

PUBLIC ACCOUNTS COMMITTEE

(1981-82)

EIGHTEENTH REPORT

REPORT

ON THE

Appropriation Accounts/Finance Accounts of the  
Haryana Government for the year 1978-79, the  
Report of the Comptroller and Auditor  
General of India for the year 1976-77  
(Civil and Revenue Receipts)



VIDHAN SABHA SECRETARIAT  
CHANDIGARH.  
MARCH, 1982

(Presented to the House on 30th March, 1982.)

HARYANA VIDHAN SABHA

18

## TABLE OF CONTENTS

	Paragraph(s)	Page(s)
Composition of the Public Accounts Committee		(iii)
Introduction		(v)
Report on the Appropriation Accounts/Finance Accounts of the Haryana Government for the year 1978-79 and the Report of the Comptroller and Auditor General of India for the year 1976-77 (Civil) and (Revenue Receipts)		1—2
1. General	1—8	
2. Excess over Voted grants/Charged appropriation.	9	2—3
<b>Part—I (Civil)</b>		
3. Labour and Employment	10	3—31
4. Agriculture	11—18	31—55
5. Medical and Health	19—21	55—61
6. Lotteries	22	61—63
7. Revenue	23	63—64
8. Irrigation	24—27	64—74
9. Buildings & Roads	28—30	74—80
10. Public Health	31—33	80—90
11. Industrial Training	34	90—92
12. Food and Supplies	35	92—94
13. Transport	36	94—97
14. Cooperation	37—42	97—120
<b>Part—II (Revenue Receipts)</b>		
15. Revenue	43—49	120—126
16. Co-operation	50	127—129
17. Transport	51—54	129—134
18. Excise and Taxation	55—59	134—140
<b>ANNEXURE</b>		
Statement Showing the outstanding paragraphs of various Reports of the Committee		141—148

(iii)

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**

**CHAIRMAN**

1. Rao Ram Narain

**MEMBERS**

2. Shri Baldev Tayal
3. Rao Bansi Singh
4. Shri Deep Chand Bhatia
5. Shri Lehri Singh
6. Shri Mangal Sein
7. Shri Satvir Singh Malik
8. Shri Verender Singh
9. Shri Zile Singh

**SECRETARIAT**

1. Shri Raj Krishan, Secretary
  2. Shri Surinder Kumar, Under Secretary
-

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee in this behalf, present this their Eighteenth Report on the Appropriation Accounts/Finance Accounts of the Haryana Government for the year 1978-79, the Report of the Comptroller and Auditor General of India for the year 1976-77 (Civil) and (Revenue Receipts).

2. The Committee framed questionnaires on the followings :

(i) Appropriation Accounts/Finance Accounts of the Haryana Government for the year 1978-79.

(ii) Report of the Comptroller and Auditor General of India for the year 1976-77 (Civil) and (Revenue Receipts).

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

4. The Committee place on record their appreciation of the valuable assistance rendered to them by the Accountant General Haryana and his staff and are thankful to the Secretary to Government, Haryana, Finance Department and the representatives of the various departments who appeared for oral evidence before them from time to time. The Committee are also thankful to the Secretary, Haryana Vidhan Sabha and his officers and staff for the whole-hearted cooperation and assistance given by them to the Committee.

Chandigarh :

The 18th March 1982

Sd/-  
RAO RAM NARAIN

Chairman

## REPORT

### GENERAL

1. The present Public Accounts Committee was constituted by election vide Notification No. PAC—9/81/29, dated the 23rd April, 1981.

2. The Committee held 92 meetings in all at Chandigarh and other places.

3. The Committee observed from time to time that the departments of the Government were causing inordinate delay in taking action in regard to the implementation of observations/recommendations of the Committee contained in their various reports. It was also noticed by the Committee that in the matter of furnishing information to them, particularly in cases where the Committee had recommended fixing of responsibility on the officials/officers found guilty of lapses and for taking departmental action against them, there were serious delays on the part of the departments. The Committee further observed with anguish that departmental action against such employees was being allowed to linger on for years together and in most cases it was reported that the officers/officials concerned had either retired or died. Although the Finance Department had issued comprehensive instructions and guidelines in connection with the expeditious implementations of observations/recommendations made by the Committee in their various reports and those instructions/guidelines were being reiterated by the Finance Department from time to time, yet the Committee found that those instructions/guidelines were being followed by the departments of the Government more in breach than in practice. The Committee are, therefore, distressed to conclude that the departments do not take the recommendations/observations of the Committee seriously and observe that the Finance Department should not feel contented merely with the issue of instructions but should evolve some satisfactory method for getting the recommendations of the Committee implemented expeditiously and in letter and spirit.

4. The Committee would also like to observe that the Finance Department, while devising an effective method to watch the progress made by the departments in implementing the recommendations of the Committee, should also ensure that where the departments had not shown the required initiative in the implementation of the recommendations of the Committee, responsibility on the concerned senior officer is pin pointed and all such cases are brought to the notice of the Chief Minister/Cabinet for appropriate action. The Committee feel that an objective consideration at the level of the Chief Minister/Cabinet can go a long way in bringing home the need of seriousness required for the implementation of the recommendations/observations of the Committee. The Committee desired that a report in regard to the action taken in each such case should be sent for their information.

5. The Committee further observe that although primarily it is the responsibility of the Finance Department to ensure that the observations/recommendations of the Committee are implemented by the concerned departments promptly and effectively, yet the Committee noticed that the Finance Department had not been sufficiently alert in that regard, obviously because

the Finance Department has not yet evolved an entirely satisfactory machinery to expedite and co-ordinate departmental action on the recommendations of the Committee. The Committee believe that the Finance Department is fully competent to take effective measures as would inspire the Administrative Departments to implement the recommendations/observations of the Committee promptly and at the same time ensure that the whole effort of the Committee is not allowed to go waste,

6. The Committee are of the view that each department should delegate the duty of scrutinising the reports of the Committee to a responsible officer of their department and such officer should be in close touch with the Finance Department. He should also keep a liaison with the Haryana Vidhan Sabha Secretariat throughout the year.

7. During the course of the year the Committee also noticed that the replies to the questionnaires were not forthcoming from the concerned departments of the Government within the prescribed period in spite of the fact that the time for sending the replies was raised from two weeks to four weeks.

8. The Committee would, therefore, like to invite attention in this regard to para 3 of the 15th Report and paras 3 and 4 of 17th Report of the Committee and reiterate that their recommendations contained therein should be scrupulously followed by the Heads of Departments/Administrative Secretaries.

### EXCESS OVER VOTED GRANTS/CHARGED APPROPRIATIONS

#### (a) Grants

9. The excess of Rs. 0 33 crore in 2 grants in the revenue portion and of Rs. 0 28 crore in 1 grant in the capital portion required regularisation under Article 205 of the Constitution. The details are given below :—

Sr. No.	Particulars of grants	Original grant	Supplementary grant	Total	Expenditure	Excess-
1	2	3	4	5	6	7
<b>Revenue portion</b>						
1.	8—Building & Roads	12,45,34,300	1,83,70,700	14,29,05,000	14,60,47,069	31,42,069
2.	13—Social Welfare & Rehabilitation	2,71,25,840	51,84,740	3,23,10,580	3,24,57,944	1,47,364
<b>Capital Portion</b>						
1	8—Buildings & Roads	7,58,95,430	4,62,81,170	12,21,76,600	12,49,59,529	27,82,929

REVENUE APPROPRIATIONS

The excess of Rs. 1,52.06 lakhs in 4 charged appropriations in revenue section and of Rs. 0.05 lakh in 1 charged appropriation in capital section, as detailed below, also requires regularisation:-

Revenue Portion

1. 2-General Administration	16,62,500	4,71,090	21,33,690	21,76,603	42,913
2. 3-Home	26,30,890	13,610	26,44,500	27,65,879	1,21,379
3. 6-Finance	31,54,26,294	7,69,40,626	39,23,66,920	40,73,61,384	1,49,94, * *464
4. 20-Forest	-----	-----	-----	47,334	47,334

Capital Portion

1. 15 Irrigation	-----	-----	-----	5,024	5,024
------------------	-------	-------	-------	-------	-------

- . - . - . - . -

To be substituted for paragraph 9 appearing at page 2 and 3 of 18th Report except the recommendations at page 3.

EXCESS OVER VOTED GRANTS/CHARGED APPROPRIATIONS.

(a) Grants

The excess of Rs. 2.02 lakhs in 1 grant in the revenue section and of Rs. 2,58.22 lakhs in 3 grants in the capital section requires regularisation under Article 205 of the Constitution. The details are given below:-

Sr. No.	particulars of grant	Original grant	Supplementary grant	Total grant	Expenditure	Excess
1	2	3	4	5	6	7
<u>Revenue Portion</u>						
1.	6-Finance	4,87,36,790	-----	4,87,36,790	4,89,38,984	2,02,194
<u>Capital Portion</u>						
1.	8-Buildings and Roads	12,04,44,500	4,95,06,300	16,99,50,800	17,10,16,261	10,65,461
2.	11-Urban Development	-----	-----	-----	5,39,602	5,39,602
3.	15-Irrigation	85,89,04,040	-----	85,89,04,040	88,31,21,242	2,42,17,*
						*202



1	2	3	4	5	6	7
---	---	---	---	---	---	---

### (b) Charged Appropriations

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

#### Revenue

1.	7—Other Administrative Services	2,20,000	—	2,20,000	2,41,508	21,508
----	---------------------------------	----------	---	----------	----------	--------

#### Capital

1	15—Irrigation	—	31,000	31,000	31,032	32
2	—Agriculture	8,00,000	6,00,000	14,00,000	14,00,900	900
	Public Debt	1,00,91,62,596	6,93,154	1,00,98,55,750	1,14,49,13,915	13,50,58,165

As recommended by the Committee in their earlier Reports, the cases of excess expenditure be investigated by the Finance Department in detail to determine and analyse the circumstances leading to such instances and take suitable effective measures to eliminate the recurrence in future.

Subject to the above observations, the Committee recommend that the excess expenditure indicated above may be regularised by the Legislature in the manner prescribed under Article 205 of the Constitution of India.

Man Power ~~LABOUR~~ AND EMPLOYMENT cell

#### 3.1. Half a million jobs programme

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

According to the State Planning Department (May 1973), as on 31st December, 1972, the State had 55,260 educated unemployed (matric/higher

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

According to the report furnished in July 1974 by the State Government to the Government of India, the position of amounts spent on the programme and the employment generated vis-a-vis the approved outlay and the employment potential during 1973-74 was as under :—

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

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

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

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

## 10. A. Training Schemes

Schemes falling under this category were intended to give job-oriented training (stipend was payable for the training period) to the educated unemployed with a view to their absorption in Government departments, statutory corporations, Government companies, etc. Out of the approved 66 schemes (outlay : Rs. 1,36.05 lakhs) having employment potential for 10,394 persons-56 schemes were undertaken at a cost of Rs. 82.54 lakhs (Rs. 75.29 lakhs in 1973-74 and Rs. 7.25 lakhs in 1974-75) and were stated to have generated employment for 7,204 persons (7,171 by 31st March 1974 and the remaining in the next year). The department-wise details, as furnished by the Planning Department and other departments in July/August 1977, are given below :—

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

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

It was noticed that no training was imparted and no new jobs were created. The persons reported to have been provided employment were not unemployed either on the eve of launching of this half a million jobs programme in July 1973. The expenditure (Rs. 45.45 lakhs) represented part of the expenditure (Rs. 1,30.63 lakhs) on salary of 3,431 employees (trained teachers : 3,400; others : 31) during 1973-74. These employees were appointed in February 1973 (the programme was launched in July 1973) with a view to making alternative arrangements for teaching when the regular staff was on strike and were allowed to continue in service after the strike was over.

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

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

Scheme	Employment potential	Trained and employed		
		Engineering graduates	Engineering diploma holders	Matriculates/under-graduates
1. Training of graduate engineers/ diploma holders for lining work	80			
	275	35	43	
2. Training of clerks	300	...	...	39
Total	655	35	43	39

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

B. *Self employment schemes*

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

Scheme	Executing agency	Employment potential					Total amount spent (in lakhs of rupees)
		Engineering graduates	Engineering diploma holders	I.T.I. certificate holders	Graduates	Matriculantes	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Setting up of 21 industrial co-operative Societies by engineers/technicians	Co-operation Department	35	47	474	315	79	33.27
2. Self employment schemes by individual entrepreneurs	Industries Department through the Haryana Financial Corporation	50	50	..	..	...	16.95
3. Setting up of 40 sales centres	Agriculture Department through the Haryana	—	—	—	—	40	0.30
4. Setting up of 70 agro-centres	Agro-Industries Corporation Limited	70	—	—	—	—	4.90
							2.98*
Total		155	97	474	315	119	58.40

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

(i) Rupees 33.27 lakhs, sanctioned as seed money/margin money to 21 industrial co-operative societies were deposited in the Haryana State Co-operative Bank Limited in March 1974 in the accounts of the co-operative societies to be jointly operated by the society concerned and the Assistant Registrar, Co-operative Societies. Only 12 out of 21 projects (societies) were

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

approved by the commercial banks for financing for which seed money amounting to Rs. 22.09 lakhs was released in March 1974 (Rs. 7.50 lakhs), April 1974 (Rs. 8.20 lakhs), August 1974 (Rs. 5.10 lakhs) and April 1975 (Rs. 1.29 lakhs) in anticipation of actual financing by the banks. According to the information furnished by the department in June 1977, three of the twelve societies (seed money involved : Rs. 7.05 lakhs) had not been financed by the banks (reasons not known) and had not started functioning properly. Loan assistance to the other nine societies out of the above 12 societies was released by the banks later, i.e., between February 1975 and August 1975. These nine societies which were stated to be functioning, had a total membership of 111 only (engineering graduates : 6, engineering diploma holders : 8, graduates/post graduates : 23, I.T.I. certificate holders : 26, matriculates/undergraduates : 35, others : 137. Employment generated under this scheme was thus not for the envisaged 950 persons.

The seed money (Rs. 11.18 lakhs) sanctioned to nine societies which were not approved by the banks for financing, was recalled and placed at the disposal of the Haryana State Industrial Co-operative Federation (INFED) in March 1975. Out of this, Rs. 6.848 lakhs were later transferred in June-August 1976 to the Haryana Handloom Weavers Apex Co-operative Society Limited, Panipat (Apex). These amounts were utilised on the following activities.

Agency	Scheme/activity	Total expendi- ture	Government's assistance (seed money)	Employment reportedly provided	
				1975-76	1976-77
		(in lakhs of rupees)			
INFED	(i) Setting up of four footwear production centres	1.94	4.332	41*	64*
	(ii) Setting up of 11 emporias	3.76		6	12
Apex	For meeting liabilities of 11 existing hand- loom centres, purchase of raw material, machi- nery, etc.	9.13	6.848	...	...
Total		14.83	11.180	47	76

The INFED stated in May 1977 that the workers employed in production centres/emporia would be organised into different co-operative societies at the appropriate stage and 5 per cent wages of the workers were being deducted with a view to converting the accumulated amount into their share money. The Apex stated (May 1977) that no proposal giving targets of employment potential was ever submitted by it to the Government. Neither these schemes had the approval of the Government of India (which

\*Includes 12 and 39 under-matric skilled workers.

was to "bear the expenditure" nor were these financed by any financial institution.

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

- (ii) Rupees 16.95 lakhs (seed money : Rs. 15 lakhs; stipend : Rs. 1.95 lakhs) drawn by the Industries Department in March 1974 were placed at the disposal of the Haryana Financial Corporation for disbursement on behalf of the State Government as seed money to eligible persons to whom the Corporation or banks would sanction principal financial assistance for setting up industrial projects. The agency agreement between the State Government and the Corporation was executed on 25th March 1975. By 31st March 1975, only one party was given the seed money amounting to Rs. 0.92 lakh. By 27th August 1976, Rs. 14.87 lakhs were disbursed as seed money to 46 units (employment potential : 100) under the half a million jobs programme as per details given below :—

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

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

- (iii) The scheme for setting up 40 sales centres, on which expenditure of Rs. 0.30 lakh (margin money : Rs. 0.21 lakh; stipends : Rs. 0.09 lakh) was reported, was not actually implemented as stated (June 1977) by the Haryana Agro-Industries Corporation Limited. The amount had not been refunded (August 1977).
- (iv) Out of Rs. 4.90 lakhs reportedly spent on setting up 70 agro-service centres during 1973-74, Rs. 2.90 lakhs were credited in April 1975 to the accounts of the entrepreneurs who were in the process of setting up these centres. Rupees 2.00 lakhs were similarly credited between May 1975 and March 1977. Actual date of release of this margin money and the amount of loan sanctioned/released by the banks were not known to the Haryana Agro-Industries Corporation (June 1977). Delay was stated to be due to the entrepreneurs' difficulties in furnishing tangible security for the margin money and the delay in the final settlement of the terms and conditions of loans.

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

### *C. Subsidised employment schemes*

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

In reply to the questionnaire issued by the Committee, the Department, in their written reply explained as under :

#### *Half-a-million Jobs Programme*

As a part of national programme, the Haryana Govt. sponsored Half-A-Million Jobs Programme (HAMJP) for the educated persons during 1973-74. Three types of schemes were implemented :

- (i) *Stipendary training schemes* : Educated unemployed persons were imparted training for a specified period on prescribed stipends fixed by Govt. of India. After successful completion of training period they were absorbed on regular jobs. A target of training 10394 persons was fixed of which 7171 (70%) finally got employment under these schemes as on 31st March, 1974.
- (ii) *Subsidised Employment Training Schemes* : Educated unemployed persons were engaged by the employers for imparting on the job training for specified periods in the private industrial units at prescribed rates of stipends fixed by Govt. of India. The stipendary amount was shared on 50-50 basis between the Govt. and the private employers. A target of training 481 persons was determined of which 281 persons got employment as on 31st March, 1974, but later on it was revised to 235 persons (50%).

#### *Reasons for shortfall :*

The shortfall in the achievement of targets of employment potential under 'Stipendary Training Schemes' and 'Subsidised Employment Training Schemes' is attributed broadly to the considerable time taken for recruitment of staff and formulation of additional schemes by the concerned departments, and late start of some of the schemes due to delayed sanction by Govt. of India.

- (iii) *Self-Employment Schemes* : Seed capital/margin money assistance was admissible to the entrepreneur for setting up self-employment projects to the extent of 10% of the total cost of the project or a maximum of Rs. 75000 whichever is less. 10% of the project cost was to be contributed by the entrepreneurs and the



balance of 80% of the project cost was to be arranged through the commercial banks/financial institutions. In case of self-employment projects in cooperative sectors three-times (15%) Govt. contribution to the share-capital (5%) raised by the cooperative societies formed among engineers and technicians was available. The balance amount of 80% was required to be raised from commercial banks/financial institutions.

*Reasons for shortfall :*

A little progress could be made during 1973-74 because the preparation of project reports, and its examination by the financial institutions, finalisation of agreement bonds for released/recovery of seed capital/margin money assistance and share capital contribution for self-employment projects in the cooperative sector took considerable time. The Planning Commission (GOI) reviewed the State-wise performance of self-employment schemes and observed that the progress achieved by different states was abnormally low and therefore allowed the state Govts. to complete the schemes initiated under HAMJP upto March, 1977.

Rs. 143.23 lakhs were spent during the years 1973-74 to 1976-77 against the Central Assistance of Rs. 144.57 lakhs released by Govt. of India to the State Govt. The total expenditure incurred on the implementation of HAMJP fell short of the amount released by Govt. of India and was therefore within the prescribed limits.

The scheme-wise distribution of Central assistance released by Govt. of India on the basis of anticipated expenditure reported by the State Govt., expenditure incurred and employment potential/generated is as under :

**The Scheme-wise Stipendiary Training, Subsidised Employment and Self-Employment, Distribution of Outlays/Expenditure Incurred and Employment Potential/Generated**

Sr. No.	Type of Schemes	Amount released by GOI during 1973-74 & 1974-75 (Rs in lakhs)	Actual Expenditure during 1973-74 & 1974-75 (Rs in lakhs)	Employment Potential (Targets)	Employment Generated (Achievements) as on 31-3-1974
1	2	3	4	5	6

**(A) Stipendiary Training Schemes**

1.	Agriculture	6.07	5.57	615	375
2.	Animal Husbandry	1.14	0.95	140	76
3.	Forests	0.37	0.31	140	54

1	2	3	4	5	6
4.	PWD (Public Health)	1.24	0.52	560	167
5.	Economic & Statistical Organisation	0.41	0.43	92	41
6.	Accounts Training Institute	1.57	1.50	400	175
7.	Health	0.21	0.19	210	36
8.	Printing & Stationery	0.14	0.14	34	18
9.	Fisheries	0.173	0.113	33	21
10.	Irrigation	0.53	0.45	330	133
11.	Education	31.53	45.45	3431	3431
12.	Tourism	1.28	1.26	175	138
13.	Transport	1.86	1.71	913	364
14.	Cooperation	3.15	2.76	505	385
15.	Industries	0.37	0.22	80	93
16.	Police	4.26	4.25	825	804
17.	Land Records	1.10	0.72	550	493
18.	Haryana State Cooperative Supply & Marketing Federation	1.47	1.39	133	111
19.	Haryana State Small Industries & Export Corporation	0.13	0.12	60	15
20.	Haryana State Electricity Board	1.58	1.14	50	35
21.	Haryana State Minor Irrigation (Tubewells) Corporation	2.40	1.38	655	177
22.	P.W.D. (B. & R.)	1.76	1.20	317	89
23.	Industrial Training	—	—	96	(Schemes were dropped)
24.	Hindu College, Sonapat	—	—	50	
		72.73	71.77		
Add. 15% incidental charges		10.92	10.77		
TOTAL (A)		83.65	82.54	10394	7231

**(B) Subsidised Employment Scheme**

1. Industries	3.16	1.74	498	281
<b>TOTAL (B)</b>	<b>3.16</b>	<b>1.74</b>	<b>498</b>	<b>281</b>

**(C) Self-Employment Schemes**

	Seed Capital/ margin money	Stipend	S.C./ M.M.	Sti- pend		
1. Industries	15 00	1.95	15.00	1.95	100	—
2. Agro-Industries Corporation	0.24	0.32	5.11	0.09	110	71
3. Cooperation	36.00	1.17	33.27	—	931	—
	51.24	3.44	53.38	2.04		
Add. 5% incidental charges on seed capital/margin money	2.56		2.67			
Add. 15% incidental charges on stipends		0.52		0.31		
<b>TOTAL (C)</b>	<b>53.80</b>	<b>3.96</b>	<b>56.05</b>	<b>2.35</b>	<b>1141</b>	<b>71</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>144.57</b>	<b>144.57</b>		<b>142.68</b>	<b>12033</b>	<b>7583</b>

The Education Department engaged 3400 unemployed, trained teachers—600 BEd's and 2800 JBT's and 31 other educated unemployed persons. They were appointed on adhoc basis w.e.f. 1-7-1973 when this programme was started.

They continued as such till 31-3-1974. These teachers were not in the state Govt. employment prior to the introduction of HAMJP and no financial provision for them was made in the normal budget of the deptt. These trained teachers were recruited in the regular state pay scales and expenses to the extent of stipends @ Rs. 150 p.m. for JBT's and Rs. 200 p.m. for BEd's were debited to HAMJP and difference of total emoluments was met by the State Govt. The 31 educated unemployed persons possessing different educational standards were provided on the job-training on specified stipendary rates.

This fact was brought to the notice of the Planning Commission (GOI) at the time of obtaining financial sanction for implementation of this scheme.

Teachers/educated unemployed persons were appointed from the date of creation of these posts i.e. 1-7-1973 therefore the employment of 343 persons is to be considered additional and expenditure of Rs. 45.45 lakhs as stipends was also a fit charge under HAMJP.

The unemployed teachers were already trained as JBT's and BEd's and did not require any training and their appointment was on adhoc basis and their probation period was considered as training.

The services of 34 engineering graduates were terminated just before the completion of their training on basis of a decision taken by the Govt. conveyed vide letter no. 107-IPW-I-74/595, dated 4-1-1974 from Commissioner & Secretary to Govt Haryana, Irrigation & Power Department addressed to the Managing Director, Haryana State Minor Irrigation (Tubewells) Corporation Ltd.

An expenditure of Rs. 0.52 lakh on payment of stipends to 34 engineering graduates was incurred. But it may be appreciated that any technical training imparted to youth is in the long run an asset to the State/nation and expenditure incurred may not be considered infructuous.

#### *B. Self Employment Schemes Cooperation*

Out of 21 industrial cooperative societies only 12 could fulfil the criteria laid down by the commercial banks/financial institutions for obtaining term loans for funding of their projects. The seed/margin money has not been paid to 21 societies.

A sum of Rs. 1.29 lakhs was released to the industrial cooperative societies on explicit understanding of acceptance of project reports and the availability of term loan to them by the commercial banks/financial institutions.

The three cooperative societies could not start functioning properly because negotiations with the commercial banks/financial institutions remained in progress for raising institutional finance. As the banks have now advanced term loan to these societies, they have started production.

The loan assistance to the remaining nine societies was released later by the commercial banks because it took unusually long time to complete the preliminaries for release/recovery of bank loan.

It may be stated that there is a difference between the membership and generation of employment. The societies were organised with the members to the extent as per approved schemes. The employment was expected to be generated when these projects started functioning and on completion of the projects. With the increase of working the generating of employment would have been increased simultaneously.

The project reports of nine industrial cooperative societies were not approved by the Commercial banks/financial Institutions for grant of term loan.

The Apex. Panipat has reported that two centres have since been converted into cooperative societies and a proposal for conversion of seven

more such production-cum-sale centres into cooperative societies has been sent to the authorities concerned.

It is fact that no targets of employment potential were fixed. In fact the centres proposed to be opened are required to be converted into Cooperative Societies to which the workers would be members. It is generally estimated that 15 to 20 workers can be trained in one centre. After conversion of these centres into cooperative societies, the members would become self-employed and gradually with the increase of the work the employment potential could be estimated.

As stated earlier due to non cooperative attitude of the Commercial banks for financing the societies organised under the H.A.M.J.P., a meeting to review the progress was held on 25-4-1975 under the chairmanship of Sh. V.P. Johar, IAS Financial Commissioner Haryana, wherein Sh. R.K. Dhar, Chief Planning Commissioner Govt. of India, New Delhi participated alongwith other high-ups of the Govt. wherein it was decided that the production centres-cum-sale centres for manufacturing handloom product and leather products, be associated which would run by the Coop. Societies of educated un-employment as their members and accordingly the proposal was sent to the State Govt. for their clearance which was sanctioned and the same was approved.

As there is no usefulness to draw the whole amount at a time which is interest bearing without the requirements. The acceptance of the Central Coop. Bank for loaning the Apex. it-self satisfy the obligations imposed in the scheme. The Apex. society was at liberty to draw the amounts against the cash credit limits to the extent required by them. 248 persons upto 30-6-76 has been endorsed by Apex, Panipat.

### **Industries**

The agreement bonds was required to be excuted after the receipt of seed money from Government of India.

The amount of Rs. 16.95 lakhs placed at the disposal of the HFC in March, 1974 and was expected to be disbursed to the entrepreneurs after the release of first instalment of term loan from the financial institutions.

The target of employment potential were determined on the basis of completion/fruition of self employment projects. The reasons for short-fall in achieved of targets of employment potential is attributed to the non-availability of skilled manpower and low scale of products in the initial years of production.

The balance stipendary amount of Rs. 0.83 lakhs could not be utilised because sufficient number of prospective entrepreneurs desirous of setting up of self employment projects did not come forward.

### **Haryana Agro-Industries Corporation**

The scheme for setting up 40 sale centres by the enterpreneurs was not implemented because of failure on their part. The amount of Rs. 0.30 lakh (Rs. 0.21 lakh as seed capital/margin money and Rs. 0.09 lakh as stipends) was resumed by Govt. of India and adjusted while releasing central assistance for Employment Promotion Programme Schemes in March, 1976.

The details regarding actual date of release of seed capital/margin money and amount of loan sanctioned/released by Banks for setting up 70 agro-service centres are still awaited from the corporation.

It is wrong to say that no employment was generated during 1973-74 through the establishment of agro-service centres. In fact, 3 units of employment were generated in one agro-service centre and in all 210 persons got employment in these 70 agro-service centres."

Subsequently the department supplied the following additional information on 3-6-81 in regard to the Haryana Agro Industries Corporation :—

"The Scheme for setting up 40 sales centres by the Entrepreneur was not implemented because of failure on their part. As such the amount of Rs. 0.30 lakhs was not disbursed to them. As the purpose of the scheme was to generate employment the Agro Indus. opened its own sale centres and the said amount was spent on the supporting staff engaged for these centres.

The amount of Rs. 4.90 lakhs was disbursed to 70 entrepreneurs who opened the Agro Service Centres. Regarding the actual dates of amount of loan sanction/released it is intimated that we have approached the respective banks from where the information is still awaited. 210 persons got employment.

It is intimated that the scheme was implemented by setting up Agro Service Centres during the year 1973-74. These centres generated the employment opportunity. As such it has had its impact on the generation of the employment during the year 1973-74 and 74-75."

#### **"Industries Subsidised Employment Schemes**

On the basis of over reporting relating to on the job training in private industrial units, the figure of 281 persons as it was enlisted on 31-3-74 was sent to the State Govt. Later on this fact was verified by the DIOs/ADIOs & the final figure worked out to 230 persons on 31-3-74 and accordingly the State Govt. was informed.

35 persons left on the job training in private industrial units before its completion due to availability of better jobs elsewhere. No stipendary payments were made to them.

195 persons who completed on the job training for the specified period were absorbed by the Industrial units on regular basis where they under-went training."

The Committee orally examined the departmental representatives at length on 30-6-81, 14-7-81 and 15-7-81 and were not satisfied with the implementation of the scheme which was sponsored by the Govt. of India with a very laudable object of providing gainful employment to all engineers and highly qualified technicians and also to absorb at least 20% of the educated unemployed including all graduates belonging to Scheduled Casts and Scheduled Tribes and minorities. The entire out-lay of the programme was to be met out of the Central assistance in the form of grant and loan.

The Committee, however, regret to observe that the scheme was not implemented with the desired seriousness and as a consequence a lot of money remained unutilized.

During the course of oral evidence, when asked to supply the scheme-wise distribution of out-lays/expenditure incurred and employment potential generated under Half-a-million jobs programme the department supplied the information as under :—

**"The Scheme-Wise Distribution of Sanctioned Financial Allocations/Amount Released, Expenditure Incurred and Employment Potential Generated Under Half-A-Million Jobs Programme**

Sr. No.	Name of the department	Scheme	Sanctioned Financial allocations by Govt., of India. (Rs. in lakhs)	Amount released during 1973-74 & 1974-75 (Rs. in lakhs)	Actual Expenditure during 1973-74 & 1974-75 (Rs. in lakhs)	Category of persons	Employment potential (targets)
1	2	3	4	5	6	7	8
							9

17

**A—STIPENDARY TRAINING SCHEMES**

**Agriculture**

(i)	Strengthening of Agril. extension machinery	7.20	3 19	3 21	Agriculture graduates	300
(ii)	Strengthening of Ground and aerial spraying squads	1.04	1.03	0.83	Agriculture graduates Matric	10 100
(iii)	Survey and investigation projects for reclamation of saline and alkaline soils	2.04	1.85	1.53	Agriculture graduates Matric/under graduates	25 180
Total		10.28	6.07	5.57		615

1	2	3	4	5	6	7	8	9
<b>Animal Husbandry</b>								
1.	Training of veterinary graduates in veterinary science & animal Husbandry		0.96	0.46	0.43	Veterinary graduates	40	
2.	Training of matriculates as lay inseminators		0.90	0.68	0.52	Matric/under graduates	100	
	Total		1.86	1.14	0.95		140	
<b>Forests</b>								
(i)	Recruitment as forest guards		0.90	0.30	0.25	Matriculate/under graduates	100	41
(ii)	Recruitment as wild-life guards		0.36	0.07	0.06	Matriculate/under graduates	40	13
	Total		1.26	0.37	0.31		140	54
<b>P.W.D. (Public Health)</b>								
(i)	Providing water-Supply and sewerage schemes in urban & rural areas		8.88	1.24	0.52	Engineer graduates Engineer Diploma-holders Graduates Matriculate/under graduates	50 250 50 210	— 67 35 65
	Total		8.88	1.24	0.52		560	167



1	2	3	4	5	6	7	8	9
<b>Economic &amp; Statistical Organisation</b>								
	(i) Survey of economic potentials of Rural Haryana		1.14	0.41	0.43	Post graduates/Graduates	10 82	4 37
	Total		1.14	0.41	0.43		92	41
<b>Accounts/Training Institute</b>								
	(i) Training of Accounts Clerks		4.00	1.57	1.50	Graduates Matriculate/under graduates	200	98
	Total		4.00	1.57	1.50		400	135
<b>Health</b>								
	Training of :—							
	(i) Nurses		0.60	0.20	0.18	Matriculate/ Under graduates	100	32
	(ii) Radio-graphers		0.05	0.01	0.01	Matriculate/ Under graduates	10	4
	(iii) Laboratory Technicians		0.14	—	—	Do	50	Scheme was dro- pped
	(iv) Doctors for future Employment		0.80	—	—	Medical graduates	50	Do
	Total		1.59	0.21	0.19		210	36

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

### Printing & Stationery

- (i) Training Programme of Mono-casters, Compositors, Copy-holders, dark-room attendants, inkers, distributors and the learner binders

0.27      0.14      0.14      Matriculate/  
Under graduates

34      18

Total

0.27      0.14      0.14      34      18

### Fisheries

- (i) Training in fish-farm management

0.16      0.11      0.11      Science graduates      15      15

- (ii) Training in fish-culture and conservation programme

0.13      0.06      —      Matric/Under graduates      18      6

Total

0.29      0.17      0.11      33      21

### Irrigation

Training of :—

- (i) Civil graduate engineers as S.D.Os.

1.60      8      —      Engineering Graduates      50      —

- (ii) Civil Engineering deploma holders

4.00      —      —      Engineering Diploma holders      200      80

1	2	4	5	6	7	8	9
(iii) Polytechnic qualified draftsman		0.20	—	—	"	10	7
(iv) Matriculates as clerks		0.40	—	—	Veterinary Graduates	50	30
(v) I.T.I. trained matriculates as tracers		0.16	—	—	Matriculate/ITI trained	20	16
Total		6.36	*0.53	*0.45		330	133
<b>Education</b>							
(i) Improvement of teacher-pupil ratio (VI-VIII classes)		9.43	9.43	—	B.Eds J.B.Ts	300 386	300 386
(ii) Introduction of work experience		0.80	0.80	—	B.Eds	50	50
(iii) Expansion of single teacher School programme		28.97	27.80	—	J.B.Ts	2414	2414
(iv) Improvement of teacher pupil ratio (IX to XI classes)		4.00	3.38	—	B.Eds	250	250
(v) Supporting staff at directorate district & sub-divisional level		0.25	0.12	—	Graduate Matriculate/under Graduates	1 30	31
Total		43.45	41.53	*45.45		3431	3431

\*Scheme-wise break-up not available.

1	2	3	4	5	6	7	8	9
<b>Tourism</b>								
	(i) Setting up of catering institute		1.51	1.28	1.26	Post graduate Graduates Matriculates/ Under graduates	1' 26	12 34
							148	92
	<b>Total</b>		<b>1.51</b>	<b>1.28</b>	<b>1.26</b>		<b>175</b>	<b>138</b>

### Transport

(i) Training course for conductors	0.35	—	—	Matriculates	350	138
(ii) Refresher/reorientation course for drivers	0.53	—	—	"	350	44
(iii) Training course for helpers	0.36	—	—	"	60	53
(iv) Training course for assistant fitters	0.45	—	—	"	60	54
(v) Training course for head mechanics	0.28	—	—	Engineering Diploma holders	15	13
(vi) Training course for fitters/mechanics	0.45	—	—	Matriculates	60	55
(vii) Training course for station supervisors/foreman/store-purchase asstts.	0.19	—	—	Engineering Diploma holders	10	7

1	2	3	4	5	6	7	8	9
	(viii)	Training course for works- manager/store-purchase officers	0 24	--	--	"	8	Scheme dropped
		Total	2.85	1.86*	1.71%		913	364

### Cooperation :

(i)	Provision of whole-time trained secretaries in primary agriculture credit societies & milk supply societies	3.48	3.10	2.74	Matriculates/ under graduates	435	384
(ii)	Provision of extensions staff for cooperative cum-processing societies for promotion & extension of fertili- sers and agriculture input distribution	1.68	0.03	0.02	Agricultural Graduates	70	1
	Total	5.16	3.13	2.76		505	385

### 15. Industries

(i)	Training in doll and soft toy making centre, Ambala city	0.11	0.19	0.13	Matriculates/ under graduates	30	50
(ii)	Training in manufacture of carpets & druggets	0.11	0.09	0.05	"	30	23
(iii)	Training in making of artistic durries at textile development centre, Tohana	0.07	0.09	0.04	"	20	20
	Total	0.29	0.37	0.22		80	93

1	2	3	4	5	6	7	8	9
<b>16. Police</b>								
(i)	Recruitment and training as constables		6.19	4.26	4.25	Matriculates/ Under graduates	825	804
Total			6.19	4.26	4.25		825	804

#### 17. Land Records

(i)	Training of revenue patwaris		3.85	1.10	0.72	Matriculates/ under graduates	550	493
Total			3.85	1.10	0.72		550	493

#### 18. Haryana State Cooperative Supply & Marketing Federation

(i)	Strengthening of administrative machinery of cooperative marketing societies		1.25	1.21	1.16	Graduates	90	81
(ii)	Appointment of operators for manning harvesting Combines		0.18	0.15	0.13	Matriculates/ Under graduates	25	18
(iii)	Strengthening of field Offices		0.06	0.06	0.06	"	10	10
(iv)	Appointment of production managers		0.12	Schemes were dropped	—	Engg. Graduates	5	—

1	2	3	4	5	6	7	8	9
	(v) Appointment of assistant promotional officers in the state promotional cell		0.03	"	—	Agricultural graduates	1	—
	(vi) Appointment of Asstt. Chemist in laboratory at Nuh		0 02	0 03	0.02	Science graduates	1	1
	(vii) Appointment of Chargeman		0 02	0 02	0 02	Engg. Diploma holders	1	1
	Total		1.68	1.47	1.39		133	111

### Haryana State Small Industries & Export Corporation

(i) Expansion/Extension Programme of tool making centre, Ambala City	0 16	0.13	0 12	Matriculates/Under graduates	20	15
(ii) Establishment of ready made garment centre, Ambala city	0.32	Scheme was dropped	"		40	—
Total	0.48	0.13	0.12		60	15

### Haryana State Electricity Board

(i) Training programme for technical personnel	1 60	1.58	1.14	Engg. Graduates	50	35
Total	1.60	1.58	1.14		50	35

1	2	3	4	5	6	7	8	9
<b>Haryana State Minor Irrigation (Tubewells) Corporation</b>								
(i)	Training of Engg. graduates/ diploma holders for lining work		8.06	1.85	1.16	Engg. Graduates Engg. Diploma holders	80	35
(ii)	Training of clerks		1	0.55	0.22	Matriculates/ Under graduates	275	43
							300	39
Total			9.86	2.40	1.38		655	117

### P.W.D. (B & R)

#### (i) Training Programme for :

(i)	Asstt. Engineers	0.64	Scheme was dropped	—	Engg. Graduates	20	—
(ii)	Sectional Officers	0.90	0.36	—	Engg. Diploma holders	40	11
(iii)	Draftsman	0.90	0.25	—	”	40	16
(iv)	Supervisors (technical)	0.45	0.37	—	Matriculates/ Under graduates	50	25
(v)	Ferro-khalasis	0.11	0.05	—	”	12	3
(vi)	Road-roller drivers	0.23	0.19	—	”	25	1



1	2	3	4	5	6	7	8	9
	(vi) Land scaping horticulture supervisors		0.27	0.35	—	Agricultural Graduates	10	1
	(viii) Road mates		0.90	0.15	—	Matriculates/ under graduates	100	19
	(ix) Tracers		0.18	0.04	—	”	20	13
	Total		4.58	1.76	1.20*		317	89
<b>Industrial Training</b>								
	(i) Training in English & Hindi Stenography		0.57	Scheme was dropped		Graduates	96	—
	Total		0.57	—	—		96	—
<b>24. Hindu College Sonepat</b>								
	(i) Training in English stenography		0.30	Scheme was dropped		Graduates	50	—
	Total		0.30	—	—		50	—
	Total stipendary Schemes		18.30	72.73	71.77			
	Add. 15% incidental charges		17.75	10.92	10.77			
	Total (A)		36.05	83.65	82.54		10394	7171

\*Scheme-wise break-up not available.

1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---

### B. SUBSIDISED EMPLOYMENT SCHEME

#### Industries

Training scheme for educated unemployed in private industrial units		4.98	3.16	1.74	Engineering Graduates	80	40
					Engg. Diploma Holders	80	30
					Post graduates in Science	10	10
					Architects	5	—
					Agricultural graduates	10	—
					Veterinary graduates	5	—
					Scheduled Caste Graduates.	50	6
					Scavangers	70	13
					Commercial Artists	8	—
					Scheduled Castes	50	—
					Matriculates	130	182
					I.T.I. Certificate Holders		

Total (B)

4.98      3.16      1.74

281

### C. SELF-EMPLOYMENT SCHEME

#### Industries

Seed Capi- tal/ margin money	Stip- end	Seed Capi- tal/ margin money	Sti- pend	Seed- capi- tal/ margin money	Sti- pend
--	--------------	--	--------------	---	--------------

1	2	3	4	5	6	7	8	9
Seed Capital/margin money assistance to entrepreneurs for setting up self-employment units	15.00	1.95	15.00	1.95	15.00	1.95	Engg. graduates Engg. Diploma Holders	50 50
<b>Agro-Industries Corporation</b>								
Setting up of sale-centre	0.24	0.32	0.24	0.32	5.11	0.09	Matric/under graduates	40
Setting up of Agro-service centres							Engg. graduates/ Diploma Holders/ Agricultural Graduates	70 57
<b>Cooperation</b>								
Three times Govt. contribution to the share capital of Industrial Co-operative societies organised among engg. and technicians	6.00	1.17	36.00	1.17	33.27		Engg. degree/diploma holders/ITI persons	931
<b>Total</b>								
	21.24	3.44	51.24	3.44	53.38	2.04		
<b>Add. 5% incidental charges on seed capital/margin money</b>								
	1.06		2.56		2.67			

1	2	3	4	5	6	7	8	9
Add 15% incidental charges on stipends			0.52	0.52	0.31			
Total (C)			22.30	3.96	53.80	3.96	56.05	2.35
Grand Total (A—B—C)			167.29	144.57	142.68		1141	71
					(+ )0.55*		12033	7523

\*An additional stipendary expenditure of Rs. 0.48 lakh and Rs. 0.07 lakh as organisational expenses(15 % of Rs. 0.48 lakh) was incurred under HAMJP during 1-4-76 to 31-3-77 by Industries" Department."

The Committee observed that employment was not at all generated during the years 1974-75/1975-76 and, in fact, even during the year 1976-77 it was negligible. This was due to apathy of the various departments to its implementation.

The Committee, therefore, recommend that in future such schemes should be implemented with due promptitude and the funds should not be allowed to lapse.

## AGRICULTURE

### *Paragraph 3.3-C.-Other points of interest*

\* \* \* \* \*

11. (i) Out of 472.75 quintals seed on hand (Karnal and Kurukshetra districts) in April 1974, 396.11 quintals were sold during 1974-75 and 1975-76 leaving a balance of 76.64 quintals. About 47.96 quintals were auctioned during 1974-75 to 1976-77 at an approximate loss of Rs. 0.18 lakh and the remaining quantity (28.68 quintals) valuing Rs. 0.14 lakh was on hand (31st March 1977) for disposal.

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

The department in their written reply to the questions by the Committee stated :

- (ii) "The balance of the moong seed under reference is not all attributable to any laxity on the part of any Extension worker. The seed requirement estimated on which the procurement policy is based, can not be exactly the same which could find sale later on during the crop season. The actual sales depend upon a number of factors like Agro-Climate condition prevalent at sowing time the degree of the acceptance of programme by farmers specially when any crop/variety is to be introduced. There is no alternative except to dispose of the unsold quantity of such seeds by auction otherwise the seed will undergo continuous deterioration during storage to a stage when this seed can not be even used for other purpose like Human consumption or Animal Feeds. Thus auctioning of the left over seed is the only alternative with Department to minimise the losses. The information is being collected from the field and will be supplied shortly."

Subsequently, the department vide their letter No. 4137-Agri II/4-81/812 dated 6-7-81 supplied the following supplementary information in regard to the disposal of the remaining 28.68 quintals of moong seed and the price realised :

"The break up of the balance quantity 28.68 quintals of moong seed is as under :—

- (i) Deputy Director of Agriculture, Karnal 12 quintals
- (ii) Deputy Director of Agriculture, Kurukshetra 16.68 Qtls.

A. The D.D.A. Karnal has reported that 10.40 quintals of moong seed was sold to the farmers at the approved rate of Rs. 145 per Quintal for which Rs. 1508 were realised and deposited in treasury on 10-5-1976, 28-4-76, 9-5-76 and 9-11-76 vide treasury voucher Nos. 7, 15B, 37-A, 36-A. These entries could not be made in the record prior to the Audit due to over sight by the field functionaries. The balance of 1.60 quintal of moong seed was damaged in the store of ADO, Assandh and was disposed off by auction at a total cost of Rs. 56. This amount was deposited in the treasury on 19-7-1980 vide treasury voucher No. 43-A.

B.D.D.A. Kurukshetra reported that according to his record only 16.10 quintals seed was in balance on 31-3-1977 instead of 16.68 quintals of seed.

Out of this, 300 quintals was sold to the farmers for Rs. 435 which were deposited in the treasury on 20-6-77 vide treasury voucher No. 13. The balance of 13.10 quintals has been reported as shortage in the stores of Sh. Krishan Lal, A.D.O. Pipli (10.00 quintals) and Sh. Pratap Singh Ex-A.D.O. Pehowa now SMS Gurgaon (3.10 Quintals) Registered notices had been issued to these officers for depositing the cost of seed outstanding against them. The total amount outstanding against them is Rs. 6550 (Sh. Krishan Lal Rs. 5000 and Sh. Partap Singh Rs. 1550)."

During the course of oral examination on 7-7-81 the departmental representative admitted that it was a lapse on the part of the then Deputy Director Agriculture not in taking action against the concerned Inspector who did not take steps for the timely disposal of balance of 1.60 Qtls. of Moong seed. The deptt. also assured the Committee that an enquiry would be conducted into the matter.

The Committee desire that details of the disposal of 16.68 Qtls. of Moong seed be also intimated to them.

The department vide their letter No. 5146-K:II/4/81/14336 dated 17-9-81, informed the Committee as under :

"The matter has been enquired into. Dy. Director Agriculture, Karnal and Sh. Jai Pal Singh, CAO Assandh, Karnal has been found at fault. Sh. Jaipal Singh CAO, Assandh has been suspended for his negligence in desposing off 1.60 Qtls. of Moong Seed by auction at a belated stage resulting in deterioration of physical condition of the seed. The explanation of Dy. Director, Karnal has also been called for permitting disposal of seed by auction without getting verification of physical condition of the seed. The Finalization of disciplinary action against him will take some time. The Committee will be apprised of the position in due course.

The matter has been enquired into thoroughly. It has been found that a balance of 16 68 Qtls. of seed was lying with DDA, Kurukshetra against 9 officials. Sh. Partap Singh, Ex-ADO Pehowa had deposited the sale proceed of 3 10 Qtls. in Pehowa Treasury as early as 30-3-1977 but due to oversight in checking of accounts this quantity of Moong seed was shown as shortage against him by DDA, Kurukshetra. Similarly 2.50 Qtls. seed was shown as balance against Sh. Ilam Singh Ex-ADO, Radaur wrongly. The scrutiny of record has shown that he had also deposited the cost of seed in Ladwa Sub-Treasury on 20-6-77.

The recovery of 10 Qtls. of seed against Sh. Krishan Lal, ADO Pipli has been affected and deposited in Treasury on 3-7-81. The balance 1 08 Qtls. of Moong Seed stands against 6 officials out of which two had already left this department. The matter is being further pursued, but finalization of disciplinary action against defaulting officers shall take some more time, therefore, this may be considered as an interim reply."

The Committee are distressed to observe that the department failed to initiate action against the defaulting officer/officials even though this fact had come to their notice as early as in June, 1977 when this was pointed out by the audit and the department initiated action only when this para came up before the Public Accounts Committee.

The Committee view this apathy on the part of the department, in showing scant attention to the observations of the audit, with utmost concern and observe that whenever any lapse comes to the notice of the department, the follow up action should be initiated without delay.

The Committee desire that action taken against Deputy Director Agriculture, Karnal and Shri Jai Pal Singh, C.A.O., Assandh, for their negligence in disposing off 1.60 Qtls. of Moong seed at a belated stage, resulting in deterioration of physical condition of the seed, be intimated to them.

The Committee desire that action against the officials responsible for not depositing the sale proceeds of 1 08 Qtls. of moong seed lying with the D.D.A. Kurukshetra be expedited and intimation in regard thereto be sent.

#### *Paragraph 3 4. Integrated dry land agriculture programme*

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

in the State) vis-a-vis amounts released by the Government of India between 1970-71 to 1976-77 were as under :—

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

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

Item	Hissar Project		Mohindergarh Project	
	Subsidy	Loan	Subsidy	Loan
(in lakhs of rupees)				
1	2	3	4	5
Subsidised issue of inputs	5.43	2.24	2.25	5.74
Permanent/minor and sprinkler irrigation work	9.84	24.41	7.05	11.37
Horticulture and grasses	0.01	...	0.02	...
Demonstrations	1.48	...	1.21	...
Farmers' training	1.36	...	1.62	...
Farm machinery and equipment	6.90	1.11	3.26	0.17



1	2	3	4	5
Aerial spray	6.23	0.01	...	..
Animal Husbandry	3 73	9.86	2 97	13.20
Project establishment	7.47	...	6.91	...
Risk Fund	0 28	.	0.16	...
Total	42.73	37.63	25.45	30.48
	80.36		55.93	

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

In reply to a question of the Committee as to what were the reasons due to which only a sum of Rs. 82.79 lakhs was spent on Hissa and Mohinderigarh projects upto 1976-77 out of the amount of Rs. 131.68 lakhs released by the Government of India the department in their written reply stated :

“The amount sanctioned by the Govt. of India i.e. 131.68 lakhs upto 1976-77 could not be utilised due to the reasons mentioned below :—

As regards less utilization of funds for the period 1970-77 under both the projects the expenditure remained low in the years of initiation of the projects i.e. 1970-71 and 1971-72 because of late sanctioning of the schemes and non appointment/late appointment of staff. In the subsequent years short all in expenditure was due to scarcity of constructions materials like bricks and cement for permanent works and farmers traditional hesitance to adopt new practices and obtain institutional loans on which the utilisation of subsidy amount was also dependent. Considering these constraints during implementation in the field the achievement is quite satisfactory.”

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

In reply to the question of the Committee the department in their written reply explained :

"The amount drawn from the treasury was not in excess of the requirement. It was as per demand of farmers and intended to be disbursed to them as loan/subsidy but could not be actually disbursed because the farmers concerned later on changed their mind. The amount was refunded into the treasury as soon as it became clear that the farmers would not agree to persuasion and utilisation of this amount for the purpose drawn was considered not possible.

The amount drawn was deposited in the joint account of the Project Officer and the prospective loanee farmers in the Central Co-operative Bank as per condition No. 11 of the terms and conditions for grant of loan under the scheme. Since it was a current account, no interest was gained & hence the question of its utilisation does not arise."

During oral examination when asked by the Committee as to what action had been taken by the department against the officer/official who withdrew the Government money from the treasury and deposited the same in the Co-operative bank in joint account of the Project Officer and the prospective loanee farmers without proper sanction or authority, the departmental representative promised to enquire into that aspect of the matter.

Subsequently the department vide their letter No. 5146-K:II/4/81/14336 dated 17-9-81 informed the Committee as under :

"Explanation of the then officer Incharge of the scheme who withdraw the amount in advance and deposited in the Coop. Bank has been called vide this office letter No. 34509 dated 14-7-81 and further reminded vide D.O. letter No. 38765, dated 6-8-81. The officer has submitted interim reply vide his letter dated 11-8-81. He has asked for certain record and information for submission of his reply on various issues. He has also intimated the name of another officer, who has since retired, as responsible for depositing the amount in the Coop. Bank. The matter is, therefore, under enquiry and the action taken in the matter would be intimated to the committee in due course."

**The Committee desire that the result of the enquiry and the action taken against the defaulting official/officials be intimated to them expeditiously.**

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

In reply to the questions of the Committee the department in their written reply explained :

The pipes and other accessories were purchased as project property under proper sanction as a need of the people for demonstration purposes for popularise among the farmers.

Sprinkler sets are actually used for demonstration purposes.

Sprinkler set given to the farmers only for demonstration and no sprinkler set given to the farmers on loan basis.

The sprinkler sets proved very useful for irrigation in sandy and undulating lands where there is scarcity of water.

During the course of oral examination, in reply to a question of the Committee as to why were the sprinkler sets given to a few persons continuously and why were they not taken back and given to other farmers for demonstration purposes to popularise this scheme, the departmental representative stated that majority of sets were taken back and for the rests they had been making efforts to get them back in order to issue them to the new farmers but they did not succeed in getting them back. He however, assured the Committee that he would go into the matter and send report to the Committee.

The department vide their letter No. 5146-K:II/4/81/14336 dated 17-9-81, informed that the legal action against the farmers who did not return the sprinkler sets was under examination.

The Committee desire that strenuous efforts be made to recover the remaining sprinkler sets or if, in any case, it was not possible to get them back cost thereof be recovered from the concerned persons and a report be sent to them.

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

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

In reply to the question of the Committee the department in their written reply stated as under :

"The Integrated Dry Land Dev. Scheme was started in Hissar district during 1970-71 in the month of Nov., 1970. Only 5 months were left to close the financial year 1970-71. This

---

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

was a new scheme and the importance of the scheme was to be brought to the notice of the farmers of 'ha' area. 30 farmers which were having more than 10 acres land were granted loan/subsidy under this scheme through an oversight. However it is assured that no such lapse will happen again under this programme.

The animals were purchased through the approved committee as per terms and conditions sanctioned for this scheme. There was no such mention in the terms and conditions to make such purchases through the cattle fair."

During the oral examination, in reply to the observations of the Committee that when it was clearly laid down in the guidelines that, that loan/subsidy was meant for those farmers having not more than ten acres land, why was that facility given to 30 farmers possessing more than the prescribed limit of the land, the departmental representative assured the Committee that explanations of those found responsible would be called and that they would be proceeded against for that lapse.

**The Committee desire that action taken against those found responsible for giving loan/subsidy to the ineligible farmers be intimated.**

#### *Paragraph 3 5. Gobar gas plants*

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

(a) The actual cost of installation was less than the estimated cost of installation of plants in 180 cases (124 in Ambala, 6 in Bhiwani and 50 in Kurukshetra), but the amount of subsidy was not restricted to 25 per cent of the actual cost resulting in excess payment of Rs. 0 29 lakh. The department stated (December 1977) that the factor of labour put in by the beneficiaries themselves was not included in the actual cost and that it was difficult to make the assessment of such labour.

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

#### *(7) Other points of interest*

(a) The rates accepted by the Gobar Gas Committee in the Karnal District (June 1974) for the supply of gas holders were more than the lowest rates offered by the approved fabricators in March 1974 and the rates jointly

offered by them at the time of negotiations in June 1974. The comparative position of the rates was as under :—

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

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

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

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

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

(6) & (7) In reply to the questions of the Committee the department in their written reply stated :

(6) "The different offices of the Deputy Directors of Agriculture maintained the account, but it was not done so in the proforma as the audit has now pointed out. Later on, while

---

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

submitting the detailed accounts of subsidy utilization, the offices of D.D.As. gathered the information from field functionaries and compiled the information in the proforma indicating all the essential elements as now have been pointed out by the Audit. This information collected from the various D.D.As. has since been supplied to the Accountant General, Haryana on various dates.

Now the field offices of Agriculture Department are maintaining the information for the new plants in the suitable proforma.

(a) Payments made by the Deputy Directors towards the subsidy on gobar gas plants are covered by terms and conditions of the Scheme. Because the scheme envisaged the payment of subsidy to the farmers equal to 25% of the actual capital cost of installation or the cost estimated by the KVIC whichever is less. The KVIC while framing out the estimate for various capacities of plant kept in view the cost of raw material plus the cost of hired labour. By adding these two elements, the KVIC fixed the estimated cost of various capacities of plants. These two elements were never made known to the field functionaries of Agriculture Deptt. The actual cost estimates of farmer included the cost of raw material and cost of skilled labour i.e. masson for the days, he was actually engaged for construction. But it never included the cost of his own and his family labour which they put in the construction of plant. Had they not put the labour in those days on the construction of the plants, they would have done some productive work on their farms/elsewhere. In this way, farmer who had the plant at the instance of the Agriculture Department, was entitled for payment of his labour. Therefore, the question of excess payment does not arise.

(b) The Govt. of India released Rs. 101,66,800 as subsidy amount for completing 12000 gobar gas plants @ 25% subsidy based on KVIC estimates in the Haryana State during 1974-75, 1975-76. Because the above number of plants could not be finally completed during the above mentioned year, so the amount of subsidy released was carried on further. As the State draw the amount from the Govt. of India for subsidizing the plants upto extent of 25%, hence State Government never reduced the rate of subsidy from 25 to 20%.

A decision to this effect was taken on 7-1-1977 and communicated to all participating Banks, Deputy Directors of Agriculture and Deputy Commissioners. It was done to boost the programme in the State.

(7) (a) The Gobar Gas Committee under the Chairmanship of Deputy Commissioner, Karnal offered the higher rates to the fabricators after obtaining the workable rates from Superintending Engineer (Mechanical) Asstt. Agricultural Engineer and Deputy Director of Agriculture, Karnal. The former two members of the Committee separately worked out the rates keeping in view the current steel prices and other factors. As far as the specific grounds due to which the lower rates initially offered by the fabricator could not be followed were concerned, the committee felt that the fabricator in competition has offered the much lower rates and as such would not be in a position to supply the material. No action was taken against the fabricator.

Lower rates were offered by M/s. Ghanshyam Dass & Co. and he too was ordered to supply the following material on 22-6-74.

(i) 100 cft	10 pieces
(ii) 150 cft	10 pieces

He continued to supply the material till the end of the programme in Karnal District i.e. 1978-79.

(b) (i) District-wise position of gobar gas plants installed and amount of subsidy paid other than Bhiwani and Ambala district is given below :

S. No.	Name of district	No. of plants installed	Amount of subsidy paid
1.	Karnal	1282	1118831.50
2.	Kurukshetra	1576	1560578.25
3.	Rohtak	517	330362.00
4.	Sonepat	474	322205.00
5.	Gurgaon	917	651840.00
6.	Mohindergarh	938	585315.00
7.	Jind	478	4393305.00
8.	Hissar	1357	973238 34
9.	Sirsa	828	711745 43

(ii) The Deputy Director of Agriculture, Ambala prepared the list of defaulting farmers and submitted the same to the S.D.M. concerned for helping the Bank's management in recovery of the unutilized loan amount. The latest position in the case, however is being collected.

(iii) According to the survey conducted during 1979, the position of gobar gas plants in Bhiwani district is as follows :—

(1) Plants completed	1157
(2) Plants surveyed	1148
(3) Plants completed and working	205

#### Plants not working

(1) Material purchased	37
(2) Farmers not interested and Geographical reasons etc.	381
(3) Damaged plants	475
Total not working plants	943

The remaining 40 gobar gas plants, towards audit has pointed out, have not been installed."

During the course of oral examination the following questions/observations were raised/made by the Committee and the department was asked to furnish a detailed report :

- (i) Why excess payment was made on the purchase of the Gobar Gas Plants over and above the accepted rates of tenders in Karnal District ?
- (ii) The explanations of the officers concerned viz. D.C. & S.E. should be called for to ascertain the situation at that time.
- (iii) Formula regarding calculation of rates be produced at the next meeting.
- (iv) Responsibility may be fixed for the late deposit of unutilized amount of subsidy of Rs 21 10 lakhs into treasury
- (v) Details of the defaulters and the amount of loan which yet to be recovered be given.

The department explained the position vide their letter No. 5146-K:II/81/14336 dated 17-9-81, as under :

"A crash programme of installation of gobar gas plants was started in the State in 1974-75. In the first quarter of 1974, the Govt. of India sent the full details of the programme to the State Govt. Immediate steps to set up a proper machinery for implementing this programme were taken. It required altogether new directions for effective co-ordination at various stages. By the middle of 1974, a satisfactory organisational arrangement for launching this programme was created and a target of installing 7000 gobar gas plants in 1974-75 in the State was fixed. To achieve this ambitious time bound target, a decision at the State Level was taken to decentralise the fabrication work of gas holder & Guide Frame at the district level in the entire State. For this purpose, a district level committee under the chairmanship of the Deputy Commissioner was constituted. The Director of Agriculture, who was the Nodal Officer for the successful implementation of the programme communicated the decision of the government for the constitution of the district level Purchase Committees to all the Deputy Commissioners and the Deputy Directors of Agriculture in the State vide letter No 3147-3158/TA/AE, dated 27-5-74. While communicating the above decision, it was also advised to call the rates at an early date for entrusting the fabrication work to the local fabricators as per demand of the farmers of the concerned area. At Karnal, the following officers constituted the above committee :

1. Sh. Sukhdev Prasad, IAS	Deputy Commissioner	Chairman
2. Sh. Jai Singh Dhul	Deputy Director of Agri. (IADP)	Secretary
3. Sh. M.P. Singh	S.E (Mech ) PWD	Member
4. Sh. J.K. Verma	Asstt. Agril. Engineer	Member



This Committee floated the tenders on 5-6-74 and sent the Tender Notices to 35 'A' & 'B' class approved fabricators of the Department of Agriculture in Karnal district.

In its response, only 5 quotations from the following firms were received on 15-6-74 which was the closing date :

1. M/s R.J Agro Engineering Co., Panipat.
2. M/s A.K. Engineering Co , Railway Road, Panipat.
3. M/s Aneja Industry, Kunjpura Road, Karnal.
4. M/s Partap Iron Works, Kunjpura Road, Karnal.
5. M/s Punjab Engineering & Welding Works, Kunjpura Road, Karnal.

Capacity (Cft)	Max. (Rs)	Min. (Rs)	Diff. (Rs)
60	1380	900	480
100	1750	1180	570
150	2110	1250	860
200	2900	1400	1500
250	3175	1560	1615
300	3500	1800	1700

The quotations were opened on 17-6-74 in the presence of Sh. Ram Sarup Singh, Statistical Officer (IADP) and Sh J.K. Verma, Asstt. Agril. Engineer (IADP), Karnal and the representatives of the quoting firms. The Comparative statement was prepared and put up to the Deputy Commissioner on 18-6-74. Since there was wide variation (see margin) in the rates between different parties, therefore, after asking for the reasons from all the fabricators present a note was recorded on the comparative statement by the Assistant Agricultural Engineer which reads as follows :

#### Annexure-I

"Since there is a huge difference in the rates quoted by different firms, hence, they were all called and it has been revealed that on account of misunderstanding the parties have not quoted correct rates. These Holders are urgently required, hence, if agreed, we can negotiate with the parties as per our calculations and a reasonable rate can be fixed. It shall also facilitate the distribution work to more than one parties so as to cope up with requirements in lesser time. It is for your approval please

DDA/DC

Sd/- J.K. Verma  
A.A.E., Karnal.  
22-6-74,

The recommendations of the Technical Officer were agreed upon by the Deputy Commissioner as per noting given by the Deputy Director of Agriculture Karnal on the comparative statement. The chairman further desired while approving the above action that orders for the fabrication of gobar gas plant equipment be placed on the fabricators after negotiating the rates with them on 21-6-74. The fabricators were informed accordingly. The next meeting of this committee was held on 22-6-74. A minute scrutiny of the quotations opened on 17-6-74 would reveal certain causes of great variations in the rates of different firms. M/s Punjab Engineering & Welding Works Kunjpura Road Karnal (referred to by the A.G.) quoted the lowest rates with the stipulation that the material at the controlled price will be supplied by the Government. Therefore the rates could not be compared with the rates of other fabricators who had offered the material from their own resources. M/s Punjab Engineering Works Karnal also remained silent about the mode of payment. Therefore, it was decided in the meeting on 22-6-74 that the Assistant Agricultural Engineer and the Superintending Engineer (Mech.) should prepare separately the estimates of the rates of different sizes and should submit in the next meeting scheduled on 24-6-74 for negotiations.

The Superintending Engineer (Mech.) and the Assistant Agricultural Engineer Karnal made detailed calculations separately and these were discussed in the meeting and were approved as per proceedings of the meeting of the committee recorded on 24-6-74 (Annexure-II)

Incidentally a party M/s Ghansham Dass & Co. also jumped into the competition on 24th June, 1974. Though his quotation was invalid on the ground that it was received 7 days after the opening of the quotations, yet after taking the consent of the participating firms, the rates of M/s Ghansham Dass & Co. were kept on the file. M/s Ghansham Dass & Co., Karnal quoted rates only for the following capacities :

1. 100 Cft	1175/-+S.T.
2. 150 Cft	1280/-+S.T.
3. 200 Cft	1680/-+S.T.
4. 250 Cft	2150/-+S.T.

A target for the installation of 700 gobar gas plants was fixed in Karnal district which was to be achieved upto 31st March, 1975. The Committee was of the view that this work could not be completed by one single fabricator and it was, therefore, decided that the work should be given to more than one fabricator of Karnal and Panipat as that would save transportation cost to different places in the district and help in the achievements of the target speedily. This was the most rational method adopted for fixing the rates after all technical details had been worked out by the Superintending Engineer and the Assistant Agricultural Engineer. *By doing so no favour of whatsoever kind was shown to any fabricator.*

In nutshell, the reasons for ignoring the lowest rates of M/s Punjab Engineering & Welding Works, Kunjpura Road, Karnal including that of others can be summarised as below :

The firms were not clear about the mode of purchase i.e. whether these would be purchased in bulk quantity or in piece meals by the individual farmer as and when his case of loan matures with the bank. Secondly the firms were not clear about the mode of payment. Thirdly, the lowest firm, stipulated while quoting the rates that the material will be supplied for fabrication at the controlled price by the Government. With the above points in view & to complete a time bound programme, there was no other alternative with the Purchase Committee but to negotiate the rates with the parties at some workable formula.

(B) The below given statement depicts the lowest rates quoted by M/s Punjab Engineering & Welding Works, Karnal and the rates finally offered to the fabricators of the Karnal district on the 24th June, 1974.

S N.	Size of the Plant	Rates offered	Rates of M/s Punjab Engg.	Difference
1.	60 Cft	—	900	—
2.	100 Cft	1360	1180	180
3.	150 Cft	1390	1250	140
4.	200 Cft	2000	1400	600
5.	250 Cft	2150	1560	590
6.	300 Cft	2500	1800	700

The above rates remained in force upto the 15th September, 1975. During this period, 212 nos. of plants were installed of the capacity given below :—

100 Cft	12
150 Cft	26
200 Cft	51
250 Cft	68
300 Cft.	32
Above 300 Cft	23
<b>Total</b>	<b>212</b>

The difference between lowest rates and the offered rates for the total above supplies comes as follows :

S.No.	Capacity	Difference in rates	No. supplied	Total excess payment	Remarks
1.	100 Cft	180	12	2,190	
2.	150 Cft	140	26	3,640	
3.	200 Cft	600	51	30,600	
4.	250 Cft	590	68	40,120	
5.	300 Cft	700	32	22,400	
6.	Above 300 Cft	—	23	—	
Total				98,950	

But the above is only a hypothetical assumption and does not hold good under the circumstances explained above. Therefore, the question of fixing the responsibility does not arise.

#### History of Subsidy Amount

(B) Agriculture Department received a sum of Rs. 1,01,66,800/- as subsidy cost for completing 12000 bio-gas plants in Haryana State during 1974-75 and 1975-76 from the Government of India. As the targetted plants could not be completed during specified period as such the unspent amount was carried over till the achievement of the target. With the passage of time, tempo of installation of bio-gas plants in the State receded. When it was realised that it should not be possible to achieve the target of 12000 bio-gas plants, a case was moved for the disposal of the unspent balance amount of subsidy to the Government for taking the advice of the Finance Department in the matter on 9th July, 1978. Earlier, the concerned Deputy Commissioners were requested to send the unspent amount of their respective district to the Joint Director (Agriculture Engineer) on the 6th June, 1978. Decision of the Finance Department for depositing back the unspent amount in Treasury was finally communicated on 7th February, 1979. After the receipt of advice of Finance Department Commissioners after settling their accounts and it took some time. With the start of receipt of unspent amount, the deposits were also started in Treasury in the month of March 1979 and were completed in April, 1981. Utilization Certificates were sent to the Government of India vide No. 2077/AE/TA, dated the 26th March, 1981. From the above, it can be derived that none is responsible for withholding the amount and also not depositing the same in time.

#### Present position of Bhiwani to Ambala default cases

(C) In Bhiwani district, go-bar gas plants loan was sanctioned to 1179 farmers. Out of these, 785 farmers are defaulters (as per report of the D.D.A.) and amount of Rs. 25,47,069.27 is outstanding in their names. District Authorities are helping the banks in the recovery whenever it is requested.

(ii) In Ambala district, out of 137 defaulters, in 69 cases recovery has been made and accounts have been closed and in remaining cases, the recovery is under progress. The total amount still to be recovered in these cases comes to Rs. 1,53,143 90 ”

The Committee observe that (i) the manner in which the quotations were invited without supplying complete details about the mode of purchase, that is, whether those would be purchased in bulk quantity or in piece meal by individual farmers and whether any material will be supplied for fabrication at the controlled price by the Government and (ii) jumping in of M/s Ghansham Dass & Co., into the competition; and (iii) accepting of their tender seven days after the closing date; are some of the points which leave a serious doubt in the mind of the Committee about the bonafides of this deal.

The Committee desire that in matters of this type where huge public funds are involved, special care should be taken to ensure that as and when any such scheme is introduced, all its details alongwith financial implications should be explained to all concerned to avoid undue complications at a later stage.

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

14 Mention was made in paragraph 3 5 of the Audit Report (Civil) for the year 1975-76, *inter alia*, about the demands (Rs. 0 30 lakh) for recovery of *taccavi* loans (in the form of fertilizers) not being noted in the Revenue records in the Mohindergarh district.

During test-check of the records in the Gurgaon District, it was noticed that demands in respect of loans given during October, 1969 to March, 1971 aggregating Rs. 0 73 lakh were not noted in the Revenue records (May, 1977) and action for recovery of loans was not, therefore, initiated by the Revenue Department. The Agriculture Department stated in May, 1977 that the details were being collected from the permit issuing authorities and would be intimated to the Revenue authorities. Further information is awaited (January 1978).

In reply to questions by the Committee the department explained the position as under :

“It has been found that permit issuing authorities did not deposit loanee files amounting to Rs. 30,275. Amongst the defaulting officers/officials, some are the employees of this department while the others are of the Panchayat Department. List of officers/officials of the Panchayat Deptt. has already been sent to the Director, Panchayat Department vide this office No. 4563-65/KC/PAC/SS-II dated 15-7-1980. He has been requested to direct the defaulting officers/officials to ensure that the amount of loan for which they are responsible is recovered. In case they fail on this account steps to recover the amount of loan should be taken. Similarly action has been initiated against the officers/officials of this Department. Strenuous efforts are being made to realise the Govt. dues.

So far Rs. 3,120 have been recovered. A sum of Rs. 27,155 still remains to be recovered.

As a matter of fact, the Deputy Commissioner, Gurgaon had intimated that loanee files amounting to Rs. 72,747.57 have not been deposited by the B.D. & P.O's. Ballabhgarh, Palwal, F. Zirkha and Nuh. As stated earlier against item 1 above. List of defaulting officers/officials has already been sent to the Director, Panchayat Department vide this office letter No. 4563/KC/PAC/SS-II dated 15-7-1980, for taking necessary steps to ensure that the Govt. dues are realised soon. This action could not be taken earlier because this case being an old one, it was not immediately possible to locate the names of the defaulting officers/officials."

The Committee are constrained to observe the continuous lapses of the department in locating the missing files. Even though the irregularity in respect of Mohindergarh district had been brought out in the Audit Report for the year 1975-76, the performance of the department in locating the defaulters in the matter of recovery of taccavi loan in the form of fertilizers is dismal.

In the case of Gurgaon district, the Committee observe that although the transactions were more than a decade old and the irregularities were pointed out by the Audit in their Report of 1975-76, yet the loanees files had not been deposited with the Revenue authorities for affecting recovery of the outstanding amount. As per the statement of the Director of Agriculture recorded during the course of oral examination the recoveries amounting to Rs. 5,500/- have so far been made.

The Committee, therefore, desire that the department should make earnest efforts to identify the particular officials who were responsible for not depositing the files with the Revenue authorities in time and also initiate suitable action against the defaulters.

### 3.8 *Purchase of levellers*

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

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

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

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

The department in reply to the questions by the Committee stated in their written reply as under :

"The levellers were purchased as high power tractors were available in the area from State Agro Industries Corporation. In fact in guideline No. 4 from the Govt. of India there is a stipulation of hiring of tractors from State Agro Industries Corporation. Though there was a proposal to purchase 2 high power tractors out of project funds which proposal later on was dropped, there was no inter-link between the purchase of these tractors and the purchase of 10 turkish levellers. As in the case of other improved implements, these turkish type levellers indigenously fabricated from the imported prototype offered promise for speedy and economical land cutting, levelling and shapping of the very undulating areas in the project villages which require to be cemon strated extensively in the area. The proposed purchase of two tractors as project properly was only to be supplemental for use of these levellers and other equipments and these were not to be used only for these levellers.

These were given to the HAIC for use in Hissar District. It was a symbiotic deal benefitting both the project which got high power tractor for demonstration of the use of these modern earth moving equipment and also the Agro Industries Corporation who got experience of use of these levellers. The benefit to the project was the demonstration of their use. The loaning of two levellers to ASCO, Ambala was also for the purpose of demonstration in the dry-farming areas in Naraingarh. The use of the project implements should not be viewed in the very narrow sense as once purchased, there should not be limitation on their use for demonstration to the farmers in other areas of the State. In fact it eats to the utility of their use."

The Committee was further informed as under :—

"There was no question of fixing any hire rates. The Haryana Agro-Industries Corporation was good enough to provide their tractors for use of these levellers whose working and efficacy was not already established.

The two levellers said to be lying unused have also been used for the same purpose through HLRDC tractors. However these levellers have now practically outlived their lives.

The purchase is not considered as injudicious as the very purpose of the project is to try new practices, new innovations and new implements under the dry land farming conditions."

During the course of oral evidence, it was pointed out that as per the record of the Accountant General's office, the Project Officer had admitted that the Turkish levellers purchased in 1973 could not be put to much use. The idleness of the machinery was also pointed out by Dr. K.N. Singal, Director Dry Land Farming Scheme, Government of India, after the inspection of the scheme. To this fact no satisfactory answer was given to the Committee by the departmental representative.

The Committee observe that at the time of the purchase of these levellers no efforts were made at any level in the department to see whether tractors possessing the requisite capacity to use these levellers for levelling operations were avail-

able with the department and as a consequence the ten levellers purchased could not be put to use fully.

### 3.9 *Extra expenditure*

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

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

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

In reply to the questionnaire issued by the Committee the department in their written reply explained as under :

“The Govt. of India decided to distribute 50% of the technical grade material produced in the country through its own agencies and instructions regarding the allocation of technical grade material to the non associated formulators were sent by the Govt. of India vide their letter No. 17-9/74-PPS dated 25-7-74 to the Secretary to Govt. of Haryana Agriculture Department.

---

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



According to these instructions the technical grade material was to be allocated by a committee headed by Agriculture Production Commissioner/Secretary Govt. of Haryana, Agriculture Department. The 1st allocation of 80 MT of BHC Technical grade material for the quarter ending September-December, 1974 was made by the Govt. of India to Haryana Govt. vide their letter No. 17-9/74/PPS dated 30-9-1974 under the 50% quota system. This technical grade of BHC was meant for further distribution to the non associated formulators of Haryana State. When the allotment of technical grade material for the quarter September-December, 1974 was received by Haryana Govt. the committee by whom the material was to be further allotted to the formulators of Haryana State could not be constituted. After the receipt of the allocation for the quarter September-December, the Director of Agriculture, Haryana requested the Secretary to Govt. Haryana, Agriculture Department through a letter dated 11.11.74 followed by reminders issued vide Nos 9124 dated 9-12-74 and D.O. No. 1460 dated 17-3-75 for the constitution of the committee at an early date. The committee in question was constituted by the Haryana Govt. vide notification No. 3852-Agri-I(2)-75/8560 dated 23-5-1975. Of course the Committee could not be constituted well in time but it is pertinent to mention here that the allocation of technical grade BHC for the quarters September-December and January-March was not allowed to lapse but its allocation was made to the formulators of Haryana State before the close of each quarter. Keeping in view interest of the State the material for the quarter ending September-December was allocated by the Director of Agriculture, Haryana to the formulators and later on it was approved by the committee. Similarly the allocation for the quarter ending January-March was made in a meeting held under the Chairmanship of Secretary to Govt. Haryana, Agriculture Department and in this meeting, Director of Industries Haryana and the Managing Director, Small Scale Industries Corporation, Haryana were also requested to participate. There were no bottlenecks which prevented the constitution of the committee but the delay was procedural as this matter had to be referred to different Departments for its approval before actual constitution of the Committee.

After the allotment of technical grade material to the non associate formulators by the State Govt. the formulators are required to enter into financial commitment with the manufacturers of technical grade material. An advance of 10% on account of the cost of the technical material is to be deposited by the formulators with the manufacturers of technical grade material. The formulators to whom the technical material was allotted by the State Govt. were requested to intimate the reasons for not lifting the material immediately after its allotment. From the replies received from them, it has been observed that the formulators entered into financial commitment in January, 1975 with the manufacturers of technical grade material immediately, after its allotment and the

advance money was also deposited with the manufacturers. The manufacturers of technical grade material offered BHC tech. in the month of Feb. 1975. From our experience during the past 6-7 years regarding 50% quota system, it has been observed that it takes a minimum period of one month to the formulators to get the technical grade material from the date of its actual allocation by the State Govt. It is pertinent to mention here that the formulators only lift the material whenever they do not get it from any other source, because the manufacturers of technical grade material offer some incentives to the formulators in case they lift the material directly from them. Moreover there is no binding on the formulators for lifting the technical material allocated to them by State Govt. The allocation of BHC and its lifting quarterwise during last 5-6 years is shown in the enclosed statement. From the statement, it is apparent that the lifting of BHC is very poor. The material for the quarter ending 31st December, 1974 was allotted by the State Govt. to the formulators on 30-12-74 (before the end of the quarter) and the supply of technical grade BHC was made by the manufacturers to the formulators in the middle of February and thus much delay is possible.

No responsibility for the delay in the allotment of technical grade BHC for the quarter ending 31st Dec., 1974 has been fixed as the material was allotted to the formulators before the close of the quarter and the quota was not allowed to lapse. The allocation of technical grade material under the 50% quota system was made for the first time, therefore, the entire procedure was to be laid down before its actual allotment to the formulators. As regards the purchase of BHC from open market through the Controller of Stores, Haryana it is pertinent to mention here that the Govt. of India through their letter No. 89-1-73/PPS-26 Feb., 1974 intimated that the locust situation was potentially dangerous and preparations need to be made to face a possible resurgence of locusts. It was decided by the Govt. of India that atleast 1000MT of BHC 10% dust must be stocked immediately by Haryana Govt. for meeting the possible locusts invasion during summer 1974. The attack of sugarcane pyrilla was also continuing and this pest not only attacked sugarcane but wheat crop also. Therefore, the Controller of Stores, Haryana was requested through a letter (extra immediate locusts invasion) No. 3497 dated 29-6-74 and again vide No. 7279 dated 12-9-74 for immediately arranging 500 MT of BHC 10% dust. When the indent of BHC 10% dust for fighting locust and pyrilla menace was sent to the Controller of Stores, Haryana, neither there were any instructions regarding the 50% quota system nor there was any allocation of technical grade BHC and in case the arrangements of BHC 10% dust were not made at that time; there were chances of huge loss from locust as well as Sugarcane pyrilla. In order to avoid losses the arrangements for BHC 10% dust were made from the open market through the Controller of Stores, Haryana.

The Haryana Govt. allotted 80 MT of Technical Grade BHC during the quarter September-December 1974 and 60 MT during February-March 75 for formulation for BHC 10% dust. Out of the above quantity 760 MT of BHC 10% dust were taken back from the formulators by the Department at mutually agreed upon rates. The Department of Agriculture Haryana approached the Controller of Stores, Haryana for the cancellation of an order for the supply of 200 MT of BHC 10% dust but it could not be cancelled because all the formalities were completed and the Controller of Stores Hr. intimated that there would be legal complications in case the order was cancelled at such a later stage. Therefore, the entire supply of 500 MT was accepted by the Department of Agriculture, Haryana."

**The Committee observe that the department should be more vigilant in such matters and ensure that such like Committees are constituted without any delay in future.**

### 3.22. *Non-utilisation of land acquired*

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

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

The Department in their written reply to the question of the Committee explained the position as under :—

"The land is in the possession of Agriculture Department (Horticulture section) and is being managed by the Supdt. Horticulture Pinjore. The land has been planted with fruit trees as progeny orchard for multiplication of plant material for supply to the farmers. This is in the interest of Horticulture development work of the State.

Proposal of Deer Park was dropped by the Government.

Crops produced from this area certainly give income on account of wheat seed production and some other crops. These were accounted for in the Govt. account and record exists with the Supdt. Horticulture, Pinjore in a joint account with the old orchard."

**The Committee observe that the land in question be put to best use so far as the interests of the State are concerned.**

### 6.27. *Purchase of hybrid bajra seed*

18. (i) Between 1967-68 and 1969-70, the Seed Depot Gurgaon purchased 614 quintals of hybrid bajra seed for sale to farmers, out of which 374

quintals were sold/transferred leaving a stock of 240 quintals valued at Rs. 1.92 lakhs on hand on 31st March 1970. This stock has been lying (August 1977) though samples taken in April 1971 showed that the seed was unfit for revalidation. The seed, having been treated with poisonous chemicals, could also not be used as grain for human consumption.

The Department stated in May 1977 that most of the seed had been reduced to dust and that necessary steps were being taken for their write off.

(ii) In the seed depot in Gurgaon district, 47.32 quintals of hybrid bajra seed (value : Rs. 0.33 lakh) were in stock at the beginning of *Kharif* 1975. Further, 1,392.54 quintals for *Kharif* 1975 were acquired at a cost of Rs. 13.55 lakhs. Out of the total available stock of 1,439.86 quintals, 1,174.36 and 154.54 quintals were sold/transferred during *Kharif* 1975 and *Kharif* 1976 respectively, leaving a stock of 110.96 quintals valuing Rs. 1.08 lakhs. According to the Department, the seed had lost its germination power owing to long storage and inadequate storage facilities. The seed, having been treated with chemicals was also not fit for human/cattle consumption. The Department stated (November 1977) that 78 quintals of the seed had been disposed off for Rs. 0.08 lakh; the balance quantity was in stock (December 1977).

The Department in reply to the question of the Committee explained as under :—

- (i) "During the year 1967-68 a quantity of 149.76 quintals was purchased which comes to about 10 quintals per block and estimate of 10 quintals per block was not an over estimate, but the farmers of the dryland being poor, and the introduction of Hybrid Bajra variety being a new one, they hesitated to take the risk of its trials in their lands. Therefore much of the quantity of seed could not find sale. However, after the year 1967-68 the sale of Hybrid varieties increased considerably and touched the maximum limit of 1192 quintals during the year 1975. The purchase estimates were made keeping in view the area and there was no over estimate.

This office vide its letter No. 419/10-126/KW-II/ENT (I) dated 7-2-69 issued instruction to all Deputy Directors to collect the unsold old Hybrid Bajra seed at District Headquarter and send it to Yamunagar for processing. It appears that seed was not sent but sample of the seed was taken in April 1971 by the representatives of the National Seeds Corporation from Delhi. It was not revalidated and as such the stock of seed remained in the store at Gurgaon. After this an effort, was made to auction this seed but this having been treated with murcury fungicide, it was not found fit for human or cattle consumption. Later on a party of Maharashtra State contacted this Department for taking this seed for starch purposes. It was decided to give the seed to the Maharashtra party. However there was a ban on export of seed for human consumption in any form. Efforts were made at personal level to obtain permit from the Food and Supplies Department Haryana. All this process took considerable time. In the meantime the team backed out to have the seed. The proposal

for exporting the grain and obtaining permit from the Food and Supplies Department Haryana did not materialise.

The value of the seed has not been written off so far. Steps are being taken to write off the value.

(ii) Out of 32.96 quintals, 31.29 quintals seed is still in balance. Steps are being taken to dispose off/write off this quantity.

The department has no proper storage facility to store the seed. However maximum efforts were made to have storage facilities from the Haryana Ware Housing Corporation wherever possible. Responsibility in this regard can not be fixed."

During oral evidence when asked as to why this loss had not been written off, the departmental representative informed the Committee that the Government had already been moved for writing off this loss.

The Committee recommended that necessary action to write off the loss of Rs. 1.92 lakhs on account of remaining unsold hybrid bajra seed be expedited.

## MEDICAL AND HEALTH

### 1.14. *Utilisation certificates*

19. During 1976-77, Rs. 13.34 crores (1,052 cases) were paid as grants to local bodies, *Zila Parishads*, *Panchayat Samitis* and other Institutions. The financial rules of the Government require that certificates of grants having been utilised by the grantees for the purposes for which these were paid to them should be sent by the departmental officers to the Accountant General within 18 months from the date of sanction of grants.

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

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

In reply to the question of the Committee the Department stated:

"Out of 53 utilization certificates amounting to Rs. 50.49 lacs shown as outstanding, 31 certificates valuing Rs. 17.72 lacs have already been furnished. Efforts are being made to collect the remaining 22 certificates amounting to Rs. 32.77 lacs. These will be sent to audit office at the earliest possible."

In reply to a question by the Committee, during oral examination on 19th May, 1981, the departmental representative stated that utilisation certificates relating to the utilization of grant worth Rs. 13 lakhs given to Post Graduate Medical & Research Institute, Chandigarh in 1976-77 for the import of certain equipments was awaited from that Institution.

The Committee desired the department to send a detailed note giving the exact reasons for delay in not getting the equipment imported and consequently keeping this huge amount unutilized for the last more than four years.

The Department promised to send the aforesaid detailed note but the Committee are distressed to note that the same has not been received even after the lapse of more than eight months till the time of writing of this report.

The Committee desire that a detailed note giving the reasons for delay in getting the equipment imported be sent to them within three months.

The Committee further desire that the department should go into the whole matter and if they find that money is likely to remain unutilized the amount should be got refunded forthwith because the Committee have the apprehension that the amount of grant would continue to remain unutilized for a pretty long time because in the meanwhile there has been escalation in the prices of material to be imported entailing extra expenditure for which the P.G.I. shall have to tap additional resources.

The Committee while bringing the following rule regarding the release and utilization of grants to the notice of the department desire that it should be followed in letter and spirit :

“Only so much of grant should be paid during any financial year as is likely to be expended during that year. In the case of grants for specific works or service such as buildings, water supply schemes and the like, sanctioning authority should use its discretion in authorising payments according to the needs of the work... ..”

The Committee also observe that grants worth lakhs of rupees have been given by the department to various institutions but there is no monitoring cell in the department to see that huge amounts of grants are properly and timely utilized.

The Committee, therefore, recommend that the department should examine the desirability of creating a monitoring cell for the purpose.

The Committee further desire that the utilization certificates relating to the remaining amount of Rs. 19 77 lakhs be obtained and sent to the Audit Office without further delay under intimation to the Committee.

### 3.14. *District and Tehsil headquarters hospitals*

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

20(I) *Mobile dispensary and X-ray vans*

The Civil Hospital, Bhiwani had at its disposal a mobile dispensary van costing Rs 0 57 lakh (chassis : Rs. 0 39 lakh; body : Rs. 18 lakh) and a mobile X-ray van costing Rs. 1 02 lakhs chassis (Rs. 0 39 lakh; body : Rs. 0 30 lakh; X-ray plant : Rs. 0 21 lakh; electricity generating set : Rs. 0 12 lakh) since November 1971 and March 1973 respectively. The chassis for these two vans were purchased in March 1971 but the mobile X-ray van could be ready, after fabrication of its body, only in March 1973. Utilisation of these vans during the period from their availability upto June, 1977 was as under :—

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

In reply to the questions of the Committee the Department in their written reply stated as under :—

“The file pertaining to these vehicles i.e. Mobile Dispensary van and X-ray Mobile Van is with the Vigilance Department since 3-10-78. However, the chassis of these vehicles were purchased in the year 1971. Due to non-availability of the file, the exact reply to the causes of delay, can not be given at this stage.

Due to shortage of specialised persons in this discipline (Radiology), the posts of Radiographer and Radiologist could not be filled in. However, screening work instead of X-ray work was done by the Medical Officer Incharge of Mobile Dispensary Van as both the vehicles used to move together for providing medical facilities in the rural areas.

The Mobile Dispensary is now working satisfactorily and it has achieved the purpose for which it was set up.”

During the course of oral examination on the 19th May, 1981, the departmental representative stated that it was not possible to give detailed reply regarding the delay of two years in the fabrication of the body of the Mobile X-ray van because the relevant file was with the Vigilance Department in connection with the enquiry about the accident of the van. He further informed the Committee that the Vigilance Department had been asked to send the file as early as possible. When further asked whether it will be possible to intimate the results of the case to the Committee within a month, the departmental representative stated that he would intimate the result as soon as the

file was received from the Vigilance Department. However, till the time of writing of this report, no information had been supplied to the Committee.

**The Committee desire that the information as promised be furnished alongwith the information as asked for in the written questionnaire already supplied to the department.**

20. (2) *Central oxygen supply system*

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

In reply to the questions of the Committee the department in their written reply stated :—

“While offering the original quotation on 26-6-74, the firm quoted validity period upto 26-8-74. They also mentioned that they would have the right to alter prices and to suspend deliveries if necessitated by increase in the cost of material labour and transportation and by any other circumstances. A number of formalities such as clearance from the Controllor of Stores etc. were required to be completed before placing the orders with the firm. As the period offered by them was very short, the supply order could not be placed within the stipulated period.

Being the sole supplier and a provision in the original offer to the effect that they will have the right to claim the increased cost of material, labour and transportation etc., there was no alternative with the department but to accept their conditions.”

During the course of oral evidence the departmental representative stated that when the tenders were floated the Indian Oxygen gave their quotation with the condition that it would be valid for two months. It was further added that certain formalities needed to be completed as a consequence of which the period of two months expired and an order at an enhanced rate had to be placed with the same firm who had raised their offer after the expiry of the validity period of their first offer from Rs. 1.63 lakhs to 1.82 lakhs resulting in an extra expenditure to the tune of Rs. 0.19 lakh.

**The Committee observe that when there was a specific condition regarding the validity of the quotation the department should have made all out efforts to complete all the necessary formalities and placed the order with the firm within the stipulated period.**

**The Committee are, however, constrained to observe that the validity period was allowed to lapse in routine correspondence and as a consequence an extra expenditure had to be incurred by the department.**



The Committee would like that responsibility for the delay in placing the order within the stipulated period be fixed and appropriate action against the concerned employee taken within six months and the Committee be informed accordingly.

20. (3) *Idle equipment*

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

- (a) four air-conditioners (cost Rs. 0 31 lakh) in the Civil Hospital, Jind were out of order since their purchase in July 1975. Similarly, three air-conditioners (cost : 0 23 lakh) purchased in October 1974 were lying idle in the Civil Hospital, Gurgaon since December 1975.

In reply to the question of the Committee the department in their written reply stated :

- (a) "Four air conditioners were purchased for General Hospital, Jind and were installed in July, 1975 when the new building of this hospital was inaugurated. These air-conditioners were in working order.

Three air conditioners were purchased for General Hospital, Gurgaon and were installed in the new building of the hospital in the month of April, 1975. All these air-conditioners are in working order."

On a question of the Committee during oral examination the departmental representative stated that the air conditioners started functioning when the building was inaugurated in 1975 and since the date of inauguration they were in working order.

The Committee pointed out to the department that there was a letter from the Senior Medical Officer, Jind addressed to the Accountant General, Haryana in 1977 where-in it had been stated that the air conditioners were not in working order. But the departmental representative still maintained that the air conditioners were in working order since 1975, that is, from the date the building was inaugurated.

The Committee desire that the department should examine the matter in the light of the letter written by Senior Medical Officer, Jind in 1977 and the correct position be intimated to them.

- (b) one 100 M.A. X-ray plant (cost : Rs. 0 76 lakh) in the Civil Hospital, Jind was not in working order since its installation in July 1975. The plant was purchased in January 1975;

In reply to the question of the Committee the department in their written reply explained :

- (b) "A new X-ray plant of 160-M.A capacity was purchased for General Hospital, Jind on 31-1-1975 and was installed on 1-6-75 just before the inauguration of the new building. The

equipment for the new building has to be purchased some what in advance before the inauguration of the hospital because the procurement of such a costlier equipment is a long process and the purchases are effected through the Controller of Stores."

During the oral examination, the departmental representative stated that the X-ray plant in the Civil Hospital, Jind was in working order since its installation in June, 1975.

The Committee desire that this fact should be reconciled with the audit and the correct position be intimated.

### 3.16. *Irregularities in the medical institutions*

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

#### 21. (d) *Stores*

Unserviceable equipment, vehicles, linen and furniture articles valuing Rs. 2.06 lakhs were lying undisposed in 15 institutions for periods ranging over two to ten years. These included two X-ray plants in the Civil Hospital, Sonapat and one in the Civil Hospital, Kalka (cost Rs. 0.75 lakh) not in use since 1971, January 1975 and April 1975 respectively, and three vehicles (cost : Rs. 0.18 lakh) in the B.K Hospital, Faridabad and one vehicle in the Civil Hospital, Tosham (cost : Rs. 0 20 lakh not in use since October 1966, May 1974 and sometime in the year 1972.

The Department in their written reply to the question of the Committee stated :

- (d) "The department has been issuing instructions from time to time for the expeditious disposal of unserviceable articles of stores. The Controller of Stores was requested in April, 1977 for constituting a Condemnation Board for condemnation of 2 X-Ray Plants at Sonapat. Reminders have been issued from time to time.

As regards one X-ray Plant at Kalka, the condemnation Board has met and its decision is yet awaited."

During the oral examination in reply to a question of the Committee as to why could appropriate action not be taken for such a long period of nearly ten years to dispose off two X-ray plants at Sonapat.

The departmental representative stated that these plants were to be condemned by the Condemnation Board to be constituted by the Controller of stores, Haryana. As the procedure in this respect was very lengthy and cumbersome the said Board could not be constituted till 1978 and that the decision of the said Board was awaited from the Controller of Stores. He further stated that the existing rules according to which a Head of the department was authorised to condemn stores upto the value of Rs. 5,000/- had become obsolete and required simplification.

The Committee observe that the existing procedure of obtaining the approval of the Condemnation Board for the disposal of old and unserviceable stores entails much delay and as a result the store articles get further damaged and Government is deprived of even bare income by way of sale proceeds of such stores.

The Committee recommend that the existing procedure/rules concerning the disposal of old and unserviceable stores be streamlined and simplified in order to avoid loss to the State exchequer.

21. (e) *Other irregularities*

27. (i) Defective maintenance of the cash book, erasures, over-writings, non-checking of totals, omission to conduct physical verification of cash, absence of surprise verification of cash, etc., were noticed in 44 institutions.

(ii) Requirement regarding reconciliation of withdrawals from and remittance into the treasuries was not observed in 29 institutions.

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

In reply to the questions of the Committee the Department in their written reply stated :

(i)(ii) "Necessary instructions in this regard have been issued to the field offices."

During the course of oral examination the departmental representative agreed with the Committee that non-reconciliation between the treasuries and Institutes about the remittances and the withdrawals was a serious matter. He further stated that the entire account system was being overhauled in the department and after it was done, there would be no such problem.

The Committee are not satisfied and fully convinced with the explanation given by the department.

The Committee feel that the department should have taken effective steps to maintain the accounts in accordance with the rules on the subject.

The Committee recommend that the account system in the Health Department be strengthened and overhauled so that such financial irregularities do not occur in future.

## LOTTERIES

### *Paragraph 3.18. Extra expenditure*

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

It was noticed during audit (November/December 1976) that the

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

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

In reply to a question by the Committee as to why were publicity charges and additional Commission allowed to the agents on the tickets sold to persons other than the agents or their authorised representatives; who was responsible for wrong payment of Rs. 0.90 lakh and what action had been taken against him, the department, in their written reply, explained as under :—

“Haryana was the 3rd State in India to start Lottery scheme in 1968. It was very popular and the tickets were sold after the agents had deposited the cost of tickets with the department at Chandigarh or at Delhi office. With the passage of time other States also came into field and the lottery business became very competitive. The tickets were sold on cash payment as before, but departmental officials were deputed to deliver tickets on cash payment at the places of agents' business. These agents were interested to purchase tickets of only those States lotteries, which offered more attractive incentives to them. Ultimate result of all this competition was that sale of tickets could not be conducted at the conditions rigidly imposed by the Govt. but it had to be done according to choice of the purchasers. One such choice of the purchasers was not to have their own agency for the purchase of tickets but they insisted to purchase them in the agency of another agent to avail offer of additional incentives. The employees deputed by the Department had no other alternative but to sell tickets in the name of agents stated by the purchaser, as our insistence to sell tickets to the purchasers in their own agency would have resulted in non lifting of tickets by them, thereby causing a heavy decline in sale of tickets. The tickets were sold to sub agents named by agents.

This practice is being still followed as it is felt that the sale is boosted up by the publicity made by the purchaser's agent in the region/area where tickets are actually sold/delivered.

As stated above the sales had been made in the best interest of the Department. Therefore, there had been no wrong payments and as such no action has been taken against any body.”

During oral examination on 2-6-1981, the Committee pointed out that their apprehension was that the vouchers had been issued in 30 different names for 50,000 tickets but in order to subsequently claim publicity charges on that sale, the sale was shown in the name of one party. The Committee further pointed out that if for example ten officers, put on the job of selling lottery tickets worth Rs. 50,000 to thirty parties, whereon 1% Commission

money was payable, was it not possible, the Committee enquired for such ten officers to show the sale in one name in order to have the Commission money themselves.

The departmental representative could not satisfy the Committee on the above points but promised to go into the whole matter and to send a report to the Committee within a month. The Committee, however, painfully note that upto the time of writing of this report the promised report was not furnished by the department.

The Committee view this indifference on the part of the departmental representative with utmost regret and observe that the promised information be sent to the Committee without any further delay so as to enable the Committee to go into the matter further.

## REVENUE

### *Paragraph 3 23. Embezzlement*

23. An inspection (March 1976) of the accounts of the Tehsildar, Bawani Khera by the district authorities disclosed that between 17th June 1975 and 1st December 1975, amounts aggregating Rs. 6 40 lakhs were drawn for distribution as *taccavi* loan for the purchase of cattle and fodder. Actual disbursements upto 31st December 1975 were Rs. 5.90 lakhs only. The remaining amount of Rs. 0 50 lakh was reportedly embezzled by the Tehsildar who had retired from service on 1st January 1976. The embezzlement was facilitated, *inter alia*, by drawal of amounts in excess of requirement and retention of heavy cash on hand ranging between Rs. 0 20 lakh and Rs. 1.49 lakhs during June 1975 to December 1975.

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

Further developments are awaited (January 1978).

In reply to a question by the Committee the department in their written reply stated :

“Sh. Gulbadan Singh, Ex-Tehsildar has been traced out and arrested on 3-12-1979. The case under section 409 I.P.C. against Shri Gulbadan Singh is pending in the Court of Sh. M.P. Mahndiratta, J.M.I.C. Bhiwani. Further action will be taken on the decision of the Court. A huge amount of *taccavi* loans was distributed amongst the affected persons of Bawani Khera Tehsil for fodder etc. during the year 1975-76 due to heavy drought. There was no sub treasury at Bawani Khera at that time and it is expected that Shri Gulbadan Singh had to draw heavy amount to save the time and traffic difficulties for going again and again to Bhiwani Treasury.”

The Committee recommend that the rules regarding the withdrawal of money from the treasury be re-examined for being suitably amended so as to ensure that such like cases of embezzlements do not occur in future.

The Committee desire that the decision of the Court in the case, under

Section 409 I.P.C., against Shri Gulbadan Singh and action taken thereon be intimated to them.

The Committee further desire that steps/action taken for the recovery of embezzled amount of Rs. 50,000 from Shri Gulbadan Singh be intimated.

### IRRIGATION

#### *Paragraph 4.1. Siwani Lift Irrigation scheme\**

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

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

According to the department Rs. 17,83.58 lakhs were spent on the

\*Previously known as Birender. Narayan Chakravarty Lift Irrigation scheme.

@September 1977.

\*\*Previously known as BNC Feeder.

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

scheme upto March 1977. Year-wise break-up of the expenditure was as under :—

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

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

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

\*\*                      \*\*                      \*\*                      \*\*                      \*\*  
                     \*\*                      \*\*                      \*\*                      \*\*

24. (9) *Damages to a newly constructed channel*

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

In reply to the question of the Committee as to whether any responsibility had been fixed for defective compaction of earth and why could defect not be discovered earlier than in December, 1975, the Department, in their written reply, explained the position as under :—

- (a) "The Disty. in this reach is 12 to 18 ft. in filling and on account of this heavy filling some settlement took place in the bed and the lining was damaged. As it was not possible to re-compact the whole earth again, hence double tile lining was provided to avoid any further damage in this reach. The responsibility for defect in compaction if any is being fixed and the action will be taken against the defaulter.

The defect in compaction could not be discovered earlier as the earth in the bed was covered with lining. As such the defect could only be discovered after the lining collapsed."

During the course of oral examination on 6-2-81, the departmental representative assured the Committee that action would be taken against the guilty official.

**The Committee desire that the action against the officers/officials responsible for the damage caused to the newly constructed channel be expedited and intimated to them within six months.**

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

A.V.R. Bridge was constructed at RD 17835 of the Bhariwas Minor during 1974-75 at a cost of Rs. 0 27 lakh. The bridge and the lining of the bank up-stream of the bridge were damaged in August 1976. The department found on investigation that the foundation of the bridge was not properly laid and the thickness of the foundation concrete was 12 inches only instead of 24 inches as per drawings. Rupees 0 11 lakh were spent during October 1976 to March 1977 on repairing the damages.

In reply to the question of the Committee as to whether responsibility had been fixed for the execution of sub standard work, the department in their written reply, stated that :—

- (11) "No record is available to the effect that only 12" concrete was laid against 24" provided in the design and hence no responsibility can be fixed. The circumstances under which the damage to the bridge took place, as explained by the S.E. and Xen Incharge are that the channel downstream of the bridge got filled up with blown sand and as a result of this banks on the U/S were over topped by water and this led to breach in the bank which automatically resulted in damage to the bridge foundation. The channel was transferred to running circle after its completion, and therefore, responsibility has to be fixed as to whose negligence this breach occurred. This is being done."

During the course of oral examination on 6-2-81, the Committee was informed by the Accountant General that the contention of the Department that no record was available to the effect that only 12" concrete was laid against 24" provided in the design was incorrect. In that connection he quoted letter No. 1540/7187-82/26-W dated 17-8-76, from Shri A.K. Verma X.E.N., B.N.C., Division, Tosham addressed to the S.E. Bhiwani, Development Circle, Bhiwani which, *inter-alia*, stated :

"The thickness of the foundation concrete laid is only 12" against 24" as per drawing"

The departmental representative admitted that as per report of the X.E.N. and S.E., the thickness of the foundation of the bridge was 24" but actually it was 12" and that that was one of the reasons for the damage to the bridge.

The Accountant General further pointed out that according to the aforesaid letter the responsibility had been fixed on X.E.N., B.N.C. Feder Division, Hissar. In support of this he further quoted the aforesaid letter and read out to the Committee the following portion :



"The mishap has occurred not due to any other reason except construction defect itself for which only XEN, BNC Feeder Divn. Hissar is responsible who executed the work. This Divn. is although incharge of running and maintenance of channels and upkeep of the bridge by this office cannot be held responsible for any damage which may occur due to defective construction, a preliminary report of S.D.O. B.N.C. Development Sub Division No. 2 Siwani of this division is enclosed for your perusal and taking immediate action so that the bridge is repaired by the X.E.N., B.N.C. Feeder Divn. Hissar immediately and the supplies below RD 17800 Bhariwas Minor can be restored without any delay."

The departmental representative stated that the letter quoted by the Accountant General was not with them but he promised that he would have that letter traced out, get the circumstances investigated under which the said letter was written and send his findings to the Committee within three weeks.

The Committee are, however, disappointed to observe that the department did not take care to inform the Committee till the time of writing of this report despite their assurance to do so within three weeks.

The Committee desire to be informed about the investigation made in the matter as proposed and action taken against the officers/officials found responsible for standard work done on the bridge be intimated to them.

The Committee would also like to be informed of the reasons why it had not been possible for the department to send the requisite information to the Committee within the stipulated period and who was responsible for that lapse and what action had been taken against him for not furnishing the promised information to the Committee within the stipulated period.

#### 24. (12) *Loss due to excessive pumping*

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

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

In reply to the question of the Committee as to what was the latest position in regard to the fixing of the responsibility, the department, in their written reply, stated :

"The pump operator concerned who did the pumping at Pump House No. 6 of Mithi Disty. was dismissed from service"

During oral examination, in reply to a question by the Committee as to what was the reason behind breach in RD 45200 channel, the depart-

mental representative explained that it was caused because on the one hand excessive pumping of water continued to be done while on the other hand sand continued to accumulate in the channel due to the storm. As a consequence the flow of the water stopped and water started overflowing the channel. He further stated that the Pump Operator could not know that flow of the water in the channel had stopped because of accumulation of sand and he continued pumping the water which caused the breach.

During the oral evidence on 6-2-81, in reply to the observations by the Committee that before fixing the responsibility on the Pump Operator departmental enquiry must have been conducted and that if so, a copy of that report be sent to the Committee. The departmental representative promised to send the same within fifteen days.

The Committee are, however, constrained to observe that the same has not been received till the time of writing of this report. This shows that the department pays scant attention to the observations of the Committee as is proved from the fact that even after the lapse of about 11 months, the department has not cared to send the requisite information to the Committee. The Committee view this position with anguish and observe that while furnishing copies of the report to the Committee without any further delay, the department should also satisfy the Committee about the cause of delay in furnishing the promised information to the Committee.

#### *Paragraph 4 2. Construction of bunds and tanks*

25. In the Gurgaon and Mohindergarh district, small and gushing torrents which flow in the area could be used for basin irrigation by providing bunds across the streams to form storage tanks. According to the information furnished by the department, a sum of Rs 1,72 22 lakhs was spent during 1972-73 to 1976-77 on the construction of bunds and tanks in these districts.

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

\*\*                \*\*                \*\*                \*\*                \*\*                \*\*                \*\*  
               \*\*                               \*\*                               \*\*                               \*\*                               \*\*

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

In reply to the question by the Committee as to what were the reasons due to which the rate of *abiana* and the mode of assessment was not determined, the department, in their written reply, stated :—

“The problem is still pending before the National Commission of Agriculture. The charging of any *abiana* was never contemplated. Only indirect benefits by way of better/more crops in basin area and saving of cropped areas outside the Basin from flood damages was taken into consideration.”

The Committee desire that the decision taken in the matter by the National Commission of Agriculture be intimated to them,

25. (iii) *Other points of interest*

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

\*\*       \*       \*\*       \*       \*\*       \*\*       \*\*

In reply to the questionnaire of the Committee, the department in their written reply explained the position as under :

“D—Section for Dongarwan Shahzadpur bund was not required to be got approved from Central Design Office and it was approved by S.E. Constuction Circle No. I, Delhi.

Originally the field Officers proposed a small outlet as per their experience and accordingly a gap of 40 feet was left in bund, later on the case was referred to Central Design Office for detailed study and design of a proper outlet. The design when finalised required a gap of 162 feet. No one, therefore, can be held responsible for this expenditure on earth work.

The Committee are not convinced with the reply of the Department that the design for Dongrawan Shahzadpur Bund was not required to be got approved from Central Design office because, if it was so, as pointed out by the audit, the case would not have been referred to the Central design office, for detailed study and design of proper outlet.

The Committee, therefore, feel that the loss of 0.10 lakh occurred due to bad planning and lack of foresight on the part of the concerned officials.

The Committee recommend that responsibility of this loss be fixed and appropriate action be taken against the concerned officials.

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

\*\*

\*\*

\*\*

\*\*

\*\*

In reply to the question of the Committee as to why was the construction of the regulator undertaken in anticipation of the approval of its design by the Central design office and who was responsible for the infructuous expenditure of Rs. 0.14 lakh, the Department, in their written reply, explained the position as under :—

"The construction of the regulator was undertaken on the basis of earlier experience by field Officers but later on it was considered desirable to get the design examined thoroughly in Central Design Office. The earthwork gap had however, to be closed to protect Narnaul Town and other areas from flooding. The work of regulator already executed was however, utilised in the final design and there was thus no loss on that account.

The work was restarted and has been completed as per approved design. Extra expenditure could not be avoided."

The Committee do not agree with the contention of the Department that the extra expenditure could not be avoided. The Committee feel that had the field officers got the design examined thoroughly in the Central Design Office earlier instead of undertaking the construction work in anticipation of their approval the extra expenditure could have been avoided.

The Committee, therefore, recommend that responsibility for this avoidable extra expenditure be fixed and the names of the officers/officials held responsible for the same, may be intimated to the Committee alongwith the action taken against them within six months.

25. (e) *Naurangabad Bas Khurd Bund* :—A co-operative society was entrusted with the work of laying dry stone pitching on the Naurangabad Bas Khurd Bund between RD 4375—RD 7125 (estimated cost : Rs. 0.91 lakh) at the rate of Rs. 50 per hundred cft. The society completed the work in March 1974 beyond the designed level and was paid for 1,86,214 cft. against 1,61,520 cft. provided in the estimates. This involved excess payment of Rs. 0.12 lakh. On this being pointed out in audit, the department called for explanation of the Sectional Officers for the excess work. Further developments are awaited (January 1978).

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

In reply to the question by the Committee, the department in their written reply stated as under :—

"The Show Cause Notice against Shri K.K. Bangia, J.E. has since been served and his reply is still awaited. Final opportunity directing him to submit reply to the Show Cause Notice upto 15-1-1981 had been given. The case will be finalised soon.

As per record, the execution of the work beyond the designed level was not authorised. However, the final action in the matter is being taken on the basis of Show Cause Notice issued to the Sectional Officer."

The Committee desire that action taken against Shri K.K. Bangia, J.E. be intimated to them within six months.

#### *Paragraph 4.3. Defective concrete mixers*

26. Eight concrete mixers were purchased in December 1971, after inspection, at a cost of Rs. 0.64 lakh from a New Delhi firm (the firm was

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

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

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

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

In reply to the question of the Committee as to how did the department substantiate the alleged manufacturing defects in the mixers in view of a few satisfactory performance reports given by the Department to the firm, the department in their written reply explained as under.—

“There was no major manufacturing defects in the mixers. Slight adjustment and repairs were needed which were attended to by the representative of the firm and the mixers were put in working orders. These mixers have worked for 214, 409, 256.5, 756.25, 784.25, 695, 235 and 235 Hours according to the necessity of the work where these were employed.”

During the oral examination on 6-2-81, in reply to the question by the Committee as to whether delivery of the mixers was taken after thorough inspection of the machinery, the departmental representative promised to inform the Committee after checking up the record.

The Committee, however, painfully observe that till the time of writing of this report no such information was received from the Department although the same was required to be sent within one month.

The Committee desire that the responsibility for not sending the requisite information for such a long time be fixed and the Committee informed within six months. The Committee further desire that the promised information be supplied to them without any further delay.

In reply to another question of the Committee, as to how the department could claim that the mixers were repaired by the representative of the firm in 1972, when according to the audit para, it was clear that the three mixers were not repaired and were not put to use till October, 1977 but were repaired thereafter, the departmental representative promised to send information about it to the Committee after checking the record.

---

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

The Committee are constrained to observe that the departmental representative who was not fully prepared to answer the questions of the Committee has also not cared to send the promised information to the Committee although it was required to be sent within one month.

The Committee desire that responsibility for not sending the information as promised during the oral examination on 6-2-81, be fixed under intimation to them within six months.

The Committee further desire that the promised information be supplied to them without any further delay.

*Paragraph : 4 4. Recoveries due from a contractor*

27. The work of constructing the Ghaggar Syphon at RD 64050 of the Bhakra Main Branch, entrusted to a contractor in May 1954, was completed in October 1960 at a cost of Rs. 4 87 lakhs. The final bill prepared by the Tohana Division in November 1974 disclosed that Rs. 0.40 lakh were recoverable from the contractor on account of overpayments made in running payments (Rs. 0 38 lakh) on certain items of work due mainly to computation of the value of work at rates higher than approved. The earnest money (Rs. 0 04 lakh) and the security (Rs. 0 15 lakh) withheld from running payments had been refunded to the contractor in January 1955 and April 1956 respectively.

The division stated (August 1975) that the overpayment was noticed in October 1960 and other divisions were asked (only) in June 1971 to recover Government dues (Rs. 0 40 lakh) from the amount payable, if any, to the contractor in their divisions and that the circumstances in which security was released were not known.

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

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

In reply to the questionnaire of the Committee, the department in their written reply explained the position as under :—

- “(i) The Govt. fixed the specific date of June 1954 to let the water into Bhakra Canals. The Ghaggar syphon was at such a strategic point which was quite essential to be completed before the running of Canals. The work for constructing Ghaggar syphon at RD 64050 BMB was allotted to Shri Mai Dayal Contractor against work order and not against agreement wherein there was no specific period mentioned for its completion. The work was however, completed on 17-10-1960.

- (ii) The delay in preparation of final bill was due to the fact that the concerned measurement Book No. 256/S was not forthcoming which was written off vide Govt. No. 999-5PW-II-68/4071 dated 20-2-68. Therefore, the final bill was prepared on the basis of other relevant record and submitted to the C A O /B.N.P. for pre-audit and it remained under correspondence for a long period and this caused delay.
- (iii) The earnest money was released by Sh. Amar Singh, the then S.D O. during 1/55 and security during 4/56. The amount of excess payment was debited to P.W. Misc. Advances recoverable from the contractor. Shri Amar Singh, the then S.D O is responsible for this irregularity who has since retired in 1967.
- (iv) The Over payment was noticed during 1960 while preparing the final bill of the contractor. It also came to notice that concerned measurement Book No. 256/S was missing. The Govt. was approached to sanction the write off of the measurement book in 1961. The matter remained under correspondence when Govt. finally vide No. 999-5PW-II-68/4071 dated 20-2-68 accorded sanction to the write off. Moreover about 26 Nos P.W.D. Divisions of the Haryana State were requested to recover a sum of Rs. 0.40 lacs from Shri Mai Dayal Contractor if working in their Divisions, but there was a negative reply. Thus upto 1974 efforts continued to be made to clear the Misc Advances against the contractor. A sum of Rs. 34,302 which was lying in P.W. Misc. Advance of the contractor on account of Jumper work, Centring and Shuttering and carriage of material was adjusted vide Executive Engineer, Tohana Division T.E. No. 8 dated 18-2-78 leaving a balance of Rs. 6,000 on account of recovery of wriggling charges.
- (v) The Executive Engineer, Tohana Division had reported that the relevant record pertaining to the year 1954 relating to the recovery of Wriggling charges was not available and in the absence of the same it was considered futile to pursue the case of recovery against the contractor even in the Court of Law. Under these circumstances Arbitration case had to be withdrawn in 2/76.
- (b) The contractor repudiated the Govt. claim on the plea that no excessive payment was made to him and the amount paid to him was actually due on account of work done by him.
- (c) Shri Amar Singh S.D.O. and Shri Des Raj Narang, S.O, responsible for excess payment retired from service from Punjab Govt. on 14-4-1967 and 3-2-1962 respectively. Hence no action could be taken against them."

In reply to a question of the Committee the departmental representative admitted that the S.D.O., who released the security of the contractor before the preparation of his final bill was definitely responsible for the lapse on his part, but added that no action could be taken against him because he had retired from service in Punjab in 1967.

At this belated stage the Committee are left with no choice but to recommend that efforts to recover the amount of Rs. 6,000 from the contractor be made vigorously and the Committee be informed of the recovery made.

## BUILDINGS AND ROADS

### *Paragraph : 4 6. Recoveries due from a contractor*

28. In the Kaithal Construction Division, the work of supplying 2 10 lakh cubic feet (cft.) stone metal (estimated cost : Rs. 2 50 lakhs) was entrusted to a contractor in December 1970 for completion within one and a half year. The contractor was shown to have supplied 1.35 lakh cft. stone metal (based on truck measurement) by May 1971 against which Rs. 1.52 lakhs were paid to him.

No further supplies were made by the contractor (February 1972). According to the agreement, he was required to deliver material proportionate to the time elapsed. The department issued notice to the contractor on 7th February 1972 requiring him to complete the proportionate supply along with screening by 14th February 1972 failing which compensation, as provided in the agreement, would be levied. The contractor did not resume the supply. In March 1972, the department levied 10 per cent compensation amounting to Rs. 0 25 lakh and ordered to have the supply completed at the contractor's risk and expenses. Of the balance supply, 0.23 lakh cft stone metal was obtained by July 1973 from another source at an extra cost of Rs. 0 06 lakh.

The check-measurement by two Sub-divisional Engineers in March 1972 showed that the quantity of stone metal actually received was 0.96 lakh cft. only and that based on correct quantity and proper gradation of the material the contractor had been overpaid an amount of Rs. 0 30 lakh. In addition, Rs. 0 06 lakh were found recoverable from the contractor for screening supplied short.

Against the recoverable amount of Rs. 0 67 lakh, Rs. 0 08 lakh representing security withheld from the running payments and Rs. 0.20 lakh representing security withheld from the contractor in respect of another work were adjusted in May 1975 and May 1977 respectively.

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

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

In reply to the question by the Committee, the department in their written reply, explained the position as under :

"In his application dated 13-10-72 before the Senior Sub Judge Karnal praying for the appointment of an S.E. of Haryana P.W.D. B&R, as Arbitrator to adjudicate upon all disputes between the parties concerning the said agreement, Shri Sohan Lal Kalra, Contractor claimed that a sum of Rs. 17,852.57 (Say Rs. 0.18 lakhs) were due to him since long on account



of payment of final Bill, refund of earnest money and security. No details of the aforesaid amount of Rs. 0.18 lacs were furnished by him. Vide his letter No. 516 dated 4-10-80 to the address of Shri B.K. Wadhwa, Superintending Engineer, Rohtak (Arbitrator) the Contractor has submitted his revised claim amounting to Rs. 42,093 as under :—

Total material supplied 135000 cft less screening not supplied	135000 cft Stone metal
Total requirement of screening at 10% of above	13500 cft
Screening supplied	4050 cft
Screening not supplied 9450 cft	(—) 9450 cft
Total quantify for payment	125550 cft
Amount as per agreement rate of Rs 129% cft.	1,61,959.50
Less amount already received	1,51,978.75
Balance	9,980.75
Security and Earnest money	7,599.00
Interest from 24-5-71 to 23-9-80	19,513.80
Other Misc expenses such as travelling expenses and fees etc.	5,000 00
Grand Total	Rs. 42,093.55

Although no details of his claim of Rs. 17,852 57 have been supplied by the Contractor as mentioned above, yet from the details of his revised claim of Rs. 42,093 55, the details to the extent of Rs. 17,579.75 are visible.

The claim of the Contractor as put forward by him is not acceptable to the Department who under provisions of the Agreement deed and Department rules has to be finally settled on the basis of actual measurement as recorded at site by the departmental officers and not on the basis of interim/tantative rough measurements based on truck load basis. No amount is due to the Contractor from the Department. In fact a sum of Rs. 38,724.87 as detailed below is recoverable from him :—

Amount of his final Bill on the basis of actual measurements of Stone metal (95620 cft)	1,22,244.88
Less for 10% free screening supplied short (9562-4000 cft)	5,562.00
Balance	1,16,682.88

Amount already paid to the Contractor on truck load basis	1,51,578.75	
Amount paid excess	35,295.87	
Compensation recoverable under Clause 2 of Agreement	25,000.00	
Extra payment made on risk and cost of the contractor in getting the supply from other agencies in terms of clause 3 of Agreement	6,578.00	
Total	66,873.87	
Less recoveries already effected		
(i) Earnest money adjusted	5000.00	
(ii) Security withheld adjusted	2599.00	
(iii) Adjusted from other dues of Contractor lying in the Divisional office, relating to work/other works	20550.00	
	28149.00	28,149.00
Amount now recoverable		38,724.87

As intimated by Superintending Engineer, Karnal the Arbitrator had heard both the parties on 19-12-80. The Arbitrator has finally closed the bearing and reserved the award which is expected to be announced shortly.

(ii) Since the contractor claimed the sum of Rs. 0.18 lacs (approx) in 10/72, the following dues lying in the Divisional Office have since been adjusted against the recovery of excess payment due from him :—

(i) In 5/75 (TE 20)	7599.00	Earnest money	5000
		Security with-held	2599
(ii) In 3/77 (TE 1)	20550.00	Relating to this work	1307
		Relating to other work	19243

(iii) As per Agreement with the Contractor, the payments were to be made on the basis of stack measurements and not truck measurements which is not an approved method of measurements. The officers/officials responsible for allowing payments on the unapproved basis have already been charge-sheeted as explained in (iv) below.

(iv) The responsibility for the over-payment involved has already been fixed on the defaulting employees. The latest position of disciplinary action/punishment awarded is given below :—

(i) *Shri Hem Raj Goel, J.E.*

A punishment of stoppage of one increment with future effect and recovery of Rs. 9858 has been inflicted upon him on 26-10-79.

(ii) *Shri Jagir Singh, S.D.C.*

His one increment has been stopped without future effect.

(iii) *Shri Hans Raj, Divisional Accountant*

The warning has since been administrated by the A.G. Haryana.

(iv) *Shri N.K. Kapoor, Executive Engineer*

He has been chargesheeted. Comments of the Department on the defence of Shri N.K. Kapoor, stands submitted to Govt. in 6/80. Decision of Government is awaited.

(v) *Shri P.K. Kochhar, S.D.E.*

He has been charge sheeted. Comments of Superintending Engineer on defence of Shri P.K. Kochhar have been received and are under process in this office.

(vi) *Shri Rajeshwar Singh, J.E.*

Show Cause Notice after departmental enquiry was issued to him and Inquiry Officer has been appointed for further investigation."

**The Committee desire that :—**

- (i) the award of the Arbitrator together with the action taken thereon be intimated to the Committee;
- (ii) the progress of the recovery made from the delinquent officials be intimated; and
- (iii) final action against Sarvshri N.K. Kapoor Executive Engineer, P.K. Kochhar, S.D.E. and Rajeshwar Singh, J.E., be expedited and intimated to the Committee within six months.

#### 4.7. *Wasteful expenditure*

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

In October 1975, the Superintending Engineer opined after inspection that the existing re-inforcement of slabs at support would not be adequate for additional live load of the second storey. The load-bearing capacity of

the soil was also got tested (November 1975) in a laboratory and it was found that the safe bearing capacity of soil had gone down to 0.9 ton per sq. ft. (square foot) from 1 ton per sq. ft. owing to rise in sub-soil water table. The work was, therefore, stopped in December 1975. By that time, the department had spent Rs. 0.18 lakh on masonry work on the first floor, which had to be dismantled at a cost of Rs. 744. Material worth Rs. 0.10 lakh was salvaged.

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

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

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

The department in their written reply to the questionnaire by the committee stated as under :

"It cannot be said that the Engineer-in-Charge defied the orders of the Chief Engineer of May 1974 to verify the safety of the existing structure to take the load of additional storey. As has been reported by the Superintending Engineer, Gurgaon Circle, the Engineer-in-Charge verified the suitability of the existing structure for taking the load of additional storey on the basis of the detailed technically sanctioned Estimate for the existing storey wherein it has been recorded at page 4 of the Report in the Estimate. "All the three wings are subjected to double storey in future and, hence the foundations have been designed for such kind of building. The inference drawn from this leads to the conclusion that since the foundations have been designed for two storey load, the other components are also supposed to be safe for the same on the concept of the 'Balanced Design'.

In the correct sense of the word, it cannot be said that the work executed was faulty. The work was carried out in accordance with the P.W.D. specifications. However, there was some misunderstanding about the structural design of the slab of the building. The Superintending Engineer has reported that no one may be held responsible for this inadvertent lapse, as the work on the Second storey was started in good faith on the basis of the report in the Estimate (2nd phase) of the existing building and no ulterior motives are attached to it.

As intimated by Superintending Engineer, in the construction of the work at 1st floor, only masonry work was done which was later on dismantled. The expenditure incurred on the erection of walls was Rs. 18279 and on subsequent dismantling it was Rs. 744 only. After giving credit of Rs. 9719 on account of dismantled material, extra expenditure involved is only Rs. 9304.

The material salvaged from the abandoned work was utilised on other works as has been verified from the Accounts record of the division."

During the oral evidence it was admitted that the foundation of the building had been laid for double storeyed building but the structural material used in the roof was inadequate to bear the load of another storey.

The Committee do not feel satisfied with the explanation of the department that the concerned engineer verified the suitability of the existing structure for taking the load of the additional storey on the basis of an earlier technically sanctioned estimate for the construction of the existing storey. The Committee are constrained to observe that instead of carrying out his own verifications, as desired by the Chief Engineer, he drew conclusions and relied upon inferences and suppositions based on the aforesaid technically sanctioned estimate which resulted into wasteful expenditure. The Committee, therefore, feel that it is definitely a case of utter negligence on the part of the Engineer-in-Charge.

The Committee, therefore, recommend that appropriate action be taken against the Engineer concerned.

#### 4 8. *Construction of a dispensary*

30 In the Provincial Division, Bhiwani, the work of constructing a dispensary at Chang at an estimated cost of Rs. 1 30 lakhs was entrusted to a contractor in August, 1973. According to the agreement the work was to be completed within six months from 20th August 1973 (later extended to 31st March 1975) and the contractor was to execute work proportionate to the time expired.

By 17th February 1975, the contractor had executed work of the value of Rs. 0 08 lakh only. The Contractor having failed to execute proportionate work and also to restart the work, the department levied 10 per cent compensation (February 1975) amounting to Rs. 0 13 lakh. The contractor was also given a notice (17th February 1975) to resume the work within ten days failing which the work would be got completed at his risk and cost. The contractor did not resume the work but the department did not issue formal orders rescinding the agreement to enable execution of the remaining work at his risk and cost.

The remaining work was, however, entrusted to two other contractors in May 1975 and December 1975 and got completed at an extra cost of Rs. 0 17 lakh.

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

As for compensation levied, after setting off the earnest money (Rs. 0.03 lakh) and the value of work done since the last interim payment (Rs. 560), Rs. 0 10 lakh remained recoverable from the contractor. Information as to the action taken for effecting the recovery was awaited (January 1978).

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

In reply to the questions by the Committee, the department in their written reply, explained as under :

"A Civil suit for recovery of Rs. 13000 levied as compensation upon the contractor has since been filed in the court of Senior Sub Judge, Bhiwani by the XEN on 15-4-80. The case was fixed for hearing on 6-1-81 but has been adjourned for 19-1-81.

It appears that the Engineer-in Charge presumed that his letter No. B-39/843, dated 17-2-75 addressed to the contractor vide which 10% compensation was levied against him and which further inter-alia stated, 'You are further served with a notice to resume the work within ten days of the issue of this letter and show sufficient progress failing which action under Clause 3 of the Contract agreement would be taken against you and the work would be got executed through some other agency at your risk and cost and no claim what so ever would be entertained in this respect after the expiry of the above specified period' was an order in itself for the operation of Clause 3 of the agreement as it had been specifically mentioned therein that in case the contractor failed to resume the work in 10 days, the work will be got executed at his risk and cost.

The reasons for rejection of the claim of the Department have not been divulged by the Arbitrator nor he can be forced to do so. Accordingly it cannot be stated if the claim was rejected by the Arbitrator on the ground that formal order rescinding the agreement was not issued.

So far no fault has been proved/attributed against any Officer/official.

The fact that an Arbitrator was appointed signifies that a dispute between the parties has arisen otherwise the Arbitrator could not be appointed. The dispute has arisen means that one party claimed the amount and the other refused to pay so. This in consequence means that the Department had asked the Contractor to pay this liability of Rs. 0.14 lakh (Rs. 0.17-Rs. 0.03 lakh) but he did not agree to do so resulting in dispute and consequently arbitration."

The Committee desire that the progress of the civil suit filed in the court be intimated.

## PUBLIC HEALTH

### 4.9. Recoveries due from contractors

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

(i) In the Panchkula Project Public Health Division, the work of providing public health amenities in the Youth Hostel (approximate cost: Rs. 0.39 lakh) was entrusted to a contractor in June 1973 for completion within four

months, i.e., by 1st November 1973. The contractor having failed to complete the work within the prescribed time limit, the department levied 10 per cent compensation amounting to Rs. 0.04 lakh in March 1974. Action for completing the work departmentally at the risk and responsibility of the contractor was also taken simultaneously. According to the final bill extracted on a measurement book (bill had not been passed), Rs. 0.21 lakh, representing recoveries (Rs. 0.36 lakh) on account of compensation (Rs. 0.04 lakh), material consumed in excess (Rs. 0.03 lakh), material issued but not returned (Rs. 0.15 lakh—at penal rates), material paid for but not supplied by the contractor (Rs. 0.11 lakh) and other recoveries (Rs. 0.03 lakh), less amount due to the contractor (Rs. 0.15 lakh), were recoverable from the contractor. Against the recoverable amount of Rs. 0.21 lakh, only a sum of Rs. 0.01 lakh withheld as security from interim payments was available with the department. Information as to the action taken for effecting the recovery is awaited (January 1978).

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

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

The department in reply to the questionnaire of the Committee stated, in written reply, as under :—

- (a) The amount has not been recovered from the Contractor as the whereabouts of the Contractor are not known. The Registered notices were issued to the Contractor (Sh. Parma Nand) on the address given in the enlistment application form, but these have been received undelivered.
- (b) The work was allotted to a Contractor in 6/73 for completion within a time limit of 4 months, but subsequently when it was noticed that the progress of work was slow, the contractor was persuaded to speed up the work to enable him to complete the work within prescribed period but he did not do so, therefore the Deptt. levied 10% compensation to the contractor.
- (c) The work of providing Public Health amenities in Youth Hostel, Panchkula, was got completed departmentally in 6/75 at a cost of Rs. 29,969 54 P. The work of providing Public Health amenities in Press Building Panchkula was completed in 6/76 by the contractor himself. The extra cost recoverable from the contractor on this account comes to Rs 13,580 97 P.
- (d) The running payment of Rs. 0.11 lakh against the work of providing Public Health amenities in Youth Hostel, Panchkula was made to the Contractor for the work done amounting to Rs. 22656, from which recovery of Rs. 10600 on account of cement, lead, thread yarn etc. was made. The work was in progress and the payment was made in the running bill keeping in view that any excess etc. will be adjusted subsequently in the running & final bill.

- (e) Against the total cost of the work of Rs. 0 39 lakh (Youth Hostel), the recoveries due from the contractor works out to Rs. 18770 60 as against Rs. 0 21 lakh shown by Audit. The Superintending Engineer, Ambala has investigated the reasons for this and it has been noticed that the work was executed according to prescribed norms and no undue favour was shown to the contractor."

During the course of oral examination on 15th January, 1981, the departmental representative told the Committee that arbitration proceedings in the case would be started and after obtaining the award the amount would be recovered from the Contractor by attaching his property. He further informed the Committee that responsibility for issuing the material in excess had been fixed on Sarvshin S.K. Mehtani the then S.D E. and S.S Luthra, the then J.E. and that the amount involved had been included in their Miscellaneous Advances" out-standing against them.

The Committee during oral evidence observed that the action regarding starting of arbitration proceedings against the Contractor and against the official responsible for issuing excess material be expedited and Committee be informed accordingly. In reply the department, vide their letter No. 33-AC-78/247-PH/AC(I), dated 2nd February, 1981, informed the Committee as under :—

"A case for filing the plaint before the arbitration is being processed. After completing the formalities, the plaint shall be filed before the arbitrator shortly

Draft Charge-sheets against the officers have also been prepared. These will be processed in case the Deptt. fails to recover the amount in arbitration from the contractor. It is not considered advisable to charge sheet the officers at this stage as this step would prejudice the arbitration proceedings. However, the amount has been placed in the Misc. P.W Advances of the officers as under :—

1. Shri S K Mehtani, S.D E (Now XEN)	Rs. 29528 12
2. Shri S.S. Luthra, J E. (Now SDE)	Rs. 13159.55
Total	Rs. 42687 67"

The Committee desire that all out efforts be made to finalise action in the matter within six months and a report about the progress made be submitted to them.

31 (iii) In the Public Health Construction Division, Faridabad, the work of providing water supply in sector 14 (estimated cost : Rs. 1.40 lakhs) was entrusted to a contractor in February 1970 and completed in December 1972. Interim payments aggregating Rs. 1 19 lakhs were made to the contractor till August 1972. When the final bill was being prepared in January 1977 (preparation of the final bill was reportedly not taken up earlier on the ground that the contractor had been promising to return the excess material, it was noticed that Rs. 0 62 lakh representing cost of material (at double the issue rate) issued in excess of the bonafide consumption on work but not returned



were recoverable from the contractor. In addition, Rs. 0.01 lakh were recoverable for not testing pipes, etc. After setting off the value of work done (Rs. 0.06 lakh) since the last interim payment made in August 1972, the net amount recoverable from the contractor worked out to Rs. 0.57 lakh, against which Rs. 0.06 lakh only representing earnest money and the amount withheld as security were available with the department.

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

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

In reply to a question by the Committee in regard to sub para (iii) the department, in their written reply, stated as under :—

“(a) Out of the recovery of Rs 0.57 lakh, a sum of Rs. 15383 i.e. the awarded amount has since been made good by the Haryana Urban Development Authority to whom the works stands transferred on the formation of Haryana Urban Development Authority. The case for the recovery of the amount under objection was referred to Arbitration during 5/77 by the Executive Engineer, Haryana Urban Development Authority, and Superintending Engineer, Haryana Urban Development Authority, Faridabad who was the Arbitrator, announced the award for Rs 15383 during 11/77

So far as the balance amount of Rs 41176 is concerned the HUDA has intimated that action to write off this amount is under process, as the assets and liabilities were transferred to HUDA alongwith the works at the time of formation of HUDA ”

“The bill was prepared by the Junior Engineer concerned immediately after the completion of the work but it could not be finalised up because the contractor promised to return the unused material lying with him. As the contractor did not return the unused material despite of the repeated requests made verbally as well as in writing, therefore the bill was finalised up in minus. As explained above, the contractor was persuaded verbally as well as in writing to return the unused material but he failed to do so and the matter was referred to Arbitrator for recovery of the material.

No excess material was issued to the contractor initially. The material was issued according to the requirement and in piece meal.

During the course of execution of the work, 70117 rft. C.I Pipes of various sizes were laid as per final bill and in addition the C. I. Specials, pig lead, spun yarn & Rubber rings were also issued to the contractor for use on work. The total cost of the above material was to the tune of Rs 16.30 lakhs out of which the unused material worth Rs 28,000 (penal rates of which is Rs 56,559) was to be returned by the contractor. Thus there is negligible excess of material issued over the requirements which is even less than 1%.”

During the oral examination on 15-1-81, in reply to the questions by the Committee as to what were the reasons on account of which the Arbitrator had awarded a small amount of Rs. 15,383/- against the departments claim of Rs. 57,000/- and what were the reasons for not filing an appeal against the award of Arbitrator, the departmental representative promised to inform the Committee later on. He also promised to supply later on the information in regard to the action taken by HUDA for writing off the balance amount of Rs. 41,176/-, as desired by the Committee.

The department, vide their letter No. 33-AC-78/247-PH/AC(I), dated 2nd February, 1981, intimated the position in regard to the above points as under :—

In case of awards by the Arbitrator, reasons are never recorded for giving the award in such arbitration cases. The award does not contain any reasons whatsoever. The Arbitrator decides the arbitration case after hearing the arguments of both parties, as well as, on the basis of the documents presented by the parties concerned, before pronouncement of the award. The Executive Engineer concerned who has preferred the arbitration case, had preferred the claim of Rs 61,586 00.

The Arbitrator had not allowed the following claims :—

I Recovery at penal rate amounting to Rs 28,395 90 Rs 28,395 90

II The contractor had returned the following material, for which credit was given to the Contractor.

(a) Rubber insertion, screws and fittings returned vide Indent No. 732 dated 24 8.73. Rs 195.29

(b) G.I. Pipes 1" I/D returned vide Indent No. 20362/7 dated 30-5-73.  
91.77 mtres Rs 8.65 per Metre. Rs 788.62

(c) Cement Bags 99 Nos. @ Rs 9 50 per bag+3% Rs 968.71  
storage charges

(d) Empty Cement bags 2103 Nos. @ Rs 0 825 per Rs 1734.98  
bag (Recovery effected Rs 1.00 per bag, whereas agreement provides the recovery Rs 17.50% Nos. bags and therefore the difference was credited to the contractor's account)

(e) Credit of material arranged by the contractor out of his own sources, as per consumption statement which is as under :—

(i) Tee			
8"×8"×3"	2 Nos.	@Rs. 81 25 each	Rs. 162.50
10"×10"×2½"	2 Nos.	@Rs. 190.91 each	Rs. 381.82
6"×6"×6"	3 Nos.	@Rs. 61.80 each	Rs. 185.40

(ii) C.I. Cap 3" dia 3 Nos Rs 12.00 each Rs 36.00

(iii) C I. Reducer

8"×3"	3 Nos.	@Rs. 80 00 each	Rs. 240.00
10"×4"	1 Nos.	@Rs. 114 00	Rs. 114.00
4"×3"	2 Nos.	@Rs 38.11 each	Rs. 76.22

III Credit of material transferred to other works in Sector 17, Faridabad, details of which are as under:—

Tee

8"×8"×4"	1 No.	@Rs 81.25 each	Rs. 81.25
10"×10"×4"	1 No.	@Rs. 129 00 each	Rs. 129.00

IV 4" i/d C.C. Pipe :

Credit for excess recovery made  
128 20 metres @ Rs. 10.10 per metre Rs. 1294.82

V G.M. Spindles :

Cost of Gun Metal Spindles not allowed by the Arbitrator, and credited to the account of the contractor as per responsibility fixed on the then Sectional Officer-in-Charge (Sh. Jai Singh Dahiya) who had made additions in the M B.'s after the payment in the running bills to the contractor Rs. 9696.00

VI Storage charges :

3% storage charges credited to the account of the contractor as per award not allowed by the Arbitrator as per arguments of the contractor that he had spent lot of amount on returning the materials to the stores of the Engineer-in-Charge Rs. 1722.70

Total :— Rs. 46203.21

Say Rs. Rs. 46203.00

After accounting for the above credit, the net recovery according to the Arbitrator was Rs. 15383.00 (Rs. 61586-46203=15383) and after allowing credit for the payment of the final bill of Rs. 5027.00 and security of Rs. 9950.00 the net award of Rs. 4366.00 was announced by the Arbitrator (Sh. O. K. Sharma), which amount was deposited by the contractor.

The Award announced by the Arbitrator in such arbitration cases can only be challenged on the following two grounds :—

- (a) When we have not been fully heard.
- (b) when the intention of the Arbitrator is mala fide.

Since both these points were not at all involved, there could not be any appeal against the award of the Arbitrator.

In view of the position explained in reply to Para No. I above, the only amount that involves loss is the cost of G. M. Spindles amounting to Rs. 9696.00 for which action is being taken against the then Sectional Officer-in-Charge Shri Jai Singh Dlayia, who had made additions in the Measurement Books after the payment of the running bills to the contractor."

**The Committee desire that progress made in regard to the recovery of the amount of Rs. 9696 00 be intimated to them.**

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

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

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

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

In reply to the questionnaire of the Committee, the department, in their written reply, explained as under :—

"The amount of Rs. 0.18 lakh representing the value of material is still to be recovered from the contractor.

The omission for not incorporating the condition of recovery of material not returned at penal rate (at double the issue rate) in the work order was due to an oversight by the then Head Clerk Sh. Arjun Dev Mehandiratta and Sh. N.C. Jyoti, the then Executive Engineer. Shri Mehandiratta has since retired and Shri Jyoti has also resigned from the Govt. service and it has not been possible to take action against them.

The matter for recovery of excess material issued to the contractor was taken up with the Legal Remembrancer during 11/78 and advice of the Legal Remembrancer was sought for filing civil suit and directing the District Attorney for doing the same. The matter, however, is under process and the civil suit will be

filed in the court as soon as the advice of Legal Remembrancer is received. There are full chances of recovery from the contractor."

During the oral examination on 15th January, 1981, the departmental representative informed the Committee that material worth Rs. 11,000/- had been returned by the Contractor on 26th December, 1980 leaving a balance of Rs. 6,529/- only which is likely to be reduced further because a debit had been raised against HUDA which had been accepted by them. In reply to a question by the Committee he assured that the position would be reconciled and Committee would be informed of the exact position later on.

Subsequently, the department, vide their letter No. 33-AC-78/247-PH/AC(I) (4), dated the 2nd February, 1981 intimated as under :—

"Against an amount of Rs. 0.18 lacs recoverable from Sh. Chuni Lal contractor, credit for Rs. 11630.75 P. on account of material returned and difference of rates is being given as per detail given below :—

- |  |         |
|--|---------|
| (i) Material returned by the contractor and adjusted through indent during 4/78 and 5/78. (Bricks at double rate and cement at single rate). | 1057.70 |
| Bricks Rs. 639.60  |         |
| Cement Rs. 418 10  |         |

---

Rs. 1057.70

---

- |   |         |
|---|---------|
| (ii) Difference in rates of C.I. Pipes (The rate charged was of good quality whereas it was to be of scarp pieces).   | 6691.05 |
| (iii) Amount due to difference in rates of other articles (The recovery was made at the rates prevailing in 1976 at the time of finalisation of bill whereas it was to be at the rates prevailing during 1973 when the work was completed). | 3882.00 |

Total	<hr/> 11630.75 <hr/>
-------	----------------------

The contractor used 376 30 Kg. of Pig lead valuing Rs. 4515.60 Plus Rs. 135/- storage charges at the rate of Rs. 3% (Rs. 4650 60) on HUDA works which was issued by this Department. and the debit for the same has been raised to HUDA. The bill of the contractor is being finalised by HUDA and as soon as debit is accepted the credit of this amount will be given to the contractor. The balance amount thus recoverable from the contractor will be to the tune of Rs. 1940.70 and the same will be recovered from the Contractor."

The Committee desire that the progress of recovery for Rs. 1940.70 from the Contractor be intimated to them.

*paragraph 4.11. Irregular purchase of stores*

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

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

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

The department, in their written memorandum submitted to the Committee as under :—

“The following officers officials were responsible for irregular purchases and the departmental action against each of them has been taken by the department, as under :—

- |   |   |
|---|---|
| (1) Sh. R.S. Sharma, Executive Engineer   | His one annual grade increment has been stopped                   |
| (2) Sh. R.C. Nagpal, Head Clerk           | His two increments have been stopped without future effect.       |
| (3) Sh. Lok Nath, Head Drafts man         | He has been charge sheeted.                                       |
| (4) Sh. Ram Rattan, Divisional Accountant | The A.G. Haryana has issued warning to the Divisional accountant. |

The orders for the local purchase of spare parts were placed by the Executive Engineer, G.W.I. Public Health Division, Ambala and action against him has already been taken for non observing the Rules.

Instructions have been issued to all field staff to make purchase of stores from the approved sources and strictly in conformity with paragraph 2.64 of P.W.D. Code read with Sr. No. 21 of rule 19 6 of P.F.R. Vol. I.

Stores worth Rs. 34635 50 are still lying unutilised. However, the list of stores have been circulated in other divisions for transfer and utilisation there. The stores are in good condition.”

During the course of oral examination on 15th January, 1981, the departmental representative in reply to the question by the Committee assured the Committee that the stores lying unutilized would be used within one year and that the lists thereof had been circulated to all the Divisions of the department in the State for transfer and utilisation by them.

The Committee desire that the disposal of the unutilized spare parts worth Rs. 34,635 50 be expedited and Committee informed accordingly.

The Committee also recommend that purchase Committees be set up at all the Divisions of the department for making local purchases to avoid recurrence of such like cases of irregular purchases in future.

*paragraph 4.12 Overpayment to a contractor*

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

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

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

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

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

In reply to the questionnaires by the Committee, the department, in their written reply explained as under :

“An amount of Rs.21000/- of the contractor has been withheld and kept in the schedule of P.W. deposits. The contractor, Sh. Tej Krishan Aggarwal has gone to the court against the recovery. The case is pending in the court of Senior Sub Judge, 1st Class Sirsa. The next date of hearing is 13th October, 1980. The recoverable amount will be adjusted towards recovery on the final decision of the Court.

The calculation for applying 20% rebate were carried out due to technical mistake by the then Executive Engineer P.W.D. Public Health Division, Sirsa Sh. S.K. Saini assisted by Sh. R.C. Khanna, Head Draftsman (now S.D E.) and these calculations were confirmed by Sh. M.N. Sharma, the then Superintending Engineer P.W.D. Public Health Circle, Bhuwani assisted by Sh. Hawa Singh Circle Head Draftsman vide his memo No 22112/GI dated the 10th December, 1976. Since the amount of the contractor has been withheld for recovery and the matter is pending in the court and final verdict of the court is awaited, it was not considered advisable to take any action against any officer/official till the decision of the case by the Court.”

The Committee desire that the case be vigorously pursued in the Court and decision of the Court be intimated to them.

The Committee further desire that departmental action against the officers/officials concerned, if warranted, after the verdict of the Court may be taken without any further loss of time and the Committee be apprised of the same within three months.

## INDUSTRIAL TRAINING

### *Paragraph 5 6 Shortages*

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

Name of the institute and value of shortage	Remarks
34. (i) Industrial Training Institute, Gurgaon- -Rs. 0 63 lakh.	As a result of internal audit, shortages of store articles valuing Rs. 0 63 lakh were noticed against the Storekeeper. The matter was reported (May 1974) by the department to the police authorities. Store accounts/records were taken over by the police in October 1974. In July 1975, the police asked the department to reconduct physical verification with a view to ascertaining the shortages finally. The Institute stated in November 1977 that an enquiry was being conducted departmentally

In reply to a question by the Committee, the department, in their written reply stated :—

(i) "These shortages relate to Sh. Bhupinder Kumar Store-Keeper. Physical verification has been got done again in the presence of Sh. Bhupinder Kumar. The total amount of shortages outstanding against him is about Rs. 38,709/-. Since the amount involved in the case is quite heavy, Sh. Bhupinder Kumar would not be adequately punished if departmental action alone is taken against him. It has, therefore, been decided to get the matter investigated by the police and the Senior Superintendent of police Gurgaon has been addressed in this behalf. As and when Sh. Bhupinder Kumar is convicted, departmental action will also be taken against him on the basis of findings of the Court

As stated above, the total value of shortages is about Rs. 38,709/- Institution of a civil suit for the recovery of amount of shortages from Sh. Bhupinder Kumar during the pendency of police investigation is also being considered. The L.R. has advised that pending the police investigation the employee can be proceeded against in a civil suit or departmentally. Accordingly a charge sheet is being prepared against him

The Store-keeper is still in service. The work of store-keeper has been taken away from him and he has been posted as an Assistant. There is no likelihood of any loss being caused to Government property at this seat by him

The case is under investigation with police and responsibility if any of the Supervisory staff can be determined on the outcome of the police investigation."



During the course of oral examination, the Committee was informed that Shri Bhupinder Kumar, who was responsible for the shortages, was placed under suspension but was subsequently reinstated after about two years and appointed to the post of Assistant, which post, it was admitted, was now higher than the post of Store Keeper.

The Committee are unhappy to note that the department has failed to initiate departmental action against Shri Bhupinder Kumar for the recovery of the amount due.

The Committee desire that outcome of the departmental action, which could and should have been initiated simultaneously much earlier against Shri Bhupinder Kumar, togetherwith the progress of recovery made from him be intimated to them. The decision of the court and action taken thereon be also communicated to them.

The Committee also desire that action be taken against the supervisory staff for laxity of control which facilitated the shortages, and the Committee be informed.

34. (ii) Industrial Training Institute, Ambala City—Rs. 0.21 lakh
- (a) A Storekeeper was transferred out of the Institute in May 1972. The charge was not handed over by him. Physical checking of stores during August 1975 disclosed shortages of store articles valuing Rs. 0.13 lakh (market value : Rs. 0.14 lakh). These were made possible through (i) manipulation of entries in the issue vouchers and the stock registers and (ii) non-accountal in the stock registers. The matter was reported by the department to the police authorities in September 1975 who took into custody various records during September 1975 to February 1976. Further development are awaited (January 1978).

(b) It was noticed during audit in February 1977 that the store articles valuing Rs. 0.07 lakh were handed over short on the eve of change in the incumbency of a Storekeeper in June 1976. The matter was reportedly under investigation (November 1977).

In reply to the questionnaires of the Committee, the department in their written reply explained as under :

(a) "Shri Om Parkash was a Clerk but was incharge of stores during-1972. On the joining of a regular store-keeper he was asked to hand over charge to the new store-keeper which he did not. Actually it was not a case of transfer of the official but a case of transfer of charge of store. Sh Om Parkash later on was found involved in a case of fraudulent drawal of T.A. and was dismissed in February, 1973. The report of shortages was, however, received from the Principal, I.T.I. Ambala in July, 1973 which shows that the physical verification was conducted by the Principal in 1973 and not in 1975. Till his dismissal the charge of the store remained with him.

The case after police investigation is pending with court of Chief Judicial Magistrate, Ambala and the next date of hearing has been fixed on 25th July, 1981.

(b) The case is actually not of shortages of stores but of not handing over charge by Sh. Dalel Singh, Store-keeper on his transfer. After the proper handing over of charge by the store-keeper, shortages of Rs 230 40 only have been reported by the Principal, I.T.I., Ambala against this official. Orders for the recovery of the amount have been issued."

The Committee desire that the decision of the Court be intimated to them.

### FOOD AND SUPPLIES

#### *Paragraph 6.23. (7) Other topics of interest*

35. (i) Shortages of stores valuing Rs. 0.89 lakh were noticed by the Department during 1971-72 to 1976-77 in five circles. These included shortages valuing Rs. 0.35 lakh noticed on the eve of transfer of charge of the inspectors concerned. These were not investigated (January 1978).

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

"(i) Whenever shortages in stocks are detected at the time of physical verification, proper enquiries are held and responsibility fixed. Some of these cases take time as responsibility for recovery of loss of stock articles can be fixed after following the proper procedure laid down in the rules. The position of outstanding cases pointed by audit is as under :—

#### **Gurgaon**

Out of the recovery of Rs 8446 60, recovery is out standing now to the extent of Rs. 159 50. The rest of the recoveries have been made good from the defaulting officials after fixing responsibility.

#### **Kaithal**

Out of the recovery of Rs. 49,773.20, the cases of the value of Rs. 37,305 00 have since been finalised. In some cases recovery has been effected after enquiry, in others stock articles were declared unserviceable as after investigation the defaulting officials were not found guilty. Cases of theft/untraced articles are still pending in courts. Some of the cases need settlement with the Haryana Ware-housing Corporation.

#### **Hissar**

Rs. 9674 00 Final report from the District Food and Supplies Controller Hissat is still awaited.

#### **Sirsa**

Rs. 6543 90 as per audit and inspection note for the period from 11/71 to 9/76, shortages of unserviceable 14542 bags has been pointed out by Audit. Its value has been shown as Rs 60,000.00. This case has been sent to Accountant

General, Haryana as to whether recovery be effected from the defaulting officials at the rate at which bags of similar conditions were sold in public auction. The position is being reconciled from Accountant General, Haryana as to how the audit has worked out the recovery of Rs. 6543.90.

### Sonepat

Rs( 14,533 78 : This recovery includes return of 5 B.T. bales and 160 new gunny bags from the labour contractor. These gunny bales have either been returned by the labour contractor or for less quantity returned cost of gunny bags has been made good from him. Recovery from the defaulting officials on account of cost of 787 bags and one tarpaulin is being made good. So far Rs. 4710 00 has been recovered from the defaulting officials. In all cases of the value of Rs. 14,754.00 have been finalised.

Thus in nutshell out of cases of the value of Rs. 0.89 lakh investigation of cases of the value of Rs. 0.60 lakh have been finalised and recoveries made where due."

**The Committee desire that progress made for the recovery of the balance value of shortages amounting to Rs. 0.29 lakh be intimated to them.**

35. (ii) Foodgrains valuing Rs. 0 68 lakh seized in 1965 under the Essential Commodities Act, 1955, were auctioned in May 1973 for Rs. 0.32 lakh even though the cases were decided as back as in 1965/1966. Besides, an expenditure of Rs. 0.27 lakh was incurred on their storage by the Department. Reasons for the delay in disposal are awaited (January 1978).

The department in their written reply stated that "the case was being investigated and responsibility would be fixed shortly."

**The Committee desire that responsibility in the case be fixed at the earliest and action taken against those held responsible be intimated to them.**

35. (iii) Wheat (38.2 tonnes) valuing Rs. 0.34 lakh was damaged in March 1972 at Karnal and was rendered unfit for consumption. The Department stated (June and July 1977), that out of the above quantity, 22.7 tonnes of wheat had been issued to roller flour mills after mixing with better quality wheat and the balance (15.5 tonnes) was awaiting disposal (January 1978).

The department in their written reply explained the position as under :—

"22.7 tonnes of wheat was issued to Roller Flour Mills in April, 1972. The process of mixing it with better quality wheat rendered it fit for human consumption.

The balance quantity of 15.5 tonnes was declared unserviceable and dumped with the concurrence of Finance Department. The sanction in this regard was issued vide endorsement No. 2490-S B-7-78/23096 dated the 27th April, 1978.

The wheat was stored in open compound and damaged due to unprecedented and untimely rains. No official(s) was held responsible for this loss."

During the oral examination it was admitted that the samples of 22.7 tonnes of wheat in question were got analysed from the Public Analyst, Haryana, Chandigarh whose opinion was that it was unfit for human consumption.

The departmental representative also agreed with the view of the Committee that the wheat which was unfit for human consumption should not have been mixed up.

The Committee strongly deplore the action of the department in supplying 22.7 tonnes of wheat, declared unfit for human consumption, to the roller flour mills for mixing with good quality wheat. The mill sold that adulterated and substandard wheat flour to the consumers in the market. The gravity of this action was all the more serious because a Government Department, which was expected to set a good example of public behaviour before the private traders, had indulged in the nefarious act of questionable public morality.

The Committee recommend that in future such type of adulteration in consumer goods of mass consumption should not be allowed to be done.

The Committee further desire that the explanation of the officer under whose orders the sub standard wheat was allowed to be mixed with good quality wheat be asked for and appropriate action taken against him. The Committee be informed of the action taken.

## TRANSPORT

### *Paragraph 6.25. Purchase of aluminium sheets*

36. An order for supply of 850 aluminium sheets at the rate of Rs. 86.90 per sheet was placed by the Controller of Stores on a firm of Chandigarh on 26th July 1973, on behalf of various depôts of the Haryana Roadways. Delivery was to be made within one month from the date of issue of orders. Ten per cent of value of the estimated supply was to be deposited with Government as security within a week of the supply order. The firm did not, however, furnish any security deposit.

The supply order provided for full payment after inspection and physical delivery of stores. The Gurgaon depot paid to the firm Rs. 0.22 lakh (value of 250 sheets) by bank draft on 13th September 1973 in anticipation of taking delivery. The firm supplied only 50 sheets valuing Rs. 0.04 lakh on 20th September 1973 and expressed inability to supply the balance as sheets were stated to be out of stock. The remaining supply has not been made (January 1978).

When asked to refund the amount representing value of 200 sheets, the firm did not respond. In April 1974, one of the partners of the firm alleged that the other partner got the proceeds of the bank draft credited to the account of another firm. The matter was reported in September 1974 to the Police authorities but they refused in July 1976 to intervene stating that the case was of a breach of contract. Departmental proceedings instituted in August 1975 against the official alleged to be responsible for releasing the payment without taking delivery of the material were reported (May 1977) continuing.

The State Government has appointed an arbitrator in the case in October 1977. Further developments are awaited (January 1978).

In reply to the questionnaire of the Committee the Department, in their written reply, explained the position as under :

“While placing the order for the supply of aluminium sheets vide his memo No. 1549/HR/IE/72-73 dated the 26th July, 1973, the Controller of Stores had laid a condition that the Contractor M/s Gupta Steel Traders, Show Room No. 24— Madhya Marg, Sector 7-C may deposit security amount of 10% of the estimated value of supply order with the Additional Controller of Stores, Haryana. It was the responsibility of Controller of Stores to have ensured that the security was deposited by the Contractor as stipulated. The Controller of Stores has, therefore, been asked to fix responsibility for this lapse and take action against Officers/Officials concerned under intimation to this department.

The Contractor was required to supply aluminium sheets to the four depots as follows .—

(i) H R. Ambala	200 Nos.
(ii) H.R. Chandigarh	200 Nos.
(iii) H R. Rewari	200 Nos.
(iv) H.R. Gurgaon	250 Nos.
Total	<hr/> 850 Nos. <hr/>

While full supply was made to the first three depots, the firm supplied only 50 sheets against 250 sheets which were to be supplied to Haryana Roadways, Gurgaon. Shri J.D. Yadav, Works Manager, Haryana Roadways, Gurgaon (Body Building Workshop) had conducted an inspection but no inspection note is on the file. For this lapse on the part of Shri J.D. Yadav, Works Manager, he is being charge-sheeted. The General Manager, Haryana Roadways, Gurgaon had prepared a Bank Draft in favour of the contractor on receipt of Proforma Invoice from the firm as per usual practice. The Bank Draft was to be delivered however only after physical delivery of the material. This was not done and the Bank draft was released to the contractor without receiving the goods. Action is being taken against the General Manager, Works Manager and Store Purchase Assistant. Who were responsible for this lapse. The contractor supplied 50 sheets on 26th September, 1973 and he had promised to supply remaining 200 sheets shortly. He has not honoured this promise.

The Controller of Stores, had extended the delivery period vide his letter No. 1549/1-E/72-73/85521 dated 20th November, 1973 for a period of 15 days from the date of issue of that letter.

Shri D.V. Virmani, the then Joint Director Industries department was initially appointed as Arbitrator in this case on 6th October, 1979. However, despite all efforts made by the Arbitrator, service could not be effected upon the contractor. The question was then examined by the Government and decision was taken to move Court of competent Jurisdiction to appoint an arbitrator under Section 20 of the Arbitration Act. Next hearing of the court in this connection is on 14th August, 1981. It may also be mentioned here that a criminal case was registered on 13th September, 1974 against the contractor at Gurgaon. This case was, however, filed as untraced.

According to clause 18 of the agreement entered into by the Controller of Stores with the contractor any dispute arising out of this agreement was to be referred to an arbitrator. In view of position contained in Section 34 of the Indian Arbitration Act no civil proceedings are possible till the decision of the Arbitrator.

Departmental proceedings initiated against Sh. Mir Singh, Store Purchase Assistant have not yet been finalised. The official has submitted his reply to the charge-sheet, which is being processed and further action will now be expedited. Based on the revelations made by the Store Purchase Assistant in his reply to the charge-sheet departmental proceedings are now being contemplated against the General Manager, Works Manager as already stated above."

The Committee examined at length the representatives of the Transport Department and the Controller of Stores, Haryana, on 21st July, 1981 and 29th July, 1981. Main points, which came to the notice of the Committee during evidence are the following :—

- (i) that 10% value of the estimated supply of aluminium sheets was not got deposited by the Controller of Stores in contravention of the standard norm/procedure which was adopted in making such purchases,
- (ii) that total payment of the supply order of aluminium sheets was made to the firm without the receipt of the goods;
- (iii) that the voucher on which the payment was made to the firm was missing from the office record of the Transport Department;
- (iv) that the Store Purchase Assistant, who was one of the officials held responsible for making the irregular payment and for the missing of the voucher, was placed under suspension in September, 1975 stands reinstated since January, 1976, while the disciplinary action against him has yet to be finalized;
- (v) that while junior officials, namely, Works Manager and Store Purchase Assistant, had been charge-sheeted, no action had been initiated against the General Manager;
- (vi) that the case was now proposed to be handed over to the Investigating Authority (Vigilance Department) for report within 3-4 months; and
- (vii) that the case of recovery from the Contractor was presently pending in a Civil Court because the firm was not ready for Arbitration.

The Committee are constrained to observe that although this matter pertains to the year 1973, yet the department has failed to show any initiative either in effecting the recovery from the firm or in taking disciplinary action/proceedings against the departmental officials/Officers.

The Committee view this situation with concern and desire that the department should not pursue the matter in a lackadaisical manner, as it has heretofore been doing, but should take effective steps to effect the recovery and to expedite the disciplinary action against the defaulting officials/officers.

The Committee further desire that a copy of the report received from the Investigating Agency be sent to the Committee togetherwith the action taken against those held responsible.

### CO-OPERATION

#### *Paragraph 7.6 Financial assistance to co-operative societies*

37. Investment by the Government in the share capital and debentures of the co-operative societies at the close of 1974-75, 1975-76 and 1976-77 and the return thereon were as under :—

Year	Number of societies	Amount invested	Dividend/ interest received (in crores of rupees)	Percentage
1974-75	2,730	15.53	0.51(a)	3.3
1975-76	2,054	20.35	0.58(b)	2.8
1976-77	2,321	25.45	0.58(c)	2.3

According to the department, the loans and subsidies/grants paid by the Government to various co-operative societies other than industrial co-operative societies during 1974-75, 1975-76 and 1976-77 were as under :—

Year	Loans*				Subsidies/ Grants paid during the year
	Balance at the end of the pervious year	Disbursed during the year	Repaid during the year	Balance at the end of the year*	
		(in lakhs of rupees)			
1974-75	93.58	0.38	5.60	88.36	8.34
1975-76	88.36	0.75	9.04	80.07	14.07
1976-77	80.07	2.99	6.75	76.31	N.A.

According to the information furnished by the department, the principal and interest overdue for recovery as on 31st March 1977 amounted to Rs. 22.01 lakhs and Rs. 12.04 lakhs respectively. Their break-up was as under :—

Period	Principal	Interest	Total
	(in lakhs of rupees)		
Below three years	10.95	4.26	15.21
Three years and above but less than five years	5.07	2.77	7.84
More than five years	5.99	5.01	11.00
Total	22.01	12.04	34.05

(a) From 23 societies.

(b) From 42 societies.

(c) From 43 societies.

\*Departmental figures.

N.A. Not available.

In reply to the questionnaire of the Committee the department, in their written reply stated as under :

"The information regarding profits earned by each institution has been received in all cases.

Out of 2321 societies having Government investments, 1352 societies/institutions were in profits and only 43 societies/institutions have declared dividend for the year 1976-77. An amount of Rs. 58 lacs as dividend/interest has been deposited in treasury by 43 societies/institutions.

Instructions have been issued to all Deputy Registrars/Assistants Registrars of Cooperative Department in the Haryana State vide Memo No. 15816-922 dated 14th October, 1980 for ensuring declaration of dividend and to deposit Government shares by the societies.

The declaration of dividend is the function of the Managing Committee/General Body of the respective Cooperative institutions. This involves a lengthy procedure. Moreover, the societies generally are in favour of not distributing profit as due to this cash resources are adversely affected.

The present position of recovery of principal and interest year wise from various Cooperative institutions is as under :

Year wise period	Amount due as on 31-3-77		Recovery		Balance as on 31-3-80	
	Pl.	Intt.	Pl.	Intt.	Pl.	Intt.
Below three years	10.95	4.26	3.98	1.65	6.97	2.61
Three years and above but less than five years	5.07	2.77	0.91	0.65	4.16	2.12
More than five years	5.99	5.01	1.39	1.08	4.60	3.93
Total	22.01	12.04	6.28	3.38	15.73	8.66

The cases of institutions with heavy outstanding have been investigated and detailed analysis are as under :—

	Principal	Interest
1. Agri. Service Societies	1.22	0.79
2. Marketing Societies	0.26	0.25
3. Farming Societies	1.20	0.69
4. Cold Stores	0.40	0.03
5. Rickshaw Pullers	0.27	0.12
6. Consumer Stores	12.38	6.24
7. Haryana State Cooperative Development Federation Ltd., Chandigarh	—	0.54
Total	15.73	8.66



Instructions have already been issued to the field staff for the recovery of the outstanding amount of Government loan/interest under section 67 of Punjab Cooperative Societies Act, 1961 as arrears of land revenue.

The financial position of the societies from which recoveries could not be effected was weak and most of them were running in losses/marginal profits.

There is a provision for charging 2% penal interest on delayed payments.

This has been enforced in the case of one Haroli Joint Farming Society, District Ambala and an amount of Rs. 90/- on account of penal interest has been got deposited into Government treasury."

During oral evidence the departmental representative was asked to supply inter-alia the following information :

- (i) The statistical data from 1976-77 onward as to how many societies were in profit, running on no profit no loss basis and running into losses.
- (ii) A list of those societies who were running into losses.
- (iii) The number of societies which were incurring losses due to mismanagement etc.
- (iv) Information regarding the out standing Govt. loans against the societies for more than 3 years together with the interest charged, if any.

The department vide their letter No. 8711-C-5-81/38728 dated 30-10-81, supplied the following information on the above points as under :—

(i) "Year	Total No. of Socs, having Govt. in- vestment	No. of of Socs. show- ing profit	Amount of profit	No. of Socs; show- ing loss	Amount of loss	No. of Socs; show- ing no profit no loss
-----------	---	--	------------------------	---	----------------------	---

(Rs. in lacs)

1976-77	2321	1352	546.94	591	118.56	278
1977-78	2402	1359	737 01	693	106.19	360
1978-79	2457	1362	799.99	816	96.69	279
1979-80	2631	1367	843 79	806	173.78	458

(ii) The societies which have not earned profit means those were in losses and the number of such societies alongwith their amount of loss have been

given against Sr. No. I. It is not possible to give the list of all societies which are in losses. However list of societies which have shown losses more than 10,000 and 50,000/- is attached at Annexure 'E' and 'A' respectively.

(iii) Only 77 (Seventy seven) societies showed losses due to mis-management amounting Rs. 7,64,536/-.

(iv) The details of Government loan outstanding as on 31st March, 1977 for more than three years as under :—

Period	Amt. due as on 31-3-77		Recovery		Balance	
	Pl.	Intt.	Pl.	Intt.	Pl.	Intt.
	(Rs. in lacs)					
Below 3 years	10 95	4 26	3 98	1.65	6.97	2.61
3 years and above but less than 5 years	5 07	2 77	0 91	0 65	4 16	2.12
More than 5 years	5 99	5 01	1 39	1.08	4 60	3 93
Total	22 01	12.04	6.28	3 38	15.73	8.66

Details of Analysis of Arrears is as under :—

Type of Society	Principal		Intt.	No. of Latest accounts Recovery		Balance		Remarks
				Pl.	Intt.	Pl.	Intt.	
Agri. Service Socy.	1 22	0 79	206	0 84	0.09	0 38	0 70	
Mkg. Socs.	0 26	0.25	4	0.26	0.25	—	—	
Farming Societies	1 20	0 69	16	0 10	0.06	1 10	0.63	
Cold Stores	0 40	0.03	2	0.13	0.02	0 27	0 01	Pani-pat
Rickshaw Pullers	0.27	0 12	2	0 03	—	0.24	0.12	
Marco Fed.	—	0 54	1	—	0.35	—	0 19	
Consumer Stores	12.38	6 24	9	—	—	12 38	6 24	
Total	15 73	8.66	240	1.36	0.77	14.37	7 89	

Regarding charging penal interest there was no such provision prior to 1st June, 1979. Penal interest at the rate of 2% can be charged on loans advance

after 1st June, 1979. This interest will be charged when the societies are depositing the instalment of loan/interest thereon. During 1980-81 a nominal amount of Rs. 90/- has been charged as penal interest from Haroli Joint Farming Society."

The Committee are distressed to observe that the loan outstanding against the societies in the State, for more than 5 years as on 31-3-1977 was to the tune of Rs. 5.99 lakhs as principal and Rs. 5.01 lakhs on account of interest but out of these amounts only the principal amount of Rs. 1.39 lakhs and Rs. 1.08 lakhs as interest has been shown recovered. The position regarding the recovery of interest money was more alarming.

The Committee recommend that effective measures be adopted by the department to ensure that the principal and interest are paid by the societies regularly at the prescribed intervals and there are no defaulters on this account.

The Committee would also like to know the latest position about the recovery of the principal and interest as on 31-3-1982.

Committee are also unhappy to note that out of 2631 societies as many as 806 societies are running at a total loss amounting to Rs. 173.78 lakhs upto 1979-80. The Committee are of the view that although it is not the object of the societies to run on commercial lines and to earn profit yet the losses being suffered by societies need to be wiped off particularly because it has been admitted by the department that as many as 77 societies have suffered loss amounting to Rs. 7.64 lakhs which was directly the result of mismanagement. The Committee would like the department to devise ways and means to curb the cases of losses resulting from mismanagement and also take appropriate steps to ensure that the societies should at least run on no profit no loss bases.

During the course of oral evidence the Committee asked as to why the interest of Rs. 6.24 lakhs had not been recovered from the consumer stores and why 2% penal interest had not been imposed on that interest when in the case of a small society Rs. 90 as penal interest had been recovered. In reply the departmental representative stated that the Government had appointed a Committee to go into that question in the year 1972 and that that Committee had recommended that in the case of Consumer Stores both audit fee and interest should be waived off and the principal amount of loan should be converted into share capital. He further added that those recommendations of the Committee were under consideration of the Government.

The Committee are of the view that while on the one hand the Government was recovering interest with 2% penalty from farmers on the other hand the Committee appointed by the Government had recommended that both audit fee and interest shall be waived off and the loan be converted into share capital in the case of Consumer Stores. The Committee are of the opinion that the interest and the 2% penal interest be also waived off in case of small and marginal agriculture farming societies.

#### *Paragraph 7.7. Cooperative banks*

38. As on 30th June 1976, there were 12 central co-operative banks in the State, acting as financing bodies for primary societies. Besides, there

were two apex institutions, namely, the Haryana State Co-operative Bank Limited and the Haryana State Land Development Bank Limited. The former provides medium and short term finance to the co-operative institutions while the latter provides long term finance to the agriculturists. According to their audited accounts, Government investment in these institutions as on 30th June 1975 and 30th June 1976, and other financial data as on those dates, were as under :—

Serial number	Institutions	Number	Paid-up Capital		Government investment in share capital	
			30th June 1975	30th June 1976	30th June 1975	30th June 1976
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	Central co-operative banks	12	7,53.46	8,08.60	2,05.05	2,45.05
2.	Haryana State Co-operative Bank Limited	1	2,28.21	2,32.21	95.90	95.90
3.	Haryana State Land Development Bank Limited	1	2,61.07	2,78.31	69.78	69.78
Loans by the Government		Net Profit		Reserves		
1974-75	1975-76	1974-75	1975-76	30th June 1975	30th June 1976	
(8)	(9)	(10)	(11)	(12)	(13)	
(in lakhs of rupees)						
0.86	1.36	1,03.38	51.50	2,88.28	3,66.55	
4.86	3.20	66.88	95.85	1,74.33	2,64.31	
...	...	52.72	71.11	63.11	1,36.55	

In 12 central co-operative banks and the Haryana State Co-operative Bank Limited, the amounts of overdue loan and interest as on 30th June 1976 were Rs. 13,59.25 lakhs and Rs. 1,19.95 lakhs respectively. Out of these, Rs. 2,30.81 lakhs and Rs. 10.30 lakhs were outstanding for more than three years.

In respect of ten\* central co-operative banks, there were 4,326 indebted co-operative societies as on 30th June 1976. Out of these, 2,550 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 3,79.02 lakhs (principal : Rs. 3,01.03 lakhs and interest : Rs. 77.99 lakhs) against which there were reserves of Rs. 1,30.69 lakhs only.

\*Information in respect of two running banks (Hissar and Kurukshetra) was not available (January, 1978).

In reply to the questionnaire issued by the Committee the department in their written reply stated :

"The Government is satisfied with the working of Cooperative Banks. The banks make repayment of loans/interest on due dates.

The return of Government investment, in form of dividend, in the share capital of cooperative banks in the last three years is as under :—

Year	Total Share Capital	Amount of Dividend
1977-78	560.80	8,07,099.00
1978-79	614.60	56,484.62
1979-80	659.68	26,20,940.00

Cooperative Bank loans outstanding against cooperative societies as on 30.6.80 were of the order of Rs 10576.18 lacs. Against the demand of Rs 14481.43 lacs overdue as on 30th June, 1980 were Rs 3441.83 lacs. Bad & doubtful debt as on 30.6.80 was of the order of Rs 280.67 lakhs which is slightly less than 2 % of the demand. The reserve and other funds of the Banks as on 30.6.80 were of the order of Rs 634.24 lacs which is a sufficient cover for this bad & doubtful debt. Generally the recovery is effected by persuasion, but recovery is also effected through arbitration proceedings & by restoring to the provisions of land revenue act for recovery as arrears of land revenue.

S.No.	Name of Coop. Bank	Indebted	Default
1.	Ambala	448	224
2.	Rewari	222	143
3.	Bhiwani	500	178
4.	Faridabad	396	302
5.	Gurgaon	495	297
6.	Hissar	735	499
7.	Jind	227	188
8.	Karnal	782	474
9.	Kurukshetra	430	291
10.	Mahendergarh	204	167
11.	Rohtak	429	262
12.	Sirsa	382	207
13.	Sonepat	302	207

The reserves & other funds available with the Banks were to the tune of Rs 534.25 lacs as on 30.6.80 which is a sufficient cover for bad & doubtful debts of Rs 280.67 lacs. All the loans assessed as bad & doubtful are not however bad. Major part of these loans would be recovered in due course of time. The bad & doubtful debt reserve was however Rs 198.72 lacs as on 30.6.80. This reserve is also being strengthened by way of special allocations. Out of profit of the Bank. Special campaigns have been launched for recovery of these loans. The Assistant Registrars have been asked to start execution proceedings at their level. The progress is reviewed each month.

Defaulting societies / individuals are not allowed to avail fresh loans. The Primary Credit and Service Societies are however allowed to get fresh loans for new & non-defaulter members, irrespective of their position of default."

The attention of the departmental representative was drawn to the written reply wherein it had inter-alia been stated that an amount of Rs 280.67 lakhs was outstanding against the Co-operative Banks as bad and doubtful debts. The Committee wanted to know the names of the concerned banks together with latest figures of the amount outstanding against each.

Subsequently the department vide their letter No. 8711-C-5-81/38728 dated 30-10-81 explained the position as under.

"The bad & doubtful debts amounting to Rs 280.67 lacs pertained to all the Central Cooperative Banks in the State. This position has since changed and as on 30.6.80 the total bad & doubtful debts in all the 13 Central Cooperative Banks amounting to Rs 534.25 lacs against which the provision for bad & doubtful reserves stood at Rs 198.72 lacs. A list showing the bankwise position of bad & doubtful debts and the reserve provision is as under :—

**Central Cooperative Bank wise position of bad and doubtful debts and provisions for bad and doubtful debt reserves as on 30th June, 1980.**

S.No.	Name of the Central Cooperative Bank	Bad & Doubtful debts	Provision for bad & doubtful debt reserves
1	2	3	4
1.	Ambala	41.45	18.12
2.	Brayne	13.01	7.24
3.	Bhiwani	28.18	21.83
4.	Faridabad	36.13	11.31
5.	Gurgaon	30.28	15.18
6.	Hissar	39.75	7.05

1	2	3	4
7.	Jind	12.56	9.60
8.	Karnal	42 08	25.01
9.	Kurukshetra	198.10	38.10
10.	Mahendegarh	16.36	14.71
11.	Rohtak	32.57	14.81
12.	Sirsa	12 90	6.86
13.	Sonepat	30.88	8.90
Total		534 25	198.72"

The Committee are unhappy to observe that against the provision of bad and doubtful debt reserves for Rs. 198 72 lakhs, bad and doubtful debt totalled to the extent of Rs. 534 25 lakhs as on 30-6-80. From all accounts the position is not satisfactory and remedial steps need to be taken to liquidate the bad and doubtful debt expeditiously.

The Committee recommend that special campaign be launched for the recovery of these loans. Execution proceedings be started and the progress made in this regard be reviewed by the respective Assistant Registrars, Co-operative Societies each month.

*Paragraph 7 8. Co-operative consumers stores*

39. There were 16 central co operative consumers stores in the State as on 30th June 1976. Besides, there was, one apex institution, namely, the Haryana State Federation of Consumers Co-operative Wholesale Stores Limited.

According to their audited accounts, the financial data of the central co-operative consumers stores for the years 1973-74, 1974-75 and 1975-76 were as under :—

Year	Number of stores	Paid-up capital	Government investment in share capital	Loans obtained from the Government and outstanding	Net profit	Reserves	Turnover
(amounts in lakhs of rupees)							
1973-74	10	16.11	10.97	22.99	2.64	8 90	6,13.47
1974-75	13	24.61	18.30	23 32	8 81	11.80	9,42 63
1975-76	16	41.69	31.87	24 62	8.73	14.16	10,14.84

During 1975-76, fourteen stores earned a net profit of Rs. 10.88 lakhs while the remaining two stores (Panipat and Kurukshetra) sustained a loss of Rs. 2.15 lakhs.

A perusal of the audited accounts of these stores for the year ended 30th June, 1976, disclosed the following :—

39. (a) In fourteen stores, Rs. 8.19 lakhs (cash/stores) were alleged to have been misappropriated/embezzled/found short.

In reply to the questions by the Committee the department in their written reply explained :

“The Panipat Cooperative Consumers Store incurred a loss of Rs 1.97 lakhs during the year 1975.76. The Kurukshetra Cooperative Consumer Store earned a net profit of Rs 0.88 lakhs.

The Panipat store suffered the loss of Rs 1.97 lakhs due to wrong purchases not related to actual demand, purchase of 12 Gulmarg Coolers and 10 Fluz for 42,443 bulk purchases of grocery textiles & not sold quickly, left over textile goods were out of demand due to soilage & change of fashion, wrong purchase of general merchandise drugs & non-disposal of old stocks etc. Six out of the 8 branches of this store, were showing losses. As per audit report, controlled cloth was issued to the private depot holders on credit while the store paid interest @15% on cash credit. Heavy over head charges such as increase in establishment charges, stationery and printing, rent charges etc also increased the losses of the store. The services of the then General Manager were terminated due to these lapses. As per audited balance sheet of the Store, there was accumulated profit of Rs 0.40 lacs as on 30.6.77.

- (a) Misappropriation / embezzlement of Rs 8.19 lakhs on account of shortages etc. were the accumulated ones for the past years as detected by the audit during physical verification, which as per instructions is conducted twice a year.

Out of Rs 8.19 lakhs outstanding on account of misappropriation/embezzlements, Rs 1.82 lakhs have so far been recovered from the persons concerned, leaving a balance of Rs 6.37 lakhs. Out of the balance amount, awards for Rs 2.65 lakhs have been obtained & execution for Rs 2.52 lakhs is in progress. Of the remaining amount of Rs 3.72 lakhs, arbitration proceedings are being started.”

During oral examination on 12-8-81, it was stated by the departmental representative that the services of the then General Manager (Shri Balbir Kapoor) Panipat Central Cooperative Consumer Store, Panipat were terminated during the period of his probation. When asked why an officer who was considered responsible for losses to the tune of 1.97 lakhs was conveniently allowed to go without any prosecution. The departmental representative stated in reply that full facts had not come into the notice



of the Government at the time of termination of his services. He further added that the facts were now being sifted and whatever action was possible would be taken.

**The Committee observe that the action in the matter which has already been inordinately delayed be now taken expeditiously and the Committee be informed accordingly.**

It was admitted during the course of oral examination on 8-12-81 that the audit report (audit conducted by the Chief Auditor Cooperative Societies) of the Panipat Central Co-operative Consumer Store Ltd., Panipat for the year ending 30-6-76 revealed serious irregularities.

It was further admitted that due to the lack of supervision and proper control on the part of Chief Executive Officer those irregularities had been committed and that the Chief Secretary to Government Haryana had already been apprised of these facts and requested to take suitable action against the Chief Executive Officer concerned who was an H.C.S. Officer.

As desired by the Committee a reference vide letter No PAC-77/80/523 dated 8th January, 1982 was also made by the Vidhan Sabha Sectt. to the Chief Secretary to Government, Haryana for expediting the action against the concerned officer under intimation to the Committee.

**The Committee desire that the action against the officer concerned be taken within three months and Committee be informed.**

During the course of evidence on 8-12-81 the Committee was informed :

- (i) that the employees had taken advances and had misutilized them due to the acts of omission and commission of certain officers;
- (ii) that a Committee had been constituted to go into that matter; and
- (iii) that the persons held responsible had been called upon to explain and that their replies were being received.

**The Committee recommend that immediate action be taken for effecting the recovery of the advances from the persons who had misutilized the advances and appropriate disciplinary action be also taken against them.**

**The Committee further recommend that all irregularities pointed out in the audit report of the Panipat Central Consumer Store, Panipat for the year ending 30-6-76 be properly looked into, appropriate action be taken, and a detailed report in regard to the action taken be submitted.**

During oral evidence on 8-12-81 the departmental representative stated that out of Rs. 8.19 lakhs, a sum of Rs. 2.30 lakhs had been recovered and out of the balance amount of Rs. 5.89 lakhs a sum of Rs. 5.41 lakhs had been awarded. Out of 5.04 lakhs execution proceedings for 4.90 lakhs are in progress and that arbitration proceedings for the balance Rs. 0.48

lakhs are yet to be started. The Committee wanted the following information from the department :

- (i) the list of stores where the embezzlement and misappropriation of funds was involved;
- (ii) the information about the criminal cases registered against the persons responsible for misappropriation and embezzlement of funds.

As the above information was not readily available with the department the same was supplied vide their letter No. 8711-C-5-81/38728 dated 30-10-81 which is as under :

**Statement showing Criminal Cases got registered with Police against employees of Cooperative Consumer Store, who misappropriated/ embezzled funds of the Stores**

Sr. No.	Name of Store	No. of criminal cases registered	Name of persons against whom such cases were registered	Place where the cases were registered	Amount of embezzlements	Latest position
1	2	3	4	5	6	7
1.	Jind	1	Raj Singh Salesman	Jind Police Station vide FIR No. 55 dated 22.2.77	Rs 22201.18	Challan was put up in the Court of Judicial Magistrate Ist Class Last hearing was on 22.7.81
2.	Karnal	2	N.D.Sharma Store-keeper	Karnal Police Station vide FIR No. 835 dt. 1.12.74	37869.63	Proceedings stayed by the High Court.
			Prem Masih	Karnal Police Station vide FIR No. 693 dt. 22.9.77	5461.85	Poice filed the case. He is paying Rs 40 per month
3.	Panipat	2	Balraj Sharma, Salesman	Panipat Police Station vide FIR No. 447 dt. 8.11.75	107867.29	Case is in the Court of Judicial Magistrate Ist Class,

1	2	3	4	5	6	7
			Madan Lal, Salesman	Panipat Police Sta- tion vide FIR No. 361 dt. 24.8.75	22332.50	
4.	Faridabad	1	Jawahar Singh	Faridabad Police Sta- tion.	70382 00	Case is with Pro- secution.
5.	Yamunanagar	1	Jaswant Rai, Sales- man	Yamuna- nagar Police Station vide FIR No. 105 dt. 9.3.75	12551 25	Awarded 15 months imprison- ment & fine of Rs. 200.
6.	Ambala	1	S.C. Datta	Ambala Police Sta- tion, vide FIR No. 300 dt. 6.8.75.		

**List of Cooperative Consumer Stores alongwith amounts of misappropriations  
and embezzlements**

Sr. No.	Name of Store	(Amount in lacs) Amount of misappro- priations / embezzle- ments
1	2	3
		Rs
1.	Hissar	1.55
2.	Rohtak	0.80
3.	Bhiwani	0.17
4.	Rewari	0.12
5.	Gurgaon	0.21
6.	Jind	0.28
7.	Panipat	1.10

1	2	4
8.	Ambala	1.06
9.	Sonepat	0.06
10.	Yamunanagar	0.39
11.	Karnal	0.95
12.	Faridabad	1.50
13.	Kurukshetra	—
14.	Narnaul	—
		8 19

The Committee recommend that the cases pending in the courts be pursued vigorously and that concerted efforts be made to recover the embezzled/misappropriated amount.

- 39 (b) In ten stores, debts considered bad and doubtful amounted to Rs. 5 47 lakhs against which there was a provision of Rs. 2.07 lakhs only.

The Deptt in reply to the questionnaires by the Committee, explained the position as under .—

“The main reasons for the accumulation of bad & doubtful debts of Rs. 5 47 lakhs were on account of sales on credit, shortages detected at the time of physical verifications and dead & damaged stocks due to non-disposal thereof for a long time etc. So far Rs. 0.04 lakhs could be recovered on this account. The bad debts accumulated due to negligence on the part of management as well as General Manager of the stores.

As regards, the provisions for the bad & doubtful debt funds, the same is created out of the net profits. As and when allocation of the profits is done, the reserves under this head will also increase correspondingly. The position of bad & doubtful debts as on 30.6.76 in other stores is as under :—

Name of Store	Amount	B/D debt reserves
	(Rs in lakhs)	
1. Hissar	0.96	0.39
2. Rohtak	1.02	—
3. Karnal	0.57	0.90
4. Yamuna Nagar	0.07	0.06
5. Panipat	1.64	0.97

The managements of the Stores have already been asked to exercise close supervision and control on sales strictly in cash. As regards purchases, the same are now made only through the Confed."

During oral examination the Committee wanted to know :

(i) the names of the Stores in which bad and doubtful debts had accumulated due to the negligence and mismanagement of the officers; and

(ii) the action taken against the defaulting officers.

In reply the department furnished the information subsequently as it was not readily available with them at the time of oral examination. The information supplied by the department is as under :

**Statement showing bad and doubtful debt position**

(Figures in lacs)

S. No.	Name of Store	Bad & doubtful debt as on 30 6.76	Reco-very effected	Balance	Reasons of bad & doubtful debt	Whether responsibility fixed or not.
1	2	3	4	5	6	7
1.	Ambala	0.47	0 06	0 41	—	Responsibility not fixed
2.	Hissar	0 97	—	0.97	The matter was not brought to the notice of B.O.D. by the General Manager	Do
3.	Karnal	0.55	0.21	0.34	No negligence on the part of G.M. The amount is recoverable from the Govt, departments & Public Institutions. Notices have been issued for recovery, but no response.	—
4.	Jind	0.28	—	0.28	—	—
5.	Rohtak	0.22	0.09	0.13	Accounts not reconciled at due time & due to overdraft by the G.M,	No responsibility fixed.
6.	Bhiwani	0.67	—	0.67	—	—
		3 16	0.36	2.80		

The Committee observe that except in the case of Panipat Store responsibility had not been fixed for the accumulation of bad and doubtful debts. The Committee therefore, desire that responsibility for bad and doubtful debt in regard to the Co-operative Consumer Stores, Ambala, Hissar, Jind, Rohtak and Bhiwani be fixed and action taken against the defaulting officials be intimated to them.

The Committee also desire that the progress of recovery of bad and doubtful debt in respect of Co-operative Consumers Stores, Karnal be intimated to them.

39. (c) In eight stores the closing stock included damaged stocks valuing Rs. 1.29 lakhs.

\* \* \* \* \*

In reply to the following questions of the Committee :

Have the damaged stock valued at Rs. 1.29 lakhs since been disposed off, if so, at what price and whether there has been any loss on this account ? When was the existence of damaged stocks in the eight stores first detected ? Where these due to improper storage or negligent purchases ? If so, has any responsibility been fixed ?

The department in their written reply stated that :

“Damaged stocks of the value of Rs 0 22 lakh have been disposed off at a loss of Rs 0 10 lakh leaving a balance of Rs 1.07 lakhs. Out of the total damaged stocks of Rs 1.29 lakhs, Rs 0.58 lakhs relate to the Panipat Cooperative Consumer Stores alone. The Assistant Registrar, Panipat was asked to get this matter considered in the Board of Directors meeting to get the dead & damaged stock disposed off and to fix responsibility of the person at fault. But the Board of Directors of the Stores has not yet taken a final decision. The stocks became dead due to improper storage and wrong purchases.”

During the oral examination on 12-8-81, the Committee pointed out to the department that complete information in regard to the questionnaire had not been furnished and the Committee wanted to know the reasons there for.

The departmental representative stated that the physical verification of these eight stores was got done on different dates. Therefore, the information about the dates of detection of damaged stocks could not be submitted to the Committee.

The Committee did not feel satisfied with the reply given by the departmental representative and were pained to observe that the department had not given due information in reply to the questionnaire of the Committee and as a consequence thereof, a lot of valuable time of the Committee had been wasted.

The Committee further observed that the department should not have taken the questionnaire in such a light manner and desired that complete reply to the questionnaire of the Committee in regard to this sub para be sent to them.

Subsequently, the department vide their letter No. 8711-C-5-81/38728 dated 30-10-81 sent the following information :

**Statement showing the dead and damaged stock and the dates of first detection thereof**

(Figure in lacs)

S. No.	Name of Store	Amount of dead & damaged stock	Dates of detection of dead stock.
1	2	3	4
1.	Ambala	0 52	31 12.74 & 30.6.75, 31.12.75 & 30.6.76
2.	Bhiwani	0.17	30 6.74, 31.12.74, 31.12.75 & 30.6.76
3	Yamunanagar	0.08	30 6.75 & 30.6.76
4.	Karnal	0.12	30 6 76
5	Panipat	0.19	30 6.76
6.	Jind	0.12	30.6.76
7.	Hitsar	0.06	30.6.76
8.	Faridabad	0.03	
		1.29	

The Committee recommend that responsibility for the damaged stock which resulted due to improper storage and wrong purchases be fixed and action taken against those held responsible for the same be intimated to them.

The Committee also desire that the steps taken for the disposal of the remaining damaged stock worth Rs. 1.07 lakhs be intimated to them.

*Paragraph : 7.9 Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh*

40. The above apex institution was registered in October 1966 mainly to co-ordinate and facilitate the working of affiliated co-operative consumers stores and to assist in the promotion, organisation and development of co-operative consumers stores in Haryana State,

According to its audited accounts, the financial data of the Federation for the three years ending on 30th June 1976 were as under .—

Year	Paid-up share capital	Government investment in share capital	Net profit	Reserves
(in lakhs of rupees)				
1973-74	4 58	3 41	0 47	3.18
1974-75	7.97	6.77	5 61	3 36
1975-76	7.97	6.77	3 84	4 49

The departmental audit report for the year 1975-76 disclosed the following :—

40. (a) A sum of Rs. 1.45 lakhs was recoverable from the staff including Rs. 1.28 lakhs from ex-employees on account of shortage of stores, sale proceeds, etc., against which a provision of Rs. 0.82 lakh only was made in the accounts.

In reply to the questions of the Committee the department in their written reply stated :

“A sum of Rs 0 04 lakh has since been recovered. Balance of Rs 1.41 lacs is recoverable from the 4 employees. Award for Rs 0 47 lakh against two ex-employees has been secured and are in the process of execution. A case against an employee who had embezzled Rs 0 82 lac stands registered with the police on 1.7 76 and it is yet under investigation. The matter is being pursued for the recovery of the remaining amount of Rs 0.12 lac. The matter is under consideration with the management of Confed.

Action is always started immediately for recovery, as soon as the shortages come to notice

Departmental Auditor has estimated bad & doubtful debts amounting to Rs 1.03 lacs. Rs 0.35 lac has since been recovered leaving a balance of Rs 0 68 lac. Efforts are being made to effect the recovery of the balance amount of Rs 0 68 lac. Against the said balance of Rs 0 68 lac estimated as bad & doubtful by the Auditors, there is a provision of Rs 0.75 lakh. As regards strengthening of reserve for bad & doubtful debts; it is submitted that profits after 1973-74 have not been allocated to various funds. With the allocation of profits, this fund will be strengthened to a considerable extent.”

The Committee desire that immediate steps be taken for the execution of award for Rs. 8 47 lakhs against the concerned employees.

The Committee are distressed to observe that the department had failed to get the challans filed in the Courts against the employees who had



embezzled Rs.-0.39 lakh although a period of more than 5 years has elapsed since the registration of the case with the police. The Committee feel that the case had not been pursued with the police with the desired seriousness. The Committee desire that efforts be made to get the challan put up in the court and case be pursued in the court vigorously.

The Committee further desire that the progress made in effecting the recovery of remaining amount of Rs. 0.12 lakh be intimated to them.

*Paragraph : 7 11. Haryana State Co-operative Industrial Federation Limited, Chandigarh*

41 The above Federation was registered on 29th November 1967 for encouraging proper development of village level small scale and cottage industries on co-operative lines. The financial data for the three years ending 30th June 1976 are given below :—

Year	Paid-up capital	Government investment in share capital	Subsidies and loans from the Government	Profit (+)/ loss (—) during the year	Reserves
(in lakhs of rupees)					
1973-74	3.78	1.92	3.21	(+)0.08	0.08
1974-75	5.64	3.62	10.49	(—)0.22	0.44
1975-76	35.57	5.62*	3.31	(+)0.16	0.74

The report of the departmental auditors for the year 1975-76, *inter alia*, disclosed the following irregularities :—

(a) Rupees 0.32 lakh were spent on the purchase of a car out of the amount of Rs. 0.40 lakh received as subsidy for the purchase of a mobile van.

In reply to the question of the Committee the department in their written reply stated :—

“The Infed was sanctioned financial assistance amounting to Rs 0.40 lacs i.e. Rs 0.30 lac for the purchase of Mobile Van and Rs 0.10 lac to meet the salary of Driver & other recurring expenses. The object to provide this assistance was to publicise the working of Industrial Cooperatives & to provide mobile facilities. As the price of the Mobile van was more than the assistance of Rs 0.30 lac as provided, so, management decided to purchase a car with a luggage carrier, so as to meet the object of mobility both the goods, material & staff in order to develop the marketing & production activities of the Federation. This arrangement was more suitable & economical as otherwise it was necessary to purchase another vehicle for the staff to supervise the various units & other marketing activities of the Federation throughout the State.”

\*Excluding Government Contribution under half a million job programme (Rs 7.18 lakhs) and employment programme for the educated unemployed (Rs 20.76 lakhs).

During the oral examination, the departmental representative stated that five emporia were being run by INFED in the State and almost all of them were running into loss.

In reply to the question by the Committee, the departmental representative stated that the main purpose of these emporia was not to earn profit but to provide sale outlets to the small Industrial Co-operative Societies which, if left to themselves were not in a position to sell their products in the market.

The Committee felt that the loss of these emporia could be reduced, if the expenditure on these emporia was minimised.

The Committee therefore, observe that the expenditure on the emporia being run by INFED be reduced to minimise their losses.

41. (b) Debt and other recoverables amounting to Rs. 3.77 lakhs were considered by the auditors as bad and doubtful but no provision therefor was made in the accounts.

The Deptt. in their written reply to the questionnaire by the Committee stated :

"An amount of Rs 3.77 lacs has been shown as Bad & doubtful debts. Out of this, amount, a sum of Rs 0.71 lac has been recovered & for the balance recovery efforts are being made. Awards have been secured in 10 cases for Rs 1,76,500 while arbitration proceedings in 4 cases for Rs 42,500 are in progress. The cases in which awards have been secured are under execution. For the remaining amount, persuasive methods/reconciliations have been adopted. In addition to the recovery efforts, a fund of Rs 0.65 lac for Bad & Doubtful debts have also been created."

The Committee desire that vigorous efforts be made to get the awards executed and progress made in regard thereto be intimated to them.

The Committee also desire that the arbitration proceedings in four cases involving an amount of Rs. 42,500 be vigorously pursued and the outcome thereof intimated to them.

The Committee further desire that the progress of recovery made in respect of the remaining amount be intimated.

#### *Paragraph 7.12. Co-operative sugar mills*

42. There were (30th June 1976) four co-operative sugar mills in the State located at Karnal, Panipat, Rohtak and Sonapat. Government investment in the share capital of the sugar mills as on 30th June 1976 was Rs. 3,20 lakhs as under :—

(i) Co-operative Sugar Mills, Rohtak and Panipat

Rs. 20 lakhs each

(ii) Co-operative Sugar Mills, Karnal and Sonapat

Rs. 1,40 lakhs each

The sugar mills at Karnal and Sonapat were under construction (June 1976).

According to their audited accounts, the financial data of the sugar mills at Rohtak and Panipat as on 30th June 1975 and 30th June 1976 were as under :—

Serial number	Particulars	Rohtak		Panipat	
		30th June 1975	30th June 1976	30th June 1975	30th June 1976
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	Paid-up capital	66.29	1,22.91	53.80	55.63
2.	Government investment in share capital	20.00	20.00	20.00	20.00
3.	Free Reserves	1,54.98	1,64.85	2,10.36	2,26.97
4.	Capital invested (1+3)	2,21.27	2,87.76	2,64.16	2,82.60
5.	Profit during the year	22.26	26.58	14.61	23.86
6.	Percentage of return on capital invested (5%4)	10.06	9.24	5.53	8.44
7.	Cane crushed (in lakhs of quintals)	21.58	22.33	22.07	19.24
8.	Percentage of recovery	10.35	10.17	9.23	9.20

The more important irregularities pointed out by the departmental auditors in their reports on the accounts of the sugar mills at Rohtak/Panipat for the year ended 30th June 1976 were as under :—

#### *Sugar Mills, Rohtak*

\*\*                      \*\*                      \*\*                      \*\*                      \*\*                      \*\*

(ii) Income included Rs. 0.88 lakh by way of adjustments of stores found excess, but not investigated.

In reply the questions of the Committee the department in their written reply explained as under :

“Unfortunately action has been delayed on this point and now the Managing Director of the mills has been directed to expedite and complete action on this and also send us a detailed report immediately.”

The result of investigation made in regard to the inclusion of income of Rs. 0.88 lakh by way of adjustment of store found in excess together with

the action taken in that behalf be intimated to the Committee.

*Sugar Mills, Panipat*

42. (A) *Sugar Unit*

(i) A sum of Rs. 3.51 lakhs was outstanding against certain firms (including Rs. 0.49 lakh against employees) for more than three years and was not considered doubtful by the management.

(ii) An excess payment of Rs. 0.10 lakh on account of bonus was made to daily-rated workers for the year 1974-75.

\*

\*

\*

In reply to the questionnaire by the Committee, the department in their written reply stated as under :—

(i) The details of Rs 3 51 lakhs is given as under :—

(Rs in lacs)

	Outstanding	Recoveries	Balance
1	2	3	4
Traders account	2.46	1.26	1.20
Sugar dealers	0.18	—	0 18
Staff advance	0.49	0.36	0.13
Seed loan	0.38	0.02	0.36
	3.51	1.64	1.87

As is evident from the above details only a sum of Rs 1.87 lacs stands recoverable. Recovery for the seed loan given to the growers are in process as the mill have already filed arbitration references.

The balance amount of Rs 0 13 lac shown as staff advances, include Rs 0 05 lac which was deposited as earnest money alongwith the tender with Excise & Taxation Department, New Delhi. The excise authorities have assured the mills for the settlement Rs 0 04 lac relates to an advance given to Sh. Randhir Singh then Chemist for training purpose, but he left the services during the training period. Case for recovery of this amount has been moved for arbitration. Regarding balance of Rs 0.04 lac it is doubtful to be recovered as the employees have left the services of the mills and their present addresses are not known to the mills.

An amount of Rs 1 38 lacs pertains to traders account such as Machinery & Store suppliers and sugar dealers. Cases of some amount relate to the period as old as 10-15 years and in some cases the firms are not even in existence now. Steps are however being taken to realise this amount by adjustment of the bills which are under dispute. In case it is not possible to recover or adjust any amount matter for writing off the same may have to be considered by the mills management in due course. It may be mentioned that the mills had created a cover of Rs 2.00 lacs as Bad & Doubtful debt reserve during the year 1975-76.

- (ii) The provision of Rs 6,80,069 40 was made on the basis of the regular employees working in the mills, whereas the actual bonous payable to all the employees including Daily-rated workers was Rs 6,90,389 19 i.e. Rs 0 10 lac in excess than the amount provided for. The amount of Rs 0 10 lac was not recoverable as the Daily rated workers who work for 30 days during a calander year are entitled to bonous under the payment of Bonus Act, 1965. Thus, no excess payment of account of bonous was made."

The Committee desire that the progress made in the recovery of an amount of Rs. 0 36 lakh on account of seed loan given to the growers be intimated to them.

The Committee also desire that the action taken for the settlement of Rs. 5,000 which was deposited as earnest money alongwith the tender with Excise and Taxation Department, New Delhi be intimated to them.

The Committee further desire that the progress made for the recovery of Rs. 0 04 lakh given to Shri Randhir Singh, the then Chemist as advance for training purpose togetherwith the action for the recovery of balance amount of Rs. 0.04 lakh from the employees who had left service of the mills be intimated to them.

The Committee also desire that final action taken in the liquidation of outstanding amount of Rs. 1.38 lakhs due from machinery and store suppliers and sugar dealers be intimated.

#### 42. (B) Distillery Unit

Bad and doubtful debts as estimated by the departmental auditors amounted to Rs. 0.37 lakh against which there was no reserve for bad and doubtful debts.

In reply to the questionnaire by the Committee the department in their written reply explained as under :—

"Out of a bad doubtful debts of Rs 0.37 lakhs as pointed out by the auditors, Rs 0.32 lacs is recoverable from one party M/s Haryana Bottles Stores, Yamuna Nagar. Court suit was decided in the favour of mills and now execution is pending before the next court. The mills are sure that this recovery shall be effected with to-date interest. Rest of the amount is also not doubtful as a sum of Rs 0.05 lac is adjustable against the

supplies made and consumed in the factory. The mills will satisfy the auditors. However, the mills have started creating the reserve for bad & doubtful debt after the close of 1978-79 to cover such contingencies."

The Committee desire that effective measures be taken for the execution of the decision of the court for the recovery of Rs. 0.32 lakh from M/S Haryana Bottles Stores, Yamuna Nagar and Committee be informed accordingly.

## PART II (REVENUE RECEIPTS)

### REVENUE

*Paragraph : 4.4. Rules for determining market value of lands and property*

43. Section 27 of the Indian Stamp Act, 1899, lays down that the consideration and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of duty with which it is chargeable shall be fully and truly set forth therein. In case of failure to do so, a person is punishable with fine which may extend upto Rs. 5,000 in terms of Section 64 of the Act *ibid*. A new Section 47-A was introduced in 1972 with retrospective effect from November 1966 in the Indian Stamp Act as applicable to Haryana which *inter alia* empowers the Registering Authorities to refer documents to the Collectors for determination of market value of the property, when they have reasons to believe that the value of the property had not been truly set forth in the instrument.

In the course of audit it was noticed (April 1974) that Registering Authorities levied registration fee and stamp duties on the value declared by the executors in the instruments presented for registration without referring any case to the Collector for determining the market price. In such cases, the possibility of property having been under-valued and resultant evasion of registration fee and stamp duty cannot be ruled out. No rules/guidelines for the Registering Authority for determining the market value of the property set forth in the instruments presented for registration had been framed by Government (January 1978). When this was pointed out in audit (April 1974), the department stated (March 1976) that the matter was under consideration of Government. Further developments are awaited (January 1978).

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

The department, in reply to the questionnaire of the Committee, explained the position as under :—

"After the introduction of section 47-A in the Stamp Act the cases of under valuation are being reviewed by the Registering authorities in case of doubt and the valuation in such cases is determined according to the locality of the property by the Collectors. People also do not prefer to show less price to avoid pre-emption suits in case of agricultural lands.

Section 47-A of the Indian Stamp Act, 1899 reads if the Registering Officer appointed under the Registration Act, 1908, while registering any instruments transferring any property, has reason to believe that the value of property or the consideration, as the case may be, has not been truly set forth in the instrument, he may after registering such instrument, refer the same to the Collector for determination of the value or consideration, as the case may be, and the proper duty paid thereon. After introduction of Section 47-A in the Indian Stamp Act, the cases of under valuation of properties are being reviewed by the registering authorities and in case of doubt of under valuation, the cases are referred to the Collector for determining the correct value of the property.

In cases where under valuation of property came to the notice of the registering authorities, these cases were referred to the Collectors under Section 47-A of the Act."

The Committee observe that in order to minimise the cases of under-valuation of urban property the Government may examine the desirability of amending the existing laws so as to empower the Government to resume property to itself in such cases where it is found that the property has been registered at a lesser price than its prevailing market price.

The Committee desire that they be informed of the action taken by the Government in this behalf.

*Paragraph 4 5. Under valuation of immovable property*

44 The instruments of gift/exchange of immovable property are compulsorily registrable documents. Stamp duty and registration fee are chargeable on the value or consideration set forth in the instrument; in the case of exchange of property, duty and fee are leviable on the value of land of the greatest value involved, in terms of Article 31 of the Schedule 1-A of the Stamp Act.

In the course of audit it was noticed (March 1975 to March 1977) that in 126 cases the value of land set forth in the instruments of gift/exchange of immovable property was lower as compared to the average rate calculated from other mutations in respect of the same area and of approximately the same period, resulting in short levy of stamp duty and registration fee to the extent of Rs. 96,612 (stamp duty : Rs. 83,470; registration fee : Rs. 13,142).

These cases of under-valuation of property were not referred to the Collector for determination of the value of the property and the proper duty payable thereon. When this was pointed out in audit (March 1975 March 1977), recovery to the extent of Rs. 2,015 (stamp duty : Rs. 1,690; registration fee : Rs. 325) was effected. Particulars of recovery in the remaining cases are awaited (January 1978).

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

In reply to the questionnaire of the Committee the department stated

as under :—

“Stamp duty and registration fee were charged on the instruments of gifts/exchange of immoveable property in terms of Articles 31 of Schedule 1-A of the Stamp Act keeping in view the market value of the property during the last five years and the assessment reports.

The cases of under valuation of property were not required to be referred to the Collector, as the deeds were considered to be properly stamped.

Out of the entire amount of Rs 96,612 00, an amount of Rs 23,956 00 has been recovered leaving a balance of Rs. 72,656. Efforts are being made to recover this amount at the earliest.”

The Committee desire that the balance amount of Rs. 72,656 be recovered expeditiously and the progress made in this respect be intimated to them.

*Paragraph 4.6. Non-recovery of stamp duty on certificates of sale issued under the Displaced Persons Compensation and Rehabilitation Act, 1954*

45. Under the Indian Stamp Act, 1899, as applicable to Haryana State, certificates of sale granted to the purchaser of any property sold by public auction by a Civil or Revenue Court or other Revenue Officer are chargeable with the same duty as a conveyance for a consideration equal to the amount of the purchase money only and the expenses of providing the proper stamps are to be borne by the purchasers of the property to which certificates relate. Government clarified in June 1973 that certificates of sale issued under the Displaced Persons Compensation and Rehabilitation Act, 1954, are not exempt from stamp duty and these are compulsorily registrable.

In the course of audit it was noticed (August 1974 to August 1976) that stamp duty and registration fee amounting to Rs. 92,159 (stamp duty : Rs. 91,849; registration fees : Rs. 310) were not collected during 1972-73 to 1975-76 in respect of 185 certificates of sale of property granted by the Rehabilitation Department in eight districts.

When the omission was pointed out in audit (November 1974 to February 1977), Rs. 4,338 (stamp duty : Rs. 4,232; registration fee : Rs. 106) were recovered. Particulars of recovery of the balance are awaited (January 1978).

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

In reply to the questionnaire issued by the Committee the department in their written reply explained as under :—

“Previously on such deeds, stamp duty and registration fee was not charged, due to an impression by various registering authorities that sale certificates issued by Rehabilitation Department were



not required to be registered. Government clarified on 28.1.77 that stamp duty and registration fee should be levied on such documents. The responsibility for this lapse is being fixed.

Out of the balance amount of Rs 87,821 00 an amount Rs 3900.00 has been recovered. In some cases involving an amount of Rs 14,500 orders for the stay of recovery of this amount have been granted by the High Court. Strenuous efforts are being made to recover the balance amount of Rs 69,421.00."

The Committee desire that :—

- (i) the action to fix responsibility for the non-collection of registration fee be expedited and Committee be informed accordingly; and
- (ii) the recovery of the outstanding amount of Rs 83,921, including the amount of Rs. 14,500 for which the stay has been granted by the High Court, be effected expeditiously after getting the stay vacated where possible.

*Paragraph 4 7. Non-levy of stamp duty and registration fee*

46. During the course of audit it was noticed (December 1973 to March 1977) that 60 instruments of mortgage, gift, sale and security/guarantees deeds registered during the years 1972-73 to 1976-77 with the various registering authorities in nine districts were not subjected to stamp duty/registration fee, though there was no provision in law to exempt these documents. This resulted in non-levy of stamp duty of Rs. 8,310 and registration fee of Rs. 2,776. On this being pointed out in audit (September 1974 to August 1976), the department recovered Rs. 4,796 (stamp duty : Rs. 3,659; registration fee : Rs. 1,137). Recovery of the balance is awaited (January 1978).

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

The department in reply to the questionnaire by the Committee explained the position as under :—

"Stamp duty and registration fees could not be levied on the instruments of mortgage, gift, sale etc. due to the negligence of the registering authorities, action against whom is being taken.

As per information available in the Department out of a balance of Rs 16,974.75, an amount of Rs 7790.50 has been recovered. Efforts are being taken to recover the balance amount of Rs 9,184 25."

From the above written reply of the department, the Committee observe that the figures mentioned in the audit para differ from the departmental figures. According to the Audit para an amount Rs. 6,290 is shown to be recovered while the department has shown an amount of Rs. 9,184.25 as recoverable.

The Committee recommend that the department should reconcile the

figures with the Audit and also recover the balance amount expeditiously and inform the Committee accordingly.

*Paragraph 4.8. Incorrect application of rates of stamp duty and registration fee*

47. (i) The rates of stamp duty and registration fee leviable on instruments are laid down in the Indian Stamp (Punjab amendment) Act, 1922 and the Indian Registration Act, 1908, respectively.

In the course of audit (December 1973 to March 1977) it was noticed that in nine districts during the years 1972-73 to 1975-76 stamp duty/registration fees were levied in 176 cases at rates lower than those prescribed. This resulted in short levy of stamp duty of Rs. 19,362 and registration fee of Rs. 6,161. On this being pointed out in audit (December 1973 to March 1977), Rs. 4,130 (stamp duty : Rs. 2,651; registration fee : Rs. 1,479) were recovered. Particulars of recovery of the balance are awaited (January 1978).

(ii) Further, it was noticed (December 1973 to March 1977) that in 308 lease deeds, the Registering Authorities in nine districts had not levied stamp duty and registration fee at prescribed rates resulting in short levy of stamp duty of Rs. 14,335 and registration fee of Rs. 6,215. When this was pointed out in audit (September 1974 to March 1977), Rs. 4,918 (stamp duty : Rs. 3,859; registration fee : Rs. 1,059) were recovered. The recovery of the balance amount is awaited (January 1978).

Both the cases were reported to Government in October 1977, reply is awaited (January 1978).

The department in reply to the questionnaire of the Committee stated in their written reply as under :—

“(i) The rates of stamp duty and registration fee are charged according to the title of the document and in accordance with rates prescribed in the Act. In view of this responsibility for short recoveries is being fixed.

As per information available in the Department, out of a balance of Rs. 43510.50 an amount of Rs. 41,776.00 has been recovered. Strenuous efforts are being made to recover the balance of Rs. 1734.50.

(ii) Out of balance of Rs. 15,632.00 an amount of Rs. 1840.00 has been recovered leaving a balance of Rs. 13,792.00. Efforts are being taken to recover this amount”

(i) The Committee desire that the action to fix the responsibility for short recoveries be expedited and recovery of the balance amount of Rs. 1734.50 be effected expeditiously and Committee be informed.

The Committee also desire that the recovery of the balance amount be effected expeditiously.

(ii) The Committee observe that there is a difference between the figures about the recoverable amount pointed out by the Audit and the figures supplied by the department in their written reply reproduced above. According to the audit para the amount that remains to be recovered is Rs. 16,632 but the department in their written reply has shown that the amount to be recovered is Rs. 13,792.

The Committee recommend that the department should reconcile the figures with the Audit.

The Committee also recommend that responsibility for short levy of stamp duty and registration fee be fixed within six months and the Committee be informed accordingly.

*Paragraph 4.9. Non-levy of stamp duty*

48. By a notification issued in July 1948, the Punjab Government remitted the stamp duty leviable under the Indian Stamp Act, 1899, on instruments executed by or on behalf of any society registered under the Co-operative Societies Act on instruments executed by any officer and member of any society and relating to the business of the society. This remission was subsequently withdrawn by Government by a notification issued on 9th February 1962 in respect of the following classes of co-operative societies excepting those where all the members of the society belonged to the scheduled castes :—

- (1) Co-operative House Building Societies in Urban Areas.
- (2) Co-operative Industrial Societies.
- (3) Co-operative Dairy Farming Societies.

\* \* \* \* \*

Stamp duty amounting to Rs. 37,058 was not levied on two mortgage deeds executed on 2nd December 1975 and 7th May 1976 by the Co-operative Sugar Mill of Karnal, for securing credits of Rs. 15.70 lakhs and Rs. 9.00 lakhs, respectively, from the Haryana State Co-operative Bank.

When this was pointed out in audit (December 1976), Government stated (April 1977) that action for realisation of the stamp duty was being taken. Further report is awaited (January 1978).

The department in their written reply to the question by the Committee stated as under :

“It has been reported that this omission occurred due to wrong interpretation of the Govt. rules. As soon as the omission was noticed by the registering authorities, necessary steps to recover the amount were taken.”

The Committee desire that the recovery of Rs. 37,058, on account of non-levy of stamp duty, be effected from the Co-operative Sugar Mills, Karnal expeditiously and Committee be informed.

*Paragraph 4 10 Short levy of stamp duty and registration fee on lease deeds*

49. Under the Indian Stamp Act, 1899, as applicable to the State of Haryana, an instrument of lease granted for a premium in addition to rent reserved is chargeable with the same duty as is leviable on the instrument of conveyance for a consideration equal to the amount or value of such premium as set forth in the lease. This duty is chargeable in addition to the stamp duty which would have been payable on such lease, if no premium had been paid or delivered. Similarly, the registration fee is chargeable under the Indian Registration Act, 1908, on the value of consideration for which stamp duty has been paid.

In the course of audit in the office of the Sub-Registrar, Ballabgarh, it was noticed that a lease deed executed in April 1974 between Government and a School Society for a period of 99 years set forth the amount of premium as Rs. 1,75,607 and the annual ground rent as nil for the first ten years, 1/2 per cent of the premium for the next 23 years, 1 per cent of the premium for the next 33 years and 1½ per cent of the premium for the next 33 years. Stamp duty (including additional stamp duty) and registration fee leviable on the consideration aggregating Rs. 1,82,276 worked out to Rs. 12,775 and Rs. 1,836, respectively, against which only Rs. 3,450 and Rs. 446, respectively, were levied by the department. The deficient amount of duty and fee worked out to Rs. 10,715 (stamp duty : Rs. 9,325, registration fee : Rs. 1,390).

The matter was reported to Government in July 1976; reply is awaited (January 1978).

The department in reply to a question by the Committee explained the position as under :

"The omission occurred due to the wrong interpretation the Act by the registering authorities. As soon as the omission came to their notice, necessary steps to recover the amount were taken. The deficient amount is being recovered."

The Committee recommend that deficient amount of duty and fee amounting to Rs. 10,715 be recovered expeditiously and the Committee be informed.

### COOPERATION

*Paragraph 5.7. Short realisation of audit fee*

50 Under the Punjab Co-operative Societies Rules, 1963, as applicable to Haryana, every co-operative society is liable to pay to Government a fee for the audit of its annual accounts by the auditors of the Co-operative Department. The scale of fees prescribed by Government for different types of societies provides for a certain percentage of the net profits earned by the society with a fixed amount as minimum and maximum.

In the course of audit of records in the Offices of the Assistant Registrars, Co-operative Societies, Yamunanagar, Ambala and Kaithal, it was noticed (July 1976) that audit fee was being recovered on the basis of net profits/losses as worked out by the respective societies instead of on the basis of profits/losses shown in the audited accounts. This resulted in

short realisation of audit fee amounting to Rs. 1,29,351 (Yamunanagar Rs. 70,000, Ambala : Rs 44,243 and Kaithal : Rs. 15,108) in respect of 815 societies (Yamunanagar : 456, Ambala : 298 and Kaithal : 61) for the co-operative years\* 1972-73 to 1974-75 in respect of the first two districts and 1974-75 only in respect of Kaithal.

The matter was reported to Government in March 1977, April 1977 and July 1977; reply is awaited (January 1978).

In reply to the questionnaire of the Committee the department in their written reply stated as under —

“In this connection, it is submitted that audit fee is assessed/recovered by the field staff of the Department on the basis of annual statements which are prepared from the accounts books of societies soon after the close of Coop. year. The work of assessment of audit fee is completed before September and recovery is effected by the end of 31st January of the following year according to the provisions laid down in paras 4.5, 4.10, & 4.11 of the consolidated circulars of the Coop. Deptt. Thus the audit fee of a particular year is recovered during the following year. The audit of a society is taken after the close of a Coop. year and its completion is over during next Coop. year.

In case audit fee is assessed on the basis of net profits/losses as per audited accounts, delay might occur in both assessment and recovery of the audit fee of last year. So in switching over to assessment of audit fee on the basis of audited accounts, delay will be caused by one year which is not in the interest of the Government

It is further intimated that as and when it comes to the notice of the Department that there is difference of amount in profits as worked out in the annual statements and audited accounts, the audit fee is reassessed and recovered by the Asstt. Registrar on the basis of audited profits/losses.

2. In this connection it is submitted that amount of audit fee of Rs 1,29,351 shown short realised pertains to the circles of Assistant Registrar, Cooperative Societies Kaithal (Rs 15,108), Ambala (Rs 44,243) and Yamunanagar (Rs 70,000). Detailed report is as under .—

(i) Assistant Registrar, Cooperative Societies, Kaithal (Rs 15108).

Accountant General, Haryana, vide para No. 1 of the Audit & Inspection note of the accounts of Assistant Registrar, Cooperative Societies Kaithal, for the year 1975-76, had pointed out that audit fee amounting to Rs 15,108 has been short realised. After the receipt of the Inspection Note from Accountant General the concerned Assistant Registrar submitted compliance report to the Accountant General, Haryana, vide his letter No. 5523 dt.

---

\*(Coop. year begins on 1st July and ends on 30th June.)

7.7.79 and No 4503 dated 3 1 80. It was pointed out by him that a sum of Rs 14,609 has since been recovered and efforts for the recovery of remaining amount of Rs 499 are going on.

- (ii) Assistant Registrar, Cooperative Societies Ambala, (Rs 44,243)

Accountant General, Haryana, vide para No. 1 of part 1(B) of his Audit & Inspection Note for the year 1976-77 & 1977-78 of the accounts of the office of the Assistant Registrar, Cooperative Societies, Ambala has pointed out short realisation of audit fee of Rs 44,243. The Assistant Registrar, Cooperative Societies Ambala vide his letter No. 3273 dated 3 4.79 sent compliance to Accountant General and made it clear that action to effect the recovery of audit fee has been initiated. An amount of Rs 42,528 has since been realised and efforts are being made to recover the remaining amount of Rs 1,715.

- (iii) Assistant Registrar, Cooperative Societies, Yamunanagar (Rs 70,000).

Accountant General, Haryana, vide para No. 3 of the audit & Inspection Note for the year 1976-77 & 1977-78 of the accounts of Assistant Registrar, Cooperative Societies, Yamunanagar had pointed out that the Government—vide letter No. 3648-C-IV-76/6318, dated 1.3.1976 waived off the amount of audit fee of Cooperative Consumer Store, Yamunanagar for the year 1966-67 to 1973-74 (Rs 70,000) when the accounts of the store for the year 1973-74 were showing profit. Audit has further referred para 4 19 of the consolidated circulars of Cooperative Department vide which it is provided that when it is found that any society is not in a position to pay audit fee and deserve remission then a case is to be prepared and sent to higher authorities by the end of January (proceeding year) justification in this case was desired.

In this case, it is pointed out that in compliance of letter—No. C-111/RAW/S/HR/AP/Coop./Y. Nagar/76-78/3600-01 dated 29-1-79 on the subject from Accountant General, Haryana, a detailed report was sent to Government with a copy to Accountant General, Haryana, vide the office letter endst. No. Store /79/1264-65 dated 24.3 79 in which full justification of the case was given. The State Government had constituted a sub-committee consisting of Deputy Secretary, Finance, Registrar, Cooperative Societies and Deputy Registrar (Consumers Stores) to study the financial position of various stores in Haryana and make a report to Government for their smooth running. It was on the basis of report of the high powered committee that the Government waived off the audit fee not only of this store but also of other stores in Haryana to the extent of Rs 5.90 lacs.

3. The present practice regarding assessment and realisation of audit fee is the same as detailed in Para No. 1 above."

The Committee observe that no satisfactory procedure has been

laid down by the department to ensure that short realisation of audit fee is made good subsequently and in such cases where audit fee recoverable on the basis of net profits/losses as worked out by the respective societies instead of on the basis of profits/losses shown in the audited accounts.

The Committee, therefore, desire that the department should examine the desirability of prescribing a definite procedure to ensure that on completion of accounts the Co-operative Societies concerned would deposit the audit fee as per society's accounts and as soon as the accounts are audited it should be the responsibility of the Society concerned to make good any under-recovery that might be involved within a period of 30 days from the adoption of the accounts.

## TRANSPORT

### *Paragraph 3 2 Results of audit*

51. During the period April 1976 to March 1977, test audit of documents of the departmental officers revealed under-assessment of tax to the extent of Rs. 21.58 lakhs in 2,758 cases. The under-assessments were due to mistakes which may be categorised broadly under the following heads :—

	Number of cases	Amount (in lakhs of rupees)
1. Non-levy/short levy of permit fee	654	10.36
2. Irregular rebate	458	5.49
3. Non-levy/short levy of Motor Vehicles Tax	1,172	5.16
4. Non-levy of Trade Certificates fee	30	0.17
5. Other reasons	444	0.40
Total	2,758	21.58

In reply to the questionnaire by the Committee, the department in their written statement stated as under :—

“The large Scale under assessment is due to the fact that the Administrative apparatus has out-lived its utility. The quantum of work has grown many fold over the years. The administrative structure of tax assessment and collection needs to be re-organised preferably under a separate Department with adequate trained recovery personnel as has been done in several other states. Similarly an pre-audit system also needs to be introduced which will effectively check any under assessment. Government is seized of the matter and soon the needed reorganisation of the audit machinery will be under-taken.

At present this job is being done by Motor Vehicle Clerks in the offices of Sub-Divisional Magistrates. As such the Deputy

Commissioners were requested to conduct a review and keep a vigil so that there is no recurrence of such cases.

Recovery position is being ascertained from all the Sub Divisional Magistrates. Special teams will be deputed from headquarters and from offices of Commissioners of Divisions to obtain this information within the next one month."

During the course of oral evidence when asked what was the latest position in regard to the reorganisation and strengthening of the administrative set up for tax assessment and collection, the departmental representative stated that a proposal was drawn up by the department but the same had been rejected by the Finance Department. The Committee was, however, assured that a revised proposal would be submitted to the Finance Department on the pattern of the neighbouring States like Punjab. However, the Committee was subsequently informed, vide letter No. 9(63)/75-76-ACC/640, dated the 29th January, 1982, that the proposal for reorganisation of the administrative set up of tax assessment and collection was drawn up on the pattern of Punjab and Rajasthan and sent to the Government for acceptance but the same had not been approved by the Government.

The Committee observe that the audit conducted by the Comptroller and Auditor General of India is of the nature of a test audit and as such the cases of assessment/short recovery of revenue which are brought out in the audit reports, are only illustrative and even in these cases recoveries have not been made although a period of 5 to 7 years has elapsed.

The Committee would, therefore, desire that the whole matter should be examined from a wider angle in order to ensure that preventive steps are taken after the receipt of the Accountant General's report so that similar leakage of revenue does not recur.

The Committee feel greatly concerned over the large number of cases of under assessment of tax to the extent of 21 58 lakhs and recommend that the strenuous efforts be made to recover this huge outstanding amount at the earliest.

The Committee further recommend that suitable action be taken against the officials responsible for the lapses.

The Committee would also like to draw attention to the recommendations made in para 12 of their 17th Report and urge the need for creating an effective internal audit system expeditiously in order to minimise the cases of under assessment of taxes.

### *Paragraph 3.3. Short recovery of road tax*

52. Under the Punjab Motor Vehicles Taxation Act, 1924, any broken period in a quarterly period is considered as full period for the purpose of levy of road tax. The quarterly rate of token tax on public carriers was increased from Rs. 250 to Rs. 275 from 1st April 1973.

In respect of inter-State routes, the Transport Authorities of the States in which the vehicle is registered, issue temporary permits and remit the tax due through a crossed bank draft to the Transport Authority of



the State concerned along with a copy of the temporary permits issued. In the course of audit (August 1975) of the records in the office of the Registering Authority, Ambala, it was noticed that the Transport Authorities of other States issuing temporary permits for plying vehicles in Haryana State remitted the tax due in respect of 4,009 vehicles at the rate of Rs. 250 instead of Rs. 275 per quarter and that only proportionate amount of tax for the actual number of days for which permits were issued instead of the full quarter was remitted in respect of 635 vehicles. The deficient amount of tax worked out to Rs. 2.02 lakhs. The department had taken no action for effecting recovery of the deficient amount.

The matter was reported to Government in October 1975 and May 1977; reply is awaited (January 1978).

In reply to the questions by the Committee the department, in their written reply, explained the position as under :—

“The lapse occurred due to lack of effective communication and coordination with the Transport Authorities in other states. The notifications increasing the rate of quarterly token tax on public carriers are sent regularly to the Transport Authorities in other States, yet a certain time lags in implementation is inevitable. Due to lack of coordination between Registering Authorities in the State which received the token tax and the Regional Transport Authorities to whom the temporary permits are despatched by Transport Authorities of other states and because of the fact that there was no checking agency at the barriers of the State for token tax, this mishap occurred. With the reorganisation of the official machinery as mentioned above such lapses will be effectively checked. Besides staff is being posted for checking of token tax payments at the barriers in the State.

As for this particular case the matter is now being taken up with the concerned transport authorities of other states for effecting recovery.”

The Committee recommend that the recovery of the amount of Rs. 2.02 lakh, on account of road tax, should be effected expeditiously and the Committee be apprised of it.

### *Paragraph 3.6. Incorrect application of rates*

53. The Punjab Motor Vehicles Taxation Act, 1924 and the notifications issued thereunder by the State Government from time to time, prescribed the rates of token tax in respect of various types of vehicles (excluding stage carriages) according to their unladen weight.

In the course of audit of the offices of 11 Registering Authorities, it was noticed between April 1974 and April 1976 that token tax had been recovered in respect of 47 vehicles for the period 1968-69 to 1975-76 at rates lower than those applicable. Owing to application of incorrect rates, there was short realisation of token tax by Rs. 13,339.

When this was pointed out in audit (August 1974 to June 1976), Rs. 1,125 were recovered by one Registering Authority in respect of one vehicle. Report about recovery in respect of the remaining vehicles is awaited (January 1978).

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

In reply to the questions by the Committee the department explained the position in their written reply as under :—

“Lack of proper grounding in the intricacies of the tax rates leviable under the Motor Vehicles Taxation Act lead to short recoveries. In some places it was found that in-experienced hands had been posted in these seats. A departmental examination for the dealing officials is now being stipulated which will obviate such lapses in future.

Out of the total amount of Rs. 13,338.85 a sum of Rs. 156.20 is not recoverable as the token tax on tempo No. HRM-5554 had been correctly recovered as explained in letters in Annexure ‘A’. Out of the remaining amount of Rs. 13,182.65 a sum of Rs. 3,334.85 has since been recovered as under:—

Sr. Registering No. Authority	Year	Amount
1. R.A. Balabgarh	1972-73	1,124.95
2. R.A. Mohundergarh	Do	93.75
3. R.A. Sirsa	Do	460.00
4. R.A. Fatehabad	Do	553.95
5. R.A. Balabgarh	1974-75	914.40
6. R.A. Bhiwani		187.80
		<u>3,334.85</u>

As suggested above passing of a Departmental examination will be made compulsory for the officials dealing with this work”.

The Committee desire that suitable action against the concerned officials/officers be taken at the earliest.

The Committee recommend that the recovery of token tax be effected immediately.

The Committee desire that the action taken on the observations be intimated to them.

*Paragraph : 3.7. Short recovery of token tax*

54. Under the Punjab Motor Vehicles Taxation Act, 1924 and instructions issued (May 1966) by the State Transport Authority, tax leviable on motor vehicle is payable by the person who keeps the vehicle for use from the date he commences to keep it, i.e., the date of purchase of the vehicle.

In the course of audit of the offices of 18 Registering Authorities, it was noticed between April 1974 and January 1976 that tax was recovered in respect of 167 vehicles from dates later than that of purchase of the vehicles. This resulted in short recovery of tax amounting to Rs. 10,297.

When this was pointed out in audit between August 1974 and March 1976, Rs. 1,360 were recovered upto March 1977. Particulars of recovery of the balance are awaited (January 1978).

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

The department in their written reply to the questionnaire by the Committee stated as under :—

“A sum of Rs. 2663.19 has been recovered out of Rs. 4964.24 recoverable in Hissar Divn. The figures of recovery of the Ambala Division are being collected and will be intimated within a month.

The Registering Authorities namely the Sub Divisional Magistrates found it hard to devote personal attention to these matters due to their multifarious duties. That is why a separate Department is being structured to administer this law.

Instructions have been issued to Deputy Commissioners to appoint/post experienced officials to deal with such cases. Besides the idea of a departmental examination mooted above will go a long way to avoid such lapses.”

The oral examination of the departmental representative clearly revealed that inspite of the protracted correspondence exchanged between the concerned authorities during a period of 4 to 5 years, the bulk of the recoveries still remained to be enforced. The oral examination also brought out vital points of inaction, on the part of the department to enforce actual recoveries, rendering the entire process of the audit and examination of the audit reports by the Public Accounts Committee to a mere ritual.

The Committee strongly deplore such attitude of indifference on the part of the department as also their failure to ensure timely recoveries of clear cases of leakage of revenues.

The Committee, therefore, recommend that not only the recoveries be enforced without any further loss of time but action against the officials, held responsible for non-recovery, be initiated.

## EXCISE AND TAXATION

*Paragraph 2.2. Incorrect deduction of export sales*

55. Under the Haryana General Sales Tax Act, 1973, sales of goods

exported out of India are not subject to tax. It was, however, held by the Supreme Court that exports out of India made through the agency of some other firm were not sales in the course of export out of India and were thus subject to tax.

In the course of audit of the office of the Excise and Taxation Officer, Jagadhri, it was noticed (February 1977) that a dealer of Yamunanagar was allowed deduction of Rs. 4.72 lakhs from his gross turnover on account of sales made out of India during the year 1973-74. The deduction was not admissible as the goods had been exported through another agency at Bangalore. This resulted in short levy of Central sales tax of Rs. 47,239. When this was pointed out in audit (February 1977), the assessing authority referred (April 1977) the matter for *suo motu* action. Further report is awaited (January 1978).

\* \* \* \*

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

In reply to questionnaire by the Committee, the department explained the position as under :—

“This case relates to M/s Swastika Metal Works, Jagadhri.

The case was originally decided by Sh. Harbans Lal the then Assessing Authority, Jagadhri on 17th November, 1975, allowing deductions of Rs. 4.72 lakhs. However, by that time the Hon'ble Supreme Court had ruled in the case of M/s. Mohd. Serajuddin 36 S.T.C. (136) that such export sales were not exempt from tax under the Central Sales Tax Act. The Supreme Court gave its decision in April, 1975. The action of the Assessing Authority does not seem to be correct. However, no action is at present, possible against the Assessing Authority as he has since retired from Government service.

The case was earlier remanded in suo-motu revision Remand case has since been decided and the deduction of Rs. 4.72 lakhs has again been allowed in view of the decision of Sales Tax Tribunal in M/s Liberty Footwear Case. The decision of sales tax Tribunal in Liberty Footwear case has however, again been revised by the Sales Tax Tribunal in the case of M/s Nepha Export Limited. Further steps are being taken to revise the orders in view of the latest ruling of the Tribunal. Action against the assessing authority will be taken thereafter if required.”

In reply to a question by the Committee whether any review of the cases of deduction of export sales decided earlier had been conducted by the department to ensure that there were no similar cases of incorrect deduction of export sales, the departmental representative stated during evidence that no such review had been conducted. The Committee was, however, assured that a review would be conducted and its result intimated to the Committee.

The Committee desire that the results of review of the past cases together with the remedial steps taken to ensure that such cases of incorrect deduction of export sales do not occur in future be intimated to them.

The Committee further desire that the steps taken to revise the order

in view of the latest ruling of the Tribunal be intimated to the Committee. The Committee be also informed of the action taken against the concerned Assessing Authority.

*Paragrap : 2.4. Incorrect application of concessional rate of Central sales tax*

56. Under the Central Sales Tax Act, 1956, the State Government, by a notification dated the 14th January 1972, directed that sales made by dealers in the course of inter-State trade or commerce of wires, metal sheets and circles, commercial sheets and industrial sheets to any registered dealer would be taxed at the rate of one per cent subject to the production of a declaration in the prescribed form. This concessional rate was not, however, applicable to sales made to Government.

In the course of audit of records in the office of the Excise and Taxation Officer, Jagadhri, it was noticed (February 1977) that a dealer in the course of inter-State trade or commerce made sales aggregating Rs. 6.77 lakhs of metal sheets and circles during the years 1972-73, 1973-74 and 1974-75 to various ordinance factories and Government departments. These sales were taxed at the concessional rate of one per cent instead of at the normal rate of 3 per cent on the basis of certificates in the prescribed forms, though the concessional rate was not applicable to sales made to Government. Consequently, there was under-assessment of tax amounting to Rs. 13,536.

On the omission being pointed out in audit (February 1977), the assessing authority referred the case for *suo motu* action (April 1977). Further developments are awaited (January 1978).

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

The department, in their written reply to the questionnaire of the Committee stated the position as under :—

“The assessing authorities probably levied the tax at the concessional rate of tax in respect of sales to Government department and ordinance factories under the impression that these are also covered by concessior. given by the Government.

Shri Harbans Lal assessing authority framed the original assessment for the assessment year 1973-74 and 1974-75 and he has since been retired from Government Service on 30th April, 1976. So, no action is permissible against him according to the Government Instructions.

Sh. D.P. Kirar, asessing authority framed the original assessment for the assessment year 1972-73 and his explanation being called.

Case has been decided and an additional demand of Rs. 13, 435/- has been created vide Assessing Authorities order dated the 7th August, 1981 and the recovery is being made.”

The Committee desire that the recovery of Rs. 13,435, for which an additional demand had been created, be effected under intimation to them.

The Committee also desire that the action taken against Shri D.P. Kirar, Assessing Authority, who framed the original assessment for the assessment year 1972-73, be intimated.

*Paragraph 2.15. Non-levy of penalty for concealment*

57. Under the Punjab General Sales Tax Act, 1948, as applicable to Haryana, if a dealer has maintained false or incorrect accounts with a view to suppressing his sales, purchases or stocks of goods, or has concealed any particulars of his sales or purchases or has furnished to, or produced before any authority under the Act or the rules made there-under any account, return or information which is false or incorrect, he is liable to pay by way of penalty in addition to the tax to which he is assessed or is liable to be assessed, an amount which shall not be less than ten per cent of the amount of tax to which he is assessed or is liable to be assessed.

In the course of audit of the District Excise and Taxation Offices Hissar and Karnal it was noticed between January 1974 and March 1975 that taxable turnovers in the case of four dealers for the assessment years 1969-70, 1971-72, 1972-73 and 1971-72, respectively were enhanced by the assessing authority as they were found to have maintained false or incorrect accounts. Proceedings for levy of penalty were also to be initiated but were not actually taken up in three cases and in one case penalty was levied under an incorrect section.

When this was pointed out in audit (April 1974 to November 1975), proceedings were initiated by the department and penalty aggregating Rs. 13,450 was levied. Out of this, Rs. 13,230 were collected upto February 1977. Particulars of recovery of the balance are awaited (January 1978).

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

In the written reply to a question by the Committee the department explained as under :—

“The case of M/s Panjab Medical Store, Panipat, was decided by Sh. B.B. Lal Mathur who has since retired from service and the case of M/s Sardar Singh Jagat Singh was decided by Sh. Prem Nath, Assessing Authority who has also since retired. In view of this fact it cannot be stated at this stage why penalty proceedings were not taken up in first instance. In the case of M/S Naurata Ram, Mukandi Lal, Jakhal, Sh T.R. Sabharwal, framed the assessment. The reason for non-imposition of penalty are being ascertained.

In the case of M/s Mani Ram Prem Chand, assessment was framed by Sh. M.L. Kapoor. The reasons for non-imposition of penalty are being ascertained.

Balance amount of Rs. 220/- stands deposited on 29th November, 1977.”

The Committee desire that thorough investigation be made as to why the penalty proceedings were not initiated in the first instance.

The Committee further desire that the result of investigation, together with the action taken against the negligent Assessing Authority/Authorities, be intimated to them.