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HARYANA VIDHAN SABHA
PUBLIC ACCOUNTS COMMITTEE
(1972-73)

(FIFTH REPORT)

REPORT

ON THE

Appropriation Accounts and Finance Accounts of the Haryana Government
for the year 1968 69 and the Audit Report, 1970



VIDHAN SABHA SECRETARIAT
CHANDIGARH

March, 1973

PRINTED AT GOVERNMENT PRESS, CHANDIGARH

TABLE OF CONTENTS

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Composition of the Public Accounts Committee		iii
Introduction		v
Report —		
1 General	1—3	1
2 Excesses over voted grants/ charged appropriations	4	2 3
3 Irrigation	5—12	3—16
4 Buildings & Roads	13—15	16—21
5 Public Health	16	21—23
6 Agriculture	17—20	23—32
7 Co operative	21—35	32—50
8 Industries	36—42	50—63
9 Colonization	43	63—67
10 Education	44—45	68—71
11 Medical	46—48	72—79
12 Animal Husbandry	49 50	79—82
13 Welfare of Scheduled Castes and Backward Classes	51	82 83
14 Forest	52 53	83—85
15 Development & Panchayats	54	85 86
16 Excise & Taxation	55—63	86—96
17 Prisons	64	97 98
18 Food & Supplies	65	98—100
19 Haryana State Electricity Board	66—77	100—116
20 Common paragraphs	78—80	117—118
21 Appendix		119—125

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
1972 73**

CHAIRMAN

- 1 Principal Ishwar Singh

MEMBERS

- 2 Shri Amar Singh
- 3 Shri Bihari Lal Balmiki
- 4 Shri Ganpat Rai
- 5 Shri Girish Chander Joshi
- 6 Chaudhri Harkishan Lal Kamboj
- 7 Shri Nihal Singh
- 8 Shri Om Parkash Garg
- 9 Lala Rulya Ram

SECRETARIAT

- 1 Shri Raj Kumar Malhotra, Secretary
- 2 Shri R C Mehta Accounts Officer

INTRODUCTION

1 The Chairman of the Public Accounts Committee having been authorised by the Committee in this behalf present this their Fifth Report on the Appropriation Accounts and Finance Accounts of the Haryana Government for the year 1968-69 and the Audit Report, 1970

2 During oral evidence the Committee examined the representatives of the departments concerned. A brief record of the proceedings of each meeting of the Committee during 1972-73 has been kept in the Haryana Vidhan Sabha Secretariat

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

Chandigarh
The 2nd March, 1973

ISHWAR SINGH,

Chairman

REPORT

1 The present Public Accounts Committee was constituted by election vide notification No PAC-EC 3/72/14, dated the 14th April 1972

2 The Committee held 67 meetings, till the writing of the Report at Chandigarh and other places

GENERAL

3 In paragraph 3 of their Fourth Report, the Committee had observed that the departmental representatives who appeared before the Committee for examination were generally not prepared with all facts and figures despite adequate notice having been given to them in advance and the answers given by them at times were vague or incomplete/evasive. During oral examination of the departmental representatives the Committee observed that there was no significant improvement in the situation and the departmental representatives frequently requested for more time to reply to the questions asked or to furnish information on various points sought by the Committee. There was also considerable delay in supplying information promised during oral examination, such as in the case of PWD, Public Health, Colonization, Forest, Co-operative, Development and Panchayats, Industries, Irrigation and Power Departments, etc.

The Committee also observed that almost all the departments did not submit written replies to the questionnaires of the Committee within the stipulated time. In the case of Agriculture Co-operative Welfare of Scheduled Castes and Backward Classes and Haryana State Electricity Board, the replies were furnished after about six months of the issue of the questionnaires although these were required to be furnished within a fortnight. In some cases, the replies were furnished just before the start of the meeting of the Committee or a day earlier, thereby leaving no time for the Members of the Committee to go through the facts stated by the departments in the written replies. The Committee had observed in paragraph 3 of their Second Report and paragraphs 3 & 4 of their Third Report that due importance was not attached to their work by Government officers. While reiterating this view, the Committee feel that the Secretaries to Government should make it a point to appear before them personally and ensure that not only their written replies are supplied well in time but they come fully prepared to give all the information required by the Committee during oral examination.

4 Excesses over voted grants/charged appropriations

Cases of excesses over voted grants/charged appropriations for the year 1968 69 requiring regularisation by the Legislature in accordance with the provisions of Article 205 of the Constitution are detailed below —

Excesses over voted grants

Serial No	Particulars of grant	Original grant	Supplementary grant	Total grant	Expenditure	Excess
1	2	3	4	5	6	7
		Rs	Rs	Rs	Rs	Rs
1	13—Supplies and Disposals	2 69 300		2,69 300	2 73,339	4 039
2	27—Irrigation (Works)	2 72 51 860	10	2 72 51 870	3 17 61 385 45 09,515	
3	28—Charges on Irrigation Establishment	1 19 25 320	9 44 225	1 28 69 545	1 48 11-526	19 41 981
4	30—Charges on Public Works Department Buildings and Roads Establishment	55 51 180	10 19,210	65 70,390	68 35 006	2 64 616
5	45—Irrigation (Capital)	2 63 84 500	68 59 380	3 32 43 880	3 33 35 188	91 308

Excesses over charged appropriations

Serial No	Particulars of appropriation	Original appropriation	Supplementary appropriation	Total appropriation	Expenditure	Amount of excess
1	2	3	4	5	6	7
		Rs	Rs	Rs	Rs	Rs
1	12—Police	1 000		1 000	1 738	738
2	27—Irrigation (Works)		25 000	25 000	25 090	90
3	29—Public Works	75 000		75 000	1 21 074	46 074
4	28—Charges on Irrigation Establishment				36 926	36 926
5	45—Irrigation (Capital)				72 173	72 173
6	Inter State Settlement				68 90 536	68 90 536

3

The Committee regret to observe that in the above cases expenditure was incurred in excess of the grants or appropriations by certain departments, most notable being the Irrigation and Power departments

The Committee are unable to appreciate the reasons due to which it was not possible to anticipate the excess expenditure and to obtain appropriate funds by way of supplementary grants or by advance from the Contingency Fund as the case may be, in order to meet the additional liability

The Committee further observed that the budget provision relating to the head "Inter State Settlement" was made under a wrong head due to which the entire expenditure remained uncovered

The Committee recommend that suitable and effective measures be evolved in order to ensure that expenditure under various heads is kept within the budget allotment and that whenever unforeseen expenditure is required to be incurred funds are obtained in proper time by way of supplementary grant or if necessary, by an advance from the Contingency Fund. In this connection the Committee reiterate their observations in para 8 of their Second Report

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

IRRIGATION

5 Paragraph 46 of the Audit Report, 1970—Sheikhupura silting tank

To transfer silt from the canal to the tank and also to reclaim 200 acres of water-logged land (by raising its level with fresh silt), construction of Sheikhupura silting tank on the main line lower of the Western Jamuna canal at an estimated cost of Rs 6.71 lakhs was taken up in Dadupur Division in March 1960. The reclaimed land was expected to yield additional revenue of Rs 1,000 per acre per annum. In the original estimate submitted by the department in October, 1958 it was provided that since the tank was to be used for only four years, instead of acquiring the land (for the tank) permanently compensation at the nominal rate of Rs 7 per acre per annum be paid for the four years for 610 acres of land. The work continued to be done until April 1964 though the issue of compensation to the landowners was still undecided. In May 1964 the department stopped execution of the work and also decided that since construction of the tank was to benefit the landowners by reclaiming their water-logged lands the zamindars should give land free of cost. The landowners, however did not agree to surrender their land unless some alternative land was allotted to them without charging any rent.

The work stopped in May, 1964, had not been resumed (July 1969). The expenditure of Rs 1.77 lakhs incurred had, thus, proved infructuous.

The department stated in evidence that Sheikhupura silting tank was to be constructed with the dual purpose of reclaiming 610 acres of

water-logged area and removing 1,664 lacs cft of silt from the canal. Aspect of obtaining land from landowners free of cost was taken into account but as they were not agreeable to this proposal provision at a nominal rate of Rs 5 was made in the estimate for payment to the land owners but they did not accept the proposal to part with their land at this low rate. They demanded alternative land and dwelling in lieu of their land and houses coming under the silting tank. The matter remained under correspondence with the Deputy Commissioner Karnal and the Executive Engineer Provincial Division, PWD, B & R, till 1964.

It was further stated that in a discussion held during May 1964 between the then Chief Engineer, the Superintending Engineer and the Executive Engineer, the Chief Engineer desired that the scope of the tank should be reduced so as to bring down the estimate. The Executive Engineer, however, misinterpreted the Chief Engineer's orders and stopped the work. Neither the work had been re-started yet nor it was possible to undertake the same at this stage because the landowners had constructed pucca houses in the area coming under the silting tank and they were not ready to give land at any cost.

The department also intimated that the work could not be completed in four years because the landowners were adamant since they had no alternative means of livelihood, they demanded lands and dwellings in lieu of their property for as many years as the tank was to be in operation. The delay to some extent was also attributed to non-sanctioning of technical and subsequent detailed estimate wherein provision had been made for higher rate of compensation as intimated by the Collector, Karnal. As the sanctioning authority had been keen and insistent to reduce the cost of the estimate by altering the design and to settle the question of compensation of land with the Deputy Commissioner the matter was taken up by the Executive Engineer with the Deputy Commissioner but it could not be finalised promptly. No target date was stated to have been fixed for the completion of the Project.

During oral evidence the Committee were informed that the then Executive Engineer had retired from service and the Superintending Engineer had died. The departmental representative also disclosed that augmentation canal had been constructed through the silting tank as a result of which it had been cut into two portions. Due to the construction of this canal utility of the tank had ceased. On being enquired as to whether the landowners had claimed compensation for the land covered by the tank and as to how many cultivators had made representations to the department the departmental representative promised that this information would be supplied to the Committee.

The Committee are extremely unhappy to note that work on the construction of the tank was started without proper planning and completion of preliminary formalities as a result of which Government was put to unnecessary loss. Even requirement of obtaining the concurrence of landowners for construction of silting tank on their lands without compensation had not been observed. Although the work was allowed to continue for four years, no serious efforts seem to have been made to settle the matter with the landowners. It is strange that an officer of the rank of Executive Engineer did not properly understand the directions

given by the Chief Engineer in the meeting held in May, 1964 and the work was stopped by him without any authority. The Committee also fail to understand as to how this fact was not noticed by the higher authorities and the whole scheme was allowed to go waste. The Committee recommend that the circumstances leading to the ill planned execution of the work be investigated in detail and responsibility of officers involved, apart from two officers who were stated to be no longer in service, determined.

The Committee would also like to have the information desired during the course of oral examination.

6 Paragraph 47 of the Audit Report, 1970—Excess payments to contractors

Earthwork in fourteen reaches of Indri drain of Karnal Drainage Division was allotted to five contractors during August-December 1968. On the basis of measurements recorded by the Sectional Officers and checked by the Sub Divisional Officers, Rs 58,794 were paid to them upto March 1969 for 24.84 lakh cubic feet of earthwork.

On a complaint received in December 1968 an inquiry was ordered by Government in January 1969. In January-February, 1969 check measurements of the works conducted by the Executive Engineer and two independent Sub Divisional Officers showed that the contractors had executed only 10.82 lakh cubic feet of earthwork for which Rs 25,882 only were due to them. Rs 32,912 were thus, overpaid to the contractors. After adjusting Rs 17,146 lying as security deposits and other amounts due to the contractors the balance of Rs 15,766 still remained to be recovered.

The case was being investigated by the State Vigilance department. Results of the inquiry were awaited upto November 1969.

The department stated in evidence that the case of excess measurements had been referred to the Vigilance department and their final report was still awaited. Action against the SDOs concerned would be taken on receipt of the relevant record and findings of the Vigilance department.

It was also stated that after adjustment of security deposit and other amounts due to the contractors the balance recoverable from them was Rs 13,522. One of the SDOs from whom Rs 10,594 were to be recovered had since been promoted as Executive Engineer.

It was also disclosed that the contractors had gone into arbitration against this adjustment. The arbitrator was stated to have since been appointed by Government but the cases were pending for want of relevant record from the Vigilance department.

The Committee would like to know whether the Vigilance department has since completed its enquiry into the case and if so, what have been its findings. If the case is still pending the matter may be taken up at higher level. The Committee regret to observe that though the

case was still under investigation of the Vigilance department, one of the SDOs had been promoted as Executive Engineer. The Committee would like to know the cogent reasons due to which the SDO was promoted pending completion of the enquiry.

The Committee would also like to be informed about the results of the arbitration proceedings.

7 Paragraph 48 of the Audit Report, 1970—Compensation for damage to property

In July, 1961, as a result of some changes in the original alignment of drain no 8 near village Kundli a portion of the drain constructed beyond a particular point was abandoned. Drain no 8 ran for some distance along the alignment of the partially constructed drain no 6, and then took off on its new alignment towards the river. The point of parting of the two alignments was sealed by an earthen dam. The portion of the abandoned drain no 8 (beyond the earthen dam mentioned above) was again sealed by another earthen dam at the junction of drain no 6 and the abandoned portion of drain no 8 (some distance down-stream).

Apprehending a cut by Rohtak Drainage Division in the embankment of drain no 8 to check overflow of the drain due to heavy rains during July August 1963, the Executive Engineer Delhi Western Jamuna canal sent a canal wire to the former on 13th August 1963 not to resort to any cut as discharge of water in the partially constructed drain no 6 was likely to damage lands and properties in the adjoining villages. A cut was, however, made in the first earthen bund by Rohtak Drainage Division on 17th August 1963 which resulted in increasing the discharge in drain no 6 to 800 cusecs against its capacity of 200 cusecs only.

Fearing damage to their properties and lands, the residents of village Kundli are stated to have made a cut on the night of 17th-18th August, 1963 in the second earthen bund sealing the abandoned portion of drain no 8. The cut in the second bund inundated the property and farm of one landowner in the area. The cut was not set right but instead water was allowed to run for 23 days. In June 1964 the Superintending Engineer Western Jamuna canal Delhi had, under orders of the Chief Engineer, prepared an estimate of Rs 29 287 for damages to the property of the said landowner.

In October 1965 the landowner filed a suit for damages to his property for Rs 25 000 with costs. In February 1968 the court awarded payment of Rs 25 000 as compensation with costs to the plaintiff and observed that the damages had occurred due to the cut made in the drain by the Sub-Divisional Officer without obtaining the orders of the competent authority and also the State had owned its responsibility for the damage by implication as the Superintending Engineer had framed an estimate in June, 1964 to cover compensation for the loss suffered by the landowner. An appeal against the court's award was filed in the High Court in July 1968. The appeal was however, withdrawn.

The matter was brought to the notice of Government in May, 1969. Government intimated (in November, 1969), that according to the Assistant Legal Remembrancer Government case, in the lower court had failed due to the following reasons —

- (i) the best possible and important point of defence that the damage to the land in question had been caused by the act of villagers who, out of panic made a cut in the second earthen bund had not been taken up in the written statement
- (ii) the administrative department had not been taking any interest in the defence of the case. Lack of co ordination had, in fact made the task of the District Attorney more difficult. The record keeper of the office of the Superintending Engineer had produced certain important inter departmental communications without consulting the District Attorney. Certain portions of these communications carried the impression that Government officers were negligent in making a cut in the drain in question and that the State was admittedly liable for the loss caused to the plaintiff. Privilege could have been claimed in respect of these documents
- (iii) an estimate of Rs 29,287 representing loss caused to the landowner was also prepared by the Executive Engineer and the Chief Engineer was requested to sanction it

The department stated in its written memorandum that villagers of some of the villages in Haryana and Delhi had protested against the alignment of the drain. The matter was taken up in a joint inter State discussion at high level between the Irrigation and Power Minister, Punjab and the Chief Commissioner, Delhi Administration and the alignment was ordered to be shifted to its old place by abandoning a portion of the drain already constructed at a cost of Rs 1,68,403. By doing so, 3000 ft length of drain and a D.R. Bridge under Narela road was saved. Drain no 6 was already in position at the time of construction and abandonment of the portion of the diversion drain no 8.

It was also stated that there was very heavy rainfall in the catchment area of drains no 8 and 6. The discharge in diversion drain no 8 on the evening of 17th August 1963 was 2316 cusecs with a gauge of 697.30 at R.D. 26590 against R.L. of 696.00 and authorised discharge of 1393 cusecs. The gap between drain no 8 and drain no 6 was got opened by Drainage authorities to save the National Highway No 1 from flooding as the situation was alarming and there was no other alternative. It was however admitted that the cut made by the villagers on the second earthen bund was the direct result of the cut made on the first bund by the departmental authorities.

The department further explained that quantity and velocity of water running through the cut was of such magnitude that it was not possible to close the cut earlier. The site was inspected by the Irrigation and Power Minister, Punjab who advised the S.D.O., Drainage Sub-Division No 1, Sonapat to close the gap between drain no 6 and 8. This

gap was closed with the help of Indo-Tibetan Border Force on 30th August, 1963 but the second cut was closed after another 10 days when water flowing through the cut receded and earth for closing the cut became available

The landlord involved submitted two representations to the Chief Minister, Punjab followed by a notice of suit under Section 80 CPC claiming compensation for damages caused due to flooding of his area. The amount of loss was assessed by the SDO and the Executive Engineer as Rs 28,943 against the landlord's claim of Rs 51,000.

It was further explained that the written statement filed in the court was prepared by the then Executive Engineer Delhi Division in consultation with the District Attorney. It was not possible at this stage to intimate why the fact regarding damage having been caused by the cut of villagers to the land of the land-owner was omitted by them from the written statement. The Assistant Legal Remembrancer, Punjab was fully aware of the process and defence of the case and he personally went to Rohtak for imparting necessary instructions to the District Attorney. Whatever defence was taken up by the department was under the advice and guidance of the legal authorities. It was also stated that it was not correct that the departmental officers did not show interest in the defence of the case and they did not fully co-operate with the District Attorney. The case was decided by the court against the department on technical ground and not due to non-cooperation or lack of interest on the part of any Government officials. The appeal filed in the High Court was withdrawn by Government in consultation with the Finance Department and the Advocate General Haryana.

From the facts placed before the Committee, they strongly feel that it was highly irregular on the part of the departmental authorities to prepare an estimate for payment of compensation to the land owner before considering all aspects of the matter and that the department had withheld from the court a vital fact regarding the cut in the second earthen bund having been made by the villagers and not by the departmental authorities. It is clear from the report of the Assistant Legal Remembrancer that certain records produced by the record keeper of the Superintending Engineer had been furnished without consulting the District Attorney and these carried impression that Government officers were negligent in making a cut in the drain in question and the State was admittedly liable for loss caused to the plaintiff.

It is strange that while on one hand the department went to the court saying that nothing was due to the plaintiff on the other hand it had prepared an estimate for payment of compensation prior to that.

It was, perhaps because of the weak legal position of the department that appeal filed in the High Court in July, 1968 was subsequently withdrawn.

The Committee did not feel convinced with the arguments now advanced by the department in its written reply and, therefore recommend that the matter be thoroughly investigated in order to assess the

extent of responsibility of the officials at various levels for their negligent handling/processing of the case in the court. The Committee also desire that a copy of the decision of the Cabinet wherein it was decided to withdraw the appeal filed in the High Court be supplied.

8 Paragraph 49 of the Audit Report, 1970—Boulder stone

Tenders were invited by Ambala Drainage Division (now defunct) in October 1968, on through rate basis (material and labour) for three flood protection works (estimated cost Rs 690 lakhs). The lowest tenders were higher than the rates approved by the Superintending Engineer. The latter rates were later enhanced and the Superintending Engineer approved the lowest tenders. Prior to the enhancing of the rates, the Superintending Engineer had issued instructions that the boulder stones supplied were to be stacked, measured and check measured after deduction of voids in accordance with PWD specifications. When the Executive Engineer pointed out that stacking and rehandling of stores would mean extra expenditure to the contractor the Superintending Engineer agreed to reimburse the additional cost. This was however, not acceptable to the contractor. In January, 1969, the Executive Engineer re invited tenders for labour and supply items separately. The lowest tendered rates were Rs 1.04 lakhs above the original tenders. The Superintending Engineer did not accept the lowest tendered rates and went in for second re-tendering. Again the same tenderer turned out to be the lowest but higher by Rs 0.46 lakh as compared to the original tenders and lower by Rs 0.58 lakh as compared to the second tenders. The Superintending Engineer also made the work date-bound—to be completed by 30th June, 1969. The work executed was to be measured on 30th June 1969 and 30 per cent cut was to be imposed on the unfinished items of work. Even after extending the date of completion up to 15th July 1969 the work could not be completed and 30 per cent cut (Rs 0.76 lakh) on the incomplete items of work (including cost of unused material) was imposed. After adjusting Rs 0.37 lakh due to the contractor (security deposits Rs 0.20 lakh work done Rs 0.17 lakh) the balance of Rs 0.39 lakh was recoverable (August, 1969).

The Chief Engineer held (in November 1969) that the Punjab PWD specifications provide that the boulders should be stacked compactly on level ground on stacks of not more than 3 feet in height or such other height as may be prescribed by the Executive Engineer and that the actual dimensions of stacks should be measured and the total quantity reduced by 1/7th to arrive at the net quantities for payment. Accordingly the boulder was required to be stacked by the contractor even when the work was to be done on through rate basis.

Re-tendering had resulted in actual extra expenditure of Rs 0.21 lakh on the basis of work done by the contractor (August 1969). Work for Rs 1.96 lakhs was still incomplete (November 1969). The department decided in October, 1969 to execute the work departmentally.

The department stated in evidence that it was mentioned in the notice inviting tender that specifications and details could be seen in the office of the Executive Engineer, Ambala Drainage Division, Ambala.

The specifications provided boulder stones to be stacked and measured/ check-measured after deduction of voids

The following works were allotted to two contractors and these works were required to be completed by 30th June, 1969. In case of non completion of works in time the penalty of 30 per cent was leviable —

- (1) Construction of Armoured Spur between R D 9 10 LMB
Khanpur Bund R D 0 12400
- (2) Pitching Inner Slope between R D 6—10 LMB between R D
0 12400 Khanpur Bund

In the case of work at serial no 1, the Executive Engineer Drainage Division, Karnal applied for extension up to 15th July, 1969 and extension was granted by the Superintending Engineer, Drainage Circle Karnal on the following grounds —

- (1) The work was allotted to the contractor on the 26th March, 1969 when the harvesting season was in full swing
- (2) There was shortage of trucks due to movement of foodgrain
- (3) There was shortage of space at site of work for stacking of huge quantity of stones for check-measurement before being consumed on the work

No extension was applied for by the Executive Engineer for the second work. The arbitrators were stated to have been appointed in both the cases

It was also stated that the award in respect of the first work was announced by the arbitrator on the 3rd December, 1970. The State filed an application under section 30 in the court of Senior Sub Judge Karnal for setting aside the award, but the case was decided by the court in favour of the contractor. The case was at present stated to be before the High Court whose decision was awaited. The award of the arbitrator in the case of the second contractor was yet to be announced.

The remaining work was got completed partly departmentally and partly through some other agencies and the total overall extra expenditure incurred in this behalf worked out to Rs 12 286

The Committee would like to know decision of the High Court on the appeal filed by the department as and when the decision of the court is announced

The Committee would also like to know the results of the arbitration proceedings in the case of the second contractor

9 Paragraph 50 of the Audit Report, 1970—Irrigation of land between irrigation boundary of Delhi and Jamuna river

Five channels were constructed at a cost of Rs 16 64 lakhs in 1954 55 for providing irrigation facilities in 95,703 acres of land in the

area between the irrigation boundary of Delhi and Jamuna river. According to the project estimate of 1954, the area expected to be brought under irrigation in 1955-56 was 15 per cent and this was to increase to 50 per cent by 1959-60. As, however, the channels were actually made perennial from 1962-63 instead of 1958-59, the increase in the irrigated area to 50 per cent was then expected to be attained from 1963-64 onwards. However, the irrigated area increased by 17 per cent only by 1968-69. The revenue assessed during 1960-61 to 1968-69 was Rs 7.70 lakhs against the anticipated revenue of Rs 33.16 lakhs. The expenditure on the maintenance and repair of the channels was Rs 6.20 lakhs.

The shortfall in achievement was attributed by the Superintending Engineer (June, 1969) to the following —

- (a) Due to paucity of time, the department had prepared the estimate on the basis of Survey of India map and actual level survey was not done and thus the unsuitability of the area for canal irrigation could not be visualised.
- (b) While proposing construction of the channels, the department had not taken into consideration —
 - (i) the annual rainfall in the area ,
 - (ii) that a water course should normally irrigate 300 acres of land whereas due to the terrain a water course could not carry water more than one furlong or two
 - (iii) that cultivators mainly with small holdings were unwilling to spare land for water channels, even where technically feasible ,
 - (iv) that the villagers were not interested to obtain water from channels as the area was subject to overflow from the river and could be irrigated by inundation ,
 - (v) assessment of the actual performance of flood channels up to the date of preparation of the revised estimates in 1958-59 for their conversion into perennial channels

The Superintending Engineer added that supply of water available during the monsoon did not justify the project but the idea was to create irrigation potential at whatever cost.

The department stated in written reply that no detailed survey of the area was carried before planning of the scheme due to paucity of time. The main idea behind taking up these schemes was to create as much potential as possible in the interest of Grow More Food Scheme keeping in view the scarcity of foodgrains in the country as a whole.

It was admitted by the department that the schemes were prepared without proper planning and foresight. The area irrigated during 1971-72 by each distributary was as under —

	Acres
(1) Rajpura Distributary	8,322
(2) Ganaur Distributary	1,543
(3) Smalkha Distributary	2,568
(4) Harsana Distributary	1,723
(5) Nahri Major Distributary	1,605

This showed that only 16 per cent irrigation had been achieved during 1971-72. The irrigation by these channels had been fluctuating between 15 per cent to 20 per cent since these had been made perennial channels from 1962-63.

The department also stated that the two officers, who were held responsible had since retired and no action was possible against them.

During oral evidence the departmental representative was asked to supply information about the place to which water from these distributaries flowed and what was the discharge of water in each distributary. He promised to supply this information which had not been received till the writing of the Report.

The Committee are pained to observe that the works of such magnitude were taken in hand without proper survey, planning and detailed investigation about irrigational needs of the area. An expenditure of Rs 16.64 lakhs was incurred on the construction of these channels for which there was no apparent necessity. In fact, the cultivators in the area do not fully use these channels as they get plenty of rain water and spill over from the river. The area irrigated by these channels was only 16 per cent even in 1971-72 against the expectation of 50 per cent and the department mentioned that there was no prospect of any further increase in the area irrigated by these channels. The revenue assessed also falls far short of the anticipated revenue. The Committee feel that if public money is to be squandered on such faulty schemes the developmental programmes in the State are likely to be seriously affected. They would therefore, recommend that suitable action against the officials responsible for preparation and approval of these ill-planned schemes (in addition to the two officers who are stated to have since retired) be taken under advice to them.

The Committee would also like to have the information promised during oral evidence.

10 Paragraph 51 of the Audit Report, 1970—Purchase of wire

In May, 1968, the Controller of Stores entered into a rate contract with a firm for supply of galvanised iron wire during May, 1968 to April, 1969. In July, 1968 an order for supply of 100 tonnes of wire was placed on the firm by the Executive Engineer, Ambala Drainage Division (now defunct). The full quantity of 100 tonnes was accepted by the Executive Engineer after inspection of the material by a representative of the Controller of Stores in July 1968, though only 8 per cent of the material was stamped as accepted. 90 tonnes of wire were actually received during August-November, 1968. On the basis of goods receipts (which did not cover risk during transit) instead of railway receipts for goods booked at railway risk as required under the rate contract the Executive Engineer in August 1968 paid Rs 1.37 lakhs being 90 per cent of the price of the full quantity of 100 tonnes. Thirteen tonnes of wire (value Rs 19,750) were found defective and had not been replaced so far (August, 1969).

In August, 1969, the Superintending Engineer intimated that the Executive Engineer, Ambala Drainage Division, (now defunct) was responsible for the irregular payment. The Controller of Stores intimated in August 1969 that as the firm was neither making good the short supply nor replacing the defective wire, he was effecting the purchase at the firm's risk and expense.

The department stated in evidence that in a meeting held in the office of the Controller of Stores, Haryana, on the 27th October 1969, it was decided that super inspection of 13 tonnes defective GI wire be done by a committee consisting of the Additional Controller of Stores Haryana Chandigarh Executive Engineer, Drainage Division, Karnal, Executive Engineer, Yamuna Link Division, Ambala Cantt Stores Inspection Officer (Engineering) of the office of the Controller of Stores Haryana and Sub-Divisional Officer concerned. The super inspection carried by this committee showed that the material supplied was defective. It was also tested by the Controller of Stores in the laboratory of the Quality Marking Centre for Precision Instruments Ambala, which showed that the material was not properly galvanised. It was finally decided that the defective supply of 13 tonnes of GI wire may be accepted subject to a reduction of Rs 365 per tonne. This reduction was on account of cost involved for galvanising GI wire. The explanation of the then Executive Engineer Ambala along with the comments of the Superintending Engineer, Drainage Circle Karnal were stated to have been sent in January 1970 to the Vigilance department which was holding an enquiry into the matter. The report of the Vigilance department was awaited. It was further mentioned that in view of the Legal Remembrancer's advice risk purchase in this case was not possible. The Controller of Stores, Haryana had sought arbitration for recovering certain amounts from the firm which also included the amount recoverable in this case. The arbitrator gave an award in favour of the Controller of Stores but the claim of the department in respect of 13 tonnes of defective wire was not accepted.

The Committee fail to understand the reasons which weighed with the Executive Engineer for making payment of 90 per cent of the price of the full quantity of 100 tonnes of GI wire although only 90 tonnes of wire were supplied which must have been shown in the goods receipts. Besides, super inspection of the defective GI wire was arranged almost 1½ years after its receipt and it took another 9 months to decide that the defective GI wire be accepted subject to a reduction of Rs 365 per tonne. The Committee would like to know whether the enquiry by the Vigilance department has since been completed and if so, what are their findings and the grounds on which the claim of the department in respect of 13 tonnes of defective GI wire was rejected by the arbitrator.

The Committee would also like to know the action taken against the officers concerned for the irregular payment involved in this case.

11 Paragraph 52 of the Audit Report, 1970—Over issue of coal and extra expenditure

In Construction Division No III Panipat, a contract for supply of 30 lakhs cils and 0.5 lakh bricks was entered into with a contractor in

November 1967 According to the contract, the department was to supply coal for burning tiles and bricks, coal consumed by the contractor in excess of the limit specified was to be charged for at penal rates specified in the contract 703 tonnes of coal were supplied to the contractor for the purpose during March to May, 1968 The contractor supplied 11 42 lakhs tiles and 0 5 lakh bricks for which 355 tonnes of coal were to be consumed and returned only 6 tonnes (instead of 348 tonnes) of coal Thus, 342 tonnes of coal were issued in excess for which recovery at penal rates was due from the contractor Out of that, recovery for 102 tonnes was however, effected at the normal rate only Rs 43,667 were, therefore still recoverable from him The department intimated (June, 1969) that it proposed to adjust Rs 32,448 (security deposit Rs 6,869, other amounts due to the contractor Rs 25 579) against this recovery

In addition, the department spent Rs 0 18 lakh (difference in rate for purchase of tiles short supplied by the contractor Rs 0 13 lakh, extra carriage charges, etc Rs 0 05 lakh) more in obtaining the balance quantity of tiles from another agency at higher rates

The matter was brought to the notice of Government in May, 1969, the Chief Engineer intimated in November, 1969 that the case was being referred to arbitration (required under the agreement)

The department stated in a written reply that coal was issued to the contractor in terms of agreement and the total issue of coal was kept within his overall requirement for the supply of 30 lakhs tiles and 0 5 lakh bricks The contractor was issued 703 tonnes of coal against the total requirement of 913 tonnes However the contractor could not complete the supply of tiles to the extent provided in the agreement and he was able to supply 11 42 lakhs tiles and 0 5 lakh bricks for which 355 tonnes of coal should have been used It was stated that the circumstances leading to excess consumption of coal were as under —

- (1) After first burning, it was found that a lot of tiles received were under-burnt and pilla These had to be re-burnt
- (2) The burning process of this kiln continued for 5 months and the area was waterlogged
- (3) Only 3 rounds of tiles were burnt against a normal of about 6 rounds for a season

It was stated that instructions were issued in October, 1969 that since coal was available freely in the market it would be better if the contractor made arrangements for its purchase himself Where the coal was supplied by the department the quantity issued should be commensurate with the number of bricks/tiles scheduled to be burnt and if the coal issued was found to be in excess for bricks/tiles to be burnt, the Sub-Divisional Officer and Executive Engineer should take immediate action for disposal of excess coal

It was further mentioned that the explanation of the Sub Divisional Officer and the Sectional Officers concerned were called The explanation of the Sub-Divisional Officer had been received and was under consideration while those of the Sectional Officers were awaited

It was also stated that the Superintending Engineer had asked the Executive Engineer in September 1970 to recover the cost of coal at ordinary rate as according to the Legal Remembrancer's advice, the Executive Engineer was competent to recover at ordinary rate unless the quantity of coal was in excess of proportionate quantity corresponding to the number of bricks provided in the agreement. The recovery of the cost of the balance quantity of coal was, therefore effected at the ordinary rate. It was added that as no action could be taken in respect of short supply of tiles/bricks there being no penal clause in the agreement, this was not a fit case for going into arbitration.

The Committee recommend that suitable and effective steps be taken to ensure strict compliance with the instructions issued in October, 1969 and to see that no instance of excessive issue of coal to the contractors occur in future and in case excess coal is issued to them immediate action is taken to get back the excessive quantity of coal.

The Committee would also like to know the action taken against the Sub-Divisional Officer and the Sectional Officers concerned.

12 Paragraph 61(II) of the Audit Report, 1970—Delay in investigation and fixing responsibility involving shortages and loss of stores

The departmental rules require maintenance of material-at-site accounts and also verification at least once a year of the unused balance of materials debited direct to works. Six works on Narwana-Barwala-Karnal link were completed in Western Jamuna Canal Feeder/Gurgaon Canal Project Mechanical Division during December, 1963 to June 1966. The accounts of the material issued from departmental stores for consumption on the works were not maintained by a Sectional Officer during his incumbency from May, 1964 to July, 1966. Physical verification of the material lying at the site of the works was also not conducted. The material-at-site accounts of the works got completed after two years in June-July 1968 showed that stores worth Rs 27,136 were short.

As a result of investigation show cause notices were issued to the Sectional Officer in August, 1968, which were yet (November, 1969) to be served on him through the Chief Engineer, Irrigation Works, Punjab (the Sectional Officer had been allocated to Punjab State on reorganisation of the erstwhile Punjab State).

The department stated in evidence that it was only due to carelessness of the particular Sectional Officers and inexperienced staff at that time that material-at-site accounts were not maintained during their incumbency and they failed to observe the usual rules. Action against 5 Sub-Divisional Officers for not conducting physical verification had been initiated. One of the Sub-Divisional Officers had since retired from service but his full pension had not been sanctioned and his gratuity had also been withheld. Three Sub-Divisional Officers had been allocated to Haryana and show cause notices to be served upon them were under consideration. One Sub-Divisional Officer had been allocated to Punjab State and his case was referred to the Chief Engineer, Irrigation Works, Punjab in May, 1972 for further necessary action. Out of the 3 Sectional Officers involved in this case one had left service on 1st July 1966, one

had been allocated to Punjab and the 3rd one had been allocated to Himachal Pradesh. Show-cause notices against the Sectional Officers allocated to Punjab and Himachal Pradesh were stated to have been sent to the Chief Engineers, Irrigation Works, Punjab and Himachal Pradesh Government.

The Committee would recommend that necessary action against the officials concerned be finalised as quickly as possible and the Committee informed about the final decision taken in this behalf. The Committee would further like to know the manner in which the stores worth Rs 27,136 found short are proposed to be recovered/adjusted.

BUILDINGS AND ROADS

13 Paragraph 53 of the Audit Report, 1970—Restoration of damages and strengthening of Grand-Trunk Road

Restoration of damages to Grand Trunk Road (mile 18 to 38) was taken up by Karnal Provincial Division in August/September, 1964 (in anticipation of sanction to the estimate). The estimate was returned unsanctioned by the Superintending Engineer in August, 1965 on the ground that the work having been completed the estimate should be prepared on the basis of actual expenditure. Accordingly, an estimate of Rs 3.99 lakhs was prepared by the Executive Engineer in February, 1966 on the basis of actual expenditure. Strengthening of the road was also undertaken in February, 1965 and completed in March, 1966.

A comparison of the quantities of work done and the material paid for, as shown in the paid vouchers and in the estimate prepared after completion of the work, disclosed that material worth Rs 0.66 lakh had been consumed in excess of requirement on the first work as shown below —

- (a) For 1.40 lakh cubic feet of brick soling done and paid for the number of bricks (calculated at 1350 bricks per hundred cubic feet as laid down in the common schedule of rates), worked out to 18.86 lakhs. Against that 19.61 lakhs bricks were consumed the excess consumption of 0.75 lakh bricks worth Rs 0.04 lakh was shown through interpolations in the record measurements and short accountal in the road metal returns.
- (b) Against 0.52 lakh cubic feet of stone metal purchased through contractors and shown as used only 0.15 lakh cubic feet were required to be consumed in consolidation work. The excess consumption of 0.37 lakh cubic feet of metal worth Rs 0.30 lakh could not be justified.
- (c) Out of 0.51 lakh cubic feet of bajri purchased and shown as used only 0.05 lakh cubic feet were required to be consumed in tarring work done by road-roller in a section the remaining 0.46 lakh cubic feet of bajri worth Rs 0.32 lakh were therefore consumed in excess.

The following points relating to both the works were also noticed —

(i) Road-roller was not used by the contractors for preparation of sub-grade and rolling over brick-soling, corresponding deduction (provided) therefor from the full rates for those items was not made while making payments to the contractors which resulted in overpayment of Rs 009 lakh

(ii) In mile 37/8 of the road, - consolidation of road metal was carried out during October-November, 1964, measurements relating to the preparation of 015 lakh square feet of sub grade and laying of 006 lakh cubic feet of brick soling (which could only precede consolidation of road metal) were recorded subsequently in March, 1965 Besides entries relating to consolidation of 004 lakh cubic feet of road metal were again recorded during April, 1965 The expenditure on these items was Rs 009 lakh

The matter was brought to the notice of Government in April, 1968 In July 1969, the Executive Engineer intimated that a Sectional Officer was proposed to be charge-sheeted but this was not done till October 1969 The other Sectional Officer and a Sub-Divisional Engineer who also were incharge of the work had, however, since retired

The department informed Audit in March, 1970 that —

(i) consumption of 61750 bricks could not be traced

(ii) entire quantity of 52,260 cft of stone metal had been consumed and verified

(iii) consumption of 6,200 cft of bajri could not be verified

(iv) amount recoverable on account of roller charges worked out to Rs 3,748

(v) fictitious payment of Rs 1,040 on account of hire charges of truck and fictitious payment of Rs 1948 were made to contractor The explanation of the Sectional Officer was not found satisfactory and the amount was proposed to be recovered from him/written off

The department further intimated Audit in August 1971 that stone metal and bajri were used for filling depression on the G.T. Road and the material used in patch work was not susceptible of detailed measurements

The department stated in evidence that the consumption of bricks worked out on the basis of 1350 bricks per 100 cubic feet was not in order and that according to the P.W.D. specifications and the common schedule of rates 1440 bricks should have been used for 100 cft of bricks soling work The factor of 1,350 bricks per 100 cft related to the consumption of bricks in dry brick work and not in brick soling work The departmental representative, therefore, argued that the shortage of

61,750 bricks was the outcome of bad accounting. It was also stated that when the shortage of stone metal was worked out, unfortunately the papers showing details of the work done departmentally, which too consumed stone metal were not put up to Audit. The Audit was stated to have since been satisfied that there was no shortage of stone metal.

As regards the bajri, it was mentioned that this was also a case of bad accounting but the department had not been able to reconcile it and the shortage remains. The Sectional Officer who was responsible for this had since retired and because of these shortages, he was neither confirmed nor given any pension. The case for writing off the shortages was being sent to Government.

Pegadging the excess payment account of road-roller charges the departmental representatives admitted that this was a case of excess payment and till then they had been able to recover Rs 755 from the contractors. The actual overpayment on this account was stated to be Rs 3 747 which figure had been got verified by Audit also. The Accountant General however pointed out that it was not correct to hold that his office had been satisfied regarding the shortage of stone metal or the reduced amount of overpayment on account of road-roller charges and the matter was still under correspondence. Five Sectional Officers were stated to have been held responsible for the non recovery of roller charges from the contractors. One of the Sectional Officers was the same who was involved in the shortage of bajri. The Sub-Divisional Engineer concerned was stated to have since retired and the recovery was pointed out to the Accountant General Haryana for being adjusted against the death cum retirement gratuity. The fictitious payments of Rs 1 040 and Rs 1 948 too were attributed to bad accounting.

The Committee do not feel convinced that the above cases of excess payments/shortages have arisen mainly because of bad accounting. The department has given different versions about the shortages in different communications. Clarifications asked for by Audit are still to be provided. The Committee, therefore, recommend that the entire case be examined in greater detail to arrive at the correct facts in consultation with Audit and the Committee apprised of the final findings.

The Committee would also like to be informed about the progress in regard to the recovery of the shortages/excess payments from the officials concerned and also from the contractors.

14 Paragraph 54 of the Audit Report, 1970—Extra Expenditure

Tenders for construction of principal's residence and B-type houses for professors were invited by Kurukshetra Construction Division on 15th April, 1968. Only one tender quoting the rate of 29.50 per cent above the common schedule of rates and valid for 30 days, was received. The tender recommended by the Executive Engineer on 17th April, 1968, was however, accepted by the Chief Engineer on 6th May, 1968 and allotment of work in favour of the contractor was approved by the Superintending Engineer on 10th May, 1968. On 13th May 1968 i.e. one day before expiry of the validity date the department conveyed, by a letter sent under postal certificate its acceptance of the tender. The contractor

refused to execute the work on the ground that his tender was valid up to 13th May, 1968, by which date he had not received the letter of acceptance. Tenders were re-invited in September, 1968 and the work was allotted at 49.61 per cent above the common schedule of rates resulting in extra expenditure of Rs 0.19 lakh.

The matter was brought to the notice of the department in April, 1969, reply was awaited up to December, 1969.

The department stated in evidence that the lowest tender of the contractor was recommended by the Executive Engineer to the Superintending Engineer, Education Works on 17th April 1968. The case was processed in the office of the Superintending Engineer before it was sent to the Chief Engineer's office. The letter of acceptance of the tender was posted before the expiry of the validity period and under section 4(2) of the Indian Contract Act the communication of acceptance to the contractor was complete as soon as the letter of acceptance was posted. The date of actual delivery was immaterial. The period of 20 days taken in processing this case by the Superintending Engineer's office and Chief Engineer's office could not be treated as excessive. However, instructions had been issued to all the field officers for processing the tender cases with due promptitude to ensure the communication of acceptance well before the expiry of the validity period. It was also stated that because of contractor's refusal to take up the work, his earnest money of Rs 2,000 was confiscated.

In reply to an enquiry whether any new contracts had been given to this contractor since May, 1968, it was mentioned that enquiries in this behalf were being made and the desired information would be supplied to the Committee in due course.

The department promised to consider the desirability of making specific and clear provisions in the departmental rules to ensure despatch of all such cases through registered post.

During the course of oral examination, the department conceded that the provisions of the B & R manual prescribing time limit for processing the tenders at every stage were not adhered to. The said provision were stated to be not practicable.

The Committee are not happy to note the unusually long time taken in the offices of Superintending Engineer and Chief Engineer in processing the case particularly when the Executive Engineer had submitted the case within two days of the receipt of the tender. The Committee recommend that reasons for the delay be investigated and responsibility fixed for the extra expenditure caused to the Government.

The Committee would also like that the information regarding allotment of new contracts if any to the above contractor since May, 1968 and amendment of the departmental rules for making specific/clear provision regarding despatch of such cases through registered post be sent to the Committee as early as possible.

15. Paragraph 61(I) of the Audit Report, 1970—Delay in investigation and fixing responsibility involving shortages and loss of stores

In February-March, 1963 2,217 bags of cement (value Rs 0.18 lakh) were issued in Ambala Provincial Division against two indents for use on an unsanctioned work. In 1964-65, the value of that cement was transferred against a sanctioned work. The latter work was completed in January, 1966 at a cost of Rs 79,400 (sanctioned estimate Rs 61,700). While investigating the cause of excess over the sanctioned estimate, the Divisional Officer detected in September, 1967 that (a) 2,217 bags of cement had neither been utilised on the work nor transferred elsewhere, (b) one of the indents did not bear acknowledgement of the receiving official while the second indent (together with connected material-at site account register) was missing and (c) the issue of cement in February-March, 1963 represented only a paper transaction with a view to utilising the budget grant.

The case was reported by the Executive Engineer to the Superintending Engineer in November, 1967, with the observation that the connected records appear to have been deliberately mis-placed by some interested persons. The Superintending Engineer held two Sectional Officers responsible for the loss and ordered in March, 1968 that disciplinary action be taken against them. He also directed the Executive Engineer to fix responsibility for the loss of records. The Executive Engineer informed the Superintending Engineer in June 1969 that (i) the officials were negligent in maintenance of the records and (ii) responsibility for the loss of cement could not be fixed in the absence of the relevant records which remained untraced.

The matter was brought to the notice of Government in July 1968, reply was awaited up to December, 1969.

The department stated in evidence that there were three Sectional Officers who were involved—One who supplied the stores, second who indented them and third who came there by transfer. This case came to notice when excess on estimates was being investigated. An enquiry officer was appointed to fix responsibility in this case. However he was not able to fix responsibility for want of relevant record. Thereupon the case was referred to the Vigilance Department in November 1969 for investigation. The findings of the Vigilance Department were still awaited and further action against the concerned officers could be taken only on receipt of the findings of the Vigilance Department. It was, however, admitted that the loss of stores could have been detected earlier at the time of physical verification of stores.

The Committee would like to know whether the Vigilance Department has since completed investigation and if so, what are its findings. If the enquiry has not been completed as yet, it may be got finalised as expeditiously as possible as more than 3 years have elapsed since the matter was referred to that department.

The Committee also note with concern that the shortage remained undetected till 1967 though it could have been detected earlier if proper

physical verification had been conducted. The Committee recommend that in addition to three Sectional Officers involved suitable action should also be taken against those responsible for not carrying out or ensuring proper physical verification

PUBLIC HEALTH

16 Paragraph 55 of the Audit Report, 1970—Purchase of pipes and lead

In Ambala Public Health Division, no reserve limit of stock was sanctioned, but in the following cases pipes and pig lead were purchased for certain unsanctioned works and they remained largely unused —

(i) Pipes worth Rs 15.23 lakhs were purchased during 1962-63 to 1965-66 (the maximum purchases were made in 1965-66). In September, 1967 the Executive Engineer of the Division informed the Executive Engineers of other divisions that these pipes were available with him for transfer to other divisions. Pipes worth Rs 4.15 lakhs were transferred to other divisions during November, 1967 to February, 1968. The exact extra expenditure on carriage of the pipes to other divisions could not be ascertained but calculated at the rates payable to public carriers; the cost of transport would have been Rs 0.19 lakh (approximately). Pipes worth Rs 4.04 lakhs were still (October, 1969) lying in stores in the Ambala Public Health Division.

(ii) In August, 1966, the Chief Engineer approached the Government of India for procurement of 515 tonnes of pig lead for use on works of the Public Health department, which were stated to be receiving a serious set-back for want of this commodity. During February to April 1967 114 tonnes of lead (value Rs 5.32 lakhs) were received from a firm in this division and remained unutilised till November 1967. Out of that 72 tonnes were transferred to other divisions and three tonnes to its own sub-divisions during December 1967 to June, 1969. The remaining 30 tonnes (value Rs 1.35 lakhs) were still in stock in the Ambala Public Health Division (October 1969).

The department attributed (June 1969) non utilisation of the material to non sanction of works due to paucity of funds suspension of the Fourth Five Year Plan and reorganisation of the State.

The department stated in evidence that supply of pipes was scarce and orders placed generally matured after two or three years. Therefore, keeping in view the works to be executed in the next two or three years orders were placed for the purchase of pipes from time to time so that works could be executed properly and in time. The spun pipes were received in bulk from the suppliers between 1962-65 through the Director General, Supplies and Disposals, New Delhi, for various developmental works in urban/rural areas including water supply schemes of Ropar. However, as a result of reorganisation of the composite Punjab State and consequential exclusion of Ropar Tehsil and villages around it,

Union Territory, Chandigarh and Simla, the material indented for works falling in these areas became surplus. Besides the water supply scheme in Naraingarh Tehsil was held in abeyance due to paucity of funds when the execution of Fourth Five Year Plan was also slowed down.

It was also stated that the pipes were received for three kinds of works, viz (i) those which had been administratively approved and were in progress during 1964-65, (ii) for those for which part of funds had been allotted, and (iii) which were to be in progress and were to be taken in hand during 1966-67.

It was further stated that 67,303 metres of pipes had been utilised on various works and 52,057 metres transferred to other divisions. A balance of 3,140 metres of pipes only were lying in stock as on 31st March, 1972.

As regards the sanction of reserve limit of stock it was mentioned that the reserve limit of stock for the Mechanical Public Health Division, Ambala Cantt. had been fixed as Rs 25 lakhs and that for Ambala Public Health Division it was Rs 7 lakhs. Both these limits were combined and it was thought by the department that the reserve stock limit for Rs 32 lakhs was available, but this presumption was not admitted and fresh Government sanction was subsequently obtained in December, 1971.

During oral evidence the Committee were informed that value of the pipes received in 1965-66 amounted to Rs 5.25 lakhs only which meant that material worth Rs 10 lakhs was already in stock when the fresh supplies were received in 1965-66. The department could not satisfactorily explain as to why orders for fresh supply received in 1965-66 could not be cancelled in view of heavy stock of about Rs 10 lakhs already available with the department.

The Committee further observed that the supplies of pipes were first obtained at the central store instead of at the sites of works such as provincial sewerage scheme HMT Pinjore, storm water drainage HMT, Pinjore which would have resulted in substantial saving to the department.

The Committee asked the department to supply information on the following points —

- (i) dates on which the indents for the supply of pipes were placed and the quantity indented
- (ii) the dates of completion of the schemes administratively approved on which the pipes were used and details of the schemes which were still to be completed
- (iii) the details of the consumption pattern of material indented by the department, i.e. whether they are received first at the central store and then moved to the sites of works or are procured at the sites of work direct and
- (iv) names of the officers who were responsible for heavy purchase of pipes and whether they are serving in Haryana or have been allocated to Punjab

This information had not been received by the Committee till the writing of the Report

In regard to the purchase of pig lead, it was stated that its procurement included the requirement for Public Health divisions at Ambala, Karnal and Faridabad. The entire stock could not be utilised as some developmental works originally provided were not taken up during 1967-68 and 1968-69 due to paucity of funds. The entire quantity of pig lead was stated to have since been utilised and there was no stock left with the department.

During oral evidence the departmental representative admitted that pig lead was purchased in excess, but it was argued that being a scarce commodity it was considered desirable to purchase as much of it as possible even if it meant carrying over the stock.

The Committee are perturbed to note that large quantities of pipes and pig lead were purchased without proper planning and considering whether it would be possible to consume all this material immediately after its receipt. The Committee feel that notwithstanding the reorganisation of the composite Punjab State purchase of pipes and pig lead was much in excess of actual requirements and no action was taken to cancel the orders for fresh supplies of pipes in 1965-66 even though a heavy stock of Rs 10 lakhs had accumulated by then. The Committee are also unable to understand as to how the Chief Engineer had approached the Government of India for procurement of 515 tonnes of pig lead saying that the works would receive a serious set back for want of this commodity when subsequently the department was not able to utilise even 114 tonnes of lead for a pretty long time.

The Committee recommend that reasons leading to the excessive purchase of pipes and pig lead be investigated in detail, responsibility of the officials at various levels fixed and the Committee informed.

The Committee also recommend that the existing purchase procedure of the department be suitably reviewed in order to ensure that the material is purchased in accordance with the actual requirements on various works and that unnecessary blocking of Government money is avoided. The Committee would also recommend that the department should consider the desirability of moving material to the sites of important works direct instead of procuring them first at the central store and then transferring them to the sites of works which can result in substantial saving to the department.

The Committee regret to observe that the information asked for during oral evidence had not been received till the writing of this Report although a period of about 6 months had elapsed. The Committee recommend that reasons for the delay be investigated and the requisite information furnished as early as possible.

AGRICULTURE

17 Paragraph 28 of the Audit Report, 1970—Purchase of hybrid bajra seed

For improvement of crops by bringing more areas under hybrid varieties programme, the department paid in February—April,

1967 Rs 343 lakhs as advance to the National Seed Corporation of India for purchase of hybrid bajra seed. In May, 1967 procurement and distribution of the seeds was transferred to the Haryana State Co-operative Supply and Marketing Federation.

The Federation received from National Seed Corporation about 1,000 quintals of hybrid bajra seed worth Rs 9.75 lakhs for sowing kharif crop of 1967. The Federation could not sell the entire quantity of the seed, and about what was sold (583 quintals) there were complaints (from farmers and others) of admixture/adulteration of seed and consequent poor performance thereof. In September, 1967, the State Government brought those complaints to the notice of Government of India, who agreed to appoint a committee to investigate the complaints and arrange with the supplier to take back the balance quantity of seed in case the poor performance was found to be due to defective seed. Such a committee was, however, not formed and instead a survey was conducted in October, 1967, by a representative of the National Seed Corporation and an officer of the department in a district which had not been selected for the hybrid variety programme and from which no complaints had been received. The representative of the Corporation alone gave a report which did not indicate any defect in the quality of the seed. Comments of the Director of Agriculture on this report called for by the State Government in January 1968, were yet to be received (August, 1969).

In the mean time in December, 1967, Government decided to take back the scheme for departmental implementation and took back 413 quintals of hybrid bajra seed (out of the balance quantity of 417 quintals) lying unsold with the Federation and got it re-certified for kharif, 1968 and 1969 but could not sell it as it was found to be below the prescribed standard of germination. Seeds worth Rs 2.84 lakhs have remained unsold because it was treated with poisonous chemicals. The amount spent on account of re-certification/transportation could not be ascertained.

The following further points were also noticed —

- (i) Out of Rs 343 lakhs paid by the department to the National Seed Corporation before transfer of the scheme to the Federation, Rs 0.67 lakh still remained to be refunded.
- (ii) 151 quintals of hybrid bajra seed costing Rs 1.21 lakhs left over in four seed depots after the sowing period of kharif 1968 were yet to be disposed of (August, 1969).

Audit was informed by the department that due to lean finances with Government they decided to entrust the purchase and marketing of the hybrid bajra seeds to the Haryana State Co-operative Supply and Marketing Federation Limited. Poor sale of seed was attributed to its receipt towards the end of June, 1967. This factor created a feeling with the farmers that the supply of hybrid bajra by the department might not materialise. The main reasons which affected the disposal of seeds were given as —

- (1) Late receipt of seed from National Seed Corporation resulting into delayed completion of internal distribution.

- (2) High rate of hybrid bajra which was nearly 15—20 times more than the local variety
- (3) Being the initial year of introduction of the crop apprehensions of the farmers about its performance especially when they were to pay exorbitant high rates
- (4) Hazardous seasonal conditions in which bajra crop was cultivated

The department stated in evidence that theory and practice and planning and implementation had always to be at variance. Therefore snortfalls or over-achievements were bound to occur. The hybrid bajra seed was developed as a new variety of seed comprising T 23 female and other element. There was some defect in the element of T-23 female as a result of which the seed got spoiled. It was affected by two kinds of diseases called 'Downey Mil Dew' and 'Eargot'. The report received from the National Seed Corporation also indicated that the female element in the hybrid bajra seed was susceptible to all diseases. Further research on this seed was being done in the Haryana Agricultural University and the Punjab Agricultural University.

It was also stated that the National Seed Corporation was the only Seed Certification Agency in the country at that time and the seed received was certified as such by them and therefore, no subsequent tests were called for. In reply to an enquiry from the Committee as to what were the detailed reasons for which the contemplated committee could not be appointed by the Government of India to investigate the complaints, it was stated that the facts were brought to the notice of the Government of India by the State Government in September, 1967 and the Government of India could only throw light as to why this Committee was not formed. However the genetic purity of crop raised from hybrid seeds obtained from the same source could be ascertained by seeing the crop anywhere. Because of this fact, probably it was not deemed fit by the officers who visited only Government Farm in Ambala to extend the visit to other places.

During the course of oral evidence, the departmental representative was asked to clarify as to whether Ambala District was selected for hybrid variety programme and as to why the officers had not visited Hissar and Mohindergarh Districts which were the largest bajra growing districts and from where the complaints about poor performance of hybrid bajra seed had been received. The departmental representative could not give any categorical answer to this point and stated that the position would be checked up and detailed information sent to the Committee later on.

The departmental representative was also asked to clarify as to what were the reasons due to which at the time of purchase of seed the National Seed Corporation procured certain quantities as 'A' class and some portion as 'B' class. The departmental representative stated that there was not much of difference between 'A' class and 'B' class seed but the position would be checked up further and detailed information supplied to the Committee.

It was also mentioned by the department that the re certified seed during kharif, 1968 could not find ready sale because of apprehension and fears amongst the cultivators as a result of appearance of Earrot disease in hybrid bajra during kharif, 1967. A sum of about Rs 2,000 had been spent on the revalidation of hybrid bajra. Besides, an amount of Rs 125 was incurred on transportation.

As regards recovery of the balance amount of Rs 67,446 from the National Seed Corporation it was stated that the matter was still under correspondence with the National Seed Corporation and they had not agreed to refund the amount in cash but wanted adjustment to be made against their dues.

In regard to disposal of the remaining stock of 151 quintals of hybrid bajra left over in four seed depots after kharif 1968, it was stated that as the seed was treated with mercurial chemicals it was not to be auctioned even for use as cattle feed. The department now proposed to write off the loss on this account.

During oral evidence it was pointed out to the departmental representative that there were general complaints from the cultivators about the delay in distribution of seed and about adulteration of seed at certain levels. The departmental representative stated that they were taking certain steps to avoid delays in distribution of seed etc and that the matter in regard to the adulteration of seed would also be looked into.

The Committee are extremely unhappy to note that although complaints about poor performance of hybrid bajra seed were received from the cultivators in other districts the investigations were actually conducted at the Government Farm in Ambala despite the fact that Ambala was obviously not selected for the hybrid varieties programme and there were no complaints from that district. The Committee are led to an irresistible conclusion that the investigations at the Government Farm, Ambala were done for extraneous reasons.

The fact that the female element of the seed is now stated to be susceptible to all kinds of diseases shows that the selected variety was not suitable. The Committee also find that although the variety is considered as defective it is still being distributed amongst the cultivators which is likely to affect the production of good quality bajra. The Committee would recommend that the matter be investigated in all its aspects and the exact reasons leading to poor performance of seed thoroughly assessed.

The Committee would also like to know the position in regard to disposal of the revalidated hybrid bajra and about the recovery of the balance amount of Rs 67,446 from the National Seed Corporation.

The Committee would further recommend that the department should consider the desirability of devising suitable machinery so as to ensure that the different varieties of seed produced at the farms in the State are properly test checked and are fairly distributed amongst the

cultivators at the proper time The Committee would like to be informed of the steps taken in this behalf

The information asked for by the Committee during oral evidence should be supplied to the Committee as early as possible

18 Paragraph 29 of the Audit Report, 1970—Agricultural seed and demonstration farms.

The district agricultural seed and demonstration farm, Ambala (100 acres) suffered losses of Rs 0 08 lakh and Rs 0 13 lakh during 1964-65 and 1965 66 In 1966-67, the Nasirpur farm (25 acres) was merged with the Ambala farm Losses of Rs 0 27 lakhs and Rs 0 24 lakh again occurred in 1966 67 and 1967 68 The department attributed the losses mainly to non-provision of adequate irrigation facilities

Rs 17,633 were drawn from a treasury in February/March 1963 for boring of a tubewell at Nasirpur farm Boring of the tubewell started in August, 1963 was completed in 1965 66 but the tubewell had not been commissioned for want of electric motor and energy (June 1969) Rs 26,100 were drawn from the treasury in March, 1965 for boring a tubewell at Ambala farm The boring was started in March, 1966 and completed in 1966 67 at a cost of Rs 9,230 but the tubewell was still (June 1969) to be commissioned because the turbine pump purchased at a cost of Rs 6,900 in March, 1969 had not been installed and power was also yet to be supplied (June 1969)

The matter was brought to the notice of Government in May, 1969, reply was awaited upto December, 1969

The department stated in evidence that the District Demonstration farm at Ambala was an old farm set up long before the partition of the country This farm had all along been a barani farm, with practically no irrigation facilities and was thus not showing the desired results It was, therefore, deemed necessary to provide adequate irrigation facilities at this farm

The block seed farm at Nasirpur was established in the year 1959 under a centrally sponsored scheme This farm too was barani and, therefore it was considered necessary to provide suitable irrigation facilities

Regarding installation of tubewells it was stated that this work was done by the Agricultural Engineer and the amounts drawn from the treasury were placed at his disposal who kept the same in his personal ledger account and executed the works like other PWD agencies The work on the installation of tube-well at Nasirpur farm was taken in hand in April, 1963 when pipes etc needed were moved to the site However boring work could not start till August, 1963 as the machinery meant for boring could not be taken to site, being engaged at another site In the case of installation of tubewell at Ambala the then Agricultural Engineer was handicapped to go ahead with the work immediately because of non-availability of the rig machinery required for boring The

tubewells were stated to have started functioning from February, 1970. The tubewell at Ambala farm, however, ceased to yield adequate quantity of water after functioning smoothly for sometime and the same had been abandoned. As for Nasirpur seed farm tubewell, this was functioning satisfactorily.

The total expenditure incurred on the tubewells was Rs 19,509.89 in the case of Ambala farm and Rs 17,631.19 in the case of Nasirpur farm.

During 1971-72 the farm was shown to have incurred a loss of Rs 24,627.

In reply to an enquiry from the Committee about the reasons for delay in obtaining electric connection for the two tube-wells the department submitted a note explaining that the electricity connections were applied for in time but the Sub-Divisional Officer Electricity had indicated heavy amounts of Rs 22,000 and Rs 15,400 on account of un-justified cost. In view of this various proposals remained under consideration for the purchase of different types of pumps as an alternative arrangement. Ultimately, the pumps were received in May, 1969 and August 1969 and the electricity connections were finally applied for on 1st December, 1969 and were received in February, 1970. It was observed that while installing the pump in the case of Ambala farm the suppliers had reported that the tube-well was not vertical and the deviation was so much that a vertical turbine pump would not operate satisfactorily. The work of making the pipes vertical was taken in hand by the Agricultural Engineer in January, 1970 after which the pumping unit was installed on the tube-well.

During the course of oral evidence, the departmental representative stated that boring of tubewells at the Ambala farm was still at an experimental stage and as the flow of water stopped after sometime they were considering various proposals in order to ensure the successful working of the tube-wells. It was also mentioned that heavy liability on account of boring of tube-wells was one of the main reasons for the running of the Ambala farm in loss.

During the course of oral evidence the Committee asked the departmental representative to provide statements showing the working results of various farms. This information was supplied by the department and it revealed that a number of farms were running into losses and there were wide fluctuations in profits/losses of certain farms.

The Committee regret to observe that unusually long time was taken in deciding about the purchase of right type of pumping sets for tubewells for Ambala and Nasirpur farms as also the consequential delay in obtaining electricity connections.

The Committee feel that the matter regarding the obtaining of electricity connections should have been sorted out with the Electricity department well in time so that tubewells could start functioning immediately on completion.

The Committee also find that verticality of the tubewell installed at Ambala farm as reported by the suppliers, was defective. It, therefore, needs to be examined whether the ultimate abandoning of the tubewell was due to defective boring and, if so, suitable action be taken against the officials concerned.

The Committee would like to know whether alternate measures have been finalised to ensure that the tubewells functioned successfully at Ambala farm and further losses checked.

The Committee would like to have a copy of the profit and loss account in respect of Ambala farm in addition to the profit and loss accounts of all the farms which are running in loss for ascertaining reasons of continued losses.

The Committee would also like to have a note detailing the reasons for wide fluctuations in profits/losses in the various farms.

19 Paragraph 30 of the Audit Report, 1970—Seed processing plant

For processing, testing and certifying seeds of various foodgrain crops, establishment of a seed processing plant at Hissar at a total cost of Rs 3.16 lakhs was proposed by the department in 1967. In November 1967 it was decided that the plant should be set up at Karnal instead of Hissar because a similar plant was already working there. In the budget estimates for 1967-68 provision for the building (Rs 1.50 lakhs) was made under a wrong head, resulting in lapse of funds and non-construction of the building. Funds provided in 1967-68 for purchase of the plant (Rs 0.80 lakh) also lapsed, the Controller of Stores could not procure it against the indent placed in March, 1968. No funds were provided in 1968-69 either for construction of the building or for purchase of the plant.

The Director of Agriculture intimated the State Government in January 1969 that the scheme had been dropped as the seed certification, processing and testing work would be done by the National Seed Corporation for the next two to three years. Rs 0.67 lakh (establishment Rs 0.16 lakh, purchase and maintenance of a truck etc Rs 0.51 lakh) were spent from December 1967 to July 1969. The Director of Agriculture informed the State Government in April, 1969 that since no seed processing plant was to be installed the post of the Seed Processing and Testing Officer was no longer necessary.

The truck was used (without a regular driver) for only 98 days from June 1968 to August, 1969 and for the rest of the time it remained idle. The truck was reported to have been transferred to Hissar in September, 1969 for use in another work.

Audit was later informed that delay in putting into operation the Seed Act largely resulted in non implementation of the scheme. The plant could not be installed in the beginning for want of building and in November 1968 the idea of setting it up was dropped as a result of discussions with the Central Team of Government of India and the National Seed Corporation was entrusted with this work.

The department stated in evidence that the scheme was formulated/taken up as an advance action for the enforcement of the Seeds Act which was under active consideration of the Government of India. The provision for the construction of the building 'was inadvertently made under 'L-Works' in the course of framing of the scheme. After receipt of sanction the mistake was detected and the department took up the question of transfer of provision from L-Works' to 50 Civil Works' in May, 1967. In regard to purchase of machinery, it was stated that the indent for its purchase could only be placed after consultation with the National Seed Corporation, New Delhi. The indent was actually placed with the Controller of Stores, Haryana, in October, 1967. The Controller of Stores, however, sought further clarification and the revised indent was placed in March, 1968. As regards staff employed for the Seed Processing Plant, it was mentioned that it was utilised for seed testing purposes. The work relating to seed processing was done by the National Seed Corporation. However, a proposal was under consideration that work of seed processing should also be taken over by the department.

It was further stated that the truck was now being used in Hissar District for distribution of seeds.

The Committee regret to observe the undue delay in the enforcement of the Seeds Act and construction of the building as a result of which the whole scheme had to be subsequently dropped. The provision for construction of the building under a wrong head was only a technical mistake and could be rectified as soon as it was detected. The delay in construction of the building merely for this reason is incomprehensible. The Committee also observe that action for purchase of machinery was not properly planned and it took the department about five months to attend to the clarifications sought by the Controller of Stores. Moreover, the department came to realise only in January, 1969, that there was no necessity for the scheme as seed survey, processing and testing could be done by the National Seed Corporation for the next two or three years. These factors must have been known to the department even at the time of introducing the scheme. It is not clear as to how these factors were not taken into account when the scheme was introduced.

The Committee recommend that the reasons for the faulty and defective planning of the scheme and the delay in the construction of building and purchase of machinery be investigated in detail and responsibility fixed on the officials concerned.

The Committee would further like to know about the final decision taken in regard to the taking over of the work of seed processing from the National Seed Corporation.

20 Paragraph 31 of the Audit Report, 1970—Suspected fraud in purchase of seeds

In July, 1968 Agriculture department reported that Government had been defrauded of Rs 0.65 lakh in purchase of gram (4350 quintals) and wheat (500 quintals) seed from a firm in two districts in June 1965 and April, 1967. The *modus operandi* was (1) purchase of inferior quality

against payments made for better quality of seeds, (ii) payment of higher rates to the firm by departmental officers on the strength of irregular/forged market rate certificates and (iii) payment of excessive transport charges on forged bills etc. Results of investigation by the Vigilance department were awaited upto December, 1969.

The department stated in evidence that the report of the Vigilance department had not as yet been received and further action could be taken only on receipt of the findings of that department. In the meanwhile pension/gratuity of the then Deputy Director of Agriculture, who had since retired, had been withheld. It was mentioned that it was necessary on the part of the Officers concerned to have carried out the germination and purity analysis. However, no analysis report in this behalf was available on record.

It was further stated that out of 4,350 quintals of gram seed, 2,500 quintals related to Gurgaon and 1,850 quintals to Rohtak. Besides, 932 quintals of gram seed were also purchased from other sources in Gurgaon. Out of the total quantity of 3,432 quintals for Gurgaon, 427 quintals had been sold, 2,822 quintals had been auctioned and 188 quintals were found short.

During oral evidence, it transpired that the shortage of 183 quintals of gram seed was reported by the concerned Inspector in 1969 but no action on this report had been taken in the office of the Director of Agriculture.

In Rohtak District, the total purchase of gram seed was 3,028 quintals (including 1,850 quintals mentioned above). Out of this 2,993 quintals were sold and there was a shortage of 35 quintals. It was stated during oral evidence that the shortage of 35 quintals was within the permissible limit of 2 per cent.

As regards wheat seed, it was mentioned that the entire quantity of 500 quintals of wheat seed had since been sold.

The department further stated that orders had been issued for making no payment to the suppliers and two other allied firms.

The Committee would like to know whether the report of the Vigilance department has since been received and if so what are their findings and what action has been taken against the then Deputy Director of Agriculture or other officials concerned.

The Committee are constrained to observe that no action was taken to investigate the shortage of 183 quintals in the office of the Director of Agriculture after a report to this effect was received from the concerned Inspector. They urge that the needful be done now and results intimated. Reasons for not taking any action be also investigated and responsibility fixed.

The Committee also observe that 932 quintals of gram seed purchased from other sources in district Gurgaon were also *prima facie* defective. The Committee recommend that the circumstances for the

defective purchase of 932 quintals of gram seed from other sources be fully investigated and the Committee informed. Action, if any, taken against the defaulting officials may also be intimated to the Committee.

The Committee would further like to know whether there has been any loss as a result of sale or auction of gram seed in Gurgaon and Rohtak districts and if so, what was the extent of loss.

COOPERATIVE

21 Paragraph 87 of the Audit Report, 1970—Financial assistance to primary agricultural co operative societies

Under the rules governing the grant of financial assistance to primary agricultural co operative societies, assistance is admissible to the societies for the construction of godowns in the form of a subsidy upto 25 per cent and loan carrying interest at the rate determined by the competent authority from time to time upto 75 per cent (limited to a maximum of Rs 2,500 and Rs 7,500 respectively) of the cost of the godown. 50 per cent of the assistance is released when the Registrar Co-operative Societies approves the grant of such assistance and the balance 40 and 10 per cent is to be released when the construction of a godown reaches upto plinth level and roof level, respectively. Construction of a godown is, ordinarily, expected to be completed within 12 months of the receipt of the assistance but the period could be extended upto 6 months by the Registrar as a very special case.

During the years 1964-65 to 1966-67, Rs 14.52 lakhs were disbursed to 176 societies for the specified purpose. Out of these eight societies did not utilise Rs 0.48 lakh (subsidy Rs 0.12 lakh loan Rs 0.36 lakh) and ultimately refunded the same in full. 38 societies which received Rs 2.12 lakhs (subsidy Rs 0.55 lakh loan Rs 1.57 lakhs) have not started construction of their godowns and nine societies in respect of Rs 0.96 lakh (subsidy Rs 0.25 lakh loan Rs 0.71 lakh) had not completed the construction (July 1969). Four societies were given Rs 0.45 lakh instead of Rs 0.23 lakh admissible under the rules.

The department pointed out that in Jind District, Rs 89,000 were disbursed to different co operative societies during 1964-65 as loan and subsidy for construction of godowns. Rs 31,839 were spent to purchase machinery and the balance of Rs 57,161 was deposited in the Central Co operative Bank.

The department stated in evidence that according to instructions issued by the Registrar, Co-operative Societies, Joint Punjab, in March 1961, financial assistance sanctioned to societies for the construction of godowns was to be drawn by the Registrar Co-operative Societies in lump sum and credited in the accounts of the societies with the central financing institutions. The societies were not to be allowed to operate on these accounts without proper certificate from the Assistant Registrar concerned, who issued the same after satisfying himself about the progress of construction work at each stage in all cases. The amount of Rs 0.48 lakh was given to 8 societies on the basis of their applications.

sponsored for financial assistance. However, they did not utilise the assistance and refunded the amount in full. Recovery of interest had been made from six out of eight societies while recovery from two societies was expected shortly.

In regard to 38 societies, which received Rs 212 lakhs as godown assistance, it was stated that 32 societies had refunded the assistance while six had completed their godowns. Out of 9 societies which had received Rs 0.96 lakh 5 had refunded the amount and 4 had completed the godowns.

In regard to 4 societies which were stated to have received the financial assistance of Rs 0.45 lakh, instead of Rs 0.23 lakh, it was mentioned that the entire amount had been refunded by the societies.

As regards financial assistance of Rs 89,000 given to co-operative societies of Jind District, it was stated that the financial assistance was paid on the basis of applications sponsored for such assistance and applications had been recommended by the field officer, viz, Inspector, Assistant Registrar/Deputy Registrar. The officers recommending the applications of the societies had made special verification regarding capacity/resources of these societies to utilise the amounts before advancing loan/subsidy. The societies which had not constructed godowns were required to refund the entire godown assistance and consequently 9 out of 10 had refunded it while one had constructed the godown.

During the course of oral evidence, the departmental representative however, admitted that there had been a lapse on the part of departmental officers in paying the amount of assistance in lump sum instead of in stages as per the departmental rules and that suitable action was being taken against the officers concerned for this lapse.

The departmental representative also stated that at that time there was no provision in the rules for the recovery of penal interest from the societies concerned.

The Committee note with concern the large scale lapses on the part of societies in utilisation of financial assistance given to them. The Committee feel that it was mainly due to lack of proper verification of applications of the societies concerned by the departmental officers. There was a serious lapse on the part of the departmental officials in releasing financial assistance in lump sum, instead of in instalments according to the progress of construction of the godowns. The Committee recommend that effective steps be taken to ensure that applications for the grant of financial assistance for the construction of godowns etc are subjected to detailed verifications regarding capacities/resources of societies so as to ensure that these are utilised within the prescribed time limit and that these are paid to the societies strictly in accordance with the provisions of the rules.

The Committee would also like to know the action taken against the officials concerned for payment of financial assistance to the

societies mentioned in the audit paragraph in lump sum in utter disregard of the provisions contained in the departmental rules

22 Paragraph 88 of the Audit Report, 1970—Locking up of Government funds

Three schemes, mentioned below, approved by the National Co-operative Development Corporation for the year 1966-67 at an initial cost of Rs 421 lakhs were entrusted to the Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh for implementation. The funds were drawn by the Registrar, Co-operative Societies, Haryana on 31st March, 1967. The following points were noticed in audit —

(i) *Setting up of pesticides formulation unit*—Rs 1,99,600 (grant Rs 18,350, Loan Rs 181,250) drawn on 31st March, 1967 to meet the initial requirements of construction of Workshop, capital participation, margin money and managerial subsidy were released to the Federation on the same date through State Co-operative Bank, Chandigarh. The amount was not utilised by the Federation and orders were issued by the Registrar Co-operative Societies on 18th February 1969 that the financial assistance would be withdrawn after a period of three months if the plant was not installed within that period. The plant was not installed. The amount had now been refunded (November, 1969)

(ii) *Establishment of a unit for fabrication of agricultural implements*—Rs 47,000 (loan Rs 34,375, grant Rs 12,625) drawn on 31st March, 1967 were released to the Thanesar Co-operative Marketing-cum-Processing Society on 25th April, 1967. The utilisation certificate was to be furnished by 30th June, 1967. Share capital (Rs 25,000) provided by Government and meant for the purchase of machinery and equipment had not been utilised so far (June, 1969). The society has also not provided "margin money" (Rs 10,000 to Rs 15,000) from its own resources as envisaged in the scheme to raise loans as working capital from the Central Co-operative Bank/State Bank of India.

(iii) *Organisation of a seed producers Co-operative-cum-Sale Society Pipli*—Out of Rs 1,74,000 (loan Rs 1,47,000, grant Rs 27,000) placed in a joint account with the Central Co-operative Bank Limited, Karnal in April 1967 Rs 99,000 were released to the society from June 1967 to April, 1968. Out of this, Rs 31,400 have been utilised on the purchase of land for the construction of Workshop for machinery and subsidy for staff and the balance of Rs 67,600 remained unutilised so far (June, 1969).

In its reply the department stated that the entire amount of financial assistance in all these cases was given to the State Government by the National Co-operative Development Corporation, and the latest position in each case was as under

(i) *Setting up of pesticides formulation unit*—

The amount was given for setting up the unit but the Federation could not do so despite extensions. Hence refund orders were passed.

in December, 1968 In January, 1969, the Federation intimated that the post of processing expert had been created and it was now in a position to install a plant Six months respite asked for was given but the Federation could not utilise the assistance and therefore, refund orders were issued again on 26th May, 1969 The Federation refunded a sum of Rs 1,92,768 in October, 1969 and the balance amount of Rs 6,832 was also paid in annual instalments The Federation had also paid interest of Rs 1286 to Government in September 1971

(ii) *Establishment of a unit for fabrication of agricultural implements*

It was stated that no infringement of terms and conditions approved by the National Cooperative Development Corporation was involved in this case Utilization certificate for a sum of Rs 47,000 had been sent to the Corporation in April 1971 The amount of Rs 25,000 had also been utilised for the desired purpose and society had also provided 'margin money' as envisaged in this scheme

(iii) *Organisation of a seed producers Cooperative-cum-sale Society, Pipli*

The society started functioning and produced seed under the supervision of the staff of National Seed Corporation However, the seed was rejected by the Corporation and on an enquiry it was revealed that the society was not associated in laboratory tests The society decided to stop production of seed Out of Rs 1,74,000 Rs 1,20,000 had since been recovered from the society along with the interest For the balance of Rs 54,000 the Tehsildar, Thanesar was taking action for recovery as arrears of land revenue

The Committee are constrained to observe that setting up of pesticides formulation unit and organisation of a seed producers Co operative cum-sale Society, Pipli were not properly planned and *prima-facie* due care was not taken to see that these units utilised the financial assistance in accordance with the terms and conditions of the schemes The amount paid to the Federation and the Society at Pipli was subsequently refunded without achieving the object of the schemes It appears that functioning of the society at Pipli was not at all satisfactory as a result of which seed produced was rejected by the Corporation Suitable remedial measures may be taken to avoid such recurrences and suitable action also taken in cases where it is found that financial assistance was released without proper planning or verification of the prospects of actual utilisation

The Committee would also like to know about the recovery of Rs 54,000 from the Seed Producers Co operative-cum sale Society, Pipli

23 Paragraph 93 of the Audit Report 1970—Financial assistance

Government investment in the share capital of the co operative institutions at the close of the years ended 1967 68 and 1968-69 was as under —

Year	Number of Institutions	Amount (In lakhs of rupees)
1967 68	922	3 22 59
1968 69	925	4 41 32

The investment made during the year 1968-69 amounted to Rs 1,21 41 lakhs and the retirement of shares effected during the year by 6 institutions amounted to Rs 2 68 lakhs only

The amount of loans and subsidies paid by the Government to the various co-operative institutions during the years 1967-68 and 1968-69 stood as under —

Year	Balance at the end of previous year	Amount of loans disbursed during the year	Repayment during the year	Balance at the end of the year	Grant of subsidies during the year
(In lakhs of rupees)					
1967 68	53 53	48 76	37 01	65 28	9 70
1968 69	65 28	85 62	85 96	64 94	21 16

The principal and interest overdue on 31st March 1968 were Rs 9 44 lakhs and Rs 5 01 lakhs respectively

The department stated in evidence that the principal and interest overdue on 31st March 1968 had since been reduced to Rs 0 45 lakh and Rs 0 79 lakh respectively. It was also stated that instructions had been repeatedly issued to the Assistant Registrars to give personal attention and priority towards recoveries. No society had become insolvent.

During the course of oral evidence the Committee were informed by audit that the amount of principal and interest overdue as on 31st March 1972 was Rs 9 30 lakhs and Rs 7 26 lakhs respectively. The departmental representatives stated that they were conscious of this problem and would try to effect maximum recoveries and reduce these arrears.

The Committee are distressed to observe that while the arrears on account of principal and interest outstanding as on 31st March, 1968 have been brought down the position has deteriorated during the succeeding years. The arrears have again risen to Rs 9 30 lakhs on account of principal and Rs 7 26 lakhs on account of interest as on 31st March, 1972

As simple issue of repeated instructions to the Assistant Registrars has not yielded appreciable results so far, the Committee recommend that concerted and effective measures be adopted by the department to ensure that the principal and interest are paid by the societies regularly at the prescribed intervals and that there are no defaults on this account

The Committee would also like to know the latest position about the recovery of the principal and interest overdue as on 31st March, 1972

24 Paragraph 94 of the Audit Report, 1970—Dividends received by the Government

Dividends received during the year 1968 69 from 6 institutions amounted to Rs 0 63 lakh

The department stated in evidence that Government contribution in the share capital of co operative institutions is made to (i) strengthen their financial position (ii) enhance their borrowing power and (iii) to inspire public confidence. It was not motivated by commercial considerations of earning profits. Co operatives were service institutions. The societies declared dividend when they were in a comfortable position to do so because depletion of funds by dividend would require corresponding increase in fund by loan, deposits, etc., to achieve the contemplated programme of co-operative development. It was also stated that during the year 1968 69 18 co operative institutions had declared dividend amounting to Rs 66,352. It was further explained that out of total 925 co operative institutions in which Government had invested Rs 441 32 lakhs upto 31st March, 1969, 493 societies were running in profit and 220 were running in loss and the remaining co operative societies had neither profit nor loss. During the year ended on 30th June, 1972, a sum of Rs 22 38 lakhs had been received as dividend/interest from 14 co operative institutions. Instructions were also stated to have been issued to field officers to ensure that maximum possible number of societies declared dividend.

The Committee would like to know the latest position about declaring of dividends by cooperative societies and the amount received by Government on this account from them.

25 Paragraph 95 of the Audit Report, 1970—Completion of audit

In accordance with the provisions of the Co operative Societies Act, the accounts of co operative institutions are required to be audited once in each year by auditors (including departmental auditors under the Chief Auditor Co operative Societies) appointed by the Registrar, Co operative Societies.

The accounts of 987 societies (as per details below) remained un-audited as on 30th June, 1968 —

<i>Accounts upto the co operative year</i>	<i>Number of societies</i>
1966-67	471
1967-68	516

The department stated in evidence that out of 516 societies, audit of 291 societies had since been conducted. The remaining 225 cases comprised 171 cases where either the records or their custodians were not traceable 42 cases where records were in the custody of court/police due to embezzlements and 12 cases where the records were *intentionally* not being produced by the societies. It was further stated that there were 12,550 societies in the Haryana State as on 30th June, 1967, whose audit was to be completed during the year 1967-68. Out of these 12,034 societies had been audited, which constituted about 96 per cent of societies leaving nominal balance of 4 per cent societies. Vigorous efforts were invariably made to audit the societies left un-audited in previous years on priority basis by securing record through the Assistant Registrars concerned.

During oral evidence the departmental representatives also stated that in cases where the records were not available they were trying to re construct these on the basis of the transactions with the Bank/Members. In reply to an enquiry from the Committee as to what steps the department proposed to take for ensuring the safety of record, the departmental representative mentioned that they were taking various steps in order to have some control over the employees of co operative institutions.

The Committee feel that cooperative movement has still to achieve a stage of maturity and the cooperative societies require constant guidance and control to enable them to function as effective elements of democratic institutions. As Government have invested substantial amount in the cooperative institutions it is imperative that an effective control is maintained on the functioning of the cooperative societies in order to see that proper accounts are maintained and these are subjected to audit after the prescribed time.

The Committee regret to note that in a number of cases embezzlement had occurred leading to prosecution proceedings with the police or with the court and in a large number of cases the accounts records are also not available or not being produced intentionally in the absence of which it could not be vouchsafed whether funds were actually spent and properly utilised. The Committee recommend that immediate action may be taken to audit the accounts of the remaining societies and to have the missing records located without any delay or to have them reconstructed as the case may be. Some provisions for taking action against such of the societies who evade production of records intentionally should also be made. The Committee would like to be informed of the action taken in this behalf.

26. Paragraph 96(a) of the Audit Report, 1970—Review on the working of Co operative Banks

There were 9 Central Co-operative Banks in the State on 30th June, 1968, which acted as financing agencies of primary societies. Besides these Banks, there were 2 apex institutions namely, Haryana State Co-operative Bank and Haryana State Land Mortgage Bank. The former provided medium and long term loans to the co-operative institutions while the latter provided long term finance to the agriculturists. The details of investments made and loans given by Government in these institutions on 30th June 1968, and the profits earned during the year ended on that date are given below —

Sr No	Particulars	Total paid up capital	Government investment in share capital	Net profit	Reserve fund	Loans by Government
(Rupees in lakhs)						
1	9 Central Co-operative Banks	1 87 29	55 98	19 41	34 55	1 92
2	Haryana State Co-operative Bank	91 39	45 90	9 87	6 84	2 86
3	Haryana State Land Mortgage Bank	38 71	19 28	0 73	1 24	54 68

The net profit mentioned above included Rs 10 16 lakh paid by Government as subsidy for various purposes to 4 out of 9 Central Co-operative Banks. In all the eleven banks, loans and interests overdue as on 30th June, 1968, amounted to Rs 284 89 lakhs and Rs 36 72 lakhs respectively. The overdue loans included Rs 51 50 lakhs outstanding for more than 3 years in respect of ten banks. In eight Central Co-operative Banks only, there were 2,574 defaulting societies out of 5,995 indebted societies. In 7 Central Co-operative Banks, the bad and doubtful debts, as estimated by the departmental auditors in accordance with the instructions issued by the Registrar, Co-operative Societies, stood at Rs 62 53 lakhs against the provision of Rs 28 89 lakhs made therefor. The dues from the societies under liquidation/winding up amounted to Rs 49 31 lakhs (on 30th June, 1968), which were considered as bad by the departmental auditors.

The department stated in evidence that outstanding loan of Rs 284 89 lakhs on account of principal and Rs 36 72 lakhs on account of interest was not Government loan but it was advanced by the banks to societies. The Co-operative Banks were autonomous bodies/registered under the Punjab Co-operative Societies Act, 1961, and they raised funds by way of deposits and borrowing and advanced loans to societies. The obligation for their recovery devolved upon them. As on 30th June, 1971, a sum of Rs 1,916 33 lakhs stood advanced to societies in respect of 9 Central Co-operative Banks. The overdue amount had increased to Rs 11

crores as on 30th June, 1972. The department stated that all out efforts were made to effect maximum recovery of overdue amounts and position in this behalf was also reviewed from time to time. It was also mentioned that the Banks have augmented their staff by employing additional supervisory staff. Where the working of banks was not satisfactory, Administrators were appointed and Government Officers were also appointed as Chief Executive Officers of the Banks, to improve their working. However, the Assistant Registrars have been vested with powers of Assistant Collector, Grade II under the Land Revenue Act so as to ensure speedy recovery of co-operative loans. It was stated that Government investment was quite safe as it was a first charge on the assets of the co-operative institutions.

As regards provision for providing a cover it was mentioned that against estimated bad and doubtful debts of Rs 139.34 lakhs the Central Co-operative Banks had provided a cover of Rs 65.75 lakhs as on 31st December, 1970.

In regard to the dues outstanding from societies under liquidation/winding up, it was mentioned that Government money was involved only of the order of Rs 4.85 lakhs and the remaining amount of Rs 44.46 lakhs pertained to societies, with which Government was not concerned.

During the course of oral evidence, it was pointed out to the departmental representative that provision for bad and doubtful debts has not been made to the fullest extent and was short by Rs 73.59 lakhs as compared to the amount required to be provided as per instructions issued by the Registrar, Co-operative Societies. Had this been done, the profit of about Rs 30 lakhs made by 11 Co-operative Banks would have been converted into loss of about Rs 32 lakhs. The departmental representative stated that the criteria laid down was very rigid and solid and that the banks had to provide/fix cover for such doubtful and bad debts. As recovery was generally forthcoming in doubtful cases, they had provided less cover, according to their own estimates. It was pointed out to the department that if it was felt that the criteria for bad and doubtful debts as laid down by the Registrar, Co-operative Societies was rigid why the Government could not consider the desirability of revising this criteria. The departmental representative promised to examine the case further.

The Committee feel that since Government has invested substantial money towards the share capital of the Cooperative Banks it is necessary that Government should exercise some control over their working in order to ensure that they function on sound footings and Government interests are not jeopardised.

The Committee note with concern the extent of overdue loans which have increased to Rs 11 crores. The Committee urge that adequate steps be taken to recover the outstanding loans as expeditiously as possible. Besides the Committee feel that so long as existing norms for making provisions for bad and doubtful debts are not revised the banks should make provisions for such cases in accordance with the instructions issued by the Registrar Co-operative Societies. This would also reflect

the financial position of the banks more perspective. The Committee would also like to know the position about the recovery of outstanding dues from societies under liquidation/winding up particularly in regard to Government money involved in this behalf

27 Paragraph 96(b) of the Audit Report, 1970—Investment in Debentures of Land Mortgage Bank

Pursuant to an under-writing obligation the Government invested Rs 128 08 lakhs in different series of ordinary and special debentures floated by the Haryana State Land Mortgage Bank (during May, 1967 to March, 1969). According to the Prospectus issued by the Bank, different series carried different rates of discount and interest. Complete records to show the total debentures under-written and invested in the first or second set of a particular series were not, however, maintained. In the absence of such records, it could not be ascertained as to how much interest/discount accrued due and was realised on the debentures issued in a particular set. In addition, the brokerage and under-writing commission at the rate of 1/8 per cent and 5/8 per cent respectively were payable to the Government by the Bank. Neither recovery/adjustment for these items was made nor were Government orders waiving/foregoing these charges shown to Audit.

As against the investment in debentures of Rs 128 08 lakhs, debenture scripts for Rs 47 95 lakhs had only been received.

The department stated (December 1969) that debenture scripts for Rs 80 13 lakhs were not issued by the State Land Mortgage Bank because the same were under print.

The department stated in evidence that the statement showing investment made by the State Government in various debentures series up to 31st March, 1969, had been prepared. These could not, however, be supplied and the department promised to supply them within a day or two.

As regards under writing commission and brokerage on Government investment towards purchase of debentures, it was intimated that the State Government was not entitled to it in view of the instructions issued by the Reserve Bank of India in December, 1968. It was stated that out of a sum of Rs 90,000 estimated as recoverable from the Land Mortgage Bank on account of interest on debentures, a sum of Rs 66,000 had been received. It was also stated that debentures scripts for Rs 80 13 lakhs which were stated to be under print had since been received from the Bank.

The Committee are sorry to point out that the statement promised (on 13th December, 1972) to be sent in a day or two had not been supplied till the writing of this Report. They, therefore, highly deplore this tendency on the part of the department and urge that the promised information showing the latest position of investment made by the State Government in various debentures series of the Land Mortgage Bank and the position of recovery of interest/dividend on the debentures be sent immediately.

Paragraph 97 of the Audit Report, 1970—Review on the working of Co operative Societies—

28 A(i) *Embezzlement/Misappropriations in Co operative Societies*—Departmental auditors detected embezzlements/misappropriations of cash/sale proceeds and stock of Rs 6 28 lakhs in 195 Co-operative Marketing and District Wholesale societies. These cases were pending since 1965-66 but no action had been taken in a majority of cases and where taken, it was either inadequate or the details thereof were not known.

It was stated that in the year ending 30th June, 1969, there were only 58 primary/marketing societies and 7 district wholesale societies in Haryana State. A sum of Rs 5 87 lakhs had been embezzled/misappropriated in 4 district wholesale societies and 22 marketing societies of Haryana State. Those societies were autonomous bodies whose working was looked after by their managing committees. Out of Rs 5 87 lakhs a sum of Rs 41,000 had been recovered and for the remaining amount legal action for recovery had been initiated. Some of the cases were pending in the court and in some cases arbitration proceedings were under process.

The Committee wanted to know the number of cases pending under arbitration proceedings or with the court and the total amount involved. The departmental representative promised to supply this information to the Committee.

The Committee are alarmed at the extent of embezzlement/misappropriations in the various societies. The Committee recommend that the working of the societies where these embezzlements/misappropriations have taken place be looked into and suitable remedial steps taken to avoid recurrence of such instances in future.

The Committee would like to know the progress in regard to the recovery of embezzled/misappropriated amounts and the cases pending under arbitration proceedings or with the court. Normally, this should have been sent much earlier as promised by the department.

29 A(ii) *Mis utilisation of financial assistance by Co operative Societies*—According to the departmental audit reports, financial assistance (Rs 1 22 lakhs) given to 21 societies had not been utilised for the purpose for which it was given. The period during which financial assistance had been given was, however, not indicated in the audit reports.

It was stated that out of 21 societies, 9 societies had utilised the financial assistance for the purpose for which it was given, 7 societies had refunded the assistance, in one case godown was constructed which was later on sold, in one case action for refund was going on and in the remaining 3 cases the information was still awaited from the Assistant Registrars. The financial assistance was stated to have been given during the period from 1964-65 to 1966-67.

The Committee would like to know the reasons for which 7 societies had refunded the assistance and position of other cases relating to recovery of assistance in which it has not as yet been properly utilised for the purpose for which it was given

30 A (iii) *Certificates of utilisation awaited*—Certificates of utilisation of subsidy assistance amounting to Rs 205 lakhs pertaining to the years 1960 61 to 1967 68 were still (May, 1969) awaited by the Department from the 406 societies

It was stated that out of 406 outstanding utilisation certificates involving an amount of Rs 205 lakhs, 348 utilisation certificates for Rs 164 lakhs related to the years from 1960 61 to 1966 67, i.e., prior to the Re-organisation. Enquiries made through the field staff revealed that more than 60 per cent of the certificates were sent to the Registrar, Co operative Societies Punjab, but the said office might have not submitted them to the audit office. Besides, according to the decision arrived at by Government and circulated in July, 1967 it was the duty of the Punjab Government to maintain all the utilisation certificates in respect of the amount sanctioned by them before 31st October, 1966. However strenuous efforts were being made to obtain the list of 406 societies and all the Assistant Registrars had been directed to send fresh certificates to the effect that all the amount sanctioned during 1960 to date had been utilised. In case of non utilisation of any amount they had been directed to get the said amount refunded forthwith.

The Committee recommend that outstanding utilisation certificates be procured as expeditiously as possible and sent to Audit under intimation to them.

31 A (iv) *Winding up Co operative Societies*—Upto March, 1969, 1,405 societies were in the winding up process. 105 and 215 societies had actually been wound up during 1967-68 and 1968 69, respectively. 265 societies had gone into liquidation during 1968 69. A sum of Rs 419 lakhs was due to Government from societies under the winding up process. Government investment in societies under liquidation could not be ascertained.

It was stated that a statutory provision had been made that the Government dues would be first charge on the assets of the societies. The department was asked to indicate the amount of Government investment in 265 societies which had already gone into liquidation during 1968 69. The department undertook to supply this information later on.

The Committee deplore that the promised information was not furnished in this case as well. They urge that the same showing the extent of Government investments in the societies which had already gone under liquidation be sent to the Committee without delay, along with a copy of the administrative rules. The Committee would also like to know as to how a sum of Rs 419 lakhs due from these societies which were under winding up process is proposed to be recovered.

32 Paragraph 97(A)(vi)(a) of the Audit Report, 1970—Working of Co operative Consumers Stores

There were 9 central co operative consumers stores under the centrally sponsored scheme in the State as on 30th June, 1968. Besides these there were 13 primary co operative consumers stores and one apex institution namely the Haryana State Consumer Stores Federation. The accounts of the Federation in which Government had invested Rs 29 lakhs as share capital and gave Rs 0.37 lakh as subsidy on 30th June 1968 were not audited so far (July, 1969). The financial results of some of the 9 central co operative consumers stores have already been reported in paragraph 60 of the Audit Report 1969. The overall financial results of all these 9 stores are tabulated below —

Serial No	Year of account	Total paid up share capital	Government investment			Reserve fund	Net loss
			Share capital	Loan	Subsidy		
			(Rupees in lakhs)				
1	1966 67	9 43	5 50	19 41	0 24	0 20	2 09
2	1967 68	11 58	7 50	24 29	0 95	0 23	4 19

The review of the audited accounts of these stores and reports thereon revealed the followings —

- (1) Accumulated loss upto the year ended 30th June 1968 amounted to Rs 6.09 lakhs out of which Rs 4.29 lakhs pertained to 3 stores having a paid up capital of Rs 3.37 lakhs.
- (2) Shortages against salesmen (Rs 2.68 lakhs on 30th June 1968) were still (June 1969) awaiting adjustment.
- (3) In 6 stores, there were unsaleable old stocks and damaged stock worth Rs 1.48 lakhs and Rs 0.25 lakh, respectively on 30th June, 1968.
- (4) Rs 0.72 lakh were alleged to have been misappropriated by the staff in 3 stores.

The department stated in evidence that losses in stores were mainly due to following reasons —

- (i) Cut throat competition with private trade which generally adopt malpractices like evasion of sales tax, octroi etc.
- (ii) Lack of business experience on the part of management of stores,
- (iii) Non availability of suitable management,
- (iv) Higher operational costs and
- (v) Heavy burden of interest to be paid to Government on borrowing and also of Government audit fee.

It was also stated that the question of losses incurred by these stores had been under consideration of Government and they had appointed a Committee to go into details in depth. The report of the Committee was stated to be almost ready.

In regard to shortages, it was stated that shortages outstanding against the salesmen could not be adjusted in full and legal action for recovery thereof had been started in some cases by the management of the stores concerned. Previously such shortages came to notice at the time of physical verification of stores which was done annually. Now the management of the stores had issued instructions to arrange for monthly/quarterly physical verification besides tightening their supervision over sales staff.

As regards accumulation of unsaleable and damaged stocks, it was stated that each store had its own independent Board of Directors who laid down the purchase policy and all purchases of stores were made by their Managers. Government had no hand in the matter except for issuing instructions from time to time advising the purchases of only those goods which could find ready market. Some of such stocks were still stated to have already been sold out at reduced rates and some goods were being got replaced from the suppliers.

Regarding the misappropriation of Rs 0.72 lakh in 3 stores it was mentioned that the stores handled business worth lakhs of rupees and possibility of misappropriation was always there. It was further mentioned during the course of oral evidence that these stores had been established in a hurry after the Chinese aggression and were opened without proper preparation. The people who were associated with the purchase and management of the stores had no business experience. The salesmen were incompetent and inexperienced. Gradually, they were trying to improve the working of the stores and had taken a number of steps in this direction, such as, appointment of Government Managing Committees and competent Managers and so on.

The Committee view with concern the state of working of the consumers cooperative stores. Although they have been functioning for over 9 years by now, the majority of stores are still functioning at a loss. In fact a major portion of share capital has been consumed by the losses incurred in various stores. Besides, the Committee also observed that there have been heavy shortages, accumulation of unsaleable and damaged stocks and misappropriations. As Government have invested a substantial amount in the share capital of the stores, it should exercise effective control over the functioning of stores in order to ensure that the objects for which the stores were established are unfulfilled and that they render useful service to the public at large. In this connection, the Committee would like to reiterate their observations in paragraph 38 of their 4th Report.

The Committee would also like to know whether the report of the special committee appointed to go into the working of the stores has since been submitted to Government and if so what are its findings in this behalf and the decision taken thereon by Government.

33 Paragraph 97(A)(vi)(b) of the Audit Report, 1970—Conversion of Government fair price shops in Chandigarh into consumers stores

The Director, Food & Supplies Punjab informed the Director, Food and Supplies, Haryana that on the eve of bifurcation of erstwhile Punjab State stock articles (including furniture and fixtures) worth Rs 6.98 lakhs were transferred to Ambala Co operative Consumers Stores with effect from 1st November, 1966. This amount was to be treated as a loan to the consumers stores carrying interest at 6 per cent per annum and was repayable after one year. The consumers stores had not accepted this liability. On the other hand, discrepancies had been pointed out involving an amount of Rs 2.58 lakhs (including unsaleable cloth worth Rs 2 lakhs). Till the date of audit (June, 1969), the consumers stores had repaid a sum of Rs 1.35 lakhs only. Interest thereon was still (June, 1969) to be paid.

The department stated in evidence that the discrepancy had not yet been reconciled and the matter was under action. However Food and Civil Supplies department had granted a subsidy of Rs 35,120 towards the value of unsaleable stock. The consumer stores had not as yet accepted the liability for any amount due to certain discrepancies. The amount of interest payable in this case worked out to Rs 1,55,323 at the rate of 6 per cent.

The Committee observe that although a period of more than 6 years has elapsed since the formation of Haryana the discrepancies were still to be reconciled. The Committee recommend that the outstanding points be settled and the matter in regard to bifurcation of accounts of the stock articles relating to the erstwhile Punjab State be finalised without further delay.

34 Paragraph 97(B)(1) of the Audit Report, 1970—Working of Co-operative Sugar Mills

There were 2 co operative sugar mills in the State on 30th June, 1968. The details of working in respect of one mill together with capital structure, etc., for the last two years ended 30th June, 1968 are compared below —

Serial No	Particulars	Haryana Co operative Sugar Mills, Ltd Rohtak	
		(Rupees in lakhs)	
		1966-67	1967-68
1	Paid up capital	56.01	56.02
2	Government investment in share capital	20.00	20.00
3	Statutory Reserve		

Serial No	Particulars	Haryana Co operative Sugar Mills Ltd Rohtak	
		(Rupees in lakhs)	
		1966 67	1967 68
4	Long term loans—		
	Industrial Finance Corporation	15 62	10 32
	Central Co operative Bank Rohtak	5 00	
5	Cumulative Profit (+)	+32 78	+40 45
	Loss(—)	—30 71	—30 71
6	Profit (+)/Loss(—) during the year	—2 67	+7 67
	(Cane crushed and recovery (In lakhs of Quintals)		
7	Cane crushed	9 29	10 02
8	Percentage of recovery	8 04 (per cent)	7 67 (per cent)

Certain common irregularities brought out in the departmental audit reports are mentioned below —

- (i) Employment of excessive staff
- (ii) Non observance of proper procedure for sale of sugar
- (iii) In some cases, contracts for execution of works and purchase of materials involving substantial amounts were made on the basis of limited tender system i.e without giving wider publicity through standard news papers

The department stated in its written reply that a Sub Committee constituted by the Punjab State Federation of Sugar Mills had evolved staffing pattern and made recommendations for staff strength to be maintained by a sugar factory working on carbonation process. A comparison of the strength of various categories of employees was made and it was found that this mill was maintaining a strength of 874 employees against 849 recommended by the Punjab State Federation. The Board of Directors of the Mills were the authority competent to create posts and retrench posts according to seasonal work load. When production season was in full swing maximum staff strength was employed which was reduced when the season was over. The information received from the Mills for 1967-68 showed that against season staff strength of 872 the off season strength came down to 190 only.

For sale of sugar in the open market it was mentioned that a sub committee comprising of Chairman (Deputy Commissioner) Secretary National Federation of Co operative Sugar Factories and the General Manager of the Mills had been constituted and the sugar mill was observing proper procedure for sale of sugar by ascertaining daily market rates.

As regards contracts for execution of works and purchases of material, it was stated that the Mill maintained a list of parties interested in the execution of various jobs on contract basis. Well before the start of the season, enquiries were addressed to all the parties on the mills mailing list. Advertisements were also published in local newspapers with wide publicity and jobs were assigned on comparative rates. In the matter of purchase of stores, enquiries were issued to approved firms and quotations obtained in sealed cover. The suggestion of inviting tenders by advertisement in news papers in all cases had not been found practicable because quantity in some cases was too small. A separate cell for handling exclusively purchase work had been created and all purchases whether small or big were made by this cell.

The Committee feel that the Punjab State Federation of Sugar Mills must have evolved the staffing pattern after taking into account all the relevant factors. They do not, therefore, see any reason for employing staff in excess of the norms laid down by the Punjab State Federation of Sugar Mills. They would therefore, recommend that these norms should be strictly followed by the Sugar Mills.

The Committee would also recommend that the allotment of contracts for execution of works and purchases of material involving substantial amount should be done as economically as possible after observing the recognised procedures and giving wide publicity in this behalf so that all intending tenderers have an opportunity to offer competitive rates.

35 Paragraph 97(B)(2) of the Audit Report, 1970—Haryana Co operative Sugar Mills Limited, Rohtak

(i) The management of the Co operative Sugar Mills Rohtak completed first phase of expansion by incurring an expenditure of about Rs 16 lakhs (upto 30th June 1968) against an estimated cost of Rs 8.50 lakhs. The maximum crushing capacity after first phase of expansion was expected to be 1300—1,350 tonnes per day. But the following data would reveal that even the original installed capacity (i.e. capacity before expansion) was not being utilised fully —

Serial No	Yearly season	Installed capacity	Actually crushed	Short fall in percentage
(In hundreds of tonnes)				
1	1966-67	1 200	929	23
2	1967-68	1 200	1 002	17
3	1968-69	1 200	1 083	10

(ii) An employee of the Mills had misappropriated Rs 0.31 lakh. The departmental auditors considered that there was no possibility of any recovery as he did not own any property.

The department stated in evidence that excess expenditure was due to rise in the cost of building material labour charges etc. The season preceding expansion yielded good production thereby necessitating expansion to meet the increased crushing. In the sugar industry there were cycles according to which out of 10, 3 were good years 3 bad years and 4 normal years. The seasons after addition of machinery and other equipment under the scheme of expansion were the years when the mills did not receive full supply of sugarcane due to drought conditions effect of various pests and diseases on sugarcane crop and prevalent high prices of gur and khandsari.

During the course of oral evidence the departmental representatives were asked to explain as to how the 100% increase in the cost of expansion scheme could be attributed to rise in price of material and labour charges. The departmental representatives stated that the position would be checked up and a detailed reply sent to the Committee.

In regard to misappropriation by an employee of the mill it was stated that a casual scrutiny of advance accounts of the Accounts Clerk in December, 1966 revealed that a sum of Rs 44,302 was outstanding against him. He was given notice to deposit the aforesaid amount. He deposited only Rs 13,000 and thereafter he absconded and his whereabouts were not known. A criminal case was registered against him and the District and Sessions Judge, Rohtak convicted him on 2nd September 1968 for three years rigorous imprisonment and fine of Rs 500 or in default to undergo further imprisonment for six months. After holding departmental enquiry he was dismissed from service on 8th February 1969. As a result of efforts made by the Mills the Oriental Fire and General Insurance Co., which had issued fidelity cover for other employees of the mills made on *ex gratia* payment of Rs. 5,000 in this case. The employee concerned was stated to be in jail.

A sub committee consisting of Deputy Secretary, Finance Director of Mills and General Manager of the Mills had been constituted to consider the writing off of the amount of Rs 0.31 lakh.

The Committee did not feel satisfied with the reasons advanced for incurring of expenditure of Rs 16 lakhs on expansion against an estimated cost of Rs 8.50 lakhs. The rise in the cost of building material and labour charges alone could not obviously result in 100 per cent increase in expenditure. The Committee desired to have a detailed note in this behalf from the department during the course of oral examination and the department promised to send it. The Committee regret to say that this note has not been sent. They highly deplore this tendency on the part of the department and urge that the needful be done now without delay.

The Committee also observe that the expansion of mills in a year which fell in the cycle of 3 bad years was wholly uncalled for and unjustified notwithstanding natural calamities which are stated to have occurred after completion of the expansion.

The Committee would also like to know whether there was any laxity of control on the part of supervisory staff which facilitated the

misappropriation of Rs 0 44 lakh by the Accounts Clerk and whether any responsibility had been fixed on this account The decision taken in regard to the writing off or recovery of the amount of Rs 0 31 lakh may also be intimated to the Committee

INDUSTRIES

36 Para 23 of the Audit Report, 1970—Purchase of polythene bags

In December 1966, an indent for supply of 14 650 kilogram polythene bags (desired to be completed in the same month but subsequently changed to February, 1967) was placed by the Chief Conservator of Forests, Haryana The Stores Purchase Organisation issued a notice inviting tender on 16th December 1966 the last date for receipt of tenders being 7th January, 1967 The notice indicated that supplies would have to be made within two weeks of the date the order was placed Firm 'A' which had tendered Rs 8 65 per kilogram backed out on the ground that the supply order issued on 18th February 1967 provided for one third supply immediately and the balance later on against its offer of supply within 5—10 weeks The indenting department was then permitted to make purchases locally to meet urgent requirements and simultaneously another order for supply at Rs 8 78 per kilogram with period of supply as 5 to 7 weeks was issued to firm 'B' (the next lowest tenderer) on 6th March, 1967, which also declined to execute the order in 5 to 7 weeks but offered to effect supply in six equal instalments from April to September, 1967 Tenders were re-invited Ultimately an order dated 8th June, 1967, followed by a repeat order dated 30th August, 1967 for 8,325 kilograms each at Rs 11 89 per kilogram was placed on firm 'C' stipulating two months as the delivery period, the supply was completed between August, 1967 and April, 1968

The purchase from firm 'C' resulted in extra expenditure of Rs 55,564 The indenting department is yet to intimate the extra expenditure incurred on local purchase to meet urgent requirements

The State Government stated in May, 1969 that "the over-all delivery period quoted by firm 'A' was accepted but the condition of one-third supply immediately on receipt of supply order was introduced keeping in view the public interest because it was anticipated that but for emergent supply, the planting season may not expire"

The department stated in written memorandum that consolidated indent for the purchase of polythene bags was received from the Chief Conservator of Forests on the 5th December, 1966 On receipt of the indent it was decided to invite tenders through the press advertisement which was under issue and was due to appear in the press on the 16th December 1966 According to this, the tenders were due to be opened on the 7th January 1967 The condition regarding supply of part of the total requirement was received from the indenting officer when the demand was sent to advertisement i.e. on the 9th December, 1966 After the tenders were opened the case was dealt with promptly and the delay was procedural as the samples were to be got technically examined in a meeting by the representatives of the

indenting officer and Technical Officer of the Store Purchase Organisation and the Assistant Controller of Stores in accordance with the advice received from the indenting officer on the 9th December, 1966. It was stipulated in the supply order that 1/3rd of the supply should be executed immediately but the firm did not accept this condition and the order was placed with the next tenderer. The second lower tenderer had not quoted any delivery period but as per notice inviting tender it was required to be 14 days. However, as the indenting officer had already been advised to effect urgent local purchases a reasonable delivery period of 5 to 7 weeks was given in the supply order on the recommendation of the indenting officer. This firm expressed its inability to meet the demand due to serious shortage of industrial alcohol the principal raw material for polythene manufacture. The case was then referred to the Law Department for advice whether risk purchase could be effected or not. The Legal Remembrancer advised that as no binding contract came into existence no action could be taken against the firm. Accordingly, tenders were re-invited and the order was placed on the third firm at the rate of Rs 11.89 per kilogram. This firm had offered the stores for inspection in time but the indenting officer had no funds to make payment. The supply was, therefore, delayed.

During oral evidence the departmental representative disclosed that under the Store Purchase Rules the indenting officer was required to send his indent 6 weeks before he required the material. It was then enquired that when the Forest department required the supply to be arranged in December why did it send the indent in December itself and why the urgency could not be foreseen. The departmental representative promised to supply the information in due course.

The Committee are extremely unhappy to note the manner in which the indent for the purchase of polythene bags was placed by the Forest department and the matter was subsequently processed by the Industries department. The Committee believe that the extra expenditure of Rs 55,564 resulted mainly because sufficient time was not given to the Store Purchase Organisation to complete the formalities for the purchase of material. It is strange that the indent for the purchase of polythene bags was sent by the indenting department on the 5th December, 1966 and these were required to be purchased immediately. Obviously, the needs of the department were not so immediate as is evident from the fact that the supply of polythene bags was ultimately completed between August 1967 and early 1968 and the department had also not adequate funds to meet this liability when the stores were offered by the third firm for inspection within due time. The Committee recommend that the matter may be fully investigated and the responsibility for the extra expenditure to Government be fixed on the defaulting officials concerned.

The Committee would also like to have the information regarding the urgency for the purchase of material as promised by the department.

37 Para 24 of the Audit Report 1970—Government tanning institute, Rewari

It was decided in 1960 to convert the Industrial School Rewari which was imparting training in foot-wear leather goods etc into a

tanning institute by introducing two diploma courses of two years duration each in foot-wear and leather technology with an annual intake of fifteen and ten trainees. The latter course was to be followed by one year's apprenticeship in an approved tannery. The former course was to start from 1965-66 and the latter from 1964-65.

The following points relating to the tanning (leather technology) section had been noticed in audit —

- (i) Administrative approval for construction of building to house the tanning section was accorded in August 1962. Rs 0.16 lakh were spent between March 1968 and March 1969 for construction of tanning pits etc. which were originally not included in the estimate. The department held in May 1965 that in the absence of the pits hardly any training could be imparted and that caused delay in starting the institute. The section started functioning in July, 1966.
- (ii) Basic facilities, pre-requisite for the tanning course were not available till 1968. The institute was situated at a site where only brackish water was available whereas sweet water was necessary. This was known in November, 1961 before the land was acquired (December 1961). Water supply which had to be arranged from a distance was obtained only in January, 1968. Because motor wiring was originally not included in the estimate power for operation of motors was not supplied even upto the time the tanning (leather technology) section was closed in March 1969.
- (iii) The number of persons trained and the percentage of shortfall compared with what was contemplated are given below —

Year	Actual number of trainees		Percentage of shortfall compared with what was contemplated	
	First year's Course	Second year's Course	First year's Course	Second year's Course
1966-67	5		50	
1967-68	6	5	40	50
1968-69	2	3	80	70

- (iv) Machines and equipment worth Rs 0.78 lakh were still (October 1969) awaiting disposal. Out of that machines worth Rs 0.39 lakh, purchased mainly at the end of March in the years 1962 to 1968 were lying packed or uncommissioned.

- (v) In November, 1968, the working group of Government of India on technical education observed that the employment potential in the field was discouraging. The leather technology section of the institute was closed from March, 1969. Rs 633 lakhs were spent in all (upto August 1969) on this section.

The department further informed Audit in December 1969 that the pits which were not provided in the original estimates for the construction of the building were provided in the supplementary estimates. The training/admission was delayed because the progress of the construction work done by Public Works Department was very slow and only a part of the building was made available in 1966. It was also mentioned that although the sub-soil water was brackish yet it was found to be quite suitable for tanning purposes after giving some chemical treatment. The request for supply of sweet water was made to the Public Health Department in 1962. It took a long time to settle the issue with the Railways. However, the delay in providing sweet water did not affect the training programme.

The department stated in a written memorandum that Public Works Department (B&R) authorities were continuously requested both by correspondence and by personal contacts to complete the building. They in turn assured the Industries department that the building would be completed early. Though the building was not completely ready the training programme was started in July 1966 when the Public Works (B&R) authorities were in a position to provide minimum space needed to conduct the training programme. During the period when the pits had not been constructed, tubs were used for the training programme.

As regards the non-inclusion of the motor wiring in the original estimates it was stated that the estimate for motor wiring was not to be included in the building estimates. The work of wiring could only be taken up after the completion of the building. The application for power connection was sent to the Electricity Board authorities on the 27th January, 1969 but the matter was not pursued further due to the closing of the leather and technology Section in March, 1969.

It was admitted that a regular survey in regard to the employment potential was not conducted before starting the tanning section. There was already an Industrial school working in Rewari. Besides there were a number of tanners and shoe makers in and around Rewari. On the basis of this and on the pattern of tanning institute functioning at Jullundur this tanning institute was set up.

It was further stated in the department's written reply that the Haryana State Industrial Development Corporation had an experimental set up in the tanning section and at that time there was a proposal to transfer the machinery to Haryana State Industrial Development Corporation but they dropped the idea of further experiments at Rewari. The Haryana State Industrial Development Corporation was stated to have occupied the tanning section from January 1969 to 30th April 1970. A sum of Rs 22,096 was claimed from them on account of rent but the payment had not as yet been received and the matter was being pursued with them vigorously. The value of machinery purchased for the leather

and tanning section was indicated to be of the order of Rs 64,834 and the machinery was lying in the institute. The other sections viz, Diploma course Footwear Section Certificate Course and Administrative Block, were still functioning in the premises of the institute.

The Committee regret to observe that the leather and technology scheme was introduced without proper planning or assessment of the employment potential and without even considering the availability of basic facilities essential for the running of the training programme. The Committee are also unhappy to note that machinery worth Rs 64,834 purchased for the leather and technology section was not put to any use and it is still lying in the Institute undisposed of although the section was closed in March 1969. Besides there was inordinate delay in obtaining power connection for the institute. The Committee would recommend that the reasons leading to the unplanned setting up of the leather and tanning section be thoroughly investigated and responsibility fixed on the officials concerned. The Committee would also like to know whether the machinery lying in the institute has since been disposed of and if so, at what price.

The progress about the recovery of Rs 22,096 on account of rent from the Haryana State Industrial Development Corporation may also be intimated to the Committee. The Committee would also like to know the steps taken to let out the portion of the building lying vacant.

38 Para 25 of the Audit Report 1970—Rural industrial development centres

In March 1965, a centre was established in the rural industrial estate at Dadupur to provide technical assistance and common service facilities to small-scale manufacturers on payment of charges at prescribed rates. A training programme was introduced in December, 1966, for persons sponsored by the Block Development and Panchayat Officers. To make training production-oriented a programme of production was also introduced simultaneously. The following points were noted in audit —

- (1) Machinery purchased in March 1965 for Rs 0.26 lakh was not commissioned until December, 1966, as location of the centre was not decided and electric connection was not available.
- (2) No targets were laid down for imparting training, rendering service facilities or for producing goods. During April 1965 to April 1967 no service facilities were provided. The number of trainees in 1966-67 was four and in 1967-68, sixteen. There was no trainee in 1968-69. The department informed Audit in June 1969 that the number of trainees was less during 1966-67 as electric connection was made available in December, 1966 only and also because due publicity could not be given.

During April, 1967, to September, 1968, the centre produced goods for Rs 1,007 and recovered Rs 684 for services rendered.

Rs 0.76 lakh were spent (including Rs 0.32 lakh on pay and allowances of the staff), till the closure of the centre in January 1969. The department informed Audit (May, 1968), that the services of the staff were utilised for inspection installation and safety of the machinery.

In another such centre initially proposed to be established at Gharaunda the machinery purchased in February—April, 1965, for Rs 0.40 lakh was commissioned in September, 1967, at Kohand. Neither were service facilities provided nor was any training imparted during February 1965, to September 1967. Rs 0.60 lakh were spent (including Rs 0.18 lakh on pay and allowances of the staff of the centre). This centre was closed in January, 1969.

In a written memorandum the department explained the position in regard to the rural industrial development centres at Dadupur and Gharaunda/Kohand as under —

(i) Dadupur

It was tentatively decided on the 7th January, 1965, that Rural Industrial Development Centre should be set up at Dadupur. On the basis of this tentative decision a building was hired in June 1965, after getting the rent assessed by the Public Works department. Later on, when arrangements were being made for getting wiring done in the hired building, it was proposed to have the centre at Chhachrauli which is block headquarters and where better facilities were available but the Panchayat Samiti indicated that they would prefer the Rural Industrial Development Centre to be located at Dadupur and they were prepared to pay the rent of the hired building at Dadupur. As both Dadupur and Chhachrauli were in the same block and the Panchayat Samiti wanted the Centre at Dadupur, it was finally decided in August, 1966 to set up the Centre at Dadupur. The work of wiring in the hired building was finally completed during the middle of December 1966, and the electric connection was obtained during last week of the same month. The machinery required for the centre was purchased through the Controller of Stores, Haryana, during the period from February to April, 1965. One Assistant Technician, one Chowkidar and one Clerk were appointed during March, 1965, to receive the machinery at Jagadhri and to transport the same to Dadupur to keep watch and ward of the Government property and maintain accounts of the machinery properly. One Technician was appointed in September, 1965 and the rest of the staff consisting of Foreman cum-Supervisor and Technician were appointed in November, 1966, to erect the machinery to get the wiring done and to get electric connection. It was also stated that as there was no proper co-operation from the Development department and no trainees were sponsored during the year 1968-69, it was decided to close the centre in October, 1968.

As regards the disposal of the surplus machinery lying at the centre, it was stated that efforts to transfer the same to other Government centres had not been successful and steps were being taken to dispose of the same.

(ii) Gharaunda/Kohand

It was decided to set up a rural industrial development centre at Gharaunda and a private building was hired for this purpose. The

machinery was purchased during February 1965 to May, 1965 and the Electricity department was approached for power connection in February, 1965. In the meanwhile the Government decided to set up a Rural Industrial Estate at Kohand which was only 4 miles away from Gharaunda. As per the general policy that rural industrial development centres were to be located in Rural Industrial Estates it was decided to set up the centre at Kohand. On completion of the building in the month of March 1966, the centre was shifted to Kohand in April 1966. The provision for power connection was not made in the original estimates. The public Works authorities were requested to complete the work but due to the non-provision of funds in the estimates the work could not be completed by March 1967. The revised estimates were, therefore, got prepared and the wiring work was completed in April 1967. The power connection was made available in September 1967. After setting up the centre at Gharaunda one Technician, two Assistant Technicians, one Clerk and one Chowkidar were appointed to make arrangements for the maintenance of machinery and accounts and also for watch and ward of the Government property. The goods worth Rs 527 were produced during the period the centre remained at Gharaunda. The Foreman cum Supervisor was appointed in July 1965. After the decision in regard to the shifting of the centre from Gharaunda to Kohand the services of two Assistant Technicians were terminated during September, 1965. The other staff remained busy in the production of goods at Gharaunda as well as at Kohand with hand tools without the help of electric power and the goods worth Rs 1,114.90 were produced in spite of so many problems. All the machinery lying at the Kohand centre was stated to have been transferred to Common-Facility Workshop, Jagroli and Rural Industrial Development Centre, Rai.

The Committee are unhappy to note that final decision about the location of the centres was not taken before they were actually set up. There was also a lack of co-ordination amongst the Industries, Public Works, Development and Electricity departments as a result of which the training programme of the two centres was adversely affected. The Committee also feel that the two centres were apparently set up without proper planning and without considering the attendant practical advantages. The goods produced at these centres were only negligible as compared to the amount of expenditure incurred on them.

The Committee would urge that in future before such schemes are introduced a proper and regular survey about the possibility of their success may be conducted and all aspects of the scheme thoroughly assessed before hand.

The Committee also recommend that suitable steps be taken to ensure that there is proper co-ordination between the different departments of Government connected with the execution of the schemes so that there are no serious impediments in their working as had happened in this case.

The Committee would like to know whether the machinery lying at the Dodupur centre has since been disposed of and if so, the price realised.

39 Paragraph 26 of the Audit Report, 1970—Cottage industries emporia

A review of three emporia conducted in July/August 1969, disclosed the following —

- (a) No *pro forma* accounts (showing the total expenditure, income realised and the value of property/assets in hand) to show the financial results of the Ambala emporium which has been functioning since April 1960 have been prepared
- (b) Rs 0.41 lakh were spent on rent and salaries of the staff of the emporia in New Delhi and Chandigarh for the periods these did not function. The building for the emporium in New Delhi was taken on rent in February 1968 and the staff was employed in May 1968 but the emporium had not started functioning (August 1969). Goods worth Rs 41,645 were purchased during January—March 1969, without sanction of the Finance Department. Premises for the emporium at Chandigarh were acquired in January 1968, at a monthly rent of Rs 808 while the staff was engaged in February 1967. The emporium started functioning from February 1969 only.

A payment of Rs 4,000 was made by the Sales Manager during March 1969 and April 1969 for goods worth Rs 2,807 received on consignment basis.

(c) Ambala emporium—

- (i) Articles worth Rs 0.31 lakh which were shop soiled were assessed at Rs 0.21 lakh. A part of these articles was disposed of for Rs 0.17 lakh during 1968-69 and 1969-70. The balance (assessed value Rs 0.04 lakh) was still awaiting disposal (November 1969).
- (ii) At the end of June, 1969 recovery of Rs 0.33 lakh was outstanding on account of credit sales, of that Rs 0.12 lakh pertained to 1961-62 to 1966-67.

In its written reply the department stated that the object of setting up of emporia was to provide marketing facilities to the small handicrafts and not to earn profit. Therefore from the very beginning accounts of emporia organisation were kept on non commercial lines. After the formation of Haryana it was decided that profit and loss accounts should be prepared in respect of the emporia so as to know the financial results. The profit and loss accounts of the emporia at Ambala had been prepared for the financial years 1967-68, 1968-69 and 1969-70. For the remaining two viz., Chandigarh and Delhi these were stated to be under preparation.

From the profit and loss accounts submitted with the written reply the Committee observed that the emporia at Ambala incurred a loss of Rs 5,499 and Rs 4,495 during the years 1967-68 and 1969-70 and earned a profit of Rs 5,347 during 1968-69.

In regard to the point mentioned at item (b) of the audit paragraph it was stated that no new staff was appointed before the emporia at New

Delhi and Chandigarh started functioning and only such staff as was allocated to Haryana State had to be continued in service which was a committed liability. The services of the staff were, however, fully utilised in making preliminary arrangements for setting up of two emporia and for proper running of the Ambala emporium. The delay in the functioning of the new emporium was also attributed to the ban imposed by the Government on recruitment of staff. The ban was stated to have been lifted in the month of August, 1969 and thereafter necessary arrangements were made to enable the functioning of the emporium with effect from the 27th October 1969.

It was also mentioned that the Director of Industries Haryana, was competent for allowing purchases of goods upto Rs 20,000 for one item under the provisions of Punjab Financial Rules Volume I and since no single item for over Rs 20,000 was purchased the expenditure on this account was within the competence of the Director of Industries and the sanction of the Finance Department was not required.

As for the payment of Rs 4,000 it was mentioned that the payments were of running nature against the consignment value of Rs 13,776 and necessary adjustment in this behalf had already been made.

Regarding item (c) of the audit paragraph, it was explained that the goods at the Ambala emporium became shop-soiled/unsaleable due to frequent handling by the customers, fading of colours change of designs with the passage of time and that goods costing Rs 1,666 only remained to be unsold. The total loss on the disposal of these goods was indicated to be Rs 7,810.

As regards the recovery of outstanding amount on account of credit sales it was stated that the outstanding balance had now come down to Rs 9,122 and that further efforts were being made to liquidate it.

The Committee feel that since the emporia set up by Government are engaged in the purchase and sale of various commodities, it is essential that proforma accounts of all the emporia be prepared in order to know the financial results of their working. This will also enable the department to investigate the reasons in the event of loss and to take suitable remedial steps to improve their working.

The Committee would like to know the latest position about the financial results of the working of three emporia i.e. whether they are working in profit or in loss.

The Committee also regret to observe the unusual delay in the starting of emporia at New Delhi and Chandigarh. It appears that after the buildings for these emporia were taken on rents immediate steps were not taken to ensure that they started functioning within the minimum possible time.

The Committee would further like to be informed about the disposal of shop soiled/unsaleable goods and recovery of outstanding balance on account of credit sales.

40 Paragraph 27 of the Audit Report, 1970—Purchase of woollen serge.

For supply of 16,135 metres of woollen serge to the police department, the Stores Purchase Organisation invited tenders in June, 1967. The lowest tender of Rs 27 25 per metre (the sample had also been approved by the department) was rejected as the tenderer could supply only 8,000 metres from ready stock. The second lowest-tender of Rs 28 89 per metre was accepted. The supply order (October, 1967) required delivery of cloth within two months as against five months quoted in the tender, the tenderer expressed (October, 1967) his inability to execute the order within two months. Meanwhile, the firm whose quotation was the lowest (Rs 27 25 per metre) had also sold its stock. A special Purchase Committee constituted in November, 1967 purchased the cloth at rates between Rs 31 and Rs 34 95 per metre. Rs 0 51 lakh could have been saved had the department placed the order with the lowest tenderer for 8,000 metres.

The department informed Audit that the firm which quoted the rate of Rs 27 25 per metre could offer only 8,000 metres of the total requirement of 16 135 metres; their offer was rejected in order to maintain the uniformity of colour and quality of the clothing. In regard to specifying delivery period of 2 months as against 5 months period quoted in the tender in the case of the second firm which quoted Rs 28 89 per metre, it was stated that the uniforms were needed for the winter season of 1967-68 and the police personnel were agitating for the early supply of woollen clothing. The purchase could not be postponed.

The department stated in a written memorandum that the samples of clothing received from the different firms were examined by a Technical Committee consisting of representatives of the Store Purchase Organisation and the Police department on the 13th September, 1967. They found that the sample of the firm which had quoted the rate of Rs 27 25 per metre had finishing defects and possessed less breaking strength as compared with the sample supplied by the second firm. Further the representative of the Police department insisted that they required whole quantity of the same quality to keep uniformity in the uniforms. Hence the offer of the first firm was rejected on technical grounds. The 2nd firm had quoted the delivery period of 5 months, but in view of the urgency stressed by the Police department, this delivery period was considered to be not suitable. As against 14 days delivery period indicated in the notice inviting tender, a period of 2 months was considered reasonable especially when the firm was a reputed concern and manufacturer in the line. However, the two months delivery period offered by the Store Purchase Organisation was not accepted by the firm because of strike in their factory. Otherwise there was every likelihood of the firm accepting it. The actual quantity of cloth purchased by the Special Purchase Committee was indicated to be 18 145 metres and the cloth was purchased from 3 different firms at rates varying from Rs 28 50 to Rs 34 95 per metre. It was also mentioned that decision to purchase cloth from different sources was taken on the basis of samples which were found by the Committee to be as per requirements of the Police department. The Committee had also examined the aspect of higher rate, but approved the same due to the reasons that the cloth

was superior and that it would last longer. Although in the proceedings no explicit mention had been made, it could be inferred that the samples were found to be *prima facie* of the same shade, colour, feel, etc

From the written reply of the department, the Committee observed that 7,795 metres of cloth were purchased from the same firm which had quoted the rate of Rs 27 25 per metre. The rates subsequently paid were Rs 32 50 per metre for 3,800 metres and Rs 34 95 per metre for 3,995 metres. However, the department argued that the question of comparison between the first offer and subsequent offers of this firm did not arise because the earlier offer was rejected on technical grounds and the cloth being of inferior quality.

In regard to an enquiry from the department as to by which date the entire quantity of cloth purchased at higher rate was actually consumed, it was stated that the requisite information had been called for from the Police department and was not readily available.

The Committee do not feel satisfied with the reasons advanced for rejection of first tender of Rs 27 25 per metre of the firm from whom 7,995 metres of cloth was subsequently purchased at higher rates. The Committee feel that the rejection of the offer purely on technical grounds was not justified and the department could have asked the firm to send the sample of clothing in accordance with the terms contained in the notice inviting tender. The argument that the Police department wanted the cloth of the same quality, colour and shade is nullified by the subsequent purchase of cloth from 3 different firms (including the firm which had quoted the lowest rate in the first instance) at higher rates. It is not clear when the cloth was purchased from three different firms and at varying rates, how quality shade and colour etc of cloth could be the same. Moreover, the action of the department in prescribing the delivery period of two months as against 5 months quoted by the second firm was also arbitrary. The Committee, therefore, recommend that the matter be investigated and responsibility for the extra expenditure fixed.

The Committee also recommend that suitable steps be taken to organise purchase activities of the Store Purchase Organisation in such a manner as to avoid similar instances in future and to ensure that purchases are made at the most economical rates keeping in view the interests of Government.

The information relating to the date(s) by which the quantity of 18,145 metres of cloth purchased at higher rates was actually consumed be furnished to the Committee as early as possible.

41 Paragraph 91. of the Audit Report, 1970—Investments

The investment of Rs 1,14 53 lakhs in 11 private concerns included investments worth Rs 1 04 62 lakhs (9 concerns) inherited from the erst while Punjab State, the division of which was yet to be finalised (October, 1969). The Haryana State invested a sum of Rs 9 91 lakhs after re-organisation (Rs 8 47 lakhs during 1967-68 and Rs. 1 44 lakhs during 1968-69). The non-finalisation of the division of inherited investments had resulted in accumulation of dividend/interest (Rs 17 15 lakhs) and redemption of shares to the tune of Rs 6 60 lakhs.

Besides, the Government advanced a sum of Rs 23 28 lakhs (Rs 18 28 lakhs during 1967-68 and Rs 5 lakhs during 1968-69) to the Haryana State Industrial Development Corporation for under-writing the shares of Joint Stock Companies in private sector. However, to end of March, 1969, the Corporation took up shares in one case only of the value of Rs 5 76 lakhs under the under-writing obligation. The actual investment made was only Rs 1 44 lakhs. The interest received by the Corporation on the amount lying with them which was payable to the Government had not been recovered so far (November, 1969).

In a joint meeting held between the representatives of Punjab and Haryana Governments, it was decided that the Punjab Government would pay in cash the amount representing the value of shares (worked out on population basis) held by the Government of Haryana as on the day of re-organisation, i.e., 1st November, 1966, plus 5½ per cent interest accrued thereon (both aggregating Rs 27 34 lakhs) in respect of Punjab State Small Scale Industries Corporation, Punjab State Industrial Development Corporation and Punjab Export Corporation. The payment was yet (November, 1969) to be made by the Punjab Government.

Consequent on a decision to under-write cumulative preference shares of a private company to the extent of Rs 10 lakhs, the State Government paid Rs 4 98 lakhs in 1967-68 towards share application and allotment money in respect of 9,957 shares. The company in its extraordinary general meeting held in December, 1968, however decided to wind it up voluntarily and accordingly a liquidator for the purpose had been appointed.

The Haryana State inherited an investment of Rs 9,99 500 made by the erstwhile Punjab State in another private company during the years 1965 66 and 1966 67. As per report of the company auditors (July 1968) on the accounts of the company for the year ended 31st October 1967, the Directors of the company had resolved to surrender possession of their own land (book value Rs 14 25 lakhs) to the Government, this offer was, however, subsequently withdrawn. Machinery worth Rs 12 35 lakhs was lying in a bonded warehouse for the last three years and the company had a cash balance of Rs 9,839 only. With this weak financial position, the company was not able to start functioning. There was nothing on record (June, 1969) to show that the Government had taken any action to secure their interests.

The department stated in a written memorandum that the matter in regard to division of inherited investments was taken up with the Government of India and the Punjab Government at various levels and a meeting between the representatives of Punjab and Haryana Industries Departments was also held on the 6th June 1972 wherein it was decided that the dividend of the companies be divided in the ratio of 60 : 40 between the successor States. The Punjab Government had to issue instructions to the companies to pay the dividend to the successor States in the population ratio. The final decision of the State Government regarding the implementation of this decision had not as yet been made and the matter was stated to be under active consideration.

In regard to the Haryana State Industrial Development Corporation, it was stated that an amount of Rs 59 28 lakhs had been placed at the

disposal of that Corporation during 1st November, 1966 to 31st March 1972 as under —

1967-68	Rs 18 28 lakhs
1968-69	Rs 5 00 lakhs
1970-71	Rs 26 00 lakhs
1971-72	Rs 10 00 lakhs

Against this the Haryana State Industrial Development Corporation had had under-written an amount of Rs 52.88 lakhs. An amount of Rs 45.41 lakhs had also since been invested in 10 companies up to 30th June, 1972 and the Corporation had also paid the interest to Government up to the 31st March 1971.

It was further stated that value of the shares of the Punjab State Industrial Development Corporation and Punjab Small Industries Corporation had been decided in consultation with the Punjab Government. Several reminders had been sent to the Punjab Government to pay the price of the share coming to Haryana, but there was no response. A meeting was held with the Secretary to Government, Punjab, on the 6th June, 1972, in which it was informed by the Punjab Government that the amount would be paid in the near future. On July 21, 1972 sums of Rs 6,83,782.17 paise and Rs 2,03,598.48 paise being the value of shares and interest at the rate of 5½ per cent per annum up to 31st March 1972 were paid by the Punjab Government for the shares of the Punjab Industrial Development Corporation. A reminder for payment of amount for the Punjab Small Industries Corporation was stated to have been sent to the Punjab Government.

Regarding the Punjab Export Corporation, the matter in respect of evaluation of shares was still under consideration of the Haryana and Punjab Governments as the value estimated by the Chartered Accountants of the two Governments did not tally. A high level meeting between the representatives of the Punjab and Haryana Governments was being arranged wherein the Chartered Accountants might also be present to reconcile the difference in the estimated value of shares.

As regards the payment of sum of Rs 4.98 lakhs in 1967-68 towards share allotment money in respect of 9,957 shares of a private company it was stated that the liquidator had paid the first instalment of the refund viz Rs 2,48,925 being 50 per cent of the paid up value on 20th March, 1972. The matter in regard to the refund of the balance amount was stated to have been under correspondence with the liquidator.

Regarding investment of Rs 9,99,500, it was mentioned that the concerned company was establishing their factory at Ballabgarh. The lease deed with Government for transfer of land to the company had been executed on the 24th January 1972 and the mutation of the land had been finalised on the 17th April, 1972. The department also stated that it was noted from the Directors' Report of the Company that arrangements for shifting and erection of imported machinery lying in the bonded warehouses at Bombay and Calcutta would be made as soon as the building for the same is completed.

The Committee feel that since Haryana was formed more than six years back all pending issues relating to the division of the investments made prior to re-organisation should have been settled by now. In case, there was any difficulty in this behalf the matter should have been taken up at the highest level.

The Committee would like to know if the final decision about the division of investments between the Punjab and Haryana Governments has since been taken and if so whether dividend/interest on such investments is being received regularly.

The Committee would like to know the progress about full payment of the share of the Haryana Government in regard to the Industrial Development Corporation, the Punjab Small Industries Corporation and the Punjab Export Corporation. The progress in the matter of refund by the liquidator of the balance amount out of the investment of Rs 498 lakhs may also be intimated to the Committee.

The Committee would further like to know whether the machinery lying in the bonded ware houses has since been erected by the Company with whom an investment of Rs 9,99,500 had been made and whether the financial position of the company is sound so as not to jeopardise the interests of Government.

42 Paragraph 92 of the Audit Report, 1970—Other investments

The erstwhile Punjab State made investments of Rs 475 lakhs in the Government companies and other private institutions. The question regarding bifurcation of these investments was still (October, 1969) under correspondence.

The department stated in its written reply that the matter regarding the division of the investments made by the erstwhile Punjab State prior to reorganisation was still under consideration.

The Committee would urge that as the matter has already been delayed, the question of division of the investments of Rs 475 lakhs made by the Punjab Government in Government companies and other private institutions be finalised as expeditiously as possible and the Committee informed.

COLONIZATION

43 Paragraph 43 of the Audit Report 1970—Development of new mandies

For providing increased facilities for marketing of surplus agricultural produce, establishment of new *mandies* or townships was started in 1954-55. In paragraphs 34 and 38 of the Audit Reports 1963 and 1966 of the composite State of Punjab mention was made of certain irregularities in that connection. The Public Accounts Committee of the composite State of Punjab had in its Report of February 1964, recommended appointment of a high powered committee to investigate the reasons for selection of non-essential *mandies*, study the economics of the scheme, suggest ways and means for attracting purchasers and prescribe realistic and essential scale of development. The committee had not been appointed so far (November, 1969).

3,603 acres were acquired for seventeen mandies, out of which till March, 1969 1,194 acres in sixteen mandies were developed into 7,140 plots. Out of the latter, 4,221 plots had been sold. Information about development and sale in one madi was not made available. Percentage of developed plots sold was still below 40 per cent in certain mandies as given below —

Mandi	Number of plots laid	Year in which laid	Number of plots		Percentage of plots unsold
			Sold	Resumed after sale	
Bhiwani Khera	511	1956	125	38	87
Dabwali	295	1968			100
Barwala	160	1968			100
Kaithal	21	1957	1		95
	536	1958	174		68
	302	1969			100
Tohana	256	1963			100

The position category wise in the mandies mentioned above was as follows —

Classification of plots	Number of plots		Percentage of unsold plots
	Developed	Sold	
Industrial	255	1	99.61
Residential	1,325	210	84.15
Shops booths and shops cum flats	1,158	608	47.40

Realisation of the sale price continued to be in arrears. The amount recoverable in instalments up to March, 1969 was Rs 258 lakhs. Out of that, recovery of Rs 24.71 lakhs was overdue as follows —

Year in which recovery was due	Amount (Rs in lakhs)
Between 1958-59 and 1963-64	1.48
1964-65	1.23
1965-66	0.30
1966-67	8.51
1967-68	8.55
1968-69	4.64
Total	24.71

It has been explained that Rs 20 72 lakhs related to Hissar mandi for which new settlement with the bidders was under consideration

Other points of interest noticed were —

(i) In Guhla and Fatehabad mandies, 55 and 60 cases of encroachment of land were detected during 1967-68 and 1968-69. Recovery of Rs 3 15 lakhs as rent (Rs 0 75 lakh) and damages (Rs 2 40 lakhs) was outstanding against the unauthorised occupants (March, 1969)

(ii) No pro-forma accounts of the scheme had yet been prepared by the department to ascertain its working results

The department stated in evidence in regard to earlier recommendation of the Public Accounts Committee of the composite State of Punjab for setting up a high powered Committee that the concurrence of the Chief Minister was obtained for laying the matter before the Council of Ministers. However, the Secretary, Council of Ministers, desired that the concurrence of the Finance Department be first obtained before the memorandum was sent. The case was then sent to the Finance Department, which returned it with some observations. The reply to these observations was stated to have been sent to the Finance Department, but they desired to have exact figures. These figures were stated to have been prepared and were under verification after which these would be supplied to the Finance Department and the approval of the Council of Ministers obtained. The position of the developed/sold plots (year-wise) up to the end of 1971-72 was indicated as under —

	No of plots laid out	Plots sold	No of plots resumed	Balance
Upto 31st October 1966	5 511	2 879	204	2 836
1st November 1966 to 31st March 1967			10	2 846
1967-68	363	506	15	2 718
1968-69	485	602	9	2 618
1969-70	794	467		2 937
1970-71	811	686		3 062
1971-72	342	242		3 162
Total	8 306	5 382	238	3 162

In regard to 17th mandi i.e., Narwana it was stated that the number of plots developed was 226 out of which 67 plots were sold leaving a balance of unsold plots at 159. It was further explained that the plots were laid out in the mandies according to the anticipated demand from the intending purchasers. Excessive sale at one particular

time/place could lower the price in the absence of effective immediate demand. The plots were sold in phases after getting the development work completed in order to get more prices

Besides the foodgrain business from the old *mandies* was being got shifted at the new places with the help of local authorities to increase the demand of plots for shopping centres/factories/residences etc. It was also mentioned that expenditure on development work in new *mandi* Townships had been considerably increased to push up the sale of plots

As regards the recovery of outstanding dues it was stated that out of the balance of Rs 9,95,234 outstanding on 31st March, 1970 a sum of Rs 6,08,373 had been recovered leaving a balance of Rs 3,86,861. Action for its recovery was being taken. The steps taken by the department to recover the arrears included imposition of penalty, recovery as arrears of land revenue and resumption of plots. During the course of oral examination the departmental representative disclosed that on an appeal in one case the Commissioner had decided that the plots could be resumed if the person failed to pay the price of the plot. It had been interpreted that if somebody did not pay isolated instalment then plot could not be resumed. As a result of this decision it had become necessary to make an amendment in the Act

Besides in Hissar Mandi one plot holder had filed an appeal in the court of law for the postponement of instalments, remission of penalty, etc., already accrued on account of non development of work and his appeal was accepted by the court. It was then considered by the department to have a package deal with the remaining plot holders to avoid further litigation to save the Government from further loss. The amount as per package deal was to be recovered in 8 instalments and this was being recovered regularly

In regard to Guhla and Fatehabad Mandies, it was stated that in Guhla Mandi in all the encroachment cases the unauthorised occupation had since been got vacated. The amount of damages up to 31st March 1969 came to Rs 74,603.35 and the Colony Naib-Tehsildar had been asked to recover it from the defaulters. As for Fatehabad Mandi in 24 cases the residents had filed appeal in the court of Commissioner/Financial Commissioner. In all the cases the Financial Commissioner had set aside the order of the collector being *ultra vires*. It was also stated that the question whether the persons were to be ejected or were to be provided some alternative accommodation was under consideration.

During the course of oral examination the departmental representative was asked to supply information in respect of each *mandi* about the nature of commitments made in respect of development of roads, sewerage, water supply green belts, street light, etc., number of total plots, number of plots for grain markets, number of booths, the number of plots sold and the amount paid as compensation for acquiring the land. The departmental representative promised to supply this information in due course.

The Committee are constrained to observe that there has been an inordinate delay in finalising action on the recommendations of the Public

Accounts Committee of the composite State of Punjab made in February, 1964 suggesting appointment of a high powered committee to investigate the reasons for selection of non essential mandies, study the economics of the scheme, suggest ways and means for attracting purchasers and prescribe realistic and essential scale of development. The Committee finds that the position of development of mandies and disposal of plots continues to be as dismal as before and a large number of plots continue to remain unsold despite heavy investment of public money. It appears that the scheme for the development of new mandies has not, in its implementation, been able to achieve its objective to the desired extent and the matter regarding the selection of mandies and the method of development of plots needs thorough investigation keeping in view the needs of the people in each area.

The Committee are of the view that during the present era of development in the State, there is a paramount need for planned development of grain markets, vegetable and fruits markets, markets for other commodities and housing and industrial projects. And, with the increase in the quantum of development work, the department should also be so equipped as to cope with the ever increasing needs of the public at large. Besides, the mushroom and haphazard growth in old townships and mandies needs to be effectively checked so as to avoid complications at a later stage. The department should also take steps to ensure that the commitments made in regard to essential amenities such as development of roads, sewerage, water supply, green belts, streets etc., are fulfilled within the scheduled time so that new mandy Townships, Housing Colonies, Industrial areas etc., could be developed without unnecessary delay.

The Committee are unhappy to note the unusual delay in the recovery of outstanding dues from the defaulters and the encroachment of Government lands by unauthorised persons. The Committee would recommend that—

- 1 Decision on the earlier recommendation of the Punjab Public Accounts Committee be expedited
- 2 Adequate steps be taken to ensure that the development of mandy Townships, Housing and Industrial Colonies is done within the scheduled time and that new schemes are taken up wherever the needs of the people so warrant. Accordingly, the department should be so organised as to be fully equipped to cope with the ever increasing needs of planned development.
- 3 Immediate and effective steps be taken to recover the outstanding dues and to get the encroachment on Government lands vacated.
- 4 The question of amendment of the Act in the light of the decision of the Commissioner be finalised quickly, and
- 5 The information desired by the Committee during the course of oral examination be sent to the Committee as early as possible.

EDUCATION

44 Paragraph 37 of the Audit Report, 1970—Alleged embezzlement of Government money

A test audit of the accounts of Government High School Chulkana conducted in May, 1967, disclosed that out of the amounts drawn from the treasury during January—October, 1966, on contingent and pay bills, Rs 8,101 were not shown in the cash book as having been disbursed. The cash balances were neither struck therein nor physically verified. The headmaster had been transferred to another school in September, 1966. He had, however, proceeded on transfer without handing over complete charge and also without rendering accounts to his successor.

The District Education Officer, Rohtak, after detailed investigation, reported in April, 1968, that the headmaster had *prima facie* embezzled Rs. 10,599 in Chulkana School. He also reported that after his transfer in September, 1966, Rs 3,141 were also embezzled by him from the second school during May—October, 1967.

The fund accounts of the school were audited in July, 1968 by the Examiner Local Fund Accounts disclosing that the headmaster had apparently embezzled Rs 3,487 out of the school funds too.

In June, 1968 the department asked the headmaster to deposit the amount, but he did not comply. The department intimated in November, 1969, that the police authorities had been asked to register a case against the headmaster for judicial trial. The headmaster was under suspension from October, 1967.

The departmental representative stated in evidence that on receipt of copy of the audit para relating to embezzlement from Government High School, Chulkana in July, 1967, the District Education Officer Rohtak was asked to probe into the matter and send a report to the Directorate. The report was received in the Directorate from the District Education Officer on the 26th April 1968, wherein it was indicated that instead of Rs 8,101 18, the Headmaster had embezzled a sum of Rs 10,599 from the Government High School, Chulkana. In the meantime a report regarding the embezzlement by this Headmaster of another sum of Rs 3,141 from Government High School, Dhani Mahu was also received from the District Education Officer, Hissar and the two cases were linked. During the probe conducted by the District Education Officer Rohtak the Headmaster gave in writing that he would make good the amount embezzled by him. In view of the undertaking given by him and also in view of sub para 5 of appendix 2 of P.F.R. Volume II, it was considered appropriate to make an endeavour to recover the amount from the delinquent official. The amount embezzled by the Headmaster was indicated to him—*vide* office Memo dated 28th June 1968 and he was asked to make the payment thereof. In response to this letter the Headmaster raised certain objections regarding various items. The Headmaster was asked *vide* office Memo dated 5th August 1968 to contact the District Education Officers Rohtak and Hissar and settle the objections on the strength of the documents in his possession. The Headmaster did not avail of this opportunity despite the fact that the District Education Officers asked him repeatedly to appear.

before them. Consequently it was decided on 27th December 1968 to have recourse to judicial proceedings in terms of para 3 appendix 2 of P F R, Volume II and the District Education Officers, Hissar and Rohtak were advised to proceed accordingly.

It was further stated that the police after making necessary investigations had put in the challans in the court concerned and the cases were under trial.

As regards the embezzlement of Rs 3,487 from the school funds, the matter was stated to be still under investigation of the District Education Officer Rohtak.

Before the Headmaster concerned was posted to the Government High School, Chulkana he had also served in two Government High Schools at Kosli and Sabana from 1st October, 1957 to 30th November 1959 and from 10th December 1959 to 30th June 1965 respectively and on the basis of irregularities committed by him in the accounts of these schools he was awarded the penalty of censure in March, 1966.

The Headmaster did not make over the charge of Government School, Chulkana for one year on his transfer to another school in October 1966.

During the course of oral examination, attention of the department was drawn to the provisions contained in sub rule (iii) of rule 9 (appendix 2) of the P F R, Volume II which lays down as under —

As soon as a reasonable suspicion arises that a criminal offence has been committed the senior Government servant of the Department concerned present in the station will report to the District Magistrate concerned and ask for a regular police investigation under the Code of Criminal Procedure, 1898.

The departmental representative was, therefore, asked as to why a report to the police was not lodged in accordance with the above instructions and in view of the fact that the audit had pointed out that a criminal offence had been committed on a reasonable suspicion having arisen. The departmental representative stated that according to the practice prevailing in the department whenever they got a report like that they asked an officer to make an on-the-spot enquiry. On being pointed out that this practice was not in accordance with the aforesaid Financial Rules as a result of which the department has been causing loss to Government and no action for this negligence had been taken against the officer/official involved for not complying with the rules the departmental representative stated that action against the officials for not reporting the matter to the Police would be taken after the interpretation of the rules was received from the Finance Department. The departmental representative was also asked to supply information on the following points —

- (1) Extra loss caused to Government during the period from 26th April 1968 to August, 1969, when subsistence allowance was paid to the Headmaster and negotiations were carried on for depositing the amount of embezzlement.

- (2) The finalised figures of the amount of embezzlement
- (3) The persons responsible for non compliance of rules
- (4) The reasons for not taking any disciplinary action against the officers who failed to comply with the provisions of Financial Rules
- (5) The steps which the Government intend taking to ensure that such negligence did not occur in future and further pecuniary loss was not caused to Government after such embezzlements were reported

The Committee are extremely unhappy to note that the department, on receipt of Audit Report, did not take action as required in Rule 9 of the P.F.R., Vol II and instead started an inquiry into the matter. Although the Enquiry Officer viz District Education Officer, submitted his report in April, 1968 that the Headmaster had embezzled Rs 10,599 in Chulkana School, no action was taken at that stage also in accordance with the rule. Further, the department started negotiations with the Headmaster for depositing the amount embezzled by him. This resulted in delay of about 1½ year even after the receipt of the report of the District Education Officer in reporting the matter to police in addition to unnecessary payment of subsistence allowance to the Headmaster. It was also intimated that long time was taken by the department/District Education Officer in getting the investigation finalised. The Committee would like that suitable action against the officials concerned for the avoidable loss caused to Government on this account be taken and the information desired by the Committee during the course of oral examination be submitted as early as possible.

The Committee are also pained to note that no disciplinary action had been taken against the Headmaster for not handing over charge on his transfer in October, 1966. They would like to know the action taken against the officer who is at fault in this connection.

The Committee would also like to know the decision of the court of law as and when the case is decided.

45 Paragraph 38 of the Audit Report, 1970—Taking over of a privately managed school

The Education Department took over a privately managed high school in district Gurgaon in November, 1961. As the finances of the school were poor its management was not in a position to pay to Government three years' (from the date of taking over of the school) deficit in income over expenditure in advance which was one of the conditions for taking over of privately managed schools. The management however offered to transfer to Government 7½ acres of agricultural land valued at Rs 35,000 yielding an annual income of Rs 1,400. A gift deed transferring to Government all the properties (including 7½ acres of agricultural land) of the school was made on 18th February 1961 and registered on 13th December, 1961. The land was not however, taken over nor was the ownership of the land established beyond doubt.

In 1962-63 the sarpanch of the village took forcible possession of the agricultural land and leased it out at Rs 1,600 per annum. In September, 1968, the Deputy Commissioner Gurgaon, advised the department to seek remedy in court of law. Action to move the court was initiated only in April, 1969, but the suit was still to be filed (November, 1969).

The delay in taking possession has resulted in loss of revenue of Rs 11,200 (approximately) up to March, 1969.

The department stated in evidence that the Headmaster, Government High School, Bhondsi had approached the Deputy Commissioner Gurgaon as early as 16th October, 1962, requesting him to intervene and get the ownership of the land restored to Government. Thereafter the Headmaster had been pursuing the matter with the D.E.O. Gurgaon and the Deputy Commissioner, Gurgaon. As a result of this the Deputy Commissioner, Gurgaon asked the B.D.P.O. Sohna in March, 1967 to report to him if the possession of the farm land attached to Government High School, Bhondsi (Gurgaon) which was under the forcible possession of Sarpanch, Gram Panchayat Bhondsi had been restored to the School authorities or not. However when the Sarpanch failed to comply with the orders of the Deputy Commissioner he was placed under suspension and an enquiry was instituted against him. It was only when the Deputy Commissioner Gurgaon advised in September 1968, that the possession of the land could not be taken through administrative order the department thought of seeking a legal remedy on the advice of the Deputy Commissioner Gurgaon. A civil suit was filed in February 1970. It was decreed in favour of Government on 21st December 1970. The Sarpanch filed an appeal in the court of Commissioner Ambala Division. It was rejected on 1st March, 1972. Consequently, the Deputy Commissioner had issued orders on the 12th of July 1972 for forcible possession of the land through police.

The Committee are unable to understand the reasons due to which the possession of the land was not taken over simultaneously along with the management of the school. It is strange that the land which was to be handed over to Government was unauthorisedly kept in the possession of an individual for about 10 years and Government felt helpless to secure the possession of land during all this period resulting in substantial loss of revenue to Government. The Deputy Commissioner, Gurgaon, to whom the matter was reported in October, 1962 took nearly six years in advising the department to seek remedy in a court of law. The department took about 1½ years thereafter to file a suit. The Committee did not feel convinced that adequate and effective steps had been taken by different functionaries of Government to take possession of land immediately after the management of the school was taken over. The Committee would recommend that detailed investigation in the case may be conducted and suitable action taken against the officer responsible for delay.

The Committee would also like to know whether (1) the possession of the land has since been taken over by the department. If so, when and (2) the recovery of the amount representing the revenue for the period the land remained under unauthorised possession of the Sarpanch and decreed by the court has been recovered, if not, what delays?

46 Paragraph 34 of the Audit Report 1970—National trachoma control programme

This programme was started in the State in June 1963 to reduce gradually the prevalence of trachoma and incidence of associated infection. The programme was to be implemented in three phases, namely, a preparatory phase of two months, an attack phase lasting for about ten months during which every child below the age of ten in the rural areas was to receive sixty local applications of eye ointment (besides free distribution of ointment tubes for use by higher age groups) followed immediately by consolidation/maintenance phase activities intended to consolidate the gains of the attack phase. The eye ointment was supplied free of cost by the United Nations International Children Education Fund. Government of India was to provide cent per cent financial assistance up to 1966-67 and 75 per cent thereafter. Total expenditure incurred to the end of March, 1969 was Rs 22.64 lakhs in five districts.

For the operations each area was divided into a number of sectors. According to Government of India plan of action, the consolidation/maintenance phase was to follow immediately the attack phase was over in a sector but this was not done in two districts, where the attack phase was over in 1966-67 and 1967-68 on the ground that there were no such instructions from the Director, Health Services. Rs 3.58 lakhs were spent (pay and allowances Rs 3.45 lakhs, contingencies / Rs 0.13 lakh) in those two districts on the programme. According to Government of India experts, undue delay in implementation of consolidation phase activities could result in loss of gains achieved during the attack phase. The Director of Health Services intimated (July 1969) that the pattern followed by Punjab and later by Haryana did not include provision of consolidation activities till the attack phase was finished in the entire district.

Out of the total 2.013 million population of two districts (other than the two districts where it was given up), 0.671 million was estimated to be covered by the attack phase during 1966-67 and the remaining 1.342 million during subsequent years. Complete information about the number of children actually covered was not made available to Audit except for one district in which the children covered were less than the target by 34 per cent, 47 per cent and 32 per cent in 1966-67, 1967-68 and 1968-69 respectively.

It was also noted that 0.24 lakh eye ointment tubes worth Rs 0.28 lakh with effectivity dates expiring in March-April 1969 were received in February/May, 1969 by the Chief Medical Officer, Karnal from the Chief Medical Officer Gurgaon. Of those 0.21 lakh tubes were issued to primary health centres after their expiry dates, while 0.03 lakh tubes were still in stock. Originally those tubes were received by the department in June/July, 1967. How many tubes were lying with the Chief Medical Officer, Gurgaon, could not be ascertained. It had been explained by the Director, Health Services that under such schemes, where huge quantities of medicines are distributed in the rural areas which are not easily approachable, some stocks of this nature cannot be avoided.

The department stated in evidence that according to the plan of operation of the scheme if a district had got 8 blocks and the attack phase activities were started in three blocks of the district the consolidation activities could be taken up in these three blocks simultaneously as the activities were to be started in all the blocks where the programme was started at a time. As such, the pattern followed by Punjab State and thereafter by Haryana State was in conformity with Government of India's instructions.

As regards gains achieved during the attack phase it was stated that a major part was achieved in imparting of health education regarding the care of eyes. In Gurgaon and Rohtak Districts the preparatory phase had to be started before taking up the actual implementation of the programme and for that some staff was employed, but the State plan ceiling having been reduced this scheme had to be dropped and hence no physical achievement could be possible.

It was also stated that the number of children below the age of 10 years was approximately 25 per cent of the population and thus about 5 lakhs children were to be covered under this programme. The total percentage of children covered was indicated as below which was stated to be 95 per cent achievement —

Year	No of Children	
	Karnal	Jind
1966 67	99,676	9,788
1967 68	1,06,596	45,852
1968 69	1,19,610	94,117

It was further informed that the Chief Medical Officer, Gurgaon was supplied 65 000 ointment tubes during 1967. Of this, 20,762 tubes were distributed in Gurgaon and 44,094 tubes were transferred to the Chief Medical Officer Karnal and Jind, during 1968 69. Only 144 tubes were lying with the Chief Medical Officer, Gurgaon, with expired date.

It was further stated that because of a heavy cut in the plan ceiling of the programme, the stock was diverted from Rohtak and Gurgaon to other districts and efforts were made to utilise the excess tubes. But in spite of this some of these tubes became date expired unavoidably. These tubes were stated to have been supplied by the Government of India under a centrally assisted programme and they had also to make available the money for the staff.

During the course of oral examination it was enquired by the Committee as to whether the Chief Medical Officer Gurgaon, had approached the Director of Health Services, Haryana for the disposal of surplus ointment tubes lying in stock with him. In reply, the department intimated that this was not done. In reply to another question asking for the reasons for not transferring surplus ointment tubes to other districts immediately after the scheme in Gurgaon district had been given up, the

departmental representative stated that this could not be done as immediately there was no demand from other districts. Besides, storage facilities were better at Gurgaon.

The Committee feel that action to transfer the stock from Gurgaon to other districts apparently could not be taken because the facts had not been brought to the notice of the Director of Health Services Haryana, by the Chief Medical Officer, Gurgaon, which resulted in unusual delay of nine months in transferring the surplus tubes. The Committee are dissatisfied with the arguments advanced by the department for this delay particularly in view of the fact that the effectivity date expired in March, 1969. The plea of the department that these tubes could be utilised for some time after the expiry date is not at all tenable and the Committee feel that this does not in any way absolve the department of the responsibility for non utilisation of certain tubes before the date of their expiry.

The Committee would, therefore recommend that the matter may be thoroughly investigated and suitable action taken against the officers concerned for not taking prompt action in the matter.

47—Paragraph 35 of the Audit Report 1970—Blood transfusion organisation

For supplying blood to Defence Services personnel in the event of emergency and meeting blood transfusion needs of civilian population collection of blood was started in 1963-64. Two main depots and eight sub depots were established (in the area now forming part of Haryana) for registration of donors, grouping, matching and collection of blood. In addition, doctors and staff were to be trained in blood transfusion process. Blood collected at the depots was to be converted into dry plasma to meet demands from Defence authorities or alternatively to be used for treatment of the general public.

In March, 1967, up grading of the existing sub depots at Ambala, Karnal and Hissar was also taken in hand on cent per cent Central financial assistance which was subsequently reduced to 50 per cent during 1968-69.

The following points had been noticed —

- (1) Physical targets for the scheme were not fixed. The Director, Health Services stated (September, 1969) that the scheme had served its purpose by providing facilities which could be made use of as and when demand for fresh blood arose. He further stated that the purpose of the scheme was not to collect blood which was not required for immediate use as stored blood becomes useless after some time and transportation of blood for conversion into dry plasma also spoils it and, therefore, collection of blood for conversion into dry plasma was not concentrated upon. This however, is not in conformity with the original scheme. Further, facilities for registration of donors and blood grouping/matching were already available at civil hospitals even before the scheme was launched.

- (11) The working results of four out of the eight sub depots were as under —

Sub depot	Period	Donors registered	Number of cases of blood		Blood collected in bottles (1 bottle 375 cc)	Personnel trained	Expenditure on pay and allowances and contingencies (Rs lakhs)
			Grouping	Matching			
Bhiwani	August 1964— March 1969	159	152	152	13	Nil	0 20
Narnaul	1964-65 to September 1968	1 097	1 097	13	3 36	Nil	0 26 (up to March 1969)
Panipat	March 1965 to March, 1969	956	1 063	22	14	Nil	0 18
Rewari	1965 66 to March 1969	1 643	56		60	Nil	0 26
Total		3,855	2 368	18	90 36		0 90

The services of the staff employed in three of the sub depots, information about which could be collected, were partly utilised under the scheme and partly for other hospital work, this was not envisaged in the scheme

The department had observed in May, 1965, that people donated blood for military personnel in actual emergency but were not willing to donate blood voluntarily for use of civilians in the hospitals

- (111) The department purchased three chassis for Rs 1 23 lakhs in March, 1968, those were lying unused due to non-fabrication of the bodies (for want of funds) (August, 1969)

The department stated in evidence that the scheme for blood transfusion was introduced for the creation of an organisation in position which was able to produce well versed technical personnel to draw blood, group it and then to do the transfusion. The scheme was started in the year 1963 64 following the Chinese aggression. The necessity for this organisation was felt for making arrangements of blood collection at short notice which did not exist in the State. The collection of blood for conversion into dry blood plasma was not the objective. The first need in the defence services and for civil population was for fresh blood. Conversion of blood into dry plasma was only in cases where fresh blood could not be used. Conversion of plasma was an expensive and wasteful practice and plasma plant at Post Graduate Institute, Chandigarh did not work.

The services of the staff employed were not utilised for other activities but this staff provided motivation and education for blood donations

through laboratory services to the patients coming to hospitals. Blood donation was a new idea and convincing the people to give blood was a difficult and an uphill task. The staff under this scheme was utilised for this purpose and they could not be diverted for other jobs. The Incharge of each sub depot was trained by the Karnal Laboratory in the techniques of blood transfusion work. The Karnal Laboratory was supervisory incharge of the blood transfusion and trained the workers in transfusion work.

For blood transfusion work three mercedes chassis for Rs 1 23 lakhs were purchased in March, 1968, in the hope that the funds for body building would be provided in the year 1968 69. However, in 1968 and 1969 funds for this purpose were not provided due to cut on the annual plan ceiling of the department. Ultimately the fabrication of the bodies was got done from a contractor in Jullundur and the delivery of the vans was taken in December 1970/January 1971. The three vans were stated to be actively under use for blood transfusion at Rohtak, Hissar and Ambala since March, 1971. It was also stated that during December 1971, emergency the blood transfusion organisation met the full need of the army.

During the course of oral examination, the departmental representatives were asked as to whether all PCMS doctors attached to various Hospitals/Dispensaries, etc, had been given training in blood transfusion service as envisaged under the scheme. The departmental representative stated that this training had not so far been started.

The Committee appreciate the idea of the scheme of blood transfusion but feel that the scheme did not achieve its purpose to the best possible extent. While the scheme provided that the blood collected at the depots would be converted into dry plasma to meet demands from the defence authorities or alternatively used for the treatment of general public, it was later on argued that this was not the only objective of the scheme, this being an expensive and wasteful process.

The Committee were pained to know that training of all the PCMS doctors attached to various hospitals/dispensaries in blood transfusion had not yet been undertaken, as envisaged under the scheme. They therefore, recommend that this work should be given priority so that emergent cases do not suffer on this account.

The Committee are constrained to observe the abnormal delay in the fabrication of bodies of three vans which remained unused for about three years after their purchase. It is rather surprising that after spending a sum of Rs 1 23 lakhs on their purchase the department could not find funds for fabrication of bodies. The Committee recommend that greater vigilance should in future be shown in such cases so that there are no repetition of such instances.

48 Paragraph 36 of the Audit Report, 1970—National Malaria Eradication Programme

To extirpate malaria the National Malaria Eradication Programme was implemented in the State in four phases, viz, preparation, attack,

consolidation and maintenance The programme was operative for eight years from 1958 An independent appraisal team was to recommend entry of the units into consolidation/maintenance phase after evaluating the work done

This was a Centrally sponsored scheme in which equipment and insecticides were supplied by the Central Government and the operational cost was met by the State Government

The following points were noticed in Audit —

- (1) According to the original schedule spraying was to be stopped in Hissar unit from April, 1963 In February 1963, the unit was disqualified by the Government of India even for independent appraisal owing to the continuation of active transmission, presence of large number of positive cases unstable surveillance etc Spraying was continued during 1963-64 at a cost of Rs 5.51 lakhs (cost of DDT Rs 4.60 lakhs and pay and allowances of seasonal operational staff Rs 0.91 lakh)
- (2) Entry of consolidation sub-unit Sonapat of Rohtak unit, into the maintenance phase (which was to be from April, 1965) was rejected by the independent appraisal team owing to poor average blood examination rate during the previous three years and not having completed the earlier stages satisfactorily In March, 1966, entry of three sub units of Rohtak unit (including Sonapat) into the maintenance phase from April 1966 was again rejected for entry as surveillance was not found to have been properly established due to frequent changes of surveillance staff and absence of full time Unit Officer since April, 1965 Entry of the sub-units into maintenance phase from April, 1967 was recommended (February 1967) but the change over was actually effected from October, 1967, because sanction of the State Government was received in September, 1967 The extra operational cost during April, 1967 to September, 1967, was about Rs 1.11 lakhs
- (3) The appraisal team of Government of India recommended entry of the following consolidation units into maintenance phase on the dates noted against each There was however, delay in the actual entry into the maintenance phase as shown below —

Number of units recommended	Recommended for entry from	Actual date of entry
175	1st July 1964	1st January 1965
047	1st April 1965	1st December 1965
050	1st April 1966	1st August 1966

The delay was attributed by Government to the time taken in issue of Government sanctions reduction of staff and consequent re arrangements for postings and transfers and adjustment of staff according to the pattern of staff prescribed for the maintenance phase. The extra operational cost during the period of delay was Rs 0.87 lakh.

The department stated in evidence that according to the points laid down in the Red Book 'Technical Directives and Administrative Guidance' by Dr A P Ray Director, NMEP, the continuance of spray operations depend on the Endemicity of the area. For Hissar Unit, being Hyper Endemic Unit the spray operation could have been continued for 5 years or beyond. As this Unit was not projected for entry into consolidation phase the sanction for spraying staff from the Government was obtained in routine and the DDT was supplied free of cost by the Government of India. Since the Hissar Unit remained continuously in attack phase the department argued that there was no extra cost involved in this operation and question of fixing responsibility on any officer did not arise.

As regards Sonapat Sub Unit of Rohtak Unit, it was stated that its annual blood examination rate was poor due to heavy turn-over of surveillance staff job being less attractive as compared to other jobs with the same qualifications and better grades supplemented by refusal of blood slides and refusal of radical treatment by positive cases.

It was further stated that on receipt of the recommendations of the NMEP, Government of India, in respect of the areas qualifying for entry into maintenance phase the composite Punjab Government was requested by the Health Directorate in March 1966, to accord revised sanction for the schedule which was sanctioned formerly for consolidation staff for the year 1966-67 under Plan and Non-Plan. After completion of all the formalities the sanction was finally accorded on 1st July 1966 and thereafter arrangements were made with the Primary Health Centres for taking over the staff and material for implementing the schemes as the staffing pattern under maintenance phase was different from that of attack/consolidation phase. It was imperative that the adjustment of the staff in the schemes took sometime. It was, however, mentioned that actually some staff was adjusted in the identical posts and they continued to work in the field and hence the amount involved was actually utilised gainfully and did not constitute an extra expenditure.

The delay in entry of other consolidation units into maintenance phase was also attributed to the time taken in completing all the formalities by the Government in the Administrative and Finance Departments and thereafter making arrangements with the Primary Health Centres for taking over the staff and material for implementing the scheme.

The Committee did not feel convinced with the arguments advanced by the department for delay in taking the Hissar and other Units to the next phases at the specified time. The Government of India had specifically disqualified the Hissar Unit and the Sonapat Unit for entering into the next phase for the reasons detailed in the audit paragraph which clearly showed that these units had failed to achieve the prescribed targets by the

scheduled dates The Committee feel that by continuing the Hissar Unit and the Sonapat sub unit in their existing phase had undoubtedly involved an extra expenditure and in issuing the sanction to the continuance of staff in the existing phases or their entry into next phase resulted in extra operational cost The Committee would recommend that suitable remedial steps be taken by the Department to avoid such instances in future

ANIMAL HUSBANDRY

49 Paragraph 32 of the Audit Report, 1970—Registration of top quality quality animals and grant of subsidy

To check the high rate of export of quality milch animals from the breeding tracks of the State, registration of top quality animals and payment of subsidy (to dissuade the breeders from selling high milk-yielding animals to more remunerative markets outside the State) was sanctioned in June, 1966 A similar scheme was launched in the Third Plan period and the irregularities connected with that were mentioned in paragraph 24 of the Audit Report 1964 of the composite State of Punjab Emphasis was to be laid on registration of high milk yielding animals after detailed survey of pockets in which they were found and from which they were exported

Up to March, 1969, Rs 1.29 lakhs were spent on the present scheme (pay, and allowances Rs 0.72 lakh contingencies Rs 0.57 lakh) The table below shows how many quality animals were to be registered and how many were actually registered, etc —

	Target			Actual		
	1966 67	1967 68	1968 69	1966 67	1967 68	1968 69
(a) Registration of quality animals—						
(i) Cows and buffaloes	525			32		
(ii) Calves	172			Nil		
(b) One day cattle shows		70	24		Nil	Nil
(c) District shows		7	1		Nil	Nil
(d) State cattle shows		1	1		Nil	1
(e) Milk yield competitions		82	34		Nil	Nil
(f) Production incentive and bonus in lieu of subsidy		400	71		Nil	Nil

In November, 1966, Government reviewed the scheme and it was found that export of cattle from the State could not be much checked as the funds provided too meagre It was decided in December, 1960

not to give any subsidy but to provide incentives through cattle shows and milk yield competitions-as well as by grant of production bonus In January, 1969 the scheme was dropped

Government stated (June, 1969) that the scheme was dropped because —

- (i) "The amount of incentive was too small to the number of breeders of good quality animals who sell them for export,"
- (ii) "For the overall improvement of cattle breed, key village Artificial Insemination Centres were already working" and
- (iii) "The scheme was merely providing incentives and no practical field work or utility was coming as a result of expenditure under the scheme"

The department participated in the Regional Cattle Show at Rohtak and the All-India Cattle Show at Bangalore held in March, 1968, and during December, 1968 to January, 1969 Advance of Rs 18,000 was drawn in March 1968, and December, 1968, for transportation and feeding of animals and other charges, the adjustment accounts for the amount were awaited (June, 1969)

After Government had decided in January 1969 to drop the scheme, in March 1969, the department held a cattle show at Dadri Rs 20 000 were spent, the adjustment accounts for which were awaited (June, 1969) Of that Rs 2 665 were spent on transportation of livestock belonging to private persons to the show, while Government had been informed by the department that such charges would be borne by the breeders

The department stated in evidence that the scheme for giving subsidy for top quality animals was in existence in the Third Plan period and was continued till 1966-67 The scheme was discontinued in November, 1966 before reorganisation After reorganisation a new scheme was introduced in 1967-68 under the same heading However, the nature of the scheme was different although the name of the second scheme was the same Under the latter scheme what was intended was that before giving subsidy the department should first carry out survey of the top quality animals in the State and after assessing the actual quantum of assistance which would be necessary the question of subsidy should be taken up After survey it transpired that the number of top quality animals was so large that it was not possible for Government to give subsidy For this reason the scheme was discontinued It was added that the two schemes although identical in name were entirely different in so far as their objective was concerned

As regards the cattle shows held at Rohtak, Bangalore and Dadri it was stated that the adjustments of the accounts of Rs 18 000 and Rs 20 000 had since been sent to the Accountant General Haryana It was also stated that it was common knowledge that private breeders were not interested to transport their animals to participate in a State Cattle

Show at their own expense and for such participation in a State or All-India Cattle Show the transport charges were always borne by the department itself. On being pointed out during oral evidence that in letter No 6642-FD-IV 68/24018, dated 24th September, 1968, from the Under Secretary to Government Haryana Forests and Animal Husbandry to the Director of Animal Husbandry, Haryana, it had been stated that the arrangements of transport for district/state level shows would be at the cost of breeder, the departmental representative expressed regret that there had been a mistake in this connection and that the position as stated in the written reply, viz, that the transportation charges were to be borne by the department itself was correct.

The Committee are unable to understand the necessity for the introduction of the second scheme in 1967-68 for conducting a survey of the top quality animals in the State after the original scheme had been dropped after looking into all its aspects. Moreover, the Committee feel that it would have been better if the survey had been initially done in one or two Districts on experimental basis and the scheme considered further after collecting data in these districts. It would have resulted in substantial saving of public money. The Committee are of the opinion that such schemes should be introduced only after proper thought and assessment of practical advantages and that Government money should be spent in a prudent manner. The Committee would urge that suitable instructions should be issued to all concerned in this behalf.

The Committee are distressed to observe the confusion for meeting liabilities of transport and feeding of animals and other charges in connection with cattle shows arranged by the department. The Committee urge that suitable remedial measures should be taken to avoid such confusion in future.

50 Paragraph 33 of the Audit Report, 1970—Milk Supply

The Forest Department decided in February, 1964, that the Government livestock farm, Hissar should supply milk to the Modern Dairy, Hissar (a unit of the Punjab Dairy Development Corporation, Ltd), at rates to be determined each year. The rates determined in 1964, were revised only in May, 1967, from May, 1966 to May, 1967, milk was supplied to the Corporation at rates lower than those at which it was procured by the Corporation from sources other than the Hissar farm and Government progeny testing farm, Hissar. Computed with reference to the rates paid by the Corporation to other agencies, Rs 0.55 lakh were less paid to the two Government farms.

In December, 1968, it was decided by the Animal Husbandry department that claim for the amount paid less to the Government farms should be preferred against the Corporation. No claim had been preferred upto December, 1969.

The department stated in evidence that the Punjab Government had approved the rates for supply of milk to the Modern Dairy Hissar, in December, 1964. The farm authorities, however, felt that the rates being charged from the Modern Dairy, Hissar were not remunerative. They,

therefore, invited rates from the market three times. The rates on the first two occasions were low, while on the third occasion there was no response at all. In view of this it was not possible to revise the rates. The supply of milk was, therefore, allowed to continue at the old rates.

It was further stated that the claims for the amount less paid to Government farms were sent to the Modern Dairy, Hissar, but nothing had so far (June, 1972) been paid by the Corporation. The case was being pursued at Government to Government level for settlement.

The supply of milk to Modern Dairy was stated to have been stopped with effect from 22nd November, 1969.

The Committee recommend that the matter be pursued vigorously and the old claim settled early.

WELFARE OF SCHEDULED CASTES AND BACKWARD CLASSES

51 Paragraph 41 of the Audit Report, 1970—Land purchase scheme

For raising the economic standards of those belonging to the scheduled castes and ex criminal tribes, in 1957, Government of India approved allotment of five acres of agricultural land (estimated cost Rs 4500) to each such family. In paragraph 33 of the Audit Report 1963, of the composite State of Punjab and paragraph 28 of the Audit Report 1968 mention was made of certain irregularities in that connection. In a further review the following points were noticed —

- (1) A minimum area of 5 acres is considered as a viable unit under the scheme. In three districts the land given to twenty-seven individuals was less than the minimum. In those cases Rs 53,955 were irregularly paid as subsidy.
- (ii) In Narnaul district Rs 14,000 sanctioned as subsidy during 1958-59 to 1963-64 in favour of seven individuals at Rs 2,000 each were paid to the landowners on execution of sale agreements. Sale deeds, however, still remained to be registered in four cases (November, 1969), as the beneficiaries had not contributed the balance amount as the Land Mortgage Bank did not give loan. Possession of land for which subsidy of Rs 7,290 was paid had also not been taken upto November, 1969.

The department stated during oral evidence that the land purchase scheme was initially introduced as a centrally sponsored scheme in 1957. It continued as such upto the Second Five Year Plan period and the Central Government used to pay the whole amount of subsidy, i.e., Rs 2,000 for 5 acres of land. This scheme was continued in the Third Five Year Plan in the State sector. The selected beneficiaries used to be given a subsidy for the purchase of 5 acres of land costing not less than Rs 4,500. The balance amount of Rs 2,500 was to be arranged by the beneficiary from his own resources or by raising loan from some other source.

From 1969-70 the scheme was converted into a loan scheme so as to weed out spurious applications which were attracted by the subsidy offer. The scheme envisaged to provide a loan of Rs 4,500 at 3 per cent interest for 3 acres of land instead of 5 acres of land. The decrease in the ceiling of acreage was on account of high price of agricultural land. Later on, in view of the high price of land the ceiling for grant of loan was raised from Rs 4500 to Rs 6,000 from 1971-72. In some cases in which the land purchased was less than 5 acres and the whole of the subsidy was given, possibly the Officers concerned were motivated by the reasons that the land price was very high and if a person had purchased even three or four acres of land and paid Rs 4,500 or more, he deserved to be given a subsidy of Rs 2,000. This was, however, against the instructions.

The departmental representative further submitted that if the recovery was made from those poor people who had been given this subsidy by mistake and for no fault of theirs, it would be a hardship to them. It was also stated that all the four Directors who were involved in the matter have since retired. Three of them have been allocated to the State of Punjab and only one was allocated to Haryana. It was also mentioned that the scheme had been dropped for the future.

While the Committee appreciate that recovery at this stage would cause great hardship to the beneficiaries they desire that the department should get the amount irregularly disbursed, regularised or written off, as the case may be from the competent authority.

FOREST

52 Paragraph 39 of the Audit Report, 1970—Purchase of tractors

On 20th January, 1967, the Forest department placed an indent with the Controller of Stores for supply of eight tractors (Escort-37). On 9th February, 1967, the latter placed a supply order with a Faridabad firm against the rate contract of the Director General of Supplies and Disposals. That rate contract was valid upto 28th February, 1967. The firm declined (February, 1967) to supply the tractors as the Controller of Stores was not a direct demanding officer for that rate contract. The Divisional Forest Officer, Gurgaon, who was a direct demanding officer, then placed a supply order on that firm on 28th February, 1967. The firm refused to supply the tractors at the stipulated rate and demanded increased rates due to devaluation.

In March, 1967, the Directorate General of Supplies and Disposals informed the Chief Conservator of Forests that according to the contract the firm was not entitled to any increase in price due to devaluation. The supply order was cancelled by the department at the risk and cost of the firm and a fresh order placed on the same firm in March, 1967. Rs 1.45 lakhs were paid to the firm for the (second) order against the earlier rate contract amount of Rs 1.18 lakhs. Rs 0.27 lakh due from the firm under the risk and cost clause of the contract had not been recovered upto August, 1969.

The department stated in written reply that according to the instructions contained in the Punjab Financial Rules, the consolidated indent

for the purchase of 8 (Escort 37) tractors was placed by the Chief Conservator of Forests with the Controller of Stores. The Controller of Stores placed the indent with M/s Escort Limited, Faridabad, on 9th February, 1967. The firm was contacted by the DFO, Gurgaon, for the above supply but they informed that the Controller of Stores was not a direct demanding officer. In reply to a specific question as to why the order for the purchase of four tractors originally provided was placed by the department towards the end of the financial year and why even then the order was not placed by the direct demanding officer, the department explained during oral examination that previously irregular practice of placing orders mostly towards the close of the financial year existed which had since been remedied. Further the State of Haryana had just been formed and previously the Controller of Stores, Punjab, was a direct demanding officer and the fact that Controller of Stores, Haryana was not a direct demanding officer was lost sight of. Therefore, the firm took advantage of that position. It was further stated that the matter in regard to the recovery of the amount of Rs 26,763 from the firm under the risk and cost clause of the contract was still under correspondence between the Controller of Stores, Haryana and Director General Supplies and Disposals, New Delhi.

The Committee fail to understand the reasons for which the order for the purchase of 4 tractors for which provision was made in the original budget, was not placed with the Controller of Stores before January, 1967 and even then the changed position regarding the Controller of Stores not being direct demanding officer could not be kept in view. The Committee feel that if proper action in this behalf had been taken, the complication which subsequently arose might not have actually arisen and the extra amount spent on the purchase of the tractors avoided. The Committee would urge that suitable instructions may be issued to all concerned to initiate action in these cases in proper time and after carefully considering the factual position so as to avoid such situations in future.

The Committee would also like to be informed of the results of the correspondence between the Director General Supplies and Disposals New Delhi and Controller of Stores, Haryana, in regard to the recovery of the amount of Rs 26,763 from the firm.

53 Paragraph 68 of the Audit Report, 1970—Lease of bhabbar grass producing area

A forest area comprising two units covering 3,155 and 2,106 acres which produces Bhabbar grass was leased out for the year 1956-57 to certain 'Ban Making' Industrial Co operative Societies at a reduced rate of Rs 3,000 per annum for each unit as against the average sale rate of Rs 16,868 in the preceding years. This lease was extended after 1956-57 by Government from time to time upto 1966-67.

From 1958 onwards, departmental authorities had been reporting to Government that the co operative societies were, more or less 'Ban' supplying agencies, that the real 'Ban' makers derived very little benefit and there was avoidable loss of public revenues in the grant of lease at a concessional rate. By 1964, it was

reported that the accounts of the societies indicated that they were not properly managed. Almost every year, it was recommended that the area be leased by open auction. In October, 1964, Government decided to lease out this area by open auction from 1965-66 but the lease was again extended for 1965-66 at the same rate. Again in October 1966, Government indicated that as suggested by the Chief Conservator lease by open auction would be resorted to. This decision was revised in December, 1966 and the lease for 1966-67 was given to the same bodies but at an increased rate of Rs 5,000 per society. The open auction for 1967-68 fetched Rs 37,700.

The lease at concessional rate had over the eleven years led to loss of revenue. Government expressed (in June, 1969) their inability to give the reasons for continuing the lease at concessional rates as the relevant files were stated to be with the Punjab Government and "could not be made available easily".

The department stated in evidence that this case related to the period before the creation of Haryana State and the relevant files had been requisitioned from Punjab Government to know the circumstances under which the lease was granted to the cooperative societies at concessional rates. The files were stated to be still awaited from the Punjab Government. As regards the extension of the lease for the year 1966-67 on the increased rate of Rs 5,000 per society after Haryana was formed, it was mentioned that this was actually done on the precedent of previous years and partially to grant concession to Harijans.

The Committee recommend that effective steps be taken to obtain the relevant files from the Punjab Government and the exact considerations on which the forest area in question was leased out at concessional rates from time to time to the 'Ban Making' Industrial Co-operative Societies which were actually 'Ban' supplying agencies be intimated to the Committee to enable them to arrive at a definite conclusion in the matter.

DEVELOPMENT AND PANCHAYATS

54 Paragraph 13 of the Audit Report, 1970—Democratic decentralisation

Rs 70.57 lakhs were paid as grants to panchayat raj institutions, viz zila parishads and panchayat samitis, in 1968-69. Audit of the accounts of those bodies is conducted by the Examiner, Local Fund Accounts, an officer of the State Government. Of the grants paid during 1968-69, utilisation certificates for Rs 29.07 lakhs (141 cases) became due by the end of September, 1969 and were awaited (October, 1969).

Similarly, utilisation certificates for Rs 3,32.83 lakhs (1,305 cases) paid as grants during 1961-62 to 1967-68 were awaited (October, 1969). Of those 992 certificates for Rs 2,07.13 lakhs were awaited for more than three years.

The accounts maintained by the panchayat samitis and zila parishads did not show expenditure scheme wise and grant-wise. The Examiner Local Fund Accounts could not therefore, ascertain whether —

- (1) the expenditure was incurred on the schemes and for the purposes for which the grants had been paid and

- (ii) there was any unspent balance and, if so whether that had been spent in subsequent years or adjusted against the grants paid during subsequent years

Government had stated in May, 1968 that the accounts would be reconstituted to enable the Examiner, Local Fund Accounts to issue separate utilisation certificates scheme-wise and grant-wise, but this had not been done so far (September, 1969)

The department stated in evidence that the utilisation certificates in respect of the grants given to the zila parishads during the period from 1st November, 1966 to 31st March, 1972 had since been sent to the Accountant General and that the utilisation certificates in respect of the grants given to the panchayat samitis had been compiled and sent to the Examiner, Local Fund Accounts Haryana for necessary checking

As regards the utilisation certificates for the grants given from 1961-62 to 31st October, 1966, the Accountant General was stated to have been requested to supply the headwise details of the amounts/grants in respect of which utilisation certificates were still awaited

Regarding the reconstitution of the accounts maintained by the panchayati raj institutions, it was stated that these institutions were required to submit the utilisation certificate in Form F B A 14 which contains complete information regarding each grant viz, amount of the grant received, expenditure incurred, unspent amount by the end of the financial year and reasons for the unutilised balance

The Committee would like to know further progress in regard to the submission of the outstanding utilisation certificates and whether there are any unspent balances out of the grants paid to the panchayati raj institutions from time to time. In case there are any unspent balances the steps taken to recover or adjust them be intimated to them

EXCISE & TAXATION

55 Paragraph 63(i) of the Audit Report 1970—Under assessment of tax.

- (i) Central Sales Tax Act 1956

Non-levy of Central Sales Tax on sales made to unregistered dealers Rs 52,107

By a notification issued by the State Government on 5th November, 1966 selling dealers of Haryana State were exempted from the payment of tax under Central Sales Tax Act, 1956, in respect of sales to be made by them in the course of inter-State Trade or Commerce to registered dealers of Punjab or of Union Territory of Chandigarh, subject to the production of a specified declaration by the purchasing dealer. An exemption of Rs 5,21,075 was allowed by the Assessing Authority in March, 1968 to an assessee on the basis of declaration obtained by the latter from a purchasing dealer in Punjab who was not

a registered dealer as his Registration Certificate had been cancelled about one year before these sales were made to him

An under assessment of Rs 52,107 connected with sales made to this purchasing dealer was pointed out in April, 1969. The case had been moved by the department for *suo motu* action in May, 1969.

The department stated in evidence that, at the time of assessment, the assessing authority had no information or knowledge on the basis of which he could doubt the genuineness of declaration forms produced before him. To safeguard revenue of the State, instructions had been issued to the assessing authorities that in cases in which tax evasion was suspected, the declaration should be got duly verified before finalization of the assessment.

It was also mentioned that before 1965, there was a special wing in the department known as 'Sales Tax Intelligence Bureau' which prepared slips in respect of sales made by one registered dealer to another. These slips were placed in the respective files of the purchasing dealers. The assessing authorities concerned at the time of assessment, used to verify these slips with the accounts books of the purchasing dealers, which meant that all the sales made from one registered dealer to another were duly verified prior to 1965. After its abolition, the normal practice was that in cases in which the assessing authority had information or knowledge throwing doubt on the genuineness of such declarations he was required to verify the exact position from his counterpart.

The additional demand of Rs 76,140.20 was stated to have been reduced to Rs 52,160.55 by the Deputy Excise and Taxation Commissioner (Appeals) Rohtak. This amount was recovered from the dealer on 26th February, 1971.

It was further stated that explanation of the defaulting authority in this case had been received and he had been cautioned to be careful in future.

During oral evidence, the departmental representative stated that they contemplated re-organisation of the department and also intended to provide more of inspections. Subsequently the department also submitted a note explaining the various suggestions which had been made for the re-organisation of the department and the measures proposed to be taken to strengthen the inspection work. These suggestions were stated to be under consideration of Government.

The Committee feel that before the assessing authority exempted sales to the extent of Rs 5,21,075 on the basis of declarations obtained by the assessee from a purchasing dealer in Punjab, necessary verification from the concerned authorities in Punjab should have been made beforehand. The Committee would like that it may be ensured that the instructions now stated to have been issued to the assessing authorities in this behalf are scrupulously followed.

The Committee would also like to know the decision on the proposals regarding re-organisation of the department and recommend that the inspection wing should be strengthened suitably.

56 Paragraph 63(u)(a) of the Audit Report, 1970—Punjab General Sales Tax Act, 1948—Suspected evasion of tax

Section 5(2)(a)(u) of the Punjab General Sales Tax Act, 1948, *inter alia*, provides for deductions allowable on goods sold to a registered dealer if he produces a declaration duly filled in and signed by another registered dealer to whom the goods are sold

A dealer was allowed deductions for goods sold by him worth Rs 48,350 involving a tax concession of Rs 2,901 by accepting declaration forms subject to their further verification from the purchasing firms. Communications issued in September and November, 1965 to the Assessing Authorities of the purchasing firms still remained to be replied satisfactorily

In July, 1968, it was pointed out that the genuineness of the purchasing firms had not been verified by the department during all the years from 1965 onwards and this had increased the chance for tax amounting to Rs 2,901 being evaded. The Excise and Taxation Officer having accepted these facts referred the case to the Excise and Taxation Commissioner Haryana for taking *suo motu* action under section 21 of the Act

The department stated in evidence that *suo motu* action was initiated by the Deputy Excise and Taxation Commissioner (Appeals) Ambala, who remanded the case to the assessing authority for re-assessment after verification. The transaction was found to be genuine and the deduction was correctly allowed. So, there was no evasion of tax involved in this case. It was also stated that the delay in verification of the genuineness of the purchasing firms had occurred on the part of the Excise and Taxation Officers Amritsar and Roopar and thus had been brought to the notice of the Excise and Taxation Commissioner, Punjab for suitable action against them.

The Committee find that the confusion in this case arisen mainly because the assessing authority had allowed deductions by accepting declaration forms subject to their further verification from the purchasing firms. The Committee feel that assessment proceedings should be finalized by the assessing authorities only after all the formalities have been completed. The acceptance of certain declarations, subject to their verification is not at all regular and needs to be avoided in future. The Committee recommend that suitable instructions in this behalf be issued to all concerned.

57 Paragraph 63(u)(b)(1) of the Audit Report, 1970—Under assessment of tax

Section 5(2)(a)(u) of Punjab General Sales Tax Act, 1948 provides *inter alia* for exemption from tax of goods sold to a registered dealer for re-sale. A dealer claimed deductions during 1965-66 to the extent of Rs 1,90,179 for goods sold to registered dealers including sales for Rs 1,67,157 to a dealer registered in another district. The alleged purchaser had (according to his own affidavit) discontinued his

business during the year 1963-64 and had made no purchases on the authority of Registration Certificate during the year 1965-66. This information was supplied to the assessing authority well before the assessment in September, 1966. Failure of the assessing authority to take note of this information had resulted in under-assessment of sales tax of Rs 10,029. The Excise and Taxation Officer had accepted the short-levy of tax in March, 1969. The Government informed in September, 1969 that *suo motu* action was being taken.

The department stated in evidence that the circumstances under which action on the application for cancellation of Registration Certificate made in 1964 was taken only in March, 1967 were enquired into by the Officer on Special Duty (Vigilance). His report had been received in May, 1972. According to that report, responsibility had been placed on five officials and the department was proceeding against all of them.

It was also stated that the Revisional authority had not yet finalised review proceedings against the dealer. It was reported that in spite of best efforts, service of notice could not be effected on the party concerned. The departmental representative had, therefore, been directed to get its substituted service done at the last known place of his business.

The Committee recommend that action against the five officials held responsible should be finalised expeditiously and results intimated to the Committee.

The Committee would also like to know whether the service of notice has since been effected on the dealer and the case finalised by the Revisional authority. If so, with what results?

58 Paragraph 63(u)(c) of the Audit Report, 1970—Short assessment of sales tax on the opening stock of vegetable ghee Rs 2382

From 1st April, 1966, vegetable ghee, even if purchased on the authority of Registration Certificate, was to be taxed at the first stage of its sale in the State. The department clarified in November, 1967, that the opening balance of stock with the dealers as on 1st April, 1966 was also to be taken into account.

In March, 1969, it was noticed that the opening stock of vegetable ghee with four dealers as on 1st April, 1966 had not been taxed thus resulting in under assessment of Rs 2382. The Excise and Taxation Officer intimated in August, 1969 that Rs 1,743 had been realised from one of the dealers and that the cases of the other three dealers had been referred to the Excise and Taxation Commissioner for *suo motu* action.

The department stated in evidence that the circumstances under which the Assessing Authority had not taken into account opening stock of vegetable ghee on 1st April, 1966 while making assessment of taxable turn over of the four dealers in question, could not be indicated by the respective Assessing Authorities. Their explanations had been called for and the officers concerned had been warned and copy of the warning placed in their Personal Files.

As regards recovery of tax from the three dealers it was intimated that additional demands of Rs 182 and Rs 273 were created against two dealers and recovered on the 10th July, 1970 and 21st September, 1970 respectively

The Committee would like that action against the fourth dealer may also be finalised expeditiously and results of recovery intimated to them.

59 Paragraph 63(u)(d) of the Audit Report, 1970—Taxable goods treated as tax free

Section 5(2)(a)(i) of Punjab General Sales Tax Act, 1948 provides, *inter alia* for deductions from gross turnover of goods declared as tax free. The list of tax free goods under the above provision did not include 'Rice Polish'. The department issued executive instructions in August, 1965, clarifying that 'Rice Polish' was not exempted from tax and was to be assessed at general rate of sales tax.

In three cases it was seen (December, 1967) that 'Rice Polish' had been wrongly exempted from tax in the assessments made between September, 1966 and March, 1967. On this being pointed out the department created an additional demand of Rs 3,974 in March, 1967.

The department stated in evidence that a good deal of confusion had been prevailing in the minds of the field officers about the taxability of rice polish and rice bran. Some of them considered both the items as one and the same thing whereas the others considered these items as two different commodities. Accordingly, after examination of this point instructions were issued in November, 1964, clarifying that rice polish and rice bran were two separate distinct articles and that whereas the former was taxable the latter was tax free. Subsequently on the advice of the Director of Industries, Punjab instructions were issued in March, 1965 that the sales of rice bran were also taxable. These two different stands of the department about the taxability of rice bran created problems for the business community because in the latter instructions they had directed the Assessing Authorities to reopen the old cases and assess them irrespective of earlier instructions whereby they had treated the rice bran as exempted commodity. In view of this position the State Government had to take another decision in August 1966 that the assessment cases of rice bran prior to 1965-66 should not be reopened. However where tax was collected by the dealer from the customers it was to be recovered. It, therefore followed that the tax on rice bran was not to be collected from the customers for the period prior to 1965-66. In the context of the Audit objection in two cases tax demands amounting to Rs 177 and Rs 123 were created by way of *suo motu* action and recovered. In the third case too it was so done and an additional demand of Rs 3,674.89 was created. However, the dealer went into appeal before the Sales Tax Tribunal, Haryana against the orders of the Revisional authority. The Tribunal remanded the case to assessing authority with the directions that he should examine the case of the dealer to see if his sales of rice bran/polish were to be exempted by virtue of Government decision referred to above. The assessing authority held that the sales were that of rice bran and those were not to be taxed in the light of above said Government decision as the dealer had not charged any tax from the customers. In view of

this there was no omission on the part of the assessing authority at the initial stage and it was not a case of undue favour to the dealer

Two assessing authorities were stated to be responsible for the alleged omission and both of them had been warned to be careful in future

The Committee regret to observe the confusion created in this case by the issue of different instructions by the department at various stages. The Committee feel that position about the taxability of rice polish or rice bran should have been examined in all its aspects at the initial stage and firm and authoritative instructions issued to the field officers in accordance with the provisions of the Act. The issue of such confusing instructions is obviously fraught with risk of short recovery or evasion of tax apart from causing unnecessary hardship to public. The Committee would recommend that suitable steps be taken to avoid such situations in future.

60 Paragraph 64 of the Audit Report, 1970—Assessment escaped from Sales tax—Rs 14,791

A Limited Company registered with Sales Tax authorities, entered into partnership with two persons in July, 1958 and started business with changed name and style without getting the latter concern registered with Sales Tax Department. For the assessment year 1960-61 the assessing authority treated the registered and unregistered firms as separate and framed two assessments for these two concerns creating demands of Rs 14,791 under the Punjab and Central Sales Tax Acts. On an appeal having been filed by the assessee the Appellate authority directed in January 1965 that sales of both the firms should be taken collectively and assessments made properly. Thereafter no action to frame the assessment for the year 1960-61 involving tax effect of Rs 14,791 was taken until May 1968, when the file of the assessee was found by Audit to have been consigned to records.

The department intimated in February, 1969 that the firm had been closed down long ago, but they had remanded the case for a re-assessment.

The department stated in evidence that in the light of the Supreme Court's judgment reported in STC 1966 re-assessment for the year 1960-61 could not be framed because the firm was dissolved in the year 1960 when the Punjab General Sales Tax Act, 1948, did not provide for assessment of a dissolved firm and the provisions under section 18 of the Act which came into force with effect from 10th January, 1963 had not been enforced retrospectively. The original assessment for 1960-61 was framed by the then Assessing authority on the 30th June, 1964. Accordingly even basic order against which appeal was filed by the dealer was not valid in the eye of law and it was not considered worthwhile to fix responsibility for delay. It was also stated that the then assessing authority had since expired. It was further stated that both the concerns were registered under the Punjab General Sales Tax Act 1948. However, the registration certificate of one of them was cancelled with effect from 1st April, 1962 on the 30th March, 1966. The second registration certificate still existed.

The departmental representative explained during oral evidence that the assessment for 1960 61 was done in two parts. For the first six months the assessing authority framed assessment on 30th June, 1964 and for the second half year assessment was finalised on 31st December 1964. The party went into appeal against this assessment and the Deputy Excise and Taxation Commissioner decided the appeal on 29th January, 1965 against the appellant when it was decided that both the firms should be clubbed together and treated as one firm. It was also argued that to treat these two firms as one combined firm was perhaps more in the interest of revenue at that stage because if the firms had been treated separately then there could have been no tax return and the tax might have been lost.

The Committee note with regret that the department had not taken pains to examine this case on receipt of the audit objection. In case the position had been checked up thoroughly at the initial stage and the position explained satisfactorily to audit it would have saved a lot of labour and time all round. The Committee further observe that the position was also perhaps not examined thoroughly when the file of the assessee was found consigned to record without recording adequate reasons thereof.

The Committee recommend that in future whenever audit objection is received all the relevant facts be checked up in detail and the correct position intimated to the Audit Department.

61 Paragraph 65 of the Audit Report, 1970—Under assessment of tax due to incorrect computation of deductions from gross turnover

Section 5(2) (a) (ii) of the Punjab General Sales Tax Act provides for deductions from gross turnover of sales made by a dealer to registered dealers in the State. In support of these sales, lists giving the dates on which goods were sold, names and addresses of the dealers to whom these were sold, their Registration Certificate numbers and the amounts of these sales, are to be appended to the returns. Similarly, dealers claiming deductions under section 5(2) (a) (v) of the Central Sales Tax Act, in respect of sales made by them in the course of inter-State Trade or Commerce are to append lists to their returns giving therein *inter alia*, the dates of sales, description of goods sold, name and addresses of purchasing dealers together with the number and date of 'C' forms issued by them if any, and the value of goods sold.

It was noticed in February 1969 that in the case of a dealer —

- (i) deductions allowed during the years 1965 66 and 1966 67 under the Punjab General Sales Tax Act were inflated by mistakes in the totalling in the lists furnished thus resulting in less realisation of sales tax to the extent of Rs 5,800, and
- (ii) during the same period, the value of prescribed declarations furnished with the lists to avail of the benefit of levy of the concessional rate of tax under the Central Sales Tax Act, 1956, was also inflated by mistakes in the totalling. The dealer thus paid less tax to the extent of Rs 9,670 under the Central Sales Tax Act.

In March 1969, the department accepted both discrepancies and had taken up the case for raising the additional demand

The department stated in evidence that the assessing authority had stated while assessing the case mentioned in the audit paragraph that validity of the dealer's claim regarding inter State sales against 'C' form, was duly examined along with other checks. The totalling-errors in the lengthy list escaped his notice despite all carefulness because during his stay at Faridabad he was confronted with formidable problem of unmasking the so-called transfer of goods by the industrialists of Faridabad which mainly engaged his attention. Re-assessment proceedings in these cases were stated to have since been finalised and the additional demand of Rs 3,400 and Rs 2,400 created under the Punjab General Sales Tax Act for the years 1965-66 and 1966-67. Besides additional demands of Rs 2,480 and Rs 6,039 were also created under the Central Sales Tax Act for the above-mentioned years. Out of this a sum of about Rs 10,000 had since been recovered and the balance amount was being recovered in instalments through the Collector, Delhi.

It was also stated that the defaulting assessing authority had been warned to be careful in future.

During the course of oral evidence the departmental representative was asked as to whether the other cases assessed by the assessing authority concerned had been got checked up to know that similar mistakes had not been committed in other cases as well. The Committee also wanted to know the total number of cases in which the same assessing authority had made assessments during his tenure. The departmental representative stated that they had not conducted any systematic check of other assessment cases and that all the cases assessed by the assessing authority would now be checked up and intimated to the Committee in due course.

The Committee would like that other assessment cases finalised by the same assessing authority may be got checked up to ensure that similar calculation errors had not occurred in other cases. The total number of cases assessed by this officer may also be intimated to the Committee. The Committee would like to know the progress about the recovery of balance amount from the assessee.

62 Paragraph 66 of the Audit Report 1970—Misuse of Registration Certificate resulting in evasion of tax

A registered dealer purchased free of tax goods worth Rs 1,42,758 and Rs 10,87,565 during the years 1960-61 and 1961-62 respectively on the strength of his Registration Certificate. The department cancelled his Registration Certificate on 1st February, 1962, for the reason that he had been signing declaration forms without taking delivery of the goods shown therein. It was decided on 23rd October, 1963, that the case might be filed without creating any demand against the purchasing dealer on the ground that he was a bogus dealer, had gone underground and the purchases made by him had been taxed in the hands of selling dealers.

Two of the selling dealers were, however, subsequently allowed refunds amounting to Rs 3,186 by the Revisional Authorities on the legally valid declaration certificates issued by the purchaser. Other

cases in which similar refunds might have been allowed by the Revisional Authorities could not be ascertained in Audit. The amount of tax involved on the total purchases of Rs 12,30,323 was Rs 60,088

The above loss of revenue was noticed in September, 1968. The State Government intimated in September 1969, that the Excise and Taxation Commissioner had called for the cases to take *suo motu* action and create demands against the selling dealers.

The department stated in evidence that the assessment file of the dealer had been taken over by the police authorities Karnal in a theft case of 'C' forms about eight years back. However, the police filed the case as untraceable. The department also stated that the assessee was not traceable at this stage and that the relevant record was not available. It was difficult to pin point responsibility on any official for the loss of record. It was further stated that *suo motu* action against the dealer who sold the goods of the assessee could not be taken in view of the judgment of the High Court in certain other cases.

It was added that Government had recently appointed an Assistant Excise and Taxation Officer to conduct sales tax survey in the area to ensure that no bogus dealer existed and dealers liable to be registered did not escape the registration under the various acts.

The Committee was distressed to note that the Government have been deprived of revenue to the extent of Rs 60,088 from the dealer who was found to be a bogus dealer. The department also feels helpless in taking any action against the officials responsible due to non availability of relevant record.

The Committee feel that there has been a deliberate attempt to do away with the relevant departmental record. The Committee would recommend that the matter may be investigated in detail and action taken against the officials found responsible for the loss of relevant record. The Committee would also like to know the reasons on which the police filed the case as untraced. The Committee would also like to know as to how the department proposes to regularise loss of revenue on this account.

63 Paragraph 67(a) & (b) of the Audit Report, 1970—Arrears in assessment and collection of sales tax

Arrears in assessments—The progress of assessment of sales tax during the years 1967-68 and 1968-69 was as under —

Year	Total number of assessment cases	Number of assessments completed			Number of assessments pending at the end of the year
		Out of current	Out of arrears	Total	
1967-68	48 486	26,140	10 194	36 334	12 152 (25 per cent)
1968-69	48 849	26 054	10 360	36 414	12 435 (25 per cent)

The following was the year-wise break up of the outstanding cases —

Year	Cases pending assessment at the end of	
	March 1968	March 1969
1961 62	2	2
1962 63	4	4
1963 64	43	4
1964 65	260	31
1965 66	2 511	187
1966 67	9 332	2 092
1967 68		10,115
Total	12 152	12 435

The approximate amount of tax involved in these cases could not be ascertained

Arrears in collection—The sales tax assessed but not realised amounted to Rs 23 65 lakhs at the end of 1968-69

The following was the year-wise break-up of the amount outstanding for recovery —

Period	Outstanding on 31st March 1969
	(In lakhs of rupees)
Upto 1960 61	1 91
1961 62	1 72
1962 63	0 61
1963 64	0 12
1964 65	0 46
1965 66	1 46
1966 67	3 85
1967 68	3 88
1968 69	9 64
Total	23 65

(11) The position regarding the recovery of outstanding revenue as reported by the department was as follows —

Particulars	Outstanding on	
	31st March 1968	31st March 1969
	(In lakhs of rupees)	
Collection stayed by—		
(a) Appellate authorities	0 04	4 66
(b) Revisional authorities	2 19	
(c) Supreme Court High Court and Civil Courts	10 37	12 56
(d) Government		0 08
Total	12 60	17 30

The departmental representative stated in oral evidence that out of the outstanding cases at the end of 31st March 1969, only 237 cases were pending on 31st March, 1972 and the remaining cases had since been cleared. One of the reasons advanced for accumulation of arrears was stated to be shortage of staff. Besides certain parties filed appeals in the High Court or the Supreme Court and such cases as also other similar cases had to be kept pending till the decision of the court. As regards the arrears in collection of revenue, it was stated that out of Rs 23.65 lakhs outstanding as on 31st March, 1969 arrears to the extent of Rs 12.58 lakhs had since been liquidated. Of the remaining amount of Rs 11.07 lakhs a major portion of the arrears pertained to cases in which the stay orders had been granted by the High Court. In addition, there were certain cases in which the recoveries could not be made for lack of property and in the others, recoveries were being made in instalments.

The Committee would like to emphasise the paramount need of clearing the old arrears in assessments and collection of revenue as expeditiously as possible. Some of the arrears relate to very old periods and with the passage of time, it may become difficult to effect recoveries due to various reasons such as lack of relevant record, non availability of assessees, transfer of staff etc. In cases where stay has been granted by the court, it may be examined as to whether the stay could not be got vacated and recoveries of revenue made possible. The Committee would also recommend that the pending cases relating to older periods be particularly examined to assess the prospects of recovery and if there was no possibility of recovery being effected the Committee would like to recommend that the department may consider the desirability of writing them off. In this behalf the Committee would also like to invite attention to their earlier recommendations contained in paras 34 and 35 of their Fourth Report.

PRISONS

64 Paragraph 42 of the Audit Report, 1970—Judicial lock up Jagadhri

A building constructed at Jagadhri at a cost of Rs 20,000 in March, 1960 for use as judicial lock-up was lying vacant. The Deputy Commissioner, Ambala stated that the building was not used as judicial lock-up as a boundary wall had not been provided. The Sub Divisional Officer (Civil), Jagadhri stated in February, 1969, that non-functioning of this judicial lock-up necessitated maintenance of persons under trial in Ambala Central Jail and taking them to the courts at Jagadhri and back resulting in expenditure of Rs 1,000 (approximately) every month on travelling allowance and other incidental expenses.

Even though the lock up was not functioning, a turnkey was appointed for the judicial lock-up in March, 1966 (his services were terminated on 28th February, 1969). This resulted in infructuous expenditure of Rs 4,162.

Audit was further informed by the Deputy Commissioner Ambala in December 1970 that although the building of the judicial lock-up at Jagadhri was constructed in March, 1960, the amenities like that of water and electricity were provided only in July, 1964 and April, 1965, and the charge of the building was taken over by the SDO (Civil) Jagadhri in April, 1966.

During the course of oral examination, the departmental representatives stated that the building of the judicial lock-up was actually completed in 1962 after which a question arose that as the building was situated outside the city it was not safe from the security point of view. It was, therefore, considered necessary to provide a boundary wall to the building. The boundary wall to this building was not provided initially as many judicial lock-ups in the State had not been provided with such boundary walls. However, the question of providing a boundary wall to this judicial lock-up could not be taken up further as a result of the Chinese aggression. The question of providing the boundary wall was again taken up in 1964, but remained under consideration till February, 1968 when it was finally decided to provide the boundary wall. The estimates for the construction of the boundary wall were sent to the PWD on the 24th March, 1969 and after completion of certain formalities administrative approval was accorded on the 27th August, 1969. The construction of the wall was completed on the 12th January, 1970 and the judicial lock-up was actually utilised from the 21st September, 1970 onwards. The department also stated in the written reply that the total expenditure in taking persons under trial from Ambala Central Jail to Jagadhri and back during the period from March, 1960 to 21st September, 1970 was Rs 22 908 60 paise and that the annual expenditure on the maintenance of Police guard consisting of one ASI, one Headconstable, 7 constables was Rs 34 950. It was therefore, stated that there had been

no financial loss due to late functioning of this lock-up though administratively the lock-up was essential

As regards the appointment of turnkey in March, 1966, it was stated that there was risk of damage to property and stealing of stores in the absence of proper watch. Later on in early 1969 when the PWD staff started working on the construction of the boundary wall the stores were shifted and the services of the turnkey were terminated.

The Committee are distressed to note the unusual delay of about 8½ years in finalising action in regard to the construction of the boundary wall for the judicial lock-up at Jagadhri. Evidently at the time of construction of the building for the judicial lock up at the particular site the question of its suitability from the security point of view and the necessity for the provision of boundary wall was not taken into account as a result of which the building remained unutilised for such a long period. Even when the necessity for the boundary wall was felt, it took about 7 years to send the estimates to the PWD. The Committee do not feel satisfied with the reasons advanced for the abnormal delay in finalising action on the construction of the boundary wall and recommend that the matter be thoroughly investigated and suitable action taken against the officials at fault.

FOOD AND SUPPLIES

65 Paragraph 40 of Audit Report, 1970—Provincial Reserve Stocks of foodgrains

In August, 1968 the provincial reserve stocks of 17,421 quintals of wheat and 6,451 quintals of rice lying stored in privately hired godowns and Government under-bins at Kaithal were damaged by floods. Out of those 14,502 quintals of wheat and 5,560 bags of rice were got conditioned during August-September, 1968 and made fit for human consumption. The department spent Rs 0.43 lakh on removal of unaffected bags from flooded godowns, segregation of sound grains, drying and salvage operations. In November 1968 Government declared 4,324 quintals of damaged grain worth Rs 3.99 lakhs as unserviceable and decided in January, 1969 to sell the unserviceable stock to a firm which had lifted 2,177 quintals till June 1969 on payment of Rs 10,540. Rs 14,790 were spent upto March, 1969 as hire charges of godowns in which the damaged stock was stored. Rs 5,304 were also spent as incidental expenses for delivering the damaged stock to the firm for station of despatch.

It was noticed that while storage capacity of 13,613 bags was available in Government godowns, at the same station these were stored in privately hired godowns and Government under-bins where flood waters entered and damaged the stocks.

The Government intimated in December, 1969 that after the procurement (directly by the department) of wheat was stopped on 3rd July, 1968 the procurement operations continued even thereafter through the Haryana Co-operative Supply and Marketing Federation and the personnel and labour deployed by the department on the procurement operations remained busy in assisting the Federation.

The department stated in evidence that in the year 1968 the total Government owned storage accommodation in Kaithal mandi was of the capacity of 3 070 tonnes. Out of this 1 070 tonnes storage capacity was in the form of station hall godowns and the remaining 2,000 tonnes in the form of storage bins. At the time of commencement of wheat procurement in this mandi from the middle of April, 1968, vacant accommodation to the extent of 1,850 tonnes was available in the storage bins. But the storage of wheat in bins was an arduous and expensive process and as such as a matter of policy, only such stocks were stored there which were to be retained for long duration. The storage of stocks in the bins was time consuming as well because the bags had to be split in small head loads and then carried up the stairs for purposes of filling bins from the top. According to Government instructions, the wheat stocks purchased in the mandi both of Mexican and *dara* varieties were required to be despatched to recipient States directly from the mandi as far as possible. It was only in emergent situations like non-availability of timely rail movement and lack of sufficient allocations from Food Corporation of India that these stocks had to be temporarily stored in godowns to save them from vagaries of sun and rain and also to provide vacant space in the mandi for fresh arrivals of wheat. These stocks were not to be stored in the bins as they were to be moved out and despatched to other States against allocations from Government of India/Food Corporation of India. It was only towards the end of June, 1968 that the Government decided to store *dara* wheat in permanent storage there and as such the entire stock of *dara* wheat purchased from the mandi was directly taken to the bins for storage therein. As a result, out of 58 bins in Kaithal Mandi, 38 bins could be filled with *dara* wheat upto 3rd July 1968. Simultaneously storage accommodation of the capacity of 4 000 bags became available in the station hall godowns on 26th July, 1968, on despatch of barley stocks therefrom. With the advent of rains, Government decided all of a sudden to stop purchases of wheat in the mandi from 3rd July 1968. By then, the rainy season had set in fully and almost every day Kaithal Mandi experienced rains during the month of July, 1968. It was therefore, extremely risky and inexpedient to move the stocks of wheat from privately hired godowns to Government bins for the reason that wheat stocks by exposure would have absorbed moisture in the damp weather and such moist stocks could catch infestation immediately. It was for these reasons that the vacant place lying in Government godowns could not be utilised before the flooding of Kaithal Mandi which was also quite an unusual and unprecedented event. It was also stated that if the railway wagons had been available in time in sufficient number as during the previous year, such a situation would not have arisen.

It was further stated that the damaged stocks comprising of 3 472 quintals wheat and 885 quintals rice were not removed from the hired godowns to the Government godowns, after the rainy season for the reason that their condition would not permit doing so. Storage of damaged stocks with sound stocks in the station hall godowns would have immediately affected the condition of the sound stocks also and resulted in their deterioration and speedy infestation.

So far as their storage in bins was concerned it was pointless to incur unnecessary heavy expenditure on their transportation first to the bins from the hired godowns and thereafter their unloading into the

bins in small loads because these damp and damaged stocks could not, under any condition, be stored in the air-tight bins. This would have meant complete waste of human effort-labour and huge expense.

The reconditioned stocks were stated to have been utilised in full for human consumption and were sold at the fixed provincial reserve issue rates and there was no loss in the sale of such stocks.

As regards the disposal of the balance stocks of 2,147 qtls, it was stated that 4,324 qtls of rice and wheat was got declared unserviceable on the basis of the book balance as it was not physically possible to obtain the actual weight of the damaged grain. Out of this stock 3,536.28 qtls. wheat and rice (wheat 2,785.29 qtls and 750.50 qtls rice) was sold to a Starch Factory and a total amount of Rs. 18,000 realised from them. A quantity of 177.97 qtls had to be dumped as these stocks were not acceptable to any party. The balance quantity of 610 qtls represented short weight found in the entire damaged stocks and the entire loss had since been written off by the Finance Department.

The Committee feel that as the procurement of foodgrains is a regular feature from year to year and more particularly when the Government has now decided to take over wholesale trade in wheat, the desirability of constructing sufficient storage accommodation at important mandis be considered by the Government so as to avoid such losses in future. The Committee is also of the opinion that in this particular case one of the main reasons for the loss was the non availability of the railway wagons due to which foodgrains procured in Kaithal Mandi could not be despatched before the advent of the rainy season. The Committee would recommend that to avoid such losses in future the matter regarding the allocation of sufficient number of railway wagons be sorted out with the Railway authorities at appropriate level and procurement and despatch operations be phased out accordingly. The Committee would further recommend that the hiring of private godowns be resorted to only when it is absolutely necessary and after judging their suitability from all angles.

HARYANA STATE ELECTRICITY BOARD

66 Paragraph 72 of the Audit Report, 1970—Power supply and utilisation

Out of 918 million Kwts generated and/or obtained from Bhakra Management Board during 1968-69, only 662 million Kwts were actually sold. Loss in transmission and distribution was thus 27.8 per cent against 16.6 per cent during 1967-68.

The assets of the Board include the Thermal Power Station at Faridabad and 1/3rd of Thermal Power Station of the Delhi Electric Supply Undertaking. From the statement given below, it may be seen that the substantial portion of the capacity of these two plants had not been utilised —

Name of the Plant	(Capacity in million Kwts)	
	Maximum generating effective capacity	Actually generated
I P Station New Delhi	342	47.89
Faridabad	52	9.24

The department stated in evidence that line losses in power system depend upon various factors such as conflagration of the net work with respect to generating station, voltage conditions and power factors of the loads theft of energy by mischievous elements etc. Losses were mainly on account of the fact that the Board had to lay an extensive net work in the rural areas, where load diversity was poor in the initial periods of such schemes.

The following steps had been/were being taken by the Board to reduce line losses —

- (a) in order to improve voltage in the distribution area transmission and sub transmission lines, a number of 33 KV, 66 KV and 132 KV Sub-Stations had been erected,
- (b) new 11 KV and LT Lines were being laid and existing lines augmented in order to ease loading conditions,
- (c) for improvement of power factor 11 KV capacitors were being installed at the Grid Sub Stations, and
- (d) the Board had ordered a systematic study of the operations net work to enable proper realignment of lines set up under the crash programme for achieving proper load conditions and avoiding line losses.

It was also stated during oral evidence that for high tension lines it took some time to get the material and the delivery position of 132 KV transformers was very tight. There was definitely some time lag between the development of the load and augmentation of the system.

The position of losses for various years from 1968-69 onwards was indicated as below —

1968-69	27.7 per cent
1969-70	25.6 per cent
1970-71	27.3 per cent
1971-72	31.9 per cent
April to August 1972	22.38 per cent

As regards the Thermal Power Stations at New Delhi and Faridabad it was stated that Thermal sets were meant for firming up the hydro power which was very cheap. The maximum load was first put on the hydro complex and the balance was then fed from the Thermal Stations. The present position of load utilisation in respect of each of the two Thermal Power Plants was indicated as under —

Year	Faridabad Thermal Plant	(in million Kwts)
		I P Station New Delhi (inclusive of H S E B share)
1969-70	11.84	576.68
1970-71	51.85	910.11
1971-72	22.06 (Upto October 1971)	912.67 (Up to February 1972)

The Committee note with concern that line losses are on the increase from 1967-68 onwards. As against 16.6 per cent in 1966-67, the loss had almost doubled by 1971-72. The Committee strongly feel that it is due to improper planning, non-strengthening of transformers and other equipment. In addition, it came to their notice during the course of oral evidence that the Board had no system of obtaining details of region-wise losses and then investigating the heavy losses in particular regions. This was, however, stated to have been started only recently. Had this been done earlier and the Board arranged proper planning and strengthened the transformers and other equipments side by side, the losses could have been reduced to the minimum.

In view of the increase in the losses, the Committee feel about it strongly and recommend that the reasons leading to line losses be investigated in detail and effective remedial measures taken to avoid losses in future.

In view of the current shortage of power, the Committee also recommend that Thermal Power Stations at New Delhi and Faridabad be utilised to the maximum possible extent so that the industrial and agricultural output does not suffer at all.

The Committee also feel that the Board should not depend entirely on the hydro power to meet the expanding electricity needs of the public. The Committee, therefore, suggests that side by side with the expansion of hydro power, efforts be made to develop the thermal and atomic power also.

67 Paragraph 73 of the Audit Report, 1970—Other points of interest

(a) The following irregularities were noticed during the course of audit of the accounts of the Board —

- (i) The accounts of the Board were not compiled on commercial system of accounts as envisaged in the form of accounts prescribed by the Comptroller and Auditor General of India under Section 69(1) of the Electricity Supply Act, 1948.
- (ii) Except for revenue on account of the sale of power and miscellaneous charges, the accounts were maintained on cash basis.
- (iii) The figures appearing in the accounts were not always based on the reconciled figures appearing in the detailed books of the Board.
- (iv) Detailed stock registers in many instances had not been checked and reconciled for several years. The value of stores appearing in the accounts could not therefore be reconciled with values appearing in the detailed stock registers.

(v) Annual physical verification of stores was conducted only in respect of 37 units out of 113 units during 1968-69. Of the remaining 76 stock holding units yet to be physically verified physical verification of 35 units had not been conducted since the formation of the Board.

(vi) The property plant register had not been maintained nor had the articles of plant and machinery been physically verified in the divisions since the formation of the Board.

(vii) Tools and Plant returns are required to be submitted to the Chief Accounts Officer annually. 237 such reports due from 23 divisions for the period from April, 1961 to March, 1968 had not been submitted at all till the end of March, 1969.

(b) *Loss due to thefts*—327 cases of thefts of materials from stores and transmission lines were reported upto the period ending 31st March, 1969. The value of materials lost in 272 cases amounted to Rs. 290 lakhs. The value of materials lost in the remaining 55 cases was yet to be determined. 218 cases were still under departmental or Police investigation.

(c) *Idle or unutilised machinery*—Plant and Machinery worth Rs. 131 lakhs taken over from 4 private Electricity Supply Companies under the Indian Electricity Act of 1910 were lying idle for periods ranging from 5 to 15 years. In addition to the two Thermal Power Plants mentioned in paragraph 93(b) of Audit Report 1967 of the composite State of Punjab two diesel generating sets taken over from the Development Board (free of cost) were still (November 1969) lying idle.

Regarding item (a), the representatives of the Haryana State Electricity Board stated in evidence as under—

(i) The accounts of the Board were prepared in the forms prescribed by the Comptroller and Auditor General of India under Section 69(1) of the Electricity Supply Act, 1948.

(ii) Sale of power constituted the major item of receipts of the Electricity Board and other receipts were petty. The adjustment of revenue receipts was made on accrual basis. Similarly expenditure on labour, work-charged employees and interest charges were adjusted on accrual basis. However, payment to regular employees was on cash basis, but in that case also the expenditure of twelve months was accounted for in a financial year. Steps were already being taken to commercialize the accounts but the change over had to be gradual.

(iii) The broadsheets where necessary, were maintained to ensure correctness of the accounts. The reconciled figures in the broadsheets tallied with those appearing in accounts.

(iv) The Haryana State Electricity Board took its share in assets and liabilities of the composite PSEB on 3rd May, 1967 as per Government of India notification. The share of

HSEB in the stores appearing in the composite PSEB balance sheet as on 31st March, 1967 was taken in the tentative ratio fixed by the Government of India. The divisions forming part of HSEB had, however, taken the balances as appearing in their records. There was thus a difference between the figures as taken in balance sheet and those appearing in the books of the divisions. The difference would continue till the final share of Haryana State Electricity Board in the assets and liabilities of composite Board was decided and monetary settlement effected between the emerging units.

- (v) On re organisation of the stores with effect from 1st September 1969, there were 21 stores (including central and sub stores) under the charge of Controller of Stores. Physical verification of all those stores had been completed. The details of shortages/surpluses coming to notice as a result of verification were as under —

Year of adjustment	Value of shortages	Value of surpluses
	Rs	Rs
1969 70	14 768	—
1970 71	28 173	6 02 4193
1971 72	96 701	3 21 13
Total	1 39 642	9 23 552

Physical verification of stores done prior to the year 1968 69 revealed shortages worth Rs 5,67,771 and surpluses worth Rs 5,00,656. Necessary adjustments for Rs 1,51,375 out of the shortages detected had already been made.

During oral examination the departmental representative was asked to supply details as to when the shortages were noticed and when these were settled.

- (vi) Under instruction No 218 of Electricity Board Manual of Instructions, the Register of Plant and Machinery was required to be maintained in all divisions. This register was required to be checked by the Superintending Engineer at the time of annual inspection of accounts of the division. Necessary instructions for bringing the assets registers up-to-date were issued by the Chief Accounts Officer of the Board in December 1969.

- (vii) According to instructions contained in Rule 8 24 of DFRs and note thereunder read with Manual of Instruction No 219 the T & P Return (on Form DFR—14) was not required to be submitted to the Chief Accounts Officer.

As far item (b) it was stated that sharp rise in the price of copper resulted in increase in theft cases. It was also stated that copper conductor was being replaced depending upon the shut downs, etc. The total number of theft cases reported upto 31st March 1969, still under departmental/police investigations as on 31st March, 1972, was stated to be 210 involving a sum of Rs 2 06 687. The number of cases where value of material lost etc was yet to be determined was 32.

In regard to item (c), it was stated that diesel generating sets were kept as a standby. The diesel generating sets at Panipat and Karnal had since been disposed of. The position about plant and machinery at Rohtak and Ambala was being ascertained. The diesel generating sets taken over from Faridabad Development Board had also been disposed of.

The Committee are constrained to observe the large number of cases of shortages/surpluses which came to notice as a result of physical verification of stores. It is strange that shortages/surpluses which were noticed even prior to 1968-69 are still under investigation and are yet to be settled. The Committee apprehend that with the passage of time and transfer of staff etc it may be difficult to settle the shortages/surpluses. The Committee, therefore, recommend that all pending cases of shortages/surpluses of stores be settled expeditiously and responsibility for the losses fixed. The Committee also recommend that a suitable machinery be set up whereby physical verification of stores can be conducted in each store at prescribed intervals and immediate action taken to settle the shortages/surpluses coming to notice.

The Committee would further recommend that the reasons leading to large number of thefts from the stores be looked into in detail and suitable remedial measures taken in this behalf.

The Committee may also be informed about the position in regard to the disposal of plant and machinery at Rohtak and Ambala and amount realised on disposal of diesel generating sets at Panipat, Karnal and Faridabad vis a vis their book value.

68 Paragraph 74 of the Audit Report, 1970—Surplus and obsolete stores

Under the financial rules applicable to the Board, stock registers in the divisions are required to be closed at the end of each half year and reviewed by the Divisional Officer to see that the ceiling limits of stock have not been exceeded and such stock consists only of serviceable and necessary material. In 189 cases, half yearly stock returns had not been prepared in 21 divisions (September, 1969). A test check of the stores accounts conducted during the years 1966-67 and 1967-68 revealed that in 15 divisions, stores worth Rs 26.16 lakhs were lying unused/surplus to the requirements. Stores valued at Rs 16.74 lakhs, Rs 5.96 lakhs and Rs 3.46 lakhs had not been drawn upon for over 1 year, 3 years and 5 years, respectively. Besides, stores worth Rs 4.20 lakhs were unserviceable/obsolete.

The department stated in evidence that all stores in the Board which were previously held under the charge of Sub divisional/Divisional Officer had been centralised under the charge of Controller of

Stores The value ledgers were now maintained by the Controller of Stores and quantity cards were only maintained in Store depots. After reorganisation of stores in this manner with effect from 1st September 1969, preparation of half yearly stock returns had been dispensed with as the quantity of materials as per stock cards was reconciled with value ledger cards maintained in the office of Controller of Stores.

As regards stock returns prior to the formation of Controller of Stores' office the arrears were being reviewed by an Arrear Committee constituted with a view to looking into the extent of arrears in accounts of the Board and suggesting ways and means to remove the same. It was also stated that value of surplus stores had since been reduced from Rs 26.16 to Rs 4.29 lakhs and the position in respect of the remaining surplus/unused stores was being looked into.

In regard to disposal of unserviceable/obsolete stores it was mentioned that stores worth Rs 3.88 lakhs had since been cleared. The disposal of balance unserviceable material was engaging the attention of the Disposal Committee formed by the Board for this purpose.

During oral evidence the departmental representative was asked to furnish to the Committee a list giving details of surplus/short items and the years to which the surplus items pertained. The departmental representative promised that this information would be supplied to the Committee in due course.

The Committee are unhappy to note the extent of surplus/unused articles purchased in various divisions, which unnecessarily blocks public money. With the passage of time the condition of such stores also deteriorates as a result of which the stores have to be disposed of at much reduced rates. Besides these articles are also rendered unserviceable or obsolete and they cannot obviously be put to any use. The Committee recommend that the procedure for the purchase of materials be suitably streamlined and prompt steps taken, wherever necessary, to ensure that unnecessary purchase of materials is avoided as far as possible, and that only those articles are purchased which are required in the near future.

The Committee would also like to be informed of the disposal of the remaining surplus/unserviceable articles. The Committee would further recommend that reasons leading to the excess purchase of materials or for articles rendered unserviceable/obsolete be fully investigated and responsibility fixed, wherever necessary, for the injudicious purchase.

The information desired by the Committee during oral evidence be also furnished as early as possible.

69 Paragraph 75 of the Audit Report, 1970—Irregularities in store's accounts

Mention was made in paragraph 53 of the Audit Report 1968 and paragraph 57 of the Audit Report 1969 of certain cases of shortages etc.

of stores Further shortages of Rs 3 02 lakhs as detailed below were also noticed which were yet to be investigated and regularised —

(Rupees in lakhs)

	1965 66	1966 67	1967 68	1968 69	1969 70
Shortages noticed as a result of physical verification			0 84 (two divisions)	1 35 (five divisions)	0 12 (one division)
Excess drawal of materials for works by subordinate officers without making good the shortages				0 59 (one division)	
Non accountal of materials received	0 04 (one division)	0 07 (one division)			

The department stated in evidence that shortages of stores were mainly detected as a result of physical verification of stores They were also *inter alia* attributable to —

- (i) Paucity of experienced staff ,
- (ii) Clerical mistakes in posting and balancing of ledgers ,
- (iii) Delays in posting of issue of vouchers in the ledger ,
- (iv) Errors due to conversions and/or rounding off as well as tolerance errors in measuring equipment ,
- (v) Natural losses due to shrinkage, evaporation, etc , and
- (vi) Theft and pilferage

Out of the total shortage of Rs 3 02 lakhs mentioned in the Audit paragraph, shortages valued at Rs 2 17 lakhs had since been adjusted Responsibility had also been fixed in the case of shortages valued at Rs 0 73 lakh Investigation was in progress in the remaining cases of shortage valued at Rs 0 12 lakh It was further stated that control of various Store depots in the Board had been taken away from the divisional offices and centralised under the Controller of Stores at the headquarters under the direct charge of the Chief Engineer The agency of stock verifiers and maintenance of stores value ledgers had been placed under the charge of the Controller of Stores and a system of continuous checking of inventory by various officers had been evolved Besides, separate stock verification cell had been established in the office of the Controller of Stores to investigate the cases of shortages of stock

The Committee would like to know about the further progress in regard to the settlement of the balance shortages worth Rs 0.12 lakh and the manner in which these are proposed to be recovered/adjusted. Action taken against the officials responsible for these shortages be also intimated to the Committee.

70 Paragraph 76 of the Audit Report, 1970—Material at site accounts

Material-at-site accounts are required to be prepared in respect of each work estimated to cost more than Rs 50,000. As these accounts fell into arrears, this limit was raised by the composite Punjab State Electricity Board to Rs one lakh in November 1965 in respect of works executed before 31st March, 1964. A test check of such works executed upto end of 1967-68 in 14 Divisional Offices of the Board during 1968-69 revealed that such accounts had not been prepared in 107 cases (March, 1969). In 53 cases, material worth about Rs 1.28 crores was issued upto March 1969; the value of the material issued in 54 cases had not been worked out and made available to Audit.

The department stated in evidence that material-at-site accounts could not be prepared due to following reasons —

- (a) The material-at-site accounts were not required to be prepared under rules in some cases,
- (b) As a result of bifurcation of the composite Punjab State Electricity Board, the staff concerned changed sides on account of allocation/re-allocation,
- (c) Due to increased tempo in sub-stations/lines, there was deficiency of staff besides frequent transfer of staff from one division to another, and
- (d) Execution of works by more than one division/sub division

Out of 107 cases material at-site accounts were not required to be prepared in 17 cases, as the amount of expenditure involved was less than Rs 50,000. In 65 cases, these have been prepared and in the remaining 25 cases these were under preparation. It was further mentioned that out of 54 cases where value of material issued was not worked out, material at-site accounts were not required to be prepared in 9 cases, the amount of expenditure being less than Rs 50,000. Of the remaining 45 cases material-at-site accounts had been prepared and checked in 16 cases and in the remaining 29 cases these were under preparation. The following steps were stated to have been taken to obviate such irregularities in future —

- (1) In cases where a subordinate in charge of a work failed to render account for two consecutive months his pay was not being disbursed till he rendered his accounts. Similarly the pay of Sub-Divisional Officer was not disbursed if material-at-site accounts for any of the works of his sub division were not rendered continuously for four months, and

- (11) In order to arrest the accumulation of arrears in accounts, the Board had constituted a Standing Committee comprising of the Chief Engineer, the local Superintending Engineer and the Chief Accounts Officer to attend to the clearance of material-at site accounts etc

The question of simplification of forms/system of material at site accounts was also under consideration

It was further stated that disciplinary action was in progress against the Line Superintendents responsible for non-completion of these accounts

The Committee would like to know further progress in the clearance of outstanding arrears in the preparation of material at site accounts and action taken against the delinquent officials. The Committee would also like to be further informed as to whether any surplus/shortage of stores has come to notice as a result of completion of these accounts

The Committee would like to have a list of cases where shortages had been established as indicated to the departmental representatives during the course of oral evidence, along with a note showing action taken against the defaulting officials

71. Paragraph 77 of the Audit Report, 1970—Arrears of revenue

In paragraph 139(d) of the Audit Report 1966 of the composite State of Punjab, mention was made of the arrears of electricity charges relating to the composite Punjab State Electricity Board. An amount of Rs 63.67 lakhs was due from 30,601 consumers to the Haryana State Electricity Board as at the end of June 1969 as per details below —

Serial No	Detail	No of consumers	Amount (In lakhs of rupees)
1	General Consumers	24,339	7.26
2	Industrial Consumers	1,487	34.37
3	Tubewell Connections	4,729	17.83
4	Municipalities and Panchayats	36	1.07
5	Licensees	9	3.13
6	Other parties	1	0.01
	Total	30,601	63.67

The above amount includes about Rs 4 lakhs outstanding against 3,919 consumers for more than three years. Power supply to 11,731 consumers had been disconnected by the Board for non-payment of dues,

Rs 21 72 lakhs were due from such consumers after adjustment of security deposits furnished by them. No action to disconnect supply was taken against 18 870 consumers from whom about Rs 42 00 lakhs were due upto October, 1969

The department stated in evidence that these arrears had arisen in the past through lack of timely action for disconnecting the supply on the expiry of the prescribed limit for payment of electricity bills. In a number of cases, the consumers also withheld payment when they challenged the accuracy of the billed amount and only made payment of the undisputed amount. Many of such cases were taken by the consumers to arbitration and/or to a court of law and these become the subject-matter of prolonged litigation. According to the information furnished by the Board the percentage of defaulting amount to the total revenue assessment in 3/72 was 39 per cent as against 24.2 per cent in June 1969. The following measures were stated to have been adopted by the Board for liquidating the arrears —

- (i) Instructions had been issued by the Board to field officers to ensure that consumers should be disconnected temporarily immediately on the expiry of the notice period printed on the bill followed by permanent disconnection on the expiry of 30 days from the date of such temporary disconnection.
- (ii) After the permanent disconnection was effected the security deposited should be adjusted against the outstanding amount, and further steps launched forth for recovery of the unrealised balance, if any, and
- (iii) Failure on the part of the field officers to comply with the above instructions scrupulously would expose them to disciplinary action under the rules. Besides Haryana Government had passed legislation for treating the outstanding dues of the Board as arrears of land revenue and the limit of three years for recovery had also been raised to six years. It was further stated that where any action on the part of field officers was noticed for not pursuing the cases for realisation of revenue action was initiated against the delinquent officials. In fact in a number of cases even the SDOs had been suspended/charge-sheeted for their default in connection with the work of revenue assessment/realisation.

The Committee view with concern accumulation of heavy arrears in the collection of revenue from the various types of consumers. Non-realisation of substantial amount of revenue is bound to affect the financial position of the Board and jeopardise the execution of important schemes, which the Board may be contemplating to undertake for the benefit of the public at large. In the opinion of the Committee, prompt realisation of revenue should engage the first attention of various authorities of the Board, as any delay on this account can prove detrimental to the interests of the Board. The Committee recommend that the Board should consider the desirability of devising a suitable machinery in order to ensure prompt

and timely recovery of its dues. The Committee would also recommend that cases involving heavy amounts be investigated individually and steps taken to enforce recovery of the outstanding amounts without further delay. Action be also initiated against the delinquent officials for non-realisation of revenue under intimation to the Committee.

The Committee find that arrears outstanding against industrial consumers are proportionately on the higher side as compared to the tube well connections. The Committee feel that the officers/officials have shown laxity in making effective recoveries from industrial consumers who are in a better financial position. The Committee would urge that no special favour should be shown to any particular section and would like that the outstanding amounts be recovered from the defaulters as early as possible.

72. Paragraph 78 of the Audit Report, 1970—Non recovery of periodical inspection charges

The periodical inspection/testing of low tension electric installations at the consumers premises at intervals not exceeding five years as contemplated in Rule 46 of the Indian Electricity Rules, 1956 was entrusted by the State Government to the Board. The Government of Punjab, Irrigation and Power Department in their order dated 2nd February 1960 prescribed the inspection fees (chargeable under the Rules) for various types of installations, the non payment of which in time can result in disconnection after prescribed notice being given under the Rules.

It was, however, observed in ten Divisional Offices during 1968-69 that out of 85,201 low tension consumers the periodical inspection of 70,318 consumers had not been carried out. Notices were issued only to 17,540 consumers of whom only 15,183 deposited the prescribed inspection fee of Rs 2. Inspections in only 14,883 cases out of 15,183 were carried out. This resulted in non realisation of revenue of Rs 1.40 lakhs due to the Board.

The department stated in evidence that inspection and testing of low pressure installations of consumers were not required to be carried out by the normal operational and maintenance staff and for this purpose a special party consisting of one Line Superintendent and one Assistant Lineman was required to be provided. Consequently, the periodical inspection of the consumers' installations fell into arrears. It was also argued that on the basis of average emoluments drawn by Line Superintendent and Assistant Lineman the cost of inspecting/testing one installation worked out to Rs 3.05 as against the prescribed inspection fee of Rs 2 per installation. Out of 85,201 installations 1,200 connections had already been disconnected for various reasons and of the remaining 84,001 cases, inspection had been done in 66,000 cases, which showed that there had been considerable improvement in the position.

During oral evidence the departmental representative stated that inspection of installations of the consumers was obligatory under the Act and that they had increased the rate of inspection fee keeping in view the higher expenditure on inspecting/testing staff.

The Committee are unable to agree to the argument that periodical inspection of installations of consumers was not conducted as the cost involved was higher than the inspection fee for installations. Since the inspection of consumers' electric installations is mandatory under the Indian Electricity Supply Act and it is utmost necessary for the safety of the consumers, the Committee feel that inspection should be conducted at the prescribed intervals irrespective of the financial considerations.

The Committee therefore, recommend that suitable steps should be taken to ensure that the provision of the Act for periodical inspection of the electric installations of consumers is followed strictly in future.

The Committee would also like to know the latest position of inspection work.

73 Paragraph 79 of the Audit Report, 1970—Non recovery of securities and sureties

Security deposits and surety or fidelity bonds amounting to Rs 6.15 lakhs were not obtained in thirteen divisions from 429 persons entrusted with the handling of stores and cash.

The department stated in evidence that securities and sureties had been or were being obtained from the employees concerned from whom these were required to be obtained under the rules. According to the latest position indicated by the department out of the total outstanding security deposits of Rs 94,540 securities had since been obtained to the extent of Rs 91,940 leaving a balance of Rs 12,600. As for the surety bonds the balance which remained to be obtained was Rs 2,30,500 out of a total of Rs 5,20,000. It was mentioned that one of the difficulties in non recovery of security deposits was transfer of staff from one division to another as a result of which recoveries were not effected in new divisions.

During oral evidence it was pointed out to the departmental representative that the amount outstanding on account of surety bonds was heavy. He was asked to specify the number of employees from whom these were awaited. It was further desired that the amount fixed as minimum and maximum security deposits may also be indicated. The departmental representative promised that this information would be supplied to the Committee in due course.

The Committee note with regret that security deposits and surety bonds were not taken from the employees concerned in a large number of cases at the proper time. In order to safeguard the interests of the Board it is essential that security deposits and surety bonds should be promptly obtained from the employees from whom these are required to be obtained under the rules. The Committee recommend that these may now be obtained immediately and the Committee informed of the latest position in this behalf.

The Committee would also like that information called for during oral evidence be furnished to them early.

74 Paragraph 80 of the Audit Report, 1970—Payment of compensation

During the period from January, 1967 to May, 1969, the Board sanctioned compensations aggregating Rs 1,21,480 in 29 cases of fatal/non-fatal accidents. The investigating officers of the Board/Electrical Inspectors of the Government held that the accidents occurred because of (i) negligence of staff in 13 cases involving Rs 60,137, (ii) defective/poor electric maintenance system in 13 cases involving Rs 40,343, (iii) non-provision and non-utilisation of safety precautions in one case involving Rs 7,000, and (iv) miscellaneous reasons in 2 cases involving Rs 14,000. The Chief Electrical Inspector to the Government held that in 25 out of the cases mentioned above provisions of the Indian Electricity Rules, 1956 were infringed. Action against the official(s) at fault had not, however, been taken so far in 11 cases (November, 1969). In one case penalty was to be levied on the consumer. Four cases or accidents involving Rs 11,993 had not yet been investigated by the Chief Electrical Inspector up to November, 1969.

The department stated in evidence that action had since been taken in 20 cases against the officials for non observance of safety measures and other provisions. This included termination of services stoppage of increments and issue of warnings to the delinquent officials. The remaining 8 cases were still under investigation. It was also stated that comprehensive instructions had been issued to minimise the fatal and non-fatal accidents. According to the information given during oral evidence there had been 125 fatal cases and 123 non fatal cases during 1969-70.

In regard to the recovery of penalty in one case from the consumer concerned it was mentioned that a suit had been filed in the civil court and its decision was awaited.

Regarding four cases of accidents involving Rs 11,993 it was mentioned that one case involving a sum of Rs 7,000 was got investigated and an increment of the official concerned stopped without future effect. Another case involving Rs 168 did not fall within the purview of the Chief Electrical Inspector and was, therefore, not subject to any investigation by him. The remaining two cases involving Rs 4,825 were still pending investigation.

The Committee are distressed to know that a large number of fatal and non-fatal cases have been occurring causing danger to public life and property. According to the departmental investigation all these cases had occurred mainly because of negligence of staff defective maintenance system and non provision or non utilisation of safety precautions. Apart from the safety point of view the Board is also put to unnecessary expenditure by way of payment of compensation. The Committee also find that there has been a phenomenal increase in the fatal and non fatal cases during 1969-70 and it is possible that the number may have still gone higher in the subsequent years. The Committee, therefore, recommend that adequate and effective measures be taken by the Board to ensure that occurrence of such cases is reduced to the minimum and that suitable action is taken against the defaulting officials where these cases occur due to their fault or negligence. The Committee would also like to know the latest position regarding settlement of the pending cases.

75 Paragraph 81 of the Audit Report 1970—Infructuous expenditure

On 4th December, 1965 the Chief Engineer (South) had *inter alia* approved the laying of 66 K V line with ACSR conductor copper equivalent 0.10 square inch from Dhulkote to Shahbad and Pipli and also erection of 66 K V Sub-Stations at both these places. Estimate for construction of this line from Shahbad to Pipli at a cost of Rs 5,69,988 framed by the Executive Engineer, Jagadhri Division Yamunanagar in July, 1966, however provided for ACSR conductor copper equivalent 0.10 square inch on single poles, this estimate was also approved by the Chief Engineer (July, 1966). The work on this estimate was started in August, 1966. Subsequently as the ACSR conductor of 0.10 square inch size was found to be small and expected to result in higher transmission losses it was decided in August, 1967 to construct the line with 0.15 square inch ACSR conductor as originally approved by the Chief Engineer. As a result, the work already completed was dismantled, after incurring an expenditure of Rs 19,951 (Rs 12,658—Pay of work-charged labour Rs 883—transportation of material, Rs 6,410—cost of dismantlement) which had become infructuous.

The department stated in evidence that 0.15 sq inch ACSR conductor was provided by the Executive Engineer Operation Division, Jagadhri for 66 K V line from Dhulkote to Shahbad, 0.10 sq inch conductor for the line from Shahbad to Pipli keeping in view the actual anticipated loads in that area. However, with the bifurcation of the composite Punjab State the load priorities underwent a sizeable change. It became an immediate problem to deflate the load of Haryana and utilise the share of power of HSEB to the maximum possible extent. After great deliberation it was decided at the Board's level that the second 66 K V line from Dhulkote to Shahbad and Pipli should be constructed with 0.15 sq inch ACSR conductor. It was considered that in view of the anticipated rapid development of the load in that area after the bifurcation of the composite Punjab State the conductor size of 0.10 sq inch would result in higher transmission losses. In the circumstances had the line been constructed with the size of conductor 0.10 sq inch ACSR it would have been necessary to erect a parallel line which would have cost the Board an additional expenditure of Rs 6 lakhs to meet the additional requirements of the new loads. In view of this no officer was considered responsible for the change in the size of the conductor.

The Committee feel that since the Chief Engineer had already approved the laying of 66 K V line with ACSR conductor equivalent to 0.15 sq inch there was *prima facie* no justification for the provision of 0.10 sq inch ACSR conductor in the estimates. Incorrect estimation obviously resulted in dismantling of the work done on the line after incurring Rs 19,951. The Committee recommend that the matter be investigated and responsibility for this extra expenditure fixed. The Board should also take suitable measures to avoid the recurrence of such instances in future.

76 Paragraph 82 of the Audit Report, 1970—Incorrect estimation resulting in loss

According to the instructions issued by the Board, expenditure on irrigation tubewell connections is considered financially justified if it does

not exceed a fixed amount per BHP of connected load. Any expenditure in excess of this limit is required to be recovered from the consumer in such proportion of it as the cost of the service line bears to the cost of the service connection.

A test check revealed that in 29 cases in 4 offices, the estimated cost of the power lines was less than the justified cost. On execution, the actual cost was, however, found to be in excess of justified cost in these cases. No watch was kept over the progress of expenditure and before giving the service connection no action was taken to raise a revised demand against the consumer for the excess over the justified cost. No recovery could, therefore, be made from the consumers and this resulted in a loss of Rs 1,26,549 (approximately) to the Board.

The matter was brought to the notice of the Government in May 1969, intimation regarding fixation of responsibility for this loss and the steps, if any, taken to recover the same were still awaited (September 1969).

The department stated in evidence that difference between the actual expenditure (excluding the cost of meter) and justified cost of giving service connection arose out of the following reasons —

- (i) Accounts of the works for the release of connections had not been finally closed and some adjustments by way of credit to the work of giving the connection and debit to other works were still to be made,
- (ii) In case of service connections where augmentation of lines/transformers was involved necessary credit for the material dismantled had not been afforded to the work concerned, and
- (iii) Proportionate unjustified cost of service line recoverable from consumer was to be worked out on the basis of formula prescribed under instruction No 8 of the Sales Manual Instructions.

According to the details given out of 29 cases mentioned in the audit paragraph, it was stated that there was no excess of actual expenditure over the justified cost in 14 cases. In 5 cases the excess expenditure was to the extent of Rs 7,013 only. In reply to an enquiry from the Committee as to whether this amount had been recovered it was mentioned that the Executive Engineer concerned was going to issue directions that this recovery must be made. The responsibility had, however, been fixed on the officials concerned. The remaining ten cases were stated to be still under investigation.

The Committee regret to note the delay in the finalization of the accounts of the works concerned and the consequential non recovery of the excess expenditure. The Committee recommend that suitable steps be taken to ensure that the accounts of such works are finalised as soon as these are completed and recoveries of excess expenditure effected from the consumers without any delay.

The Committee would like to know the difficulties in regard to the recovery of Rs 7,013 which was found to be recoverable in five cases. The Committee would further like that investigation in the remaining ten cases be finalised quickly and the Committee informed of the results thereof.

77 Paragraph 83 of the Audit Report, 1970—Outstanding audit objections

29,269 audit objections (Rs 25.69 crores) raised by the Chief Accounts Officer Haryana State Electricity Board were outstanding on 30th September, 1969 against 21,875 objections (Rs 14.95 crores) outstanding on 30th November 1968. The details are given below —

Particulars	Year of earliest outstanding objections	Amount (Rs in crores)
(a) Want of sanctions —	1952-53	20.49
(b) Excess over estimates	1967-68	0.64
(c) Want of payees' receipts	1958-59	4.45
(d) Other reasons	1966-67	0.11
Total	/	25.69

Position with regard to the outstanding inspection reports issued by Audit is indicated in paragraph 100 of Chapter VIII of the Audit Report, 1970.

During oral evidence it was stated by the departmental representatives that out of 29,289 audit objections involving Rs 25.69 crores pending as on 31st December 1971, 10,812 objections of the value of Rs 10.21 crores had since been cleared and now a balance of 18,477 objections of the value of Rs 15.48 crores was left. A large portion of these objections related to the period of the composite Punjab State Electricity Board and only 12,094 objections of the value of Rs 15.57 crores related to the Haryana State Electricity Board.

The Committee are perturbed over the large number of audit objections remaining unsettled in the Board. They do not feel satisfied with the argument that many of the outstanding audit objections relate to the period of the composite Punjab State. It is more than 6 years when the Haryana State Electricity Board was formed and suitable action should have been taken by now to clear the old outstanding objections. The Committee observe that some of the outstanding objections relate to the year 1952-53 and onwards and have remained unsettled for more than 20 years. The Committee cannot but emphasise the paramount need of clearing the old outstanding objections as expeditiously as possible in order to ensure that the expenditure has been regularly incurred and that there had been no case of wasteful expenditure or misappropriation, etc. The Committee would urge that effective steps be taken to clear the outstanding audit objections and the Committee informed of the progress made in this behalf.

COMMON PARAGRAPHS

78. Paragraph 12 of the Audit Report, 1970—Grants-in aid

During the year 1968-69 grants totalling Rs 2 82 57 lakhs were paid to local bodies and other institutions (excluding zila parishads and panchayat samitis). However, utilisation certificates for Rs 1,50 26 lakhs (57 cases) due on 30th September 1969 had not been furnished till October, 1969.

Besides, 457 certificates for Rs 2 16 64 lakhs paid during 1956-57 to 1967-68 had not been furnished to Audit till October 1969. Utilisation certificates for Rs 25 09 lakhs (215 cases) were awaited by Audit for more than 3 years. 80 per cent of the certificates for Rs 2 22 66 lakhs (413 cases) were stated to be due from Education, Social Welfare, Housing and Local Government, Medical and Health and Sports departments.

The Committee are distressed to note the inordinate delay in the submission of utilisation certificates by the departments which sanctioned grants in aid to the local bodies and other institutions. In the absence of such certificates, it is not possible to know whether the beneficiaries have spent the grants within the specified time limit and for the purpose for which these grants were made. In addition, the irregularities committed in incurring expenditure out of the grant in aid and cases of misappropriations etc. could not come to surface. The Committee would, therefore, recommend that immediate steps be taken to ensure that the outstanding utilisation certificates are furnished to Audit without further delay. The Committee would also recommend that Government should consider the desirability of withholding payment of any further grants to the institutions who fail to submit these utilisation certificates within the specified time limit.

79 44—Misappropriations and defalcations etc

190 cases of misappropriations (Rs 15 56 lakhs) were pending finalisation in the various departments at the end of March, 1969. Of these, 83 cases (Rs 5 17 lakhs) were pending for more than 5 years. The departments of Irrigation, Buildings and Roads, Education, Agriculture and Public Health accounted for 77 per cent of the total number of pending cases. An analysis of cases pending in these departments was given as under—

Reasons	Irrigation		Buildings and Roads		Education		Agriculture		Public Health	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
Pending for want of recovery	1	811	9	31 917	7	43 253	10	1 41 737	1	1 650
Pending for finalisation of departmental enquiry	64	2 41 920	35	2 15 506	4	38 070	2	10 130	11	1 39 174
Pending in Court					2	6 875				
Total	65	2 42 731	44	2 47 423	13	88 198	12	1 51 867	12	1 40 824

The Committee regret to observe that the number of cases of misappropriations and defalcations etc pending finalisation with the various departments has increased vis a vis the position which obtained as on 31st March, 1967 when 42 cases of misappropriations involving Rs 1 89 lakhs were reported to be outstanding. The delay in completion of enquiry into cases involving misappropriations/defalcations etc is obviously fraught with grave risks because of the non availability of relevant records with the passage of time and retirement/death/transfers etc of the delinquent officials. In this connection, the Committee would like to invite attention to their observations in para 51 of their Third Report. The Committee urge that immediate and effective steps be taken to ensure that necessary enquiries in all such cases are completed expeditiously and suitable action taken against the officials concerned without any further loss of time.

80 Implementation of observations/recommendations contained in the earlier reports of the Public Accounts Committee

The Committee had made observations in para 53 of their Third Report about unusual delay in the implementation of the observations/recommendations contained in the earlier reports of the Public Accounts Committee and it was *inter alia* suggested that the whole matter should be gone into at the highest level and reasons for delay investigated in each case and suitable action taken against the officials responsible. It was further suggested that Government should consider the desirability of fixing some time limit within which the old outstandings must be disposed of in order to arrest accumulation of further arrears and that progress in implementation of the recommendations of the P A C by the various departments be reported at periodical intervals to the Minister-in Charge as also to the Finance Minister and the Chief Minister. Action taken on these recommendations has not so far been intimated to the Committee. The Committee desire that the decision in the matter be taken as expeditiously as possible and the Committee informed.

There are still a large number of observations/recommendations of the Committee where the departments have yet to take final action in the matter. A list of the outstanding paragraphs from the various reports of the Committee is given in the Appendix to this Report.

APPENDIX

Statement showing the outstanding recommendations/observations of the Public Accounts Committee contained in the various reports (upto 3rd Report of the Haryana Public Accounts Committee) on which the Government is yet to take final decision

Serial No	Name of the department	Paragraph No	Brief subject
Reports of the Public Accounts Committee of the Composite Punjab Vidhan Sabha			
7TH REPORT			
1	Irrigation	99	Irregular payments
9TH REPORT			
2	Industries	25	Alleged mis appropriation of cash and stores
11TH REPORT			
3	Irrigation	34	Grant of irregular advances resulting in overpayment to a contractor
4	Do	45	Loss owing to excess purchase of surkhi
5	Do	53	Irregular and excessive purchase of spare parts
6	Do	61	Shortage of stores
13TH REPORT			
7	Do	15	Change in classification of earth work
8	Do	16	Irregularities in connection with the excavation of a distributary
9	P W D (Public Health)	26	Extra expenditure and non recovery of stores issued to a contractor
10	Industries	61	Audit comments on the working of the Work Centre Scheme

Serial No	Name of the department	Paragraph No	Brief subject
14TH REPORT			
11	Irrigation	15	Loss owing to delay in disposal of materials
12	Do	17	Shortage of stores
15TH REPORT			
13	Industries	18	Audit comments on the working of the Work Centres Scheme for the year 1959 60
14	Education	23	Audit of grants in aid
15	Medical and Public Health	31	Defalcation
16TH REPORT			
16	Irrigation	8	Non recovery of the cost of coal issued in excess
17	Do	14	Alleged misappropriation and shortages of stores
17TH REPORT			
18	Co operative	36	Haryana Co operative Sugar Mills Rohtak
18TH REPORT			
19	Irrigation	25	Loss of stores
20	Do	26	Shortage of stores
20TH REPORT			
21	P W D (B & R)	21	Metalled road from Kaithal to Guhla
21ST REPORT			
22	Cooperative	25	Investment in Co operative Institutions
23	Irrigation	102	Shortage of stores
24	State Electricity Board	112	Suspected misappropriation of stores

Serial No	Name of the department	Paragraph No	Brief subject
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23RD REPORT

25	Agriculture	14	Outstanding recovery of Rs 6,000
26	Excise and Taxation	29	Misappropriation of funds
27	Housing	56	Loans to parties which were not traceable

24TH REPORT

28	Irrigation	11	Recoveries outstanding against contractors
29	Do	23	Loss on lift irrigation scheme
30	P W D (B & R)	54	Delay in investigation and fixing responsibility in cases involving shortages and loss of stores—Ambala Provincial Division—Rs 27 293
31	State Electricity Board	74	Irregularities in stores accounts

Reports of the Public Accounts Committee of Haryana Vidhan Sabha

1ST REPORT

32	Industries	6	Establishment of Sericulture Farm
33	Do	8	Avoidable expenditure in the purchase of pig lead
34	Do	9	Outstanding recoveries of lease money
35	Industrial Training	10	Scale of a Work centre
36	Forest	11	Scheme of raising economic plantations in plains
37	Do	12	Extra expenditure
38	Animal Husbandry	14	Government Live Stock Farm, Hissar
39	Housing	15	Misappropriation of loans
40	Agriculture	16	Government Engineering Work shop Nilokheri

Serial No	Name of the department	Paragraph No	Brief subject
2ND REPORT			
41	Co operative	5	Panchshila Industrial Co operative Society
42	Irrigation	10	Measurements of excavation work on remodelling of the Telu Minor
43	Do	17	Delay in investigation and fixing responsibility in cases involving shortages and loss of stores—Tohana Division—Rs 61,416
44	Do	18	Delay in investigation and fixing responsibility in cases involving shortages and loss of stores—Tohana Division—Rs 18 348
45	Do	24	Loss
46	Do	26	Delay in investigation and fixing responsibility in cases involving shortages and loss of stores—Rohtak Division—Rs 33,607
47	Do	28	Overpayments in the contracts for burning of bricks
48	Do	30	Excess payments to contractors
49	Do	32	Alleged substitution of copper wire by steel wire
50	Haryana State Electricity Board	35	Irregularities in stores accounts—Rs 23 876
51	Ditto	37	Avoidable extra expenditure
52	Ditto	38	Irregularities in stores accounts—Rs 31 020

Serial No	Name of the department	Paragraph No	Brief subject
3RD REPORT			
53	Finance	5	State Government Companies and Commercial/Quasi Commercial Undertakings
54	Industries	6	Waiving of recovery of value of sheds etc and revenue
55	Do	7	Extra expenditure
56	Do	8	Surplus accommodation in Industrial Training Institutes Hostels
57	Do	9	Establishment of Industrial Estate Hissar
58	Do	10	Unutilised grants
59	Agriculture	11	Withdrawal of funds to avoid lapse of grant
60	Do	12	Misappropriation of Government money and stores
61	Medical	13	Arrears of contributions due from local bodies on account of provincialized rural dispensaries and hospitals
62	Do	14	Idle Machinery
63	Health	15	Primary Health Centres
64	Development and Panchayats	16	Embezzlement of Government money
65	Do	17	Loans to Panchayats for revenue earning schemes
66	Revenue	18	Arrears of collection of revenue and other receipts
67	Do	19	Taccavi loans
68	Excise and Taxation	20	Under assessment of tax
69	Do	21	Turnover escaped from tax

Serial No	Name of the department	Paragraph No	Brief subject
70	Excise and Taxation	22	Intra State sales incorrectly shown as Inter State sales
71	Do	23	Inter State sales treated as exports out of India
72	Do	24	Under assessment/mistakes in computation of tax
73	Do	25	Unauthorised deduction of freight
74	Do	26	Under assessment owing to levy of concessional rates of tax in excess of the admissible extent of sales
75	Do	27	Under assessment/mistakes in computation of tax
76	Do	28	Evasion of Central Sales Tax
77	Do	29	Arrears in assessment and collection of sales tax etc
78	Do	30	Arrears in collection of revenue and other receipts and arrears in collections
79	Welfare of Scheduled Castes and Backward Classes	31	Land Purchase Scheme
80	Housing	32	Land Acquisition and Development Scheme
81	Do	33	Low Income Group Housing Scheme
82	Social Welfare	34	Non refund of unutilised grants in aid
83	Irrigation	35	Overpayments to contractors
84	Do	36	Infructuous expenditure
85	Do	37	Shortage of stores
86	Bhakra Canals Administration	38	Excess payment to contractors

Serial No	Name of the department	Paragraph No	Brief subject
87	Bhakra Canals Administration	39	Shortages of stores
88	Public Health	40	Purchase of defective pumping sets
89	Buildings and Roads	41	Shortages of stores
90	Common paragraphs relating to all the three branches of the Public Works Department	42	Cash settlement suspense account
91	Do	43	Reserve limit of stock
92	Do	44	Non completion of half yearly stock registers
93	Do	45	Physical verification of stores
94	Do	46	Minus balances in stock registers
95	Haryana State Electricity Board	47	Injudicious purchase of Thermal Plant
96	Do	48	Non recovery of energy charges
97	Do	49	Demurrage charges
98	Do	50	Irregularities in stores accounts
99	General paragraph	51	Misappropriations and defalcations, etc
100	General paragraph	52	Outstanding audit objections/ Inspection reports
101	Do	53	Expeditious implementation of observations/recommendations contained in the earlier reports of the Public Accounts Committee

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Published under the authority of the Haryana Vidhan Sabha and
Printed by the Controller Government Press Chandigarh