

23

Axas Kaulik

HARYANA VIDHAN SABHA

PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(TWENTY THIRD REPORT)

REPORT

ON THE

Report of the
Comptroller and Auditor General of India

for the year 1980-81

(Civil and Revenue Receipts)



HARYANA VIDHAN SABHA SECRETARIAT
CHANDIGARH

1986

Presented to the House on .. **28 FEB 1986**

TABLE OF CONTENTS

	Paragraph(s)	Page(s)
Composition of the Public Accounts Committee		(iii)
Introduction		(v)
Report on the Report of the Comptroller and Auditor General of India for the year 1980-81 (Civil and Revenue Receipts)		
1. General	1—2	1
Part—I (Civil)		
1. Animal Husbandry	3	2—4
2. P.W.D. (Public Health)	4	5—10
3. Printing and Stationery	5	11—12
4. P.W.D. (B & R)	6—7	13—17
5. Welfare of Scheduled Castes and Backward Classes	8	18—25
6. Food and Supplies	9	26—29
7. Medical and Health	10—18	30—47
8. Social Welfare	19—26	48—58
9. Lotteries	27	59—61
10. Irrigation	28—31	62—71
11. Agriculture	32	72—81
12. Co-operation	33—36	82—97
Part-II (Revenue Receipts)		
13. Co-operation	37	101—103
14. Industries	38—39	104—109
15. Revenue	40—42	110—113
16. Transport	43—46	114—119
17. Excise and Taxation	47—59	120—141

(iii)

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

CHAIRMAN

1. Seth Ram Dass Dhamija

MEMBERS

2. Shri Banarsi Dass Balmiki
- *3. Shri Mangal Sein
4. Shri Manphool Singh
5. Shri Roshan Lal Arya
6. Ch. Sahab Singh Saini
- **7. Ch. Shakrullah Khan
8. Ch. Surender Singh
9. Shri Verender Singh
- ***10. Shri Inder Singh Nain
- ***11. Shri Lila Krishan

SECRETARIAT

1. Shri G.L. Batra, Secretary
2. Shri Chander Parkash, Joint Secretary

-
- * Resignation of Shri Mangal Sein, M.L.A. representing Rohtak Constituency had been accepted by the Hon'ble Speaker on the 16th August, 1985 from the Haryana Legislative Assembly. As a consequence thereof his seat fell vacant in the Committee on Public Accounts.
- ** Ch. Shakrullah Khan, M.L.A. resigned from the membership of the Committee w.e.f. 8.6.1985, on his appointment as Minister of State, Haryana.
- *** Consequent upon the resignation of Sarvshri Shakrullah Khan and Mangal Sein, M.L.As from the Committee on Public Accounts, two members viz. Sarvshri Inder Singh Nain and Lila Krishan, M.L.As were elected to serve on the Public Accounts Committee of Haryana Vidhan Sabha w.e.f. 27.9.85 for the remaining period of the year 1985-86.

(v)

INTRODUCTION

1. I, the Chairman of the Public Accounts Committee having been authorised by the Committee in this behalf, present this their twenty third Report on the Report of the Comptroller and Auditor General of India for the year 1980-81 (Civil and Revenue Receipts).

2. The Committee, during the period of their tenure, framed questionnaire on the following :—

- (i) Report of the Comptroller and Auditor General of India for the year 1981-82 (Civil); relating to the following departments :—

1. Agriculture - 10-5-85 ✓
2. Fisheries - 24-5-85 ✓
3. Irrigation - 24-5-85 ✓
4. Town & Country Planning & Agriculture Marketing Board - 24-5-85 ✓
5. Industries - 6-6-85 ✓
6. Finance - 6-6-85 ✓
7. Co-operation - 3-7-85 ✓

- (ii) Report on the Report of the Comptroller and Auditor General of India for the year 1982-83 (Civil) and (Revenue-receipts) relating to the following departments :—

(CIVIL)

1. Home/Police - 4-7-85 ✓
2. Printing & Stationery - 4-7-85 ✓
3. Housing - 4-7-85 ✓
4. Development Deptt. - 9-1-86 ✓
5. Fisheries - 19-1-86 ✓
6. Education - 19-1-86 ✓
7. Revenue - 9-1-86 ✓
8. Industrial training - 7-2-86 ✓
9. Industries - 7-2-86 ✓
10. Co-Operation - 7-2-86 ✓
11. Food & Supplies - 7-2-86 ✓

(REVENUE RECEIPTS)

1. Transport - 19-12-86 ✓
2. Revenue - 19-12-86 ✓
3. Co-operation - 19-12-86 ✓
4. P.W.D. B& R - 19-12-85 ✓
5. Irrigation - 19-12-85 ✓
6. Excise and Taxation - 19-12-85 ✓
7. Industries - 19-12-85 ✓

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

(vi)

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 various departments who appeared for oral evidence before them from time to time during the period of their tenure. The Committee are also thankful to the Secretary, Haryana Vidhan Sabha and his staff for the whole hearted co-operation and assistance given by them to the Committee.

Chandigarh;
The 7th February, 1986.

RAM DASS DHAMIJA
Chairman.

PRAT—I (CIVIL)

REPORT

GENERAL

[1] The present Public Accounts Committee was constituted by election vide Notification No PAC-14/84/29, dated the 17th April, 1985.

[2] The Committee held 70 meetings in all at Chandigarh and other places upto 28-2-1986;

ANIMAL HUSBANDRY

Paragraph 3.3. Loss in auction of wool

[3] Wool Grading-cum-Marketing Centre, Loharu, sells graded wool by public auction. The terms of auction, *inter alia*, stipulate that a bidder should deposit Rs. 500 as earnest money and a successful bidder should deposit 25 per cent of the bid money immediately and the balance 75 per cent within 30 days of the auction. In the event of default, including failure to lift the bales within 30 days, the successful bidder is liable to (a) pay the resultant loss, if any, storage charges and interest at a fixed rate, (b) forfeiture of earnest money and initial 25 per cent deposit.

During the course of audit (October 1980), it was noticed that in the auction conducted on 4th July 1979, three parties offered highest bids totalling Rs. 2.85 lakhs for 104 bales, but none of them lifted the bales. Prescribed deposit of 25 per cent (Rs. 0.68 lakh) was not obtained from two parties and a cheque for Rs. 0.03 lakh of the third party was accepted, but this was dishonoured on presentation for encashment.

On re-auction of these bales on 16th July 1980 and 28th November 1980, only 63 bales could be sold for Rs. 1.65 lakhs against the original auction price of Rs. 1.93 lakhs resulting in a loss of Rs. 0.28 lakh. In addition, storage charges and interest amounting to Rs. 0.45 lakh had also become due from the defaulters. Rupees 0.03 lakh deposited as earnest money by the defaulters was forfeited. It was also noticed that 13 of these 63 bales were re-sold for Rs. 0.25 lakh to the same defaulter who had offered Rs. 0.31 lakh earlier on 4th July 1979 for the same bales and earnest money of Rs. 1,500 deposited by him in connection with auction on the second occasion was refunded to him although the loss suffered by the department in respect of earlier auction (4th July 1979) was recoverable.

For the 41 bales remaining unsold, Rs. 0.44 lakh as storage charges and interest upto 15th July 1981 had also become due for recovery apart from the loss that may be sustained on re-auction of this quantity.

The matter was reported to the Government in August 1981; reply was awaited (March 1982).

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

“The concerned firms did not deposit the prescribed 25% of the bid money on the spot, but promised to do so shortly.

In terms of conditions of sale, the successful bidders were required to make payment of 25% of the cost of wool

in cash/demand draft. The acceptance of cheque for Rs. 0.03 lakh was departure from the conditions of Sale approved by the State Govt.

The Deputy Director Wool Grading-cum-Marketing Centre, Loharu, has reported that the matter with regard to the lifting of auctioned wool remained under correspondence with the concerned parties as they had all along been assuring to lift the wool soon. Since, however, the parties did not lift the wool until March, 1980, it was put to resale in the auction conducted on 19-3-80, as also on subsequent auctions. The conditions of sale provide, inter-alia, that if the successful bidder fails to deposit 25% of the amount of his bid immediately after the auction and 75% of the balance of the amount of his bid within 30 days of the auction, the Govt. shall be at liberty for re-sale of the concerned lot by public auction or to private parties with or without notice to the successful bidder and if any loss occurs to the Govt., as a result of the re-sale, it shall be recovered from the successful bidder in whose favour the bid was concluded.

The defaulter firm should not have been allowed to participate in the subsequent auction, because of their failure to deposit 25% of the bid money in respect of wool purchased by them in the earlier auction on 4-7-79. However, defaulting firms have been black listed.

The amount of earnest money involved is Rs. 500 and not 1,500 as stated in the questionnaire. The position explained in para 4 above covers this point and is admitted.

There are no prospects of the recovery of the loss sustained by Government from the defaulting firms. However, disciplinary action is being taken against the defaulting officers.

A preliminary enquiry conducted into the matter has revealed that the earnest money of Rs. 500 deposited by each of the three defaulting firms was forfeited by the Deputy Director Wool Grading-cum-Marketing Centre Loharu. The said officer, however, failed to secure deposits from the firms equal to 25% of the bid money including the acceptance of cheque amounting to Rs. 0.03 lakh which was dishonoured by the Bank in terms of the conditions of the sale.

The matter is being processed further for taking final decision against the defaulting officers/officials.

According to the terms and conditions the acceptance of cheques were not permissible.

The wool was not put to auctions held on 19-9-79 and 6-2-80 because the parties had been assuring for the early lifting of the wool.

Since the defaulting firms should not have been allowed to participate in the subsequent auctions, the refund of earnest money of Rs. 500 and not Rs. 1,500 was not in order".

During the course of oral examination the departmental representative admitted that non obtaining of 25% of the bid money, acceptance of a cheque for Rs. 3,000 and refund of auction money to the bidders were definitely lapses on the part of the department. The departmental representative further stated that due to re-auction of the wool, the department suffered a loss of Rs. 59,518.30 and that necessary disciplinary action would be taken against the defaulting officers and the Deputy Director of the Department within three or four months.

The Committee are constrained to observe that even after a lapse of over two years the Department had not taken any action against the defaulting officers.

The Committee view the inaction on the part of the Department seriously and desire that the department should finalise the disciplinary action against the defaulting officers and the Deputy Director under intimation to the Committee within three months.

PUBLIC HEALTH

Paragraph : 4.5. Recoveries due from a contractor

[4] In Public Health Division No. 1, Bhiwani, the work of providing water supply to village Rohnath was entrusted on labour rate basis (estimated cost : Rs. 2.70 lakhs) to a contractor in August 1976 for completion within eight months. However, extension of time was granted and the work was completed on 7th February 1978.

According to departmental rules, total issue of materials to a contractor on a particular work should be limited to the requirement of that work. Cost of material issued but not utilised and otherwise disposed of by him or used in excess of requirement is to be recovered at double the issue rate. The final bill of the contractor passed in October 1981 for minus Rs. 1.12 lakhs showed Rs. 0.84 lakh as recovery towards cost of materials issued in excess at penal rate, overpayments made in running bill (Rs. 0.07 lakh) and miscellaneous recoveries (Rs. 0.21 lakh). Against the recoverable amount of Rs. 1.12 lakhs, only a sum of Rs. 0.14 lakh by way of security deposit deducted from running bills was available with the department.

Further, materials valuing Rs. 0.11 lakh were shown as issued to the contractor without obtaining proper receipt. The contractor denied having received this material. Though the Executive Engineer stated in July 1981 that the Junior Engineer was responsible for unauthorised issue of material, the amount was shown recoverable from the contractor in the final bill. Circumstances under which material was issued in excess of actual requirement of the work were not on record.

The department stated (October 1981) that reasons for issue of excess material has been called for from the defaulting officer/official.

It was stated further that the case was being referred to the Arbitrator.

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

"The material was issued to the contractor on different dates/occasions and there had also been frequent changes of Sub Divisional Engineers, as a result of which proper watch could not be exercised over the issue of material. It is evident from the record that the following Sub Divisional Engineers made the payments on the dates mentioned against each :—

<u>Name of S.D.Es.</u>	<u>Date of making payment</u>
1. Sh. K.S. Rathaur	14-10-76 to 16-12-76
2. Sh. M K. Rajpal	19-1-1977
3. Sh. K.S. Rathaur	21-2-77 to 25-3-77
4. Sh. V.D. Papneja	1-6-77
5. Sh. M.K. Rajpal	22-8-77
6. Sh. S.L. Garg	20-10-77 to 16-2-78

However, departmental action is being taken against the defaulting officers/officials.

Excess issue of material first came to the notice of the department, while preparing the final bill on 17-7-1978. No payment was, however, made to the contractor after this date.

Regarding material worth Rs. 10,976.59 issued to the contractor without receipts, the contractor returned the material during the course of arbitration proceedings and material worth Rs. 278.54 paise only remains to be returned by him.

Claim on this account has also been awarded by the Arbitrator. Action is, however, being taken against the official concerned for the negligence.

The department preferred the claims of recovery before the arbitrator on 19-3-1982. Copy of the award indicating the claims preferred by the department and the amount awarded thereof by the arbitrator is attached at Annexure 'A'. (See page 8). It is also added here that during the course of arbitration proceedings, the contractor returned the material worth Rs. 25,247.09. The awarded amount against the contractor works out to Rs. 50,465.99 and a case has been filed in the Court of Senior Sub Judge, Bhiwani for making the award rule of the Court on 16-11-1982 and the next date of hearing has been fixed for 19-7-84.

However, a sum of Rs. 15,684 lying with the department as Security Deposits has been adjusted leaving a net balance of recovery of Rs. 34,781.99 due from the contractor. This amount includes the element of penal rate recovery of material amounting to Rs. 24,444.92 (Single rate recovery Rs. 12,222.46).

All the Executive Engineers, of the department have also been asked to withhold the payments of the contractor as well."

During the course of oral examination, the Department stated that in the claim, Rs 42,000 were in respect of material and Rs. 41,000 in respect of penal interest. Out of this amount, material worth Rs. 25,000 to Rs. 26,000 had been returned by the Contractor and Rs. 25,000 had been awarded by the arbitrator. A net amount of Rs. 34,781 was due against the contractor for which the department had gone to the court for making the award a rule of the court.

The Department further stated that in regard to the recovery of the amount against the contractor the department had also fixed responsibility against 3 SDOs and 2 Junior Engineers for excess payment made by them to the contractor.

The Committee is constrained to observe and views seriously that even after a lapse of over 6 years the department has not only failed to recover the amount from the contractor but has also not taken any action against the delinquent officers/officials.

The Committee may be apprised of the reasons of these above abnormal delays and also of the latest position about the action taken against the delinquent officers/officials within three months.

The Committee also desire that final out-come of the case pending in the court may also be intimated to the Committee.

The Committee further desire that the progress made with regard to the recovery of Rs. 34,781 may also be intimated to the Committee within three months.

ANNEXURE 'A'

In the Court of Shri P.D. Gupta, Arbitrator C/o Superintending Engineer, P.W.D. Public Health Circle, Bhiwani.

Haryana State through the Executive Engineer, P.W.D. Public Health Division No. I, Bhiwani.

Versus

Shri Maman Chand Jain, Govt. Contractor, Krishana Colony, Bhiwani.

Subject : Application for arbitration for the work of providing Water Supply Scheme, Village-Rohnath, Distt. Bhiwani.

Ref : Application for Arbitration submitted by the Executive Engineer, Public Health Division- No I, Bhiwani vide his No.-3822 dated 19-3-82.

Award

In the matter of arbitration between Shri Maman Chand Jain, Govt Contractor and the Haryana State through the Executive Engineer, P.W.D. Public Health Division No. I, Bhiwani

Whereas, in pursuance of an agreement made in writing between the above parties for the work cited as subject, the Executive Engineer, P.W.D. Public Health Division No I, Bhiwani, referred to the Arbitration (Superintending Engineer), PWD Public Health Circle, Bhiwani for determination of the matter in difference between them concerning to the following :-

Claim No.	Particulars	Amount
1. Sub Head No. I Item No. 5	Excess payment of centring and shuttering	Rs. 82.52
2. Item No. 6	Excess payment of brick ballast	Rs. 157.46
3. Item No. 20	Excess payment of grey black brown mixed terrazo	Rs. 147.50
4. Item No. 21	Excess payment for 3/4" thick grey terrazo	Rs. 40.73
Total		Rs. 428.21
Add premium 173.25%		Rs. 741.87
Total		1170.08

<i>Sub Head No. 2</i>	Wrong payment for shuttering faces of C.C. foundation	Rs.	7676.71
<i>Sub Head No. 4</i> <i>Item No. 5 & 11</i>	Excess payment for M.S.R.C. and cement Plaster 3/4" thick	Rs.	14.32
<i>Sub Head No. 5</i> <i>Item No. 8</i>	Excess payment due to calculation mistake for 1st Close brick ballast laid in C. Mortar	Rs.	41.51
<i>Sub Head No. 6</i> <i>Item No. 4</i>	Excess payment for M.S. reinforcement	Rs.	99.22
<i>Sub Head No. 7</i> <i>Item No. 1, 2, 8 & 8(b)</i>	Excess payment of earth work, lead, cement concrete with stone ballast, double layer tile lining of S/S tank and dressing complete in bed etc.	Rs.	2742.55
<i>Sub Head No. 8</i> <i>Item No. 1, 2, 4, and 20</i>	Excess payment for earth work, lime concrete centring, shuttering and white glazed tiles	Rs.	4873.59
<i>Claim No. 2</i>	Less recovery of Income Tax	Rs.	1156.00
<i>Claim No. 3</i>	Recovery of cement bags not returned by the contractor (425 bags)	Rs.	7441.75
<i>Claim No. 4</i>	Recovery on account of supervision & Storage charges	Rs.	1857.90
<i>Claim No. 5</i>	Recovery on account of empty cement bags not returned by the contractor	Rs.	2168.00
<i>Claim No. 6</i>	Recovery on account of excess consumption of cement	Rs.	8807.53
<i>Claim No. 7</i>	Recovery on account of material returned by the contractor, at the penal rates	Rs.	83828.10

Now, I the said P.D. Gupta, after having heard both parties and having carefully considered the matter under dispute and the various oral and written submission made by the parties before me during the course of hearing, do hereby make my award as under:—

Claim No.		Amount
<i>Claim No. 1</i>		Rs. 1130.16
<i>Sub Head No. 1</i>	I award	
<i>Sub Head No. 2</i>	I award	Rs. 6942.19
<i>Sub Head No. 4</i>	I award	Rs. 14.32
<i>Sub Head No. 5</i>	I award	Rs. 41.51
<i>Sub Head No. 6</i>	I award	Rs. 99.22
<i>Sub Head No. 7</i>	I award	Rs. 2742.55
<i>Sub Head No. 8</i>	I award	Rs. 4873.59
Total		Rs. 15843.54

(However, the amount of Rs. 9395.75 paise may be adjusted against this claim for the work done by the contractor).

The net amount of claim No. 1 awarded is :

Rs. 6447.79 (Rs. Six thousand four hundred forty seven and paise seventy nine only).

Claim No. 2 I award

Rs. 1156.00 (Rs. One thousand one hundred and fifty six only).

Claim No. 3 I award

Rs. 7441.75 (Rs. Seven thousand four hundred forty one & paise seventy five only).

Claim No. 4 I award

Nothing.

Claim No. 5 I award

Rs. 2168.00 (Rs. Two thousand one hundred sixty eight only).

Claim No. 6 I award

Rs. 8807.53 (Rs. Eight thousand eight hundred seven and paise fifty three only).

Claim No. 7 I award

Rs. 24444.92 (Rs. Twenty four thousand four hundred forty four and paise ninety two only).

Claim No. 7

Recoverable from Shri Hira Nand
Rs. 285.00 (Rs. Two hundred eighty five only).

I also further award that the cost of stamp papers for writing this award shall be borne by the Executive Engineer, P.W.D. Public Health Division No. I, Bhiwani.

In witness I, the said P.D. Gupta do hereby affix my signature hereto at Bhiwani the 9th of November, 1982 and also order that a copy of this award be sent to both the parties.

Dated : 9-11-1982.

Place : Bhiwani.

Sd/-
(P.D. Gupta)
Arbitrator.

PRINTING AND STATIONERY

Paragraph . 6.31. Shortage of books

[5] Text books prescribed for schools published by the Department are got printed departmentally as well as through private presses. The text books are despatched to the various sales depots in the State for sale to the students. The Department gets advice of despatch of books made by the private presses for purposes of reconciliation and release of payments.

There was no procedure of reconciling the number of books despatched to the sales depots and those acknowledged by them. At the instance of Audit, the two sets of figures were got reconciled by the internal auditors and shortages (value amounting to Rs. 1.63 lakhs) and excesses of Rs. 0.04 lakh during the period from April 1977 to October 1980 were detected.

The Department intimated (August 1981) that a list of the officials who were negligent and responsible for the shortages had been prepared and suitable departmental action was being taken against them.

In reply to the questionnaire of the Committee, the department stated as under :—

“According to the practice in vogue, one official of Panchkula Press used to accompany the consignment of books by road transport with the instructions that he would fetch receipts from the consignee Depot, as a token of the delivery of the consignment for reference and record in the Panchkula Press. This procedure was not systematically and rigidly followed, with the result that receipts were not obtained at the time of actual delivery and allowed to be despatched later. This slackness further created laxity of supervision in the prompt and proper reconciliation. The discrepancy in the actual consignment and the delivery thus remained un-reconciled.

There is no change in the old procedure. However, to make it more effective and purposeful, now one official is deputed for each depot against 4-5 depots, which was done earlier. This has yielded the cherished results and the discrepancies have been minimised to the extent of a nominal amount of Rs. 104.40 since October, 1980 upto date. Steps for the recovery of this amount, too, are afoot and the case will be finalised shortly. This improved situation has been achieved as a result of more stringent supervision at Panchkula Press where such consignments/reconciliation are made.

Simultaneously, the official, so deputed with the consignment has been made responsible to get the receipt of the consignment of the books, taken at the time of actual delivery and deposit the same on his return at the Panchkula Press. It may be mentioned that the annual despatch in the State is around Rs. 80 lacs.

In all, 54 officer/officials have been found to be involved in these discrepancies. Out of these, one officer and one supervisory incharge of the Press are being proceeded against under rule 7 of the Punishment and Appeals Rules. As regards the remaining 52 officials, as required under law, it is necessary to provide them full opportunity and make the relevant record accessible to them. For that, vigorous efforts are being made to collect/un-earth the relevant record, which is quite old. As soon as the requisite record is available, proceedings against them may be initiated without delay and action finalised within six months.

In view of the position explained in para-3 above the question of making good the shortages does not arise as it would be possible only on the conclusion of the proceedings against the defaulting officer/officials. As regards the reported excesses of the books to the tune of Rs. .04 lac. it may be clarified that it has already been duly accounted for in the books of the department."

During the course of oral examination the departmental representative admitted that there had been laxity in obtaining due receipts from the consignees. He further admitted that there had been delay of 4 years in initiating action against the guilty officials. The departmental representative stated that in all 52 officials and a supervisor of the press were guilty in the matter and necessary action would be taken against them.

The Committee is constrained to observe that no action had been taken against the guilty officials even after a lapse of a period of over 4 years. The Committee is also surprised to observe that no action whatsoever had been contemplated against the officer, who was to initiate action against the guilty officials.

The Committee feel that mere recovery of the amount involved in shortage is not enough deterrent action against officials and think rather very strict action should have been taken. The Committee desire that appropriate disciplinary action should be taken against such officials.

The Committee further desire that the progress about the recovery of the amount together with the action taken against the guilty officials and the officer concerned be intimated to the Committee within a period of one month.

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

Paragraph : 4.4. Extra expenditure

[6] In Haryana State Electricity Board, Works Division No. 3, Hissar, tenders for the work of "construction of residential quarters (group No. 3)" (estimated cost : Rs. 65 lakhs) was entrusted to a contractor on 8th January 1979 on the basis of tenders opened on 12th December 1978. The department did not have any prior arrangements with kiln contractors for obtaining supplies of bricks at a specified rate. In spite of this, in the notice inviting tenders, the department undertook to supply bricks at kiln site at the rate of Rs. 110 per thousand bricks. In response to the notice inviting tenders, five contractors tendered their rates. Out of these, the rates of two contractors were as under :—

Contractor 'X'	Contractor 'Y'
(i) At 64.91 per cent above Common Schedule of Rates, 1974 except for brick work	(i) At 80.90 per cent above Common Schedule of Rates, 1974 with the condition that bricks and tiles would be supplied at Rs. 110 and Rs. 115 per thousand respectively.
(ii) Brick work at 150 per cent above Common Schedule of Rates, 1974 (through rate)	(ii) Carriage of bricks and tiles beyond five kilometres from kiln site to be paid extra.

At the time of processing the tenders, it was known to the department that market rates for bricks/tiles were higher than those mentioned in the notice inviting tenders/demanded by Contractor 'Y' but the financial implications arising from this as well as carriage charges were not taken into consideration before allotting the work to Contractor 'Y' in January 1979. The Division stated (June 1980) that the financial implications were not taken into consideration as it hoped to procure bricks/tiles at lower rates through the agency of district administration. This action of the department resulted in extra expenditure of Rs. 1.77 lakhs as compared to the rates quoted by the Contractor 'X' who had offered to execute the work on through rate basis after arranging the bricks himself.

The matter was referred to the department in June 1981; reply was still awaited (March 1982).

In reply to the questionnaire of the Committee, the department stated as under :—

"At the time of allotment of work in January, 1979 there was a statutory control on the rates of bricks at 92% No.

against sponsored coal and Rs. 117 per thousand for non sponsored coal issued to the kiln contractor. These rates were fixed by the District Magistrate. Accordingly, a rate of Rs. 110 was provided as the issue rate of bricks at the time of preparing the N.I.T. and the same statutory controlled rates were existing at the time of allotment of work in January, 1979. An average rate of Rs. 110 was provided as the issue rate of bricks to the contractor in the N.I.T. with the hope that bricks will be made available to the deptt. by the District Administration partly at the rates of sponsored coal and partly on the basis of non sponsored coal. Market rates were fluctuating from time to time and no market rates could be considered as authentic to be provided in the N.I.T. All the contractors were supposed to tender the rates for the execution of the work on these basis and quote their premium and rates above CSR taking into account the issue rates of various materials including the bricks.

The plea of the Audit that some rates were known to the deptt. as market rates for bricks/tiles which were higher than the controlled rates did not justify exhibiting the fluctuating market rates in the N.I.T. as the same would have put the Govt. to a loss and contractor would have quoted still higher premium, the financial implication of which could not be worked out. Moreover, it was normal practice to take into account the controlled rates fixed by the Govt. at that particular time in the N.I.T. Moreover, the contractor 'X' who had quoted a through rate of 64.91% for other items and 150% for bricks had given another condition.

"It is not binding to arrange bricks by us". It means if Deptt. had considered his tender, the contractor would have either refuse to bring the bricks on the plea of his condition and in addition the deptt. would have paid cost of bricks in addition to a higher premium of 150%. At the time of allotment of work i.e. in January 1979 the statutory control on the bricks was still existing. It was withdrawn in March 1979 on the basis of decision of some dispute between the Administration and the Brick Suppliers by the Courts of Justice. The situation could not be visualised at the time of putting the work to tender or at the time of acceptance of tender.

Any difference in the amount spent on the purchase of bricks and the rates on which bricks were issued in terms of the agreement is not due to the fault of the officer/official. The question of any action against them and recovery of any amount from them, therefore, does not arise."

During the course of oral examination the departmental representatives stated that they were quite confident that they would be able

to get bricks at controlled rate of Rs. 117 per thousand against non-sponsored coal but on account of the decision of the Supreme Court of 23rd March, 1979 in favour of the brick kiln owners the situation underwent a change and the price of bricks in the open market shot up to Rs. 140 per thousand bricks and they had to pay extra amount at the rate of Rs. 23 per thousand of bricks. He further added that as the quantity of bricks required was only 62 lakhs, the Department did not deem it necessary to set up its own brick kiln. He further informed that on account of allotment of tender to the contractor 'Y' the Department had benefited to the extent of Rs. 20,000 in the transaction.

The Committee regret to observe that by allotting the work to contractor 'Y' the Department worked on conjectures and desire to know as to how the department had benefited Rs. 20,000 from the contractor. The details of the calculation may please be supplied to the Committee together with the details of extra payment made @ Rs. 23 per thousand bricks. The Committee take a serious note of the fact that these details, though promised, had not been furnished till the drafting of this Report. The entire information may be supplied to the Committee within three months.

Paragraph : 5.5. Shortages

[7] Three cases of shortages of material valuing Rs 1.76 lakhs were noticed in two divisions mentioned below :

Name of division	Nature of material/ articles	Value of shortages (in lakhs of rupees)	When noticed	Remarks
(1)	(2)	(3)	(4)	(5)
(b) Electrical Division, P.W.D., B. & R. Gurgaon	Ceiling/ exhaust fans, fluorescent tubes and electrical accessories	0.61	November 1979 to August 1980	Shortages of material valuing Rs 1 lakh were noticed by the division during November 1979 to August 1980 at the time of change of incumbency of a Junior Engineer. Shortages which related to the period from March 1976 to September 1979, were attributed mainly to non-accountal of material issued from Central Store, fraudulent entries of issue of material, totalling mistakes and non-accountal of dismantled material.

After admitting the shortages, the Junior Engineer deposited Rs. 0.32 lakh in

(1)

(2)

(3)

(4)

(5)

cash during November/December 1979. A sum of Rs. 0.07 lakh was also adjusted against his dues leaving Rs. 0.61 lakh still to be recovered.

The division lodged a report with the Police authorities in September 1980. Results of Police investigations were awaited. Departmental action against the official was stated to be under process. Further Developments of the case were awaited (March 1982).

The matter was referred to the Government in June 1981; reply was awaited (March 1982).

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

“Physical verification of store as required under para 4.32 of P.W.D. Code was conducted regularly by an independent Sub Divisional Engineer other than incharge of the Stores, as per details given here under :—

Year	Date of physical verification	Shortages reported
1973-74	17-18/1/74	—
1974-75	6-7/3/75	—
1975-76	19 & 21-2-76	—
1976-77	4-1-77	—
1977-78	—	Rs. 61 56
1978-79	8-2-79 to 12-2-79	—
1979-80	29 & 30-3-80	—

No shortages were reported by the officer verifying stores except in 1977-78 when shortages of Rs. 6156/- only were noticed in the charge of the Junior Engineer.

The shortages of material of Rs. 99,052.90 had come to notice only at the time of transfer of charges of the Junior Engineers in 11/79 and some were brought to light

on rechecking store accounts at the time of handing over the case to police in 8/80. Fearing police action the Junior Engineer deposited in cash Rs. 31,500 through two drafts in 12/79 and another sum of Rs. 7,144.30 was recovered from his pay for 2/80 to 5/81 on an undertaking given by him leaving a balance of Rs. 60,408.60 to be recovered. This amount has not been recovered so far. The Junior Engineer Shri Adarsh Kumar was placed under suspension on 5-10-1981 and served with a charge sheet under rule 7 of the punishment and appeal rules on 13-1-1982.

An F.I.R. was lodged with the Police on 15-9-80 against the Junior Engineer. The Police after investigation, put up a challan in the Court of Chief Judicial Magistrate, Narnaul. The case was last heard on 8-2-84.

The Junior Engineer was placed under suspension on 5-10-81 and served with a charge sheet on 13-1-82. The reply to the charge sheet was received on 25-8-82 and an Inquiry Officer appointed. The proceedings by the Inquiry Officer did not have much headway for want of records which is in the police and court custody."

During the course of oral examination, the departmental representative stated that Shri Adarsh Kumar, Junior Engineer was held responsible for these shortages and a case against him was pending in the court.

The Committee desire that the final outcome of the court case as also the results of disciplinary proceedings initiated against the official concerned may be intimated to the Committee as soon as these cases are finalised.

The Committee further desire that adequate procedure be evolved in future, to strengthen the internal check so that cases of shortages do not escape the prompt notice of the department before these are detected by Audit.

The Committee further desire that the amount of Rs. 61,000 be recovered from Shri Adarsh Kumar at the earliest under intimation to the Committee.

WELFARE OF SCHEDULED CASTES AND BACKWARD CLASSES

Paragraph : 3.5 Construction of houses for Harijans in Jayanti villages

[8] 3.5.1. The Government of India sponsored a scheme (May 1973) for construction of 600 houses at a cost of Rs. 12 lakhs (Rs. 2,000 for each house with a floor area of 220 square feet) in selected villages (called Jayanti villages) for Harijans, who were engaged in unclean occupations or were landless labourers. The houses were to be completed by 15th August 1973, and at any rate, before 31st March 1974. Rupees 12 lakhs were drawn in March 1976. No house was constructed till then. This amount was not utilised even during the extended period (upto March 1978) allowed by the Government of India in September 1977 nor was the same refunded to them. An expenditure of Rs. 16.56 lakhs was incurred during 1978-79 and 1979-80 (details for 1980-81 not available).

A test check of the accounts and records in the office of the Director, Welfare of Scheduled Castes and Backward Classes and Executive Engineer, Panchayati Raj Divisions, Chandigarh and Gurgaon revealed the following :—

3.5.2. Delay in construction of houses

In February 1974, the State Government estimated the cost of construction as Rs. 2,950 per house for an area of 236 square feet. In March 1978, the State Government accorded administrative approval for construction of 600 houses at a cost of Rs. 29.40 lakhs, i.e., Rs. 4,900 per house. During 1978-79 to 1980-81, 404 houses were taken up. 358 houses (59.7 per cent) were reported to have been completed by March 1981 and 46 houses (7.7 per cent) were still in progress. The remaining 196 houses are proposed to be constructed at a cost of Rs. 6,700 each (likely to increase still more due to escalation in the cost of building material and labour) as per estimates prepared (September 1979) which would involve additional expenditure of Rs. 7.35 lakhs vis-a-vis the estimate of Rs. 2,950 per house. The increase in the cost of construction per house was due to rising cost of materials as reported by the department. This could, however, have been avoided had the construction been taken up in time (February 1974). The delay in the implementation of the scheme was reportedly due to late finalisation of the list of beneficiaries, delay in according administrative approval for construction of houses and belated decision about the agency which was to execute the work. Against the floor area of 236-square feet specified by the State Government, the actual floor area was only 117 square feet in 38 houses and ranged from 140.5 to 144 square feet in 31 houses and from 180 to 182 square feet in 213 houses in Karnal, Ambala and Narnaul district. Taking into account the actual cost of construction of these houses, viz., Rs. 13.96 lakhs, this would amount to an average cost of Rs. 4,950 (approximately) for each house with

floor area ranging from 117 square feet to 182 square feet as against Rs. 2,950 for a floor area of 236 square feet initially estimated by the Government in February 1974.

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

“The amount of Rs. 12.00 lakhs was not drawn only to avoid the lapse of fund but the beneficiaries were initially identified on 10-4-74 and the list of beneficiaries was again modified on 13-12-77 after reverification of the beneficiaries because it was possible that some of the beneficiaries might have got their own houses constructed, some of them might have left/died during this period. It was decided to get the work done from Xen, Panchayati Raj. The amount was drawn and deposited with the Xen, Panchayati Raj being the cost of project.

It has never been considered at any stage by the Government that it was not possible to utilise the amount. Therefore, the question of refund does not arise on the contrary Panchayati Raj Department prepared an estimate for the work amounting to Rs. 21.60 lakhs. The cost of each house was estimated to Rs 4,900 approx. The State Government was approached to provide additional amount of Rs. 9.60 lakhs and thus it was not possible to accord administrative approval without funds and take the work in hand by then. A sum of Rs. 7 00 lakhs was provided by State Government in 1977-78 and the Govt. of India was approached to extend the time limit which was extended by Govt. of India upto 3/78 Govt. of India was again approached to extend the time limit so as to regularised the matter. The central Govt. asked the State Government to furnish the utilisation certificates which has also been furnished.

The total amount of expenditure on the schemes is Rs. 19,24,009.54. The balance of amount of interest is lying in PLA.

There is absolutely no delay in the construction of houses. The list of beneficiaries which were selected before the start of the scheme was thoroughly got enquired into and finally approved in December, 1977. Therefore, the estimates of the scheme was prepared by the Xen, Panchayati Raj for 441 houses. The house sites etc. were not at one place but scattered over the State. So, it was not possible to get the houses constructed immediately. The tenders for construction of houses were, however, called for and works allotted. The delay was also caused due to non-availability of cement and other building material etc. Uptill now an amount of Rs. 19,24,000 has been utilised for the construction of 409 houses. The construction of houses for remaining could not be taken for short of funds. So far as increase in the cost of construction and decrease

in the floor area is concerned scheme was taken in hand during 1978-79 and was completed during 1980-81. It was not possible to construct 441 houses in a period of less than two years because in some places the land where the houses of beneficiaries were to be constructed was not easily available.

So far as the increase in the cost of construction and decrease in the floor area is concerned a detail of the area of construction of each houses with its year of construction is enclosed. Perusal of the list Annexure "A" [See page 22-25] will reveal that where as the expenditure on each house had been restricted to the sanctioned amount of Rs. 4,900, the plinth area of the house constructed in the year 1978-79 is 213 Sq. feet, those constructed during the year 1979-80 is 187.68 Sq. ft. and those constructed during the year 1980-81 is 152 Sq. ft. The decrease in the floor area with the time is due to the rise in price of constructed amount of Rs. 4,900. No fresh construction was taken after 1981, because it was not possible to construct even one room with Rs. 4,900 at that time.

During the course of oral examination the departmental representatives admitted that there had been delay in the execution of the scheme concerning the construction of houses for harijans in Jayanti villages, in that the scheme which was to have been executed in 1973 was taken up only in 1978. The departmental representative added that the time was utilised by the Department in identifying and re-verifying the future beneficiaries of the Scheme. They also stated that due to escalation of price and the cost of construction instead of 600 houses only 400 houses had been constructed. They further admitted that there were no norms for the selection of Jayanti villages and no criteria had been laid down for selection of beneficiaries.

During the course of oral examination the Committee had desired the Department to send details of the schemes undertaken by the Social Welfare Department during the last 5 years for the construction of Houses etc. for the harijans together with the progress in respect of each of it. But no information had been received from the Department till the drafting of the Report.

The Committee are constrained to observe that a period of over five years was wasted by the Department in simply identifying and re-verifying the future beneficiaries of the scheme with the result that the price and cost of construction had escalated and lesser number of houses could be constructed with the grant received from the Government of India and the State Government. For this delay, wastage and improper planning the Committee held the department wholly responsible.

The Committee do not at all feel satisfied with the reply of the Department and observe that the department should have constructed houses first and then indentified the beneficiaries and allotted them these houses; and as for the paucity of funds, the Department could have embarked upon the construction of houses and then made a request for allotment

of additional funds at the appropriate time. The Department unnecessarily delayed things and it was possible that during this period, some of the beneficiaries may have got their own houses constructed and some of them might have left or died.

The Committee also feel that the department should have fixed some guide-lines about the construction of houses in Jayanti villages and for the selection of beneficiaries.

The Committee also painfully observe that no steps whatsoever had been taken by the Department to utilise the sum of Rs. 2 lakhs lying with it for the construction of more houses for the harijans. The Committee desire that in future the department should be vigilant enough to utilise the funds for the welfare of the Scheduled Castes to which the Government is committed under the 20 point Economic Programme.

ANNEXURE—"A"

S. No	Name of District/ village	No. of house constru- cted	Year	Plinth Area		Cost	Cost of per house
				Covered S ft	Open S ft		
1	2	3	4	5	6	7	
Faridabad							
1.	Khurbi	5	79-80	187.69	102.44	22,981.50	4596.30
2.	Aluka	6	80-81	152.25	66.13	26,515.00	4419.16
3.	Gahlab	7	80-81	152.25	—	33,139.96	4734.28
4.	Kurali	7	-do-	152.25	66.13	34,290.20	4898.60
5.	Bhankri	6	-do-	152.25	66.13	28,631.60	4771.93
Gurgaon							
1.	Jalalpur	7	79-80	187.69	40.69	32,087.94	4584.00
2.	Kherla	7	-do-	187.69	40.69	34,300.00	4900.00
3.	Nagina	6	-do-	187.69	40.69	27,265.14	4544.19
4.	Molahera	5	-do-	187.69	40.69	21,234.00	4246.80
5.	Gulalta	5	-do-	187.69	40.69	17,399.00	4900.00
Mohindergarh							
1.	Khanpur	7	79-80	187.69	102.44	33,808.53	4829.79
2.	Jant	7	-do-	187.69	102.44	32,798.99	4685.57
3.	Siana	7	-do-	187.69	102.44	32,716.04	4673.72
4.	Amarpur Jorsi	7	-do-	187.69	102.44	27,446.02	3920.86
5.	Khatipur	7	80-81	152.25	102.44	31,573.99	4510.57
6.	Mundlia Khera	2	-do-	152.25	—	9,800.00	4900.00
Rohtak							
1.	Kheri Meham	7	78-79	213.69	76.44	34,787.55	4969.65
2.	Azad Nagar	6	-do-	213.69	40.69	29,388.32	4998.50
3.	Dhikla	6	-do-	213.69	76.44	29,083.90	4847.32
4.	Sara Aurangabad	6	-do-	213.69	76.44	28,519.89	4753.32
5.	Madana Kalan	6	-do-	213.69	40.69	24,550.00	4192.00
Ambala							
1.	Rattewali	7	78-79	229	—	34,267.00	4895.29
2.	Saha	6	-do-	229	—	29,377.00	4896.77

1	2	3	4	5	6	7
3. Dāmā	6	78-79	229	—	29,351.00	4891.83
4 Shahzadpur	7	-do-	229	—	34,162.05	4880.29
5. Malah	5	-do-	229	—	24,500.00	4900.00
6. Pinjokhera	6	79-80	229	—	33,674.00	4810.57
7. Pinjokhera	1	80-81	152	—		
8 Naya Sahar	6	-do-	152	—	29,400.00	4900.00
9 Dehar	7	-do-	152	—	33,964 00	4852.00
Sonepāt						
1. Murthal	7	79-80	183	—	27,429.00	3918.40
2. Aurangabad	4	-do-	183	—	19,295.28	4823 82
3. Gārhi Sigan	8	-do-	183	—	29,461 48	3682.68
4 Goahana	7	-do-	183	—	31,047.29	4485.33
5. Durana	4	-do-	183	—	18,681.50	4270.33
6. Kelpa	6	-do-	183	—	26,474 69	4412.45
Kurukshetra						
1. Kampila	7	80-81	157 5	—	34,300.00	4900.00
2 Gudda	9	-do-	157 5	—	43,644 35	4849 37
3 Kheri Sharu	9	-do-	157 5	—	44,100.00	4900.00
4. Kalsance	9	-do-	157 5	—	44,100.00	4900.00
Karnal						
1 Bajana	8	79-80	187	—	38,827.25	4853.40
2. Indri	8	-do-	187	—	39,200 00	4900.00
3. Shekhupura	7	80-81	155	—	20,746 00	2963.71
4. Assandh	8	79-80	155	—	38,490.00	4811.25
Jind						
1. Sanwlo Kalan	7	79-80	187.68	—	34,300 00	4900.00
2. Bhelaipur	6	-do-	187.68	—	29,400 00	4900.00
3. Kalwa	4	-do-	187.68	—	19,600.00	4900.00
4 Pinju pura	3	-do-	187.68	—	14,700 00	4900.00
Hissar						
1. Muklan	6	79-80	187.68	—	29,400.00	4900.00
2. Bhaini Amirpur	5	-do-	187.68	—	24,500 00	4900.00

1	2	3	4	5	6	7
3. Dharsul	10	79-80	187.68	—	49,000.00	4900.00
4. Rahkhera	7	-do-	187.68	—	34,300.00	4900.00
5. Bhatta	10	-do-	187.68	—	49,000.00	4900.00
9. Bhodia Khara	9	-do-	187.68	—	44,100.00	4900.00
7. Moda Khara	8	-do-	187.68	—	39,200.00	4900.00
Bhiwani						
1. Dhiran	6	79-80	187.68	—	29,400.00	4900.00
2. Alakhpura	6	-do-	187.68	—	29,400.00	4900.00
3. Santokhpura	7	-do-	187.68	—	34,300.00	4900.00
4. Ateli Kalan	7	-do-	187.68	—	34,300.00	4900.00
5. Chang Road	3	-do-	187.68	—	14,700.00	4900.00
Sirsa						
1. Mohindergarh puraia	3	79-80	187.68	—	14,700.00	4900.00
2. Kalkina	7	-do-	187.68	—	34,300.00	4900.00
3. Ludesar	2	-do-	187.68	—	9,800.00	4900.00
4. Khuina Malkana	12	-do-	187.68	—	58,800.00	4900.00
Total	409				19,24,009.45	

ABSTRACT

1. Total No. of houses constructed	409
2. Amount deposited	19.00 lakhs
3. Actual cost of construction	19.24 lakhs
4. Interest available	2.00 lakhs (Approx.)

5. Yearwise breakup of const

<u>Year</u>	<u>No. of houses constructed</u>
1978-79	62
1979-80	257
1980-81	90
Total	<u>409</u>

FOOD AND SUPPLIES

Grain Supply Scheme

Paragraph : 6.32. Loss of Rs. 1.69 lakhs

[9] The Food and Supplies Department procured 74,408 quintals wheat at Hissar centre during June 1979, out of which 5,865 quintals were stored in a low lying area beneath the storage bins without wooden crates. An officer of the department brought (5th July 1979) to the notice of the District Food and Supplies Controller, Hissar, that as the place where the wheat had been stored was not safe, the stock may be disposed of early. The stock was, however, not shifted to a safer place.

Due to heavy rains, the rain water entered (3rd August 1979) the compound of storage bins where the wheat was kept and lower layers of stock were completely submerged in water. The water was pumped out (5th August 1979), and on segregation, 2,259 quintals of wheat (constituting 38.52 per cent of wheat stored) valuing Rs. 3.06 lakhs (including cost of bags) was found completely damaged. A laboratory analysis conducted in September 1979 indicated that the wheat was unfit for human consumption.

In November 1981, the department stated that after triage, 79.22 quintals of wheat was found short and the balance quantity (2,179.78 quintals) was auctioned to the highest bidder for Rs. 0.90 lakh. Thus, the department suffered a net loss of Rs. 2.16 lakhs due to damage of the wheat.

The Joint Director of the department who conducted enquiry in September 1979 stated in his report that the District Food and Supplies Controller did every thing to save the stock. Reasons as to why the stocks were not moved to a safer place on receipt of report from the officer on 5th July 1979 were not indicated.

The matter was reported to Government in September 1981; reply was awaited (March 1982).

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

“During 1978-79, 14,190 quintals wheat was purchased at Hissar, PR Centre but during 1979-80, 74,408 quintals wheat had been purchased at PR Centre, which was five times of last year. Out of which only 6,637 quintals wheat was delivered to F.C.I. upto 2-8-79. Balance 67,771 quintals wheat was lying at Hissar P.R. Centre. The storage position of

this quantity of wheat was as under : —

1. Quantity stored in Govt. godown and storage bins	23,253	Quintals
2. Stocks lying in hired godowns	30,875	Do
3. Quantity stored in CAP	7,474	Do
4. Quantity stored under the bins without crates	5,865	Do
5. Quantity stored in the open on raised platform on crates	304	Do
	<hr/> 67,771 Quintals <hr/>	

5865 quintals of wheat had to be stored under the bins during 9-6-79 to 16-6-79 without crates. The wheat procurement at this centre was unprecedentedly heavy and crates were not readily available at that time. The space under the bins was higher by one foot as compared to the surrounding area. The rains in Hissar Distt. are scanty. Therefore, it was thought less risky to store wheat temporarily under the bins than to store it in open. No other storage capacity, what-so-ever, was available at that time. All the Govt., owned and privately hired godowns/bins were full of wheat stocks. It was also hoped that the wheat stored temporarily under the bins would be delivered to F.C.I. against allocation before rains.

Only 304 bags of wheat stored in bins compound, which could be accommodated on the raised platform built in the godowns compound were removed and put in cap storage. Thus the stocks which were considered unsafe by the Inspector, Food & Supplies Hissar, for which raised platform were available, were removed well in time. The storage of 5,865 quintals of wheat was made under umbrella of bins and on the cemented floor whose level was higher enough than that of the bins compound. No other suitable vacant storage space was available till 3-8-79. No allocation was given by F.C.I. to enable us to despatch these stocks before 3-8-79.

After the rains on 3-8-79 the sewerage system of the nearby Railway Colony got checked and due to the pressure of the accumulated rain water the boundary wall of our bins compound breached resulting in diversion of water to the bins. The field staff of the Department with the help of the Distt. Administration made all out efforts to drain out this water with pumping sets and could clear the compound of water by 5-8-79, thus we could save more than

half of the stock. Distt. Food and Supplies Controller, Hissar sent a telegram dated 3-8-1979 stating that the wheat bags stored under the bins were under water which was being drained out by pumps. He sought approval for dāra making and immediate removal of the stocks. The approval was granted to him by Head Office telegraphically. Distt. Food and Supplies Controller, Hissar also informed the Deputy Commissioner, Hissar about the damage. The Deputy Commissioner also informed Head Office demi-official about the loss suffered by the Govt. and saying that no official of the Deptt. was at fault.

Deputy Commissioner, Hissar had written in his letter that the rain water had entered the bins premises from the Railway Colony side by breaking the wall of 90 feet in length. The pumps of Municipal Committee, Hissar and drainage Deptt. from Hansi were put in to service for dewatering the area. It was only after 3 days of round the clock hard labour that water could be thrown out from the bins compound. According to Deputy Commissioner, Hissar, the D.F.S.C. and his staff spared no efforts to face the unforeseen situation and to save the stocks.

On receipt of letter from Deputy Commissioner, Hissar, a Senior Officer of the rank of Joint Director was deputed to hold an enquiry on the spot. Shri V.P. Dhawan then Joint Director, conducted the enquiry and submitted his report during the last week of September 1979. In his report the Joint Director agreed with the views expressed by Deputy Commissioner Hissar in his letter dated 29-8-79. Keeping these facts in view, D.F.S.C. and his staff were not held responsible for this loss and it was not deemed fit to proceed further against them in the matter.

A report was also sent to the Accountant General, Haryana on the above lines and he intimated that views of the Department would be kept in mind while discussing the matter."

During the course of oral examination the departmental representative stated that the loss of Rs. 2.16 lacs on account of damage of wheat was due to the fivefold procurement in that year. He further stated that during that year firstly there was abnormal rain. Secondly, the sewerage system of the nearby Railway Colony got choked and due to the pressure of the accumulated rain water the boundary wall of their bins compound breached with the result water was diverted to the bins. This was some kind of natural calamity which was uncontrollable and hence no Officer/official was found at fault.

The Committee strongly feel that this entire loss has been due to the lethargy and apathy of the departmental officers/officials. Had they taken timely action to remove the wheat bags from unsafe place as pointed out by Shri Ram Lal Sethi, Incharge P.R. Centre Hissar on 19-6-1979, the entire loss could have been obviated.

The Committee desire that a high level enquiry into the matter may be conducted and results reported to the Committee within a period of 3 months.

The Committee also desire that strict disciplinary action against the concerned Officer may be taken, responsibility for the loss be fixed and recovery be made from the concerned Officer(s).

The Committee further desire that in future before launching the procurement operation, the Department should ensure adequate storage capacity for the stock so that such losses do not occur.

MEDICAL AND HEALTH

Paragraph 3.1. National Malaria Eradication Programme in Haryana

[10]. 3.1.5. Spray operations

(a) Effectiveness of insecticides used

The effectiveness of spray operations depends upon selection of the right type of insecticides based on susceptibility or immunity of the vector in a particular area. The year-wise position regarding blocks to be sprayed with different types of insecticides on the basis of entomological studies, population to be covered and the actual coverage (in the state as a whole) was as indicated below :—

Year	Total number of blocks and population	Blocks to be sprayed (population)	Actual coverage
1976	No regular spray was carried out and no demand was sent.		
1977	87(1,05.55 lakhs)	(i) DDT 37 blocks (41.12 lakhs) (ii) BHC 50 (64.43 lakhs)	44(44.84 lakhs) 43 (51.45 lakhs)
1978	87(1,06 lakhs)	(i) DDT NIL (ii) BHC 43(52 lakhs) (iii) Malathion 44 (54 lakhs)	22(15.96 lakhs) 65 (68.07 lakhs)
1979	87(1,07.17 lakhs)	(i) DDT NIL (ii) BHC 11(14.64 lakhs) (iii) Malathion 76 (92.53 lakhs)	Selective spray with DDT/BHC
1980	87 (1,09.85 lakhs)	(i) DDT NIL (ii) BHC 3 (3.13 lakhs) (iii) Malathion 84 (1,06.72 lakhs)	partial spray (one round only with BHC)

Note :—Population figure is the average of population figures covered during different rounds of spray operations.

As per entomological investigations, the vector was found to be resistant to DDT in 1977 in all the blocks in the State, but DDT continued to be sprayed during 1978 and 1979. The value of 245.90 M T (DDT 50 per cent) and 53.73 M T. (DDT 75 per cent) consumed during these years amounted to Rs. 23.75 lakhs Malathion which was to be sprayed in 44 blocks (1978), 76 blocks (1979) and 84 blocks (1980) out of 87 blocks was not used at all as it was not supplied. BHC continued to be sprayed as a major insecticide although resistance to it was on the increase.

The department stated that the insecticides used were based on technical advice of Director NMEP. There was nothing on record to indicate, however, whether specific advice of the Directorate was sought at any stage with reference to the entomological findings.

(b) Coverage

(i) As per modified plan of operation (1977), selective spray was to be carried out in areas with API of two and above. However, during 1977 to 1980, this was not done fully in these districts where the API was two and above, the percentage of population not covered by spray operations varying from 11.36 (Kurukshetra 1978 Ist round) to 89.65 (Gurgaon 1977-IIIrd round).

(ii) Spraying was to be undertaken in three rounds during transmission period from June to October every year. The details of spraying done in 4 districts subject to test check from 1976 to 1980, are indicated in Appendix VIII.

During 1976, there was only one round in Karnal (population covered : 4.36 lakhs out of 10 lakhs). In Jind district, two out of seven blocks were given regular spray and the other blocks were sprayed selectively (population covered : 2.14 lakhs (Ist round) ; 2.13 lakhs (IIrd round) ; and 1.84 lakhs (IIIrd round-regular spray) and 3.36 lakhs (selective spray) out of 8.50 lakhs). This was reportedly due to late supply of insecticides. In Gurgaon district the requisite records were not made available to Audit and these were stated to be with the Vigilance Department from October, 1977.

During 1977 and 1978, the spray was regular but population not covered ranged from 5.24 to 26.57 per cent (Ist round) ; 16.95 to 50.61 per cent (IIrd round), and 42.44 to 89.47 per cent (IIIrd round). Further, DDT 50 per cent which was not effective as per entomological reports, was used during these two years. In 1979 and 1980, there was only selective and partial spray in a single round in the districts test checked in audit. This was again due to delayed supply of the insecticides.

(iii) Under NMEP, wherever positive malaria cases are noticed, such cases are to be investigated within 48 hours and focal spray conducted around such area ; but this activity was not being undertaken for all positive malaria cases. The department stated that epidemiological investigations for such huge number of cases were not possible but immediate measures were taken in *P. Falciparum* infected areas, and further, that the question of focal spray did not arise, as the API for the whole State was more than 2.

In their written reply to the questionnaire of the Committee, the

department stated as under:—

(a) The effectiveness of insecticide used

The department made a demand for BHC for the blocks where the vector was resistant to DDT and for Malathion where it was resistant to both DDT and BHC. The Director, NMEP did not supply the insecticide as demanded by the State, because of non-availability of the proper type of insecticide.

All aspects of the matter were fully discussed with the NMEP authorities by Deputy Director, Malaria and as a result of these discussions a demand for 3630 M.T. of BHC was made.

Director, NMEP did not supply Malathion saying that its indigenous production was very little and was to be allocated to those States which had dire and urgent need for focal spray in the areas of high incidence.

(b) Coverage :

- (i) The correct position is that under modified plan of operations, areas having more than 2 API are to be covered under regular spray, (and not selective spray) as mentioned in column. 1.

Accordingly during the year 1977 and 1978 regular spray was carried out in the State. However during 1979 and 1980 only selective spray could be carried out because of inadequate supply of insecticides by NMEP

- (ii) It may be clarified that only BHC is sprayed in three rounds while DDT in two rounds. The yearwise details of spray operations done during 1976 to 1980 is given below:—

	Blocks targeted		Blocks sprayed				
			1RD	2RD	3RD	4RD	
1976	Only selective spray was done						There was no provision of regular spray before implementation of modified plan of operation i.e. 1977.
1977	BHC	43	43	43	43		183 villages could not be covered in 3rd round.
	DDT	44	44	44	—		154 villages could not be covered in 2nd round.

1978	BHC	65	65	65	57	Out of 5522 villages 3929 villages could be covered in 3rd round.
	DDT	22	22	19	— (partly)	Out of 1674 villages 645 villages could be covered in 2nd round. In all cases it was due to inadequate supply of BHC/DDT by Director, NMEP.

1979 & 1980 Only focal selective spray was possible as adequate supply of DDT/BHC was not received from the Director; NMEP.

(iii) As per the modified plan of operations epidemiological investigations of all positive cases in the areas below 2 API are to be carried out, because in areas having incidence of more than 2 API the number of cases is too high for epidemiological investigations and it does not serve any epidemiological purpose as more cases indicate indigenous infection. Under these circumstances there was no need to take up the matter with Govt. of India."

During the course of oral examination the departmental representative stated that the entire population in the State was not covered by spray operations because of inadequate supply of insecticides by the Government of India and that only selective spray could be carried out.

The Committee observe that since the effectiveness of the spray operations depended upon selection of the right type of insecticides depending on susceptibility or immunity of the vector in a particular area, the department should have obtained the supplies from the Govt. of India only after the insecticides were declared fit in tests. The action of the department to spray in effective 'BHC' was not a prudent steps. Likewise rational planning was needed for covering the maximum population in the State by spray operations. The Committee feel that the delayed supply and substandard quality of insecticides were the main factors responsible for ineffective spray operations and less coverage.

The Committee, therefore, desire that Government should be circumspective in future to overcome these types of sprays in the implementation of social and community programmes of health and sanitation.

Paragraph 3.1.6.—Surveillance phase

(a) Collection and examination of blood smears

* * * * *

[11] (iv) Under the programme, the maximum time lag permissible between the collection and examination of blood smears was 7 to 10 days. It was, however, observed that examination of 3 per cent to 12 per cent of the total collection of blood slides was delayed by 10 days to 9 months in 2 out of 4 districts covered by test check as indicated at page 34:—

Year	Name of the district	Total number of blood slides collected	Number of cases of delayed examination of blood smears	Percentage of delayed cases with reference to the total	Period of delay
(1)	(2)	(3)	(4)	(5)	(6)
1976	Kurukshetra	3.06 lakhs	0.10	3	One to three months
	Jind	3.92 lakhs	0.50	12	One to two months
1977	Kurukshetra	3.19 lakhs	0.23	7	One to three months
	Jind	3.32 lakhs	0.12	3.6	Three months
1978	Kurukshetra	3.63 lakhs	0.32	9	One to nine months
	Jind	4.46 lakhs	0.13	3	One to two months
1979	Jind	3.92 lakhs	0.16	4	One to two months
Total			1.56		

The very purpose of collection of blood smears in these 1.56 lakh cases was defeated. The department explained that the delay was due to increase in the number of blood slides.

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

“The department made adequate arrangements for the examination of blood smears as will be evident from the year-wise target/collection/examination statement given at page 35 :—

Year	Target @10% population per year	Collection	Examination
(1)	(2)	(3)	(4)
1976	1205569	3329637	3329637
(This is exclusive of washed slides)			
1977	1232306	3111666	3111666
1978	1264641	3530975	3530975
1979	1296565	3150409	3150409
1980	1329478	3546364	3546364

It will be seen from the above that during all the years collection and examination has been about 2½ times of the target

It is correct that the active blood smear collection had declined over the years, due to administration of presumptive treatment by the drug distribution centres in the villages and implementation of modified plan of operation from the year 1977 onwards, the malaria cases, however, started showing downward trend. Blood smear collection during these years was still much more than the target of 10% of the population per year, as laid down by the Govt. of India.

It is true that the timelag between collection and examination should not be more than 10 days but it will be seen from the annual blood slide collection in the State is much more than the capacity of the examination by the sanctioned strength of LAs/LTs, particularly it is so during the month of July to October when the rush of slides is very high, but the department makes all out efforts to examine the collected blood slides, by other paramedical staff duly trained to examine the blood Smears.

34.92 lakhs slides were collected against a target of 12.05 lakhs. Out of this 34.92 lakhs slides, 33.29 lakhs slides could be examined in reasonable time. However, when the backlog was very high, it was felt that examination of the slides after a long interval between collection and examination may not serve the purpose. Instructions were, therefore, issued to wash all those slides which were lying unexamined for more than a month.

The record of timelag between collection and radical treatment is maintained for each and every case in MF-7 (Positive Case Register), which can be varified from all the concerned malaria microscopic centres.

It is true that the radical treatment to the positive cases detected at the State headquarter out of the backlogs slides was delayed in some cases. It may however be stated that in P.f. cases which can cause death, the presumptive treatment given at the time of collection of blood slides was as good as radical treatment and as such, no further administration of radical treatment was indicated."

During the course of oral examination the departmental representative admitted that there was delay in testing the samples of blood smears due to dearth of staff and in order to check and control mortality due to malaria, distribution of anti-malaria drugs was taken up without testing blood smears.

The Committee feel that the very purpose of collection of blood smears is defeated if the examination of blood smear is not conducted properly.

The Committee, therefore, desire that adequate staff should be got sanctioned, so that the blood samples are collected and tested with promptitude to check and control mortality due to malaria.

Paragraph 3.1.7.—Other topics of interest

[12]. (a) In October 1976, 42 M.T. of B.H.C. was supplied by M/s Industrial, Chemical and Minerals against D.G.S. & D. rate contract. The supplies received through D.G.S. & D. were not subjected to any check on the department's side. On a complaint made by the Chief Medical Officer, Kurukshetra, the Director, NMEP, informed D.G.S. & D. (December, 1976) that the material supplied was not giving proper suspension and the suspension made settled down rapidly and frequently choked the nozzle tips of the spray pump. The sample was retested in the Directorate of NMEP and it gave a swath width of 13"—14" only as against the standard requirement of 19" to 23". By this time (December 1976), out of 840 bags, only 109 bags were replaced and the remaining 731 bags costing Rs. 1.23 lakhs (approximately), which were not as per required specifications, were consumed.

(b) Against issue of 34 M.T. BHC 50 per cent in two lots from Jind to Rohtak in June 1978, the District Malaria Officer, Rohtak transported 26 M.T. in September 1978. The whereabouts of the balance 8 M.T. (costing Rs. 0.29 lakh) were not known. The Chief Medical Officer, Jind lodged a F.I.R. at Police Station, Narwana for the theft of 8 M.T. BHC (April 1979). Findings of the Police were awaited (December 1980).

(c) Non-accountal of stores

(i) Stores including anti-malaria drugs, micro-slides, etc., worth Rs. 11.03 lakhs supplied in 1977-78 and 1979-80 by Director, NMEP, were not taken in stock by the Deputy Director of Malaria. In the absence of complete details of receipts from Director, NMEP, check of stores accounts was not possible. Details of insecticides worth Rs. 1.24.56 lakhs (out of Rs. 5.96.18 lakhs) were not available with the department (August 1981).

(ii) Similarly, stores/anti-malaria drugs costing Rs. 1.22 lakhs issued by the Director (Deputy Director of Malaria) to District Malaria Officers, Gurgaon and Karnal during 1978-79 and 1976-77 respectively had not been accounted for by the recipients.

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

- (a) This insecticide was supplied by the Director, NMEP through DGS&D for which presampling/inspection is done by DGS&D authorities.

These bags were supplied by Director, NMEP through DGS&D who was required to conduct presampling. No testing was required by the State. In the field trial, however, the material did not show proper suspensibility and insecticide settled on the bottom of the container much quicker than required. Director, NMEP was informed that. Before any reply was received from Director, NMEP, 731 bags of BHC had been consumed, as spray operations had to be continued in view of then prevailing malaria situation.

- (b) Police findings are still awaited. They have been repeatedly reminded to expedite the findings, the last reminder was issued to I.G. Police on 1-6-84.

- (c)(i) The audit party in its signed report had informed that stocks worth Rs. 11.02 lakhs (and not 11.30 lakhs as indicated in column 1) in respect of slides/antimalarials has not been accounted for in the stock records of Deputy Director, Malaria. The stock entries of the total stock of Rs. 11.02 lakhs have now been seen and fully reconciled and the information about it has already been sent to A.G. Haryana. These entries could also be shown at the time of the next audit. These entries relate to one ex-store keeper Sh. Gurnam Singh who has since left the service. Action is, however, being taken against the next incumbent for failure to show these entries at the time of review.

The details of the remaining of Rs. 124.56 lakhs which could not be made available at the time of review, efforts were made to obtain the details of the remaining amount from NMEP, Delhi, which have now been obtained and furnished to audit office.

- (ii) The difference in the receipt of 7,270 Kg. of BHC in Gurgaon District during 1978-79 and 15,000 Kg. of DDT in Karnal district during 1976-77 is due to the fact that at the Directorate level the receipt for a particular year is accounted on the basis of allotment of insecticide by the Director, NMEP pertaining to a particular year whereas at the district level it is entered in the stock register only when it is actually received by them, otherwise there is no difference in the stocks of insecticide supplied by this directorate & received in the field.

- (iii) As stated in para (c i & ii) the stores worth Rs. 124.56 lakhs and 1.22 lakhs have already been re-conciled."

(a) During the course of oral examination, the departmental representative informed the Committee that the insecticides were supplied by NMEP through DGS&D and presampling and inspection was done by DGS&D authorities. No testing was required by the State but it was carried out to be doubly sure in the matter.

The Committee desire that even the supplies received through DGS&D should also be subjected to rechecks so that sub-standard insecticides are not stocked and sprayed.

(b) During the course of oral examination the departmental representative informed the Committee that the Department had not received the Police findings despite several reminders.

The Committee desire that the case may continue to be pursued vigorously to its logical conclusion and the final outcome intimated to the Committee.

The Committee further desire that in all cases of embezzlements both the departmental and Police action should be initiated simultaneously.

(c) During the course of oral examination the departmental representative stated that initially one Shri Gurnam Singh who had since resigned was responsible for the maintenance of stores, and thereafter the charge remained with Shri Ajit Singh who died in May, 1980 and at the time of audit one Shri Vinod Kumar could not show the entries to the audit party, for which his explanation had been called for.

The Committee are not convinced with this explanation of the department and are constrained to observe that before employing Shri Gurnam Singh his antecedents should have been got verified and his resignation should not have been accepted till the cases pending against him were disposed of.

The Committee therefore, desire that besides Vinod Kumar the other person at fault may be departmentally proceeded with and report in this behalf sent to the Committee within 3 months.

3.2 Implementation of Prevention of Food Adulteration Act, 1954

Paragraph 3.2.2.—Financial outlay

[13]. During the period 1976-77 to 1980-81, an expenditure of Rs. 30.31 lakhs was incurred by the organisation against budget provision of Rs. 42.33 lakhs, the savings being due to non-filling up of posts of legal assistants during 1979 to 1981 and non-purchase of material and equipment for modernising combined Food and Drug Laboratories in the State.

In reply to a questionnaire of the Committee, the department stated as under :—

“The question of creation of posts of legal Assistants is still under the consideration of the Govt.

Material and equipment worth Rs. 1 lac for the Food Laboratory was purchased during 1979-80. Thereafter material worth Rs. 8,000 is being purchased for the laboratory every year.”

During the course of oral examination the departmental representative admitted that there had been savings due to the non filling up of posts and non-purchase of material and equipment.

The Committee observe that non filling up of posts and non-purchase of material and equipment for modernising combined food and Drug Laboratories in the State directly effected the implementation of Prevention of Food adulteration Act, 1954 and does not absolve the department of its responsibility of enforcing the Act faithfully. The Committee, therefore, desire that Government functionaries should be more vigilant in enforcing laws which are of great utility to the public at large.

Paragraph 3.2.3.—Performance

[14]. A committee constituted by the Government of India (April 1965) to review the position regarding enforcement of the Act had recommended appointment of at least one whole time Food Inspector for urban/rural population of 0.50 lakh. The total requirement of whole time Food Inspectors for population of 1.285 crores as per 1981 census was 257 against which there were 41 to 48 Inspectors (including 37 part time Food Inspectors) during the period 1976 to 1980. On an average, each Food Inspector covered a population of 2.68 lakhs.

The department stated (November 1980) that the yard stick adopted in Haryana for posting of Inspectors was a Tehsil Sanitary Inspector for each Tehsil and a Food Inspector for each district. Although the Committee mentioned, had recommended against the combination of duties of Sanitary and Food Inspectors, 37 Sanitary Inspectors were functioning as Sanitary as well as Food Inspectors.

The Director of Health Services stated (May 1981) that it had not been possible to recruit full time Food Inspectors because of financial constraints.

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

* * * * *

“It is agreed that efficiency and performance should not be sacrificed at the cost of extra expenditure, but due to plan ceiling and limited availability of funds, it has not been possible to get the posts of Food Inspectors sanctioned as per recommendations of the committee constituted by the Govt. of India in April, 1965. As per recommended norm, we will be requiring another 250 Food Inspectors for which we have to spend 30 lakhs rupees per year.”

* * * * *

Both in their written reply and during the course of oral examination the departmental representative admitted that the administrative inefficiency and lapses were responsible for the unsatisfactory performance in enforcing the Act. He further added that the requisite strength of staff as per the Government of India's norms had since been posted and informed they would now be able to achieve the targets set out for the purpose.

The Committee are constrained to observe that the casual approach with which the department had enforced the Act undermined the very purpose of the Act. They further observe that it were not only the financial constraints to recruit full time Inspectors that were responsible for the poor performance, but it was also the negligence of the various functionaries specially, Inspectors which had failed the department to achieve the desired results.

The Committee, therefore, recommend that Government should streamline the whole system so as to keep a constant watch on the enforcement of the Act, both in letter and spirit.

Paragraph 3.2.4.—Sampling of food articles

[15]. The Directorate of Health Services, Haryana, prescribed (July 1977) a minimum quota of five samples per month for Deputy Chief Medical Officer (Health), Senior Medical Officer and Medical Officer in charge, 10 samples for a Senior Sanitary Inspector/Tehsil Sanitary Inspector and 30 samples for a Government Food Inspector (raised to 40 in June 1978).

The table given below shows the position regarding the samples to be drawn, on the basis of norms fixed by Director of Health Services taking also into account the number of Sanitary Inspectors, etc., actually in position samples actually drawn from 1976 to 1980 etc. for the State as a whole and for the districts covered by the review :—

Year	Samples fixed for a Year	Samples drawn	Shortfall	Percentage of shortfall
(a) State as a whole				
1976	8,700	3,980	4,720	54.3
1977	8,700	1,860	6,840	78.6
1978	12,060	4,110	7,950	65.9
1979	12,180	4,048	8,132	66.8
1980	11,880	3,215	8,665	72.9
(b) Ambala, Rohtak and Gurgaon districts				
1976	2,460	1,183	1,277	51.9
1977	2,460	597	1,863	75.7
1978	3,420	1,723	1,697	49.6
1979	3,540	1,398	2,142	60.5
1980	3,180	1,174	2,006	63.1

The number of samples received from the Food Inspectors for analysis during 1980 was 3215 which showed a downward trend when compared with the number for the years 1978 (4110) and 1979 (4048).

Due to shortfall in the number of samples to be collected by the Food Inspector the facilities available at the Food Laboratory, Chandigarh were utilised only to the extent of 64 per cent (samples from Food Inspector : 53 per cent; samples from other source : 11 per cent).

The department stated (July, 1981) that shortfall was due to non-availability of local health authorities/Food Inspectors (whose seal and supervision was necessary at the time of seizing food samples) due to other official pre-occupations.

The Deputy Chief Medical Officer, Senior Medical Officers, etc., in the 3 districts drew 74 samples (3 per cent) against 2,700 samples required of them during the period 1976 to 1980:

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

“Shortfall in seizing of the samples occurs some times, due to Tehsil Sanitary Inspectors (who work as Food Inspectors) and other local health authorities, remainings pre-occupied in performing duties relating to various other health programmes, such as Sanitation, Control of Communicable diseases and attending Courts to pursue various cases which they launch in the Courts.

The question of appointment of Legal Assistants in the Districts is being considered by the Govt. This will cause saving of time at the disposal of Food Inspectors who would then be able to devote more time for seizing samples.

Reasons for low percentage of samples drawn by the Deputy Chief Medical Officers, Senior Medical Officers etc., were that they had to perform multifarious duties in addition to food sampling.

As stated above the Deputy Chief Medical Officers S.M.Os etc. who act as local health authorities have to perform multifarious duties other than food sampling audit is for this reason that they were not able to achieve their targets. Still the defaulters are being warned.”

During the course of oral examination the departmental representative assured the Committee that the review of taking samples of food articles would be held quarterly and at the end of the year and administrative action would be taken against those who did not comply with the instructions. The departmental representative further informed that the Department was formulating a policy according to which no official concerned with the implementation of the Act would be allowed to stay at a particular place for more than two years.

The Committee observe that the steps now proposed to be taken by the department should have been initiated long ago instead of allowing things to go astray like that.

The Committee recommend that :—

- (i) The department should keep a constant watch through a periodical review that no official entrusted with the job of taking samples is allowed to stay at one station/place for more than two years
- (ii) The department should fix targets for collecting samples from each Inspector and take disciplinary action against the Officials who fail to achieve the fixed targets
- (iii) The Inspectors should be relieved of multifarious duties, if any, assigned to them so that they are able to devote more time to seizing samples. For this, the proposal of creating a legal cell, reported to be underway, should be finalised expeditiously

A report on the implementation of these recommendations should be sent to the Committee within six months

Paragraph 3.2.5.—Performance of Food/Senior Sanitary Inspectors and Tehsil Sanitary Inspectors

[16] (a) None of the Food Inspectors was anywhere near the target of 480 samples in a year during 1976 to 1980. Number of samples drawn by the Government Food Inspectors in the three districts test checked were 110 by one Food Inspector (1976), 58 by one Inspector (1977), 484 by three Inspectors (1978), 391 by 3 Inspectors (1979) and 416 by three Inspectors (1980)

Drawal of samples is a continuous process. It was, however, noticed that no sample was drawn by an Inspector for 15 to 28 months, during 1976 to 1980 (Ambala : 27 months; Gurgaon : 15 months and Rohtak : 28 months)

(b) Out of 59 Senior Sanitary/Tehsil Sanitary Inspectors, only 11 Inspectors could draw the prescribed quota of 120 samples in a year during 1976 to 1980. The number of samples drawn by the remaining Inspectors were 338 samples out of 840 by 7 Inspectors (1976), 539 samples out of 1,440 by 12 Inspectors (1977), 530 samples out of 840 by 7 Inspectors (1978), 833 samples out of 1,440 by 12 Inspectors (1979) and 758 samples out of 1,200 by 12 Inspectors (1980)

In spite of the fact that the drawal of samples should be a continuous process it was noticed that no sample was drawn for 31 to 116 months during the above period (Ambala for 31 months out of 240 months by 4 Inspectors, Gurgaon 116 months out of 180 months by 3 Inspectors and Rohtak 48 months out of 180 months by 3 Inspectors).

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

"The Food Inspectors have been allotted annual target of 360 samples and not 480 as stated in column No. 3. In addition to the Food Sampling work, the Food Inspectors are required to launch prosecutions and follow the cases in the various courts through out the distts. of their present posting as well as the stations of their previous postings, as the courts invariably take long time in disposing of these cases. Explanation of those officials who do not achieve the targets are called for and suitable disciplinary action is taken against the defaulters.

§ § As already stated under column 4 at page 25, the Sanitary Inspectors have to perform various other duties relating to health programmes such as Sanitation, Control of Communicable diseases, especially during floods and epidemics. In addition they have to attend to the courts to pursue the cases launched by them under the P.F.A. Act. The creation of the Legal Cell at the Distt. headquarter (which is already under active consideration of the Govt.) will spare the G.F.Os/T.S.Os from Court attendances which consume most of their time at present. They have to attend the courts not only at the present places of posting but also at the earlier places of posting. Still they have been directed to ensure that they achieve the targets allotted to them and that any laxity in this regard would be seriously viewed."

* * * * *

During the course of oral examination the Departmental representative admitted that wherever less number of samples had been taken by the officials it was due to the fact that the posts were lying vacant and no incumbents had been posted

The Committee do not feel satisfied with this explanation of the department which explains away their failure more than the difficulty. As earlier admitted by the department with respect to para 3.2.3 that it was the administrative inefficiency and lapses which were responsible for the poor performance, the department should adopt effective measures to streamline things so that various functionaries viz. Food/Senior Sanitary Inspectors etc. perform well and invariably achieve the assigned targets.

The Committee recommend that drawal of samples should be a continuous process and there should be undue interval in the drawals of samples and results as had been the cases in the past.

Paragraph : 3.2.6. Percentage of adulterated articles

[17]. (a) Under the Act, the Food Inspectors have to send the food samples to the Public Analyst, Haryana, Chandigarh. The position regarding the samples analysed and found adulterated in the State and districts were as under :—

Year	State			District Covered		
	Number of food samples analysed	Number of samples declared adulterated	Percentage of adulterated samples	Number of food samples analysed	Number of samples declared adulterated	Percentage of adulterated samples
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1976	4,212	1,019	24.2	1,556	224	37.2
1977	2,096	663	31.6	693	248	35.8
1978	4,432	1,621	36.6	1,694	638	37.7
1979	4,460	1,217	27.3	1,456	382	26.2
1980	5,500	1,351	24.6	1,223	318	26.0

Information regarding the total number of manufacturing units, the wholesale dealers and retailers was not available with the department. It was stated by the department (March 1981) that no survey of wholesalers and manufactures in Haryana was conducted.

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

- (a) "Instructions have been issued again by the Director, Health Services to all Chief Medical Officers vide this office letter No. 3/19-2PH-84/1997-2008 dated 4-4-84 to ensure that samples of all eatable items are taken so that people may get pure food items. Samples of water from ice factories are also taken.
- (b) Instructions have been issued to the Chief Medical Officers to particularly seize samples of Bura, Zeera, Salt, Soya-been oil etc. so as to prevent high incidence of adulteration in these food items.
- (c) Necessary instructions have already been issued from time to time to seize the samples from the premises of manufacturing units and wholesalers. The samples from the premises of manufacturing units and wholesalers are being taken regularly. The number of samples seized from the manufacturers and retailers during the last three years is as under :—

1981	Manufacturers	1525
	Retailers	2060
1982	Manufacturers	1725
	Retailers	2389
1983	Manufacturers	1933
	Retailers	2069

This shows that the directions of the Committee are being complied with

The samples are seized from the eating establishments manufacturers, wholesale dealers, retailers etc. The survey of the whole sale dealers and Manufacturers has been completed in the State of Haryana."

During the course of oral examination the departmental representative stated that relevant information regarding survey of percentage of adulterated articles had been completed upto July, 1984 but as the Department was not satisfied with the data collected, the information would be supplied to the Committee subsequently.

The Committee regret to point out that the promised information, had not been supplied to the Committee till the drafting of this Report.

The Committee desire that the requisite information should be supplied now to the Committee within a period of one month.

Paragraph : 3.2.7. Launching of prosecutions

[18]. The amendment of the Act in 1976 effected changes in the administration of the Act, and prosecution procedures, and prescribed deterrent penalties like minimum imprisonment of six months and a fine of Rs. 1,000 to curb adulteration.

The following table shows the number of prosecutions launched during 1976 to 1980, cases decided, etc.

Year	Open- ing balance	Number of cases in which prosecu- tions were launched during the year	Number of cases decided	Num- ber of cases acqui- tted in the court	Percent- age of acquittal to cases decided	Num- ber of cases pun- ished	Num- ber of cases pend- ing in the courts
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
State as a whole							
1976	1,850	1,012	880	318	36.1	562	1,982
1977	1,982	595	598	225	37.6	373	1,979
1978	1,979	1,248	794	285	35.9	509	2,433
1979	2,433	1,145	877	372	42.4	505	2,701
1980	2,701	727	719	303	42.1	416	2,709
Three districts, viz., Ambala, Rohtak and Gurgaon							
1976	604	395	308	136	44	172	691
1977	691	264	246	120	49	126	709
1978	709	659	398	117	29	281	970
1979	970	373	390	164	42	226	953
1980	953	217	137	57	41	80	1,033

The percentage of acquittal with reference to prosecutions ranged from 35.9 to 42.4 for the State as a whole and from 29 to 44 in the case of the three districts.

The Director of Health Services, Haryana, issued instructions in March 1980 to all Food authorities that a case study should be undertaken of all cases of acquittal with a view to taking corrective action in regard to lacuna in rules, wrong interpretations of the Act, etc.

The State Laboratory, Chandigarh tested 3,487 samples of food sent by Police, Civil Supplies, etc., during 1976 to 1980 and found 759 samples (21.8 per cent) adulterated.

The Public Analyst stated (May 1981) that no action could be taken in these cases under the Act as the samples had not been drawn by the Food Inspectors.

* * * * *

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

“No case study of all cases of acquittal has been undertaken, but action in all cases is invariably taken after scrutinizing their merits and demerits. Whenever any case is dismissed/discharged by the Court, the legal opinion is obtained from the District Attorney and appeals are filed in the appellate courts on the basis of legal advice. Such cases, as are not found fit for appeal are scrutinised at the Directorate level by the Assistant District Attorney of the department and necessary instructions are issued to the Chief Medical Officers for further guidance.

Under the Essential Commodities Act, 1955, the Police and Civil Supplies Departments are also empowered to seize the food samples. Action in such cases can be taken only under the Essential Commodities Act, 1955. The purpose of taking food samples under both these Acts is entirely different. Under the Essential Commodities Act, the samples are seized to find out as to whether the banned items for sale are being used for preparation of other eatables. For instance whether milk is being used for preparation of Ice cream or Paneer etc. only during ban period, but under the P.F.A. Act, the samples are seized to check as to whether the food items being sold in the market are genuine or adulterated. No remedial measures are possible to be taken by the Health Department as the purpose of seizing samples under Essential Commodities Act and P.F.A. Act is entirely different. The Food Inspectors can take action only against those persons from whom the samples are drawn by them under the P.F.A. Act, 1954.”

The Committee desire that a case study of all cases of acquittal should be undertaken by the Department so as to take corrective action in regard to lacunae in rules, wrong interpretation of the Act etc. and a compliance report in this regard be sent to the Committee within six months.

As regards the samples seized by the Police and Civil Supplies Department under the Essential Commodities Act, 1955, the Committee would like to point out that although legal action against the defaulters in 759 cases of adulterated samples was not possible to be taken by the Health Department under the P.F.A. Act, 1984, yet the seizure of cases of adulterated samples by the Police/Civil Supplies Department left much scope for better performance by the Health Department. The Committee desire that in future all cases of seizure by the Police/Civil Departments of the adulterated samples should be thoroughly reviewed by the department with a view to taking appropriate action against the Food Inspectors in whose beat/jurisdiction those were seized and they had failed to detect them.

SOCIAL WELFARE DEPARTMENT

Paragraph : 3.4. Special nutrition programme

[19]. 3.4.1. With a view to tackling the problem of mal-nutrition and under nutrition among children of the economically weaker sections of society, the Government of India formulated, in July 1970, a crash programme for providing supplementary nutrition to children in the age group of 0—3 years in slum areas of capital cities or other cities with large slum concentrations. The programme was later (July 1971) extended to cover children up to the age of Six years and expectant and nursing mothers in the tribal areas and in the slum areas of cities with a population of one lakh or more. Up to 1973-74, it was a Centrally sponsored scheme, the entire cost being met by the Government of India. During 1974-75, the re-imbursement was to the extent of committed liabilities entered in to by the State Government for maintaining the programme at the level reached in 1973-74, and from 1975-76 onwards, it was continued as a State programme.

The programme envisaged feeding of the beneficiaries for 250 days in a year (300 days from July 1977 onwards) on the following scale of nutrition :—

Children up to one year	200 calories and 8 to 10 grams of proteins/day
Children from one to six years	300 calories and 12 grams of proteins/day
Expectant/nursing mothers	500 calories and 20 grams of proteins/day

The expenditure was to be limited to 18 paise and 25 paise per day per child and mother respectively *plus* 5.5 paise per beneficiary as overhead charges.

In Haryana, the programme was introduced with CARE assistance in November 1970. Initially, it was introduced in urban slum areas of seven cities and six municipal towns, and thereafter, extended to the urban slum areas of four more cities in 1978-79. The Director of Social Welfare, Haryana who is assisted by the Special Officer, (Nutrition) is responsible for the implementation of the programme. In the districts, the District child Welfare Officer/Administrator, Municipal Committee are incharge of the programme.

3.4.2. Coverage and Performance

(a) The targets fixed, beneficiaries covered and expenditure incurred by the State Government during 1970-71 to 1980-81 as intimated by the

department are given below : —

Year	Targetted number of beneficiaries	Budget provision necessary as per norms for the targets fixed (in lakhs of rupees)	Actual budget provision (in lakhs of rupees)	Actual number of beneficiaries	Actual expenditure (in lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)
1970-71	7,150	1.05	1.07	1,491	1.07
1971-72	10,000	6.72	8.32	9,527	2.91
1972-73	20,000	11.72	5.30	16,273	5.29
1973-74	20,000	11.75	16.00	16,336	7.85
1974-75	20,000	11.81	3.10	16,438	8.53
1975-76	20,000	11.70	6.45	16,000	9.35
1976-77	20,000	11.57	8.18	16,093	9.45
1977-78	20,000	11.09	8.19	16,721	8.85
1978-79	23,000	14.03	11.74	19,566	11.52
1979-80	21,000	15.10	12.70	20,941	17.13
1980-81	21,000	15.08	24.80	21,046	24.63
Total	2,02,150	1,21.62	1,05.85	1,70,432	1,06.58

Against a requirement of Rs. 1,21.62 lakhs as per the norms fixed for the targetted number of beneficiaries, the actual budget provision was Rs. 1,05.85 lakhs and the actual expenditure was Rs. 1,06.58 lakhs. 84.3 per cent of the targetted number of beneficiaries were covered while the actual expenditure was 87.63 per cent of the requirement as per norms fixed.

Results of scrutiny (November 1980 and June 1981) of the records for the period 1976-77 to 1980-81 maintained in the Directorate of Social Welfare and the feeding centres in Ambala and Rohtak are set out in paragraphs which follow :—

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

“Under the SNP target fixed during the year 1970-71 to 1980-81 by the Govt. of India could not be achieved as

the number of voluntary agencies required to implement the programme were not forthcoming. Moreover, the remuneration fixed for the organizer/helper were too low to attract the employee i.e. Rs. 20/- and Rs. 10/- p.m. respectively. Regarding the coverage of 84.3% of the targetted No. of beneficiaries and 87.63% expenditure of requirement, it is stated that there were 300 feeding days in a year, but due to certain local practical difficulties like heavy rains, flood and disruption of bread supplies, the services remained suspended. The variation in expenditure is due to the fact that at the times the food is prepared/bought for a certain number of beneficiaries, but all of these do not come, the excess food goes waste. Furthermore a cut was imposed by the Finance Department while making the budget allocation though it was made in accordance with the prescribed financial norms."

During the course of oral examination the Departmental representative stated that the reason for less coverage of beneficiaries was due to the fact that whereas diet was prepared for a fixed number of beneficiaries lesser number of children came for taking it due to certain practical difficulties like heavy rains, floods etc.

The Committee feel that the Department should have fixed the targets realistically after taking into account all the practical difficulties so that the maximum number of beneficiaries could have been covered under the programme and the food would not have gone waste. The Committee, therefore, do not at all feel convinced with the plea put forth by the department before the Committee and desire that in future before launching socio-economic schemes, the department should apply realistic and practical approach in fixing the targets.

Paragraph 3.4.3.—Selection of area

[20] The programme was intended to benefit the weaker sections of the society and the feeding centres were to be opened in the urban slum areas only. 105 centres were opened in the State by the end of 1980-81. In the two districts covered under review, it was noticed that 40 centres (Ambala : 16, Rohtak : 24) out of 63 (Ambala : 23; Rohtak : 40) were not functioning in slum areas. There was nothing on record to show how the beneficiaries in these centres were categorised by the department as belonging to the slum areas and to the economically weaker sections of society. Proportionate share of expenditure from July 1977 to March 1981 on 40 non-slum feeding centres worked out to Rs. 24.00 lakhs. No centre was opened in 10 slum areas (Rohtak : 5; Ambala : 5) out of 22 (Rohtak : 14; Ambala : 8)

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

"There was no authenticated list of slum areas in the State. However, to achieve the object of the scheme to provide services to poorer section of the society/community suffering from mal-nutrition whether living in areas or backward

areas, the centres were set up after conducting the survey by the departmental Inspectors. The poorest section of the society residing in urban slum or otherwise identified poor were selected and covered under the scheme. Centres opened in non-slum areas were serving the beneficiaries of poorer sections of the society in view, the monthly income of the parents which is clearly mentioned in the survey list.

As already stated in the above paragraph, there was no authenticated list of urban slum areas in the State. However, the centres were set up after surveying the area on the spot and in consultation with the local Municipal authorities. In certain cases the space for opening of the centre was not available in the urban slum areas and the centres for those areas were opened in the nearby areas. Hence the said centres were opened in the Balwadies being infrastructure/accommodation of Balwadies available with the implementing agencies functioning in the non slum areas inhabited by poorer sections of the society. Secondly since we had got no field staff, the SNP had to be implemented by the agencies like Child Welfare Council, Municipalities and areas proposed by them had to be accepted, but these area were certainly inhabited by poor sections.

It is incorrect that no method was adopted to categorise the beneficiaries. The beneficiaries were identified/categorised by the well established implementing agencies like Child Welfare Council and Municipalities etc. which are headed by the Deputy Commissioner and Administrator at the District Headquarter and Child Welfare Council is headed by the Governor at the State Headquarter. The priority was determined on the spot taking into account the economic status of the families of the beneficiaries by conducting door-to-door survey by the implementing agencies. Further more, the test check of the beneficiaries were carried out by the departmental officials in order to ensure that the benefit is actually extended to the really weaker sections of the society."

During the course of oral examination the departmental representative admitted that no detailed survey had been undertaken by the Department for selection of areas and also stated that the special nutrition programme had not been started in the colonies of slum areas at Rohtak and Ambala because according to the guidelines of the Government of India at least 200 beneficiaries were required for one centre whereas the number of children and mothers was less and did not come up to the desired limit as no centres was located there in such areas. However, the number of mothers and children of the nearby areas was taken into consideration and if they came up to the desired number, a centre was opened in a Balwari or Community Centre in such areas.

The Committee observe that before taking up such a socially important scheme the Department should have made a comprehensive survey of the areas where such centres were to be opened because the programme was intended to benefit the weaker section of the society and the feeding centres were to be opened in the Urban Estate areas. In the circumstances, the Committee do not feel convinced to believe if the benefit had actually percolated to the beneficiaries for whom it was intended.

The Committee desire that in future, before launching such programmes, Government should take specific caution to ensure that the basic requirements for implementation of the programme are not ignored and are invariably fulfilled.

Paragraph 3.4.4.—Selection of beneficiaries

[21] The Government of India suggested (1973) a re-survey of areas served by the programme so as to close down the centres not located in slum areas and to exclude the beneficiaries belonging to families with a total income of Rs. 200 and above per month. The re-survey was not conducted. In response to a view expressed by the State Government that the criteria of income of Rs. 200 per month was very much on the low side, the Government of India desired (August 1974) that a re-survey of general population of the locality may be conducted to select the beneficiaries after taking into consideration both the criteria viz., nutritional deficiency among the vulnerable group and the total income of the family so as to bring into its fold more deserving cases first, and to select other beneficiaries in the order of need. No record was available with the department to show how these criteria were actually applied and how the selection of beneficiaries was made as per priority determined by the Government of India. The selection was left to the discretion of part time distributors engaged for distribution of nutritious food.

Both in their written reply and during the course of oral examination the departmental representative stated that it was not correct that the Department had not undertaken the work to categorise the beneficiaries. He further stated that categorisation had been got done through the voluntary agencies or organisations already working in those areas. Initially, when the scheme was launched a Committee headed by the Deputy Commissioner and B.D. & P.O. had been formed. Similarly the job had been entrusted to the State Child Welfare Council. In Yamuna Nagar the job was undertaken by Woman League a Voluntary Organisation.

The Committee do not feel fully satisfied with the explanation of the departmental representative and observe that the underlying intention of the Govt. of India in suggesting a re-survey of the areas to be served by the programme was to ensure that the centres not located in slum areas were closed down and that the beneficiaries belonging to families with a total income of Rs. 200/- and above per month were excluded so that both the criteria (viz. nutritional deficiency among the vulnerable group and the total income of the family so as to bring into its fold more deserving cases first, and to select other beneficiaries in the order of need) were followed.

By not undertaking any re-survey on the basis suggested by Government of India and leaving the selection to the discretion of the part time agencies, the department leads the Committee to guess as to how these criteria were actually applied and how the selection of beneficiaries was made as per priorities determined by the Government of India.

The Committee are constrained to observe that it was not proper on the part of the department to have left the job for distribution of nutrition food to the care of the part time distributors/agencies on which the department had no control.

The Committee strongly recommend that in future Government should take caution to ensure that programme of human welfare are invariably implemented by direct involvement or under the strict supervision of the Government machinery and are not left to the care of extraneous agencies.

Paragraph 3.4.5.—Supply of food

* * * * *

[22] (b) The Programme provided for periodical analysis of the food supplied to establish the standard of nutrition. Soya fortified bread (800 grams) which was supplied during March 1976 to March 1981 was subjected to laboratory analysis four times only (March 1976, January 1977, November 1979 and June 1980). Bread (400 grams) which was supplied during 1977-78, when soyabean was not available, was not subjected to laboratory analysis at all. According to the reports of Public Analyst, Haryana (March 1976 and June 1980), the quantity of bread given to the expectant/nursing mothers contained 366—365 calories as against 500 calories envisaged for this category of beneficiaries.

(c) None of the 63 centres in Ambala and Rohtak could achieve the target of 300 days in a year. The average number of feeding days in these cities ranged from 216 days to 287 days during 1977-78 to 1980-81. No feed was supplied during holidays although this could have been done to make good the shortfall. The department stated (December 1981) that interruptions were due to (a) mechanical fault in the machines of the HAFED Bakeries, (b) power crisis, (c) adverse weather, i.e., rainy season and (d) non-availability of soya fortified flour well in time and also scarcity of HAFED *maida* in the open market. It was, noticed, however, that the agreement with HAFED Bakeries, supplier of bread for the programme, did not provide for penalty for irregular supply. During September 1977, supply from HAFED Bakeries was not accepted at Ambala as it was defective, but at Rohtak 26,654 loaves costing Rs. 0.30 lakh received during the same month, were distributed among the beneficiaries. The District Welfare Officer, Rohtak stated (June 1981) that no serious defect was found in the bread.

Both in written reply and during the course of oral examination the departmental representative maintained that periodical checking and analysis was undertaken by the Public Analyst, Government of Haryana, to establish the standard of nutrition of the food supplies. The bread supplied by the HAFED was also subjected to analysis when a complaint was received. The departmental representative, however, added that they had not fixed any specific time that the periodical analysis should be done after 3 months or 6 months.

The Committee are not fully satisfied with the explanation of the department and observe that since the programme provided for periodical analysis of the food supplied to establish the standard of nutrition, it was incumbent upon the department to have enforced not only periodical analysis but also a constant analysis of the food supplied. It was imperative because the supply of food involved tender children and expectant/nursing mothers as beneficiaries. By not enforcing the constant analysis the department has miserably failed in achieving the desired results and objectives of the programme and the quantity of bread given to the beneficiaries contained less calories as against the number envisaged under the programme.

The Committee would like the department to investigate the whole matter in the light of the foregoing observations of the Committee and submit a detailed report on their findings within a period of three months.

Paragraph 3 4.6.—Unauthorised collection from beneficiaries (Rs.1.55 lakhs)

[23] Although the programme did not provide for realisation of any contribution from the beneficiaries, a sum of Rs. 1.55 lakhs was collected from beneficiaries from April 1976 to March 1981 in Rohtak. It was reported to have been utilised for supplementing the salaries of organisers/helpers, stationery and contingencies. Similar collection was made at Ambala at the rate of Rs. 0.50 per beneficiary per month and was reportedly utilised for play centre.

In their written reply to the questionnaire of the Committee the department stated *inter-alia* as under :—

“The collection of Rs. 1.55 lakhs from the beneficiaries was not under compulsion but was voluntary. The funds so collected have been utilised for the welfare of the families of poor section of society.”

During the course of oral examination the departmental representative, however, stated the donations were taken by the local organising agencies but private contributions were taken from beneficiaries who were poor and, therefore, should not have been taken. The departmental representative also admitted that there were no instructions from the Government for taking donations. The departmental representative pointed out that taking of donations did not need the directions of the Government of India or the State Government, as this was people participation and was necessary. The general instructions of the Government were that if the Child Welfare Council so wished it could raise donations.

The Committee feel that acceptance of donations from the beneficiaries could not be termed as donation rather it was tantamount to a tax.

The Committee is inclined to observe that unauthorised collection from beneficiaries defeated the very purpose and spirit of the programme and the department's resort to such and unfortunate practice is highly deplorable act, recurrence of which should be avoided in implementing such socio-economic programmes/schemes in future.

Paragraph 3.4.7.—Immunisation programme

[24] All beneficiary children were to be immunised against polio, diphtheria and small pox. The height and weight of the children were to be checked every three months. The health of beneficiaries was to be checked once in two months and results recorded in assessment reports. No records were maintained in Rohtak showing the progress of beneficiaries immunised. As per report (November 1980) of the General Secretary, Child Welfare Council, Rohtak, immunisation status of the children was far from satisfactory. No such activity was undertaken in Ambala except for the fact that the children were immunised against diphtheria in 1979 during the International Year of the Child.

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

“There is no provision of Medical Staff/Medicines in the scheme for providing services of immunization to the beneficiaries. The weight and height register are maintained in the centres. As regards immunization to the children, campaign are launched from time to time by the local Medical authorities and the Municipal Committee which cover all the eligible children/women. No separate record has been maintained in the centres as the services are supposed to be provided by the Health Department. This department had been requesting time and again to Govt. of India to provide the Medical staff in this scheme but to no avail. Hence, the State Health Department have also been requested to immunize the beneficiaries from time to time. Now the ICDS scheme incorporate the following 6 services and as it is being expanded old centres are being upgraded to ICDS to include all these benefits :—

Benefits

1. Supplementary nutrition
2. Immunization
3. Health check-up
4. Referral services
5. Nutrition and Health education
6. Non-formal education.

The organizations engaged for running the centres are not trained to guide and assist the beneficiaries in the field of Medical Aid. Though the immunization aspect was looked after by the Health Department and the local Municipal Authorities but it is felt that it was regular as envisaged in the scheme.”

During the course of oral examination the departmental representative admitted that the immunization programme was not executed properly under the S.N.P., as there was no proper provision for medical staff and medicines under this programme. However, under the ICDS scheme it was working effectively where the Social Welfare Department periodically co-ordinated and the Doctors working in the scheme were answerable to the department.

The Committee do not feel fully convinced with these explanation of the department and observe that the execution of the programme should have been entrusted to the trained staff equipped with proper medical aid, so that immunization services could have benefited all the beneficiaries.

The Committee desire that adequate provision should be made in the scheme for providing proper services of immunization to the beneficiaries.

Paragraph 3.4.8.—Programme in drought area (Rs. 4.73 lakhs)

[25] Rupees 5.00 lakhs were drawn under this programme in March 1980 and placed at the disposal of eleven district Deputy Commissioners for implementation of services under another programme "Food for Nutrition Programme in Drought hit areas." No detailed accounts for Rs. 4.73 lakhs spent were available with the department (June 1981). The unutilised balance of Rs. 0.27 lakh was refunded.

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

"During the year 1979-80 a sum of Rs. 5 lakhs was distributed to 11 Deputy Commissioners of the State under the 'Food Nutrition Programme' in the drought hit areas. Out of Rs. 5 lakhs, a sum of Rs. 2,79,336.92 as unspent balance has been realised from the Deputy Commissioners. The position of amount sent/realised from each Deputy Commissioner is as under :—

S. No.	District	Amount sent	Amount received back	Balance
1.	Ambala	45,000	31,578.75	13,421.25
2.	Rohtak	45,000	45,000	—
3.	Jind	45,000	45,000	—
4.	Hissar	45,000	37,537.30	7,462.70
5.	Kurukshetra	45,000	9,332.75	35,667.25
6.	Sirsa	45,000	7,974.80	37,025.20
7.	Sonepat	45,000	21,000	24,000.00
8.	Karnal	45,000	36,913.32	8,086.68
9.	Bhiwani	45,000	—	45,000
10.	Narnaul	45,000	45,000	—
11.	Gurgaon & Faridabad	50,000	—	50,000
Total		5,00,000	2,79,336.92	2,20,663.08

The Deputy Commissioners have been requested to send the detail of expenditure incurred by them and the unspent balance if any to the department. The concerned Deputy Commissioners have again been reminded vide letter No. 1148-1155/DDE/SW/Insp.-I dated 2-7-84 to expedite the accounts."

During the course of oral examination the departmental representative stated that some of the Deputy Commissioners had not utilised the funds as the letter of sanction had been issued on 31st March, 1981. Those Deputy Commissioners who had done something in this regard earlier drew the funds and made payment there - from while other Deputy Commissioners did not do anything and returned the funds. He also stated that on account of lack of control on Deputy Commissioners the Department did not know as to how much amount had actually been spent.

The Committee observe that the unspent balances indicate that the performance of the programme had not been satisfactory. The Committee are of the opinion that a target date should have been fixed by the department to ascertain the programmes of the work done from the Deputy Commissioners instead of the amounts remitted/received from them.

The Committee desire that complete details of the amounts spent by the Deputy Commissioners together with work done as also the reasons for not spending the balance amounts be furnished to the Committee within three months.

Paragraph 3.4.12.—Evaluation

[26] The programme provided for periodical evaluation to assess the impact of the programme on the beneficiaries. Beneficiaries under the programme were to be medically checked immediately on admission and once in two months thereafter. Periodical medical examination of the beneficiaries for assessing the impact of the programme was not conducted. Two evaluations done so far once in 1972 by the department and another in 1977-78 by the Government Medical College Rohtak (restricted to Rohtak) were in respect of different beneficiaries with the result that the real impact of the programme could not be assessed.

* * * * *

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

"The periodical evaluations are required to be through Health Department since no Medical staff is provided to the Social Welfare Department. The Health Department was requested several times for carrying out periodical evaluation but only two evaluation have been done i.e. in 1972-73 and 1977-78.

It is correct that the impact of the programme could not be assessed without conducting the evaluation of the scheme from time to time two evaluation survey were conducted i.e. 1972-73 and 1977-78. This is a special type of evaluation which can be undertaken by the specialised Health personnel.

The department had been requesting the Govt. of India to provide a separate cell of medical staff in the scheme and also the state Health Department to conduct the evaluation but no fruitful results have been appeared."

During the course of oral examination the departmental representatives stated that there has been no evaluation of the scheme throughout the State. The report relating to the year 1977-78 was submitted by the Doctors of Medical College, Rohtak and it pertained to certain specific districts. He further added that the special nutrition programme was not doing well and the Government of India felt that when it was not doing well a new integrated scheme should be introduced throughout the country and that is why ICDS scheme was introduced in the country.

The Committee observe with regret that the department's special nutrition programme was not a success in the State and the Department lost a good opportunity intended to benefit the malnourished and under nutritional young children and mothers in the State.

The Committee are of the considered opinion that the department did not evince keen interest in the execution of the scheme to the desired extent and, thus, practically failed in tackling the problem of malnutrition and under nutrition among children, expectant/nursing mothers, as required under the programme.

LOTTERIES

Paragraph 3.6.—Nugatory expenditure

[27] The Haryana State Lottery Scheme was launched in September 1968. Lottery tickets were got printed from Government Press at Chandigarh up to April, 1969. As the output was not satisfactory, the work was allotted to a private press from April 1969 onwards at a higher rate as compared to rates quoted by other private presses. This press had undertaken the responsibility for preventing any damage to Government reputation or other damages due to negligence and had also assured micro-lettering and special numbering to make the tickets forgery proof. To strengthen security measures, a specific portion of the press building had also been earmarked by this press for lottery work only.

Despite the fact that responsibility for security arrangements was that of the press, the department made its own security arrangements initially for a period of three months, on the understanding that Government would make its own arrangements for printing thereafter.

The unnecessary continuance of security staff consisting of one police inspector and two constables at Government expense was pointed out to the department by Audit in February 1977. After protracted correspondence, Finance Department held, in August 1980, that security staff could be dispensed with, and accordingly, the arrangements were discontinued from 21st August, 1980. No printing arrangement of its own has been made by department and the work is still being got done from the same private press. The avoidable expenditure on security staff from May 1969 to February 1977 was Rs 1.49 lakhs and during the period from March 1977 to August 1980 when the matter was taken up with the Government it was Rs. 0.83 lakh.

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

“The press had not undertaken the responsibility for all kinds of security and to make good the loss, if any occurred to the State due to lack of security in the Thomson Press. Moreover there was no control over the press workers and they could harm the State by taking out blank tickets. It was, therefore, considered essential to provide security staff for the close supervision of the Printing work, being done at various places and for the destruction of waste material lying in the press.

As stated in para 1 above, the press had not undertaken to provide all the security arrangements so no extra payments were made to the press.

Since there was no control on the staff of the press, they could harm the department by taking out blank tickets from the press. It was considered necessary to provide departmental security staff for the close supervision of (i) Printing work done in the press at various stages (ii) destruction of waste material lying in the press (iii) destruction of unsold tickets, thereby avoiding any loss to the State in the form of duplicate tickets. In the beginning the press was in its infancy and so the security provided by it was considered inadequate but with the passage of time the working as well as the security arrangements provided by the press had been considerably improved. At present Thomson Press, Faridabad is one of the topmost press, if not in Asia, but in India. They are now quite aware that if any loss is occurred to the State, the name of the State is not only tarnished but it would also damage the reputation of the press. Keeping in view the adequate security arrangements now being provided, it was considered to dispense with the security staff.

As already stated Thomson Press is one of the topmost press in India and the Press has installed printing machine of very high quality. This press is now printing tickets of almost all the state lotteries in the north. The press has, therefore, specialised in the printing of lottery tickets and the quality of printing work done by the press cannot be achieved by the machines installed in the Govt. presses. It is, therefore, not considered to make printing arrangements with the Printing and Stationery Department of the State Government.

Haryana Lottery was started in September 1968 and as such department got the tickets printed from the Government press from September 1968 to April 1969. As all printing work was to be done by Govt. printing press. Therefore, the Lottery tickets were also got printed from the Government press of the Printing and Stationery Department. Since the Government press could not adhere to the schedule, their output was not satisfactory, they could not give colour combination and beside this there was no adequate security arrangements. It was considered desirable to get the tickets printed from the private press."

During the course of oral examination the departmental representative stated that printing of lottery tickets is a work of secret nature and it was considered worthwhile to spend more because of confidence and reputation of the private press from whom the tickets were got printed.

The Committee observe that if the work of printing of lottery tickets by the Government press was found unsatisfactory or sub standard the department should have asked it to maintain the desired degree of accuracy and efficiency/standard but the department did not do it. Nor did the department obtain any NAC from the Government Press before

allotting the work to a private press. The Committee also think that the expenditure of Rs. 1.49 lakhs incurred on security arrangements from May, 1969 to February, 1977 and Rs. 0.83 lakh from March, 1977 to August, 1980 was nugatory expenditure which could have been saved or avoided if the Government had not made its own security arrangements at the initial stage. Providing security arrangements was the sole responsibility of the press which undertook by itself at a later stage. It was equally incumbent upon the Finance Department to have also advised the Lotteries Department to dispense with the security arrangements forthwith but it did so only in August, 1980, which was too late. The Committee, therefore, desire that the department should re-examine the whole matter in the light of the PAC's foregoing observations and fix responsibility for the lapse on the officers/officials who were instrumental incurring this nugatory expenditure and submit a detailed report to the Committee within six months.

IRRIGATION

Paragraph 4.1.—Theft of cash.

[28] According to Financial/departmental rules, only minimum cash actually required to meet current disbursements should be drawn and kept in treasure chest under the supervision of treasure guard. If it is found at any time that the balance in hand is larger than the requirements for next 15 days, the surplus should be refunded into the treasury. According to rules, as far as possible, all payments exceeding Rs. 10 are to be made by cheques, but in case of carriage of coal by trucks from collieries, the Chief Engineer allowed the Executive Engineers to make payment to truck drivers in cash. In Canal Lining Division No. 17, Karnal, a Sub Divisional Officer drew Rs. 1.05 lakhs on 17th September, 1979 for making cash payment to truck drivers for carriage of coal from collieries. Out of this, Rs. 0.46 lakh stated to have been kept by the Sub Divisional Officer in his office almirah on 9th October, 1979 after making part disbursement between 17th September, 1979 and 9th October, 1979, was found missing on 11th October, 1979. The case was reported to the Police the same day, but after making investigations, the Police authorities intimated on 9th July, 1980 that the case had been closed for the time being and it would be re-opened on finding some clue.

Another Executive Engineer who conducted a departmental enquiry in November, 1979 at the instance of the Superintending Engineer also held that failure on the part of the concerned official to observe the rules and active abetment by one of the employees of the Sub Division and laxity on the part of the Sub Divisional Officer in not using the strong room of adjoining Irrigation division facilitated the theft of cash.

The Divisional Officer reported (June, 1981) that departmental action in the light of the enquiry officer's findings was in progress. Further developments are awaited (March, 1982).

The Executive Engineer stated in June 1981 that cash used to be kept by the Sub Divisional Officer in office almirah instead of chest as strong room facility was not available.

Under the system of "Letter of Credit", requirements of a division during a month are assessed and a "Letter of Credit" is issued by the Chief Engineer to the Treasury Officer intimating the maximum amount that a division can draw. It was observed that this procedure was being flouted by the Sub Divisional Officers of this division, who used to draw huge amounts at the end of the month irrespective of the actual requirements and keep it under "suspense" for use in the following month. For example, Sub Divisional Officer No. 1, Karnal and Sub Divisional Officer No. 4, Karnal, had drawn Rs. 1.2 lakhs and Rs. 1.00 lakh on 27th February, 1979 and 31st October, 1979 respectively even though the money was not required for immediate disbursement.

The matter was referred to the Government in August, 1981; reply was awaited (March, 1982).

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

“No truck Union was coming forward unless the payment is made by the Department in cash. It was, therefore decided during the month of 11/78 that the payment to the Truck drivers should be made in cash. The department moved the Finance Department for the issue of relaxation of Rule 2.12 of PFR Vol. I to make the payment in cash instead of cheques. Since the World Bank's works requires cement and coal immediately in the interest of work, the Superintending Engineers were asked to arrange cash with them in order to make payment to the Truck Drivers on the basis of quantity mentioned in the G.R. The S.Es. were also authorised to keep the amount from the previous L.O.C. of every month for payment of carriage charges during the first 10 days of the next month. In this instance case, 500 M.T. Slack Coal was expected very shortly and upto 15-9-79, 230 77 M.T. coal was received. On 17-9-79, 159.23 M.T. was received for which amount of Rs. 1.05 lacs was drawn. Out of which on 17-9-79, payment to the tune of Rs 58,950 was made by the S.D.O. to the Truck Drivers being the carriage cost of 159.23 M.T. Coal. The remaining 110 M.T. coal was expected at any moment though the same was not reached at the destination by 10-10-79.

For this lapse Sh. Lajja Ram Sharma, S.D.O. was placed under suspension on 27-10-80 and was reinstated on 2-1-81. He has been charge sheeted under Rule 7 of P&A Rules 1952 on 28-6-81. Reply of which is under process of the Department/Government.

The Superintendent of Police, Crime/CID, Madhuban has declared this case, as untraceable vide his letter No. 4812/DSP/CR dated 23-12-82. [Copy enclosed as per Annexure-I].

According to the findings of the Enquiry Officer, Sh. Lajja Ram, SDO has been held responsible for the loss of Government money. The amount of Rs. 45692 74 paise has been placed under P.W. Misc. Advances of the Officer. The aspect of issuing recovery orders is under process with the Government Instructions have been issued to the field offices.

As explained in para No. 1, above the amount was drawn in the interest of Government work and in view of impending World Bank works. It was very obligatory to keep the amount in cash in order to make payments at odd hours/holidays to the Truck Drivers, who were engaged for the carriage of coal.

The amount was withdrawn on the last of the month for clearing the pending liabilities within the first 10 days of the next month. The amount drawn by the S.D.O. Canal Lining Sub Division 1/5 on 27/2/79 was subsequently utilised on 8-3-79 for clearing pending liabilities of various agencies. Similarly the amount drawn on 31-10-79 was utilised for making payment to the Truck Drivers for the carriage of Coal from 3-11-79 to 8-11-79."

During the course of oral examination when asked by the Committee as to why the amount of Rs 45,692.74 had not been kept by the SDO in the safe custody, the departmental representative admitted that it was gross negligence and lapse on the part of the SDO who had kept the money in a leather bag in the almirah instead of the cash chest. He further informed that the SDO had not asked for the guard establishment when such huge money was lying with him. It was further reported to the Committee that arrangements for the safety of Government cash were being made in the divisions and sub-divisions and where no cash chest had been provided arrangements for special guard were being made there. In reply to another question of the Committee, the departmental representative stated that the SDO being in charge of the Division, had lodged the report of theft of cash with the police which later on declared the case as untraceable.

The Committee observe that in the F.I.R. registered with the S.H.O. city police Station Karnal, which was read before the Committee during evidence, no mention of breakage of the lock of the almirah had been made by the SDO and that the SDO had also not kept the leather bag containing the money in the almirah himself but had handed it over to one of the peons on 9-10-1979 asking him to put it in the almirah and keep the key with him. It was only on 10-10-1979 that he had asked another workcharged staff to take out the money from the almirah. The Committee are constrained to observe this is undoubtedly an example of gross negligence of handling of Government money and calls for a stern action against the officials and officers responsible for the loss. The Committee, however, think that the Department took the whole matter in a very casual manner as is evident from the fact that even the SDO concerned was suspended after a period of more than 1½ years of occurrence of the incident.

The Committee therefore, recommend that the responsibility of some senior officer(s) in the Department for his/their failure to hold an immediate enquiry into the matter be fixed.

The Committee also recommend that suitable action be taken against the S.D.O. and the embezzled amount recovered from him before his retirement under intimation to the Committee within 3 months.

The Committee further desire that Government should reiterate instructions regarding handling of Government cash for strict compliance by the Department/Divisions under it.

Paragraph 4.2. Avoidable loss

[29]. In Ujina Diversion Drain Division, Faridabad, the work of manufacture and supply of bricks was entrusted to a kiln contractor in February

1979, without making any legal arrangement for the land. Subsequently, notification for acquisition of land was published in April/June 1979. The landowner challenged (August, 1979) the notification in Punjab and Haryana High Court on the ground that the notification was not published in the locality where the property in dispute was situated. The Court quashed the notification on 25th January, 1980.

In the meanwhile on 24th December, 1979, the department reported to the Police that the landowner had removed bricks from kiln site. The Police refrained from taking any action in view of Court judgement on the plea that it would amount to contempt of Court. Between 25th January, 1980 and 7th February, 1980, 12 lakh bricks valuing Rs. 1.56 lakhs had been unauthorisedly removed/sold by the landowner from kiln site for which department had made payment to the kiln contractor. On a review application filed by the department on 7th February, 1980, the High Court restrained (13th February, 1980) the landowner from removing bricks.

Revised notification for acquisition of land was issued in February/March, 1980 and it was acquired in May, 1980.

The Executive Engineer intimated in August 1981 that case against the landowner, for illegal removal of bricks was got registered with the Police in November 1980 and it was being tried in a Court of Law. Further developments of the case were awaited (September, 1981).

The matter was referred to the Government in September 1981; reply was awaited (March, 1982).

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

“The work of UDD was taken up by the department in 1977-78. It was decided that masonry work should also be started immediately in order to complete the jobs well in time. As a result of this, Sh. D.C Kaushik, S D.O. made enquiry from the landowners if any one was willing to give their land on lease basis as the land was temporarily required by the Department for manufacturing of 50,00,000 Nos. bricks. On 29-1-79 the Executive Engineer, UDD Faridabad had reported S.E. UDD-I that the land owner had not agreed to lease out the land but willing to give the land on acquisition basis. Accordingly the process involved for the acquisition of land was started and draft notification was issued on 30-3-79. In the meanwhile, however, the contractor started the kiln on the basis of written assurance of the land owners namely S/Sh. Mukat Singh and Hari Ram, when Sh. Nathi Ram and Mohan Lal Nambardar's of Village; Garhi Patti signed as witness. Thus it is evident that the kiln Contractor started the kiln on the land for which proper possession was not taken by the department.

Legal proceedings for acquiring of land in accordance with the provision of Land Acquisition Act were started after proper observance from 29-1-79 and accordingly the land acquisition notification U/S 4 and 6 were issued in 4/79 and 6/79 respectively.

So far no responsibility has been fixed but the departmental Vigilance Cell has been entrusted with the job, whose findings are yet awaited.

The Department brought to the notice of Police about the removal of 16,13,300 bricks but the Police Authority did not register the F.I.R. except for the theft of 5950 Nos. bricks, which were detected by the Police. The appeal of the land owners against the judgement dated 27-1-84 of Sub Judge Class-II Palwal is pending in the Court of Additional Sessions Judge, Faridabad."

During the course of oral evidence the departmental representative admitted that it was a serious lapse on the part of the Department to entrust the work of manufacture and supply of bricks to a kiln contractor in February, 1979 without making any legal arrangement for the land which resulted in loss of Rs. 3,34,297/-.

After going through the additional information supplied and on the basis of oral evidence put forth by the departmental representatives the Committee observe as followed :—

- (i) The department took six years to initiate action against the delinquent officer(s)/official(s) and that action was initiated by the department only on 14-8-1984 i.e. a few days before the Committee started examining them orally.
- (ii) The concerned XEN had been retired from the service and the department had been taking action against the other defaulters in a piece-meal manner.
- (iii) Notification of acquisition of land was not properly advertised, which was a serious matter as admitted by the departmental representative himself during oral evidence who also informed that the department was taking action against the defaulting J.E., S.D.O. and S.E. who were unexperienced persons and had failed to acquire the land but released the payment to the Contractor.
- (iv) The J.E. and S.D.O. lodged the F.I.R. on 24-12-1979 about the theft of bricks but did not inform the concerned XEN about it.

The Committee are not fully convinced with the explanation of the departmental representative that "due to political pressures in the past," the Government had not been able to do things correctly and touch the guilty people, although they had been selling coal, cement, bricks etc.

In the light of the foregoing account of omissions and commissions, the Committee recommend that a high level Secretarial enquiry into the matter be conducted and responsibility on the senior officer(s)/official(s) concerned be fixed and compliance report sent to the Committee within a period of six months.

Paragraph 4.3. Recoveries due from defaulting contractors

[30]. In Augmentation Canal Division, Yamunanagar, work of manufacture and supply of 50 lakh bricks and 40 lakh tiles was entrusted in

November, 1976 to two contractors. The arrangements stipulated, *inter alia*, supply of coal to the contractors on a prescribed scale by the department, recovery at higher rate from contractors for consumption of coal in excess of the prescribed limit and recovery of ten per cent of total amount of contractors bills towards security deposit.

3,278.90 metric tonnes (M.T.) of coal (value : Rs. 5.57 lakhs) was issued to the contractors during December, 1976 to June, 1978 against requirement of 2,450 M.T. coal. The contractor, however, stopped further supplies after supplying only 31.19 lakh tiles and 35.66 lakh bricks by January, 1979 and February, 1979 respectively. Against actual requirement of only 1,827.28 M.T. for the quantity of bricks and tiles actually supplied, 2,888.90 M.T. of coal was shown as used by the contractors who returned the balance 390 M.T. This resulted in excess consumption of 1,061.62 M.T. coal (value : Rs. 1.80 lakhs). Using this coal the contractors could have manufactured 42.46 lakh bricks (value : Rs. 6.51 lakhs) and sold them elsewhere. According to final bills of the contractors passed in June, 1980, an amount of Rs. 3.21 lakhs was recoverable from the two contractors taking into account recovery at penal rate (Rs. 3.15 lakhs) and compensation for delayed supply (Rs. 0.06 lakh), Earnest money and security deposit of Rs. 0.22 lakh deducted from running bills was forfeited for breach of contracts. It was noticed that the security deposit was short recovered from running bills to the extent of Rs. 0.16 lakh. Short recovery of security deposit was attributed to recovery of security on net amount of bills instead of gross amount of the bills.

Further, expenditure of Rs. 0.10 lakh which was avoidable, was incurred on carriage of coal from Rewari for burning of bricks even though sufficient coal issued from local store was already available with contractors.

The Executive Engineer stated in June, 1981 that departmental action against officials responsible for excess issue of coal was under process. Cases for recovery of Rs. 3.21 lakhs from contractors were stated to be under arbitration. Further developments were awaited (March, 1982).

The matter was referred to the Government in August 1981; reply was awaited (March, 1982).

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

'In the case of kiln 10, 10 K.M. of Aug. Canal allotted to S/Sh. Mam Raj B.K.O., the Arbitrator gave an award of Rs. 1,54,120/- against the departmental claim of Rs. 2,21,657/-. This award has since been accepted by the Court on 22-7-83 but the B.K.O. has filed an appeal against this award in the Court of Additional District Judge, Karnal. The next date of hearing has been fixed on 30-7-1984.

In the case of another kiln at K.M. 29.3 of Aug. Canal allotted to Sh. Mawassi Ram, B.K.O. against whom the claim of the department was for Rs. 93,221.05 paise has expired when the case was under arbitration with Sh. A.K. Malhotra, S.E./W.J.C. East Circle, Delhi. The legal heirs of Sh. Mawassi Ram, B.K.O. i.e. S/Sh. Amar Singh, Tara Chand, Rattan Singh and Madan

Lal (Sons) and Smt. Krishna Devi (Wife) were made party under orders dated 1-4-1983 of Senior Sub Judge, Karnal. Sh. D.R. Luthra, S.E./Canal Lining Circle No. III, Kaithal was appointed arbitrator in this case under orders dated 16-3-84 in place of Sh. A.K. Malhotra. The findings of the Arbitrator are yet awaited.

The position is as under :—

Kiln K.M. 10.10 of Aug. Canal.

Sh. J.C. Sharma, S.D.O. was charge sheeted by the Government on 20-8-81. His reply to the charge sheet has been received but final decision have not yet been taken. The same is the position in respect of his Junior Engineers' S/Sh. Ram Kumar and S.S. Dangi.

Kiln K.M. 29.3 of Aug. Canal.

The draft Show Cause Notice under Rule 8 of P&A Rules against S/Sh. J.C. Sharma and R.K. Dewan, S.D.O's are under process.

There was some lack of control by the incharge officer/officials. However, the conditions and procedure for issue of coal are being examined afresh in view of several such cases.

As admitted by the Department that due to lack of control by the incharge officers/officials the excess coal was consumed by the B.K.O's and hence there was no coal at sites in 2/78 when the indent for lifting of 100 M.T. coal from Rewari was placed to meet with the urgent demands of bricks and tiles.

The Kilns were situated within the jurisdiction of Aug. Canal Division and thus the question of manufacturing 42.46 lacs bricks by the Contractors in these Kilns and selling them elsewhere does not arise."

During the course of oral examination the departmental representative stated that it perhaps did not come to the notice of the concerned Officer(s) that the coal was being supplied to the Contractors in excess quantity. There might be any possibility of using excess coal by the contractors because of inferior quality of coal supplied to them. He also added that before the supply of coal the Department should have cleared the terms about the type of coal as well as quantity to be supplied to the contractors. He also stated that the department could review whether the erring officials could be punished under rule 7 or rule 8.

The Committee are distressed to observe that a considerable time has been taken to finalise action against Officer/officials responsible for excess issue of coal. The Committee would like to know the names of the Officers/officials found responsible for not initiating timely action against the delinquent officials in the matter as also the disciplinary action proposed against them.

Paragraph 5.5. Shortages

[31]. Three cases of shortages of material valuing Rs. 1.76 lakhs were noticed in two divisions mentioned below :

<i>Name of division</i>	<i>Nature of material/articles</i>	<i>Value of shortages (in lakhs of rupees)</i>	<i>When noticed</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)

IRRIGATION

(a) Loharu Feeder Division, Rohtak	(i) Slack coal	0.95	March, 1979	A Junior Engineer did not hand over charge of slack coal in his custody on his transfer in June, 1978. Physical verification conducted in March, 1979 by two Sub-Divisional Officer showed shortage of 455.56 M.T. slack coal (value : Rs. 0.95 lakh), which included fictitious issue of 160 M.T. coal (Value : Rs. 0.33 lakh) during April, 1978. The shortages remained undetected as no physical verification of coal was conducted during the incumbency of the official (14th March, 1970 to 30th June, 1978). A report was lodged with the Police in June, 1980. Results of Police investigations are awaited. The Executive Engineer intimated in May, 1981 that departmental action against the official was under process. Further developments are awaited (March, 1982).
------------------------------------	----------------	------	-------------	--

(1)	(2)	(3)	(4)	(5)
(ii) Empty cement bags	0,20	August, 1980		A test-check in audit (August, 1980) revealed that closing balance of 18,015 empty cement bags (value : Rs. 0.20 lakh) outstanding on a bincard in June, 1978 was not carried forward in the account by another official. The Executive Engineer admitted the shortage in May, 1981. Further developments are awaited (March, 1982).

The cases were referred to the Government in July 1981; reply was awaited (March, 1982).

In-written reply to the questionnaire of the Committee the department stated as under :—

“Sh. B.R. Sharma, S.D.O. was responsible for not conducting the Physical verification from 14-3-70 to 31-3-77. He however conducted physical verification of store lying at Dubal-dhan store including quantity of 672.44 M.T. coal and did not point out any shortages/excess in his physical checking report. A show cause Notice under rule 8 of Punishment and Appeal Rules, 1952 has been served upon the official during 10/83 for not conducting physical verification of store on due date. The officer has requested for the personal examination of relevant record which was granted to him in 4/84.

No physical verification of store after this shortag. of Rs 0.95 lakhs was conducted. Sh. I.C. Aggarwal, S.D.O. who failed to check the store in question despite issue of instructions from his S.E./L.C.C. Rohtak has also been served with Show Cause Notice under rule 8 on 3-10-83. He has also sought permission to examine the record in person which was granted to him in 4/84.

The Police held Sh. P.C. Bichhal, J.E. responsible and produced the challan in the court of Sr. Sub Judge, Rohtak. On 11-4-84 the court has convicted Sh. P.C. Bichhal, J.E. for 3 years with fine of Rs. 10,000 or one year extension of conviction.

During the pendency of the case in the court of Sr. Sub Judge, Rohtak no departmental enquiry could be conducted due to stay granted by the Hon'ble Supreme Court. Further action in the matter will however, be taken on receipt of copy of order of the

Sr. Sub Judge, Rohtak which will be supplied by the District Attorney to the Department.

Sh. Raj Singh, Guha has also been held responsible for the shortages and a Show Cause Notice has been served upon him under Rule 7 of 16-2-82 by S.E./E.C.C., Rohtak. His reply was received on 5-3-82 which were found unsatisfactory by the S.E./L.C.C. Rohtak who after obtaining order from Chief Engineer appointed Sh. Hassu Bhatia, Xen, Lohari, Canal Division as enquiry Officer on 20-4-83. Sh. Hassu Bhatia could not complete the enquiry by 6-4-84 when the division i.e. Loharu Feeder Division, Charkhi Dadri was merged in Loharu Canal Division No. 1, Charkhi Dadri and control of this Division was transferred to S.E./Construction Circle, Delhi. The S.E./Construction Circle has appointed Sh. C.B. Gupta, Executive Engineer as enquiry Officer in this case. His report is still awaited.

The shortage remained un-detected due to the reason that no physical verification of this Sub Division was conducted from 6/78 to 8/80. The Divisional Accountant also did not reconcile the balances of price store ledger, with Bin Card. Hence the shortages could not be detected earlier."

During the course of oral examination the departmental representative informed that the lapse of the concerned S.D.O. was that he did not carry out the physical verification of stores of coal as a consequence of which the department suffered a loss to the tune of Rs. 95,000/-. He also stated that practically and technically it was difficult to take actual measurement of the coal. The department subsequently informed that as per advice received from Sh. P.C. Bichhal, Legal Remembrancer, Junior Engineer was dismissed from Government service vide order dated 12-9-1984 and the Superintending Engineer Construction Circle was asked to file a civil suit against the erring official.

The Committee is constrained to observe that while according to the P.W.D. rule and instructions, physical verification of store is required to be conducted or carried out annually, the departmental Officers/official had failed to observe this requirement and consequently caused a heavy loss to the department. The Committee highly deplore this laxity on the part of the departmental Officers and recommend that action against the delinquent Officer(s)/official(s) be taken expeditiously under intimation to the Committee.

The Committee also desire that suitable instructions in regard to physical verification of stores be issued for scrupulous compliance by the departmental Officer(s)/official(s) so as to avoid recurrence of such losses.

The Committee further desire that the civil suit filed in the court be pursued vigorously and its final outcome reported to the Committee in due course.

The Committee desire to know the stage of enquiry proceedings against the erring official Shri Raj Singh, Junior Engineer. In case the inquiry has been completed the action taken against him may be intimated to the Committee within three months.

AGRICULTURE

Paragraph : 7.5.—Integrated Rural Development Programme

[32] (B) Identification of the beneficiaries

The programme required the agencies to undertake a detailed household survey in a few selected blocks for ascertaining the economic status and income of the selected target groups. In other blocks, where such a comprehensive survey was not contemplated, a cluster approach was to be made and the target groups identified by holding camps in the villages. On the basis of the household survey, the families were to be classified under the following groups :—

Income Group (annual income in rupees)

0 —1,500
1,501 —2,500
2,501 —3,500

On completion of the household survey, each agency was to prepare a list of identified target groups to be covered under the programme.

It was noticed, however, that no household survey/village camp to identify the target groups was conducted. The field officers stated (September 1981) that the requisite survey had been conducted in February/April 1981 and that the programme would be taken up during 1981-82 accordingly.

(C) Shortfall in achievements

Activity-wise position regarding physical targets fixed and actual achievement there against alongwith the amount spent on payment of subsidy during 1978-79 to 1980-81 in respect of six districts test-checked was as under :—

Serial number	Scheme	Targets (in numbers)	Achievement (in numbers)	Expenditure (in lakhs of rupees)	Percentage in short-fall
1	2	3	4	5	6
<i>Agriculture</i>					
1.	Subsidy on purchase of bullocks/camels	1,865	950	8.56	49
2.	Subsidy on purchase of bullock/camel carts	4,584	1,886	22.62	59

1	2	3	4	5	6
3.	Subsidy on purchase of agriculture implements	4,815	2,702	3.89	44
4.	Subsidy on purchase of threshers	1,000	450	2.49	55
5.	Subsidy on purchase of storage bins	4,125	2,282	1.54	45
6.	Subsidy on land levelling	980	188	0.25	81
<i>Animal Husbandry</i>					
7.	Subsidy on establishment of sheep/goat rearing units	1,985	1,319	14.48	34
8.	Subsidy on purchase of cross-breed cows	862	184	2.52	79
9.	Subsidy on purchase of Milk cattle	11,887	7,232	65.62	39
10.	Subsidy on establishment of poultry units	1,711	606	13.68	65
11.	Subsidy on establishment of piggery units	660	348	4.66	47
	* * * *				

(D) *Rural Industries*

The programme envisaged development of cottage and village industries in the rural areas. Industries like Handlooms, Carpet weaving, Hosiery, Leather goods and Durrty making etc., where small investment and working capital was needed, were to be taken up under the scheme. Selected families were to be provided training in specified institutions for a period ranging from 3 to 6 months to enable them to acquire the necessary skill. During the period of training, each trainee was entitled to a stipend of Rs. 150 per month. After completion of the training, 1/3rd subsidy on the cost of the unit subject to a maximum of Rs. 3,000 was payable to the trained persons for establishment of their own units. The balance investment was to be arranged from financial institution.

The execution of the scheme was entrusted to Haryana State Small Industries and Export Corporation (H.S.S.I. & E.C.). During the period ended 31st March 1981, Rs. 63.17 lakhs were given to H.S.S.I. & E.C. for implementation of the scheme. Against this, the Corporation spent (up to June 1981) Rs. 58.16 lakhs on establishment of training centres. The balance amount of Rs. 5.01 lakhs was lying unspent with the Corporation.

The position in regard to number of (a) training-cum-common facilities centres established, (b) persons trained, (c) subsidy paid and (d) number of units established by the end of June 1981 was as under :—

Name of district	Number of training-cum-common facility centres set up		Number of persons trained		Amount of subsidy paid (in lakhs of rupees)	Number of units established
	Target	Achievement	Target	Achievement		
Ambala	4	4	400	218	0.02	20
Hissar	6	6	600	300	1.81	113
Gurgaon	3	3	300	141	Nil	Nil
Rohtak	4	4	400	145	0.05	7
Bhiwani	5	5	500	245	0.03	1
Mohindergarh	4	4	400	182	Nil	Nil
Total	26	26	2,600	1,231	1.91	141

The scheme contemplated that the trained persons would start their own industrial units. It was noticed that during 1978-79 and 1979-80, neither was any subsidy paid nor was any unit established. During 1980-81, 141 units were established.

(E) Monitoring of results

For ascertaining the income accruing to the families through various scheme of the programme, it was laid down that an Identity-cum-Monitoring Card (I.M.C.)/*Vikas Patrika* should be issued to each family covered/assisted under the programme. A periodical watch was to be kept over the progress made by each beneficiary from time to time and data relating to the assistance provided, additional income gained, etc., recorded in the I.M.C./*Vikas Patrika*.

It was observed that the agencies neither issued any I.M.C./*Vikas Patrikas* to the beneficiaries nor took any follow-up action to assess the extent of benefit accruing to the beneficiaries. The procedure adopted by the department to ensure that agricultural implements and other concrete assets acquired by the beneficiaries under various schemes were properly utilised and not otherwise sold or disposed of was not intimated.

The field officers stated (April 1981) that due to paucity of funds, the monitoring would be taken up from 1981-82 onwards.

(F) *Other points of Interest*

(i) According to the instructions, payment of subsidy admissible to a beneficiary under various schemes relating to agriculture and animal husbandry was to be synchronised with the disbursement of loan to him by a bank, so that the amount of subsidy was credited in the loan account of the beneficiary simultaneously, thereby reducing the loan amount/interest liability to that extent. Agencies were required to obtain from the banks the adjustment accounts of the subsidies released within a period of three months of the deposits made, failing which interest was payable by the bank.

Scrutiny of records relating to Ambala and Gurgaon districts revealed that neither had any account of the adjustment of subsidy amounting to Rs. 18.67 lakhs been obtained nor had interest been claimed (July 1981).

(ii) To help the farmers to take up spraying of pesticides on their standing crops, the Ambala Agency, under the scheme for payment of subsidy on purchase of agricultural implements, decided to purchase dusting machines. (Dusters) for supply to the small and marginal farmers at subsidised rates. 350 Dusters were purchased (1978-79) reportedly based on demand from the farmers at a cost of Rs. 1.02 lakhs. Only 25 Dusters were supplied (August 1981) and the balance 325 Dusters (valuing Rs. 0.95 lakh) were lying unutilised (August 1981).

The Chief Executive Officer (C.E.O.) District Rural Development Agency, Ambala stated (September 1981) that the demand for the dusting machines declined after the purchase.

(iii) For training women in crafts under subsidiary occupation, sector, 100 knitting machines were purchased (March 1980) at a cost of Rs. 2 lakhs by the Ambala Agency for distribution amongst the small and marginal farmers at subsidised rates. Only 32 machines were supplied (August 1981) and the remaining 68 machines (value : Rs. 1.36 lakhs) were lying with the Agency (August 1981).

The Chief Executive Officer, District Rural Development Agency, Ambala stated (September 1981) that the machines could not be issued to the trainees as most of them were minors and the Bank rules did not permit advancing loans to minors.

(iv) Rupees 5 lakhs were paid (March 1980) by the Gurgaon Agency to the Haryana State Co-operative and Marketing Federation (HAFED) for construction of a cold storage to provide marketing/storage facilities to the beneficiaries under poultry programme. The proposed storage had not been constructed so far (June 1981).

In reply to the questionnaire of the Committee the department stated as under :—

“(B) 1. There were no specific instructions to conduct the rural household survey and to adopt cluster approach prior to the year 1981-82 and no provision of funds, therefore, was made for conducting such survey. The IRDP districts

in Haryana started rural household survey and cluster approach with effect from 1981-82. This work had to be completed in four phases. The programme is now being implemented after proper identification of beneficiaries on the basis of the result of the household survey.

2. After the survey was completed the record of identified beneficiaries showing the financial assistance extended was maintained and brought up-to-date.

(C) The major portion of the shortfalls pertains to the earlier years of 1978-79 & 1979-80 which is mainly due to late sanction of schemes and releases of funds by the G.O.I. In the year 1978-79 funds were released in the last quarter of the year. In the year 1979-80 out of total release of Rs. 200.57 lakhs, funds amounting to Rs. 113.77 lakhs were released by the G.O.I. in February & March, 1980. The District Rural Development Agencies, however, achieved more than 84% utilisation of funds during the year 1980-81. The unspent balances were utilised in the subsequent year.

The shortfalls under land levelling were only in Ambala and Mohindergarh districts. In Ambala distt. an area of 35 acres was covered against the fixed target of 80 acres. The shortfall was due to high cost of land levelling and reluctance of the small and marginal farmers to take up such schemes. In Mohindergarh district 153 acres were covered against the fixed target of 900 acres. The shortfall was due to non-availability of tractors from Haryana Land Reclamation Development Corporation and Haryana Agro Industries Corporation.

The programme for the purchase of cross breed cows was taken up only in 3 districts of Ambala, Bhiwani and Mohindergarh. In Ambala district 102 cross breed cows were purchased against the target of 415. In Bhiwani district 22 cross breed cows were purchased against the target of 130. In Mohindergarh district 60 cross breed cows were purchased against the target of 317.

The shortfalls were due to the following reasons:—

The price of milk of cross breed cows is not remunerative as compared to the price of milk of buffaloes. In view of this people were reluctant to purchase cross breed cows.

Cross-breed cows are not popular in these districts and the beneficiaries prefer to purchase buffaloes instead of cross breed cows.

The shortfalls under poultry units were due to the following reasons:—

The banks were reluctant to grant loans for poultry units as the scheme 100 birds was not being considered viable by them.

The schemes was also not found economically viable by the beneficiaries due to higher rates of poultry feed and lower price of eggs in the market.

Due to high rate of mortality and poor health coverage by the Animal Husbandry Department, the beneficiaries were reluctant to undertake this scheme.

Due to adverse climatic conditions and high rate of mortality response from the beneficiaries for setting up of poultry units was not encouraging

There were no specific instructions of the G.O.I. for maintaining the record of progressive assistance given to the beneficiaries. However, the instructions to this effect were received in the year 1980-81. Since then the record showing the progressive assistance given to the beneficiaries are being maintained. The subsidy allowed during the period under audit was within the prescribed ceiling limit of Rs. 5000 for Scheduled Castes and Rs. 3000 for others.

The total No. of poultry, piggery and sheep units established in each of the districts during the period of audit are given in the enclosed statement. The monitoring of the programme was not taken up and the information relating to the units actually in operation, closed and reasons for closure has not been compiled. However a system, of monitoring is being devised now and efforts are being made by the Agencies to compile this information. It will be possible to provide this information within two months.

(D) The balance amount of Rs. 5.01 lakhs lying unspent with the Corporation has since been utilised.

Despite all out efforts persons other than the families of rural artisans were reluctant to acquire training in the trades of leather, Handloom & carpentry. This tendency led to shortfall in the achievement of fixed targets. Moreover the persons thus trained were reluctant to received the loan in certain cases. In other cases the banks were also reluctant to advance loans to such trainees with the result the subsidy could not be availed of by the beneficiaries. Moreover it may be worthwhile to mention that most of the persons trained are running their own units with their own resources. In some cases persons trained have joined services. The skill thus acquired by the persons so trained has definitely helped them and their families in augmenting their income which was the ultimate objective of the programme.

(E) The Monitoring Cell was sanctioned by the Government during 1981-82. The monitoring programme could not therefore, be taken up in the earlier years. However, the regular monitoring is being done now and follow up action to ensure the actual benefit accruing to the beneficiaries is being taken.

(F) The un-adjusted subsidy of Rs. 18.67 lakhs pertained to the following districts :—

- | | |
|--------------|-------------|
| (i) Ambala | 15.25 lakhs |
| (ii) Gurgaon | 3.42 lakhs |

In the case of Ambala District the amount of un-adjusted subsidy is now Rs. 6.81 lakhs. The reasons for delay in the adjustment of this subsidy is due to non receipt of documents from the banks. DRDA, Ambala is making all out efforts to collect the documents and adjust the remaining amount of subsidy in its books of account. The subsidy was paid to the banks on the basis of loan applications sanctioned by them, but actual adjustment in the books of DRDA could not be made for want of collection of documents from the bank by the Agency staff. It is a fact that there has been a lapse on the part of the Agency in the adjustment of subsidy. However steps are being taken now to adjust the balance amount. ADC Ambala has also been requested to fix the responsibility for the default/lapse and ensure immediate clearance of this old un-adjusted subsidy.

In Gurgaon district the un-adjusted subsidy of Rs. 3.42 lakhs has since been cleared.

- (ii) DRDA Ambala purchased 325 Dusters after assessing the demand of farmers. These dusters were delivered to the Agriculture Department for distribution amongst the eligible farmers. Detailed reasons for non utilisation of Duster are being sought from the Agriculture Department.

Latest position about utilisation of dusters is being obtained from the Agriculture Deptt.

- (iii) Out of 100 knitting machines 62 machines have since been distributed to the trainees. The knitting machines were purchased keeping in view the requirement of the trainees who gave the feed back that they would be able to purchase machine without bank loan. Later on they could not manage finances and the banks were reluctant to provide loans for the purchase of machines. In view of this the remaining 38 knitting machines could not be disposed of. All out efforts are being made to dispose of the remaining 38 knitting machines to the eligible trainees."

(B) During the course of oral examination on being pointed out by the Committee that according to para 2.8 of the manual, a detailed survey for identification of beneficiaries was required to be conducted by the Department, the departmental representative replied that instructions to carry out the household survey were received from the Government of India on 7th August, 1979 and the department started household survey from 1980-81 in four phases which was completed by 1984. In reply to another question of the Committee that when there was unspent progressive balance ranging from Rs. 51.34

lakhs to 77.63 lakhs and when there were a number of persons falling below the poverty line why the financial assistance was not given to the needy persons, the departmental representative replied that the main reason of delay was later release of funds i.e. in the month of March, 1980 and delay in the issue of sanction of the programme by the Government of India as a result of which identification of beneficiaries took sufficient time. It was further stated that the department had to do the spade work in regard to the implementation of the programme and that the amount was carried over and included in the annual action plan for the next year's programme and had been utilised.

The Committee observe that the benefit of the scheme was not derived by the intended beneficiaries prior to 1980-81 because no house hold survey for the identification of beneficiaries had been conducted before taking up the scheme during 1978-79.

The Committee, therefore, desire that in future due vigilance should be exercised by the department in executing such broad based schemes so that the intended benefits flow to the real beneficiaries in time and that the very purpose of the scheme is not forfeited due to procedural delays.

(C) During oral evidence the departmental representative admitted that a poultry unit of 100 birds was un-economical and therefore the department did not favour the idea of increasing the poultry units of the birds to 200 and decided to drop the scheme as no bank was prepared to advance loans of Rs. 15,000/- without security to the poor farmers who did not have any property for mortgaging it to the bank.

The Committee observe that the department should have visualised the pros and cons of the schemes before embarking upon them. By not visualising all the factors which led to the failure of the scheme the department not only caused the state exchequer unnecessary expenditure but also deprived the beneficiaries from taking the intended benefit of the scheme.

The Committee, therefore, desire that Government should be circumspective in launching such programme in future so that the benefits flow to the section of people for whom it is intended.

(ii) The Committee regret to note that the performance of the department in regard to the purchase of cross breed cows, establishment of poultry units and piggy units was not satisfactory. The Committee feel that the main function of the department was to help the poor but these schemes could not make any headway and the result was failure. The departmental representative admitted that they had registered a number of cases and launched prosecution proceedings and a number of doctors had been suspended for receiving money/ commission illegally and fraudulently from the farmers. The departmental representative also agreed that the programme of cross breed cows/ milch cattle scheme should really have been abandoned in dry and desert areas like Bhiwani. The departmental representative stated that one of the reasons of the failure of the scheme that the density of the milk of cow was considered much lower as compared to the milk of buffaloes and nobody was interested in purchasing cow milk and, as such, the farmers were reluctant to purchase cross breed cows. The Committee also did not feel convinced with the reply of the department that they have not dropped the scheme of poultry farming but were increasing the number of birds while earlier the departmental representative had stated that keeping in view the financial implications they

had dropped it because banks had shown reluctance to advance loan of Rs. 15,000/- without security.

The Committee would, therefore, like the department to thoroughly examine the desirability of re-establishment of poultry units particularly taking into account the poor performance in the sector of Animal Husbandry and report the results of their examination and efforts to the Committee within six months.

(D) In reply to a question by the Committee the departmental representative stated that at the initial stage arrangements for training relating to the development of cottage/village industries executed through Haryana State Small Industries and Export Corporation were inadequate and as a result thereof the percentage of trained persons remained short of the target fixed as only 1231 persons were imparted training against the target of 2600 persons. The reasons of poor performance in this regard were that people had to come from distant places for receiving training. They enrolled themselves but later on did not turn up to receive the training because of long distance. The departmental representative further stated that training centres had been set up and start/started at a number of places and mobile training centres had also been started. It was also brought to the notice of the Committee that the goods produced by the small units were being sold through the Small Scale Industries and Export Corporation, Haryana.

The Committee regret to observe that the department did not initiate action regarding setting up of training centres in sufficient number at the preliminary stage and consequently the performance of the trainees remained poor and below 50% of the target. The Committee observe that the scheme was not bad and if it had been implemented with earnestness the real benefit could have been derived by the poor rural community.

The Committee, therefore, recommend that the Government should ensure that such schemes are thoroughly examined before these are taken up so that full benefit of the scheme flows to the poor people.

The Committee also observe that the department had not prepared any list in regard to the persons who had received training and got employment. The Committee observe that the department did not take things seriously and keep the statistics ready for improving upon the execution of the scheme and achieving better results. In the absence of vital statistics the department could not assess as to how far it has succeeded in the implementation of the scheme and providing employment opportunities after necessary training.

The Committee therefore, desire that the department should furnish the Committee with the number of persons who were able to establish their own industrial units under the rural industries programme.

(E) The Committee observe that monitoring of results under various schemes to ascertain the income accruing to the families through various schemes of the programme should have been started in 1981-82 when the sanction of the monitoring cell was accorded by the Government of India. As in its absence the monitoring under various schemes could not be carried out. According to the monitoring scheme an identity cum monitoring card/vikas Patrikas was to be issued to each family covered or assisted under the programme which was not done to assess the actual benefit accrued to the beneficiaries. The Committee, therefore, observe that it was a lapse on the part of the Department. The

Committee desire that the responsibility of the Officer/official(s) who did not initiate action on receipt of the Government sanction of the monitoring cell be fixed and necessary action be taken against him/them under intimation to the Committee.

(F) The Committee desire that disciplinary action against the persons responsible for not taking action for the adjustment of subsidy amounting to Rs. 18.67 lakhs be taken and the results intimated to the Committee within 6 months.

The Committee also desire that information on the following points be furnished to it within one month :—

- (a) Total cost of the purchase of 308 dusters alongwith the number of dusters distributed and the number of those which remained to be distributed.
- (b) The circumstances under which the concerned Officer(s)/official(s) had not initiated action for the distribution of dusters in time and the action taken by the Government against those responsible for it.
- (c) Reasons for not distributing 38 knitting machines to the trainees.

The Committee further observe that training was imparted to the minors who were debarred by the banks from being advanced loans. Due to the non advancement of loans by the banks to minors the very purpose of the training was forfeited and the object of the scheme could not be achieved as minors could not start their own business for which they had received training. The departmental representative admitted this lapse of the department and informed the Committee that instructions had been issued to the concerned agencies not to impart training to minors except in handloom and handicraft in future. The Committee, however, regret to observe that the instructions regarding non imparting of training to minors were issued by the Department only after it was pointed out by the Public Accounts Committee. The Committee feel that such instructions should have been issued much earlier by the department itself.

COOPERATION

Paragraph 7.7. Co-operative banks

[33]. As on 30th June 1980, there were 13 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 Co-operative 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, the Government investment in these institutions as on 30th June 1979 and 30th June 1980 and other financial data as on these dates were as under :—

Serial number	Institutions	Number	Paid-up	Capital	Government investment in share capital	
			30th June 1979	30th June 1980	30th June 1979	30th June 1980
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		(in lakhs of rupees)				
1.	Central Co-operative Banks	13*	10,52.84	11,57.10	4,24.10	4,86.90
2.	Haryana State Co-operative Bank Limited	1	2,67.57	2,78.31	1,12.90	1,12.90
3.	Haryana State Co-operative Land Development Bank Limited	1	3,56.22	3,98.70	69.78	69.78

Loans from the Government		Net profit**		Reserves	
1978-79	1979-80	1978-79	1979-80	30th June 1979	30th June 1980
(8)	(9)	(10)	(11)	(12)	(13)
		(in lakhs of rupees)			
0.03	0.03	6,72.49	7,77.96	5,37.32	6,20.88
Nil	Nil	2,56.82	3,68.09	4,14.84	5,05.46
Nil	Nil	2,44.20	2,59.73	2,53.84	3,52.27

*As at the close of 30th June 1979, there were 12 Central Co-operative Banks.

**Including undistributed profits of previous years.

The amounts of overdue loans and interest as on 30th June 1980 of the 13 Central Co-operative Banks was Rs. 33,74.95 lakhs and Rs. 1,84.81 lakhs (11 Banks) respectively. Out of these, Rs. 3,62.44 lakhs (13 Banks) and Rs. 52.14 lakhs (4 Banks) were outstanding for more than 3 years.

In respect of 13 Central Co-operative Banks (except Sonapat Central Co-operative Bank for which information was not available), there were 4,387 indebted co-operative societies as on 30th June 1980. Out of these, 3,185 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 6,85.62 lakhs (principal : Rs. 5,49.37 lakhs and interest : Rs. 1,36.25 lakhs) against which there was a reserve of Rs. 1,84.55 lakhs only.

A perusal of the audited accounts of all these banks for the year 1979-80 disclosed the following :—

- (a) The amount embazzled in six Central Co-operative Banks (Jind, Ambala, Bhiwani, Karnal, Rohtak and Hissar) aggregated to Rs. 25.78 lakhs.
- (b) At the time of audit of various branches of the Karnal Central Co-operative Bank Limited, mutilated currency notes worth Rs. 0.93 lakh were found by the departmental auditors. Department stated (March 1982) that efforts were being made to get these currency notes exchanged from the Reserve Bank of India.

The department in their written reply to the questionnaire of the committee explained the position as under :—

"5. The embezzled amount of Rs. 25.78 lacs was investigated. The Bankwise position alongwith the results is as under :—

S. No.	Name of Coop. Bank	Amount		Balance	Present position
		1	2		
		3	4	5	6
<hr/>					
1.	Ambala	17100.00	6251.55	10848.45	<u>Kalka Branch Rs. 17100/-</u> A sum of Rs. 17100/- was fraudulently withdrawn by affixing fictitious thumb impressions on withdrawal slips and by raising balances of saving bank accounts of the following depositors :
		14300.00	4950.00	9350.00	
		31400.00	11201.55	20198.45	
	Total				
					Rs.
	(i) Gairda Lal son of Sh. Jaimal Vill. Nada.				4000.00
	(ii) Chaman Singh son of Bishna Vill. Abbeypur.				4600.00
	(iii) Moti Ram son of Bishna Vill. Abbeypur.				8500.00
	Total				17100.00

This embezzlement was committed by Sh. Rampal Ex-Cashier & Clerk of the Kalka Branch and Sh. Aditya Kumar, Peon of the Branch. They managed to withdraw the amounts from the accounts of the above named depositors fraudulently with the connivance of Sh. Narain Dass Ex-Cashier of the Paploha Coop. Agri. Service Society Ltd., Kalka.

An F.I.R. No. 54 dated 28-8-73 was lodged with Police Station Kalka Under Section 409/420, 467/468, 330 IPC and now the case is pending in the Court of Judicial Magistrate 1st Class, Ambala which was last heard on 1-6-84 and the case was fixed for 11-6-84 for orders. But the court was abolished and the case is to be transferred to some other court and as such no further date has been fixed as yet. However the case is being pursued.

H.O. Ambala—Rs. 14300 00

The facts of this case are as under :

An amount of Government share and subsidy was released to Sh. Bhim Singh, Liquidator on 15-6-78 as per the orders of the then Assistant Registrar, Industrial, Karnal. He did not deposit it in the treasury as required by Assistant Registrar, Industrial. F.I.R. was lodged by Singh, Liquidator of the Satya Sain Handloom P.C.I.S. Ltd., Raipur Rani. Out of the embezzled amount a sum of Rs. 4950/- was deposited on 20-10-78 by the son of the liquidator. Shri Bhim Singh has since died. This case is still pending. This embezzlement does not pertain to the Bank funds.

The amount of Rs. 9 19 lacs has wrongly been shown in the audit report. Actually there was an embezzlement of Rs. 8.42 lacs. All the cases of embezzlement pertain to the period 1967-68 which came into light of audit during 1972-73. These are already included in the 14th Report of P.A.C. Quarterly progress reports are being submitted by the department.

2. Bhiwani

8.42 lacs

1.29 lacs

7.13 lacs

3. Rohtak

2.16
lacs

2.16
lacs

This is a case regarding fictitious withdrawals by a Bank employee namely Sh. Dharam Singh. It relates to Branch Bahadurgarh of Central Coop. Bank, Rohtak.

An award of Rs. 277037.41 was given against Sh. Dharam Singh, Clerk on 10-8-81 by the Arbitrator (Rs. 248750/- principal and Rs. 28287.41 as interest) Sh. Dharam Singh filed an appeal with the Government against the award of the Arbitrator. The Govt. dismissed this appeal on 11-3-82. The Bank then started the execution proceedings in the court of Assistant Registrar Coop. Socs., Rohtak on 26-3-82. After the decision of the Govt., Sh. Dharam Singh filed a Civil suit on 18-10-82, in the court of Sub-Judge, Rohtak. This court stayed the recovery proceedings against Sh. Dharam Singh. This suit was also dismissed by the Sub-Judge, Rohtak on 7-4-83. Then Sh. Dharam Singh filed an appeal on 18-4-83 against the orders dated 7-4-83 of the Sub-Judge, Rohtak in the court of District Judge, Rohtak. This court has stayed the proceedings of recovery. Last date of hearing was 6-2-84 for arguments. The Bank is pursuing the case vigorously. Further action will be taken when the court passes any orders in the case. **Dharam Singh stands dismissed from service.**

4. Hissar

26729.60

8485.07

18244.53

The embezzled amount relates to the period as noted below :

1972-73	Rs.	17524.93
1973-74	Rs.	2549.42
1977-78	Rs.	105.25
1979-80	Rs.	6550.00
Total	Rs.	26729.60

Out of the above a sum of Rs. 8485.07 has been recovered leaving a balance of Rs. 18244.53. The Bank is making efforts to recover the balance amount as shown in the audit report. In a few cases the amount regrading the purchase of petrol at the time of recovery campaign is to be adjusted as the entries could not be made in the log book.

5. Jind	265809.94	82289.71	183520.23	
	The embezzled amount pertains to 16 Mini Banks. Out of this a sum of Rs. 82289.71 has been recovered leaving a balance of Rs. 183520.23. The details of embezzlement pertaining to each Mini Bank alongwith the official involved and recovery made thereof is shown at Annexure 'C'. Out of 15 employees involved, ten have been terminated from service.			

6. Karnal	11.19 lacs	Not available	Not available	
	It has been reported by the Central Coop. Bank, Karnal that this figure of embezzlement has been incorporated in the audit report from the data collected by the Audit Officers of the Cooperative Department in the State. Efforts are being made to collect the latest information at society level and the same will be furnished before the date of the meeting separately.			

6. Out of 93000/- mutilated currency notes a sum of Rs. 69055/- have been got exchanged.

It has been reported by Central Coop. Bank, Karnal that accumulation of these notes mounted during the year 1973-74 when this bank under-took the payment on account of wheat procurement. Action was taken by the Bank for exchanging Rs. 69055 during the year 1983-84. It has further been reported by the Bank that the balance mutilated currency notes have also been sent to Reserve Bank of India for exchange and it is expected that the mutilated notes will be exchanged within the next two months.

STATEMENT (Referred to in on para 7.7.)

**ORAL EXAMINATION-COMPTROLLER & AUDITOR
GENERAL'S REPORT, 1980-81 RELATING TO PARA NO.
7.7 SUPPLY OF ADDITIONAL INFORMATION**

Statement showing year-wise total amount of embezzlements after 30-6-77 onwards in respect of Cenrtal Cooperative Banks & Mini Banks.

Year	C.C.Banks	Mini Banks
	Rupees	Rupees
1977-78	75,430	19,59,684
1978-79	2,50,332	21,43,129
1979-80	6,550	21,51,470
1980-81	956	25,02,926
1981-82	2,500	29,47,666
1982-83	14,600	29,67,473
1983-84	25,000	6,02,769"

During the course of oral examination on 10th July, 1984 the departmental representative stated that the recovery of the embezzled amount could be made in three different ways i.e. :—

- (1) lodging an F.I.R. ;
- (2) through arbitration proceedings ; and
- (3) by taking departmental action against the persons responsible for the embezzlement.

The departmental representative further assured the committee that the Department would recover the amount according to the procedure in vogue. During the course of resumed oral examination on 14-8-1984 the departmental representative stated that the system of working and maintenance of accounts by all societies was altogether different and that the Societies were autonomous bodies and its management was run by the members themselves. However, whenever any defects or loopholes were brought to the notice of the Registrar these were rectified or plugged. The departmental representative further admitted that departmental action had been delayed in embezzlement cases and assured the Committee that as he had started monitoring such cases action would be expedited..

The Committee is constrained to observe that inspite of the constant vigil and internal audit the number of cases involving embezzlement of funds was on the increase vide statement. The Committee desire that immediate steps be taken to arrest this increase and minimise the number of embezzlement cases,

The Committee further desire that the latest position about the recovery of embezzled amount be intimated to the Committee after three months and the cases be pursued vigorously to the logical end. The Committee further recommend that delinquent Officer/official(s) responsible for embezzlement be suitably punished to obviate chances of embezzlement in future.

The Committee also desire that the latest position about the exchange of mutilated currency notes be intimated to the Committee within one month and for that purpose the Banks should be directed not to accept the mutilated currency notes in future as it causes inconvenience to the Co-operative Banks.

Paragraph 7.8. Co-operative consumers stores.

[34]. There were 32 Central co-operative consumers stores in the State as on 30th June 1980 against 22 Central co-operative consumers stores in the State as on 30th June 1979. Besides, there was an apex institution, namely, the Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh.

According to the audited accounts, the financial data of the Central co-operative consumers stores for the years 1977-78, 1978-79 and 1979-80 were as under :—

Year	Number of stores	Paid-up capital	Government investment in share capital	Loans obtained from Government and outstanding	Net profit	Reserves	Turn-over
<i>(in lakhs of rupees)</i>							
1977-78	18(a)	25 53	19 98	11, 66	(—)0 11	9 71	3,70.64
1978-79	22(b)	14 53	11 12	7 13	(—)1.98	5 39	1,01.44
1979-80	32(c)	20 85	18 44	25 45	(—)0.98	8.84	3,56.55

During 1979-80, out of four Central Co-operative Consumers Stores, two stores (Rohtak and Karnal) earned profit of Rs. 0.83 lakh, while other two stores (Panipat and Faridabad) sustained a loss of Rs. 1.81 lakhs.

A perusal of the audited accounts of these stores for the year ended 1979-80 disclosed the following:—

- Shortages in four Central co-operative consumers stores (Panipat, Rohtak, Karnal and Faridabad) against salesman and store-keepers (including ex-employees) amounted to Rs. 6.69 lakhs.
- In one store (Panipat) the closing stock valuing Rs. 2.42 lakhs included dead/damaged stock valuing Rs. 0.60 lakh.
- Rupees 0.20 lakh were embezzled in Faridabad Central Consumers Stores up to 30th June 1980.

(a) The financial data is in respect of six stores.

(b) The financial data is in respect of three stores.

(c) The financial data is in respect of four stores; the audited accounts of the remaining stores were not made available (August 1981).

(iv) In three stores (Panipat, Rohtak and Karnal), debts amounting to Rs. 7.82 lakhs had been assessed as bad and doubtful against which there was a provision of Rs. 1.81 lakhs only.

During the course of oral examination the departmental representative stated that the main reasons for the losses in Co-operative Consumer Stores were embezzlement and stock shortages, high rate of Bank interest, increase in establishment expenditure and stoppage of supply of confiscated goods. It was further stated that the over staffing and payment of higher salaries and allowances was responsible for the increase in the establishment expenditure. The departmental representative informed that in order to obviate losses they had taken remedial steps and disposed of damaged stock and capital so received for it had been used for some other purposes. It was further deposed that the services of a number of employees whose service record was not found satisfactory and on account of whom the Co-operative Consumer stores suffered losses had been terminated.

The Committee desired that the particulars of the staff i.e. when the recruitment was made, the charges established against them, category of posts against which they were recruited together with the qualifications and pay scales, reported to have been terminated, be supplied to the Committee. The Committee regret to point out that the required information was not supplied by the Department till the drafting of the Report.

The Committee desire that the requisite information may be supplied to the Committee within one month and action be taken against the Officer (s)/ official (s) responsible for not supplying the promised information to the Committee.

The Committee observe that the goods were supplied to the consumers on credit basis and as such, the stores suffered losses. The departmental representative informed that sales on credit basis had been stopped now. In the past goods were supplied on credit basis mostly to Government institutions i.e. offices/officers.

The Committee desire that a list of bad and doubtful debts containing the amount outstanding against individual to whom the goods were supplied on credit basis be supplied and action be taken against such persons who had supplied goods on credit basis.

The Committee regret to note that the promised information was not supplied by the department till the writing of the Report.

The Committee recommend that the required information be supplied to the Committee within one month.

The Committee further desire that the amount still outstanding against the Government institutions i.e. offices and officers and the progress for recovery made in regard thereto be communicated to the Committee.

The Committee also recommend that the remaining amount of Rs. 5.24

lakhs of shortages in four Central Co-operative Consumer Stores i.e. Panipat, Rohtak, Karnal and Faridabad found against salesmen and store keepers be recovered at the earliest and deterrent action be taken against them without any further delay.

The Committee recommend that responsibility for the remaining bad and doubtful debts pertaining to three Central Co-operative Consumer Stores i.e. Panipat, Rohtak and Karnal amounting to Rs. 6.85 lakhs be fixed and action against the delinquent officer/official(s) be taken at the earliest.

The Committee also desire that the progress of recovery of bad and doubtful debts in the aforesaid stores be intimated to them and that expeditious action be taken to dispose of the dead and damaged stock amounting to Rs. 0.42 lakh.

The Committee note with concern that a large number of credit and embezzlement cases in the Co-operative Consumer Stores are normal feature. The Committee recommend that the Government should examine the matter thoroughly and devise ways and means or even frame departmental rules to obviate the recurrence of such cases.

Paragraph 7 9. Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh

✓ [35] This apex institution was registered in October 1966 mainly to co-ordinate and facilitate the working of affiliated consumers stores and to assist in the promotion, organisation and development of co-operative consumers stores in the State.

According to its audited accounts the financial data of the Federation for the four years ending 30th June 1980 was as under :—

Year	Paid-up share capital	Government investment in share capital (in lakhs of rupees)	Profit during the year	Reserves and funds	Turnover
1976-77	8.42	6.77	2 32	5 22	24.13
1977-78	8.52	6 77	1 23	5 63	19.27
1978-79	14.76	12.82	0 26	5.14	37.23
1979-80*					

The percentage of profit to capital employed during 1978-79 was 1.31 per cent as against 8.7 per cent in 1977-78 and 17.01 per cent in 1976-77.

*Audit report for the year 1979-80 had not been received from the departmental auditors (August 1981).

The following irregularities were pointed out in the departmental audit report for the year 1979-80 :—

- (a) The washing soap unit for which a contribution of Rs. 91,000 was made by the State Government during 1967-68, has not been set up as yet. No reasons were assigned.
- (b) Reserve for bad and doubtful debts stood at Rs. 0.75 lakh against debts of Rs. 2.78 lakhs considered bad and doubtful by the departmental auditors.
- (c) Physical verification of the main godown/centres was not conducted on 30th June 1979.
- (d) The closing stock aggregating Rs. 7.11 lakhs included dead and damaged stock of value Rs. 0.96 lakh.

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

“In the years 1979-80 onwards Confed suffered heavy losses which are as under :—

Year	Amount
1979-80	(—)0.48 lakh.
1980-81	(—)4.79 lakh.
1981-82	(—)102.00 lakh.
1982-83	(—)93.80 lakh.

Reasons for declining profits are as under :—

Before 1977-78 the main source of income of the Federation was from the sale of confiscated goods on which gross profit ranged between 15 to 20%. After September, 1977 sale confiscated goods through Cooperatives was stopped by the Government of India. As a result the sale of these goods fell from Rs. 22.23 lakh during 1976-77 to Rs. 5.40 lakh during 1977-78 which further fell to Rs. 0.32 lakh during 1978-79. After 1977-78 new activities namely centralised purchase of D/cloth, agencies of H.M.T. watches, Coal etc. have been undertaken. Income from controlled cloth also fell from Rs. 3.90 lakhs during 1977-78 to Rs. 1.41 lakhs during 1978-79 due to reduction in allocation.

Reasons for delay in setting up the soap unit are stated as under :—

Government Assistance of Rs. 0.91 lakh for setting up the soap unit was quite insufficient to meet out the cost of project and a case for further financial Assistance of Rs. 2.75 lakhs under the Centrally sponsored scheme was sent to Government of India through the State Government. But the Government of India raised certain objections. However the Confed has set up the soap unit at Fadridabad at block cost of Rs. 3.39 lakhs which has started

production. Hence the Government subscription of Rs. 0 91 lakh now stands utilized properly.

In this regard it is stated that :—

(i) In addition to Rs. 0 75 lakh mentioned in the report an additional sum of Rs. 2 96 lakh had been provided for bad and doubtful debt while allocating profits for the year 1973-74 to 1978-79, raising the funds to Rs. 3 71 lakh which is quite sufficient to meet out the bad and doubtful debt.

(ii) Out of Rs. 2.78 lakh estimated as bad debts Rs. 0 72 lakh stand recovered leaving balance of Rs. 2.06 lakhs.

The audit report could not be submitted due to the paucity of audit Staff. Now it has already been released.

The physical verification of main godown as on 30-6-79 could not be conducted because the then store-keeper was transferred and the new store-keeper took over the complete charge of stocks in the last week of June, 1979. Stocks were physically verified by the new store-keeper at the time of taking over of the charge. It was felt that fresh physical verification after a gap of one week was not required. The physical verification of centre (Retail shop at Chandigarh) could not be conducted because the concerned salesman was on leave during the month of June & July, 1979 due to serious illness.

The physical verification of stocks of the said godown/centre was conducted as on 30-6-80 and the result of physical verification is given as under :—

Name of Branch	Amount of shortages detected	Date by which shortage recovered
Main godown/Centre	1354.73	August, 1982
(Retail shop)	3575.93	January, 1982

Out of dead and damaged stock of Rs. 0 96 lakhs stocks worth Rs. 0.57 lakhs have since been disposed of by allowing reasonable discounts. That stocks became dead due to the following reasons

(i) Some stock became out of date.

(ii) Some stocks (foreign made) became unsaleable due to the non availability of the spare parts."

During the course of oral examination the departmental representative stated that the main reason for delay in setting up of the soap unit was that the matter remained under protracted correspondence with the Government of India for additional financial assistance for quite a long period as the amount sanctioned earlier of Rs. 0 91 lakh was quite insufficient to meet the cost of the project.

The Committee had therefore desired that the date on which the project started functioning be intimated to it and had also desired that information in respect of the following points be supplied to it :—

(i) when the reserve limit for bad and doubtful debts was fixed to

the tune of Rs. 0.75 lakh then under what circumstances this limit had been raised to Rs. 3.71 lakhs;

- (ii) the names of the parties against whom the amount was outstanding; and
- (iii) the details of losses to the tune of Rs. 0.96 lakh sustained by the department on account of the disposal of dead and damaged stock.

The departmental representative assured the Committee to furnish the desired information but the Committee regret to observe that it had not been received by the Committee till the drafting of the Report.

The departmental representatives also informed the Committee that the goods which were received from the Customs Department were not checked at the time of receipt as a result of which a number of items were later found defective and these defective items were declared dead and damaged and consequently it resulted in losses to the Department.

The Committee do not feel satisfied with this reply of the Department and observe that the department dealt with the case of setting up of the soap unit in a lackadissical manner. The Department took years together to set up and start soap unit which resulted in the amount remaining unutilised for about two decades.

The Committee recommend that the department should take timely action in such matters in future so that Government money do not remain unutilised for long periods.

The Committee also observe that inspite of the categorical assurance to supply the desired information to the Committee the same had not been received till the drafting of the Report. The Committee, therefore, recommend that responsibility be fixed on the Officer/Official(s) for not supplying the requisite information as asked for by the Committee and action taken against them under intimation to the Committee.

The Committee further desire that immediate steps be taken to liquidate the recoverable balance of Rs. 2.06 lakhs on account of the bad and doubtful debts and the progress so made in recovering the amount be communicated to it.

The Committee suggest that the department should examine the feasibility of sale of defective items with imported goods of good quality so that losses could be minimised and on the other hand the defective items could be disposed of alongwith the good items from the store.

Paragraph 7.10.—Co-operative Sugar Mills

[36]. There were (30th June 1979) four co-operative sugar mills in the stated located at Karnal, Panipat, Rohtak and Sonapat.

According to the audited accounts, the financial data of the sugar mills at Rohtak, Panipat, Sonapat and Karnal as on 30th June, 1977,

A perusal of the audited accounts of these sugar mills for the year ended 30th June 1978 disclosed the following :—

- (1) Shortages in two sugar mills (Rohtak and Karnal) amounted to Rs. 1.85 lakhs. No concrete steps had been taken by the Management for recovery.
- (2) In Karnal Sugar Mill, Rs. 5.65 lakhs were spent on repairs of plant and machinery without recovering the same from the supplying firm even though the repairs were carried out within the warranty period.
- (3) In Sugar Mill, Sonapat, lime worth Rs. 0.23 lakh purchased from M/s Orient Trading Company was rejected by the Chief Chemist being unfit for manufacture of sugar. But the material was subsequently consumed.

During the course of oral examination when asked by the Committee as to why penalty was not imposed on the firm or recovery was made from it when the firm had not supplied the machinery to the Sugar Mills Panipat according to the desired standard or specification, the departmental representative informed the Committee that according to the agreement the case had been referred by the department to an arbitrator while the firm had also appointed an arbitrator in this case. The main reason for the delay in the disposal of this case was that at one time the date of hearing of the case did not suit one arbitrator and at the other time to the other arbitrator. The departmental representative further informed that there was no provision in the agreement or rule to effect the recovery from the firm on account of the supply of defective machinery. He further stated that the mill could not achieve its full capacity because of non supply of items by a firm when crushing operation started. The Committee was also informed that a claim of more than Rs. 2 crores had been filed with the arbitrator.

The Committee regret to observe that the department purchased the machinery without proper inspection before hand because when the machinery was operated it could not perform its full capacity and as a result thereof the sugar mill suffered loss.

The Committee, therefore, recommend, that responsibility of the Officers/Official(s) be fixed who did not check the machinery after the purchase and action be taken against them under intimation to the Committee.

The Committee also desire that the matter be pursued with the arbitrators on top priority basis and the final outcome intimated to the Committee.

The Committee also desire that the case pending in the court of Deputy Registrar, Co-operative Societies, Karnal in connection with the recovery of shortage of 348 bags of sugar against Shri Rajinder Singh Deswal, Smt. Gunwant Kaur and Shri Parminder Singh S/o late Shri Harbhajan Singh Arora be pursued vigorously and the result thereof intimated to the Committee.

The departmental representative also informed the Committee that out of 4 Sugar Mills 3 Sugar Mills were now earning profit. The Committee desire that the matter in regard to the working of the sugar mills running in losses be reviewed thoroughly and earnest efforts be made to make good the losses by increasing its production and reducing expenditure.

PART--II
REVENUE RECEIPTS

CO-OPERATION

Paragraph 5.4. Short realisation of audit fee

[37]. 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 accounts by the auditors of the Co-operative Department. The scale of fees prescribed by the Government for different types of societies provides for a certain percentage of the net profit earned by the society with a fixed amount as minimum and maximum.

(i) In the course of audit of records in the offices of 7 Assistant Registrars, Co-operative Societies (Palwal, Kaithal, Gurgaon, Ambala, Karnal, Rohtak and Yamunanagar), it was noticed (November 1978 to April 1980) that audit fee was 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 audit accounts. This resulted in short realisation of audit fee amounting to Rs. 2.09 lakhs in 651 cases for the co-operative years¹ 1973-74 to 1978-79.

On this being pointed out in audit (December 1978 to May 1980) 5 registering authorities recovered Rs. 79,127 and intimated (February 1980 to November 1980) that efforts were being made to recover the balance amount of Rs. 1,15,746. Reply from two registering authorities (amount : Rs. 13,967) is awaited (January 1982).

The matter was reported to Government between December 1978 and May 1980; their reply is awaited (January 1982).

(ii) In the course of audit of records in the office of the Assistant Registrar, Co-operative Societies, Karnal, it was noticed (March 1980) that audit of the Karnal Co-operative Marketing-cum-processing Society, Karnal, was conducted on concurrent basis during the years 1972-73 to 1975-76. However, as against an audit fee of Rs. 24,000 calculated at the rates applicable to the Marketing Co-operative Societies, a fee of Rs. 12,000 only was charged. This resulted in short realisation of audit fee amounting to Rs. 12,000.

On this being pointed out in audit (April 1980), the department recovered the entire amount in August 1980.

The matter was reported to Government in April 1980; their reply is awaited (January 1982).

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

“Audit fee is initially assessed and recovered by the Department on the basis of annual statements which are prepared by the field inspectorate staff (other than audit staff) from the accounts

¹Co-operative year begins from 1st July and ends on 30th June.

books of the societies soon after the close of Cooperative year. This work of assessment is completed before September every year and recovery of the provisional audit fee is effected by 31st January of the following year according to the instructions in paras 4.5, 4.10 and 4.11 of the consolidated circulars of the Coop. Department. Thus the provisional audit fee for a particular year is recovered during the following year. The audit of the Coop. Societies is also taken up by the audit staff of the Department after the close of the Cooperative year. The audit report gives the audited figures of net profit/loss.

In case audit fee is assessed on the basis of net profit/losses as per audited accounts, delay will occur in both assessment and recovery of audit fee. This will not be in the interest of the Government.

It is further intimated that as and when it comes to the notice of Department that there is difference of amounts in profits as worked out in the annual statements and audited accounts, the audit fee is revised by the Assistant Registrar on the basis of audited profits/losses as per Departmental instructions issued vide circular letter No. Audit/AFC-16II-39498-524 dated 9-9-1980.

In view of the position explained above, there was no contravention of provisions of any Rule.

Assistant Registrars have been asked to explain for non revision of audit fee on the basis of audited profit figures.

Recovery of Rs. 1,84,883/- has been effected out of Rs. 2,08,840/. Now directive under Rule 45 of the Punjab Cooperative Societies, Rules 1963 (as applicable to Haryana state) has been issued vide this office memo No. Audit/42344-98 dated 4-8-81 that cases of short realisation of audit fee may be sorted out every month by the Inspector/Assistant Registrar and recovery effected accordingly the rates of annual audit and concurrent audit are separate. Though the Marketing Society was under concurrent audit, the Assistant Registrar is being asked to explain the position.

There is regular system to conduct the review of assessment and recovery of audit fee under para No. 4.17 of the consolidated circular of the Cooperation Department."

5.4. (i) During the course of oral examination, the departmental representative stated that a sum of Rs. 17,814 remained to be recovered from 9 milk societies and 111 Industrial Societies. A sum of Rs. 1,776 remained to be recovered from 9 milk Societies which had become defunct and for that a liquidator will have to be appointed and a sum of Rs. 15,825 remained to be recovered from 111 Industrial Societies. He assured the Committee that on receipt of reply of remaining two Assistant Registrars the matter will be decided at the earliest. He further deposed that the Societies are not de-registered at once but are de-registered as and when a Society closes down its business.

The Committee is not satisfied with the reply of the department for not.

recovering the differential amount of audit fee immediately after auditing the accounts of the societies.

The Committee is also not convinced with the reply of the department regarding action being taken by the Assistant Registrars as and when difference in profits comes to their notice as similar paras of short realisation of audit fee have repeatedly appeared in the Audit Reports.

The Committee desire that action against the erring Assistant Registrars be taken expeditiously and report sent to it.

The Committee further desire that strenuous efforts be made to recover the remaining amount of audit fee.

5.4 (ii) During the course of oral examination the departmental representative stated that the reply received from the concerned Assistant Registrars was under examination of the Department and instructions had been issued to charge fee at the correct rates.

The Committee is unhappy to note that action against the Assistant Registrars is pending finalisation even after four years. The Committee desire that balance amount of Rs. 12,000 be recovered and action against the concerned Assistant Registrar be finalised under intimation to it.

INDUSTRIES

Paragraph 5.1. Short realisation of royalty on brick earth

[38]. Under the Punjab Minor Minerals Concession Rules, 1964, as applicable to Haryana, a lessee shall pay royalty on minor minerals despatched from the leased area at specified rates. The rules provide that the lessee shall submit half yearly returns and pay the royalty accordingly. The department is required to maintain account of sale of bricks by each kiln.

The Government by a notification issued on 2nd April 1974 prescribed royalty of rupee one per tonne of brick earth or Rs. 3 per thousand of *puca* bricks sold.

In the course of audit of records of the offices of the District Industries Centre, Karnal and Jind for the years 1978-79 and 1979-80, it was noticed (October and November 1980) that the prescribed returns showing the bricks sold were not being submitted by the brick kiln owners nor was the department maintaining any account regarding the sale of bricks by each kiln. The department was receiving royalty on the sale of bricks from the brick kiln owners on the basis of figures collected from the records of the Food and Supplies department.

Audit scrutiny revealed (October-November 1980) that as per half yearly statements received in the offices of the District Food and Supplies Controllers, Karnal and Jind, 99.12 crore bricks had been sold by 203 brick kilns of these districts, during the period from August 1976 to March 1979, on which royalty amounting to Rs. 29.74 lakhs was recoverable whereas royalty of Rs. 12.08 lakhs only was recovered by the department. There was thus short realisation of royalty to the tune of Rs. 17.66 lakhs.

The matter was reported to Government in September 1981; their reply is awaited (January 1982).

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

‘As per decision taken by the State Government on 28-10-1976 the B.K Os were to pay royalty quarterly on self-assessment basis and final calculation of the royalty was to be made by the Industries Department on the basis of the Assessment orders of Assessing Authorities of sales Tax department. For this reason no separate accounts were maintained by the Department.

As has been explained in (1) above the final calculation of annual royalty was to be made on the basis of assessment orders of the Assessing Authorities of Sales Tax Department. The figures are obtained from the Food and Supplies Department also as a cross check etc.

As has been explained in aforesaid (1) and (2) Co-ordination is maintained with the Sales Tax as well Food and Supplies department to get the figures of the bricks sold by the B.K.Os for arriving at the final figures of royalty chargeable from the B.K.Os.

As has been explained above the B.K.Os deposit the royalty every quarter on self assessment basis. The final calculation of the annual royalty is done on the basis of Assessment orders passed by the assessing authorities of the Sales Tax department. The figures are obtained from the Food and Supplies Department as a cross check.

As has been explained in the proceeding paras the figures of bricks sold/manufactured by the brick kiln owners are obtained from the two departments viz Sales Tax and Food and Supplies Department. The perusal of the table given at the end of the reply will show that in case of district Jind the total royalty due worked out by the department is more than as worked out by the Audit

The figures from the two departments viz Sales Tax and Food and Supplies Department are obtained for the purposes of cross check.

As a result of reconciliation with the Accountant General Office it has been observed that the actual amount of short realisation was Rs. 12.07 Lacs and not Rs. 17.66 Lacs as the amount of Rs. 5.58 lacs pertaining to 83 kilns of Karnal District had been included twice in the total recovery of Rs. 12.07 lacs thus making it Rs. 17.66 Lacs. The details of the same are given as under :—

<i>Name of Distt.</i>	<i>Total royalty payable</i>	<i>Royalty recovered</i>	<i>Balance</i>
Karnal	15,77,321. 52	6,19,054. 21	9,58,267. 38
Jind	4,64,640. 05	2,15,667. 57	2,48,972. 48
			<u>12,07,239. 86</u>

The position of recovery of royalty from the B.K.Os in respect thereof, as now obtained from the field offices is as under :—

<i>Name of District</i>	<i>Total royalty</i>	<i>Royalty recovered</i>	<i>Balance</i>
Karnal	15,77,321. 52	15,15,889. 82	61,431. 70
Jind	4,76,612. 94	4,40,883. 29	35,729. 65
	<u>20,53,934. 46</u>	<u>19,56,773. 11</u>	<u>97,161. 35</u>

The above data would reveal that the total royalty recoverable was Rs. 20,53,934.46 out of which an amount of Rs. 19,56,773.11 has since been recovered leaving a balance of Rs. 97,161.35 for the recovery of which vigorous efforts are being made to liquidate the same."

During the course of oral examination the departmental representative stated that individually it will be difficult for the Brick-Kiln Owners to calculate as to how much earth had been dug and from that how many bricks had been prepared. Under the circumstances self assessment was the only practical method for charging of royalty. As a result of it the Industries Department charged the royalty on the basis of assessment made by the Sales Tax Department and for cross checking it also obtained the figures from Food and Supplies Department as to how many bricks could be prepared from the quantity of coal issued to the Brick Kiln Owners.

The Committee is not at all satisfied with the reply of the department and feel that either the figures of bricks sold were not collected by the Industries Department from Food and Supplies Department or there was lack of co-ordination between the two departments which resulted in short realisation of royalty on bricks. The Committee, therefore, recommend that in future the department should obtain figures from Food and Supplies Department promptly after the close of the year and ensure timely recovery of royalty.

The Committee further desire that recovery of balance amount of Rs. 97,161.35 be expedited under intimation to it.

The Committee also re-iterate their earlier recommendation made in para 41 of their twenty second report regarding amendment in the Act/Rules to make provision for imposition of penalty/interest for delayed submission of returns or for non-payment of rent/royalty/tax and desire that matter may be expedited and report sent to it.

Paragraph 5.2. Short collection of royalty

[39]. Tenders for granting mining lease for extraction of boulders *bajri*, sand and gravels in respect of sixteen revenue estates were invited in March 1976. As per notice inviting tenders the tenderer was bound to extract so much at least of minor minerals as would fetch a minimum royalty of Rs. 1.45 lakhs per annum to the department and on his failing to do so for any reason he would pay a minimum royalty of Rs. 1.45 lakhs. The only tender received (April 1976) was accepted in January 1977 for a period of five years. The lease executed in March 1977 *inter alia* provided for the installation by the lessee of a weighing machine at the site.

In the course of audit of records in the office of the General Manager, Industrial Development Centre Ambala it was noticed (February-March 1980) that no weighing machine had been installed by the lessee and that the quantity of material shown in despatch slips by the lessee was accepted by the department without verification thereof from the mining guards and royalty was charged accordingly. The guards posted at the mines were required to send monthly statement showing the quantity of minerals removed in trucks each day but no reconciliation between the quantities mentioned in the statements of the mining guards and those shown by the lessee in despatch slips was carried out before accepting royalty payments. It was also noticed that in respect of despatches the weight of material removed in each truck was taken as 5 tonnes by the lessee although the capacity of the trucks was higher viz. 6 to 10 tonnes.

A comparison in audit of the weightment slips for the period from April 1978 to February 1980 collected from the lessee and the statements

furnished by the mining guards showing the material actually despatched in each truck revealed difference of 1 tonne to 5 tonnes per truck

On the basis of average weight carried in the trucks as per the statements furnished by the mining guards the lessee extracted 3,28,763 tonnes of minerals during the periods 1978-79 to 1979-80 on which royalty payable by the lessee works out to Rs. 5.36 lakhs against Rs. 2.90 lakhs charged from him. There was thus short collection of royalty to the tune of Rs. 2.46 lakhs.

On this being pointed out in audit (February 1980) the department stated (September 1980) that notice for recovery of additional royalty of Rs. 1.03 lakhs (based on one additional tonne per truck on *ad hoc* basis) had been issued to the lessee. Further developments are awaited (January 1982).

The matter was reported to Government in August 1981; their reply is awaited (January 1982).

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

* * * * *

“The Minor Mineral quarries are given on contract by public auction. In the year 1976 the State Government took a decision to operate few quarries on mining lease on experimental basis. The applications were invited from general public for the grant of mining lease for Bir Ghaggar and other 15 villages at a minimum guarantee of Rs. 1,45,000/- per annum. Mining lease was granted to one Shri M.L. Rath. At that time it was proposed to group the remaining quarries of tehsil Kalka together and to give on mining lease as one block. But in April 1977 the policy for the grant of mining lease was reviewed and it was decided that the remaining quarries be given on contract individually by public auction. The quarries situated near the areas given on mining lease to Shri M.L. Rath were given on contract by public auction in July 1977. The quarries given on contracts were more promising as compared to the areas which were leased out to Sh. M.L. Rath. All these quarries are situated in the river beds and it is difficult to put permanent boundary mark as the river beds keeps on flooding and demarcation arc washed off.

When the quarries are given on contract then the contractor is required to pay either yearly/quarterly or monthly instalments depending upon the amount of contract money. In case of a mining lease the lessee is required to pay royalty on the basis of the production of minerals i.e. on the basis of per tonne of mineral removed. The minerals are transported in trucks. Though the terms and conditions of a mining lease requires that the lessee should install weighing bridge but in practice in none of the mines even of major minerals where mining leases have been given in whole of Haryana no weighing bridge has been installed including the mines of H.M.L. a public Sector Undertaking. In fact the installation of weighing bridge puts a heavy financial burden on the lessee and some time there are more than one outlet of quarries and installation of weighing bridges at all these sites is not possible. There were about 8 outlets in the area leased out to Shri M.L. Rath as this area was spread over 16 villages. Assessment of

quantity of Minerals removed can be made keeping in view the size of the Truck plying in the area. With this background the questionnaire is replied as under :—

In view of the circumstances explained above installation of weighing bridge at each of outlet which were 8 in numbers was not possible. In river bed half body trucks ply and in very rare circumstances full body trucks go in the River Bed. The half body truck carry about Five tonnes of stones. The trucks plying in the river bed can carry minerals between 5—7 tonnes and an average of 6 tonnes were taken for calculation of royalty in the instant case.

As has been explained (i) above the trucks/plying in the river beds can carry at best 5—7 tonnes of stone. An average of 6 tonnes were taken for calculation of royalty. This fact can be verified at any time by spot inspection.

It may be mentioned here that Mining Guards are never posted in any area permanently as they are kept on shifting from one area to another to conduct check at various quarries spread over the district. At the time of audit there were only three mining guards in the district. Minor Mineral quarries exist in each Tehsil of Distt. namely Kalka Jagadhri Naraingarh and Ambala. In all these tehsils vacant quarries are frequently visited by Mining Guards, Mining Inspector and Mining Officer to ensure that there is no unauthorised extraction. In view of these circumstances Mining Guards were posted only for surprise checks off and on to ensure that the trucks coming out from the leased out area carry weight slip. Whenever posted they were supposed to keep an account of the number of trucks coming out during the period they were posted there and not the quantity. The quantity was to be computed on the basis of average weight of a truck plying in the river beds can carry and on the basis of number of trucks on the basis of the returns submitted by the lessee. Returns submitted by Lessee forms the base for calculation of royalty.

As has been explained in (3) above the Mining Guards were never posted permanently in the leased out area. They were posted for short periods for making surprise checks. So they could not have sent regular report which could be reconciled with the returns sent by the lessee. They were being posted off and on for making surprise checking. Whenever posted Mining Guard was covering 2—3 exists from where the trucks loads were coming out not only from the leased area but also from the quarries which were on contracts. During the period of their stay they noted down the number of each and every truck coming out to ensure that no truck goes without weighing slip.

It may be clarified here that in quarries which were on contract there also contractors were issuing weightment slips. When it was not possible to receive regular report from Mining Guards as they were never posted permanently complete reconciliation

with the figures submitted by the Lessee were not possible. As far as exercise of checks are concerned apart from two to three guards the Mining inspector, a Mining Officer and General Manager District Industries Centres Ambala were regularly Conducting surprise inspections.

As per the policy invogue the minor Minerals are given on contract only by Public auction. After the expiry of mining lease of Sh. Rathı these quarries have also been given on contract by Public auction.

The mining lease of Sh. M.L. Rathı was terminated on 11-4-1980 in public interest but he challenged the termination in the High Court where it was set aside on 14-5-1980 and was restored to him. The lessee was submitting returns on the average figure of 5 tonnes whereas the trucks plying in the river beds carry minerals 5—7 tonnes. The average of 6 tonnes was to be charged from him and a demand of Rs. 1,02,532.40 was raised against him. Later the lessee disputed the claim of the department. and did not deposit the royalty voluntarily. A recovery certificate through Collector Chandigarh was got issued against him. The Collector Chandigarh recovered a sum of Rs. 10 000/ from him. Shri M.L. Rathı, the lessee has died in a road accident. Efforts are being made to recover the balance amount from the Legal heirs of the deceased."

During the course of oral examination the departmental representative stated that the provision for installation of weighing machine at the site as also the demarcation of the site for extraction of boulders, bajri, sand and gravel had been deleted and that out of the demand raised for Rs. 1,02,532 against Shri M.L. Rathı, Contractor, a sum of Rs. 10,000 had been realised. This demand was in addition to the demand of Rs. 1.45 lakh royalty recovered on the basis of returns submitted by the lessee.

The Committee are constrained to observe that the department did not keep in view the practicability of the terms of lease before sanctioning the same. The department should be more careful in such matters in future.

The Committee also desire that progress made in effecting recovery of balance amount of Rs. 92,532 be intimated to them.

REVENUE

STAMPS DUTY AND REGISTRATION FEES

Paragraph 4.5. Under-valuation of immovable property

[40] Under Section 47 A introduced in 1973 (with retrospective effect from November 1966) in the Indian Stamp Act, 1899, as applicable to Haryana, if the Registering Officer has reason to believe that the value of the property or consideration has not been truly set forth in the instrument of transfer, he may refer the same to the Collector for determination of the value of the property.

In the course of audit of records in the office of the Sub-Registrar, Ballabgarh, it was noticed (December 1980) that a conveyance deed for transfer of immovable property (land and building) at Faridabad, was registered on 29th November 1979 for a consideration of Rs. 2.68 lakhs on which stamp duty of Rs. 38,860 was charged. However, the Income tax department had as per certificate attached with the deed, assessed the value of the property at Rs. 5.94 lakhs. The Sub-Registrar, nevertheless accepted the value of the property as set forth in the deed although he could have referred the case to the Collector for determination of the value of the property. On the basis of the value assessed by the Income Tax department, a further levy of stamp duty of Rs. 47,343 would have become due.

The matter was reported to Government in June 1981; their reply is awaited (January 1982).

The department in reply to the questionnaire of the Committee explained the position as follows—

“The firm did not truly set forth the full amount of consideration as given in the Income Tax Clearance Certificate, in the instrument presented for registration before Sub-Registrar, Ballabgarh. The Sub Registrar also failed to detect the discrepancy of consideration shown in the Income Tax Clearance Certificate and the sale deed perhaps, due to rush of work.

As pointed out by the Accountant General the case was first referred to the Collector by the Sub-Registrar Ballabgarh for taking action under section 47-A of the Indian Stamp Act, 1899. The Collector however, remanded it to Sub-Registrar, Ballabgarh to effect the recovery under the law in the normal course. The party having objected to the payment of deficient amount of Stamp Duty in compliance with a notice under section 47-A of the Indian Stamp Act, the Sub Registrar, Ballabgarh has again referred the case to the Collector, Faridabad to launch prosecution proceedings under section 27 read with section 64 of the Indian Stamp Act, 1899 as there is a concealment of fact by the party to deprive Government of proper duty payable on the

instrument. The Collector has already initiated prosecution proceedings against the parties. The recovery of the deficient amount will therefore, be made after a decision in the court."

During the course of oral examination the departmental representative stated that the Sub Registrar did not see Income Tax Certificate and responsibility for the lapse had been fixed on him. The Departmental representative further added that two fold action had to be taken in the matter one is to make the recovery to the extent possible and secondly to call the explanation of person/persons held responsible for the lapse. It was further stated that the Collector is to make the recovery and the amount can be recovered as arrears of land revenue.

The Committee are constrained to observe failure on the part of the department in detecting short levy of duty. It further notice with concern that recovery pointed out in June 1981 remains outstanding even after four years.

The Committee, therefore, desire that vigorous efforts be made to effect the recovery.

The Committee also desire that action against the official responsible for short recovery be finalised at the earliest under intimation to them.

Paragraph 46. Short levy of stamp duty and registration fee

[41] Under the Indian Stamp Act, 1899 and the Indian Registration Act, 1908 stamp duty and registration fee are leviable on the basis of value of consideration set forth in the documents presented for registration, at the rates prescribed therein.

In the course of audit of records in the office of the Sub-Registrar, Ballabgarh, it was noticed (October 1979) that a memorandum of agreement relating to deposit of title deed was executed (December 1978) by a firm of Faridabad for obtaining loan of Rs. 46 lakhs from a nationalised bank. Besides deposit of title of deed relating to firm's immovable property, the firm hypothecated (December 1978) its movable property including plant and machinery, etc., in favour of the bank as security for due repayment of the said loan.

Stamp duty and registration fee of Rs. 3 each was levied on the agreement treating the document as a simple agreement. But on the basis of the amount of loan of Rs. 46 lakhs, stamp duty and registration fee amounting to Rs. 69,000 and Rs. 46,011 respectively (total Rs. 1,15,011) was leviable on the agreement.

When this was pointed out in audit (January 1980), the Registrar, Faridabad, accepted (December 1980) short levy of stamp duty and registration fee and advised the Sub-Registrar to recover the deficient amount. Further developments are awaited (January 1982).

The matter was reported to Government in August 1981; their reply is awaited (January 1982).

The department replied the position as under :—

“The registering authority felt that the relevant instrument was an agreement and not a mortgage by deposit of title deed and registered it as such.

Collector is the final authority to decide about the correct classification of the document under section 31 of the Indian Stamp Act, 1899. The case was, therefore, referred to the Collector to decide the chargeability of Stamp duty on the relevant document. The Collector decided vide his order dated 24-2-82 that the disputed deed is an agreement and the objection raised by the audit has not been accepted. The A.G. was informed accordingly vide letter No. 2859-STR-2-82/24233, dated 20-7-84 to drop this para.

Recovery is not be effected in view of the decision of the Collector, Faridabad.”

During the course of oral examination the departmental representative stated that duty had been charged as per an agreement. He further stated that there is a judicial order dated 24-2-1982 passed by the Collector in this case which summarily says that the payment of duty was not necessary. In the judicial order, however, the document was held to be an agreement for deposit of title deed.

To a pointed question by the Committee as to whether the agreement for deposit of title was not subject to stamp duty under Article 6 of the Indian Stamp Act, 1899, the Secretary stated that he did not intend to agitate against the decision of the Court. On further pursuation the departmental representative promised to find out from the Law Department whether any other view in the matter could be possible.

The Committee are unhappy to observe that the department did not examine the case thoroughly. It, therefore, desire that facts of the case be examined again and deficiency of duty be recovered expeditiously.

Paragraph 4.7. Short levy of stamp duty and registration fee due to application incorrect rate

[42]. Pursuant to a notification issued on 17th April, 1979 and ordinance dated 18th April, 1979 under the Indian Stamp (Haryana Amendment) Act, rates of registration fee were enhanced in respect of registration of non-testamentary documents (except leases), whether optionally or compulsorily registerable documents. Further, rates of stamp duty were also enhanced vide an ordinance issued on 18th April, 1979.

In the course of audit in the offices of the Sub-Registrars, Jind, Rohtak, Kurukshetra and Mohindergarh it was noticed (June 1980 to November 1980) that in respect of 295 documents registered between 17th April, 1979 and 27th February 1980 registration fee and stamp duty were levied at lower rates as applicable prior to 17th April 1979. This resulted in short levy of Rs. 52,134 (registration fee : Rs. 6,435; stamp duty : Rs. 45,699).

The matter was reported to Government in September 1981; their reply is awaited (January 1982).

The department in their written reply stated as under :—

“Government Notification in this regard was received late by some of the Registering authorities and hence this discrepancy.

Registering authorities in the State are responsible for implementation of revised rates and they started charging the revised rates as soon as they received the notification. This discrepancy occurred as the revised rates were made effective right from the date of issue of notification. Late receipt of Government notification by the registering authorities delayed implementation of revised rates. Out of total deficient amount of stamp duty and Registration fee of Rs. 52,134/-, an amount of Rs. 19,880 has already been recovered leaving a balance of Rs. 32,253/-. Efforts are being made to recover the balance amount.

Necessary instruction are issued from time to time to the Registering authority to charge correct rates of stamp duty and registration fee.”

During the course of oral examination the departmental representative admitted that there had been carelessness in the matter. It was further stated that there might have been some delay but the orders had been received in time. The departmental representative also stated that a sum of Rs. 21,134 remained to be realised.

The Committee regret to note the contradiction in oral and written reply of the department. In the written reply short levy was stated to be due to late receipt of notification by some of the Registering Authorities whereas during oral reply it was attributed to carelessness in the matter. At one stage the departmental representative also stated that the orders regarding the enhanced rates of stamp duty were received in time. In response to a specific question the department also promised to check the cases of short levy of duty in other districts.

The Committee are pained to observe that the department gave contradictory/incorrect replies to the questions during oral examination. The replies were also at variance with the written replies sent to the Committee earlier. The Committee take serious note of this state of affairs and desire that department should come before the Committee fully prepared for oral examination. The written replies should also be sent to the Committee after thorough checking.

The Committee further desire that vigorous efforts be made to recover the balance amount of Rs. 21,134 and to ascertain short recovery in respect of remaining districts at the earliest as promised during oral examination.

The Committee also desire that the department should evolve some definite procedure to ensure proper implementation of notifications levying/enhancing rate of duty/fee.

TRANSPORT

TAXES ON MOTOR VEHICLES

Paragraph 4.1. Non-levy of token tax

[43]. Under the Punjab Motor Vehicles Taxation Act, 1924 and the rules made thereunder, as applicable to Haryana, no vehicle can be put on road unless token tax at prescribed rates has been paid in equal instalments for quarterly periods commencing on the first day of April, July, October and January; any broken period in such quarterly periods is, for purposes of levying the tax, considered as a full quarterly period.

In the course of audit of records in the office of the General Manager, Haryana Roadways, Kaithal, it was noticed (December, 1976) that during the year 1975, 12 vehicles continued to ply on road for some period in a quarter even though tax had been paid upto the previous quarter only. Further, in respect of eight new vehicles token tax was paid from the quarter commencing April, 1975 even though the vehicles were received and put to use during February-March 1975 by exhibiting registration numbers of certain condemned vehicles. Token tax short collected in respect of 20 vehicles for one quarter amounted to Rs. 1.29 lakhs.

On this being pointed out in audit (February 1977), the General Manager stated (October 1980) that the vehicles were put to use during the period when old buses were detained in the workshop and for which token tax had been paid. The contention of the General Manager is not tenable as there is no provision in the Act to ply vehicles without payment of tax in place of other vehicles for which tax has been paid.

The matter was reported to Government in September 1981: their reply is awaited (January 1982)

The department in their written reply explained as under :—

“The tax was paid from the date on which vehicles were put on road. The 8 vehicles No. 5324 to 5331 were actually put on road in 4/75 as intimated by General Manager, Haryana Roadways, Kaithal.

Enforcement staff checks the vehicles on road to ensure that all vehicles are duly registered and no vehicle is plying with false registration No. The enforcement staff has not brought any case to the notice of the department.

General Managers have been instructed to ensure that no such vehicle is allowed to ply.

As regards new vehicle No. 5324 to 5331, these were put on road in 4/75 as intimated by General Manager, Haryana Roadways,

Kaithal and as such token tax was not payable (Rs. 51480/-). The A.G. Haryana has been informed accordingly. The A.G. has intimated that the facts will be verified at the time of next audit vide his memo No. RAW (s)/DE 42R-80-81/3674-75 dated 14-1-83. R.C. books of vehicles Nos. 2161, 2187, 2237, 2275, 2353 and 2520 were sent to Registering Authority vide G.M. memo No. 3968/PMA dated 31-3-1975 so token tax was not payable for the next quarter as pointed out by Accountant General. General Manager H.R. Kaithal has since deposited Rs. 77220/- as token tax as pointed out by the audit."

During the course of oral examination the departmental representative stated that the department is of the view that token tax should be charged from the date of registration and not from the date of grant of fitness certificate of the vehicle and has sought opinion of the Legal Remembrancer in the matter.

The Committee is not satisfied with the reply of the department as token tax is recoverable from the date of grant of fitness certificate as per instructions contained in letter No. 97/Tax/T-5/65/3788-3855 dated 22-2-1965. The Committee regret to point out that the department had not taken any action till date either to withdraw these instructions or to recover the amount but has taken plea that token tax should be recoverable from the date of registration, which is contrary to their earlier instructions.

The Committee desire that the matter be pursued vigorously and opinion given by the Legal Remembrancer as also latest position about recovery of token tax in respect of concerned vehicles be intimated to them.

Paragraph 4.2. Short levy of token tax on stage carriages

[44]. (i) Under the Punjab Motor Vehicles Taxation Act, 1924, as applicable to Haryana, and the notifications issued thereunder from time to time, token tax on stage carriages plying for hire and used for the transport of passengers is levied at the rate of Rs. 550 per seat (excluding the driver and conductor) per annum subject to the maximum of Rs. 35,000.

In the course of audit of records in the offices of the registering authorities Rewari and Hissar, it was noticed (August 1980 and December 1980) that token tax in respect of 23 stage carriages for the year 1979-80 was charged for lesser number of seats than those for which the vehicles were registered with the registering authorities. In one case token tax was charged at the rate of Rs. 1,500 per annum taking it to be a truck instead of a stage carriage. Consequent loss of revenue amounted to Rs. 84,135 (Rewari : Rs. 57,900; Hissar; Rs. 26,235).

On this being pointed out in audit (November 1981 and March 1981), the registering authority, Rewari, intimated (April 1981) that the General Manager, Haryana Roadways, Rewari, had been asked to deposit the deficient amount. Report from the registering authority, Hissar, is awaited (January 1982).

The matter was reported to Government in December 1980 and March 1981; their reply is awaited (January 1982).

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

“The General Manager, Haryana Roadways, Rewari has intimated that seating capacity of bus No. 6418, 6421, 6428, 6430, 6438, 7078 was reduced from 54 seats to 43 seats to convert them into local buses. During the year 1978-79 (11/78, 12/78). As such tax was correctly paid. The seating capacity of Bus No. 8053 was 54 instead of 59 and tax was paid accordingly by General Manager.

There was no omission and tax was correctly paid. The A.G. office raised the objections in Registering Authorities office by comparing the seating capacity as recorded in the Registration Register kept by Registering Authority. The record of G.M.H.R. was not consulted even the A.G.'s office.

The bus was not treated as truck. In fact Bus No. 6423 was converted into truck with the approval of S.T.C. vide memo No. 7928 dated 1-5-1979. The token tax of Rs. 1500/- was correctly charged.

Nothing is recoverable from General Manager, H.R. Rewari. The reply of G.M.H.R. Hissar is awaited.”

During the course of oral examination the departmental representative admitted that intimation regarding reduction in number of seats entailing short payment of token tax, required to be sent by the General Manager to the concerned registering authority, was not sent. As a result, demand of token tax could not be revised in the record of the registering authority. This lapse was on the part of the General Manager concerned.

The Committee are not satisfied with the above reply of the department as it shows laxity in the working of the department. The Committee, deplore this tendency and recommend that any change in nomenclature of a vehicle, affecting payment of token tax should invariably be sent to the concerned registering authority.

The Committee, therefore, desire that recovery of tax be made and action against the erring official be taken and report sent to them.

[44]. (ii) Further, under the Motor Vehicles Act, 1939, transport vehicles are required to obtain a certificate of fitness from the prescribed authority before they are registered. Token tax on such vehicles is chargeable from the date of grant of certificate of fitness. Under the Punjab Motor Vehicles Taxation Act, 1924, as applicable to Haryana, any broken period in the quarterly period is considered as full period for the purpose of levy of road tax.

In the course of audit in the offices of seven registering authorities, it was noticed (November 1979 to March 1981) that token tax in respect of 42 vehicles was charged from the quarter following the quarter in which these were granted certificates of fitness. This resulted in short recovery of token tax amounting to Rs. 15,228.

On this being pointed out in audit (December 1979 to March 1981), four registering authorities stated (December 1979 to May 1981) that recovery

in respect of 7 vehicles was being effected while notices to 29 defaulters had been issued. Replies from the three registering authorities (6 vehicles) are awaited (January 1982).

The matter was reported to Government in September 1981; their reply is awaited (January 1982)

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

“It is open to question if the tax is payable from the date of fitness certificates or date of registration. The matter is being referred to legal Remembrancer for legal opinion.

The officials working in the field are not so conversant with the rules and no responsibility can be fixed.

The accounts of Registering Authorities are being checked to verify the procedure being followed at present.

No review has been conducted due to paucity of staff.

The accounts of Registering Authorities are being checked by the Accounts officer of Haryana Roadways to detect irregularities/short recoveries so that such lapses do not occur in future.

The Registering Authority Dadri has reported of Recovery Rs. 500/- (p. 35) Registering Authority, Rohtak has intimated recovery of Rs. 385/- and para dropped by A.G.(P—113).”

During oral evidence departmental representative stated that a proposal for the creation of an additional cell for looking after accounts matters is pending with the Government. It was also stated that after the creation of the cell, such lapses/omissions will be eliminated.

In view of the clear cut instructions available on the subject the Committee do not agree with the contention of the department that token tax is not recoverable from the date of grant of fitness certificate.

The Committee were also not convinced with the reply of the departmental representative that the lapses in recovery of tax were due to officials dealing with registration work not being fully conversant with Rules/departamental instructions. The Committee, therefore, recommend that the department should evolve some procedure whereby to make the officials well conversant with Rules/instructions so as to ensure that such lapses/omissions do not occur in future.

The Committee further desire that responsibility for non recovery of tax be fixed and the amount be recovered expeditiously and report sent to them.

Paragraph 4.3. Non-realisation of trade certificate fee

[45]. Under the Punjab Motor Vehicles Rules, 1940, as applicable to Haryana, a manufacturer or a dealer in motor vehicles is required to obtain trade certificate on payment of the prescribed fee in advance for vehicles which remain in his possession on the course of his normal trade.

In the course of audit, it was noticed (between February 1979 and February 1981) that the trade certificate fee amounting to Rs. 56,440 had not been realised from 251 dealers falling in the jurisdiction of 13 registering authorities for the period ranging between 1971-72 to 1979-80. The provisions of the Punjab Motor Vehicles Rules, 1940, were apparently not enforced for years together.

On this being pointed out in audit (February 1979 to February 1981) four registering authorities stated (October 1980 to May 1981) that notices to recover the amount had been/were being issued to the dealers. Further developments are awaited (January 1982)

The matter was reported to Government in August 1981; their reply is awaited (January 1982).

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

“The provision of law were not enforced as the dealing officials working in Registering Authorities’ offices were not conversant with the legal provisions. The Accountant General’s office has pointed out the lapse and the department has been writing to Deputy Commissioners/Registering Authorities out it escaped the notice of dealing hands.

Government has been approached to create an internal audit cell.

Even though no set up for the internal audit has been constituted, the Transport Commissioner (Head of Department) has deputed Accounts Officers of depot of Haryana Roadways to test check the accounts of Registering Authorities.

As reported by Registering Authority, Rohtak and Jhajjar, the Trade Certificate fee is recovered before the vehicles are registered. The position in other registering areas is to be verified. The Registering Authorities are being asked to survey and make out list of dealers in Motor vehicles and recover Trade Certificate fee from them regularly.

The other Registering Authorities have been directed to make recoveries at an early date.”

During the course of oral examination the departmental representative stated that a proposal for the abolition of the trade certificate fee recoverable from dealers of motor vehicles is under consideration and is being got examined from the Legal Remembrancer. He further stated that a sum of Rs. 46,290 remained to be recovered for which they were pressing the registering authorities to recover the amount at the earliest but in spite of best efforts the amount was not being recovered because the dealers have raised objection against the recovery of the fee and also due to old records which were not traceable.

The Committee desire that sustained efforts be made by the department to recover the balance amount from the dealers.

The Committee further feel that if the department intends to discontinue charging of trade certificate fee, necessary amendment in rules be made.

Paragraph 4.4. Short levy of tax due to application of incorrect rate

[46] The Punjab Motor Vehicles Taxation Act, 1924 and the notifications issued thereunder from time to time, prescribe the rates of token tax in respect of vehicles (excluding stage carriages and motor cars) according to their unladen weight.

In the course of audit in the offices of two registering authorities (Ballabgarh and Rewari) it was noticed (July, 1980 and August, 1980) that token tax for the years 1972-73 to 1980-81 in respect of 16 vehicles, covered by private/public carrier permits has been recovered at rates ranging between Rs. 292 and Rs. 1,200 per annum instead of at the correct rates ranging between Rs. 550 and Rs. 1,500 per annum leviable according to their unladen weight. The incorrect application of rates resulted in short realisation of tax amounting to Rs. 13,122.

On this being pointed out in audit (between September and November, 1980), the registering authority, Rewari, intimated (April 1981) that notices to the owners of the vehicles had been issued to deposit the deficient amount of tax. Reply from the other registering authority was awaited (January 1982).

The matter was reported to Government in August 1981; their reply is awaited (January 1982).

The department vide their written reply stated as under :—

“The dealing officials of the office of the Registering Authorities failed to implement the existing rules. Registering Authorities have been asked to fix responsibility besides making recovery.

No review was conducted due to paucity of staff.

The Registering Authority, Ballabgarh has intimated that out of Rs. 10882/- Rs. 6960/- have been recovered from the parties. Efforts are being made to recover the balance amount. The reply from Registering Authority, Rewari is awaited.”

During the course of oral examination the departmental representative stated that at the time of receipt of token tax for a particular quarter the concerned official ought to see whether any arrears remain to be paid by the owner of the vehicle as it could be easily ascertained from the registration book. It was further stated that out of Rs. 13,122 a sum of Rs. 6,960 has been recovered. Efforts for the recovery of balance amount of Rs. 6,162 were being made.

The Committee desire that recovery of the balance amount of Rs. 6,162 be expedited and report of recovery be sent to them. The Committee may also be apprised of the reply of the registering authority Rewari.

EXCISE AND TAXATION

Paragraph 1.10 Uncollected revenue

- [47] (a) The position of arrears of revenue exceeding Rs. 5.00 lakhs pending collection as on 31st March, 1981 in respect of certain principal heads of revenue, as reported by the departments, is given below :—

Sr. No.	Source of revenue	Amount pending collection	Amount of arrears of revenue more than five years (in lakhs of rupees)
1.	Sales Tax	100493	22707
2.	State Excise	2,4690	396
3.	— Taxes on Goods & Passengers	21,24	287

(b) Information about arrears of revenue pending collection as on 31st March, 1981 in respect of taxes in on vehicles, Public works (B & R department), Interest, Industries, Co-operation and Forest is awaited (January, 1982). This was called for in May, June, 1981.

In its written reply the Department stated as under :—

“(1) The latest position of arrears of revenue more than five years old is as under :—

Name of the Act.	Amount outstanding as on 31-3-81 in respect of arrears up to 31-3-76	Amount outstanding on 31-3-84 in respect of arrears up to 31-3-76 (Figures in Rs. in lacs)
Sales Tax	227.07	224.58
State Excise	3.96	3.65
Taxes on Goods & Passengers	2.87	1.36
Total :	233.90	229.59

Monthly meetings of the departmental officers are held and they are impressed upon to take effective steps for recovery of old outstanding arrears. Monthly targets for the recovery of arrears have been fixed and the district Officers have been directed to follow them meticulously.

Position as on 31-3-84 in respect of arrears outstanding on 31-3-81 is as under :—

Name of the Act.	Amount pending on 31-3-81	Amount pending as on 31-3-84 in respect of arrears up to 31-3-81 (Figures in Rs. in lacs)
Sales Tax	1004.93	807.79
State Excise	246.90	167.91
Taxes on Goods & Passengers.	21.24	6.38
Total :	<u>1273.07</u>	<u>982.08</u>

Reason-wise break up of above arrears is given below :—

	Figures in Rs. in lacs		
	Sales Tax	State Excise	Taxes on Goods & Passengers.
1. Due to amount held under stay.	343.39	49.03	0.12
2. Instalment	20.48	34.13	0.20
3. Inter-State/Distt, defaulter	33.92	25.35	1.95
4. Property attached	82.42	0.36	0.01
5. Firms in liquidation	273.09	—	0.08
6. Moved for writing off	17.66	1.80	—
7. Defunct societies	0.03	—	—
8. Other Reasons	4.67	3.52	0.24
9. Recoverable arrears	32.13	53.72	3.78
Total :	<u>807.79</u>	<u>167.91</u>	<u>6.38</u>

The matter is brought to the notice of higher authorities every month. The arrears position is also discussed in the Cabinet Meeting every quarter.

The Distt. officers of the Department have been directed to stress upon all the Assessing Authorities to liquidate old arrears.

The Deptt. has recovered an amount of Rs. 197.14 lacs under Sales Tax, Rs. 78.99 lacs under State Excise and Rs. 14.86 lacs under Taxes on Goods and Passengers from 1-4-81 to 31-3-1984."

During the course of oral examination the departmental representative admitted that arrears of revenue had increased by 20 to 30 percent and stated further that recovery of arrears had also gone up by the same percentage. The arrears were mainly due to large number of cases pending in the High Court and the Supreme Court and stays granted by them. In some cases the department had even attached the property of the defaulters. It was also stated that the big amounts pending recovery pertain to two organisations i.e. Food Corporation of India and Medical Store Depot Karnal. The total arrears as on 31st August, 1984 were Rs. 31.90 crores. Efforts were made at higher levels to dispose off these cases and to effect recoveries but the department was not successful to recover the arrears because of reasons beyond their control. It was also stated that one of the reasons for increase in arrears or revenue under the head State Excise Duties was that during the year 1978-79 abnormally high bids of vends were received as a result of which recovery could not be effected.

The Committee noted with concern the substantial increase in arrears which include cases pending with the High Courts and the Supreme Court, some of which are very old and desire that these case be pursued vigorously to get the stays vacated and to effect recovery expeditiously under report to them.

Paragraph: 1.12. Outstanding inspection reports

[48] Audit observations on financial irregularities, defects in initial accounts and under-assessments of tax noticed during local audit and not settled on spot are communicated to the Heads of Offices and to the next higher departmental authorities through local audit inspection reports. The more important irregularities are reported to the Heads of departments and Government. It has been prescribed that the first replies to inspection reports should be sent within six weeks. Half-yearly reports of such observations outstanding for more than six months are also forwarded to Government to expedite their settlement.

At the end of November, 1981, 899 inspection reports (issued up to March, 1981) with 7,855 paragraphs therein remained unsettled. Figures for the two preceding years are also given below:—

	As at the end of		
	November 1979	November 1980	November 1981
Number of inspection reports with unsettled paragraphs	573	775	899
Number of unsettled paragraphs	5,762	7,271	7,855

Yearwise break-up of the outstanding inspection reports is given below:—

Year	Number of inspection reports	Number of paragraphs
1976—77	311	2,940
1977—78	173	1,458
1978—79	76	586
1979—80	186	1,849
1980—81	153	1,022
Total	899	7,855

This included 7 inspection reports, issued between March 1979 to March, 1981, in which even the first replies had not been received (December 1981). Receipt-wise outstanding inspection reports and paragraphs as at the end of September 1981 are given in Appendix II. Comparatively heavy outstanding inspection reports related to the following:—

1. Sales Tax

Year	Number of inspection reports	Number of paragraphs
Upto 1976-77	86	531
1977-78	7	200
1978-79	7	118
1979-80	27	406
1980-81	16	272
Total	143	1,527

2. State Excise

Upto 1976-77	36	252
1977-78	13	79
1978-79	—	—
1979-80	13	75
1980-81	26	126
Total	88	532

3. Passenger and Goods Tax

Upto 1976-77	31	107
1977-78	12	60
1978-79	—	—
1979-80	12	64
1980-81	26	100
Total	81	331

The more important types of irregularities noticed during inspection and local audit of Sales tax (Rohtak and Ambala districts) and State excise are summarised below :—

Sales Tax

Serial number	Nature of irregularity	Number of cases	Amount involved (In lakhs of rupees)
1.	Under-assessment under Central Sales Tax Act	58	29.59
2.	Incorrect computation of turnover	135	33.13
3.	Application of incorrect rate of tax	137	12.80
4.	Non/Short levy of penalty	89	12.32

In Ambala and Rohtak districts 15 cases (tax : Rs. 1.70 lakhs), referred to the Revisional Authorities between September 1969 and May 1981 for *suo motu* action, were yet to be decided (December 1981):

State Excise

Serial number	Nature of irregularity	Number of cases	Amount involved (In lakhs of rupees)
1.	Loss of duty due to excess wastage of spirit in distilleries	56	2,17.31
2.	Loss of revenue due to non-auction/re-auction of vends	176	2,11.00
3.	Irregular adjustment of security	1,053	60.62

The Department stated as under :—

* * * * *

“Present position of outstanding Inspection reports/paras is given below :—

SALES TAX

	Number of inspection Reports	Number of paras	Number of paras settled	Number of paras outstanding
1	2	3	4	5
Upto 76-77	86	531	25	506
77-78	7	200	—	200
78-79	7	118	—	118
79-80	27	406	14	392
80-81	16	272	18	254
	143	1527	57	1470

1	2	3	4	5
---	---	---	---	---

STATE EXCISE DUTY

Upto 76-77	36	252	69	183
77-78	13	79	29	50
78-79	—	—	—	—
79-80	13	75	5	70
80-81	26	126	13	113
	88	532	116	416

PASSENGERS AND GOODS TAX

Upto 76-77	31	107	—	107
77-78	12	60	17	43
78-79	—	—	—	—
79-80	12	64	15	49
80-81	26	100	59	41
	81	331	91	240

From the above it would be seen that out of 2390 paras under all Act shown outstanding on 31-3-81 264 paras have since been got settled. Strenuous efforts are being made to get the remaining paras settled.

2. Position of outstanding paras is discussed in monthly meeting of departmental Officers. Instructions are also issued to them from time to time for clearance of old Audit objections. These instructions were again reiterated vide circular No. 1247/AA. I, dated 12-6-84."

During the course of oral examination the departmental representative stated that out of 1527 paragraphs only 57 paragraphs had been settled during the last five years.

The Committee are constrained to note inordinate delay by the department in settlement of long outstanding objection and was not satisfied from the tardy progress shown in this respect.

The Committee, therefore, desire that the pace of settlement of audit objections be accelerated and progress achieved in this respect be sent to them.

Paragraph : 2 1.—Results of test audit in general

[49] The test audit of sales tax assessments and other records pertaining to ten districts conducted between April 1980 and March 1981 revealed under-assessment of tax of Rs. 47.67 lakhs in 535 cases, broadly categorised as follows :—

	Number of cases	Amount (In lakhs of rupees)
1. Under-assessment of tax under the Central Sales Tax Act	87	20.56
2. Incorrect computation of turnover	82	7.93
3. Non-levy / short levy of penalty	75	7.06
4. Non-levy of interest	74	2.80
5. Application of incorrect rate of tax	188	8.24
6. Others	29	1.08
Total :	535	47.67

In their written reply the Department stated as under :—

* * * * *

“In order to check lapses/omissions on the part of the Assessing Authorities, internal audit is being carried out. Apart from this training is also being imparted to the Assessing Authorities in the Training School being run by the department. In this Training School, both theoretical as well as practical training about the administration and working of the taxation statutes is imparted.

* * * * *

The performance of each assessing authority is reviewed at the level of district office every month. Their performance is also reviewed by the Excise and Taxation Officers (Inspection). Various Officers from the headquarters also review their performance periodically. The irregularities of short comings are communicated to them and appropriate action is taken against delinquent assessing authorities. In the proformas for Annual Confidential Reports detailed information is called for reviewing the performance of each assessing authority and remarks are recorded on the basis of such information.

Out of 535 cases including an additional demand of Rs. 47.67 lacs 115 cases involving a sum of Rs. 3.52 lacs have been

settled without creation of any additional demand. After accounting for these cases there remain only 420 cases involving a net demand of Rs. 44.15 lacs. Out of these 420 cases 118 cases involving a demand of Rs. 4.23 lacs have already been settled. In 163 cases involving a sum of Rs. 19.67 lacs the objections raised by the Audit have been complied with but these are pending for review by the Audit. 30 cases involving a sum of Rs. 4.40 lacs are pending with Jt Excise and Taxation Commissioner (A) for *suo motu* action. In 109 cases involving a sum of Rs. 15.85 lacs action is being taken by the concerned assessing authorities."

* * * * *

During the course of oral examination the departmental representative informed the Committee that it had advised the Assessing Authorities to finalise assessments during the same financial year in which they are initiated. He further informed that out of 535 cases, 118 cases were settled without any additional demand and 115 cases have been settled with additional demand. It was also stated that the department is adopting a procedure whereby it could be ascertained that how many cases had been received and how many cases had been disposed of.

The Committee are unhappy to observe that a large number of cases of incorrect assessments are still pending with the assessing/appellate authorities. The Committee reiterate its earlier observations made on para 45 of its twenty second report and emphasis that the recommendation made therein be followed scrupulously so as to avoid incorrect assessments in future.

Paragraph : 2.2.—Irregular exemption

[50] Under the Central Sales Tax Act, 1956, certain classes of goods are declared to be of special importance in inter-State trade or commerce. Sale of such declared goods shall not be taxed under the State sales tax laws at a rate exceeding that prescribed under the Central Act and such tax shall not be levied at more than one stage. The restriction applies only so long as the goods retain their commercial identity

"Iron and steel" which is one of the declared goods, includes a number of commercially distinct commodities. In such cases, sale of one category of iron and steel items, processed out of another commodity of iron and steel already taxed, is not exempt from tax as the commercial identity of the commodity undergoes a change and is taxable in terms of the decision of the Supreme Court of India in the case of State of Tamil Nadu Vs Pyare Lal Malhotra (37 S.T.C. 319).

In the course of audit of District Excise and Taxation Office, Faridabad, it was noticed (April 1979) that turnover of Rs. 10.98 lakhs of a dealer of Faridabad during 1975-76 representing sale of H.B. wires and steel wires manufactured out of wire rod, was exempted from tax on the ground that no tax was payable on such H.B. wires as tax at the prescribed rate had already been paid at the stage of purchase of wire rod. As wire rods and H.B. wires are different commercial commodities, tax on the sale of H.B. wires and steel wires was leviable. The incorrect exemption from payment of tax resulted in under-assessment of tax of Rs. 43,859.

On this being pointed out in audit (February 1980), the Excise and Taxation Commissioner accepted the position and advised (January 1981) the assessing authority to refer the case for *suo motu* action. The assessing authority referred the case for *suo motu* action in March 1981. Further report is awaited (January 1982).

The matter was reported to Government in July 1981; their reply is awaited (January 1982).

In their written reply the Department stated as under :—

“It was an error on the part of Assessing Authority to allow incorrect exemption in respect of H.B. wire. Therefore, the case was referred to Joint Excise and Taxation Commissioner (A) Faridabad for *suo motu* action. He remanded the case for denovo assessment. The case was decided on 25-2-84, creating an additional demand of Rs. 1,11,681.20 (comprising tax and interest) which was recovered on 26-3-84. Sh. H.L. Goyal assessing Authority was responsible, whose explanation has been called.

The omissions pointed out by the Accountant General's Audit party are also kept in view by the Internal Audit Wing. As pointed out above as a result of the internal audit irregularities amounting to Rs. 4,54,79,876 have been detected during 1983-84.

Further common irregularities pointed out by Accountant General's Audit parties are also circulated to all DETOs/A. As so as to avoid their re-currence in future.

Such important decisions are circulated to the Assessing Authorities and they are asked to initiate the process of rectification by referring such case for *suo motu* action to the competent authorities. Excise and Taxation Officer (I), Deputy Excise and Taxation Commissioner (I/E) and other officers from the Headquarters also take up such cases on their own. Whenever these come to their notice”

During the course of oral examination the departmental representative stated that they have received the explanation of Ch. H.L. Goyal, the assessing authority found responsible for framing incorrect assessment. The explanation is under examination and the department proposed to charge sheet the assessing authority and to impose major penalty.

The Committee are unhappy to observe inordinate delay in calling for the explanation of the assessing authority and desire that final action against the erring assessing authority be taken expeditiously and final outcome intimated to them.

Paragraph : 2 3. Under-assessment of Central sales tax

[51] Under the Central Sales Tax Act, 1956, inter-State sales of declared goods which are not supported by declarations in the prescribed form are taxable at twice the rate applicable to the sale or

purchase of such goods inside the State. Sale of declared goods in the State is taxable at the rate of 4 per cent with effect from 1st July 1975.

In the course of audit of the District Excise and Taxation Office, Faridabad, it was noticed (January 1979 and December 1979) that during the period from 1st July 1975 to 31st March 1976, sales of declared goods amounting to Rs 3.49 lakhs in the course of inter-State trade or commerce by two dealers were taxed at the rate of 4 per cent instead of 8 per cent, as those were not supported by declarations in the prescribed form from the purchasing dealers. This resulted in under-assessment of tax of Rs. 13,978.

On this being pointed out in audit (January 1979 and December 1979), an amount of Rs. 2,414 was recovered (February 1980) in one case and the other case was referred (October 1979) to the Revisional Authority for *suo motu* action. Further report is awaited (January 1982).

The matter was reported to Government in July 1981; their reply is awaited (January 1982).

The Department stated as under :—

“M/S Jawala Steel Corporation Ballabgarh A/Y 75-76

The Assessing Authority erroneously levied concessional rate of tax on the dealer. An additional demand of Rs. 2414 was created and the same was deposited on 4-2-80. Sh. L.C. Verma, the then Assessing Authority was responsible for this lapse. His explanation has been called and the same is awaited.

M/S Light and Fancy Leather Inds Palwal A/Y 75-76

The case was referred to Jt Excise and Taxation Commissioner (A), Faridabad, for *suo-motu* action. He has remanded the case for *denovo* assessment on 28-3-84 and the case is being examined by the Assessing Authority.

To avoid re-occurrence of such irregularities the department is conducting internal audit. It is also imparting training to its Officers in the Training School being run at Chandigarh. The amendments made from time to time are also circulated to all the Assessing Authorities. Annual Sales Tax circulars are also printed and circulated by the Deptt. every year. In these circulars the instructions/guidelines issued, amendments made in the Law and various Judicial pronouncements circulated in the year are consolidated and are provided to the assessing authorities for guidance and ready reference.”

During the course of oral examination the departmental representative informed the Committee that the explanation of Shri L.C. Verma Assessing Authority had been received on 25th July, 1984.

The Committee desire that suitable action be taken against the assessing authority.

The Committee also recommend that the case of M/S Light and Fancy Leather Industries Panipat be finalised on top priority basis and recovery be effected at the earliest under intimation to the Committee.

The Committee also stress that internal audit cell should be made more effective so that such cases of irregularities do not recur.

Paragraph : 2 4. Incorrect deductions of declared goods

[52] Under the Haryana General Sales Tax Act, 1973, declared goods are taxable at the stage of sale or purchase as specified in Schedule D to the Act. Prior to amendment of Schedule D with effect from 1st July 1976, iron and steel goods, being declared goods, were taxable at the first sale in the State and as such the sale of such goods to registered dealers was not exempt from tax. Tax was leviable at the rate of 3 per cent upto June 1975 and 4 per cent thereafter.

In the course of audit of records in the office of the Deputy Excise and Taxation Commissioner, Faridabad, it was noticed (November 1979) that an assessing authority allowed deductions of Rs. 14 64 lakhs during the years 1975-76 and 1976-77 (upto June 1976) to a dealer of Faridabad from his gross turnover on account of sale to the registered dealers of 'slab axle' and 'rear shaft' which were items of declared goods. This was irregular. The erroneous treatment of sale of declared goods resulted in short levy of tax amounting to Rs. 58,540.

On this being pointed out in audit (November 1979), the assessing authority intimated (November 1981) that the cases had been referred (September 1981) to the Revisional Authority for *suo motu* action. Further report is awaited (January 1982).

The matter was reported to Government in September 1981, their reply is awaited (January 1982).

In their written reply the Department stated as under : —

"M/S Lands Berge of India (Private) Ltd., Faridabad & A/Y 1975-76 and 1976-77

As this case was referred to the Appellate Authority on 22-9-81, he has remanded this case back to the Assessing Authority on 19-9-1983. This case is being examined by him. The reason under which deductions were allowed to the dealer will be enquired into and intimated after the decision of the remand case.

To ensure that the Assessing Authorities apply correct rates of taxes and grant the deductions/exemptions only which are permissible under law the all amending notifications and the amendments are circulated to all the Assessing Authorities. Guidelines and instructions on the subject are also

issued from Head Office from time to time. Training on this score is also imparted to the TIs/A.E.T.O's/E.T.O's in the Training School being run by the Deptt at Chandigarh."

* * * * *

During the course of oral examination the departmental representative stated that the case could not be disposed of because it involved factual verification of the nature of goods sold. He also assured the Committee that this case would be decided within one month.

The Committee are not satisfied with the reply of the department and take serious view of the delay first in remanding the case for re-assessment and then in finalising the case which is still pending despite the promise made during oral examination to decide it within one month.

The Committee, therefore, desire that the case be finalised early and responsibility for delay in finalising the case be fixed and report sent to them.

The Committee further recommend that such cases should be finalised as quickly as possible so as to avoid delay in recovery of revenue.

Paragraph . 2.5. Inadmissible deduction from gross turnover

[53] Under the Haryana General Sales Tax Act, 1973, rice, one of the declared goods, is taxable at the point of first sale in the State with effect from 7th September 1976. Sale of rice to registered dealers without payment of tax is therefore, not admissible.

In the course of audit it was noticed (December 1980) that a dealer of Rohtak district was allowed deduction of Rs. 5.21 lakhs from his gross turnover on account of sale of rice to registered dealers during the year 1977-78. Such deduction being inadmissible, there was short levy of tax of Rs. 20,858.

On this being pointed out in audit (December 1980), the assessing authority raised additional demand of Rs. 20,858 (January 1981) which was collected in February 1981.

The matter was reported to Government in August 1981; their reply is awaited (January 1982).

The Department stated as under :—

"M/S District Food and Supplies Controller, Rohtak A.Y. 1977-78

It is correct that rice is a declared goods since 7-9-1976. Its sales was subject to tax at the stage of first sale and no deduction should be allowed in respect of Sales to registered dealer. On being pointed out in audit that tax on rice is leviable at the first sale, orders were rectified and additional demand of Rs. 20853 was created and recovered on 25-2-81.

The assessment was framed by Smt. Vidhya Sangwan, E.T.O. whose explanation has been obtained and is under examination.

To avoid such lapses in future, besides the internal audit training is also being imparted to the assessing authorities in the Training School being run by the Deptt. at Chandigarh. In this Training School, both theoretical as well as practical training about the administration and working of taxation statutes is imparted."

During the course of oral examination the departmental representative stated that the explanation of the assessing authority was still under examination

The Committee point out with regret that action against the erring assessing authority has not been finalised even after four years of the recovery of additional demand. The Committee desire that disciplinary case may be finalised at the earliest and a report sent to them.

Paragraph : 2.8. Non-levy of penalty for suppression of sales

[54] Under the Central Sales Tax Act, 1956 and the Haryana General Sales Tax Act, 1973, if a dealer has maintained false or incorrect accounts, with a view to suppressing his sales, purchases or stock 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 thereunder, any account, return or information, which is false or incorrect in any material particular, 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 twice and not more than ten times the amount of tax which would have been avoided if the turnover as returned by such dealer had been accepted as correct.

Under the Punjab General Sales Tax Act, 1948, as applicable to Haryana, the minimum amount of penalty shall not be less than ten per cent of the amount of tax to which he is assessed or is liable to be assessed.

(i) In the course of audit of District Excise and Taxation Offices, Jind, Rohtak and Faridabad, it was noticed (between July 1977 and February 1980) that five dealers (one each of Jind and Faridabad and three of Rohtak) suppressed sales in their quarterly returns for the years 1972-73 to 1976-77 to the extent of Rs. 3.30 lakhs. The assessing authorities enhanced their sales and levied the tax accordingly. In the case of one dealer of Jind, the assessing authority issued (January 1979) notice for levy of penalty but the same was not pursued (February 1980); in other four cases proceedings for levy of penalty were not initiated by the assessing authorities.

On this being pointed out in audit (between July 1977 and February 1980), the assessing authorities levied penalties amounting to Rs. 33,260 which were realised between March 1978 and February 1981.

The matter was reported to Government in August 1981; their reply is awaited (January 1982).

(ii) In the course of audit of District Excise and Taxation Office, Faridabad, it was noticed (September 1979) that a dealer of Faridabad

suppressed sales amounting to Rs 3 29 lakhs during the year 1973-74. In the assessment orders the assessing authority stated (January 1979) that penal action for suppression of sales would be taken separately, no such action had, however, been taken.

On this being pointed out (September 1979) in audit, the assessing authority imposed (December 1979) penalty of Rs 23,908 which was realised between January 1980 and April 1980

The matter was reported to Government in August 1981; their reply is awaited (January 1982)

In their written reply the Department stated as under :—

“Reasons for not imposing penalty are being enquired from the concerned Assessing Authorities and those of the Assessing Authorities who are responsible for non-levy of penalty for suppression of sales at the time of finalisation of assessment are as under :—

Sr. No.	Name of the dealers	A Y.	Assessing Authority	Remarks
1.	M/S Ruldu Mal Deep Chand, Jind	1974-75	Sh. N S. Bedi	Since retired on 30-4-81.
2.	M/S Dingra Sales Corp. Rohtak	1974-75	Sh. B.S. Dahiya	The explanation of Sh B. S Dahiya have been received and is under examination.
3.	M/S Vijay Kumar Pawan Kumar, Bahadurgarh	1972-73	Sh. H.S. Ahuja	Since retired on 30-6-82.
4.	M/S Kanwal Singh Bharu Singh, Bhupania, Rohtak	1973-74	Sh I N. Vig	Explanation is under examination.
5.	M/S Iron Master India Pvt. Ltd, Faridabad	1973-74	Sh. M.L. Malhotra	Since expired on 12-7-82.
6.	M/S Central Coop. Consumer Store, Faridabad	1973-74	Sh. A.N. Sud	Since retired on 30-9-83.

To avoid recurrence of non-levy of penalty the Inspecting Officer in the Internal Audit Wing conduct internal audit. The District Incharges of District offices review this position every quarter and the officers from Head Office

also review the position periodically. Besides, training in this respect is also imparted to the officers in the Training School being run by the Deptt. at Chandigarh. In order to familiarise the officers with the intricacies of law regarding imposition of penalties etc. instructions have also been issued to the Assessing Authorities from time to time asking them to finalise penal action at the time of assessment itself."

During the course of oral evidence, the departmental representative stated that explanations from the assessing authorities, found responsible for framing defective assessments, have been called for and have also been received. He further informed the Committee that the E.T.C. has almost made up his mind about final action to be taken in these cases.

The Committee are constrained to observe laxity on the part of the department in not initiating timely action against the assessing authorities at fault. As a result four assessing authorities had retired and the department was helpless to take any action against them. The Committee, therefore, desire that disciplinary proceedings should be initiated immediately to avoid such situations in future.

The Committee further desire that action against the remaining two assessing authorities be finalised early and report sent to them.

Paragraph . 3.1. Results of test audit in general

[55] During the year 1980-81, test audit of the records of the departmental officers revealed short recovery/non-recovery of excise duty and other irregularities in 754 cases, which are broadly categorised under the following heads :—

	Number of cases	Amount (In lakhs of rupees)
1. Loss of excise duty due to re-auction/non-auction of vends	126	1,25.36
2. Loss of excise duty due to excess wastage, etc.	48	59.71
3. Irregular adjustment of security	342	21.78
4. Others including short charge of interest and non-recovery of penalties	238	2.24
Total	754	2,09.09

In their written reply the Department stated as under :—

"Proper record of each case is maintained in district offices and the amount involved is shown as recoverable arrears. They are checked by Internal Auditors who send their monthly reports to the Excise and Taxation Commissioner as well

as district heads. Thus there is no scope of elimination of any case or amount."

* * * * *

During the course of oral evidence, the departmental representative stated that a sum of Rs. 44,98,893 has been recovered in 9 cases. Efforts are afoot to recover the balance amount. In certain cases there are some disputes between the department and the licensees. These cases are being pursued to arrive at some final conclusion.

The Committee are not happy with the pace of recovery and settlement of outstanding objections as 117 cases involving an amount of Rs. 1,53,16,000 lakhs still remain outstanding and urge that strenuous efforts be made to settle the objections and progress reported to them.

Paragraph . 3 2. Recovery due on account of re-auction of vend

[56] Under the Haryana Liquor Licence Rules, 1970, licence for country liquor vend is granted by auction. Licensee of the country liquor vend is required to pay licence fee in monthly instalments by the prescribed date. In the event of default in the payment of monthly instalment, the vend is liable to be sealed and re-auctioned at the risk and cost of the original licensee. Deficiency in the licence fee is recoverable as arrears of land revenue from the original licensee.

(a) In March 1979, two vends at Rohtak for the year 1979-80 were auctioned for Rs. 3.50 lakhs each in favour of a licensee. The licensee did not deposit the monthly instalments due in August 1979 and September 1979 but he was allowed to lift and sell liquor during these months. The vends were, however, sealed on 26th September 1979 and re-auctioned on 26th October 1979 for Rs. 1.01 lakhs each leaving an amount of Rs. 2.12 lakhs to be recovered from the licensee.

The department intimated (March 1981) that Rs. 20,000 had been recovered (January 1981) and the licensee had been allowed to pay the balance amount in half yearly instalments of Rs. 9,000 each in January and July. Instalment due in July 1981 had, however, not been paid so far (August 1981). There is, however, no provision in the rules to effect the outstanding recoveries in instalments in such cases of default.

The matter was reported to Government in October, 1981; their reply is awaited (January 1982).

(b) In the course of audit of the records of the office of the Deputy Excise and Taxation Commissioner, Faridabad, it was noticed (August 1980) that a vend at Faridabad was auctioned (March 1979) for Rs. 2.50 lakhs for the year 1979-80. As the licensee failed to pay the licence fee for the month of September 1979 the department cancelled (14th December 1979) the licence and re-auctioned the vend on 27th December 1979 for Rs. 40,000. The re-auction of the vend resulted in shortfall of Rs. 16,800 to be recovered from the defaulting licensee which was not recovered.

On this being pointed out in audit (September 1980), the depart-

ment, recovered. (September 1980) Rs. 13,137 and adjusted (January 1981) the balance amount against dues of the licensee.

The matter was reported to Government in September 1981; their reply is awaited (January 1982).

The Department stated as under :—

“According to rule 36(26) of the Haryana liquor license Rules, 1970; it is correct that in the event of failure to pay the instalment or instalments alongwith the interest as the case may be by the due date, the vend shall cease to be in operation, on the first day of the following month and shall ordinarily be sealed by the Dy. Excise and Taxation Commissioner, Incharge of the District or any other officer authorised by him and his license may be cancelled, but generally the vends are not sealed. This relaxation is only extended to them keeping in view the complication of re-auction of the vend in question because in that case there is apprehension of the loss of revenue. Both these vends were sealed by the concerned Excise Inspector on 26-9-79 and after completing all the formalities, both these vends were put to re-auction on 26-10-79.

The checks given in order 7⁷ of the Pb. Intoxicants license & sale orders 1956 are exercised before granting a license to a person. As such the financial position of the incoming licensee is verified by the concerned Excise Inspector at the time of auction.

The licensee has been allowed to pay the arrears of license fee in instalments at the rate of Rs. 9,000 payable in January, and July every year. As a result of the same the licensee has paid a sum of Rs. 74,000 leaving a balance of Rs. 1,38,088 upto the instalments paid in January, 1984.

There was some dispute between the licensee and department regarding the location of the vend with the result that though the licensee had been paying the monthly license fee upto the month of August 1979, but in fact he could not operate vend after July, 1979. In July 1979 there was no stock of liquor with him and had no place of business so the sealing of the vend did not arise. Efforts were made that the licensee might operate the vend but he did not agree. The matter was referred to the Head office for clarification when it became imminent, the vend was got re-auctioned after observing all the formalities. The whole loss caused by this re-auction amounting to Rs. 16,800 has been recovered from the original licensee, and none of the officer/official is responsible.”

During the course of oral examination the departmental representative informed the committee that the outstanding amount is being recovered in monthly instalments of Rs. 9,000. To a pointed question by the Committee that the amount of monthly instalment fixed was

kept low. The departmental representative promised that matter regarding raising the amount of instalment would be recovered in the light of financial position of the licensee and that final outcome will be intimated within a month. Committee regret to observe that the required information had not been supplied to the Committee till the drafting of the Report and desire that the said information be supplied at the earliest.

The Committee further desire that suitable action against the Officer found at fault be taken under intimation to them.

Paragraph : 3 3. Failure to initiate action to recover the licence fee

[57] Under the Haryana Liquor Licence Rules, 1970, licence for country liquor vend is granted by auction and the licensee is required to deposit an amount equivalent to one-tenth of the annual licence fee within a period of seven days of the date of auction by way of security (adjustable against the last instalment) and to pay the licence fee in monthly instalments. In the event of default in the payment of monthly instalment the vend is liable to be sealed and re-auctioned at the risk and cost of the original licensee. Deficiency in the licence fee is recoverable by revenue recovery proceedings as arrears of land revenue.

In the course of audit of records of the office of the Deputy Excise and Taxation Commissioner, Karnal, it was noticed (June 1980) that 6 liquor vends for the year 1979-80 were auctioned (March 1979) for Rs. 19.34 lakhs. The licensees failed to pay the monthly instalments due during November/December 1979 and onwards. They were, however, allowed to carry on the business and lift the quota of liquor during the months from November/December 1979 to March 1980. An amount of Rs. 3 44 lakhs (after adjusting the securities) due to be paid by the licensees between November 1979 to March 1980 had not been recovered (April 1981). Besides this, the licensees were liable to pay interest/penalty for default in payment of licence fee.

On this being pointed out in audit (June 1980), the department intimated (October 1980) that proceedings to recover the dues as arrears of land revenue had been initiated. It further stated that no action was taken for cancellation/re-auction of vends as the department was hopeful that the licensees would pay the fees by 31st March 1980.

The matter was reported to Government in September 1980; their reply is awaited (January 1982).

In their written reply the Department stated as under :—

“Rule 36(26) of the Haryana Liquor license Rules, 1970, lays down that in the event of failure to pay the instalment or instalments alongwith interest as the case may be by the due date the vend shall ceased to be in operation on the first day of the following month and shall or linarily be sealed by the D.E.T.C. or any other official authorised by him. Experience has shown that where any Country Liquor or L-2 vend is re-auctioned due to default of payment of license fee, the new licensee gets that vend at a

lower price and the balance in between the new license fee and the old license fee, which is a loss to the State Government is required to be recovered from the outgoing licensee. Re-auction is resulted to in these circumstances when a licensee becomes too much incorrigible and does not pay the dues or license fee to the State Government. During the year 1979-80 the bids of L-2 vends had gone very high and all the licensees had gone under heavy losses. When their financial position had become weak it became impossible to recover the entire amount of license fee from them. The department thought it proper to get the vends functioned during the whole year 1979-80 without resorting to re-auctions as far as possible. This is why a provision has been made in rule 36(26) of the Haryana Liquor License Rules, 1970 that the vend shall ordinarily be sealed by the D.E.T.C. of the district or any other officer/official authorised by him. The sealing of the vend is, therefore, not mandatory and a district officer is to watch the interest of the State Government. So as to recover the maximum revenue from the licensee. Had these licenses been put to re-auction the loss of revenue which would have been sustained, as a result of re-auction would not have been recovered from the outgoing licensees. It was, therefore, thought proper to allow the vends to continue for the whole year and to recover the balance amount from them in easy instalments.

Responsibility of any individual can not be fixed in this regards in the light of the circumstances mentioned above. What ever was done that was done in the capacity of joint and collective responsibility and with a view to clinch maximum possible revenue to the State exchequer.

If the permits for the supply of I.M.F.S. had been refused to the licensees, they would not have made sale of liquor and as such they would not have made payments of license fee. Payment of license fee is only made after making sales of liquor to the public, under these circumstances it is not wise to have stop-altogether the issue of permits. In case supplies had been stopped equal to non-issue of permit the vends have been closed defacto. There were staggered payments of license fee through out the year and hence permits had not been stopped. Had permits been refused the investments capacity of licensees had been totally crippled and no receipt of license fee.

In all the cases, the penalties have been imposed. The total amount comes to Rs. 22,042.

After the expiry of year the amount of license fee could be realised only through persuasion and not through coercion as in case of failure to pay the license fee the only action warranted was to cancel the licenses of the defaulters. At the close of the year, the licenses of the

defaulters ceased to exist and outcome result of the persuasion and the proceedings under the Land Revenue Act that the outstanding arrears are being paid by these defaulters as is evident from the latest position of recovery."

* * * * *

During the course of oral evidence the departmental representative informed the Committee that a sum of Rs. 72,468 had been recovered and Rs. 2.94 lakhs are left to be recovered. One case involving licence fee of Rs. 1.24 lakhs is pending in the court and the department is pursuing the case and keeping a close watch over outstanding recoveries.

The Committee are constrained to observe that a large amount of licence fee was left unrealised at the close of the year desire that vigorous efforts be made to effect the recoveries and progress intimated to them.

The Committee further desire that the case pending in the Court be pursued vigorously and final outcome reported to them.

Paragraph : 3.4 Loss of duty on excess storage wastage

[58] Under the Punjab Distillery Rules, 1932, as applicable to Haryana, ceiling limit prescribed for wastage of both country spirit and Indian made foreign liquor in store (spirit store room) is 2 per cent. Excise duty on spirit wasted in excess of the prescribed limit is recoverable from the distillery.

In the course of audit of records of the distillery at Panipat, it was noticed in audit (June 1980) that during 1979-80, wastage of Indian made foreign spirit in spirit store room was 35,186.4 proof litres against the permissible wastage of 32,343 proof litres. Excise duty amounting to Rs. 62,555 on excess proof litre of 2,843.4 proof litres at the rate of Rs. 22 per wastage was not levied and collected from the distillery.

On this being pointed out in audit (September 1980), the department intimated (August 1981) that show cause notice had been issued to the distillery. Further developments are awaited (January 1982).

The matter was reported to Government in September 1980; their reply is awaited (January 1982).

The Department stated as under :—

"In spite of fool proof working in the distillery, the wastage of spirit still occurs in excess of the prescribed limit, as the same has to go in different operations viz. spirit bottling operation and bottled spirit store room. The duty has already been assessed in this behalf and a show cause notice to this effect was issued to the management. The duty so calculated by this office is Rs. 1,96,919.80 P.

The recovery orders have already been served upon the distillery management on 24-6-84. The management

filed an appeal before FC(R) who has stayed the recovery upto 8-8-84.

To check the excess wastage of spirit strict vigil is kept by the excise staff, posted at the distillery on the working in the different operations."

During the course of oral examination, the departmental representative stated that demand for Rs. 1,96,920 was created and notice for recovery was issued to the distillery management. The management have gone in appeal and got stay against recovery of the duty.

The Committee desire that the appeal filed by the distillery be pursued to its logical conclusion and final outcome reported to them.

The Committee further invite attention to its earlier recommendation made in para 53 of its 22nd Report and reiterate that some definite procedure be evolved to eliminate delays in such cases and streamline the system of allowing wastage so that huge amount of recovery do not accumulate. The Committee also desire that action taken to streamline the system of allowing wastage be intimated to the Committee at the earliest.

Paragraph : 3.5. Loss of duty on excess wastage in bottling operation

[59] Under the Punjab Distillery Rules, 1932, as applicable to Haryana, excise duty on each kind of spirit wasted in excess of the prescribed limit is chargeable from the distilleries. The scale of wastage allowance for spirit in bottling operation has been prescribed as 1.5 per cent.

It was noticed in audit (June 1980) that a distillery at Panipat was issued 17,73,058 proof litres of country spirit (ordinary spiced) for bottling during the year 1979-80. As against the admissible wastage of 26,595 87 proof litres, wastage of 50,704.60 proof litres was allowed, resulting in excess wastage of 24,108.73 proof litres on which excise duty amounting to Rs. 2,65,196 was chargeable.

The department intimated (October 1980) that show cause notice had been issued (July 1980) to the distillery. Further developments are awaited (January 1982).

The matter was reported to Government in August 1981; their reply is awaited (January 1982).

In their written reply the Department stated as under :—

"In spite of fool-proof working in the distillery the wastage of spirit occurs in excess of the prescribed limit, as the same has to go in the different operations viz. in the spirit store-room, in the bottling operation, in the bottled spirit store-room. As soon as the excess wastage came to the notice of the department duty was calculated and show cause notice to the recovery of Rs. 2,73,562.30 P. was issued to the distillery management.

The recovery orders in this behalf have already been served upon the distillery management on 24-6-84 and the management has obtained stay from F.C.(R) upto 8-8-84.

To keep the correct and proper account of the spirit which is wasted over and above the prescribed limit, instructions have been issued to the Excise Staff posted at the distillery, to submit statements in form D-26, D-27 and D-28, which shows the position of wastage of spirit in the first week of May of every year."

During the course of oral evidence, the departmental representative informed that notice for recovery of Rs. 2,73,562 was issued to the management of the distillery. The management have filed an appeal and got stay from the Financial Commissioner (Revenue). The case is still pending.

The Committee desire that efforts be made to get the stay vacated and to recover the amount early under intimation to them.