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HARYANA VIDHAN SABHA
PUBLIC ACCOUNTS COMMITTEE
1986-87

(TWENTY FIFTH REPORT)
REPORT

ON THE

Report of the
Comptroller and Auditor General of India
for the year 1981-82
(Civil and Revenue Receipts)



HARYANA VIDHAN SABHA SECRETARIAT
CHANDIGARH

1987

(Presented to the House on 6 MAR. 1987)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

CHAIRMAN

1. Seth Ram Dass Dhamija

MEMBERS

2. Shri Azmat Khan
3. Shri Banarsi Dass Balmiki
4. Shri Fateh Chand Vij
5. Ch. Hanuman Singh
6. Ch. Inder Singh Nain
7. Ch. Lila Krishan
8. Ch. Roshan Lal Arya
- +9. Ch. Surender Singh
- **10. Ch. Shakrulla Khan

SECRETARIAT

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

*Resigned from the membership of the Haryana Legislative Assembly w.e.f. 25-7-1986 consequent upon his having been elected as Member of the Council of States (Rajya Sabha).

**Consequent upon the resignation of Ch. Surender Singh, M.L.A., from the Haryana Legislative Assembly, Ch. Shakrulla Khan, M.L.A., was elected to serve on the Public Accounts Committee w.e.f 28th November, 1986 for the remaining period of the year 1986-87.

(v)

INTRODUCTION

1. I, the Chairman of the Public Accounts Committee have been authorised by the Committee in this behalf, present this their twenty fifth Report on the Report of the Comptroller and Auditor General of India for the year 1981-82 (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 1982-83 (Civil) relating to the following departments :—

1. Medical and Health
2. Agriculture
3. Social Welfare
4. Civil Aviation
5. Irrigation

3. The Committee examined the Report of the Comptroller and Auditor General of India for the year 1982-83 (Civil and Revenue Receipts) and also conducted the oral examination of the representatives of the various concerned departments but could not draw their conclusions on the basis of examination conducted by the Committee due to paucity of time.

The committee desired that evidence already taken shall be made available to the new Committee.

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

5. The Committee place on record their appreciation of the valuable assistance 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 20th Jan., 1987.

RAM DASS DHAMIJA
Chairman.

PART—I (CIVIL)

REPORT

GENERAL

[1] The present Public Accounts Committee was constituted by election vide Notification No. 149/86/101, dated the 29th April, 1986.

[2] The committee held 66 meetings in all at Chandigarh and other places upto 20th January, 1987.

CO-OPERATION

Paragraph 7.13. Financial assistance to co-operative societies

[3] Investment by the Government in the share capital and debentures of co-operative societies at the close of 1979-80, 1980-81 and 1981-82 and the return thereon were as under :—

Year	Number of societies	Amount invested as at the end of the year	Dividend/ interest received during the year	Percentage
		(in crores of rupees)		
1979-80	2,633	34.23	0.82(a)	2.4
1980-81	2,724	40.02	0.84(b)	2.1
1981-82	2,794	45.68	0.93(c)	2.0

According to the department, the loans and subsidies/grant paid by the Government to various co-operative societies other than industrial co-operative societies (for which information was not available) during 1979-80, 1980-81 and 1981-82 were as under :—

LOANS

Year	Balance at the end of the previous year	Disbursed during the year	Repaid during the year	Balance at the end of the year	Subsidies/* grant paid during the year
				(in lakhs of rupees)	
1979-80	3,85.20	2,31.00	5.49	6,10.71	90.12
1980-81	6,10.71	3,36.57	13.55	9,33.73	78.60
1981-82	9,33.73	1,14.79	36.16	10,12.36	1,69.97

According to the information furnished by the Department, the principal and interest, overdue for recovery as on 31st March, 1982 amounted to Rs. 72.31 lakhs and Rs. 88.78 lakhs respectively. The break up of these amounts was not available.

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

* * * *

“To ensure that all co-operative societies maintain proper accounts regarding recovery of Government investments, instructions

-
- (a) From 32 Societies
 - (b) From 31 Societies.
 - (c) From 43 Societies.

*Department figures.

have been issued by the Registrar, Co-operative Societies vide letter No. 1/5/26/82-83/5703-34 dated the 28th January, 1985 to all the Deputy Registrar/Assistant Registrar Co-operative Societies in the State.

The present position of recovery of principal and interest from various Co-operative institutions is given in the Annexure. The Co-operative Sugar Mills, Haryana Dairy Development Cooperative Federation and the Central Co-operative Consumers Stores are the main defaulters with regard to repayment of Government loans (Principal and interest). Their cases are examined and analysed from time to time and it is noted that they are not able to make repayments due to their financial stringencies. However, efforts are being made to effect recovery from these institutions also."

During the course of oral evidence the departmental representative stated *inter-alia* that the Co-operative Sugar Mills, Haryana Dairy Development, Co-operative Federation and the Central Co-operative Consumers Stores are the main defaulters with regard to repayment of Government loans (Principal and interest). He further added that efforts were being made to effect the recovery from the concerned parties.

The Committee observe that the department has not been analysing the reasons for non-repayment of these loans. The break-up of these loans is also not available on record.

The Committee, therefore, desire that the loan outstanding against the societies as a whole and the defaulting societies referred the above should be thoroughly analysed and earnest efforts be made to recover the amounts. The progress made in this regard be reported to the committee from time to time.

ANNEXURE

Recovery Position of Government loans, advanced to the Cooperative Institutions for the years 1981-82, 1982-83, 1983-84 and 1984-85

S. No.	Kind of the Coop. Institution	1981-82		1982-83		1983-84		1984-85	
		Pl.	Instt.	Pl.	Instt.	Pl.	Instt.	Pl.	Instt.
1.	Agri. Credit Socs.	38.86	17.24	41.60	18.77	44.48	19.93	48.27	21.66
2.	Harco Bank	1.83	10.01	75.77	24.18	113.27	31.17	264.27	55.83
3.	Housing Apex	0.91	0.51	0.91	0.67	0.91	0.99	0.91	1.63
4.	Labour Cooperatives	0.45	0.21	0.45	0.21	0.75	1.65	1.25	2.43
5.	Farming Socs.	14.56	4.64	14.66	4.69	14.76	4.74	14.85	4.81
6.	Hafed	123.99	10.90	124.79	15.33	125.79	27.17	126.54	38.91
7.	Marketing Societies	14.23	6.05	14.99	6.36	15.29	6.43	16.04	6.68
8.	Cold Stores	4.37	0.94	4.50	0.95	4.50	0.95	4.50	0.95
9.	Dairy Cooperatives	46.65	1.37	56.65	1.37	56.65	1.37	56.65	1.37
10.	Consumer Stores	4.27	3.16	4.37	3.33	4.66	3.40	5.09	3.64
11.	Confed	0.15	0.03	0.24	0.11	0.33	0.35	0.38	0.47
12.	Sugar Mills	50.74	7.31	110.74	11.05	166.33	46.98	174.26	46.98
13.	Rickshaw Puller	0.42	0.03	0.42	0.03	0.42	0.03	0.42	0.03
14.	Coop. Union Press	1.00	0.30	1.30	0.45	1.40	0.55	1.50	0.78
15.	Industrial Cooperative	—	—	—	—	18.43	3.47	20.29	6.65
16.	H.S.L.D.B. (Debentures)	—	—	—	—	—	—	122.05	85.81
17.	Fisherman Societies	—	—	—	—	—	—	0.05	0.06
Grand Total		302.43	62.70	451.39	87.50	567.97	149.18	857.32	278.69

Paragraph 7 14. Co-operative Banks

[4] As on 30th June 1981 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 the institutions as on 30th June 1980 and 30th June 1981 and other financial data as on these dates were as under :—

at, on these dates were as under:

Serial number	Institution	Number	Paid up capital	
			30th June 1980	30th June 1981
			(in lakhs of Rupees)	
1	Central Co-operative Banks	13	11,57.10	12,54.60
2.	Haryana State Co-operative Bank Limited	1	2,78.31	N A **
3.	Haryana State Co-operative Land Development Bank Limited	1	3,98.70	4,62.02

Government investment in share capital		Loan by Government		Net Profit***		Reserves	
30th June 1980	30th June 1981	1979-80	1980-81	1979-80	1980-81	30th June 1980	30th June 1981
(in lakhs of rupees)							
4,86.90	5,23.70	0.03	0.03	7,77.96	5,71.65	6,20.88	8,98.02
1,12.90	N. A	Nil	N A.	3,68.09	N.A	5,05.46	N.A.
69.78	69.78	Nil	Nil	2,59.73	4,55.01	3,52.27	3,52.60

The amounts of overdue loans and interest as on 30th June 1981 of the 13 Central Co-operative Banks was Rs. 39,12.04 lakhs and Rs. 2,83.74 lakhs respectively. Out of these Rs. 4,13.18 lakhs (13 banks) and Rs. 20.16 lakhs (2 banks) were outstanding for more than three years.

In respect of 13 Central Co-operative Banks (except Karnal, Rohtak and Sonapat Central Co-operative Bank for which the information was not available), there were 3,914 indebted Co-operative Societies as on 30th June 1981. Out of these, 2,950 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 7,14.78 lakhs (principal : Rs. 5,89.59 lakhs and interest : Rs. 1,25.19 lakhs) against which there was a reserve of Rs. 2,78.53 lakhs only.

A perusal of the audited accounts of all these banks for the year 1980-81 disclosed the following :—

- (i) The amount embezzled in six Central Co-operative Banks (Sirsa, Bhiwani, Rohtak, Hissar, Ambala and Kurukshetra) aggregated Rs. 41.48 lakhs.

**Audit for the year 1980-81 of the Haryana State Co-operative Bank Limited has not yet been conducted by the departmental auditors (July 1982).

***Including undistributed profits of previous year.

(ii) Shortage of store and stock, etc. in six Central Co-operative Banks (Mohindergarh, Bhiwani, Hissar, Ambala, Faridabad and Kurukshetra) amounted to Rs. 0 76 lakh.

(iii) At the time of audit of various branches of Karnal Central Co-operative Bank Limited, mutilated currency notes worth Rs. 1 11 lakhs were found by the departmental auditors.

(iv) During the audit of various branches of Hissar, Central Co-operative Bank Limited, the departmental auditors noticed that an amount of Rs. 0.14 lakh had been misappropriated.

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

“Bankwise position of investment made by Government after 1980-81 is given as under —

Position as on :—

Sr. No.	Name of the Central Co-operative Banks	1980-81	1981-82	1982-83	1983-84
1.	Ambala	52,07,200	52,07,200	52,07,200	53,07,200
2.	Karnal	74,50,200	74,50,200	74,50,200	74,50,200
3.	Gurgaon	45,91,650	45,91,650	45,91,650	45,91,650
4.	Rohtak	42,07,650	42,07,650	45,57,650	49,07,650
5.	Hissar	74,25,961	74,25,961	74,25,961	74,25,961
6.	Jind	31,42,600	34,92,600	38,42,600	41,92,600
7.	Mohindergarh	19,67,000	24,67,000	29,67,000	32,67,000
8.	Rewari	25,00,000	29,00,000	29,00,000	35,00,000
9.	Sirsa	36,74,489	36,74,489	46,74,489	46,74,489
10.	Bhiwani	33,98,801	33,98,801	53,98,801	49,98,801
11.	Kurukshetra	40,05,400	40,05,400	50,05,400	42,05,400
12.	Sonepat	41,46,500	41,46,500	41,46,500	44,46,500
13.	Faridabad	10,00,000	10,00,000	20,00,000	20,00,000
Total		5,27,17,451	5,44,67,451	6,01,67,451	6,19,67,451

It was completed on 27-8-1982. The Bank could not be audited earlier because the post of the Senior Auditor who was allotted this audit was vacant for sometime.

The bankwise position of overdue is given as under :—

S.No.	Name of Cooperative Bank	Overdue as on 30-6-85 (Rs. in lacs)
1.	Ambala	1,273 26
2.	Bhiwani	643.09
3.	Faridabad	501.89
4.	Gurgaon	568.27
5.	Hissar	1,094 89.
6.	Jind	612 49
7.	Karnal	1,056 98
8.	Kurukshetra	921.25
9.	Mohindergharh	286 33
10.	Rewari	437.92
11.	Rohtak	604.74
12.	Sirsa	906 61
13.	Sonepat	357 58
	Total	9,265.30

Special campaigns for recovery of overdue are launched at the time of harvesting of Rabi and Kharif Crops. Departmental staff is also deputed for this job during these campaigns. Legal action is taken against defaulters and special efforts are made to recover outstanding loans of more than three years. Special cell for execution of awards has been created in each Bank.

* * * * *

Assessment of bad and doubtful debts is done by the audit every year. The bankwise position of bad and doubtful as on 30-6-85 is as under :—

S.No.	Name of the Cooperative Bank	Bad & doubtful debts as on 30-6-85	Provision of Bad & Doubtful Debt, reserves as on 30-6-85 (Rs. in lacs)
1.	Ambala	64 83	35.57
2.	Bhiwani	30.42	21.78
3.	Faridabad	37.05	14.56
4.	Gurgaon	43.57	36.57
5.	Hissar	71.79	49.22
6.	Jind	8 94	20.74
7.	Karnal	56.97	76 16
8.	Kurukshetra	29.48	56.19
9.	Mohindergharh	13.01	18.85
10.	Rewari	3.53	10.31
11.	Rohtak	44.10	24.54
12.	Sirsa	13 30	25.68
13.	Sonepat	71.36	16.69
	Total	488.33	407.26

From the figures mentioned above, it would be seen that the position of bad and doubtful debts reserves fund has considerably improved as the figures have gone up from 278 53 lacs as on 30-6-81 to Rs. 407.26 lacs as on 30-6-85. As such, besides recovering the bad and doubtful debts the Co-operative Banks have also strengthened the bad and doubtful debts reserve. It is also mentioned that in the Haryana Cooperative Societies Act 1984, a provision has been made vide u/s 87 that at least 10% of the profits of any year are carried each to reserve fund and the bad and doubtful debt fund.

It may be mentioned here that a quarterly progress report of recoveries made out of bad and doubtful debts is regularly being sent to Government.

Details of embezzlements alongwith factors of embezzlements in each bank may be persued at Annexure 'B'.

Regarding result in respect of each bank, casewise may kindly be persued at Annexure 'C'."

* * * * *

The Committee observe that observations/recommendations already made by them in para 33 of their 23rd Report are not being implemented effectively. The Committee, therefore, reiterate these observations/recommendations and desire that expeditious steps be taken to implement them, so as to improve the working of co-operative banks and minimise the chances of embezzlements, frauds and shortages occuring therein.

ANNEXURE 'B'

Details of embezzlements in Central Cooperative Banks

S. No.	Name of Coop. Bank	Amount embezzled	Amount recovered	Balance	Remarks
1	2	3	4	5	6

1. Bhiwani 8 42 1 29 7.13 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 Public Accounts Committee. Quarterly progress reports are being sent by the department regularly to Government.

2. Rohtak 2.40 — 2.40 This is a case regarding fictitious withdrawals by a Bank employee namely Sh. Dharam Singh. It relates to Branch Bahadurgarh of Central Cooperative Bank Ltd. Rohtak.

An award of Rs. 2,77,037.41 (Rs. 240640/- and plus Rs 36397 41 as interest) was given against Sh. Dharam Singh Clerk on 10-8-81 by the arbitrator. Then Sh Dharam Singh filed an appeal with the Govt. against the said orders of the arbitrators' decision. The Govt. dismissed the appeal on 11-3-82. The bank then started the execution proceedings in the Court of Assistant Registrars, Coop Societies, 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 Sub-Judge,

1	2	3	4	5	6
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Rohitak in the court of District Judge, Rohitak who set aside the impugned orders on 6-2-84 and remanded the case to the lower court. The case is under action and the date of hearing was 22-11-85.

In addition F.I.R. was lodged against Sh. Dharam Singh and others on 6-3-80 in the Police Station Bahadurgarh. In police investigations Sh. Dharam Singh Clerk, Shri Randhir Singh Dalal, Branch Manager and Shri Jagdish Chander Cashier were challaned on 13-2-81, in the Hon'ble Court of Judicial Magistrate, Bahadurgarh. The Hon'ble Court has charge sheeted only Sh. Dharam Singh Clerk and Sh. Jagdish Chander Mittal Cashier. The case is still under trial in the court of Judicial Magistrate, Bahadurgarh. The next date for Prosecution evidence was 23-11-85. The Bank is pursuing the case vigorously.

3. Hissar	0.27	0.10	0.17
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This is a case regarding fictitious payment from the dead account. Sarveshri Jai Chand, Junior Account, Om Parkash Gill, Cashier and Balwant Singh Clerk were involved in the said embezzlement. All were placed under suspension. Later on Sh. Balwant Singh was terminated and others were reinstated. Arbitration case was prepared but was decided against the Bank. Criminal case was also filed. F.I.R. was lodged against these employees on 23-4-73 under No 81. The case was decided by the Court against the Bank on 18-11-78. A surcharge case has been decided against Sh. Jai Chand, the then Junior Accountant. Now he has filed an appeal before Registrar Cooperative Societies, Haryana.

1	2	3	4	5	6	7
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Kalka Branch Rs. 17100/-

4. Ambala	17,100 00	6,251.55	10,848 45	A sum of Rs. 17100.00, was fraudulently withdrawn by affixing fictitious thumb impressions on withdrawal slips and by raising balances of saving accounts of the depositors. This embezzlement was committed by Sh. Ram Pal 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 depositors fraudulently with the connivance of Sh. Narain Dass, Ex-Cashier of the Paploha Coop. Agri. Society Ltd., Kalka.		
	4,200 00	4,200 00	9,350 00			
	14,300 00	4,950 00	20,199 45			
	35,600 00	15,401 55				

An F.I.R. No. 54 dated 20-9-73 was lodged with Police Station, Kalka, under Section 409/420, 467/468, etc., I.P.C. and now the case is under trial in the Court of Sh. S K. Gupta, Sub-Judge-cum- Judicial Magistrate. Last date of hearing was 4-11-85 and the next date is fixed for 23-12-85. Evidence is being taken. Services of the Employees have been terminated.

Naraingarh Branch : 4200.00

This amount was embezzled by Sh. Jai Bhagwan through fictitious withdrawal of the amount through the Punjab & Sind Bank, Dhulkot. This amount of Rs. 4200/- has been recovered by adjusting the dues of Sh. Jai Bhagwan through execution of award alongwith interest of Rs. 810/-.

H.O. Ambala : Rs. 14300.00

The facts of this case are that an amount of Government

1	2	3	4	5	6
	<p>Share capital and subsidy was released to Sh. Bhim Singh, Liquidator on 15-6-78 as per the orders of the then Asstt. Registrar (Indl.) Karnal. He did not deposit it in the Treasury. An F.I.R. was lodged by A.R. Indl. against Sh. Bhim Singh Liquidator of the Satya Sain Handloom P.C.I.S. Ltd., Khirki Manakpur. Out of the embezzled amount, a sum of Rs. 4950/- was deposited on 20-10-78 by the son of the Liquidator. Sh. Bhim Singh has since died. The case is still pending in the court. However the embezzled amount does not pertain to the funds of the Bank.</p>				
5. Kurukshetra	19.51	4.92	14.59	<p>The embezzled amount does not relate to the funds of the Bank. However the amount of Rs. 19.51 lacs was embezzled in 62 different Primary Agri. Societies. However efforts are being made by the bank authorities. F.I.Rs have also been filed in most of the cases Arbitration cases where necessary have also been started and awards are being sought. All the secretaries found guilty have been dismissed from the service.</p>	
6. Sirsa	9.63	1.24	8.38	<p>The amount of Rs. 9.75 lacs has wrongly been shown in the audit report. Actually there was an embezzlement of Rs. 9.63 lacs. The embezzlement amount does not relate to the fund of the bank. The said amount of Rs. 9.63 lacs was embezzled in 38 different societies. All the Secretaries found guilty have been dismissed from the service. However efforts are being made by the Bank authorities to recover the balance amount through arbitration proceedings and securing awards against the defaulters.</p>	

ANNEXURE 'C'

Details of shortages of Store and Stock etc, in Six Central Cooperative Banks

S. No.	Name of Coop. Bank	Amount of shortage	Remarks
1.	Mohindergarh	19575.56 (0.20 lacs)	There was a practice in this bank that Cashier of the concerned branch used to deal with the stationery. At the time of issue of stationery items to branches the then dealing hands did not pass necessary entries in the personal ledger of concerned items. While passing the entry the dealing hand booked this amount in wrong head. Now it is being rectified shortage of the stationery was due to lack of passing timely vouchers of consumption and non completion of stationery stock register like cash book, day book ledger of accounts and diaries and calendars etc. Out of Rs. 0.20 lacs a sum of Rs. 0.06 lacs has been adjusted. For the remaining the bank has asked the concerned officials to complete the stationery stock register failing which action will be taken against the defaulting officials. Actually it cannot be termed as shortage but it was due to passing of wrong entries into account books of the Bank.
2.	Hissar	14371.67 (0 14 lacs)	Out of Rs. 14371.67 an amount of Rs. 14297.67 has been made good. Actually there was no shortage. The balance of Rs. 74.00 only relates to a Topia made of steel replaced with a Topia made of Aluminium at Branch office Bhattu Kalan at the time of transfer of the Branch from Central Coop. Bank, Sirsa to Central Cooperative Bank, Hissar.
3.	Kurukshetra	0.10 lacs	This shortage was of safe fixture and fixture relating to those articles destroyed due to wear and tear and are to be got written off by the Bank.

1	2	3	4
4. Ambala	0.14 lacs	<p>The shortage in stock etc. related to the period 1977-78 and 1978-79. Out of a sum of Rs. 14109.76, a sum of Rs. 1276.49 have been recovered. Stock of books for sale was found short with Sh. Madan Lal Daftri at the time of handing over the charge. An enquiry officer has been appointed. He has not so far completed the enquiry report. Action will be taken as and when enquiry is completed.</p>	
5. Faridabad	0.09 lacs	<p>Out of Rs. 8667 39 a sum of Rs 36 39 have been recovered. Efforts are being made by the Bank to make good of the said amount after making necessary adjustment or making recovery from the defaulting officials</p>	
6. Bhiwani	0.09 lacs	<p>The shortage of furniture and fixture was detected during the year 1967-68. After making thorough enquiry the shortage of unserviceable stock worth Rs. 0.01 lac was written off. The shortage of furniture stock worth Rs 0.08 lac is also to be written off by the Board as the Arbitrator had decided the case against the Bank and the Bank did not file the appeal on the advice of the legal Advisor of the bank</p>	

Paragraph : 7.15. Co-operative Consumer Stores

[5] There were 33 Central Co-operative Consumers Stores in the State as on 30th June 1981 against 32 Central Co-operative consumers stores in the State as on 30th June 1980. Besides, there was one apex institution, namely the Haryana State Federation of Consumers Co-operative Whole-sale Stores Limited, Chandigarh.

According to the audited accounts, the financial data of the Central Cooperative Consumers Stores for the years 1978-79, 1979-80 and 1980-81 were as under :—

Year	Number of stores	Paid-up capital	Govern-ment invest-ment in share capital	Loans obtai-ned from Go-vern-ment and out-standing	Net profit	Reserves	Turn-over
(in lakhs of rupees)							
1978-79	22(a)	14.53	11 12	7 13	(—)1.98	5 39	101.44
1979-80	32(b)	20 85	18 44	25 45	(—)0.98	8.84	356.55
1980-81	33(c)	21 89	18 39	7 72	(—)6 63	9.89	440.73

During 1980-81, out of four Central Co-operative Consumer Stores, one store (Karnal) earned profit of Rs. 0.55 lakh while three stores (Panipat, Faridabad and Rohtak) sustained a loss of Rs. 7.18 lakhs.

A perusal of the audited accounts of these stores for the year ended 30th June 1981 disclosed the following :—

- (i) Shortages in three stores (Karnal, Faridabad and Panipat) against salesman and storekeepers (including ex—employees) amounted to Rs. 5 44 lakhs.
- (ii) In one store (Panipat) the closing stock valuing Rs. 2.12 lakhs included dead/damaged stock valuing Rs. 0.83 lakhs.
- (iii) In three stores (Karnal), Panipat and Rohtak debts amounting Rs. 8.98 lakhs had been assessed as bad and doubtful against which there was a provision of Rs. 2 00 lakhs only.
- (iv) The amount embezzled in two stores (Faridabad and Rohtak) as on 30th June 1981 amounted to Rs. 0.28 lakh.

The Department in their written reply to the questionnaire of

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- (a) The financial data is in respect of three stores.
 - (b) The financial data is in respect of four stores.
 - (c) The financial data is in respect of four stores; the audited accounts of remaining stores were not made available (July 1982),

She sub-committee Rohlak is satisfied with the reply given by the Dept. and recommendation in the para may be dropped

the Committee explained the position as under :—

“During the year 1980-81 three stores i.e. Panipat, Faridabad and Rohtak suffered a loss of Rs. 7 18 lakhs as per the following details :—

Sr.	Name of Stores	Amount
1.	Panipat	0.86 lakhs
2.	Faridabad	4.61 lakhs
3.	Rohtak	1 71 lakhs
		<hr/> 7.18 lakhs

Reasons for the loss of Rs. 7 18 lakhs in the above said three stores were investigated which are given as under :—

- (i) The Stores had to pay heavy interest on bank borrowings.
- (ii) Heavy stock shortages and concealment of stocks were committed by the Salesmen/Store-Keepers.
- (iii) Increase in the establishment expenses.
- (iv) Non recovery of credit sale from the Govt. institutions/agencies.

The working results of three stores for the later years are as under :—

Sr.	Name of Store	Working results -		
		1981-82	1982-83	1983-84
1.	Panipat	—1.03	—0 35	—1.67
2.	Rohtak	—2.29	—0.92	—2.92
3.	Faridabad	—3.21	—5.89	—3.71

As regards the shortage of stocks of Rs. 5.44 lakhs in three stores, it is submitted that such heavy [shortages occurred due to embezzlement of stocks, committed by the Salesmen/Store-Keepers. Arbitration cases have been initiated against such defaulters to effect recoveries from them. As a result of these recovery proceedings and an amount of Rs. 0.74 lakhs has been recovered upto 31-10-85. Store-wise recovery position is as under :—

Sr. No.	Name of Store	Amount of shortages as on 30-6-81	Recovery upto 31-10-85	Balance outstanding
1.	Karnal	1.65	0.27	1.38
2.	Panipat	1.95	0.15	1.80
3.	Faridabad	1.84	0.32	1.52
		<hr/> 5.44	0.74	4.70

Efforts are being made to effect the recovery of outstanding amount.

Out of dead/damaged stocks of Rs 0.83 lakhs in Panipat Store, Stock worth Rs. 0.25 lakhs have been disposed of upto 31-10-85. The Board of Directors of the Panipat Stores has already resolved to allow 50% discount/rebates on such damaged stocks

Following are the reasons for the accumulation of bad and doubtful debts of Rs. 8.98 lakhs in Panipat, Karnal and Rohtak Stores :—

- (i) Non-recovery of credit sales from the Govt. institutions/agencies and Private parties
- (ii) Stocks shortages/embezzlement committed by the Salesman/Store-Keepers.

To liquidate these debts, following steps have been taken :—

- (i) Arbitration proceedings have been initiated against the defaulting Salesmen/Store-Keepers.
- (ii) Notices have been issued to the concerned parties for the recovery of outstanding amount

Amount of Rs. 8.98 lakhs of bad and doubtful debts includes the following recoveries :—

- (i) Recoverable from ex-employees on account of stock shortages/embezzlement.
- (ii) Recoverable from Govt institutions/agencies and Private parties on account of credit sales.

The recoveries of bad and doubtful debts are quite old. No responsibility has so far been fixed for inapt action of recovery in the above said three Stores.

Out of Rs. 8.98 lakhs of bad and doubtful debts in these stores an amount of Rs. 0.78 lakhs has been recovered upto 31-10-85. Storewise recovery position is as under :—

Sr. No.	Name of Store	Amount of bad & doubtful debts as on 30-6-81	Recovery upto 31-10-85	Balance outstanding
1.	Rohtak	1.70	0.34	1.36
2.	Panipat	2.61	0.22	2.39
3.	Karnal	4.67	0.22	4.45
		8.98	0.78	8.20

Efforts are being made to effect the recovery of outstanding amount.

In Faridabad and Rohtak Stores, Rs. 0.24 lakhs and Rs. 0.04 lakhs respectively were embezzled by the Salesman/Store Keepers as per the following details :—

(i) *Faridabad Stores* —

- (a) Amount of Rs. 13931.38 was embezzled by Shri Udai Pal Singh, Ex-Cashier. FIR was lodged against him.
- (b) Rs. 5961.47 were embezzled by Shri Shiv Parshad, Ex-Cashier. Arbitration case is being prepared against him.
- (c) Stocks worth Rs. 4441.10 were alleged to be stolen from the main godown of Shri Rattu Ram, S.K. FIR was lodged.

(ii) *Rohtak Store* :—

- (a) Palm oil was sold 188 tins vide cash memo No. 1101 to 1126, but sale was deposited for 160 tins only. Thus sale proceeds of 28 tins amounting to Rs. 4060 was embezzled by the Salesman. No action has so far been taken to recover the amount from the concerned Salesman."

The Committee observe that despite their recommendations in para 34 of 23rd Report, cases of shortages are on the increase. Similarly, cases, of embezzlements by Salesmen and Store-keepers are also persisting.

The Committee, therefore, strongly reiterate their earlier recommendations and desire that effective measures be adopted to check large number of cases of shortages and embezzlements in the Co-operative Consumer Stores.

Paragraph 7.16 Co-operative Sugar Mills

[6] There were (30th June 1981) four Co-operative Sugar Mills in the State located at Karnal, Panipat, Rohtak and Sonapat. According to the financial data of the Sugar Mills as on 30th June 1979

and 30th June, 1980 as under :—

Serial number	Particulars	Rohtak		Panipat		Karnal		Sonapat	
		30th June 1979	30th June 1980	30th June 1979	30th June 1980	30th June 1979	30th June 1980	30th June 1979	30th June 1980*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
						(in lakhs of rupees)			
1.	Paid up Capital	153.52	163.49	84.05	—	228.81	246.79	223.38	—
2.	Government Investment	20.00	20.00	20.00	—	146.00	161.00	155.00	—
3.	Free Reserves	315.67	335.53	351.69	—	285.38	331.24	255.25	—
4.	Capital Investment (1+3)	469.19	499.02	435.74	—	514.19	578.03	478.63	—
5.	Profit(+)/Loss(—)	(—)164.26	(—)233.80	(—)314.23	—	(—)495.96	(—)549.41	(—)534.16	—
6.	Percentage of return on capital invested (5+4)	—	—	—	—	—	—	N.A.	—
						(in lakhs of quintals)			
7.	Canes crushed	24.74	8.89	20.19	—	14.23	8.83	11.59	—
		(per cent)				(per cent)			
8.	Percentage of recovery	9.03	9.50	8.42	—	9.07	8.77	8.10	—

*Audited, accounts not made available.

A perusal of the audited accounts of these Sugar Mills disclosed the following :—

1. There were shortages of 8,575 quintals of cane valuing Rs. 0.90 lakh in Haryana Co-operative Sugar Mills, Rohtak.

In Haryana Co-operative Sugar Mills Limited, Sonapat it was noted that a sum of Rs. 0.38 lakh was paid in excess to the various cane growers over and above the purchase rate approved by the Government during the year 1978-79.

2. In two Co-operative Sugar Mills (Rohtak and Karnal) shortages and excesses amounted to Rs. 4.51 lakhs and Rs. 1.66 lakhs respectively during 1978-79 and 1979-80.

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

“The main reasons for the losses suffered by the mills are as under :—

(i) Teething troubles in machinery on accounts of expansion in case of Rohtak and Panipat & being new units at Karnal & Sonapat

(ii) *High Cane Price* :—The excess amount paid by the mills as additional cane price over and above the statutory price fixed by the Govt. of India from 1977-78 to 1983-84 as under :—

Rohtak Rs. 626.30 lacs

Panipat Rs. 661.63 lacs

Sonepat Rs. 450.94 lacs

Karnal Rs. 662.65 lacs

(iii) *Shortage of Cane during 1978-79 and 1979-80* :—Due to less availability of Sugar cane on account of Country wide draught the mills had to suffer heavy losses.

(iv) *High Incidence of Depreciation & Interest* :—On account of heavy investment in the expansion in case of Panipat and Rohtak mills and being new plants at Karnal and Sonapat mills have to pay very heavy interest on the term loan raised from the financing institutions for meeting the project cost. In addition, the depreciation was also high on account of expansion in case of Panipat and Rohtak and new units in case of Karnal and Sonapat.

(v) *Non Availability of Sampath Committee Incentives* :—With the de-control of sugar from 16-8-78, the concession in the shape of extra release of free sale sugar to the new units & extra release of free sale sugar over and above the average of last three years of production prior to the expansion to the expanded units went over board.

(vi) *Uneconomic Levy Price* :—The price for levy sugar which constitutes 65% of the total production was Rs. 169 78 per qntl. in 1976-77 and Rs. 187.75 w.e.f. 1-8-79.

This was very low in comparison to the actual cost of production which varied from Rs. 252 40 per qntl. to Rs. 355.55 per qntl. for mur mills.

(vii) *Crash in Sugar Price* :—Due to de-control of sugar in August, 1978 the prices of sugar crash down to such a low level as Rs. 170 to 190 per qntl. which was much below the cost of production of Rs. 252 40 per qntl. in case of Rohtak as Rs. 313 28 in case of Panipat, Rs. 355.55 in case of Karnal and Rs. 355.23 in case of Sonapat.

(viii) *High Incidence of Purchase Tax* :—The purchase tax used to be Rs. 1.25 per qntl. upto the year 1976-77 but was increased to Rs. 1.50 per qntl. from 1977-78. This is quite high as against the purchase tax of Rs. 0.24 per qntl. in the neighbouring state of Punjab. The Karnal & Sonapat Mills were exempted from the payment of cane purchase tax for the first five years from the date of start i.e. January, 1977.

The financial position of the mills in the subsequent years is as under :—

Year (1)	Panipat (2)	Rohtak (3)	Karnal (4)	Sonapat (5)
1979-80	(—)70.15	(—)69 54	(—)53.44	(—)103.95
1980-81	(—)62.44	(+) 6.96	(—)22.34	(—)105.59
1981-82	(—)114.12	(—)49.34	(—)48.73	(—)41.16
1982-83	(—)80.51	(+)12.32	(—)42.37	(+)18.28
1983-84	(—)70.28	(+)50.10	(+)59.52	(+)19.03

The following steps have been taken to avert these accumulated losses :—

- (i) Defects of the plant have been removed by inducting new parts in place of the defective ones.
- (ii) A time bound programme has been introduced for the development of early and late cane varieties in the mills areas.
- (iii) Framing of standard staffing pattern for all the mills keeping in view their crushing capacity in order to check over staffing.

- (iv) Financial management, Introduction of cash flow statements, timely preparation of balance sheet and profit and loss statements, physical verification of stores and inventory control, introduction of annual budgeting etc.
- (v) Recruitment of qualified and experienced key staff in the mills. Steps have been taken to ensure placement of qualified and experienced staff in key positions viz. Cane Manager, Chief Chemist, Chief Engineer and their deputies.
- (vi) *Technical Cell* —There is a technical cell at the level of State Federation which is managed by competent and experienced persons. They are rendering technical guidance and advice to the mills. This has ensured mechanical and technical efficiency in the mills.
- (vii) *Combined Purchases* —Combined purchases of major store items like gunny bags, Lime stone, limehessian cloth etc., for all the mills at the level of the Federation, thereby effecting economy in purchases.
- (viii) Formulation of annual cane development plans in all the mills with special emphasis on early and mid varieties.
- (ix) Timely arrangement of funds for the mills from different sources.
- (x) The mills have been advised to transfer cane inspectors and weighment clerks working at out centres for long period.
- (xi) The mills have been advised that correct cane bonding should be done and cane of actual cultivators bonded on the basis of 'Girdawari'.

Due to the above steps working, results of the mills are in progress as is evident from the following millwise position of the capacity utilisation (in percentage) for the last five years as under :—

Year	Panipat	Rohtak	Karnal	Sonepat
1980-81	71	74	87	59
1981-82	73	70	93	80
1982-83	78	91	93	92
1983-84	70	102	96	102
1984-85	84	93	102	102

In addition to this it is also evident that losses have been reduced during the last five years & even Rohtak, Karnal and Sonepat mills have shown profits, (figures given vide point 1 above).

As reported by the mills the position is that the mills had to operate 34 out cane purchasing centres during this season. The number of centres is much larger considering the daily requirement of cane. The mills take particular care to lift the daily cane purchased on the same day itself, provided the quantity of cane is a truck load or more. Even with the best and efficient cane transport management a sizeable quantity say between 2000 to 3000 quintals is bound to remain lying on a number of centres.

All out efforts were made to keep the cane shortage to the bare minimum in respect of cane quantity purchased at the centres. No specific yard stick or norm was determined and each individual case is to be examined on its merit keeping the relevant factor responsible for shortage in mind. From all the considerations given above, it would be seen that the shortage of 0.63% was normal and by no stretch of imagination it was on the higher side or abnormal. This is a normal business phenomena and expenditure for the same is admissible in the assessment under the income tax act as well.

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Karnal Mills :—

On physical verification of sugar stock conducted by the mills management on 5-2-80 and subsequently physical verification conducted by the Central Excise authorities on 7-2-80, the Central Excise authorities had determined shortages of 348 bags of sugar amounting to Rs. 1,33,236.26 instead of Rs. 1.66 lacs as pointed out by the audit. F.I.R. was lodged with the Karnal police on 5-2-80. Shri Rajinder Singh Deswal, the then Sugar Sales Manager, and Shri Harbhajan Singh Arora the then Sugar Sales Clerk, were placed under suspension on 5-2-1980.

After lodging the F.I.R. with the police, the case was investigated and both the above mentioned officials were arrested. Shri Deswal was released on bail by Judicial Magistrate Karnal while Shri Arora was remanded to police custody. Unfortunately Shri Harbhajan Singh Arora expired on 10-2-80 while still in police custody. S.P. Karnal had intimated vide his letter dated 28-12-82 that the case was reported as untraceable and it had been accepted by the Illaka Magistrate. Simultaneously departmental action against Shri Deswal had been taken and his services were terminated vide order dated 30-4-80. He filed a civil suit against his termination in the court of Sub-Judge, Karnal. The Civil Court set aside the termination orders. However, the mills had filed an appeal in the Court of Addl. District and Session Judge, Karnal who had decided the appeal in favour of the mills vide his order dated 25-4-1984.

The mills had also filed an arbitration case against Shri R.S. Deswal, Smt. Gunwant Kaur widow and Shri Perminder Singh S/o Shri H.S. Arora in the court of Assistant Registrar, Coop. Societies, Karnal.

At present the case is in the court of Dy. Registrar, Coop. Societies, Karnal. The next date in the case is fixed for 4-12-85. Final decision of the case will be intimated to the audit as soon it is decided by the Court."

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As already recommended in para 36 of their 23rd Report the Committee would like the department to thoroughly review the working of all the Sugar Mills and take necessary steps to make good the losses by increasing their production and reducing their expenditure.

The Committee further desire that the case of shortages in Co-operatives Sugar Mills, Karnal noticed as a result of physical verification conducted by the Central Excise Authorities, which is reportedly pending in the Court of Deputy Registrar, Co-operative Societies, Karnal be pursued vigorously and its final out-come intimated to the Committee.

COLONIZATION

Paragraph : 6.37. Development of Mandis

* * * *

6.37.03. Fixation of reserve price and sale

[7] The department, before auctioning plots, calculates the reserve price of plots in each *mandi* after considering (i) cost of land, (ii) land development charges, (iii) overhead charges at 9 per cent (14 per cent with effect from 28th August 1981), (iv) interest charges on (i) and (ii) above and (v) incidental charges at 10 per cent (12 per cent with effect from 28th August 1981). The reserve price, once fixed by the department, remains static. The department, however, stated in December 1982 that the auctioning officer while conducting the auction keeps in view the fact that the price received in respect of each plot should not be less than the approved reserve price/average price fetched in last auction. In addition, according to the New *Mandi* Townships (Development and Regulation) Rules, 1960, the Administrator has the right to reject any bid without assigning any reason or withdraw any property from auction.

The following points were noticed during the course of test-check in audit :—

* * * * *

(iii) One cinema plot measuring 2,189 sq. yards at Adampur *mandi* was auctioned in December 1981 for Rs. 2.21 lakhs against the reserve price of Rs. 3.33 lakhs. While working out the reserve price, the department had not taken into account additional compensation of Rs. 1.05 lakhs paid (November 1981) under orders of the Court and expenditure incurred up to September 1981 on water supply and sewerage system (Rs. 3.93 lakhs) and storm water drainage (Rs. 30.90 lakhs). After taking into account all the elements, the reserve price, works out to Rs. 3.61 lakhs. Thus, the department suffered a loss of Rs. 1.40 lakhs on the sale of the cinema plot.

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In their written reply the department stated as under :—

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“As per rules/policy all the plots were sold by open auction after getting the Reserve price of the plots approved from the Govt./F.D. The auctioning officer keeps in view while conducting auction that the price received in each plot should not be less than the approved reserve price and Average Price fetched in the last auctions. The auction of each plot was approved by the Govt.

The Cinema site was auctioned on 23-12-1981 and the highest bid received was Rs 2.21 lacs. The reserve price of this plot as finally decided by the Govt. was only Rs. 1,33,333 40 ps."

During the course of oral examination, when called upon to explain this loss, the departmental representatives informed the Committee that earlier the reserve price was fixed at Rs. 3.33 lakhs but when the plot was put to auction the highest bid offered was Rs. 2.21 lakhs and thereupon the department approached the Govt. for revising the reserve price (reducing it) to Rs. 1.33 lakhs.

The Committee do not feel satisfied with the above explanation of the departmental representative and observe as under :—

- (i) As intimated by the department the reserve price is calculated after taking into account (i) cost of land (ii) land development charges (iii) overhead charges (iv) interest charges and (v) incidental charges. The reserve price so fixed remains static and the sale price of the plot is not less than the approved reserve price/average price fetched in the last auction. The total expenditure on the cinema plot according to these basis comes to Rs. 15.28 lakhs and the rate works out to Rs. 152 per square yard but the plot was sold for Rs. 60.00 per square yard.
- (ii) The Committee fail to understand as to why the reserve price of Rs. 152 per square yards was reduced to Rs. 60. The Committee observe that the department did not make any earnest efforts to re-auction the cinema site when the bidders were offering bids less than the reserve price fixed on the earlier occasion viz. Rs. 3.33 lakhs.
- (iii) The Committee are surprised to observe that the shopping Centre adjoining cinema plot when auctioned fetched three times the reserve price fixed for these shops, whereas the reserve price of cinema plot in the same vicinity was reduced from 3.33 lakhs to 1.33 lakhs when there was a general rising trend in prices of everything including the land.
- (iv) The Committee feel there must have been some extraneous considerations behind reducing the reserve price already fixed by the department on definite basis. The departmental representatives could not convince the Committee as to the mode of the decision in reducing the price.
- (v) The department had informed the committee that there was no instance of any auction in other places under the scheme where the reserve price had been reduced in similar circumstances.

The Committee, therefore, recommend that the department should thoroughly re-investigate de-novo the whole deal of cinema plot at Adampur Mandi in the light of foregoing observations of the Committee and furnish results of their investigation to the Committee within three months.

Paragraph 6.37.03

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[8] (v) On receipt of complaints from residents of Adampur *mandi* that in the auction held on 20th December 1973, three industrial plots were sold to a firm at a very low rate ranging between Rs. 40,000 to Rs. 56,000 the said party surrendered the plots (February 1978). One more industrial plot was resumed in November 1978 on the ground that the instalments were not paid by the allottee on the due date. In the scheduled programme announced for auction to be held on 4th February 1981, these 4 plots were not included but the same were put to auction and sold on the said date for amounts ranging between Rs. 42,000 to Rs. 58,000. The price fetched was only Rs. 2,000 more than fetched in 1973, though the prices had gone up by 100 per cent to 200 per cent.

Both in their written reply and during oral evidence the departmental representative stated as under :—

“The general practice earlier was to issue an auction notice on general terms without giving reference to specific numbers. This system was changed in 1982-83.

(v) While plots are put to auction, the auctioning officer keeps in view that the price received in each plot should not be less than Reserve price and Average Price fetched in last auction. The auction of each plot is got approved from the government as per rules. The price received in each plot depends upon the situation of plot and the interest of prospective buyers for the purchase of plots. Many times the rate of same size located in the same vicinity does not fetch the same price because of their location and interest of people. The auction of industrial plots have been approved by the Govt.”

In regard to the auction of 3 Industrial plots sold to a firm at a very low rate ranging between Rs. 40,000 to Rs. 56,000, the Committee observe that the department should have been more circumspective including the four plots (one more plot resumed in November 1978) in the scheduled programme announced for auction to be held on 4th February, 1981 because there was a specific complaint from resident of Adampur Mandi that in the auction held on 20th December, 1973, the Industrial plots were sold to the firm at a very low rate and that the firm had surrendered the plots. The idea was that the price of these plots was much more and these had been auctioned to the firm by way of a favour. In these circumstances, the contention of the departmental representative put forth before the Committee that there was no system of specifying the plot number in auction notice and that the increase or decrease in the price of plots depended upon its location is not tenable. The Committee feel that the department should have included these four industrial plots in the scheduled programme announced for auction to be held on 4-2-1981. The Committee is surprised to observe that how the price fetched from the sale of each plot was only Rs. 2,000 more than that fetched in December, 1973, particularly when the prices had gone up by 100 to 200 percent and there was a specific complaint from resident of Adampur Mandi that the plots were sold at a very low rate.

The Committee, therefore, desire that the department should re-investigate into the circumstances for not including these four plots in the scheduled programme announced for auction to be held on 4th February 1981 as also the reasons for fetching only Rs. 2,000 more than the rate in 1973.

Paragraph 6 37.05. Encroachment of Land

[9] The department has not maintained complete records of encroachment cases, showing *inter alia*, name of the party, number of cases involved, area encroached upon and period from which encroached upon, etc. However, during test check of records of 11 mandis, 1,082 cases of encroachment were noticed.

In this connection the following points were noticed :—

- (i) In case of 3 mandis (Kanina, Satnali and Uchana) involving 409 cases, Government decided (August 1977) to sell the lands to the encroachers at the prevailing rate. Action on Government's decision has not been taken by the department so far (January 1983).
- (ii) In case of 2 mandis (Kanina and Fatehabad) the local municipal committees were also charging rent from the unauthorised occupants since September 1973 and October 1980, respectively. The amount recovered as rent by the committees up to March 1982 worked out to Rs. 0.68 lakh and Rs. 0.19 lakh respectively. The department has not claimed any compensation from concerned committees on this account.
- (iii) In the remaining 673 cases, the department has not yet (May 1982) taken action to get the unauthorised possession vacated.

The Committee observe that the department had not maintained complete records of encroachment cases showing *inter alia* name of the party, number of cases involved, area encroached upon, period from which encroached upon etc. According to test check of records, by Audit, there were 1082 cases of encroachments in 11 mandis. During the course of oral evidence, the departmental representative admitted that they had not maintained any record and that the encroachment cases were also not being pursued vigorously as these ought to have been done. He however, assured the Committee that now the department would be paying rapt attention to the job. He further informed the Committee that the M.C.s Uchana had already filed civil suits against the department. These committees are being persuaded to withdraw the civil suit cases against the department.

The Committee do not feel satisfied with the performance of the department with respect to initiating action for getting the unauthorised possession vacated. It is really surprising that the state Govt. could not persuade the Municipal Committees to withdraw the cases.

The Committee, therefore, strongly recommend that :—

- (i) The department should immediately maintain complete records of all encroachments and pursue cases of unauthorised possession vigorously.
- (ii) The concerned Municipal Committees which are charging rent from the unauthorised occupants and have filed civil suits against the department should be impressed upon to withdraw the cases.

- (iii) The department should initiate necessary remedial action in all cases of encroachment of land to get the unauthorised possession vacated expeditiously:

The progress report in the matter be sent to the Committee after every three months:

Paragraph 6.37.06 Delay in auction of plots

[1Q] (a) During test check of records of 6 *mandis* (Jhajjar, Bhiwani, Amin, Hathin, Tosham and Kosli) it was noticed that the department was not notifying the detailed particulars and number of plots open to auction on each occasion. Further, it was also noticed that the time-gap between one auction and another ranged from 1 year to 8 years even though the plots were available for sale. In the case of one *mandi* (Bhiwani) last auction was held in December 1976, and thereafter, no auction was held though 94 plots were available for auction.

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During the course of oral examination, the departmental representative admitted that in the case of Bhiwani Mandi, only auction notices were issued and further developments would be furnished to the Committee within a week. The requisite information was not furnished till the drafting of this report.

The Committee also observe that there was certainly inordinate delay in the auction of plots and that the time gap between one auction and another ranged from 1 to 8 years even though the plots were available. In the case of Bhiwani Mandi, no auction was held after December, 1976, though 94 plots were available for auction.

The Committee, therefore, desire that the department should investigate into the circumstances under which no auction could be held in Bhiwani Mandi after December, 1976 when 94 plots were available for auction.

Paragraph 6.37.07. Recoveries from plots holders

[11] Under the Rules, 25 per cent of the bid money in respect of sale of plot is to be paid at the fall of hammer and the remaining 75 per cent is payable in prescribed number of half-yearly/yearly instalments. In the event of non-payment of instalments after service of notice, the department can resume possession of the plot and forfeit the amount of the plot received to the extent of 10 per cent of the total.

Dr. A.P. It was, however, noticed that instalments aggregating Rs. 1,18.86 lakhs (excluding penalty and interest) in respect of plots sold upto 1981-82 were overdue as at the end of 31st march 1982.

The Public Accounts Committee had recommended (March 1979) in their 14th Report that all-out efforts should be made to recover the outstanding amount from the defaulters as early as possible.

A test check of the records revealed as under :—

- (i) In 12 cases pertaining to three *mandis* (Sirsa, Bhiwani and Kalanwali), though the plots were auctioned during the period between

December 1972 and January 1975, not even a single instalment (except 25 *per cent* received at the time of auction) had been received so far (May 1982). A sum of Rs. 2.35 lakhs is overdue from these allottees.

- (ii) In 11 cases of three *mandis* (Bhiwani Khéra, Ambala City and Sirsa), the plots were auctioned during the period from January 1972 to December 1979 but a sum of Rs. 1.85 lakhs (after the receipt of one or two instalments, the payments were stopped) was still outstanding from the respective allottees.

No action had been taken by the department for the resumption of these plots (May 1982).

During the course of oral evidence, when called upon to explain the efforts made to recover the outstanding amount from plot holders who had defaulted in making payments of instalments, the departmental representative stated, *inter-alia*, that the department was taking necessary steps to recover the outstanding dues from the plot holders. The departmental representative could not however, specify the names of the parties to whom notices were served as a measure to effect speedy recovery, and promised to furnish the information in due course. The Committee, however, regret to observe that the requisite details had not been supplied till the drafting of the report.

As already recommended in the Fourteenth Report, the department should make all-out efforts to recover the outstanding amounts from the defaulters.

The Committee further desire that the names of the defaulters with amounts over due and the period to which they pertain and reasons for non-payment be also furnished to the Committee within one month.

Paragraph 6.37.08. Non-accountal of recoveries

[12] Under the Punjab New Mandi Township (development and Regulation) Rules, 1960, (as applicable to Haryana), the consideration money for transfer of plots is to be paid either in cash or by bank draft drawn on scheduled banks. The department discontinued (October 1974) the practice of accepting payment in cash through treasury challans owing to lack of proper details in the challans. Even the payments received through cheques/drafts were also not adjusted in the accounts of the respective plot holders, and pending receipt of complete particulars, these were taken as miscellaneous receipts. The aggregate amount of unlinked credits up to the year 1980-81 worked out to Rs. 1.26 lakhs. The Public Accounts Committee in their 14th Report also recommended that outstanding items should be linked and adjusted in the accounts of the plot-holders to avoid unnecessary complications and harassment to them. However, no concerted action was taken (May 1982).

Paragraph 6.37.09. Financial Results

[12 a] *Proforma* accounts for the years 1969-70 to 1981-82 have not been finalised. *Proforma* accounts for the year 1966-67 which showed a net loss of Rs. 1.15 lakhs and for the years 1967-68 and 1968-69 which showed a net profit of Rs. 22.87 lakhs and Rs. 29.40 lakhs respectively were finalised in December 1982. The major deficiencies noticed as a result of audit of these accounts are enumerated below :—

- (i) The opening balances of assets and liabilities shown in accounts as on 1st November, 1966 (formation of Haryana) have not been reconciled with the balances appearing in the books of Punjab State.
- (ii) The opening and closing stock of developed land has been based on the amount of detailed estimates of works instead of on the actual expenditure incurred.
- (iii) The cost of land of 6 old *mandi* has not been brought into accounts.
- (iv) Basic commercial records, viz., Journal and ledger were not maintained.
- (v) Interest on capital has not been correctly worked out resulting in under-statement of loss by Rs. 1.25 lakhs during 1966-67 and over-statement of profit by Rs. 0.92 lakh and Rs. 2.91 lakhs during 1967-68 and 1968-69 respectively.

Regarding non-accountal of recoveries and non-finalisation of proforma accounts for the years 1969-70 to 1981-82 the departmental representative admitted the lapse during oral evidence and assured the Committee that the matter was being examined in consultation with the Finance Department for posting an Accounts Officer to set things right. He further admitted that further action would be taken in accordance with the guidance coming from the Finance Department.

The Committee observe that matters like non-accountal of recoveries and non-preparation of proforma accounts are serious because these can further lead to serious financial irregularities and frauds. It becomes therefore, imperative that the deficiencies in the accounts are removed expeditiously.

The Committee therefore desire that the department should pursue the matter with the Finance Department and take quick decision in finalising the modalities of action proposed to be taken to rectify the defects and to finalise the proforma accounts for the earlier years expeditiously.

SPORTS

Paragraph 7.8. Grants to sports organisations

[13] Rules provide that (i) only so much grant should be paid during any financial year as is likely to be expended during that year, (ii) no grants-in-aid will be extended to any sports associations/organisation which does not submit accounts/utilisation certificates of the previous grants, (iii) association/organisation is a registered body under the Registration of Societies Act-XXI of 1860 or other appropriate Act, and (iv) the grant should not be utilised for any purpose other than that for which it is released.

Scrutiny of records of Sports Department relating to grants released during 1980-81 and 1981-82 disclosed (June 1982) as under :—

- (a) Grants were paid to Stadium Committees year after year, i.e., from 1969-70 to 1981-82 without ensuring the utilisation of previous grants paid to them. As on 31st March 1982 Rs. 16.42 lakhs paid as grants to four Stadium Committees for the construction of Stadiums were lying unutilised in the absence of any land upon which these were to be constructed. The department stated (October 1982) that the stadium committees previously had lands but the sites were changed by them due to one or the other reasons; thus the point regarding absence of land was not mentioned in proposals for further grant and furnishing of utilisation certificates was not insisted upon at the time of release of further grants.
- (b) Grants totalling Rs. 13.78 lakhs were paid from 1977-78 to 1981-82 to Stadium Committee, Sirsa (Rs. 12.72 lakhs) and other thirteen Sports Associations (Rs. 1.06 lakhs) although none of the organisation was a registered body.
- (c) One stadium Committee was given grant of Rs. 1.00 lakh during 1976-77. After spending Rs. 0.57 lakh on opening ceremony and land levelling, the committee had to stop further construction on account of encroachment of land by the private parties. The committee was again sanctioned grant of Rs. 1.00 lakh (March 1981) even though it was in the knowledge of the department that the construction work of stadium had stopped due to encroachment of land and that there was unutilised balance of Rs. 0.43 lakh with the Committee. A proposal to shift the site of the stadium was under consideration (September 1982). Thus the expenditure of Rs. 0.57 lakh has become infructuous.
- (d) One Stadium Committee was sanctioned a grant of Rs. 4.00 lakhs (to be spent within one year) in March 1978 for the construction of a Gymnasium Hall against which a tubewell was sunk for providing water to the swimming pool along with hydrants in the play ground and a Basketball ground completed in 1981-82 at a total cost of Rs. 2.33 lakhs. Thus the grant

though partially utilised was not utilised for the purpose for which it was given.

In July 1982 the Government granted extension upto 31st March, 1983, for the utilisation of the balance amount of Rs. 1.67 lakhs.

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

“There is no dispute regarding provisions of the rules and the department generally gives grants according to these rules. However, stadia are big projects and the expenditure is to be met from the grants-in-aid as well as the contribution of the Stadium Committees. Sometimes the Stadium Committees are not able to raise the required amounts expeditiously because of which the construction is delayed. In addition, various agencies like the P.W.D. Panchayati Raj, Municipal committees are given the task of construction and they also face certain problems on account of supply of material as well as adequate staff, besides the inflow of funds for the Stadium committees. Again, grants-in-aid have been released in favour of Presidents of Stadium Committees who are the Deputy Commissioners of the respective Districts. Although the Stadium Committees are not registered bodies, yet with the Deputy Commissioners as Presidents there is no fear of any misutilisation of the Govt. grants. However, in future, it has been noted by the Department to sanction grants in favour of Distt. Sports Councils which are registered bodies.

It is a fact that as on 31st March, 1982, Rs.16.42 lacs were paid as grants to four stadium committees for the construction of stadia. Each case is dealt with as under :—

1. Kurukshetra :

1976-77	1,00,000
1976-77	1,00,000
1980-81	1,00,000
1981-82	1,00,000
1981-82	1,00,000
1981-82	74,000
	<hr/> 5,74,000 <hr/>

At the time of sanctioning grant of Rs. 1,00,000 during the year 1976-77, the Deputy Commissioner requested vide his D.O. No. 6863/D.A., dated 19-10-76 that grant be given as a site being close to the main Thanesar town was available. He enclosed a map as well as Kharsa Nos. of the land measuring 54 K—18 Marlas. This land is situated near Kali Kamli temple. Later, the Deputy Commissioner intimated vide his D.O. No. 78/118, dated 1-2-78 that in the said land there was a grave belonging to a minority community and, therefore, it was impossible to utilise the grant. Efforts were made to get 45 K—10 Marlas land free of cost from the Education Department which agreed to transfer the land to the Sports Department. In view of this, the Department of Sports sanctioned grants during the year

1980-81 and 1981-82. It is worth mentioning that utilisation certificate of the whole amount of Rs. 5,74,000 has been received in the Department.

Rohtak

1969-70	10,000
1979-80	35,000
1979-80	65,000
1979-80	50,000
1980-81	1,83,000
1981-82	10,000
Total	3,53,000

The Deputy Commissioner, Rohtak intimated vide his letter No. 976, dated 23-6-69 that land measuring 12.5 acres on Sonepat Road by-pass was available and, therefore, a sum of Rs. 10,000 was sanctioned as grant to the President, Stadium Committee in the year 1969-70. This amount was duly spent and Utilisation Certificate was received. However, later on, this site was found unsuitable and the Stadium Committee proposed transfer of land from the Jat Education Society, Rohtak. A survey plan alongwith proceedings of a meeting were also submitted by the Stadium Committee. Keeping all this in view, further grants were given to the Stadium Committee. However, the Deputy Commissioner intimated vide his D.O. No. 260, dated 6-2-74, that the Jat Education Society had refused to transfer the land and, therefore, construction of the Stadium had been taken up on the earlier site situated on Sonepat road by-pass. Hence, the department could not ask for Utilisation Certificate. Now, that the construction work has started, and the boundary wall has already been constructed at a cost of Rs. 1,94,064 and work on the pavillion is to be started soon. It is hoped that the amount grant will be utilised.

Faridabad :

1979-80	90,000
1980-81	1,60,025
1981-82	1,00,000
1981-82	50,000
1981-82	25,000
Total	4,25,325

An amount of Rs. 3,25,000 has been utilised for developing grounds for a stadium which covers land measuring 30 acres under the Central Green, Golf Club, N.I.T. Faridabad, and work is still in progress.

Sonepat :

1976-77	1,00,000
1980-81	1,00,000
	<hr/> 2,00,000 <hr/>

At the time of sanctioning grant of Rs 1,00,000 during 1976-77, land was available. Later on, it was found that in the land a small portion measuring 12 K—8 Marlas was a cremation ground of the Harijans and it was suggested to the Deputy Commissioner that the cremation ground be shifted elsewhere. The Municipality, Sonepat has made a proposal vide letter No. 520, dated 20-6-83 to the Director, Local Bodies for his concurrence which has been received

It is fact that a grant of Rs. 13.78 lacs was given to the stadium Committee, Sirsa (Rs. 12.72 lacs) and other 13 sports Associations (Rs. 1.06 lacs) which were not registered. After making strenuous efforts, six have been got registered. The detail of the registered Associations is enumerated below :—

Name of the Association	Registration No.
Haryana Civil Services Mountaineering & Trekking Association Chandigarh	Registered under Registration Act XXI of 1860. Reg. No. 648 of 1981
Haryana State Women Football Association	Do 629 of 1982-83.
Haryana State Cycle Polo Association	Do 623 of 1982-83.
Haryana State Softball Association	Do 627 of 1982-83
Haryana State Judo Association	Do 18 of 1978-79.
Haryana State Cricket Association (Men)	Do 65 of 1976-77

It is added that rest of the associations are being pressed to get them registered and it is expected that these will be registered within a short duration. It is also mentioned here that all the associations are affiliated with the Haryana Olympic Association.

At the time of sanctioning grant of Rs. 1.00 lac to the stadium committee, Sonepat, land was available. However, it was found later on that a small portion of land measuring 12 K—8 Marlas was a cremation ground of the Harijans. It was suggested to the Deputy Commissioner that the cremation ground be shifted elsewhere and accordingly the Municipality, Sonepat has sent a proposal in this direction to the Director, Local Bodies vide their letter No 520, dated 20-6-83. Concurrence of the Director, Local Bodies has been received. It is evident that the site has not been changed and the stadium is to be constructed on the same site. This, the amount of Rs. 0.57 lac was properly utilised and can not be termed as infructuous.

The amount of Rs. 2.33 lacs was utilised for sinking a tubewell for providing water to the Swimming Pool and for providing hydrants in the play-grounds and a Basketball ground. Now, that the department have decided to construct, a Sports Hostel-cum-Gymnasium Hall and the Finance Department have also concurred in the proposal, the above amount of Rs. 2.33 lacs stands utilised for useful purposes.

The Gymnasium hall has been constructed upto the roof level and a total amount of Rs. 8.30 lacs has already been spent on this construction, including Rs. 1.67 lacs which forms part of the grant of Rs. 4.00 lacs. As regards swimming pool, it has now been decided to construct a 50 metre pool instead of a 25 metre pool. The digging of the pool for the increased size is in progress. Similarly, the boundary wall is being lengthened. The change rooms have been constructed upto the roof level."

During the course of oral examination, the departmental representative admitted the irregularities pin-pointed relating to grants released by the sports department to stadium committees and other associations during 1980-81 and 1981-82.

The Committee painfully observe that the department has been releasing grants to various sports organisations in gross violation of rules and regulations. Grants are paid to the stadium committee without ensuring the utilisation of previous grants paid to them. The Committee note with serious concern that Rs. 16.42 lakhs paid during 1969-70 to 1981-82 to four stadium committee for the construction of stadia were still lying unutilised on 31st March, 1982. In the absence of any land upon which these were to be constructed it is surprising as to how the grant was released and also how the point regarding absence of land was not mentioned in the proposals of further grants and furnishing of utilisation certificates was not insisted upon at the time of releasing further grants. The Committee can only surmise that grants are released to sports organisations as a matter of course without exercising any scrutiny with reference to rules and propriety. This observation of the Committee is based on the fact that grants totalling Rs. 13.78 lakhs had been paid from 1977-78 to 1981-82 to one stadium Committee and 13 sports associations which were not registered bodies under the Registration of Societies Act, although the grant-in-aid rules provide that grant-in-aid should be paid to registered bodies. The Committee further observe that sundry rules for the release of grant-in-aid to various sports organisations are not scrupulously observed by the department, which is indeed, a serious matter.

The Committee, therefore, strongly recommend that the Government/Department should streamline the entire procedure regarding sanctioning and releasing of grants to various sports organisations and ensure that the prescribed procedure is faithfully observed by the various functionaries of the sports department.

The Committee further desire that the grants already paid to the un-registered organisations should either be got refunded or regularised by insisting on these bodies to get themselves registered.

GENERAL

The Committee note with concern that the purpose for which grants are given to sports organisations stands defeated for the reasons that none of the players had ever been sent abroad at the expenses of the associations which are given grants by the Sports Department. Whereas, the State Government should normally arrange to ensure that the sports association in Haryana must sponsor names of good players for participating in the various sports events held abroad or elsewhere the Committee, however, observe that the entire expenditure incurred by the State Govt. by way of grants in aid to sports organisations was spent on the visits abroad of officers. In this context, the Committee note that one Mr. Datta was sent abroad many a time when he had never been a player.

The Committee would, therefore, desire that the Sports Department should ensure proper and effective monitoring over the grants-in-aid released to various sports organisations so that the money is utilised by such associations really for the promotion of sports activities and objects and not for covering tours abroad.

FOOD AND SUPPLIES

Paragraph : 6.41. Misappropriation of wheat stocks

[14] With a view to holding the price line and maintaining an uninterrupted supply of foodgrains to consumers at reasonable price, the department procures wheat for Central Pool for despatch to the Food Corporation of India. The following cases of shortages of wheat were noticed by the department :—

(i) The Inspector-in-charge, Provincial Reserve Centre, Kurukshetra, during the period from 9th June 1978 to 1st August, 1978, moved 74,696 bags of wheat of one quintal each to the railway station, Kurukshetra for despatch to other stations against the Government allocation, but actually, 74,223 bags were received by the Inspector-in-charge at the railway station leaving a shortage of 473 bags (473 quintals) valuing Rs. 0.61 lakh.

(ii) The Inspector-in-charge Kurukshetra railway station had 76,435 bags of wheat (including opening balance of 1,586 bags and excess of 626 bags due to moisture gains/sweeping, etc.) of one quintal each during 9th June 1978 to 1st August 1978 for despatch to outside stations, of which 76,032 bags were actually despatched leaving a balance of 403 bags. Out of 403 bags, 387 bags were returned to the Inspector in-charge, Provincial Reserve Centre, Kurukshetra, who received only 219 bags resulting in short receipt of 168 bags. The said inspector on transfer (1st August 1978) did not hand over the balance 16 bags of wheat to the Inspector-in-charge P.R. Centre, Kurukshetra. Thus, the net shortage against the Inspector-in-charge, Kurukshetra rail head was to the extent of 184 bags (184 quintals) valuing Rs. 0.24 lakh.

The Department, after receipt of State Vigilance Report (May 1980) issued (28th December 1981) charge-sheet to both the officials and departmental enquiry is in progress. Final outcome is awaited (October 1982).

As per special procedure for the removal of grain, the Inspector despatching stocks was required to obtain signatures of Inspector at receiving end at the close of each day. The procedure was not followed. Had this procedure been followed, the misappropriation could have been detected immediately ?

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

“During the course of departmental enquiry both the officials Sarvshri Khan Chand Pahwa and Gaja Nand, Inspectors Food & Supplies were found responsible for misappropriation. They were served with a charge-sheet under rule 7 and a departmental enquiry was held thereafter. The

2nd show cause notice for dismissal was served to both the Inspectors. Their reply to the show cause notice has been received and is being examined by the department. Final orders will be passed after consideration of the reply of the Inspectors to the 2nd show cause notice.

The special procedure laid down for the removal of grains from storage point was not strictly followed and hence mis-appropriation took place. Asstt. Food and Supplies Officer is the Supervisory Officer concerned and he is responsible for securing compliance of the procedure but in this case mis-conduct of the Inspectors was brought to the notice of higher authority by Asstt. Food and Supplies Officer himself and as such the Supervisory officer does not appear to be party to the mis-appropriation.

The cause of mis-appropriation / shortage was duly investigated by holding enquiry against the Inspectors. The mis-appropriation/shortage was not facilitated due to any lacuna in the prescribed procedure. Mis-appropriation took place due to the mis-conduct of the Inspectors concerned in not preparing the prescribed P R. 14 (Movement Chit) correctly.

Action to get the matter regularised will be initiated after the finalisation of the disciplinary action case against the Inspectors concerned."

The Department further stated in their additional reply dated 19-9-85 that in this case S/Shri Khan Chand Pahwa and Gaja Nand Inspector Food & Supplies were proceeded under rule 7 of Pb. C.S. (P&A) Rules, 1952. On the basis of enquiry report the competent authority have passed orders dated 27-7-85 for the dismissal of Sh. Khan Chand Pahwa Inspector Food & Supplies and Sh. Gaja Nand Inspector Food & Supplies has been reduced in rank as Sub-Inspector. These orders have been issued under endst. No. 2E(I)—85/25368 dated 5/7-8-85 and No. 2E(I)—85/25629 dated 7-8-85.

The Department having admitted that the special procedure laid down for the removal of grains from shortage point was not followed and hence mis-appropriation.

The Committee would like the Department to undertake a special review to see that this procedure is scrupulously followed in all other Provincial Reserve Centres and report the results thereof to the Committee within three months.

The Committee are further pained to observe that the Department in ordinately delayed the process of enquiry against the defaulting officials. The Department had to appoint three enquiry officers to complete the enquiry. The first did not start the enquiry, the second was transferred and the third could complete it after 7 years for the occurrence of the mis-appropriation.

The Committee would like the Department to streamline the snags in the procedure, if necessary in consultation with the Finance Department

so that enquiries are speedily made and the culprits are brought to book promptly.

Paragraph 6 42. *Abnormal shortage/quality cuts on damaged wheat stocks*

[15] During R bi 1977 (April 1977 to July 1977), the Smalkha centre procured 22,442 40 quintals of wheat (value : Rs 25 30 lakhs) for Central pool for despatch to the Food Corporation of India (FCI) against allocation from Government. Out of it, 7,110 quintals (value : Rs. 8 02 lakhs) were despatched to FCI up to 16th October 1977 against allocation from the Government of India.

On inspection of the stock on 17th October 1977, formation of *atta* was detected but no action to prevent further deterioration in quality was taken. A further quantity of 5,969 quintals of wheat (value : Rs. 6.73 lakhs) was, however, despatched to FCI up to 7th April 1978. It was decided (May 1978) to get the balance stocks cleaned. When the stocks were taken out for cleaning, an abnormal storage shortage of 415.69 quintals (excluding normal shortage of 215.59 quintals) valuing Rs. 0 47 lakh was noticed. The cleaning which was carried out during 7th April 1978 to 24th July 1978, further resulted in net shortage of 783.21 quintals (excluding normal shortage of 76 35 quintals) valuing Rs. 0.88 lakh.

In view of the damaged condition of the stocks, the Director, Food and Supplies Department, Haryana declared the stocks on 1st May 1978 as of 'C & D' categories. The FCI levied a quality cut of Rs. 0 77 lakh on the issue of 4,692.80 quintals wheat out of balance quantity of 7,872.57 quintals despatched by the department during May 1978 and September 1978.

Thus the department suffered a loss of Rs. 2 12 lakhs, which could have been avoided considerably if timely action had been taken in October 1977 when formation of *atta* was noticed.

The department stated (July 1982) that a decision to effect recoveries of Rs. 1.35 lakhs on account of abnormal shortage and for quality cuts of Rs. 0.77 lakh has since been taken and a Senior Officer was being deputed to investigate into the matter.

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

"After detection of *atta* formation in wheat on 17th October, 1977 timely action was taken and efforts were made to procure more allocation from FCI for despatching that wheat. In addition, the stocks were treated and fumigated 12 times to keep the stocks in good health.

The loss has been investigated and recovery orders have been passed against the officials found responsible for this loss. Out of 2 12 lacs loss, a sum of Rs. 77,000 has since been realized from FCI which was deducted due to quality cuts. For the balance amount of 1 35 lacs responsibility has been fixed upon the Inspectorate staff and supervisory staff

and a sum of Rs. 8617.07 have already been recovered from them.

As per rules not more than 1/3rd of the pay in a particular month can be recovered from the officials. The amount of recovery determined is being recovered in accordance with the rules. To avoid such recurrence more scientific godowns are being constructed. We have added 31,000 tonnes of godown accommodation to our capacity after October 1978. Where there is still insufficient Govt. Godowns Capacity available to store the foodgrains and where in spite of best efforts sufficient godowns accommodation is not available, the procured wheat stocks are being fumigated more frequently and despatched to FCI by rail/road in the bare minimum period. With these precautions attestation has not occurred in Samalkha P.R. Centre again."

In their additional reply dated 19-9-85 the Department stated as under :—

"Out of the total amount of Rs 2.12 lac, the loss of 77,000 on account of quality cut had since been made good from the FCI. As regards the balance amount of Rs. 1.35 lac the responsibility of the loss has been fixed on the following Inspectors/Supervisory staff :—

Name of official	amount	Recovered upto May, 1985	Date of retirement
1. Sh. R K. Mehra, IFS	22525-35	1564-00	30-6-98
2. Sh. Parlad Rai, IFS	22525-35	3974-00	20-6-2004
3. Sh. Rajesh Bhardwaj, IFS	22525-35	875-00	31-10-2008
4. Sh. Sat Pal, SIFS	13515-12	3600-00	30-4-2004
5. Sh. Ram Karan, SIFS	13515-12	—	—
6. Sh. Bhagat Ram, SIFS	13515-12	—	31-8-2005
7. Sh. Partap Singh, AFSO	27031-60	2718-06	30-4-1996

Thus by deducting 1/3 of pay recovery of Rs. 12731 00 has been made and it is expected that full recovery will be effected within the service period of all the officials.

As per rules the recovery over and above 1/3 of the pay can not be made. In addition to it concerned Distt Food & Supplies Controllers have been directed to forfeit the securities of the Inspectorate staff against their recoveries.

No lenient view has been taken and recovery orders were issued to make good the loss by the competent authority."

The Committee observe that abnormal shortage/quality cuts of wheat which are reportedly due to shortage of storage capacity with the department that wheat stock was lying in open. When asked to intimate the stores loss for the last few years, the departmental representative promised to send the requisite information to the Committee in due course. The information had, however, not been supplied till the drafting of the report.

The Committee, therefore, desire that the figures of storage losses for the preceding 5 years be furnished to it within one month.

The Committee further desire that the case of recovery of the balance amount of Rs. 1.35 lakhs from the Inspectors/Supervisory staff should continue to be pursued to its logical conclusion.

PUBLIC HEALTH

Paragraph : 4.7. Avoidable liability

[16] According to the rules, the tenders should be finalised at all levels in such a manner so as to communicate the acceptance to the contractor within one month of the date of tender.

The tenders for the work of "Providing water supply scheme to Nalwa group of villages, construction of storage and sedimentation tank etc." estimated to cost Rs. 1.42 lakhs at the current rate of sanctioned premium, with stipulation for completion of work within six months were invited (18th April 1979) by the Executive Engineer Public Health Division No. II, Bhiwani and the same were required to be received by 11th May 1979 with a validity period of three months viz., 10th August 1979. Only one tender was received against the above enquiry. The tendered cost, after taking into account the financial implications of the various conditions quoted by the contractor worked out to Rs. 1.88 lakhs. The tendered cost being high, negotiations were held by the Executive Engineer with the tenderer and the amount was got reduced to Rs. 1.71 lakhs. The case was forwarded by the Executive Engineer to the Superintending Engineer for acceptance on 28th June 1979 but the Superintending Engineer advised (August 1979) that negotiations be carried out with the contractors to bring down the rates within the permissible zonal premium or alternatively the tender be recalled. By then the validity period of the tender (three months) had practically expired and conducting negotiations with the contractors had no legal sanctity without the consent of the contractor to extend the validity period. The tenders were re-invited on 10th October 1979, when again one tender, with the restricted validity period of 15 days was received. After working out the financial implications, the tendered amount of the work was evaluated at Rs. 1.87 lakhs and the case was recommended to the Superintending Engineer for acceptance on 19th October 1979. The approval was accorded on 13th November 1979, when validity period as per tender had already expired. Tenders with time limit for completion of the work reduced to 3 months, were again recalled on 19th March 1981 and the work was allotted to the lowest tenderer at a cost of Rs. 2.03 lakhs and work commenced with effect from 1st September 1981.

Repeated delays in finalisation of the tenders by the departmental authorities had resulted in avoidable expenditure of Rs. 0.32 lakh (Rs. 2.03 lakhs minus Rs. 1.71 lakhs).

The department stated (January 1983) that the case remained under correspondence and no official was at fault.

The matter was referred to the Government in August 1982; reply was awaited (February 1983).

During the course of oral examination on 17-5-85, the departmental representative conceded that there was additional burden on the State exchequer but the department had no malafide in delaying the acceptance of tenders. The departmental representative further stated that no official was at fault for not communicating the acceptance to the contractor within one month of the date of tender.

The Committee feel that repeated delays in finalisation of the tenders by the departmental authorities had resulted in avoidable expenditure of Rs. 0.32 lakh. Efforts should, therefore, be made to ensure that rules regarding finalisation of tenders and Communication of their acceptance to the Contractor within the stipulated period should be scrupulously observed to avoid such situations in the future.

The Committee further recommend that the department should as far as possible avoid accepting conditional and qualified offers, as has been done in the instant case.

Paragraph : 4 9. Outstanding inspection reports

[17] (a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and to the next higher departmental authorities through the audit inspection reports. The more important irregularities are reported to the heads of departments and the Government. The Government has prescribed that the first replies to inspection reports should be sent within six weeks.

At the end of November 1982, two hundred and ninetyfour inspection reports relating to Public Health Department issued up to March 1982 still contained unsettled paragraphs. Year-wise break-up of the outstanding inspection reports is given below :—

Year	Number of inspection reports	Number of paragraphs
1976-77 and earlier years	173	446
1977-78	20	109
1978-79	20	120
1979-80	26	169
1980-81	26	246
1981-82	29	327
Total	294	1417

These included 10 inspection reports for which even the first replies had not been received.

The more important types of irregularities noticed during inspection

and local audit of Public Health Department is summarised below :—

Serial number	Nature of irregularity	Number of cases	Amount involved (in lakhs of rupees)
(i)	Expenditure on deposit works without or in excess of deposits	26	7,68.20
(ii)	Expenditure without approved/sanctioned estimates on purchases/works or without calling quotations/tenders	52	1,58.00
(iii)	Non-accountal of material	137	88.30
(iv)	Outstanding beneficiary shares	6	80.80
(v)	Excess/surplus/unserviceable material	24	61.10
(vi)	Amounts recoverable from contractors/suppliers towards cost of material not returned or material not received against advance payment	89	46.60
(vii)	Non-closing of manufacturing accounts due to non-adjustment of out-turns	6	35.10
(viii)	Wasteful and infructuous expenditure due to defective plans, designs, abandonment of works, changes in alignment, etc.	27	29.70
(ix)	Extra expenditure on account of change of specification and due to non-observance of rules/due to rejection of lowest tender, etc.	15	11.60
(x)	Compensation for delays not levied or short levy of compensation	26	9.70
(xi)	Unauthorised financial aid to contractors	12	3.10

In their written reply the department stated inter-alia as under :—

“The latest position of outstanding Inspection Reports/Paragraphs issued upto March, 1982 is as under :—

No. of Inspection Reports	No. of Paragraphs	No. of I.R. dropped	No. of Paragraphs dropped	Balance No. of Inspection Reports	Balance No. of Paragraphs
294	1417	36	603	258	814

Year-wise/division-wise position of outstanding No. of Inspection Reports/Paragraphs has been given in Annexure 'A'.

Annexure-A

Statement showing the year-wise/division-wise position of Inspection Reports Paras upto 1981-82

Name of Circle/ Division	No of I/R upto 1976-77		1977-78		1978-79		1979-80		1980-81		1981-82		Balance	
	I/R	Paras	I/R	Paras	I/R	Paras	I/R	Paras	I/R	Paras	I/R	Paras	I/R	Paras
I. P.H. Circle, Karnal	2	3	4	5	6	7	8	9	10	11	12	13	14	15
P.H. Divn. Karnal	3	4	—	—	1	1	1	2	1	2	1	4	7	13
-Do- Jind	3	8	1	2	1	1	1	2	1	1	—	—	7	14
-Do- Kurukshetra	5	14	1	8	1	3	1	5	1	3	1	11	10	44
-Do- P&I Ambala	3	3	1	1	—	—	—	—	—	—	1	5	5	9
II. P.H. Circle, Bhiwani														
P.H. Divn. No 1, Bhiwani	10	33	1	14	1	8	1	5	1	7	1	5	15	72
-Do- No. 2, Bhiwani	1	1	1	2	1	1	1	1	1	6	1	4	6	15
-Do- Narnaul	5	7	1	3	1	9	1	9	1	7	1	2	10	37
-Do- Hansi	—	—	—	—	1	2	—	—	1	1	—	—	2	3
III. P.H. Circle, Hissar														
P.H. Divn. No. 1, Hissar	12	69	1	8	1	3	1	5	1	12	1	8	17	105
-Do- No. 2, Hissar	6	32	1	5	1	4	—	—	1	5	1	3	10	49
-Do- Fatehabad	4	8	1	5	1	3	1	6	1	4	1	3	9	29
-Do- Sirsa	2	3	1	1	1	1	1	1	1	1	1	7	7	14
IV. P.H. Circle, Ambala														
P.H. Divn. Ambala Cantt.	17	27	—	—	1	9	1	7	1	7	1	8	21	58
-Do- Mech. Ambala Cantt.	1	1	—	—	1	1	1	1	—	—	1	5	4	8
V. P.H. Circle, Sonapat														
P.H. Divn. Sonapat	2	6	1	2	1	3	1	4	1	4	1	5	7	24

The Committee observe that there are old outstanding inspection reports dating back to 1976-77 and earlier years. The Committee desire that department should accord priority to the settlement of these old out standings.

The Committee further desire that the pace of clearance need being accelerated and further accumulation arrested by on the spot clearance.

TRANSPORT

Paragraph : 6 38. Theft of cash

[18] An Assistant Cashier of a Depot of Haryana Roadways, after receiving Rs. 1,25,657.25 from the route conductors at 9.45 P.M. on 6th January 1982, kept the amount in an almirah in the cash section because there was no separate cash chest for lodging cash collections, and got the locks checked also from the gunman on duty. Out of this, a sum of Rs. 1,25,387 was allegedly burgled on the same night by breaking open the lock of the almirah though the lock of the cash section room was found intact.

The theft was noticed by the Assistant Cashier at about 6.45 A.M. on 7th January 1982 when he came for duty and a complaint was lodged by the General Manager with the Police on the same day. The gunman and the *chowkidar* were taken into custody by the Police for investigation. The case is still (May 1982) under investigation.

The gunman on whose part negligence was noticed in a departmental enquiry was placed under suspension with effect from 7th January 1982 and was charge-sheeted. Subsequently, one more official was placed under suspension on 26th March, 1982.

The General Manager of the Depot intimated, (May 1982) "strong room has now been built up and iron chests provided to safeguard Government money in future."

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

"The cash-chest was already provided to the Head Cashier for the safe custody of main cash. The cash which was burgled pertains to the sale proceed of tickets received by the Assistant Cashier from conductors till late hours i.e. upto 9 45 p.m. This cash could not be kept in the chest as the Head Cashier normally attend the office from 9.00 a.m. to 5 00 p.m. As such this cash was kept in a steel Almirah which was further protected by the steel shutter duly locked and safe guarded by the Gunman.

This collection pertained to one day only.

The services of Gunman and *chowkidar* have been terminated. The Asstt. Cashier placed under suspension was re-instated on being found innocent.

The case is under trial in the court.

Rs. 34,500 had been recovered by the police authority which had been remitted into Ambala Treasury. Besides a trac-

tor trolley got repaired at a cost of Rs. 5.00 out of burgled money by the accused was also impounded by Police which was released, later on, on superdari."

During the course of oral examination (7-6-85), the departmental representative in reply to a question of the Committee informed that the theft was, in fact, committed by Sh Om Paikash, a driver of the Roadways with his two/three outside accomplices. This driver, he further stated, was transferred from Yamuna Nagar Depot to Jind Depot and had been under suspension for the last three years at the time of his transfer to Jind Depot. The General Manager, Jind reinstated him and the reasons for his reinstatement were not known. The departmental representative assured the Committee that explanation of the General Manager for reinstating the Driver would now be called for and the driver would be again suspended immediately.

The Committee desire that action as contemplated against the General Manager, Jind and the alleged driver be finalised expeditiously and final outcome intimated to the Committee within *three months*.

P.W.D. (B&R)

Paragraph : 4 4. Excess payment

[19] The department placed (August 1980 to November 1980) order on four different firms A, B (Chandigarh based) C and D (Faridabad based) for supply of R.C.C pipes NP-3 with collars to 6 divisions at the rates contained in their expired rate contract for the year 1979-80 with a condition that the payments made in accordance with the expired rate contract valid upto 31st March 1980 would be interim payments and the final payments would be made as per the rate contract for the year 1980-81. The rate contract for the year 1980-81 was finalised only on 30th January 1981. There was no rate contract from 1st April 1980 to 29th January 1981. 1,674 pipes were purchased from these firms during September to December 1980 at a cost of Rs. 19.81 lakhs. The Engineer-in-Chief clarified in April 1981 that the rates mentioned in 1980-81 rate contract were valid from 30th January 1981. The department allowed the final payments at the rates contained in the rate contract operative from 30th January 1981 without ascertaining the market rates prevailing at the time of purchase.

The Firms A and B were on rate contract for the same material in the adjoining State of Punjab operative during the period from 14th March 1980 to 13th March 1982. The rates contained therein were market rates. It was noticed in audit that these rates were far less than those contained in the rate contract of Controller of Stores, Haryana, operative from 30th January 1981.

As per rules no contract involving an uncertain or indefinite liability or any condition of unusual character should be entered into. By committing themselves to an uncertain liability and payment according to a non-existent rate contract and at rates of subsequent rate contract which came in force from 30th January 1981, the department, after the dates of actual delivery, made an excess payment amounting to Rs. 2.93 lakhs as detailed below —

Serial number	Division	Firm	Amount excess paid (in lakhs of Rupees)
1.	Jagadhri Provincial Division, Yamunanagar	A	0.18
		B	0.26
2.	Provincial Division, Naraingarh	A	0.24
3.	Construction Division, Chandigarh	A	0.67
		B	0.30
4.	Provincial Division, Fatehabad	C	0.45
5.	Provincial Division, Gurgaon	D	0.32
6.	Construction Division, Gurgaon	D	0.51
Total			2.93

The department intimated (May 1982) that the supply orders were placed in view of the urgent requirements of the Divisions, and the difference was paid as per condition of the supply order.

A check of departmental record, however, revealed that up to March 1981 the material had not been utilised in one division and in other four divisions the utilisation ranged between 22 *per cent* and 94 *per cent*. The position from the remaining one division was awaited (December 1982). On this being pointed out in audit the Government regularised the payments in October 1982 and advised the Indenting Officers to avoid such irregularities in future.

The matter was referred to the Government in September 1982; reply was awaited (February 1983).

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

“The rate contract for hume pipes expired on 31-3-80. The department wrote a D.O. letter to the Controller of Stores, Haryana on 30-6-80 requesting for immediate finalisation of rate contract of RCC pipes (N.P. 3) as the requirement of the department was immediate. The Controller of Stores invited tenders on 19-8-80 which were opened on 22-8-80 and were finalised on 30-1-81. The rate contract was made effective from 30-1-81 and was valid upto 31-3-82. Similar Pipes were required by the Irrigation Department and they had made arrangements to purchase such pipes from M/s Spun pipes India Pvt. Ltd. New Delhi. This firm approached the Engineer-in-Chief, Haryana, P.W.D. B&R on 16-8-80 with a copy of orders placed by the Superintending Engineer, Constn. Circle No. 1, I.B. Delhi requesting that they shall be prepared to supply on the same terms and conditions, pipes to P.W.D. B&R. To meet the emergent demand this office authorised all the S.E's on 30-9-80 to procure urgent requirements of hume pipes as per arrangements made by the Irrigation Department pending finalisation of rate contract by Controller of Stores. The department placed orders on similar terms for the requirement of pipes with M/s Indian Hume Pipes Co. Ltd. Chandigarh and Chandigarh Spun Pipes, Chandigarh with the stipulation that the firm will refund the difference if the rates in rate contract are reduced by the Controller of Stores and in case the rates are increased the department will pay the difference. Orders were placed by the S.E's on the basis of these orders. The matter was discussed by the Chief Engineer with the Commissioner and Secretary (Industries) when it was felt that the settlement of the parties should be made on the basis of new rate contract when finalised.

The rate contract entered into by the Punjab State is not binding on Haryana and rates existing in Punjab were not compared. More-over the rate contract in Punjab was finalised in 1/80.

No commitment of uncertain liabilities was made because the department only agreed to the terms that if rates in the rate contract are reduced the firms shall refund the difference and if the rates are increased the deptt. shall pay the difference. It is so because the rate contract had not been finalised and another sister deptt. in the Irrigation branch of the Govt. had already made arrangements. It was, therefore, thought proper to purchase urgent requirements only in accordance with the arrangements made by the IB and as such the loss is only hypothetical. The purchase was regularised by the Government after due consideration of all the circumstances vide their letter dated 29-10-82 with the consent of Finance Department. No officer of the department is, therefore, responsible.

Orders were placed only to meet urgent requirements. The over-all utilisation of these pipes averages to 70%."

During the course of oral examination the departmental representatives had however, admitted the following lapses :—

- (i) Committing themselves to an uncertain liability by making payment according to a non-existent rate contract and at rates of subsequent rate contract which came into force from 30-1-1981, in contravention of the financial rules.
- (ii) Resorting to imprudent and hasty purchases of the material which could not be fully utilised in the divisions for which the supply orders were stated to have been made in view of the urgent requirements.

For the (ii) lapse, the departmental representative had assured the Committee that adequate action would be taken against the officers/officials responsible for these purchases. No action to this effect had been reported/intimated till the drafting of this report.

The Committee desire that action against the delinquent officials be finalised speedily and compliance report furnished to the Committee within six months.

The Committee further desire that department should desist from committing such irregularities as has been mentioned in (i) above in the future.

Paragraph : 4.5. Wasteful expenditure

[20] In Provincial Division, Fatehabad, the work "Constructing a link road from Bamanwali on Bhattu Khera road to village Chabarwal" was administratively approved on 30th March 1978 but the same was started in December 1977 on unapproved alignment. The work was completed in November 1981 at a cost of Rs. 6.40 lakhs. On the basis of cross sections actually observed at every 30 metres, the technical estimate sanctioned in December 1978 (cost : Rs. 4.34 lakhs) for the road length of 4.51 kilometres, provided for 25,553 cubic metres of earth work.

During the course of audit scrutiny it was revealed that the quantity of earth work actually executed in the road length of 4.420 kilometres as per muster rolls, was, however, 40,777 cubic metres for which a payment of Rs 0.98 lakh was made between January 1978 and July 1981. Thus, 15,224 cubic metres (40,777 minus 25,553) of earth work measuring in excess (60 per cent) of the quantity provided in the technically sanctioned estimate involved an extra expenditure of Rs. 0.37 lakh. In the revised estimate submitted by the Executive Engineer after a lapse of 7 months of the completion of the work in March 1982 for sanction by the higher authorities the provision of the earth work was kept as per original estimate viz, 25,553 against 40,777 cubic metres actually executed. The department stated (August 1982) that the matter regarding non-providing of the actually executed quantity of earth work in the revised estimate was under investigation.

The matter was referred to Government in October 1982, reply was awaited (February 1986).

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

"The work of construction of link road from Bamanwali on Bhattu Khera Kheri road to village Chabarwal was started in 12/77 and earthwork only was completed in 8/79. Detailed estimate of this work was sanctioned in 12/78 and the road work completed in 11/81. In the original sanctioned estimate 25,553 cubic metre of earth work was provided. This Kacha link road, however, remained open for traffic of cattle carts and was also subjected to erosion of soil by natural agencies viz. strong winds, dust/storms and rains. The area being in a sandy track the earthwork on the kacha road was susceptible to erosion by natural agencies till road was completed in 8/81.

During this period, to enable traffic to ply and to fill such consequent depression resulting from various factors given above some earthwork had to be done at the time of laying soling to make a proper sub-grade. This resulted in the execution of excess earthwork to the tune of 15,224 cubic metres. The provision of the total earthwork to the extent of 40,777 cubic metres was however incorporated in the revised estimate for Rs. 6.95 lakh which has since been sanctioned by the Govt.

There has been no lapse on the part of any officer/official regarding extra expenditure involved as explained above.

The matter regarding non-providing of the actually executed quantity of earthwork in the revised estimate prepared in March, 1982 by the Executive Engineer when the earthwork had already been completed in 8/81 was investigated. It was found that the mistake had crept in copying the quantities to be included in the revised estimate and was detected in the circle office and rectified."

The Committee do not feel convinced with the plea of the department that the omission in not providing the actually executed quantity of earth work (viz. : 40,777 cubic metres) in the revised estimate was due to copying. The departmental representative could not give satisfactory answer to the Committee as to how the quantity of earth work (viz. : 40,777) cubic metres was exactly audited to be adopted in the revised estimates. The Committee, therefore, believes that obviously 15,224 cubic metres of earth work (40,777—25,553 cubic metres) was in excess of the quantity provided in the technically sanctioned estimate.

The Committee, therefore, desire that the matter regarding non-providing of actually executed quantity of earth work in the revised estimate should be thoroughly reinvestigated and report furnished to the Committee within *three months*.

Paragraph 4 6. Extra liability

[21]. Provincial Division No. I, Kurukshetra invited tenders for the work of construction of Bal Bhawan at Kurukshetra with an estimated cost of Rs. 3 25 lakhs (March 1981) including sanctioned zonal premium against which 5 tenders were received.

Out of these five tenders, the lowest, second and third lowest, quotations were from contractors 'A', 'B' and 'C' for Rs. 3.27 lakhs, Rs. 3.28 lakhs and Rs. 3 31 lakhs respectively. The lowest tender of contractor 'A' was rejected by the Executive Engineer on grounds of incapability. The offers of other two contractors 'B' and 'C' were also rejected without holding negotiations.

Tenders for the work were again invited (May 1981). Only one tender (cost : Rs. 3.52 lakhs) was received from contractor 'C'. The Executive Engineer negotiated with contractor 'C' who agreed to offer a rebate of 3.43 *per cent*. The negotiation was conducted reportedly on anticipation of still higher rates. The recommendations of the Executive Engineer was not approved by Superintending Engineer. Further negotiation with contractor 'C' led to increase of rebate to 5.85 *per cent* reducing the tendered cost of work to Rs. 3.31 lakhs. The offer of contractor 'C' was valid up to 25th August 1981. The Superintending Engineer did not accept the offer within the validity period. The contractor did not extend the period of validity nor reduced the offer as tried by the department afterwards.

In November 1981, the Superintending Engineer held Executive Engineer responsible for all consequences arising due to rejection of the lowest tender of contractor 'A' for which he was not competent. Tenders were recalled in December 1981, wherein out of two tenders received, the lowest offer was from contractor 'B' for Rs. 3.75 lakhs. After negotiation, contractor 'B' reduced the offer to Rs. 3.65 lakhs which was higher than the reduced offer of contractor 'C' by Rs. 0.34 lakh and of contractor 'A' by Rs. 0.38 lakh.

Thus due to unauthorised rejection of the offer of contractor 'A' at the first instance, the department lost Rs. 0.38 lakh. Out of this amount, Rs. 0.04 lakh could have been saved if Superintending Engineer accepted the offer of contractor 'C' within the validity the period.

The matter was referred to the Government in August 1982; reply was awaited (February 1983).

Both in their written reply and during oral examination the departmental representative had admitted the lapse brought out in the audit paragraph and stated that matter was being investigated and explanation of the concerned officer called for and that appropriate action against the defaulting officers, would be taken and the Committee informed within three months. But no report had however, been received from the department till the drafting of this report.

The Committee, therefore, desired that action against the officers/officials for the lapse be finalised urgently and report sent to the Committee within one month.

Paragraph : 5 1. General

[22] Stores like cement, steel, road metal and other material are procured by the Buildings and Roads Branch of the Public Works Department for the execution of various works. The stores are purchased by the departmental officers (according to the delegation of powers) for specific work and for general stores upto the limit of reserve stock specifically sanctioned for each division. Numerical or quantitative account of receipts, issues and balances is maintained by the divisional officers. The receipt and issue of the stores during the year 1981-82 were as under :—

(in lakhs of rupees)

Opening balance	(—)2,86.56
Receipts	34,57.44
Total	31,70.88
Issues	33,95.03
Closing balance	(—)2,24.15*

The following points were noticed :—

- (1) The rules require that the value of stores held in stock by a division should not exceed the limit prescribed for that purpose and that the stock registers of the division should be closed at the end of each half-year and reviewed by the Divisional Officer to see that the stock consists of only serviceable and necessary articles and stores are priced according to the prevailing market rates. It was noticed that the limits for the year 1981-82 had not been prescribed for 55 out of 102 divisions holding stock. Further, half yearly stock returns were in arrears in 42 cases for the period ranging between 1969-70 and 1979-80 in 9 divisions.

*Minus balance is continuing since 1973-74.

- (ii) The stores are to be physically verified periodically by responsible officers independent of stock holders. The results of physical verification of stores during 1981-82 were not received (December 1982) by Audit from 22 out of 102 divisions.
- (iii) There were *minus* balances in the divisional stock registers in respect of 25 divisions to the extent of Rs. 2,23.32 lakhs.

Reasons for *minus* balances were enquired (November 1982) from the department; reply is awaited. However, the *minus* balances were attributable mainly to non-accountal of the value of stock materials received from the Director General of Supplies and Disposals, other divisions, etc. and non-adjustment of profit on stock due to issue rates being higher than procurement rates. Delays in the adjustment of transactions and non-clearance of *minus* balances are indicative of inaccuracies in accounts which call for urgent action for their clearance and rectification.

In their written reply the department stated as under :—

“Out of 55 divisions included in the reports, reserve stocks limits in respect of 42 divisions were sanctioned in 81 to 83. In 3 divisions viz. Horticulture Division Faridabad, Survey & Project Division, Panipat & Research Laboratory Hissar, there were no stores and as such no sanction to Reserve stock limit was needed. Another 2 divisions appearing at Sr No. 43 & 52 of the audit para viz. Construction marketing Divn. Kurukshetra and Panipat were opened on 9-11-81 and as such no reserve stock limit was got fixed for that year. However in 1982-83 the reserve stock limit was sanctioned for these 2 divisions. The rest of the 8 cases are under correspondance and are likely to be finalised soon.

Out of 42 half yearly stock returns shown out-standing against 9 divisions, 32 half yearly stock returns pertaining to 7 divisions have since been prepared and got cleared from audit office during inspections. Another half yearly stock returns pertaining to provincial Division No. 1 Karnal are ready for audit & shall be got cleared during current inspection of the Division. So far as the balance 6 half yearly stock returns relating to provincial Division, Bhiwani are concerned S.E. Bhiwani has intimated that old audited balance as of provincial Divisional I, Hissar have not been made available by S.E. Hissar. He has however been directed to ensure that the returns are prepared by taking the ground balances within 3 months and reconciliation with audited balances done after obtaining audited balances from S.E. Hissar at personal level. Physical verification of stores has been done in 17 divisions out of 22 pointed out in the report and intimation already sent to audit office. In another three cases the divisions viz. Construction Marketing Divisions, Panipat, Yamunanagar and Kurukshetra have

now been closed & merged with other divisions. The stocks held by them were also taken over & covered under physical verification in subsequent years. The other 2 divisions viz. Mech Procurement Division Karnal which started functioning in late 80 & Research Laboratory Hissar did not do physical verification in 1981-82. However, in subsequent years this was done

Minus balances were shown against 25 divisions in the report the matter was investigated and it was found that out of 25 divisions 16 have adjusted and have shown *plus* balances. One division i.e. provincial Division. Rohtak has reduced the *minus* from 35.94 lacs to Rs 3 55 lacs and an other one division viz Provincial Divn. No. 3, Rohtak has reduced the *minus* balance from 14.83 lacs to 11 39 lacs. The total clearance/adjustment amounting to Rs. 1,86 82 lacs. has under these *minus* balances has since been carried out leaving Rs 36 55 lakhs approximately in 9 divisions to be adjusted. The *minus* balances are reported to be due to non-receipt/adjustment of A.G. memos.

S.E's have been advised to clear them in consultation with audit office as early as possible."

During the course of oral examination the departmental representatives could not give any satisfactory reasons for *minus* balances which have been continuing since 1973-74. The Committee observe that delays in the adjustment of transactions and non-clearance of *minus*/balances are indicative of inaccuracies in accounts which call for urgent action for their clearance and rectification.

The Committee, therefore, recommend that the department should review the whole system in consultation with the A.G. and D.G.S. & D. and streamline the procedure cutting short the delays in the adjustment/clearance of the items and furnish the results of their efforts to the Committee within *Six months*.

TECHNICAL EDUCATION

Paragraph : 3.5. Avoidable expenditure

[23] For imparting operational training in Mechanical Engineering four boilers at a total cost of Rs. 2.01 lakhs (including installation charges : Rs. 0 32 lakh) were installed during 1962-63 to 1966-67 in four polytechnics (Ambala, Jhajjar, Nilokheri and Sirsa). The operational training was discontinued from the syllabus from 1973-74 and re-introduced during 1980. During 1973-74 to 1979, the use of the boilers was restricted to theoretical training, viz., dismantling and reassembling of the same varying from 20 to 30 days in a year. One boiler incharge each for the polytechnics Ambala, Sirsa and Jhajjar and one boiler attendant for Ambala continued to be deployed from May 1973 to March 1982, even after 1973-74 when there was no operational training. After reintroduction of operational training during 1980 in 2 (Ambala and Sirsa) out of 3 institutions where the boiler incharge and boiler attendant were in position, the boiler stopped functioning due to defective water pump and non-purchase of hydraulic pumps respectively and in third (Jhajjar) the boiler was not fixed and services of boiler incharge and boiler attendant were used for other miscellaneous purposes. Between April 1973 to March 1982 an avoidable expenditure of Rs. 2 12 lakhs on pay and allowances was incurred for the idle period as under :—

Name of Polytechnic	Idle period	Posts in which de- ployed	Expendi- ture incurred for idle period (in lakhs of rupees)
Ambala City	May 1973 to March 1982	Boiler incharge and Boiler attendant	1.26
Jhajjar	April 1973 to March 1982	Boiler incharge	0.67
Sirsa	September 1979 to March 1982	Boiler incharge	0.19
Total			2.12

The Chief Inspector of Boilers, Haryana clarified (June 1982) that under rule 9 of Punjab Boiler's Attendant's Rules 1961, a boiler shall be deemed to be in use when there is active fire in the furnace. Further, that when boilers were worked for limited period, one boiler attendant could attend to all the four boilers provided the programme

is chalked out in such a way that boiler attendant is available at different polytechnics on different dates for working the boilers.

The Principal of the three polytechnics, (Ambala, Sirsa and Jhajjar), however, stated (January to June 1982) that the services of boiler-in-charge/attendant during idle time were utilised in store, laboratory and for repair work, etc. During July/August 1982, it was stated that there was no vacant post in store/laboratory where the idle staff could be utilised as full sanctioned staff strength provided was in position.

The matter was reported to the department/Government in December 1981 and April 1982; their reply was awaited (February 1983).

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

“During the period from 1973 to 1979 the course of training in Boiler was not entirely abolished from the syllabus or curriculum, only the subject of firing of the boiler was reduced from the syllabus. The practical operation of the boiler was still to be demonstrated to the students which could not be done by any body other than the Boiler Incharge duly proficient with Boiler Attendant certificate. The Boiler Incharges and Boiler Attendants were used for showing practical operation of Boiler at Govt. Polytechnic, Ambala City, Jhajjar and Sirsa. These boilers were not functioning at one station and it was not possible for only one Boiler Incharge to give lesson and demonstration for various students coming to the boiler training course at Ambala City, Jhajjar and Sirsa even by roster. Their services were further utilized in the Heat Engine Laboratory of which a boiler was the part. No Lab. Attendant was available to attend to the remaining equipment in the Heat Engine Lab there. Thus the services of all the Boiler Incharges and Boiler Attendants even before 1973 were used in the Heat Engine Lab. as Lab. Assistant and Lab. Attendant. Since the Heat Engine Lab. at Govt. Polytechnic, Ambala City, Jhajjar and Sirsa had not been discontinued and no separate staff was sanctioned for them as Lab. Assistant and Lab. Attendants and since the Boiler Incharge and Boiler Attendant were entrusted with this duty before 1972 to supervise, operate and demonstrate the Heat Engine Lab. in addition to the Steam Boiler, it was not possible for Boiler Attendant posted at one Polytechnic to supervise the work of Heat Engine Lab and Steam Boiler in all the Polytechnics which are situated at different places. Moreover any programme to move only one Boiler Attendant to different polytechnics in a month would involve unnecessary extra expenditure on TA/DA.

The discontinuation of the training of a boiler from 1973-74 to 1979 was because of the revision in the curriculum by the Experts of Govt. of India. They had anticipated that diesel based power plant would be operated in the future

and the training of steam boiler would become unnecessary. However, due to the raising of price by the dealers of oil Exporting Countries, the price level of oil products also raised abnormally high. It became uneconomical to operate oil based plant. Therefore, boilers were reintroduced in the syllabus and so the reintroduction of steam boiler is a course of study for meeting the future need of Technician and Boiler trained people in the Industries.

All the four boilers are presently working in order and the staff for their operation is also in position and their services are fully utilized by the respective Institution to impart necessary training to the students, for operating the boilers, for firing the boilers, for attending and demonstrating the use of the remaining equipment in the respective Heat Engine Labs. at the Polytechnics heretofore.

Since the Boiler Incharge and Boiler Attendant could not be removed or reduced without disrupting the remaining work of the respective Heat Engine Labs. the continuation of the Boiler Incharge and Boiler Attendant was unavoidable. The posts were sanctioned and were duly utilized. There was neither any excess of the sanctioned staff on the budget nor infructuous expenditure or avoidable expenditure. The para. may kindly be dropped."

The Committee do not feel convinced either with the written reply or oral deposition of the department and are constrained to observe that the position stated by the department that only part of the syllabus was reduced and not that the whole syllabus was changed is not correct. The fact is that as brought out by the Principal, Govt. Polytechnic, Ambala in his letter No. GPA/97, dated 29-1-82 addressed to the Accountant, General operation on the boiler has yet not been provided in the syllabus since it was deleted from the syllabus in the year 1973. Only there is a study of the boiler which can be done by dismantling and reassembling the boiler by the boiler incharge.

Accordingly, the Committee are inclined to agree that between April, 1973 and March, 1982 an avoidable expenditure of Rs. 2.12 lakhs had been incurred on pay and allowances of Boiler in Charge and Boiler attendant as brought out in the audit paragraph. The Committee also fail to understand as to how the services of boiler incharge/attendant during idle time (July/August, 1982) were utilised in store laboratory and for repair work, when there were no vacant posts in store/laboratory and full sanctioned staff strength provided was in position.

In the circumstances the Committee desire that the department may recheck-

- (i) whether there had actually been change in the syllabus since 1973 when the operation on the boiler was deleted.
- (ii) whether the services of boiler Incharge/attendant were actually utilised during idle time (July/August, 1982) when full sanctioned staff strength provided for store /laboratory was in position.

The result of recheck be reported to the Committee within three months.

AGRICULTURE

Paragraph 3.9. Outstanding inspection reports

[24]. (a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and to the next higher departmental authorities through the audit inspection reports. The more important irregularities are reported to the heads of departments and the Government. The Government has prescribed that the first replies to inspection reports should be sent within six weeks.

At the end of November 1982, 570 inspection reports relating to Agriculture and Social Welfare departments, issued up to March, 1982 still contained unsettled Paragraphs. Year-wise break-up of the outstanding inspection reports is given below :—

Year	Number of inspection reports		Number of paragraphs	
	Agriculture	Social Welfare	Agriculture	Social Welfare
1977-78 and earlier years	285	77	1,348	240
1978-79	20	8	183	24
1979-80	46	12	400	84
1980-81	38	15	499	62
1981-82	45	24	393	140
Total	434	136	2,823	550

These included 10 inspection reports for which even the first replies had not been received.

The more important types of irregularities noticed during inspection and local audit of Agriculture/Social Welfare Departments is summarised below :—

Serial number	Nature of irregularity	Number of offices in which irregularities were noticed
		Agriculture Department
	(i) Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash books, reconciliation of departmental receipts and remittances with the treasury records, <i>etc.</i>	86
	(ii) Irregularities connected with purchase of stores	57
	(iii) Irregularities in the accountal of stores	74
	(iv) Irregular, excess and wasteful expenditure due to appointment of staff, <i>etc.</i>	85
	(v) Non-maintenance or improper maintenance of records	..
	(vi) Defective maintenance of log-books of vehicles.	52

In their written reply the department stated as under :—

“Inspection reports and paras. shown as outstanding.

<i>I/Rs.</i>	<i>Paras</i>
434	2823

The latest position of outstanding I/Rs. up to 1981-82 as reconciled with the Audit Office is as under :—

Year	No. of I/Rs.	No. of Paragraphs
1977-78 and earlier years	264	1025
1978-79	13	94
1979-80	34	218
1980-81	30	305
1981-82	30	249
Total	371	1891

Settlement and raising of audit objection is a continuing process. Instructions are issued to the concerned officers from time to time for the settlement of audit objections. Every effort is made by the Department to get them dropped as early as possible. In order to accelerate the progress of clearance of audit objections, meetings were also held with the heads of offices of Department located at District Headquarters. Last meeting in this context was held on 14th May, 1985 at Karnal and they were clearly instructed/told to get the objections dropped without any further loss of time. It is also proposed to get a special review by an audit party of the office of A.G. Haryana at the district level and it is hoped that considerable progress will be achieved in the settlement of old audit paras by this process.

The initial reply to all the pending I/Rs. have since been sent to the Audit Office.

Abstract

Settled		Balance	
I/Rs.	Paras	I/Rs.	Paras
63	932	371	1891"

During the course of oral examination the Committee noted that the pace of settlement of outstanding inspection reports is not fast and needs acceleration. The Committee further observe that the type of irregularities noticed during inspection and local audit disclose that these irregularities are repeatedly committed in a large number of offices of the Agriculture Department which is quite a serious matter.

The Committee therefore, suggest that the department should undertake an exhaustive review of the old outstanding reports with a view to rectify the defects and avoid their recurrence. The results of review be reported to the Committee within *there months*.

Paragraph 5.3. Shortages

[25]. The following cases of shortages were noticed during the course of audit :—

Sr. No.	Office	Period of audit	Audited during	Value (in lakhs of rupees)	Remarks
1	2	3	4	5	6
1.	Deputy Director, Agriculture, Rohtak	November 1979 to November 1980	December 1980	0.27	Between August 1977 to June 1979, three officials did not hand over complete charge of store articles. Subsequently (in March

1	2	3	4	5	6
					1978 and September 1980) shortages were noticed. The matter was referred to the department in March 1981, further developments are awaited (February 1983).
2.	Assistant Plant Protection Officer Hissar	February 1978 to February 1981	March 1981	0 16	In November 1978, a clerk handed over less items of spares of plant protection equipment (Rs. 0.12 lakh) and less pesticides (Rs. 0.04 lakh). The matter was reported to Department / Government in December 1981; further developments are awaited (February 1983).
3	(i) Assistant Plant Protection Officer, Hissar	March 1981 to December 1982	January 1981	0.32	200 litres of Dimocrone transferred from a centre in September 1976 was not taken into account by the transferee centre. The non-accountal was noticed in July 1980 at the time of preparing <i>pro forma</i> accounts (April-July 1980).
	(ii) Assistant Plant Protection Officer, Hissar	March 1981 to December 1982	January 1981	0.26	In June 1981, spare parts of plant protection equipment were short handed over by an Agriculture Development Officer. Further report is awaited.

The matter was brought to the notice of the department in May 1982 ; further developments are awaited (February 1983).

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

“The Physical verification of stores/stocks was conducted regularly and the defaulters were asked to make good the loss from time to time. The shortages came into notice while handing over the charge by one incumbent to the other and not during physical verification.

Deputy Director of Agriculture, Rohtak and Assistant Plant Protection Officer, Hissar were aware of the codal provisions but the officials had to be relieved according to the transfer orders and on the joining of their substitutes. While tallying available stocks with the stock register, shortages were reported and the same were brought to the notice of the outgoing official.” Departmental enquiry was also held to fix responsibility about these shortages.

Deputy Director Agriculture , Rohtak (Rs. 0.27 lakh).

The officials named below did not hand over the charge of stores and stocks and accordingly, the list of articles found short were prepared. The detail of amount recoverable from these officials is given as under :—

(i) Sh. Krishan Kumar Dalal, Clerk	3574.00
(ii) Sh. Ved Singh, Clerk	2160.45
(iii) Sh. Krishan Kumar Verma, Clerk	21,501.06
Total	Rs. 27,235.51

Out of Rs. 21,501.06

Sh. Krishan Kumar Verma, (Sr. No. iii) has handed over the charge of store articles worth Rs. 12,292.36, thus leaving the balance of Rs. 9208.71. As such, the total amount recoverable from the above officials comes to Rs. 14,943.15 instead of Rs. 27,235.51. The position of recovery is given as under :—

Sr. No.	Name of officials	Amount recoverable	Amount recovered	Balance
(i)	Sh. Krishan Kumar Dalal, Clerk	3574.00	500	3074
(ii)	Sh. Ved Singh, Clerk	2160.45	500	1660.45
(iii)	Sh. Krishan Kumar Verma, Clerk	9208.70	1600	7608.70
Total		14943.15	2600	12343.15

The balance recovery will be got effected very shortly

ASSISTANT PLANT PROTECTION OFFICER, HISSAR (Rs 0 16 lakh, Rs 0 32 lakh and Rs 0 26 lakh).

Cost of pesticides (Rs. 1315 12), cost of equipment (Rs 3404 90) and cost of spare parts (Rs 11505/-) were to be recovered from the defaulters. Out of above recoverable cost of pesticides an amount of Rs 671.27 were got settled from the out-going clerk at the time of handing over of charge and balance recovery of Rs 643.85 has been deposited by the clerk vide try challan No. 20 & 21 dated 14th March, 1985. Remaining cost of equipment (depreciation value) was fixed and the same amount i.e Rs 998 65 (depreciation value) has also been deposited by the Clerk vide challan No. 19 dated the 14th March, 1985. As regards spare parts of Rs 11505/- most of them were used/old spare parts, but they were not written off from the stock register. Later on consumable spare parts were found as consumed and rest used spare parts have been taken into charge of the present mechanic.

As regards 200 litres of Dimecron, responsibility on Sh Bhoop Singh, A.D.O. has been fixed and instalment of Rs 500/- is being deducted from his pay every month and the same is being credited into account.

Shortage worth Rs 25985 47 pointed out by the Accountant General, is as under —

(i) Cost of P.P. equipment	4152 00
(ii) Cost of spare parts of P.P. equipment	21833.47
	<hr/>
	25985 47
	<hr/>

Out of shortage of Rs. 21833 47 a shortage of Rs 11505/- of used /old spare parts has also been pointed out vide audit and inspection note from 2/78 to 2/81 and this shortage has again been incorporated in this para. Actually, the shortage of these used/old spare parts worth Rs 10328 47 should have been pointed out in this para. Out of these unserviceable spare parts, Consumable parts worth Rs 9323 97 have already been written off by the Deputy Director of Agriculture, Hissar. Remaining spare parts worth Rs 12509 50 has been accounted for and taken into books for auctioning as these were present there but were not segregated. Further equipment worth Rs 4152/- have been handed over to the present incumbent and thus there is no shortage in this regard.

As regards delay in furnishing reply to the Audit, it is mentioned that departmental enquiry was to be conducted and responsibility in this regard was to be fixed. The matter remained under correspondence. Delay, which was unavoidable is regretted."

During the course of oral examination, the departmental representative admitted that there was certainly lapse on the part of the officers/officials in not handing over complete charge on the eve of their transfers that the shortages came to light.

The Committee therefore, observe that the instructions regarding handing over/taking over of the charge of stores at the time of transfer need to be observed scrupulously. For this, the supervisory staff should ensure strict compliance and in the event of any failure to do so, they should take appropriate disciplinary action against the delinquent officers, officials. Supervisory staff should also be made responsible for their failure to secure compliance to this effect.

SEED DEPOT SCHEME

Paragraph 6.43. Sale of wheat seed

[26] (i) During *Rabi* 1975-76, seed depots at Rohtak and Sonapat, procured for sale 3,629.50 quintals of wheat seed for Rs 7.99 lakhs. The total quantity of wheat seed available for sale was 3,996.98 quintals (including carryover of old stock of 367.48 quintals valuing Rs 0.64 lakh). Of this, 1,666.64.500 quintals (value Rs 3.60 lakhs) could be sold as seed during *Rabi* 1975-76 and 71.20 quintals of seed (value Rs 0.13 lakh) were transferred to seed depot at Bhiwani. Of the balance (2,259.13.500 quintals), only 51.56.500 quintals could be sold as seed (value Rs 0.11 lakh) during *Rabi* 1976-77.

Out of the balance quantity of 2,207.57 quintals which lost germination power, 2,109.14.150 quintals were sold in auctions as grain during the years 1976-77 to 1979-80 for Rs 2.10 lakhs at rates ranging between Rs 60.90 and Rs 127.50 per quintal against the average cost price of Rs 216 per quintal. The remaining quantity of 98.42.850 quintals (including shortage of 16.81.500 quintals valuing Rs 4,802) which had become stale was not saleable.

Owing to purchase of wheat seed without properly assessing the requirements for the ensuing season, the Department had suffered a loss of Rs 2.69 lakhs.

The matter was referred to Government in July, 1982, reply was awaited (February 1983).

(ii) During *Rabi* 1975-76, seed depot, Gurgaon, procured 2,037.38 quintals of wheat seed (value Rs. 4.66 lakhs) for sale. The total quantity of wheat seed available for sale was 2,111.92 quintals including 74.54 quintals of carryover stock (value Rs 0.11 lakh).

Of this, 1,129.43.500 quintals were sold as seed for Rs 2.42 lakhs during *Rabi* 1975-76 and 239.07 quintals during *Rabi* 1976-77 for Rs. 0.51 lakh. The balance quantity of 743.41.500 quintals of wheat seed lost its germination power and could not be got revalidated. Out of it, 596.81.050 quintals were sold by auction as grain during the years 1976-77 to 1978-79 for Rs. 0.63 lakh (at rates ranging between Rs. 74 to Rs. 118 per quintal) against the average purchase price of Rs. 228.73 per quintal.

A test check in audit (July 1981) of the records of the depot revealed that the balance quantity of 146 60 450 quintals of wheat seed was not physically available with the Department. The matter had neither been investigated nor the responsibility thereof fixed so far (September 1982)

Owing to purchase of wheat seed without properly assessing the requirements for ensuing season and lack of control on stocks, the Department suffered a net loss of Rs. 1 21 lakhs on this deal.

The matter was reported to Government in July 1982; reply was awaited (February 1983).

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

“Seed is one of the important inputs for increasing agricultural production. Quality seeds of newly evolved high yielding varieties and hybrids of various crops have shown their worth in making the green revolution a real success. Quality seeds of new high yielding varieties have a major contribution in increasing rice production in the State from 2.50 lakh tonnes during 1965-66 to 6.25 lakhs tonnes during 1975-76 and that of wheat from 8 79 lakhs tonnes to 24 28 lakhs tonnes during the same period. The farmers of Haryana with the passage of time have not only become seed minded but quality conscious too. The wheat seed consumption has increased from 5305 qtls. to 12636 qtls. from 1966-67 to 1974-75. The increased demand and quality consciousness of farmers was assessed by the State Government and a conscious decision was taken during 1974-75 that not only the increased quantity of seed of important crops be made available in the State for the farmers but quality factors should also be duly taken care of. With this objective in mind, Haryana Seeds Development Corp (HSDC) was set up during 1974 and even the seed certification work which was earlier with the National Seeds Corporation was also taken up within the State by setting up an independent Seed Certification Agency of the State. Seed strategy for the State for various crops was worked out in consultation with HAU experts for replacing the seed of all self pollinated crops within a period of 5 years. To achieve this object, large quantities of quality/certified seeds were required to be stocked during Kharif and Rabi seasons. Because of poor availability of requisite recommended varieties of seed, a strategy was worked out for introducing increased use of foundation seed of wheat in smaller packing of 4-8 kgs., so that this category of seed may be made available to large number of farmers for sowing. The farmers who bought foundation seed were advised not only to retain the production of such yield for seed use at their end, but were also advocated to exchange seed so produced with co-farmers in their areas. Simultaneously, increased seed distribution targets of certified/quality seed of new varieties for all the districts were also fixed during 1975-76. It was planned to distribute 22,115 qtls of quality/certified seed of wheat during Rabi 1975-76. Districtwise wheat seed distribution

targets, as planned for the years 1975-76, 1976-77 and 1977-78 are attached, as Annexure A,B and C.

Wheat seed distribution targets for Rohtak, Sonapat and Gurgaon districts were fixed as 2,495 qtls., 2,025 qtls. and 2,500 qtls. respectively. Details of quantity of wheat seed stocked and quantity of seed sold etc. in these districts during 1975-76 is given as under :—

Sr. No.	Distt.		Qty. Stocked			Quantity Sold		
			Qtls.	Kgs	gms.	Qtls.	Kgs	gms.
1.	Sonapat	(i) O.B. 1-4-75	227.	82.	500			
		(ii) Purchased during 1975-76	1392.	10.	000			
		Total	1619	92.	500	812.	81.	000
2.	Rohtak	(i) O.B. 1-4-75	139	65.	500			
		(ii) Purchased during 1975-76	2237.	40.	000			
		Total	2377.	05.	500	853	83.	500
3.	Gurgaon	(i) O.B. 1-4-75	74	54.	000			
		(ii) Purchased during 1975-76	2037.	38.	000			
		Total	2111.	92.	000	1368.	50.	500

It is true that the planned success in the sale of seeds was not achieved in these districts. Unfortunately weather condition during 1975-76 were not favourable and it resulted in huge carry over stocks. Being the first year, implementation of this programme with all possible efforts was taken up to push up the sale of quality seeds of important crops in the State. With increased efforts during successive years, the programme received greater response from the farmers and the trend is more than evident from the seed stocked and sale figures in the subsequent years for wheat given in Annexure 'D' for the State as a whole. It may also be mentioned here that sale of quality/certified wheat seed during 1976-77 in Rohtak district increased from 900 qtls. to 1900 qtls. and in Sonapat district it went upto 3670 qtls. as against 893 qtls. and in Gurgaon district 2876 qtls. against 430 qtls. Likewise, consumption of wheat seed during 1977-78 in Rohtak district was 8314 qtls. and in Sonapat it was 4860 qtls. and in Gurgaon it was 13175 qtls. The increased tempo was maintained in the State and the wheat seed consumption in the State touched a figure of

87206 qtls. during 1979-80. It is thus evident that losses on account of left over stocks of wheat seed in the districts of Rohtak, Sonapat and Gurgaon as pointed out by audit were in-avoidable in the first year of the programme because of unfavourable weather conditions that prevailed during 1975-76. However, the beginning made during 1975-76 paved the way for higher and higher quality seed consumption in succeeding years which ultimately had a great impact on increasing the agricultural production in the State."

During the course of oral examination, the departmental representative admitted that the planned success in the sale of seeds was not achieved in Sonapat, Rohtak and Gurgaon due to unfavourable weather conditions during 1975-76. He could not however, support the data for unfavourable weather during that year.

The Committee feels that owing to purchase of wheat-seed without properly assessing the requirements for ensuring season and lack of control on stocks, the Department suffered a net loss of Rs. 1.21 lakhs on this deal.

The Committee desire that the department should make earnest efforts to remove snags in the procedure of accessing their requirement and avoid huge carry over stocks in the future.

The Committee further observe that the departmental representative did not resolve how did the balance quantity of 743.41.500 quintals of wheat lost its germination power. Nor did he explain the position with respect to the balance quantity of 146 60.450 quintals of wheat seed which was not physically available with the department.

The Committee therefore, desire that the whole matter should be thoroughly investigated and responsibility fixed. A compliance report to this effect be furnished to the Committee within *Six months*.

ANNEXURE-A

Statement showing allocation of district-wise wheat seed for 1975-76

Sr. No.	Distt.	(Qty. in Qtk.)							
		1	2	3	4	5	6	7	8
				K-227	S. Lika	HD-2009	WG-357	C-306	Total
1	Hissar		400		250	100	30	150	930
2	Sirsa		1,200		700	50	—	100	2,050
3	Bhiwani		40		100	60	120	75	395
4	Rohtak		1,100		500	700	120	75	2,495
5	Sonepat		1,000		300	450	200	75	2,025
6	Gurgaon		800		500	850	200	150	2,500
7	Karnal		500		1,200	1,000	130	25	2,855
8	Kurukshetra		500		1,440	1,000	120	25	3,085
9	Ambala		185		1,280	490	—	200	2,155
10	Jind		700		400	1,500	280	—	2,880
11	M/garh		420		150	100	—	75	745
Total		6,845			6,820	6,300	1,200	950	22,115

ANNEXURE—B

Statement showing districtwise allocation of wheat seed for the year 1976-77

Sr. No	Name of the District	(Qty. in Qtls)						
		K-227	S Lika	HD-2009	C-306	Total		
1	2	3	4	5	6	7		
1	Ambala	800	1,850	325	50	3,025		
2	Karnal	600	3,540	805	50	4,995		
3	Kaushettra	800	3,790	900	50	5,540		
4	Rohitak	600	1,033	317	50	2,000		
5	Sonepat	300	1,860	300	40	2,500		
6	Hissar	1,100	2,530	200	150	3,980		
7	Sirsa	450	1,745	102	200	2,497		
8	Gurgaon	800	1,972	236	400	3,408		
9	Jind	700	1,280	273	260	2,513		
10	M/parh	500	1,700	21	300	1,521		
11	Bhiwani	150	600	30	250	1,030		
Total		6,800	20,900	3,509	1,800	35,009		

ANNEXURE—C

Statement showing allocation of district-wise/quantity-wise wheat seed during 1977-78

Sr. No.	District	(Qty. in Qtls.)						Total
		C-227	Sonalika	HD-2009	C-306			
1	2	3	4	5	6		7	
1.	Ambala	—	1,500	800	100		2,400	
2.	Karnal	200	4,200	1,962	88		6,450	
3.	Kurukshetra	—	6,254	2,796	50		9,100	
4.	Rohitak	250	4,800	—	200		5,250	
5.	Sonepat	600	3,500	500	400		5,000	
6.	Jind	250	2,100	700	250		3,300	
7.	Hissar	1,000	2,650	500	800		4,950	
8.	Sirsa	600	3,150	500	250		4,500	
9.	Gurgaon	1,800	3,000	—	200		5,000	
10.	Bhiwani	100	1,000	—	250		1,350	
11.	M/garh	1,200	1,150	—	350		2,700	
Total		6,000	33,304	7,758	2,938		50,000	

ANNEXURE—D

District-wise stock and sale position of wheat seed during 1975-76

Sr. No.	District	(Qty in Qtls)														Total
		K-227		S Luka		HD-2009		WG-357		C-306						
		St	Sale	St	Sale	St	Sale	St	Sale	St	Sale	St	Sale	St	Sale	
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
1.	Hissai	1,014	764	645	616	150	150	63	63	30	30	1,902	1,623			
2	Sirsa	629	356	381	322	56	54	—	—	50	43	1,116	775			
3	Bhiwani	40	40	202	196	100	100	122	122	85	85	549	543			
4.	Rohtak	894	96	469	291	699	382	82	59	128	62	2,272	890			
5	Sonepat	810	295	175	149	401	310	137	93	80	46	1,603	893			
6	Guigaon.	654	262	390	266	712	429	179	93	100	80	2,035	1,130			
7.	Karnal	429	191	910	859	975	968	106	94	5	5	2,425	2,117			
8.	Kurukshetra	598	204	1,147	849	964	913	156	80	23	20	2,888	2,066			
9	Ambala	335	51	973	462	565	538	92	34	187	58	2,152	1,143			
10.	Jind	639	74	313	224	1,400	727	274	62	—	—	2,626	1,087			
11.	M/garh	420	397	216	152	107	106	—	—	107	100	850	755			
Total		6,462	2,730	5,821	4,386	6,129	4,677	1,211	700	795	529	20,418	13,022			

INDUSTRIES

Paragraph : 3.1. District Industries Centres

(1) Introductory

[27] In order to provide a focal point at the district level for promotion of small, village and cottage industries and to provide all services and support to the decentralised industrial sector under a single roof, Government of India launched (May 1978) a scheme for setting up of District Industries Centres (DICs). The DICs were to undertake economic investigation of the potentials for development of districts, including its raw materials and other resources, arrangements for machinery and equipment, credit facilities, marketing assistance and quality control, research, extension and entrepreneurial training.

Government of India was to provide a non-recurring grant of Rs. 5 lakhs per Centre to cover the cost of building and capital assets like furniture, fixtures, vehicles and a recurring grant of Rs. 5 lakhs to be shared between the Centre and the State Governments on 75 : 25 basis. *Cent per cent* funds were also to be provided by the Central Government for promotional schemes of incentives and loan assistance to small and cottage units. From 1979-80, the pattern of assistance was revised on the recommendations of the National Development Council and the share of the Centre and State for each financial component of DIC programme was fixed at 50 : 50 basis.

The State Government had decided (June 1978) to set up DICs in all the eleven districts then existing (one added subsequently). The DICs were opened in 4 districts (Ambala, Karnaul, Rohtak and Sirsa) in 1978-79, in 7 districts (Bhiwani, Faridabad, Hissar, Jind, Kurukshetra, Panipat and Sonapat) in 1979-80 and in 1 district (Gurgaon) in 1980-81.

The programme is being administered by the Director of Industries through the General Managers of District Industries Centres. District Advisory Committees headed by the Collectors of the concerned districts and consisting of District Level Officers of other Government departments and Semi-Government/Local Bodies like Electricity Board, Panchayat/Municipality Presidents, District Development Officers *etc.*, were to be set up to review the implementation of the programme. At the State level, Co-ordination Committee presided over by the Chief Minister/Minister of Industries as the Chairman and comprising of Chief Secretary, Industries Secretary, Director of Industries, Commissioners incharge of Agriculture/Rural Development and Energy Development, Commissioner incharge of Panchayati Raj institutions and Director Small Industries Service Institute was also to be formed to monitor the functioning of the programme at the State level.

A test-check (March-April 1982) of the accounts and other records of implementation of the scheme at the offices of Directorate of

Industries and the DIC of Ambala, Hissar and Sonapat revealed the following :—

(1) Financial Outlay

Against a total outlay of Rs. 3,15.70 lakhs (Rs. 2,39.00 lakhs expenditure and Rs. 76.70 lakhs loan), the actual expenditure incurred on the implementation of the scheme is detailed in the table below :—

Expenditure and Central assistance

	1978-79			1979-80			1980-81			1981-82			Total		
	Budget Estimates	Actuals	Budget Estimates	Budget Estimates	Actuals	Budget Estimates	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates
1	2	3	4	5	6	7	8	9	10	11					
(in lakhs of rupees)															
Non-recurring expenditure	*	1 64	*	11.78	*	13.66	*	9 14	*	36.22					
Recurring expenditure on establishment	9 00	—	57 00	19 37	84 00	43 96	53 00	34 44	2,03 00	97.77					
Promotional schemes	—	—	—	—	24 00	3 23	12 00	7 21	36 00	10.44					
Total	9 00	1 64	57 00	31.15	1,08 00	60.85	65 00	50 79	2,39.00	1,44 43					
Released by Central Government	—	71 50	—	23 40	—	—	—	18.92	—	1,13.82					
D.I.C. loans	—	—	11 70	11 70	36 00	36 00	29 00	29 00	76 70	76.70					
Central assistance sanctioned—															
—Grants	—	—	—	—	—	—	—	—	—	—					
—Loans	—	31.50	—	5.50	—	—	—	14 50	—	51.50					
Unutilised grant(Central Scheme)	—	31.50	—	(—)0 35	—	(—)18 00	—	—	—	13 15					

*No separate budget provision for recurring and non-recurring expenditure

Against the expenditure amounting to Rs. 2,21.13 lakhs (Rs. 1,44.43 lakhs expenditure and Rs. 76.70 lakhs loans), the share of Government of India worked out to Rs. 1,28.69 lakhs (Rs. 90.34 lakhs expenditure and Rs. 38.35 lakhs loans). The Government of India released a sum of Rs. 1,65.32 lakhs (Rs. 57.50 lakhs as non-recurring grant, Rs. 56.32 lakhs as recurring grant and Rs. 51.50 lakhs as loans). Thus, a sum of Rs. 36.63 lakhs (Rs. 21.27 lakhs non-recurring grant, Rs. 13.15 lakhs loans and Rs. 2.21 lakhs recurring grant) remained unutilised (March 1982).

The expenditure incurred on promotional schemes worked out to 9.7 per cent of the recurring expenditure (Rs. 1,08.21 lakhs) while expenditure on establishment was 44 per cent of the total expenditure.

(3) Management

(i) The staffing pattern suggested by Government of India for each district was one General Manager and 7 Functional Managers to look after different disciplines viz., (i) economic investigation, (ii) machinery and equipment, (iii) research extension and training, (iv) raw materials, (v) credit facilities, (vi) marketing, and (vii) Khadi/Village Industrial Corporation / Rural Industrial Programme/Rural Artisans Programme (KVIC/RIP/RAP). Government of India had in April 1978 advised the State Government to make appointment to these posts so as to facilitate implementation of the scheme from 1st May 1978. The posts of General Managers, Functional Managers in most of the disciplines and Industrial Promotion Officers, however, remained unfilled.

The staff position vis-a-vis sanctioned strength for the State as a whole during 1978-79 to 1981-82 was as under :—

Sr. No.	Functionaries	Sanctioned	In position	Remarks
1	2	3	4	5
	(i) General Managers	12	3	
	(ii) Functional Managers	84	24	12 Functional Managers were provided by lead bank to look after the work of institutional finances, 9 were officiating as General Managers, one shifted to Headquarters and one each posted at Yamuna Nagar and Narnaul centres.
	(iii) Industrial Promotion Officers	42	7	

Sr. No.	Functionaries	Sanctioned	In position	Remarks
1	2	3	4	5
(iv)	Inspectors	84	75	The pattern approved by Government of India did not have provision for the appointment of Inspectors. The State Government, however provided the posts of Inspectors in their proposal, cleared by the Central Government. Their duties remained undefined in the DIC set up.
(v)	Block Level Extension Officers(B.L.EO's)	71	64	

In the absence of Functional Managers (60 out of 84) for most of the disciplines, the functions attached to the post viz., assessing the requirements of the machinery and equipments for various types of small scale and village industries could not be effectively attended to. Non-posting of the Industrial Promotion Officers (35 out of 42) adversely affected the implementation of promotional schemes. General Managers, DICs Hissar and Sonapat admitted that the work in various disciplines remained neglected for want of requisite staff. The department stated (December 1982) that the work was carried on through internal adjustments pending appointment of incumbents on regular basis. Non filling up of posts was attributed to non-finalisation of service rules (June 1982).

(ii) The General Managers and Functional Managers were to be given training in different areas of specialisation to enable them to have a clear perception of their duties and responsibilities. Against a total sanctioned strength of 12 General Managers and 84 Functional Managers, the number trained to the end of March 1982 was 2 (one retired in April 1981) and 5 respectively. Lack of training for the officers responsible for the scheme adversely affected the implementation of the programme.

(iii) In order to link up block level industrial activities with the DICs, the Government of India approved (January 1980) the creation of one post of Industrial Promotion Officer for each tehsil and one Block Level Extension Officer for each block to assist the General Managers in implementing the programme at sub-districts level. 42 posts of Industrial Promotion Officers were to be attached to tehsils and 84 posts of Block Level Extension Officers to blocks. Industrial Promotion Officers have not been posted to 35 out of 42 tehsils and linkage of tehsil level activities with the DICs set up has not been achieved.

(iv) The Government of India having realised that DICs had not provided benefits commensurate with expenditure, decided (August 1981) that each DIC should be brought under the revised staffing pattern of one General Manager, 4 Functional Managers and 3 Project Managers (PMs) by 1981-82 (extended upto 31st December 1982). The reorganisation is yet to be implemented (December 1982).

(4) Action Plans

The DICs were required to prepare and furnish action plans to bring out demand, skills and surplus resources of the districts and block-wise details of industrial development programme and needs for providing the inputs required for the development area by 31st March 1979. One action plan of Sonapat Centre was prepared in December 1978 by the Government of India for serving as a guide line for preparation of the other action plans in the State. However, action plans were finalised in 5 districts during 1979-80, in 4 districts in 1980-81 and in 1 district in 1981-82. In one district, action plan was finalised during 1982-83. The delay in preparation and finalisation of action plans in 11 DICs ranged between 1 to 3 years which handicapped the implementation of the programme in the districts in which the centres were set up. The department stated (December 1982), that pending finalisation of action plans, the DICs worked for the implementation of the Rural Industries Schemes. Rural Industrial Development Schemes were in operation long before the DICs were set up and were being implemented through the Haryana Small Scale Industries and Export Corporation during the period.

(5) Targets and achievements

(i) The progress made in the State in respect of the number of new units set up, additional employment generation, entrepreneurs identified and project profiles prepared as reported by the Director of Industries to Government of India was as follows :—

	1979-80		1980-81		1981-82	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
(i) Number of units established	No targets	3,160	3,465	6,747	10,386	8,953
(ii) Number of additional employment generated	Do	22,043	23,310	19,587	63,371	53,145
(iii) Number of entrepreneurs identified	Do	7,020	No targets	10,000	No targets	10,337
(iv) Number of Project profiles prepared	Do	1,838	Do	4,019	Do	5,223

The data relating to additional employment generation in rural industries supplied by the Department (December 1982) did not tally with the figures reported to Government of India as shown below :—

Year	Figures of additional employment generation reported to Government of India	Figures of additional employment generation supplied by the Department in January 1983	Difference Excess(+) / Less(—)
1979-80	4,689	4,767	(—)78
1980-81	13,755	8,700	(+)5,055
1981-82	18,551	11,779	(+)6,772
Total	36,995	25,246	(+)11,749

(ii) Out of three DICs test checked no targets were laid down in respect of DIC Ambala as the Action Plan was under preparation till March 1982 while in respect of DIC Sonapat and Hissar targets had been laid down. The table below indicates the achievements, vis-a-vis, targets in respect of Hissar and Sonapat districts and achievements in respect of Ambala district for the year 1979-80 to 1981-82 :—

Name of DIC	Year	Targets for		Achievements(percentage)			
		Establishment of units	Employment generated	Establishment of units	Employment generated		
Hissar	1980-81	2,521	53,300	498	20	2,697	5
	1981-82	3,100	64,100	273	9	958	1
Sonapat	1979-80	490	2,133	365	74	1,898	89
	1980-81	490	2,133	484	99	2,525	118
	1981-82	490	2,133	440	90	2,821	132

*Percentage of units set up vis-a-vis, targets.

Name of DIC	Year	Targets for		Achievements (percentage)	
		Establishment of units	Employment generated	Establishment of units	Employment generated
Ambala	1979-80	Not laid down		81	405
	1980-81	Not laid down		152	760
	1981-82	Not laid down		1,012	2,884

The General Manager, DIC Hissar attributed the low percentage to inadequate strength of Functional Managers and supporting staff for follow up action for industries identified in the Action Plan and for liaisoning with the Banks.

(6) Construction of DIC buildings

Each DIC was to have its own building constructed at a cost of Rs. 2 lakhs by the end of March 1981 with an area of approximately 500 sq meters in 1/2 hectare of land. Buildings for DIC Sonapat and Gurgaon were completed in March 1981 and October 1981 at a cost of Rs. 3.24 lakhs and Rs. 3.34 lakhs respectively. For 5 DIC's (Sirsa, Rohtak, Panipat, Kurukshetra and Jind) buildings were under construction, and selection of building sites of 2 DIC's (Faridabad and Ambala) was yet to be made. Two DICs (Hissar and Bhiwani) have been housed in Mini Secretariat complexes (December 1982).

The delay in construction of buildings for DICs was reported by the department (December 1982) due to procedural delays in selection and acquisition of land, preparation of designs and estimates by the architectural department and Public Works Department.

(7) Implementation of Promotional Schemes

A comprehensive programme to select suitable persons for entrepreneurial training was drawn by the Government. In the case of artisans, the DICs were to provide technical advice, training in various crafts, subsidised tools and bank credit, etc. As against the target of Rs. 1,53.36 lakhs per annum to be spent on promotional schemes in all the DICs in the State Rs. 10.44 lakhs were spent (Rs. 3.23 lakhs in 1980-81 and Rs. 7.21 lakhs in 1981-82). The shortfall was attributed (September, 1981) to non-availability of trained artisans. While in accordance with the instructions of the Government of India (December 1980) the artisans were to be identified and trained before allowing various types of subsidies to them, it was seen that no arrangement for identification and training of untrained artisans had been made. It was stated by the department (December 1982) that identification of suitable entrepreneurs required constant follow up and motivation and the response in the initial stages had, therefore, to be slow and time consuming resulting in less utilisation.

In 3 districts (Ambala, Sonapat and Hissar) Rs. 1.68 lakhs were spent on the promotional schemes from 1980-81 to 1981-82. In Ambala and Sonapat, no expenditure was incurred during 1980-81. Rupees 0.05 lakh spent on publicity in Ambala included Rs. 0.03 lakh on repairs of vehicles stated to have been used for publicity. In Hissar Rs. 0.17 lakh were spent on training of 38 artisans in local RIS units instead of Industrial Training Institutes of selected factories. No effective steps were taken to attract skilled/unskilled workers to undergo training. The trainees were attached to the existing private units and were paid stipends but the type and content of training was left to the individual employer.

It was provided in the scheme that power subsidy (Rs. 0.17 lakh) was to be paid to artisans, small entrepreneurs presently not using power so that they could switch over to power operated units but the benefit of power subsidy was allowed to existing power operated units only.

District Industries Centres did not watch utilisation of subsidy of Rs. 0.23 lakh (tool kit : Rs. 0.05 lakh and machinery and equipments : Rs. 0.18 lakh) paid in 1980-81.

(8) *Irregular drawal/disbursement of loans*

Government of India released a sum of Rs. 51.50 lakhs (Rs. 31.50 lakhs in 1978-79, Rs. 5.50 lakhs in 1979-80 and Rs. 14.50 lakhs in 1981-82) for disbursement as loans under the programme. The State Government did not provide for the equal amount and contributed Rs. 38.35 lakhs (Rs. 5.85 lakhs in 1979-80, Rs. 18.00 lakhs in 1980-81 and 14.50 lakhs in 1981-82). Out of this, no amount was paid as loan during 1978-79. In April, 1979, it was decided by the Government of India to divert the loan component under DIC scheme as seed/margin money for the promotion of small industries in semi-urban rural areas and Rs. 76.70 lakhs were spent. However, out of this Rs. 14.35 lakhs (Rs. 11.70 lakhs in 1979-80 and Rs. 2.65 lakhs in 1980-81), were disbursed as loans of which Rs. 1.25 lakhs (Ambala : Rs. 0.32 lakh and Sonapat : Rs. 0.93 lakh) were disbursed (March 1981) in urban areas in contravention of the provisions for utilising the amount in semi-urban/rural areas. The remaining amount of Rs. 62.35 lakhs (Rs. 33.35 lakhs in 1980-81 and Rs. 29.00 lakhs in 1981-82) was drawn by Director of Industries in March every year under Government sanction and transferred to Haryana State Small Industries and Export Corporation (HSSI&EC) for disbursement as seed/margin money.

The General Managers of District Industries Centres were also responsible for the implementation of State Scheme for grant of (i) seed/margin money (ii) cash subsidy and (iii) interest subsidy to the entrepreneurs in rural areas. However, the State Government had placed Rs. 1,72.15 lakhs (seed money Rs. 79.81 lakhs, cash subsidy : Rs. 43.51 lakhs and interest subsidy Rs. 48.83 lakhs) at the disposal of HSSI & EC for implementation of the scheme. This included Rs. 1,63.40 lakhs drawn (Rs. 25.00 lakhs in March 1978, Rs. 24.86 lakhs in March 1980, Rs. 40.96 lakhs in March 1981 and Rs. 72.58 lakhs in March 1982) and disbursed to the Corporation under the sanction of the Government to avoid lapse of budget grant. Out of Rs. 2,34.50 lakhs

(Rs. 62.35 lakhs under DIC Scheme and Rs. 1,72.15 lakhs under State schemes) a sum of Rs. 1,60.94 lakhs was disbursed covering 2,750 beneficiaries, a sum of Rs. 73.56 lakhs remained unutilised with the Corporation as on 31st March 1982. The Corporation retained Rs. 22.72 lakhs for a period of 3 years and Rs. 21.85 lakhs for one year instead of distributing the money to the beneficiaries and to that extent the scheme remained unimplemented.

(i) According to the scheme, seed money paid to a unit should be got refunded in full, if it discontinued production within 5 years from the date of commencement. Out of 98 units to whom Rs. 5.70 lakhs were paid during 1978-79 to 1981-82 as seed/margin money and subsidies, 42 units involving financial assistance of Rs. 1.74 lakhs (Ambala-4 : Rs. 0.30 lakh, Hissar-16 : Rs. 0.71 lakh and Sonapat-22 : Rs. 0.73 lakh) had closed down within 5 years but recovery proceedings had not been initiated in any case. The remaining 5 units (Ambala-35 : Rs. 2.70 lakhs, Hissar-18 : Rs. 0.92 lakh and Sonapat-3 : Rs. 0.34 lakh) had not started production.

(ii) 15 per cent cash subsidy on fixed capital investment was admissible to an industrial unit after it had gone into production but with a view to assisting entrepreneurs belonging to lower strata in overcoming their financial difficulties, it was decided (May 1979) by the Government to allow cash subsidy advance upto Rs. 1,000 (to be adjusted against the final subsidy as may be admissible). It was noticed during test check of three DICs (Ambala, Sonapat and Hissar) that advance cash subsidy of Rs. 0.41 lakh was given to 74 Industrial units (Hissar-4 : Rs. 0.03 lakh and Sonapat-70 : Rs. 0.38 lakh) but the industrial units had not been set up. No action was initiated to recover the amount (August 1982).

(iii) As per provisions in the agreement forms, each beneficiaries unit was required to furnish an annual progress report of its continued working for a period of 5 years, it was not to effect any change in its location it was precluded disposal of a substantial part of its fixed assets within a period of 5 years and the Government, through its officers, had right to inspect the unit at 24 hours notice, etc.

In Hissar, seed money assistance (Rs. 1.78 lakhs) was disbursed to 22 units without executing the agreement deeds. The department stated (December 1982) that the General Manager, DIC Hissar has intimated that the agreement deeds have been got executed by his office.

(iv) *Follow-up action*

(a) The industrial units receiving cash subsidy were required to furnish (i) utilisation certificate within one year of disbursement of subsidy and (ii) a quarterly progress report of the continued working of the unit for a period of five years.

In DICs Ambala and Sonapat a sum of Rs. 6.53 lakhs was disbursed to 140 units (Ambala-42 : Rs. 1.68 lakhs and Sonapat-98 : Rs. 4.85 lakhs) upto 1980-81, but the utilisation certificate and quarterly progress reports had not been obtained.

(b) In three DICs (Ambala, Hissar and Sonapat) a sum of Rs. 3,13.59 lakhs was arranged as institutional credit for 698 units set up under Rural Industries Scheme during 1979-80 to 1981-82.

The Department stated (May 1982) that the incentives allowed to units set up under the scheme viz., (i) grant of seed money and subsidy, (ii) exemption from electricity duty, purchase/sales tax, etc., were intended to make the units self sustaining and viable. No action had been taken to ensure that once a unit had been set up, it become self sustaining for further growth.

No data necessary for ascertaining the capacity of an industrial unit to repay the loans received from financial institutions had been kept. The percentage of recovery vis-a-vis, amount due for recovery in case of loans in Small-Scale as per records of Punjab National Bank (which is the lead bank in respect of 10 out of 12 DICs in Haryana) was stated to be 22 per cent in 1979, 36 per cent in 1980 and 32 per cent in 1981.

The low percentage of recovery was attributed by the department (November 1982) to natural calamities, power shortage, labour problems, marketing fluctuations and indifferent attitude of some of the banks towards the problems of the entrepreneurs.

(9) Marketing assistance

The scheme envisaged the posting of a Manager (Marketing) to work as a liaison between producers and consumers to ensure the marketing facilities for these units. In the 3 DICs (Ambala, Sonapat and Hissar) no officer had been posted. The Haryana State Small Industries and Export Corporation entrusted with the marketing work had registered only 880 units out of 8,782 set up under Rural Industries Scheme (1977-78 to 1981-82) for providing marketing assistance. The actual assistance, however, was provided to 382 units only. The General Managers of District Industries Centres, Hissar and Sonapat reported (February/March 1982) that the Corporation was not playing any effective role in providing marketing assistance.

(10) Development of Industrial Complexes

Action plans of DICs Kurukshetra, Sonapat, Hissar, Bhiwani, Jind and Rohtak envisaged setting up of industrial complexes. The work relating to setting up of complexes had been assigned to Haryana State Small Industries and Export Corporation by the Government. The Government advanced Rs. 79.32 lakhs (1978-79 to 1981-82) to the Corporation for setting up Leather Garments and Ceramics in Gurgaon, Handloom goods at Rampura in Hissar, Sports goods at Sampla and Shoe Fabrication at Jhajjar in Rohtak and Crochet work/Punja Duree in Ambala.

None of these complexes were taken up for construction by the Corporation. The Corporation incurred an expenditure of Rs. 63.00 lakhs (November 1982) (Rs. 47.59 lakhs cost of development and Rs. 15.41 lakhs on the salaries of technical staff) for setting up Sports Goods Complex, Murthal; Sewing Machine Parts Complex, Panchkula;

Builders Hardware Complex, Radaur (Kurukshetra) and Hosiery and Knitwear Complex, Kohand. These schemes were not provided for in the action plan nor were they set up in the rural areas.

Thus, the Corporation spent Rs 15.41 lakhs on salaries of technical staff and retained Rs. 16.32 lakhs as unspent amount, which affected the performance of setting up the complexes as per programme.

(11) *Revival of sick units*

The DICs were responsible for the rehabilitation of sick units. Out of 11 DICs for which the action plans were finalised the action plans of two DICs (Gurgaon and Kurukshetra) did not propose any action for the rehabilitation of sick units. In two DICs (Bhiwani and Mohindergarh) although it was proposed to take remedial measures for the revival of the sick units, no data regarding number of units identified as sick had been incorporated. In the remaining seven DICs, 215 units (Faridabad 50, Hissar 55, Jind 20, Panipat 15, Rohtak 32, Sonapat 40, Sirsa 3) were reported as sick. The total number of sick units assisted as reported by the Department to Government of India was 88 during 1979-80 to 1981-82 (Bhiwani 17, Gurgaon 9, Hissar 2, Jind 10, Kurukshetra 1, Panipat 12, Rohtak 35 and Sirsa 2).

None of the sick units identified in Faridabad and Sonapat was revived. It was stated by the Department (December 1982) that action for the revival of sick units was being taken.

(12) *Monitoring of the scheme*

Against the requirement of formation of District Advisory/State Level Committees to supervise and monitor the functioning of the DICs, District Advisory Committees were not formed in 2 (Ambala and Hissar) out of 3 districts covered under test-check.

State Level Co-ordination Committee consisting of Chief Minister/Minister of Industries as Chairman, Chief Secretary, Director of Industries, etc., constituted in August 1978 and required to meet on six monthly basis, held only one meeting in July 1982.

In their written reply the department stated as under :—

“The main objective of the scheme was to provide a focal point at the Distt. level for promotion of the Small Village and Cottage Industries. For this purpose, DICs were to undertake economic investigation of the potential for the promotion of industries in the Distt viz. its raw materials and other resources, arrangement for machinery, equipment, credit facilities, marketing assistance, quality control etc. With the setting up of Distt. Industries Centres in each district, these objectives have been largely achieved. The DICs are catering to the needs of the entrepreneurs. Adequate Administrative and financial powers have been delegated to the field officers in accordance with the guidelines given by Govt. of India with a view to ensure that

the small entrepreneurs and artisans are able to get assistance at the Distt. level. Since the inception of this scheme the number of small scale units have gone up from 15209 in 1978-79 to 56782 upto 31st March, 1985 which is indicative of the substantial progress made towards industrialisation.

Monitoring of the progress of this programme is being done at the district level by the Distt. Level Advisory Committee constituted by State Govt. under the Chairmanship of Deputy Commissioners of the respective district. Monitoring is also being done at the State level by the Directorate almost every quarter

The expenditure on establishment has been shown as 44% of the total expenditure which inter-alia includes expenditure on buildings and promotional scheme. The expenditure on promotional schemes has been shown as 9.7%. As a matter of fact the expenditure on establishment is relatable to the whole gamut of activities being undertaken under the DIC Programme and, therefore, is not relatable to expenditure on buildings and promotional scheme which are only two schemes out of many being implemented in the Districts.

The expenditure on promotional scheme is, by way of subsidy for the construction of sheds, purchase of tool kits, machinery, equipment etc. for the trained artisans. The low percentage of expenditure was mainly attributable to lack of availability of trained artisans. The matter was taken up with Govt. of India that training to the traditional artisans should not be insisted upon as most of them are reluctant to take advantage of the training on the plea that they possess the requisite skills. But DC, SSI did not agree and, therefore, this resulted in the low pace of expenditure. Regarding high %age of expenditure on establishment it is pointed out that it does not bear a correct relationship with the expenditure on office building promotional schemes because the DIC staff in addition to implementing the promotional scheme is also implementing all other schemes connected with the Industrial Development. The break-up of Rs. 36.63 lakhs is as under :—

(i) Non recurring	21.27
(ii) Loan	13.15
(iii) Staff	2.21
Total	<hr/> 36.63 <hr/>

A sum of Rs 20.03 lakhs remained unutilised as against 21.27 lakhs shown by Audit during this period. This is due to non availability of suitable sites for the construction of DIC building at some places. Out of the unutilised amount of Rs. 20.03 lakhs a sum of Rs. 18.80 lakhs has been utilised upto 1984-85. The remaining amount of Rs. 1.23

lakhs is expected to be utilised in the current financial year.

The shortfall of Rs. 13.15 lakhs under the loan component is mainly due to the fact that similar scheme was being implemented under RI programme of the State where under seed money loan was given to units at four (4%) per cent whereas the seed money loan under Distt. Industries Scheme carried 6% interest. The entrepreneurs therefore, preferred to avail seed money loan under RI scheme. Despite efforts full utilisation of funds could not be achieved in the earlier years. However, rate of interest on seed money under DIC scheme was also reduced to 4% in the year 1982-83 and the amount has now been utilised.

The shortfall of Rs. 2.21 lakhs under the staff schemes is mainly due to non filling up of certain posts. This amount has since been utilised during 1982-83

The Scheme of the DIC being new, the posts sanctioned in this scheme were all new and do not find a mention in the Service rules of the Deptt. These posts were got included in the service rules after observing various formalities. This took considerable time

The officers appointed to man these posts of G.M's possessed sufficient experience. The work on this account did not suffer. There had not been any adverse effect on the implementation of the scheme. The posts of Inspectors were not available in the DIC pattern but there were 63 permanent posts of Inspectors already in the Deptt. Their duties are duly defined. The Inspectors sanctioned under DIC Scheme were required to assist the Functional Managers. Under the DIC scheme Govt. allowed only 21 posts and have now allowed to fill up 40 more posts making a total of 124 posts 14 posts have been held in abeyance due to 10% economic cut. Almost all the posts are filled up except 13 posts for which a requisition has been sent to S.S.S. Board. The services of the Inspectorate staff were utilised for extension work and for providing all necessary assistance.

The posts of IPC's were not filled up for want of provision in the Service Rules. 16 IPOs have recently been promoted and the remaining posts are being filled up. 8 posts are likely to be filled up shortly, as interviews have been held a few days back by HPSC. The work of Industrial promotion was carried on by BLEOs and it was not allowed to suffer

The revised staffing pattern of DIC has been approved by State Govt. except that in the case of Project Managers where the State Govt. has allowed filling up of one post of Project Manager in each Distt. instead of three. The DICs are providing assistance to the entrepreneurs and

the achievements are commensurate with the expenditure on staff.

The work of preparation of action Plans involved lot of effort and time as data was obtained from different published and un-published sources viz. Distt authorities and lead banks, personal discussions were also held with concerned Departments. The physical and financial targets were also to be worked out. Linkages and coordination necessary for the purpose was also required to be established. However, the schemes were continued to be implemented pending finalisation of action plans as the targets are fixed in consultation with field officers pending finalisation of the Action Plans.

Before launching of Distt. Industries Centre, Programme, Rural Industries Schemes were in operation since 1977. These were continued to be operated even after the launching of DIC programme through the agency of HSSI&EC and field staff of the Department.

The reasons for the discrepancies between the figures of additional employment generation reported to Government of India and those supplied by the Department in January, 1983, is on account of the fact that the figures supplied to Government of India included the additional employment generated by SSI units set up in rural areas. Whereas the figures supplied to audit in January, 1983 related to the Additional employment generated in units set up under RIS only.

The employment generation percentage is not considered low and has been quite satisfactory considering the number of units set up under the scheme.

- (i) DIC buildings at Sonapat, Sirsa, Rohtak, Panipat, Jind, Gurgaon, Kurukshetra and Narnaul have been completed and DIC Offices have started functioning in these buildings
- (ii) District Industries Centre at Bhiwani and Hissar have been accommodated in the District Mini Secretariat Complexes.
- (iii) The delay has accrued in the construction of DIC Building at Ambala and Faridabad. At Ambala it was not possible to select a suitable site. It was only after a long effort, that the land which was on lease with the Education Department from the Cantonment Board has been taken. The funds for the construction have been provided to the P.W.D. This is likely to be completed during the current financial year. Regarding land at Faridabad it was available at a very prohibitive cost. As per Government of India's Scheme, land was to be provided by State Government and was such it took quite a long time to get a suitable site, at a reasonable price.

Now the land is being arranged from the Rehabilitation Department at a nominal lease amount and immediately after formal decision

in this regard is communicated by the State Government, the, P.W.D. will be requested to undertake the construction.

All-out efforts were made to identify trained artisans and arrangements were made to impart them training. The main difficulty has been that the hereditary artisans are reluctant to undergo training. It has also been noticed in number of cases that the trainees leave training without completing it.

Arrangements for training of the artisans were made for receiving training in various centres set up by DRDA, Khadi & Village Industries Board, Haryana Handloom and HSSIIC etc. but in spite of all these efforts, the requisite number of trainees did not come forward to take incentives provided under the scheme.

The DIC staff made efforts to motivate and identify entrepreneurs but in spite of this the requisite number of trainees did not come forward for receiving the training. Keeping in view this difficulty, the matter was taken up with Government of India to delete the condition of training to the traditional artisans but the DCSSI did not agree to relaxation of this condition and as a result in spite of efforts, complete targets could not be achieved.

ITI courses are structured and are of long duration whereas training in the industrial units is of short duration and job oriented. Moreover Government of India instructions also permit this. This type of training is relevant to the needs of the entrepreneurs.

The contents of training programme was not left to the individual employer but was conceived by the DIC staff in consultation with the trainees. This was being constantly monitored by the DIC staff. This is covered under Government of India's instructions issued vide No. DIC/2(3)79, dated 31-8-1979.

In fact under the RIP pattern before the inception of DIC, the power subsidy used to be given to those units which were not using power. No doubt at the time of inception of DIC programme the RIP pattern of assistance was merged with DIC programme but in the case of grant of power subsidy fresh guidelines from Government of India were issued vide their letter No. DIC/2(3)/79-Vol. II, dated 19th December, 1980 that power subsidy may be given to small industrial units in villages and towns with population of less than 50,000. In doing so, preference may be given to artisans and small units having an investment upto Rs. 25,000. Thus it would be seen that power subsidy in Hissar District has been given as per guidelines received from Government of India.

The utilisation of subsidy paid in 1980-81 has been watched and utilisation reports obtained from the field staff and have since been got audited by the Audit Party.

Under the loan scheme, the funds are provided by the Government of India on matching basis. The year-wise break up of released fund by Government of India and the State Government is given as under :—

Year	Loan released Centre	State	Total Ex- penditures
1978-79	31.50	—	—
1979-80	5.50	5.85	11.70
1980-81	—	18.00	36.00
1981-82	14.50	22.28	44.56
1982-83	15.52	18.00	36.00
1983-84	15.11	18.00	36.00
	82.13	82.13	164.26

From the above position it is clear that funds were provided by the State Government on matching basis as and when the Central assistance was received. In most of the cases, funds from Government of India were received at the far end of the year with the result that the State Government had to release its share in the subsequent year.

In the year 1978-79, the central assistance of 31.50 lakhs was received in December 1978 and 26-3-1979. The State share could not be released as the DICs were in the process of being set-up. However, the State Government contributed the matching state share in the subsequent year as explained above, keeping in view the requirement of funds.

According to guidelines of the GOI, the procedure for disbursement and recovery of loan were the same as prescribed for advancing loans under the State Aid to Industries Act. Under this Act, provision existed for advancing of loans to the small units both under the urban and rural areas. However, while using the loan amounts, efforts were made by G.M., DICs to cover all the loan application from the rural areas but when these were not available the loan amount as well as was utilised by way of advancing loans to units in the urban area.

During the year 1980-81 an amount of Rs. 2.65 lakhs was spent as loan component under the State Aid to Industries Act, and the remaining amount of Rs. 33.35 lakhs was transferred to HSSI & CEC to be utilised as seed money/margin money in terms of clarification received from Government of India vide their letter

dated the 22nd February, 1980 that funds provided under the scheme can be utilised as seed/margin money. In view of this there is hardly any case of contravention of GOIs instructions. During the year 1981-82 an amount of Rs. 29 lakhs was also transferred to HSSI & EC for the same purpose.

The funds were transferred to the Corporation not with the object of avoiding lapse of budget grant but with a view to ensuring regular payment of seed money to various tiny units against the committed liability of financial institutions which advanced 80% of cost of the project.

In accordance with the instructions issued by State Government vide memo No. 34/3/78-3IB(I), dated 4-8-1978 the Rural Industries Scheme is to be implemented through the agency of the HSSI & EC Ltd. Thus the funds provided in this scheme were placed at the disposal of HSSIEC for implementation of the programme. The incentives in the form of seed money, cash subsidy and interest subsidy are paid to the entrepreneurs in the rural areas by the Corporation on the basis of sanction issued by the G.M's of the DICs.

In view of the position explained in para 'd' above the funds were drawn and disbursed to the Corporation not with the object of avoiding lapse of budget grant but with a view to ensure prompt payment of incentives to the entrepreneurs under the scheme for the development of Rural Industries in the State.

The unutilised amount of Rs. 73.56 lacs as on 31-3-1982 has since been utilised. The year-wise break up of the utilisation of this amount is given as under :—

Year	Amount utilised
1982-83	43.58 lacs
1983-84 (June 83)	29.98 lacs
	<u>73.56 lacs</u>

The unutilised amount left under this scheme was mainly due to credit squeeze by the Reserve Bank of India with the result the financial institutions did not provide the requisite amount of loan required for the setting up of the units. Moreover the units which were self-financed were not eligible to avail the incentives under this scheme. The unutilised amount as mentioned in the audit para has been utilised.

(i) (a) The recovery proceedings have been initiated by the GM, DIC, against the units which were closed down within 5 years. In this context it may be mentioned that the Department has established second charge in regard to the recovery of seed

money because the first charge is of the bank in regard to the recovery of term, loan advanced for the setting up of the units. However, efforts are being made to recover these amounts expeditiously.

(b) In Sonapat district there were three units, which closed down after starting initial production. G.M., DIC, Sonapat has already started the recovery proceedings, against these units. In Hissar district, the position is also similar and the recovery proceedings are in progress while in Ambala district 32 units had started production and subsidy to remaining 3 units was not disbursed.

(ii) Under the scheme, for providing of incentives to the entrepreneurs for the setting up of units in the rural areas sanctioned by the State Government vide letter No. 9(5)-75-3IB-II dated 19-11-75, it has been laid down that pre-operative expensed upto 5% of the 15% of the cash subsidy subject to a maximum of Rs. 1000/- shall be released to the entrepreneurs for the setting up of the units. In view of this, the cash subsidy advance was given by the GM, DIC's in accordance with the Government instructions to the prospective entrepreneurs. However, the recovery proceedings have been started against the units which have not been set up by the entrepreneurs.

(iii) (a) The agreement deeds were executed at the time of disbursement of seed money to the units. In this context it may be mentioned that the agreement deed could not be produced before audit party as these were with the field staff for execution.

(b) The agreement deed has been executed by the GM, DIC, Hissar with all the 22 units at the time of disbursement as under :—

No. of Units	Month of Agreement
4	February, 1982.
15	March, 1982
2	April, 1982.
1	May, 1982
Total 22	

The cash subsidy to the Industrial units paid by means of account payee cheques. This subsidy is paid on the assets created by the units after due verification. In view of this, obtaining of any further utilisation certificates from the units does not appear to be necessary. However, these units are frequently visited by the officers of the department with a view to ensure that

they are working properly. Progress reports are invariably obtained. The action before a period of 5 years is taken by the G.M's DICs.

The Department keeps a watch on the general health & activities of the units. Regarding advances by the Financial Institutions, the data is kept by them for recovery etc. The capacity to repay the loan by Indl. Units is assessed/watched by the financial institutions and data is also maintained by them.

District Marketing Centres came into existence w.e.f. 1-4-1979 and the appointment of DMOs in the following three districts was made on the date given against each to keep a liaison between producer and consumer to ensure the Marketing facilities for the unit set up in these districts :—

1. Hissar 16-6-1979
2. Panipat 16-6-1979 (shifted to Sonapat during October, 1980).
3. Ambala 14-8-80.

880 units were registered with the Corporation for the marketing assistance for various items to be manufactured by the RI tiny units. Out of these marketing assistance was provided to 382 units, valuing Rs. 606.75 lacs upto 30th June 1982 for which assistance for various items to be manufactured by the RI tiny units. Out of these marketing assistance was provided to 382 units, valuing Rs. 606.75 lacs upto 30 June 1982 for which orders were procured from various Government Department/Agencies for the items being manufactured by them. Since, no orders for the item being manufactured by the remaining units were received and as such they could not be provided Marketing Assistance.

The Criteria of Registration of RI units for marketing assistance is given as under :—

“A tiny unit set up under RIS which has gone into production and registered with the GM, DICs of the District and is desirous of availing the services of the Corporation for marketing assistance is registered by the Corporation without any charges. The registration is done in the District Marketing Centre at the District level.”

The Haryana State Small Industries and Export Corporation, Ltd. had started rendering the Marketing Assistance to the R.I. Units/set up in Hissar and Sonapat to the extent possible. It appears that the views of the G.M., DIC, Hissar and Sonapat may presumably as all RI units may not have taken advantage of the scheme in the beginning. The reasons being that few items were covered under Marketing Assistance Scheme for exclusive purchased by Govt. Deptt. The Marketing Assistance provided by the District Marketing Centre, Sonapat and Hissar to the units set up in the year 1981-82 are as under :—

Hissar Rs. 60.97 lacs.

Sonapat Rs. 47.58 lacs.

- (1) The Corporation had taken prior approval of the State Govt for shifting of complexes from one place to another. The detailed position is as under :—

Sports Goods Complex Murthal was initially envisaged to be set up at Sampla. However, later on it was found that Sampla is a water logged area and with the permission of the Govt. vide letter No. VI/RIS/70/22723-A dated 12-6-80, the Sports Goods Complex was shifted from Sampla to Murthal.

Sewing Machine Parts Complex, Panchkula.

Initially, this Complex had to be set up at Radaur. However the site of this Complex was shifted to Panchkula after getting approved of Govt. conveyed vide letter VI/RIS/70/22728-A dated 22-6-80. The reason for shifting of the site was that no manufacturer of sewing machine was ready to set up their mother unit at Radaur and on their demand the Sewing Machine parts Complex was set up at Panchkula.

Builders & Hardware/Electrical Appliances Complex, Radaur.

It was envisaged to set up an Electrical Appliance Complex, at Radaur. However, the Corporation did not get good response from the prospective entrepreneurs, and it was felt that in place of Electrical Appliances Complex, a Builder Hardware Complex, may be set up at Radaur. A Techno feasibility survey for Builder Hardware Complex was carried out and on the basis of survey report it was found that it will not be viable to set up this complex at Radaur as it suffers from many handicaps. In view of that it was felt that a Builder Hardware Complex may not be set up at Radaur and instead an industrial colony under RIS may be set up. A proposal has already been sent to Govt. to grant permission for the setting up of Industrial Colony under RIS at Radaur.

Hosiery & Knitwear Complex, Kohand.

It was proposed to set up this Complex at Kohand. Before the Corpn. could go ahead with the purchase of land, it was felt that we may invite various interested entrepreneur to set up their units at Kohand. Since, response from entrepreneurs were not good, the setting up of this Complex has been deferred at present.

The work relating to the setting up of complexes was to be taken in a phased manner. The regular directions were issued to the Corporation for completion of work relating to setting up of complexes for which funds were placed with the Corporation. Due to some practical difficulties the Corporation had to change the location of some of these complexes. Most of the places where complexes are

being set up are Rural areas. Some of these complexes even if set up in Semi-urban-area would be serving/feeding the rural areas around the complexes. This scheme is being regularly monitored by the Department and the meetings are held from time to time to discuss the progress and to sort out the problems

- (i) The sick units in remaining four DICs viz Gurgaon, Kurukshetra, Bhiwani and Mohindergarh were also identified but these could not be reflected in the Action plans. Identification of sick units is a regular function of the Deptt. which was being done before the inception of DIC scheme. 22 sick units in Gurgaon, 28 in Kurukshetra, 28 in Bhiwani and 5 in Mohindergarh were identified upto 31-3-84.

In Faridabad and Sonapat Districts there were sick units which could not be revived despite best efforts. This was due to partnership disputes, financial difficulties, non-availability of raw material and marketing of the products etc. The entrepreneurs were reluctant to come forward to re-start their units even after the provisions of necessary assistance was assured to them. In view of this no headway could be made in regard to be revival of the sick units in these two districts.

As mentioned in the Audit Report there were 215 sick units. Out of these 19 units have been revived upto 31-3-1984. District-wise break up of the revival of these units is given as under :—

1. Gurgaon/Faridabad	9
2. Hissar	1
3. Rohtak	6
4. Sirsa	3
	<hr/>
	19

The department succeeded only to revive above 19 units because the entrepreneurs were not interested in reviving their units due to their own domestic problems best known to them. Further the present position of the sick units as on 1-7-1985 is being ascertained from the field offices.

Identification and revival of sick units was being done by the Department even before the inception of DICs, DIC Bhiwani and Mohindergarh did not reflect the number of units identified in the action plan but remedial measures were taken to revive the sick units. 9 sick units in Gurgaon and 4 in Kurukshetra have been revived. Despite efforts no sick unit could be revived in the district Bhiwani and Mohindergarh.

- (v) Efforts were made to revive all the 215 sick units but only 88 were found fit for revival and also to receive assistance.

State Govt. vide their notification 1(10)-16-3-IBII-79 dated 17-9-80 constituted District Level Advisory Committee for the District Industries Centres for the entire State, including districts of Ambala and Hissar. Their progress was also being monitored by the Committee.

With a view to supervise and monitor the functioning of the District Industries Centres in the State, quarterly meetings are being held in the Directorate of Industries in which the entire gamut of activities are reviewed. The State Level Coordination Committee has been constituted and a meeting is proposed to be held shortly."

DISTRICT INDUSTRIES CENTRES

The Committee was not at all satisfied with the written reply as well as the position deposed during the oral evidence by the departmental representative that the data about profits of the units of the Small Village and Cottage Industries registered in the State were not available with the department although the monitoring of these units was reported to have been done by the District Advisory Committee at district level.

The Committee also wanted to know whether there had been any meeting of the State Level Coordination Committee since its constitution in the month of August, 1978. The departmental representative was unable to answer the question of the Committee. He also could not supply the proceedings of the said Committee on being demanded.

The Committee regret to observe that the Department had neither monitored the scheme at the State Level nor it had reprimanded the staff for their negligence in not running the scheme properly.

In reply to a question of the Committee, the departmental representative stated that the information in regard to the survey conducted by the Haryana Industrial Assistance Group in respect of registered and unregistered units (i.e. under production/non-production/defunct units to whom subsidy/amenities were provided) which had almost been completed would be supplied to the Committee within four months after co-relating the same through the Regional Computer Centre.

The Committee regret to observe that the said information had not been supplied by the department till the writing of this report. The Committee desire that the said survey report be supplied to it at the earliest and action against the officials/officers who had not sent the same to the Committee be taken under intimation to the Committee.

The Committee was not satisfied with the reply given by the Department during oral evidence that out of the 48 posts of Functional Managers, 31 posts had been filled up and the remaining 16 posts were going to be filled up within 2-3 months after completion of formalities like medical, character verification etc. as the incumbents had already been selected for the appointment.

The Committee regret to observe that the department made inordinate delay to fill up these posts because the department was supposed to fill up these posts as early as in 1978 when the Government had sanctioned these posts.

The Committee regret to observe that the deptt. on being told that in spite of the instructions issued by the Government to the Land Mortgage Banks that illiterate villagers and farmers were being harassed by the bank authorities in not giving the loan to them expeditiously, the Committee was assured by the departmental representative that they will issue fresh instructions in this regard so that no inconvenience is caused to the public/villagers. The Committee was also assured that a copy of the instructions/guidelines issued by the Government of India regarding power subsidy to Small Industrial Units in villages and towns under the Industrial Promotion Scheme launched by the Government of India will be supplied to the Committee. The Committee regret to observe that no such information had been received by the Committee till the writing of this report. The Committee, therefore, desire that the copies in original and substituted letters be supplied to it together with the reasons for not sending the same earlier. The Committee also desire that action be taken against the officials/officers responsible for not sending the same to the Committee in time.

The Committee was also not convinced either with the written reply or the position explained during oral evidence that although the guidelines of the Government of India were with them and according to this the loan was to be distributed only in the semi-urban and rural areas as the State aid to the industries, but the Government of India has not clarified what it meant by semi-urban areas. On being asked to send copies of the said letters to the Committee, the departmental representative had assured to send the same to it, but the Committee is sorry to observe that the copies of the guidelines were not received by it till the writing of this report. On a further question of the Committee, the departmental representative promised to send the details of yearwise break-up of the amount distributed to the semi-urban and rural areas but the Committee is pained to observe that the said break-up has not been received from the department till the writing of this report. The Committee deplored the laxity on the part of the department that even after due assurance, the required information has not been furnished by the department. The Committee desire that the promised information be supplied at the earliest together with the reasons for not sending the required information in time. The Committee also desire that action be taken against the officials/officers who are responsible for not supplying the promised information the Committee in time.

Paragraph 7.9. Export production Project Panipat

[28] For the development of Handloom Industry, Government of India approved (April 1976) the proposal of the Haryana Government for setting up an Export Production Project at Panipat with cent per cent assistance (loan : 75 per cent, grant : 25 per cent)

The main object of the project was to set up an Export Production Unit having one thousand handloom (including jacquard fitted) for boosting export of handloom goods in traditional markets and to

introduce these in the virgin markets. Guidelines for the scheme provided for expenditure on building and establishment to be kept at the barest minimum and major portion of the funds to be used for modernisation of the looms. Training of weavers was also provided for.

According to the approved scheme, an outlay of Rs. 40.00 lakhs was to be spent during the years 1976-77 to 1978-79. The table below indicates the grants/loans received from Government of India *vis-a-vis*, expenditure incurred there against during the years 1976-77 to 1980-81 :—

Year	Receipts from Government of India			Expenditure			Total
	Loan	Grant	Total	Land and other capital assets	Establishment charges	Interest paid on loan	
1	2	3	4	5	6	7	8
(in lakhs of rupees)							
1976-77	7.50	2.50	10.00	0.03	0.50	0.06	0.59
1977-78	7.50	2.50	10.00	3.48	1.16	0.41	5.05
1978-79	—	—	—	0.13	1.16	0.82	2.11
1979-80	—	—	—	0.36	1.20	0.83	2.39
1980-81	—	—	—	0.30	1.29	0.81	2.40
Total	15.00	5.00	20.00	4.30	5.31	2.93	12.54

While no expenditure has been incurred so far on the modernisation of looms and training of weavers which were the basic items of the scheme, major expenditure was incurred on establishment items. The Department attributed (November 1981) the non-achievement of the main objective of the project to its running in a rented building insufficient for the project.

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

“As per the guidelines of the Govt. of India under which the scheme was sanctioned outlay on building was required to be kept at the barest minimum and no suitable accommodation was available at Panipat at that time. To cut down delays in the implementation of the project the production was started in 1977-78 as soon as the present building of the Department of Industries became available to the Corporation. The adjacent sheds were also hired subsequently, as soon as they became available, for the expansion of the project.

Under the project the Corporation has produced superior quality exportable varieties of handloom of the value of Rs. 49,04,885 73 till 31-3-85.

On account of limited space and to avoid large accumulation of stocks, limited number of looms were installed and production was phased out and also partly carried out indirectly on job basis. A total of 499 looms have been covered so far under this scheme.

Since there was large concentration of jacquard looms and frame looms and traditional weavers at Panipat there was no demand for training facilities and modernisation of looms, however, Practical training under the apprentice scheme is being imparted.

Establishment charges	Interest paid on loan	Total
0.50	0.06	0.59
1.16	0.41	5.05
1.16	0.82	2.11
1.20	0.83	2.39
1.29	0.81	2.40
5.31	2.93	12.54

During the course of oral examination, the departmental representative informed the Committee that under this scheme, the Government of India had sanctioned the amount for modernizing of looms at Panipat and not to set up the looms. According to this the pit looms were to be converted into frame looms and frame looms into jacquard looms but the said amount was not spent on the modernising of looms at Panipat. The modernisation was done by the department at Bhiwani under another scheme called "Incentive Development Project Scheme" and this decision was taken in a meeting held with the Government of India.

In reply to another question of the Committee, the departmental representative admitted that the objective of the scheme for which the Corporation was set up had not been achieved at that time due to (i) non-availability of sufficient funds (ii) non-availability of suitable and proper accommodation (iii) no response for receiving training from the general public. He further stated that details regarding the commodities/items required to be purchased from outside the market are not available with him at present and will be supplied later on. But the Committee note with regret that the said details have not been received by it till the writing of this report. The Committee further desire that the said details be furnished to the Committee within a month.

The Committee further enquired from the departmental representative about the mode of advertisement adopted by the department for communicating with the weavers and the general public to motivate them for receiving practical training under the apprentice scheme. The representative of the department stated the department had issued advertisement, but he was not sure about it because he had no proof with him about the mode of advertisement. The representative assured to supply a copy of the advertisement to the Committee but it note with regret that no such copy has been received from the department till writing of this report. The Committee desire that the said information be supplied and action be taken against the officers/officials responsible for not sending the required information to it earlier.

The Committee feel that in a country like India where large section of population is illiterate and un-employed, it could not be taken that no response was received from the public. The Committee think that the scheme had not been properly publicised in the manner that the illiterate persons could come forward after due publicity. The Committee painfully observe that in case the scheme had been properly advertised through the Public Relations Department or through the posters/pamphlets in English and Hindi a number of willing persons would have volunteered to receive the training. The department did not do so and as a result the response was very poor. The Committee are constrained to observe that the department did not visualise the utility of such a valuable programme and that is why the very objective of this scheme has been defeated.

Paragraph : 7.11. Haryana Khadi and Village Industries Board

(1) Introductory

[29] Haryana Khadi and Village Industries Board was established on 1st February 1969 under the Punjab Khadi and Village Industries Board Act, 1955, as successor body to the composite Punjab Khadi and Village Industries Board:

The main functions of the Board were to undertake and encourage production of Khadi and development of Village Industry by grant of loans and other assistance, imparting of training, arranging market outlets for sale and publicity for popularising the products. The Board consisting of 15 official and non-official members appointed by the Government is headed by a Chairman.

The loans paid by the Commission for Khadi programmes are interest free whereas those paid for village industry carry interest at the rate of 4 per cent per annum. Period of repayment ranges from 6 months to 10 years. During the period February 1969 to March 1982 the Board received from the Commission Rs. 92.05 lakhs as grant and Rs. 8,16.99 lakhs as loan for Khadi and Village Industries. Besides Rs. 1,25.50 lakhs and Rs. 50.13 lakhs were received from the State Government to meet administrative expenses of the Board and rebate on sale of Khadi, respectively.

Mention was made in paragraph 7.13 of the Report of the Comptroller and Auditor General of India for the year 1979-80 about

certain aspects of the working of the Khadi Board in the State. Further points noticed are mentioned in the succeeding sub-paragraphs.

(2) *Finance*

The following amounts were received by the Board from the commission/State Government during 1979-82 :—

Year	From Commission				Total		State Government		Total
	Khadi		Village Industry		Grant	Loan	Rebate on sale of Khadi	Administrative expenses	
	Grant	Loan	Grant	Loan					
1	2	3	4	5	6	7	8	9	10
(in lakhs of rupees)									
1979-80	0.90	2.43	7.25	84.01	8.15	86.44	5.85	13.59	19.44
1980-81	0.56	3.39	15.01	154.49	15.57	157.88	5.00	20.58	25.58
1981-82	1.27	—	16.64	156.53	17.91	156.53	5.00	19.51	24.51

Besides, Central assistance of Rs. 40 lakhs was also received through the State Government at the fag end of the year 1981-82 for the economic development of Scheduled Castes.

(3) *Accounting procedure*

The Act stipulates that the accounts of the Board and annual statement of accounts should be prepared in such a manner as may be prescribed by the State Government. The Board prepares its annual balance sheet but not the income expenditure statement or annual receipt and payment account despite being pointed out by Audit repeatedly. The Board stated (November 1982) that the annual accounts are being prepared in the proformae adopted from the composite Punjab Khadi and Village Industries Board and that no proformae for the preparation of accounts have been prescribed by the Government. The balance sheets as prepared were provisional pending division of assets and liabilities of the composite Board. Annual accounts for 1981-82 have not been finalised (November 1982).

(4) *Physical performance/working results*(a) *Financial targets and disbursements*

Financial targets as fixed by the Board and achievements made there against during the years 1979-80 to 1981-82 were as under :—

Year	Target fixed				Disbursement			
	Khadi		Village Industry		Khadi		Village Industry	
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan
1	2	3	4	5	6	7	8	9
(in lakhs of rupees)								
1979-80	0.51	14.95	14.98	1,07.63	0.51	13.36	11.77	1,04.59
1980-81	0.89	7.11	22.48	2,33.71	0.18	1.65	17.17	1,56.16
1981-82	0.61	9.49	26.33	2,87.36	0.20	1.10	14.57	1,67.14
Total	2.01	31.55	63.79	6,28.70	0.89	16.11	43.51	4,27.89

Year	Shortfall						Number of units financed			
	Khadi			Village Industry						
	Grant	Loan	Per cent	Grant	Loan	Per cent	Individual	Co-operative societies	Institutions	Total
1	2	3	4	5	6	7	8	9	10	11
(in lakhs of rupees)										
1979-80	—	1.59	5	3.21	3.04	10	1,669	26	54	1,749
1980-81	0.71	5.46	67	5.31	77.55	32	2,569	16	99	2,684
1981-82	0.41	8.39	77	11.76	120.22	42	2,275	8	83	2,366
Total	1.12	15.44		20.28	200.81		6,513	50	236	6,799

From 1979-80 to 1981-82 the Board disbursed Rs. 4.44 lakhs as loan and Rs. 44.40 lakhs as grant amongst 6,513 individuals, 50 co-operative societies and 236 institutions. The amount of financial assistance provided in 1981-82 showed an increase of Rs. 7.85 lakhs.

(Rs. 1,83.01 minus Rs. 1,75.16), but the number of units financed decreased by 318 (2,684 minus 2,366) as compared to 1980-81; although targets fixed were on the high side yet there was sharp decline in the financial assistance provided to Khadi units during 1979-80 to 1981-82. Only two new Khadi units were financed during the last three years. The Board stated (August 1982) that units asking for financial assistance decreased. Moreover in respect of working capital loan the units did not achieve the desired level of production/sales as such there was decline in financial assistance to Khadi units.

(b) *Physical Targets and achievements*

Physical targets fixed for various industries including units to be set up and achievements made were as under —

Year	Target fixed						Achievements			
	Indi- vidual	Socie- ties	Insti- tutions	Total	Produc- tion	Sales	Emp- loy- ment	Ear- nings	Indi- vidu- als	Socie- ties
1	2	3	4	5	6	7	8	9	10	11
	(in number)			(in lakhs of rupees)			(in lakhs)		(in number)	
1979-80— Khadi	—	—	—	—	43.50	43.50	Not fixed	—	—	—
Village Industry	2110	65	—	2175	898.60	799.10	Do	—	1669	26
1980-81— Khadi	—	—	—	—	35.60	35.60	Do	—	—	—
Village Industry	2214	99	—	2313	1271.55	1050.05	Do	—	2569	16
1981-82— Khadi	—	—	—	—	45.25	50.15	Do	—	—	—
Village Industry	2603	122	—	2725	1746.30	1799.55	0.32	Not fixed	2275	8

Year	Achievements					Short fall					
	Insti- tu- tions	Total	Produc- tion	Sales	Emp- loy- ment	Earn- ings	Units	Pro- duc- tion	Sale	Emp- loy- ment	Earn- ings
1	2	3	4	5	6	7	8	9	10	11	12
	(in number)		(in lakhs of rupees)			(in lakhs)	(in lakhs of rupees)				
1979-80— Khadi	1	1	27.78	17.62	0.02	5.74	—	15.72	25.88	—	—
Village Industry	53	1748	1086.93	1290.37	0.29	276.42	427	—	—	—	—
1980-81 Khadi	—	—	21.53	37.15	0.02	5.78	—	14.07	—	—	—
Village Industry	99	2684	1402.39	1630.07	0.33	321.61	—	—	—	—	—
1981-82— Khadi	1	1	21.51	28.42	0.01	5.80	—	13.74	11.73	—	—
Village Industry	82	2365.16	1606.90	1921.51	0.34	373.43	360	—	—	—	—

The production and employment levels achieved by the Board during 1979-80 in respect of Khadi units decreased during the year 1980-81 to 1981-82. Targets for financing units under Village Industries were achieved less to the extent of 19 and 13 per cent during 1979-80 and 1981-82 respectively. The reasons were awaited from the Board (December 1982).

(c) There was considerable decline in employment in the following industries during 1980-81 —

Sr.	Name of Industry	Maximum employment during		Employment during 1980-81	Percentage of decrease
		Year	Number	Number	
1	2	3	4	5	6
1.	Khadi	1969-70	5,756	2,445	58
2.	Village Oil	1978-79	307	141	55
3.	Fibre	1972-73	693	518	25
4.	Soap	1970-71	455	365	20
5.	Fruit preservation	1971-72	222	22	90

Reasons for decline in employment were not investigated by the Board and no action was taken to improve the trend of employment.

(d) *Hand made paper centre*

The Board is running only one production unit viz., Hand Made Paper Centre, Patti Kalyana which is producing different quality of paper and card sheets. No targets for production were fixed during the period 1979-80 to 1981-82 and the production was regulated against specific orders of the D.G.S & D. through the Commission. However, the production and sales at the centre during the year 1979-80 to 1981-82 were as under :—

Year	Production	Sales
1	2	3
	(in lakhs of rupees)	
1979-80	0.80	1.12
1980-81	0.72	0.84
1981-82	0.71	0.63

The Board stated (November 1982) that production was being limited to orders received and other market requirements as there was no ready market for disposal of the products.

(5) *Repayment of loans*

The Board received from the Commission and disbursed loan of Rs. 7,04.35 lakhs upto the end of March 1982. As on 31st March 1982, Rs. 6,94.57 lakhs (excluding interest/penal interest which was not worked out) were recoverable from various units of which Rs. 1,06.68 lakhs (16 per cent) were overdue for recovery. Of this Rs. 72.73 lakhs were involved in defunct units (1,271). Recovery proceedings involving delay of five to ten years have been initiated by the Board through Collector Land Revenue. Only Rs. 8.65 lakhs were recovered during 1979-80 to 1981-82. The overdue recoveries and amount involved in defunct units increased over years as detailed below :—

Year	Amount of overdue loan instal- ment	Amount involved in defunct units	Number of units
1	2	3	4
	(in lakhs of rupees)		
1979-80	18.69	45.19	793
1980-81	16.16	60.33	1,065
1981-82	33.95	72.73	1,271

In addition at the end of 1981-82 an amount of Rs. 13.19 lakhs was involved in 622 units which have not utilised the financial assistance properly or have not gone into desired level of production and are not repaying the instalments of loan and interest as per fixed schedule. The loan amounts including interest recovered from the loanees are required to be passed on regularly to Khadi Commission. The amounts recovered from the loanees were not being remitted to the Commission in the same year but in the succeeding years. The Board has intimated (January 1983) that recoveries of loan and/or interest made in earlier years have since been remitted to the Commission. Rs. 25.39 lakhs recovered during 1981-82 has not been remitted to the Commission (December 1982).

(6) *Confirmation of loan balances*

At the end of March 1982 an amount of Rs. 6,94.57 lakhs was outstanding against 15,800 units. No proper action was initiated to get confirmation of the outstandings from loanees (July 1982).

(7) *Irregularities in disbursement of loans/grants to units*

The disbursement of financial assistance to the societies/institutions is to conform to specified pattern of assistance as laid down by the Commission. The loanee units which happen to be in default in re-

payment of loan instalments are not to be given further assistance. A test check (June-August 1982) of loan cases revealed as under :—

(i) Central Government special assistance of Rs 40 lakhs for economic development of scheduled castes for 1981-82 was received as grant-in-aid. The whole amount was shown as utilised but it was found during audit that Rs. 3 91 lakhs only was disbursed as grant and Rs. 34.13 lakhs was paid as loan to scheduled castes. The balance amount of Rs 1.96 lakhs was kept under suspense head. Further bank statement of April 1982 revealed that the total amount of Rs. 40 lakhs was credited by the bank in Board's account on 8th April 1982 and disbursed to recipients on 22nd April 1982, whereas the Board in their accounts showed the amount credited/dispursed on 31st March 1982. Board stated (November 1982) that the cheques were prepared in the name of the grantees/loanees on 31st March on the basis of Remittance Transfer Receipt received from the Government of India which was released on 8th April 1982 only. The drafts were issued in favour of the grantees/loanees by the bank on 22nd April, 1982.

(ii) An amount of Rs 0 18 lakh was paid in July 1972 to Shakti Khara Agricultural Implements Co-operative Society Limited, Dhaswali as loan for manufacturing agricultural implements. The society was in default in repayment of this loan since 1976. A further loan of Rs. 0.60 lakh Rs. 0 40 lakh for machinery and Rs 0 20 lakh for godown was paid on 31st March 1979 and approval of Khadi Commission sought which was awaited (July 1982). The society had neither purchased machinery nor refunded the amount (July 1982). Out of loan of Rs. 0.20 lakh for construction of godown, Rs 0 17 lakh was spent for the construction of the same and balance not refunded (August 1982).

(iii) A licence for starting a match industry is required for sanctioning working capital loan for it. An amount of Rs. 0 40 lakh as working capital loan was released to the Bhagwati Gram Udyog Mandal, Ellanabad for establishment of cottage match industry (March 1982) although licence for starting match unit had not so far been obtained by the party (July 1982).

(iv) As per decision of the Board, Central Marketing Depots were to be established for match industry to meet their requirements of raw material and to promote marketing of finished goods. Financial Assistance for establishing these depots was not to be given to match production units. Considering the requests received from different parties, the Board decided (February 1981) to establish two such depots at Hissar and Narwana to cater to the needs of match production units in Hissar and Karnal areas respectively. Grant of

Rs. 0.66 lakh and loans of Rs. 1.68 lakhs for each of the depots was released on 31st March 1981.

Another grant of Rs. 0.04 lakh and loan of Rs. 1.68 lakhs for the establishment of a second marketing depot at Hissar was released (December 1981) to Hissar Match production Co-operative Industrial Society Limited Hissar.

(v) Units/samities financed under *gur Khandasari*, carpentry and black-smithy were required to purchase new machinery/implements from the registered dealers. Defaulting units were required to refund the entire loan with penal interest at the rate of 9 per cent. During the scrutiny of the utilisation certificates, (received in November 1980 and December 1980) it was noticed that in the following cases old machinery was purchased but utilisation certificates were accepted in disregard of these conditions :—

Sr. No.	Name of unit	Amount of loan	Date of sanction	Utilisation certificates accepted for	Value of old machinery
1	2	3			
		(Rupees)		(Rupees)	(Rupees)
1.	Bhim Singh, Sonapat	4,850	31st March 1977	4,850	3,409.50
2.	Dharam Singh, Jind	10,000	Do	9,602	4,375.00
3.	Bhai Ram, Gurgaon	10,000	30th March 1980	10,000	4,400.00
4.	Ram Rakha, Chauli	15,000	31st May 1978	15,000	6,696.00
5.	Joginder Singh, Udhamgarh	13,100	31st March 1980	13,100	10,436.00
6.	Hari Singh Gurgaon	9,500	29th March 1979	9,500	9,500.00

There was no indication from the records, of the Board whether the purchase of the old machinery instead of new was taken note of, viz-a-viz., the conditions of the grant. It also could not be ascertained in Audit whether this affected the object for which grants were sanctioned.

(8) *Utilisation certificates*

As on 31st March 1982 utilisation certificates for Rs. 8,71.87 lakhs were awaited in respect of the loans and grant paid upto 1980-81. The yearwise outstandings were as under:—

Year	Number of beneficiaries	Amount of utilisation certificates		
		Grant	Loan	Total
(in lakhs of rupees)				
1972-73	9	0.05	0.51	0.56
1973-74	4	0.03	0.05	0.08
1974-75	13	0.09	0.50	0.59
1975-76	69	0.30	1.43	1.73
1976-77	112	1.66	6.05	7.71
1977-78	248	1.72	9.19	10.91
1978-79	679	4.26	34.84	39.10
1979-80	1,023	6.14	53.84	59.98
1980-81	2,208	14.75	136.46	151.21
Total	4,365	29.00	242.87	271.87

(i) In certain cases fresh loans were released without verifying the utilisation of loans granted earlier.

(ii) An amount of Rs 48.81 lakhs out of disbursement made upto 1980-81 had been misutilised by the parties. The interest/penal interest recoverable in these cases had not been worked out in July 1982 and no action was initiated for recovery. The Board stated that interest/penal interest could not be worked out due to shortage of staff.

(9) *Physical verification of stores*

No physical verification of stores was conducted for the years 1979-80 to 1981-82.

(10) *Training centres*

Details of training centres run and persons trained are as under :—

Sr. No.	Name of centre	Year	Number of persons trained
1	2	3	4
1.	Fibre industry Kot Baswa Singh	1980-81	20
		1981-82	65
2.	Village oil industry	1980-81	2
		1981-82	24
3.	Processing of cereals and pulses industry	1980-81	3
		1981-82	—

Centre at serial number 3 has been closed down (1981-82) due to non-availability of trainees. The Board stated (November 1982) that the equipment and machinery was being utilised for demonstration purposes.

Summing up

The Board was established for the development of Khadi and Village Industries by providing financial and other assistance.

The Board, however, could not achieve the targets during 1979-80 to 1981-82 in both the sectors with a shortfall ranging from 5 *per cent* to 77 *per cent* in the Khadi sector and 10 *per cent* to 42 *per cent* in Village Industries during the above years.

Manner/forms for the preparation of annual accounts of the Board have not been prescribed by the State Government as required under the Act.

Financial assistance provided in 1981-82 increased by Rs. 7.85 lakhs over that in 1980-81 but the number of units financed decreased by 318.

Production and employment levels achieved by the Board during 1979-80 in Khadi units decreased during 1980-81 to 1981-82. Physical targets for financing units under Village Industries were short achieved to the extent of 13 and 19 *per cent* during 1979-80 and 1981-82 respectively.

No targets for production in respect of Hand Made Paper Centre were fixed and production declined.

Sixteen *per cent* (Rs. 1,06.68 lakhs) of the total amount of Rs. 6,94.57 lakhs outstanding as loan from various units was overdue for recovery. This included Rs. 72.73 lakhs involved in defunct units. Outstandings remained unconfirmed over years.

Central Government's special assistance of Rs. 40 lakhs for economic development of scheduled castes was mainly disbursed as loan instead of grant and was not properly accounted for.

Utilisation certificates for Rs. 2,71.87 lakhs were awaited in respect of loans and grants paid upto 1980-81.

During oral evidence the Committee was informed that out of total advance of Rs. 15 crore an amount of Rs. 11.26 lakhs were to be refunded to the Government. A sum of Rs. 1.44 lakhs was overdue and Rs. 1.45 lakhs pertained to the defunct units. Recovery orders to collect the said outstanding amounts as arrears of land revenue had already been issued to the Collectors.

concerned and the detail of percentage of recovery would be sent to the Committee within one week.

The Committee, however, regret to observe that the said information had not been received till the writing of this Report. The Committee, therefore, desire that the outstanding amounts may be recovered at the earliest and the progress made in regard thereto be intimated to it. The Committee also desire that the matter of misuse of funds by the defunct units be also examined and the results thereof be reported to the Committee.

The Committee was further assured that the minutes of the meeting held with the Government of India at Bombay in connection with the steps taken by the Haryana Government to uplift the Khadi and village Industries would be sent to the Committee.

The Committee, however, observe that the said proceedings had not been received from the department till the writing of this Report. The Committee, therefore, desire that the said minutes of the meeting be supplied to it within three months to review the matter.

The Committee observed from the statements given during oral evidence that the condition of the Khadi and Village Industries in Haryana was very poor. The Committee therefore recommend that the department/Govt. should examine at length the causes of sick performance of the units and ensure that the said industries achieve their target and progress in manufacturing good quality material. The Committee further desire that the procedure or system to boost up the quality of production of the industries be streamlined.

The Committee also desire that the proforma prescribed by the Commission to maintain its accounts be supplied to the Accountant General, Haryana for his approval and the Committee be informed about it.

In reply to another question of the Committee, the departmental representative informed that the number of defunct units is 1626. The defunct units were those units which did not pay the instalments of the advance or loan for at least two or three years and did not utilise the amount of loan for the purpose for which it was intended but

used it for some other purpose. The departmental representative further informed that these defunct units were inspected by the officials of the department at district level. However, the officials of the head office came into the picture only when an enquiry was conducted against the units as due to paucity of staff they could not conduct regular inspection.

The Committee, therefore, observe that if the inspection of the defunct units was carried out regularly, the chances of misutilisation of loan could be obviated and the consequence under which the units became defunct could be examined or visualised and that misutilisation of funds could also be checked. The Committee, therefore, desire that vigorous steps be taken to recover the outstanding amounts from the defunct units and the progress of the recovery be intimated to the Committee within *three months*.

The Committee also desire that the matter in regard to the division of assets and liabilities amongst Punjab and Haryana be vigorously finalised even if, the matter is to be taken up at the highest level. The decision in the matter may be intimated to the Committee within *three months*.

During Oral examination the Committee noticed that the hand made paper centre at Pattikalyana was running at a loss of Rs. 26,000 upto 1984-85. It had also noted that the department had not fixed any target for the production of hand made paper.

The Committee observe that on account of non-fixation of target of the production, the department is suffering continuous loss from 1982-83 to 1984-85. The Committee, therefore, desire that the department should fix the norm and target so that recurring loss could be avoided in future. It further desire that the action taken in this direction as well as the progress made with regard to it be communicated to the Committee within *three months*.

The Committee also regret to note that the department has not checked whether 22034 individual units had maintained their record in connection with the utilisation certificate as a consequence of which utilisation certificate of huge amount were lying pending. The departmental representative on being asked by the Committee expressed his inability to

give detail of outstanding certificates pending with the cooperative societies as well as individual units. He further promised to supply the same to the Committee within one month. The Committee is extremely pained to observe that the said information had not been received till the drafting of this report.

EDUCATION

Paragraph 3.4. *Embezzlement*

[30] The Headmaster, Government High School, Silana reported (20th October 1981) to the Treasury Officer, Sonapat to stop payment of a bill for Rs. 0.08 lakh, which was passed (19th October, 1981) at the Treasury and delivered to a teacher of his school, as the same was found forged.

Thirteen bills amounting to Rs. 0.25 lakh paid between November 1979 to April 1980 were also found to be forged. The Treasury Officer, advised the District Education Officer, Sonapat in November 1981 for a detailed check of the records. The internal audit of the school accounts conducted in November 1981 further revealed that payment of ten more bills amounting to Rs. 0.61 lakh which had been also drawn against forged signatures, made. The amount included Rs. 0.50 lakh encashed from the treasury after 5th June 1980 when the concerned clerk had been transferred to another school.

Total embezzlement of Rs. 0.86 lakh was facilitated due to :—

- (i) Non-reconciliation of withdrawals from the treasury with the entries in the cash/bill book on monthly basis as required under the rules.
- (ii) Non-attestation of original/cancelled entries and non-recording of closing cash balance certificates in the cash book by the headmaster.

The headmaster and the clerk were suspended on 29th December 1981 and 12th November 1981 respectively. The case registered with the Police on 2nd January 1982 is under investigation (June 1982).

The matter was reported to the department/Government in February 1982 ; their reply was awaited (February 1983).

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

"In this case F.I.R. No. 4 U.S./409/468/467/471-IPC was got registered with police station, Kharkhoda on 2-1-1982. Sh. Ram Singh Gaur, Headmaster was placed under suspension on 31-12-81. In his letter dated 26-4-1982. The District Education Officer, Sonapat on the basis of the report of S.P. Sonapat has informed to the Directorate that no proof is available against Sh. Ram Singh Headmaster and as such he has not been arrested. In view thereof, it was not considered worthwhile to keep the Headmaster under suspension and as such he was reinstated on 30-8-1982 without prejudice to any other disciplinary action. Despite best efforts, the police could not succeed in this case and the case was filed by the court on 5-11-1982. On receipt of this report from S.P. Sonapat vide his

letter No. 6659 dated 22-4-1983, Departmental proceedings were launched against Sh. Ram Singh Gaur and he was charge-sheeted under rule -7 of Punjab Civil Services (P & A) Rules, 1952 on 4-1-1984 for various irregularities committed by him. After considering his reply to this charge-sheet, the penalty for the recovery of Rs. 43,335/90 paise (50% of the embezzled amount) was imposed upon him on 28-2-1984. Sh. Ram Singh Gaur Headmaster has been retired since 29-2-1984. It is proposed to effect recovery amounting to Rs 26298/15 from the D.C.R.G. which is due to him and the balance amount of Rs. 17037/75 is proposed to be recovered from his immovable property. On 22-8-1984, the D.E.O. Sonapat has been asked to supply the detailed information about his immovable property to the Directorate but the information is still awaited.

As regards Sh. Hari Krishan Dahiya, Clerk it is stated that he was suspended on 12-11-81, who is still under suspension. The embezzled money could not be recovered from him as the Supdt. Police, Sonapat has sent non-traceable report on 22-4-83 in respect of F.I.R. No. 4 dated 2-1-1982 filed against the culprit U/S 409/467/471. On the advice of Government the matter has been handed over to the Vigilance Department vide No. 7/14-82-Ed.-II (2) dated 3-7-1984, but no report has so far been received.

All the District Education Officers in the State were instructed vide this Directorate D.O. letter No. 6/77-81A(3) dated 4-1-1983 to reconcile the entries of cash books with treasury schedules in respect of all the institutions under them. During the course of such reconciliation, Embezzlement in respect of following institutions/Offices falling under Ambala, Bhiwani & Hissar Districts have been detected :—

- 1 Government Higher Secondary School Jagadhri (Ambala) 72977 75
- 2 Government High School, Birdhi Kalan (Bhiwani) Vr. 11620.00
No. 870 Vr. No. 871 9618.00
3. Block Education Officer, Hansi (Hissar) — "

During the course of oral examination the departmental representative informed the Committee that the case registered against Shri. Ram Singh, Headmaster and Shri Hari Krishan, Clerk Government High School, Silana vide F.I.R. No. 4 under Sections 409/408/467/471 IPC dated 2-1-1982 was reported un-traceable on the basis of proof and evidence not being available and hence the Court had rejected the case on 5-11-1982 and further added that no legal advice was obtained from the Law Department in that regard. It was also informed that the department had on its own taken action within its limitations after the receipt of the report of the Police. The departmental representative, however, admitted that both the officials i.e. Shri Hari Krishan, Clerk, who prepared the bill and the Headmaster who signed the bill being DDO were involved in the fraud/embezzlement were responsible in this case, as the D D O was supposed to check the bill properly before the same was signed and passed for payment. The Committee was also informed that out of Rs 43.335, a sum of Rs. 26,175/- had been recovered from the gratuity.

of the Headmaster, who had since been retired, on 29-2-1984 and as regards the balance amount recovery orders had been issued to effect the same as arrears of land revenue from the Headmaster or after the attachment of the property.

The Committee was further informed that in the third case of Shri Balak Ram, Clerk of Jagadhri Government Higher Secondary School, who had embezzled Rs. 72,977/- had been arrested on 25-2-1984 and was suspended on 6th February, 1984. The Police was however, investigating the matter. The Committee was further informed that in the case of Block Education Officer, Hansi an amount of Rs. 6,143.15 was drawn from the Treasury but no entry in the Cash Book had been made. In another case, the material worth Rs. 14,125.21 had been purchased without obtaining the quotations. However, in these cases unless detailed investigations were made it could not be confirmed whether it was some sort of irregularity or embezzlement. In another two cases Rs. 41,700/- were drawn from the treasury out of G.P.F. and Rs. 33,015/- pertaining to the building fund for which the D.D.O. had reported that this was an embezzlement. In reply to a question of the Committee the departmental representative assured that the department would finalise as to whether the departmental proceedings were to be initiated or F.I.R. to be lodged in this connection as these cases were at preliminary stages and no charge sheet had yet been framed. The departmental representative also admitted that the powers of D.D.O. had been delegated to a number of Headmasters in the State and when the cases of embezzlement came to the notice of the Government the power of D.D.O. had been withdrawn. The departmental representative admitted that these cases came to their notice after the audit was conducted by the audit party on 27th March, 1985.

The Committee was not at all satisfied with the written reply, additional information as well as the explanation given by the departmental representative during oral evidence. The Committee are constrained to observe that the department merely acted on the report of the S.P. Sonapat and did not care to refer the matter to the Law Department to obtain its opinion especially when services of the Law Department were available. The Committee had therefore, desired that the matter be referred to the Legal Remembrancer for his opinion and he should be summoned to appear before the Committee in its next meeting for tendering the legal advice in the matter. During discussion the Committee also noticed that due to the non-reconciliation of the bills/figures and record in D.E.O. Office and the treasury office, the embezzlement of Rs. 86,000/- had occurred. The Committee felt that this might have happened with the Convenience of the Clerk and the Headmaster. The Committee also noted that in the enquiry report of the department both officials were found responsible for the fraud and embezzlement of Rs. 86,000/- and even then the Department failed to initiate timely action against the officials. The Committee feel that the record of the Treasury and that of the D.E.O. office were sufficient proof to hold the culprits responsible.

The Committee strongly feel that mere recovery is not sufficient punishment in this case and recommend that some stern action should be taken against the persons who had cheated Government of its funds.

The Committee further observe that it was sheer negligence and lack of supervision on the part of the Department that they had noticed the embezzlement after the audit of the record was carried out. Since the audit party only conduct test checking and not the detail audit the department should therefore, be extra vigilant wherein such financial transactions are made.

The Legal Remembrancer who was called upon to give his opinion in the matter stated on the basis of File of Police as under :—

“Upon perusal of the police file of F.I.R. No. 4 dated 2-1-1982 of Police Station Kharkhoda under Sections 409/408/468/471 of the India Penal Code in case State Vs. Shri Ram Singh Gaur and another, the undersigned has reached the conclusion that supplementary challan against the two accused can be put in by Sonapat police in Criminal Court of competent jurisdiction in terms of Sub-section (8) of section 173 of the Criminal procedure Code, 1973 Police report submitted for cancellation of the case as untraced reads :—

The vouchers have not yet been received for investigation from the Accountant General, Haryana and the Education Department is also not taking interest in the matter. The matter is very old and pending for a long time for investigation and there seems no hope in near future as to whether the record, which is required would be available. As such it would not be beneficial to keep the matter pending for investigation.

In the circumstances the case may be filed for the present and it can be reopened as and when the record is received from the Accountant General, Haryana (A & E).”

The Committee observe that the concluding portion “in the circumstances the case may be filed for the present and it can be re-opened as and when the record is received from the Accountant General, Haryana” are significant.

The Committee therefor, recommend that after obtaining the relevant vouchers from the office of the Accountant General, Haryana (A & E) and other relevant record from the Education Department expeditiously the Police may be requested to complete the investigation and in case it reaches the conclusion that evidence collected warrants prosecution it may present the supplementary challan in that court.

The Committee further desire that vigorous efforts should also be made to effect the recovery from the officials responsible for the embezzlement.

FISHERIES

Paragraph 3 3. Development of fisheries

(a) Introductory

Drop - 23.10.18
[32] In order to step up protein-rich food production, to uplift rural economy by providing employment opportunities to the unemployed rural people, and to ensure more revenue to the State, the Government undertook a package programme consisting of establishment of seed farms, intensive fisheries development in village ponds, irrigation tanks, lakes, in marshy areas and along dry bunds and in abandoned canals. Other items in the programme were cat fish culture, education and training, fisheries extension, and research and investigation. The ultimate objective was to raise fish production from 1,250 tonnes per annum in 1975-76 to 12,000 tonnes per annum by the end of 6th Five Year Plan (1984-85).

(b) Intensive Fisheries development programme in village ponds

According to the scheme, fish seed was to be supplied to fish farmers/Panchayats at the subsidised rate of Rs 50 per thousand fry on payment. A test check of the records, however, showed that an amount of Rs. 0.29 lakh was outstanding (May 1982) against the fish farmers and Panchayats on account of sale on credit. According to the department, fish seed was also sold on credit as it could not be retained for long at farms. No action was, however, taken to recover the dues.

(c) Scheme for development of lake and riverine fisheries

(i) The main objective of the scheme is to develop fisheries in lakes and rivers for producing more food and to increase the revenue. The total water area of the lakes in Haryana is estimated at 500 hectares, irrigation canal system running over to 11,000 kilometres and drainage system running over to 2,600 kilometres. No specific targets were fixed for this scheme. Against the budget provision of Rs 10.91 lakhs during 1976-77 to 1981-82, an expenditure of Rs 10.74 lakhs was incurred. In respect of this scheme, an expenditure of Rs. 1.06 lakhs was incurred on employment of staff in the districts selected for test check but no physical progress was achieved.

Mention was made of implementation of Development of lake fisheries in paragraph 3.9 of Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil)—Government of Haryana. The Public Accounts Committee in its 15th Report (1979-80) recommended that department should take effective steps to harvest fish crop from the lakes at Morni. The Committee had also suggested that the economic viability of fish seed production should first be examined, so that the expenditure may not become infructuous again. The department stated (November 1982) that experiments were conducted in February-March 1982 and the seed produced was released in Morni tanks and that further experiments would be made in February-March 1983 during their regular programme without involving extra expenditure. Further progress is awaited.

(ii) Lake and riverine waters in Haryana State are governed by the Fisheries Act 1914 and the rules framed thereunder. The fishing rights in the notified waters are auctioned every year for the period from 1st September to the 31st August of the following year and a person in whose favour the auction is closed is required to pay one third of the contract amount at the fall of the hammer and the remaining in two equal instalments—1st on or before 1st December and the 2nd by the 20th March of the succeeding year respectively. In case of default in payment of balance dues the licensee is liable to pay interest at the rate of 6 per cent per annum on the outstanding amount. In addition a security bond in the prescribed form is also required to be furnished for payment of the balance amount. In case of breach of rules by the licensee, the license is liable to be cancelled and any loss sustained due to re-auction or otherwise is recoverable from the licensee. As per department's records, a sum of Rs. 11.68 lakhs including interest) was recoverable from 19 contractors for the period from 1977-78 to 1981-82. Out of these 19 cases 2 were pending before trial courts, 16 were under process with the department and in one case out of the amount (Rs. 38,281 including interest) of decree awarded (May 1982) by the court, Rs. 7,500 had been recovered (upto November 1982) and the balance was being recovered in instalments.

Accumulation of outstanding recoveries was attributed to non-payment of balance two instalments of lease money (payable in December and March) and leaving of contracts by fish contractors after collecting the maximum fish during fish season (September to November) on one pretext or the other. Proposal of the department to recover the whole amount in lump sum was not approved by the Government (August 1980) on the ground that it would deprive small contractors to participate in auction and there was likelihood of loss of revenue due to limited competition.

* * * * *

(e) Development of fisheries in Irrigation tanks

The scheme provides establishment of seed farms and development of fish culture in irrigation tanks and was introduced in the State during 1979-80. Against the budget provision of Rs. 11.05 lakhs, an expenditure of Rs. 9.96 lakhs has been incurred upto 1981-82. The development and utilisation of the land acquired under this scheme was as under —

Year	Land acquired	Land developed	Land utilised	Undeveloped land at the end of each year	Percentage of utilisation of developed land
(in hectares)					
1979-80	4	—		4	..
1980-81	..	0.92		3.08	..
1981-82	..	0.24	0.40	2.84	34
	4	1.16	0.40		

There was no utilisation of developed land during 1979-80 and 1980-81 and it was only 34 *per cent* during 1981-82. Further, only 29 *per cent* of the land acquired was developed at the end of 1981-82.

(f) *Development of fisheries in abandoned canals*

The scheme which was introduced in 1978-79 envisaged development of abandoned canals for fish culture. Against the budget provision of Rs. 8.38 lakhs during 1978-79 to 1981-82, an expenditure of Rs. 7.63 lakhs was incurred. The target fixed for improvement of land, vis-a-vis, land improved and utilised (in respect of districts test checked) was as under :—

Year	Target	Area improved	Area used	Percentage of utilisation of improved area
(in hectares)				
1979-80	20	8.28	..	..
1980-81	20	..	2	24
1981-82	..	2.50	5	46
Total	40	10.78		

Thus, there was no utilisation of the improved area during 1979-80 and it was 24 *per cent* and 46 *per cent* during 1980-81 and 1981-82 respectively. Further, only 27 *per cent* of the target for improvement of land was achieved at the end of 1981-82.

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

“The Fisheries Department has achieved the objective for stepping up protein rich fish food to the level of 10010 tonnes by the end of 6th Five Year Plan as compared to 1250 tons in 1975-76. The department has brought 1400 hect. pond area under fish farming as compared to 260 hect. in the year 75-76 by stocking 127 lakhs and 7 lakh fish seed. The Department provides the technical and financial assistance to the persons belonging to the rural area by creating whole or part time employment opportunities by adopting fish culture as profession. The Department is reclaiming Marshy waterlogged areas and also using abandoned canals for the construction of Fish Farming Units for the benefit of fish farmers. The department is popularizing the fish farming among the rural masses by way of training exhibitions, demonstration, film shows, distributing literatures etc. The department is also doing experiments for the culture of Cat Fish Culture and development of fish in Brackish water. The department is adopting various measures for the management and conservation of natural fisheries and by virtue of this

the State-Government income increased to Rs. 23,84,600/- in the year 1984-85 from Rs. 6,23,520/- in 1975-76. It may also be mentioned here that the Working Group of Planning Commission revised the fish production target for the department 10,000 tons instead of 12,000 tons for 6th Five Year Plan vide letter No. 13844/5/83/ Agriculture dated 6th January, 1983.

(b) *Intensive fisheries development programme in village pond*

The sale of fish seed on credit was not permissible under the scheme to the fish farmers. But in this case the orders for supply of fish seed were placed by Block Development & Panchayat Officer which is a State Government organisation. As per instructions of Government even book transfer is permissible in Government Department to Department transaction. Therefore, the supply of seed was made to Government organisation on credit basis. The matter is being taken with the District Authorities to recover the cost of fish seed from the office of BDOs and it will be settled in due course of time.

(c) *Scheme for Development of Lake & Riverine Fisheries*

(ii) There were 19 defaulters of notified water with Capital amount of Rs. 11.68 lakh from the contractors by the end of 1981-82. The deptt. recover only Rs. 46023.61. Out of the pending recoveries and the cases for the recovery of the balance are pending in Courts/office. As per rule of the deptt. recovery interest and difference of re-auction amount alongwith the capital amount. The casewise position is given below :

Sr No.	Name of contractor	Distt. Year	Amount to be recovered	Recovery made	Remarks
Sarvshri—					
1.	Jai Bhagwan	Bhiwani 1977-78	3545/-	Rs.3545+ interest+ difference of re-auction	The contractors deposited the full amount through DC on 31-12-84 and 31-1-85.
2.	Mohd. Abdul	Bhiwani 1977-78	9300/-	—	Civil suit pending in Court.
3.	Iqbal Singh	Bhiwani 1979-80	7700/-	Rs. 3350	Civil suit pending in Court to recover the balance
4.	Budhu Ram	Rohtak 1978-79	32786/-	Rs.20006	Case decided by Govt. the contractor is paying the balance in instalment.

Sr. No.	Name of contractor	Distt. Years	Amount to be recovered	Recovery made	Remarks
5.	Ilas Mohmed	Rohtak 1979-80	128462/-	—	Govt filled civil suit in 82-Decree awarded to contractor to pay the amount.
6.	Hidayat	Rohtak 1981-82	13000/-	Rs. 1300 + Interest	Amount recovered from the contractor in 1982-83.
7	Jond. Mohd	Faridabad 1978-79	20200/-	—	Civil suit filled Court awarded the decree to defaulter & steps are taken to recover the balance amount.
8.	Mohn Hasan Ali	Faridabad 1979-80	165000/-	—	Civil suit pending in Court.
9	Ashfaq Khan	Faridabad 1979-80	287200/-	—	Do
10.	Mohd Ali	Sonepat 1979-80	77700/-	—	Matter is in process to fill the Civil suit.
11	Hazi Ahmed	Sonepat 1981-82	91000/-	—	Do
12.	Sheeaj Ahmed	Karnal 1979-80	63100/-	—	Do
13.	Ashok Kumar	Karnal 1979-80	12956/-	—	Civil suit pending in Court for recovery.
14.	Bhushan Kumar	Karnal 1981-82	55800/-	—	Matter in process to fill civil suit in Court.
15.	Amin Chand	Gurgaon 1980-81	47850/-	—	Do
16	Hafiz Siraj	Gurgaon 1981-82	133600/-	—	Civil suit pending for recovery.
17.	Darshan Singh	Ambala 1980-81	4650/-	4650 + Interest	Recovery made from contractor.
18	Karnail Singh	Ambala 1981-82	472 61/-	472.61 + interest	Do
19.	Lal Chand Arora	Kurukshetra 1980-81	14000/-	—	Matter is in process to fill the civil suit in Court.

The deptt. cancel the licences of the defaulters and recovers the difference of re-auction alongwith Capital and interest from the defaulters. Hence no loss has been sustained on the part of Govt. The deptt. is filing civil suit in court against the defaulters and for the future, amending the Haryana Fisheries rules to get the full amount of auction in lumpsum before the issue of licence of fishing rights of notified waters.

(e) Development of Fisheries in Irrigation tanks

The department acquired 4 hect. land for the construction of Fish Seed Farm under this scheme at Jhajar. The land could not be utilized in the year 1979-80 due to the fact that the possession of land was given in the last months of financial year. During the year 1980-81 the work could not be taken up due to heavy flood in Rohtak distt. and the said land was under water. As already mentioned that the construction of any Fish Seed Farm is done in phased manner which involves the number of activities. The deptt. brought 2.23 hect. land under use upto the end of 1984-85. It is a proposal to construct Hatchery, Office-cum-lab building, Staff quarter during the year 1985-86 and total land use at the end of current financial year 1985-86 will be about 75% more than the norm of Govt. of India.

(f) Development of Fisheries in Abandoned Canal.

It was planned to bring 20 hect. water area under fish culture in Abandoned canal in Karnal and Sonapat distt. in old Delhi Parallel branch. It is mention here that this canal is the property of Irrigation deptt. who did not demarcate the area for the use of fish farming. It is therefore, the full targets could not be achieved. The deptt. has constructed a small Fish Seed Production Unit and Fish Production unit at this place and leased out to fish farmers for the production of fish as per guidelines of the scheme."

(b) Intensive fisheries development programme in village ponds.

During the course of oral examination, the departmental representative stated that supply of fish seed on credit basis was not provided in the scheme. However, on the advice of the BDPOs the department supplied fish seed on credit to the Gram Panchayats and as a consequence thereof, the department is facing difficulty in making recovery from the Gram Panchayats. In accordance with the new policy the department have now discontinued the practice of supply of fish seed on credit and were now supplying it on cash payment and that the fish ponds of the Panchayats were given to the farmers on lease. The representative further informed the Committee that an amount to the tune of Rs 13700/- had been recovered and the balance amount outstanding was being recovered.

The Committee observe that when the supply of fish seed on credit was not envisaged in the scheme, the department should not have made the supply on credit basis merely on the advice of the BDPOs. This action of the department, the Committee feel, was highly improper and created a problem for the department in effecting recovery. The Committee, therefore, recommend that the circumstances under which the fish seed was supplied on credit basis be investigated thoroughly and appropriate action taken against the officers/officials found responsible for resorting to this unauthorised system of credit sale, under intimation to the Committee.

The Committee also desire that vigorous efforts be made to effect the recovery of the balance amount of Rs. 0.15 lakh and the progress made in this regard be intimated to it at the earliest.

(c) *Scheme for development of lake and Riverine fisheries.*

In reply to a question of the Committee about the theft of fish, the departmental representative had informed the Committee during oral evidence that the Deputy Commissioners had been instructed to take remedial steps to solve the problem of theft of the fish as it was a part of law and order situation.

The Committee desire that the action taken by the concerned Deputy Commissioners in the matter as also the effect of their action be intimated to the Committee at the earliest.

(ii) During the course of oral examination, the departmental representative stated that the recovery pertained to the balance amount of instalments of the auction money due from the contractors to whom the fish farms had been leased. He also informed that 1/3rd of the amount of bid was required to be paid by the contractor immediately on the acceptance of the bid, 1/3rd amount in the month of September and the balance 1/3rd before the month of March or the close of the financial year but in a number of cases the contractors had backed out of the contract at the time of completion of the contract on the assumption of finding less quantity of fish in the fish farm and consequently amount of last instalment could not be recovered from them and the department suffered a loss in re-auctioning the fish farm and was not left with any option except to file a civil suit against the contractors. He further informed that the outstanding amount due from some of the contractors had been recovered but recovery from a few of the contractors still remains to be made. He also informed that they were now planning to change the system of auction under which the bidder would pay half of the amount of bid money at the fall of the hammer and the balance of 50 per cent amount before the issue of licence.

The Committee desire that the cases pending in the court be pursued vigorously and in cases where breach of rules/contract is involved legal proceedings/civil suits be initiated for outstanding amount in the court without any further delay and the outcome reported to the Committee.

The Committee further desire that all-out efforts be made to recover the outstanding amount at the earliest and the progress of recovery be intimated to it

The Committee also recommend that the new system of recovery from the contractors as spelt out during oral evidence be introduced at the earliest to avoid loss to the State exchequer and to eliminate charges of litigation in future.

(d) * * * *

(e) *Development of Fisheries in Irrigation Tanks.*

The Committee observe that the possession of land for the utilisation of fish seed farm was given to the Department towards the fag end of the financial year 1979-80 but the department failed to utilise it until 1984-85 when only 2.23 lakh acres of land was utilised. The Committee are really unhappy to note that the pace of action taken by the department in utilising the developed land was very slow that resulted in a loss of revenue to the department.

The Committee, therefore, desire that in future such schemes should be implemented with due care and promptitude.

(f) Development of Fisheries in abandoned Canal.

Both in their written reply and during oral evidence the departmental representative stated that it was planned to bring 20 hectare water area under fish culture in abandoned canal in Karnal and Sonapat districts in old Delhi parallel branch but since the canal is the property of Irrigation department, they did not demarcate the area for fish farming due to which full targets could not be achieved. It was further stated that the department had constructed a small fish seed production unit and fish production Unit at this place and leased them out to fish farmers for the production of fish

The Committee do not feel convinced with the contention of the department that since Irrigation department had not demarcated the area for the use of fish farming, the targets could not be achieved. Since it was the domain of fisheries department to launch the package programme of development of fisheries, it was the role of the fisheries department to get the area demarcated for the purpose of fish farming. The Committee note that there was no utilisation of improved area (total area 10.78 hectares) during 1979-80 and it was 24% and 46% during 1980-81 and 1981-82 respectively. The Committee further observe that only 27% of the target for improvement of land was achieved at the end of 1981-82.

The Committee, therefore, recommend that this department should make earnest efforts in development of fisheries in abandoned canals and ensure that as far as possible there is full utilisation of the improved area and that the targets for improvement of land are fully achieved.

MEDICAL AND HEALTH

Paragraph 3.2. Community Health Volunteers/Health Guides Scheme

(1). Introductory

[3.1] In order to improve the health of the rural population by making each individual realise and appreciate the need of sanitation, preventive, promotive and rehabilitative activities, the Government of India decided (April, 1977) to involve the community in public health activities by introducing Community Health Volunteers (Jan Sawasthya Rakshak) (CHV). A CHV was to give treatment for minor ailments, educate people in village on family planning and prevention of communicable and infectious diseases. One Community Health Volunteer (CHV) for every 1,000 population was to be selected and imparted 200 hours training spread over three months at the Primary Health Centre (PHC) concerned on payment of stipend of Rs. 200 per month during the period of training and honorarium of Rs. 50 per month thereafter. A manual on the commencement of the training for guidance in the discharge of functions and community health volunteer's kit on completion of training was to be given for each volunteer. On completion of training, each volunteer was to be given an initial supply of medicines (allopathic as well as Indian systems of medicine) to be supplemented by supply of medicines worth Rs. 150 quarterly.

The scheme was introduced in October 1977 in the State to be covered in 3 phases by March 1980 (1st phase : 1977-78—25 centres ; 2nd phase : 1978-79—37 centres and 3rd phase : 1979-80—27 centres). It was, however, implemented in 69 centres out of 89 centres by March 1982. The scheme was fully financed by the Central Government during 1977-78 and 1978-79. For the period from April 1979 to November 1981, it was converted into a Centrally-aided scheme on 50 : 50 basis. It was restructured as Health Guide Scheme in August 1981 and 100 per cent assistance was restored from December 1981.

• The implementation of the scheme was examined in audit by test-check of the records of the Director of Health Services, the offices of Chief Medical Officers at three districts Bhiwani, Hissar and Rohtak (27 centres). The results of audit are discussed in succeeding paragraphs.

(2) Organisation

The scheme is administered by the Directorate of Health Services through the Chief Medical Officers of the districts concerned. One additional medical officer in each PHC for imparting training to the CHVs was envisaged under the scheme. The Village Health Committee for each village consisting of members chosen by the Village Panchayat/Village Community/Gaon Sabha was to be set up for effective implementation of Health Guide Scheme.

Against the requirement of 69 Medical Officers for 69 centres covered under 3 phases up to March 1982, 42 Medical Officers had been in position (January 1983). In the case of districts covered by audit out of 27 centres

checked in audit, there was no medical officer in 10 centres ever since the operation of the scheme. In 4 centres (Rohtak 2, Hissar 2) the medical officers had been provided after the training was completed. The pay of one medical officer (Hissar district) (Rs. 0.24 lakh up to February 1982) was charged to the scheme, although she worked in General Hospital, Adampur and not in connection with the scheme from September 1980 onwards. In 6 centres (Rohtak) Medical Officers were posted between March 1980 and September 1980 although no training had been organised in these centres during this period. The training programme in Rohtak and Hissar concluded on 31st March, 1981, with the result that services of 16 Medical Officers provided in 16 centres (Rohtak 9; Hissar 7) to whom salaries and allowances of Rs. 2.50 lakhs were paid were not utilised for training.

On completion of training, the additional medical officers were to be posted in new dispensaries to be opened in rural areas at the rate of one per 25,000 population. No action to open such dispensaries had been taken till August 1982.

The Key* trainers were to receive an orientation training at the Central Training Institute of 6 days duration with a view to making them understand the operation of the scheme. In Bhiwani no officer received training during 1977-78 to 1981-82, while in Rohtak (10 centres) only one District level officer received this training during September 1977. In Hissar (11 centres) only 5 officers received the training. The Village Health Committees which were to monitor the functioning of Health Guides as per revised scheme were yet to be formed (November 1982).

(3) Financial outlay and expenditure

The budget provision made from 1977-78 to 1981-82, the expenditure incurred and Central assistance due and actually received are given below —

*Year	Budget allotment	Expenditure	Assistance due from the Government of India	Assistance received from the Government of India	Government of India assistance Excess(+)/Saving(—)
(in lakhs of rupees)					
1977-78	10.57	6.17	6.17	10.82	(+)4.65
1978-79	32.66	17.11	17.11	53.54	(+)36.43
1979-80	60.90	61.28	30.64	57.94	(+)27.30
1980-81	80.00	75.41	37.71	35.70	(—)2.01
1981-82	92.54	70.10**	58.53	48.80	(—)9.73
Total	276.67	230.07	150.16	206.80	(+)56.64

According to Government of India, the Central assistance comprised of Rs. 1,56.43 lakhs in cash and Rs. 50.37 lakhs in the form of kits and medicinal packs.

*Key trainers include one district level officer/medical officer of the PHC, sanitary inspector, block extension educator, malaria inspector and lady health visitor

**Expenditure of Rs. 70.10 lakhs comprises Rs. 23.13 lakhs up to November 1981 and Rs. 46.97 lakhs from December 1981 to March 1982.

The category-wise expenditure incurred is given below :—

	1977-78	1978-79	1979-80	1980-81	1981-82	Total
	(in lakhs of rupees)					
(i) Salaries	0.01	3.30	1.46	4.25	7.19	16.21
(ii) Stipend/honorarium	5.13	13.49	31.27	33.04	34.15	1,17.08
(iii) Contingencies	0.16	0.32	1.08	0.58	0.66	2.80
(iv) Material and supplies	0.87	—	27.47	36.77	28.10	93.21
(v) Machinery and equipment	—	—	—	0.77	—	0.77
Total	6.17	17.11	61.28	75.41	70.10	2,30.07

Assistance from Central Government from 1977-78 to 1979-80 was far in excess of the amount actually due and the excess amount of Rs. 56.64 lakhs remained without any adjustment/refund (December 1982)

Reasons for excess assistance (Rs. 56.64 lakhs) demanded/received from Government of India are awaited from the Department (August 1982).

Out of assistance received (Rs. 2,06.80 lakhs) from the Central Government, purpose-wise break-up, viz., medicinal kits, equipments, etc., were not forthcoming from the Department.

The supply of kits and medicines required for CHIVs up to the quarter ending 30th September 1979 was arranged by Government of India and their cost adjusted against their assistance due to the State. No consolidated record of its receipt/accountal was available with the Directorate. The Department stated (August 1982) that since these were supplied direct to the District Officers, no information was available with them.

(4) Coverage

The total number of CHVs trained and population covered (1971 census) was as under :—

Name of the District	Number of PHCs covered under the scheme			Total population covered by PHC as per 1971 census (in lakhs)	Number of volunteers trained	Average population per volunteer
	1977-78	1978-79	1981-82			
	I Phase	II Phase	III Phase			
Ambala	8	Nil	Nil	7.78	728	1,068
Kurukshetra	1	1	Nil	3.37	224	1,505
Karnal	1	1	Nil	2.21	193	1,148
Jind	1	1	Nil	2.05	170	1,204
Hissar	1	10	Nil	9.44	1,022	924
Sirsa	1	1	2	3.68*	306	1,204
Bhiwani	1	1	4	8.54	298	2,866
Sonepat	1	1	Nil	1.86	187	997
Rohtak	1	9	Nil	9.51	847	1,122
Narnaul	8	Nil	1	8.29	898	924
Gurgaon (including Faridabad)	1	12	Nil	10.58	818	1,293
Total	25	37	7	67.31	5,691	

* Actual population covered in 4 centres not available :—hence figures are based upon average population covered.

The rural population of the State as per census of 1971 was 81.98 lakhs. The State Government planned to cover only 67.31 lakhs population. In 69 centres the number of volunteers trained was 5,691 against requirement of 6,731. The population coverage under certain volunteers was as high as 2,866 per volunteer against the norm of 1,000 stipulated in the scheme. The less coverage was stated to be due to the conversion of the scheme from 100 to 50 per cent Central assistance and on account of the financial constraints on the State. The State Government had received excess assistance of Rs. 56.64 lakhs during 1977-78 to 1981-82.

(5) *Selection and Training of Volunteers*

(A) *Selection*

In 27 Centres of the 3 districts covered by test-check (Bhiwani, Hissar and Rohtak), 2,167 volunteers were selected for training as against target of 2,749 (1971 census). The cases of non-fulfilment of conditions, before the selection of a CHV was made, are enumerated below :—

(a) The final selection of the volunteers (out of those recommended by village community) was to be made by the Medical Officer of the Centre jointly after consulting the Block Development Officer/the field staff and other Government Organisations (Village level workers, Basic Health Workers, etc.) working in the village. No selection committee was set up in 2 districts (Bhiwani and Hissar) and the selection was made by the Medical Officers of the centres. In 5 out of 10 centres (Rohtak) BDOs were not associated in the selection.

(b) The Government of India prescribed (December 1978) the minimum age for both male and female volunteers as 30 years. In 25 centres, 661 volunteers (152 Bhiwani, 439 Hissar and 70 Rohtak) were below 30 years of age to whom a stipend of Rs. 3.97 lakhs was paid. In 2 centres (Hissar) records of age of 114 volunteers to whom a stipend of Rs. 0.68 lakh was paid were not available.

(c) In 17 out of 27 centres covered no female candidate was selected, despite the preference to be given to female candidates for appointment as volunteers. In the remaining 10 centres the number of female candidates was 24 out of 931 candidates. The Chief Medical Officers, Bhiwani and Hissar stated (July 1982) that the female candidates were not forthcoming due to illiteracy and customs.

(B) *Training*

The scheme provided for training in allopathic, ayurvedic, unani, homeopathy and sidha systems of medicine but training was imparted in ayurvedic and allopathic systems only. No arrangements were made to impart training in other systems. The Community Health Volunteers training was to be adapted to the local situations prevailing in each State, if necessary, by modifying the manual supplied by the Government of India. In 17 centres, out of 27 centres, the training was imparted to 1,320 volunteers without educational aids and manuals. They were not also supplied manuals either at the commencement of the training or even in its duration. No system was devised to assess the performance of volunteers during training at the centre.

(6) *Supply and purchase of medicines*

(a) According to the norms laid down, each volunteer was to be given an initial supply of medicines (allopathic as well as Indian system of medicine) immediately after the completion of training to be supplemented by quarterly supply of medicines worth Rs. 150 (Rs. 600 in a year)

The requirement of medicinal packs, vis-a-vis, actual supplies to 2,167 volunteers trained in 27 centres during 1977-78 to 1981-82 was as under :—

District	Number of centres	Number of volunteers	Requirement of medicines in packs	Actual packs supplied	Percentage of actual supplies to requirements
Bhiwani	6	298	4,698	2,934	62
Hissar	11	1,022	19,376	7,612	39
Rohtak	10	847	17,414	12,232	70
Total		2,167	41,488	22,778	

The short supply was attributed to non-finalisation of rate contracts by Controller of Stores. There was no system of control at Directorate and subordinate levels to ensure quarterly supply of medicinal packs to CHVs. It was also observed in audit that due to irregular and short supply of initial medicinal packs, 1,019 volunteers in 23 centres (Honorarium Rs 1.65 lakhs) remained without medicines for a period ranging from 1 to 24 months after completion of training. The delays in the replenishment of supplies of medicines to 1,886 volunteers in 23 centres ranged from 1 to 32 months. An honorarium of Rs 12.43 lakhs (Rs 1.02 lakhs—Bhiwani ; Rs. 6.03 lakhs—Hissar and Rs. 5.38 lakhs—Rohtak) was paid during the period they remained without medicines.

Medicinal composite packs were procured and supplied directly by Government of India during October 1977 to December 1979. Further procurement from January 1980 was to be arranged by the State Government. Action for the purchase of medicinal packs was initiated by the Directorate of Health Services in January 1980 with the result that no rate contract was concluded for the year 1979-80. The rate contract for the supply of allopathic medicines for the year 1980-81 and 1981-82 was finalised in October 1980, but in the districts covered under test check (Bhiwani, Hissar and Rohtak) it was noticed that the medicinal packs were received in the month of March 1981 and March 1982. The rate contract for the supply of ayurvedic medicinal packs during 1980-81 was finalised in February 1981 on adhoc basis while no rate contract could be finalised for 1981-82 as the firm recommended for the supply of packs had withdrawn the offer. The supply of medicinal packs to the volunteers remained suspended between January 1980 to February 1981.

The reasons for delays in the supply of medicines, delays in finalising the rate contract for ayurvedic medicines (1980-81) and action taken against the defaulting firm for withdrawing the offer for supply of ayurvedic packs (1981-82) are awaited (January 1983).

(b) The scheme envisaged strengthening the centres by the additional provision of medicines (Rs 6,000 per annum per PHC) and for improving diagnostic facilities (non-recurring grant of Rs 5,000) for its effective implementation. During 1977-78 to 1981-82, the State Government issued sanctions amounting to Rs. 15.66 lakhs (Rs. 12.21 lakhs for additional medicines, and Rs. 3.45 lakhs for laboratory equipments). In 27 centres in 3 districts covered under test check, no expenditure was incurred on this account

Medicines amounting to Rs. 4.22 lakhs were purchased (Bhiwani : Rs. 0.46 lakh, Hissar : Rs. 2.02 lakhs and Rohtak : Rs. 1.74 lakhs) in the months of February 1981/March 1980, 1981 and 1982 which included medicines worth Rs. 3.64 lakhs which were not prescribed in the kit component under the scheme.

(7) *Payment of honorarium*

Each CHV/Health Guide was to be paid honorarium at the rate of Rs. 50 per month after training in the nature of incentive and was to be paid regularly every month. In 18 centres out of 27 covered, payment was made after 2 to 5 months. In 3 centres payment of honorarium was delayed for more than 6 months. In 4 centres the training to volunteers was completed in March/April 1982 and the payment of honorarium was not made till July 1982.

The Government of India suggested (December 1978) the payment of honorarium to volunteers through Gram Panchayats or Village Committees, wherever these existed, to make the community more responsible towards their working. In case, however, the payment was made through the centres, the opportunity was to be utilised for providing continuing education and updating the knowledge of the volunteers.

While payment of honorarium was made through the centres, no action was taken to provide continuing education and updating the knowledge of the volunteers.

The records relating to disbursement of stipend and honorarium in two centres (Bhattu Kalan : Rs. 2.18 lakhs and Jakhal : Rs. 1.03 lakhs) in Hissar district were not available for scrutiny due to alleged embezzlement of Rs. 0.37 lakh out of which a sum of Rs. 0.20 lakh (Rs. 0.18 lakh : Bhattu Kalan and Rs. 0.02 lakh : Jakhal) represented amount of stipends and honorarium due to volunteers which was not disbursed to them. The records of one centre (Jakhal) were stated to be in police custody and the records of the other centre (Bhattu Kalan) had not been handed over by the Medical Officer consequent upon his transfer to another District. As no records for the period during which the embezzlement took place were produced, the extent of failure which facilitated the embezzlement could not be examined.

In Hissar, the disbursement of stipend and honorarium at the centres was not reconciled with the amount released for disbursement with the result that there was a difference of Rs. 0.07 lakh between the amount booked under the scheme (Rs. 18.20 lakhs) and that disbursed at centres (Rs. 18.13 lakhs). There was no system of monthly reconciliation.

(8) *Performance of volunteers*

No information regarding the performance of the volunteers and services rendered by them to the community in the improvement of their health through various promotive, preventive and elementary health care activities was available either at the centres or at the district headquarters as the volunteers were not required to send any periodical report of their work under the scheme. Thus, the actual number of beneficiaries under the scheme was not ascertainable. Supervision of their activities had been mainly entrusted to the community which they were required to serve. Failure to fill up the posts of additional Medical Officer in 10 out of 27 centres test checked rendered any check by them impossible nor was such check provided in the scheme. It was stated by the department (November 1982) that in centres where the additional Medical Officers had not been posted, the other Medical Officers supervised the work of volunteers. In these centres as well as in the centres where the additional Medical Officers were in position, there was nothing on record to indicate that such checks were exercised. Moreover, the performance report required to be obtained from the village sarpanch before releasing the monthly honorarium of a volunteer was also dispensed with (August 1980) by the Government of India.

* + *

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

Community Health Volunteers /Health Guide Schemes

- “(1) Government is satisfied that the objectives of the schemes have been achieved and the scheme has proved useful for providing elementary medical care to rural population.
- (2) It is correct that a few posts of Medical Officers sanctioned under this scheme remained vacant during 1977-78 to 1981-82. The reasons of posts having remained vacant is due to non-availability of suitable candidates. Some posts of Medical Officers even under other Schemes also remained vacant for some time. Moreover, it is not possible to post Medical Officers in any particular institution schemewise as there are number of schemes under three major heads. The Medical Officers in different Medical Institutions are posted according to the need of the particular institution and the number of the sanctioned posts.

The work in these centres was being looked after by the other Medical Officers posted in these 10 centres. The Medical Officer posted under this scheme looks after other health programmes in addition to this programme. Hence, the work did not suffer because of non-posting of Medical Officer under this particular scheme. The Medical Officers posted under various schemes look after and supervise the health activities in their respective areas although the posts are sanctioned under particular scheme. Since the Medical Officer get transferred to other institution and even some officers do not join at their place of posting, thus, there has been vacancies.

The posting of Medical Officers in 6 centres (Rohtak) during March, 1980 to September, 1980 is justified because the posting of Medical Officers in these centres was not only essential for training the Health Guides not already trained but also for the proper implementation of the scheme. Moreover, as stated in para (1) the Medical Officers do supervise other health activities,

There is no such provision in the scheme and Guide lines provided by Government of India to appoint the additional Medical Officers sanctioned under this scheme in the new dispensaries opened in rural areas.

More District level Medical Officers could not be trained for the reason that the courses to be organised at CHEB were postponed from time to time for want of adequate number of Medical Officers.

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Selection and Training of Volunteers

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(c) In Haryana women candidates are not available in sufficient number according to the norms (women of about 30 years with prescribed qualifications upto 6th standard) laid down under the scheme. However, where they were available, they have been selected and trained.

The Panchayats, from time to time were impressed upon through District level/Block Level Officers for the selection of female candidates under the Scheme.

Supply and purchase of Medicines

The budget provision for additional medicines at the rate of Rs. 6000/- per PHC, per annum and non-recurring grant at the rate of Rs. 5000/- per PHC for diagnostic facilities under the scheme during the year 1977-78 to 1981-82 was allocated to all the Chief Medical Officers every year as the purchases of medicines have been decentralized and all purchases are being effected by Chief Medical Officers. In fact the funds were utilised but a separate account of expenditure under the scheme was not maintained by the Chief Medical Officers.

Supply of medicines to PHCs under the CHV scheme is to supplement the stocks. As the medicines were to be issued under the prescription of the doctors, these items were of general requirements and need not conform to the prescribed contents of the kits. As such medicines purchased under the scheme were utilised.

Payment of Honosarium

As stated earlier in para 6, The Health Guides were rendering educational, preventive of motivational services to rural community and as such the payment of stipended to those Health Guides as not infructuous.

Dr. Beniwal Medical Officer and Sh. Pardeep Kumar Clerk were involved in the embezzlement of Government money in PHC Bhattu Kalan. Services, of Sh. Pardeep Kumar, Clerk have been terminated by the Director, Health Services, Haryana vide his order No. 92/P(15)-2EI-84/5594-98 dated 9-4-1984.

As regards Dr. Beniwal Medical Officer, the matter is being investigated by the Vigilance Department Haryana against him.

Sh. Ranbii Singh Computer who had embezzled an amount of Rs. 2048 56 in P.H.C. Jakhal was placed under suspension w.e.f. 13-1-1981. F.I.R. against this official was got registered in P.S. Jakhal on 16-1-1981. The challan in this case was presented by the Police on 16-7-1981 in the Court of Judicial Magistrate, Hissar. Next date of hearing in this case is 24-7-1985.

Community Health Volunteers/Health Guides Scheme

During the course of oral examination the departmental representative informed the Committee that the Community Health Volunteers/Health Guides Scheme was introduced in October, 1977 in the State. The department was able to appoint only 807 Health Guides against the target of 3431 in 25 blocks during the year 1977-78. During the year 1978-79 only 1952 Health Guides had been appointed against the target of 5286 in 37 blocks to cover the rural population of 52 86 lakhs. The departmental representatives further stated that a number of posts of Medical officers remained vacant due to the non-availability of suitable candidates for sometime. The departmental representative also admitted that due to the paucity of furniture, scarcity of space and other amenities/facilities, the training to volunteers/guides was imparted in small batches of 10 to 15 persons. It was also stated that the performance during the years 1977-78 and 1978-79 remained below 1/4th of the target fixed and if the previous period was taken into consideration the performance was not satisfactory. The departmental representative further informed that the reasons for shortfall in the number of Health Guides was that the Government of India had not set up Health Centres where training was to be imparted to the Health Guides. It was also stated that one of the reasons of imparting training to less number of trainees was that the State Government had declined to sanction 50% amount required to be incurred on the training as a result thereof training of Health Guides was stopped.

On being pointed out by the Committee as to under what circumstances only 42 Doctors were appointed against the target of 69 in 69 Centres out of 89 Centres, the departmental representative stated that in a primary health centre services of 3 doctors were required to be made available but due to the non-availability of 3 doctors only two doctors had been provided there. The Committee was further informed that the department was unable to find Health Guides on a small payment of Rs. 50/- per month. In reply to a further question of the committee the departmental representative stated that the main reason for the shortfall of the scheme was that at the very beginning the medicines were supplied by the Central Government in the form of kits but during the first two years neither the medicines were supplied by the Central Government nor contributed by the State Government. In a statement supplied by the department regarding the work done by the Health Guides in the State the Committee not with surprise that in Gurgaon District out of 5671 blood slides of malaria were collected and 6122 cases of malaria fever were treated.

The Committee are, therefore, surprised to understand as to how the figures of 6122 cases of malaria fever could be treated when the number of blood slides taken was only 5671. The Committee, therefore, desire that the department should reconcile this discrepancy and report the correct position to the Committee.

The Committee further observe that in the Hospitals the medicines are not made available to the needy persons or patients and the doctors generally prescribe costly medicines because of extraneous considerations. The departmental representative assured the Committee that the medicines for which the Government sanctioned the amount would reach the patients and this would be done within 6 months. The Committee was further assured that as and when the Secretary or the Director of Health Department, Haryana would visit the Hospitals or Health Centres in the State the MLA representing that constituency would be informed so that the complaints received by him from his constituents could be brought to the notice of the officer of the Health Department on his visit.

The Committee desire that the assurance held out to the committee by the departmental representative should be implemented in both letter and spirit and compliance report sent to the Committee within six months citing cases where local MLAs were associated in the matter.

The Committee also note that some doctors were appointed under a particular scheme but their services were not utilised for the purpose for which they were appointed. The departmental representative informed the Committee that the main problem in this connection was that the doctors appointed were generally transferred as a result of which their services were not properly utilised and a number of Class II posts remained vacant in the dispensary as they had dispensed with the system of making adhoc appointments in the State. The Committee observe that the departments plea of frequent transfer is not tenable, as services under a particular scheme are essentially to be utilised for the specific objects outlined under the scheme irrespective of his transfer from one station to another.

The Committee therefore, desire that Government should look into the matter and ensure that where appointment of doctors are made under specific scheme, their services are utilised for the purposes set out in the scheme so that the purpose of launching schemes is not defeated.

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Selection and Training of Volunteers

The Committee further observe that in 17 out of 27 centres covered, no female candidate was selected despite the preference to be given to female candidates for appointment as volunteers. The departmental representative plea that the women candidate were not available in sufficient number is not convincing as due to object poverty and unemployment prevalent in the village in Haryana, women health guides could be available, had the department made earnest efforts to secure them through employment exchanges or otherwise. The Committee feel that the department did not make serious efforts in this direction. The Committee painfully deplore this attitude on the part of the department and except them to rise to the occasion to make such mass programmes a success.

The Committee observe that under the scheme, each volunteer was to be given an initial supply of medicines (Allopathic as well as Indian system of medicine) immediately after the completion of training to be supplemented by quarterly supply of medicines. The Committee however, observe that initial supply of medicines to volunteers as well as its quarterly recruitment was neither regular nor according to requirements and that the delay in supply arranged from 1 to 32 months. The Committee feel that irregular and short

supply of medicines to volunteers not only rendered the payment of honorarium (Rs. 14.08 lakhs) infructuous. But also adversely affected the implementation of programme and anticipation their programme. The Committee do not feel convinced with the department representatives plea that since it was a new venture, the procurement of medicines took some time.

The Committee, therefore, highly deplore this attitude on the part of the department and desire that in future no slackness is shown to implement such welfare programmes so that the benefit flow to the masses for whom such programmes are launched.

The Committee further note that under the scheme the payment of honorarium was to be made to each CHV/health guide in the nature of incentive to make the community more responsible towards their work. Such payments were to be made through the centre. The opportunity was utilised for providing continuing education and updating the knowledge of volunteers. The Committee, however, observe that while payment of honorarium was made through the centres, no action was taken to provide continuing education and updating the knowledge of the volunteers. The Committee was further informed during oral evidence that the case of Shri Ranbir Singh computer involved in making payment of honorarium was being pursued in the court and in the other case of Beniwal medical Officer, the matter was under investigation with the vigilance.

The Committee desire that both these cases should be pursued to their logical conclusion for initiating departmental action after the conclusion of judicial proceedings.

The Committee further desire that the advice of the L.R. stated to have been sought may be obtained expeditiously and necessary action initiated accordingly.

Developments in both the above cases be reported to Committee after every 3 months.

The Committee observe that although the scheme of community health volunteer/health guides sponsored by Government of India was very useful to the rural population, yet the department did not take prompt and appropriate steps to make it a success. The Committee painfully observe that supervision of the activities of the volunteers under the scheme had been mainly entrusted to the community which they were required to serve. The Committee also do not feel satisfied with the explanation of the departmental representative that the Government of India had not set up the health centres. The Committee think that setting up of the centres by the Government of India, depended very much on pursuing of the matter by the State Government but the department failed to pursue the matter vigorously and also did not visualise the utility/viability of the scheme. Had they done so, a large number of health guides and doctors could have got employment and thus the problem of unemployment in the State would have been solved to some extent.

The Committee strongly recommend that in future when such schemes or programmes are sponsored by Government of India, these are implemented in the same spirit in which these are launched by the Government of India.

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Performance of Volunteers

The Committee observe that no information regarding the performance of the volunteers and services rendered by them to the community in the improvement of their health through various promotive, and elementary and activities was available either at the centre or at the district Headquarters. The Committee fail to understand how in the absence of this basic information the department could evaluate the programme.

The Committee, therefore, desire that in future when such social welfare programmes are executed, the department should be circumspective in implementing them.

The Committee is also not happy to note that no record whatsoever, was prepared and kept of the work done by the Health Guides. The Committee therefore observe that it is sheer laxity on the part of the department which had not given direction to the Health Guides to prepare the record of the work attended/done by each health guide in the centre. The Committee earnestly feel that the department should have given priority to such beneficial schemes.

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Parahraph 5.2. Idle/under utilised machinery and equipment

MEDICAL AND HEALTH

[33] (i) Following items of machinery and equipment had been lying idle/under utilised in Civil hospitals /offices due to the reasons indicated against each :—

Serial number	Item	Cost (in lakhs of rupees)	Hospital/ Office	Since when lying	Reasons
3.	Operation theatre light	0.11	Civil Hospital Dabwali	February 1980	Remained uninstalled as the Engineer of the supplies had not visited the hospital for technical guidance.

The matter was reported to the department/Government during September 1980 to June 1982 ; their reply was awaited (February 1983).

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

“The operation theatre light was required for the Operation Theatre which was under construction at G.H. Dabwali in February, 1980 but it could not be installed due to the delay in the completion of the Operation Theatre. The Operation Theatre was completed and handed over by the P.W.D. authorities in October, 1982. So the Operation Theatre Light remained uninstalled from 2/80 to 12/82. The Light was, however, got installed in January, 1983.

There was no condition that the light was to be installed by the supplier firm, hence no action was required to be taken against that firm.”

Idle/under utilised machinery and equipment

(i) Operation Theatre light

In reply to a question of the Committee as to why the construction of operation theatre building was delayed and why the operation theatre light was not installed in time, the departmental representative stated during oral evidence that the reasons of delay in the construction of the operation theatre building could be explained by the P.W.D. (B & R) which had not

constructed the building in the stipulated period, as the construction work was to be executed by them. The Committee, therefore, desired that the Health Department should enquire about the position and intimate the reasons therefore to the Committee.

The Health Department further intimated that their representative had contacted the Executive Engineer P.W.D. (B & R) personally and was informed there was nothing on record of the P.W.D. authorities to suggest as to when the building was handed over to the Health Department. The department also supplied a copy of the letter written by the Executive Engineer to the Superintending Engineer, P.W.D. (B & R) Sirsa with a copy to the C.M.O Sirsa which stated "Although the building portion had been completed before 28-7-1979 (as it is evident from the 4th and final bill paid to the contractor) yet there is no such evidence in the record which may indicate that the building and the operation theatre was handed over in the month of October, 1982 since the operation theatre light was purchased by the Health Department, it was to be installed by themselves and the P.W.D. authorities had nothing to do with the installation of the operation theatre light in the operation theatre."

The P.W.D. (B & R) branch who were asked to explain the delay of the construction of the operation theatre building intimated as under :-

"that the building of operation theatre, General Hospital Dabwali had been completed before 28-7-1979 and not in October, 1982 as mentioned in the letter No. EAC-25/85/21605, dated 8-2-1985 in so far as operation theatre light is concerned the same was also to be installed by them. In view of the above the Health Department is in better position to explain the delay for installation of operation theatre light in General Hospital Dabwali."

In view of the foregoing replies of the P.W.D. (B & R), the Committee are constrained to observe that the Health Department gave a misleading and wrong statement before the Committee. The Committee desire that necessary disciplinary action against the Officer, who gave wrong information to the Committee, be taken under intimation to the Committee, as prima-facie the concerned officer is guilty of breach of privilege.

The Committee further desire that the delay in the installation of operation theatre light should be enquired into and responsibility fixed in the matter and action taken against the official, responsible for the delay. Compliance report in this regard be sent to Committee with *two months*.

IRRIGATION

Paragraph 4.1 Pandit Jawahar Lal Nehru Lift Irrigation Scheme

(1) *Introductory*

[34] Parts of Rohtak and Bhiwani districts and whole of Mohindergarh district are drought and famine prone. While the general country slope is from North-East to South-West, of the State, the above areas have a reverse slope which as such could not be irrigated by gravity flow. The Jawahar Lal Nehru Lift irrigation Scheme was formulated to have a lift of 571.02 feet for providing irrigation facilities to these areas. The execution of the work in five stages was envisaged as under :—

Stage	Original estimated cost	Revised estimated cost	Culturable command area (in acres)	Number of pump houses	Discharge required with water allowance at the rate of 4.5 cusecs per thousand acres for 75 days for Kharif Crop (cusecs)
(in crores of rupées)					
I	7.50	36.93	1,51,696	24	698
II	4.16	6.95	84,720	5	476
III	6.11	12.88	1,56,472	10	675
IV	12.23	13.47	1,79,840	60	792
V	3.75	4.91	44,800	40	211
	33.75	75.14	6,17,528	139	2,852
Add 10 per cent more for losses	...	..	..	..	285
Chargeable to other Scheme	..	(—)2.37	..	..	..
Total	33.75	72.77	6,17,528	139	3,137 or 0.471 m.a.f.

The other salient feature of the Project were as under :—

	Yamuna	SYL	Total
(1) Total requirement of Water in m.a.f.	0.471	1.049	1.520
(2) Intensity of irrigation	62 per cent		
(3) Length of channels (in K.M.)	1.378		

The Project was designed for (i) the utilisation of surplus flood water of river Yamuna, which was going waste down stream at Tajewala, for 65 days (in a year) and (ii) on the availability of Haryana's share of Ravi Beas waters to be conveyed through Sutlej Yamuna Link (SYL) Canal for the balance number of days. The scheme provided for bringing water from Tajewala through the existing system and from RD 145250 of Delhi Parallel Branch, Jawahar Lal Nehru Feeder would take off. The work on the Project was to be started in the year 1972-73 and all systems commissioned by 1975. Irrigation for Kharif crop was, however, to start from July 1973.

(2) *Expenditure*

The Project was under taken in 1972-73 at an estimated cost of Rs. 33.75 crores which was revised to Rs. 72.77 crores (in 1978) and it is further under revision for an estimated amount of Rs 1.15 crores. An expenditure of Rs. 89.40 crores was incurred on the scheme upto March 1982.

The increase in cost of the project was attributed by the department to the following reasons :

- (a) In the original project estimate the water allowance was taken as 3.5 cusecs per thousand acres of CCA as against 4.5 cusecs per thousand acres in the revised estimate.
- (b) Against the provision of 975 Kms. of new channels in the original project estimate the revised project estimate provided construction of 1378 Kms. of channels.
- (c) The route of water supply was modified and an independent J.L.N. Feeder has taken off from tail of Delhi parallel Branch instead of taking off from Bhalaut sub-branch.
- (d) Increase in the provisions for pumps and machinery (Rs. 5,77.90 lakhs).
- (e) Increase in the provisions for acquisition of land from Rs. 3,000 per acre to Rs. 6,000 per acre (Rs. 3,65.75 lakhs).
- (f) Increase in the cost of labour, material and lubricants due to price escalation.

(3) *Execution of Project*

While the Project was taken up in 1972-73 and was to be completed by 1975, the Project estimate did not envisage the time schedule under which each stage of the scheme was to be commenced and completed. The Superintending Engineer, J.L.N. Circle No. II Rohtak intimated in August 1982 that part of Stage I and the work of Stage III and IV are under completion. It was further stated that the formal time schedule could not be adhered due to shortage of cement, steel and slack coal. The delay resulted in price escalation necessitating revision of the Project estimate from Rs. 33.75 crores to Rs. 1.15 crores, apart from defeating the intended purpose of obtaining the benefits of additional irrigation.

Certain irregularities committed during the execution of the project are discussed below :—

(i) *Extra expenditure*

On the basis of measurements taken during November 1975 to July 1976 payment of Rs. 3.81 lakhs was made for earthwork of 76.12 lakh cubic feet done in reaches 180 to 200 and 255 to 275 of JLN Feeder by the Loharu Feeder Division, Rohtak. Subsequently, the work was transferred to Mohindergarh Canal Division, Rohtak. Fresh levels/measurements were taken by the Mohindergarh Canal Division in 1977-78 to get the remaining work executed. Check (May 1978 and July 1982) of the measurement books and cross sections revealed that the earthwork executed by the Loharu Division was only 57.10 lakh cubic feet against the quantity of 76.12 lakh cubic feet paid by that division. Earthwork shown to have been executed but not found at site was again got executed at a cost of Rs. 3.91 lakhs.

The department attributed (December 1978) the difference between the two sets of measurements to the wear and tear of the banks on account of running of the feeder and two monsoons during 1975 and 1976. However, departmental regulations neither envisage nor prescribe any norms for wear and tear of canal banks on account of running of canal or the monsoons.

(ii) *Injudicious purchases and issue of material without requirements*

Financial Rules of the State Government provide that purchases must be made in accordance with definite requirements of public service. In disregard of these requirements, items of stock valuing Rs. 4.84 lakhs such as G.I. sluice Valves, G.I. sockets, G.I. tees, G.I. bands and PVC cable, etc., were purchased in the Jawahar Lal Nehru Mechanical Division, Rohtak during August 1980 to August 1981 although adequate quantity of these items to meet the requirement as per estimates was available in stock.

On this being pointed out in audit during May 1981, the department issued bulk of these items to various works thereafter upto November 1981. The department intimated in March 1982 that material was purchased in accordance with the provisions of estimates of the works and had since been issued to the concerned works. Further investigations by Audit conducted in July 1982 disclosed that in 2 cases viz., G.I. reducers and PVC power cable (value : Rs.3.37 lakhs), the material was issued without any provision in the estimates and in 9 cases viz, G.I. tees and other items valuing Rs. 1.75 lakhs, it was issued in excess ranging from 270 to 5200 per cent of the requirements of the sanctioned estimates.

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In their written reply the department stated as under :—

“The total expenditure incurred on the Project upto 1984-85 is Rs. 114.92 crores.

The reasons for not taking into account the factors mentioned at (a) to (f) in the Audit para are as under :—

The original scheme of Rs. 33.75 crores was framed in 1972-73. This was only for supply of 500 cusecs of water to this Project and was mooted as a drought relief scheme. However, there after the scope of Project was increased to include the whole of the area of Mohindergarh District and some area of Bhiwani and Rohtak Distt. Thus the total CCA to be covered increased from 1,89,620 acres in the original project estimate of Rs. 33.75 crores to 6,17,528 acres to be covered by the revised project estimate. The discharge increased from 500 cusecs to 3241 cusecs. The scope of the Project was further increased by increasing the water allowances from 3.5 cusecs to 4.5 cusecs at distributary head. This was necessitated on the basis of the experience gained on the running of Jui and Sewani Canals where it was found that on account of the area being sandy there were heavy percolation losses, and therefore it was proposed that in the Kharif season when surplus water is available in river Yamuna the water allowance should be increased to 4.5 cusecs so that these percolation losses are compensated.

As regards the individual point from (a) to (f) are concerned the following comments are offered as to why they could not be anticipated in the original project estimate.

- (a) This has already been explained.
- (b) The length of the channel increased as compared with the original project as the discharge of the Project increased from 500 cusecs to 3241 Cs. on account of revision of the scope of the Project.
- (c) The route of the Project had to be modified and an independent JLN Feeder had to be provided because the discharge of the Project increased considerably from 500 cusecs to 3241 cusecs which could not be accommodated in the Bhalaut Sub Branch as originally planned for 500 cusecs.
- (d) The increase in the provision for pumps and machinery is on account of the increased discharge.
- (e) Increase in the provision for acquisition of land is on account of the increase in rate of land due to the collectors rate having increased.
- (f) Increase in cost of labour, material and lubricants was on account of increase in the market rates.

As already submitted that the scope of JLN Project was considerably increased from 500 cusecs to 3241 cusecs and the Scheduled date for completion of this project was considered June, 1982. As such the delay is not so much.

It is fact that there was acute shortage of Cement, Steel and Coal during the execution period of this Project. There was persistent demand of Cement, Steel and coal, in Central Water Commission for Irrigation Projects in the country especially in the States of Rajasthan, Uttar Pradesh, Punjab, Haryana and Gujrat. This department put all out efforts to procure the Cement and Coal from Govt. of India but despite all this the quantity of Cement allotted was not sufficient to meet the requirements and works suffered badly during 1981-82 and 1982-83. Thereafter this Project suffered on account of non-availability of funds as the L.O.C. made available was much short of the requirement.

Such contingencies are always visualised by the department while determining the time schedule of each Project. All out efforts are made to arrange steel, Cement and Coal before execution of works. The distribution of Cement, Coal and Steel is made by the Government of India in Central Water Commission after taking into account the priority of each Project under execution in the Country.

The Project is almost complete except a few minors which are under construction. However, about 60 pump houses which have already been completed are still to be energised as the HSEB is short of funds and are not in a position to energise the same. This is in spite of the fact that a number of meetings have been held with the Chairman, HSEB even at the Minister's level but the HSEB has not been in a position to provide funds for the purpose. However, the Irrigation water is being supplied by the Project since 1978-79 and the pump houses already energised are being utilised.

It is not on account of delay in the completion of the project that escalation of cost has taken place. On the other hand it is mainly due to the revision in the scope of the project and not the longer completion period for the revised project that the cost has increased. As already explained above the discharge for the project increased from 500 to 3241 cusecs and therefore, the completion period increased and the cost of the same also increased.

The first stage of the Project for a discharge of 500 cusecs was completed in year 1975-76 while the second stage was taken up in the year 1977-78. On account of heavy rains during the monsoons of 1976 and 1977 the first stage earthwork got washed down and therefore before taking up the 2nd stage cross sections of the 1st stage were taken duly got checked by the S.D.O and the executive Engineers before the estimate for the 2nd stage was framed. As the rains during 1976 and 1977 were abnormal and the earth of the 1st stage was freshly laid hence abnormal erosion of the banks took place. As the cross sections of the existing banks of the 1st stage were properly checked and they were accepted by the estimate sanctioning authority hence it is assumed that the damage to the banks was properly accounted for.

As explained in the above Para, this was not a normal wear and tear of the banks as heavy rains occurred immediately after completion of the 1st stage and the banks were considerably eroded on account of these heavy rains. The norms are provided for normal conditions and not for abnormal conditions. In the normal conditions the banks of canals are renovated from 3 to 5 years, and these are called as special repairs. However, these

norms apply to banks which are stabilised after about 5 years of construction and not to the freshly constructed banks which are liable to much more erosion during rains. In this case as abnormal rains took place immediately after completion of the banks hence the abnormal loss of earth-work.

It is a fact that injudicious purchases were made in this Division by the Executive and the Superintending Engineer. These came to the notice of Head Office while examining the Reserve Stock Limit and action was taken against the Executive Engineer Sh. O.P. Vij and S.E. Shri G.L. Rampal, independent of the above mentioned Para. Both the XEN. and S.E. were transferred from their existing Division and Circle and were not given charge of any other Division/Circle (Sh. G.L. Rampal S.E. from 1-6-83 to 5-9-83 and Sh. O.P. Vij, XEN. from 1-6-83 to 14-11-83). They were placed under suspension and remained suspended from 15-11-83 to 12-4-84. Charge-sheets were also served on both the XEN. & the S.E. The reply of the S.E. has been received and the Government have decided that the irregularity on the part of S.E. may be kept in view while sanctioning his pension. The reply of the XEN. is still under examination and suitable action will be taken against him as per decision of his chargesheet.

It is a fact that the material was issued in excess which was later on returned back to the Stock. This is an irregularity on the part of the Executive Engineer and action has already been taken against the Executive Engineer, who has been compulsorily retired on account of such irregularities.

Existing Rules if properly followed are sufficient to curb such tendencies on the part of officials/officers. Further it has been decided to purchase material for stock only through Central Purchase Organisation of Procurement Circle and therefore no such purchases can be made in future.

The Arbitrator pronounced his award was 16-2-83 for Rs 5296/- in favour of the B.K.O. Before the award is made rule of the Court, the department filed an appeal before the Senior Sub Judge, Rohtak on 8-6-83 to set aside the award. The next date of hearing in this case has been fixed on 12-9-85."

4.1 (3) *Execution of project*

The Committee do not feel convinced with the plea of the department that it is not on account of delay in the completion of the project that escalation of cost has taken place but it is mainly due to the revision of scope of the project. The Committee observe that the project envisaged to be taken up in the year 1972-73 and commissioning by 1975 was actually taken up in 1972 and has not so far been completed in all respects. The Committee believe that the delay in the completion of project also resulted in price escalation necessitating revision of the project apart from defeating the intended purpose of obtaining the benefits of additional irrigation. The department also could not satisfy the Committee as to why the factors listed from (a) to (f) in the audit para could not be visualised at the time.

of framing original estimate, nor could it explain as to how much of increase in cost was attributable to each of these factors individually.

The Committee, therefore, desire that the department should be circumspective in executing such huge projects in future so that the completion of the projects are not delayed and such projects embrace a broader scope in the first instance and the stage of revising their scope subsequently is obviated as far as, possible.

The Committee further desire that the department should furnish them with the break-up of the increased cost reason-wise vide (a) to (f) of the para.

(i) *Extra expenditure*

During oral evidence the departmental representative stated that as per measurement book earth work of 76.12 lakh cubic feet was done and paid for. He further admitted that the earth work shown to have been executed but not found at site was again got executed at the cost of 3.91 lakhs. He added that he did not know whether the payment was made on the basis of measurement book and assured the Committee that they would look into the matter with reference to measurement books and other records.

The Committee do not feel convened either with written reply or the oral evidence of the department. The Committee observe that the plea of the department that the difference between the two sets of measurement was due to the wear and tear of the banks on account of running of the feeder and two monsoons during 1975 and 1976 is not tenable specially when departmental regulations neither envisage nor prescribe any norms of wear and tear of canal banks on account of running of canal or the monsoons.

The Committee, therefore, desire that the entire matter should be re-investigated, leading to the circumstances as to how the earth work shown to have been executed but not found at site was again got executed at an extra cost of Rs. 3.91 lakhs.

(ii) *Injudicious purchase and issue of material without requirements*

During the course of oral evidence (5-12-85) the departmental representative admitted that the officer concerned made purchases from a number of firms according to the DGS&D rate contract which was not needed at that time. He further conceded that the officer had really got it at the price cheaper than if it had been purchased at a subsequent stage but the fact is that the officer purchased the material which was not really needed and that shows either his malafied intention or exercise of power beyond his jurisdiction. He informed the Committee that for this lapse, one of the officer had already been retired compulsorily and in the case of other officer who had also since retired on superannuation, the decision with regard to the imposition of cut in his pension would be taken by the end of next month.

The Committee desire that the final out-cum of the decision with regard to the imposition of cut in pension of the defaulting officers be intimated to the Committee.

The Committee further recommended that Govt. should consider the desirability of re-iterating the instructions for making purchases strictly in accordance with definite requirements of public service and avoiding instances of injudicious purchases and issue of material without requirements.

Paragraph 4.2. Nagal Lift Irrigation Scheme

(I) Introductory

[35] To provide irrigation to area lying on the left of Naiwana-Branch between Ghaggar and Tangri rivulets in the Ambala District, not commandable by canal water, the Nagal Lift Irrigation Scheme was undertaken for execution during December 1975. Based on the share of Haryana State in the surplus Ravi-Beas waters to be carried through Sutlej Yamuna Link (SYL) canal, the scheme was planned to be executed in two stages. Stage I of the scheme envisaged construction of Kanwala Distributory (feeder channel) taking off at RD 1.9 km of SYL Canal together with its five off-takes and was to be completed by March 1979. Further Stage II covered construction of Panjokhra minor taking off from Janwala distributory with its three sub-minors and also to supply water (20 cusecs each) to Ambala Cantt. and urban area of Ambala City for drinking purposes and was to be completed by 1980. The culturable command area under the scheme was 22932 hectares and at 62 per cent intensity, it was to provide irrigation to 14,218 hectares (Stage I : 9,100 hectares, Stage II : 5,118 hectares).

The original estimated cost of both Stage I and II of the project was Rs. 1,84.53 lakhs (Stage I : Rs. 1,28.00 lakhs ; Stage II : Rs. 56.53 lakhs). The Government sanctioned Stage I only for Rs. 1.28 lakhs. The cost of the project was revised to Rs. 3,94.52 lakhs (Stage I : Rs. 2,50.00 lakhs ; Stage II : Rs. 1,44.52 lakhs) in January 1982. The increased project cost was on account of the following :—

- (i) rise in the cost of material and labour, etc., (Rs. 56.53 lakhs) ;
- (ii) increase in the cost of land (Rs. 15.89 lakhs) ;
- (iii) increase in the number of bridges from 46 to 94 (Rs. 10.50 lakhs) ;
- (iv) increase in the number of cross drainage works and escapes and to meet the contingencies for failure of electricity (Rs. 21.86 lakhs) ;
- (v) increase in the cost of cross/head regulators (Rs. 15.77 lakhs) ;
- (vi) increase in the cost of pumps (Rs. 39.72 lakhs) , and
- (vii) increase due to miscellaneous and indirect charges (Rs. 49.72 lakhs).

The total discharge required as per revised estimate (with water allowance of 2.4 cusecs per thousand acres) was 167.30 cusecs. The envisaged benefit cost ratio was 4.19 : 1 and 3.12 : 1 with 5 per cent and 10 per cent interest respectively.

According to the revised project report, the annual working expenses excluding interest on capital were estimated at Rs. 29.37 lakhs and revenue at Rs. 13.16 lakhs (both Stage I and II) thus leaving an annual shortfall of Rs. 16.21 lakhs excluding interest charges.

(2) *Expenditure*

An expenditure of Rs. 2,26.28 lakhs had been incurred on the scheme from its inception to 1981-82. Expenditure in excess of the original sanctioned estimate (Rs. 1.28 lakhs) was continued to be incurred after 1977-78 pending approval of revised estimate which was under process since 1978-79.

The flow of expenditure was slow during the years 1979-80 (Rs. 22.69 lakhs) 1980-81 (Rs. 12.56 lakhs) and 1981-82 (Rs. 20.98 lakhs) due to delay in the finalisation of drawings of 'pucca' works for Stage I and delay in the approval of Stage II by the Government.

(3) *Execution of Project*

The project estimate envisaged completion of 1st stage by March 1979 but it was completed in June 1981. Stage II of the Project though scheduled for completion in 1980 has not been taken up. The Executive Engineer, SYL, Division No. II, Ambala informed in May 1982 that most of the works of 1st stage were completed by June 1980 but certain 'pucca' works like A.R. bridges, D.R. bridges and pump house No. V, drawings of which could not be finalised before June 1980, were completed as and when the drawings of these works were approved and countersigned by Buildings and Roads Department. It was further stated (May 1982) that the Government sanction for the second stage of the scheme was received in March 1982 and investigation works like approval of alignment, L—Section and capacity statement had been taken up. The actual execution of the work, according to the department, would be taken up in October 1982. The intended purpose of obtaining the additional irrigation benefits in the area which is to be irrigated through Stage II has not been achieved and the delay also resulted in price escalation necessitating revision of the project estimate.

* * * *

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

“Total expenditure on Nagal Lift irrigation Scheme upto 3/85 on Stage I & II is Rs. 301.44 lakhs against the sanctioned Project estimate of Rs. 394.52 lakhs. The yearwise expenditure on Stage-I and II is given as under :—

<i>Year</i>	<i>Stage-I</i>	<i>Stage-II</i>
1975--76	13.20 lakhs	—
1976—77	52.88 „	—
1977—78	45.10 „	—
1978—79	58.87 „	—

<i>Year</i>	<i>Stage-I</i>	<i>Stage-II</i>
1979—80	22.69 lakhs	—
1980—81	12.56 „	—
1981—82	17.30 „	3.67 lakhs
1982—83	0.57 „	19.42 „
1983—84	2.40 „	10.02 „
1984—85	8.33 „	34.43 „
Total	233.90 „	67.54 „

The revised estimate covering Stage-I & II was approved by the Government on 19-1-82.

The original Project estimate of Nagal Lift Irrigation Scheme covering Stage I & II was submitted to Government in 12/73 and the same was sanctioned for Stage-I only for Rs. 128.00 lakhs by the Government in 9/74. The work of execution of Stage-I Project was accordingly taken up in 12/75. There was unprecedented floods during 1978 when it was experienced that more X—Drainage works required to be constructed. Accordingly the revised Project estimate was framed and submitted to Government in 3/80 after making provisions of additional X—Drainage works and some bridges, which were initially omitted to be provided. The revision was also necessitated because the IInd stage work of the Scheme was also necessary to be provided and executed.

The Government did not sanction the revised Project estimate and returned the same on 18-7-80 with the observations that the decision in respect of share of Ravi and Beas water has not been finally arrived at between the Punjab & Haryana and as a result thereto the project estimate remained pending with Department.

The Hon'ble Chief Minister, Haryana on 25-5-81 during a tour of one of the villages of the area gave an assurance that 2nd stage of this scheme will also be completed. On this assurance, the case for sanction of the revised estimate was taken up, which was ultimately sanctioned by the Govt. on 19-1-82.

As already intimated above that on the experience of unprecedented floods of 78 the construction of additional bridges and X—Drainage works was necessitated. The number of bridges increased from 26 Nos. to 42 Nos. and X—Drainage crossings increased from 6 to 26 Nos. Finalization of drawings of these works took time as the quantum of work increased tremendously. Also the drawings of Pump Houses had to be revised on rethinking on technical considerations.

There was negligible delay in the execution of the Project (Stage-I) as more than 96% of the Stage-I work was completed during 1979-80 as is clear from the yearwise percentage progress tabulated below:—

Year	Progress (in percentage)		Pucca Works
	Earthwork	Lining	
1976-77	24.05	3.69	11
1977-78	63.12	84.46	23
1978-79	91.36	90.36	30
1979-80	96.14	96.69	52
1980-81	97.16	97.41	55
1981-82	100.00	100.00	100

From the yearwise percentage progress as tabulated above, it will be seen that the progress of Masonary works (pucca) has been backward which was due to finalisation of the drawings for the reason as stated in Para and Security of labour due to SYL. The minor delay in the completion of Stage-I Project has however not affected the intended purpose as is evident from the details of revenue earned yearwise given below:—

Year	Demand of Revenue
1979—80	Rs. 0.09 lakhs
1980—81	Rs. 0.67 lakhs
1981—82	Rs. 2.22 lakhs
1982—83	Rs. 4.61 lakhs
1983—84	Rs. 5.32 lakhs

The second stage Project of the work could not be taken up earlier because of the Govt. policy to take up the work after the decision of sharing of Ravi-Beas water between the Punjab & Haryana because of shortage of available potential in Haryana. The case for the sanction of the revised Project estimate of Nagal Lift Irrigation Scheme covering stage I & II could therefore only be taken up after the visit of Hon'ble Chief Minister, Haryana on 25-5-81 in a village of the area of the scheme.

The work on the IInd stage of Project is in hand. About 70% Earthwork and 30% Lining and one No. Pump House out of 5 has been completed. Other Pump Houses are in progress.

The progress has been very slow due to shortage of funds/L.O.C. Presently also the L.O.C. allotted is hardly sufficient for establishment expenses and no L.O.C. is being made available for the work with the result

that the works of Stage-II are stand still. Work on Stage-II can be completed within one year, if sufficient funds and LOC are made available for construction.

The delay in completion will effect the final cost of the Project, which at this stage cannot be correctly assessed.

The figures of irrigation achieved after 1981—82 is as under :—

Area Irrigated Stage-I				
<i>Year</i>	<i>Kharif</i>	<i>Rabi</i>	<i>Total</i>	<i>% age</i>
1982—83	3250	3544	6794	74.65
1983—84	3952	4273	8225	90.38

Above data shows that irrigation figures have been increased considerably over these years.

The figures of irrigation have been worked out by the Audit on the basis of water supplied during the whole month whereas the water supplied for the running of the channel is 15 days in rotational programme. Thus the progress of Irrigation achieved against 50% supply is more than satisfactory.

At the formulation stage of the Project it is seldom possible to forecast irrigation figures several years in advance due to the various constraints such as demand, availability of water, energy supply position and the efforts zeal of Zimindars to construct the water courses.

Does not arises as the percentage for irrigation achieved is more than 50% as discussed above. Moreover, as per provision of Canal Act the digging of water courses is the responsibility of the cultivators and Government cannot take this massive work at their cost.

In view of above, there is no irregularity. In fact it is highly creditable as such a high percentage of irrigation has been achieved. On this project in such a short period.

The demand for water charges against the cultivators for irrigation is prepared by the Irrigation Department and sent to D.C Ambala for collection of revenue. There is always a time lag between placement of demand and actual collection. Out of the total demand of Rs. 2.98 lakhs for 79-80, 80-81 and 81-82, the full amount has since been realised.

The latest position of water charges is as under :—

<i>Year</i>	<i>Demand of revenue</i>	<i>Actual realisation</i>
1982—83	4.61 lakhs	Full recovery has since been made.
1983—84	5.32 lakhs	

As such there is no shortfall in realisation. However, the Irrigation Department is not responsible for the realisation of Abiana, as it falls in the Jurisdiction of the Civil authorities.

The question of Rs. 10.23 lakhs (which is a hypothetical figures based on theoretical calculations) does not arise. No loss of revenue to the State is therefore involved.

"The work was allowed to be started by the Executive Engineer/S.E. on tendered rates before formal approval of rates by the competent Authority after satisfying themselves about the suitability of the rates with a view to expedite the construction work timely. In case the field officer had waited for the approval of rates, the lowest tenderer could have backed out from his offer and tenders would have to be recalled. With the recall of tenders, the department earned the risk of higher rates in view of rise in prices. The rates were finally approved by the Chief Engineer after full satisfaction on 17-8-82 and now no amount is due to be recovered from the Contractor."

During the course of oral evidence, the department representative informed the Committee that the up-to-date expenditure on the project after its completion was going to be in the vicinity of Rs. 1.5 crores of which Rs. 67.54 lakhs had been spent upto the year 1984-85 and a balance of Rs. 85.00 lakhs would be needed to complete these works. He further stated that it would be technically possible to complete these works by the end of December, 1986, provided the funds were made available.

On the basis of assurance given by the Finance Department that funds would be provided for the development projects in so far as the irrigation Department is concerned the Committee desire that the department should make an assessment in the beginning of the year itself of the committed liabilities which are speeding over the previous year that how much they have to spend on on-going projects which are near completion so that whatever has already been spent on these should be gainfully utilised as quickly as possible, and whatever the balance available from that the Finance Department initiates other schemes/projects.

The Committee further strongly recommend that the Govt. should have a system under which the works started once must be completed within a stipulated period.

Paragraph 43. New Tajewala Barrage at Hathnikund

(i) Introductory

[36] The regulation and distribution of the supplies of water of Jamuna river between the State of Haryana and Uttar Pradesh are made at century old Tajewala Headworks which has outlived its life. Further, the addition of various lift irrigation schemes and owing to increase in water allowance of the old areas of Western Jamuna Canal in the recent years, the revised capacity of the canal has been calculated at 27,900 cusecs against the existing capacity of 14,000 cusecs. It was decided in September 1972 by the Government of India, in consultation with two State Governments, that a barrage might be constructed

in place of the old headworks and the work was to be carried out by Haryana State. The cost of the project was to be shared by the Haryana and Uttar Pradesh Governments in the ratio of 2:1. In September 1974, the Government of India decided that the new barrage might be constructed at Hathnikund 3 Km. upstream of Tajewala.

The project report for the construction of the barrage at Hathnikund for Rs. 18,67.38 lakhs, prepared in June, 1977, was sanctioned by the Government in November 1979. Details of estimated cost of the project, vis-a-vis, actual expenditure there against to the end of September 1982 was as under :—

	<i>Estimated cost</i>	<i>Actual expenditure</i>
	(in lakhs of rupees)	
(a) Establishment	1,94.30	1,06.64
(b) Works	16,68.42	85.59
(c) Machinery & Equipment	3,13.56	2,72.00
(d) Purchase of Stores	*	1,21.94
(e) Indirect charges	20.46	
Total	21,96.74	5,86.17
Deduct credit for machinery and buildings on completion of the project	3,29.36	
Grand Total	18,67.38	5,86.17

As per procedure laid down by the Planning Commission, no work on any scheme should be undertaken by the State Government unless the project report was cleared by the Advisory Committee of the Central Water and Power Commission after examining basic planning, main engineering works, inter-State angle, water availability, vis-a-vis, requirement, rates and costs estimates and the benefits expected to be derived from the scheme. After clearance by the advisory committee, the Planning Commission clears the project after checking up the provisions of funds in the Plan and general priorities during the Plan period. The State Government undertook the project in 1975-76 and created (December 1978) one circle and 4 divisions (one more division was added in December 1979) for the execution of the work on the project even without approaching the Central Water and Power Commission and Planning Commission for getting the Project sanctioned.

The model studies are to be carried out to know the river behaviour under varying discharges when the barrage is in position and also for determining the devices for efficient sand exclusion in respect of the off-taking canals on either side. Such studies for the Tajewala barrage at Hathnikund were undertaken at Central Water and Power Research Station, Pune for assessing

*Expenditure on 'Purchase of Stores' has been amalgamated in Works, expenditure in the estimate prepared by the Department.

of the exact location of the barrage. The Research Station, in its report submitted in December 1979 recommended axis II-A and axis III-A (2.5 K.m. and 2.3 Km respectively upstream along the Central line of river Jamuna from Tajewala headworks) as possible two sites for location of the barrage. The Irrigation Department, Haryana decided (December 1979) to construct the barrage along axis II-A.

(2) *Execution of work*

(i) After receipt of a report from the Research Station, Pune in December 1979, regarding recommended location of the barrage it was decided (December 1979) by the Engineer-in-Chief/Chief Engineer, Drainage-I to utilise the remaining period of working season of the year *i.e.*, upto June 1980 for construction of a part of the barrage and advance action in this regard was taken up immediately to construct preliminary works of river diversion and to enclose the area with coffer dam for the construction of the barrage. No concurrence of the Uttar Pradesh State for starting the work on the scheme was obtained at the time of undertaking said works. The work of constructing diversion channel/coffer dam was taken in hand through a contractor as well as by deploying departmental machinery. When the work was in progress, the Uttar Pradesh State objected (December 1979) to its construction on the plea that the Haryana Irrigation Department had started the work in their territory without their consent when final decision from Central Water Power and Research Station regarding orientation and location of the barrage was awaited. It was thus decided (February 1980) by the department to commission the diversion channel with a reduced section. The diversion channel with a reduced section was put into operation in February 1980 and the upstream coffer dam was completed for a length of 195 metres with a reduced section and lower top level as compared to designs at a cost of Rs. 12.02 lakhs. Further work on the coffer dam had to be abandoned again on the intervention (February 1980) of Uttar Pradesh Government and has not been started so far (December 1982). The whole of the coffer dam arm and the work done on diversion channel were washed away subsequently due to flood in June 1980. Thus, the expenditure of Rs. 12.02 lakhs (including Rs. 6.89 lakhs paid to the contractor) incurred on the construction of these works was rendered infructuous. In view of the inconclusive state of inter-State consultations and the absence of an agreed decision as to the actual site of the proposed barrage, the execution of this isolated and small quantity of work in the river bed on U.P. side which was obviously prone to high floods, was unjustified and premature.

(ii) In February 1982, it was decided by the Government of India that the new barrage might be located at 75 metres downstream of III-A axis. Further, to decide the parameters of the barrage, the Government of India constituted (February 1982) a technical body comprising of 3 members (not connected with the States of Haryana and Uttar Pradesh) which was to submit its report by 20th March 1982. The report of the said body has not been received so far (November 1982) as a result of which the construction of the barrage has not been started (November 1982). Thus, due to delay in the settlement of inter-State dispute, the work on the barrage has not been taken up so far and water in the Western Jamuna Canal is being delivered through the old headworks.

(iii) The total expenditure incurred upto September 1982 was Rs. 1,06.64 lakhs which worked out to 124.6 per cent of works expenditure (Rs. 85.59 lakhs)

although the project estimate provided for 10 *per cent* only. Further, out of Rs. 85.59 lakhs incurred on works upto September 1982, only Rs. 12.02 lakhs has been spent on the actual execution of the preliminary works for the construction of the barrage (as mentioned in the earlier paragraph) and the remaining expenditure has been incurred on survey, and investigation (Rs. 7.30 lakhs), buildings and roads (Rs. 36.11 lakhs), dewatering and water supply arrangement (Rs. 2.93 lakhs) and other miscellaneous works (Rs. 22.75 lakhs). Thus the creation of a large establishment, viz., one circle and five divisions (in December 1978 and December 1979) was excessive and was not based on a realistic assessment of the work load then or later.

(iv) An expenditure of Rs. 5,86.17 lakhs (including Rs. 1,06.64 lakhs on establishment) against total estimated expenditure of Rs. 18,67.38 lakhs, has been incurred on the project upto September 1982.

According to the decision (September 1972) of the Government of India, the cost of the project was to be shared by the Haryana and Uttar Pradesh State in the ratio of 2 : 1. However, the reimbursement by the Uttar Pradesh Government of its share (Rs. 1,95.39 lakhs) of expenditure has not been made so far. The department stated (July 1982) that the case for reimbursement of expenditure has been taken up (February 1981) with Uttar Pradesh Irrigation Department but no response has been received till July 1982.

* * * * *

In written reply the deptt. stated as under :—

“The Project estimate amounting to Rs. 18,67.38 lakhs. was submitted to Govt. of Haryana in June, 1977 and remained under correspondence as there are so many aspects which required thorough scrutiny before its sanction.

The upto-date position of expenditure item-wise is given as under :—

	<i>Revised estimated cost</i>	<i>Expenditure ending March 1985</i>
(In lakhs of rupees)		
(a) Establishment	526.92	237.52
(b) Works	4102.55	201.46
(c) Machinery and Equipment	1255.93	353.48
(d) Purchase of Stores (closing balance on 3/85)	—	64.14
(e) Indirect charges	54.14	—
Total	5939.54	856.60
Deduct credit for machinery & Building on completion of the Project	1189.14	—
Grand Total	4750.40	856.60
Deduct R/R	—	34.41
Net Total	4750.40	822.19

There is no excess over Project Estimate.

The Project Estimate for this Project was sent to Haryana Govt. in June 1977 and the same was sanctioned on 11/79. We had approached Central Water & Power Commission and copies of Project estimates were sent to them for sanction in 7/77 and 5/78.

* * *

In the interstate meeting held on 11-9-72 under the chairmanship of Union Minister of Irrigation & Power, Govt. of India, with Chief Minister's of U.P. & Haryana States, it was decided that New Tajewala Barrage should be constructed immediately and the construction work should be carried out by Haryana.

After receipt of report from Central Water & Power Research Station, Pune in December 1979 regarding recommendations of two alternative sites of Barrage axis i.e. axis II-A and III-A, it was decided to utilise the remaining period of the working season of the year 1979-80 for the part construction of the Barrage and work required to divert the flow of river Jamuna and to enclose the construction area with a coffer dam were taken up in hand. The model experiments regarding this barrage were entrusted to Central Water & Power Research Station, Pune with the concurrence of U.P. State, their consent to the construction of the Barrage is this implicit.

The execution of works in the river bed on U.P. side was started and the diversion channel/coffer dam was designed to take care of floods conditions.

Estimate for the construction of diversion channel and coffer dam amounting to Rs 11.98 lacs was sanctioned by the Chief Engineer/SYL vide letter No. 3285/5 SYL/1731/80 dated 19/9/80. Thus the expenditure incurred on this work stands regularised.

Had the construction of these works not been stopped on the intervention of the State of U P and the works had been completed upto design section, these would not had been damaged by floods.

The report of the Technical Body recommending the site 75 mtrs. downstream of axis III-A and the other designed parameters of the Barrage has since been received in January, 1983.

The work on the construction of New Tajewala Barrage has not been started so far.

The water in the Western Jamuna Canal is still being delivered through the old head works

The provisions exists in the revised project estimate of Hathnikund Barrage costing Rs. 4750 lakhs which stand sanctioned by the Haryana Govt. vide C.I.P. letter No. 18/17/83-IW-(4) dated 15-12-83. Upto-date expenditure on establishment upto March, 1985 is amounting to Rs 237.52 lakhs and its percentage to the expenditure on works (Rs. 201.46 lakhs) comes to 118%. The staff has been kept in position with the intention of starting the construction work on top priority basis as soon as interstate dispute with U P is settled; for which Haryana Govt. is pressing hard to the Govt. of India for early decision. It has not been considered proper to disband the staff and the existing organisation as the interstate dispute can be settled any time when the construction

work will have to be taken up on emergent basis without loosing any time in rebuilding the organisation. However, the staff available has been utilised in the planning of the Project, although actual construction has not been started in the field due to inter-state dispute. Moreover, this Circle has been entrusted with the deposit works of H.S.E.B. relating to W.Y.C. Hydel Project costing Rs. 300.00 lakhs, construction work on which is being done and has earned 25% establishment charges i.e. about Rs. 30 lakhs, which compensate to a large extent expenditure incurred on the establishment for the construction of the Barrage.

As regards, the realisation of the expenditure on the Project from the U.P. Govt. the position remained the same."

During oral evidence, the departmental representative could not explain to the satisfaction of the Committee the reasons for time gap/delay between the preparation of the project report (June 1977) and its sanction by the Govt. (November 1987). The explanation put-forth by him that the project estimate submitted to Govt., in June, 1977 remained under correspondence is not considered satisfactory.

The Committee observe that the project was approved by Govt., of India in 1972 but was not taken up due to inter-state dispute between Haryana and Uttar Pradesh State Govt.,. The construction of reversion channel/Coffer dam in the river bed was taken up in December 1979 without approaching central water and power Commission/Planning Commission and without agreement with the U.P. Govt. The result was that part of the work costing Rs. 12.02 lakhs was completed by February 1980 when further work was stopped at the intervention of the U.P. Govt. Thereafter, the whole work was washed away in floods in June, 1980 rendering the expenditure of Rs. 12.02 lakhs as infructuous.

The Committee do not approve the manner in which the project for the construction of the barrage of Hathnikund was under taken by the State Govt. The State Govt. should not have under-taken the project without clearance from planning Commission, as planning Commission clears the projects after checking of provision of funds in the plan and general priority during the plan period. The Committee further observe that due to lack of agreement with the U.P. Govt. the State Govt. had to experience a lot of problems from U.P. State after the construction of the barrage was taken up. The departmental representative admitted during oral evidence that despite higher level talks with the U.P. Govt. things about the construction of this project are still in doldrum. The Committee was also informed that if the dispute was not sorted out quickly there was an apprehension that Tajewala Head works would give way under pressure of heavy floods in the years to come.

The Committee desire that the matter with U.P. Govt. should be finalised expeditiously by taking up the issue at higher level, so that no damage is done to the head works by floods as has been apprehended by the Department. The final outcome of their efforts in this direction be intimated to the Committee within three months.

The Committee also recommend that in future while undertaking such projects Govt. should ensure that the departments charged with the responsibility of executing such projects scrupulously observe the time scheduled of completion of such projects as well as adhere to the procedure laid down for undertaking such projects, so that the intended purpose of these projects is not defeated and the State ex-chequer not put to a loss.

DEVELOPMENT

Paragraph 7.5. Desert Development Programme

[37] The centrally sponsored "Desert Development Programme" which aimed at integrated development of desert areas through arresting the desert conditions on the one hand, and simultaneously conserving, harnessing, developing and utilising the resources in an integrated manner was started in Sirsa, Bhiwani, Rohtak and Hissar districts in 1977-78

During 1977-78, the entire expenditure was to be initially provided by the State Government as grants-in-aid, which was reimbursable by the Government of India. In the year 1978-79 expenditure in the Agriculture sector was to be shared equally between the Centre and the State Governments

Some of the important components of the programme were (i) ground water development and utilisation, (ii) water harvesting structure, (iii) afforestation, grass land development, sand dunes stabilisation, (iv) rural electrification, (v) communication linked with development programme, small scale and cottage industries, development of agriculture, horticulture and animal husbandry.

For the implementation of the programme in Sirsa district, the "Rural Development Agency, Sirsa" was registered in December 1977 under the Societies Registration Act, 1860. Existing agencies, i.e., Small Farmer Development Agency (SFDA), Hissar, Drought Prone Area Programme (DPAP), Bhiwani and DPAP Rohtak were responsible for the implementation of the scheme in their respective areas. The receipts and expenditure of the agencies for the year, 1977-78 and 1978-79 were as under :—

RECEIPTS

	1977-78				1978-79			
	<i>Sirsa</i>	<i>Bhiwani</i>	<i>Rothak</i>	<i>Hissar</i>	<i>Sirsa</i>	<i>Bhiwani</i>	<i>Rothak</i>	<i>Hissar</i>
1	2	3	4	5	6	7	8	9
	(in lakhs of rupees)							
Opening balance	..	..	..	..	0.69	0.16	0.29	8.32
Grants received	96.11	2.27	1.56	35.14	1,55.77	83.88	20.64	97.76
Interest received*	..	..	..	..	2.32	0.09	0.01	0.20
Miscellaneous receipts	..	..	..	..	0.14	0.02	0.02	..
Receivable*	..	..	..	..	91.04	0.32	0.19	..
Total	96.11	2.27	1.56	35.14	2,49.96	84.47	21.15	106.28

*Represents amounts which remained with implementing agencies.

	1	2	3	4	5	6	7	8	9
EXPENDITURE									
Advance to implementing agencies	91.04	0 32	0 19	26.27	83.39	64 14	6.83	39.90	
Administrative Expenses	0 07	.	.	.	0 81	.	...	..
Capital Expenditure	0 64	1 13	0 56	0 55	4 41	0 16	0 14	.	
Revenue Expenditure	3.66	0 64	0 52	..	67 60	11 95	4.11	24 60	
Sundry debtors	0:01	.	.	.	1.48	..	..	..
Advance to staff		0.02	.	.	..	..	..	2..	
Closing balance	0 69	0.16	0 29	8 32	92.27	8 22	10 07	41.78	
Total	96 11	2.27	1.56	35 14	2,49.96	84.47	21.15	106.28	

Test check of the accounts of the agencies upto the end of 1978-79 was conducted in July—October 1980 and the points noticed are discussed in the succeeding paragraphs.

(1) (a) Out of grants totalling Rs. 4,93.13 lakhs given by the State Government during 1977-78 and 1978-79 only Rs. 1,46.53 lakhs were spent upto 31st March 1979.

(b) Rupees 1,94.26 lakhs were advanced (1978-79) to executing agencies, viz., Haryana Minor Irrigation Tubewells Corporation (MITC), Dairy Development Corporation, Forest, Animal Husbandry and Agriculture etc., Departments. Information as to how much amount was spent by the executing agencies out of the advances given to them by the programme agencies was not available with the programme agencies.

(c) Rupees 1,52.34 lakhs were retained by the programme agencies as unspent. The Government of India allowed (March 1979) the utilisation of unspent balances for implementing the schemes, approved in 1978-79 but not completed, during the subsequent years.

Hisar agency furnished utilisation certificate for entire grant of Rs. 35.14 lakhs for 1977-78 although Rs. 34.59 lakhs remained unutilised as per accounts.

(2) *Physical achievements*

(a) Sixteen schemes with estimated cost of Rs. 2,60.86 lakhs were not implemented by the various executing agencies as per Appendix VII-3.

(b) In respect of the following schemes implemented by these agencies, shortfall in achievement ranged from 30 per cent to 100 per cent during

these years.

<i>Name of the Scheme</i>	<i>Year</i>	<i>Physical target fixed</i>	<i>Physical target achieved</i>	<i>Shortfall (percentage)</i>
1. Establishment of Milk Chilling Centre, Sirsa	1977-78	1		100*
2. Bull Farm-Cum-Semen Bank, Hissar	1978-79	1		100
3. Distribution of Milch animals	1978-79	500	102	80
4. Horticulture Development	1978-79	50 hec	20.5 hec	59
5. Pasture Development	1978-79	655 hec	300 hec.	54
6. Raising of Plants	1978-79	24 lakhs	7.69 lakhs	68
7. Training and Extension Hissar	1978-79	100	50	50
8. Raising of Plants in nurseries	1977-78	22 lakhs	16.12 lakhs	37
9. Sand dune fixation	1978-79	975 hec	682 hec	30

The Government attributed (January 1982) the non-implementation/shortfall in achievement to (i) late clearance of schemes by Government of India, (ii) late release of funds, (iii) non-availability of trained staff, and non-availability of land in time

(3) A Semen Bank-cum-Bull Farm with an equipped laboratory was to be set up at Fatehabad under Desert Development Programme Hissar for breeding facilities (outlay Rs 12.31 lakhs). Five buff bulls and four jersey bulls were purchased in October 1978 and March 1979 from Progeny Testing and Bull Farm, Hissar and Indo-Australian Project, Hissar at a cost of Rs. 0.11 lakh and Rs 0.15 lakh respectively. None of the animals could be utilised for collection of semen as the building and laboratory were not set up (October 1980). The animals were not even lifted from the place of purchase (Hissar). Rupees 0.36 lakh for maintenance and feeding and charges were paid to Indo-Australian Breeding Farm, Hissar and Progeny Testing Bull Farm, Hissar from October 1978 to September 1980. In addition, Rs 0.16 lakh were spent on pay and allowances of an official appointed to supervise the work of the Semen Bank

The Deputy Director Sheep production, Hissar stated (November 1981) that the bulls were purchased to utilise the budget grant. Further, the Government stated (January 1982) that the construction of the farms could not be completed due to non-availability of cement

(4) In Rural Development Agency, Sirsa, order for supply and erection of chilling plants at Sirsa and Bhuna was placed by the Managing Director, Haryana Dairy Development Co-operative Federation, Chandigarh in June 1978 on a Calcutta firm. The supply was F.O.R. Sirsa and Bhuna. The supply included 2 insulated milk storage tanks of 10,000 litres capacity. These tanks sent by the firm were held up at Uttar Pradesh border (Ghaziabad) reportedly due to a dispute between the supplier and implementing agency regarding retirement of documents and did not reach the site. The firm, after

*Up to the end of 1977-78 expenditure of Rs 13.76 lakhs was incurred. The centre was reported to have started functioning in April 1980 after incurring expenditure of Rs. 18.07 lakhs up to 1979-80.

negotiations, claimed a sum of Rs 0 48 lakh as demurrage charges which were paid by the department in August 1980 although under the agreement the material was to be supplied by firm FOR site and thus no demurrage charges were payable. The matter was to be referred to the arbitrator by the department. Government intimated (January 1982) that the amount has now been withheld from final bills of the firm pending decision by the Arbitrator who was yet to be appointed (October 1982).

(5) Rural Development Agency, Sirsa advanced, in March, 1978, Rs. 4.20 lakhs to Intensive Cattle Development Project, Sirsa for the implementation of the scheme "Mini Intensive Cattle Development Project, Dabwali with 50 insemination cum first aid centres" which was not sanctioned by the Government of India during 1978-79 and 1979-80. Of this, Rs. 4.12 lakhs were spent by the Intensive Cattle Development Project, Sirsa on the purchase of certain material such as vehicles, furniture, medicine, etc, utilised on a work not connected with the activities of the programme, which resulted in unauthorised utilisation of funds.

(6) Under the scheme, plantations were to be grown on public land. These could also be done on private land, if proposals were formulated by the Agency/State Government with techno economic justification and subsidy up to 25 and 33½ per cent allowed for small and marginal farmers respectively.

During 1977-78 and 1978-79, Rs 8 02 lakhs were spent on plantation on private land under Desert Development Programme, Bhiwani (Rs. 1.08 lakhs) and Hissar (Rs 6 94 lakhs).

Success/progress of plantation raised on lands belonging to small/marginal farmers could not be vouched in audit as the concerned records were not produced. Even considering all the lands involved belonging to marginal farmers the maximum subsidy admissible was Rs. 2.67 lakhs (33½ per cent of total subsidy of Rs. 8.02 lakhs) resulting in excess expenditure of Rs. 5.35 lakhs.

Summing up

Out of grants totalling Rs. 4,93 13 lakhs given by Government during 1977-78 and 1978-79 only Rs 1,46 53 lakhs were spent upto 31st March, 1979.

Sixteen schemes involving total outlay of Rs. 2,60.86 lakhs in four districts were not implemented during the targeted years, there had been appreciable shortfall in achievement of physical targets of schemes implemented.

Rupees 0 80 lakh were spent on purchase and maintenance of bulls for the Semen Bank cum-Bull Farm but the farm was not set up.

Rupees 4 12 lakhs were spent on a scheme not approved by Government of India

Excess subsidy of Rs. 5 35 lakhs was released to the farmers for plantation on their land

The matter was referred to the Government in October 1982 ; reply was awaited (February 1983).

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

“(a) An amount of Rs. 7.185 lakhs & Rs. 485.952 lakhs were to be utilised by the programme Agencies and executing Agencies respectively.

(b) An amount of Rs. 195.72 lakhs and not Rs. 194.26 lakhs as shown by the Audit was lying with the Executing Agencies as unspent balance on 31-3-1979 and as such the question of knowing the details of expenditure by the programme Agencies does not arise. The Monitoring/Evaluation was started in 1981-82 as post of APO (M) and investigators were created vide Govt. of India, Ministry of Rural Reconstruction letter No. 18016/3/80-IRD(I) dated 13-1-1981.

(c) The unspent balance of Rs. 152.34 lakhs was utilised in the subsequent years as per details below :—

Name of Agency	Unspent balance	Utilised during		Total
		1979-80	1980-81	
Bhiwani	8.22	8.22	—	8.22
Hissar	41.78	41.78	—	41.78
Rohtak	10.07	10.07	—	10.07
Sirsa	92.27	83.98	8.29	92.27
	152.34	144.05	8.29	152.34

(2) Physical Achievements

The Agency-wise position of 16 No. schemes is given as under :—

Sr. No.	Reasons	Bhiwani (8 Sch.)	Hissar (7 Sch.)	Rohtak (3 Sch.)	Sirsa (8 Sch.)
1.	Late clearance of schemes by the Govt. of India	5	3	2	2
2.	Late release of funds	1	3	—	5
3.	For want of trained staff and land	2	1	1	1
	Total	8	7	3	8

(b) The Agency-wise and reason-wise position of 9 No. schemes is given as under :—

<i>Sr. No.</i>	<i>Reasons</i>	<i>Bhiwani (5 Sch.)</i>	<i>Hissar (4 Sch.)</i>	<i>Rohitak (3 Sch.)</i>	<i>Sirsa (5 Sch.)</i>
1.	Late clearance of schemes by Govt. of India	1	1	3	—
2.	Late release of funds	1	2	—	2
3.	For want of trained staff and land	3	1	—	3
Total		5	4	3	5

(ii) The utilisation certificates of Rs 26.82 lakhs relating to the grant of Rs. 35.14 lakhs for the year 1977-78 were supplied by the Agency. The unspent balance of Rs 8.32 lakhs was shown as such at the end of 1977-78 as evident from the position of expenditure figures mentioned in the Audit Para itself. It is not correct that the utilisation certificate was submitted for the entire amount of Rs. 35.14 lakhs or that Rs 34.59 lakhs remained unspent. Actually Rs 8.32 lakhs remained unspent as shown in the statement by Audit itself.

3. It is stated that the Deptt was fully aware that utilisation of funds to avoid lapse of grant was irregular. But in the present case of the funds were not spent with the aim to avoid the lapse of funds. The funds were utilised according to immediate needs which is again explained. As per requirement of the breeding policy of Govt. good quality bulls with good pedigree were required to be purchased at early stage because the bulls were required to be trained to give semen and this process required sufficient time. Therefore after prior sanction of the competent authority the bulls were purchased from the Progeny Testing Farm/Indo-Australian Cattle Breeding Project Hissar. If the bulls were not purchased at that time, the main objective would have been defeated. Hence, the budget was properly utilised and there was no violation of codal provisions.

The present position of the Semen Bank is as under :—

The Farm is established in 10 acre 2 canal and 13 Marla land. The farm is functioning properly w.e.f 17-10-80 and is producing chilled semen and supplying the same to 21 No Institutions in Fatehabad sub division. Apart from this, the chilled semen is being supplied to ICPD Sirsa for further distribution. The Centre has been set up at Bhodia Khera Tehsil Fatehabad.

(4) *Chilling Plants at Sirsa and Bhuna.*

The demurrage charges were paid by the department in the public interest to get the delivery of the machinery but the amount paid on account of demurrage

charges was to be recovered from the final bill of the Firm. The case regarding payment of the Firm stands referred to the Arbitrator and decision of the Arbitrator is still awaited. Therefore, the question of recovering demurrage charges from the final bill of supplier Firm can be settled only in the light of the decision of the Arbitrator.

5 Scheme had been approved by the Govt. of India in 12/77. Therefore, the scheme for the setting up of "50 Lay Insemination-cum-T.A.—Aid Centres in Dabwali" was sanctioned by the Commissioner and Secretary to Government Haryana, Agriculture Department vide No. 88—ARC-I-78/94 dated 9-1-1978. The Director, Animal Husbandry, Haryana, Chandigarh vide Endst. No. 851-54-PW/282-VP dated 18-1-1978 sent a copy of sanction to his field officers for further action. A sum of Rs. 4.20 lakhs was released to the Animal Husbandry Department on 24-6-1978. The purchases were effected according to the guidelines and instructions from the Director of Animal Husbandry, Haryana, Chandigarh vide No. 1607-11/282-V.P. dated 6-2-1978. The material such as Jeep and Equipment etc. were purchased for Rs. 4.12 lakhs for the scheme as per instructions/guidelines. By the time we received a 'No' from the Central Government for the year 1978-79. The purchases to the tune of Rs. 4.12 lakhs had already been made.

A decision was taken in the meeting held at Bhiwani under the chairmanship of Hon'ble Minister for DD & AH that only mobile van funding under the DDP should be transferred to the HDDCF, Sirsa and the medicines and equipment may not be transferred to HDDCF as there were no storage facilities in the Civil Vety. Hospital, Dabwali. The equipment and furniture were stored in the other institutions. It would not be out of place to mention here that all the Vety. Institutions/stockmen centres already opened and many other new centres in Dabeali sub-division were/are really catering to the needs and providing the Vety. facilities in that area. However, Governing Body of DRDA vide its meeting dated 28-1-1980 approved the purchases worth Rs. 4,11,503.12 under the programme. The matter stands referred to the Govt. of India for ex-post-facto sanction and the decision is still awaited.

6. No plantation was done on the lands of private farmers i.e. small/marginal farmers during 1977-78 and 1978-79 by DRDA Hisar. Hence the question of success/progress of plants said to have been planted on the private land does not arise. As regards Bhiwani, the register maintained was not readily available at the time of Audit, but now it is available.

During the year 1977-78 and 1978-79, 16.12 lakh and 3.37 lakh plants were raised in nurseries by the D.F.O. Hisar with an outlay of Rs. 5.60 lakhs and Rs. 1.37 lakhs respectively. Rs. 5.60 lacs was meant for afforestation on the Government land, Canal, Rail and Road side etc. No afforestation was done on the private lands during the year 1977-78. The expenditure of Rs. 1.37 lakhs incurred on the raising of 3.37 lakh plants during 1978-79 only related to raising charges @ 40 paise per plant. Hence the question of subsidy to the small and marginal farmers and payment of excess subsidy of Rs. 5.35 lakhs to the farmers for plantation on their land did not arise.

The DRDA, Bhiwani spent Rs. 1.08 lakhs on plantation on private land as sufficient community/panchayat land was not available for Farm Forestry. The topography of the district is highly undulating and there were active sand dunes which moved on frequently on account of storm and dusty winds. The works were carried out to remove the ecological imbalances. Hence the benefit of the scheme was for the area as a whole and not for any individual person."

During the course of oral examination the Forest Department stated that in the four districts it had fixed target of 8808 hectares and that they achieved the target of 8019 hectares in afforestation. The department further stated that for afforestation the target was fixed for 3160 hectares for sheltering belts, it was fixed for 7 K.M. for sand dunes fixation it was 2000 hectares and for pastures development it was 1500 hectares.

In regard to shortage of afforestation in Manakwas village of Bhiwani District, the department stated that the matter was got investigated from the vigilance Department and according to them out of 3,67,630 number of plants 287630 plants were found alive and 50370 plants were found short. The Committee was informed that action was being taken on the explanation of the D.F.O. With reference to the Committee's observations that the Chief Conservator of Forests had not cared to check the afforestation in Manakwas even after the matter had been raised in the Assembly. The departmental representatives admitted that there was shortage of 16 to 17 per cent and the matter was under investigation with the Vigilance Department and therefore, the Chief Conservator of Forests did not visit the Manakwas village.

The Committee is constrained to observe that no serious efforts are made by the department to either check up physically the afforestation done in an area or to see subsequently that the plantation done does not die out. The Committee desire that necessary care of the plants should be taken till the plants grow up as trees.

As regard the Dairy Development Programme, the Committee was informed that the milk plants set up at Bhiwani and Sirsa did not achieve the desired results as they did not increase the capacity due to shortage of milk. The departmental representative admitted that he was himself not satisfied with the progress made in the field of Dairy Development Programme. It was also stated by the department that there was no progress in the plant at Bhiwani in regard to manufacture of ghee and that the amount intended to be spent for the purpose of manufacturing of ghee was spent by the department on some other activities.

The Committee was told that according to the plans of the M.I.T.C. an area of 3800 hectares of land was to be irrigated whereas it actually irrigated 1280 hectare of land from 40 tubewells sunk in Rania Block had been actually irrigated due to the short/irregular supply of power as well as high cost of irrigation of per hectares which minimised the interest of people as a result of which the tubewells were running in loss. The departmental representative stated before the committee that in order to encourage the farmers the Government was considering either to reduce

the rate of water charges or to take over the tubewells so that the farmers may be given some concession keeping in view of the power position.

The Committee are not at all satisfied with the performance of the department and are constrained to observe that the dismal position of achievements of viz-a-viz efforts made by the department in the implementation of various activities under the schemes introduced by the Government explain away the lethargy of the department more than their difficulty.

The Committee recommend that the reasons for the shortfall in achievements be investigated and suitable steps be taken to achieve the desired targets so that real benefit could flow to the general public. The Committee further recommend that in future such development works or schemes should be executed in most realistic manner.

The Committee also recommend that an impending decision about the taking over of tubewells or the reduction of water charges in respect of the tubewells of the M.I.T.C. be taken expeditiously to settle the matter and the committee informed about it.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and the role of the accounting system in providing reliable financial information. It also highlights the need for transparency and accountability in financial reporting.

2. The second part of the document focuses on the various methods used to collect and analyze financial data, including the use of statistical techniques and the importance of data integrity. It also discusses the challenges associated with data collection and analysis, such as the need for standardized procedures and the potential for bias.

3. The third part of the document addresses the issue of financial risk management, including the identification and assessment of risks, the development of risk management strategies, and the implementation of risk control measures. It also discusses the importance of regular risk assessments and the need for a proactive approach to risk management.

4. The fourth part of the document discusses the role of the accounting system in providing financial information to management and the importance of timely and accurate reporting. It also highlights the need for a strong internal control system to ensure the reliability of financial data.

5. The fifth part of the document discusses the importance of financial planning and the role of the accounting system in providing the necessary data for planning. It also highlights the need for a flexible and adaptable planning system that can respond to changing market conditions.

6. The sixth part of the document discusses the importance of financial reporting and the role of the accounting system in providing the necessary data for reporting. It also highlights the need for a transparent and accountable reporting system that provides reliable financial information to stakeholders.

7. The seventh part of the document discusses the importance of financial analysis and the role of the accounting system in providing the necessary data for analysis. It also highlights the need for a thorough and objective analysis of financial data to identify trends and opportunities.

8. The eighth part of the document discusses the importance of financial management and the role of the accounting system in providing the necessary data for management. It also highlights the need for a strong financial management system that ensures the efficient use of resources.

9. The ninth part of the document discusses the importance of financial control and the role of the accounting system in providing the necessary data for control. It also highlights the need for a strong internal control system to ensure the reliability of financial data.

10. The tenth part of the document discusses the importance of financial compliance and the role of the accounting system in providing the necessary data for compliance. It also highlights the need for a strong financial compliance system that ensures adherence to relevant laws and regulations.

PART—II
REVENUE RECEIPTS

FOREST

Paragraph : 6.10. Non-recovery of liquidated damages :

[38] On sale of bamboo lots by auction, the terms for sale of the lots to the contractor require him to deposit the amount of bid money in three instalments by specified dates on which three days of grace are allowed. On failure to pay by specified dates, contractor is liable to pay liquidated damages at Rupee one on every Rs. 1,000 payable or part thereof per day of delay subject to a minimum of Rs. 5.

In Morni Hills, liquidated damages were not demanded from five contractors who did not pay their instalments due in the years 1977-78 and 1978-79 by the due dates.

On the failure being pointed out in audit (May 1979), the department demanded (October 1980 to January 1981) an amount of Rs. 32,878 from three, and realised the same between August 1981 and June 1982. ~~Report on recovery in the remaining two cases is awaited~~ (December 1982).

The cases were reported to Government in September 1982; their reply is awaited (December 1982).

24/12/82

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

“The liquidated damages imposed in respect of the following lots (except one) have since been recovered from the contractors concerned and adjusted in the accounts of Morni Pinjore Forest Division as under :—

Sr. No	Name of contractor	Lot No	Amount of Contract	Outstanding amount of instalment of liquidated damages		Amount remitted vide Treasury Challan
				Instalment	Penalty	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Sh. Bhagat Singh of Kalka	2/78-79	1,13,100	23910	11344	35254 3/2 dated 26-2-82
2.	Sh. Bhag Chand Sharma	3/78-79	68,100	—	1216 10	1216.10 4/4 dated 27-9-79
3.	Sh. Bhagat Singh of Kalka	1/78-79	2,00,100	59760	11820	71580 90/232 dated 1-2-82
4.	M/s. Gurdev Singh Ranjit Singh Kalka	8/77-7/78-79	6,45,000	—	59936.72	59936.72 190/191 dated 28-7-81
5	Sh. Bhagat Singh of Kalka	7/77-78/78-79	1,03,000	—	43187	43187 See note below.

Note : Against the penalty amount of Rupees 43187 imposed for belated payment of 2nd and 3rd instalments as mentioned at Sr No 5 above Rs. 11072.50 being security amount of the contractor forfeited by Chief Conservator of Forests Haryana vide his letter No. 11213 dated 6-2-84 and the same was deposited into Treasury vide Challan No. 6/8 dated 9-3-84. The balance of penalty amounting to Rs. 32114 50 is still outstanding against the contractor. The case for recovery of the same has been sent to collector Ambala for effecting the recovery from the contractor as arrears of Land Revenue under section 82 of Indian Forest Act 1927 by Divisional Forest Officer Morni Pirmjore vide his letter No 9696 dated 13-3-85. The matter is still under process with Collector Ambala. It is further assured that intimation to effect the recovery will be given to the audit as well as to the State Government in due course. There has been no negligence on the part of any official in the above cases.

As already stated above no delay on the part of the officials was noticed. Hence question of taking penal action against the officials does not arise.

The contract cases are dealt with as per provision of the agreement executed. The officials concerned have already been instructed to take effective steps to defect the delay of late payment of instalment to avoid recurrence of such lapses in future.

One case mentioned at Sr No. 5 is pending with Collector Ambala for effecting the recovery as arrears of Land Revenue as stated above."

During the course of oral evidence, the departmental representative stated that a sum of Rs 32,114 left unrealised is being recovered as arrears of land revenue. To a pointed question as to how the case of Sh. Bhag Chand instead of Sh. Bhagat Singh was included in written reply furnished by the department especially when the case of Sh. Bhag Chand was not included in the para of the Audit Report, the departmental representative admitted the lapse and informed the committee, subsequently, that amount due in the other case was also realised.

The Committee are unhappy to observe that information supplied to it was not properly checked before submission. Such lapses should be avoided in future.

The Committee further desire that matter regarding recovery of the balance amount of Rs. 32,114 50 be pursued vigorously with Revenue Department and progress reported to it.

INDUSTRIES

Paragraph : 6 1. Short realisation of royalty on bricks :

[39] Under the Punjab Minor Mineral Concession Rules, 1964, as applicable to Haryana and notification issued thereunder by Government in April 1974, royalty is payable by the brick kiln owner at the rate of Re one per tonne of 'brick earth' removed or Rs. 3 per thousand of *pucca* bricks sold as may be decided in each case by the department. The department is required to maintain account of bricks sold by each kiln.

In Kurukshetra, Rohtak, Narnaul, Sonapat and Bhiwani, prescribed returns of bricks sold were neither submitted by the brick kiln owners to the department nor did the department maintain any account of bricks sold from each kiln. Royalty was demanded from the brick kiln owners on the basis of coal released to brick kiln owners by the department of Food and Supplies. However, as per records in the offices of the Department of Food and Supplies in Kurukshetra, Rohtak, Narnaul, Sonapat and Bhiwani 165.85 crores of bricks should have been sold by 422 brick kilns during the period from August 1976 to March 1981 on the basis of the coal supplied to them Rupees 49.76 lakhs of royalty was recoverable thereon whereas only Rs. 18.23 lakhs was recovered by the department. Either royalty was realised short by Rs. 31.53 lakhs by the Department of Industries or the Department of Food and Supplies did not take any action to recover coal issued in excess or charge penal rates therefor. In absence of record of bricks produced, the audit objection was directed at both the departments.

On the mistake being pointed out in audit (between September 1980 and July 1981), the Industries department intimated (September 1982) that Rs. 9.22 lakhs have been recovered and the balance amount is being recovered in instalments.

The case was reported to Government in July 1982; their reply is awaited (December 1982).

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

“The detailed background of this case is given as under :—

Prior to 1974, the mineral rights in respect of brick earth (a minor mineral) were not vesting with the State Govt. With a view to acquire mineral rights in respect of brick earth and other minerals, the Haryana Govt. had enacted “The Haryana Minerals (Vesting of Rights) Act—1973”, in December, 1973. Before this Act could be enforced, it was challenged in the Hon'ble High Court by a number

of contractors/lessees or private land owners. This Act was struck down by the Hon'ble High Court on 7-5-1974. On an appeal filed by the State Government in the Hon'ble Supreme Court of India, the aforesaid judgement of the High Court was set aside in March, 1976. The Food and Supplies Department was approached for inclusion of the element of royalty in the ceiling price of the bricks which was finalised on 5-8-1976. Necessary instructions to recover royalty on brick earth w.e.f. 5-8-1976 were issued to the field officers of the Department. BKO's represented to the State Government that they have to maintain records for Excise and Taxation Department/Food and Supplies Department and Labour Department, which are required to be checked by these Departments, that in case the royalty on brick earth is also charged by the Industries Department, they will be put to further inconvenience. They further represented that if at all the royalty is to be charged, it should be charged with the Sales Clerks. A High level meeting was convened on 20-10-1976 to discuss this issue. The following decisions were taken :—

- (i) That it is not feasible to merge the royalty on bricks with the Sales Tax as both these elements are recoverable under different Acts by different Departments.
- (ii) That the BKO's shall pay royalty to the Industries Department every quarter on self assessment basis like sales' Tax and final collection of royalty be made by the Industries Department on the basis of annual assessment orders placed by the assessing Authorities of the Excise and Taxation Department
- (iii) In case of regular payment of royalty, the records of the BKO's need not be checked by the Industries Department.

According to these decisions, the royalty was accepted on self assessment basis subject to final settlement on receipt of assessment order from the Assessing Authorities of Sales Tax. On account of the above decisions, no separate accounts were maintained by the Industries Department.

From the year 1978 onwards, the BKO's started avoiding the payment of royalty on one pretext or the other and challenged levy of royalty in the High Court and also directly in the Supreme Court of India. The details of litigation are given below :

- (a) Initially Shri Balwant Rai Sapra and 33 other BKO's of district Ambala filed a writ in the High Court, challenging the realisation of royalty by the Industries Department. The same was contested by the Department and was dismissed on 19-9-1978.

(b) CW No. 2590 of 1979, M/s. Jain Parkash, BKO Bhawani V/s. State of Haryana and others in the State High Court was filed and obtained ex-parte stay orders therefrom, restraining the Department from effecting the recovery of royalty. On contesting the same, the Hon'ble High Court dismissed the same.

(c) CW No. 1659 of 1979 M/s. Pawan Kumar Satish Kumar Ambala district BKO V/s. B.K. Gauba and others filed the writ in the Hon'ble Supreme Court of India on 17-12-79 and obtained ex-parte stay orders, restraining the Department from effecting the recovery. But during the course of arguments the petitioners withdraw the writ petition and it was disposed of in favour of State on 22-4-80.

(d) CW No. 949 of 1980 was filed by Shri Priya Varat and other 449 BKOs in March, 1980 in the Punjab and Haryana High Court and obtained an ex-parte stay order restraining the Department from effecting recovery of royalty on brick earth. But the Department once again won this hotly contested writ petition and the stay was vacated on 2-5-1980.

(e) SLP No. 6894 of 1980—Shri Priya Varat & others V/s. State of Haryana and others filed in the Supreme Court of India and obtained an ex-parte stay order dated 19-8-1980 wherein the Department was once again restrained from initiating any penal action against the BKOs for recovering the royalty on brick earth. This SLP came up for hearing on 23-2-81 when the same was dismissed and stay stood vacated.

The above history would make it clear that because of protracted litigation in the High Court/Supreme Court and the order of stay obtained therefrom, this Department could not enforce the provisions of the Punjab Minor Minerals Concession Rules—1964 in the matter of recovery of royalty from BKOs. On vacation of stay order as aforesaid, the field officers were instructed to enforce the aforesaid rules. But the BKOs once again represented to the State Government that the rate of royalty of Rs. 3 per 1000 bricks is very high as compared to the provisions of the neighbouring States of U.P. and Delhi. They requested to fix flat rate of royalty as prevalent in the aforesaid States. The State Govt. in consultation with the Finance Department had taken the following decisions on 21-10-1981.

(i) The BKOs shall pay the arrears of royalty due from them in 8 quarterly instalments upto 31-12-1983.

(ii) If the BKOs pay the above mentioned instalments in time and clear the arrears, then no value of the minerals

under section 21(5) of the mines and minerals (R&D) Act—1957 will be recovered as penalty.

- (iii) The BKO's shall complete all the formalities relating to obtaining the certificate of approvals/mining leases for extraction of brick earth from the Industries Department by 31st, December, 1981.
- (iv) The regular 3rd quarterly instalment payable by them by 31st October, 1981 shall be cleared by them by 31-1-1982 and henceforth they shall pay the quarterly instalments regularly.
- (v) The rate of royalty shall remain as Rs. 3 per 1000 bricks sold.

With the above background, each point of the questionnaire is replied as under —

As per decision of the State Government on 28-10-1976, the BKO's 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 assessment orders of Assessing Authorities of Sales Tax Department. Besides, on account of the stays granted by the various courts, this Department could not enforce the rules *ibid*. For these reasons separate accounts could not be maintained.

As has been explained above, the final calculation of amount of royalty was to be made on the basis of assessment orders of the Assessing Authorities of Sales Tax Department. The figures are also obtained from the Food and Supplies Department as cross check etc. Coordination is maintained with the State Sales Tax as well as Food and Supplies Department to get the figures of the bricks sold by the BKO's for arriving at the final figures of royalty chargeable from them.

The royalty on the bricks sold is being recovered from the BKO's on the basis of the figures of sales obtained from the Excise and Taxation Department and Food and Supplies Department. In fact, the audit parties also collected the figures from the Food and Supplies Department and did not make any independent assessment. Every BKO has to get a licence from the Food and Supplies Department. As such no BKO can go undetected and unassessed as a close liaison is maintained with the Food and Supplies Department.

The position of recovery in respect of each district is indicated below :—

Arrears of royalty due

<i>District</i>		<i>According to the figures of A.G.</i>	<i>According to the figures of G.M./D.I.C.</i>	<i>Amount recovered</i>	<i>Balance</i>
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Kurukshetra	1048313 00	1048313 00	774108.60	274204.40
2.	Rohtak	1058539 00	1058539 00	576530 00	482009.00
3.	Narnaul	810794 00	810794.00	668079.10	142714.90
4.	Sonepat	1095302.00	839366.16	605839.24	233526.92
5.	Bhiwani	962954 00	671984 30	576881.75	95102.55
Total.:		4975902.00	4428994.46	3201438 69	1227557 77

No case of short assessment has been noticed by the Department."

During the course of oral evidence, the departmental representative stated that a sum of Rs. 10,65,408 is left to be recovered. To a pointed question that in the absence of any account of bricks manufactured/sold by a Brick Kiln Owner being maintained by the department how does it ensure accuracy of royalty recoverable and the amount recovered, the departmental representative stated that royalty is recovered on the basis of information collected from Food and Supplies Department and the assessment orders passed by Sales Tax Department. As regards discrepancy in the figures of royalty recoverable in Sonepat and Bhiwani districts, as pointed out by the Accountant General and the department, the departmental representative assured the Committee that the discrepancy would be reconciled with Audit office but report in this respect is yet to be sent by the department.

In reply to another question about safeguards taken by the department to ensure recovery of long outstanding arrears expeditiously, the departmental representative informed that in addition to other measures a proposal for levy of interest at the rate of fifteen per cent on belated payments of royalty is also under consideration.

The Committee are constrained to observe that even after a lapse of three years the amount due from Brick Kiln Owners has not been recovered. It is not satisfied with the pace of recovery and desire that strenuous efforts be made to recover the arrears expeditiously and report sent to it. It further desire that proper account of bricks sold and royalty recoverable from each Brick Kiln Owner be maintained and figures cor-

related with the figures exhibited in returns submitted by the Brick Kiln Owners to Food and Supplies department immediately after close of the financial year.

The Committee are unhappy to observe that report on reconciliation of discrepancy in the amount of royalty recoverable has not been furnished to it and desire that needful be done at the earliest, as promised during oral evidence.

The Committee further desire that final decision regarding levy of interest in case of belated payments of royalty be expedited and report sent to it.

Paragraph : 6.4. Short recovery of royalty

[40] In Sonapat a lease was granted in March 1977 for a period of five years for extraction of sand. The lessee was required to pay royalty at the prescribed rates and submit monthly or half yearly returns showing the quantity of minerals despatched.

During the period from April 1977 to March 1981 the quantity of mined material shown by the lessee as having been despatched was less than the figures furnished by the mining guards, by 40,516 tonnes, resulting in royalty being short realised by the department by Rs. 29,818.

On the mistake being pointed out in audit (August 1981), the department recovered Rs 17,784 and intimated (August 1982) that efforts were being made to recover the balance amount.

The case was reported to Government in January 1982; their reply is awaited (December 1982).

The department in their written reply stated as under :—

“A mining lease for extraction of sand was granted to one Shri Subash Chander in district Sonapat for a period of 5 years w.e.f. March, 1977 subject to a minimum guarantee of Rs 72,150 per annum. The lessee was required to pay minimum royalty of Rs. 72,150 or actual royalty @ Rs. 0 50 paise per tonne if it works out to be more than Rs 72,150. The lessee was also required to submit monthly production figures. A Departmental barrier was installed at the quarry-head which was manned by the Mining Guards. They were noting down the truck numbers coming out from the quarries. The lessee was not submitting production figures in time, for that reason the production figures submitted by him later on could not be reconciled with the figures supplied by the Mining Guards in time. There was a difference of 40,516 tonnes in the production figures submitted by the lessee with that of reports submitted by the mining guards during the period April, 1977 to March, 1981 though there was delay in raising the demand but the difference did not go undetected by the office of GM/DIC Sonapat.

Out of total dues of Rs 29,818, a sum of Rs. 17,784 had already been recovered leaving balance of Rs. 12,034.34. It may be mentioned here that because of breaches committed by the lessee, his lease was not renewed when it expired in March, 1982. A recovery certificate amounting to Rs 12,034.34 was issued against Shri Subash Chander and was sent to Collector of district Jind where he was staying. The Collector fixed an instalment recovery of Rs 500 per month. A sum of Rs 8000 has already been recovered upto February, 1985 leaving a balance of Rs 4,034.63 which shall also be recovered in due course of time as per the instalments fixed by the collector. With this background, the questionnaire is replied as under :—

As has been explained, above, the lessee was not submitting the production returns in time, for that reason these could not be reconciled with the figures supplied by the Mining Guards of the office of GM/DIC Sonapat.

When these figures were received, these were reconciled and a difference was detected and demands were raised against the lessee.

As has been explained above, the difference was detected late because of late submission of production figures by the lessee. In fact the lessee was responsible for this discrepancy. For that reason, his lease was not renewed when it expired.

After the expiry of the lease, no fresh lease was granted and the quarries were given on contract by public auction. In case of contract, a fixed contract money in instalments is recovered.

As has been explained above, a sum of Rs. 8000 has since been recovered leaving a balance of Rs 4,034.63 which shall also be recovered in instalment of Rs. 500 per month as fixed by the Collector Jind."

In regard to short recovery of royalty, the departmental representative stated that out of Rs. 12,034 a sum of Rs 4,043 still remained to be recovered. The Deputy Commissioner, Jind has fixed the instalment of Rs. 500 per month

The Committee desire that the balance amount may be recovered in monthly instalment of Rs. 500 as decided by the Deputy Commissioner under intimation to the Committee.

Paragraph 6.6. Interest not charged on delayed payments

[41]. As per the provisions of the Punjab Minor Mineral Concession Rules, 1964, where payment of royalty for grant of mining rights is not recovered in advance for every quarter interest at the rate of twelve per cent per annum is chargeable on the payment due.

In Ambala, Kurukshetra, Karnal, Jind and Rohtak on payment of royalty not received in due time under 115 contracts given for mining rights in the year 1976-77 to 1979-80 interest amounting to Rs. 28,114 was not charged or demanded.

On the omission being pointed out in audit (in May 1980 and December 1980), the department intimated (in October 1982) that amount of Rs. 23,789 had been recovered. Report on recovery of balance amount is awaited.

The cases were reported to Government in September 1982, their reply is awaited (December 1982).

The department in their written reply stated as under :—

"It is not correct that the interest on the delayed payments were not charged or demanded by the respective offices of General Manager, District Industries Centres. In fact, the contractors while depositing the instalment either deposited less interest or did not deposit the interest for which demands were raised against them. Out of total interest of Rs. 28,114 an interest of Rs. 26,130 02 has already been recovered. The questionnaire is replied as under :—

As has been explained above, it is not correct that either less interest or no interest was charged from the contractors on delayed payments. In fact the contractor while depositing the contract money either deposited less interest or did not deposit the interest for which demands were raised against them and ultimately in majority of the cases the interest has already been recovered.

In case a contractor does not deposits the interest or deposit less interest then when he deposits the next instalment, the amount due from him as interest is adjusted against that instalment and the contractor is asked to make good of the instalment due

In view of the position explained in (1) above, no one can be held responsible.

Out of total interest of Rs. 28,114 a sum of Rs. 26,130 02 has been recovered leaving a balance of only Rs. 1983 75 for which vigorous efforts are being made."

During the oral examination the departmental representative stated that as regards the interest not charged on delayed payment, Rs 1983.75 still remains due which will be recovered during the current year.

The Committee is not satisfied with the reply of the department and feels that action to levy and recover interest was taken by the department only after the omission was pointed out by Audit. The Committee advises the department to be more vigilant in the matter of recovery of Government dues.

The Committee further desire that the balance amount of Rs. 1983.75 be recovered early under intimation to them.

PUBLIC WORKS DEPARTMENT

(BUILDINGS AND ROADS)

Paragraph : 6.9: Short recovery of rent

[42] Towards lease of Government land for setting up petrol pumps and as approach road, rent is recoverable at rates prescribed by Government.

In Yamunanagar and Kaithal, rent for Government land leased to private parties, for setting up petrol pumps and as approach roads, in respect of the years 1972-73 to 1978-79 amounting to Rs. 15,253 was not realised

On the failure being pointed out in audit (between October 1976 to February 1979), the department recovered Rs. 13,791. Report on recovery of balance amount is awaited (December 1982).

The cases were reported to Government in December 1976 and February 1979; their reply is awaited (December 1982).

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

“The period of lease of Govt. land for approach to the petrol pumps is 5 years from the date of entering into an agreement. This is renewable for a further period of 5 years each time. Due to crash programme of roads construction 1970-73, lot of new Divisions were created in the Deptt. The jurisdictions of the area in a particular Division were changed with the introduction of new Divisions. Similarly with the slowing down of crash programme a number of Divisions were abolished. The circumstances for not charging the rent of the Govt. land regularly from the petrol pumps appears to be.

Non transfer of lease deeds from one Division to the others in time.

The register of lease deeds in a Division is maintained by the Head Clerk/Senior Accounts Clerk in the Division. It appears that they have shown laxity in maintaining the register of recovery. The lease money is being recovered from 1978-79 regularly as per the latest report received from the Executive Engineers concerned.

Out of Rs. 1462 remaining outstanding a sum of Rs. 1312.50 has since been recovered in 1984 leaving a sum of Rs. 150 recoverable which is under reconciliation with petrol pump owners.

Omissions are usually detected at the time of inspections or audit of the accounts of a division. The concerned Head Clerks and the accounts Clerks are considered to be responsible for these lapses and are being proceeded against departmentally.

Lease deed in respect of these approach roads to the Petrol Pumps have to be executed between the Executive Engineer and the holder, of petrol pump. For meeting this requirement strict instructions have now been issued to the Superintending Engineers and Executive Engineers to ensure that agreements are executed and recoveries effected in time. Superintending Engineers have been asked to see this aspect on their annual inspection of the Division.

Instructions have since been issued to all Superintending Engineers / Executive Engineers in the department to maintain upto date record of such leases for petrol pumps and ensure timely recovery of lease money. The compliance of these instructions would also be watched by the Head office in future.

During the course of oral evidence the departmental representative stated that only a sum of Rs. 150 has been left recoverable and also informed that efforts to recover the amount are in progress. He further assured that the amount will be realised within a period of two months but report on recovery was not received till the writing of this report. To a pointed question that has any action been initiated against the officials held responsible for not initiating action to renew the agreements and to recover the amount earlier, the departmental representative stated that head clerks/accounts clerks responsible for maintaining lease register and renewal of agreements have been asked to explain why the agreements had not been renewed and fees realised, when due.

The Committee, observe with concern that the department had not maintained proper record to watch timely renewal of lease agreements and had also failed to detect cases of non-renewal of agreements related to the years 1972-73 to 1978-79 till these were pointed out in Audit between October, 1976 and February 1979. It, therefore, desire that some definite procedure be evolved to ensure timely renewal of agreements so as to avoid such lapses in future.

The Committee further desire that action against the officials held responsible for not maintaining proper record as also for non-renewal of these agreements be finalised early and results intimated to them.

The Committee also desire that the balance amount be recovered at the earliest and report sent to them, as promised.

TRANSPORT

TAXES ON MOTOR VEHICLES

Paragraph : 4.1. Results of audit

[43] During the period April 1981 to March 1982, test check of documents of the departmental officers revealed under-assessment of tax to the extent of Rs. 8 61 lakhs in 1,559 cases. The under-assessments were due to mistakes which may be broadly categorised under the following heads :—

	<i>Number of cases</i>	<i>Amount (In lakhs of rupees)</i>
1. Short levy of token tax	531	6.44
2. Non-levy of trade certificate fee	300	0.73
3. Excess refund of token tax	68	0.62
4. Irregular rebate	89	0.24
5. Other reasons	571	0.58
Total :	1,559	8.61

The department in their written reply stated as under :—

“The Transport Commissioner, Haryana was declared as Head of the Department under Account head “041—Taxes on Vehicles” vide Govt. Notification No. 3(I)-713-4FG-11-84, dated 4-4-84. Previously the Commissioners of the Divisions were working as the Head of the Department of this Account head. The position was not reviewed as no extra staff was sanctioned. The recommendations of P.A.C. for creation of internal audit cell is under consideration of the Government.

The Registering Authorities have already been directed to realise the tax at the correct rates and avoid the various lapses pointed out by the audit.

The Registering Authorities have been directed from time to time to avoid short recovery in future. These mistakes are of bonafide nature and no action can be taken against the Registering Authorities as they have to perform multifarious duties in connection with Law and Order and developmental activities in the sub divisions in addition to this work.

Rs. 30,129 have been recovered Registering Authorities are continuously being reminded to recover the balance."

During oral evidence the departmental representative stated that total tax collection during the year 1981-82 was Rs 10 crores whereas the amount involved in audit objection is only Rs. 8 lakhs and further stated that with the short staff available with the registering authorities the overall position is almost satisfactory.

The Committee are not satisfied with above justification as the amount placed under objection represent only irregularities detected during test audit and do not, thus, depict complete picture of working of the department. It also observe that pace of recovery and settlement of old audit objections is very slow as out of Rs. 8 61 lakhs relating to the year 1981-82, a sum of Rs. 30,129 has only been recovered during the period of five years. It, therefore, desire that more strenuous efforts need to be made to effect recoveries and settle objections promptly. It further desired that the department should evolve some definite procedure to reduce arrears of tax.

Paragraph : 4 2. Short levy of tax

[44] As per the Punjab Motor Vehicles Taxation Act, 1924 and rules made thereunder, as applicable in Haryana, on tractors used solely for agricultural purpose, levy of tax was exempt, but not if it was used for hire or reward. However, during the period from 1st April 1973 to 30th September 1978 tax was leviable at the rate of Rs. 150 per annum even on tractors used for agricultural purposes.

On 22 tractors acquired by the Haryana Agro-Industries Corporation between March 1971 and August 1974 and used for the purpose of hire and reward, tax was realised at the rate of Rs. 150 per annum for the period from 1st April 1973 to 30th September 1978. However, no tax was realised for the period prior to 1st April 1973 or after September 1979 though during that period also tractors were used by the Corporation for hire and reward. This resulted in tax being realised short (by Rs. 1.79 lakhs).

The omission was pointed out in audit (August 1981) to the department; their reply is awaited (December 1982).

The case was reported to Government in July 1982; their reply is also awaited (December 1982).

The department in its written reply stated as under :—

"The Corporation had applied for registration of 22 tractors to Registering Authority, Gurgaon and they had also given affidavit for these tractors at the time of registration that these tractors were used for agricultural purpose.

There is no fault of any official. Hence, no action has been taken against the official.

In future, it is being ensured that the dues are collected correctly.

Notices are repeatedly issued to the Corporation and efforts are being made to affect the recovery."

During oral examination, the departmental representative stated that they had reconsidered the matter and felt that the tax was correctly charged because tractors owned by the Haryana Agro Industries Corporation were given to small farmers on custom hiring for agricultural use. The purpose all the same was an agricultural use. Therefore, no further recovery is required to be made from Haryana Agro Industries Corporation. He further informed that opinion of law department has also been obtained. It further informed that the matter would be examined and the Corporation will be exempted from payment of tax and the amount of tax demanded from the Corporation will be waived off.

The Committee feel that there are other Corporations who are also using tractors or giving them on custom hiring. The Committee desire that before arriving at any decisions regarding H.A.I.C. the cases of these Corporations may also be kept in view to maintain uniformity.

Paragraph: 4.3: Non-levy of tax for additional seat

[45]. Under the Punjab Motor Vehicles Taxation Rules, 1925, as applicable in Haryana, on vehicles plying for hire and used for the transport of passengers, tax is levied according to the seating capacity of the vehicle. From 16th January 1980 the three-wheeler scooter operators were allowed to carry 3 instead of 2 passengers and the rate of tax per vehicle was required to be increased by Rs. 100 per annum.

On 431 three wheeler scooter vehicles registered in nine offices of the department, tax was charged for the period January 1980 to March 1981 without adopting the increased rate. This resulted in short realisation of tax by Rs. 44,900.

On the omission being pointed out in audit (February 1981 to March 1982), the department initiated action (October 1981) to recover the shortfall in realisation. Report on recovery is awaited (December 1982).

The case was reported to Government in August 1982; their reply is awaited (December 1982).

The department in its written reply stated as under :—

"The tax was not charged on enhanced rate for the reason that the copy of order concerned was not received in the office in time.

No action was taken against the officials as no one was at fault, because the copy of order concerned was not received in time in their office.

The Transport Commissioner, Haryana was declared as head of the department under, account head "041—Taxes on Vehicles" vide Govt. letter No. 3(1)-713-4FG-II-84, dated 4-4-84. No extra staff was provided. However, the case regarding creation of internal audit cell is under consideration of the Govt.

Similar cases could not be checked due to paucity of staff. Moreover, audit was conducted by A G. office in all offices.

Rs. 13815 70 ps. have been recovered out of Rs. 44900. The efforts are being made to recover the balance amount."

During the course of oral evidence the departmental representative stated that on three wheeler scooters, the tax was Rs. 100 per seat for two passengers. Later the scooter owners were allowed to carry three passengers and the tax was accordingly chargeable at Rs. 300. Out of 32 registering authorities, only 8 or 9 were such who had not realised tax at the revised rates and the reasons as per the registering authorities is that they did not receive the order in time.

To a pointed question that in the year 1980 the Committee had recommended for the creation of internal audit cell to examine all cases of levy and collection of tax, the departmental representative stated that the matter is under consideration. The Committee are unhappy to note that a period of five years as elapsed but matter regarding creation of internal audit cell has not moved its stage. It reiterate its earlier recommendation and desire that final action be taken early under report to them.

The Committee desire that the balance amount be recovered within six months and progress of recovery be intimated to them. It further desire that in future such letters be sent per registered post.

The Committee also desire that the re-organisation of the department may be undertaken expeditiously so that there is no paucity of staff to check the cases of short realisation of tax.

Paragraph : 4 5. Non-levy of tax at revised rates

[46] As per the Punjab Motor Vehicles Taxation Act, 1924 (applicable in Haryana) and notifications issued thereunder, the tax leviable on vehicles whose unladen weight exceeded four tonnes was raised from Rs. 1,100 to Rs. 1,250 per year from 5th December 1975.

On 750 vehicles each with unladen weight in excess of four tonnes tax was levied at the rate of Rs. 1100 per annum only instead of at Rs. 1,250 per annum in 21 offices of the department while assessing tax for the last two quarters of the year 1975-76. This resulted in short realisation of tax by Rs. 32,802.

On the mistake being pointed out in audit (May 1977), the department recovered Rs. 21,885 during the year 1977-78 to 1980-81. Report on recovery of the balance amount is awaited (December 1982).

The department in its written reply stated as under :—

"The Registering Authorities have intimated that the Notification regarding revision of rates was received late, as such, the correct rates could not be enforced in time.

No action against any official was taken due to the reason explained above.

The Registering Authorities have been advised to charge the correct rates in future.

Rs. 26,607 25 ps. have been recovered out of Rs. 32,801.50 ps. For the remaining amount, the efforts are being made to effect recovery.

No check was exercised to other Registering Authorities. Transport Commissioner was declared Head of the department vide Govt. notification No. 3(1)-713-4FG-II-84, dated 4-4-84 in place of Commissioners of Divisions. On the recommendations of P.A.C., a case for creation of internal audit cell has been made out and is under consideration "

During the course of oral examination the departmental representative stated that the tax could not be realised due to non-receipt of intimation to this effect by the registering authorities. However, efforts are being made to recover the balance amount of Rs 6,134. The Committee desire that in order to ensure timely receipt of such notifications by the concerned authorities the department should, in future, send such letters under registered cover and should ensure proper implementation of its orders.

The Committee also desire that vigorous efforts be made to recover the balance amount early and report sent to them.

Paragraph : 4.6 Short levy of tax on private carrier vehicles

[47]. Under the Punjab Motor Vehicles Taxation Rules, 1925 and notifications issued thereunder from time to time, as applicable to Haryana, token tax on private vehicles used in the course of trade and industry is chargeable according to their unladen weight

On 8 pick up vans owned by Haryana State Electricity Board and one truck, one jeep and one tempo owned by private parties which were engaged in the transport of goods, tax for the year 1968-69 to 1976-77 was levied at rates applicable to motor cars and public carriers instead of at the higher rates based on the unladen weight of the vehicles. This resulted in short realisation of tax by Rs. 25,786

On the mistake being pointed out in audit (March 1977), the department recovered an amount of Rs. 10,191 between February 1978 to May 1979. Report on recovery of the balance amount is awaited

The case was reported to Government in August 1982, their reply is awaited (December 1982)

The department in its written reply stated as under .—

"The vehicles could not be classified correctly due to the fact that the applicants while submitting the affidavit did not mention that they will use the vehicles for private work. The vehicles were registered on the basis of seating capacity and not according to the unladen weight of the vehicles.

No action can be taken against any official because the officials were unaware of this fact. However, the officials were directed to charge tax correctly.

Necessary instructions have been issued to the concerned officials to charge the tax according to Government instructions.

No checking was made in other Registering Authorities offices to detect such type of cases as the audit of Accountant General was detailed one.

Rs. 3423. have been recovered out of Rs. 15,595. For the remaining balance of Rs. 12172. efforts are being made to recover the amount."

During the course of oral examination, the departmental representative stated that due to a bonafide mistake, recovery is pending against the Electricity Board and assured that the amount would be recovered within four months. Report on recovery has not been received till the writing of this report.

The Committee desire that effective steps be taken to recover the balance amount of Rs. 12,172 and report sent to them as promised:

Paragraph : 4 9. Short realisation of permit fee

[48]. Under the Motor Vehicles (National Permits) Rules, 1975, a public carrier permitted to operate throughout the territory of India is required to pay authorisation fee of Rs. 500 per annum.

In respect of 78 permits issued between September 1977 and February 1978 in Hissar, authorisation fee was charged at the rate of only Rs. 125 per year instead of at Rs. 500. This resulted in fee being realised short by Rs. 29,250.

On the mistake being pointed out in audit (May 1979), the department recovered between March 1982 and September 1982 Rs. 25,500, report on recovery of balance amount is awaited (December 1982).

The case was reported to Government in June 1982, their reply is awaited (December 1982).

The department in their written reply stated as under —

"The fee were charged under wrong impression.

The Transport Commissioner, Haryana was declared as Head of the Department under head "041—Taxes on Vehicles" vide Notification No 3(1)-713-4FG-II-84, dated 4-4-84. Previously the Commissioners of the Divisions were the Head of the Department of this account head. The position was not reviewed as no extra staff was sanctioned. The case of creation of internal audit cell is under consideration of Government

Rs. 27625 has since been recovered out of Rs. 29250. The efforts for the remaining amount of Rs. 1625/- are being made."

During the course of oral examination the Committee desired that the recovery of Rs. 1625 be effected within two months but no intimation to this effect was received by the Committee till the writing of this report.

The Committee views the non compliance of its observations seriously and desire that a report on this be sent to them immediately.

REVENUE

Paragraph . 5.2. Application of incorrect rate

[49]. By a notification dated 17th April 1979 fee for registration of non-testamentary documents (except leases) was raised, whether registration was optional or compulsory. Rates of stamp duty were also enhanced with effect from 18th April 1979.

In the offices of the Sub-Registrar in Ambala, Karnal, Hissar, Sirsa and Bhiwani districts on 403 documents registered after the higher rates had come into effect, registration fee and stamp duty were levied at the rates which were applicable prior to 17th April, 1979. This resulted in short levy by Rs. 51,296 (stamp duty : Rs 44,209; registration fee : Rs. 7,087).

On the mistake being pointed out in audit (between July 1980 to July 1981), department recovered a sum of Rs. 9,806. Report on recovery of the balance amount is awaited (December 1982).

The case was reported to Government in July 1982; their reply is awaited (December 1982).

In its written reply the department stated as under :—

“Duty and registration fee was charged at pre-revised rates during the transit period when the notification was issued, circulated and received by the Registrar/Sub-Registrar in Karnal and Sirsa districts. In case of Ambala (45 cases), Hissar (9 cases) and Bhiwani (37 cases), documents were registered at the old rates after the receipt of the notification in the office of the concerned Sub-registrars. Copies of the notification containing revised rates of registration fee was issued and circulated to subordinate offices on 17th April, 1979 at Chandigarh and Indian Stamps (Haryana Amendment) Ordinance to revise the Stamp Act was issued on 18th April 1979. These copies of the notification containing revised rates were received by various Sub-registrars as under :—

<u>District</u>	<u>Sub-Registrar</u>	<u>Date on which received</u>
Ambala	Ambala	23-4-79
	Kalka	19/20-4-79
	Jagadhari	19/20-4-79
	Chhachhrauli	19/20-4-79
	Naraingarh	19/20-4-79
Karnal		23-4-79
		22-4-79
		18-4-79 to
		24-4-79
Sirsa		21-4-79
		21-4-79
Hissar		21-4-79

The recovery position :—

<i>Sr. No.</i>	<i>District</i>	<i>Amount as pointed out in the report of CAG</i>	<i>Amount according to audit report</i>	<i>Recovery</i>	<i>Remarks</i>
1.	Ambala	24451	25383.80	25383.80	Full recovery has been effected.
2.	Karnal	11863.25	10700.25	Nil	

Short charge of Rs. 5289 50 was dropped in the year 1980-81.
Strenuous efforts are being made to recover the balance amount.

Only Rs. 113 are still to be recovered.

Full recovery has been effected.

Full amount has been recovered.

Besides audit objection of Rs. 5289 50 dropped.”

During the course of oral evidence the departmental representative stated that rates of stamp duty and registration were revised vide notification dated 17th/18th April 1979 but duty and fee had not been charged at revised rates from the date of issue of notifications because in certain registering offices these notifications were actually received on different dates between 18th and 24th April 1979. To a pointed question as to why short realisation could not be detected by the department and even in internal audit conducted by departmental auditors, the departmental representative admitted that there was lapse on the part of departmental officials and internal auditors. In reply to another question that non-compliance of orders of the Government and non-implementation of revised rates of recovery even after receipt of the notifications enhancing rates of duty/fee the dealing officials have shown insubordination the departmental representative submitted that though the officials have committed some irregularities but there was no insubordination on their part. He further submitted that disciplinary action against the officials held responsible for the lapse and the irregularity will be taken. He also assured that action against departmental auditors, who failed to perform their duties efficiently and to detect short recovery will also be taken and finalised within a period of one month but no such information has been received till the writing of this report.

The Committee are constrained to observe that even after the lapse of five years, recovery of deficient amount of duty and fee had not been effected and desire that the balance amount be recovered expeditiously under report to them.

The Committee also view the failure of the department to implement the orders of the Government enhancing the rates of duties and fees and lapse on the part of internal audit in detecting the short recovery seriously and, desire that department should streamline its system of working to ensure that all

important communications emanating from Government reach concerned registering offices without any delay and are actually implemented in true spirit.

The Committee is not satisfied with the evasive reply of the department and feels that there was sheer negligence on the part of concerned officials in performing their duties efficiently and desire that action against the officials held responsible for the lapse be taken immediately under report to them, as promised.

Paragrap h: 5 3. Evasion of stamp duty

[50]. The Indian Registration Act, 1908, requires that when a deed is altered after registration, by consent of parties, to correct an error of description and in furtherance of their original intention, it becomes a new document to be treated in every respect in the same way as the original and is liable to full fee.

In the office of the Sub-Registrar, Karnal, a deed was executed on 25th July 1976 between two parties for sale of land measuring 265 *kanals* 5 *marlas* for a consideration of Rs. 3 90 lakhs. A supplementary deed was executed on 21st January 1980 whereby land measuring 75 *kanals* 8 *marlas* was excluded from description of land shown in the original deed and an area of 65 *kanals* and 1 *marla* of fresh land added to the description of land in the original deed. The consideration for sale mentioned in the supplementary deed Rs. 3 90 lakhs was the same as in the original deed. As the supplementary deed requiring necessarily to be read only with the original deed and not capable of standing on its own as a sale deed registration fee of Rs. 48,750 was chargeable in respect of the alteration to the original deed. However, only a fee of Rs. 3 was charged on the supplementary deed. This resulted in fee being levied short by Rs. 48,747.

On the mistake being pointed out (September 1981) in audit, the department intimated (November 1981) that efforts were being made to recover the balance amount. Nothing further has been heard (December 1982).

The case was reported to Government in July 1982; their reply is awaited (December 1982).

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

“The supplementary deed had to be registered only to correct and complete the transaction. In this case the original deed of sale for a consideration of Rs. 3 90 lakhs was registered in July, 1976 and the land sold was 265 *kanals* 5 *marlas*. Out of this, land measuring 75 *kanals*, 8 *marlas* had already been sold by the seller vide deed No. 5447 dated 6th January 1976 in favour of the same purchaser. Thus it is clear that the land measuring 75 *kanals* 8 *marlas* was twice sold/purchased by the same parties.

Under section 4 of Indian Stamp Act, 1899 where in case of any sale is employed for completing the transaction, the principal instrument only shall be chargeable with the duty prescribed for the conveyance and each of the other instrument is to be charged with a duty of Rs. 3/-. As the principal deed of land measuring

265 *kanals* 5 *marlas* for a consideration of 3.90 lac was executed in July, 1976 was properly stamped and the deed executed on 21-1-80 was a supplementary deed only to make necessary corrections as the seller had no right of ownership on the area excluded (75 *kanals* 8 *marlas*). In view of the provision of section 4 of the Indian Stamp Act, the supplementary deed seems to have correctly stamped.

The provision of the Act/Rules are quite clear to distinguish such instruments for proper classification. But due to the wrong interpretation of audit, the resultant audit objections were made.

In view of the above, the amount is not to be recovered.

During the audit for the year 1980-81 in Sonapat district, deficiency of Rs. 747 was pointed out in the office of Sub-registrar, Gannaur. The para was settled during the year 1982-83 as the audit agreed to drop this para

Provision in the Act/Rule are quite clear and necessary instructions are being issued to all concerned to explain these provision of Act/Rules correctly to the Audit so as to avoid such like objections in future."

During the course of oral examination the departmental representative stated that the registering authority was of the opinion that there is no deficiency of duty as the deed was executed only to clarify certain intention of the original deed.

The Committee observe that the position stated by the department is not correct as the instrument executed subsequently brought out material change in the substance of original deed and desire that the matter be examined thoroughly again and deficiency of duty made good expeditiously under report to them.

Paragraph : 5.4. Incorrect exemption

[51]. As per notification issued on 9th April 1976, the State Government remitted the stamp duty and registration fee leviable under the Indian Stamp Act, 1899 and the Indian Registration Act, 1908, respectively on mortgage deed (for mortgages without possession) which are executed by agriculturists in favour of any commercial bank, for securing loans of value upto Rs. 60,000 taken for specified purposes.

In the offices of 4 Sub-Registrars in Rohtak district, on 19 mortgage deeds (mortgage without possession) which were executed between June 1980 and December 1980 by agriculturists in order to secure loans from the banks, levy of stamp duty and registration fee was exempted even though the amount of loan in each case exceeded the prescribed limit of Rs. 60,000. This resulted in loss of Rs. 30,177 (stamp duty : Rs. 20,677, registration fee : Rs. 9,500) to the Government.

The loss was pointed out in audit (September 1981) to the department; no reply has been received.

The cases were reported to Government in June 1982; their reply is also awaited (December 1982).

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

“The exemption was given by the Sub-Registrar through an oversight.

The Sub-registrar/Joint Sub-registrars working at that time, in Meham, Kosli, Bahadurgarh and Jhajar were responsible for this mistake and their explanations have been called by the D C Rohtak whose final report in the matter is awaited.

* * * * *

According to the audit report, a loss of Rs 30,177 had been pointed out as loss in stamp duty and registration fee. The deficit amount had been wrongly calculated by the audit on the total amount of loan advanced to the agriculturists whereas according to the instructions contained in notification No S O. 96/CA2/1899/83 dated 5-10-83 and No. S O. 97/C.A. 16/98/Ss. 78 and 79/83, dated 5-10-83, the stamp duty and registration fee is to be charged on the amount of loan which is in excess of the prescribed limit of Rs 60,000. Thus total deficit amount comes only to Rs. 8,160 (Stamp duty Rs 4417 50 and registration fees Rs. 3742 50. Out of this recoverable amount, of Rs 8,160/- upto date recovery is Rs 1063.75 p. The balance amount of Rs. 7096 25 is yet to be recovered for which strict instructions have been issued to subordinate offices to effect immediate recovery.”

During the course of oral examination the departmental representative stated that on 5th October, 1983, the Government issued clarification that stamp duty and registration fee will be charged on the amount exceeding the prescribed limit of Rs. 60,000. According to these instructions the stamp duty and registration fee charged short works out to Rs 8,160 out of which 1,064 had been recovered and instructions had been issued to recover the balance amount.

The Committee desire that strenuous efforts be made to recover the balance amount under intimation to them as promised.

Paragraph : 5. 5. Short levy of stamp duty and registration fee

[52]. The Indian Stamp Act, 1899 and the Indian Registration Act, 1908, as applicable in Haryana, require that where power of attorney, is given for consideration and it authorises the attorney to sell any immovable property, the deed is liable to stamp duty leviable on it and registration fee is chargeable as if it were on instrument of conveyance, for the amount of consideration set forth therein.

In the offices of the Sub-Registrar, Ballabgarh and Karnal, on 4 deeds of power of attorney (1 in Ballabgarh and 3 in Karnal) executed in May 1978 and June 1978 stamp duty and registration fee was leviable on a consideration of Rs 1 13 lakhs in the aggregate. However, it was charged at a lower rate treating the deeds as being deeds giving “general power of attorney”. This resulted in fee being levied short by Rs. 13,206 (stamp duty : Rs. 12,283; registration fee : Rs. 923).

On the mistakes being pointed out in audit (between January 1980 and May 1980), the Registrar, Karnal intimated (November 1980) that the deficient amount (Rs. 4,125) was being recovered. Reply from the Sub-Registrar, Ballabgarh (amount : Rs. 9,081) is awaited (December 1982).

The case was reported to Government in June 1982, their reply is awaited (December 1982).

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

“In Karnal district, in all the three power of attorneys, the value of property has been indicated but no where the amount of consideration has been given. Article 48(f) of Schedule 1A of the Indian Stamp Act. indicates “when given for consideration the stamp duty as conveyance will be levied.” But in this case the amount of consideration has not been given and as such the Attorneys have been properly stamped. This para may, therefore, be dropped. In the case of Faridabad district amount of consideration was given in the document. The amount of Rs. 9,081 (deficit Stamp duty) has since been recovered.

The then Sub-Registrar Ballabgarh was responsible for this lapse and disciplinary action is being initiated against the official concerned. D.C Faridabad has assured that full care will be taken in future to distinguish between a power of attorney and powers authorising second sale. He has issued necessary instructions in this direction to all the Sub-Registrars.

- (a) An amount of Rs. 9081 has since been recovered in Faridabad district.
- (b) In Karnal district, against the deficit amount of Rs. 4,125 no recovery is to be made as the power of attorneys were properly stamped as no amount of consideration was mentioned for the attorneys.
- (c) The position has been checked up in other districts and it reveals that no other case of similar nature has come to the notice of the concerned district authorities.”

During the course of oral examination the departmental representative stated that stamp duty and registration fee in respect of an instrument of power of attorney given for consideration is chargeable as conveyance for the amount of consideration. He further stated that reply furnished by the Deputy Commissioner. Karnal does not appear to be correct and assured the Committee that the matter would be examined thoroughly and the Committee would be apprised of the final decision. But no information had been received till the writing of this report.

The Committee desire that the case be examined expeditiously and deficiency of duty made good under report to them.

CO-OPERATION

Paragraph : 6.7. Short realisation of audit fee

[53]. Under the Punjab Co-operative Societies Rules, 1963, as applicable to Haryana, every co-operative society is liable to pay to Government fee as prescribed by Government for the audit of its accounts every year by the auditors of the Co-operative Department. The fees are prescribed by the Government taking into account the profit made by the Society in the year.

(i) From 406 societies, fee was recovered on the basis of net profit indicated by the societies instead of the net profit revealed by the audited accounts. This resulted in fee being realised short by Rs. 2.21 lakhs in the aggregate in respect of the years 1976-77 to 1979-80 (July to June).

On the omission being pointed out in audit (between March 1979 and February 1982), Rs. 22,478 have since been recovered (June 1980 to March 1982). Report on recovery of the balance amount is awaited (December 1982).

The case was reported to Government in June 1982; their reply is awaited (December 1982).

* * * * *

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

“It is stated that in the first instance audit fee is assessed and recovered tentatively on the basis of Annual statement which are prepared by the society from their accounts books after close of the cooperative year. This work of assessment is completed before September and thereafter recovery is effected by the end of 31st January of the following year according to the instructions contained in paras 4 5, 4 10 and 4 11 of the consolidated circulars of the cooperative department. Thus audit fee for a particular year is recovered by the Assistant Registrar during the following year.

The audit of cooperative societies is taken up after the close of the year and it is completed by the end of next cooperative year. In case audit fee is assessed on the basis of net profits/losses as per audited accounts, delay would occur both in assessment and recovery of audit fee

So in switching over to assessment of audit fee on the basis of audited accounts, delay will be caused and that will not be in the public interest. However the audit fee assessed on the basis of annual statement is treated as provisional and it is finalised after the receipt of audited profits/losses as per departmental instructions issued vide letter No. 1/1/84/Audit-5 dated 10-9-1984.

Audit fee of the Societies under reference should have been revised on audited profit figures by the Asstt. Registrars, Co-operative Societies, Sirsa, Kurukshetra, Yamunanagar, Panipat, Bhiwani, Karthal, Narnaul, Karnal, Karnal Industrial (now Palwal) and Gurgaon Industrial (now Ferozepur Jhirka) Their explanations have been called for vide this office letter No. 29/1/85/Audit-6 dated 19-6-85 and 1-7-85 for this lapse on their part.

Ateli and Narnaul Marketing Societies are not doing the processing work and are thus not liable for the audit fee provided for processing societies and thus the objection of short realisation of Rs. 5889 is not correct. Thus out of remaining sum of Rs. 2,14,882 (2,20,771—5889) recovery of Rs. 1,78,846 has been effected. Efforts are being made to recover the balance amount of Rs. 36,036.

Instructions issued vide this office letter No. 1/1/84/Audit/5 dated 10-9-1984 to initially assess the audit fee on the profit and loss account prepared by the societies provisionally and to finalise the same on audited profit/loss figures provide sufficient safeguard against lapses."

During the course of oral examination the departmental representative stated that audit fee of Rs. 11,597 remained to be recovered. To a specific question as to whether the instructions issued by the Government in 1983 and subsequently reiterated in September 1984 regarding assessment of audit fee provisionally on the basis of profit/loss worked out by the society and to finalise the assessments immediately after audit of their account were being followed, the departmental representative admitted the lapse in these cases and stated that such lapses will not recur in future. It was further stated that explanations of the concerned Assistant Registrars have been called for.

The Committee are constrained to observe the laxity in following codal provisions/departmental instructions by the departmental officers, and desire that effective steps should be taken to ensure that these provisions/instructions are followed scrupulously.

The Committee further desire that the balance amount of Rs. 11,597 be also recovered expeditiously and action against the defaulting officials finalised early under report to them.

EXCISE AND TAXATION†

Paragraph : 1.5. Uncollected revenue

[54]. The position of arrears of revenue exceeding Rs. 5.00 lakhs pending collection as on 31st March 1982 in respect of Excise and Taxation Department was as under :—

<i>Sr No.</i>	<i>Source of revenue</i>	<i>Amount pending collection</i>	<i>Amount of arrears of revenue more than five years</i>
<i>(in lakhs of rupee)</i>			
1.	Sales Tax	1489 04	234.66
2.	State Excise	226 28	6.27
3.	Taxes on Goods and Passengers	34.60	3.56

In its written reply the department stated as under :—

“The position of arrear is reviewed in monthly meetings of the departmental officers and also at the end of each year. The arrears mainly pertain to the following categories :—

Stay given by various Courts and Appellate Authorities.

Cases where property has been attached and yet to be disposed of.

Firms under liquidation.

Inter-state and Inter-Distt. defaulters and cases where due to weak financial position of the defaulters, instalments have been fixed.

Apart from the departmental officer's meetings, the arrear position is also discussed by the Cabinet every quarter.

Strenuous efforts are being made by the department to recover the arrears. 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 clearance of arrears are fixed and the district officers are directed to follow them meticulously.

The position of arrears as on 31-3-1985 in respect of arrears outstanding on 31-3-1982 is as under :—

<i>Name of the Act</i>	<i>Amount pending on 31-3-1982</i>	<i>Amount pending as on 31-3-1985 in respect of arrears upto 31-3-1982</i>
	<i>(Figures in Rs. in lacs)</i>	
Sales Tax	1489.04	958.21
State Excise	226.28	158.56
Taxes on Goods and Passengers	34.60	8.35
Total	1749.92	1125.12

Reasonwise break up of the above arrears is given below :—

	<i>(Figures in Rs. in lacs)</i>		
	<i>Sales Tax</i>	<i>State Excise</i>	<i>Taxes on Goods & Passengers</i>
1. Due to amount held under stay	324.47	45.75	0.20
2. Instalment	13.55	33.77	—
3. Inter State/Distt. defaulters	97.00	27.42	2.11
4. Property attached	112.54	0.25	0.23
5. Firms in liquidation	346.95	—	0.01
6. Moved for writing off	38.07	1.70	0.24
7. Other Reasons	19.71	—	0.69
8. Recoverable arrears	5.92	49.67	4.87
Total	958.21	158.56	8.35

From the above, it would appear that old arrears have been reduced by Rs. 624.80 lacs.

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

<i>Name of the Act</i>	<i>Amount outstanding as on 31-3-1982 in respect of arrears upto 31-3-1977</i>	<i>Amount outstanding on 31-3-1985 in respect of arrears upto 31-3-1977</i> <i>(figures in Rs. in lacs)</i>
Sales Tax	234.66	231.20
State Excise	49.25	6.31
Taxes on Goods and Passengers	3.56	2.33
Total	287.47	239.84

From the above it would appear that arrear to the extent of Rs. 47.63 lacs has been realised.

Monthly meetings of the departmental officers are held and they are impressed upon to take effective steps for recovery of old outstanding arrears.

The reasons for non-clearance of pending arrears are as under :—

(Figures in Rs. in lacs)

	Sales Tax	State Excise	Taxes on Goods & Passengers
Amount held under stay	162.03	0.84	—
Amount under instalment	6.28	2.51	0.10
Inter State/Distt. defaulters	5.42	1.63	1.39
Property attached	—	0.25	0.01
Firm under liquidation	29.59	—	—
Amount moved for writing off	18.25	0.50	0.24
Other Reasons	6.18	—	0.38
Recoverable arrears	3.45	0.58	0.21
Total	231.20	6.31	2.33

From the above break up of the pending arrears, it would be seen that major portion of the arrears relates to amount under stay and pertaining to firms under liquidation for which cases are being pursued by the department with concerned courts/authorities.

The arrears represent only 1.29 percent of the total collection made upto 31-3-1985 and does not affect the ways and means position of the State Government."

During the course of oral examination the departmental representative stated that from 1-4-1985 to 30-9-1985 a sum of Rs. 5.55 crores had been recovered and in this way the progress of recovery was good. The arrears were mainly due to number of cases pending in the courts. In some cases the department had even attached property of the defaulters and Rs. 1.62 crores pertaining to sales tax could not be recovered because the stay had been granted in the cases.

The Committee observes that pace of recovery of tax amount is very slow as a huge amount of arrears still remain to be recovered, which include cases where stay against recovery had been granted by various courts/departmental officers, cases where property has been attached or firms have gone in liquidation.

The Committee recommend that immediate action may be taken to finalise cases where stay has been granted by the departmental officers and cases of stay by the courts be pursued more affectively to get the stay vacated in these cases.

The Committee further recommend that in cases where the properties have been attached be disposed of expeditiously to recover the Government dues after following the proper procedure.

The Committee also desire that in the cases of firms under liquidation, the matter may be taken up with the official liquidators appointed, if any, for lodging the claims of recovery.

Paragraph : 1 6. Outstanding inspection reports

[55] 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. Government have directed that first replies to inspection reports should be sent within six weeks. Half-yearly reports of audit objections outstanding for more than six months are also forwarded to Government to expedite their settlement.

At the end of October 1982, 1,026 inspection reports (issued upto March 1982) containing 8,394 paragraphs therein remained unsettled. Figures for the two preceding years are also given below :—

	<i>As at the end of</i>		
	<i>November 1980</i>	<i>November 1981</i>	<i>October 1982</i>
Number of inspection reports with unsettled paragraphs	775	899	1,026
Number of unsettled paragraphs	7,271	7,855	8,394

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

<i>Year</i>	<i>Number of Number of Inspection paragraphs Reports</i>	
Upto 1977-78	441	3,095
1978-79	71	537
1979-80	148	1,455
1980-81	164	1,347
1981-82	202	1,960
Total	1,026	8,394

In respect of 79 inspection reports, issued between March 1980 to March 1982, even the first replies had not been received (October 1982). The break-up of outstanding objections are given in Appendix—IV of the report.

In their written reply the department stated as under :—

“Latest position of the outstanding inspection Reports/paras vis-a-vis others outstanding as on 31-10-1982 is given below :—

SALES TAX

<i>Year</i>		<i>Outstanding as on 31-3-1982</i>	
		<i>Number of Inspection Reports</i>	<i>No. of paras</i>
Upto	1977-78	93	524
	1978-79	7	118
	1979-80	18	300
	1980-81	15	248
	1981-82	19	324
Total		152	1514
<i>Year</i>		<i>Outstanding as on 31-3-1985</i>	
		<i>Number of Inspection Reports</i>	<i>No. of paras</i>
Upto	1977-78	79	426
	1978-79	12	211
	1979-80	12	177
	1980-81	12	160
	1981-82	13	264
Total		128	1238

From the above, it would appear that 24 Inspection Reports and 276 paras have since been got settled.

STATE EXCISE

<i>Year</i>		<i>Outstanding as on 31-10-1982</i>	
		<i>Number of Inspection Reports</i>	<i>No. of paras</i>
upto	1977-78	49	210
	1978-79	—	—
	1979-80	13	60
	1980-81	26	111
	1981-82	12	145
Total		100	526

<i>Year</i>		<i>Outstanding as on 31-3-85</i>	
		<i>Number of Inspection Reports</i>	<i>No. of paras</i>
upto	1977-78	27	57
	1978-79	5	17
	1979-80	11	34
	1980-81	10	29
	1981-82	10	21
Total		73	158

From the above, it would appear that 27 Inspection reports and 368 paras have since been got settled.

<i>P.G.T. Year</i>		<i>Outstanding as on 31-3-82</i>	
		<i>Number of Inspection Reports</i>	<i>No. of paras</i>
Upto	1977-78	43	162
	1978-79	—	—
	1979-80	11	45
	1980-81	26	100
	1981-82	16	76
Total		96	383

<i>Year</i>		<i>Outstanding as on 31-3-85</i>	
		<i>Number of Inspection Reports</i>	<i>No. of paras</i>
Upto	1977-78	12	19
	1978-79	3	5
	1979-80	5	6
	1980-81	3	4
	1981-82	6	10
Total		29	44

From the above, it would appear that 67 reports containing 339 paras have since been got settled.

Entt. Duty and Show Tax

As on 31-3-82

81 129

As on 31-3-85

29 36

From the above, it would appear that 52 reports containing 93 paras in respect of Entt. Duty and Show Tax have been got settled. In all the department have got settled 170 Inspection reports containing 1076 paras.

Position of the outstanding Accountant General's paras/No. of paras is discussed in the monthly meeting of the departmental officers. Instructions have also been issued to all the Dy. Excise and Taxation Commissioners to get the maximum number of paras settled by personal discussion/getting the reply verified at the time of review/inspection by the Accountant General's Audit Parties.

Not a single report to which first reply is yet to be submitted is pending pertaining to this department."

During the course of oral examination the departmental representative informed the Committee that during the year 1984-85, 2,214 cases were assessed in different districts out of which 366 cases were found under-assessed and a sum of Rs. 19,33,000 was involved and during the assessment Rs. 3.44 lakhs were demanded for which recovery is in progress.

The Committee are not happy with the progress of settlement of old audit objections and desire that the department should streamline the working of internal audit wing and take effective steps to settle long outstanding objections expeditiously under report to them. It further desire that department should maintain proper record to keep watch over progress of settlement of objections and number of outstanding cases,

Paragraph : 2 1. Results of audit

[56]. The test check of sales tax assessments and other records in the twelve districts done in audit during the year 1981-82 revealed under assessment of tax amounting to Rs. 50.83 lakhs in 619 cases which broadly fall under the following categories :—

	<i>Number of cases</i>	<i>Amount (In lakhs of rupees)</i>
1. Under-assessment of tax under the Central Sales Tax Act	78	8.23
2. Incorrect computation of turnover	232	22.69
3. Non-levy or short levy of penalty	89	12.29
4. Interest not charged	131	3.12
5. Application of incorrect rate of tax	45	1.71
6. Others	44	2.79
Total	619	50.83

Some of the important cases are mentioned in the next paragraphs.

In their written reply the department stated as under :—

“Actual number of cases is 635 involving Rs. 50.82 lacs and not 619 cases involving Rs. 50.83 lacs as pointed out by the CAG in his report.

Out of 635 cases involving Rs. 50.82 lacs, 159 cases involving Rs. 18.82 lacs have been got settled without accepting the additional demand. Further 127 cases involving Rs. 4.85 lacs were got settled after admitting the additional demand in part thus leaving a balance of 349 cases amounting to Rs. 27.15 lacs. In respect of 132 cases involving Rs. 10.99 lacs compliance to Accountant General's observations has already been made and these cases are ready for review by Accountant General audit party. Thus only 217 cases amounting to Rs. 16.6 lacs are left. It may be stated that 35 cases amounting to Rs. 3.02 lacs are under

suo-motu action with the Joint. Excise and Taxation Commissioner (Appeals) and remaining 182 cases amounting to Rs. 13 15 lacs are under process with various assessing authorities in the field. The department is conducting internal audit of Sales Tax assessments finalised by the Assessing Authorities through the Excise and Taxation Officers (Inspection) such Inspecting Officers remained posted during the year 1984-85 at various districts. They inspected 2214 assessment cases during the year and found under assessment or short/escaped assessment in 366 cases.

In order to ensure proper assessment of Sales Tax cases, 7 posts of the Excise and Taxation Officers (Inspection) have been got upgraded as Deputy Excise and Taxation Commissioners (Inspection) and that of Deputy Excise and Taxation Commissioner (I/E) in the Head Office to the post of Joint Excise and Taxation Commissioner (I/E). By creating this internal audit cell, the work of this cell will be more effective and efficient. Besides more post of Excise and Taxation Officers and Assistant Excise and Taxation Officers have been got sanctioned. Apart from this, the assessing authorities are being imparted training in the Training School run by the department at Chandigarh. Emphasis is also laid on disposal of old pending cases on priority basis to ensure better and proper assessment working of the assessing authorities is also being reviewed quarterly by the Officers at the Headquarters. Deputy Excise and Taxation Commissioners Incharge of the districts also review monthly the working of all the assessing authority working under them.

Explanation to Assessing Authorities who have been found responsible for not making correct assessment have been asked for. Necessary action will be taken against them in due course."

ANNEXURE

Category	Cases pointed out by AG	Amount (In lacs)	Cases settled without any additional demand		Cases settled with additional demand		Pending with Jt. ETC (A)		Pending with Assessing Authority		Compliance pending for review	
			Cases	Amount (In lacs)	Cases	Amount (In lacs)	Cases	Amount (In lacs)	Cases	Amount (In lacs)	Cases	Amount
Under assessment under CST.	84	956761.	29	168783	13	318068	3	88919	23	87840	16	169952
Incorrect computation of turnover.	226	2134349	77	1051852	30	74136	11	79453	71	606395	37	272346
Non/Short levy of penalty.	89	1227086	24	290526	6	54442	14	117467	24	402675	21	356309
Non levy of Interest.	147	312427	16	13843	52	106689	3	13740	36	123729	40	42383
Application of Incorrect rate of tax.	47	172535	10	64691	11	8749	4	2365	18	58546	4	37726
Others	42	278664	3	625	15	22508	—	—	10	35374	14	220157
Total	635	5081772.	159	1590320	127	484592	35	301944	182	1314559	132	1098873
				+ 291484**								
				1881804								

**Rs 291484/-Additional demand not admitted in full, but para got settled.

During the course of oral examination the departmental representative stated that internal audit wing has been further strengthened to detect cases of under-assessment. To a pointed question whether the department has maintained the record to show names of the officers who have committed repeated mistakes in framing assessments and action taken against them, the departmental representative informed that the register has been prepared and is also being completed.

The Committee desire that cases pending with assessing/revisional authorities be finalised early under report to them.

The Committee also desire that complete record showing number of incorrect assessments made by each assessing authority and action taken against them be prepared and brought before it at the time of discussion.

Paragraph 2.2. Failure to levy tax

[57] The Haryana General Sales Tax Act, 1973 provides that a dealer can, on the authority of his certificate of registration, purchase, without having to pay tax, goods, other than those on which tax is leviable at the first stage, for sale in the State or for use in the manufacture of other goods (such other goods not being free of tax on sale) meant for re-sale in the State or for sale in the course of inter-State trade or commerce or for sale in the course of export out of India. When goods so purchased are disposed of as such or as manufactured goods otherwise than by way of sale or re-sale under circumstances in which no tax is leviable, there shall be levied a tax on the purchase of such goods at the rate applicable under the Act.

In Rohtak district, a dealer exported items valuing Rs. 18.93 lakhs during the year 1979-80 and was allowed exemption from tax on sale in the course of such export. The items not having paid tax on sale in the course of export, tax was leviable on the purchase of goods going into the manufacture of the items. However, the assessing authority failed to levy tax of Rs. 73,440 on the purchase value (approximately Rs. 18.00 lakhs) of the goods going into the manufacture of the exported items.

On the mistake being pointed out in audit (May 1981), the department stated (February 1982) that the case had been referred to the Revisional Authority for *suo-motu* action for recovery of the amount. Report on action taken is awaited.

In their written reply the department stated as under :—

“This case pertains to M/s National Gum and Chemicals Limited, Bahadurgarh, for the assessment year 1979-80. The case was remanded by Revisional Authority on 11-1-1985. Re-assessment is yet to be framed.”

During the course of oral examination the departmental representative stated that in the case of M/s National Gum and Chemical Ltd., Bahadurgarh, the revisional authority demanded a sum of Rs. 1,43,000 on account of re-assessment finalised on 1-11-1985. He further informed that the firm had closed down its business and one of the partner of the said firm was kept in civil prison for 40 days.

The Committee observe that keeping a person in the civil prison does not mean that the amount has been recovered and desire that strenuous efforts be made to recover the amount early under report to them. It also desire that action against the assessing authority responsible for framing defective assessment be finalised early and report sent to them.

Paragraph 2.3. Incorrect computation of tax on inter-State sales

[58] As per the provisions of the Central Sales Tax Act, 1956, on inter-State sales, tax is leviable at a concessional rate when such sales are made to registered dealers and Government departments and are supported by declarations/certificates given by the purchasing dealers or the department to that effect. Otherwise such sales are taxed as under :—

- (a) if under the State law, rate of tax on the commodity is lower than 4 per cent, then at rate in the State law;
- (b) if the rate under State law is 4 per cent or above but does not exceed 10 per cent then at 10 per cent;
- (c) if the commodity is a "declared good" then at double the rate of tax leviable under the State law; and
- (d) if the rate under State law exceeds 10 per cent then at the rate under the State law.

(i) In an assessment done in Jind, on inter-State sales amounting to Rs. 6 02 lakhs (including sale of declared goods for Rs 1 67 lakhs) effected during the year 1975-76 but after 1st July 1975 tax was levied at the concessional rate of 4 per cent even though the sales were not supported by prescribed declarations from the purchasing dealers. The irregular grant of concessional rate resulted in tax being levied short by Rs. 32,805.

On the mistake being pointed out in audit (December 1980), the department stated (May 1982) that the dealer had intended to furnish the declarations and since he had failed, the tax would be reassessed in revision. There is no provision in law for assessment being done based on intentions in lieu of prescribed declarations.

The case was reported to Government in July 1982; their reply is awaited (December 1982).

* * * * *

In their written reply the department stated as under :—

"This case pertains to M/s Jain Brothers Jind for the Assessment Year 1975-76. The case was referred for *suo-motu* action on 29-5-82 and was remanded on 24-2-83. Re-assessment was framed on 12-12-83 and an additional demand of Rs. 1,09,035 was created. Out of which Rs. 81,035 were realised leaving a balance of Rs. 28,000 for which the dealer requested for fixing the instalments and in the mean time also filed appeal. The case was remanded by Joint Excise and Taxation Commissioner (A) on 12-3-84. Re-assessment is yet to be framed. Reply to various questions is given below :—

In such case where the dealer is unable to produce

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'C and D' forms before the Assessing Authority, he (Assessing Authority) is fully justified to tax the dealer on the commodities in accordance with rates prevalent during that year. However the facts are being ascertained from the concerned Officer.

The assessment was framed by Shri Inder Singh, Assessing Authority who has since retired on 31-1-1980.

Regular internal audit is conducted by the Department to avoid re-occurrence of such lapses in future. Seven posts of Excise and Taxation Officers (Inspection) have also been got up-graded as Dy. Excise and Taxation Commissioner (Inspection) and that of Deputy Excise and Taxation Commissioner (I/E) in the Head Office to that of Joint Excise and Taxation Commissioner (I/E). This wing will now function more effectively. To ensure proper assessment of Sales tax assessment cases more posts of Excise and Taxation Officers and Assistant Excise and Taxation Officers have been got sanctioned. Apart from this the Assessing Authority are being imparted training in the Training School run by the department at Chandigarh. Emphasis is also laid on disposal of old pending cases on priority basis to ensure better and proper assessment. Working of the assessing authority is also being reviewed quarterly by the officers at the Headquarters Dy. Excise and Taxation Commissioners. Incharge of the districts also review monthly, the working of all the assessing authorities working under them.

Re-assessment in this case is yet to be framed.

On being pointing out by Accountant General the case was referred for *suo-motu* action in May 1982 and was remanded by Revisional Authority on 24-2-83 and out of additional demand of Rs. 1,09,035 and Rs. 81,035 were get deposited from the dealer.

* * * * *

During the course of oral examination the Committee desired to know the reasons for incorrect assessment made by the assessing authorities in the case of M/s Jain Brothers, Jind, on 24th February, 1983, at the first instance and subsequent re-assessment on 12-12-1983. The departmental representative assured the Committee that they will find out the facts in this case and reply in regard thereto will be sent to the Committee within one month.

The Department vide their letter No. 105-ET(8)-86/9411, dated the 24th March, 1986 sending copies of the judgement of the appellate authorities informed the position as under :—

“That the total tax amounting to Rs. 1,17,802 60 was assessed vide order dated 12-12-83. The dealer had paid 8768 voluntary leaving a balance of Rs. 1,09,035. The dealer went in appeal against the order dated 12-12-83 and the joint

Excise and Taxation Commissioner (Appeals) Rohtak remanded the case because of some mistake in the calculation. The case was again decided on 31-7-85, in the light of the observation made by the appellate authority and after removing the mistake in calculation, the total tax worked out to Rs. 1,17,381 and 20 paise. An additional demand of Rs. 1,09,613.20 was created after deducting. The tax paid voluntarily i.e. Rs. 8,768 interest for the period from 1-8-75 to 31-7-85 amounting to Rs. 1,29,359 had been calculated after allowing the benefit of tax deposited by the dealer in instalment during this period. The interest on this total tax due has been levied in accordance with the Supreme Court Judgement in the case. Associated and Cement Company V/S Commercial Tax Officer Kota and others (S.C. 48, STC 466) after adding the interest total tax due comes at Rs. 2,38,972.20 and the dealer had deposited Rs. 1,76,455 in instalment during the intervening period thus leaving thereby tax due at Rs. 1,62,517 20 or say Rs. 1,62,517 the difference of Rs. 52,904 is due to the levy of interest amounting to Rs. 1,29,359 in the light of the judgement referred to above and after making adjustment of Rs. 76,455 deposited by the assessee in instalment."

The Committee are constrained to observe that assessment for the year 1975-76 had not been framed correctly by the assessing authority and thereafter there was lapse of nine years in initiating rectificatory proceedings. The Committee, therefore, desire that assessment proceedings should be initiated immediately after close of the financial year and finalised early to avoid accumulation of arrears of tax. It further desire that remand cases should be taken up on priority basis in the interest of Government revenue.

The Committee further desire that action against the assessing authority responsible for framing defective assessments be finalised early under report to them.

The Committee also desire that the outstanding amount be recovered expeditiously under report to them.

Paragraph 2 4. Incorrect grant of exemptions

[59] (i) As per a notification issued on 10th March 1978, co-operative societies are exempt from payment of tax so long as their gross turnover remains below Rs. 75,000 in a year, subject to their obtaining an exemption certificate in the prescribed form from the assessing authority.

Three co-operative societies operating brick kilns (one in Narnaul and two in Jind districts) claimed and were allowed the above said exemption though the gross turnover of each of the kilns exceeded Rs. 75,000 during the year 1977-78. This resulted in under assessment of tax of Rs. 48,610.

On the mistake being pointed out in audit (January 1980 to March 1980), the department is considering revision of the assessment in

two cases. The decision thereon and reply on the third case are awaited (December 1982).

The cases were reported to Government in June 1982, their reply is awaited (December 1982).

(ii) As per provisions of Haryana General Sales Tax Act, 1973, levy of tax is exempt on bakery goods prepared without use of power if sold otherwise than in containers and packets by bakers dealing exclusively in such goods.

In Kurukshetra, on sale of bakery goods amounting to Rs. 1,17,675 made during the year 1978-79, a dealer was exempted from levy of tax, similar exemption having been allowed during the years 1974-75 to 1977-78 also. As per his trading account and quarterly returns the dealer was trading in other goods also and was not dealing exclusively in bakery goods. This resulted in irregular exemption from levy of tax amounting to Rs. 8,402 which should have been realised in respect of the year 1978-79.

On the omission being pointed out (May 1981) in audit, sales for the years 1974-75 to 1978-79 were reassessed (November 1981 and June 1982) to tax, and further demand for Rs. 27,765 (including penalty of Rs. 5,100) was raised (July 1982 and September 1982) in respect of sales for the years 1974-75 to 1976-77. Demand in respect of the subsequent two years 1977-78 and 1978-79 is under assessment.

The cases were reported to Government in October 1982; their reply is awaited (December 1982)

(iii) As per the Haryana General Sales Tax Act, 1973, credit for tax paid on purchase of goods is allowed to the dealer provided he proves to the satisfaction of the assessing authority that the goods were used in the manufacture of other finished goods for sale.

In Jagadhari a dealer was allowed credit for tax amounting to Rs 12,705 paid in 1975-76 while assessing him in November 1978, on the ground that the tax was paid on the purchases of furnace oil, transformer oil, cylinder oil and mobil oil which were to be used for manufacture of goods for sale. However, the goods were neither resold as such nor used in the manufacture of goods for sale but were used to operate a machine for manufacture of starch. Accordingly credit being wrongly given resulted in tax being levied short by Rs 12,705

On the mistake being pointed out in audit (March 1980), the department initiated action (December 1981) for revision of assessment in Revenue Report on rectification is awaited (December 1982)

The case was reported to Government in August 1982, their reply is a waited (December 1982)

The department in their written reply stated as under :—

"M/s Azad Brick Kiln Production Society, Narwana

The *suo-motu* case was remanded on 28-6-82. The party

has gone in appeal to 'Sales Tax Tribunal. The case is pending with Tribunal."

During the course of oral examination the departmental representative informed that M/s Azad Brick Kilns Production Society, Narwana, has filed an appeal and at present the case is pending with the Tribunal. The case had been fixed for hearing on 16-12-1985.

The Committee desire that the case pending with the Tribunal be pursued vigorously and got finalised early under report to them.

Paragraph : 2 5. Mistakes in applying rates and in calculation

[60] (i) As per notification issued in April 1975, on sale of foodgrains rate of tax leviable was raised from 3 per cent to 4 per cent, with effect from 18th April 1975

In assessing four dealers on sale of foodgrains amounting to Rs. 14.74 lakhs during the period from 18th April 1975 to 30th June 1976 which sales were made in the course of inter-State trade, tax was levied at the rate of 3 per cent instead of 4 per cent. This resulted in tax being levied short by Rs. 14,694.

On the mistake being pointed out in audit (between September 1979 to September 1981), the department raised (in January 1981 and October 1981) additional demand for Rs. 7,990 (in two cases) and referred (July 1980 and April 1981) the other two cases for revision of assessment.

The case was reported to Government in July 1982; their reply is awaited (December 1982).

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(iii) Three dealers, one each in Jmd, Hissar and Rohtak districts, were under-assessed to tax by Rs. 23,867 for the years 1972-73, 1977-78 and 1979-80 owing to mistakes in calculation of tax payable or due to incorrect adoption of figures

On the omissions being pointed out in audit (in November 1978 and September 1981), the assessing authorities rectified the mistakes in two cases and raised (January and March 1982) additional demand for Rs. 21,013 (including interest of Rs. 1,692) and referred (November 1982) the third case (of tax effect Rs. 4,546) to the Revisional Authority for *suo-motu* action for recovery

The department in their written reply stated as under :—

"This case pertains to four dealers viz. M/s Durga Dal Mills, Hodel Assessment year 1975-76 and 1976-77.

M/s Parkash Oil and Flour Mills, Ballabgarh Assessment year 1975-76 and 1976-77.

M/s Vijay Dal Mills, Rewari Assessment year 1975-76 and 1976-77.

M/s Khazanchi Lal Surjit Bahadur, Kaithal Assessment year 1975-76 and 1976-77.

Reply to Q No. 1, 3 and 5

The case sent for *suo-motu* on 15-4-81 and was remanded on 12-10-83. Re-assessment in this case is yet to be made. The case was fixed for hearing on 14-6-85

In this case additional demand of Rs. 2,139 already stand recovered. The original assessment was framed by Sh. K S Yadav, Assessing Authority whose explanations were called and were considered by the Committee appointed by the Excise and Taxation Commissioner in this behalf. The explanations were not found satisfactory and a warning has been issued to the officer to be careful in future.

The case was remanded on 20-9-84 and re-assessment in this case is yet to be framed.

Case at Sr No. 4 additional demand of Rs. 4,851 already stands recovered. The assessment in this case was framed by Shri M L. Kapoor, Assessing Authority who has since retired on 30-11-83.

The amendments made from time to time are circulated to all the Assessing Authorities Annual Sales Tax circulars are also printed by the department every year. In these circulars, the instructions/guidelines issued amendments made in the law and various judicial pronouncements circulated in the year, are compiled and are provided to the assessing authorities for guidance and ready reference

Regular internal audit is conducted by the Department to avoid re-occurrence of such lapses in future. Seven posts of Excise and Taxation Officers (Inspection) have also been got up-graded as Dy. Excise and Taxation Commissioners (Inspection) and that of Deputy Excise and Taxation Commissioner (I/E) in the Head Office to that of Joint Excise and Taxation Commissioner (I/E). This wing will now function more effectively. To ensure proper assessment of sales tax assessment cases, more posts of Excise and Taxation Officers and Assistant Excise and Taxation Officers have been got sanctioned. Apart from this the assessing authorities are being imparted training in the training school run by the department at Chandigarh. Emphasis is also laid on disposal of old pending cases on priority basis to ensure better and proper assessment. Working of the assessing authority is also being reviewed quarterly by the officers at the Head quarters Deputy Excise and Taxation Commissioners. Incharge of the districts also reviewed monthly,

the working of all the assessing authorities working under them.

* * * * *

This point pertains to following three dealers.

M/s Industrial Cables (India) Jind.

M/s Om Parkash Risal Singh, Jhajjar.

M/s Mangat Ram Ram Avtar, Hissar.

In respect of case No. 1, additional demand of Rs. 10,000 already stands recovered. Assessment in this case was framed by Shri M.S. Malhotra, Assessing Authority whose explanations were not considered satisfactory and a warning has been issued to him.

In respect of case at Sr. No. 2, additional demand of Rs. 11,013 already stands recovered. Assessment in this case was framed by Mrs. S.M. Chhikara, Assessing Authority whose explanations were not found satisfactory and a warning has been issued to her.

The case at Sr. No. 3 was sent for *suo-motu*, re-assessment was framed and additional demand of Rs. 4,546 was created. The firm has gone under liquidation. An amount of Rs. 5,000 each from the tow sureties has been recovered on 31-1-1984 and 28-3-84. Assessment in this case was framed by Sh. D.P. Kirar, whose explanations were not found satisfactory and a warning has been issued to him.

Reply to various questions is given below :—

1. Since the explanations of Assessing Authorities were not found satisfactory, they have already been warned as stated above.
2. Kindly persue reply to question No. 4 to para 2.5(i).
3. Additional demand of Rs. 4,546 in this case was also created.
4. The amount has been recovered from the surities.
5. No such case is in the knowledge of the department so far as Shri M.S. Malhotra and Mrs. Chhikara are concerned. As regards Sh. D.P. Kirar Assessing Authority, he is also responsible in the assessment case mentioned in para 2.7(i)(b)."

During the course of oral examination the departmental representative stated that the case was remanded for re-assessment and the

revised assessment was framed on 19th July, 1985. Additional demand is likely to be recovered shortly. To a pointed question of the Committee as to why the revised rate of tax on sales of foodgrains from 3% to 4% was not charged the departmental representative stated that this increase was made in the middle of the year and as such the assessing authority could not re-collect the revision of rate of tax and charged tax at the old rate. To another question of the Committee as to whether the said letter of revised rates had not been received by the assessing authority, the departmental representative informed that the letter must have been received by him as it was issued in the form of a notification. However, he admitted that it was a mistake on the part of the assessing authority for which he had been warned to be careful.

The Committee is not satisfied with the reply of the department and desire that the defaulting assessing authority be suitably punished, the recovery of the balance amount where due be effected and the Committee be informed within three months.

The Committee felt that revisional/appellate authorities generally take 2 to 5 years in finalising rectificatory proceedings which adversely affect the interest of the Government as demands raised sometimes become irrecoverable with the passage of time besides resulting in accumulation of arrears. It, therefore, desire that the department should evolve some definite procedure to ensure that action in such cases be invariably initiated promptly and delay in finalisation is avoided. The Committee further desire that amount of additional demand be recovered expeditiously under report to them.

Paragraph : 2 6. Failure to take timely action to safeguard revenue

[61] In Ambala, a dealer was assessed for the year 1973-74 on 28th March 1977 and net demand for sales tax amounting to Rs 23,318, was raised but only Rs. 5,518 could be recovered. Further for the year 1972-73 demand for Rs. 21,700 was still to be realised. For the subsequent years 1974-75, 1975-76 and 1976-77 assessments were done on 3rd November 1981 and for the years 1977-78, 1978-79 and 1979-80 on 23rd - December 1981 raising additional demands for Rs. 3,24,786 all of which have not been realised. The department lodged a claim for the amount with the Sub-judge 1st Class, Patiala on 30th June 1982

Though the assessee is required to deposit tax quarterly along-with returns, no action had been taken to use coercive and legal measures to make recoveries from him during the years 1973-74 to 1981-82 when default in payment of tax for successive years was already known to the department. Even after the failure to effect recoveries was pointed out in audit in May 1978, the department had taken no action to safeguard revenue. The delays and inaction have resulted in non-recovery of tax amounting to Rs 3,64,286 besides loss of interest and non-recovery of penalty leviable.

The cases were reported to Government in August 1982; their reply is awaited (December 1982).

The department in their written reply stated as under :—

“Failure to take timely action to safeguard revenue.

This case pertains to M/s Eastern Commercial Private Ltd.
A sum of Rs. 3,64,286 is outstanding against this firm

Since this firm ceased to exist in the year 1976, no proper persons were available for getting the assessment finalised. Even in these circumstances the assessments were framed within the period of limitation and no case was allowed to become time barred

The assessment is framed annually according to the financial year running from 1st April to 31st March, in next year Last return for the period ending 31st March is filed by 30th April where after a case becomes instituted for assessment. The Assessing Authority is required to issue notice for assessment in such instituted cases. In this respect instructions have been issued to accord priority to the assessment cases of older periods. On the appointed date the returns filed and other documents submitted are verified from the Accounts Books kept and produced by the dealer. If the assessing Authority is satisfied or otherwise, he finalises the assessment and pronounce the decision to the assessee or his representative appeared. After pronouncement of the decision the Tax Demand Notice with Challan and a copy of the order so pronounced are delivered to the assessee concerned. Through the tax demand notice the assessee concerned is required to deposit the additional tax payable by him, if any, as determined within the periods stipulated but not exceeding a month from the date of service of tax demand notice on him. In this case also the assessments for all these years were finalised by following the proper procedure. Substituted service had to be effected as no person was available.

Since the assessment were finalised within the prescribed limitation, so there was no question of fixing the responsibility on any official/Assessing Authority.

Returns were not filed in time and notices were sent. No action could, however, be taken as the firm stood closed from 1976, the amount mainly represented penalty under section 46

More posts of Excise and Taxation Officers and Assistant Excise and Taxation Officers have been got sanctioned. Instructions have been issued to frame assessment of the cases of older period on priority basis. Internal Audit of Sales Tax assessments is also undertaken by the Internal Inspection Wing. To make the Internal Audit Wing more active Seven posts of Excise and Taxation Officer (Inspection) have been got up graded as Deputy Excise and Taxation Commissioners (Inspection) and that Deputy Excise and Taxation

Commissioner (I/E) in the Head Office to that of Joint Excise and Taxation Commissioner (I/E). It is expected that internal audit wing will now function more effectively and efficiently. The amount of Rs. 3,64,286 is still outstanding against the firm. The firm has already pledged its property with the Bank authorities (State Bank of Patiala, Kalka). The bank has already filed a Civil Suit restraining the department from auction of the properties of the firm at Pinjore already attached by the Department. The case is still pending in the court and is now fixed for 23-9-85."

During the course of oral evidence the departmental representative informed the Committee that the firm ceased to exist after 1976. The department had got the property of the firm attached. Auction of the property of the M/s Eastern Commercial Pvt. Ltd. had been fixed for 15-1-86 but chances of recovery are very remote because the department holds fourth charge on the assets of the firm. In case no amount is realised then the Government will be approached to write off the said amount. To a question put by the Committee that when this matter pertained to the year 1972-73 why it had not been decided by the department earlier, the departmental representative informed that the ETC had ordered for an enquiry in the matter and responsibility will be fixed after the report is received.

The Committee is pained to observe that disciplinary enquiry which should have been conducted much earlier, had been ordered at a very late stage. It, therefore, desire that the enquiry should be finalised expeditiously and report sent to them within three months as promised.

The Committee also deplore the tendency of not initiating timely action to finalise assessments and impress upon the department to be more vigilant and promptly decide cases where any dealer has closed down his business or where irregularities in accounts/default in payment of tax with returns are persisting from year to year.

Paragraph 2 7 Non-levy or short levy of penalty

[62] (i) The Haryana General Sales Tax Act, 1973, requires that if a dealer has maintained false or incorrect accounts with a view to suppressing his sales or purchases, or has furnished any return or information which is false or incorrect he is liable to pay by way of penalty, in addition to the tax, 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.

(b) In Hissar district, a dealer suppressed in his return information on inter-State sales amounting to Rs. 5.43 lakhs made during the year 1974-75. On detection the assessing authority levied tax on the said sales but did not levy penalty for suppression.

On the omission being pointed out in audit (August 1977), the department levied (March 1981) penalty of Rs. 40,000 but stated (June 1982) that recovery could not be made as the dealer had closed down his business and was residing in Orissa and that recovery certificate had been issued (January 1981) to the Collector Bolangir. Report on recovery is awaited.

The case was reported to Government in August 1982; their reply is awaited (December 1982).

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The department in their written reply stated as under :—

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“(b) The case pertains to M/s Goyal Cotton Ginning and Dall Mills, Hissar for the assessment year 1974-75 regarding non-recovery of Rs. 40,000 levied as penalty. As the dealer had closed his business no recovery could be effected from him and recovery certificate was issued to the Collector Bolangir (Orissa) on 20-1-81 and the case is being vigorously pursued with the Collector but no response is being received from him. However, efforts are being made to recover the amount from the sureties

The assessing Authority had detected the suppression of sale and made additions in the gross turn over. He had mentioned in the order that penal action will be taken separately. Thereafter he was transferred and action could not be taken immediately against the dealer.

* * * * *

The case pertains to M/s Singla Oil Mills, Jind for Assessment year 1975-76.

Reply to various questions is as under :—

The assessment in this case was framed by Shri O P. Miglani, Assessing Authority, whose explanation have been called.

Explanation of the Assessing Authority are still awaited.

Penalty of Rs. 36,835 was imposed in this case. Out of this Rs. 22,335 have been recovered up to 31-1-85 leaving a balance of Rs. 14,500 which is being recovered in instalment of Rs. 250 P M.”

* * * * *

During the course of oral examination the departmental representative informed that the case of M/s Goyal Cotton Ginning and Dall

Mills, Hissar has been decided and the party had deposited Rs. 3,760. Recovery of the balance amount has been ordered in instalments of Rs. 3,000 per month.

The departmental representative further informed that in the case of M/s Singla Oil Mills, Jind the assessing authority had been called upon to explain the position but the relevant file was not traceable and as such the matter is still under consideration. He, however, assured the Committee that it will be informed about the missing file by 30-12-1985, but it is regretted that no information has been received in this regard till the writing of this report.

The Committee desire that the case of M/s Goyal Cotton Ginning and Dall Mills, Hissar be pursued till entire amount is realised.

The Committee further desire in the case of M/s Singla Oil Mills, Jind, action be taken against the officer or official concerned responsible for misplacing the file. It also desire that earnest efforts be made to trace out the missing file and to finalise the case within three months under intimation to the Committee.

Paragraph 2.8. Interest not charged

[63] The Haryana General Sales Tax Act, 1973, as well as the Central Sales Tax Act, 1956, require that a dealer should pay the tax due from him as per his return by the prescribed date. In the event of default, he is liable to pay, in addition, interest on the amount due at one per cent per month from the date following the prescribed date for the first month and at one and a half per cent per month thereafter, for the entire period of default.

(i) Four dealers, two in Ambala and one each in Sonapat and Gurgaon districts, had not paid the tax due as per quarterly returns filed during the year 1973-74 to 1975-76. The assessing authorities did not levy interest on the belated payment of tax.

On this being pointed out in audit (between June 1977 and June 1981), the department raised additional demand for Rs. 1,10,026 of which Rs. 40,172 was realised (between August 1981 and December 1981); report on recovery of the balance amount is awaited (December 1982).

The case was reported to Government in June 1982; their reply is awaited (December 1982).

(ii) In Sonapat district a dealer did not deposit tax amounting to Rs. 1 37 lakhs alongwith the quarterly returns for the 4th quarter of the year 1975-76. The tax was paid on 2nd February 1978, but in the assessment done on 9th February 1979 interest on belated payment of tax was not demanded.

On the omission being pointed out in audit (March 1980), the department raised an additional demand for Rs. 65,313 (February 1982). Report on recovery is awaited (December 1982).

The case was reported to Government in August 1982, their reply is awaited (December 1982).

(iii) In Hissar district payment of tax amounting to Rs. 3.70 lakhs in respect of the first and second quarters of 1976-77 was not paid by a dealer and collection was stayed by the High Court. Though the stay orders were vacated on 7th February 1977 without any orders on the interest for the period of stay, in the assessment done (in September 1980) interest amounting to Rs. 25,642 on the tax due was not charged for the period of delay occasioned by the stay.

On the omission being pointed out in audit (September 1981), the department stated (July 1982) that no interest was chargeable for that period. As held by the Supreme Court in the case of *M/s. Haji Lal Mohammad Biri Works V/s. the State of U.P.* (32 S.T.C. 496) in the absence of any provisions to the contrary in the Act, or any orders to the contrary by the Court interest on arrears of sales tax is leviable for the period for which recovery of sales tax was stayed.

The case was reported to Government in August 1982; their reply is awaited (December 1982).

The department in their written reply stated as under :—

“This sub para pertains to four dealers named below :—

<i>Name of the party</i>	<i>Assessment year</i>	<i>Total amount involved</i>	<i>Recovery already effected as pointed out in para</i>	<i>Balance recovery</i>
(1)	(2)	(3)	(4)	(5)
M/s. Kathuria Electro Metallic, Ambala Cantt.	1973-74 1974-75	10,019	7,435	2,584
M/s. Haryana State Electricity Board, Ambala	1973-74	11,458	11,458	—
M/s. Pure Drinks Ltd., Guigaon	1974-75 1975-76	21,279	21,279	—
M/s. Haryana Vanaspati & General Mills, Kundli	1973-74	67,270	—	67,270

In respect of case at S. No. 1, the balance recovery of Rs. 2584 was made on 1-2-82, the assessment in this case was framed by Shri K.S. Arora, Assessing Authority whose explanation was called. Since his explanation was not found satisfactory He has been cautioned to be more careful in future.

In respect of case at Sr No. 2, total amount already stands recovered as mentioned in para. The Assessment in this

case was framed by Sh. N.S. Bedi, Assessing Authority who has since retired on 30-4-81.

As regards case at Sr No. 3, amount already stands recovered as mentioned in the para. The assessment was framed by Sh. K.S. Dhaka, Assessing Authority, whose explanation has been received and is under consideration of the Department.

In respect of case at Sr. No 4, the recovery of the amount has already been made from June, 1980 to March, 1981. Assessment in this case was framed by Shri N.S. Bedi, who has since retired on 30-4-81.

Replies to various questions is given below :—

In view of the position explained above in respect of our cases mentioned in the para no further reply is called for.

Instructions have been issued to the assessing authorities to impose interest simultaneously to assessment to check that no case goes without imposition of interest. The internal audit wing inspects assessment cases and points out shortcomings, under assessment/escaped assessments which are rectified by the concerned assessing authority. The internal audit wing has now been strengthened. Seven posts of ET Os(I) have been up-graded as DETCs (I/E) and the post of DETC(I/E) in the office that of Joint ETC(I/E).

The Internal Audit Wing consisted of E.T.Os(I) and DETCs (I) points the assessment finalised by the Assessing Authority and points out the shortcoming/under assessments/escaped assessments which are rectified by the concerned assessing authority. The D.E.T.Cs Incharge of the district also have a review in the monthly meeting with their assessing authorities.

This case pertains to M/s. Haryana Conductors Pvt. Ltd., Kundli for the assessment year 1975-76

Assessment in this case was framed by K.S. Nain, Assessing Authority whose explanation has been called for and are still awaited.

Please refer to reply against para 2 8(i) question No. 3.

Please refer to reply against para 2.8(i) question No. 4.

Total amount of interest and penalty recoverable from this party both for 1975-76 and 1976-77 works out to Rs. 1,02,807 against which party has already deposited Rs. 75,551 leaving a balance of Rs. 27,256. This amount will be adjusted against the refund of Rs. 15,512 and Rs. 14,056.

(Total Rs. 2,9568) due to the party for other years.

This case pertains to M/s. Pehlad Rai Dwarka Dass, Hansi Assessment Year 1976-77.

The reply to various questions is given below :—

Assessment in this case was framed by Mrs. Kamlesh Chaudhry, Assessing Authority whose explanation have been received and are under consideration of the department.

Please persue reply to para 2.8(i) question No. 3 above.

Please refer to reply to para 2.8(i) question No. 4 above.

Actual amount of interest worksout to Rs. 22,520 and not Rs. 25,642 as pointed out in the objection. Recovery of Rs. 22,520 has been made from 12/83 to 3/84."

During the course of oral evidence the departmental representative informed that demands for interest chargeable for delayed payment of tax have been raised and recoveries are being made. Action against the assessing authorities held responsible for defective assessments have also been initiated.

The Committee are unhappy to observe that action against defaulting assessing authorities required to be taken early had not been initiated in time and is still pending finalisation. The Committee, therefore, desire that action against the assessing authorities be finalised early under report to them.

The Committee further recommend that disciplinary action should invariably be initiated against the assessing authorities concerned when short assessment is established in any case and all efforts should be made to finalise such case expeditiously.

Paragraph : 2.9. Delays in reassessment of remanded cases

(64) (i) The number of appeals and revision applications arising from assessment of Sales Tax returns made by Sales Tax Officers in the State and the number of appeals and revision applications (referred to as appeal cases) carried forward from year to year are given below :—

	1979-80	1980-81	1981-82
(a) Number of appeal cases brought forward	1,756	1,847	2,510
(b) Number of appeal cases arising during the year	2,810	2,607	2,607
(c) Number of appeal cases finalised during the year	2,719	1,944	2,514
(d) Number of appeal cases carried forward at the end of the year	1,847	2,510	2,603

During the three years referred to above, the Appellate authority at Ambala had jurisdiction over 4 districts and that at Rohtak over 8 districts (from June 1982 a third Appellate authority has been appointed at Faridabad). The Excise and Taxation Commissioner was the Revisional Authority.

(ii) During the three years 1979-80 to 1981-82 the Appellate authority at Ambala having jurisdiction over Ambala, Kurukshetra, Karnal and Sonapat districts remanded 801 cases back to the assessing officers for reassessment, the status of which is detailed below :—

	1979-80	1980-81	1981-82
(a) Total number of cases remanded	341	225	235
(b) Out of (a) above number of cases			
—finalised	155	131	79
—in process of reassessment (July 1982)	45	22	60
—not attended to so far (June 1982)	43	42	75
—on which information is awaited	98	30	21

(iii) The non-availability of information in respect of 149 cases was attributable to poor record keeping in offices of assessing officers and non-maintenance or in-effective maintenance of control registers by them.

(iv) The 160 reassessment cases not attended to so far and delay in processing 127 cases is attributable to there being no time limit in the Act for reassessment of remanded cases.

(v) Delay in reassessment of remanded cases enables the dealer to retain with him the sales tax collected by him from purchasers, pending adjudication of his dispute with the department. In the illustrative cases given below, substantial revenue was denied to Government because of prolonged delays in taking up reassessment and delays in processing the reassessment. The last case illustrates reassessment after prolonged delay.

(a) Consequent to a demand for sales tax amounting to Rs. 1,42,153 relating to sales during the years 1971-72 to 1978-79 being raised against them by Sales Tax Officers, six dealers in Ambala, Karnal and Kurukshetra appealed against the demand and the Appellate Authority remanded (between July 1979 and December 1980) the cases back to the concerned assessing officers for reassessment. The cases have not been reassessed so far (June 1982), resulting in delay in reassessment ranging from one to three years.

(b) Assessment to tax of sales made by a dealer of Jagadhri during the year 1978-79 was finalised on 30th June 1980 and demand

for tax amounting to Rs 74,026 was raised. The dealer had wound up his business at Jagadhri and the demand notice could not be served and recovery proceedings through the Collector, Saharanpur were initiated in March 1981. In the meanwhile the dealer having filed an appeal (in August 1980) the Appellate Authority set aside the assessment and remanded the case back to assessing officer on 17th July 1981. Though the department initiated recovery proceedings speedily the reassessment has not so far been done (June 1982).

(c) On assessing a dealer of Jagadhri on 20th September 1979 in respect of his sales during the year 1977-78 no demand was required to be raised. On receipt of information in August 1980 that his sales amounting to Rs. 3,94,898 and Rs 3,98,891 alleged to have been made to registered dealers in Gurgaon and Ballabgarh were not so made and were liable to tax, the Revisional Authority remanded the case on 2nd December 1980 to the assessing officers for reassessment. The first notice was issued to the dealer in February 1981 followed by five more notices upto the end of June 1981. So far (July 1982) proceedings to realise tax amounting to Rs. 55,565 and surcharge and penalty have not started.

(d) On assessing a dealer of Kurukshetra to tax on his sales during the year 1975-76 demand for tax amounting to Rs. 26,871 was raised on 20th May 1978. On an appeal by the dealer, the Appellate Authority remanded the case in July 1979 to assessing officer for reassessment. The first hearing fixed for 16th January 1980 was adjourned to 6th July 1980 and no further action had been taken so far (July 1982) nor reasons for delay recorded.

(e) On assessing a dealer of Jagadhri to tax on his sales during the year 1975-76 demand for tax amounting to Rs. 51,204 was raised in June 1980. On appeal by the dealer the Appellate Authority remanded the case in November 1980 to the assessing officer for reassessment. The first notice was issued to the dealer in May 1982, i.e., after 18 months. Similarly notice to two dealers of Sonapat on cases, remanded for reassessment in June 1979 and November 1980, were issued in July 1982 and June 1982, respectively, i.e., after delay of 18 months to 3 years.

(f) On assessing a dealer of Kaithal on his sales of rice during the year 1974-75 demand for tax amounting to Rs. 37,197 was raised on 24th November 1977 but subsequently the demand was reduced to Rs. 19,628 as a result of rectification order dated 13th March 1978, but on suppression of purchases of paddy valuing Rs. 4,95,000, a penalty of Rs. 50,000 was imposed on the dealer, against which a sum of Rs 20,000 was deposited by him. The dealer appealed against both the assessment and penalty orders and the Appellate Authority remanded the case back on 31st December 1978 to the assessing officer for reassessment and with directions to take up penalty proceedings if warranted; after the reassessment. However, Rs. 20,000 deposited by the dealer was refunded to him in November 1980 even though there was no direction by the Appellate authority to that effect. The reassessment has not been done so far (July 1982).

(g) On assessing a dealer of Ambala to tax in respect of his

sales for the year 1972-73 demand for tax amounting to Rs. 2,970 was raised on 30th August 1974. Under Sales Tax Act, 1948 the Revisional Authority remanded the case back to the assessing officer on 16th March 1979 to look into under-assessment of tax amounting to Rs. 31,000 and liability for penalty amounting to Rs. 9,000 and make a reassessment. After 23 months as a result of reassessment additional demand for Rs. 39,527 including a penalty of Rs. 9,000 was raised on 29th January 1981, which was realised on 20th February 1981.

The cases illustrated above and the other points coming to notice were reported to Government in October 1982; their reply is awaited (December 1982).

The department in their written reply stated as under :—

“During the year 1980-81 there were two appellate authorities. Both the appellate authorities disposed of 1944 units. It may be stated that appellate authority posted at Rohtak was on earned leave for 52 days whereas the post of appellate authority at Ambala remained vacant for a period of 26 days. Appellate wing has been further strengthened and now there are three appellate authorities.

Increase in pendency as on 31-3-1982 was due to the reasons explained in reply to question No. 1 above. During 1981-82 alone 2607 new appeal cases were instituted against which 2554 cases were finalised which was very much according to the norm fixed by the Department for disposal for various appellate authorities.

Yearwise position of appeals pending as on 31-3-85 is given below :—

<i>Year</i>	<i>No of Appeals pending</i>
(1)	(2)
1977-78	1
1978-79	—
1979-80	9
1980-81	23
1981-82	45
1982-83	60
1983-84	105
1984-85	979
Total	1,222

The reasons for pendency are that in respect of number of cases relating to rice sellers, Haryana Government has stayed the finalisation of assessment. In some cases dealing with ingenuine sales, guidance from Sales Tax Tribunal has been sought. Whereas in some cases appeals are pending in Supreme Court and High Court and before Sales Tax Tribunal. It will be seen that there have been improvement as number of pending cases has been reduced from 2603 on 31-3-82 to 1222 on 31-3-1985

The appointment of Third Appellate Authority has definitely reduced the pendency as compared to outstandings as on 31-3-1982. Yearwise break up of the cases decided by each appellate authority is given below :—

<i>Year</i>	<i>Appellate Authority Ambala</i>	<i>Appellate Authority Rohtak</i>	<i>Appellate Authority Faridabad</i>
(1)	(2)	(3)	(4)
1979-80	1340	1354	—
1980-81	1035	1198	—
1981-82	1004	1459	—
1982-83	1383	1167	950
1983-84	1260	1294	1380

As per report 801 cases were outstanding. Out of which 365 cases were finalised leaving a balance of 436 cases on 31-3-82. These have been categorised in the report as under :—

(i) Cases in the process of re-assessment	127
(ii) Cases not attended so far	160
(iii) Cases in which information is awaited	149

Out of above, details of 127 cases under category (i) were neither supplied in the report nor could be arranged at personal level from Accountant General Office. Out of remaining 309 cases 136 cases have since been decided. In the absence of full details the field officers could not give the position of 127 cases. Remaining cases are under finalisation with various assessing authorities.

As already stated in reply to question No. 1 above, details of 127 cases are not available with us. Accountant General office has been again requested vide letter No. 1228/AA-I, dated 18-7-85 to supply the details. As and when the information is received, the same will be supplied to the Committee.

Year-wise latest position of the remaining cases is as under :—

<i>Year</i>	<i>No. of cases</i>
(1)	(2)
1979-80	94
1980-81	40
1981-82	39
	<hr/> 173 <hr/>

Out of 173 cases, in respect of 21 cases either the names of the firm or their assessment years as mentioned in the lists collected at personal level from Accountant General office do not tally with the record of the district offices. Discrepancy is being reconciled with Audit office. Cases in appeal are remanded by the appellate authorities generally for the reasons that further verification - or re-appraisal of evidence is felt necessary. In conducting such verifications etc by the assessing authorities a lot of labour and time is involved. Some times the department not agreeing with the appeal order initiate *suo-motu* proceedings as a result of which disposal of remand cases is withheld. Similarly the dealer also not agreeing with the appeal order file second appeal with the Sales Tax Tribunal which also withheld the disposal of remand case. Some cases are also delayed due to stay granted by various courts and seizure of account books by various departments of State/Central Govt. Instructions have already been issued for the disposal of remand cases to assessing authorities vide letter No. 1756/ST-III, dated 17-10-84. Position of remand cases is also reviewed in the meeting of departmental officers and also by district officers.

In the past no separate and systematic record was being maintained in district offices in respect of remand cases. Now the instructions have been issued to all the district officers to maintain a central register for all the remand cases for the district as a whole. This register will be periodically reviewed by the Dy Excise and Taxation Commissioner to ascertain the progress of the disposal of the remand cases.

No time limit has been fixed for decision of remand cases. Now instructions have been issued to all the assessing authorities to dispose all the remand cases within the financial year itself in which these are remanded. The remand cases are under process at various stages. Assessing authorities have already been directed to dispose of the remaining cases expeditiously.

In this case six firms are involved. Present position of each remand case and the grounds of appeal are given below :—

M/s. Crown Timber, Jagadhri, Assessment year 1974-75

As per record of the district office, no such case of the above firm was remanded on 13-7-79 by the appellate authority. As such, no case of M/s. Crown Timber is pending for disposal with the assessing authority

M/s. Garg Enterprises, Jagadhri Assessment year 1978-79

The case of M/s Garg Enterprises Jagadhri, for the Assessment Year 1978-79 was remanded for denovo assessment on 8-1-80 by the appellate authority. The same was decided on 24-9-80 by the assessing authority. A demand of Rs. 12,724 under the HGST Act and Rs 2389 under the CST Act was created. The dealer had already deposited voluntary tax amounting to Rs. 15,810 under the HGST Act and Rs. 4,975 under the CST Act

The dealer had filed this appeal on the grounds that the assessing authority was not justified in calculating interest in terms of Section 25(5) of the State Act read with Section 9(2) of the CST Act. he has further stated that when the extension was allowed for the payment of quarterly voluntary tax, the assessing authority was not justified in levying penalty and interest

M/s. Parkash Chand Gupta & Co. Yamuna Nagar Assessment years 1971-72 and 1972-73

The assessment case for the year 1971-72 of this firm was decided by the Assessing Authority on 22-3-1976 creating an additional demand of Rs 1,218 under the HGST Act and Rs 9,651 under the CST Act. After the finalisation of assessment, the dealer left having Yamuna Nagar additional demand created could not be recovered which is now being recovered through Collector, Delhi in instalment of Rs 500 per month.

The Assessment for the year 1972-73 was framed by the Assessing Authority on 28-3-1979 creating an additional demand of Rs. 13,074 under the HGST Act and Rs. 1,425 under the CST Act. Against this order, the dealer went in Appeal. The case was remanded on 11-11-1980 by the appellate authority. Due to non availability of the dealer, as he has left Yamuna Nagar in 1976-77, this case is still pending for disposal.

M/s. Orient Chemicals, Karnal, Assessment year 1973-74

The case of the firm was remanded on 11-6-1980. The firm had closed its business during the year 1974-75 and its partners are not available. The assessment for the year

1973-74 was framed ex-parte. This case could not be decided due to non-availability of the partners. Efforts are being made to locate the partners/sureties to finalize the case. The appeal was filed by the dealer on 10-5-1979 on the grounds that the assessing authority had grossly erred in taking total export, creating demand and imposing penalty, without affording opportunity to the dealer.

M/s. Saraswati Extraction, Agency, Kurukshetra Assessment year 1975-76

This case was remanded on 16-1-1979 and not on 25-5-81 (as stated in the para). The proceedings to finalize remand case were taken up and the case was fixed for 16-1-1980. This case could not be decided earlier by the Assessing Authority as the appeals on similar point were pending. After finalization of these appeals this case was also decided on 7-5-1983 allowing a refund of Rs 20,203.

The appeal was filed by the dealer on the grounds that the Assessing Authority had erred in taxing the sales of De-oiled cake in an arbitrary manner. De-oiled cake is a fodder as held by Sales Tax Tribunal. The assessing authority has also erred in calculating interest.

This case relates to M/s Vijendra and Co. Jagadhri for the assessment year 1978-79. This case was remanded on 17-7-1981 by the appellate authority. The dealer had left Jagadhri and service of the notice could not be effected even on the address of the dealer at Saharanpur. As such the remand case is still pending.

The appeal was preferred on the grounds that the decision of the Assessing Authority was hasty. The appellant has been denied opportunity of proving genuineness of the transactions and rebutting the contents of the show cause notice. The appeal was filed by the dealer on 9-8-1980.

As the matter is still pending and re-assessment has not been finalized due to the non-availability of the dealer, responsibility on any particular officer could not be fixed.

This case relates to M/s Kalpna Industries, Jagadhri for the assessment year 1977-78. The source of information in August 1980 was Dy. Excise and Taxation Commissioner Gurgaon and Faridabad. The information was not available at the time of assessment in September 1979. (20-9-79) when this case was decided by the assessing authority.

Sh. D P. Sirohi Excise and Taxation Officer had finalised the assessment for the year 1977-78 on 20-9-79. The case was sent to Revisional Authority for taking *suo-motu* action on 19-8-80 who directed the assessing authority on 30-12-82 that the re-assessment proceedings be taken up at the asses-

sing authority level. Re-assessment proceedings were started on 31-3-83 and subsequent notices were served upon the dealer. This case was fixed for 18-6-85. Action against the defaulting authorities, if any, would be taken after the assessment is finalized.

This case relates to M/s Saraswati Extration Agency, Kurukshetra for the Assessment Year 1975-76. The grounds of appeal was that De-oiled cake was a fodder as held by Sales Tax Tribunal in the case of M/s United Oil Mills V/S State of Haryana and that no interest could be calculated U/S 25(5) of the HGST Act as the dealer had got extention. The case was remanded vide the Dy. Excise and Taxation Commissioner (A), Ambala orders dated 16-1-1979 as Oil Cake and De-oiled Cake were held to be entirely different items.

Proceedings in this case were initiated and fixed for 16-1-1980. This case could not be finalized as appeals on similar points were pending for disposal with the appellate authority. On their finalization, this case was also decided on 7-5-83 allowing refund of Rs. 20,203 under the CST Act.

Internal Audit Wing inspects the assessment finalised and points out short-comings. Instructions have been issued to the assessing authorities to decide the remand cases positively during the financial year in which these are remanded. The Assessing Authority have to report to the district Incharge the number of such cases and reasons for non-disposal of remand cases, which are not finalized upto the close of financial year in which these were remanded.

In view of the position explained in reply to question No. 2 above no responsibility can be fixed as the lapse was only circumstantial.

This case relates to M/s Rekhi Sons, Jagadhri for the assessment year 1975-76. This case of the dealer was remanded on 12-11-1980 by the Appellate Authority. Orders were received in March 1981 by the assessing authority and proceedings were started and case decided on 12-10-82 without creating any additional demand. Responsibility for delay is being fixed.

Besides verification by the internal audit wing, instruction have recently been reitrated that the aassessing authorities should invariably finalise remand cases in the financial year in which these are remanded. They have specifically been asked to send a detailed report through their Dy Excise and Taxation Commisioner, Incharge, about the remand cases which they have not been able to finalise with reasons thereof to the Excise and Taxation Commissioner by name by 15th April of every year.

In this case Sh. R.C. Mittal the then Assessing Authority, now

Dy. Excise and Taxation Commissioner, Faridabad is responsible for delay, whose explanation have been called for.

In this para two firms of Sonapat District namely M/s Hari Ram Radhey Sham, Kharkhoda, and M/s Tapco Chemicals and Fertilisers, Murthal are involved. The position of each case is as under :—

Hari Ram Radhey Sham Kharkhoda

Remand case was decided on 26-7-82 allowing a refund of Rs. 600. Responsibility for delay is being fixed.

Please refer to reply to question No. 2 above.

Responsibility is being fixed.

M/s Tapco Chemicals and Fertilizers, Murthal

The case was decided on 24-1-1983 allowing a refund of Rs. 297. Responsibility is being fixed.

Please refer to reply to question No. 2 above.

Responsibility is being fixed.

This case pertains to M/s Guru Nanak Rice Mills, Pehowa for the Assessment year 1974-75. The reply to the questionnaire is as under :—

As already stated in the para, this case was remanded to the assessing authority by the appellate authority as such question of recovery of Rs 19,628 does not arise. This remand case is still pending for disposal and the proceedings are in progress. Any additional demand in future created by the Assessing Authority will be recovered.

The dealer has alleged that the assessing authority has not investigated the purchases from Taroari and Delhi dealers

Proceedings for the disposal of remand case were started on 3-3-80 by the assessing authority and the case remained under process upto 28-12-81. The Taxation Inspector was directed to collect information in respect of purchases from Taroari and Delhi. This information is being collected and the case is under process and fixed for 9-7-1985.

The order was set aside by the appellate authority rightly

The case is under progress. Action if any warranted against the assessing authority will be taken after finalization of this case.

This case relates to M/s Laxmi Oil Mills, Ambala City for the Assessment year 1972-73. The reply of the questionnaire is as under :—

Besides verification by the internal audit wing, instructions have recently been reiterated to the effect that the Assessing Authorities should invariably finalise remand cases in the financial year in which these are remanded. They have specifically been asked to send a detailed report through Dy. Excise

and Taxation Commissioner incharge about the remand cases, which they have not been able to finalise with reasons thereof to the Excise and Taxation Commissioner (by name) by the 15th April of every year.

The Assessing Authority who framed assessment has since retired and expired, as such, no action can be taken against him."

During the course of oral evidence the departmental representative stated that out of 2,603 appeals pending as at the end of 1981-82, only 33 appeals remained to be decided. He further assured that all the cases except the cases which were pending in the court of Law/Sales Tax Tribunal will be finalised by 31st May 1986 and the Committee will be apprised of the compliance report after 31st May, 1986. But the Committee regret to observe that as assured by the departmental representative no compliance report has been received till the writing of this report. To a pointed question by the Committee that the departmental officers take much time in processing/finalising remand cases which affects chances of recovery, the departmental representative stated that orders have been issued to finalise remand cases during the year in which there are remanded. He further admitted that no systematic record was being maintained to show the cases remanded, their pursuance and stage of action.

The Committee desire that pending cases be pursued vigorously till finalisation and the orders issued for finalising the remand cases in the year in which these are remanded should be implemented faithfully.

The Committee further desire that the department should maintain complete record to watch progress of finalisation of remand cases.

The Committee also desire that action against the assessing authorities responsible for delay in initiating/finalising rectificatory action/remand cases be taken and report sent to them.

STATE EXCISE

Paragraph : 3 1 Results of audit :

[65] Test check of the records in departmental offices done in audit during the year 1981-82 revealed short recovery and non-recovery of excise duty and other irregularities in 941 cases, which broadly fall under the following categories :—

	<i>Number of cases</i>	<i>Amount (In lakhs of rupees)</i>
1. Loss of excise duty in auction of licences	24	17.47
2. Loss of excise duty due to excessive wastage	134	1,30.44
3. Irregular adjustment of security deposit	404	18.93
4. Miscellaneous	379	2 96
Total :	941	1,69 80

The department in their written reply stated as under :—

“One E.T.O. (Excise) is posted in each district who reviews performance of the various Excise Inspectors who have been allotted different circles in the district. The work done by Excise Staff including the E.T.O. (Excise) is reviewed by DETC incharge of the district in monthly meetings and also by officers from Head Office at the time of inspection of the district offices proper record of each case is maintained in district offices and amount is shown as recoverable arrears and pursued by the district authorities. Cases are checked by the internal auditors who send their monthly reports to Excise & Taxation Commissioner as well as district heads.

Q.No. 3. Present position of case, is given in Annexure-A.

A perusal of the annexure will show that actual number of cases is 921 involving 169.78 lacs and not 941 cases involving Rs. 169.80 lacs. Out of 921 cases, 472 cases involving Rs. 55.04 lacs have since been settled leaving balance of 449 cases involving Rs. 114 74.

ANNEXURE--A

Sr. No.	Category	Cases Reported by A.G. in the para		Cases confirmed from A.G. Haryana at personal level		Cases settled		Rupees in lacs Balance/pending cases		Remarks
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	
1.	Loss of Excise Duty in auction of of licences.	24	17.47	24	17.47	6	5.34	18	12.13	Under Stay 6.79 Inter/State/ 0.47 Inter Distt. Instalment 3.11 Others 1.76 Total 12.13
2.	Loss of Excise Duty due to Excessive wastage.	134	130.44	114	130.42	1	35.35	113	95.07	
3.	Irregular Adjustment of security Deposit	404	18.93	404	18.93	245	12.30	159	6.63	In view of the amendment made vide notification No. G.S.R. 27/P A I 14-5-59 Amd (2)/83 dated 25-2-1983 according to which now full security can adjusted these paras would be got settled for A.G's part at the time of next review.
4.	Miscellaneous	379	2.96	379	2.96	220	2.05	159	0.91	
		941	169.80	921	169.78	472	55.04	449	114.74	

During the course of oral examination the departmental representative explained that legal opinion obtained from the legal cell of the department in regard to the wastage allowance is reproduced below :—

“It is admissible on every consignment when the liquor is removed from a bonded ware-house to another State or outside, the distance involved from the place of despatch to destination is immaterial.,

To a question put by the Committee as to how much loss is involved in excess wastage, the departmental representative stated that an amount of Rs. 130.42 lakhs is involved in 114 cases, out of which only one case for Rs. 35.35 lakhs had been settled. Now only 113 cases amounting to Rs. 95.07 lakhs were pending.

The Committee desire that the opinion of the law department be obtained and the dispute sorted out with Audit under report to them as promised.

The Committee further desire that some definite procedure be evolved to cut short delays in such cases and a system of allowing wastage be streamlined so that Government dues do not remain unrealised for years together.

The Committee also desire that strenuous efforts be made to reduce the number of outstanding objections and to recover the amounts expeditiously.

Paragraph : 3 2 Internal audit of tax assessment and collection :

[66] In the Excise and Taxation Department (which administers the Acts relating to Sales Tax, State Excise Duty, Taxes on Goods and Passengers, Entertainment Tax, Taxes on Immovable Property other than Agricultural Land and Other Taxes on Income and Expenditure) the internal audit checks were extended to the district offices in 1973-74, prior to which they were confined to the headquarters office in Chandigarh. The share of sales tax, state excise duties, tax on goods and passengers and entertainment tax constitute over 75 per cent of the total tax revenues raised by the State, the figures for the last three years being as given below :—

	1978-79 (In crores of rupees)	1979-80	1980-81
(1)	(2)	(3)	(4)
Total tax revenue raised by the State	171	197	234
(a) Sales tax	79	88	105
(b) State excise duties	24	35	43
(c) Taxes on goods and passengers	24	29	33
(d) Entertainment tax	5	6	6

Till June 1981, the internal audit did not cover check of assessments but was confined to check of demand and recovery work only. The results of the review of the internal audit functions in six districts viz., Ambala, Faridabad, Jind, Karnal, Rohtak and Sonapat during the years 1977-78 to 1980-81 relating to the three major taxes other than sales tax are summarised below :—

(i) *Arrears in internal audit (as on April 1982)*

(a) Only about 30 per cent of the number of offices engaged on assessment and collection of state excise were internally audited as detailed below :—

<i>Year</i>	<i>Total number of offices to be internally audited</i>	<i>Offices audited internally</i>
(1)	(2)	(3)
1977-78	53	20
1978-79	53	19
1979-80	53	11
1980-81	56	13
Total :	215	63

The department stated (August-1981) that many of the offices could not be internally audited due to shortage of staff till September 1978. However, even after October 1978, a large number of offices were not internally audited.

(b) Offices in Faridabad district engaged in assessment and collection of taxes on goods and passengers had not been fully audited from the year 1978-79 onwards and in Ambala and Sonapat districts from the year 1979-80 onwards. In Karnal and Rohtak districts monthly audit for the year 1980-81, had not been conducted.

(c) Internal audit of entertainment tax records for the year 1979-80 onwards in Ambala, Faridabad and Karnal districts had not been internally audited and in Sonapat district from the year 1980-81 onwards.

(ii) *Results of internal audit*

The demands raised as a result of internal audit of the records

for the year 1977-78 and 1980-81 and the amounts recovered there-
against in the six districts were as given below :—

	<i>Demand raised as a result of internal audit</i>	<i>Amount recovered</i>
	(In rupees)	
	(1)	(2)
<i>(a) State excise</i>		
Faridabad	24,914	24,514
Ambala	13,868	2,400
Rohtak	52,655	8,540
Karnal	3,60,658	6,369
Jind	4,770	4,770
Sonepat	15,312	Nil
Total :	4,72,177	46,593
	(In rupees)	
<i>(b) Tax on goods and passengers</i>		
Faridabad	27,536	6,622
Ambala	26,016	23,500
Rohtak	6,684	3,249
Karnal	Nil	Nil
Jind	5,109	4,659
Sonepat	1,240	Nil
Total :	66,585	38,030
<i>(c) Entertainment tax</i>		
Faridabad	22,715	4,524
Ambala	16,557	Nil
Rohtak	2,16,909	2,16,909
Karnal	Nil	Nil
Jind	Nil	Nil
Sonepat	13,670	Nil
Total :	2,69,851	2,21,433

Compared to the annual revenues from the three taxes, the additional demands raised as a result of internal audit and the recovery there against was not significant.

(iii) *Irregularities not pointed out in internal audit or locked into*

In the six districts, the irregularities in the records relating to the years 1977-78 to 1980-81 which remained to be pointed out in internal audit and the tax effect involved therein are given below :—

<i>Nature of the irregularity</i>	<i>Tax effect (In lakhs of rupees)</i>
(1)	(2)
<i>(a) State excise</i>	
Loss of revenue on re-auction not recovered	15.51
Incorrect adjustment of security deposit	8.97
Non-recovery of penalty and interest	2.38
Short recovery of licence fee	0.42
Total :	<u>27.28</u>
<i>(b) Tax on passengers and goods</i>	
Non-recovery or short recovery of tax	1.20
Short assessment of tax	0.64
Irregular cancellation or suspension of demand	0.23
Total :	<u>2.07</u>
<i>(c) Entertainment tax</i>	
Non-realisation of tax	1.00
Irregular exemption	0.35
Short recovery of tax	0.08
Non-recovery of penalty	0.01
Total :	<u>1.44</u>

The irregularities involving tax over Rs. 30 lakhs not detected in internal audit, vis-a-vis, demand for about Rs. 4 lakhs raised on the basis of the results of internal audit indicates the need for improving the effectiveness of internal audit and making it more revenue oriented

Though it is no reflection on quality of internal audit, but the fact that internal audit of excise records in two distilleries in Karnal and Ambala was not done is indicative of incorrect priorities for audit, in as much as the non-recovery or short recovery of excise duty in the distilleries during the years 1977-78 to 1980-81 amounted to Rs 2 36 crores.

Though refund payments were required to be checked in internal audit, they were not being checked. During the years 1977-78 to 1980-81, refunds of state excise duty amounting to Rs. 44.76 lakhs, of tax on passengers and goods amounting to Rs. 2.77 lakhs and of entertainment tax amounting to Rs. 0 30 lakh were not checked in internal audit.

(iv) *Non-pursuance of statutory audit objections by internal audit*

While amount of demands raised as a result of internal audit was not significant, the tax effect involved in the queries raised by internal audit could not be reviewed as record of objection raised in internal audit and remaining pending, was not maintained. Internal audit was entrusted by the department with the work of pursuing the objections raised by Comptroller and Auditor General's statutory audit parties with the departmental officers. The number of such objections outstanding and period to which they relate are given below :—

<i>Relating to year</i>	<i>Number of statutory audit objections outstanding</i>	<i>Tax amount involved (In lakhs of rupees)</i>
(a) <i>State excise</i>		
1975-76	28	10.65
1976-77	43	52.42
1977-78	60	76.72
1978-79	63	78.74
1979-80	81	95.03
1980-81	87	1,07.42
Total :		4,20.98

*Relating to year**Number of
statutory audit
objections out-
standing**Tax amount
involved (in
lakhs of rupees)*

(1)

(2)

(3)

(b) Tax on passengers and goods

1975-76	42	2.77
1976-77	48	4.64
1977-78	62	7.35
1978-79	63	8.86
1979-80	48	8.55
1980-81	48	11.19
Total :		43.36

(c) Entertainment tax

1975-76	27	1.89
1976-77	39	3.04
1977-78	49	3.29
1978-79	49	4.92
1979-80	51	4.96
1980-81	53	4.92
Total :		22.22

The department in their written reply stated as under :—

"The Section Officers posted with various Dy. Excise and Taxation Commissioners in the field were entrusted the job of ensuring that demands raised as a result of assessments made by various Assessing Authorities are properly entered in the registers and realised in time. In case of default, interest and penalties are also levied and realised. Apart from this, they were to pre-audit the personal claims of the staff and contingent expenditure of the district offices and also to assist the Dy. Excise and Taxation Commissioners in the disposal of Accountant General's audit objections including draft paras etc. Prior to 10-9-1982, the Section Officers were under the administrative

control of the Dy Excise and Taxation Commissioners Incharge of the district where they were posted and their services were mainly utilised by the Dy. Excise and Taxation Commissioners in doing initial work for preparation of replies to Accountant General's audit objections and other office work instead of utilising their services for internal audit. From Sept., 1982, onwards when the administrative control of the Section Officers was transferred from Dy. Excise and Taxation Commissioners to Head Office, the work of Internal Audit of various units i.e. sub-offices, barriers, distilleries, pharmacies etc. was entrusted to them and their performance is effectively watched from the Head Office. Even after transfer of administrative control to Head Office, the duties of Section Officers were confined to ensure that proper record of demand raised is maintained and these demands are properly realised and not to check the assessment orders passed by the Assessing Authorities. For this work, there is a separate agency, viz., Excise and Taxation Officer (Inspection) in each district.

All the units in the field are now being audited by the Internal Audit Wing and audit upto 9/84 is complete in respect of all the units whereas the work of checking for the period from 10/84 to 3/85 is in hand.

The position has been explained in detail against reply to para 3.2(i) (A), above. The work of Internal Audit is now being supervised from the Head Office and Internal Audit is being done regularly and reports submitted by the concerned Section Officers direct to the Head Office, where reports are processed and follow up action is taken.

Yearwise details of the recoveries mentioned in the para were not available with us. After great personal efforts, details were obtained from Accountant General's office. After obtaining these details, Section Officers posted in the field as well as from the Head Office tried their best to locate the amount in the respective audit reports submitted by the Internal Audit as mentioned by the Accountant General in the para, but these objections (amounts) are not available in the Inspection Notes submitted by Internal Audit. Accountant General Office has again been requested to supply us complete details inspection note-wise, para-wise and district-wise so that department can take further action and intimate the present position of objections mentioned by the C.A.G. in the report.

As already stated against reply to para 3.2 (i) (a) above, the function of the Internal Audit is to watch the realization of demands and not to check the assessments made by various Assessing Authorities and to point out under/assessment etc.

The internal Audit Wing is fully aware of the working procedure and the departmental rules and instructions. But they have got no knowledge of revenue audit as it is not their function to check assessments made by Assessing Authorities under various Acts being administered by this department.

The function of the Internal Audit have already been explained in the reply given to para.3.2(i)(a) above

As regards settlement of outstanding audit objections raised in the statutory audit, instructions have been issued to all the district offices to prepare replies of old outstanding audit objections and to discuss the same with Accountant General's party at the time of review/inspection so as to get the maximum number of paras settled by personal discussion. This point is also discussed in the meeting of departmental officers arranged periodically by the Head Office.

District-wise details of outstanding objections/amount, under various Acts were not given in the C.A.G's report. As such Accountant General, Haryana, was demi-officially requested to supply requisite information so as to enable us to prepare the reply to the questionnaire. Efforts were also made to arrange the details at personal level. This office was, however, able to arrange the details, only in respect of passengers and Goods tax and Entertainment Acts. No details were, however, supplied by Accountant General office with regard to the State Excise even at personal level. Accountant General has again been requested to supply full details vide letter No. 931/C.A.I., dt. 10-5-1985.

Latest position of the outstanding is as under :—

Name of Act	Objection outstanding as per CAG's report		Objection outstanding as per details supplied by A.G. office at personal level		Objection settled out of Col. No. 3		Objection outstanding at present	
1	2		3		4		5	
	No of paras	Amount in lacs	No of paras	Amount in lacs	No of paras	Amount in lacs	No. of paras	Amount in lacs
(a) State Excise	Details not supplied by the Accountant General Office							
(b) Passengers & Goods Tax	311	43.36	48	11.19	25	9.35	23	1.84
(c) Entertainment Tax	268	22.22	274	21.42	238	18.76	36	2.66

During the course of oral evidence the departmental representative stated that upto Sept., 1982, internal audit wing was mainly responsible for expediting recoveries of demands raised by various assessing authorities and to watch proper maintenance of relevant record in district offices. It also helped the authorities in settlement of objections raised by Audit. After Sept., 1982, the internal audit wing is checking assessment cases and has completed audit of all the units upto Sept., 1984. He also admitted that the department is not maintaining any record to watch pursuance and settlement of objections raised by internal audit.

The Committee are not satisfied with the performance of internal auditing and with the above explanation and emphasis need for further strengthening of internal audit so that number of long outstanding audit objections are properly attended to and settled expeditiously. It further desire that internal audit should check assessments thoroughly so that persistent irregularities of routine nature do not recur.

The Committee also desire that the department should make necessary arrangement for getting internal audit done before commencement of audit by the Accountant General. Officers responsible for the serious lapses/irregularities noticed in Audit but not detected in internal audit, be brought to book.

The Committee also desire that the department should maintain proper record to ensure effective pursuance/settlement of objections raised by internal audit.

Paragraph 3.3 Irregular allowance for wastage

[67] The Punjab Fiscal Orders, 1932, as applicable in Haryana, provide for making an allowance of 10 per cent on beer which is brewed (towards wastages in down stream operations, storing, etc.) and for levy of excise duty only on balance 90 per cent. The order also allows for beer being cleared under bond without payment of duty.

In two breweries, at Faridabad and Murthal the total quantity of beer brewed included 74 24 lakh bulk litres of beer cleared under bond during the years 1979-80 and 1980-81. Wastage allowance at 10 per cent was claimed and allowed on such clearance also which resulted in short levy of excise duty by Rs. 5 71 lakhs. The mistake was pointed out in audit (between July 1980 and September 1981) to the department; their reply is awaited.

The irregular allowance was reported to Government (in September 1982); their reply is awaited (December 1982). Similar mistake was reported in paragraph 4 1(c) and 4.2 of the Audit Reports for the years 1977-78 and 1978-79.

The department in their written reply stated as under :—

“This objection has also been taken up by the Comptroller and Auditor General in his previous audit reports also. The actual position is as under :—

A careful perusal of rule 35 of the Punjab Breweries Rules, 1956 and order of the Fiscal Order, 1932 unambiguously indicates that while calculating wastage on total production of beer the quantity exported in bond shall be deducted and 10% wastage calculated on the balance. This provision cannot be challenged because duty at the time taking account of brew will have to be calculated and at the same time the quantity meant for export in bond will have to be deducted from the total quantity manufactured. The actual practice in the Breweries is that beer is not issued in bond in bulk, but in bottled form. The breweries do not earmark separately the quantities of beer to be issued in bond. The actual practice is that beer is manufactured, the wastage is calculated on the total quantity manufactured and

charges of duty framed. Thereafter beer is bottled and issued in bond as and when any requisition to that effect is received by the Breweries. The whole trouble is only on this point because when bottled beer is issued the quantity so issued is taken into account while calculating the charge of duty. The wastage allowance is given to the breweries for compensating them the losses which may arise in the bottling operation. Similarly, if beer meant for export in bond is bottled, the wastage will have to be given in the same manner as in the case of beer meant for consumption in the State. The proviso to order 5 of the Fiscal Order clearly mentions that while assessing duty on beer manufactured in any quarter in accordance with the provisions of the Punjab Breweries Rules, 1956, beer issued in bond, during the quarter shall be deducted from the total quantity brewed and the 10% wastage allowance shall be calculated on the balance thus arrived at. The basic fact is that wastage is to be calculated before beer is bottled and duty is to be charged on the quantity of beer so worked out. Similarly the quantity of beer to be issued in bond will have to be taken into account at the time of working out the charge of duty and deducted from the total production taken into account, which element is not there. Audit Party deducts the quantity bottled beer issued in bond and calculates the charged of duty accordingly which is against the spirit of the provisions contained in rule 35 of the Punjab Breweries Rules, 1956 and in proviso to Order 5 of the Fiscal Order, 1932.

The issue regarding amending in Punjab Brewery Rules 1956 and Punjab Excise Fiscal Orders 1932 has been under consideration of the Government, for the last few years. The matter was again discussed at length and proposed notification amending above rules and the Fiscal Orders were forwarded to the Govt. vide this department Memo No. 3145/X II, dt. 13-3-1985 "

During the course of oral examination the departmental representative informed that there is some contradiction between the provisions of order No. 5 of the Punjab Excise Fiscal Order 1932 and Rule 35 of the Punjab Brewery Rules 1956 regarding allowance of wastage on beer. The Government have been approached to amend the provisions so that inconsistency between the Fiscal orders and the Excise Rules is removed. To a pointed question by the Committee that the department had been giving the same reply from year to year, the departmental representative assured that the matter regarding issue of amendment is at the final stage and is likely to be approved by the end of March, 1986. The said amendment has been issued vide notification dated 6.3.86 according to which allowance of wastage on beer has been reduced from 10% to 7% on total quantity of beer brewed irrespective of the quantity issued in bond.

The Committee feels that the amendment has been issued on 6.3.86 and is effective from the date of issue. It does not cover the recoveries pointed out earlier. The Committee therefore, desire that recoveries pointed out by Audit in earlier Audit notes be effected expeditiously under report to them.

The Committee therefore strongly recommend that the decision taken in the matter as assured to the Committee be communicated to it within three months.

Paragraph 3 4. Interest not recovered

[68]. The Haryana Liquor Licence Rules, 1970, provide that if the holder of licence for vending country liquor or Indian Made Foreign liquor defaults in payment of monthly instalments of licence fee payable by the 20th of each month, he is liable to pay interest at the rate of 15 per cent per annum during the period the default continues.

In Ambala and Sonapat, interest amounting to Rs. 1.03 lakhs became due for recovery in respect of belated payments of instalments of licence fee during the years 1979-80. However, the interest was either not recovered or was recovered short.

On the mistakes being pointed out in audit (July and August 1980), the department stated (December 1980 and April 1982) that an amount of Rs. 27,514 had since been recovered. Report on recovery of balance amount is awaited (December 1982).

The case was reported to Government in August 1982; their reply is awaited (December 1982)

The department in their written reply stated as under —

“Prior to 1979-80 the country liquor vends used to be allotted by the Government but there was change in the policy for the year 1979-80 and the liquor vends were auctioned instead of allotment. During this year the vends were auctioned at a very high bids and the incidence was also very high. Due to high incidence most of the liquor vends suffered heavy losses and some of them also did not function. What to say of levy of interest, heavy amount on account of arrears of licence fee were also outstanding for the year 1979-80 as pointed out in para 3 5

None can be held responsible for non-recovery of interest as the circumstances were beyond the control of the staff. The position has been further elucidated against reply to Q.No. 1 to para 3 5.

Every effort is made by the district officers not to allow such irregularities and instalments of licence fee are regularly recovered from the vendors now

The actual amount of recovery is Rs. 83,014 and not Rs. 103464. Out of Rs. 83,014 and amount of Rs. 40,676 has already been recovered leaving a balance of Rs 42338. Efforts are being made to recover the balance amount. It may be stated that in 20 cases the recovery is being made in instalments and in some cases, the amount is being recovered as arrears of land revenue”

During the course of oral examination the departmental representative stated that an amount of Rs. 60,763 had been recovered. Efforts for the recovery of the balance amount are continuing.

The Committee are unhappy to note laxity on the part of the department in effecting recovery of instalments of licence fee, when it falls due. It further observe with concern that despite a lapse of more than five years full amount of interest had not been recovered. The Committee, therefore, desire that strenuous efforts be made to recover the balance amount early under report to them. The Committee further desire that department should evolve some definite procedure to effect recoveries of the sums due from the licensees within the period of subsistence of the license.

Paragraph 3 5. Failure to enforce licence conditions

1-12-2021

[69] Under the Haryana Liquor Licence Rules, 1970, licence for vending country liquor or Indian Made Foreign (IMF) liquor is auctioned. The successful bidder is required to deposit by way of security (adjustable against the final instalment) an amount equivalent to one tenth of the amount bid for annual licence, within a period of seven days of the date of auction and to pay the balance of the licence fee in monthly instalments, by the prescribed dates. In the event of default in the payment of a monthly instalment, the licence is liable to be cancelled and re-auctioned at the risk and cost of the original licensee.

(i) In the year 1979-80, 17 licences were given for vending country liquor in Ambala and 4 in Sonapat as also 14 licences in Ambala for vending Indian Made Foreign liquor. Under the terms of the licence the amount bid for was payable in monthly instalments which were due between October 1979 and March 1980. The licensees defaulted in payment of instalments and Rs. 56.06 lakhs were recoverable even after the end of March 1980 after adjusting securities amounting to Rs. 23.33 lakhs received from the licensees. The department did not cancel the licences nor call for fresh bids at the risk and cost of licensees.

On the failure being pointed out in audit (between July 1980 and August 1981), the department stated (in November 1980 and October 1982) that Rs. 1.82 lakhs had since been recovered and the balance amount was being recovered in instalments.

(ii) In 1980-81, 5 licences for vending Indian Made Foreign liquor were given in Bhiwani and the fee bid amounted to Rs. 15.45 lakhs. The licensees failed to pay the monthly instalments due between January 1981 and March 1981, but were allowed to carry on the business. Dues amounting to Rs. 2.25 lakhs were outstanding (after adjusting securities valuing Rs. 1.54 lakhs) even after the end of March 1981. However, no action to cancel the licence was taken.

On the failure being pointed out in audit (March 1982), the department stated (September 1982) that Rs. 1.45 lakhs had since been recovered leaving a balance of Rs. 0.80 lakh which was being recovered in instalments.

The cases were reported to Government in August 1982, their reply is awaited (December 1982).

The department in their written reply stated as under :—

“During 1979-80 bids for country liquor vends were on very high side

with the result that incidence was also very high. Most of the licensees suffered heavy losses and also defaulted in payment of instalments. Had the department taken action for scaling the vends and then putting them for re-auction as required under the rules, the arrears would have been much more than the arrears actually left over. As such it was not considered advisable to re-auction the vends. Casewise position is given in enclosed statement. All out-efforts are being made to realise the arrears of the licence fee. Out of Rs. 56.12 lacs (not 56.06 as pointed out in the report) amount of Rs. 32.27 has already been recovered.

The matter was very well in the knowledge of higher authorities and after considering the circumstances in each case, the vendors were allowed to make the payment of arrears of licence fee in instalments. For future, field officers have already been directed not to repeat such irregularities. Vends were allowed to function in the interest of the Government.

Out of Rs 56.12 lacs (and not Rs 56.06 lacs) an amount of Rs. 32.27 lacs has since been recovered, leaving a balance of Rs. 23.85 lacs for the recovery which efforts are being made by Dy. Excise and Taxation Commissioners concerned.

List of defaulting vendors is enclosed. None of these allottees defaulted in previous years.

The default was made in payment of licence fee by the vendors during January, 1981 to March, 1981. There was practically no time left for re-auction of the vends as it normally takes two months to complete the requisite formalities for re-auction of the vend. Moreover no vendor would have come forward to run the vend for a month or two. The recovery is being made from the licensees in instalments. Out of the total amount of Rs 2.25 an amount of Rs. 1.81 lacs has already been recovered. Vend-wise position is given in the statement enclosed.

As per reply given to question No. 3 and 4 against para 3.5(i) above.

As per reply against Q.No. 1 and 2 above. List of defaulting vends is enclosed. None of the allottee defaulted in previous years.

LIST OF VENDS

(para 3 5 (i))

Sr. No. Name of the licensees

A. Country Liquor Vends

Sr. No.	Name of the licensees	Amount recoverable Rs	Amount recoverable Rs	Amount outstanding Rs
1.	M/s Vijay Kumar Vinod Kumar N.C Road, Ambala Cantt.	3,02,200	302,200	—
2.	M/s Vijay Kumar Vinod Kumar Lal Kurri, Ambala Cantt	1 83,630	1,83,630	—
3.	M/s Vijay Kumar Bhim Singh Dhobbi Diggi, Ambala City	96,720	96,720	—
4.	M/s Kashmira Singh Shadi Singh, Som Nath Ghat Rajostu Thapor Road, Ambala Cantt.	1,46,800	1,46,800	—
5.	M/s Tilak Raj Avtar Singh Spatu Road, Ambala City	1,82,500	1,17,895	64,605
6.	M/s Dogar Mal Krishan Kumar Baldev Nagar, Ambala City	2,43,139	21,500	2,21,639
7.	M/s Gusharan Singh Megh, Ambala City	1,51,230	1,05,000	46,230
8.	M/s Rajinder Kumar O P. Sharma Circular Road, Ambala City	1,10,834	76,830	34,004
9.	M/s Ramesh Chander, House No 7489 Sukul Kund Road, Ambala City	52,740	52,740	—
10.	M/s Ramesh Chander House No 7439, Shukul Kund Road, Ambala City	46,130	34994	11,136
11.	M/s Som Nath Ghat Rajnish Thaper Kashmira Singh Shadhi, Yamuna Nagar	7,41,284	3,16,034	4,25,250
12.	M/s Vijay Chawla Jagan Nath Kalka	5,63,000	2,91,600	2,71,400
13.	Shri Jagat Nath Majri at Ambala Kalka Road	5,38,010	1,11,765	4,26,245
14.	M/s Tilak Raj Avtar Singh Raipur Rani Road, Naraingarh	2,23,726	1,47,330	76,396
15.	Do	87,720	61,630	26,090
16.	M/s Ashok Chawla Chanan Sadhura	155,3,60	1,06,300	49,060
17.	M/s Ashok Kumar Chanan Dass Bishan Kumar	79,982	44,441	35,541
18.	M/s Des Raj Suunder Kumar Madan Lal L-14-A, Bhalgarh Road, Sonapat	62,340	62,340	—

19.	M/s Prem Chand Naad Lal Des Raj L-14-A, Murthal No. I	1,23,500	1,23,500	—
20.	M/s Prem Chand Nand Lal Ram Surup Dass L-14-A, Murthal No. II	70,000	70,000	—
21.	M/s Des Raj Dhian Singh Kewal Krishan L-14-A, Khara-Khoda No. I	1,20,400	51,000	69,400
	Total	42,81,245	25,24,249	17,56,996

B. Indian Made Foreign Spirit/Vends

1.	M/s Amarjit Singh Harmolinder Singh Rai Market, Ambala Cantt-	97,740	55,558	42,182
2.	M/s Amar Nath Railway Road Ambala Cantt.	86,000	86,000	—
3.	M/s Gulshan Rai Bhaniya Halwai Bazar, Ambala Cantt	96,000	33,000	63,000
4.	Shri Gulshan Rai Dhaniya Sarafa Bazar Ambala Cant	69,400	33,500	35,900
5.	M/s Joginder Lal Harish Chand Sarha, Ambala	1,44,000	1,03,500	40,500
6.	M/s Sham Lal Bhag Chand Baldev Nagar, Ambala City	36,726	22,672	14,054
7.	M/s Tilak Raj Malik Spatu Road, Ambala City	95,216	28,900	66,316
8.	M/s Bhagar Singh Jagadhri Gate No. 2, Ambala City	82,000	81,500	500
9.	M/s Rattan Singh Bedi Avtar Singh Jagadhri Gate No. 2, Ambala City	90,400	16,392	74,008
10.	M/s Tilak Raj Anand Hissar Road, Ambala City	59,917	32,750	27,167
11.	M/s Tilak Raj Anand Sukul Kund Road, Ambala City	73,822	24,750	49,072
12.	M/s Lalpat Rai Ashok Kumar Railway Road Ambala City	85,672	48,500	37,172
13.	M/s Tilak Raj Ajay Kumar, Kalka, Distt. Ambala	1,00,000	1,00,000	—
14.	Shri Jawahar Lal Shopping Centre Sector-18, Chandigarh	2,13,769	35,775	1,77,994
	Total	13,30,662	7,02,797	6,27,865
	Grand Total A—B	56,11,907	32,27,046	2,384,861
	Or say Rs.	56.12	(32.27)	23.85 in lacs

LIST OF L-2 LICENSEE OF BHUWANI DISTRICT

Sr. No	Name of licensees	Amount recoverable Rs	Amount recovered Rs)	Amount outstanding Rs
1	L-2 Ghanta Ghar, Bhuwani	91,533	47,262	44,271
2	L-2 Railway Road, Bhu wani	26,220	26,220	—
3	L-2 Park Colony' Bhuwani	29,220	29,220	—
4	L-2 Old Devsen Chungi, Bhuwani	42,310	42,310	—
5	L-2 Dinod Gate, Bhiwani	35,810	35,810	—
Total		2,25,093	1,80,822	44,271
Or says Rs		2 25	1 81	0 44 (in lacs

LIST OF DEFAULTER LICENSEES

(Para 3 5(i))

Sr No.	Name of the Licensees
A. Country Liquor Licensees	
1.	M/s Vijay Kumar Vinod Kumar N.C. Road, Ambala Cantt.
2.	M/s Vijay Kumar Vinod Kumar Lal Kurti, Ambala Cantt.
3.	M/s Vijay Kumar Bhun Singh Dholbi Digg, Ambala City
4.	Kashmira Singh Shadi Singh, Som Nath Ghar Rajostu Thapar Road, Ambala Cantt.
5.	M/s Tilak Raj Avtar Singh Spatu Road, Ambala City.
6.	M/s Dogar Mal Krishan Kumar Baldev Nagar, Ambala City.
7.	M/s Gursharan Singh Megh, Ambala City
8.	M/s Rajender Kumar O P Sharma, Circular Road, Ambala City.
9.	M/s Ramesh Chander House No 7489 Sukal Kund Road, Ambala City
10.	M/s Ramesh Chander House No 7439 Shaku Kund Road, Ambala City.
11.	M/s Som Nath Ghar Rajnish Thaper Kashmira Singh Shadhi Yamuna Nagar.
12.	M/s Vijay Chawla Jagan Nath Kalka.
13.	Shri Jagan Nath Maju at Ambala Kalka Road.
14.	M/s Tilak Raj Avtar Singh Rajpur Rani Road, Narangarh.
15.	Do.
16.	M/s Ashok Chawla Chanan Sadhura,
17.	M/s Ashok Kumar Chanan Dass Bishan Kumar,
18.	M/s Des Raj Surinder Kumar Madan Lal L-7/14-A, Bhalgaath Road, Sonapat.

19. M/s Prem Chand Nand Lal Das Raj L-14-A, Murthal No. 1.
20. M/s Prem Chand Nand Lal Ram Surap Dass L-14-A, Murthal No. 11.
21. M/s Des Raj Dhan Singh Kewal Krishan L-14-A, Khera: Khoda No. 1.

B. Indian Made Foreign Spirit Vends

1. M/s Amarjit Singh Harmohinder Singh Raj Market, Ambala Cantt.
2. M/s Amari Nath Railway Road, Ambala Cantt.
3. M/s Gulshan Rai Bhamuja Halwai Bazar, Ambala Cantt.
4. Shri Gulshan Rai Dhamuja Sarafa Bazar, Ambala Cantt.
5. M/s Joginder Lal Harsh Chand Sarha Ambala.
6. M/s Sham Lal Bhag Chand Baldev Nagar Ambala City.
7. M/s Tilak Raj Malik Spatu Road, Ambala City.
8. M/s Bhagar Singh Jagadhri Gate No. 2, Ambala City.
9. M/s Rattan Singh Bedi Avtai Singh Jagadhri Gate No. 2, Ambala City.
10. M/s Tilak Raj Anand Hissar Road, Ambala City.
11. M/s Tilak Raj Anand Sukal Kund Road, Ambala City.
12. M/s Lapat Rai Ashok Kumar Railway Road, Ambala City.
13. M/s Tilak Raj Ajay Kumar, Kalka, District Ambala.
14. Shri Jawahar Lal Shopping Centre Sector 18, Chandigarh.
15. L-2 Ghanta Ghar, Bhiwani.
16. L-2 Railway Road, Bhiwani.
 - (i) Shri Pali Ram, S/o Sh. Amar Singh, Bhiwani.
 - (ii) Shri Bhagwan Dass S/o Sh. Daulat Ram Dadri.
- (i) Sh. Ram Parkash S/o Sh. Ganga Ram, Bhiwani.
- (ii) Sh. Ravinder Singh S/o Sh. Darya Singh, Bhiwani.

17. L-2 Park Colony, Bhiwani.

- (i) Sh. Ram Parkash S/o Sh. Ganga Ram, Bhiwani.
- (ii) Sh. Ravinder Singh S/o Sh. Darya Singh, Bhiwani.

18. L-2 Old Devser Chungi, Bhiwani.

- (i) Sh. Ram Parkash S/o Sh. Ganga Ram, Bhiwani.
- (ii) Sh. Ravinder Singh S/o Sh. Darya Singh, Bhiwani.

19. L-2 Dinod Gate, Bhiwani.

- (i) Sh. Gansham Dass S/o Sh. Sat Narain, Bhiwani.
- (ii) Sh. Bajrang Lal S/o Sh. Matu Ram, Bhiwani.
- (iii) Sh. Kailash Chand S/o Sh. Babu Lal, Bhiwani.
- (iv) Sh. Khan Chand S/o Sh. Bagi Ram, Bhiwani.

3.5. Failure to enforce licence conditions

During the course of oral examination the departmental representative assured the Committee that recovery of the balance amount was in progress and the department hoped to recover the same very soon.

The Committee desire that strenuous efforts be made to recover the balance amount expeditiously and progress of recovery be intimated to the Committee within three months.

Paragraph 4.10. Assessment in arrears

[70] The number of Goods and Passengers tax assessments finalised by the Excise and Taxation department during the year and assessments pending finalisation as at the end of 1981-82 and the preceding year are given below :—

Year	Number of cases for disposal	Number of assessments completed	Number of assessments pending at the end of the year	Percentage of column (4) to column(2)
(1)	(2)	(3)	(4)	(5)
1980-81	510	377	133	26
1981-82	463	359	104	22

The yearwise break-up of the pending cases as at the end of March 1982 is given below :—

Year	Number of cases
Upto 1977-78	14
1978-79	15
1979-80	12
1980-81	73
1981-82	—
Total	104

The department in their written reply stated as under :—

“As a result of nationalisation of passenger transport in Haryana the transporter did not cooperate in getting the old assessments finalised. The delay in finalisation is mainly due to the fact that most of the private transport companies had wound up their business and their whereabouts were not available. It may however be stated that out of 104 cases pending on 31-3-1982, assessment in 90 cases has already been finalised.

Instructions were issued from time to time to the concerned D.E.T.C's. to make sincere efforts to trace out the directors/partners of the transport companies and to finalise the old assessments expeditiously. Out of 104 cases assessment in respect of 90 cases has already been finalised leaving a balance of 14 cases as per yearwise breakup given below :—

1977-78	9
1978-79	1
1979-80	1
1980-81	3
Total	<u>14 "</u>

During the course of oral examination the departmental representative informed that out of 14 cases, 12 cases pertained to M/s Bharat Steel Ltd., Ganaur, Sonapat. The firm used to carry its employees in its buses and in their opinion no Passenger Tax was leviable. But the department was of the view that the Passenger Tax was leviable on the buses. The firm went in appeal, but the High Court dismissed the case. Therefore the firm filed an appeal in the Supreme Court and the Supreme Court granted the stay.

The Committee desire that the matter be pursued, and efforts made to get the stay vacated and the Committee apprised about the latest position in the matter. The Committee further desire that the results of the efforts made to trace out the whereabouts of the Directors/Partners of the Transport Company and the finalisation of pending assessment be communicated to it without any further delay.

Paragraph 5.1. Shortfalls in demand and recovery

(i) Trend of revenues

[71] The revenue in recent years realised from entertainment duty on exhibition, performance, amusement, game, sport or race, levied and collected under the Punjab Entertainment Duty Act, 1955, applicable to Haryana, are given below. The revenue from Tax levied and collected under the Punjab Entertainment Tax (Cinematograph Shows) Act, 1954 are as also given below :—

Year	Revenue from	
	Entertainment duty	Show tax
	(In crores of rupees)	
1978-79	4.06	0.55
1979-80	5.35	0.17
1980-81	5.43	0.49
1981-82	6.67	0.62

(ii) *Checks on revenue realisation*

There were 112 entertainment houses in the State as at the end of March 1982. Entertainment duty is required to be collected in such houses by affixing adhesive duty stamps to admission tickets. Cash collection of the duty from persons admitted to an entertainment is prohibited unless prior permission of the Excise and Taxation Commissioner is obtained.

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

The proprietor of every entertainment house is required to submit to the Entertainment Tax Officer, a monthly return of adhesive stamps purchased and consumed, within seven days of the close of the month. Show tax is, however, payable in cash and is levied at the rate of 9 per cent of the entertainment duty and is payable on all public cinematograph exhibitions to which persons are admitted on payment

On comparison of monthly returns of entertainment duty with the returns of show tax paid for the same month, it was seen in audit that show tax paid fell short of the amount payable (on the basis of 9 percent of duty stamps consumed). Notwithstanding the procedure and checks designed to plug leakage of revenue, show tax paid in respect of 15 entertainment houses during the years 1979-80 and 1980-81 fell short of the stamps purchased and consumed as per the respective monthly returns by Rs. 16,971. After the mistakes were pointed out in audit (between March 1981 and March 1982), Rs. 13,982 were recovered from assesseees in respect of 8 entertainment houses.

(iii) *Penalties for evasion of tax*

Under both the Acts, failure to comply with the provisions, entails liability to pay penalty upto twentyfive times the duty or tax evaded. The number of cases of evasion detected and number adjudicated or pending finalisation during the years 1978-79 to 1981-82 are given below :—

Year	Number of cases detected	Number of cases adjudicated	Number of cases in which penalty imposed	Number of cases in which decision pending
1978-79	90	88	85	2
1979-80	69	68	67	1
1980-81	118	99	93	19
1981-82	159	120	113	39
Total	436	375	358	61

Penalty amounting to Rs. 36.25 lakhs was imposed in the 358 cases referred to above. However, a sum of only Rs. 1.27 lakhs had been recovered (May 1982).

(iv) Exemptions

The Entertainment Duty Act empowers the Government to exempt any entertainment or class of entertainment from levy of entertainment duty. Exemption may be allowed subject to specified conditions. Charity shows are exempted generally subject to the condition that net proceeds should be utilised for the purpose for which exemption was granted and certified accounts submitted to the Entertainment Officer within a month from the date of entertainment. The number of films exempted from payment of entertainment duty during the years 1978-79 to 1981-82 and the revenue forgone thereby are given below :—

Year	Number of films exempted	Revenue for- gone (In lakh of rupees)
1978-79	2	2.31
1979-80	2	4.62
1980-81	8	21.46
1981-82	4	26.34

(a) On the exhibition of a Hindi film, levy of entertainment duty was exempted for a week as per orders of Government issued on 22nd June 1981. The proprietors of two cinema houses at Faridabad and Karnal, however, continued to exhibit the film even after one week without paying entertainment duty, thereby violating the condition attached to the grant of exemption. The resulting loss of entertainment duty amounted to Rs. 80,506 for the period from 24th July 1981 to 6th August 1981 in Faridabad and 31st July 1981 to 13th August 1981 in Karnal, but the department had not initiated any action to recover the amount due till May 1982 when the omissions were pointed out in audit.

(b) Admission to Haryana Exhibition 1976 which was scheduled to be held from 23rd October 1976 to 1st December 1976 and net proceeds made over for charitable purpose, was exempted from levy of entertainment duty as per an order issued on 4th November 1976 subject to the condition that expenditure on the exhibition did not exceed 25 per cent of gross proceeds. The exhibition was continued upto 5th December 1976 but sanction of department was not obtained for extending the exemption upto that date. Further, the expenditure of Rs. 72,809 incurred against the income of Rs. 92,036 was much in excess of the limit of 25 per cent. Though the two conditions attached to the grant of exemption were violated entertainment duty amounting to Rs. 37,342 was not demanded from the organisers.

On the failure being pointed out in audit (in August 1978), the department issued (September 1981) notice to the organisers for production of detailed books of account.

(c) Six organisers of entertainment for charitable purposes had been allowed exemption from levy of entertainment duty subject to usual conditions one of which was the submission of accounts within the stipulated period of one month from the date of the entertainment. Though accounts were not submitted within time, duty amounting to Rs. 42,555 was not demanded by the department.

(d) In respect of 27 casual entertainments which were held without obtaining prior exemption from levy of entertainment duty, department did not demand duty even though under the Entertainment Duty Act, duty free entertainment should commence only after grant of exemption. All the same, the department granted post facto exemption in 15 cases after 12 to 35 months from the date of entertainment, in the remaining 12 cases tax is still to be demanded or exemption still to be granted. (May 1982).

(v) *Non-recovery of entertainment duty*

(a) Under the Punjab Entertainment Duty Act, 1955, a person admitted to an entertainment is liable to pay entertainment duty at the specified rate and the said duty shall be collected by the proprietor and made over to the Government in the prescribed manner.

Municipal Committee, Karnal, had been charging admission fee for entry to the 'Fish aquarium' which was deemed to be a source of public entertainment as per a notification of Government dated 30th July 1981. The entertainment duty from January 1980 to October 1981 was not, however, made over to the Government by the Committee. No demand was raised by the Entertainment Tax Officer concerned.

On the omission being pointed out in audit (December 1981), demand of Rs. 20,242 was raised by the department (January 1982). Report on recovery is awaited (December 1982).

(b) The Haryana Tourism Corporation, Badkhal, collected Rs. 30,607 towards entertainment duty on boating charges during the years 1979-80 to 1981-82. But only Rs. 19,500 was made over to Government towards adhesive stamps purchased; the balance of Rs. 11,107, collected in cash, was not made over to Government (May 1982).

The department in their written reply stated as under:—

"Trend of Revenue"

Figures of Show Tax realised during 1978-79 and 1979-80 does not appear to have been correctly shown in the report. The actual figures are Rs. 0.43 crores during 1978-79 and Rs. 0.48 crores during 1979-80 which will show that there was no decrease in the collection of show tax, rather there was increase of Rs. 5 lacs. It may also be stated that rate of show tax was also reduced from 10% to 9% w.e.f. 8-3-1979.

Checks on Revenue Realisation

Assessment of show tax is not normally framed under Punjab Entertainment Duty Tax (Cinemagraph shows) Act, 1954. Show tax is generally deposited by the cinema owners on the basis of the consumption of Entertainment Duty stamps by them during the month. No doubt returns are regularly submitted by cinema owners but these were not verified correctly by the staff. It may, however, be mentioned that total short realisation of show tax, as pointed out by Accountant General, has since been recovered.

The verification of the returns is now invariably got conducted and the show tax is correctly being realised from the Cinema owners.

The balance amount of Rs. 2988 has since been recovered.

Out of 61 cases pending on 31-3-1982, 46 cases have since been finalised leaving a balance of 15 cases with the following year-wise break-up:—

1978-79	—	
1979-80	—	
1980-81	4	Faridabad 3, Hissar 1
1981-82	11	Hissar
Total	15	

Out of 15 cases, 12 cases pertaining to Hissar District for 1980-81 and 1981-82 are pending in Civil Court. Action in remaining cases is being taken by Dy. Excise and Taxation Commissioner, Faridabad. A penalty of Rs. 2,79,951 was imposed in 46 cases, out of which Rs. 2,79,951 have been recovered. Efforts are being made to recover the balance amount. It will be apparent from the reply given to question No. 1 above, that the pendency is not heavy. Moreover, necessary instructions have already been issued to all concerned to finalise the pending cases expeditiously.

The actual amount of penalties is Rs. 30.25 lacs only not Rs. 36.25 lacs as shown in the audit report in respect of 358 cases out of Rs. 30.25 lacs recovery of Rs. 15.88 lacs has since been made leaving balance of Rs. 14.37 lacs for the recovery of which strenuous efforts are being made by field officers.

For granting exemption from entertainment duty Govt. has laid down certain criteria. The criteria is that only those films are exempted which deal with the promotion of peace, international goodwill and encouragement of arts and crafts, sports or other public interest, such as evil of dowry, mal-treatment of widows and social taboos, such as untouchability and promotion of Haryanavi Culture etc. While recommending exemption cases, the department also mentions the financial implications involved in each case.

The exemption caters to the whole State of Haryana irrespective of the urban or the rural areas.

The exemption was originally given to the distributor for one week but the distributor again requested the Commissioner to grant them exemption for another week. In the meantime distributors continued exhibition of the film for the second week also in anticipation of grant of exemption.

The omission was very much in the notice of the department and the responsibility of the Officers who allowed the exhibition of the film for the second week in anticipation of the grant of exemption is being fixed.

No such further irregularity has come to our notice and the exemptions granted are being strictly adhered to.

Exemption from Entertainment Duty was granted for holding the exhibition from 23-10-76 to 1-12-76 but the organisers of the exhibition extended the same upto 5-12-76 without getting exemption for the extended period. They also did not produce their account books so as to determine whether the expenditure incurred by them was 25% of the income derived. Since the organisers failed to submit the account, the department has withdrawn the exemption already granted w.e.f. 23-10-76 to 1-12-76 and have issued directions to Dy. Excise and Taxation Commissioner, Rohtak to proceed against the organisers to assess them as per rules and recover the amount of Entertainment Duty from them.

The organisers had applied for exemption of Entertainment Duty well before the actual holding of entertainment functions. The district officers referred these cases to the Excise and Taxation Commissioner, Haryana and organised the functions presuming that the exemption would be granted since the functions were for charitable purposes. The delay in grant of exemption in certain cases took place in correspondence with the authorities concerned.

Out of 6 cases, two cases pertain to Gurgaon while the remaining four to Ambala Distt. In one case of Gurgaon District Rotary Service, Gurgaon played Punjabi Natak on 4-7-81 for collection of funds for a public school for which exemption was granted by the Govt. vide special order No. 3214-ET(8)/1473, dated 18-1-84. The organisers in this case were not bound to submit income and expenditure statements within one month under rule 22 of the Punjab Entertainment Duty Tax Rules, 1955. In the second case, cultural programme was held from 21-1-82 to 22-1-82 for the child welfare under the Deputy Commissioner-cum-President, Gurgaon District Child Welfare Council, for which exemption was granted on 14-8-82 after examining the income and expenditure statement sent by the organiser within the scheduled period.

In the remaining four cases of Ambala District position is as under :—

Sr. No.	Date	Place	Programme	Remarks
1.	25-3-78	Ambala	Indo-Pak Mushaira held for collection of funds, for the Chief Ministers Flood Relief fund.	Exemption was granted vide orders No. 1400-ET(8)-80/6928 dated 13-5-80. The organisers in this case were not bound to submit income/expenditure details under rule 22 of Pb Entertainment Duty Tax Rules, 1955.
2.	26-4-79	Ambala	Film Show.	The case is under examination by Govt.
3.	22 to 26-3-79	Ambala	Magic Show.	Recovery of Rs. 4338 effected and deposited in

Treasury T.R. G.I, No.
dt. 11-5-85.

4 24-12-78 Ambala Film Show.

The case is under
examination.

The casual entertainments were organised for the welfare of public and for promotion of peace, international good will and encouragement of arts and crafts and sports. The organisers applied for exemption of Entertainment Duty well in time. But the exemptions could not be granted due to procedural delay. Out of 27 cases, in 15 cases exemptions had already been granted. The exhibition of casual entertainments was well within the knowledge of department and necessary action had already been initiated.

Out of 12 cases exemptions have been granted in five cases i.e. 4 cases of Bhiwani Distt and one case of Gurgaon District. If one case of Gurgaon Distt the case for exemption was rejected and the recovery proceedings in this case are in progress. In one case of Bhiwani Distt. the Red Cross Fair was not held at Siwani from 21-2-79 to 1-4-79. As regards remaining 5 cases pertaining to Sirsa Distt, the cases are under process.

It was obligatory on the part of Municipal Committee, Karnal to intimate the Excise and Taxation authorities that they have started a source of Public Entertainment at Karnal for which entry fee was fixed by them but no such information was given by Municipal Committee. The matter came to the notice of department in the beginning of April 1980 and show cause notice was issued to Municipal Committee Karnal to produce accounts books etc. Assessment was framed and Entertainment Duty of Rs. 20,242.60 was levied and recovered.

As regards the realisation of penalty it may be stated that Municipal Committee succeeded in getting exemption for the period from 18-1-80 to 31-7-81 vide No. 2640/ST/8182 dt. 13-8-82 and also reduction in percentage of Entertainment Duty from 125% to 25% for the subsequent period vide notification No. 2393-GT(8)-81/26918 dt. 30-7-1981.

The Excise and Taxation Officer (Enforcement) as well as Asstt. Excise and Taxation Officer of the concerned area are now conducting regular checking of the entertainment houses as well as casual entertainments. The recovery of Rs. 20,242 60 has already been made.

The boat club at Budkhal Lake was previously being run by Tourism Department and thereafter by Haryana Tourism Corporation. The assessing authority at Faridabad was under the impression that this being a Govt., concern is not subject to payment of Entertainment Duty. The total recovery of Rs. 30,607 has since been made from the Tourism Corporation Haryana.

During the course of oral examination, the departmental representative stated that against the budgetted figures of actual receipts of Rs. 0.55 crores and Rs. 0.17 crore for the years 1978-79 and 1979-80 actual realisation during these years was Rs 0.43 crore and Rs. 0.48 crore respectively. On further examination it transpired that the mistake occurred in Finance department at the time of printing of the budgets. He also informed that return of show tax, submitted by cinema owners are being checked to avoid any discrepancy and assured the Committee that action against the officials responsible for non-checking of show tax returns resulting in short recovery of tax would be taken.

To a pointed question as to what criteria or yardstick has been fixed by the department to grant exemption from tax to a film, departmental representative could not give any specific reply. He further failed to satisfy the Committee about reasons for grant of exemption to more films as a result of which entertainment duty foregone during the year 1980-81 was considerable on the higher side as compared to earlier years.

To another question, as to how exemption from payment of tax granted for exhibition of film "Krodhi" for ten print weeks in the first instance was subsequently revised and regularised to exhibit the film without payment of tax for more than one week at two stations, the departmental representative could not justify the occasion which necessitated subsequent regularisation.

The Committee desire that action against the official responsible for non-checking of returns of show tax be taken and report sent to them.

The Committee was not satisfied with the reply of the department for exemption from tax to film "Karodi" for the second week and desire that the department should fix some definite criteria/procedure for grant of exemption from payment of tax and adhere to the same. It further desire that the department should come before it fully prepared and with complete data/information.

The Committee further desire that responsibility for negligence of the official/officers in detecting unauthorised exhibition of cinema shows without payment of tax be fixed and report sent to them.

The Committee also feels that exemption in the cases of casual entertainments were either not issued or were issued after two to five years of their taking place.

The Committee fails to understand as to how in the absence of any specific orders exempting the entertainments from payment of duty were allowed to be held in contravention of the provisions of the law. The Committee therefore, desire that the department should in future ensure speedy finalisation of cases for grant of exemption and to effect recoveries where due. It should also evolve some definite procedure to ensure timely receipt and processing of application and grant of exemption before actual commencement of the entertainment shows.

APPENDIX

Statement showing the outstanding observations/recommendations of the Public Accounts Committee of the Haryana Vidhan Sabha on which the Government is yet to take final decision.

<i>Sr. Name of Department No.</i>	<i>Paragraph</i>	<i>Brief Subject</i>
<i>1</i>	<i>2</i>	<i>3</i>
<i>4</i>		
6th Report		
1. Industries	8	Investments
2. Industries	9	Other Investments
3. Technical education	36	Junior Technical Schools
7th Report		
4. Haryana Khadi & Village Industries Board	16	Gobar Gas Plant
5. P.W.D. (Building and Roads)	33	Payment of work done
9th Report		
6. Industries	5	Credit facilities for development of small scale industries.
11th Report		
7. P.W.D. (Building and Roads)	37	Recoveries due from a contractor
13th Report		
8. Revenue	3	Expenditure on Relief
9. Revenue	9	Test Relief Works
10. Revenue	11	Construction of Baniya water source
11. Revenue	15	Relief Works
14th Report		
12. Agriculture	11	Non-recovery of discount
13. Industries	16	Purchase of Cotton Yarn

1	2	3	4
14.	Transport	27	Extra expenditure
15.	Printing & Stationery	29	Nationalised Text Books Scheme
16.	Colonization	32	Development of Mandis
17.	P.W.D. (Building & Roads)	33	Construction of staff quarters for Haryana Polytechnic, Nilokheri.
18.	Irrigation	35	Loharu Lift Irrigation Project (Indira Gandhi Canal)
19.	Irrigation	36	Link Drain.
20.	Co-operation	44	Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh.
15th Report			
21.	General	4	Excess over Voted Grants/Charged Appropriation.
22.	General <i>Agri.</i>	6	Distribution of taccavi loan in the form of chemical fertilizers.
23.	Civil Aviation	15	Aviation Clubs Hissar and Karnal.
24.	Fisheries	17	Development of inland Fish culture.
25.	Development & Panchayats	18	Unspent Balances of Grants paid to Local Bodies etc.
16th Report			
26.	Industries	2	Subsidy for setting up Industrial Units in selected backward areas
27.	Industries	3	Industrial Development Colonies.
17th Report			
28.	Transport	12	Results of Audit.
29.	Revenue	17	Non-execution of conveyance deeds.
30.	Revenue	18	Non-recovery of stamp duty.

1	2	3	4
31.	Revenue	19	Under, valuation of Property.
32.	Chief Electrical Inspector (Power Deptt.)	20	Taxes and duties on Electricity Non-realisation of Inspection fees.
33.	Excise & Taxation	21	Arrears in assessment.
34.	Excise & Taxation	27	Loss of spirit in storage/bottling operation.

18th Report

35.	Agriculture	11	Other points of interest.
36.	Agriculture	14	Distribution of taccavi loans in the form of chemical fertilizer.
37.	Agriculture	16	Extra Expenditure.
38.	Agriculture	17	Non utilisation of land acquired.
39.	Agriculture	18	Purchase of hybrid bajra seed.
40.	Medical & Health	21	Irregularities in the medical Institutions.
41.	Lotteries	22	Extra expenditure.
42.	Revenue	23	Embezzlement.
43.	P.W.D. (Building & Roads)	28	Embezzlement.
44.	P.W.D. (Public Health)	31	Recoveries due from Contractors.
45.	P.W.D. (Public Health)	32	Irregular purchase of stores.
46.	Industrial Training	34	Shortages.
47.	Food & Supplies	35	Other topics of interest.
48.	Transport	36	Purchase of aluminium sheets.
49.	Co-operation	39	Co-operative Consumer Stores.
50.	Co-operation	41	Haryana State Co-operative Industrial Federation Limited, Chargarh

1	2	3	4
31.	Revenue	19	Under valuation of Property.
32.	Chief Electrical Inspector (Power Deptt.)	20	Taxes and duties on Electricity Non-realisation of Inspection fees.
33.	Excise & Taxation	21	Arrears in assessment.
34.	Excise & Taxation	27	Loss of spirit in storage/bottling operation.

18th Report

35.	Agriculture	11	Other points of interest.
36.	Agriculture	14	Distribution of taccavi loans in the form of chemical fertilizer.
37.	Agriculture	16	Extra Expenditure.
38.	Agriculture	17	Non utilisation of land acquired.
39.	Agriculture	18	Purchase of hybrid bajra seed.
40.	Medical & Health	21	Irregularities in the medical Institutions.
41.	Lotteries	22	Extra expenditure.
42.	Revenue	23	Embezzlement.
43.	P.W.D. (Building & Roads)	28	Embezzlement.
44.	P.W.D. (Public Health)	31	Recoveries due from Contractors.
45.	P.W.D. (Public Health)	32	Irregular purchase of stores.
46.	Industrial Training	34	Shortages.
47.	Food & Supplies	35	Other topics of interest.
48.	Transport	36	Purchase of aluminium sheets.
49.	Co-operation	39	Co-operative Consumer Stores.
50.	Co-operation	41	Haryana State Co-operative Industrial Federation Limited, Chandigarh

1	2	3	4
51.	Co-operation	42	Co-operative sugar Mills
52.	Revenue	43	Rules for determining market value of lands and property.
53.	Revenue	44	Under-valuation of immovable property.
54.	Revenue	45	Non recovery of stamp duty on certificates of sale issued under the Displaced Persons Compensation and Rehabilitation Act, 1954.
55.	Revenue	46	Non-levy of stamp duty and registration fee.
56.	Revenue	47	Incorrect application of rates of stamp duty and registration fee.
57.	Revenue	48	Non levy of stamp duty.
58.	Revenue	49	Short levy of stamp duty and registration fee on lease deeds.
59.	Co-operation	50	Short realisation of audit fee.
60.	Transport	51	Results of audit.
61.	Transport	52	Short recovery of road tax.
62.	Transport	53	Incorrect application of rates.
63.	Transport	54	Short recovery of token tax.
64.	Excise & Taxation	55	Incorrect deduction of export sales.
65.	Excise & Taxation	57	Non-levy of penalty for concealment
66.	Excise & Taxation	58	Grant of registration certificate without obtaining bond.
67.	Excise and Taxation	59	Loss on re-auction of vends.
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68.	Social Welfare	7	Interest free loans to students.
69.	Public Relations	8	Setting up of an open air theatre in village Kaul (District Kurukshetra).

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70.	Revenue	9	Allotment of house sites to rural landless harijans and backward classes.
71	Education	10	Grants paid to educational institutions.
72	Public Health	13	Synopsis of important stores accounts.
73.	Public Health	14	Stores accounts of Public Works divisions.
74.	Housing	15	Middle income group Housing Scheme.
75.	Housing	16	Outstanding inspection reports.
76.	Transport	17	Alleged misappropriation of uniform cloth.
77.	Animal Husbandry	19	Information cum Mobile veterinary clinics
78.	Co-operation	23	Financial assistance to Co-operative societies.
79.	Co-operation	24	Co-operative banks.
80.	Co-operation	25	Co-operative consumers stores.
81.	Co-operation	26	Haryana State Federation of Bonsumers Co-operative Whole-sale stores Limited, Chandigarh
82.	Co-operation	27	Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh.
83.	Agriculture	28	Social conservation and water managemnt works
84	Agriculture	29	Small Marginal Farmers and Agricultural Labourers Development Agency
85.	Agriculture	30	Drought Prone Area Programme (DPAP) Agencies
86.	Excise & Taxation	31	Result of test audit in general.

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87.	Excise & Taxation	32	Inter-state sales treated as inter State sales.
88.	Excise & Taxation	33	Inter State sales treated as transfers.
89.	Excise & Taxation	34	Incorrect deduction of export sales.
90.	Excise & Taxation	35	Non-levy of tax on packing material.
91.	Excise & Taxation	36	Non-Payment of tax.
92.	Excise & Taxation	37	Non-levy of penalty for concealment of sales and non-levy of minimum penalty.
93.	Excise & Taxation	38	Non-levy of interest.
94.	Excise & Taxation	39	Shortfall of excise duty and loss in excess of the ceiling limit.
95.	Excise and Taxation	40	Loss of duty on excess wastage.
96.	Excise and Taxation	41	Unintended financial aid to licensees.
97.	Transport	42	Results of test audit.
98.	Transport	43	Non-realisation of trade certificate fee.
99.	Transport	44	Short levy of tax due to incorrect application of rates.
100.	Transport	45	Short levy of token tax due to incorrect classification of vehicles.
101.	Co-operation	46	Under assesment of audit fee.
102.	Revenue	47	Non-recovery of stamp duty on certificate of sale.
103.	Revenue	48	Short levy of registration fee.
104.	Revenue	49	Short levy of stamp duty.
105.	Revenue	50	Short levy of stamp duty and registration fee on lease deeds.
106.	Irrigation	51	Revenue foregone owing to undue delay in issuing notification.

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107. Finance	1	Excess over voted grants/charged appropriation for the year 1979-80 and 1980-81.
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108. Food & Supplies	3	Loss of Rs. 2.85 lakhs.
109. Medical & Health	4	Medical care facilities in rural area.
110. Medical & Health	5	Idle Machinery and equipment.
111. P.W.D (Building Roads)	6	Outstanding recoveries against contractors.
112. Housing	7	Low Income Group Housing Scheme.
113. Education	8	Establishment of book banks in schools.
114. P.W.D. (Public Health)	9	Shortages.
115. Printing & Stationery	10	Excess consumption of papers.
116. Agriculture	11	Drought Prone Area Development Agency, Narnaul.
117. P.W.D. (Public Health)	12	Outstanding : Recoveries against contractors.
118. Irrigation	13	Gurgaon Canal Project.
119. Irrigation	14	Excess payment to contractors.
120. Irrigation	15	Outstanding recoveries against tractors.
121. Irrigation	16	Gates and gearing for head regulator
122. Transport	17	Haryana Roadways-Workshop facilities.
123. Transport	18	Purchase of lands.
124. Local Government	19	Grants/Loans paid to Local bodies.

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125.	Co-operation	20	Co-operative consumers stores.
126.	Co-operation	21	Haryana State Co-operative Supply and Marketing Federation Ltd. Chandigarh.
127.	Transport	22	Short levy of Roads tax.
128.	Irrigation	23	Arrears of water rates for supply of water for Irrigation/non-irrigation purposes
129.	Irrigation	24	Non-utilisation/disposal of surplus land of abandoned canal.
130.	Revenue	25	Result of Audit.
131.	Revenue	26	Short levy of stamp duty and registration fee on lease deed.
132.	Revenue	27	Incorrect classification of settlement deed as deed of declaration of trust.
133.	Excise & Taxation	28	Results of test audit in general.
134.	Excise & Taxation	29	Incorrect deductions
135.	Excise & Taxation	30	Short levy of purchase tax.
136.	Excise & Taxation	31	Non levy of penalty for misuse of of certificates or registration.
137.	Excise & Taxation	32	Non levy of minimum penalty.
138.	Excise & Taxation	33	Non levy of interest.
139.	Excise and Taxation	34	Collection of sales tax.
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140.	Revenue	4	Outstanding Audit observations.
141.	Revenue	5	Outstanding Inspection Reports.
142.	Animal Husbandry	6	Intensive cattle development projects.
143.	Development	7	Food for work programme.
144.	Industrial Training	8	Industrial Training Institute.

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145.	P.W.D.(Public Health)	9	Grants/Loans for water supply and sewerage schemes.
146.	Industries	10	Industrial Estates.
147.	Industries	11	Design centre for fancy leather goods, Rewari.
148.	Industries	12	Supply of Sub-standard material,
149.	Industries	13	Excess grants.
150.	Co-operation	14	Financial assistance to Co-operative Societies.
151.	Co-operation	15	Co-operative Banks.
152.	Co-operation	16	Co-operative Consumer stores.
153.	Co-operation	17	Haryana State Federation of Consumers Co-operative wholesale stores, Limited, Chandigarh.
154.	Irrigation	18	Remodelling and lining of Hansi Branch.
155.	Irrigation	19	Construction of Sewana Majra Minor.
156.	Irrigation	20	Penal recovery of cost of coal issued to Kiln Contractors in excess of requirements.
157.	Irrigation	21	Synopsis of important stores accounts.
158.	Irrigation	22	Physical verification of stores.
159.	Irrigation	23	Shortages.
160.	Medical & Health	24	Drugs Control in Haryana.
161.	Medical & Health	25	Shortages in stores.
162.	Medical & Health	26	Mobile dispensaries in Haryana.
163.	Agriculture	27	Intensive oil seeds Development Programme.
164.	Agriculture	28	Loss due to leakage of pesticides.

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165.	Agriculture	29	Alleged mis-appropriation of cash and stores.
166.	Co-operation	30	Incorrect exemption from payment of audit fee.
167.	Co-operation	31	Short realisation of audit fee.
168.	Co-operation	32	Non-recovery/short recovery of audit fee from Cinema societies.
169.	Transport	33	Outstanding inspection reports.
170.	Transport	34	Results of Test audit.
171.	Transport	35	Irregular grant of rebate of token tax.
172.	Transport	36	Non-levy of token tax on vehicles owned by autonomous bodies.
173.	Transport	37	Short levy of road tax.
174.	Transport	38	Short levy of tax due to incorrect application of tax.
175.	Revenue	39	Land holdings tax.
176.	Revenue	40	Non-levy of registration fee.
177.	Industries	41	Short realisation of royalty on brick earth.
178.	Industries	42	Non-realisation of dues.
179.	Irrigation	43	Non-recovery of royalty.
180.	P.W.D. (B & R)	44	Receipts from residential buildings.
181.	Excise & Taxation	45	Results of test audit in general.
182.	Excise & Taxation	46	Arrears in assesment of sales tax.
183.	Excise & Taxation	47	Under-assessment of Central sales tax.
184.	Excise and Taxation	48	Incorrect deductions.
185.	Excise & Taxation	49	Short levy of purchase tax.
186.	Excise & Taxation	50	Short levy of tax on consignment sales.

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187.	Excise & Taxation	51	Non-levy of penalty for delay in furnishing the returns.
188.	Excise & Taxation	52	Loss of duty on excess wastage in bottling operation.
189.	Excise & Taxation	53	Loss of duty on excess storage wastage.
190.	Excise & Taxation	54	Shortfall in duty.
191.	Excise & Taxation	55	Loss of revenue due to delay in re-auction of vends.
192.	Excise & Taxation	56	Recovery due from contractor.
193.	Excise & Taxation	57	Short levy of passengers tax.
194.	Excise & Taxation	58	Non-recovery of entertainment duty.
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195.	Animal Husbandry	3	Loss in auction of wool.
196.	P.W.D. (Public Health)	4	Recoveries due from a contractor.
197.	Printing and Stationery	5	Shortage of books.
198.	P.W.D. (Building and Roads)	6	Extra expenditure.
199.	P.W.D. (Building and Roads)	7	Shortages
200.	Welfare of scheduled castes and backward classes.	8	Construction of houses for Harijans in Jayanti villages.
201.	Food and Supplies	9	Loss of Rs. 1.69 lakhs.
202.	Medical and Health	10	National Malaria Eradication Programme in Haryana.
203.	Medical and Health	11	Surveillance phase.
204.	Medical and Health	12	Other topics of interest.
205.	Medical and Health	13	Implementation of Prevention of Food Adulteration Act, 1954.

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206.	Medical and Health	14	Performce.
207.	Medical and Health	15	Sampling of food articles.
208.	Medical and Health	16	Performance of Food/Senior Sanitary Inspectors and Tehsil Sanitary Inspectors.
209.	Medical and Health	17	Percentage of adulterated articles
210.	Medical and Health	18	Launching of prosecutions.
211.	Social Welfare Department	19	Special nutrition programme.
212.	Social Welfare Department	20	Selection of area.
213.	Social Welfare Department	21	Selection of beneficiaries.
214.	Social Welfare Department	22	Supply of food.
215.	Social Welfare Department	23	Unauthorised collection from beneficiaries (Rs 1 55 lakhs)
216.	Social Welfare Department	24	Immunisation Programme.
217.	Social Welfare Department	25	Programme in drought area (Rs. 4 73 lakhs)
218.	Social Welfare Department	26	Evaluation
219.	Lotteries	27	Nugatory expenditure
220.	Irrigation	28	Theft of cash.
221.	Irrigation	29	Avoidable loss.
222.	Irrigation	30	Recoveries due from defaulting contractors.
223.	Irrigation	31	Shortages.
224.	Agriculture	32	Integrated Rural Development Programme.
225.	Co-operation	33	Co-operative Banks.

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226.	Co-operation	34	Co-operative consumers stores.
227.	Co-operation	35	Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh.
228.	Co-operation	36	Co-operative Sugar Mills.
229.	Co-operation	37	Short realisation of audit fee.
230.	Industries	38	Short realisation of royalty on on brick earth.
231.	Industries	39	Short collection of royalty.
232.	Revenue	40	Under-valuation of immovable property.
233.	Revenue	41	Short levy of stamp duty and registration fee.
234.	Revenue	42	Short levy of stamp duty and registration fee due to application incorrect rate.
235.	Transport	43	Non-levy of token tax
236.	Transport	44	Short levy of token tax on stage carriages
237.	Transport	45	Non-realisation of trade certificate fee
238.	Transport	46	Short levy of tax due to application of incorrect rate.
239.	Excise and Taxation	47	Uncollected Revenue.
240.	Excise and Taxation	48	Outstanding inspection reports.
241.	Excise and Taxation	49	Results of test audit in general.
242.	Excise and Taxation	50	Irregular exemption.
243.	Excise and Taxation	51	Under-assessment of Central sales tax
244.	Excise and Taxation	52	Incorrect deductions of declared goods.
245.	Excise and Taxation	53	Inadmissible deduction from gross turnover.

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246.	Excise and Taxation	54	Non-levy of penalty for suppression of sales.
247.	Excise and Taxation	55	Results of test audit in general.
248.	Excise and Taxation	56	Recovery due on account of re-auction of vend.
249.	Excise and Taxation	57	Failure to initiate action to recover the license fee.
250.	Excise and Taxation	58	Loss of duty on excess storage wastage.
251.	Excise and Taxation	59	Loss of duty on excess wastage in in bottling operation.

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