdrawn from the treasury at the close of March 1972, out of which Rs. 5.55 lakhs were deposited in a Post Office in the name of the Deputy Director of Agriculture, Bhiwani. During the next financial year, an amount of Rs. 0.67 lakh was spent on the programme. The balance was refunded into treasury between July 1972 and September 1975 except for a sum of Rs. 0.10 lakh outstanding against the Deputy Director of Agriculture.

Out of the sum of Rs. 5.55 lakhs deposited in the Post Office, a sum of Rs. 1 lakh was advanced to the Haryana Agro-Industries Corporation in June 1972 for land levelling work. Of this, Rs. 0.81 lakh were refunded by



the corporation in April 1973 and for the balance a bill was submitted for work done by it.

(b) An order for the supply of implements was placed on a firm in March 1972. Although no advance payment was stipulated, a sum of Rs. 7,000 was advanced to the firm in March 1972. As the firm failed to supply the equipment till September 1972, the order was cancelled and the firm was asked to refund the amount together with interest at 12 per cent. The firm has not so far (March 1976) refunded the advance. The department stated (November 1975) that an amount of Rs. 0.07 lakh had been withheld from the gratuity payable to the officer who had made the advance to the firm.

(c) Out of the advance of Rs. 0.10 lakh drawn by the Deputy Director of Agriculture, Bhiwani in March 1972 for the purchase of groundnut seed, an account for Rs. 0.06 lakh only was stated (October 1975) to have been received from him. A sum of Rs. 0.04 lakh was outstanding against him though he had retired in the meantime. The department stated that recovery would be made from his gratuity which remains to be determined (March 1976).

To a question by the Committee as to how far was the objective achieved by the implementation of the programme after incurring expenditure on it during 1971-72 to 1973-74, the department stated in their written reply as under—

“The objectives of the project were :

- (i) Implementation of the programme on AYA-CUT basis ;
- (ii) Introduction of soil and moisture conservation practices;
- (iii) Cultivation of drought tolerant short duration crops;
- (iv) New techniques of fertilization etc.

There was a general awakening among the farming community about the programme with special reference to importance of land levelling and other dry land farming techniques. The scheme did not continue after 1973-74.”

To another question by the Committee as to why the amount of Rs. 6 lacs was withdrawn from Treasury in March, 1972, when it was not required for immediate disbursement, it was stated that this irregularity was done by the then D.D.A. Bhiwani who had since retired from Government service. To regularise this case the office had applied for ex post facto sanction from the authority concerned.

From the written reply furnished by the department it was observed by the Committee that the detailed account of amount of Rs. 5.55 lakhs also included a sum of Rs. 0.10 lakh drawn by the D.D.A. Bhiwani in his own name.

To a question as to when was the amount of Rs. 10,000/- accounted for by the D.D.A., the Department stated as under—

“Out of Rs. 10,000/- the account of Rs. 6,360-40 has been received from

the D.D.A. and case for the recovery of Rs. 3,639.60 from the gratuity of the concerned officer is under consideration".

During the course of oral examination the departmental representative further stated that enquiry against the D.D.A. in this case was still to be conducted and that there might be some other Officers involved in this case.

The Committee are pained to observe the manner in which the amount of Rs. 6 lacs was withdrawn from the treasury at the close of March, 1972 and deposited in a Post Office in the name of the D.D.A. as if it was private property. The Committee are also dismayed at the failure of the department to take action against the Deputy Director before he retired from service. This is one of the many examples of indifference shown by the functionaries of Government in dealing with matters of public finance. It is regrettable that even after the lapse of seven years the department has not as yet finalised decision on the quantum of guilt on the part of the then D.D.A. and other officers. The Committee would like that the whole matter may be investigated in detail at once and suitable action taken against all concerned. Immediate action should also be taken to recover the outstanding amount from the gratuity of then Deputy Director.

The Committee would also like to know whether the recovery of the amount of Rs. 0.07 lakh (together with interest) advanced to a firm had since been made.

#### *Paragraphs 3.4.3 Annual Programme of 1972-73*

For the implementation of annual programme of 1972-73, sanction amounting to Rs. 8.49 lakhs was accorded by the Government in August 1972 against which funds to the extent of Rs. 0.94 lakh only were utilised. The department stated (November 1975) that funds were surrendered, *inter alia*, due to late receipt of sanction from Government when *kharif* sowing was already over.

In reply to a question by the Committee as to why sanction could not be obtained by the department in time, the departmental representative stated during oral evidence that the reasons for delay would be checked up in detail and Committee informed about the same.

The Committee desire that necessary enquiry in the matter be held immediately and responsibility fixed on the official concerned. The Committee feel that the enquiry into the reasons for delay in the issue of the sanction should have been conducted and finalised immediately after the irregularity was pointed out instead of allowing the matter to drag on for such a long time.

#### *Paragraphs 3.5. Trial Bore Scheme*

9. With a view to studying the underground formation, permeability of strata, water yielding capacity of sands quality of water, etc., a Trial Bore Scheme was introduced in 1971-72 to help farmers to find water suitable for irrigation and installation of tubewells. In the event of the bore being declared successful, 25 to 75 per cent of the direct cost, (depending upon the depth of the bore was to be recovered from the beneficiary in six half yearly instalments commencing one year after the completion of the bore. In case the bore was declared unsuccessful, no charge was recoverable from the cultivator.

An expenditure of Rs. 2.65 lakhs on establishment and Rs. 6.30 lakhs on contingencies was incurred during the period 1971-72 to 1974-75.

The position regarding the targets fixed and the trial bores dug during 1971-72 to 1974-75 was as under :—

Year	Targets fixed (bores)	Number of bores tried	Number of unsuccessful bores	Direct expenditure incurred	
				On unsuccessful bores (in lakhs of rupees)	On successful bores
1971-72	20	3	3	0.20	..
1972-73	20	16	15	0.40	0.18
1973-74	20	15	8	0.41	1.94
1974-75	20	19	10	0.52	0.36
Total	80	53	36	1.53	2.48

The scheme envisaged that no trial bore should be dug under the scheme within a radius of 5 miles of any previous trial bore dug by any agency. It was, however, observed that in 6 cases trial bores (cost : Rs. 0.17 lakh) were dug during 1973 and 1974 in the same village for the second time,

In 2 cases, bores (cost : Rs. 0.05 lakh) were dug on the fields of the same farmer in the same village.

In 2 cases, bores were dug at a cost of Rs. 4,602 for the benefit of an industrial concern which was not covered under the scheme.

The matter was referred to the Government in December 1975 ; reply is awaited (March 1976).

To a question as to why bore was dug for the benefit of an industrial concern although it was not covered under the scheme, the Department in their written reply stated as under :—

“There is no denial to the fact that trial bore work was taken up in Industrial complex in district Gurgaon belonging to M/s Maruti Ltd. A large acreage of farm is attached to this Industrial complex. As there was no sources of irrigation for irrigating the farm, M/s Maruti Ltd., sent an application to the District authorities for taking up the Trial Bore at their farm. The District authorities after examining the case on merits made the recommendations to the Director of Agriculture for sanctioning the Trial Bore on the farm owned by the above concern. Hence the benefit Trial bore aimed to the farm as envisaged in the scheme and not to the Industrial complex”.

During the course of oral examination, the Committee desired that Department should find out from the Deputy Commissioner the object for which the land in question was acquired and the basis on which the District authorities recommended the trial bore there.

The Deputy Commissioner Gurgaon in his reply to the Department stated as under :—

“इस संबंध में यह सूचित करना चाहूँगा कि मारुति लि० को जो जमीन सरकार ने दी थी वह नगर एवं भूमि आयोजना विभाग के गजट नोटीफिकेशन दिनांक 24-3-71 द्वारा अभिग्रहण की गई थी तथा अभिग्रहण का उद्देश्य आयोजना-बद्ध के विकास (प्लैन्ड डिवलपमेंट) दिखाया गया है। इस गजट नोटीफिकेशन में आयोजनाबद्ध विकास के अतिरिक्त अभिग्रहण का कोई और उद्देश्य नहीं दिखाया गया है। यहां यह लिखना भी अनुचित नहीं होगा कि मारुति लि० को जो जमीन दी गई थी उसकी मजबूत अव भी हरियाणा सरकार को है। क्योंकि मारुति लि० ने अभी तक जमीन की कीमत की केवल एक ही किस्त अदा की है। इस के अतिरिक्त जो भूमि मारुति लि० को दी गई थी उसके अधिकतर हिस्से में अभी तक काशत होती है। यह काशत मारुति लि० द्वारा पट्टे पर एक अन्य व्यक्ति से कराई जा रही है।”

The Committee do not feel satisfied with the reply given by the Deputy Commissioner which was vague and evasive.

The Committee wanted to know the object for which the land in question belonging to M/s. Maruti Ltd. was acquired and the basis on which the district authorities recommended the trial bore there. This information has not been supplied. However, from the data placed before the Committee, it is apparent that special consideration was shown to M/s. Maruti Ltd. and that trial bores were recommended on their land which did not fall within the purview of the scheme.

The Committee recommend that a detailed enquiry be conducted into the matter and they be apprised of the results thereof. The desirability of recovering the amount of Rs. 4,602/- from M/s. Maruti Ltd. to whom undue benefit was extended be also considered.

#### *Paragraphs 3.6. Avoidable expenditure*

10. On the basis of a rate contract entered into by the Controller of Stores and valid for one year from 25th September 1972, an order for the supply of 15,000 litres malathion 50 per cent EC at Rs. 10.50 per litre was placed (May 1973) on a firm by the Locust Control and Plant Protection Officer, Chandigarh. After supplying 1,000 litres, the firm asked (June 1973) for enhancing the rate by Rs. 1.19 per litre due to increase in the price of technical material by the manufacturers. The Controller of Stores did not agree to this and issued notice to the firm (July 1973) for completion of supply within 14 days failing which risk purchase would be effected. There being no response, purchase of 62,000 litres was made from other firms on 17th September 1973, after inviting short terms quotations, at rates varying from Rs. 15.00 to Rs. 16.15 per litre against the revised rate of Rs. 11.69

per litre offered by the firm on the rate contract. This resulted in an extra expenditure of Rs. 0.69 lakh over the contracted rates and Rs. 0.52 lakh over the revised offer of the firm for 14,000 litres not supplied by the firm.

The Government stated (March 1976) that an arbitrator had since been appointed and further progress would be intimated.

To a question by the Committee the department in their written reply stated as under :—

“The firm M/s Jai Chemicals Faridabad was on rate contract with the Controller of Stores, Haryana. Security deposited in respect of rate contract firms is obtained by the Controller of Stores, Haryana and not by Departments, since security deposit was with Controller of Stores, Haryana; as such it was for that Department to forfeit the security when firm did not supply the material. The case regarding risk purchase of this chemical was with Controller of Stores, Haryana, when the firm did not supply the material, matter was referred to the Controller of Stores, Haryana and also enhanced indent for one lakh litres of malathion was placed. Controller of Stores there upon appointed Standing Purchase Committee who made this purchase.

Controller of Stores, Haryana, was informed that M/s Jai Chemicals, Faridabad has failed to supply the material at contracted rate of Rs. 10.50 per litre and firm has asked to increase the rate by Rs. 1.19 per litre due to increase in rate of technical material. The further purchases were made by the Standing Purchase Committee of Controller of Stores”.

During oral examination it was stated by the departmental representative that the Arbitrator has since given award in favour of the Department for the extra amount involved. It was further stated that they had applied for the rule of court and as soon as the case was decided the recovery would be effected.

The Committee would like to be informed about the decision of the Court and progress of recovery of the amount from the firm.

*Paragraph 3.8. Non-recovery of discount*

11. The Locust Control and Plant Protection Officer, Chandigarh placed an order (September 1973) for the supply of 16,000 litres of malathion 50 EC at the rate of Rs. 17 per litre with a discount of 5 per cent. The order was confirmed by the Controller of Stores. While making payment in March 1974 for the supplies received, no deduction was made on account of the discount (Rs. 0.14 lakh) admissible.

The department asked the firm in July 1974 to refund the overpayment, but it also informed the Controller of Stores (January 1975) that the condition of discount had been waived by the Director of Agriculture as the firm had refused to give the discount and as such the supply order needed an amendment. The Controller of Stores stated (September 1975) that the question of amending the supply order did not arise. Further developments are awaited (March 1976).

The matter was reported to the Government in October 1975; reply is awaited (March 1976).

The Department in their written reply stated as under :—

"The deduction of amount of 5% discount was not intentional but it was an omission. As the matter was verified from the office of the C.O.S. where original quotations were kept, no 5% discount was offered on original quotations and this was also confirmed by the then Director of Agriculture in writing.

Keeping in view the terms and conditions mentioned in the supply order and on the basis of the objection raised by the office of Accountant General, Haryana, the firm was asked during July, 1974 to refund the over payment. Later on when the firm clarified the position and matter was taken up with the Controller of Stores, and the position became clear that there was 5% discount mentioned in the original quotation.

In the original quotation there was no mention of 5% discount, but the then Director of Agriculture after having discussion with the then M. D. Punjab Salt Peater Refinery wrongly recorded in the quotation that there will be 5% trade discount to which the M. D. Punjab Salt Peater Refinery did not agree later on. Since it was due to mis-understanding which was later on rectified and hence he was competent to rectify the mistake.

The matter has been examined in consultation with the Controller of Stores but no responsibility has been fixed.

Since it is an omission no recovery has been effected so far.

The Committee are not convinced with the argument now advanced by the department after over payment had actually been made to the firm. This appears to be only an after-thought. By supplying the material after receiving the supply order which clearly mentioned 5% discount the firm was bound by the terms of the supply order and as such the Department should have deducted 5% amount before making payment. The Committee recommend that responsibility for the overpayment be fixed and the amount be recovered from the official at fault in case it be not possible to recover the same from the firm.

The Committee are also un-happy to note that the written reply furnished by the Department was full of mistakes and self contradictions. The Committee would recommend that in future replies given to the Committee should be thoroughly checked to ensure that these are factually correct and are free from errors.

#### *Paragraph 6.18. Agricultural receipts*

12. Receipts of the Agriculture Department are derived from plant protection services, sale of pesticides and seeds, fruits and crops produced at gardens and agriculture farms. Against the estimated receipts of Rs. 1,30.30 lakhs, an amount of Rs. 1,14.85 lakhs was received by the department during the year 1974-75.

(2) The irregularities noticed during test check of the records of receipts from Government farms were as under :—

(a) Agreements with the lessees of the Government Seed Farms (Karnal and Sirsa) provided for recovery of one-third share of the minimum prescribed yield of all crops except when there was a natural calamity. Though no natural calamity had occurred, no recovery on account of short-fall of Government share of produce, for the years 1973-74 and 1974-75 amounting to Rs. 0.71 lakh, was effected in two districts. (

(b) In one farm (Karnal), produce of 1974-75 valuing Rs. 9,000 was not accounted for in the books.

The matter was referred to Government in December 1975 ; reply is awaited (March 1976).

To a question, the Department in their written reply stated as under—

The reasons for less receipts than the estimates are being investigated and will be communicated by the end of November, 1978.

The prescribed 1/3rd share of the minimum yield could not be recovered because the actual yields were low due to adverse climatic conditions, inadequate supply of canal/Tubewell water for irrigation with the result that the crops could not be irrigated at crucial stages and other factors beyond human control. Therefore, only 1/3rd share of the actual produce was recovered from the tenants.

Therefore, no responsibility in this behalf has been fixed because in fact there was no lapse on the part of any body in view of the position explained above.

The Deputy Director of Agriculture Karnal has reported that a scrutiny of the record of Karnal farm has revealed that all the produce of the farm has duly been entered in the crop register. However, the matter is being investigated as to whether there was any lapse in this behalf or not.

During oral examination the Departmental representative stated with regard to non recovery of 1/3rd share of the minimum prescribed yield, that the Government had asked for the details from the local Officers and that in case it was found that they acted on their own then responsibility would certainly be fixed.

As regards the non-accountal of produce valuing Rs. 9,000/- from the Karnal Farm in the books the departmental representative stated as under—

It is seen that Rs. 7,200/- had been deposited into the Treasury during

the same year but on different dates as under—

Amount	deposited on.
Rs. 1,766.26	30.3.1974
Rs. 2,625.00	3.4.1974
Rs. 2,829.00	15.3.1974

About Rs. 1,050/- which relates to the Toria crop, there is discrepancy, which is yet to be deposited. On this, the Deputy Director is fixing responsibility.

The Committee would like to know the action taken against those found responsible for the non-recovery of the minimum prescribed share of the yield.

The Committee would also like to be apprised of the action taken against those found responsible for not accounting for the balance amount out of Rs. 9000.

#### *Paragraph 7.22. Sale of Cotton seed*

13. Against the target of 6,000 quintals and 15,000 quintals fixed for distribution of cotton seed in Sirsa Zone during 1971-72 and 1972-73 respectively, the Deputy Director of Agriculture, Sirsa, purchased 4,447 quintals and 10,140 quintals of cotton seed in March, 1971 and March 1972 at the rate of Rs. 123 and Rs. 112.50 per quintal. The Department disposed of upto 1973-74 the bulk of the seed i.e., 2,309 quintals (purchased in March 1971) and 5,157 quintals (purchased in March 1972), at reduced rates realising Rs. 2.17 lakhs and Rs. 4.95 lakhs and Rs. 6.34 lakhs respectively, resulting in loss of Rs. 1.82 lakhs.

Reasons for the sale at reduced rates are awaited from the Department (March 1976).

To a question as to what happened to the balance quantity of seed 2,138 quintals for the year 1971-72 and 4,983 quintals for 1972-73 and when was it sold/disposed of, the Department stated that the balance quantity of unsold seed for 1971-72 and 1972-73 was sold by auction after the sowing season of cotton in the respective year.

To a further question by the Committee during oral examination as to why no reply to the 2nd part of the question relating to loss incurred on the disposal of seed was given, it was stated by the departmental representative that the information on that point was being collected.

The Committee would like to know whether any loss was incurred on this account and, if so, how much.

### INDUSTRIES

#### *Paragraph 3.13. Purchase of defective material*

14. An order for the supply of 5,134 metres Serge Khaki was placed



(December 1973) on a firm by the Inspector General of Police through the Controller of Stores. According to the terms of the contract, 90 per cent payment was to be made against railway receipt duly supported with inspection note and the balance 10 per cent within 30 days of receipt of a satisfactory test report from the Government laboratory. The goods were inspected in December 1973 and January 1974 and were received by the consignees in January-February 1974. The inspection notes indicated that the acceptance of the cloth was provisional subject to satisfactory test report from the Quality Marking Centre, Ludhiana. The test report of December 1973 inspection was received in January 1974 and the Controller of Stores informed (February 1974) the Inspector General of Police to release the balance payments as the test report was satisfactory.

On receipt of reports from the Superintendents of Police, Hissar, Narnaul and Sonapat, that the supplies received were of inferior quality, the Controller of Stores arranged inspection of samples from the Quality Marking Centre, Panipat and found that the supplies were below the specifications. The Controller of Stores proposed to the Government in August 1974 that the firm be blacklisted for five years and all pending payments forfeited. Government agreed in December 1974 to the proposal of the Controller of Stores and desired that, in addition to blacklisting the firm, its security deposit should also not be released. No security had, however, been obtained from the firm by the Controller of Stores though it was required to be obtained. The Government also held the Stores Inspection Officer (G) responsible for the lapse. Meanwhile, however, full payment was already released by six out of seven consignees. Further developments are awaited (March 1976).

In the written reply the department stated as under—

"The matter is under action for fixing the responsibility on the Officer concerned, S.I.O. (G). Charge sheet has been received from Director of Industries, but some additional information has been sought from C.O.S. before this charge sheet is served on the officer concerned".

During the course of oral examination the departmental representatives informed the Committee that in this matter final view would be taken after the investigation was completed.

The Committee fail to understand the reasons of inordinate delay in investigating the matter and taking final view in the matter despite the lapse of more than three years. The Committee desire that investigation be completed immediately and they be informed about the action taken against the officer concerned and also against the firm to effect recovery for supplying sub-standard cloth.

#### *Paragraph 3.14 Purchase of defective generating sets*

15. Against an urgent indent of the Chief Engineer, Canals, short term quotation for generating sets were invited by the Controller of Stores in September, 1972. On the basis of recommendations of the Purchase Committee an order for the supply of 10 generating sets, with engines of Kirloskar makes at the rate of Rs. 35,980 each set plus sales tax (f.o.r. destination) was placed on a firm in October, 1972. According to the terms of the supply order, the

sets were to be inspected before despatch by the Executive Engineer, office of the Chief Engineer, Irrigation Haryana or his representative at the premises of the firm and 98 per cent payment of the value of the order was to be made against Railway Receipt supported by inspection note. The purchase order also provided for deposit of 10 per cent value of the order as security Rs. 0.35 lakh within a week of the date of supply order; no security was obtained by the department.

The firm offered 5 generating sets to the Augmentation Mechanical Sub division, Yamunanagar, in October, 1972. An inspection was carried out by the Sub divisional Officer at the premises of the firm, but this had to be confined to visual examination only as there was no facility at the firm's premises for testing the generating sets on load. Rupees 1.77 lakhs (98 per cent) were paid to the firm on the strength of its assurance that necessary tests would be undertaken at the departmental workshop. In spite of repeated reminders, however, the generating sets were not put to load test by the firm. In November, 1972, when one of the generating sets was commissioned, the coupling bolts broke immediately and the rectifier unit was also damaged subsequently. The Executive Engineer made enquiries in September 1973 from M/s. Kirloskar Oil Engines Limited, Poona, which disclosed that two of the engines bearing the numbers quoted by the suppliers, had been exported and the remaining three had been supplied to other firms. The department felt that the firm had supplied generating sets of doubtful make and a report was lodged with the Police in September, 1974; the case has been registered by the Police in January, 1976.

In their written reply the department stated that Chief Engineer SYL Irrigation Works Haryana has since informed vide his Memo. No. 3925/Audit/78 dated 6-10-78 that all the 5 generating sets were tested on load jointly by the Officer of Re-modelling Circle and SYL circle No IV and were found O.K. Only one generating set which had already run 1444 hours needed replacement of rectifier, the cost of which was only Rs. 250. All 5 generating sets stand transferred to SYL and are working satisfactorily.

It was also stated that as the suppliers had hoodwinked the Government through fraudulent means the indenting department lodged a report with the Police and the F.I.R. was registered with the Yamuna Nagar Police on 24-1-1976.

The departmental representative stated during the course of oral examination that the matter was still under investigation by the Police which was registered with the Police in September, 1976.

The Committee feel distressed to observe that more than three years have elapsed since the case was registered with the Police but it has not been finalised so far. The Committee are unable to appreciate the reasons for the unduly long time taken by the Police in investigating into the case and also the delay of about 1½ years in registering the case after a report was lodged with the Police in September, 1974.

The Committee recommend that the enquiry by the Police be completed at the earliest and they be informed of the results with particular reference to the point that the firm had supplied generating sets of doubtful make.

The Committee would also like to be informed of the action taken for failure to obtain security from the firm.

*Paragraph 3.15. Purchase of cotton yarn*

16. The Controller of stores placed an order on 15th May, 1970 on a firm for the supply of 52 bales (400 lbs each) of 14 S cotton yarn at the rate of Rs 31.90 per 10 lbs (f.o.r. destination) to the Jail Department. The firm was required to deposit Rs 6,634 (10 per cent of the value of the order) as security, but no deposit was made nor were any efforts made to obtain the same from the firm. The supply was to be completed within 30 days. The firm supplied 5 bales only upto 15th September, 1970. On 20th October 1970, the firm was notified to complete the supply within 15 days, failing which risk purchase would be made. The firm failed to effect further supply. An order for the balance quantity of 47 bales was placed in February 1971 on another firm at the rate of Rs. 48 per 10 lbs, ex-mill. The second firm supplied the material in March 1971 and January 1972. The non-fulfilment of contractual obligations by the first firm resulted in an extra expenditure of Rs 0.32 lakh which has not so far (January 1976) been recovered;

Government suspended dealings with the defaulting firm for one year and appointed an arbitrator (January 1972) whose award is awaited (January 1976).

The departmental representative stated during the course of oral examination that the Arbitrator had given his award in this case on the 28th April, 1976. According to the award the firm had to pay one fifth of the State claim which was not acceptable to the department. Hence the Award had been challenged in the Court of Law.

The Committee would like to be informed about the final decision when announced by the Court

## MEDICAL AND HEALTH

*Paragraph 3.16. Embezzlement*

17. During the course of audit of the office of the Chief Medical Officer, Hissar (July 1975) an embezzlement of Rs. 30,000 was noticed. In September 1974, a contingent bill for Rs. 4,171 was got passed from the treasury for Rs 34,171 by tampering with the figures and payment obtained from the bank by a clerk in whose favour the bill had been endorsed. Against this, Rs 4,171 only were accounted for in the cash book, bill register and other connected records thus resulting in an embezzlement of Rs. 30,000.

The Director of Health Services stated (October, 1975) that a departmental enquiry in the case had been completed and action against the defaulter was being initiated. A case was registered with the Police in July 1975 and the same had been challaned in the Court of law; result is awaited (March 1971).

The following lapses facilitated the embezzlement and prevented its earlier detection:—

- (i) The amount in words did not bear the prefix 'Rupees'
- (ii) Blank space was left both before the figure and the amount in words

(iii) The drawing and disbursing officer,

- (a) did not compare the amount passed by the Treasury officer with the bill register; and
- (b) did not compare the entries in the cash book with the treasury schedule.

The department in their written reply stated that the case was sub-judice

In reply to a question by the Committee as to whether some more cases of embezzlements had come to light, the departmental representative stated during the course of oral examination that on further checking of the accounts of the office of the Chief Medical Officer, Hissar, by a departmental officer revealed that the same clerk had further embezzled another sum of Rs. 1.54 lakhs as per details given below :

- (i) Hissar Treasury Vr. No. 263 dated 24th February, 1973 for Rs. 16,917.24.

A contingent bill for R. 6,917.24 was prepared supported with a sanction for making 90% advance payment to a firm. After the bill was passed by the drawing officer, the amount was changed to 16,917.24 both in words and figures by adding "teen" after 'Six' in words and '1' before '6' in figures. No goods for which the amount of Rs. 6,917.24 was drawn had been received. The entire amount had been embezzled by him.

- (ii) Hissar Treasury Vr. N. 58 dated 19th March, 1973 Rs. 11,676/-

The amount was drawn for making payment to the following three firms for goods received.

	Rs
(a) M/s. Standard Equipment Co. Delhi	7,782.34
(b) M/s. Indian Oxygen Co. Delhi	2,892.60
(c) M/s. Kishan Chand and Sons Delhi	1,001.16
	<hr/>
	11,676.10

The checking of stock registers, however, revealed that no goods had been received from the Firms. The amount was embezzled by the Clerk.

- (iii) Hissar Treasury Vr. No. 253 dated 29th December 1973—Rs. 21,112.28

A bill for Rs. 1112.28 in favour of M/s. Standard equipment Co. Chandigarh was got approved for release of documents. The Bill was tampered with to read as Rs. 31112.28 both in words and figures. The checking of stock register revealed that no goods were received from the firm. The entire amount had been embezzled.

(iv) Hissar Treasury Vr. No. 52 dated 8th June 1974—Rs. 25,382.00

A bill for Rs. 5,382 purporting to pay the amount as 90 per cent payment for release of R.R. in respect of material received from M/s Jahasr Sales Ltd. Delhi was prepared. The amount of the bill was changed to Rs. 25,382 both in words and figures and amount obtained from the Bank which was not entered in the cash Book and the entire amount was embezzled. The R.R. was also not got released from the bank. The R.R. was subsequently got retired in July 1974 by preparing a fresh bill.

(v) Hissar Treasury Vr. No. 67 dated 18th April, 1975—Rs. 31,552.73

A contingent bill for Rs. 1552.73 was prepared for payment to M/s Swastik Surgical Panipat. The amount was drawn vide Vr. No. 266 dated 26th March, 1975 and was entered in the Cash Book, but payment was not made to the firm. On 18th April, 1975 another bill for the same amount of Rs. 1552.73 was prepared by the Clerk for payment to the firm and got approved. The amount of this bill was changed to Rs. 31,552.73 which was drawn vide Vr. No. 67 dated 18th April, 1975 and was embezzled by the Clerk.

(vi) Hissar Try. Vr. No. 25 dated 6th March, 1974—Rs. 21,478.25

A contingent Bill for Rs. 1,478.25 was prepared and got approved for getting the R.R. in respect of goods received from M/s. J & K Trading Co. Rohtak released on 28th February 1974. The amount of the bill as well as sanction was changed to Rs. 21,478.25 and got encashed on 6th March, 1974. The amount was not handed over to cashier and was embezzled.

For getting the R.R. released another fair copy of the bill for Rs. 1,478.25 was prepared and got encashed on 23rd March 1973 after changing the No. of the Bill.

(vii) Hissar Treasury Vr. No. 17 of 3rd July 1972 for Rs. 16,320/-

The treasury schedule for 7/72 showed a drawal of Rs.16,320/- by C.M.O Hissar against Vr. No. 17 of 3.7.72. The amount was not, however, found entered in the Cash Book of the C.M.O Hissar. A further enquiry from the Bank revealed that the amount had been drawn by the Clerk on account of pay of part time staff. No details of staff were attached with the Vr. The amount was embezzled.

It was further statetd by the department that the officer concerned had definitely been negligent in the due performance of his duties.

In response to another question by the Committee the departmental representative promised to hold an enquiry to find out whether any other person was also involved in these cases and under what circumstances the Clerk was detailed for such a duty when his integrity was already doubtful as he had previously absconded with a sum of Rs. 16,101 which was subsequently recovered from him. The Committee were also informed that details of property owned by the Clerk were not available with the department and that these would be called now.

The Committee are astounded at the large scale embezzlements of Government money over a long period by the Clerk systematically with im-

unity. There was obviously a complete failure on the part of the supervisory officials to exercise even the elementary checks prescribed in the financial rules.

The Committee recommend that detailed investigations be conducted immediately to determine the responsibility and negligence of supervisory staff at each level and the Committee informed of the results.

The Committee would also like to be apprised of the circumstances under which the Clerk was again entrusted with the duty of handling cash in view of his doubtful integrity.

Further the Committee would like to be informed of the decision of the Court alongwith the details of the property owned by the Clerk concerned.

### TRANSPORT

#### *Paragraph 6.15 Irregular exemption of road tax*

18. The Punjab Motor Vehicles Taxation Rules, 1925, allow exemption from the payment of road tax to motor vehicles owned and kept for use by departments of the Central or State Government; but no such exemption has been envisaged in respect of vehicles owned and kept for use by autonomous bodies.

A test check of the records of three Registering Authorities revealed that tax amounting to Rs. 46,960 was not levied on the vehicles belonging to the Regional Engineering College, Kurukshetra (Rs. 28,911), Central State Farm, Hissar (Rs. 10,502) and Bhakra Management Board (Rs. 7,547).

The matter was referred to Government between March 1975 and June 1975; reply is awaited (March 1976)

The Department stated in written reply that action had been taken for the recovery of the dues and the officials had also been directed to be careful in future. It was further stated that Commissioners (of Divisions) had informed that the autonomous bodies were paying token tax in other districts.

During the course of oral examination the departmental representative stated that road tax amounting to Rs. 28,911 was due from the Regional Engineering College Kurukshetra. The Kurukshetra University authorities had submitted a representation against the levy of road tax taking the plea that the University was not a private body as it got aid from the Government and should be treated a Government Department for the purpose.

To a question by the Committee as to when final decision would be taken on the aforesaid representation the Departmental representative stated (30th Nov., 1978) that it would take about two months to take final decision.

The Department did not inform the Committee about the final decision taken on the representation of Kurukshetra University till the writing of this Report. The Committee regret to observe the delay and desire that the decision taken in this behalf alongwith the final position of recovery of road tax from

the other two bodies mentioned in the Audit para be intimated. While taking the decision, the fact of recovery of road tax from autonomous bodies in other districts may also be kept in view. Further the Committee would like that responsibility for failure to recover the road tax from the three bodies in the first instance be fixed.

*Paragraph 7.18 (4) Financial position and working results*

19. The financial position and the working results of the undertaking for the three years ending 1974-75 are given below :—

	1972-73	1973-74* (in lakhs of rupees)	1974-75*
<i>Liabilities—</i>			
Government capital	7,64.79	7,51.66	12,30.24
Loan from bank including interest	1,28.05	2,44.65	1,69.35
Motor Transport Reserve Fund	2.64	2.97	1.72
Depreciation Reserve Fund	3,68.87	4,92.98	5,41.80
Other liabilities	1,53.99	2,53.77	3,17.83
Total	14,18.34	17,46.03	22,60.94
<i>Assets—</i>			
Fixed assets	11,83.98	14,42.04	17,31.39
Miscellaneous assets	14.71	14.73	1,30.23
Sundry debtors and others	59.06	89.87	1,19.96
Stock in hand	1,46.26	1,73.20	2,72.75
Other current assets	14.33	26.19	6.61
Total	14,18.34	17,46.03	22,60.94
<i>(b) working results :</i>			
<i>(i) Revenue—</i>			
(a) Operating	13,29.81	15,99.36	19,56.69
(b) Non operating	36.56	50.79	87.67
Total	13,66.37	16,50.15	20,44.36
<i>(ii) Expenditure—</i>			
(a) Operating	10,86.19	15,22.54	19,30.68
(b) Non operating	72.53	91.68	99.06
Total	11,58.72	16,14.22	20,29.74
<i>(iii) Net profit—</i>			
	2,07.65	35.93	14.62

\*Note : Figures for 1973-74 and 1974-75 are provisional.

The Department attributed (February 1976) the decline in the profitability to the following :—

- (i) payment of *ad hoc* relief to employees from time to time ;
- (ii) increase in token tax;
- (iii) higher rate of interest on loan account; and
- (iv) increase in the rates of oil, lubricants, tyres, tubes and spare parts, etc.

The department stated in their written reply that there was actually a loss of Rs. 56.42 lakhs during the year 1974-75 instead of a profit of Rs. 14.62 lakhs shown in the Audit Report which was on the basis of un-audited accounts. During oral examination, the departmental representative admitted that the difference between the audited and un-audited figures was quite abnormal and promised that this point would be investigated.

The Committee are unable to understand the reasons for such a wide variation in the audited and un-audited figures. The Committee would like that the matter be investigated in detail and results intimated to them.

The Committee further suggest that the accounting system be streamlined to ensure that the final accounts prepared by the department are on more realistic and scientific basis and depict a true picture of its financial position and that such heavy differences in figures are avoided in future.

The Committee also feel alarmed on the loss of Rs. 56.52 lakhs shown for the year 1974-75. The Haryana Roadways have been running in profits upto now. The sudden degeneration on its working is a disturbing feature and calls for immediate and effective measures to check it. The Committee recommend that a full and complete investigation of the circumstances leading to the loss may be conducted immediately and the Committee informed of the steps taken to bring the Roadways to a comfortable position.

*Paragraph, 7.18 (6) (c) Operational efficiency*

20. The particulars of carrying capacity against the revenue earned per bus during the three years ending 1974-75 are indicated in the table given below :—

	1972-73	1973-74	1974-75
(A) Number of routes in operation at the close of the year	614	739	757
(B) (i) Effective kilometres (in lakhs)	10,92.63	12,66.73	13,56.94
(ii) Average carrying capacity per bus	53.0	50.5	52.0
(iii) Total seat Kilometres offered (in lakhs)	5,79,09.39	6,39,69.87	7,05,60.88
(iv) Number of passengers carried during the year in (lakhs)	9,31.23	12,16.33	14,65.31



(v) Average distance travelled by a passenger (in kilometres)	50.99	46.95	41.72
(vi) Total passenger Kilometres (in lakhs)	4,74,83.41	5,71,06.69	6,11,32.73
(vii) Occupancy ratio	82	89	87
(viii) Total traffic revenue (in lakhs of rupees)	13,29.51	15,99.14	19,56.26
(ix) Total cost of operations (in lakhs of rupees)	10,86.19	15,22.54	19,30.69
(x) Average revenue per effective Kilometre (in paise)	122	126	144
(xi) Average cost of operations per effective Kilometre (in paise)	99	120	142
(xii) Income per effective Kilometre (in paise)	23	6	2

The decline in income per effective kilometre has been attributed by the Department (February 1976) to :—

- (i) Sanction of *ad hoc* relief to employees from time to time.
- (ii) Increase in rate of token tax.
- (iii) Payment of higher rate of interest on the loan raised; and
- (iv) Increase in cost of oil and lubricants, tyres, tubes and spare parts, etc.

In their written reply the department stated that the average distance travelled per passenger had declined year after year as more and more short distance rural routes had been introduced by Haryana Roadways. The new service on a particular route was introduced keeping in view the traffic needs of the public. The performance of each route was reviewed every month in the commercial officers' meeting but the continuance/discontinuance of any route was not dependent on the profitability of the service as Haryana Roadways being nationalised Transport undertaking was under social obligation to run un-economical services also to meet the needs of travelling public. There were 226 un-economical routes but their continuance was considered necessary in order to provide bus service to the people of the respective areas.

While Committee appreciate the objective behind the operation of un-economical routes, they would recommend that a detailed survey of such routes be carried out to see if there is any scope for improvement in the operational efficiency on these routes and that there is otherwise no malpractice or pilferage of revenue.

The Committee also observe that while the average revenue per effective kilometre has increased over the last two years, the income per effective kilometre declined from 23 paise in 1972-73 to 6 paise in 1973-74 and to 2 paise in 1974-75. The Committee feel distressed over the steep fall in income per effective kilometre despite the fact that the total seat kilometre offered and

the number of passengers carried have been increasing from year to year. The Committee recommend that the whole matter may be thoroughly investigated and the results thereof intimated to them at an early date.

*Paragraph 7.18 (7) Fare structure*

21. The maximum rates of fare and freight for stage carriages as fixed by Government and charged by the Department from time to time were as follows :—

Period	Rate per passenger per kilometre					
	For all metalled road in the plains	For all un-metalled road in the plains	Express buses	Luxury coaches (deluxe)	Air-conditioned coaches	Freight of personal luggage
(in paise)						
1st November 1966 to 29th November 1971	2.6	3.2	..	3.6	..	Half the fare per kilometre per 40 kilograms
30th November 1971 to 31st May 1974	2.8	3.4	..	3.8	6.6	—do—
1st June 1974 to 28th October 1974	3.3	4.1	..	4.5	7.9	—do—
29th October 1974 onwards	3.3	4.1	4.1	6.6	9.9	—do—

In addition to fare and freight charges, tax on passengers as levied by Government from time to time was as under :—

Period	Rate of tax	
1st November 1966 to 20th July 1967	25	per cent of fare/freight
21st July 1967 to 7th October 1969	35	—do—
8th October 1969 to 17th April 1973	40	—do—
18th April 1973 onwards	50	—do—

To a question by the Committee as to why the fare and freight, as also the tax on passengers were on the increase from time to time, the department in their written reply stated as under—

“The bus fare and freight was increased from time to time keeping in view the rising cost of operation. The increase in the rate of fare and freight is determined mainly on the basis of cost of operation. The cost of operation has continuously been on the increase



because of rise in prices of various elements of operational costs, like tyres, tubes, oil and lubricants and spare parts etc. and the increase in price of chassis, bus body fabrication as well as sanction of additional allowances to the staff had also increased the cost of operation.

The increase in cost of operation is the guiding factor for increase in the rate of bus fare. However, while allowing the increase the Government takes into account various other factors like capacity to pay, social obligation etc. The increase in fare is thus not allowed by the Government to the full extent the cost of operation has arisen. The Government generally allows a part of the increase in the cost of operation.

The Committee observe that there have been frequent upward revision of the fares in the recent past. While there may be some genuine factors for increase in fares on certain occasions, the Committee feel that the revision of fares should not be resorted to quite often as an easy means of additional resources. Steps should be taken to improve the operational efficiency in the Roadways. The Committee recommend that all these aspects should be kept under constant review at a high level and increase in fares should be done judiciously after taking into account the paying capacity of the public at large.

The committee also observe that running cost on short routes is higher than that on long routes and recommend that there should be fixation of telescopic rates of fare per kilometre i.e. for short distances the fares should be proportionately higher as compared to the rates applicable on longer distances.

#### *Paragraph 7.18(8) Detention of vehicles*

22. A workshop for carrying out repairs to vehicles is attached to each of the ten depots. The number of vehicles detained in the workshops for repairs for periods ranging from 4 to 45 days, 46 to 90 days and over 90 days during the three years ending 1974-75 were as under :—

<i>Period of detention</i>	<i>No. of vehicles</i>		
	1972-73	1973-74	1974-75
4 to 45 days	904	841	1,558
46 to 90 days	30	39	119
over 90 days	18	18	45

The Department stated (February 1976) that the abnormal detention was in respect of those vehicles which had either met with accident or were too old needing heavy repairs. Heavy detention during the year 1974-75 was stated to be mainly due to non-availability of spare parts.

In their written reply the department stated as under :—

“The vehicles are detained in workshop for maintenance and smooth operation of the services. A small portion of the total fleet held are

required to be detained for maintenance purpose. The Maintenance programme can be classified as under :—

1. For day to day maintenance.
2. For periodical maintenance.
3. To attend to vehicles involved in accidents.

Generally vehicles are not detained for long periods and efforts are made to put them on road at the earliest. The vehicles badly damaged during accidents or very old vehicles requiring heavy repairs take some large time for repairs. In such cases the delay is unavoidable, keeping in view that the vehicles are to be used for carrying the passengers and their safety is to be given weightage.

During oral examination it was further stated that although the number of bus accidents in Haryana State was less as compared to other States, yet it was felt that the bus accidents in Haryana were on the high side and that many of them could be avoided.

To a question by the Committee as to how many bus accidents were due to drinking by the Drivers, the departmental representative admitted that the bus drivers do drink but they remain within their limits and it is only rarely that the steering gets out of their control.

The Committee recommend that the department should review each individual case of abnormal detention of vehicles to ensure that there are no undue delays in the workshop, that prompt action has been taken to procure the spare parts needed for repairs and that suitable action is taken against the officials responsible for damages to the vehicles, wherever necessary. The Committee also recommend that suitable and effective measures be taken to bring down the number of accidents to the minimum.

The Committee express grave concern over the tendency among bus drivers to indulge in drinking before or during operations of the buses. This is a reprehensible tendency involving risk both to the public property and the travelling passengers. This is also bound to bring a bad name to the Roadways. The Committee, therefore, recommend that steps should be devised to see (i) that the drivers are not under the influence of liquor before they are allowed to operate the buses; and (ii) that they do not indulge in drinking during journeys. Deterrent punishment should be awarded in cases of violation.

#### *Paragraph 7.18 (9) (a) Inventory control*

23. Purchases, consumption and closing stock of stores and spares during

each of the three years ending 1973-74 are given below :—

Serial No.	Particulars	1971-72						
		Petrol and diesel	Oil and Lubri- cants	Spares tyres and tubes	Total			
(in lakhs of rupees)								
1.	Opening balance	1.72	4.77	79.34	85.83			
2.	Purchases including inter-transfers/ excesses	2,08.62	23.44	1,88.56	4,20.62			
3.	Total	2,10.34	28.21	2,67.90	5,06.45			
4.	Consumed	2,08.26	23.47	1,63.14	3,94.87			
5.	Shortage	..	..	..	..			
6.	Closing balance	2.08	4.74	1,04.76	1,11.58			
		1972-73		1973-74				
	Petrol and diesel	Oil and Lubri- cants	Spares tyres and tubes	Total	Petrol and diesel	Oil and Lubri- cants	Spares tyres and tubes	Total
(in lakhs of rupees)								
	2.08	4.74	1,04.76	1,11.58	1.75	5.85	1,25.36	1,32.96
	2,53.75	36.30	2,26.85	5,16.90	3,01.02	57.59	2,76.65	6,35.26
	2,55.83	41.04	3,31.61	6,28.48	3,02.77	63.44	4,02.01	7,68.22
	2,54.05	35.18	2,05.74	4,94.97	3,00.76	51.81	2,54.34	6,06.91
	0.03	0.01	0.51	0.55	..	..	0.16	0.16
	1.75	5.85	1,25.36	1,32.96	2.01	11.63	1,47.51	1,61.15

(i) The overall closing stock was equal to 3.4, 3.2 and 3.2 months' consumption and closing stock of spares, tyres and tubes was equal to 7.7, 7.3 and 7.0 months' consumption during 1971-72, 1972-73 and 1973-74 respectively.

(ii) Maximum and minimum limits of stock had not been fixed.

(iii) Obsolete stores worth Rs. 6.35 lakhs were lying in various depots as at the end of February 1976.

The Department stated (February 1976) that list of obsolete spare parts have been circulated to other State transport undertaking/sister concerns and firms of repute in the trade for their disposal.

It was stated in written reply that the maximum and minimum limits of the stock had been fixed vide S.T.C. circular No. 159-/ACC, dated 7-1-1975.

As regards the accumulation of obsolete stores the department stated as under :—

"As the fleet of buses of Dodge, fitted with meadow/perkin engines, International Commers and Cheverlet vehicles for whom the parts were purchased has since been condemned and the entire fleet has been replaced with Leyland/Tata Chassis, the parts surplus/ obsolete are lying in the various depots of Haryana Roadways worth Rs. 6.21 lakhs and there was disposal of obsolete stores to the value of 0.14 lakh. There is no demand of these parts in the market at present. The list of surplus/obsolete parts was circulated among the various state Transport Undertakings leading and firms but there was a poor response. Efforts are being made to dispose of as far as possible and Government is being approached for according to sanction for its disposal by public auction".

During oral examination the departmental representative stated that normally not more than 3 months requirements of stores were stocked.

The Committee recommend that the procedure of purchases of materials and their consumption should be thoroughly reviewed and streamlined to ensure that the stores are purchased at the most competitive and economical rates, there is no unnecessary accumulation of stocks, surprise checking of stores is done at suitable intervals and that stocks and spare parts are issued in a systematic and methodical manner to avoid their mis-use or pilferage. The Department should also consider the desirability of stamping the name of Haryana Roadways on costlier and commonly used articles which will go a long way to prevent their clandestine removal etc.

The Committee would like to be informed of the steps taken in this behalf. The Committee also desire that vigorous efforts be made to dispose of the obsolete stores and they be informed of the progress made in this behalf.

*Paragraph 7.18 (9) (b) Misappropriation of stores*

24. Physical verification of stores of Rohtak depot conducted by the Chief Store Keeper in January 1975 revealed that main bearings and C.rod bearings valued at Rs. 30,928 were short. These were alleged to have been mis-appropriated by the Store-Keeper. The loss was reported to the Police and the store-keeper was taken into custody by the Police. After departmental investigation the Store Purchase Officer alleged in his report that the Store-Keeper had been pilfering the stores over the previous 10-12 months. It was also observed that costly items like main bearings and C.rod bearings were stored in a disorderly manner in open bins although steel almirahs were provided for keeping such stores under lock and key. The General Manager, Rohtak stated (February 1976) that the Store Keeper was noticed removing store articles and on interrogation he confessed having removed store articles of and on in pieces. The theft could not be detected earlier as stolen articles were Leyland parts lying apart as surplus store. It was further stated (February 1976) that the Police had completed necessary investigations and that the Store Keeper had been discharged by the court.

The department stated in their written reply as under :—

"(i) The system of perpetual physical verification is in force in the

Haryana Roadways besides annual periodical verification of stores by the Sub-Committee consisting of W.M./R.S.A./A.A.O.:

- (ii) The physical verification of stores was conducted at the end of each Financial year during March, 1974/75.
- (iii) There were negligible discrepancies in all the depots except Karnal and Rohtak. The result of which is as under :—

Karnal	Excess Rs. 8668.30	Short Rs. 306.48
Rohtak	—	Rs. 30,928.00 (Theft case)

Since there was a limited space available in the steel almirahs wherein small costly items were stored. The surplus costly heavy items could not be provided space in the steel almirahs provided for the purpose. The surplus bearings were thus kept separately in wooden bins as alongwith the other costly heavy stores.

- (iv) The certain fast moving items are periodically checked by the W.M./G.Ms. of Haryana Roadways and Head Office supervisory staff. The 100 per cent items were checked by the Sub-Committee once at the close of each year.
- (v) It is but natural that proper attention cannot be given to the obsolete/surplus stores, kept aside, except the running parts of the make of buses in operation. The store articles were taken away by the Store Keeper off and on in piece meals which could not be detected earlier. This is the first case when the obsolete parts were stolen.
- (vi) The defaulting Store Keeper was posted in that Store in the end of 1970.
- (vii) The Police has reported the case as untraced and was discharged by the court.
- (viii) The department has again requested the D.I.G. Ambala range to reopen/re-investigate the case. The result of which is still awaited".

During oral examination the Departmental representative informed that a departmental enquiry had been started in this case.

The matter was also discussed by the Committee with the Inspector General of Police, Haryana who assured that the case would be re-investigated.

The Committee take serious view of manner in which investigation into the case had been conducted by the Police and the Store Keeper got discharged from the court despite the fact that the Store Keeper had himself admitted having stolen the stores. The Committee fail to understand the reasons due to which the Police had reported the case as untraced. The Committee urge that the whole case should be got re-investigated by the Police at the earliest and outcome intimated to them.

The Committee also regret to observe that no departmental enquiry was conducted by the Transport Department to determine the responsibility of the Supervisory staff for their laxity of control which facilitated the misappropriation of stores by the Store Keeper and to recover the cost of embezzled articles.

The Committee recommend that the departmental enquiry should now be got expedited and steps taken to effect recovery from the official(s) at fault. The responsibility of the supervisory officials should also be determined.

The Committee further recommend that normally a Store Keeper should be transferred after a period of two years.

*Paragraph 7.18 (11) Avoidable payment*

25. The Department entered into an agreement with an Ambala firm who were the selling agents of Ashok Leyland Chassis for the State of Haryana, for supply of 185 'Leyland Comet' passenger chassis. As per the terms laid down in the indenture of sale dated 11th November 1969, the purchaser was to place orders on this firm through the Controller of Stores, Haryana with a copy to the manufacturers at Madras who were to despatch the chassis direct to the depots. State sales tax, payable by the Ambala firm was to be re-imbursed by the purchaser, viz., the Transport Department.

During 1969-70, the manufacturer supplied 67 chassis direct to various depots. The Ambala firm did not make any entry of the above transactions in his books on the ground that he acted only as an agent between the manufacturer (Madras) and the Haryana Roadways. The Sales Tax Assessing Authority, Haryana raised a demand of Rs. 1.01 lakhs towards three per cent sales tax on the ground that there were two sales, the first being from the manufacturer (Madras) to the Ambala firm and second from latter to the purchaser by effecting transfer of title to the goods during their movement from one State to another.

The vendor appealed against the assessment before the Sales Tax Tribunal which was rejected on 27th November 1973. The Tribunal, however, agreed that out of Rs. 33.61 lakhs worth of chassis supplied during 1969-70, no sales tax would be leviable by the State on chassis worth around Rs. 9.12 lakhs since invoices for these were made out by the vendor before the date of the issue of invoices by the manufacturer and as such these were not covered under section 3(b) of the Central Sales Tax Act, 1952. Excess payment of Rs. 0.27 lakh made in respect of chassis of Rs. 9.12 lakhs has not been adjusted/recovered (February 1976).

In respect of similar sale agreements entered into with the dealer in September 1970, October 1971 and September 1972, for supply of 180, 170 and 160 Ashok Leyland chassis respectively, additional sales tax paid amounted to Rs. 7.54 lakhs.

The Department stated (January 1975) that for implementing the scheme of nationalisation, credit facilities had to be arranged from the local market due to financial stringency. Before executing the agreement with the firm,



the advice of the State Excise and Taxation Department in regard to the clause of the agreement dealing with payment of sales tax was sought. The opinion given was that no inter-State sales were involved. Accordingly, the Department accepted the clause regarding liability to re-imburse State sales tax, if leviable. The Assessing Authority, however, levied additional sales tax, which was paid after an appeal was rejected by the State Sales Tax Tribunal, and advice of the Excise and Taxation Commissioner was obtained. The Department further stated that negotiations had been held with the main dealers and that they had agreed to bear the additional three per cent sales tax on supplies made to Government with effect from 1st April, 1974.

As regards recovery of excess payment of Rs. 0.27 lakh, the Department was considering obtaining the advice of the legal Remembrancer (February 1976).

To a question the Department stated in their written reply as under :—

“This amount was deducted from the pending bills of the firm and adjusted on 18.3.1977. The Excise & Taxation Authorities vide No. 4890/T-II, dated 13.11.1969 advised that no Inter Sales Tax vis a vis Haryana State was involved as per agreement and further advised that the agreement deed, Indenture of Sale and Guarantee was submitted to the Law Department for vetting purposes. After approval of the Law Department as well as from the Finance Department the Agreement Indenture of Sales etc. were executed which included the Sales Tax clause. The Department had obtained the advice of the Taxation Department and the Law Department before execution of the agreement. The department had taken every possible steps to safeguard the public interest.

When the firm was assessed to Sales Tax, a claim for its payment was presented by the firm to the Department instead of making the payment of the tax on behalf of the assessee, the firm was advised to prefer an appeal against the assessment orders. The appeal was rejected. Thereafter, the firm claimed the payment of the Tax. Before making payment of the tax, the Law Department was requested to examine whether the decision of the Sales Tax Tribunal was obligatory on the part of the Transport Department. The Law Department advised that the decision was obligatory. Thereafter, the tax claim of the firm was admitted by the Department.

In view of the position explained above, recovery is not involved”;

To a question by the Committee as to whether the firm paid the additional Sales Tax on the supplies made after 1st April, 1974, the departmental representative during the course of oral examination promised to supply the desired information after consulting the relevant record.

The Committee are constrained to observe that the promised information has not been furnished by the Department till the writing of the Report and desire that responsibility for the delay be fixed.

The Committee also observe that there was *prima facie* a serious lapse at the time of finalising the terms of the contract agreement with the Ambala firm as a result of which the department has to make extra payment by way of Sales Tax. The Committee recommend that the whole matter may be investigated afresh and responsibility for the extra expenditure involved fixed.

*Paragraph 7.18 (12) Restaurants*

26. Departmental restaurants were opened at the busstands at Ambala City (December 1972), Karnal (November 1971) and Panipat (December 1972). These were to run on 'no profit no loss basis'. The restaurant at Ambala City bus stand suffered a loss of Rs. 0.25 lakh during the period from December 1972 to August 1973, whereafter it was shifted to the bus stand at Ambala Cantonment.

The table below indicates the working results of three restaurants during the period ending with 1974-75 :—

Particulars	Year	Restaurants at			Total
		Ambala	Karnal	Panipat	
(in lakhs of rupees)					
Expenditure	1972-73	0.21	1.75	0.35	2.31
Income		0.12	1.78	0.31	2.21
Profit (+)/Loss (—)		(—)0.09	(+)0.03	(—)0.04	(—)0.10
Expenditure	1973-74	1.63	1.86	2.16	5.65
Income		1.47	1.69	2.02	5.18
Profit (+)/ Loss (—)		(—)0.16	(—)0.17	(—)0.14	(—)0.47
Expenditure	1974-75	3.48	2.81	2.96	9.25
Income		3.74	2.48	2.80	9.02
Profit (+)/ Loss (—)		(+)0.26	(—)0.33	(—)0.16	(—)0.23

During oral examination the departmental representative stated that the Restaurants were incurring losses as very few customers visit these Restaurants.

The Committee feel unhappy over the losses incurred by the departmental Restaurants at the various Bus Stands. The main factor for their running into losses, appear to be, that they are generally not situated near to the parking places of buses and the rates charged are also comparatively higher. The Committee recommend that the working of these Restaurants should be reviewed and steps taken to improve them. The Committee also suggest that cheaper stalls may be set up at the Bus Stands to cater to the needs of the general public and to avoid their exploitation by the private vendors.

**Paragraph 7.18 (14) Extra expenditure**

27. The State Transport Controller placed an order on 30th June 1973 for supply of 66,099 metres of *malmal* cloth at the rate of Rs. 1.68 per metre on an Amritsar firm against Controller of Stores, Haryana rate contract dated the 20th April 1973. Delivery of the cloth was to be made from ready stock in one month. On 14th July 1973, the firm approached the Controller of Stores to arrange for allotment of yarn due to the control on distribution of yarn imposed by Government. The Controller of Stores declined to accept the demand (October 1973) on the grounds that such assistance had neither been asked for by the firm in their offer, nor had it been included in the rate contract. The firm was asked to make supply within 15 days, failing which purchases could be effected at their risk and cost. As the firm did not make any supply, risk purchases order for supply of 66,099 metres of cloth at the rate of Rs. 2.94 per metre was placed on another firm on 19th November, 1973 for effecting supplies within one month from the date of order. The Department received 65,943.92 metres of *malmal* by the end of January 1974 from this firm at an extra expenditure of Rs. 0.83 lakh. After correspondence between the Controller of Stores and the Transport Controller, the Department approached the former in July 1975, to recover the excess expenditure from the Amritsar firm under the risk purchase clause of the rate contract. The firm was asked by the Controller of Stores in July 1975 to deposit the extra cost within 15 days failing which the matter was to be referred to arbitration/court of law. Neither any reply has been received from the firm nor any further action has been taken in the matter (February 1976).

To a question by the Committee, the Department stated in their written reply as under :—

The Controller of Stores informed that the firm did not deposit the risk purchase amount. The matter was referred by Controller of Stores to Arbitrator *vide* letter No. 58056, dated 14.6.76 and the Arbitrator announced the award on 15.3.1978 in favour of the Controller of Stores. The award has been filed in the court on 10.4.1978 for making the rule of court. 15.12.1978 is fixed as the date of next hearing.

The firm was required to deposit security of Rs. 1000/- with the Controller of Stores but they did not deposit the same despite repeated reminders.

During the course of oral examination, the departmental representative further informed the Committee that the Arbitrator had announced the award for Rs. 83,000/- in favour of the Government which had been filed in the Court for making the rule of court.

The Committee would like to be informed of the decision of the Court and about the recovery of the amount from the firm.

### ELECTION

**Paragraph 3.11 Embezzlement**

28. The Cashier in the District Election Office, Karnal, absented

himself from the office with effect from the 18th May, 1971, the locks of the almirah were broken open on 29th May 1971 and a sum of 13 paise only was found lying in the cash box. On completion of the cash book for 15th May, 1971 which had not been written, it was found that an amount of Rs. 16,942 constituting un-disbursed amounts (Rs. 15,574) relating to drawals from February 1967 to May 1971 and miscellaneous receipts (Rs. 1,368) pertaining to the period from December 1970 to May 1971 was short. The embezzlement was facilitated by the following :—

- (i) non-provision of double locks, there being only one key to the safe which remained with the Cashier,
- (ii) non-refunding of undisbursed pay and allowances, over three months old, by short drawal in the next bill ;
- (iii) non-crediting of the departmental receipts into the treasury promptly.

The first information report was lodged with the police on 1st June 1971. The case was challaned by the police in a court of law on the 19th April, 1974; result is awaited (March 1976).

The Department in their written reply stated as under :—

“The Additional Chief Judicial Magistrate and sub-Judge, Karnal has convicted the Ex-clerk, District Election Office, Karnal, who embezzled the Government money and sentenced him to undergo two year's rigorous imprisonment and fine of Rs.2,000/-. In case of default to pay the said fine, he shall have to undergo rigorous imprisonment of 6 months more. In view of the Judgement of the Court the clerk has been dismissed from Government service with effect from 16.7.1977”.

During oral examination the departmental representative promised to look into the matter to see if responsibility for laxity in following the codal procedure could be fixed on supervisory officials.

It was further stated in reply to another question by the Committee that the point regarding filing of a civil suit for recovery of the amount would be got examined from the Law Department.

The Committee recommend that the question of (i) fixing responsibility for laxity of control on the part of supervisory staff and (ii) instituting civil suit for recovery of the embezzled amount be examined as expeditiously as possible and the Committee informed.

## PRINTING AND STATIONERY

### *Paragraph 7.19 Nationalised Text Books Scheme*

#### *Introductory—*

29. The Nationalised Text Books Scheme was introduced in 1952-53 by the Government of composite Punjab with the object of making text books

upto 8th class available to students at cheap and uniform rates. Printing and sale of text books was entrusted to the Printing and Stationery Department. After re-organisation of Punjab, stores of the various branches of the composite Printing and Stationery Department and the Nationalised Text Books Scheme were physically divided in June 1968 and transferred to the successor States along with their staff. Thereafter printing and sale of text books in Haryana State under the Scheme became the responsibility of the Haryana Government. However, the Department could not undertake printing of books upto 1969-70, for classes I,II,VI and VII, and for classes III,IV, V and VIII upto 1970-71, as copyrights of the books vested in the Punjab Government. The Department undertook printing of books for classes I,II,VI and VII from 1970-71 and for classes III,IV, V and VIII from 1971-72 academic sessions by prescribing its own books.

The value of text books in stock as on 1st November 1966 i.e., the date of formation of the Haryana State, with the Printing and Stationery Department of composite Punjab was Rs. 47.52 lakhs, out of which the share of Haryana was Rs. 16.43 lakhs. Text books of value Rs. 10.83 lakhs were received in June 1968. Financial adjustment for the balance amount of Rs. 5.60 lakhs has not been made (February 1976).

#### *Pricing policy*

As per price fixation formula laid down by the Composite Punjab Government during 1962 and revised in 1966 selling price of text books printed by the Department is to be fixed as under:—

	Books for classes I to V	Books for classes VI to VIII
	(percentage)	
(i) Cost of paper, printing, etc.	65	60
(ii) Discount to agents	10	10
(iii) Royalty to authors	5	5
(iv) Departmental and unforeseen charges	20	20
(v) Profit		5

Books for classes I to V are to be sold on 'no profit no loss basis' whereas 5 per cent profit has to be charged in respect of books for classes VI to VIII.

The Department has not maintained any separate profit and loss account of books from I to V standard and VI to VIII standard. However, the profit disclosed by the *proforma* accounts of the Scheme and the profit

which should have been realised as per the pricing formula is detailed below:—

Year	**Sale of books from VI to VIII standard	Profit as per pro-formula accounts	Profit as per pricing formula	Difference being excess profit
	(in lakhs of rupees)			
1970-71	19.06	5.46	0.95	4.51
1971-72	21.59	13.29	1.08	12.21
1972-73	18.87	8.51	0.94	7.67
1973-74	17.35	4.67*	0.87	3.80
1974-75	12.91	2.89*	0.65	2.24

The above table shows that the Scheme has made substantially higher profits than that envisaged in the pricing formula. The higher profits earned by the Scheme are mainly attributable to the following:—

- (i) While fixing prices of books rounding was done towards higher side so as to safeguard against losses.
- (ii) The price fixation formula included an element of 5 per cent towards bad debt and unforeseen charges. While there was no expenditure on this account during the year 1970-71 to 1973-74, Rs. 1.76 lakhs, Rs. 2.95 lakhs, Rs. 2.55 lakhs and Rs. 2.25 lakhs respectively had been included while fixing prices of books during these years.
- (iii) Fixation of sale price of books was based on the cost of printing in other Government presses though the cost of printing in private presses was lower than in Government presses.
- (iv) Expenditure on account of commission (10 per cent) payable to agents was less on sale of books to non-agents (mainly to Education Department, Haryana).

The scheme was to run on 'no profit no loss basis'. Through profits have been made since inception, there has been no review of the pricing policy (November 1975).

#### Nationalised Text Books Scheme.

In reply to a question as to why books valuing Rs. 10.83 lakhs only were received when the value of books to be allocated to Haryana worked out to Rs. 16.43 lakhs as per the prescribed criteria, the department in their written reply stated that—

\* \* \* Figures for the years 1973-74 and 1974-75 are provisional.

\*\* The figures of sales are exclusive of free supply and transfer of books to Punjab Government at cost price.

"Actually the books were to be divided proportionately and that at the time of physical bifurcation of the stocks sufficient number of books were not available for division and further the books in the punjabi medium were also not accepted by the Haryana Government which resulted in the receipt of less share of books. The matter for adjustment of Rs. 5.60 lakhs was under correspondence with the Controller, Printing and Stationery, Punjab".

During oral examination the departmental representative stated that the Punjab Government was prepared to give books valuing Rs. 5.60 lakhs but the books were not acceptable to them as they were not of any use to the State of Haryana. However, they were persuading the Controller of Printing and Stationery, Punjab, to give paper worth Rs. 5.60 lakhs in place of the books. The departmental representative also informed that they were holding discussions at personal level with Punjab authorities in his behalf.

The Committee are constrained to observe that the matter is hanging fire ever after thirteen years. The Committee feel that the issue should have been settled long ago by taking up the matter at higher level including personal discussions.

The Committee recommend that immediate and effective steps should now be taken to settle the issue without any further delay and the progress made in this behalf be intimated to them.

### Pricing Policy

In their written reply, the department admitted that the profit realised as per the *proforma* accounts was in excess of the profit as per the pricing formula which was due to :—

- (i) Rounding in pricing.
- (ii) Imposing of penalty on private presses from 5% to 30% on account of delay in printing.
- (iii) Provision of 5% on account of unforeseen losses.
- (iv) Sales of books to non-agents to whom no commission was paid.

It was further stated that a new pricing formula had already been prepared and was pending approval of Govt. since October, 1975.

The Committee observe that the Fundamental object of the scheme was to run on 'no profit no loss basis' in order to provide books to the students at cheap and reasonable rates. Apart from taking into consideration certain genuine elements of essential expenses, the price should have been so fixed as to pass on the maximum benefit to the students community, rather than earning undue profits out of the scheme. The Committee also feel disturbed at the inordinate delay in the approval of the revised pricing formula stated to be pending since 1978. The Committee recommend that decision on the revised pricing formula be finalised as quickly as possible and prices of text books fixed on a more rational and reasonable basis.

## EDUCATION

*Paragraph 3.12. Irregularities*

30. Accounts and other records of 237 educational institutions/offices were test checked during 1974-75 and the following irregularities were noticed :—

*(a) Overpayments*

- (i) In one district, Rs. 1.24 lakhs were overpaid upto January, 1974 to thirty-eight teachers due to erroneous grant of selection grades. The department stated (November 1974) that the exact amount of irregular payments was being worked out; progress is awaited (March 1976).
- (ii) In thirty-eight institutions, overpayments/short recoveries on other accounts (contingencies, pay, fees, etc.) amounted to Rs. 0.18 lakh.

*(b) Free supply of books*

A committee set up to find out causes of lack of interest in schooling amongst Harijan students and young girls recommended in February 1971 free supply of books and stationery to them as an incentive. The books were not, however, to be taken home by the students. Rupees 9.72 lakhs were spent in March 1972 and March 1973 on the purchase of books, but the number of books distributed and left over was not on record (January 1974). The information has not been intimated to Audit so far (March 1976).

*(c) Drawal to avoid lapse of budget grant*

Rupees 5.10 lakhs not required for immediate use, were drawn between March 1970 and March 1974 in 45 schools/offices. Rupees 0.94 lakh were spent after one to three years of drawal.

*Over Payments*

In their written reply the department stated that the matter regarding award of selection grade to J.B.T. teachers of Rohtak District was re-considered by the competent authority and 33 teachers were found eligible for selection grade with effect from 1st November, 1969. The amount recoverable from the remaining 5 teachers who were not entitled to the selection grade worked out to Rs. 28,860 only. This was stated to have since been admitted in audit.

During oral examination the departmental representative stated further that out of the amount of Rs. 28,860 a sum of Rs. 10,000 had since been recovered and the balance amount was being recovered from the teachers concerned in instalments. This mistake took place at the level of District Education officer, Rohtak who passed orders of promotion on the basis of seniority list which he was competent to do. But later on it was found that the seniority list was incorrect. Hence, it resulted in over payment to five teachers.



The departmental representative assured to hold an enquiry into this irregularity and inform the Committee about the results thereof. It was also assured that apart from Accountant General's checking the department would also introduce checks and balances in such like matters.

The Committee would like to know the result of the promised enquiry and the action taken against the defaulting officials. The committee may also be apprised of the steps taken by the Government to introduce checks and balances to avoid recurrence of such cases.

#### *Free supply of books.*

In reply to a question as to why no record was kept of the books purchased in March, 1972 and March 1973 for free supply to Harijan students young girls and its subsequent distribution and also what was the criterion fixed for distribution of these books and how it was ensured by the department that these books were actually given to only those students to whom these were to be supplied, the Departmental representative stated in July, 1978 that the matter had been investigated but they required some more time for a detailed investigation and after doing so to the full satisfaction of the department complete report would be submitted to the Committee. He further stated that reports for the year 1971-72 had been received from the District Education Officers but were pending verification by the Department.

The Committee recommend that detailed report in the matter be finalized and submitted to them without any further delay.

The Committee further recommend that books should be supplied to the needy students immediately on the commencement of the academic year and all necessary arrangements made for procuring the books well in time.

#### *Drawal to avoid lapses of budget grant.*

To a question as to why the amounts totalling Rs. 5.10 lakhs were drawn from the treasuries in contravention of the Financial Rules when the amounts were not required for immediate use and whether responsibility for such irregularities in these cases had been fixed, the department stated in their written reply that the matter was under correspondence with the concerned Drawing and Disbursing Officers.

The Committee are unhappy to note the practice of drawal of large amounts from the treasury towards the above of the financial year in order to avoid their lapse. Such a practice is obviously fraught with grave risks and can lead to misappropriation/embezzlements, apart from circumventing the provisions of financial rules and budgetary system. The Committee recommend that the matter be investigated in detail and responsibility for the irregularity fixed under intimation to them.

### TECHNICAL EDUCATION

Paragraph 8.3 Y.M.C.A. Institute of Engineering, Faridabad.

31. On the basis of quotations invited in January, 1970, an order for the supply of acetylene/oxygen gas was placed on a firm in September 1970.

*Close  
avoid*

Fresh quotations were invited on 4th August, 1971 from four firms. Only one firm responded but that firm too expressed its inability to supply the gas because of limited production capacity. On 15th September 1971, a standing order, not specifying the period of supply was placed on the firm which had quoted for the supply in January 1970. The gas was to be supplied by the firm at the prevailing price list rates.

In October 1973 the Institute noticed that the quantity of gas per cylinder as shown in the bills was in excess of the actual capacity of the cylinders. As a result, the amount of eight pending bills for the period from 25th July, 1973 to 8th October, 1973 was reduced from Rs. 4,118 to Rs. 796. The reduction was accepted by the firm on 30th August, 1974.

Between August 1970 and July 1973, the Institute had paid for the supply of 2,394 cubic metres of gas in 142 cylinders. The bills indicated that the quantity supplied per cylinder varied from 8.80 cubic metres to 23.31 cubic metres; the minimum and maximum capacity of the cylinders, however, varied from 6.5 cubic metres to 8.156 cubic metres. Even on the basis of 8.156 cubic metres capacity per cylinder, 142 cylinders could at the most, have contained 1,158 cubic metres of gas as against 2,394 cubic metres for which payment had been made to the firm. The excess payment would thus work out to not less than Rs. 0.21 lakh.

The Institute observed (May 1975) that as the material was received by the then Heads of sections and the bills were passed on the basis of their verification, the supply could not be disputed now.

The matter was reported to Government in January 1976; reply is awaited (March 1976).

To a question by the Committee as to how the variation of the quantity of gas supplied by the firm was noticed by the Institute, the Departmental representative stated that in September, 1973, a doubt arose about the quantity of gas as the same had been consumed in 2-3 days. On weighing, it was found that the quantity of the gas was short. It was also informed by the departmental representative that the matter had been reported to the Police and a criminal case had been filed in the Court in April, 1978.

The Committee are distressed to note that payments for gas were made without even the fundamental check or enquiry that the quantities shown by the suppliers did not exceed the maximum capacity of the cylinders. The Committee are unable to understand as to how the verification of bills was done by the heads of sections of the institutions. The Committee also observe that the excess payment was not detected by Chartered Accountants during the Audit of the bills of the firm.

The Committee wish that the chartered Accountants should have conducted their audit with greater depth and more purposefully rather than in a routine manner. They desire that their feelings in this respect be conveyed to the Chartered Accountants concerned.

The Committee also would like to be informed about the decision of the Court in the matter as and when it is announced.

## COLONIZATION

*Paragraph 7.20 Development of mandis*

32. A scheme for establishment of new *mandi* townships in the areas served by Bhakra Nangal canals was taken up by the erstwhile composite State of Punjab in 1954-55 with the object of providing increased facilities for marketing of agricultural produce. To regulate the development of new *mandis*/townships, the erstwhile Punjab State Government enacted the Punjab New Mandi Townships (Development and Regulation) Act, 1960.

On re-organisation of the State in November, 1966, 11 *mandis* (five fully developed and six partially developed) in Jind and Mohindergarh districts and 17 *mandis* which were in the process of development came to the share of Haryana. Thereafter, the department took up development of 14 more *mandis* in the State upto March, 1975.

Some of the activities of the new *mandis* were reviewed in paragraph 43 of the Audit Report, 1970. The following points were noticed during test check of implementation of the Schemes :—

(2) *Old Mandis*

(c) As per rules, plans for construction of shops, etc., on the plots sold are to be first got approved from the Administrator, New Mandi Townships, Haryana. The allottee is required to complete construction of the building within two years from the date of issue of allotment order. Since the formation of Haryana State in November 1966, 4,915 plots were sold upto March, 1975. There was no record with the Department indicating the number of plots for which plans for construction had been approved and the number of plots on which construction had been completed. Development work in almost all the *mandis* was in progress (February, 1976) even after nine years of the formation of the State.

The following may be stated in regard to slow progress in the coming up of these *mandis* :—

- (i) The high percentage of land lying undeveloped and developed plots remaining unsold would suggest the question whether the Department had succeeded for making a proper assessment of land requirements.
- (ii) The Department did not lay down any time bound schedule for development and completion of each *mandi*.

The Department stated (August 1975) that being a commercial undertaking its object was to earn profit on the sale of land. It was further stated that auction of the plots was so arranged that in the first instance a few plots were put to auction and after getting the development work completed, the plot holders were forced to complete the construction within two years. Once the area was fully developed and construction work on few plots completed, higher prices could be fetched by sale of the remaining plots, land being an ever appreciating asset. On the other hand, if all the land of the *mandi* was sold in one auction, the Department could in no circumstances earn any profit.

## (3) Recoveries from plot holders

(a) In terms of the Punjab New Mandi Townships (Development and Regulation) Rules, 1960 (also applicable to Haryana State), the consideration money for transfer of plots is to be paid either by cash or by bank drafts drawn on scheduled banks. It was observed that in some cases, the plot holders had made direct deposits into the treasury and the same had not been linked by the Department due to particulars being incomplete and these were accounted for as miscellaneous receipts. The concerned plot holders were being shown as sundry debtors and subjected to penal interest. The amounts of unlinked credits year-wise upto 1972-73 are indicated below :—

Year	Amount Rs.
1966-67	1,997.00
1967-68	584.00
1968-69	12,024.00
1969-70	26,234.00
1970-71	83,151.00
1971-72	1,21,807.00
1972-73	1,02,021.92
Total	<u>3,47,818.92</u>

(The data for 1973-74 and 1974-75 was not available with the Department.)

The Department stated (August 1975) that all out efforts were being made to locate the particulars of the amounts taken under miscellaneous receipts and that it had stopped since October 1974 accepting payments through treasury challans.

(b) Under the rules, 25 per cent of the bid money in respect of sale of plot is to be paid at the fall of hammer and the remaining 75 per cent is payable in prescribed number of half-yearly/yearly instalments. In the event of non-payment of instalments even after service of notice, the amount may be recovered as arrear of land revenue. The allotment letter also provides that if the transferee fails to observe the conditions of sale, the plot may be resumed and his deposit forfeited.

It was, however, seen that instalments aggregating Rs. 60.24 lakhs as detailed below (excluding penalty and interest) in respect of plots sold upto

1974-75, were outstanding as on 31st March, 1975 :—

Year	Amount (in lakhs of rupees)
1963-64	0.46
1969-70	0.25
1970-71	0.74
1971-72	6.88
1972-73	8.23
1973-74	18.68
1974-75	25.00
Total	60.24

The Department stated (March, 1976) that out of Rs. 60.24 lakhs, Rs. 20.60 lakhs had since been recovered. Further, plots worth Rs. 2.02 lakhs had been resumed and efforts were being made to recover the balance amount.

#### (6) Financial results

*Proforma* accounts for the years 1967-68 to date have not been finalised. The *proforma* accounts for the years 1966-67 to 1972-73 submitted to Audit for check, were found deficient in many respects, some of which are as under:—

- (i) The form in which the accounts were to be prepared had not been got approved from the Finance Department.
- (ii) *Proforma* accounts of the Scheme since its inception till the time of reorganisation of the composite Punjab State had not been prepared. Hence apportionment of assets and liabilities as on 1st November 1966 (date of bifurcation) has not been made.
- (iii) Audited value of land acquired, compensation paid, expenditure incurred on development of land in various *mandis*, value of land sold, amounts of principal, interest, penalty, lease money due, auction money realised and the balance recoverable as on 1st November, 1966, were not available with the Department. Basic records relating to capital expenditure in providing various amenities for development of land has not been maintained by the Department for the period prior and after 1st November 1966. The Department stated (August 1975) that steps were being taken to complete the record and prepare correct *pro forma* accounts.
- (iv) Amounts shown as recovered from plot holders and remitted into the treasuries by the Department/plot holders had not been got confirmed from the respective Treasury Officers.

(v) The total area of land acquired for development of new *mandis* as shown in the register of land acquired did not agree with that shown in the layout boundaries demarcated in the Master Plan of the respective *mandis*.

(vi) The outstanding balances as on 1st November 1966 under "Sundry Debtors" had not been reconciled with the balances as appearing in the personal ledgers of plot holders.

(7) Reserve price for plots is fixed on the basis of estimated development expenditure without providing for filling, depressions, etc. At the time of auction of plots at Hissar, this condition was made known to the bidders alongwith other conditions of sale. Thus, different plots fetched different prices depending upon the condition of the site.

Subsequent to sale of plots, an estimate for filling up low lying areas was prepared by the Department and Rs. 0.63 lakh in all were incurred though not provided in the conditions of sale.

The Department stated (August 1975) that as it had received very good prices in the sale of plots in this *mandi* and the purchasers were pressing hard for filling up depressions, sanction to incur expenditure to the extent of Rs. 0.48 lakh was accorded in March 1970. The increase in the actual cost of filling by Rs. 0.15 lakh remains to be regularised (February 1976).

#### *Old Mandis*

The department in the written reply stated as under :—

"In accordance with the record available with the colonization Department 3 building plans have been approved. In the *mandi* Townships established by the Department mostly the plots are purchased by the rural inhabitants and they are not educated from architectural point of view and as such they used to construct buildings at site without getting prior approval. As a result of this 362 cases of unauthorised construction are under process in this Department. To overcome this difficulty, *Mandi* Control Board in its meeting held on 16th March, 1970 decided that the standard design for the *mandi* shops, booths and residential plots etc. be supplied to the plot holders free of cost and accordingly this department is supplying the standard design to the plot purchasers".

During oral examination it was further stated that 362 cases of non-authorised constructions related to Guhla and Sirsa *Mandis* and the department had already prepared a formula under which such un-authorised construction was regularised after charging nominal rates.

The Committee feel that the Department should have investigated the cases of un-authorised constructions in detail instead of allowing premium on such construction by regularising them after charging nominal rates.

The Committee recommend that the position be checked up in all the cases and they be apprised of the number of cases regularised so far and the extra amount recovered. The Committee further recommend that the department should take steps to ensure that the un-authorised constructions is stopped as soon as it is started by the plot holders,

### *Recoveries from Plot-holders*

(12) In the written reply it was stated by the Department that all out efforts were being made by the Department to clear the un-linked items and that as a result thereof un-linked items to the extent of Rs. 1,12,382.90 had since been cleared.

During oral examination it was further submitted by the Departmental representative that this was only a case of mis-classification.

The Committee are unhappy to observe that amounts deposited by the plot holders as far back as 1967 are lying un-adjusted. The Committee do not feel convinced that it is only a case of mis-classification and urge that the outstanding items be linked at the earliest and adjusted in the accounts of the plot holders to avoid unnecessary complications and harassment to them.

(b) It was stated in the written reply that :—

“Out of Rs. 37.62 lakhs an amount to the tune of Rs. 21.04 lakhs has since been recovered leaving a balance of Rs. 16.68 lakhs still to be recovered. The department is making strenuous efforts to recover the remaining amount from the plot-holders. No amount can become irrecoverable because there is provision in the Act itself to resume the plots, in case the plot purchasers fail to pay the Government dues. But in case of resuming the plot only 10 per cent of the consideration money is to be forfeited. The plot holders against which the instalments are outstanding have paid two/three instalments of their plots and if their plots are resumed in default of payment the department will have to refund to them a huge amount of their deposit. It is, however, pointed out that in case of habitual defaulters, these plots have/are being continuously resumed by the department as a general practice”.

The Committee recommend that all out efforts be made by the Department to recover the outstanding amount from the defaulters as early as possible and progress made in this regard be intimated to them, alongwith year-wise break-up of the outstanding amount.

The Committee would also like to know the amount of penal interest realised from the plot holders for the belated payment of instalments.

### *Financial Results*

To the questionnaire issued by the Committee, the department in their written reply stated as under :—

“The proforma account from 1967-68 to-date could not be prepared in time, firstly for want of non-availability of audited figures of receipt and expenditure as per Accountant General's observations and secondly due to non-approval of revised form of accounts by the Accountant General.

The proforma accounts for the years 1966-67 to 1972-73 which have already been prepared and sent to audit are to be revised and prepared in the modified form which is yet to be approved by the Accountant General, Haryana. The department has continuously been making efforts to obtain audited figures from the quarters concerned but to no effect.

The form in which the proforma accounts are to be maintained is required to be evolved by the Comptroller and Auditor General and Government as per section 19 of the Account Code, Volume I. The modified form was shown to the Government (Administrative Department/Finance Department) and sent to Accountant General, Haryana vide Secretary to Government, Haryana, Town and Country Planning letter No. 969-3-TCP-76/11403-04, dated 5th April, 1976 for further action in accordance with article 19 of the Account Code *ibid.* but the Accountant General has not approved the form so far. Reminders are being issued to the Accountant General, Haryana, but instead of according approval, he is insisting that accounts from the years 1966-67 to 1972-73 be prepared and sent to him. It will be appreciated that unless the form is finally approved, it is not possible to prepare the proforma accounts. It may be, however, mentioned that the work is pending from the last 12 years successively and it is impossible to take the work in hand with the present staff. This difficulty was explained to Finance Department in the meeting held on 14th June, 1978 and they agreed in principle to sanction additional staff for this job. Accordingly, a case for the additional staff has been sent to the Finance Department but their sanction is yet awaited. As soon as the revised form is approved by the Accountant General and additional staff sanction by Government the work will be taken up in hand. From time to time, attempts were made by this Department to get the information regarding apportionment of assets and liabilities and audited balance of land acquired, compensation paid expenditure incurred on development of land in various mandis, value of land sold, amount of principal, interest, penalty, lease money due, auction money realised and balance recoverable as on 1st November, 1966 from the Accountant General, Punjab and the Director, Colonization, Punjab but all of them have shown their inability to supply this information. The Department has again made the request to the Director, Colonization Department, Punjab, Chandigarh, to send this information but he has shown his inability to supply the information and informed vide his letter No. III-PFA-3(v)/loose/18089, dated 19th September, 1975 that since the relevant record is not traceable in this Department, it is not possible to furnish the requisite information. The department has made all out efforts at its level to obtain the requisite information but to no effect. Now it is proposed to take up the matter with the Punjab State at Government level. However, the department will make its efforts to maintain the record regarding expenditure on development work for the period from 1st November, 1966 on wards.

This department had made its best attempts to reconcile the figures of receipt with the concerned treasuries but record of remittance upto 31st October, 1966 were not available with the concerned treasuries. Although this department has also made its efforts to get C.T. Rs from the Treasury Officers at least from 1st November, 1966 onwards and the ones to supply C.T. Rs lies in them as envisaged in Rule 2.2(v) of P.F.R. Vol. I, but no satisfactory response has been made by them and the department has only been able to get the complete C.T. Rs from 1st April, 1970 to 31st March, 1974. The Treasury Officers generally demand a consolidated statement of amount deposited in the treasury from this office but as the deposits were made by the plot holders direct into the treasuries and they did not care to send receipted challans to this office, this information could not be supplied to the treasuries by this Department on account of non-availability. Attention of the treasury Officers was drawn to rule 2.20 of the Subsidiary Treasury Rules vide which it is



incumbent upon them to supply duplicate copies of challans to the concerned department and the matter was also taken up with the Government vide this office Memo. No. 6974/ACI dated 6th May, 1974 and No. 11819 dated 8th August, 1974 and necessary instructions were conveyed to the Treasury Officers by the Finance Department but none of the Treasury Officers were able to supply the C.T. Rs to this office. Keeping in view the difficulty, the department had to change the procedure and as a result thereof direct remittance into the treasuries was stopped from October, 1974. At present all the deposits are remitted through demand draft. The Finance Department was again requested to issue fresh instruction to the Treasury Officers concerned to supply the C.T. Rs for period prior to 1st April, 1970 and the Deputy Secretary to Government, Haryana, Finance Department, T.A. and Accounts Branch vide his letter No. 6285-T.A. (H.A.) (S.A.)-75/3825, dated 12th May, 1975 has issued the necessary instructions to all Treasury/Assistant Treasury Officers not to accept direct remittance and to cooperate with the officials of this Department for reconciliation of old remittance. Action is being taken to reconcile the figures of receipt prior to 1st April, 1970 (1st November, 1966 to 31st March, 1970) with the concerned treasuries and the remittances of the said period will be got confirmed from the respective Treasury Officers. It is also mentioned here that it is very difficult for this department to get the remittance prior to 1st November, 1966 confirmed from the concerned treasuries of Punjab and Haryana States. In view of the position explained above the responsibility for this lapse does not lie upon the Department.

The work of preparation of proforma accounts had not been taken up in hand due to the reasons explained in the forgoing paras. The discrepancy regarding difference in area acquired and those shown in Master Plans will be corrected at the time of revision of proforma accounts.

These could not be reconciled due to non availability of C.T. Rs from the Treasury Officers and for want of full particulars from the plot holders. The responsibility of this lapse lies mainly on Treasury Officers. The outstanding balances as on 1st November, 1966 under the head sundry debtors were taken as per details available in the personal ledger account of the plottolders. At present necessary reconciliation is being done monthly.

In fact the Department was not bound to fill up the depression in Mandi Hissar but on the resentment of the public it was considered necessary to fill up the depression as a special case with the prior approval of the new mandi Townships control Board on 19th March, 1970. New Mandi Townships Control Board was competent to accord such sanction and hence the question of fixing the responsibility for the avoidable expenditure does not arise as it was done in the public interest with the approval of the competent authority.

The Department had not incurred such expenditure for filling up the depression in other mandis after the sale of plots.

The Department approved the estimate of Rs. 48,480/- for filling up in low lying area in Mandi Hissar. According to the statement received from the Superintending Engineer vide this Endorsement No. 2787-B dated the 15th December, 1971 a sum of Rs. 55,525/- was spent upto September, 1971

On this work and a sum of Rs. 8,000/- was needed to complete the work of earth filling. The Superintending Engineer did not submit revised estimate for approval to this Department and no further details of Rs. 8000/- are available in the Department. The expenditure of Rs. 0.63 lakh is within the saving of Rs. 0.70 lakh. However, the reasons of excess over the sanctioned estimate are being looked into."

During oral examination it was stated that the proforma accounts could not be prepared as the decision regarding the assets of the department after the re-organisation of the composite State of Punjab was still awaited. After, sometime the department thought of preparing the proforma Accounts for the post re-organisation period and Accounts upto the year 1973-74 were prepared and sent to Accountant General.

On being pointed out by the Accountant General that figures of the year had already been sent while returning the Proforma Accounts upto 1973-74 and what was the difficulty in preparing the accounts, it was stated that the department did not have adequate accounts staff for the purpose.

The Committee observe that there has been inordinate delay on the part of the department in preparing the proforma accounts. The forms in which these accounts are to be prepared may be got prescribed by holding personal discussion with the office of the Accountant General and the Finance Department. Without these accounts, it is difficult to have a proper appraisal of the working of the scheme and also the extent of profit or loss arising therefrom.

The Committee are unable to appreciate as to how the authenticity of the amounts shown as recovered from plot holders and remitted into the Treasuries could be established unless these were got confirmed from the respective Treasury officers. Such an important issue should not have been allowed to drag on for so long and should have been settled immediately in consultation with the Finance Department. Effective steps should now be taken to obtain all the outstanding C.T. Rs from the Treasury Officers and to reconcile the figures relating to the total area of land acquired and the outstanding balances under 'Sundry Debtors'.

The Committee further recommend that the matter regarding the excess over the sanctioned estimates in regard to filing up of low lying areas in Hissar Mandi be enquired into and the result thereof intimated to them.

## BUILDINGS AND ROADS

### *Paragraph 4.6 Construction of staff quarters for Haryana Polytechnic, Nilokheri*

33 The work of construction of staff quarters for the Haryana Polytechnic, Nilokheri, estimated to cost Rs. 1.20 lakhs, was allotted to a contractor in May 1970 with a time limit of 9 months for completion. In March 1971, the department levied a compensation amounting to Rs. 0.12 lakh on the contractor as he had hardly executed about 10 per cent of the work. The contractor abandoned the work in November 1970. According to the records of the department, the total value of work done by the contractor amounts

to Rs. 0.19 lakh. In November 1971, the department cancelled the contract and intimated to the contractor that the remaining work would be executed departmentally at his risk and cost.

A quantity of 4.08 tonnes of steel was issued to the contractor in November 1970 and another 4 tonnes in May, 1971. The contractor did not utilise any steel on the work. He also did not return the steel to Government. The department stated (June, 1975) that the issue of steel to the contractor in the initial stage was unjustified and action for irregular issue of steel was being taken. Further, the department proposed to adjust the cost of steel amounting to Rs. 0.09 lakh against the contractor's dues leaving a balance of Rs. 0.02 lakh to be recovered from him.

The department has estimated the extra expenditure at about Rs. 0.19 lakh and has proposed to seek arbitration after completion of the work. Further progress of the case is awaited (March, 1976).

In their written reply, the Department stated as under :—

"On abandonment of the work by the contractor, the department invoked clause 3(b) of the agreement. The work was got done departmentally at the risk and cost of the contractor under the orders of the competent authority. Before getting the work done departmentally at the risk and cost of the contractor, he was served with three notices to resume the work but these could not be delivered as the contractors (the addressee) was not available at the address given by him to the department at the time of enlistment. The matter, was, therefore, published through the press for contractor's intimation wherever he might be but even this did not prove of any avail.

There was no written request from the contractor for the issue of steel in November, 1970 and May, 1971. Such requests are generally made verbally by the contracting Agency as per general practice in the department. It is however, agreed that both the issues of steel to the contractor were unjustified as these were not warranted by the immediate requirements of the work. As regards cement, it may be added that the issue of cement to the contractor was fully justified by the requirements of the work. The issue of 200 cement bags was made to the contractor after the previous quantity of cement issued to him during November, 1970 was consumed on the work. Out of 200 bags of cement issued during May, 1971, 91 bags of cement were actually used on the work thus leaving a balance of 109 bags of cement with the agency after they had abandoned the work.

10 No. C.G.I. sheets were issued to the Contractor during November, 1970 and the recovery thereof has been made from the 1st running bill of the contractor and no other material was issued to him at any stage.

The four Officers/officials who remained incharge of this work have already been held responsible for these irregular issues of material to the contractor. The action taken against them is being processed separately.

There is nothing on record that the matter was ever referred to the Police.

As per terms and conditions of agreement, the recovery of material

issued to the contractor which has neither been consumed on work nor returned by him to the department works out to Rs. 21,144/-. In addition to it, a sum of Rs. 441/- was also due on account of the cost of empty cement bags which were required to be returned to the department as per terms and conditions of the agreement. This total recovery on this accounts comes to Rs. 21,585/-.

It is further added that a sum of Rs. 7757/- due to the contractor lying in Deposits and a sum of Rs. 1947/- due to the contractor on account of his final bill are lying with the department. After adjusting the aforesaid dues of the Contractor against the recovery due from him, the net recoverable amount on account of the cost of material comes to Rs. 11881/-.

The sum of Rs. 12000/- on account of levy of compensation cannot be treated as 'a loss' as this amount represents maximum penalty, leviable by the Engineer-in-Charge which is liable to be reduced to any small figure (called token penalty). Another sum of Rs. 21,600/- on account of difference between the cost of work carried out departmentally at his risk and cost as per agreement is also recoverable from the agency. A sum of Rs. 500/- on account of layout of buildings is also recoverable from the contractor. Thus the net amount recoverable from him excluding penalty or compensation comes to Rs. 33981/-. The final bill of the contractor has been prepared by the S.D.E. and is under check. The matter of recovery from the contractor is being referred to the Arbitrator.

The Committee cannot but express displeasure at the issue of large quantities of Steel and Cement to the Contractor even after he had abandoned the work in November, 1970 and the department had levied compensation of Rs. 0.12 lakh on the contractor in March, 1971 for completing only 10% of the work. The issue of these materials is beyond comprehension. The Committee also observe that two of the delinquent officials had been promoted to higher posts. The Committee would like to be informed of the action taken against the Officers/officials held responsible for the irregular issue of material to the contractor.

The Committee would also like to be apprised of the decision of the Arbitrator and the prospects of recovery from the contractor.

*Paragraph: 5.7 (ii) Construction Division Tosham Rs. 0.50 lakh*

34. Shortages of road metal and bricks valuing Rs. 0.41 lakh were noticed at the time of physical verification of stores in July and August 1973. In another case shortages of materials valuing Rs. 0.90 lakh were noticed at the time of handing over of charge by a Sectional Officer in May 1973. The matter was reported to the Government in July 1975; its reply is awaited (March 1976).

The department stated in their written reply that against the quantity of 5,21,500 bricks purchased from some brick kiln owners only 2,42,500 bricks were actually collected. The remaining 2,79,000 bricks valued at Rs. 22836 were found short against three Sectional officers. All the three Sectional officers had been charge-sheeted and their replies were examined by the concerned Executive Engineers/Superintending Engineer for deciding disciplinary action to be taken against them.

The representative of the department further stated during oral examination (October 1978) that action in this regard would be finalised within three/four months.

The Committee recommend that decision on the disciplinary proceedings against the officials responsible for the shortages be finalised expeditiously and the committee informed.

## IRRIGATION

### *Paragraph 4.1 Loharu Lift Irrigation Project (Indira Gandhi Canal).*

35. The State has an area of about 44,222 square kilometres. Of this about 8,227 square kilometres in the district of Mohindergarh, Rohtak, Hissar, Bhiwani and Gurgaon are drought prone. The Loharu Lift Irrigation Project (estimated cost : Rs. 11.24 crores) was one of the schemes undertaken by the Government to provide irrigation facilities in this area. The project covered part of Mohindergarh District and Dadri Tehsil of Bhiwani District.

The project envisaged provision of irrigation to 1.63 lakh acres by using the water of Drain No. 8 and the river Yamuna below Tajewala head works. The project was sanctioned in June 1971 and was to be executed in two stages. Stage I covered construction of 109 miles of lined channels and remodelling of about 15 miles of unlined channels. Stage II covered construction of 180 miles of lined channels.

Work on the project was started in October 1970 and completed in June 1974 (expenditure booked till December 1975 : Rs 15.29 crores).

The salient features of the project were as under :—

Serial No.	Particulars	Stage I	Stage II	Total
		Rs.	Rs.	Rs.
1.	Estimated cost	4.31 crores	6.93 crores	11.24 crores
2.	Culturable command area	74,559 acres	1,89,144 acres	2,63,703 acres
3.	Area to be irrigated with 62 per cent intensity	46,227 acres	1,17,269 acres	1,63,496 acres
4.	Discharge with water allowance of 3.5 cusecs per thousand acres	400 cusecs	600 cusecs	1,000 cusecs
5.	Benefit : cost ratio			
	(i) With 6 per cent interest p.a. on the capital at charge	5.25:1	4.1:1	4.45:1
	(ii) with 10 per cent interest p.a. on the capital at charge	4.15:1	3.4:1	3.70:1

2. According to the project report, the annual working expenses of the project were estimated at 147.91 lakhs excluding interest on capital. The revenue expected to be realised was Rs. 28.21 lakhs, thus showing an annual loss of Rs 119.70 lakhs (excluding interest charges). The unproductive gap of Rs 37.90 crores (capitalised value of annual loss: Rs 19.95 crores, accumulated interest charges at 6 per cent per annum for 30 years: Rs. 17.95 crores) was proposed to be recovered through increase in water rate or by levying betterment levy at the rate Rs. 38.50 per acre per crop for 30 years.

3. A test check of the accounts and records in the Chief Engineer's office and in the concerned Public Works divisions was carried out by Audit. The following points were noticed.

(i) According to the departmental records, the main items of work on which increases over the estimates occurred were as under:—

Serial No.	Sub-head	Amount as per original estimate	Actual expenditure (upto September 1975) in lakhs of rupees	Increase
1.	B—Land	104.11	121.87	17.76
2.	F—Drainage	9.00	65.01	56.01
3.	G—Bridges	47.16	87.91	40.75
4.	L—Earthwork	170.07	259.37	89.30
5.	L—(ii) Lining	267.47	357.18	89.71
6.	O—Miscellaneous	50.88	212.75	161.87
7.	VI—Special Tools and Plant	134.22	178.97	44.75
Total		782.91	1283.06	500.15

The increases were attributed by the Superintending Engineer, Loharu Circle (October 1974) to the following :—

- Construction of additional minors and sub-minors which were not envisaged in the original project,
- construction of lined channels and *pushta* in the filling reaches, not provided in the original project,
- increase of water allowance from 3.5 to 4.5 cusecs per thousand acres of culturable command area, and
- additional work of land-levelling and land-shaping.

(ii) Rupees 15.70 lakhs had been spent (March 1976) on 117 works

(started between 1971-72 and 1974-75) the estimates for which had not been technically sanctioned (April 1976).

### (iii) Physical targets and achievements

The area irrigated during the period 1971-72 to 1974-75 ranged between 9.2 and 28.9 per-cent of the estimated area to be irrigated as under :—

Year	Culturable command area	Estimated area to be irrigated (62 per cent of cultural command area)	Area actually irrigated	Percentage
	(in acres)	in acres	in acres	
1971-72	74,559	46,227	4,254	9.2
1972-73	74,559	46,227	13,279	28.7
1973-74	2,63,703	1,63,496	20,838	12.7
1974-75	2,63,703	1,63,496	23,545	14.4

(iv) The project has about 2.64 lakh acres of culturable command area. With an intensity of 62 per cent provided in the project report, 1.63 lakh acres were to be brought under irrigation. Water allowance was fixed at 3.5 cusecs per thousand acres at the distributary head and 3.05 cusecs per thousand acres at the outlet head. In September 1972 the water allowance was raised to 4.5 cusecs per thousand acres at the distributary head and to 4 cusecs per thousand acres at the outlet head.

It was noticed that during the years 1971-72 to 1974-75 the irrigation done, through certain distributaries was, according to the departmental records, 21,523 acres which was considerably less than 46,620 acres that could be covered at the rate of water allowance referred to above resulting in a shortfall of irrigation to the extent of 25,097 acres.

### (v) Benefit-cost ratio and financial results

The benefit-cost ratio in the project report with 6 per cent interest on capital was 5.25:1 and with 10 per cent interest on capital 4.15:1 for Stage I and 4.1:1 and 3.4:1 respectively for Stage II. The combined benefit-cost ratio as worked out with the available data for both the stages came to 4.45:1 and 3.70:1 with 6 per cent and 10 per cent interest on capital respectively.

The irrigation done through this project during *Kharif* and *Rabi* crops of 1974-75 was 23,545 acres (*Kharif* 5,855 and *Rabi* 17,690 acres). Even assuming that this land was earlier fallow, the net income in the form of additional foodgrains would work out to Rs. 1,53.39 lakhs. Against this the anticipation, as per project report, was Rs. 9,89.43 lakhs. The benefit-cost ratio with 6 per cent and 10 per cent interest on capital during *Kharif* 1974 and *Rabi* 1974-75 works out to 0.96:1 and 0.70:1 respectively.

(vi) *Roopgarh Minor*

The Roopgarh Minor takes off from the Kitlana Distributary. According to the project report, the minor was designed to irrigate 2,969 acres of culturable command area. The head capacity was kept at 12.50 cusecs with water allowance at 4.5 cusecs per thousand acres.

Construction of the minor was taken up in February 1971 and completed in November 1973 at a cost of Rs. 6.13 lakhs. The Executive Engineer pointed out in October 1971 that the tail outlet of the channel taking off at RD 18,000 covered the area falling under the command of the jui Canal system. The minor was, therefore, constructed upto a length of 12,000 feet instead of the designed length of 18,000 feet. As a result an area of about 775 acres only remained under irrigation of this minor having a capacity of 12.50 cusecs. According to the water allowance fixed in the project report, a water channel with a capacity of 4 cusecs appeared adequate for irrigating 775 acres. Construction of a channel with a capacity of 4 cusecs instead of that of 12.50 cusecs as actually constructed would have cost about Rs. 4 lakhs less on a proportionate basis.

(vii) *Electric motors*

Two orders for the supply of 26 electric motors were placed through the Controller of Stores in December 1970 and March 1972 (cost: Rs 15.47 lakhs). The motors were installed in June 1971 and June 1972. Out of 26 electric motors, 7 got burnt out during 1971-72 and 1972-73 due, according to the Sub-divisional Officer, Loharu Mechanical Sub-division No. 2 to "variation in the head for which these were designed." Three more motors got burnt out during 1973-74.

In February 1975, 10 motors, including two motors once burnt out and repaired, got burnt out and the Executive Engineer, Mechanical Division, pointed out that the motors had burnt out due to manufacturing defects. He added that the pumps installed at pump-house No. 1 were not functioning efficiently due to frequent burning out of the motors. The motors were got repaired at a cost of Rs 1.06 lakhs.

In April 1975, the Superintending Engineer observed that there might be some defect either in the design of the motors or in matching of pumps with motors and requested the suppliers to investigate the causes of frequent burning out of the motors. The result of the investigation is awaited (March 1976).

(viii) *Pump-houses*

(a) Eight pump-houses were constructed at various sites on the canal.

During the flow season of 1972, leakages occurred at some of the pump houses as the structure of these pump houses reportedly could not withstand the vibrations generated by the electric motors leading to development of cracks in the structure. To reduce the vibrations preventive measures were taken in January 1973 at a cost of Rs 12.18 lakhs which included (a) Rs 1.33 lakhs spent as labour charges on dismantling work which had originally cost Rs. 1.29 lakhs and (b) Rs 0.34 lakh spent on the purchase of steel utilised on strengthening the retaining walls.



(b) Construction of pump-house No. 3 at RD 49000 was completed in 1971. During the flow season of 1972, the downstream walls could not withstand the vibrations generated by the electric motors and cracks developed in some portion thereof. In the process of strengthening the walls, delivery pipes worth Rs. 0.77 lakh embedded in the walls, other material worth Rs. 0.69 lakh and the marine distributary board were damaged. The distributary board was repaired at a cost of Rs. 0.17 lakh. The dented pipes and other material were replaced at a cost of Rs. 1.42 lakhs (Rs. 0.73 lakh pipes, Rs. 0.69 lakh material). The dented pipes were used in the culverts provided in the Roopgarh Minor of Kitlana Distributary and 60 per cent of the cost of the pipes was credited to the original work. All this resulted in a loss of Rs. 1.16 lakhs (Rs. 0.30 lakh being 40 per cent cost of the pipes including sales tax; Rs 0.69 lakh on accessories of machines and Rs 0.17 lakh on the distributary board).

In addition, the department also paid Rs 0.27 lakh to a firm as re-erection charges for mechanical equipment in the pump-house.

(ix) *Concrete lining*

To reduce seepage losses, Loharu Canal and its system were to be lined with tiles or bricks.

A test check of the accounts of Damakura Distributary disclosed that concrete lining was done in some reaches instead of tile lining involving an extra expenditure of Rs. 0.57 lakh. The department stated that concrete lining was done as the kiln contractors failed to supply the tiles. The circumstances leading to non-supply of tiles are not known (March 1976).

(x) *Extra Expenditure*

According to the project report, the lined channel of the main canal was to be designed keeping in view the future remodelling to meet the requirements of stage II. The height of the canal banks was to be 14 feet ultimately. In the first stage of construction started from January 1971, banks were laid to a height of 11 feet and were raised to 14 feet in the second stage of construction started in November 1971. To facilitate raising of the banks from 11 feet to 14 feet and lining the raised portion with tiles, a setback of 1.5 feet was given. To strengthen the banks, the setback was, however, filled up with cement concrete in certain reaches at a cost of Rs. 4.74 lakhs. Had the banks been constructed to a height of 14 feet at one stretch from January 1971 instead of constructing them first upto a height of 11 feet and then raising them to 14 feet, the expenditure on concrete filling would have been avoided.

(xi) *Consumption of coal.*

With a view to obtain tiles and bricks for lining of the canal system, 35 departmental kilns were installed along the channels and the same were allotted to various contractors.

According to the terms of agreements, the department was to arrange priority for movement of coal wagons or to supply coal, if available in the stores.

Six thousand six hundred and forty-two tonne slack coal was issued to various kiln contractors between 1971-72 and 1973-74. Against this, 31.52

lakhs pucca bricks and 130 lakhs tiles were supplied to the department till November 1974 requiring, as per norms fixed by the Chief Engineer, 4,688 tonnes of coal. The kiln contractors were liable to pay at double the issue rates for the quantity of coal in excess of requirement. The recovery works out to Rs. 2.14 lakhs which has not been made so far (November 1975).

(xii) *Remodelling of carrier system*

Drain No 8 was remodelled at a cost of Rs. 71.19 lakhs in June 1975 for a discharge of 1,511 cusecs at RD 213000 where from the Indira Gandhi Feeder takes off. Out of 1,511 cusecs the Loharu Lift Irrigation scheme was to carry, 1,000 cusecs and the Farrukh Nagar Lift Irrigation Scheme 500 cusecs.

The Farrukh Nagar Lift Irrigation Scheme, on which an expenditure of Rs. 42.06 lakhs (Rs. 39.32 lakhs on the share of the carrier channel, Rs. 2.32 lakhs on survey work and Rs. 0.42 lakh on construction of Farrukh Nagar Canal) was incurred during 1971-72 and 1972-73 without administrative approval and technical sanction, was dropped subsequently. The expenditure of Rs. 42.06 lakhs thus proved unfruitful.

(xiii) *Shortage of stores*

(a) In three Public Works divisions of the Loharu Canal Project, stores, worth Rs. 0.67 lakh were found short (i) during periodical physical verification of stock (Rs. 0.19 lakh) and (ii) at the time of handing over charge by Sectional Officers (Rs. 0.48 lakh) between November 1971 and February 1974. In one case the Superintending Engineer ordered (December, 1974) that Rs. 0.08 lakh be recovered from the defaulting official. No recovery has been made so far (April 1976).

(b) Galvanised Iron Pipes of various sizes measuring 2,44,155 metres (cost: Rs. 56.17 lakhs) were purchased by or transferred to Loharu Mechanical Division, Charkhi Dadri for temporary water supply for labour, kilns and earthwork. Out of these, 64,636 metres pipes were transferred to other divisions of Jawahar Lal Nehru Lift Irrigation Scheme. The stock registers and material-at-site accounts included an account of 1,31,753 metres. The balance 47,766 metres (value: Rs. 11.88 lakhs) remained unaccounted (April 1976).

(xiv) *Unadjusted credits*

Special tools and plant machinery and temporary buildings including stores, sheds, etc., were to be disposed of on completion of the project and credits at the rate of 80 per cent of the residual value of machinery and 40 per cent of the original value of buildings were to be given to the project. The main works of the project were completed during 1973-74 but the machinery was not diverted fully (April 1976); credit of Rs. 108.42 lakhs as detailed below remained to be afforded to the work (April 1976).

Sr. No.	Particulars	Capital Cost	Depreciated value to be credited to the project
(in lakhs of rupees)			
1.	Special tools and plant including machinery	178.97	107.38
2.	Temporary buildings including Stores, sheds, etc.	2.60	1.04

Resides, according to the project report, land measuring 57.38 acres acquired at a cost of Rs. 0.91 lakh for burning bricks and tiles was also to be disposed of; it was remaining undisposed (March 1976).

The matter was referred to the Government in December 1975; reply is awaited (March 1976).

(ii) In the written reply the department stated that out of 117 works for which technical estimates had not been sanctioned upto 4/76, such estimates in respect of 108 works had since been sanctioned between April 1976 to June, 1978. The remaining 9 estimates were under sanction.

The Committee are constrained to observe the inordinate delay in sanctioning these estimates. The works were started between 1971-72 and 1974-75 but the technical estimates were sanctioned in most of the cases long thereafter. These are still to be sanctioned in 9 cases. It is not clear as to how the works have since been completed the department would now be faced with *fait accompli* and may of necessity have to sanction these estimates even though they may be faulty in certain respects. The Committee recommend that the circumstances in which works were started in the instant cases without technical estimates having been sanctioned, may be investigated and responsibility fixed. The Committee also recommend that suitable measures be taken to avoid such instances in future.

The Committee would also like to know if the estimates in the remaining 9 cases have since been sanctioned.

(vi) To a question by the committee as to why it could not be foreseen that the tail outlet of the Roopgarh minor fell under the command of Jui Canal system the Department stated in their written reply that this fact seemed to have been overlooked due to rush of work.

To another question regarding the head capacity of the Roopgarh minor and size of the channel the Department in their written reply stated as under —

"Since the channel had already been constructed with its designed capacity no reduction therein was possible. However, certain aspects of the matter are being enquired into and the result thereof will be placed before the Public Accounts Committee in due course.

Simultaneously, some investigations are being made to make use of the spare capacity of the channel so that there is no infructuous expenditure on this account".

The Committee do not feel satisfied with the reply of the Department that the fact that the tail outlet of Roopgarh Minor fell under the Command of the Jui Canal System seemed to have been overlooked due to rush of work. It is a typical example of faulty designing of an important scheme which seems to have been taken lightly.

The Committee recommend that the matter should be thoroughly enquired into and the Officers/Officials held responsible for not exercising due care be suitably dealt with.

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The Committee also recommend that responsibility for constructing the channel with a capacity of 12.50 cusecs instead of 4 cusecs and thereby incurring an excess expenditure of Rs. 4 lakhs be fixed.

The Committee would further like to be apprised of the result of the investigation with regard to the utilisation of the spare capacity of the channel at an early date.

#### Paragraph 4.2 Link drain

36. The flood waters carried by Drain No 8 had no proper outfall and the tail waters used to spread out in the fields of 10 villages lying in a depression called the Bhindwas Jheel inundating an area of nearly 6,400 acres with a population of about 30,000 (1971). The inundation thus caused would result in damage to *Kharif* crops and would also render sowing of *Rabi* crops difficult. The only possible outfall for the flood waters was the Najafgarh Jheel in Delhi. It was decided in December 1960 to divert about 450 cusecs of water from the tail of Drain No. 8 to Najafgarh Jheel by constructing a 32 miles long link drain. Work on the construction of the link drain was commenced during 1960-61 in anticipation of administrative approval which was accorded subsequently (October 1967) for Rs. 53.33 lakhs. The date of completion of the work was 31st March 1969 subject to availability of funds. The work is not yet (March 1976) completed. In a number of reaches the drain is to be excavated to the designed section, the inspection bank is incomplete and 11 out of 13 bridges provided in the project are yet to be constructed.

The construction was carried out in three stages. In the first stage undertaken during 1960-61 to 1962-63 a pilot channel was dug to a width of 15 feet (except in certain reaches where it was excavated to a width of 32 feet). The second stage undertaken during 1963-64 and 1965-66 covered widening of the drain to 40 feet. A few works of widening the drain to 70 feet were executed during 1966-67 to 1969-70 and the rest are being carried out from 1971 onwards (March 1976).

Against the estimated cost of Rs. 38.74 lakhs in respect of land, bridges, earthwork, etc., an amount of Rs. 42.79 lakhs was spent on the work upto March 1975, as given below :—

Serial No.	Sub-head	Estimated amount	Actual expenditure	Remarks
(in lakhs of rupees)				
1.	B—Land	10.15	7.00	Reasons for variation were awaited from the department (January 1976).
2.	C—Works (Village Road Bridges, District Road Bridges, Water course crossing and inlets)	11.46	1.07	
3.	D—Regulators	1.40	0.69	
4.	L—Earthwork	15.52	32.84	Increase due to higher tendered rates.
5.	O—Miscellaneous	0.21	1.19	
	Total	38.74	42.79	

A test check of the accounts and other records of the work brought out the following points—

(i) *Excess expenditure on earthwork*

(a) Work on the construction of the drain was started in 1960, in anticipation of sanction to designs and estimates, on the basis of a longitudinal section (L—Section) of the drain prepared by the Executive Engineer, Haryana Division, in December 1960. A revised L—Section, subsequently prepared by the Executive Engineer in December 1961, was approved by the Chief Engineer, Irrigation, in January 1962. The project estimates prepared in 1960-61 were sanctioned by the Government in October 1967. The quantities of earthwork provided therein and the cost were not, however, revised with reference to the Natural Surface Levels (N.S.Ls.) indicated in the approved L—Section of the drain. An examination of the sanctioned detailed estimates relating to the third stage excavation works prepared in 1971-72 indicated that though these estimates contained reference to the L—Section approved by the Chief Engineer in January 1962, the N.S.Ls. adopted were generally higher than the ground levels indicated in the approved L—Section by 0.55 foot to 6.75 feet and were more or less equal to those in the L—Section prepared in December 1960. The adoption of higher N.S.Ls. resulted in extra earthwork to the extent of 69.39 lakh cubic feet costing Rs. 3.46 lakhs.

(b) The construction of the drain was commenced in Haryana Division during 1960-61 in anticipation of sanction to designs and estimates. The Executive Engineer, Haryana Division had proposed a bed width of 32 feet. Accordingly the drain was excavated in reach 0—42000 to a bed width of 32 feet and the earth excavated was placed on both sides in bank formation. Subsequently the Chief Engineer approved (January 1962) an increase of the bed width to 70 feet. Consequently, 15 lakh cubic feet of earth deposited on the right side of the drain had to be rehandled at the time of construction of the third stage of the drain during 1971 to 1973 involving an extra expenditure of Rs. 0.75 lakh.

(ii) *Tenders*

Tenders for the third stage work in reaches 0—7500, 7500—13500, 13500—20000, 20000—40000 and 40000 to 63250 were originally invited through the press on 28th April, 1971, but no offer was received. Tenders were then re-invited by canal wire on 13th May 1971 and were opened on 17th May, 1971. The amounts put to tenders, lowest offers received and the total payments made to contractors were as under :—

Serial No.	Reach	Amount put to tender (in lakhs of rupees)	Lowest rate (per thousand and cft.)	Total payment made to contractors (in lakhs of rupees)
1.	0-7500	0.32	Rs. 53.50	1.53
2.	7500-13500	0.24	Rs. 54.00	0.74
3.	13500-20000	0.24	Rs. 53.25	1.00
4.	20000-40000	0.32	Rs. 54.25	2.69
5.	40000-63250	0.24	Rs. 53.00	2.23

The departmental rate for work in the above reaches (including maximum premium fixed by the Zonal Committee) worked out to Rs. 44.70 to Rs. 50.44 per thousand cubic feet. A uniform rate of Rs. 52 per thousand cubic feet was, however, approved by the Superintending Engineer for all the reaches.

No details indicating the basis for determining the amounts put to tender with reference to quantities of earthwork involved and prevalent rates were available. The circumstances in which amounts put to tender were considerably lower than the cost of the works are not known (March 1976).

The Superintending Engineers are competent to accept tenders upto rupees one lakh in cases where tenders at rates higher than the maximum premium fixed by the Zonal Committee are received. Had the amount put to tender been realistic, the tenders for the works at serial numbers 1, 4 and 5 costing Rs. 1.53 lakhs, Rs. 2.69 lakhs and Rs. 2.23 lakhs would have been beyond the competence of the Superintending Engineer and their acceptance needed approval of the Chief Engineer.

(iii) *Excess payment owing to incorrect measurements*

Earthwork in the reach-25000 to 27000 was entrusted to a contractor in June 1971. Six running payments amounting to Rs. 0.31 lakh were made to the contractor between June 1971 and June 1972 for 6.42 lakh cubic feet earthwork. Final bill of the contractor for 8.70 lakh cubic feet earthwork was prepared by the Sectional Officer on 21st July 1972. When the work was jointly checked measured by two Sub-divisional Officers on 3rd August 1973, the quantity actually existing at site was found to be only 5.20 lakh cubic feet indicating an excess measurement of 3.50 lakh cubic feet (67 percent). Neither any action was taken against the officers responsible for excess measurements nor was the amount of Rs. 5,832 paid in excess recovered from the contractor. (March 1976).

(iv) *Benefits*

The construction of the link drain was expected to make available an additional area of 6,400 acres for *Rabi* cultivation in 10 villages lying at the tail of Drain No. 8. According to the information made available by Sub-Divisional Officer (Civil), Jhajjar, the annual area assessed to revenue was 9,689 acres during 1959-60 to 1973-74 and 10,330 acres during 1974-75 (an addition of 641 acres).

The matter was referred to the Government in October 1975; reply is awaited (March 1976).

(ii) In the written reply, the department stated that no satisfactory explanation on the points raised under this sub-para had been received from the field Officers and that the matter was being pursued further.

During oral examination the Departmental representative stated that the explanation received from the field Officers was not found satisfactory and that they required some more time to examine this case. It was subsequently intimated by the department that the Superintending Engineer was not competent to sanction the rates in this case and action to fix responsibility had been initiated.

The Committee feel perturbed over the inordinate delay in the completion of investigation into the case and recommend that the matter be finalised as expeditiously as possible. The Committee may also be apprised of the action taken against the defaulting officials.

(iii) To the questions of the Committee whether the 6 running bills, payment for which was made earlier, verified with the entries in the measurement books and test checked by the Supervisory staff and action taken in the matter, the Department in their written reply stated as under :—

“(a) The six running payment in this case were made on the basis of entries recorded by the Sectional Officer and no test check seems to have been exercised by the higher officers.

(b) It so happens that the Sectional Officer, was transferred in 9/72 and the S.D.O. was also transferred in 1/73. The new incumbents decided to get the work checked-measured which is otherwise also the requirement of codal rules. The check-measurements were accordingly made by the officer on 3.8.73, after giving due opportunity to all concerned and this brought the excess measurement as noticed to light.

(c) As soon as the excess payment of 1,21,507 cft., came to notice, the matter was reported to the higher authorities.

(d) The show-cause notices have been initiated against the Sectional Officer/Sub Divisional Officer and are under process. As reported the excess payment has also been adjusted against the security of the contractor in 8/78”.

During oral examination the departmental representative stated that replies to the show cause notice were still awaited.

The Committee are pained to observe that the Department has taken unusually long time (of about 5 years) to initiate action against the officials responsible for the excess measurement and to adjust the over payment made to the contractor.

The Committee recommend that reasons for the inordinate delay in issuing the show cause notices be investigated and results thereof intimated to them.

The Committee further recommend that replies to the show cause notices be obtained from the officials concerned without further delay and the case finalised at the earliest. The Committee may also be apprised of the action taken against the officials at fault.

## EXCISE AND TAXATION

### *Paragraph 6.3 Incorrect deduction of sales of stainless steel to registered dealers.*

37. Under the Punjab General Sales Tax Act, 1948, declared goods are taxable at the point of first sale in the State and as such the sale of such goods to registered dealers is not exempt from tax.

In the course of test check it was noticed that an assessing authority allowed deduction of Rs. 39,18,895 during 1970-71 to 1972-73 to a dealer of Karnal from his gross turnover on account of sale of stainless steel, a declared good to the registered dealers. This resulted in under-assessment of tax of Rs. 1,17,567.

The matter was referred to the Government in May, 1975. Reply is awaited (March, 1976).

The department in their written reply stated as under :—

"The Assessing Authority allowed deduction under section 5(2)(a)(ii) in respect of sales of stainless steel during the year 1970-71 and 1972-73 since it was not clear whether it is covered under section 14 of the Central Sales Tax Act. Moreover, prior to 31st March, 1973 under heading iron and steel of section 14 of the Central Sales Tax Act, tool alloy steel is mentioned. Thus while framing assessment during those years the Assessing Authority was of the opinion that stainless steel sheets are not covered by the term tool alloy steel and as such deduction under section 5(2)(a)(ii) made to registered dealers was allowed.

After being pointed out in audit, clarification was sought by the Assessing Authority from the Excise and Taxation Commissioner, Haryana as to whether stainless steel sheets are covered under section 14 of the Central Sales Tax Act, 1956.

On having received the clarification the case was referred to Appellate Authority who remanded the case and consequently on 5th Jan., 1976 additional demand of Rs. 4,763 and Rs. 70,253 was created for the year 1970-71 and 1971-72, respectively. The demand case of the dealer for the year 1972-73 has been finalised on the 30th September, 1978 and an additional demand of Rs. 44,033/- has been created."

During oral examination the departmental representatives further stated that the replies from the officials at fault whose explanations had been called for, had since been received and were under process.

In reply to another question by the Committee, the departmental representative stated that the officials concerned had also detected certain cases of under assessment on their own.

The Committee do not feel satisfied with the explanation given for the under assessment of Sales Tax for more than Rs. one lakh for three continuous years by the Assessing authorities. There was prima-facie a serious mis-interpretation of the provisions of the Act on these points. The Committee would like to know the decision taken on the explanation furnished by the officials concerned, as also the details of the cases of under Assessments stated to have been detected by them on their own.

#### *Paragraph 6.4 Under-assessment due to incorrect exemption*

38. Under the Central Sales Tax Act, 1956, if under the sales tax law of the appropriate State the sale of any goods by a dealer is exempt



from tax generally (not subject to any condition), no tax is leviable under the Central Act, 1956. It was, however, noticed that an assessing authority allowed exemption to a dealer of Faridabad from payment of tax in respect of sales aggregating Rs. 9,24,658 of aluminium conductors, cables and wires to the electric supply undertakings of other States though under the State Act such sales are exempt from tax subject to specified conditions. On this being pointed out in audit (January 1975), the department created an additional demand of Rs. 92,466 (September 1975).

It was also noticed that the assessing authority had allowed to this dealer an inadmissible deduction of Rs. 27,018 from his gross turnover on account of refund of excise duty. When this was pointed out in audit (January, 1975), the department created an additional demand of Rs. 2,702. Particulars of recovery of the total amount of Rs. 95,168 are awaited (February 1976).

The matter was reported to Government in November 1975; reply is awaited (March 1976).

The department stated in their written reply that the exemption in this case was allowed by the Assessing Authority on the 30th December, 1971 under section 8(2-A) of the Central Sales Tax Act read with section 5(2)(a)(iv) of the Local act on the production of certificate. It was also stated that there was no direct ruling at that time from the High Court/Supreme Court to disallow the deductions. It was only in the case of M/s Indian Aluminium Cables Limited, Faridabad (1974-STC-XXXIII-152) that the Punjab and Haryana High Court held that supplies to Electricity undertakings in the course of Inter State Trade could not be exempted under Section 8(2-A) read with Section 5(2)(a)(iv) of the Punjab General Sales Tax Act as the exemption under the State Act the Schedule 'B' was a conditional exemption. The Assessing Authority had allowed exemption under the bonafide belief that if under the sales tax law of the appropriate State, the sale of any goods by a dealer was exempt from tax generally no tax was leviable under the Central Sales Tax, Act, but he did not take into consideration that exemption provided under the State Act in Schedule 'B' was a conditional exemption. Such sales were exempt from tax subject to specified conditions under the State Act, and as such exemption could not be allowed.

As regard the in-admissible deduction allowed to the dealer on account of refund of excise duty, the department stated in the written reply that this was allowed by the Assessing Authority on the production of a letter from Central Excise Division Faridabad indicating that the refund of Rs. 27,018/- was on account of excise duty which the company had been paying under a mistaken sanction. Since, however, that letter did not explain the entire discrepancy of Rs. 27,018/- and there was nothing on record to prove refund of excise duty, the claim was later disallowed and additional demand created.

It was further stated that the assessing authority concerned had since retired and no action was permissible against him. It was also mentioned that against the additional demand created (Rs. 59,635.50 and Rs. 2,702/-) in the above cases. The assessee had gone into appeal before the Sale Tax Tribunal which granted stay on 27th July, 1976. The case was stated to be still pending with the Tribunal.

The Committee regret to observe that the assessing authority had not properly understood and applied the provisions relating to grant of exemption under the State Sales Tax Act, as a result of which Government was put to a substantial loss of revenue. The Committee also deplore the delay in taking suitable action against the concerned assessing authority before he retired from service. The Committee urge that in such cases disciplinary action should be finalised well in time before the retirement of the concerned officials in order to avoid situations in which Government feels helpless to take suitable action against such officials.

The Committee would also like to be apprised of the decision of the Sales Tax Tribunal as and when announced along with the prospects of the recovery of the under-assessed amount.

*Paragraph 6.8. Under-assessment due to excess deduction of sale value of tax-paid purchases*

39. Medicines and pharmaceutical preparations are taxable at the point of first sale from 1st July 1969. Sale of such goods at a subsequent stage is exempt from tax provided the dealer furnishes a certificate in the prescribed form and manner to the effect that tax has been paid on sale at the first point.

During the course of audit, it was noticed that a dealer of Palwal made tax-paid purchases of medicines amounting to Rs. 7,67,154 from 1969-70 to 1973-74. His profit on these sales worked out to Rs. 45,890 and he was, as such, entitled to deduction of Rs. 8,13,044 (purchase price plus profit) from his turnover, against Rs. 9,50,952 actually allowed by the assessing authority. On this being pointed out in audit (June 1975), the assessing authority reopened the case and created an additional demand of Rs. 8,815 in July, 1975. Particulars of collection of the amount are awaited (March 1976).

The matter was reported to the Government in October 1975. Reply is awaited (March 1976).

In their written reply the department stated that excess deductions were allowed by the Assessing Authorities as the dealer used to file consolidated trading account from the very inception of the levy of tax on the first stage of sales in the State of Haryana. Separate Accounts for the Taxable and tax-paid goods were not maintained by the dealer nor were separate records for sales maintained. The dealer used to exhaust not only the stock of tax paid goods but also used to show taxable sales as tax paid sales. The firm also used to claim stock of tax paid medicines in the closing stock of that assessment year.

It was further stated that the assessing authorities did not verify the sales made out of tax paid stock and also did not bifurcate the stock of goods to work out a rational formula for allowing deduction on proportionate basis. The under assessment was, as such, the result of failure on the part of the Assessing Authorities in not getting the trading account and closing stock bifurcated from the dealer.

During the course of oral examination the Departmental representative stated that the additional demand of Rs. 8,815 had since been deposit-

ed by the dealer. There were three Assessing Authorities who were involved in this case. One of the Assessing authorities had been warned and the other two had since retired.

To a question of the Committee, the departmental representative undertook to intimate the actual date of retirement of 2 Assessing Authorities who had since retired.

The Departmental representative also promised to supply the information as to whether any penalty was imposed on the dealer and whether the assessee submitted correct accounts to the Assessing Authority. The promised information has not been received till the writing of this Report.

The Committee are unhappy at the undue delay in the submission of the promised information. They recommend that suitable action be taken against the delinquent officials responsible for this delay.

The Committee also regret to observe that the department did not take prompt action against two Assessing Authorities responsible for under-assessment, who are stated to have since retired from service. The Committee view with concern such kind of situations in which Government feel helpless to take suitable action against the delinquent officials who go scot free. In this connection, the Committee would like to draw attention to their observations in para 6.4 of the Report and recommend that suitable remedial measures be taken to ensure finalisation of action against the guilty officials with the utmost promptitude and before their retirement from service.

## COOPERATION

### CO-OPERATIVE INSTITUTIONS

#### Paragraph 8.4 Financial assistance.

40. The Government investment in the share capital and debentures of co-operative institutions at the close of 1973-74 and 1974-75 was as under:—

Year	Number of institutions	Amount
1973-74	2,554	13,28.98 lakhs
1974-75	2,730	15,53.28 lakhs

Complete details of the capital due for retirement and the number of societies from which it was due were not intimated by the department. The department stated that out of 2,730 societies, 2,350 were small Agro-service/credit societies having Government investment ranging from Rs. 5,000 to Rs. 10,000. These societies could not retire the share capital in time due to their weak financial position while in some other cases, the terms and conditions of the investment remained to be settled.

The loans and subsidies paid by Government to various co-operative

institutions during the years 1973-74 and 1974-75 were as under :—

Year	Balance at the end of previous year	Amount of loans disbursed during the year	Repayment during the year	Balance at the end of the year	Grant of subsidies during the year
(in lakhs of rupees)					
1973-74	95.54	8.45	5.41	98.58*	12.83
1974-75	93.58*	0.38	5.60	88.36	8.34

The principal and interest overdue for recovery upto 31st March, 1975 were Rs. 18.42 lakhs and Rs. 11.50 lakhs respectively. Age-wise analysis of the arrears was as follows :—

Period	Principal	Interest	Total
Below three years	11.77	5.89	17.66
More than three years but less than five years	4.31	2.75	7.06
More than five years	2.34	2.86	5.20
Total	18.42	11.50	29.92

### (2) Interest and dividend received by Government

During the year 1974-75, the Government received interest on debentures amounting to Rs. 27.39 lakhs (from one institution) and dividend of Rs. 23.14 lakhs (from twenty two institutions). Information in respect of 2,707 societies about the profits earned and dividend declared was not available (January 1976).

### (3) Completion of audit

The accounts of the Co-operative Societies are required to be audited once in each year by the Chief Auditor, Co-operative Societies. The following table indicates the extent of arrears in audit upto 1974-75 :—

(i) Number of societies due for audit during the year 1974-75	14,291
(ii) Number of societies audited during 1974-75	13,886
(iii) Number of societies audit in respect of which was in arrears	405

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

	Period of arrears			
	1 years	2 years	3 years	above 3 years
Number of societies	116	48	30	211

The Chief Auditor, Co-operative Societies stated (January 1976) that the main reasons for arrears were non-availability of books/custodians and records being with the police/courts.

To a question by the Committee as to how much capital was due for retirement and how much was actually retired during the year and whether any action was taken against those where this could not be done, the department furnished their written reply as under :—

"In case of non credit Institutions, the quantum of Government Investment is determined on the estimated needs of various co-operative Institutions in the light of programme envisaged to be carried out.

Similar is the position of Government Investment in the Credit Institutions/societies. The applications of the credit Institutions as are forwarded to the Reserve Bank of India through State Government are carefully examined for assessing their actual credit requirements to sustain their realistic lending programmes and the amounts are sanctioned by the Reserve Bank of India according to their instruction issued from time to time.

In case of cooperative consumers stores an amount of share capital of Rs. 3,56,100/- was due for retirement during 1973-74 and 1974-75, but the recovery was Rs. 4,400/- during 1973-74. The financial position of the co-operative consumers stores was weak as they had gone into losses due to the competition with private dealers so they could not return the due instalments of share capital. The stores are required to retire the Government share capital within 15 years from the date of sanction. The matter of framing the detailed rules for the retirement of share capital is under consideration. Efforts are being made to realise the over due instalments. An amount of Rs. 570869.70. was due from the Marketing Societies during the period under report Rs. 2000/03 were recovered during 1973-74 and Rs. 155018.70 during 1974-75. Efforts are being made for the recovery of remaining amount. According to the terms and conditions for the retirement of share capital contribution by the State Government to the Cooperative Marketing Societies retirement is to start 5 years from the date the Government contribution reaches Rs. 5 lacs in case of district level societies and Rs. 1 lakh in the case of Primary Marketing Societies. In cases where Government has not contributed more than Rs. one lakh. Retirement is to commence after 5 years from the date the Government share capital reaches Rs. 2 lakhs. As regards retirements of share capital from the institutions like Dairy Cooperatives etc. the terms and conditions have not been settled so far and are likely to be reviewed by the Agricultural Credit Board of the Reserve Bank of India some times in 1978-79. There is no over due on debentures.

In most cases the Government share contributions had not reached the extent prescribed for retirement hence the repayment has not started".

To another question by the Committee as to in how many cases the terms and conditions of investments were not settled before investment was actually made and why was this not done at that time, the department in their written reply stated :—

"For the retirement of share capital of credit institutions the terms and conditions have not been settled so far. A proposal suggesting the norms of retirements of share capital of cooperative societies was moved to the Reserve Bank of India for its advice. But Reserve Bank of India did not agree with the proposal and desired that this matter be deferred till reviewed by the Agricultural Board of Reserve Bank of India. On receipt of advice from Reserve Bank of India action to retire the share capital will be considered accordingly.

The detailed terms and conditions regarding retirement of share capital granted to the Marketing Co-operatives has been decided. As regards share capital investment in other institutions like Dairy Co-operatives Labour Societies, Industrial Societies etc. the matter regarding the span after which a retirement should start and the period over which the recovery to be spread over is under consideration. The idea is that there should be a uniform policy of retirement of share capital commencing after a fixed period from the date of investment to be spread over a specified number of years. The terms and conditions of retirement of share capital of Marketing Societies are also proposed to be revised".

As regards interest and dividend the department in their written reply stated as under :—

"The dividend is declared only by such societies which are in profit. The dividend is declared annually. The information regarding the declaration of profit and payment of dividend or not has not been received in all cases so far. The following amounts of dividend relating to the year 1974-75 have been received.

1975-76	No. of Societies 3, amount received Rs. 3,69,660/-
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1976-77	No. of Societies 12, amount received Rs. 12,42,093.59
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Instructions have been issued to the field staff that they should ensure that the Societies in profit declare dividend in time according to the provisions of the bye-laws.

The Committee feel unhappy about the pace of retirement of share capital and recovery of loan from the Cooperative institutions and observe that one of the main reasons for the slow recovery or non-recovery is non-settlement of terms and conditions for the retirement of share capital and of the recovery of loan from these institutions.

It is strange that Government invested large sums of money in various types of co-operative Societies without first settling the terms and conditions and without determining the period after which the retirement of capital should start.

The Committee urge that detailed terms and conditions should now be framed in respect of all the Co-operative Institutions without any further loss of time. The Committee also recommend that the pace of recovery should be accelerated and progress reported to them.

As regards dividends the Committee suggest that the department should try to evolve some suitable procedure to bring these co-operative Societies at par with private companies in the matter of declaration of dividends and proper watch kept over their working results.

*Paragraph 8.5. Co-operative banks*

41. As on 30th June, 1974, there were 12 Central Co-operative Banks in the State, acting as financing agencies of primary societies. Besides, there were two apex institutions, namely Haryana State Co-operative Bank Limited and Haryana State Land Development Bank Limited. The former provides medium and short term loans to the Co-operative Institutions while the latter provides long term finance to the agriculturists. As per accounts audited by the Chief Auditor, Co-operative Societies, the investments in these institutions as on 30th June, 1974, and other financial data as on that date were as under :—

Serial No.	Name of the Institution	Number of banks	Paid up capital		Government investment in share capital	
			1972-73	1973-74 (in lakhs of rupees)	1972-73	1973-74
1	Central Co-operative Banks	12	5,20.21	6,10.66	1,50.68	1,35.77
2	Haryana State Co-operative Bank Limited	1	2,02.83	2,14.33	95.90	95.90
3	Haryana State Land Development Bank Limited	1	2,36.89	2,54.00	69.78	69.78
Net profit		Reserves and Funds		Loans by Government		
	1972-73	1973-74	1972-73	1973-74	1972-73	1973-74
	53.99	59.72	2,21.12	2,42.26	13.68	1.06
	23.35	47.15	1,24.34	1,36.45	3.99	8.69
	29.67	45.23	82.68	83.89	465.14	..

(2) In 12 Central Co-operative Banks and one apex institution, namely Haryana State Co-operative Bank Limited, the amounts of over due loan and interest as on 30th June, 1974 were Rs. 11,30.10 lakhs and Rs. 66.84 lakhs respectively. Out of these Rs. 1,44.95 lakhs and Rs. 3.17 lakhs were outstanding for more than three years.

(3) In respect of Central Co-operative Banks, there were 8,489 indebted Co-operative Societies as on 30th June 1974. Out of these, 5,620 societies were in default. The percentage of defaulting societies to the indebted societies ranged from 20.07 per cent to 83.98 per cent in respect of different Co-operative Banks. Debts considered bad and doubtful, amounted to Rs. 3,05.99 lakhs (principal: Rs. 2,61.47 lakhs and interest: Rs. 44.52 lakhs) against which there was a reserve of Rs. 91.62 lakhs only.

(4) The departmental auditors in their reports in respect of two Central Co-operative Banks brought out instances of embezzlement/shortages of cash to the extent of Rs. 26.51 lakhs as detailed below :—

	Rs	
(i) Central Co-operative Bank,		
Gurgaon	17,500	Investigation in progress.
(ii) Central Co-operative Bank,		
Bhiwani	7,97,113	Embezzlement made in 1968, and 1973 under investigation.
	8,41,962	Under police investigation.
	8,96,548	Pending arbitration.
	98,200	Pending arbitration.

The departmental auditors in their reports in respect of two Central Co-operative Banks brought out instances of embezzlement/shortages of cash to the extent of Rs. 26.51 lakhs as detailed below :—

(i) Central Co-operative Bank,	17,500 /-	Investigation in progress.
Gurgaon		
(ii) Central Co-operative Bank,	7,97,113/-	Embezzlement made in 1968 and 1973 under investigation.
Bhiwani		
	8,41,962/-	Under police investigation.
	8,96,548/-	Pending arbitration.
	98,200/-	Pending arbitration.

The department in their written reply stated as under :—

"The cases have not been finalised yet and are still under action with the Central Co-operative Banks. In order to check the recurrence of such cases the supervision over branches of Central Co-operative Banks and Societies has been strengthened and proper internal checking introduced."



It may be mentioned that in spite of all precautions such stray cases also happen in other Commercial banks also. Every care and vigilance is put to avoid such incidents. Several measures like issue of cheques to loanes, delinking of fertilizers, recovery of all dues, as arrears of land revenue have been taken to arrest the bad and doubtful debt. The bad and doubtful debt reserve is also being strengthened, every year out of the profit and several banks profits have still not been allocated under different heads including bad and doubtful reserve and when it is done the reserve will further be strengthened".

To another question whether there were any cases of shortgzes/embezzlement etc. in other districts, the departmental representative stated during oral examination that this information was not available with them and the same would be supplied to the Committee.

The Committee feel alarmed at the large number of cases involving embezzlement of lakhs of rupees, particularly at the Bhiwani Branch of the Central Co-operative Bank where cases have been either under Police investigation or pending arbitration for the last several years without any tangible results. The Committee fail to understand the reasons for this inordinate delay in the finalization of these cases.

The Committee feel that with the passage of time it may become difficult to conduct proper investigation due to non-availability of old records and transfer/retirement of concerned officials etc. The Committee strongly recommend that effective steps be taken to get the long outstanding cases finalised expeditiously and results thereof intimated to them alongwith the remedial measures taken to avoid the recurrence of such cases in future.

The Committee would also like to know the position in regard to the other districts as promised during oral examination.

#### Paragraph 8.6. Co-operative consumers stores

42. There were 10 Central Co-operative Consumers Stores in the State as on 30th June, 1974. Besides, there was one apex institution namely, the Haryana State Federation of Consumers Co-operative Wholesale Stores Limited.

(1). The financial results of the Central Co-operative Consumers Stores for the year 1972-73 and 1973-74 as per accounts audited by the Chief Auditor, Co-operative Societies were as under :—

Year	Paid up capital	Government investment on share capital	Loans	Reserves and Funds	Net profit(+)/ Net loss(—)
(in lakhs of rupees)					
1972-73	15.24	11.05	33.21	6.70	(+)1.70
1973-74	16.11	10.97	22.99	8.90	(+)2.64

Eight stores earned a net profit of Rs. 2.85 lakhs while the remaining two stores (Hissar and Gurgaon) sustained a net loss of Rs. 0.21 lakh during the year.

(2) A review of the audited accounts of these stores for the year ended 30th June, 1974 disclosed the following :—

- (i) In eight stores, cash/stores worth Rs. 4.98 lakhs were alleged to have been found short/misappropriated/embezzled.
- (ii) In eight stores, debts to the extent of Rs. 5.91 lakhs were considered bad and doubtful against which there was a provision of Rs. 2.33 lakhs only.
- (iii) Four stores were advanced loans/subsidies aggregating Rs. 6.31 lakhs for the construction of godown buildings and acquisition of furniture etc. Out of this, a sum of Rs. 2.38 lakhs was being utilised for purposes other than for which it was intended.
- (iv) In ten stores, the closing stock aggregating Rs. 34.40 lakhs included a dead/damaged stock to the extent of Rs. 1.22 lakhs.
- (v) At Faridabad Consumers Store, reconciliation of bank accounts revealed differences of Rs. 50,928 and Rs. 2,529 with the State Bank of India and Gurgaon Co-operative Bank, Faridabad respectively.

(B) *Haryana State Federation of Consumers Co-operative Wholesale Stores Limited.*

This apex institution was registered in October 1966 mainly to co-ordinate and facilitate the working of affiliated Co-operative Consumers Stores and to assist in the promotion, organisation and development of Co-operative Consumers Stores in Haryana State.

(1) According to the report of the departmental auditors, the working results of the Federation for the year ended 30th June, 1974 as compared to the previous two years were as under :—

Year	Paid up share capital	Government investment in share capital	Reserves and Funds	Loans from Government	Profit during the year
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(in lakhs of rupees)

1971-72	4.31	3.41	0.85	0.06	0.44
1972-73	4.33	3.41	1.74	0.06	0.35
1973-74	4.58	3.41	3.18	..	0.47

The percentage of profit to capital during the year 1973-74 increased to 10.26 per cent from 8.08 per cent during the year 1972-73.

(2) The Audit Report for the year 1973-74 brought out the following deficiencies :—

- (i) Recovery of Rs. 42,032 was not effected from an ex-employee. The case was pending with the police.
- (ii) Supplies amounting to Rs. 2.45 lakhs made on credit basis to the Co-operative Stores had not been confirmed.

To a question by the Committee as to why the stores at Hissar and Gujraon sustained a net loss of Rs. 0.21 lakh during the year when the stores in other districts had earned profits the department in their written reply stated as under :—

“The reasons of losses in respect of Hissar Consumer Store during the year 1973-74 were mainly on account of injudicious purchases high administrative and handling charges”.

During the course of oral examination the departmental representative informed the Committee that award against the Officer concerned had been submitted to the Government and further action was being taken in the matter. It was also stated that the Officer had filed an appeal with the Government.

The Committee would like to be informed at an early date about the result of the appeal and the action taken against the Officer concerned.

The Committee also recommend that suitable steps should be taken to ensure that purchases of materials are made judiciously and with the utmost care and prudence so that only those articles are purchased for which there is a public demand.

It was stated by the department in their written reply that out of shortages/mis-appropriation/embezzlement of Rs. 4.98 lakhs an amount of Rs. 1.81 lakhs had since been recovered and in the remaining cases action had been initiated to recover the amount after fixing responsibility.

The Committee view with concern that cases of shortage/misappropriation/embezzlement to the extent of Rs. 4.98 lakhs had occurred in eight stores out of which only Rs. 1.81 lakhs had been recovered so far. The Committee recommend that investigation in the remaining cases be finalised at the earliest and the recovery of balance amount effected immediately. The Committee may also be apprised of the action taken against the defaulters, besides, recovering the amount from them.

The Committee also suggest that the desirability of introducing a systematic procedure of surprise checking may also be considered as it would help in reducing and timely detection of such cases.

To a question by the Committee as to what was the present position of the disposal of dead/damaged stocks in the various stores the Department in their written reply stated as under :—

“Out of Rs. 1.22 lakhs as dead and damaged stocks with the stores

only Panipat Central Co-operative Consumers Store still has a stock of Rs. 25,000/- for which efforts are being made to dispose of the same. In all the other stores the dead and damaged stocks have been disposed of. The stores have been advised to make judicious purchase and make regular periodical checks of the stocks, so that there should be no piling up of dead and damaged stocks. The stocks of the stores are being checked half yearly with the help of departmental auditors. The main dead and damaged stocks were in respect of Hissar and Panipat Stores. Action has been initiated against the Manager of Hissar Stores, whereas the Manager of Panipat store has died".

To another question of the Committee as to how much loss was sustained by the department in disposing of the dead and damaged stock valuing Rs. 0.97 lakh, the Department stated in their written reply that these stocks were disposed of for Rs. 0.63 lakh. There was thus a loss of Rs. 0.34 lakh on the sale of these stocks.

The Committee are displeased at the accumulation of heavy dead/damaged stocks, most of which are stated to pertain to Hissar and Panipat Stores. This was obviously the result of injudicious and indiscriminate purchases of material without proper assessment of the stocks already available and the needs of the people in the respective areas. The Committee would like to reiterate their observations in this behalf in para 8.6 of this Report.

The Committee would also like to know the action taken against the Manager of Hissar Stores. The Committee also desire that responsibility for the loss of Rs. 0.34 lakh arising out of the disposal of dead/damaged stock be fixed under intimation to them.

The Committee would further like that immediate steps be taken to dispose of the remaining dead/damaged stores valuing Rs. 0.25 lakh in the Panipat Store.

Regarding the recovery of Rs. 42,032/- from an ex-employee, the department stated as under :—

A sum of Rs. 42,032/- was not allowed to accumulate. It was embezzled by one salesman, employee of the Federation during the year 1968-69. He embezzled this amount by showing shortages in stock under his charge. A case was registered with the police vide F.I.R. No. 179/IPC dated the 13th March, 1970 at Chandigarh. His case is still pending with the Police for investigation. Besides, Assistant Registrar has been appointed as Enquiry Officer under section 54(1) of the Punjab Co-operative Societies Act, 1961 as applicable to Haryana State for the purpose of surcharging the ex-employee. The said Enquiry Officer has heard the case by giving many dates. His final report is still awaited. He has again been reminded to send the report immediately".

During oral examination it was stated that the enquiry Officer had since submitted his report and he had held the Salesman responsible for this embezzlement. It was further stated that notice for recovery would

now be issued. To another question it was submitted that the department was not certain whether the officials concerned was traceable as he had not appeared before the Enquiry Officer. It was, however, assured that the Department would check up if any member of supervisory staff was also responsible in this case.

The Committee express displeasure at the unusual delay in the completion of the Police investigations. Even after the lapse of about nine years, the Police enquiry is still pending. The Committee would like that investigation by the Police be finalised without further delay and the progress in the recovery of the amount of Rs. 42,032 intimated to the Committee. The Committee also urge that the promised enquiry to assess the responsibility of the supervisory staff be completed expeditiously and the Committee informed of the results.

*Paragraph 8.7. Co-operative sugar mills*

43. There are four co-operative sugar mills in the State located at Rohtak, Panipat, Karnal and Sonapat. The total Government investment in the sugar mills as on 30th June, 1974 was Rs. 1.30 lakhs.

The sugar mills at Rohtak and Panipat are already in production; the other two are still under construction.

According to the reports of the departmental auditors, the financial position of the sugar mills at Rohtak and Panipat as on 30th June 1974 was as under :—

Particulars	Haryana Co-operative Sugar Mills Limited		Haryana Co-operative Sugar Mills Limited Panipat	
	Rohtak		Panipat	
	(in lakhs of rupees)			
Paid up capital	61.62	53.79		
Government investment in share capital	20.00	20.00		
Free Reserves	1,46.08	2,02.32		
Capital invested	2,07.70	2,56.11		
Profit during the year	11.68	17.40		
Percentage of return on capital invested	5.62	6.79		
Cane crushed (quintals in lakhs)	18.69	19.73		
Percentage of recovery	8.04	8.86		

Some of the important irregularities pointed out by the departmental auditors in their reports on the accounts of the sugar mill at Panipat for the

year ended 30th June, 1974, were as under :—

(a) *Sugar Unit*

- (i) A sum of Rs. 3.20 lakhs was outstanding against certain firms for more than three years and was considered doubtful.
- (ii) A sum of Rs. 1.78 lakhs towards loans paid for sugarcane seed was outstanding for more than three years against the cane-growers.
- (iii) A sum of Rs. 0.29 lakh was outstanding against some officers of the mill for more than three years; Rs. 0.04 lakh was due from an ex-employee.

(b) *Distillery Unit*

- (i) As per general ledger, value of straw covers was Rs. 0.42 lakh against which no stock existed as per inventory of 1972-73.
- (ii) Shortages of Rs. 0.24 lakh relating to laboratory chemicals for the years 1970-71 and 1971-72 were not investigated.
- (iii) A sum of Rs. 1.78 lakhs towards loans paid for sugarcane seed was outstanding for more than three years against the cane growers.

*Distillery Unit.*

- (ii) Shortage of Rs. 0.24 lakh relating to laboratory chemicals for the years 1970-71 and 1971-72 were not investigated.

To a question as to why the amount of Rs. 1.78 lakhs paid as loans could not be recovered from the cane growers and whether responsibility for this lapse had been fixed, the department in their written reply stated as under :—

"The growers who took seed advance did not offer their cane for supply to the Mills as such recovery could not be effected. On scrutiny of individual case their sureties were held but in their case also on account of cross surety they could not be contracted. However, recovery of Rs. 60,645/- for which the employees of the mill were the surety has already been started. Also efforts were made to recover through our field staff and details for Rs. 1,09,000/- for recovery were sent to Karnal Mill where these growers were supplying cane, but results are still awaited. As the loan was free of interest no penal interest was imposed or recovered".

To a further question by the Committee as to why the shortages worth Rs. 0.29 lakh were not investigated and whether it had been done now, the department in their written reply stated as under :—

"Chemicals : The basis on which the alleged shortage has been pointed out is not clear. The Senior Auditor has been requested

to supply itemwise details on which the figures mentioned in Audit Report are based.

P.P.Scales. The difference is due to adjustment of sales tax over-charged by M/s Larsan and Foubro Ltd. This has been reconciled.

The Committee recommend that the Department should pursue the matter in regard to recovery of loans from the cane growers vigorously. In future, the department should not accept cross sureties to avoid such complications.

The Committee would like to be informed of the progress in the recovery of outstanding advances.

The Committee would like to know the latest position in respect of Shortage of laboratory chemicals.

Paragraph 8.8. Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh.

44. The working results of the institution for the years 1971-72, 1972-73 and 1973-74 as per reports of the departmental auditors are given below :—

Year, of Account	Paid up Capital	Government investment	Reserves and Funds	Loans(cash credit)	Net profit
(in lakhs of rupees)					
1971-72	1,30.68	1,19.54	42.30	12,48.24	6.46
1972-73	1,48.19	1,32.71	56.00	7,19.13	10.61
1973-74	1,86.39	1,67.71	86.84	9,79.55	23.92

(2) The report of the departmental auditors disclosed the following :—

(i) There was a shortage of 511.49 quintals of toria (value :Rs. 1.40 lakhs) in the Oil Mill at Nuh. The shortage amounted to 12.7 per cent of the total purchase made and was stated to be due to drirage.

(ii) 14,400 gunny bags were stated to have been transferred by Taraori Rice Sheller to the Oil Mill Nuh, but the latter showed a receipt of only 7,205 gunny bags.

(iii) The Federation had set up a harvesting combine unit at Taraori with a fleet of 25 imported combines. The unit suffered a loss of Rs. 1.84 lakhs during 1973-74 and was closed. The main reasons for the loss were stated to be lack of proper supervision, non-utilisation of the machines to the full capacity and for the whole season etc.

(ii) 14,400 gunny bags were stated to have been transferred by Taraori Rice Shellers to the Oil Mill Nuh but the latter showed a receipt of only 7,205 gunny bags.

To a question by the Committee as to why there was a discrepancy of 7,195 gunny bags, the Department in their written reply stated as under—

“7,195 gunny bags which were unserviceable were transferred from Taraori Plant to Nuh Oil Mills. As per report of the Manager the bags were utilised as dunnage to trucks for transportation of tins of oil. Since the Manager of the Nuh Oil Mills has failed to substantiate the loss on account of Toria and use of gunny bags necessary action against him has been initiated”.

During the course of oral examination the departmental representative stated that an F.I.R. had been registered against the Manager of the Nuh Oil Mill in November, 1978.

The Committee recommend that the case be pursued with the Police authorities vigorously and final outcome intimated to the Committee.

### COMMON PARAGRAPHS

#### *Paragraphs 1.3 (c) Arrears in collection of Revenue.*

45. The Committee find it most distressing that there are heavy arrears in collection of revenue. Some of these arrears relate to the year 1964-65 and even earlier. All out efforts should be made for effecting recovery of these arrears immediately lest it should become difficult with the passage of time to recover these arrears. The accumulation of these arrears obviously affects the ways and means position of government.

The Committee suggest that the Finance Department should devise a suitable effective procedure to review the position of arrears in each Department periodically. A definite time Schedule should also be prescribed within which the old outstanding arrears of revenue should be fully recovered.

The Committee would also like to mention that according to the information made available to them heavy arrears of revenue exist in the Transport Department. The Departmental representative stated during oral examination in December, 1978 that the figures of arrears were under reconciliation and that the exact amount outstanding on this account would be worked out and intimated within six weeks. The Committee, however, regret to observe that the correct figures had not been intimated to the Committee till the writing of the Report. The Committee desire that the yearwise details of the exact arrears outstandings, the reasons therefor and steps taken to liquidate them may be intimated to them expeditiously.

#### *Paragraph 1.14 Utilisation Certificate.*

46. The Committee note with great concern that a large number of utilisation certificates are still to be furnished to audit by the various Departments. Even the utilisation certificates in respect of grants disbursed as far back as 1957-58 and onwards were still outstanding. The Committee



feel that in the absence of the certificates it cannot be vouchsafed that the beneficiaries have spent the grants on the objects for which these have been sanctioned.

No serious efforts seem to have been made by the Departments to clear the outstanding utilisation certificates despite the Committee's earlier recommendations in paragraphs 78 and 50 of their fifth and seventh Reports, respectively.

The Committee recommend that strict instructions should be issued to all the concerned Departments to clear the outstanding utilisation certificates with the utmost promptitude. The Committee further recommend that Government should consider the desirability of withholding payments of further grants to the institutions which do not submit the utilisation certificates within the prescribed time limit.

*Paragraph 3.22—Misappropriation and Defalcation etc.*

47. The Committee noted with deep concern that despite their repeated recommendations for finalizing the cases of mis-appropriations, defalcations etc., expeditiously, the position continues to be unsatisfactory and a large number of such cases are still outstanding in various Departments for the last many years.

In certain cases, although departmental action and criminal prosecution had been completed quite some time back yet recovery of the amounts involved had not as yet been effected. The Committee also regret to find that cases, reported to the Police for investigation were considerably delayed and in certain cases the enquiry by the police was not effective and adequate as a consequence of which the guilty officials could not be brought to book.

The Committee recommend that the old pending cases atleast upto the end of March, 1976 should be examined by the departments concerned immediately and steps taken to finalise action thereon or to effect recovery, as the case may be.

The Committee would also like to draw attention to their recommendations made in para 27 of their Ninth Report and desire that action taken on their recommendations be intimated to them. It is regretted that although these recommendations were made in the Report presented to the Vidhan Sabha in July, 1976 there has been no tangible progress in the settlement of pending cases.

*Paragraph 5.1—Synopsis of important stores accounts.*

48. The Committee are unhappy to note that the preparation of Store Accounts from the years 1969-70 to 1974-75, by certain departments was still in arrears.

The Committee urge that arrears on this account be cleared expeditiously by the Departments concerned and the Committee apprised of the progress made in this behalf. The Committee further recommend that strict instructions in this regard be issued by Government to ensure that the store Accounts are prepared well in time in future.

*Paragraph 5.2—Minus Balances in Stock Registers.*

49. The Committee recommend that immediate and effective steps be taken to analyse and reconcile the minus balances and the Committee informed about the progress made in this behalf.

*Paragraph 5.3—Reserve Limit of Stock.*

50. The Committee view with disfavour the non-observance of rules of the Public Works Department, regarding reserve limit of stock by the following departments :—

- (i) Irrigation.
- (ii) Buildings and Roads.
- (iii) Public Health.

Reserve limits of stock had not been prescribed for almost half of the total number of divisions and in eight divisions the prescribed limits were exceeded to the extent of Rs. 43.36 lakhs. The Committee recommend that reserve limits of stock should be laid down in all cases expeditiously and steps be taken to ensure that the prescribed limits are not exceeded as far as possible.

*Paragraph 5.4—Completion of half yearly stock registers.*

51. The Committee are unhappy to note that the Engineering Departments are still not complying with the rules requiring that stock Registers in Public Works Divisions should be closed at the end of each half year. Rather the arrears of incomplete half yearly stock registers have been increasing from year to year. The Committee recommend that immediate steps be taken to clear the arrears on this account expeditiously and the progress made in this respect intimated to them.

*Paragraph 9.1 and 9.2 Outstanding Audit Observations and Inspection Reports.*

52. It has been pointed out in the Audit Report that at the end of December 1975 as many as 16843 audit objections involving Rs. 26.66 crores were outstanding in respect of the various departments. Of these 12424 objections with a money value of Rs. 1386.86 lakhs were outstanding for want of actual payees receipts and vouchers.

Besides, 6629 inspection reports containing 29930 paragraphs issued upto 31-3-75 were also outstanding at the end of December, 1975. These included 314 inspection reports to which even first replies had not been received by December, 1975.

The Committee feel disturbed over the large number of outstanding audit objections and paras of inspection reports. In fact these outstandings have been increasing year after year and no tangible efforts appear to have been made to liquidate the old outstanding objections/observations. In the absence of actual payees receipts it cannot be vouchsafed that the amounts withdrawn from the treasury were for genuine purposes and that there have been no cases of embezzlement or misappropriation of Government money.

The Committee recommend that vigorous and concerted steps be taken for the immediate settlement of outstanding audit objections and paras of the inspection reports, as with the passage of time it may become difficult to locate the relevant documents or to take action against the officials involved in cases of wasteful expenditure, embezzlement and misappropriation etc.

*Action taken by Government on recommendations contained in the previous Reports of the Committee*

The task of the Public Accounts Committee is not completed unless proper and prompt action is taken by Government on their recommendations.

The Committee also recommend that appropriate action should be taken against the officials/officers who are responsible for causing delays in the implementation of the Committee's recommendations.

The Committee feel concerned over the undue delays in the implementation of their recommendations/observations. In some cases, the recommendations have been outstanding for 4 to 5 years and still it is not known as to how much more time will be taken to implement them. The repeated requests of the Committee for prompt follow up action on their recommendations had gone un-heeded. The Committee wish to emphasise that only adequate and quick compliance with their recommendations can ensure proper discharge of the functions entrusted to the Committee by the Legislature and urge that Government should fix a time limit within which the old outstanding recommendations should be disposed of. Progress report to this effect should be submitted at suitable intervals to the Minister-in-charge as also to the Finance Minister and the Chief Minister. In this connection, attention is also invited to the observations contained in para 53 of the Committee's 7th Report.

*Delay in the supply of information promised during oral examination.*

53. The Committee have noted with regret that in a number of cases the information promised by the departmental representatives during the course of oral examination was not supplied even till the finalization of this Report. The Committee felt handicapped in framing their recommendations for want of the promised information.

The Committee deplores this indifferent attitude and recommend that suitable instruction be issued by Government to all Departments impressing upon them the necessity of furnishing such information within the time limit agreed to by them before the Committee. It may be made clear to them that such delays in future would be viewed seriously calling for suitable action against the delinquent officials.

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