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**HARYANA VIDHAN SABHA**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1973-74)**

**(SIXTH REPORT)**

**REPORT**

**ON THE**

**Appropriation Accounts and Finance Accounts of the Haryana Government  
for the year 1969 70 and the Report of the Comptroller and Auditor  
General of India for the year 1969 70**

*Presented to the House on  
18.1.1974*



**VIDHAN SABHA SECRETARIAT  
CHANDIGARH**

*January, 1974*

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## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE 1973-74

### CHAIRMAN

- 1 Chaudhri Ishwar Singh

### MEMBERS

- 2 Shri Amar Singh
- 3 Shri Behari Lal Balmiki
- 4 Shri Gulab Singh Jain
- 5 Shri Om Parkash Garg
- 6 Chaudhri Phool Chand (Mullana)
- 7 Sardar Piara Singh
- 8 \*Chaudhri Pokar Ram Godara
- 9 Lala Rulya Ram
- 10 †Chaudhri Harkishan Lal Kamboj
- 11 ‡Shri Umed Singh

### SECRETARIAT

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

\*Elected with effect from the 14th November, 1973 for the unexpired period of the year 1973-74

\*\*Elected with effect from the 13th November, 1973 for the unexpired period of the year 1973-74

‡Died on the 4th November, 1973

†Resigned from the membership of the Public Accounts Committee with effect from the 13th September 1973 (afternoon)

## INTRODUCTION

I the Chairman of the Public Accounts Committee having been authorised by the Committee in this behalf present this their Sixth Report on the Appropriation Accounts and Finance Accounts of the Haryana Government for the year 1969-70 and the Report of the Comptroller and Auditor General of India for the year 1969-70

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 the year 1973-74 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 7th January 1974

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ISHWAR SINGH,

Chairman

## REPORT

1 The present Public Accounts Committee was constituted by election vide notification No CB/PAC EC/3/73, dated the 16th April, 1973

2 The Committee held 54 meetings till the writing of the Report, at Chandigarh and other places

### *Excesses over voted grants/charged appropriations*

3 Cases of excesses over voted grants/charged appropriations for the year 1969-70 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	1—Land Revenue	98 25 410	2 30 831	1 00 56 241	1 02 33 862	1 77 621
2	6—Stamps	3 00 230	19 770	3 20 000	3 32 877	12 877
3	13—Supplies and Disposals	3 24 050		3 24 050	3 52 537	28 487
4	27—Irrigation (Works)	2 20 49 050	1 66 61 410	3 87 10 460	3 96 31 175	9 20 715
5	28—Charges on Irrigation Establishment	1 63 57 510		1 63 57 510	1 78 63 103	15 05 593
6	29—Public Works	3 11 54 600	20	3 11 54 620	3 22 87 569	11 32 949
7	30—Charges on Public Works Departments Buildings and Roads Establishment	86 03 000	2 88 590	88 91 590	94 83 262	5 91 672
8	33—Famine Relief	89 34 330	1 15 00 000	2 04 34 330	2 17 72 502	13 38 172
9	34—Pensions and Other Retirement Benefits	96 91 000	7 50 000	1 04 41 000	1,35 97 964	31 56 964
10	35—Privy Purses and Allowances of Indian Rulers	37 860		37 860	40 328	2 468
11	44—Capital Outlay on Multi purpose River Schemes	5 30 00 000	31 12 000	5 61 12 000	8 11 84 605	2 50 72 605
12	49—Payments of Commuted Value of Pensions	2 00 000		2 00,000	2 71 102	71 102

*Excesses over charged appropriations*

Serial No	Particulars of [appropriations	Original appropriation	Supple 7 mentary appropriation	Total appropriation	Expenditure	Amount of excess
1	2	3	4	5	6	7
		Rs	Rs	Rs	Rs	Rs
1	29—Public Works	48 000		48 000	₹ 77 626	29 626
2	Inter State Settlement				1 19 98 735	1 19 98 735

The Committee are unhappy to note that expenditure was incurred in excess of the grants/appropriations by certain departments in the above cases. The Committee feel that the departments should ordinarily be able to forecast their budgetary requirements accurately and keep the expenditure within grants/appropriations. In cases where the incurring of expenditure in excess of grants/appropriations becomes necessary, the departments should obtain additional funds through supplementary grants or by an advance from the Contingency Fund, as the case may be, in proper time. The Committee also observe that no budget provision was made for expenditure under the head "Inter-State Settlement" during the year 1969 70 as was the case in the year 1968 69. As already recommended in paras 8 of their Second Report and 4 of their Fifth Report, the Committee once again emphasise the necessity of closer estimation of expenditure *vis à vis* the budgetary provision in order to avoid cases of excessive expenditure over the voted grants/appropriations.

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

*Para 19 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Unutilised Provision*

4. Audit had pointed out that there were 21 cases (with total provision exceeding Rs 1 lakh in each case) in which saving exceeded 10 per cent of the total grant/appropriation. In 8 of them savings ranged between 21 and 100 per cent. The details of these cases have been given in Appendix III of the Report of the Comptroller and Auditor General of India for the year 1969 70. Government of Haryana.

The Committee regret to observe large number of cases involving substantial savings in the voted grants/charged appropriations. In certain cases the savings were as high as 100 per cent. It appears that the departments concerned did not assess their budgetary requirements correctly and asked for funds much in excess of their actual requirements. Inflation of budget estimates unnecessarily puts needless burden on the available resources leading to unnecessary taxation. The Committee, therefore, feel that the departments should exercise utmost care at the time of formulation of their budget estimates and ask for funds which are absolutely necessary so as to obviate large scale savings and surrender of funds at the close of the year when it is not possible to utilise them for any other purpose. The Committee would like to be informed about the steps taken in this behalf.

## INDUSTRIES

*Paragraph 36 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Industrial Estates*

5 In Haryana fifteen industrial estates were set up during the Second/Third Five Year Plans. Of those six industrial estates costing Rs 46.82 lakhs and having 148 sheds were in the urban sector while nine such estates costing Rs 11.74 lakhs having 76 sheds were in rural areas. Those industrial estates got constructed through the Public Works Department were intended to stimulate industrial activity in the State by making available on a rental basis factory accommodation and other basic common amenities to small entrepreneurs. Certain irregularities relating to these estates at Nilokheri, Hissar, Narnaul and Mohindergarh were mentioned in paragraphs 25, 22, 25 and 27 of Audit Report 1965 (composite Punjab) 1968 and 1969 respectively.

Some details of all the estates (August 1969) are given below —

	Industrial Estates	
	Rural	Urban
(i) Number of estates	9	6
(ii) Number of sheds constructed	76	148
(iii) Number of sheds allotted to industrial units	25	131
(iv) Number of sheds in which units have started production	8	74
(v) Percentage of utilisation of sheds for industrial production	32	56

No sheds were used for industrial production in six rural industrial estates. Percentage of utilisation in urban industrial estates ranged from 20 to 81. The poor use of the estates in general and rural industrial estates in particular was attributable to various factors mainly (i) scarcity of water and non availability of power or irregularity in its supply, (ii) scarcity of skilled labour, remoteness of the area and non availability of raw material and (iii) lack of industrial climate and basic amenities.

The following points were also noticed —

(a) Much of the land acquired was not actually utilised for the industrial estates. In three industrial estates in Karnal and Hissar Districts 52 to 76 per cent of the land was surplus. In Pinjore where 5.46 acres were donated by the *Panchayat*, only 0.82 acre had been utilised.

The prospects of utilisation of surplus land in these estates for industrial expansion were bleak in view of meagre industrial activity existing there.

(b) Out of six industrial estates in Hissar and Karnal establishment of three took 4 years 6 months, 4 years 4 months and 4 years 1 month from the approval of the proposal to the stage the estates were handed over to the Industries Department. For the other three, the time taken was from 2 years 1 month to 2 years 10 months.

(c) Recovery of Rs 6 67 lakhs towards rent for occupied sheds of the estates in Karnal and Hissar alone was in arrears (February 1970) The arrears dated back to 1962-64 and were attributed mainly to non finalisation of the proposal for disposal of sheds on hire purchase reasons therefore were awaited (October 1970)

(d) In the same two districts the loss of rent of various sheds remaining unoccupied was Rs 1 96 lakhs up to March 1970

The department stated in evidence that out of the total of 226 sheds 220 sheds had been allotted by the end of 1971-72 Out of 15 industrial estates 9 industrial estates at Gurgaon Sonapat Ambala Hissar, Nilokheri Pinjore Kaithal Palwal and Sohana were functioning satisfactorily The remaining 6 industrial estates namely Narnaul, Mohindergarh, Fatehabad Barwala Rai and Kohand had not proved very popular due to the following factors —

- (i) location in the industrially under developed areas
- (ii) lack of prospective entrepreneurs
- (iii) inadequacy of the provision of infra structure and other facilities, and
- (iv) high rent of sheds

None of the industrial estates had been abandoned However 14 sheds had been given to Government departments for non industrial purposes The land in the industrial estate at Hissar, Gurgaon, Ambala Rai and Sonapat had already been developed and plots in Narnaul had been demarcated and in the remaining industrial estates the demand was being assessed and if the demand existed land would be developed into industrial development colonies

In regard to the industrial estates at Hissar and Karnal it was stated that all efforts were made to get the electric connections in the sheds as early as possible but in certain cases due to technical reasons some delay took place in providing electricity by the Electricity Board

The balance rent to be recovered from the allottees as in May 1973 was indicated to be Rs 19 25 lakhs The State Government was stated to have already conveyed approval for disposing of these sheds to the allottees on hire purchase basis by charging full assessed value and adjusting the rent already paid towards hire purchase instalments However, no shed had been sold on hire purchase basis so far because the draft agreement to be executed by the allottees was under finalisation

During oral evidence it was stated that the State Government had constituted a committee to review and advise the Government about the incentives to be given for promoting industries in the backward areas The committee had made certain recommendations and on that basis the State Government had given certain facilities which were further revised on the basis of actual experience and the Government of India's directives

In this connection, the Committee would like to invite attention to their detailed recommendations contained in para 9 of their 3rd Report and para 21 of their 4th Report and desire that final decision in regard to the disposal of sheds on hire purchase basis be taken keeping in view the observations made by the Committee in those Reports The Committee would like to have a comprehensive reply from the department on the various points raised in their earlier recommendations giving comparative figures of the original objectives fixed for each industrial estate and the extent to which these have been achieved



The Committee also find that in certain cases the delay in the allotment of sheds was due to the non provision of electric connection for long periods. The Committee feel that this was primarily due to lack of co ordination between the department and the electricity authorities. The Committee cannot but view such delays with disfavour and would urge that in future in such cases there should be complete understanding and co ordination between the various departments of the Government so that the objectives of the scheme are achieved by the target dates.

*Paragraph 37 of the Report of the Comptroller and Auditor General of India for the year 1969-70 — Grant of loan to a firm*

6 In February 1951 Rs 50 000 were paid to a firm as loan under the State Aid to Industries Act 1935. Under the terms of the loan the borrower had offered its building and machines of a mill as security. The loan was to be repaid in seven annual instalments beginning from 1st January 1952. Interest was at the rate of  $4\frac{1}{2}$  per cent per annum. For continued default in repayment of the principal and in payment of interest the department filed a civil suit against the firm in July 1953. In October 1954 the Court ordered attachment of borrowers' property which was auctioned in September 1965 fetching Rs 11 500 (net). Rs 3 715 were recovered from other property of the borrowers. Rs 34,785 as principal and Rs 38,060 as interest remain to be recovered. The department spent Rs 4 140 and Rs 1 469 on pay and allowances of a Chowkidar (employed for watching safety of the borrowers' property) and advertisement and legal expenses respectively.

Other points noticed were —

- (a) The department had paid the loan to the firm on 8th February 1951 disregarding the advice of the Legal Remembrancer.
- (b) Under the Punjab State Aid to Industries Act 1935 the accounts of the firm were required to be got audited by the department at least once a year. This was not done.
- (c) The department was declared as custodian of the property in 1954. The proprietors of the firm were, however, allowed to stay within the premises of the mill even after this date which facilitated the removal of bulk of the machines by them one by one as reported by the Deputy Director (Development). Execution proceedings of the court attachment order were completed in September 1965 after being kept pending more than once on the request of the firm. The department itself gave a bid for the building (Rs 1 000) and machines (Rs 4 000) in January 1959 but the bid was cancelled because it failed to deposit in cash the required commission of the court auctioneer and percentage of the auction money. Ultimately in September 1965 the property was auctioned for Rs 12 000 (gross) to a relative of the borrowers who subsequently disposed it off for Rs 45 000.
- (d) In December 1958 the borrowers had filed affidavits permitting adjustment of their rehabilitation claims duly verified by the Union Ministry of Rehabilitation for Rs 45 400 against the decretal amount of Rs 68 000. The reasons for not adjusting these claims are not known.

The department stated in its written memorandum that a certificate as provided in Section 5 of Revenue Recovery Act 1890 was got issued to the Collector,

Delhi for recovery of the outstanding amount with interest as arrears of land revenue from the partners of the firm. However, the loanees had filed a civil suit against recovery in the court of Sub Judge First Class Delhi and the cases were pending in the court.

In regard to the adjustment of the rehabilitation claims of the borrower it was stated during oral evidence that initially the Rehabilitation Department of the Government of India had stated that this claim did not arise out of the rehabilitation matter and could not be adjusted. Subsequently however they paid an amount of Rs 3 or 4 000.

The Committee observe with profound regret that the loss in this case had arisen mainly because of the fact that the opinion of the Legal Remembrancer stating that the security offered by the borrower could not be considered as adequate had been disregarded by the Director of Industries and for this approval of the Government was also not obtained. However, since the cases are now pending before the Court they would not like to make any detailed comments in the matter and would wish to be informed of the decision of the Court as soon as it is announced.

*Paragraph 38 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Calendering plant at Hansi*

7 For providing common facility service for finishing cotton handloom goods in June 1964 a calendering plant costing Rs 0.91 lakh was shifted from Panipat to Hansi. The plant was installed in March 1965 (the expenditure on installation was Rs 6 000). It started working in May 1965. As the plant was running at loss a proposal was mooted in September 1965 to lease it to an association of co-operative society. The plant was ultimately closed down in March 1967. The running expenses between May 1965 and March 1967 were Rs 18 241 against income of Rs 2 996.

In January 1968 a private concern offered in the first instance to purchase the plant for Rs 0.80 lakh and also furnish a Bank guarantee for Rs 0.10 lakh but subsequently withdrew its offer before executing the agreement. In August 1969 Government ordered its disposal by public auction above the assessed value of Rs 30 000 and fixation of responsibility for recurring loss to Government by the continued running of this plant and for not sending a proposal for its disposal earlier.

The plant was still (October 1970) awaiting disposal. In the meantime Rs 12 523 (establishment Rs 6 000 rent Rs 4 000 maintenance of plant Rs 1 829 and miscellaneous Rs 694) have been spent after closure of the plant.

The department stated in evidence that the plant was shifted from Panipat to Hansi in the month of June 1964 at the instance of District Handloom Association Hansi and with the object of giving common facility service in finishing of cloth to the textile industry located there which was the second biggest textile centre in the State. The finishing capacity of the plant was 3 500 metres of cloth per day and it was expected that the local textile industry would be able to supply the requisite quantity of cloth to keep the plant working to its optimum capacity.

The department further stated that the President of the Handloom Association had also assured that out of a total production of 4 000 yards at least 2 000 yards per day would be coming to the calendering plant for calendering purposes. Against this even 1 000 yards of cloth per day was not received for calendering.

Consequently the plant had to be closed down in March 1967. However it had worked comparatively better at Hansi than at Panipat as its income at Hansi during the period from April 1965 to March, 1967 was Rs 2 996 as compared to Rs 1 881 earned by the plant at Panipat during 1958 to 1959.

It was further stated that the calendering plant had been disposed of for Rs 33 000 and the sale deed was executed in November, 1971.

The Committee feel that the proposal for the shifting of the plant from Panipat to Hansi was put through without careful thought and without considering the practical advantages involved in this proposition with the result that Government was put to unnecessary expenses and the plant had also ultimately to be closed down.

The Committee also regret to observe that there was inordinate delay in the disposal of the plant after it was decided to close it down.

The Committee recommend that a re appraisal of the circumstances leading to the shifting of the plant from Panipat to Hansi should be done and responsibility for loss to Government fixed on the officials concerned.

*Paragraph 99 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Investments*

8 The investment of Rs 1 25 86 lakhs in 13 private concerns included investments worth Rs 1 03 66 lakhs (9 concerns) inherited from the erstwhile Punjab State the division of which was yet to be finalised (May 1970).

The Haryana State invested a sum of Rs 22 20 lakhs after re organisation (Rs 8 47 lakhs during 1967-68, Rs 1 44 lakhs during 1968-69 and Rs 12 29 lakhs during 1969-70). The non finalisation of the division of inherited investments had resulted in accumulation of dividend/interest (Rs 24 96 lakhs) and redemption of shares to the tune of Rs 6 60 lakhs.

Government advanced Rs 25 lakhs to the Haryana Financial Corporation as share capital on 9th May 1967 whereas subscription towards this share capital was actually opened with effect from 16th October, 1967. Placing of this amount with the Corporation 160 days earlier than the actual date of opening of the subscription had resulted in undue financial benefit to the Corporation to the tune of Rs 1 02 lakhs in the shape of interest worked out at the then prevalent rate of 9.3 per cent per annum.

The department stated in evidence that there were 9 concerns about which there was a dispute. Seven of these companies had their registered offices outside Haryana whereas the factories were located in the State. The other two concerns had their registered offices in Haryana. After a lot of correspondence with the Government of India and Punjab for division of investments in respect of 9 companies the Government of India had given a decision in December 1971 that the division of assets be made on the basis of population ratio. However this decision was not acceptable both to the Punjab and Haryana Governments and meetings had been held with the officers of the Punjab Government to sort out this matter. It was further stated that a final decision in the matter was likely to be taken shortly.

In this connection, the Committee would like to invite attention to the recommendations contained in para 41 of their 5th Report. Final decision taken in regard to the division of assets between the Punjab and Haryana Governments be intimated to the Committee as early as possible.

*Paragraph 100 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Other investments*

9 The erstwhile Punjab State made investments of Rs 428 lakhs in the Government companies and other private institutions. The question regarding bifurcation of these investments was still (May 1970) under correspondence.

The department stated during oral evidence that the decision of the Government of India in this case had been accepted by the State Government. However, the department promised to send a detailed note about the division of these investments to the Committee in due course. The promised note had not been received by the Committee till the writing of this Report.

The Committee would like to have the detailed note about the division of these investments as early as possible.

### TRANSPORT

*Paragraph 95 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Haryana Roadways*

10 (a) *General*—Consequent on the reorganisation of the composite Punjab State the Haryana Roadways came into existence with effect from 1st November 1966. Out of the then existing depots at Ambala and Gurgaon fell to the share of Haryana State because of their situation. Chandigarh depot was also trifurcated and the Haryana State had its own share out of this depot. Subsequently three more depots were opened at Rohtak, Karnal and Hissar with effect from 1st April 1967, 15th July 1969 and 11th August 1969 respectively. Since the depots at Karnal and Hissar came into existence in the latter part of the year 1969 70 the succeeding paragraphs generally deal with the 4 depots at Gurgaon, Rohtak, Ambala and Chandigarh. The fleet strength of the undertaking at the end of each of the three years from 1967 68 to 1969 70 was as under—

Year	Total fleet strength	Number of vehicles on road	Traffic spare	Number of vehicles awaiting repairs
1968	567	535	12	20
1969	639	596	27	16
1970	728	686	18	24

(b) *Working results*—Summarised proforma accounts of the undertaking for the year 1968 69 are tabulated below—

(in lakhs of rupees)

(i) *Revenue*—

(a) Income from sale of tickets etc	4.53 14
(b) Income from sale of buses and unserviceable stores	6 98
(c) Income from miscellaneous sources	7 05
Total	4 67 17

(ii) *Expenditure—*

(a) Establishment	93 29
(b) Contingencies	2 07 54
(c) Motor Transport Reserve Fund and Depreciation Reserve Fund	41 58
(d) Interest on capital	15 82
(e) Direction Charges Pension contributions and Contributory Provident Fund ]	5 10
(f) Road tax not payable	11 80
Total	3 75 13

(iii) Net profit 92 04

(iv) *Liabilities—*

(a) Government capital including profit	3 57 79
(b) Motor Transport Reserve Fund	3 64
(c) Motor Transport Depreciation Reserve Fund	1 02 12
(d) Trades dues and other current liabilities	57 31
(e) Passenger tax collected and paid to Excise Department as per contra	1,31 74
Total	6 52 60

(v) *Assets—*

(a) Fixed assets (original cost)	4 21 19
(b) Current assets loans and advances	88 82
(c) Miscellaneous expenditure	10 85
(d) Passenger tax collected and paid to the Excise Department as per contra	1 31 74
Total	6 52 60

The working results of the individual units of the Roadways for the last 3 years are however given in Appendix XI. These results indicate the following —

- (i) The percentage of return on capital in the case of Gurgaon depot was the lowest in comparison with other depots even though this depot ranked quite high in so far as the revenue per mile is concerned. Expenditure per mile on the high side seems to have contributed to this low percentage of return on capital. The department has intimated (November 1970) that the expenditure was on the high side due to the vehicles being of old models and certain roads being single and in bad condition resulting in heavy wear and tear of tyres. The percentage of return on capital in respect of Rohtak depot for 1967-68 was also quite low.
- (ii) Although the proforma accounts for the year 1969-70 have not been prepared so far, the profit per mile (calculated on the statistics prepared by the department) shown in the case of Gurgaon depot does not compare favourably with other depots.
- (c) The following points relating to the maintenance of accounts for 1968-69 were noticed in audit —
  - (i) No maximum or minimum reserve limit of stock had been fixed. Stores valued at Rs 48.48 lakhs and Rs 54.50 lakhs were in stock at the close of 1967-68 and 1968-69 respectively.
  - (ii) None of the depots had maintained the Journal and the General Ledger contravening the instructions contained in paragraphs 42 and 43 of the Accounting Procedure. The liabilities were worked out at the end of the year on the basis of day book, unpaid bills, etc. In the absence of these important records, the accuracy of the outstanding liabilities and Sundry Debtors could not be verified. Certain liabilities had to be provided at the instance of audit.
  - (iii) In accordance with the terms of payment, the depots initially paid 98 per cent of the cost of chassis to the manufacturers. The amount of balance of 2 per cent payable to the manufacturers was not worked out and thus included in the cost of buses and bills payable. Similarly, the Vehicle Body Builders were initially paid 95 per cent of the cost of body building. The remaining 5 per cent was neither included in the bills payable nor in the cost of buses.
  - (iv) The value of the stores consumed was not worked out independently with reference to the actual issues but was arrived at by deducting the closing balances from the opening balances plus receipts thereof.
  - (v) In Gurgaon depot, the prepaid expenses and advance payments included advances of Rs 33,422 made to suppliers from 1964-65 to 1967-68 which had not been adjusted (October 1970). A review of these advances revealed that in eight cases, Rs 8,409 were given to depot officials for getting the Railway/Goods Receipts released but neither the goods were accounted for nor the Railway/Goods Receipts returned by such officials. In three cases involving Rs 4,571, double payments had been made to the firms. In other cases, the goods were not received and the matter was stated by the department (October, 1969) to be under correspondence.

- (vi) Again in Gurgaon depot, the Sundry Debtors included a sum of Rs 37,969 on account of advertisement charges recoverable for the year 1960-61 onwards. No confirmation of the parties for these debts was available.
- (vii) In Ambala depot the prepaid expenses included Rs 38,467 representing proportionate cost of uniforms for the unexpired portion of their fixed period of issue.
- (viii) Each unit of the department maintains its accounts separately and charges the other units for supplies made services rendered etc. The accounts of four depots (Gurgaon, Rohtak, Ambala and Chandigarh) showed the amount recoverable in respect of inter-depot adjustments as Rs 11,15,054 as against Rs 10,18,085 shown as payable by the depots in the accounts for such inter-departmental adjustments. The difference of Rs 96,969 without being investigated was written off as a revenue expenditure in the consolidated Revenue Accounts of Roadways for 1968-69.

(d) *Dead mileage*—A comparison of the effective mileage with the dead mileage in respect of four depots for the last three years is given below—

		(miles in lakhs)				
		Ambala	Chandigarh	Rohtak	Gurgaon	
Effective mileage	{ 1967-68	91.89	31.65	61.11	60.67	
	{ 1968-69	99.22	38.72	75.94	75.99	
	{ 1969-70	78.15	45.09	60.46	84.57	
Dead mileage	{ 1967-68	2.08	1.30	0.21	1.24	
	{ 1968-69	2.16	1.27	0.34	2.18	
	{ 1969-70	1.93	1.60	0.32	3.29	
Percentage of dead mileage to effective mileage	{ 1967-68	2.3	4.1	0.3	2.0	
	{ 1968-69	2.2	3.3	0.4	2.9	
	{ 1969-70	2.5	3.5	0.5	3.9	

In Gurgaon depot the percentage of increase in dead mileage over the increase in effective mileage was 6.14 during 1968-69. This further rose to 12.94 during 1969-70. The increase in this depot is on the high side as compared to other depots. Reasons for the increase in dead mileage in Gurgaon depot were given as breakdowns, road tests, time taken from workshop to bus stand at Delhi and annual passing of the vehicles. These reasons, however, also existed during 1967-68. In Chandigarh depot this percentage increased from (—) 0.42 in 1968-69 to 5.18 in 1969-70.

No norms of dead mileage have been fixed.

(e) *Non recovery of rent*—Seven private transport companies are occupying one room each at the Gurgaon bus stand since November 1961 (the date on which it was put into commission). Neither any rent for this accommodation is being charged for these rooms nor was any agreement showing the terms and conditions under which the accommodation was provided to the private operators free of rent.

shown to Audit At another depot for similar accommodation provided the rent charged from private operators was Rs 100 per month per room and at this rate the rent that has been foregone worked out to Rs 70 000 up to 31st March 1970

(f) *Loss of revenue due to delay in the fabrication of bus bodies*—Two Dodge 206 WB Chassis purchased in 1965 through a firm were entrusted to it for the fabrication of deluxe coaches thereon directly by the Provincial Transport Controller without the knowledge of the General Manager of Ambala depot for whom the coaches were required The department is not aware of the exact date on which the chassis were handed over The firm had however stated in June 1966 that the same were received by them on 27th May 1965 Neither was any agreement executed with the firm nor was any time limit stipulated for the fabrication of the 2 bodies

The vehicles were delivered after body building by the firm on the 12th February 1966 against 80 per cent payment of Rs 24 000

According to the then usual conditions for the fabrication of bus bodies, 14 days were allowed to the body builders for the first body and 5 days extra for each subsequent body Thus there was a delay of 247 and 242 days for the first and the second vehicles respectively which was pointed out on 29th August 1966 by the General Manager Ambala to the Provincial Transport Controller The department had fixed a penalty of Rs 30 per day for the delay in fabrication of the deluxe bus bodies and on this rate the penalty for the delay would have been Rs 14 670 in this case

In March, 1966, the firm attributed the delay to the following reasons —

- (i) Supply of incomplete specifications by the department
- (ii) Indecisiveness on the part of the department about the layout and shade of painting ,
- (iii) Non availability of rubber seats
- (iv) Delay in the stage of inspection by the department and
- (v) Entrustment of body building job purely on trial basis and without any specific time limit

The matter was examined in the office of the Provincial Transport Controller and the department conceded the contention of the body builder that the delay had occurred due to delay in the finalisation of specifications discussions about colour scheme stage to stage inspection and approval of the bus seats by the department A penalty of Rs 3 600 only was therefore levied on the firm for the delay of two months in the matter of procurement of rubber seats/Aluminium sheets

(g) *Avoidable payment of interest due to delay in payment of compensation* — A bus from Gurgaon depot met with an accident on the 1st May 1964 in which one man and one woman were killed An award for the following compensation was pronounced on the 18th December 1965 by the Motor Accident Tribunal Punjab Chandigarh —

- |                |                                      |
|----------------|--------------------------------------|
| 1 Rs 15 104 50 | in one case (subsequently raised to  |
|                | Rs 26 486 50 by the appellate court) |
| 2 Rs 32,104 50 | in the other case                    |



According to the judgment the department was to deposit the amount with the Court within three months from the date of award failing which it was to carry interest at the rate of 6 per cent per annum from the date of the award to the date of payment. The payment was made only on the 28th August 1968 with the result that the department had to pay interest amounting to Rs 7,615 70

In May 1969 the department decided to conduct a regular enquiry and fix responsibility for failure to satisfy the decree of the Court in time which resulted in payment of the above amount of interest. Action taken on the decision of the department to fix responsibility was still (October 1970) awaited.

(h) *Outstanding recovery on account of loss of tickets*—Up to the end of March 1970, Rs 66 384 were outstanding as recovery from conductors on account of tickets lost by them.

In respect of 2 cases of loss of tickets worth Rs 6 799 the depot authorities were not even aware of the names of the conductors who lost the tickets. In 15 cases, the recoveries amounting to Rs 6,885 in instalments had not still (March 1970) been started.

(i) *Surplus stores of Rs 6 12 lakhs*—Consequent upon switching over to the Leyland make of vehicles from June 1965 the spare parts of earlier makes particularly Dodge Meadows and Perkins P 6 Engines, became surplus. Though certain parts (out of the surplus one) were disposed of parts of the value of Rs 6 12 lakhs (Gurgaon Rs 4 95 lakhs, Rohtak Rs 1 17 lakhs) were still (October 1970) lying in stores awaiting disposal.

(j) *Misappropriation by way of less supply of diesel oil by a company*—Between 1st April 1967 and 3rd August 1968 a company at Hodal, made short supply of High Speed Diesel Oil to the Haryana Roadways. Payments of Rs 8 000 due to the firm were withheld and a case under sections 409 and 420 of the Indian Penal Code was registered against it by the Police (August, 1968).

Preliminary findings (September 1968) by the Police revealed connivance of as many as 24 drivers, out of whom 8 were arrested and remaining 16 absconded or left service on discharge. The full extent of the loss had not so far been assessed as the final report of the Police was awaited.

Although the loss occurred mainly due to the connivance of the drivers with the company it was facilitated by non observance of accounting rules and procedure of the department in as much as the register for issue of diesel oil was not maintained and checked in accordance with the prescribed rules. These procedural defects had not yet (October, 1970) been rectified.

The department explained the position in regard to the various points raised in the audit paragraph as under —

*Item b(i)*—It was stated that the main reason for comparatively low per centage of return in the case of Gurgaon depot was the high cost of operation recorded expenditure being 95 paise per kilometre as against an average of 88 paise. However due to the several actions taken by the department the position had improved and the profit per kilometre during 1971 72 and 1972 73 was 17 and 14 paise, respectively.

As regards Rohtak depot it was mentioned that this depot had also shown gradual improvement in spite of the rise in expenditure and the profit per kilo metre during 1971 72 and 1972 73 was 31 and 27 paise respectively

*Item b(ii)*—The proforma accounts of Gurgaon depot for the year 1969 70 were stated to have been prepared in September, 1970 and those for 1971 72 on 31st July, 1972

*Item c(i)*—The reserve limit of stock was stated to have been fixed at 20 per cent of the fleet value in accordance with the instructions contained in letter No CO/590 92/N dated the 25th January 1954 from the Transport Controller Punjab wherein the upper limit of different categories of stocks had also been fixed. It was stated that the value of the stores held in all the depots as a whole was within the prescribed limits

*Item c(ii)*—It was explained that as the accounts of the Roadways were being kept on the single entry system it was not possible to maintain the Journal and Ledger in view of the provisions contained in Article 20 of the Account Code Vol I. The existing provisions in the Accounting Procedure were being examined and steps would be taken to amend them

*Item c(iii)*—It was stated that 2 per cent amount payable on account of chassis and 5 per cent on account of cost of body building could not be worked out correctly on account of certain recoveries which became due as a result of defects and delay involved in fabrication of bus bodies. The practice in vogue on this account was to debit the deferred amount on payment

*Item c(iv)*—The value of the stores utilised was arrived at in accordance with the accounting rules procedure and forms for Government transport services. However the Stores Master Account had since been started in each service with effect from 1st April 1970 and as such the value of the stores consumed would now be worked out on the basis of actual issues in future

*Item c(v)*—It was stated that the total amount involved was Rs 50 782 out of which Rs 26 492 had been adjusted and the balance which still remained to be adjusted amounted to Rs 24 290. Efforts were being made to contact the firms personally. Out of 8 cases where advances had been given to the officials 5 cases had since been accounted for and in the remaining 3 cases departmental enquiries were in progress. In regard to the cases involving double payments it was explained that originally the total amount involved was Rs 6 336 out of which only an amount of Rs 2 001 remained to be adjusted. Personal efforts were being made to recover this amount. This oversight had occurred because at the time of this incident there was no system of double checking and the resident senior auditors used to be the sole incharge of these matters. Now the post of Assistant Accounts Officers had been created in order to ensure double checking

*Item c(vi)*—Out of the amount of Rs 37 969 a sum of Rs 23 774 and Rs 3 525 had been recovered from two parties. The case in regard to the recovery of Rs 10 230 from another party was being pursued by the Punjab Transport Department. The balance recovery worked out to Rs 440 for which efforts were being made by the General Manager Haryana Roadways Gurgaon

*Item c(vii)*—Since there was no practice in other services for showing the unexpired portion of uniforms as pre paid expenses the General Manager, Haryana Roadways Ambala was advised to stop the practice of showing such expenditure as pre paid in future

*Item c(viii)*—It was stated that the difference of Rs 96 969 was due to the fact that the material had been transferred towards the end of the financial year and the inter depot adjustments could not be carried out by the receiving depots during that financial year. However necessary adjustments had been made in the succeeding financial year.

*Item (d)*—It was explained that the extent of dead mileage differed from depot to depot mainly on account of varying distances between the workshops and the busstands. Therefore it was not practicable to fix any general norm of dead mileage. However the question of fixing norm for each depot was under consideration of the department. The increase in the total dead mileage in respect of Gurgaon depot was attributed to the fact that that depot had the largest number of routes touching Delhi where the distance between the workshop and the bus stand was very considerable. Similar was the position in respect of the Chandigarh depot.

*Item (e)*—It was stated that the rooms were never hired by the private transport operators at the bus stand Gurgaon but they were allowed to use the rooms as booking rooms in lieu of parking fee which they were paying at the bus stand. The question of recovery of rent therefore, did not arise.

*Item (f)*—It was stated that the matter had been departmentally investigated and it was revealed that the firm had been entrusted with the work of fabrication of two deluxe pilot bus bodies on trial basis and none was at fault in taking various decisions regarding abnormal delay in the fabrication of these bodies. The State Transport Controller was fully satisfied with the contention of the firm that the delay in fabrication of bus bodies was beyond the control of the body builders and as a result the penalty of Rs 14 670 had been reduced to Rs 3 600 on account of the following grounds —

- (1) finalisation of the specifications
- (2) discussions about the colour schemes
- (3) stage to stage inspection
- (4) approval of bus seats
- (5) design of the deluxe bus body on Dodge Chassis of new model

It was further stated that the balance payable to the firm was Rs 6 600 from which the sum of Rs 3 600 was to be deducted.

*Item (g)*—It was explained that the payment of compensation could not be made to the claimant as she was not satisfied with the amount of compensation awarded by the Motor Accident Claim Tribunal and she filed an appeal in the High Court. In the meantime the reorganisation of the Punjab State took place on 1st November 1966 and since the award was announced earlier to that date the case was referred to the Provincial Transport Controller Punjab for arranging payment. After a great deal of correspondence it was ultimately decided that the entire liability would be of the Haryana State as the accident took place at Rohtak. On the basis of this decision sanction for the payment of the compensation was conveyed by the Government on the 5th July 1968 and accordingly payment was made on the 31st August 1968.

It was further stated that the Flying Squad Officer Gurgaon had been entrusted to hold a regular enquiry to fix responsibility for the delay resulting in payment of huge amount of interest. However the enquiry could not be finalised due to the non availability of the relevant record from the office of the Provincial Transport Controller Punjab. The relevant record had since been obtained in September 1973 by personal efforts and the enquiry would now be conducted expeditiously.

*Item (h)*—It was mentioned that this case occurred in the erstwhile State of Punjab long before the reorganisation of the State and the records of the case were not available.

However, in order to minimise the happening of such cases iron/wooden boxes along with the locks had been provided in the buses and were issued to the conductors/Adda Conductors for the safe custody of the tickets.

*Item (i)*—It was stated that some spare parts were rendered surplus/obsolete as a result of switching over from Dodge/Meadows to Leyland vehicles in April 1968.

Out of the total amount of Rs 7,11,742 stores worth Rs 3,49,405 had been disposed of leaving a balance of Rs 3,62,337 as on 31st August, 1973. The list of the remaining surplus/obsolete stores had been circulated amongst all the State Transport Undertakings sister concerns and firms of repute in the trade and strenuous efforts were being made to dispose them off.

*Item (j)*—It was stated that the case was discharged by the court of law on the 9th December 1970 and all the 13 drivers were acquitted. The court had decided the case in favour of the drivers due to the non availability of direct evidence with the department to substantiate the charge of embezzlement and as such, departmental enquiry could also not be constituted. It had not been possible to determine the quantum or even to establish the fact of loss of diesel since it could not be traced out to any perceptible variation in the kilometrage per litre. However the supply of HSD from the Auto Supply Company at Hodal were stopped and now the entire supply of the HSD was arranged by M/s Indian Oil Company either through consumer pumps or through their authorised dealers on the approved rates.

The Committee observe that in the case of certain depots, such as, Gurgaon, Rohtak and Jind the percentage of return on capital is sufficiently low and special steps need to be evolved by the department to improve their working.

The Committee also find that heavy advances had been made to the suppliers and to the officials in Gurgaon depot and these remained unadjusted for a pretty long time and in 3 cases double payments to the extent of Rs 4,571 had been made to the firms mainly because of negligence on the part of officials concerned.

The Committee recommend that all the outstanding advances as also the balance amount recoverable on account of advertisement charges be recovered from the parties officials concerned as expeditiously as possible.

The Committee further regret to note the heavy payment of interest due to the delay on the part of the department to deposit the amount of compensation with the court within the stipulated time and also the non availability of the relevant records in the cases relating to loss of tickets worth Rs 6,799. The Committee urge that the question of fixing responsibility for the avoidable payment of interest be finalised as early as possible and another serious effort be made to trace out the relevant records pertaining to the loss of tickets.

The Committee would also like to know whether the outstanding amount of Rs 66,384 has been recovered from the conductors on account of the tickets lost by them. The Committee would further like to know—

- (1) whether the norms for dead mileage have been fixed for each depot
- (2) whether the recovery of Rs 3,600 from the firm to whom the work of fabrication of bodies for two deluxe coaches had been entrusted has been recovered, and
- (3) the latest position about the disposal of surplus/obsolete stores

#### CO OPERATIVE

*Paragraph 101 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Financial assistance*

11 Government investment in the share capital and debentures of the Co operative Institutions at the close of the year 1968 69 and 1969 70 was as under —

Year	Number of Institutions	Amount (In lakhs of rupees)
1968 69	925	4,41 32
1969 70	980	5 90 19

The investment made during the year 1969 70 amounted to Rs 1 51 39 lakhs and the retirement of shares effected during the year by institutions amounted to Rs 2 52 lakhs only

The amount of loans and subsidies paid by Government to the various co operative institutions during the years 1968 69 and 1969 70 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)	
1968 69	65 28	85 62	85 96	64 94	21 16
1969 70	64 94	10 21	5 49	69 66	8 24

The amounts of principal and interest overdue as on 31st March 1970 were Rs 4 47 lakhs and Rs 5 18 lakhs respectively

The department stated in evidence that Government investment in the share capital of co operative institutions was made with a view to strengthen their financial position, enhancing their borrowing power inspiring public confidence and attract

ing deposits. Out of Rs 4.47 lakhs on account of principal and Rs 5.18 lakhs on account of interest overdue on 31st March 1970, an amount of Rs 2.75 lakhs as principal and Rs 3.11 lakhs as interest now remained to be recovered as on 31st March 1973. It was also mentioned during oral evidence that the total overdue arrears on account of principal and interest as on 31st March 1973 amounted to Rs 13.04 lakhs and Rs 8.93 lakhs respectively. Although arrears due for recovery were stated to be not heavy compared to the amount of loan, special efforts were made every year to effect maximum recovery.

During oral evidence the departmental representative stated that a substantial portion of the outstanding recoveries may have to be written off. On an enquiry as to what were the special circumstances for non recovery of the outstanding amounts the names of societies to whom they pertained the purpose to which they related and whether any specific investigations had been done in regard to these cases, the departmental representative stated that the requisite information would be collected and submitted to the Committee within a month. However this information had not been received by the Committee till the writing of this report.

The Committee are constrained to observe that heavy amounts on account of overdue principal and interest are outstanding against various co-operative societies and much of this is stated to be non-recoverable. The Committee have not been able to understand the reasons due to which effective steps were not taken to recover the amounts of principal and interest at the prescribed intervals as and when they became due and why these were allowed to fall into arrears. The Committee would like the department to undertake a detailed assessment of the individual cases involving large amounts and take immediate and adequate steps for their recovery. In cases where these recoveries have fallen into arrears because of inaction on the part of the departmental officials, suitable action against the defaulting officials be taken.

The Committee regret to observe the delay in the submission of the information promised during oral examination. The requisite information should now be furnished to the Committee expeditiously explaining the reasons for delay.

In this connection the Committee would also like to invite attention to their recommendations contained in para 23 of their 5th Report.

*Paragraph 102 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Interest and Dividend received by the Government*

12. Interest and Dividend received during the year 1969-70 from 19 institutions amounted to Rs 12.44 lakhs and Rs 2.10 lakhs respectively.

*Undue financial assistance to a State Co-operative Bank*—The department provides financial assistance to the Co-operative Societies in the form of share capital loan and subsidy and the payments on these accounts are released through the State/Central Co-operative Banks for making disbursement thereof to the individual Co-operative institutions concerned. Amounts totalling Rs 8.03 lakhs meant for Co-operative Societies were lying undischarged with a Bank as on 31st March 1970. Current account Rs 1.03 lakhs fixed deposit Rs 7.00 lakhs) and the Bank was deriving undue benefit in the shape of interest thereon.

The department stated in evidence that Government's contribution in the share capital of Co-operative institutions was made to—

- (i) strengthen their financial position,
- (ii) enhance their borrowing power and
- (iii) inspire public confidence

It was not motivated by commercial considerations of earning profit since Co operative societies were service institutions. The Co operative societies declared dividend when they were in a comfortable position to do so because the depletion of funds by dividend would require corresponding increase in funds by loan deposits etc, to achieve the contemplated programme of Co operative development. It was also stated that during the year 1970 71 1971 72 and 1972 73 Government had received dividend/interest as follows —

Year	No of institutions	Amount of dividend/ interest
1970 71	12	13 04 lakhs
1971 72	14	22 38 lakhs
1972 73	18	25 63 lakhs

During oral evidence the departmental representative disclosed that 10 marketing societies were running in loss. It was enquired as to whether any study report or analysis had been received in regard to 10 marketing societies running in loss. The departmental representative stated that he would collect this information and furnish it to the Committee. This was however awaited till the writing of this Report.

The Committee would like to be informed about the detailed reasons due to which the 10 Co operative marketing societies were running in loss and the remedial measures taken by the department to improve their working. The names of the 10 marketing societies be also intimated to the Committee along with the reasons for the delay in the submission of the required information promised during oral examination.

*Undue financial assistance to a State Co operative Bank* — The department stated that the amount of Rs 8 03 lakhs was kept in Haryana State Co operative Bank Chandiigarh for being operated upon by the Executive Engineer Panchayat Raj for the purpose of construction of godowns for the Agricultural Credit/Marketing Societies. However, the Executive Engineer delayed the construction work and ultimately the work relating to the construction of rural godowns was withdrawn from him and the amount got transferred to the concerned societies. A sum of Rs 38 573 was earned as interest on the fixed deposit of Rs 7 lakhs and this amount was credited to the current account for being passed on proportionately to the societies concerned which had been sanctioned financial assistance.

The Committee are unhappy to note the unusual delay in the construction of godowns for the Agricultural Credit/Marketing societies by the Executive Engineer, Panchayat Raj. The detailed reasons due to which the Executive Engineer, Panchayat Raj could not complete the construction of godowns within the stipulated time be investigated and intimated to the Committee. The Committee would also like to know as to whether the amount of Rs 8 03 lakhs has since been utilised and as to how many godowns have since been constructed as compared to the number of godowns intended to be built.

*Paragraph 103 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Completion of Audit*

13 As per 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 As detailed below 1 526 such accounts remained unaudited upto 30th June, 1970 —

Accounts upto the Co operative year (beginning July—ending June next)	Number of accounts
1966 67	471
1967 68	516
1968 69	539

The department stated that out of 539 societies remaining un audited as on 30th June 1969 accounts of 347 societies had been audited upto 30th June 1973 leaving a balance of 192 societies whose accounts could not be audited for want of availability of record Of these in 45 cases the record was stated to be with the Police/Court in 15 cases the custodians of the books were not available and in 132 cases the records were not available Most of these societies were stated to be under winding up process but these could not be wound up for want of relevant record

In this connection, the Committee would like to invite attention to their recommendations contained in para 25 of their 5th Report These observations are equally applicable in this case and the Committee would like to have detailed reply in this behalf as early as possible

*Paragraph 104 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Embezzlement/Misappropriation in Central Co operative Banks*

14 In three out of the nine Central Co operative Banks in the State as on 30th June 1969 24 cases of embezzlement/misappropriation involving Rs 4 99 lakhs during 1968 69 had been reported (ending June 1969) by the departmental auditors

The department stated that in all these cases no Government money was involved The cases of embezzlement/misappropriation involving Rs 4 99 lakhs related to the Central Co operative Banks at Jind Rewari and Bhiwani In regard to Central Co operative Bank at Jind it was mentioned that out of the total of 15 cases recoveries had since been effected in 10 cases 3 cases were under trial in the courts and in one case the society had been brought under winding up process and liquidator had passed assessment orders The services of three Bank employees had been terminated and three Secretaries had been dismissed As regards Central Co operative Bank, Rewari, enquiry into the matter revealed that actually there was no embezzlement The society had also repaid the amount of loan along with interest As for Central Co operative Bank at Bhiwani there were two cases One case was pending with the court and the other was under investigation with the police

It was observed that the case relating to the Central Co operative Bank at Bhiwani was under police investigation since 1967 68 During oral evidence the departmental representative was asked to indicate the detailed reasons due to which this case had been pending with the Police for a long time and whether there were any other similar cases where there was delay in the completion of the police investigation The departmental representative promised that he would look into the matter and submit detailed information in this behalf to the Committee This had however, not been received by the time this report was written



The Committee feel that since Government have invested large amounts towards the share capital of the Co operative Banks they should take suitable steps to ensure that the Co operative Banks function smoothly and are on sound financial footing and that Government interests are not jeopardised in any way. If the action taken by the Co operative Banks in cases involving embezzlements/misappropriations is not found to be adequate or the time taken in their investigation is unduly long, the department should take effective measures to see that these cases are finalised quickly and the investigations are completed within the shortest possible time. The Committee would also like to know the latest position about the pending cases relating to the Central Co operative Banks at Jind and Bhiwani and the result of the enquiry into the reasons for the delay in the police investigation of the case pertaining to the Central Co operative Bank at Bhiwani.

*Paragraph 105 of the Report of the Comptroller and Auditor General of India for the year 1969-70*

15 A review of the audited accounts and reports of certain selected societies, conducted during June/July, 1970 revealed the following points —

- (i) In addition to the cases reported in para 97(A)(1) of the Audit Report 1970 further cases of embezzlement/misappropriation of Rs 27.78 lakhs in 517 societies were noticed by the Departmental Auditors.
- (ii) The various irregularities pointed out in the Audit Report 1970 as detailed below continued to persist —
  - (a) Non submission of certificates of utilisation of subsidy assistance,
  - (b) Non approval of draft Administrative Rules governing the grant of financial assistance to co operative societies
  - (c) Non completion of the godowns by the agricultural co operative societies with the Government grant made available to them and
  - (d) continued unprofitable working of the Central Co operative Stores. During 1968-69 the working of 9 Central Co operative Stores resulted in a net loss of Rs 10.25 lakhs.
- (iii) (a) On 30th June 1969 1431 societies, wherein Government interest was to the extent of Rs 8.64 lakhs were in the process of winding up.
- (b) The State Government invested Rs 6 lakhs in March 1969 in the share capital of a Cotton Growers and Handloom Weavers Co operative Society registered in 1963. This society was also brought under winding up process on 31st March 1970.
- (c) The State Government invested Rs 20 lakhs each in the share capital of the Haryana Co operative Sugar Mills Limited Rohtak and Panipat Co operative Sugar Mills Limited Panipat. During the year ended 30th June 1969 both these sugar mills incurred loss to the extent of Rs 31.32 lakhs and Rs 16.90 lakhs respectively. The percentage of recovery of sugar during the year 1968-69 in the Rohtak Mills was only 5.68 as against 7.39 in the Panipat Mills. This percentage was much less than in the preceding two

years (8 16 and 8 91 in the case of Panipat Mills and 7 67 and 8 04 in the case of Rohtak Mills)

The working results of the Panipat Co operative Sugar Mills Limited Panipat for 1968 69 are subject to the following observations —

- (i) Closing stock of sugar (free quota) at the end of 1968 69 was valued at the higher market rate instead of at cost resulting in overstatement of closing stock by Rs 3 98 lakhs
- (ii) The closing stock of stores was exhibited at Rs 9 66 lakhs as on 30th June 1969 but the physical verification of the stores conducted in June 1969 after a lapse of four years revealed only the existence of ground balances to the extent of Rs 4 79 lakhs
- (iii) The assets (Roads) at the end of 1968 69 included Rs 1 21 lakhs representing 2 900 tonnes of residual limestone utilised for the repairs of roads during 1967 68 but wrongly capitalised
- (iv) 1 526 47 quintals of molasses released in October 1968 by the Excise Department for free sale were put to auction on 6th November 1968 and the highest price offered (Rs 0 16 lakh) was considered very low. This commodity had however to be sold in February 1970 for only Rs 2 800. The Board of Directors of the Society decided (January 1970) that responsibility for this loss should be fixed. Action was yet (July 1970) to be taken in this regard.

*Panipat Co operative Sugar Mills Limited Panipat*

*Improper purchase resulting in extra expenditure of Rs 0 20 lakh*—The management invited quotations thrice (July 1968 August 1968 and September 1968) for the purchase of one lakh gunny bags. The Purchase Sub Committee deferred the purchase of gunny bags on receipt of quotations in July and August 1968 without recording any reasons therefor and ultimately decided on 3rd September 1968 to purchase 50 000 (actual supply 46 000) gunny bags at the rate of Rs 252 per 100 bags as against the lowest offer of Rs 230 per 100 bags received in July 1968. Balance 50 000 gunny bags were ordered from the Haryana Co operative Sugar Mills Rohtak which supplied the same at Rs 302 per 100 bags (inclusive of excise duty and freight) against Rs 285 per hundred bags as per the rates received in July 1968. The extra expenditure incurred on the purchase of gunny bags amounted to Rs 0 20 lakh.

*Item (i)* The department stated in its written memorandum that the number of societies where cases of embezzlement/misappropriation involving a sum of Rs 27 78 lakhs had occurred was 540 and not 517. The information in regard to the latest position of these cases was being collected but it was likely to take some time since these societies were scattered all over the State.

In this connection, the Committee would like to invite attention to their observations contained in para 28 of their 5th Report. The Committee are distressed to note the large number of cases involving embezzlement/misappropriations in the various societies. The Committee would like to know the latest position about all such cases as expeditiously as possible along with the prospects of recovery of embezzled/misappropriated amounts.

*Item (ii) (a)* It was stated that out of 591 utilisation certificates involving Rs 2 69 113 at the end of 1969 70 utilisation certificates of 417 societies involving Rs 2 01 473 had been received leaving the balance of 174 societies involving an amount of Rs 67 640. The societies concerned were reminded to send utilisation certificates and wherever these were not forthcoming efforts were made to recover the subsidy amount.

The Committee desire that the utilisation certificates in the remaining cases be obtained quickly and sent to audit under intimation to them.

*Item (ii) (c)* It was stated that out of 28 and 42 godowns planned to be constructed during 1967 68 and 1968 69 the construction of 18 and 12 godowns respectively had been completed. 4 and 9 godowns were under construction and in 2 cases the amount was refunded leaving the balance of 6 and 19 godowns which had not been taken up. The Assistant Registrars had been asked to get the amount of financial assistance refunded where the societies had failed to construct their godowns.

The Committee would like to know the latest position of construction of godowns and the utilisation of the financial assistance given to the various societies.

*Item (ii) (d)* It was stated that the State Government had appointed a Committee consisting of Registrar Co-operative Societies as Chairman and Deputy Secretary Finance and Deputy Registrar Consumer Stores as members to enquire into the losses sustained by these stores. The Committee had attributed the losses in these stores to various reasons and steps were being taken by the department to remove them.

In this connection, the Committee would like to invite attention to the observations made in para 32 of their 5th Report. The Committee would like to be informed about the final steps which have been taken by the department to improve the working of the Consumer Co-operative Stores and to avoid losses being incurred in these stores.

*Item (iii) (a)* It was stated that the information regarding Government investment in the societies under winding up process was being collected from the field staff. The main causes of societies being put under winding up process were —

- (1) Unsatisfactory working
- (2) Violation of Acts and Rules and
- (3) Financial unsoundness

The Government investment in a society was the first charge on the assets of the society and part of the amount could also be recovered from the members of the societies to the extent of their liability. It was also stated that efforts were made from time to time to revive the willing societies on the recommendation of the liquidator appointed for carrying out winding up process.

The Committee desire that the detailed information indicating the amount of Government investment in 1 431 societies which were under winding up process along with the number of societies which had been revived as also the loss of Government investment be furnished to the Committee expeditiously. In this connection, the Committee would also like to invite attention to their observations contained in para 31 of their 5th Report.

*Item (iii) (b)*, It was stated that according to the scheme Government was to contribute Rs 10 lakhs towards the share capital of the society subject to the collection of matching share money from the public. By March 1969 the management of the society collected share money to the extent of Rs 6 lakhs from the public and hence Government advanced an equal amount on 3rd March 1969 to enable the society to go ahead. The society was wound up because the project was later on abandoned due to various reasons. Government share of contribution had been deposited into the treasury on 28th January 1971 and steps for returning share money collected from the public were being taken by the liquidator.

The Committee observe that the investment in the share capital of the society was made without careful thought and assessment of the financial position of the society to implement the scheme. The Committee would like to be informed as to whether the share money collected from the public has since been returned.

*Item (iii) (c)* It was stated that in the year 1955-56 when the sugar mills were set up it was estimated that the sugar mill with cane crushing capacity of 1 000 tonnes per day would cost about Rs 120 lakhs. In order to finance this project it was advised by the Government of India that Rs 20 lakhs should be collected from the growers. Rs 20 lakhs be contributed by the State Government and the remaining Rs 80 lakhs should be borrowed from the Industrial Finance Corporation of India. The investment of Rs 20 lakhs in the shares of each Co-operative Sugar Mill was made in consonance with the pattern followed all over the country. The Co-operative Sugar Mills in Panipat and Rohtak had suffered losses during the year 1968-69 due to the reason that there was heavy attack of Pyrilla on sugar cane crop throughout the Northern region. The long drought and subsequent cold spell further aggravated the situation. In the subsequent years both the sugar mills had earned profit and their recovery position had also improved. The percentage of recovery of sugar during 1972-73 was 8.86 in the Panipat Mills and 9.29 in the Rohtak Mills. The profit earned by the two Mills during 1971-72 amounted to Rs 18.14 lakhs and Rs 17.49 lakhs respectively.

The Committee recommend that the working of the Co-operative Sugar Mills be kept under constant watch so as to ensure that there is no deterioration in their financial viability.

As regards the working results of the Panipat Sugar Mills for 1968-69 the position was explained as under —

*Item (i)*—According to the accepted principles of commercial accounts as recognised by the Income Tax Law the stocks were to be valued at cost or the market price whichever was less. Since a part of the sugar was controlled the cost of which was lower than the market price the stocks were valued partly at controlled rates and the balance on the basis of the principle enunciated above.

The Committee would like to know the provision in the rules of the Panipat Co-operative Sugar Mills in regard to the valuation of the closing stock of sugar at the end of the year and whether the position now stated is in conformity with these provisions.

*Item (ii)*—The physical verification of all the store items had not been conducted every year although major items were checked up annually. Complete physical verification of stores was undertaken at the end of the year 1965-66 and as a result thereof the difference in respect of excesses and shortages was kept aside for proper adjustment in due course without mixing the accounts of current receipts and issues. Practical experience had shown that every year huge task was involved

and the staff possessing technical skill was required to be detailed to the exclusion of other important activities for a long time if a thorough stock taking of all the store items was aimed at. Keeping this consideration in view the Mills had conducted the physical verification of all major items annually to the accompaniment of some other items which were picked up for checking at random from year to year. The variation between the book version and the ground stock position was to the extent of Rs 8,724 at the end of the year 1968-69. These were attributable mainly to lack of proper adjustment otherwise in reality there was no shortage.

The Committee feel that since the physical verification of the store items is an essential and continuing feature, some workable arrangement be evolved to ensure that various items in stock are physically checked at the end of the prescribed intervals and that any large variations between the book balances and the ground balances are investigated with due promptitude. The Committee would also like to know whether the difference between the book balances and ground balances previously noticed has been settled.

*Item (iii)*—The bits of lime stone could not be utilised in the manufacturing process because of their smallness. These were used for the construction of new roads in the parking ground and the colonies of the mills. The value of kacha roads was only Rs 4,311. After the use of lime stone valuing Rs 1.20 lakhs, their capital value was also correspondingly raised. This could not have been shown as revenue expenditure for a property valued at Rs 4,311 and according to the provision of Income Tax law there was no way out but to capitalise the amount. It was also stated that the correctness of the procedure followed by the mills had been confirmed by the Income Tax assessment pertaining to the year in question.

The Committee feel that the position in this behalf should have been suitably explained to the audit at the time the objection was raised. This would have obviated the necessity of including this point in the Audit Report.

*Item (iv)*—The offer made by the intending buyer to pay Rs 16,000 for molasses was turned down by the sub-committee of the Board of Directors on 16th November, 1968 as the prevailing rates of molasses were fairly high. The management had received another offer in which the party concerned showed its inclination to pay Rs 20,000 but the party did not turn up to take its delivery nor did it deposit any amount. The matter remained under correspondence and in the mean while the molasses lying in kacha pits got deteriorated on account of rains. Consequently the Board decided to dispose of molasses for Rs 2,800.

During oral evidence the departmental representative was asked to indicate the market value of the molasses at the time the offers of Rs 16,000 and Rs 20,000 were received and what was the reserve price if any fixed for the purpose of disposal of the molasses. The departmental representative promised to supply this information in due course which however, had not been received by the Committee till the writing of this Report.

The Committee would like to have the requisite information promised during oral examination as early as possible. The Committee would also like that the reasons due to which suitable steps were not taken to avoid deterioration of molasses due to rains, etc., be also investigated and intimated to the Committee.

*Improper purchase resulting in extra expenditure of Rs 0.20 lakh*—It was stated that the Purchase Sub-Committee deferred the purchase of gunny bags in the month of July 1968 in the hope that the rate might decline further. The jute market recorded considerable price fluctuation and as the chance would have it

the rates of gunny bags which were anticipated to register downward tendency went up. Consequently the purchases of gunny bags were made on 3rd September 1968 after obtaining quotations telegraphically from the open market.

The Committee do not feel convinced with the reasons advanced for the deferment of the purchase of gunny bags in July, 1968 merely in the hope that the rates might go down. The Purchase Sub Committee should have based its recommendations on some concrete data instead of merely working on presumptions. The Committee urge that in future such instances should be avoided and the purchases should be effected in as prudent a manner as possible.

## AGRICULTURE

*Paragraph 28 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Seed farms*

16. The Central team on Agricultural Production Programme reported in 1963-64 that cultivation of seed multiplication farms through tenants had not proved satisfactory and therefore recommended abolition of tenancy system in vogue in the State. Purity of foundation seeds was considered to be vital for stepping up agricultural production. It was felt that high quality foundation seed could be produced only at Government seed farms for supply to registered growers for further multiplication. The department decided in June 1966 to abolish the tenancy system in some farms and switch over to direct cultivation. Eleven farms in five districts (area of about 1,020 acres) were proposed to be brought under direct cultivation from 1966-67. It was actually implemented in 1967-68.

It was envisaged that these farms would be run on commercial lines yielding income of Rs 8.66 lakhs in 1967-68 and Rs 9.57 lakhs in 1968-69 against anticipated expenditure of Rs 5.20 lakhs and Rs 5.45 lakhs respectively.

A review of the farms conducted in October 1969 revealed the following—

(a)(i) Over all production of all types of seeds (excluding those unfit for use) was only 5 per cent and 28 per cent of what was estimated to be produced in 1967-68 and 1968-69 respectively while the expenditure (establishment Rs 2.93 lakhs contingencies Rs 7.64 lakhs) incurred was 96 per cent and 102 per cent in 1967-68 and 1968-69 respectively. Total produce including that disposed of as unfit for use as seeds was 15 per cent and 40 per cent of anticipated yield for 1967-68 and 1968-69 respectively as detailed below—

		1967-68			1968-69		
		Esti- mated produc- tion	Actual produc- tion	Percen- tage	Esti- mated production	Actual production	Percen- tage
		(in tons)			(in tons)		
Sugar cane	(i) fit seed	600			675	132	20
	(ii) after adding un- fit seed					181	27

		1967-68			1968-69		
		Esti- mated produc- tion	Actual produc- tion	Percen- tage	Esti- mated produc- tion	Actual produc- tion	Percen- tage
		(in tons)			(in tons)		
Oil seeds	(i) fit seed	12			15	2	13
	(ii) after adding un- fit seed		14	117		13	87
Food grains	(i) fit seed	1 144	80	7	1,284	407	32
	(ii) after adding un- fit seed		232	20		577	45
Cotton	(i) fit seed	30	18	60	34	19	56
	(ii) after adding un- fit seed		26	87		23	68
Total	(i) fit seed	1,786	98	5	2,008	560	28
	(ii) after adding unfit seed		272	15		794	40

(b) *Working results of the farms* — Profit and loss accounts for 1968-69 had not been prepared by the department even though these were required to be prepared and checked by 30th June 1969. Working results after taking into account the total expenditure including depreciation and interest and the total receipts of ten farms (the accounts of one farm were not produced) as supplied by the farm authorities, show that there was loss of Rs 1.02 lakhs in 1967-68 (two farms, however, showed profit of Rs 0.21 lakh). Although there was a net profit of Rs 0.88 lakh in 1968-69 two farms incurred loss of Rs 0.26 lakh during that year.

The loss was mainly attributed by the department to inadequate arrangements for water supply and purchase of costly seeds of high yielding varieties requiring heavy doses of fertilisers. The available irrigation facility at one farm was not utilised fully as the tubewell remained out of order for a full year i.e., December, 1966 to December, 1967. The Administrative Officer Agriculture, Co-operative and Animal Husbandry Departments, Hissar had reported to Government in October 1967 on the block seed farms in Hissar zone that whereas privately owned farms showed large profits, Government farms were incurring losses even though all facilities were available in such farms.

(c) In seed farm Hansi theft of 70 quintals of wheat grain (value Rs 7,350) took place on the 26th July, 1967. Thereafter the department conducted internal check of the stores as a result of which shortages worth Rs 17,949 came to notice. The then store keeper of the farm was held responsible for the shortage worth Rs 7,444.

The department intimated in November 1970 that Police had since declared this theft case as a case of embezzlement. The store keeper was dismissed from

service on 15th September, 1969 but a civil suit for the recovery of Rs 7 444, as advised by the State Legal Remembrancer was still (October, 1970) to be filed. Action to fix responsibility for the balance shortages of Rs 10 505 was still (October 1970) to be completed.

(d) *Working of tractors*—Check of the log books of tractors revealed the following —

- (i) Most of the tractors (five) remained idle for 10 to 15 months
- (ii) Facility for use of tractors from the date of purchase was available for 9 640 days both during 1967-68 and 1968-69. They were however, utilised for 4,039 days only i.e. only 42 per cent
- (iii) Government orders provide that tractors, when not required on the farms should be given on hire in the surrounding areas. In only one case<sup>1</sup> (Kishanpur farm) a tractor was hired out fetching Rs 1,032
- (iv) Repair charges of tractors during 1967-69 in 10 farms (in one case for one year only) were Rs 0.35 lakh, while the tractor plied for 3 057 working days (i.e. Rs 11.5 per tractor per working day). The Deputy Director Agriculture, Karnal had stated in October 1967 that the tractors purchased were defective
- (v) Three tractors were at Hansi farm, and no driver had been appointed on a regular basis. One driver was employed on casual temporary basis. The tractors were surplus and lying idle
- (vi) No norms for consumption of petrol, oil lubricants etc., on tractors had been fixed. Expenditure on these during 1967-69 in eight farms was Rs 0.77 lakh

(e) *Crop registers* —Condition of the crop and estimated yield of the crop before harvesting had not been recorded (except in Kohlawas and Hansi farms) in the crop registers (required under the rules) to guard against the possibility of pilferage of the produce. In Kohlawas the actual yield varied from 61 per cent to 70 per cent of the estimated yield while in Hansi it varied from 67 per cent to 87 per cent. Reasons for the short fall as given by the department were lack of proper irrigation facilities, inadequate rains and other natural calamities like blowing of dry winds etc. No corrective action had been taken by the department (October 1970).

The department stated in evidence that agricultural production mainly depended on various factors such as timely rainfall, favourable weather conditions assured irrigation, regular supply of electricity and arranging timely inputs. There were 11 seed farms which were taken over under direct cultivation in the year 1967-68, with an area of 1,020.90 acres. The existing source of irrigation for these farms was mostly through canals. However its supply was inadequate and efforts were made to get enhanced canal water supply for all the farms. The position in regard to the various point raised in the audit paragraph was explained as under —

*Item (a)* The estimated production of different seeds as envisaged in the scheme and subsequent achievements for the years 1967-68 and 1968-69 and in the succeeding



years were furnished by the department in its written reply. These figures for the last two years were indicated as under —

	1971-72			1972-73		
	Target	Achievement	Percentage	Target	Achievement	Percentage
	(in tonnes)			(in tonnes)		
Foodgrains	1 200	1,142.1	95%	990	816.4	82%
Cotton	35	76.2	217%	180	123.5	69%
Oil Seeds	25	16.5	68%	20	20.4	100%
Sugarcane	850	21.4	2%	200	178.2	89%

It was explained that the production estimates were purposely kept on the high side so that the staff could be geared to increase the production from these farms. While the percentage of achievement *vis à vis* target had been low during 1967-68 and 1968-69 there had been substantial increase in the production of foodgrains and cotton. In case of oil seeds there had been variation from year to year as success of this crop depended on weather conditions and incidence of pests. As regards the sugarcane, although production target had been fixed yet this crop depending on the individual farm conditions could not be included in the cropping scheme of the farms regularly.

*Item (b)—Working results of the farms*—The figures of profit and loss account of the scheme since 1967-68 were shown as under —

Year	Income	Expenditure	Profit(+) Loss (—)
	Rs	Rs	Rs
1967-68	4,50,655	5,08,206	—57,551
1968-69	8,70,436	6,83,176	+1,86,960
1969-70	7,52,118	5,77,083	+1,75,035
1970-71	10,58,586	8,62,192	+1,96,394
1971-72	12,68,242	9,93,008	+2,75,234

The main reason for loss during 1967-68 was that although the expenditure on Rabi 1967-68 sowing was accounted for in profit and loss account of that year

income from this crop occurred in the next year viz 1968 69. It was added that the profit and loss accounts were prepared according to each financial year whereas these should pertain to the agriculture year. The matter had been referred to the Government for their consideration in regard to the preparation of profit and loss accounts. The following steps were also stated to have been taken to improve the conditions of the farms so as to increase production —

- (1) Enhanced supply of canal water was made available at all the 11 farms
- (2) To augment the canal water supply sub soil water was tapped and tubewells and pumping sets had been installed at 8 farms
- (3) The topography on most of the farms was uneven and soil conservation measures were adopted to improve the physical conditions of the soil by proper levelling and improving water channels

It was further stated that it was not correct that the private farms were showing more profits than the Government seed farms, in spite of heavy expenditure incurred on production of pure and quality seeds. They did not maintain any record particularly with regard to inclusion of interests on capital expenditure depreciation charges and labour and establishment charges.

*Item (c)* It was stated that after adjusting the seed excess found and reconciling other discrepancies the balance shortages against the then storekeeper now came to Rs 5 446. In regard to the filing of civil suit, it was mentioned that it could not be done as D C Sonapat had been asked to intimate the details of property vested in the name of the then storekeeper.

*(d) Working of tractors—*

(i) It was stated that tractors could not be fully utilized as most of them were purchased during the period from April, 1966 to November 1966 but the scheme of the direct cultivation was taken up from 1st April 1967. Thereafter the case regarding the appointment of staff took some time. The tractors were now being used profitably.

(ii) The economical average working period of a tractor was 1,000—1 500 hours over a year calculated on the basis of different operations required for crop production depending upon number of ploughings, plankings, seedings and other allied operations. All the tractors were required to fulfil this condition with little variations with regard to physical working conditions.

(iii) Tractors were generally not given on hire without detriment to Government work as the working period of the tractors both at Government farms and with the hiring agencies synchronised. Now the tractors were not given on hire.

(iv) It was stated that the repairs were necessitated to avoid losses at the time of different field operations towards seed crop production. No period/norms of repairs could be fixed.

(v) It was stated that originally one tractor was provided for Hansi farm for which a driver was arranged. The services of tractor mechanic were utilised as tractor driver also for sometime. Now regular appointment of tractor drivers had been made and since November 1970 the tractors were regularly used and no tractor remained idle for want of tractor driver.

(vi) It was mentioned that no uniform norms for consumption of petrol oil lubricants etc. could be fixed for all the farms because consumption varied with every type of operation and also depending upon the type of the soil of the individual farm. However checks were exercised through the log books of the tractors which were now being maintained regularly.

(e) *Crop Registers*—It was stated that the crop registers were duly maintained but there were some discrepancies regarding which strict instructions had been issued to the supervisory officers to fill up and check crop register on their visits to the farms. Now estimates of the yields were being got done at every farm by the statistical wing of the department which were proving more accurate and the scope of pilferage had been pinned down. Irrigation facilities had also improved to a considerable extent although they still needed more improvement.

The Committee observe that although from the data furnished by the department, it appears that the seed farms have shown some improvement, yet there is still a large scope for improving their working further. The idea of seed farms is no doubt laudable and the purity of the foundation seed is vital from the point of view of increasing agricultural production but to achieve this end, it is utmost necessary that the Government seed farms should serve as a model and supply seed of the highest quality to the farmers. Side by side it should be ensured that the seed farms functioned on sound financial footing and there were no cases of unnecessary losses, wastages etc., and that suitable remedial steps were taken in proper time to plug loop holes, where necessary.

The Committee also observe that there was loss at the seed farm Pundri during the year 1972-73 while figures of the income and expenditure were not made available in respect of two farms at Kohlawas and agricultural station, Hansi. The Committee would like that the reasons for the loss incurred at Pundri Farm be investigated and suitable steps taken to place it on proper financial footing. Figures of income and expenditure relating to Kohlawas and agricultural station, Hansi be also furnished to the Committee at an early date. Besides, the department should ensure that the tractors at the farms were utilized to the optimum capacity in order to achieve maximum results and that they did not remain idle unnecessarily. The Committee would also like to know the action taken on the report of the Deputy Director, Agriculture, Karnal made in October, 1967 that the tractors purchased were defective.

The Committee would further like to know whether the civil suit against the then store-keeper responsible for embezzlement of grain at Hansi farm had since been filed and what were the prospects of recovery of the balance shortage of Rs 5,446.

*Paragraph 31 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Purchase of hybrid maize seed*

17 Under the hybrid varieties programme the department purchased for distribution 256 quintals of hybrid maize seed for Kharif 1967, 1,075 quintals for Kharif 1968 and 448 quintals for Kharif, 1969 at Rs 200 per quintal. Of these, 1,087 quintals were sold up to April 1970. 692 quintals (23 quintals purchased for Kharif, 1967, 589 quintals for Kharif 1968 and 80 quintals for Kharif 1969) were still (October 1970) lying unsold. The Department could not sell 375 quintals costing Rs 0.94 lakh as the seed was damaged or below the prescribed standard of germination and therefore, not re-certified for sale. It also remained unsold for human consumption or even as cattle-feed because it was treated with poisonous chemicals. The amount spent on storage re-certification and transportation from the depots to the place where the laboratory is situated could not be known.

The balance of 317 quintals of unsold seed (9 quintals purchased for Kharif 1967 228 quintals for Kharif 1968 and 80 quintals for Kharif 1969) was stated to have been sent for re certification for Kharif 1970, the germination report is awaited (October 1970)

The department stated in evidence that Deputy Directors of Agriculture were the seed depot officers and they had full powers to purchase and dispose of the seed. Previously they could purchase the seed from the individual growers but now they could buy seed only from National Seed Corporation or other recognised institutions. Seed was always purchased keeping in view the likely demand as indicated by the Block Development and Panchayat Officers and field staff of the Agriculture Department overall production target of the district trend of sales in the previous years and the availability of the seeds from local sources. Sometimes the sale of the seeds was less because of changed circumstances like non availability of adequate irrigation facilities failure of rains and fall in the market prices of commodities. The seed depot scheme was overall running on profit. It was also mentioned that under the Seed Depot Act it was an offence to sell the seed which was not up to the standard quality. The balance stock of seed was not sold as seed in the next year as it was not fit for seed purposes. Since the seed was treated and could not be used for consumption it could only be purchased by mills which had facility for treating the seed for removing the harmful effect of the treatment already done. One mill at Yamuna Nagar and other firms were contacted but they did not find it fit for their purposes.

It was also stated that no expense on transportation and storage was incurred as the seed was stored in the departmental godowns.

It was further stated that the balance quantity of 72 quintals of seed was auctioned at the rate of Rs 12 per quintal resulting in a loss of Rs 19,782.

The Committee feel that the department should devise suitable means to ensure that various varieties of seeds were purchased from year to year as near to actual requirements as possible. The requirement of seeds should be assessed on a scientific basis in order to avoid unnecessary losses as a result of over estimation of purchases particularly as the seed left over in a year has to be got re-certified for sale and it also loses its genetic purity with the passage of time. The Committee also find that only 72 quintals of seed were auctioned at a loss of Rs 19,782. The manner in which the balance quantity of seeds was disposed of be intimated to the Committee.

*Paragraph 96 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Loss due to excessive procurement of seeds*

18 The department procures seeds for sale to farmers through various sources in various districts at prices fixed by the Department. During the period 1966-67 to 1969-70 the purchase of various seeds in three districts was much in excess of the actual demand with the result that large quantities of seeds had to be sold in auction at rates far lower than the procurement rates. The details of the seeds procured and disposed of by the Department are given below—

Year	Procurement		Disposed by sale for farmers		Disposed by auction	
	Quantity (in quintals)	Value Rs	Quantity (in quintals)	Value Rs	Quantity (in quintals)	Value Rs
1966-67	1,003 50	1,08,777	849 14	95 102	154 36	12,304
1967-68	815 49	67 447	461 36	39,182	354 13	20,606
1968-69	10,477 92	14 79 979	7 803 80	14,15 286	2,610 99	1,31,841
1969-70	500 00	41,600	265 18	25,191	204 08	16,294

The loss sustained by the department on account of such auction sales amounted to Rs 1 43 680

In one district the department had still (May 1970) a balance stock of 93 87 quintals of seeds procured during 1968 69 and 1969 70

The department stated that the requirement of seeds was worked out well in advance in accordance with the needs of the farmers in consultation with Block Development and Panchayat Officers. The demand of the farmers could not be precisely ascertained as there were many factors which influenced it. Canal closure, deficiency of rains, slump in market prices and availability of credit from the local shopkeepers affected the purchase of seeds by the farmers. In the past purchases were made from open market but new seeds were procured from the National Seed Corporation or other recognized institutions. Checks and counter checks were exercised for the assessment of seeds by canalising the process from Agricultural Inspectors circle to Block level and sub divisional level and it was finalised at the district level. The following figures of profit and loss were furnished stating that the scheme had now started running in nominal profits

Year	Profit(+)Loss (-)
	Rs
1969 70	— 1 10 798
1970-71	+ 85,625
1971 72	— 2,78,188

Information from Rohtak and Karnal was stated to be still awaited

The Committee observe that the seed depot scheme is running at a loss rather than making profits as argued by the department. In 1971-72 alone this scheme had suffered a loss of Rs 2 78 lakhs (excluding Rohtak and Karnal). The Committee urge that the reasons for the incurring of losses in the seed depot scheme be fully investigated and effective steps be taken to ensure that there are no wastages or other irregularities. The Committee would also like to know the latest figures of profit and loss relating to this scheme

In this connection the Committee would also like to invite attention to the observations contained in para 17 of this Report

#### ANIMAL HUSBANDRY

*Paragraph 94 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Government Livestock Farm Hissar*

19 The farm is intended to breed good quality pedigree bulls, rams, donkey stallions, boars and sows for issue to the village breeders and thus, upgrade the cattle wealth of the State in particular and the country in general

Reorganisation scheme—its targets and achievements—In order to improve and reorganise the farm so that it may produce larger number of good dual purpose Haryana bulls and high milk yielding cows by undertaking scientific methods of breeding, feeding and management the Government of India agreed in October 1962 to subsidise a project under the Third Five Year Plan by Rs 138 56 lakhs

(representing 50 per cent share of the non-recurring expenditure alone) The Project scheduled to be completed by end of the Third Five-Year Plan period envisaged *inter alia* the division of the farm into three sectors each covering cultivable area of the five thousand acres with a foundation stock of 600 Haryana cows of breedable age for producing superior bulls to meet the acute shortage of proven bulls in the country. Later on considering the growing demand for bulls of mixed breed and urgent demand of milk, it was decided in January 1967 that half of the third sector of the farm should be stocked with Tharparker cows and half with Murrah Buffaloes of breedable age.

By end of the Third Plan period only two sectors could be established and the 3rd sector was spilled over to the Fourth Plan. The establishment of the third farm had been completed except for a part of the staff quarters (June, 1970). However as against 600 (300 each of Tharparker cows and Murrah Buffaloes) animals of breedable age required to be stocked in the 3rd sector 266 breedable animals only (comprising of 99 Tharparker cows, 154 Murrah Buffaloes and 13 Jersey cows) had been maintained. Further the entire scheme contemplated that 6,000 acres of land would be developed for cultivation and 9,000 acres for irrigated pastures. The department had stated (July, 1970) that due to large areas having been transferred to other State Government Departments and Government of India, the scheme of raising the irrigated pastures had to be abandoned. Out of the total 13,785 acres of land attached with the Farm (June 1970) 6,930 acres had only been put under direct cultivation 3,065 acres leased on *Batai* and the remaining 3,789 acres were lying as waste (unclaimed 2,610 acres covered by roads, *Khals* 303 acres and buildings 876 acres).

**Working Results**—The main sources of revenue of the farm are the grains and fodder produce and the rental for the land leased. The grain produce is sold in the market, whereas the fodder is used for feeding the livestock and taken credit for in accounts at the rate fixed by a Fodder Committee monthly. The animals are sold to the *Panchayat Samitis* at concessional rate. Credit for the amount less realised on this account is taken in the Proforma accounts under the head Subsidy from the Government and the animals held at the end of each year are evaluated at the prices fixed by the Quinquennial Committee appointed by the Government.

Summarised Proforma accounts of the farm for the years 1966-67 to 1968-69 are tabulated below—

	(Rupees in lakhs)		
	1966-67	1967-68	1968-69
(i) Revenue—			
(a) Land rental and <i>Batai</i>	11.82	11.64	10.23
(b) Excess earnings over expenses of cultivation	5.05	4.32	10.15
(c) Miscellaneous receipts	0.90	0.97	1.16
Total	17.77	16.93	21.54

## (ii) Expenditure—

(a) Excess expenses over earnings of Breeding operations	14 91	13 03	22 74
(b) Excess expenses over earnings of non breeding operations	0 45	0 63	0 78
(c) Miscellaneous expenditure on account of office contingencies pay of officers and staff depreciation charges etc	2 50	2 63	3 42
<b>Total</b>	<b>17 86</b>	<b>16 29</b>	<b>26 94</b>
(iii) Net Profit (+) and Loss (—)	(—) 0 09	(+) 0 64	(—) 5 40

## (iv) Liabilities —

## (u) Government Capital —

At the close of year	57 96	35 84	36 73
Profit(+)/Loss (—)	(—) 0 09	(+) 0 64	(—) 5 40
<b>Total</b>	<b>57 87</b>	<b>36 48</b>	<b>31 33</b>
(v) Capital gain on sale of agricultural land	29 70	29 70	33 20
(c) Current liabilities and provisions	4 05	4 36	6 24
<b>Grand Total</b>	<b>91 62</b>	<b>70 54</b>	<b>70 77</b>

## (v) Assets —

1 Fixed Assets (Net)	16 87	16 27	17 46
2 Livestock	12 93	16 46	12 41
3 Consumable and non consumable stores	13 05	10 26	7 53
4 Sundry Debtors	48 48	26 57	32 91
5 Cash (including permanent advance)	00 29	00 98	00 46
<b>Total</b>	<b>91 62</b>	<b>70 54</b>	<b>70 77</b>

The department advanced the following reasons for steep deficit during 1968 69 —

(a) Sale of bulls for breeding purposes is less than the number of the bulls produced therefor

(b) A large number of breeding bulls not sold as such have to be castrated and sold at a very low price

(c) Return through sale of milk is less than even the direct expenditure incurred on feeding the milch animals except in cases of Sahiwal and Tharparker cows

The financial position of the farm has been incorrectly stated because of the following reasons —

- (i) Capital expenditure (Rs 70 lakhs) incurred by Public Works Department on the buildings of the farm during 1965 66 to 1968 69 was not accounted for
- (ii) interest on capital, depreciation on building expenditure direction charges pensionary charges and the Audit fee were also not provided despite the fact that the Haryana Public Accounts Committee in Paragraph 14 of their first Report had *inter alia* reiterated earlier recommendations made by the Public Accounts Committee of the composite Punjab State in paragraph 45 of 18th Report that the financial results should be worked out after taking into account the above elements of expenditure

After taking into account the above factors except direction charges pensionary charges and the Audit fee for which figures were not readily available the working of farm may be deemed to have resulted in losses of Rs 6 87 lakhs Rs 7 25 lakhs and Rs 14 49 lakhs during 1966 67 1967 68 and 1968 69 respectively

*Cultivation* —Details giving the extent to which land was actually utilised by the farm under direct cultivation during the last three years are indicated below —

Year	Total cultivable land	Acreage actually cultivated only for		Acreage on which both the crops were cultivated
		Kharif	Rabi	
	(In acres)	Crop	Crop	
1967 68	6 043	2,302	2,805	936
1968 69	6 043	3 109	2 832	102
1969 70	6 930	3 037	1 930	1,963

It may be seen from the above that only single crop of either Kharif or Rabi was taken from most of the land under cultivation instead of the double crop

It was stated that the intensity of cultivation was lower due to shortage of tractor power with the Farm. A test check of the log books of the tractors however revealed that they had remained idle for 15 000 hours during the period from October 1968 to September 1969 for want of staff and/or repairs which could not be done promptly due to non availability of spare parts in the mechanical stores



*Utilisation of Tractors*—The utilisation position of tractors for the years 1967 68 to 1969 70 is given below —

Year	Number of tractors	Number of tractor days available @ 25 days per month	Total number of on field tractor days	Total number of idle tractor days	Percentage of idle tractor days to total tractor days
1967 68	20	6 000	4 533	1 467	24 5
1968 69	28 (including 8 added with effect from 1st September 1968)	7,200	5 300	1 900	26 4
1969 70	33 (including 5 added with effect from 1st June 1969)	9 600	7,354	2,246	23 4

No minimum/maximum percentage of idle tractor days to total tractor days had been prescribed. In its absence it was not possible to determine as to what extent the tractors had remained idle due to avoidable reasons.

The following points were also noticed during the course of audit of the accounts of the Farm —

(i) *Non lifting of Wheat Bhusa and Karbi from Central State Farm—*

The Farm transferred an area of 11,704 acres of land to the Central State Farm in August, 1968 on lease. The draft agreement which had not yet been executed (July 1970) provided that the lessee will pay Re 1 per acre as lease money and also make available quantity of straw of wheat and gram as also *Karbi* of Jawar, Maize and Bajra surplus to their requirement to the lessor free of cost.

The Central State Farm accordingly offered 8,000—9,000 quintals of Wheat *Bhusa* in May 1969 and about 8,000 quintals of *Karbi* of Bajra and Maize in November 1969 of which only 1 612 quintals of *Bhusa* was lifted by the Livestock Farm during the period from June to July 1969 and the balance quantity of *Bhusa* was preserved in the form of Dhar plastered with mud. The whole of the *Karbi* of Bajra and Maize was left uncovered in spite of the fact that the Central State Farm made repeated requests to lift it. In July 1970 it was pointed out by the Central State Farm that the unlifted quantity of *Bhusa* and *Karbi* had deteriorated and no longer remained fit for cattle feed.

The non lifting of balance quantity of Wheat *Bhusa* (6,388 quintals) and *Karbi* (8 000 quintals) had resulted in a loss of Rs 1 22 lakhs to the State Government.

The Government Progeny Testing and Bull Farm had placed a demand for 4 000 quintals of Wheat *Bhusa* with the Government Livestock Farm authorities in July 1969 itself but because of not getting any definite reply from the latter, subsequently purchased 4 019 quintals of Wheat *Bhusa* in July 1969 from the open market at a total cost of Rs 0 42 lakh.

(u) *Advance Payment for purchase of Rams*—A sum of Rs 24 900 was paid in November 1963 to the State Trading Corporation for the purchase of Merino Rams from U S S R. The Farm authorities stated in July 1970 that the Rams had not been received so far.

(uu) *Illegal occupation of land on Batai*—2 287 acres of land on Batai were leased to 418 tenants who were to get the lease renewed every year. The position in this behalf for the last three years (1967-68 to 1969-70) is given below—

Year	Total land given on Batai	Total number of tenants	Area under legal occupation	Number of tenants	Area under illegal occupation	Number of illegal occupants (who did not get their lease for land renewed)
	Acres		Acres		Acres	Tenants
1967-68	2 287	418	2 250	415	37	3
1968-69	2 287	418	2 166	400	121	18
1969-70	2 236	410	1 040	196	1 196	214

The number of illegal occupants is on the increase year after year.

After the suit filed for eviction against the first three occupants had failed, the department filed a suit under Section 7 of the Punjab Public Premises and Land (Eviction and Rent Recovery) Act 1959 on 24th April 1968 against them for recovery of rent only and the Court ordered a decree in its favour on 31st December 1968 for the recovery of Rs 9 218 which had since been effected. The State Government ordered in November 1969 to institute the cases for eviction against all the illegal tenants on Batai. The department had, however, filed cases against 72 tenants only so far (June 1970). The failure and delay to file the cases had resulted in non recovery of Batai for Kharif 1968, Rabi 1968-69 from 18 tenants and for Kharif 1969 and Rabi 1969-70 from 214 tenants.

(iv) *Write off of shortages of grains*—The permissible percentages of normal shortages of various grains for bulk storage are half of those prescribed for bagged storage. The department had, however, worked out and written off normal shortages of grains worth Rs 5 248, Rs 10 557 and Rs 7 039 for the years 1966-67, 1967-68 and 1968-69 respectively on basis of higher percentages laid down for bagged storage only whereas it had bulk storage capacity of about 4 750 quintals which was made use of to the full extent.

(v) *Idle machinery/equipment*—Machines and equipment worth over Rs 27 000 purchased by the department during 1961-62 to 1965-66 to meet its

requirements had been lying unutilised (July 1970) the value of the machinery are indicated below —

The period of purchase and

Sl No	Machinery/equipment	Number	Period of purchase	Value Rs
1	Camera	1	May 1961	1 595
2	Water sprinkling machine	1	January, 1962	6 073
3	Food Freezer	1	1964 65	1 625
4	Drum Type Dormant Weigher	1	January 1966	8 721
5	Milk Cooling Plant	1	Not known	9 335
Total				27,349

(vi) *Stores Account—*

1 No maximum and minimum limits of stock have been laid down

2 Physical verification has not been conducted in respect of old spare parts of the value of Rs 89 726 held in the Central Store (as on 31st March 1969) since the year 1964 65

3 There are surplus spare parts of the value of Rs 30 964 unserviceable spare parts of the value of Rs 44 14 and slow moving spare parts (not moved for over 3 to 4 years) of the value of Rs 33 179

(vii) *Sundry Debtors*—The amount outstanding against sundry debtors of the farm on 31st March 1969 was Rs 32 91 lakhs Out of this Rs 1 17 lakhs related to the period 1945 to 31st March 1965

The details of the parties against whom the amounts have been outstanding are given below —

	(In lakhs of rupees)
1 Government departments	4 66
2 Government companies and Corporations	27 11
3 Private concerns	0 84
4 Block Development and Panchayat Officers and District Boards	0 09
5 Government servants	0 09
6 Government Offices and Private Parties in Pakistan	0 12
Total	32 91

(viii) *Seed used as cattle feed*—Seed worth Rs 16 000 weighing 187 quintals (Barseem 10 quintals Hybrid Bajra 8 quintals Hybrid maize 3 quintals Oat 26 quintals and Guar 140 quintals) were shown to have been issued during April 1968 to August 1969 for use as cattle feed. The management had not offered any explanation for issue and use of chemically treated hybrid varieties of Maize and Bajra as cattle feed.

(ix) *Internal Audit*—The farm had neither introduced any system of internal audit nor was there any manual laying down the detailed accounting procedures.

The department explained the position as under —

*Reorganisation scheme*—It was stated that the objective of breeding good pedigree bulls, rams and donkey stallions etc. was being achieved successfully and the position of supply of these animals for breeding purposes to Panchayat Samitis, Zila Parishads/Municipal Committees and other States was now satisfactory. During 1972-73, 138 Haryana bulls, 36 Murrah bulls, 1 Sahiwal, 4 Tharparker bulls and 8 Jersey bulls, 33 cow/Heifer, 2 donkey stallion, 130 rams, 52 boars and 48 cows had been supplied.

It was also mentioned that the unclaimed land measuring 2610 acres (lying as segregated pieces at odd bits) was not lying waste but was being utilised as regular pastures for natural grazing of farm animals.

The Committee recommend that the department should take adequate steps to ensure that the scheme for breeding of good quality animals is kept under constant watch so that there is no deterioration in the quality of various breeds. The Committee would also like the department to consider whether it is necessary to leave a large area of 2610 acres of land for grazing of farm animals and whether some portion of this land could be usefully put to cultivation.

*Working results*—It was stated that the achievement of breeding section could not be assessed in terms of money but their utility was judged by the role such schemes played in the improvement of breed which consequently affected the economic condition of the people. It was explained that out of 190 Haryana bulls produced during 1972-73, 138 were issued for breeding purposes, 160 breeding bulls had to be castrated and auctioned. As regards capital expenditure it was stated that capital expenditure amounting to Rs 58.58 lakhs (and not Rs 70 lakhs up to 31st March 1969) incurred by the Public Works Department on buildings at the farm from 1965-66 to 31st August 1970 had already been accounted for in the proforma accounts for the year 1969-70. Since the account of expenditure on buildings was maintained by the Public Works Department, it was not possible to account for the expenditure in the accounts of the relevant years as a clarification sought from the Public Works Department had not been supplied. In regard to residential buildings it was mentioned that the expenditure on such buildings was included in the farm accounts after obtaining necessary figures from the Public Works Department. House rent recovered was however deposited to the Receipt Head of the Public Works Department through deduction from pay bills. The depreciation on such buildings should therefore be a charge on the Public Works Department and if this position was taken, the accounts of the farm would be different. The depreciation on stores etc. was divided on various building activities at the farm while on furniture and building it was separately depicted in the profit and loss account. It was further stated that the Government had since declared the Government Livestock farm Hissar as a non-commercial undertaking. As compared to the loss of Rs 5.40 lakhs during 1968-69, the farm had shown a loss of Rs 3.39 lakhs and Rs 3.81 lakhs during the years 1969-70 and 1970-71 respectively.

The Committee would urge that although the Government Livestock Farm, Hissar, has been declared a non commercial undertaking, yet suitable steps be taken to ensure that the farm functioned on sound financial footing and that the various schemes introduced at the farm were implemented as economically as possible and that there was no unnecessary wastage resulting in loss of revenue. The losses incurred at the farm should be investigated in detail and remedial steps taken to bring the farm to the position of profitability.

*Cultivation*—It was stated that the area utilised by the farm under cultivation during the years 1968-69 to 1972-73 was as under —

Year	Total cultivable land	Acreage actually cultivated only for		Total area sown	Intensity of cropping Percentage
		Kharif	Rabi		
1968-69	6,043	3,004	3,141	6,145	102
1969-70	6,930	5,006	3,898	8,904	128
1970-71	6,930	3,161	4,084	7,245	104
1971-72	8,055	5,200	4,136	9,336	116
1972-73	8,055	3,967	5,032	8,999	112

It was added that it was not possible to sow both the crops in each acre in a year because the sowing period for Kharif and Rabi was limited and it could not be extended beyond that limit. As such the intensity of cropping could not be at the rate of 200 per cent and the percentage achieved by the farm was quite justified. The intensity of cropping need not depend only on mechanical power but it was based on the following main factors —

- (1) Availability of evenly distributed rains
- (2) Canal water supply
- (3) Mechanical power
- (4) Good type of soil
- (5) Favourable weather and
- (6) Tube wells

Besides enhanced supply of water was given to the farm to raise fodder crop which usually needed more water than other crops. Every possible efforts were made to increase the intensity of cropping.

The Committee are not clear as to how the object of double crop could be considered to have been achieved by the intensity of cultivation ranging from 102 per cent to 128 per cent only between 1968-69 to 1969-70. During 1972-73, the intensity of cultivation was only 112 per cent.

The Committee would like to have further details in this case to be enlightened as to how the scheme can be treated as successful and how the object of double crop had been achieved.

*Utilisation of tractors*—It was explained that there were 48 tractors available at the farm and all were being utilised to their full capacity. It would not be correct to adopt the basis of 25 days in the month to determine the proper utilisation of tractors as these did not work at all times during the year. The tractors should be considered to have been properly utilised if they work for 1000 hours in a month and all the tractors at the farm had been utilised for more than this limit.

The Committee would like that it should be ensured that all the tractors available at the farm were fully utilised and that they did not remain idle unnecessarily.

*Non lifting of wheat Bhusa and Karbi from Central State Farm*—It was stated that the agreement with the Central State Farm had not so far been finalised. That farm had offered 8000 quintals of wheat Bhusa. The Chief Superintendent Government Livestock Farm Hissar taking in view the demand of respective sectors allotted this quantity to various sectors proportionately. The Progeny Testing Centre was not allotted any quantity because it had got separate Budget and could purchase Bhusa out of the same. Besides it was necessary that different units should have reserve fodder for atleast six months. The Bhusa allotted to the various sectors could not be completely lifted due to inadequacy of transport and machinery at the farm. Moreover when the farm was informed about the availability of Bhusa it was the time for sowing Kharif crop and most of the tractors were already employed. It was therefore considered advisable to store the Bhusa under mud plaster and to use it at the time of need. Unfortunately there were heavy rains during the year and the mud plaster gave way causing damage to the Bhusa and rendered it unfit for cattle feed. It was also mentioned that the quantity of dry fodder or Karbi given by the Central State Farm was not correct inasmuch as against the figure of 24 000 quintals of Karbi the actual quantity received was found on physical verification to be 6 752 quintals.

The Committee do not feel convinced with the reasons advanced for non allotment of any quantity of Bhusa to the Progeny Testing Centre against its specific demand of 4,000 quintals of wheat Bhusa. When the Government Livestock Farm was not in a position to utilise fully the quantity of Bhusa made available by the Central State Farm, the Committee feel that the demand of Progeny Testing Centre should have been met instead of quibbling with the technicalities or adjustment in accounts. The unnecessary storage of Bhusa led to the ultimate loss.

The Committee would like that suitable action against the officials concerned for the loss arising out of non utilisation of full quantity of Bhusa be fixed under advice to them.

The Committee would further like to be informed whether the agreement with the Central State Farm has since been finalised.

(ii) *Advance payment for purchase of rams*—It was stated that sheep received against this deal were located in State Sheep Farm at Sainj (H P). Haryana was not therefore concerned with this case.

(iii) *Illegal occupation of land on Batai*—It was stated that out of 72 cases filed in the court against illegal tenants, 66 cases had been decided by the Collector.

Hissar in favour of the State. Possession of land from three tenants had been taken and handed over to the Central State Seed Farm Hissar. Izra forms (execution application) for taking possession from remaining 63 illegal tenants had been filed in the court of Collector Hissar in June 1973. Most of these tenants went to the High Court and obtained stay orders. But these were dismissed by the High Court, in January and March, 1973. Possession had not so far been ordered by the Collector Hissar. As regards remaining 6 cases, two tenants had died during pendency of the proceedings in the court of Collector Hissar and these had to be withdrawn. Now the proceedings would have to be filed against their legal heirs. The remaining four persons went to the High Court and obtained stay orders. Action was now being taken for their eviction as their writ petition had been dismissed.

Of the remaining cases 304 cases had been filed in Collector's court and 290 cases had been decided in favour of the State. The decision of the court was awaited in 14 cases. 34 cases were still to be filed as the original illegal tenants had died.

The Committee would like to be informed about the progress of settlement of the cases still pending in the courts. Action to file the cases in the court where this had not so far been done be also taken expeditiously.

(iv) *Write off of shortages of grains*—It was stated that it was only in November, 1968 that the Director, Agriculture informed that the limits for writing off of shortages of grain previously laid down were for bagged storage and for bulk storage half of these limits should be taken as normal. A clarification was also sought from the Director Agriculture in September, 1972 to intimate the correct method of calculating such shortages but final reply was still awaited from him.

The Committee would like to be informed about the final decision taken in regard to the method of calculation for the write off of shortages of grains in the case of bulk storage.

(v) *Idle machinery/equipment*—It was stated that the camera and the milk cooling plant were now being used. The water sprinkling machine was purchased for trial but the water was not available. The matter had now been discussed with the irrigation authorities who had inspected it and promised to bring it in use. The food freezer was being kept as a precautionary measure and was used as and when necessity arose. Dial Type Dormant weigher was used for some time but had gone out of order. Action was being taken to get it repaired.

The Committee regret to note that certain costly items of machinery/equipment had remained unutilised for long periods and some of them have not as yet been put to use. Necessary action to utilise these items and to repair the Dial Type Dormant weigher be taken expeditiously under advice to the Committee.

(vi) *Stores account*—No maximum and minimum limits of stocks had been fixed and stores were purchased according to the need of the times. Physical verification of mechanical stores had already been conducted in 1970-71 and the loss on account of shortage has been made good from the defaulter and the excess was taken into respective stock ledgers. After that physical verification was being conducted regularly.

Surplus/obsolete spare parts had since been disposed of during August 1973 after obtaining necessary approval from the Government.

The Committee would like to know the amount of sale proceeds of the surplus/obsolete spare parts and the amount of loss, if any, arising therefrom.

(vii) *Sundry debtors*—It was stated that out of Rs 32.91 lakhs outstanding against the sundry debtors as on 31st March 1969 a sum of Rs 15 lakhs had since been recovered and of the balance a sum of Rs 12/13 lakhs pertained to the Punjab Dairy Development Corporation and about Rs 6 lakhs were due from Land Development and Seed Corporation. The matter for the recovery of the amount from the Punjab Dairy Development Corporation was being pursued at the highest level.

The Committee would like to be informed about the progress in the recovery of the outstanding amounts from the Punjab Dairy Development Corporation and the Land Development and Seed Corporation.

(viii) *Seed used as cattle feed*—It was stated that the word seed appeared to be misnomer and in reality it was grain. The farm was producing thousands of quintals of various varieties of grains out of which the quantity meant to be sown was graded out and reserved for seed. The balance was sold in the open auction and whatever quantity of grain did not fetch the market value was fed to the farm animals to compensate the purchase of feed. There was no record to show that hybrid bajra and maize were chemically treated and there was no untoward incident among the animals which were fed from this grain.

The Committee would like to know the price at which such grains were usually sold in open auction and the price of cattle feed available in the market in order to see that there was no undue loss to the State revenues.

(ix) *Internal Audit*—It was stated that the Chief Superintendent Government Livestock Farm Hissar was being directed to adopt the system of internal audit with the help of the Accounts Officer at the farm.

The Committee would like to know whether the system of internal audit had since been introduced at the Government Livestock Farm, Hissar.

### MEDICAL

*Paragraph 41 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Delay in operation of X-Ray plants*

20 X Ray plants (cost Rs 0.42 lakh and Rs 0.51 lakh) purchased in March 1968 and January 1969 for Civil Hospital Fatehabad and Employees State Insurance Hospital Faridabad were installed only in March 1969 and February 1970. At Fatehabad installation of the plant was delayed due to non provision of the three-phase connection (upto March 1969). After installation the plant was not put to use for another two months due to non availability of three-phase four-wire meter. Installation of the plant at Faridabad was delayed because of some adjustments which had to be made in the room accommodating it.

In Civil Hospital Gurgaon an X Ray plant costing Rs 0.52 lakh purchased in March 1968 was installed in December 1968. The plant could be commissioned only in May 1969 due to the delay in removal of some defects by the firm and non receipt of some components. The old X ray plant dismantled in July 1968 for installation in Civil Dispensary Hodal has not been installed so far (October 1970). The Department intimated in June, 1970 that accommodation was being constructed and transporting of the machine was in hand.



A new X Ray plant costing Rs 0 47 lakh was installed at Civil Hospital Rewari in February 1969 and the old X ray plant decided to be shifted to Public Health Centre Bawal, had not so far been installed at Bawal (October, 1970)

The department stated in evidence that the work of installation of the plants was to be done by the P W D who were constantly reminded by the concerned Chief Medical Officers/Medical Superintendent. The procedure in preparing the estimates sanction and earmarking of funds for these works took sometime as per the existing procedures. The matter regarding the delay was not brought to the notice of the Government for the reason that it was under way and at no stage there was negative reply from the P W D. For future however, whenever the buildings are constructed, necessary provisions for X-Ray rooms etc are being provided in the designs.

It was also mentioned that the old X-Ray plant of Civil Hospital Gurgaon had since been shifted to the Civil Hospital Hodal after repairs. However the information regarding the working of the X Ray plant and cost of repairs was awaited.

The old X Ray plant at Bawal had since been installed in September 1972 and was in working condition.

During oral evidence, the departmental representative stated that the delay in the provision of three phase connection at Fatehabad was mainly due to the late provision of funds amounting to Rs 1 160. The allotment of funds for this purpose was stated to have been made in October 1968.

The Committee are constrained to observe the unusual delay in the installation of the X Ray Plants at certain Hospitals mentioned in the audit paragraph. The Committee consider that the question of provision of three phase connection at Fatehabad or adjustments in the room accommodating the plant at Faridabad should have been sorted out before the X Ray plants were actually procured. It is strange that the plant at Fatehabad could not be installed for a year due to delay in allotment of funds for Rs 1,160 only. Besides, there was delay in completing the requisite formalities in regard to the installation of the X-Ray plants at Hodal and Bawal. The Committee feel that such delays cause unnecessary inconvenience to the general public as well. The Committee would, therefore, urge that suitable and effective remedial measures be taken to avoid such instances in future.

*Paragraph 67 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Idle machines*

21 In the Employees State Insurance Hospital Yamunanagar, X-ray equipment, operation theatre equipment and surgical instruments were purchased between January and June 1969 at a cost of Rs 0 79 lakh Rs 0 78 lakh and Rs 0 12 lakh respectively. The operation theatre equipment and surgical instruments were actually utilised from August, 1970. The X ray equipment was, however, still (October 1970) to be put to use mainly for want of electric connection. While the X ray equipment still remained to be commissioned a radiographer was employed in May 1969 and paid Rs 5,170 up to September 1970, as pay and allowances.

A gas cooking range (cost Rs 4,000) was purchased in March 1969, for the hospital kitchen. Another cooking range (value Rs 4 000) and chapati gas heater (value Rs 3 000) ordered in October 1968 for the hospital kitchen were also received in August, 1970. These were still (October, 1970) lying unused for want of gas facilities in the town.

The department stated in evidence that the X-ray plant of E S I Hospital, Yamunanagar had since started functioning in January 1971. The delay was due to the fact that the P W D authorities did not care to instal the machinery despite repeated reminders by the Medical Superintendent. The radiographer was stated to have been recruited in May 1969 as it was expected that the plant would start functioning immediately after its arrival at Yamunanagar. However his services were utilised for hospital stores and purchase of different items required for hospital stores from the market. It was further stated that orders for cooking range and gas heaters were placed assuming that gas supply would become available in the town in the near future.

During oral examination, the departmental representative conceded that so far as the purchase of gas cooking range was concerned it was indeed a distressing feature and he could not advance any justification for it. It was also mentioned that the explanation of the then in charge who is now working under the Government of India had been called for and further action in the matter would be taken on receipt of his reply.

The Committee find that the delay in the installation of the X ray equipment, operation theatre equipment and surgical instruments was due to lack of co ordination between the Medical Department and the P W D authorities and consequently the Government was put to unnecessary expense on account of pay of the radiographer who had to be employed on other miscellaneous jobs.

It is regretted that such important and useful equipment and instruments had been allowed to remain un utilised for two to three years merely for want of electric connection.

The Committee recommend that the reasons for the delay involved in this case should be thoroughly looked into and suitable action taken against the officials concerned.

The Committee would also like to be informed whether the explanation of the official responsible for the purchase of gas cooking range has since been received and if so, what decision has been taken thereon. The manner in which the gas cooking range is proposed to be utilised be also intimated to the Committee.

## EDUCATION

*Paragraph 25 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Withdrawal of funds in advance of requirements/amounts kept outside Government account*

22 According to financial rules no money should be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw advances from the treasury to prevent lapse of appropriations.

Government approved in May and August 1969, two schemes viz, improvement of physical facilities in (i) primary and middle schools and (ii) higher secondary schools at a cost of Rs 17.12 lakhs and Rs 2 lakhs, respectively. Extension/repair of existing buildings covering of deficiencies in furniture, equipment, library books and provision of sanitary facilities in the schools were envisaged.

(i) Against the total provision of Rs 19.12 lakhs the Department drew Rs 19.09 lakhs from the treasuries between December 1969 and March, 1970. No construction had so far (June, 1970) been started or equipment purchased.

(ii) The Director of Public Instruction had issued orders in February 1970 that Rs 17.12 lakhs should be drawn from the treasuries before 31st March 1970 to avoid lapse of grant

In his orders of February 1970 (as also those issued in October 1969) the Director of Public Instruction had also instructed that the amounts so drawn from the treasuries be credited in the 'Building Fund' (which is a Local Fund Deposit Account). Rs 19.09 lakhs were however, credited into the 'Building Fund' between December 1969 and March 1970

The matter was brought to the notice of Government in May, 1970 reply was awaited till October, 1970

The department stated in evidence that necessary instructions to implement the scheme through building fund rules were sent to the field officers in October/November 1969 after obtaining Government approval. However it took time for District Education Officers to contact local community to have their contribution in this regard. This was a matching contribution and the local community had to pay 50 per cent share. The District Education Officers were instructed to ensure that the amount sanctioned under the scheme was drawn in full after obtaining equal contribution from public and deposited in the building fund before the close of the financial year 1969-70. *Ex post facto* sanction of the Government to the implementation of the scheme was obtained on 1st May 1972. In reply to an enquiry as to when the amount deposited in the building fund was actually utilised and its district wise details the department stated that they had received information only from three districts and that the requisite information from the remaining districts was still awaited.

The Committee are unhappy to note the manner in which the funds for the scheme were withdrawn from the treasury even before obtaining the Government approval and matching contribution from the local community. Although the department had permitted the withdrawal of heavy amounts from the treasury it was not aware even after the lapse of more than 3 years whether in most of the districts the amount had actually been utilised for the purpose for which it was intended and whether the matching contribution had been received from the local community. Government approval to the implementation of the scheme was also obtained as late as 1st May, 1972 i.e. about 3 years after it was introduced.

The Committee would like to know whether the amounts withdrawn from the treasury had since been utilised and the matching contributions obtained from the local community in the case of remaining districts.

The Committee also desire that recurrence of such instances should be avoided in future.

### LOTTERIES

*Paragraph 40 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Haryana State Lotteries*

23. For mobilising additional resources for development plans, lottery was introduced in September 1968. Net income in 1968-69 and 1969-70 was Rs 1.90.72 lakhs as shown below—

	(in lakhs of rupees)
Gross collection	3.90.62
Expenditure—	
(i) Printing and Stationery and miscellaneous	1.41.94
(ii) Prize money	57.96
Net income	1.90.72

A test check of the accounts of lotteries disclosed the following —

The over all percentage of net income (i.e. after setting off expenditure against gross income) to gross income in 1968 69 was 56.58. This came down to 46.33 per cent during 1969 70 although the percentage of prizes went up to 17.19 per cent in 1969 70 as against 7.54 per cent in 1968 69.

The percentage of expenditure (excluding prizes) to gross receipts ranged between 40 and 61.

The total tickets printed for sale for thirteen draws conducted up to 31st March 1970 were 4.45.78 lakhs (cost of printing Rs 8.16 lakhs), of that 55.15 lakh tickets (cost of printing Rs 1.01 lakhs approximately) remained unsold. In one of the draws, the percentage of unsold tickets to the total number of tickets was 39.

The amount of forfeited prizes for the above draws was Rs 4.69 lakhs.

The department stated in evidence that the lotteries were started in Haryana in 1968 and at that time Haryana was one of the foremost States introducing lotteries in the country and so had the benefit of all India coverage. Its tickets used to be sold like hot cakes on account of unbound enthusiasm among the urban population. Haryana itself does not have prosperous urban population nor does it have large industrial towns. In the early years it was possible to corner markets in high intensive urban areas and consequently the profits were on the high side. However after about a year or two other States also came forward and it became difficult to compete with Maharashtra and West Bengal. Secondly many States had imposed ban on the sale of lottery tickets from outside States in their territories. It was however mentioned that the department was taking certain concrete and effective steps to improve the percentage of profits on the sale of tickets and the matter had also been taken up with the Government of India in getting the ban imposed on the sale of tickets by certain States lifted. In addition inter State discussions had also been held to arrive at some common settlement/agreement.

As regards the number of unsold tickets it was stated that every care was being taken to assess as correctly as possible the demand of tickets in each draw and to eliminate the wastage involved in destruction of unsold tickets. But the sales were very uncertain in a downward market and there was as yet no scientific process to eliminate the wastage altogether.

The additional resources earned by the Government from the sale of lottery tickets from 1968 69 to 1972 73 were indicated as follows —

<i>Year</i>	<i>Net income (in lakhs of rupees)</i>
1968 69	58.67
1969 70	1.39.15
1970 71	1.04.28
1971 72	20.98
1972 73	27.77

The Committee would like to be informed of the result of inter State discussions to avoid rivalry and the reference made to Government of India in order to evolve certain common measures with the co operation of other States so that maximum benefits could be derived out of this scheme.

The Committee also desire that the printing of the lottery tickets should be so regulated as to reduce the number of surplus unsold tickets to the minimum and to avoid the consequential loss to the public exchequer

### PRINTING AND STATIONERY

*Paragraph 97 of the report of the Comptroller and Auditor General of India for the year 1969-70—Huge stocks of unsaleable Hindi Textbooks*

24 On the division in June, 1968, of the Textbooks Organisation of the composite State of Punjab amongst the successor States, 5.90 lakh copies of Hindi Work Book No. 1 and 3.40 lakh copies of Hindi Readers I, IV and V, printed during 1962-63 at a cost of Rs. 3.78 lakhs were received as part of Haryana Government's share. These books were lying unsold till June, 1970 in a premises hired from August 1968 at a rent of Rs. 350 per month. The department intimated in October, 1970, that only Hindi Work Book No. 1 was on syllabus.

The department stated in evidence that the stores of the Printing and Stationery Department were divided amongst the successor States in June, 1968. The 4 textbooks referred to in the audit paragraph were received as share of the State of Haryana as under—

(1) Reader I Hindi	1 64 355 books
(2) Reader IV Hindi	71,730
(3) Reader V Hindi	1 04 266
(4) Work Book I Hindi	5 89 550

At that time the book at serial Nos. 1 to 3 were on the syllabus of the Haryana State as second language and the book at serial No. 4 was still on the syllabus. From the academic year 1970 the Haryana Government prescribed their own text books and the books at serials No. 1 to 3 ceased to be on the syllabus. The Controller of Printing and Stationery Punjab was requested in June, 1970 to take these books for sale in Punjab but he intimated that these books were not required by them. Efforts were also made to sell these books to the book sellers of Punjab through the agents in Haryana by giving them incentive of increase in commission from 10 per cent to 15 per cent but only some of the books could be sold. In October 1969 the Education Department intimated the Printing and Stationery Department that the Government had decided for the free distribution of these books for Adult Literacy Centres. However it was subsequently decided in a meeting held on the 14th February 1972 that the old Punjab books of being no use should be disposed of as waste paper.

In addition to the books mentioned in the audit paragraph about 8 lakh other books were also stated to have become surplus due to the change in the syllabus.

During oral evidence the departmental representative stated that all the books which fell to the share of Haryana on the division of the composite Printing and Stationery Department had to be received and that the Government had since decided to write off the loss involved. It was also stated that although the Work Book I-Hindi was a useful book yet this could not be sold as it was not a compulsory book and the teachers in the schools were also not technically qualified to give proper lessons on it. It was admitted that there was an omission on the part of the Education Department in not issuing suitable instructions at the time of introduction of this book.

After going through the Work Book I Hindi the Committee came to the conclusion that instead of selling this book as waste paper it may be distributed free among the students of the primary schools for their benefit. However, the Committee has no objection to the disposal of the remaining books as waste paper.

## DEVELOPMENT AND PANCHAYATS

*Paragraph 13 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Democratic decentralisation*

25<sup>10</sup> Rs 73.49 lakhs were paid as grants to *panchayat* institutions viz *zila parishads* and *panchayat samitis* in 1969-70. Audit of accounts of those bodies is conducted by the Examiner Local Fund Accounts, an officer of the State Government. Utilisation certificates required to be sent to the Audit Office within 18 months from the date of sanction of grants had not been received (up to August 1970) for Rs 3.59.04 lakhs (1,322 cases) paid as grants during 1961-62 to 1968-69 (up to September 1968). Of these 975 certificates for Rs 1.97.40 lakhs were awaited for more than three years.

It was mentioned in paragraph 13 of Audit Report 1970 that 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—

- (i) 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 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 (October 1970).

The department stated in evidence that the utilisation certificates in respect of the grants given to the Zila Parishads and Panchayat Samitis from 1st November 1966 to 31st March 1972 had since been completed and submitted to the Accountant General, Haryana.

As regards the submission of the utilisation certificates for the period 1961-62 to 31st October 1966 the Accountant General Haryana had been requested to supply a list of pending utilisation certificates because similar utilisation certificates were issued by the Examiner Local Fund Accounts in the composite Punjab before the reorganisation of the State. Suitable steps to obtain the wanting utilisation certificates would be taken on receipt of the requisite information from the Accountant General, Haryana.

It was also stated that the accounts were now being maintained by the Zila Parishads as Panchayat Samitis showing scheme/grant-wise expenditure. The balance of unspent grants given to the Panchayat Samitis and Zila Parishads as on 1st April, 1972 was indicated to be Rs 48.46 lakhs and Rs 38.57 lakhs respectively.

It was further mentioned that the period of utilisation had been extended up to 31st December 1972 on account of the representations from the Panchayat Samitis and that refunds would be enforced on receipt of utilisation certificates for 1972-73.

in those cases where the grants had not been utilised without any cogent reasons. The instructions were also stated to have been issued in October 1972 to all Panchayat Samitis to utilise the grants up to 31st December 1972, and it was made clear to them that the release of further grants would be dependent on the furnishing of the utilisation certificates. Monthly statements showing the expenditure incurred against the grants had also been called for from them.

The Committee would like to be informed about the latest position in regard to the utilisation of the unspent balance of grants by the Panchayat Samitis and Zila Parishads and the submission of the utilisation certificates to the Accountant General, Haryana. In this connection, the Committee would also like to invite attention to their observations in para 54 of their Fifth Report.

## EXCISE AND TAXATION

*Paragraph 72 (i) (a) of the Report of the Comptroller and Auditor General of India for the year 1969-70—Under assessment of tax*

(i) *Central Sales Tax Act 1856*

26 (a) *Short levy of tax due to non inclusion of freight charges in turnover and acceptance of 'C' forms for lesser amount*

A dealer did not include freight charges amounting to Rs 92,199 in his gross turnover for the assessment years 1962-63 to 1965-66 as required under section 2(h) of the Central Sales Tax Act, 1956. This resulted in short assessment of tax of Rs 5,717. Further, there was a difference of Rs 17,085 between the value of goods actually sold and the value shown in C forms furnished by the dealer, involving a tax effect of Rs 1,367.

These omissions were brought to the notice of the department in June 1969 and the case is stated to have been referred to the Excise and Taxation Commissioner for taking *suo motu* action. Further report was awaited (October 1970).

The department admitted in evidence that it was a fact that freight charges were omitted to be included in the turn overs for the years 1962-63 to 1965-66. The tax effect of this omission was Rs 1,794 as determined by the Revisional authority as a result of the *suo motu* action. It was also a fact that a sum of Rs 17,085 was less shown in C forms compared with the actual value of the relevant bills shown in these forms. The tax effect of this omission as determined in *suo motu* order was Rs 1,367. The total short levy thus amounted to Rs 3,161 and the entire amount had since been recovered. It was argued that omission of the inclusion of freight charges was due to the interpretation of law by the assessing authorities, whether freight charges as shown in the bills should form a part of the selling price for determining the levy or not. However, the Punjab Government to whom the concerned assessing authority was allocated had been requested to caution him.

The Committee recommend that in order to avoid any confusion on this account in future, resulting in short recovery of tax, suitable instructions be issued to all concerned for inclusion of freight charges in the turn overs at the time of framing assessments.

*Paragraph 72(i) (b) of the Report of the Comptroller and Auditor General of India for the year 1969-70—Under assessment of tax*

**27 Levy of tax at low rate resulting in short assessment of Rs 2 131**

Under the Central Sales Tax Act, all inter State sales which are not supported by declarations in the prescribed form are taxable at the rate of ten per cent. Inter State sales of cement valued at Rs 26 643 made by a dealer to Electricity Board during the year 1963-64 were taxed at two per cent even though these were not supported by prescribed declarations. This resulted in under assessment of tax to the extent of Rs 2 131. The short assessment was pointed out in September 1966. The Deputy Excise and Taxation Commissioner intimated in August 1970 that the case had been referred to the Excise and Taxation Commissioner for *suo motu* action. Further developments were awaited (October 1970).

The department stated that the sales in this case were made to the State Electricity Board, Solan. It appeared that the assessing authority did not insist for 'C' form as he thought that the sales to the Electricity Board were to a Government Department and allowed concessional rate of tax as then prevalent in such cases on the production of 'D' form. The State Electricity Board was a registered dealer and was to pay the same rate of tax on production of 'C' form which it did before the assessing authority in the case remanded for *de novo* assessment by the Revisional authority. There was thus, no loss of tax.

The Committee feel that this case has arisen mainly because of omission on the part of the assessing authority to insist for 'C' form at the time of making assessment. Had the assessing authority taken care to see that all the requisite documents were forthcoming, the necessity of making a mention of this case in the Audit Report would not have arisen.

The Committee desire that suitable instructions be issued to all concerned that at the time of making assessments, the concerned officers should ensure that all the connected documents etc. are forthcoming and are complete in all respects.

*Paragraph 72 (ii) (a) of the Report of the Comptroller and Auditor General of India for the year 1969-70—Under assessment of tax*

**(ii) Punjab General Sales Tax Act 1948**

**28 Under assessment of sales tax**

The rate of sales tax on glass ware, glazed ware and china ware, including crockery was enhanced from 6 to 8 per cent with effect from 1st September 1966. It was however noticed in two districts that the sales of glass ware were being taxed at the rate of 6 per cent instead of 8 per cent thus resulting in under assessment of tax to the tune of Rs 15 943 in 12 cases.

These cases had been reopened for revising the assessments. Report of recovery was awaited (October 1970).

The department stated that the difficulty arose in this case because in the relevant entry in Schedule A (luxury goods) glass sheets had not specifically been mentioned with the result that individual cases certain assessing authorities did not consider them as glass ware, as much as the Excise and Taxation Commissioner issued a clarification in March, 1968 to the effect that glass sheets were not included in glass ware and were leviable to tax at 6 per cent only. Subsequently when the matter



was reconsidered it was held that glass sheets were really included in the term glass ware and a circular was issued to all the assessing authorities to this effect on 9th July 1969. With effect from that date the tax on glass sheets was being charged at 8 per cent. For the earlier period i.e., prior to 9th July 1969 Government had decided that the tax at the rate of 8 per cent may be realised only where the dealer had collected it at this rate from the consumers.

Since it was a question of interpretation of entry in schedule A there was little scope of pursuing the matter against any individual assessing authority.

The Committee are unable to understand the basis on which the Excise and Taxation Commissioner issued a clarification in March, 1968 to the effect that glass sheets were not included in the glass-ware and were leviable to tax at 6 per cent only. It appears that the matter had not been examined carefully as a result of which this clarification had to be revised subsequently in July, 1969 stating that glass sheets were really included in the term 'glass-ware'. The Committee feel that before issuing clarification on any particular point, the matter should be got thoroughly examined from all aspects so as to avoid any confusion among the assessing authorities. The Committee also feel that whenever such clarifications are issued by the department to its officers, these should also be made known to the public for their benefit.

*Paragraph 72 (u)(b) of the Report of the Comptroller and Auditor General of India for the year 1969-70—Underassessment of tax*

**29 Local body/private institution treated as Government department**

A dealer sold goods worth Rs 98 429 to a certain local body and a private college during 1964-65 and 1965-66. The assessing authority treated these sales as having been made to Government departments on the authority of declaration forms furnished by the purchasers and assessed the tax at concessional rate of 2 per cent instead of at the general rate of 6 per cent resulting in under assessment of tax of Rs 3 937. On this being pointed out (June 1969) the case had been referred to the Excise and Taxation Commissioner for *suo motu* action.

In October 1970 the Government intimated that an additional demand of Rs 14,791 had been created against the dealer in August 1970. Action taken to recover the additional demand from the dealer was awaited (October 1970).

The department stated in its written reply that goods worth Rs 98 212 were sold during 1964-65 and 1965-66 to the Municipal Committee Amritsar and goods worth Rs 1 34 645 were sold to M/s Heavy Electrical. Hardwar Goods worth Rs 2 172 were sold to M/s Jagat Ram College Hoshiarpur. In all these cases the assessing authority assessed the tax at the rate of 3 per cent against D form meant for Government Departments because in the former two cases the order on the assessee for supply of goods was placed by the Director General of Disposals and the third was taken to be a Government institution. After an objection was taken by audit the case was taken up for *suo motu* action by the Revisional authority who created a demand of Rs 14 791 which was recovered from the dealer on 4th December 1970. He went in appeal against this order before the Tribunal on the ground that the sales in all the cases (except Jagat Ram College) were made to the Director General of Disposals against D form and that the payment for sale in question was also made by the Accounts Officer of the Ministry of Supplies Government of India and that, therefore they had rightly paid the tax at the rate of 2 per cent against D form. The Tribunal remanded the case for recording fresh evidence as to whether the sales at the hands of the assessee were made to Government Departments. In the remanded case the Revisional authority held that the sales had been made to the Government Department and therefore,

created a revised demand of Rs 8 70 under the Local Act and Rs 759 under the Central Sales Tax Act. The amount recovered in excess was allowed to be adjusted subsequently. In the circumstances the short levy could be said to have been made only in the case of sales to the College and this was a very small transaction. The explanation of the officer concerned was stated to have been obtained but in view of the findings of the Tribunal hardly any action could be taken against him.

The Committee regret to note that the assessing authority was not aware of the basic criteria for determining sales to Government Departments and even Jagat Ram College, Hoshiarpur was treated as a Government institution. It was *prima facie* because of the erroneous action of the assessing authority in the first instance that led to the ultimate short recovery of tax. The Committee would urge that to avoid such instances in future the department should consider the desirability of issuing comprehensive instructions to all the assessing authorities indicating the guide lines and the basis for determining as to which institutions are to be termed as Government institutions or departments and to whom the concessional rate would be applicable.

*Paragraph 72(u)(c) of the Report of the Comptroller and Auditor General of India for the year 1969 70—Under assessment of tax*

### 30 Evasion of Purchase Tax—Rs 3 493

Purchases of oil seeds effected during the years 1960 61 and 1961 62 were to be taxed at 2 per cent. In the case of two dealers tax of Rs 3 493 was not levied on *sarson* valuing Rs 1 74 641 purchased during these years. This was pointed out to the department in September 1964. The Excise and Taxation Officer intimated in August 1970 that the cases had been referred for *suo motu* action. Further report was awaited (August 1970).

The department stated that it was an omission on the part of the assessing authority as this levy escaped his notice. In these two cases *suo motu* proceedings were initiated. In the case of one dealer the same were dropped by the Deputy Excise and Taxation Commissioner on a point raised by the dealer that under the law as it stood he could take *suo motu* proceedings within 180 days of the order to be revised. It was mentioned that action would be taken against the officers who were responsible for the lapse. The Deputy Excise and Taxation Commissioner who was responsible for the delay in *suo motu* action was stated to have since expired.

The Committee would like to be informed about the action taken against the defaulting officers and whether the short recovery of tax amounting to Rs 3,493 had been made good.

*Paragraph 72(u)(d) of the Report of the Comptroller and Auditor General of India for the year 1969 70—Under assessment of tax*

### 31 Non levy of tax of Rs 18 623 on stone metal supplied to Railway Department

A contractor supplied stone metal valued at Rs 3 60 378 to the Railways during the period August 1965 to March 1966. The details of supply were furnished to the Excise and Taxation Department by the Finance Department in March 1967. The contractor had neither been registered as a dealer under the Punjab General Sales Tax Act 1948 nor was the supply subjected to tax. The omission was pointed out in November, 1969 when the Excise and Taxation

Officer initiated action in the matter. In July 1970 the Excise and Taxation Officer intimated that assessment of the contractor had been framed and an additional demand of Rs 19 900 created.

The department stated that the dealer had obtained stay orders from the Sales Tax Tribunal with whom the case was pending. As such the recovery of the tax could not be made. It was also mentioned that the penalty of Rs 2,500 was imposed on the contractor for his failure to apply for registration.

During oral evidence it was suggested to the departmental representative that in order to avoid evasion of payment of tax the department should consider the desirability of deducting the tax at source as was the case in regard to recovery of income tax. The departmental representative promised to examine this aspect.

The Committee would like to know the decision of the Sales Tax Tribunal as and when it is announced. The Committee would also like to be informed about the decision on the suggestion that the sales tax should be deducted from the contractors etc. at source as is done in the case of income tax.

*Paragraph 73 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Unauthorised remission of revenue*

32. The State Government by a notification of the 5th August 1954 under section 5 of the Punjab General Sales Tax Act 1948 (as amended by Act XIX of 1952) amended the schedule of tax free goods to render liable to tax the sale of edible oils produced from *saison toria* and *til* by mechanical process, or, which, when produced by *kohlus* run by animal or human agency, was sold by dealer other than the owners of such *kohlus*. The notification was however held invalid by the Punjab High Court in November 1963 as the amending Act of 1952 was neither reserved for the consideration of the President nor received his consent as required under the Essential Goods (Declaration and Regulation of Tax on Sales or Purchase) Act 1952 of Parliament passed under Article 286(3) of the Constitution of India as it stood prior to its amendment in 1956. While dismissing the appeal filed by the State Government against the decision of the Punjab High Court it was however held by the Supreme Court in August 1967 that the notification of the State Government of the 5th August 1954 held good from 11th September 1956 onwards when Article 286(3) of the Constitution of India was itself amended.

In pursuance of the judgement of the Supreme Court the Excise and Taxation Commissioner issued orders in January, 1968 that tax on the sale of edible oil might be levied from the 11th September 1956 onwards subject to conditions laid down in the Punjab General Sales Tax Act 1948 as amended from time to time excepting for sales between 22nd November 1963 to 7th March 1965. For sales made between 22nd November 1963 and 7th March 1965 it was held by the department that though the tax was legally chargeable it was not to be recovered from the dealers because of a Press Note issued by the State Government on 22nd November 1963 announcing that no sales tax was chargeable on edible oils as long as the decision of High Court held good.

It was noticed that a dealer running an oil mill had continued to recover tax on inter-State sales during 1963-64 and 1964-65 at the concessional rate of 2 per cent against declarations in form C collected from the purchasing dealers. The orders of the department of January 1968 not to recover tax on sales made between 22nd November, 1963 and the 7th March, 1965 deprived the Government

of a revenue of Rs 1 43 039 which amount was recovered by the dealer from his customers as sales tax on behalf of the Government and was thus legally payable by him to the Government

The case was referred to the Excise and Taxation Commissioner in June 1968 and in July 1969 the Government decided that where the dealers had charged tax from purchasers between 22nd November 1963 and the 7th March 1965 such tax must be realised from them. The Government intimated in July 1970 that Rs 89 702 relating to the period from 1960 61 to 1963 64 had been recovered from the dealer. Final outcome of the recovery of the balance of Rs 53 337 relating to the year 1964 65 was (October 1970) awaited.

In another similar case a demand of Rs 3 108 against a dealer for the assessment year 1962 63 was deleted in October 1967 and Rs 3 013 already deposited by him were refunded in November 1968. The inadmissible refund of Rs 3 013 and non-realisation of tax of Rs 3 108 was pointed out in October 1969. The case was stated to have been referred to revisional authority for *suo motu* action in November 1969. Further report was (October, 1970) awaited.

The department stated in evidence that while the circular issued in January 1968 contained the direction that sales tax for the period between 22nd November 1963 and 7th March 1965 may not be charged from the dealers it also sought information regarding the cases in which during this period tax might have been collected by the dealers. As a result thereof the officers were advised in July 1969 that in case tax had been collected by the dealers it may be recovered from them.

The department also stated that the recovery of Rs 89 702 was made in full after the Excise and Taxation Officer had examined the accounts of the dealer. As regards the balance of Rs 53 337 it was mentioned that the examination of the accounts of the firm had revealed that they had not collected this tax.

The Committee would like to know the outcome of the *suo motu* action in regard to the case relating to refund of Rs 3,013 and non realisation of tax of Rs 3,108 pointed out in the last sub para of the audit paragraph.

*Paragraph 74 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Unauthorised refund of Rs 7 645*

33 The Excise and Taxation Commissioner clarified in 1964 that rice polish and rice bran were separate and distinct articles whereas the former was taxable the latter was exempt under item 15 of Schedule B to Punjab General Sales Tax Act, 1948.

A dealer claimed deduction of Rs 1 28 202 for the assessment year 1963 64 on account of sale of rice polish as a tax free item under section 5(2)(a)(i) of the Act. The claim was however disallowed by the assessing authority in March 1965 on the ground that the item exempted from levy of tax was rice bran and not rice polish. The dealer preferred an appeal against the orders of the assessing authority. The appellate authority upheld (August 1965) the decision of the assessing authority but remanded the case for making *de novo* assessment as the turnover included sales of rice polish made outside the State which had not been considered while making the original assessment. The remanded authority treated (May, 1968) rice polish as a tax-free item and exempted the sales thereof from levy of sales tax resulting in unauthorised refund of Rs 7 645.

This was reported to the department in January 1970. The case had been referred (March 1970) to the Excise and Taxation Commissioner for taking *suo motu* action.

The department stated that it was earlier considered that rice polish and rice bran were two different commodities and accordingly instructions were issued in 1964 that rice polish was taxable item. As a result of enquiries from the assesseees and assessing authorities in regard to the point of distinction between the two, the advice of the Public Analyst was sought and he expressed the opinion that rice bran and rice polish were two different names of the same commodity. The assessing authorities were therefore advised accordingly.

During oral evidence the departmental representative was asked to indicate the figure of loss arising out of the confusion created by different orders issued on the subject. The departmental representative promised to furnish these figures in due course.

In this connection the Committee would like to invite attention to the observations contained in para 59 of their 5th Report. The short recovery of tax in this case was obviously due to the confusion created by the issue of different instructions by the department at various stages. The position about the taxability of rice polish and 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. Steps taken to avoid such situations in future be intimated to the Committee. The information in regard to the amount of loss arising out of the issue of different instructions be also furnished to the Committee as early as possible.

*Paragraph 75 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Omission to recover sales tax of Rs 4 807*

34 As a result of acceptance of revision petition by the Excise and Taxation Commissioner in February 1966 a contractor became entitled to a refund of Rs 8 877 on account of tax already deposited in March 1965. In his application of December 1966 the contractor specifically requested that out of this refund Rs 4 807 may be adjusted as tax due from him in respect of his other concerns. No action was taken on this application. He again applied for the refund in May, 1967 but this time he did not mention about the adjustment of Rs 4 807 and the entire amount of Rs 8 877 was refunded to the contractor in June 1967. The non realisation of demand of Rs 4 807 was pointed out in November, 1969. The assessing authority initiated action for recovery in April 1970. The State Government intimated in October 1970 that Rs 1 691 and Rs 3 116 were deposited by the dealer in May 1970 and June 1970 respectively.

The department stated in its written reply that as the amount recoverable and amount refundable pertained to different firms with different constitutions no such adjustment was legally permissible under the Punjab General Sales Tax Act 1948. The amount due from two firms continued to be outstanding until it was pointed out by the audit. The amount of Rs 4 807 was stated to have since been recovered in May/June 1970. The omission to recover the amount earlier was attributed to a lapse on the part of the Steno attached to the assessing authority who was stated to have been charge sheeted.

The Committee do not feel convinced with the reasons advanced for the refund of Rs 8,877 to the contractor before the question of recovery of Rs 4,807 due from him had been settled. The omission was primarily due to failure to take action

on the application of the contractor submitted in December, 1966 in which he had specifically requested that the amount of Rs 4,807 may be adjusted against the refund of Rs 8,877. The Committee would urge that the matter be investigated in detail and suitable action taken against the concerned officials.

*Paragraph 76 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Arrears in assessment and collection of sales tax*

35 (a) *Arrears in assessments*—The progress of assessment of sales tax during the years 1968-69 and 1969-70 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	
1968-69	49,013*	26,054	10,360	36,414	12,599 (26 per cent)
1969-70	53,560	26,275	9,894	36,169	17,391 (32 per cent)

The following is the year wise break up of the outstanding cases —

Year	Cases pending assessment at the end of	
	March 1969	March 1970
1961-62	2	2
1962-63	4	4
1963-64	4	4
1964-65	31	5
1965-66	187	42
1966-67	2,092	377
1967-68	10,115	2,501
1968-69		14,456
Number of cases in which year wise break up not given by the department	164	
Total	12,599	17,391

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

\*Discrepancy of 164 cases is due to incorrect figures supplied last year by one of the Excise and Taxation Officers

(b) *Arrears in collection*—The sales tax assessed but not realised in 255 cases amounted to Rs 35 62 lakhs at the end of 1969 70

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

Period	Outstanding on 31st March, 1970
	(In lakhs of rupees)
Upto 1960 61	1 90
1961 62	0 86
1962 63	0 56
1963 64	0 12
1964 65	0 34
1965 66	0 83
1966 67	3 69
1967 68	3 41
1968 69	4 67
1969 70	19 24
Total	35 62

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

Particulars	Outstanding on	
	31st March 1969	31st March 1970
	(In lakhs of rupees)	
Collection stayed by—		
(a) Appellate authorities	4 66	1 22
(b) Revisional authorities		0 33
(c) Supreme Court High Court and Civil Courts	12 56	26 48
(d) Government	0 08	1 26
Total	17 30	29 29

The department stated that out of the total arrears of revenue amounting to Rs 35 62 lakhs outstanding as on 31st March 1970 an amount of more than Rs 20 lakhs had been recovered by 30th September 1973. During oral evidence the departmental representative confessed that more stringent efforts were required to be made for recovering the arrears and intimated that special teams were proposed to be set up for this purpose. In regard to arrears in assessment it was stated that out of 17 391 cases pending on 31st March 1970 only 803 cases were now pending and efforts were being made to dispose them of as early as possible.

In this connection the Committee would like to invite attention to their recommendations contained in para 63 of their 5th Report. The Committee would like to emphasise once again that the old arrears in assessment and collection of revenue be cleared as quickly as possible and suitable steps taken to avoid accumulation of such arrears in future.

### TECHNICAL EDUCATION

*Paragraph 39 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Junior Technical Schools*

36 In order to produce educated skilled workmen of higher order needed for jobs arising out of rapid and large scale industrial development in second and successive Plan periods Government of India formulated in 1958 a scheme for establishment of junior technical schools. The scheme aimed at diverting students who had completed elementary education upto eighth standard from academic type of education in secondary schools to one which was specially designed to condition them for different productive occupations of a technical nature by providing a three year integrated curriculum of general education, technical education and workshop training. The scheme further contemplated that in view of the fairly extensive training in drawing and workshop undergone by a student in the technical school it might even be possible to reduce the duration of polytechnic course from three to two years in case he joined it after passing out of junior technical school.

In 1959 60 a junior technical school was established at Gurgaon. A second technical school was opened in the campus of the Polytechnic Nilokheri in July 1965 as a pilot project to provide terminal education to boys between ages of 13 and 16 and to facilitate adjustment of boys coming out of this course into polytechnics for further training at diploma level. The three year academic course was divided into two parts of two years and one year's duration each. The pilot project further envisaged admission to the three year diploma course in a polytechnic of students who had passed part I examination of junior technical school.

The department intimated in September 1969 that the All India Council for Technical Education had conducted a review of the scheme in May 1968 and recommended close co ordination between the Ministry of Labour, Ministry of Education and the corresponding departments in the State in implementation of the scheme especially in view of the difficulty in securing apprenticeship places in industry for students of the junior technical schools. This difficulty was reported to have arisen as the Indian Apprenticeship Act administered by Government of India does not recognise junior technical schools. (The Department stated in May 1970 that the matter about co ordination and enforcement of Apprenticeship Act was being still processed).



A review of the two schools revealed the following —

(I) *Junior Technical School, Gurgaon*

(i) Enrolment in the school started in 1959 60 with an intake capacity of 60 students decreased from 35 students (58 per cent of capacity) to 26 students (43 per cent) from 1963 64 to 1967 68. Intake capacity was reduced to 30 from 1968 69. However the actual number of students in that year was only 5 (17 per cent of the reduced intake). The school was closed at the end of 1968 69 session.

The continuous decrease in the enrolment was attributed (in 1967) by the department to (a) failure to get the certificate awarded by a junior technical school equated to the certificate awarded by an industrial training institute (b) inability of most of the students to compete for admission into polytechnics due to their calibre being low and (c) the fact that the three years course in junior technical school (after middle standard) made a student academically equivalent to a matriculation standard whereas in general education a student spending 11 years in school got a higher secondary certificate.

(ii) Due to non maintenance of accounts of library books furniture, stores etc embezzlements and shortages of Rs 28 767 were alleged to have been committed by the store keeper who was suspended in August 1966 the case was stated to be with the court (July 1970).

(iii) Though the school was to close in May 1969 it was wound up only in May 1970.

(iv) Rs 12.97 lakhs (revenue expenditure Rs 8.26 lakhs capital expenditure Rs 4.71 lakhs) were spent on the school upto April 1969. Rs 19 306 were spent on staff including the Principal who were retained upto 1st May 1970. Government stated in July 1970 that the staff was retained after the close of the school for winding up process.

(II) *Junior Technical School Nilokheri*

(i) It was opened in July 1965 although the department was aware of the situation in the junior technical school at Gurgaon and no decision had been taken on the reference made in 1963 to Government of India to equate certificates awarded to students of junior technical schools to those awarded to students of industrial training institutes.

(ii) The school was designed for an intake capacity of 60 students. This was reduced to 30 students from 1968 69. Except for the first year of admission enrolment (leaving the drop outs in the same year) in the school in subsequent years was small. While between 1966 67 and 1967 68 14 and 24 students were enrolled (24 per cent and 40 per cent of the intake capacity) respectively in 1968 69 and 1969 70 14 and 12 students were enrolled being 47 per cent and 53 per cent respectively of the reduced intake capacity. Poor response to the courses in the school was attributed by the department *inter alia* to the fact that the University did not recognise Part I examination of the junior technical schools as equivalent to matriculation standard.

(iii) Upto the end of February 1970 Rs 3.53 lakhs (revenue expenditure Rs 3.10 lakhs capital expenditure Rs 0.43 lakh) were spent on the school.

The department stated in evidence that the scheme was primarily formulated by the Central Government through the All India Council for Technical Education and the State Governments were directed to implement the same with effect from Second Five Year Plan. The All India Council for Technical Education at the time of framing the scheme found it quite useful and free from any weakness. The location of the junior technical schools was decided after careful consideration and kept at Gurgaon being nearer to Faridabad Industrial Town and Delhi and at Nilokheri being nearer to Ambala and Jagadhri Industrial Towns. It was stated that there had been general lack of response from the students for joining junior technical schools because of the proper treatment not being given by the academic colleges to the trainees from the junior technical schools for admission for further studies. Another reason for the lack of response was the un employment of technical personnel due to the slump in the industry as had been the case with the diploma/degree holders. There were only a few industries in the State of Haryana upto the year 1969 and the demand for skilled workers had been small. The matter in regard to the recognition of Junior Technical School Part I Examination equivalent to Matriculation was also taken up with the Punjab University but it did not agree to this proposal. Later on this matter was taken up with the Haryana Education Board who decided in June 1972 to accept this proposal provided Hindi was also introduced as one of the subjects. Accordingly Hindi had been introduced in the junior technical schools. The number of students who qualified finally from the junior technical schools was given as under —

J T S Gurgaon		J T S Nilokheri	
Year	No of students passed	Year	No of students passed
1962	9	1968	17
1963	27	1969	10
1964	27	1970	3
1965	12	1971	1
1966	11	1972	1
1967	12	1973	1 (Placed in Compartment)
1968	4		
1969	8		

May 1969 School closed

The number of students who joined diploma course at Haryana Polytechnic Nilokheri after JTS qualification was as follows —

Year	No of students
1968	7
1969	6
1970	8
1971	2
1972	3

It was also mentioned that the Indian Apprenticeship Act 1961 was not applicable to the qualified students of the junior technical schools and the question of co ordination between the concerned Ministries of Government of India and the State Government did not arise. The matter in regard to the extension of the Apprenticeship Act to the students of the junior technical schools was stated to be still under consideration of the Government of India.

As regards the delay in winding up of the junior technical school at Gurgaon it was stated that it could not be finally wound up before 6th September, 1970 because heavy equipment worth Rs 3 lakhs furniture and record etc was required to be disposed of after obtaining Government approval. Out of the sanctioned strength of 28 (excluding Class IV employees) only 3 employees (Principal Accountant and Workshop Instructor who was given the charge of store) were allowed to stay for the period beyond April 1969 and this was the minimum staff required for the purpose.

Regarding the case of embezzlement and shortage of stores amounting to Rs 28 767 it was stated that it was still pending in the court of law. The store keeper was stated to have been arrested and subsequently released on bail. The then Principal of the school who was also involved in this case had been suspended by the Punjab Government to whom he had been finally allocated. The orders for his arrest were issued and he was released on bail by the Chief Judicial Magistrate Gurgaon on the 4th December 1969. It was further stated that the State Government had decided that the junior technical school at Nilokheri should also be closed and no admissions were being made from the session 1973 74.

During oral evidence the departmental representative was asked to collect information as to how the scheme had been functioning in other States. The department subsequently intimated that the requisite information was being called for from the different States.

The Committee regret to observe that the scheme had not been examined from all angles before it was actually introduced as a result of which it ultimately proved to be a failure and had to be abandoned. The Committee feel that the question of recognition of the JTS qualification as equivalent to Matriculation or to the certificate granted to the students of the Industrial Training Institutes should have been settled before the introduction of the scheme. In fact the proposal for the recognition of the JTS Part I examination equivalent to Matriculation was referred to the Punjab University at a much later stage and the question of bringing the students of the junior technical schools within the purview of the Indian Apprenticeship Act is still under consideration. The number of students passed from the two junior technical schools and those who joined the Diploma

Course at Nilokheri reflects a sorrowful working of this scheme. The Committee consider that such schemes should be introduced after taking into account all the relevant factors so that Government money is profitably employed only on fruitful projects.

The Committee also feel that the retention of three employees viz Principal Accountant and Workshop Instructor for more than one year after the closure of J T S Gurgaon was unnecessary and that it would have been sufficient to retain only one official.

The Committee would like to know the decision of the court in the case of embezzlement and shortages of stores amounting to Rs 28,767 and the action taken against the store keeper and the then Principal. The Committee would also like to have information relating to the functioning of the scheme in other States as early as possible.

## IRRIGATION

*Paragraph 2(c) of the Report of the Comptroller and Auditor General of India for the year 1969-70—Arrears in collection of revenue and other receipts*

37 It was pointed out by Audit that the information relating to the extent of arrears in collection of revenue and other receipts had not been furnished *inter alia* relating to the Public Works Department (Irrigation Branch).

The department stated in evidence that the dues of the Irrigation Department were realised by the Revenue Department as per F C Standing Order No 61. The figures of the arrears of unrealised irrigation revenues were therefore, to be given by the Revenue Department.

The Committee are unable to accept the plea of the Irrigation Department that the figures of arrears were to be furnished by the Revenue Department and that it had no responsibility in this behalf. The Revenue Department is only a collecting agency and the Committee feel that the Irrigation Department should keep a constant watch over the extent of arrears of its revenue and it should maintain close co ordination with that Department in order to ensure that the recovery of its dues is made regularly. It should also ensure that there are no serious cases of default and that suitable action to recover the outstanding arrears is taken, where ever necessary. The Committee would like the Irrigation Department to collect the figures relating to the outstanding arrears of revenue and furnish the same to the Committee along with the steps taken to clear them as early as possible.

*Paragraph 47 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Guhla Reclamation Scheme*

38 Consequent on a decision taken by Government in October 1963 a scheme to reclaim 25 000 acres of *thui* and alkaline land in Guhla tract was taken up by a Division (work ultimately transferred to Pehowa Division in October 1966) in November 1963. The scheme envisaged construction of a main reclamation channel (expected to run for 7 to 10 years) of 1 000 cusecs capacity at Jalbera regulator site of the Markanda river with minor channels running parallel to the channels of the existing Markanda distributary system. The project estimate of the scheme for Rs 58.96 lakhs was framed by the Director Irrigation and Research Institute Amritsar in July 1965. An anticipatory sanction for expenditure upto Rs 4 lakhs was accorded by Government in March 1964.

After Rs 9 12 lakhs (including undischarged liability of Rs 0 04 lakh were spent the work was suspended in March 1965. The project estimate still (October 1970) remained to be sanctioned

The Superintending Engineer reported in August 1967 that as per report of an enquiry committee appointed by Government work already done was in such a state that it could not be utilised for extending irrigation without incurring heavy expenditure for completing the work. In September 1968 the Superintending Engineer observed that technical feasibility of the scheme was doubtful because—

- (a) sufficient discharge was not available in Markanda river to meet the requirements of reclamation channels
- (d) the supplies of Markanda river could not be utilised without providing regulation gates and silt excluding devices at Jalbera regulator. With installation of those devices expenditure (now estimated cost Rs 100 lakhs) on the scheme was not considered commensurate with the benefits likely to accrue and
- (e) the entire area proposed for reclamation was already within the irrigation boundary of Markanda distributary system

He further observed that —

- (i) against the total quantity of 4 42 33 lakh cubic feet of earthwork shown as excavated and paid for actual quantity assessed in February 1966 was 2,40 96 lakh cubic feet resulting in excess payment of Rs 3 85 lakhs
- (ii) Rs 6 93 lakhs were paid without executing proper work orders with the contractors
- (iii) Rs 8 54 lakhs were spent without sanction of detailed estimates,
- (iv) anticipatory sanction for Rs 4 lakhs accorded by Government was exceeded without proper authority
- (v) two measurement books were missing
- (vi) shortages/excesses of stock and tools and plant articles could not be worked out in the absence of the book balances as certain records were not available at the time of transfer of the scheme to Pehowa Division

The Superintending Engineer further recommended that no further work should be executed

The case was reported to the department in March 1968. The Chief Engineer intimated in August 1970 that Government had since decided to drop the scheme and return the land to the owners and that action was being taken to call for the explanation of the persons at fault. Further developments were awaited (October 1970)

The department stated in evidence that the scheme of Guhla Reclamation was finally dropped in March 1965. However, the expenditure incurred on it

by the Director, Irrigation and Power Research Institute Amritsar during 1964 had not been regularised so far. No action to fix responsibility in the case had been taken because preliminary explanations of the officers/officials concerned except one Executive Engineer (allocated to Haryana) had not been received. Of the officials involved in this case Director of Irrigation and Power Research Institute Amritsar was stated to have since retired and Executive Engineer had expired. One S D O and two Sectional Officers had been allocated to Punjab, one Sectional Officer to Himachal Pradesh and one Sectional Officer was now working under the Delhi Corporation.

The land was stated to have been returned to the land owners in October 1970. No compensation was claimed by the land owners at the time of returning the land as no land had actually been acquired. The construction of the channel was taken up without issue of the requisite notification.

The Committee feel distressed to observe the haphazard manner in which the scheme of such a magnitude was executed. Even the departmental enquiry committee appointed by Government had mentioned that the work done was in such a state that it could not be utilised for extending irrigation without incurring heavy expenditure for completing the work. The technical feasibility of the scheme was also considered doubtful by the Superintending Engineer. Two of the measurement books were stated to be missing and excess payment of Rs 3.85 lakh had been made in earthwork. It is strange that the construction of the channel was started without formally issuing the requisite notifications for the acquisition of land.

The Committee would like that the question of taking suitable action against the officials allocated to Punjab and Himachal Pradesh and the official now working under Delhi Corporation may be taken up to a high level as the matter has already been delayed. Suitable action against the official allocated to Haryana be also finalised quickly.

*Paragraph 48 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Dadri Irrigation Scheme*

39 Dadri area depended mainly on rainfall for irrigation. The Bhakra Control Board decided in August 1951 that 249 cusecs of water out of the share of erstwhile Pepsu State from Sirsa branch of Western Jamuna canal should be diverted from the tail of Kharak Khurd minor canal to this area. This scheme taken up in February 1954 at an estimated cost of Rs 46.47 lakhs envisaged construction of Dadri and Bond distributaries with minors for irrigation facilities to a commandable cultivable area of 90,700 acres. It anticipated revenue of Rs 7.18 lakhs in 1961-62 and Rs 17.71 lakhs per annum from 1962-63. The scheme was expected to be completed by 1955-56 and the capital expenditure was to be recovered in full by the end of the 6th year of operation (1961-62) when irrigation would have developed to 62 per cent intensity.

The work was however completed in 1961-62 at a cost of Rs 69.83 lakhs against the original estimate of Rs 46.47 lakhs (subsequently revised to Rs 76.17 lakhs). The upward revision of the estimate was necessitated *inter alia* by the following —

- (a) The inner slopes of channels were constructed according to the designed section of lined channels. Water was however allowed to flow during two *kharif* seasons without lining the channels or compacting the earthwork. This caused the inner slopes to slip into the bed thus damaging the channels. Impact of winds,

storms rain and tress passing by carts and stray cattle had also contributed to the damages. Reconditioning of the banks of those channels had therefore to be done at an estimated additional cost of Rs 1.61 lakhs before lining them (exact expenditure not available)

- (b) Maintenance charges increased to Rs 0.71 lakh (upto March 1959) against the estimated provision of Rs 0.40 lakh because of abnormal increase in the number of breaches caused due to running of water in unlined channels
- (c) Earthwork of digging the main channels was completed in 1955. The compaction and lining work required to be done simultaneously with the earthwork was however taken up after two years after constructing pilot channels at a cost of Rs 1.74 lakhs to carry water for the purpose (not provided in the original estimate)
- (d) Rs 0.94 lakh more were spent on the staff of a sub division which had to be continued due to delay in completion of lining work
- (e) Original provision of Rs 12.09 lakhs for remodelling branches of Western Jamuna canal had to be revised to Rs 23.48 lakhs to provide for certain omissions in the original estimate and also to make certain changes in specifications

Against the total commandable cultivable area of 96,478 acres from 1961-62 to 1963-64 and 90,729 acres from 1964-65 to 1968-69 the area actually irrigated ranged from 25,188 acres to 38,291 acres. The area irrigated during 1968-69 was 25,188 acres the lowest in the eight years under review.

Against the estimated total revenue of Rs 1.41.20 lakhs (subsequently revised to Rs 85.14 lakhs) total revenue actually realised from 1961-62 to 1968-69 was only Rs 17.24 lakhs.

The shortfall in revenue was attributed by the Executive Engineer in February 1970 to the tract being primarily sandy and uneven which led to more absorption of losses than anticipated the villagers not excavating water courses and those who owned a number of separate plots taking their turn for water to irrigate only one plot and not irrigating the others.

The department stated in evidence that the two main points involved in this case were —

- 1 Excess against the original project estimate
- 2 Tardiness in development of irrigation resulting into loss of revenue

In regard to item No 1 it was mentioned that it was due to (i) increase in area and cost of lining and (ii) the increase in the cost of remodelling of channels in the Punjab State. The project provided for an amount of Rs 12 lakhs for re-modelling of branches and channels in the then adjoining Punjab State at the rate of Rs 12 per acre of the area to be commanded. However on actual execution of the work a debit for an amount of Rs 23 lakhs was received from the Punjab State.

As regards Item No (2) it was stated that the work on Dadri channels was done under extremely peculiar conditions as it lay in the zone of very scanty rainfall.

Consequently it was generally in the grip of famine. Government and people were anxious to receive the water immediately. This could only be done by postponing the lining and running the water in the earthen section. The earthen section was of course built for the lined channel but the lining was also postponed because the adjoining State of Punjab was not fulfilling the commitment of making available the water for compaction and lining works. On these considerations the work was allowed to continue beyond schedule but in this situation the channels started giving dividends as the supply was available right in the year 1965-66. It was also stated that there was sufficient improvement in the area irrigated from the Dadri channel and the figures of the last 3 years were as under —

1970-71	42,361 acres
1971-72	59,960
1972-73	54,714

During oral evidence the departmental representative was asked to furnish information on the following points —

- (1) Area irrigated by the channels in the first two seasons
- (2) The revenue collected in the first two seasons
- (3) The total area irrigated and the revenue collected for all the years since the construction of the channels
- (4) Whether 249 cusecs of water was sufficient for providing irrigation to the whole of the cultivable area intended to be covered under the scheme

The departmental representative promised to furnish the requisite information to the Committee in due course.

The Committee note with regret that there was inordinate delay of about 6 years in the completion of the scheme and there was a tremendous shortfall in revenue as compared to the forecast in the project estimate inasmuch as against the total estimated revenue of Rs 85.14 lakhs (revised from Rs 141.20 lakhs) the total revenue actually realised during the year 1961-62 to 1968-69 was only Rs 17.24 lakhs. The Committee would like that the reasons for such a steep short fall in the collection of revenue be investigated thoroughly and the results intimated. The information desired during oral evidence be also furnished to the Committee as expeditiously as possible.

*Paragraph 49 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Bhindawas lift irrigation*

40 For utilising the waters of Bhindawas lake which is fed from flood waters of drain No. 8 an emergent short term (5 years) lift irrigation scheme was under taken in March 1966 by Haryana Western Jamuna Canal Division against a sanctioned project estimate of Rs 3.09 lakhs. The lift irrigation expected to be completed before June 1966 was to provide non-perennial irrigation facilities to 4,000 acres of commandable cultivable area situated on the high plateau on the right side of Jhajjar sub-branch of Western Jamuna Canal and to make available the area covered by the lake for cultivation of *rabi* crops by de-watering it before the *rabi* season. 32,100 feet long lift channel was contemplated to run for 90 days in a year with water discharge of 50 cusecs.



In April 1966 the Superintending Engineer reported that the original project estimate was not based on actual survey and no alignment of the channel was marked on the contour plan

In January 1968 the Chief Engineer decided that non perennial irrigation should continue for an indefinite period instead of 5 years originally contemplated. The scheme was, thus revised and sanction to the revised project estimate for Rs 4 64 lakhs was accorded by Government in April 1968. The revised estimate envisaged irrigation facilities to 6 800 acres of commandable cultivable area and provision of two lifts instead of 4 000 acres of commandable cultivable area and one lift of 25 feet provided in the original project estimate

In January 1970 the Superintending Engineer while submitting the second revised project estimate for Rs 5 37 lakhs which contemplated supply of 14 cusecs of water from Jhajar sub branch into Bhindawas lake for providing perennial irrigation to the areas on the right side of Jhajar sub branch stated that —

- (i) no regular record of the supplies available in this lake during the past years was available either with the Irrigation Department or the Civil Department,
- (ii) the question of securing supplies of 50 cusecs for 90 days (as contemplated in the original estimate) did not arise at all because only 10 cusecs of water supply would be available for 75 days

The Chief Engineer/Government had however already observed in June 1969 that it was not the intention of Government to provide water for this scheme from the Western Jamuna canal system already suffering from shortage of water during *Rabi* season. Water from the Western Jamuna canal could be supplied only through Jhajar sub branch the capacity of which was already insufficient to cope with the requirements of Rewari lift irrigation the first stage of which had already been commissioned

Although two pumps each of 5 cusecs capacity had been installed at site in December 1968 and the channel had also been constructed in 1968 69 lift irrigation had not so far been started (October 1970) because Bhindawas lake was not an assured source of water supply. The total expenditure incurred on the scheme upto March 1970 was Rs 4 75 lakhs on works

The department stated that Bhindawas scheme was completed during the year 1969 70. The total expenditure incurred up to date was Rs 4 37 419. No benefit had however been derived from the scheme since its completion. The scheme on maturing was proposed to provide irrigation to 6 800 acres (C C A) but it could not be so done because its source of supply was flood waters through Drain No 8 which was converted for utilisation in Dadri Tehsil through Indira Gandhi feeder which had started functioning. Bhindawas lift channel had now been converted into Petwar Distributary of Jhajar lift Scheme and water was raising in it since July 1973. An area of about 4 000 acres was stated to have been irrigated through the channel during Kharif 1973

From the facts stated in the audit paragraph and those given by the department in its written reply the Committee cannot but express shock at the manner in which the scheme was executed. The scheme was undertaken without actual survey and without marking the alignment on the contour plan. Although the lift channel was contemplated to run for 90 days in a year with water discharge of 50 cusecs, the Superintending

Engineer had reported that this question did not arise at all because only 10 cusecs of water supply would be available for 75 days. It appears that the entire expenditure of Rs 4,37,419 incurred on the scheme had gone waste. The Committee would urge that the circumstances leading to the faulty and ill planned execution of the scheme be thoroughly investigated and responsibility for the wasteful expenditure be fixed against the officials concerned at all levels.

*Paragraph 54 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Nugatory expenditure*

41 As a result of departmental enquiry an engineer suspended in May 1956 was dismissed from service in October 1961. From May 1956 to October 1961 the enquiry proceedings were conducted for only one year and seven months.

The orders of dismissal were quashed by High Court in August 1963 on the ground that copies of previous statements of witnesses were not supplied to the officer. He was accordingly reinstated in September 1963 but again suspended on the same day to face fresh enquiry on earlier charges. Between September 1963 and November 1966 the enquiry was entrusted to three different Inquiry Officers one after the other without any progress. The officer was reinstated in January 1966 without prejudice to final decision as a result of departmental enquiry pending against him. The fourth enquiry officer appointed in December 1966 submitted his report in May 1968. Action on it was completed in April 1969 and the engineer punished by way of stoppage of one increment without future effect.

For the first spell of suspension (seven years and four months) the engineer was paid full pay and allowances (Rs 0.52 lakh) for the second spell (two years and four months) he was paid 95 per cent thereof (Rs 0.19 lakh). The entire period of suspension had been treated as duty for all purposes.

It was stated by the departmental representative during oral evidence that the then Executive Engineer concerned had filed a writ petition in the court of law and the case was pending before the court. It was desired that further consideration of this case may be kept pending till the decision of the court on the writ petition filed by the Executive Engineer was announced.

The Committee would like to be informed about the decision of the court as and when it is announced.

*Paragraph 55 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Excess payment to a contractor*

42 In Gauchhi Division Faridabad earthwork in R.D. 225 to 230 of Gurgaon canal was allotted to a contractor in August 1966 at Rs 28.74 per thousand cu ft. The work order executed with the contractor required payment to be made for the quantity of earthwork determined on the basis of cross sections. 41.66 lakh cu ft of earthwork measured by a Sectional Officer in March 1967 was approved by the Executive Engineer and payment to the contractor was made for 40.33 lakh cu ft earthwork in January 1968 and thereafter no work was done. In May 1968 fresh cross sections observed by another Sectional Officer and a Sub-Divisional Officer showed that the total quantity of earthwork done was 34.32 lakh cu ft only. For excess measurement of 6.01 lakh cu ft of earthwork Rs 0.17 lakh were overpaid.

The matter was reported to the department in June 1969. The department intimated in April 1970 that the circumstances in which fresh cross sections were observed at a later stage when the pre determined quantity already existed on record were being investigated.

The department stated in evidence that the contractor had gone in for arbitration against any reduction in the quantity of earth work for which payment had already been made to him. The departmental representative desired during oral evidence that the case may be kept pending till announcement of the award by the arbitrator.

**The Committee would like to be apprised of the decision of the arbitrator as soon as it is announced.**

*Paragraph 69 of the Report of the Comptroller and Auditor General of India for the year 1969-70—De'ay in investigation and fixing responsibility for shortage and loss of stores*

43 Tools and plant worth Rs 7 688 and Rs 22 792 were not handed over by a Sectional Officer of the Mechanical Drainage Division Karnal at the time of making over charge in Karnal and Kaithal Sub Divisions in June 1967 and April 1968 respectively. The matter was reported to the Superintending Engineer in July 1969. Final action taken was awaited (October 1970).

The department stated in evidence that out of the total shortage of Rs 30 480 shortage to the tune of Rs 24 100 had since been located leaving the balance of Rs 6 380. Recovery orders for this amount had since been issued against the Sectional Officer concerned but the amount recovered on this account was not known. During oral evidence the departmental representative mentioned that some more investigation into the case was necessary and a further report in the matter would be sent to the Committee.

**The Committee would like to be informed about the result of the final investigation and the amount recovered from the Sectional Officer as early as possible.**

## BUILDINGS AND ROADS

*Paragraph 57 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Overpayment to contractors*

44 In Karnal Provincial Division contractors were overpaid as mentioned below —

- (a) Earthwork in miles 8.9 and 10 of Karnal Kachhwa road was allotted to two labour and construction societies in October, 1968 (estimated cost Rs 36 500). The work was left incomplete after excavation of 15 24 906 cu ft of earthwork for which Rs 32 018 were paid in February 1969. On re measurement in June, 1969 to assess the quantity of earthwork yet to be completed a Sectional Officer found that against 15 24 906 cu ft of earthwork paid for actual quantity excavated was only 8 47 722 cu ft. The Executive Engineer Vigilance confirmed after re check (September 1969).

the Sectional Officer's measurement. Thus Rs 0.15 lakh were paid in excess for 6 77 184 cu ft. The Division had Rs 1 587 as security furnished by the societies.

The Chief Engineer intimated in July 1970 that the matter had been referred to the Special Enquiry Agency for further probe and a report from the latter was awaited.

- (b) Earthwork in miles 4 and 5 of Karnal Meerut road (estimated cost Rs 50 000) was allotted to two labour and construction societies (one of them being one of the mentioned above) in December 1968 to be completed within six months. After executing 11 29 536 cu ft of earthwork the societies abandoned the work. In July 1969 the Executive Engineer stated that the work done was incomplete and sub standard inasmuch as dressing and *doz* cutting of earthwork was not done. Thus the societies were overpaid Rs 2 287 in addition Rs 4 564 are recoverable for the remaining work got done departmentally at the risk and cost of the societies under the terms of the contracts.

In July 1970 the Chief Engineer intimated that action to recover the overpayment from the societies was being taken with the help of Registrar Co operative Societies Haryana.

(a) The department stated in a written memorandum that the report of the special enquiry agency was still awaited. The Vigilance Department had been reminded regularly for expediting their findings but these had not as yet been received. Action against the Sectional Officer and the Sub Divisional Engineer responsible for recording measurements as also against the concerned societies would be taken on receipt of the findings of the special enquiry agency. It was also stated that out of the total overpayment of Rs 13 563 a sum of Rs 5 880 had since been adjusted against the dues of the Societies and the balance recovery amounted to Rs 7 683.

The Committee would like to know the findings of the special enquiry agency as and when these are received. Since the matter was referred to the special enquiry agency about 3 years ago, their findings be got expedited.

The Committee would also like to be informed about the prospects of the recovery of the balance amount of Rs 7,683 from the societies concerned.

(b) The department stated in its written reply that the work was allotted to the two societies on agreement basis. The total recovery involved in this case on account of work done at the risk and cost of the societies amount paid in excess due to dressing and *doz* cutting as well as compensation levied on these societies worked out to Rs 9 407. Out of this sum Rs 5 629 had been recovered from or adjusted against the dues of one of the societies. Of the balance of Rs 3 778 recoverable from the other society a sum of Rs 2 060 had since been adjusted against its dues and the balance recovery amounted to Rs 1 718 only. The society had applied for arbitration in this case and the proceedings/findings of the arbitrator were still awaited.

The Committee would like to know whether the arbitration proceedings in this case have since been finalised and, if so, what are the terms of the award of the arbitrator and whether the balance recovery of Rs 1,718 has been affected from the society concerned

## PUBLIC HEALTH

*Paragraph 59 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Water supply to a village*

45 Work of providing water supply to village Ding (estimated cost Rs 0.71 lakh) was executed in 1961 by Public Health Division Sirsa under the National Water Supply Scheme sponsored by Government of India

Rs 0.82 lakh were spent on construction and Rs 0.12 lakh on repair and maintenance on this work from 1962-63 to 1968-69. The work was to be fed from Sirsa major distributary. As the water discharge in Sirsa major was not sufficient for the required supply of 0.2 cusec of water, the Superintending Engineer, Bhakra Line, Hissar proposed (December 1961) to meet the requirements from Kasumati minor which also did not materialise because of certain technical difficulties.

In August 1964 the department decided to take water from an outlet on rotation basis with other villages and for that purpose a pipe outlet was fixed on Sirsa branch by the Irrigation Department. Up to September 1967 the *warabandi* (turns for irrigation) could not be decided and the pipe outlet was subsequently dismantled by the Irrigation Department. In March 1970 the Executive Engineer reported that the work could not be commissioned due to non availability of water from the Irrigation authorities.

The matter was brought to the notice of Government in October 1969. The Chief Engineer intimated in October, 1970 that the water required to feed this scheme would be taken from another outlet got fixed on Mochiwala minor by the Irrigation department and the scheme would be commissioned soon after *warabandi* was announced by the Deputy Collector who had been approached for the purpose.

The department stated in its written memorandum that after a survey of the area was conducted before selecting the site of the work raw water was proposed to be drawn from the Sirsa Branch feeding the area at that time. The suggestion of the Canal authorities for drawing the water from the alternate outlet of Kasumati minor did not materialise as it lay across the Railway line and also at a lower level than the storage tank. The pipe outlet in the Sirsa Branch was subsequently sanctioned by the Irrigation Department common in share with the Zamindars but the *warabandi* could not be enforced as the share holders of the outlet did not accept it even though the Village Panchayat had passed a resolution earlier to this effect. In the meantime the feeding of this area was started from another new distributary i.e. Mochiwala minor. It was further mentioned that the work which was originally planned to be commissioned in April 1961 was actually commissioned on the 5th October 1970.

According to the original estimates a sum of Rs 8,876 was due from the Panchayat as beneficiary share. A sum of Rs 6,272 in cash and Rs 2,604 in the shape of land were given by the Panchayat. The beneficiary share on account of excess expenditure over the sanctioned estimate came to Rs 1,159 which was yet to be recovered from the Panchayat.

The Committee note with regret the unusual delay of about 9 years in the completion of the scheme because of lack of coordination between the Public Health and the Irrigation Departments. It seems that the survey of the area was not done properly in the first instance as a result of which complications arose subsequently and alternative sources of water supply had to be thought of before the scheme was actually put through after considerable delay.

Besides, although the work was completed in October, 1970, the revised estimates to cover the excess expenditure over the original estimates had still to be sanctioned.

The Committee recommend that the reasons for the inordinate delay in the execution of the scheme be thoroughly examined and responsibility fixed on the officials concerned.

The Committee would also like to be informed about the recovery of the sum of Rs 1,159 from the concerned Panchayat on account of beneficiary share of excess expenditure over the sanctioned estimate.

*Paragraph 60 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Excessive issue of materials*

46. In Public Health Division Bhiwani the work of providing water in group A-1 villages of Bhiwani tehsil (estimated cost Rs 55.98 lakhs) was allotted between September 1965 and May 1967 to several contractors on labour rates. Materials required for use on the work were supplied by the Division.

In July 1969 the Executive Engineer reported to the Superintending Engineer that the final bills of eighteen contractors (amount Rs 3,752) who had completed their works between April 1966 and October 1967 could not be finalised because materials (cost Rs 0.89 lakh) issued in excess of actual requirements or provision in the estimates, remained unaccounted for.

The matter was brought to the notice of the department in October 1969. Final reply was awaited (October 1970).

The department stated in its written memorandum that all these works were done on work order basis at labour rates. The material was to be consumed by the contractors in laying pipelines. On the completion of the work the surplus material was to be returned by the contractors otherwise recovery was to be made at penal rate i.e. double the stock issue rate from the final bill of the contractor or from security deposits. In this case the excess material issued to the contractors was mostly C.I. pipes which was issued in excess of the estimated requirement for meeting the unavoidable wastage in cutting to pieces. C.I. pipes were issued in full length of standard size which had to be cut in pieces according to actual requirement at the site and in this process it being cast iron breakage was necessary and no hard and fast percentage could be fixed for such wastage which varied according to the pieces to be cut. The C.I. pipe issued in excess was quite nominal and therefore no action was called for against any official/officer. However the delay in adjustment of the cost of C.I. pipes in the bills of the contractors had occurred due to the transfer of charge from one sub-division to another sub-division and again from one division to another division. It was further stated that the total material issued in excess was of the value of Rs 89,446 out of which material worth Rs 11,790 was not taken by a contractor on indent but was debited to his account leaving the balance at Rs 77,656. Material worth Rs 72,191 was returned by the contractors. The total cost of the material not returned by the contractors was

Rs 5 465 only against which Rs 4 314 had since been recovered from the contractor's final bills and security at penal rate. The net loss to the Government thus amounted to Rs 1 151. The bill of one of the contractors from whom Rs 3 564 were to be recovered at penal rate had not been finalised while Rs 328 and Rs 2 774 had been placed in Miscellaneous P W Advances against two other contractors. The Executive Engineers of various divisions had been asked to stop payments of these two contractors and as soon as their whereabouts were traced the recovery of the outstanding amounts would be effected or else legal action in the court of law would be taken.

While the Committee agree that C I pipe had to be issued to the contractors in full length of standard size yet they feel that the department should devise some suitable norms in order to ensure that the total quantity of materials issued to the contractors is as near to the quantity of the work allotted to them as possible and that there are no instances involving issue of large quantities of material much in excess of actual requirements. The Committee would like to be informed of the remedial measures taken in this behalf and the progress of recovery of the outstanding amounts from the contractors concerned.

*Para 61 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Rural water supply*

47 In Rohtak Public Health Division a Centrally sponsored scheme was undertaken in October, 1965 for improvement of water supply in the area and to provide drinking water to a group of villages in Rohtak and Mohindergarh Districts where underground water was brackish. Government of India and State Government were to share 50 and 38 per cent of the cost the balance of 12 per cent being recoverable from the beneficiaries (5 per cent in cash and 7 per cent in the form of land and labour). Up to February 1968 Rs 6 67 lakhs were spent.

The site selected in March 1965 for drawal of water was at the tail of a minor canal (under the Irrigation Department) wherefrom one cusec of water was to be supplied. Irrigation Department however expressed its inability thrice in 1965 to meet this requirement because water had not reached the tail of the minor and thus could not be spared at least for the next two years. Finally in September 1967 the Irrigation Department agreed to give the outlet of one cusec. It was explained (February 1970) that the outlet was not provided as the Irrigation Department was demanding Rs 25 000 for providing additional pumping machinery for the purpose of sanctioning the outlet of one cusec. It was also stated that water at the tail end was stagnant and not of sufficient height. In November, 1970 the department intimated that the outlet was provided by the Irrigation Department in March, 1970 and the water reached the tank in August 1970.

The following other points were noticed —

- (i) The scheme was expected to be completed within eighteen months. It was however completed after about 27 months for Rs 6 67 lakhs as against the estimated cost of Rs 5 54 lakhs (technical sanction was accorded by the Chief Engineer in May 1967).
- (ii) Out of the total beneficiaries share of Rs 0 67 lakh Rs 0 52 lakh had not been realised so far (October 1970).

The department stated in its written memorandum that the delay in the completion of work was partly due to shortage of material i.e. C I pipes and special ricks and special size tiles and partly due to the late receipt of funds. The survey

of the area was conducted by a Surveyor in 1964 and it was proposed that the water would be drawn from Dubaldhan sub minor at the tail and accordingly the Executive Engineer, Rohtak Division W J C was requested in January 1965 to intimate whether the required quantity of water could be made available from the said sub minor or any of the other two minors i.e. Dadri and Bhagwi. The Executive Engineer W J C, Rohtak informed in March, 1965 that the water could not be supplied at that stage but it was expected that the water would reach the tail after about a year. As the work of construction of tank reservoir and laying of pipes etc. was likely to take not less than a year, the selection of site was finalised and possession of land taken from the Panchayat. In April, 1965 the Executive Engineer, W J C Rohtak informed that the water from Dubaldhan Minor could not be supplied for two years. However in view of the pressure from the beneficiaries and the Panchayat Department from whom the land and funds had been taken the department was left with no other alternative but to take up the work in hand and to persuade the canal authorities for giving canal water by the time the work was completed. On constant persuasion, the Superintending Engineer sanctioned an outlet from Dubaldhan Minor at the proposed site on the 18th September, 1967 i.e. before the actual completion of the work. However, due to practical difficulties of the Irrigation Department such as the installation of additional pumping set to increase the capacity of the minor itself the water could not reach the tail. This took a long time and the water was ultimately given for the tank in July 1970. The scheme was now stated to be working satisfactorily. The total amount of beneficiaries share i.e. 5 per cent of revised estimate of Rs 8 64 850 was Rs 43 243 out of which Rs 36 328 were still recoverable. The amount was to be recovered in convenient instalments of 1 per cent per quarter.

The Committee are unhappy to note that there was considerable delay in the completion of the work due to the fact that all the preliminaries relating to the scheme had not been completed and the matter in regard to the availability of water from the tail of the minor had not been properly settled with the Irrigation Department before the scheme was actually taken in hand. The Committee firmly believe that in all such schemes involving more than one department there should be close co-ordination between them so that the work is completed within the target dates and time is not lost in settling the connected issues at a later stage.

The Committee would like that suitable and effective measures be devised in this behalf and necessary instructions issued to all concerned. The Committee would also like to be informed about the recovery of the balance amount of Rs 36,328 from the beneficiaries concerned.

#### HARYANA STATE ELECTRICITY BOARD

*Paragraph 80 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Power supply and utilisation*

48 Out of 1 071 million K W H generated and/or obtained from Bhakra Management Board during 1969-70 only 799 million K W H were actually sold. Loss in transmission and distribution was thus 25 per cent which exceeded the ceiling of 20 per cent prescribed by the Board.

The assets of the Board include Thermal Power Station at Faridabad and 1/3rd share of the Indraprastha Station of the Delhi Electric Supply Undertaking. Though the Board is bearing 1/3rd share of the expenditure of the Indraprastha Station New Delhi the agreement in this regard had not been finalised so far (August 1970) with the Delhi Electric Supply Undertaking.



The Thermal Power Station at Faridabad has a generating capacity of 131.40 million KWH. Against this only 11.80 million KWH of energy was generated during 1969-70.

The Board stated in its written reply that line losses in power system depended upon various factors such as conflagration of the network in respect of generating station voltage conditions and power factor of the load as also theft of energy by mischievous elements. The losses were mainly on account of the fact that the Board had to lay an extensive network in the rural areas where diversity was poor in the initial periods of such schemes. The following steps had been taken by the Board to reduce the 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 were being augmented in order to ease the loading conditions.
- (c) For improvement of power factor 11 KV Capacitors were being installed at the Grid sub stations.
- (d) The Board had also ordered a systematic study of the OP' network to enable proper realignment of the lines erected under the crash programme for achieving proper load conditions and avoiding line losses.

It was added that line losses in Haryana during the period from 1967-68 to 1971-72 compared favourably with the losses in neighbouring States. Line losses had in fact been reduced from 27.2 per cent in 1971-72 to 23.2 per cent in 1972-73. In regard to utilisation of 1/3rd share of power from the Indraprastha station of the Delhi Electric Supply Undertaking it was stated that the Haryana State Electricity Board had utilised its share of power fully and even additional power had been obtained from the Indraprastha Station. However, the Delhi Electric Supply Undertaking had not so far executed the partnership agreement although the matter had been pursued vigorously and the Chief Minister had also written in this behalf to Union Minister of Irrigation and Power.

The Thermal Power Station at Faridabad was stated to be merely a standby unit and it was used when there was some break down or some other problem. As the load in Haryana grew the plant was made to run more and more to meet electric requirement and the generation of power had improved in subsequent years as per figures given below —

1970-71	51.84 million KWH
1971-72	34.69 million KWH
1972-73	84.10 million KWH

In this connection, the Committee would like to invite attention to their observations contained in para 66 of their 5th Report and would like to have a detailed report on the various points mentioned therein.

The Committee feel that the question of line losses should be kept under constant review and effective measures devised to ensure that line losses were reduced to the

minimum The fact that the situation in Haryana compared favourably with neighbouring States where similar losses had occurred is gratifying But almost 1/4th of the electric power goes waste as a result of losses in transmission etc which should necessitate a careful and detailed study of the problem particularly in view of the growing need for electricity and the shortage of power

The Committee would further like to be informed about the result of the efforts to get the agreement in regard to Indraprastha station executed with the Delhi Electric Supply Undertaking

*Paragraph 81 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Other points of interest*

49 (a) Stores/materials worth Rs 80.65 lakhs were drawn during April 1968 and December 1969 by the subordinates in charge of the works in 11 Divisions but proper accounts showing the receipts and issues of such stores/materials to various works, had not so far (October 1970) been maintained as required under the Rules

(b) Amounts aggregating Rs 1.29 crores pertaining to 11 Divisions were due from various suppliers on account of penalty charges for delayed supplies as per terms of contracts but the same had not been recovered so far (August, 1970)

(c) Materials worth Rs 32.48 lakhs received in 4 Divisions during 1968-69 were found below specifications and the same had also been used on works but no action had been taken against the suppliers for defective supplies

(d) Property and plant registers showing details of various fixed and other assets had not been maintained nor had their physical verification been carried out since the formation of the Board

(e) The Board gave 2,116 electric connections in rural areas and energised 49,988 tubewells during 1967-68 to 1969-70. The accounts of the Board did not exhibit the capital expenditure on tubewells and rural connections separately. Hence returns on these activities could not be ascertained separately.

The position was explained by the Board as under —

*Item (a)*—The material at site accounts could not be prepared due to—

- (1) bifurcation of the composite Punjab State Electricity Board and the concerned staff changing sides
- (2) deficiency of staff due to increased tempo in construction of sub stations/lines generally and
- (3) execution of works by more than one Division/Sub Division

Most of these accounts were stated to have since been adjusted reducing the amount from Rs 80.65 lakhs to Rs 15.63 lakhs. The remaining accounts were also being prepared. It was mentioned that the Board had decided that in cases where a subordinate in charge of a work failed to render the accounts for two consecutive months, his pay should not be disbursed till he rendered the accounts. Similarly the pay of a Sub Divisional Officer would not be disbursed if the material at site accounts were not rendered continuously for 4 months. It had also been instructed that if an official could not complete his charge in the normal period he should be given leave

for the purpose of completing it. The case for simplification of the existing form/system of material at site accounts was also stated to be under consideration.

The Committee would like to be informed of the progress in the adjustment of the remaining accounts involving Rs 15.63 lakhs. It is regretted that these accounts were allowed to fall into heavy arrears. This work should be got completed on priority basis as the proper utilisation of the materials cannot be vouchsafed in the absence of these accounts and with the passage of time it may become difficult to trace the relevant entries and the officials concerned may also get transferred or retire from service etc.

*Item (b)* —It was mentioned that the actual amount of penalty charges recoverable from delayed supply was Rs 3.31 lakhs only and this figure had also been confirmed by the Resident Audit Officer. It was stated during oral evidence that necessary action for the recovery of these charges would be taken by the purchasing authorities.

The Committee would like to know whether the penalty charges of Rs 3.31 lakhs have since been recovered from the suppliers concerned and if not, what are the reasons for the delay?

*Item (c)* —It was stated that out of the material worth Rs 32.48 lakhs found to be below specifications, material valuing Rs 31.70 lakhs had been got rectified and accepted.

The Committee would like to be informed of the nature of general defects found in the material and the action, if any, taken against the suppliers for making defective supplies. The Committee would also like to know the progress in regard to the rectification of the defects in the remaining cases.

*Item (d)* —It was stated that the property and plant register had not been maintained since the inception of the composite Punjab P.W.D. Electricity Branch. As the figures relating to pre-reorganisation balances under the various capital heads had not been determined by the new Punjab State Electricity Board, it had not been possible to undertake this work. However, the register of plant and machinery was required to be maintained in all the Divisions in accordance with the instructions contained in E.B. Manual and this register was required to be checked by the Superintending Engineer at the time of annual inspection. Necessary instructions for making the assets register up to date had been issued in December 1969.

The Committee would like to know whether the property and plant register has since been started and physical verification of fixed and other assets carried out.

*Item (e)* —It was stated that the existing prescribed forms did not require exhibition of expenditure incurred on tube wells and rural connections separately. However, for statistical purposes, the figure of expenditure incurred on tubewells and rural connections had been tabulated from the year 1971-72 onwards on the basis of guidelines prescribed by the World Bank.

The Committee feel that in case the existing forms require any modifications in order to exhibit the expenditure incurred on tubewells and rural connections separately, necessary action in this behalf be taken under intimation to the Committee.

*Paragraph 82 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Purchase of tower material*

50 Two purchase orders placed by the composite Punjab State Electricity Board on a firm in May 1963 and December 1964 for supply of tower material for certain transmission lines included supply of 2 940 tonnes of tower material for three transmission lines now coming under the jurisdiction of the Haryana State Electricity Board

The following points were noticed by Audit (April 1970) —

- (a) Both the purchase orders provided for advance payment of 90 per cent of the value of raw material including steel. However in November 1967 the terms of payment of the purchase order of December 1964 were revised by the Haryana State Electricity Board providing for 100 per cent advance payment against the cost of raw steel purchased by the supplier. The additional 10 per cent payment for cost of steel only under the second purchase order was not to exceed Rs 70 000 for which a bank guarantee was furnished by the firm for Rs 70 000 plus Rs 2 975 inclusive of interest charge at 8<sup>1</sup>/<sub>2</sub> per cent for a period of six months.
- (b) The purchase order of May 1963 provided that the firm would furnish security deposit in the form of a bank guarantee for 10 per cent of the contract value for the faithful performance of the contract to be valid up to the period of pendency of the contract. No such provision existed in the second purchase order of December 1964. Though the firm furnished the bank guarantee as stipulated under the first purchase order due to the failure of the contractor to discharge his obligations the Board issued a notice (April, 1969) to the Bank which however did not accept the liability on the ground that the original delivery period of the contract had expired. Though formal extensions of delivery periods were given by the Board from time to time automatically extending the validity period of the contract the bank did not however agree to the automatic extension of the period of guarantee. The Board intimated (July 1970) that they intend to contest this issue with the Bank authorities.
- (c) According to the terms of the purchase orders the advance payments to the contractor were subject to an overall maximum of 50 per cent of the contract price and were to be made against copies of supplier's invoices. The contract price of both the purchase orders pertaining to the area falling under this Board amounted to Rs 35.96 lakhs. As against the maximum permissible advance of Rs 17.98 lakhs to the contractor the Board's records showed an advance of Rs 27.98 lakhs as having been made to the contractor. The exact circumstances under which such excess advance was paid to the party were yet (October 1970) to be clarified.
- (d) The value of finished material supplied by the firm was only of the order of Rs 19.13 lakhs against the advance payment of Rs 27.98 lakhs.
- (e) The material ordered against the first purchase order was required to be supplied commencing from November, 1963 and May, 1964 to

be completed by June 1964 and September 1964 respectively for two different transmission lines. The contractor however, requested for extension of the delivery period up to March, 1968 and June, 1968 respectively in respect of the first purchase order which was agreed to by the Board (March 1968) stipulating that failure to complete the supplies even by the extended dates would involve in addition to the penalty leviable by the Board a right to make risk purchase. However, the firm made supplies of the order of Rs 7.59 lakhs by the extended date as against Rs 16.67 lakhs covered by the first purchase order. The Board however invoked the provisions of the risk purchase clause only in July 1969 incurring an extra expenditure of Rs 0.62 lakh. In two cases the Board did not invoke the provisions of risk purchase clause. In one of these cases the amount of Rs 0.32 lakh was worked out as recoverable from the firm on the basis adopted for the line for which risk purchase clause was invoked. In the second case material purchased for another work was diverted though it involved additional expenditure of Rs 0.25 lakh. The firm was also liable to pay penalty charges amounting to Rs 3.59 lakhs for the failure to adhere to the revised delivery schedule which was also being referred by the Board to arbitration.

After adjusting all claims payable to the firm Rs 14.57 lakhs were still (October, 1970) recoverable from the firm. The Board authorities intimated in October 1970 that the case of recovery against the firm was being referred to arbitration.

The Board stated in its written reply that information on almost all the points desired by the Committee through a questionnaire issued by them was being collected and would be supplied separately. However the requisite information had not been received till the writing of this report. In regard to payment of advances to the contractor it was stated that the advance payments amounting to Rs 27.98 lakhs were given from time to time only after adjustment of the previous advances against the supplies received. At no point of time was the total amount of the advances outstanding allowed to exceed 50 per cent of the contract price i.e. Rs 17.98 lakhs. All these advances were made against copies of suppliers' invoices. Out of the total of the advances paid from time to time i.e., Rs 27.98 lakhs a sum of Rs 19.13 lakhs (approx.) was recovered through adjustment/recovery from the bills in respect of supplies by the firm leaving a balance of Rs 8.85 lakhs. The Board had lodged a claim of Rs 17 lakhs for the non fulfilment of the contract (including the outstanding advance of Rs 8.85 lakhs) before the arbitrator to whom the case was referred in November 1970. The case was now pending in the Court for the appointment of an umpire. It was further stated that interest charges amounting to Rs 7,836 had been recovered from the suppliers.

During oral evidence the Board's representative stated that the advance of Rs 27.98 lakhs was to be made against the purchase of raw materials. However the Board's representative was unable to satisfy the Committee about the value of the raw materials actually received whether these were lying at the premises of the suppliers or under the custody of the Board whether these had been utilised for the work of the Board or for other purposes and whether physical verification of the material was conducted at any time. The Board's representative was also asked to clarify as to how the advance payment of Rs 27.98 lakhs was made to the suppliers keeping in view the condition laid down in the purchase orders that the advance payments would be subject to overall maximum of 50 per cent of the contract price. The Board's representative stated that the advance payments were made to the

suppliers according to the interpretation given by the Punjab State Electricity Board at that time and that interpretation was followed by the Haryana State Electricity Board as well. In regard to the question of non conducting of the physical verification of the material the Board's representative stated that it was a question for which responsibility had to be fixed. However this point would be further considered after the announcement of the decision on the arbitration proceedings.

The Committee are extremely unhappy to note the various lapses which had occurred in this case and the considerable delay in the submission of the information called for by the Committee on various points through their questionnaire. The Committee observe that the condition laid down in the purchase orders regarding advance payments was amply clear to the effect that these advances were to be allowed only up to over all maximum of 50 per cent of the contract price and there was obviously no room for any doubt in this behalf. The basis on which this condition was interpreted to the advantage of the suppliers is not clear. The Board has also not cared even to investigate the basic fact as to the amount of raw materials actually received against which advance payments were made, whether these were enough to cover the advance payments and whether the raw materials had been used for the work of the Board or where these were lying. There was also a serious default in not asking the Bank authorities to extend the period of guarantee at the time of extending the validity period of the contract as a result of which the Bank refused to accept any liability on this account.

The Committee would like that the information desired by them be collected and submitted to them as early as possible alongwith the reasons for the delay and the action taken against the delinquent officials. The Committee would also like to be informed about the result of the arbitration proceeding in the court.

*Paragraph 83 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Purchase of manila rope*

51 In June 1967 Superintending Engineer T C C Karnal placed orders for the purchase of 7 000 kilograms of Manila Rope on a firm at Rs 4.39 per kilogram. Ninety per cent payment was made against Railway Receipt and the balance released on receipt of goods in June 1967. The goods were verified and accepted being in accordance with the sample approved by the Superintending Engineer at the time of placing orders. During physical verification conducted in January 1968 it was however, detected that the firm had actually supplied Sisal Rope costing Rs 3.21 per kilogram as quoted by the firm itself. The overpayment amounting to Rs 8 508 (including overpayment of Central Sales Tax amounting to Rs 248) could not be realised from the firm as the supply conformed to the approved sample.

In another case Superintending Engineer Operation Circle Karnal issued purchase orders for 43 400 kilograms of Manila Rope at Rs 5.75 per kilogram on a different firm in August, 1967. Purchase order contained provision for 90 per cent advance payment to the Bank against Railway Receipt. In October 1967 a representative of the firm succeeded in personally collecting 90 per cent payment for full quantity ordered though the Railway Receipt was for only 86 kilograms. Even goods covered by this Railway Receipt were yet to be received (June 1970). In November 1967 the firm supplied 3,192 kilograms of Sisal Rope instead of Manila Rope. It was however decided (June 1969) to accept the supply at the rate of Rs 3.18 per kilogram according to the rate contract of the Controller of Stores prevailing at that time as Sisal rope could also be used by the Board. The Board authorities intimated in October 1970 that the suppliers had agreed to refund the excess payment of Rs 7,924 through adjustment against payments due to them in respect of other purchase orders and that action in that respect was afoot.

Action taken to fix responsibility for the loss in the first case and for other lapses in the second case was still (October 1970) awaited

The Board stated in evidence that the supplier had submitted the sample of Sisal rope showing it as Manila rope which was approved by the then Superintending Engineer who had since died on 11th February 1968 i.e. soon after the detection of the wrong supply. No action could therefore, be taken against him. Since the material received conformed to the approved sample the same was accepted by the store keeper. The Board wanted to take legal action for the recovery of the amount from the supplier but it was advised that since the sample had been approved and the supply had been made according to the sample no case for recovery through civil action could be made out. However further business with the firm had been banned.

It was also stated that the entire quantity of material had been utilised and there was no balance of this material left in the stock.

In regard to the second case it was mentioned that the representative of the firm personally presented to the Sub Divisional Officer, Stores Sub Division Panipat a manuscript bill for 90 per cent payment of the entire quantity supported by R R for one coil of rope weighing 86 Kg. The then Sub Divisional Clerk prepared the 90 percent bill for advance payment which was passed on by the then Sub Divisional Officer to the Divisional office for pre-audit and issue of cheque for release of R R from the Bank completely disregarding that the R R was for only 86 Kg of the material which also did not reach the destination. Necessary disciplinary proceedings had been initiated against the then Sub Divisional Officer and the Sub Divisional Clerk through the Punjab State Electricity Board to which they were allocated.

In regard to the recovery of the excess payment of Rs 7,924 it was stated that a sum of Rs 7,140 (after deducting Rs 405 on account of penalty waived due to extension of delivery period and Rs 379 on account of sales tax) had been recovered in full from the suppliers.

The Committee feel that although the sample was initially approved by the then Superintending Engineer and the material was also accepted as conforming to the approved sample, there should be some procedure under which the receiving authority should be able to determine whether the material received is of the requisite standard and specification. It is strange that after the sample was approved by the Superintending Engineer, the material received was not technically examined to see if it was Manila rope or Sisal rope and it was accepted by the store keeper who was obviously not qualified to examine it from a technical point of view. Similar lapse has occurred in the second case also. The Committee would urge that the Board should take suitable steps to avoid the recurrence of such instances in future and to ensure that the materials received are technically examined in detail before being accepted.

The Committee would also like to be informed of the result of the action taken against the then Sub Divisional Officer and the Sub Divisional Clerk responsible in the second case.

*Paragraph 84 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Purchase of Conductor*

52 Against two purchase orders placed by the composite Punjab State Electricity Board with a firm 2,250 kilometres of conductor were to be consigned

to Haryana State Electricity Board The terms of the contracts, *inter alia*, provided that—

- (i) the material might be inspected by the representative of the Board before despatch or during the course of manufacture,
- (ii) the tests be conducted before stranding and the test reports submitted to the Chief Engineer for approval,
- (iii) hundred per cent payment in respect of the items despatched (including Excise Duty and Sales Tax) be made against Railway Receipt through recognised bank on furnishing Bank Guarantee valid for delivery period and six months thereafter of the value of 10 per cent of the total contract price of the purchase order
- (iv) each consignee should inspect the material at destination to ensure that it was strictly in conformity with the specifications and terms and conditions stipulated in the purchase order and
- (v) the company should be responsible to replace free of costs the whole or any part of the material proved defective provided the consignee gave prompt written notice to the supplier

In November 1967 the Haryana Board waived the provision of inspection of material during manufacture or before its despatch to facilitate timely completion of supplies. Materials worth Rs 10.35 lakhs (approximately) were received in 10 divisions during December 1967 to January 1968. Out of these those worth Rs 7.52 lakhs were accepted and issued to the works by eight divisions without inspection and without obtaining the approval of the Test Certificates. On actual tests got conducted in two divisions the materials were found to be below specifications and those worth Rs 2.83 lakhs received in these divisions were still (June 1970) lying unutilised since January 1968. The Board decided (June and September 1969) to accept the sub standard material subject to a recovery of Rs 0.77 lakh (approximately) from the firm to whom cent per cent advance payment had already been made. The firm refused to pay the penalty *inter alia* on the ground that the Board had already issued satisfactory completion certificates taken the materials on books and also consumed the same on works. Bank Guarantee furnished by the firm had also lapsed.

The Board stated in evidence that the shortage of material in the field and timely completion of supplies prompted the Board to waive the provision of inspection during manufacture of material or before its despatch. This firm had been supplying large quantities of conductors to the composite Board and the material received after inspection was always found satisfactory. When the material was received after waiving the inspection, the Store Purchase Committee decided that since the firm had not submitted the test certificate in line with the provision of the purchase order sample at random may be selected by the consignees from the supplies received by them and get them tested from the National Physical Laboratory. In another meeting the Store Purchase Committee decided that the samples may be selected at random jointly by the firm and the consignee from the supplies received at Dhulkot and get them tested from the National Physical Laboratory. While the test result of the samples selected from Dhulkot supplies showed minor deficiencies there were more deficiencies in the test result of samples selected by the S D O Hansi. The Store Purchase Committee on the basis of the test result of samples taken from Dhulkot stores as well as from Hansi decided to effect recovery from the firm for the entire supplies received. The extent of recoveries was worked out on the



basis of larger deficiency of weight galvanising test and other deficiencies of different stands from the provisions of the I S S

During oral examination the Board's representative mentioned that test certificates were required to be submitted for 10 per cent of the quantity ordered. In reply to an enquiry as to what were the reasons for not getting the material inspected to that extent, the Board's representative stated that the Haryana State Electricity Board was formed in May 1967 and this purchase was effected in November 1967 when the inspection organisation had not been set up by the Board. It was further stated that after taking into account the nature of sub standard material the Board had levied penalty on the entire material supplied by the firm to the tune of Rs 77,000 (approx.) and the recoveries from the firm were being effected.

The Committee do not feel satisfied with the reasons advanced for waiving the provision of inspection of the material during manufacture or before its despatch as originally prescribed. The subsequent supply of sub standard material by the firm goes to show that the waiving of the provision of prior inspection was not at all justified. It seems that the Board had to accept the sub standard material as it was left with no other alternative ostensibly because at some places the material had perhaps been used before the fact of defective supply came to notice.

The Committee would like to be informed about the progress of recovery of the sum of Rs 77 000 from the supplier.

*Paragraph 85 of the Report of Comptroller and Auditor General of India for the year, 1969-70—Purchase of Bird Guard sets*

53 For constructing 132 K V double circuit line from Hissar to Sirsa, purchase order (operative up to April 1968) for the supply of complete towers with accessories (including Bird Guard sets) at the rate of Rs 1 500 per tonne was placed on a firm in December 1964. The firm went on supplying other material but did not supply Bird Guard sets. According to the Executive Engineer, Construction Division No. III Hissar the supply of Bird Guard sets was a losing item for the supplier.

Without resorting to the risk purchase or penalty clause against the firm well in time the Board placed purchase order for the supply of 650 Bird Guard sets at Rs 57 each (total cost Rs 37 050) on another firm in June 1966.

The total weight of 650 Bird Guard sets worked out to 10 931 tonnes which would have cost Rs 16 396 if they had been supplied by the first firm. The purchase of Bird Guard sets from the second firm resulted in extra expenditure of Rs 20,654.

The Board authorities intimated in October 1970 that the case had been referred for arbitration and the question as to why risk purchase clause was not operated in time was being looked into separately.

The Board stated in its written reply that the firm was required to supply Bird Guard sets along with supply of complete towers with accessories. However, the firm did not supply the Bird Guard sets for which they were constantly reminded. The firm in this case was the same as was involved in para 82 of the Report of the Comptroller and Auditor General of India and it was stated during oral evidence that this case had also been referred to arbitration. The case was pending before the court for the appointment of an umpire.

It was also stated that the matter regarding fixation of responsibility was under consideration.

The Committee would like to be informed of the decision on the arbitration proceedings and the action taken against the defaulting officials

*Paragraph 86 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Illegal occupation of Board's property*

54 Under the provisions of the Indian Electricity Act 1910 a private Electricity Supply Company was taken over by the composite Board in April 1962. Consequent on bifurcation of the composite Board the assets of this Company formed part of the assets of the Haryana State Electricity Board. These assets included a piece of land measuring 25 228 square yards worth Rs 0.76 lakh which was occupied after April 1965 by an employee of the Board who started cultivating it and also got the *Girdawari* registered in his favour during 1965 as tenant at will. The official was able to do so as he was permitted to cultivate the land by some local officer of the Board under Grow More Food campaign and *Girdawari* was recorded by the Patwari in his name as tenant at will under Electricity Department without paying any rent. The fact of occupation of the land remained unattended until a complaint was received by the Superintending Engineer and was investigated by him in April, 1967. No tangible action to get the possession vacated was taken till March 1968 when the case was taken up with the Deputy Commissioner Hissar. Finally in June 1970 the Board could get the *Intkal* of the land registered in its favour. The land was still (October 1970) under the occupation of the employee who had been cultivating it since the date of its illegal occupation. The employee had further utilised unauthorisedly a pumping set belonging to the Board up to the end of 1967 and consumed 1 450 units of electricity. In October 1970 the Board authorities intimated that legal action was being taken to seek eviction of the illegal occupant from the piece of land and legal action to effect recovery of the rent for use of land, electricity consumption charges and hire charges of pumping set would be taken after eviction.

The Board stated in evidence that a compromise had been reached with the employee concerned in the civil court according to which the Board was able to get this land back. The employee who had originally been suspended in the year 1968 was reinstated in service as part of the agreement. Now departmental action was being taken against him as well as against the S D O Incharge for his failure to report the matter to the higher authorities.

The Committee are indeed distressed to note that land belonging to the Board was unauthorisedly cultivated by an employee for more than 5 years and he also got the *Girdawari* registered in his favour without paying any rent or charges for the consumption of electricity. It is shocking to note that he was permitted to cultivate the land by some local officer of the Board without the approval of the higher authorities which led to serious legal complications apart from loss of revenue. The Committee recommend that departmental action against the delinquent officials be finalised as quickly as possible and the Committee informed.

*Paragraph 87 of the Report of the Comptroller and Auditor General of India for the year 1969-70—Non recovery of Electricity Charges—Rs 7.30 lakhs*

55 A firm was given a large supply connection on 23rd February 1963. The firm failed to pay the electricity dues amounting to Rs 1.55 lakhs for the period from August 1967 to October 1967 but no action to disconnect the premises was taken as required under rules. In December, 1967, the Superintending Engineer decided to recover the said arrears in 20 instalments subject to Bank Guarantee to be furnished by the consumer. The firm did not furnish the said guarantee and after paying Rs 0.40 lakh and Rs 0.46 lakh again started defaulting in payment. Teh

arrears accumulated to Rs 3 15 lakhs at the end of March 1968. At this stage the premises of the firm were temporarily disconnected on 17th May 1968. The Chairman of the Board decided on 24th May, 1968 to give connection to the firm on the basis of verbal surety given by the Managing Director of Haryana State Finance Corporation, which was subsequently to be confirmed in writing. The connection was given on 25th May 1968, but the written surety was not furnished. After reconnection the firm again started defaulting in payments and the arrears went up to Rs 6 11 lakhs by the end of November 1968 when the premises of the firm were permanently disconnected in October, 1968. Including the surcharge leviable the total amount recoverable from the firm as on 30th September, 1970 stood at Rs 6 96 lakhs.

The Chief Engineer intimated in September 1970 that the firm had agreed to pay all the outstanding amounts in instalments and an agreement to that effect had been entered into with the firm and that the firm had also paid first instalment of Rs 60,000 in March 1970.

In another case a firm defaulted in payment of dues amounting to Rs 10,932 for the period from May 1967 to November, 1967 but its premises were also not disconnected. The arrears against the firm amounted to Rs 21 065 by the end of December 1967 when its premises were temporarily disconnected followed by permanent disconnection in August 1968. The total amount recoverable from the firm as on 30th November, 1969 amounted to Rs 39,566 excluding Rs 9,633 on account of electricity duty for which action to effect recovery was being taken separately. The firm had earlier deposited a security of Rs 3 000 in the form of National Saving Certificates which was released to it in September 1963 for purchasing Punjab State Electricity Board Bonds 1975. The Bonds were not converted to consumers security and were later sold by the firm to some other party at the face value of Rs 3 000.

The Board had initiated legal action against the consumer which was still (October 1970) pending in the Court.

It was stated in evidence that the consumer in the first case had offered to clear the arrears in 20 equal monthly instalments. There were two alternatives either to resort to disconnection and realisation of the arrears through legal action or to accede to the request of the consumer. The second alternative was accepted by the Board as it was considered that the legal action was always dilatory and time consuming besides entailing much effort and expense. It was stated that the entire amount of Rs 6 85 lakhs due from the firm had since been recovered.

As regards the second case it was stated that the case was pending before the Delhi High Court whose decision was awaited. The then S D O, Narnaul (now in the Punjab State Electricity Board) had been held responsible for not obtaining the security from the consumer after releasing the National Saving Certificates.

The Committee would like to be informed about the decision of the Delhi High Court in regard to the second case as and when it is announced and the prospects of recovery of Rs 39,566 as also Rs 9,633 on account of electricity duty. The Committee fail to understand as to how the security of Rs 3,000 in the form of National Saving Certificates had been released when heavy amounts were outstanding against the firm. The Committee would like to know the action taken against the then S D O for the grave irregularity.

*Paragraph 88 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Irregularities in stores accounts*

56 Mention was made in paragraph 57 of the Audit Report 1969 and paragraph 75 of the Audit Report 1970 of certain cases of shortages etc., of stores

Further shortages of Rs 1 00 lakh, as detailed below had also been noticed which were yet to be investigated and regularised (October, 1970) —

(Rupees in lakhs)

	1967 68	1968 69	1969 70
Shortages noticed as a result of physical verification	0 01 (one division)	0 12 (two divisions)	0 46 (four divisions)
Excess drawal of material for works by subordinate officers without making good the shortages			0 19 (one division)
Non accountal of materials received		0 22 (one division)	

(b) Under departmental instructions a complete list of the broken and missing parts of damaged transformers received from the field in the Transformer Repair Workshop (functioning under the Maintenance and Testing Division Dhulkote) is required to be prepared and cost of the same recovered from the officials from whom they are received in that condition. Various parts worth Rs 0 49 lakh of such transformers received in the Repair Workshop during 1961 62 to 1967 68 were found missing/broken but action to fix responsibility and recover the loss from the official(s) at fault was still (October 1970) to be taken.

The Board stated in evidence that the shortages of stores mostly arose on account of errors in posting in accounts and delayed documentation. Shortages coming to notice were investigated and responsibility fixed where necessary, and recoveries effected from the officials concerned. It was also mentioned that control of all the stores had since been centralised under the Controller of Stores at the headquarters and the shortages had shown a downward trend. Out of the shortages of Rs 76 293 which were reported as a result of physical verification the shortages which still remained to be settled amounted to about Rs 14 000. Steps were being taken to clear them as early as possible. The explanations of the officials concerned had also been called for.

In regard to excess drawal of material for works it was stated that three Line Superintendents had been *prima facie* held responsible.

Regarding non accountal of materials received it was stated that out of the total amount of Rs 22 346 a sum of Rs 22 239 had been cleared and for the balance shortage of Rs 107 a Line Superintendent had been found responsible and further action was in progress.

The Committee would like to be informed of the progress of clearance of the balance shortages and the action taken against the officials concerned.

*Item (b)*—The Board stated in its written reply that the transformers with broken and missing parts were received in the workshop from various field offices and these parts got damaged in operation and as such no direct responsibility could be fixed on any official. The case for writing off Rs 0 49 lakh being the cost of missing/broken parts of the transformers was under consideration.

The Committee would like to know if the case for writing off Rs 0 49 lakh had since been finalised

*Paragraph 89 of the Report of the Comptroller and Auditor General of India for the year 1969 70—Outstanding audit objections*

57 28,949 audit objections (Rs 31 51 crores) raised by the Chief Accounts Officer Haryana State Electricity Board were outstanding on 30th September 1970 as against 29,289 objections (Rs 25 69 crores) outstanding on 30th September 1969 The details are given below —

Particulars	Year of earliest outstanding objection	Amount (Rs crores)
(a) Want of sanctions	1952 53	28 70
(b) Want of detailed contingent bills	1966 67	0 06
(c) Want of payees receipts	1958 59	2 70
(d) Other reasons	1968 69	0 05
Total		31 51

Position with regard to the outstanding inspection reports issued by Audit was indicated in paragraph 107 of Chapter VIII

The Board stated in its written reply that out of 25 807 audit objections valuing Rs 29 14 crores outstanding as on 31st March 1972, 2 681 items with money value of Rs 5 75 crores had since been settled up to 30th June 1973 The Board had constituted a standing committee for works estimates and the main task of the committee was to review all past cases of unsanctioned estimates/excess over estimates and to give directions for sanction of such estimates and to ensure that no work was taken up against unsanctioned estimates

In this connection the Committee would like to invite attention to their observations contained in para 77 of their 5th Report and would once again impress the absolute necessity of clearing the old outstanding objections as expeditiously as possible as with the passage of time it may become difficult to locate the relevant documents or to take action against the officials involved in cases of wasteful expenditure etc The Committee would like to be informed about the progress made in the settlement of the outstanding audit objections at an early date

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