

HARYANA VIDHAN SABHA

PUBLIC ACCOUNTS COMMITTEE

(1974-75)

(Seventh Report)

Report

ON THE

*Appropriation Accounts and Finance Accounts of the
Haryana Government for the year 1970-71 and
the Report of the Comptroller and Auditor
General of India for the year 1970-71.*

Presented to the House on 13.1.75



VIDHAN SABHA SECRETARIAT,
CHANDIGARH

December, 1974.

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

1974-75

CHAIRMAN

1. Chaudhri Ishwar Singh

MEMBERS

2. Shri Amar Singh
3. Shri Girish Chander Joshi
4. Shri Gulab Singh Jain
5. Shri Jogi Ram
6. Shri Om Parkash Garg
7. Chaudhri Phool Chand (Mullana)
8. Shri Prem Sukh Dass
9. Chaudhri Surjit Singh Mann

SECRETARIAT

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

INTRODUCTION

1, the Chairman of the Public Accounts Committee having been authorised by the Committee in this behalf present this their Seventh Report on the Appropriation Accounts and Finance Accounts of the Haryana Government for the year 1970-71 and the Report of the Comptroller and Auditor General of India for the year 1970-71.

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 1974-75 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 30th December, 1974.

ISHWAR SINGH

Chairman.

REPORT

1. The present Public Accounts Committee was constituted by election *vide* notification No. CB/PAC-3/14/21, dated the 4th May, 1974.

2. The Committee held 44 meetings, till the writing of the Report, at Chandigarh and other places.

3. In paragraph 3 of their Fifth Report, the Committee had observed that the departmental representatives who appeared before the Committee for examination were generally not prepared with all facts and figures and there was inordinate delay in the submission of written replies to the questionnaires of the Committee despite adequate notice having been given to the departments in advance. The Committee are constrained to observe that despite their earlier recommendation there has been no substantial improvement in this situation and the departmental representatives do not come fully prepared with all the relevant facts and figures and frequently ask for more time to submit replies to the enquiries of the Committee. Inordinate delay also happens in the submission of the replies to the enquiries of the Committee although the departmental representatives undertake to submit replies within the specified time. In addition, the tendency to submit replies to the questionnaires of the Committee in the nick of time or immediately before the commencement of the meeting still prevails. The Committee once again emphasize that the Secretaries to Government or their representatives should attach due importance to the work of the Committee and appear before them personally and ensure that all the facts and figures are available with them when they come to appear before the Committee and that the replies to the questionnaires of the Committee are submitted well in time to enable the Members of the Committee to go through the facts stated by the departments, and also enable the Accountant General to verify the facts as far as possible.

Excess over voted grants/charged appropriation

4. Cases of excess over voted grants/charged appropriations for the year 1970-71 requiring regularisation by the Legislature in accordance with the provisions of Article 205 of the Constitution are detailed below :—

Excess over voted grants

| Sr. 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. | 11—Jails | 45,95,080 | .. | 45,95,080 | 46,38,128 | 43,048 |
| 2. | 27—Irrigation (Works) | 3,52,83,350 | 34,34,580 | 3,87,17,930 | 4,00,21,543 | 13,03,613 |
| 3. | 30—Charges on Public Works Department Buildings and Roads Establishment... | 87,77,850 | 46,33,930 | 1,34,11,780 | 1,34,24,584 | 12,804 |

| Sr. No. | Particulars of grant | Original grant | Supplementary grant | Total grant | Expenditure | Excess |
|---------|---|----------------|---------------------|--------------|--------------|-------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. |
| 4. | 34—Pensions and other Retirement Benefits .. | 78,30,500 | 43,38,000 | 1,21,68,500 | 1,38,14,196 | 16,45,696 |
| 5. | 40—Capital Outlay on Schemes of Agricultural Improvement and Research .. | 11,50,000 | 12,19,100 | 23,69,100 | 23,79,086 | 9,986 |
| 6. | 42—Capital Outlay on Multi-purpose River Schemes .. | 5,30,00,000 | .. | 5,30,00,000 | 8,61,59,420 | 3,31,59,420 |
| 7. | 45—Capital Outlay on other Works.. | 8,69,500 | .. | 8,69,500 | 8,69,765 | 265 |
| 8. | 49—Loans to Local Funds, Private Parties etc., and Loans to Govt. Servants .. | 18,28,74,200 | 28,64,510 | 18,57,38,710 | 19,62,98,310 | 1,05,59,600 |

Excess over charged appropriations

| Sr. No. | Particulars of appropriation | Original appropriation | Supplementary appropriation | Total appropriation | Expenditure | Excess |
|---------|---------------------------------|------------------------|-----------------------------|---------------------|-------------|--------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1. | 10—Administration of justice .. | 14,04,700 | .. | 14,04,700 | 15,00,976 | 96,276 |
| 2. | 36—Stationery and Printing .. | 38,000 | 6,000 | 44,000 | 56,897 | 12,897 |

The Committee view with concern the continuance of cases of excesses over grants/appropriations although the Committee has been emphasizing the need for preparation of budgetary forecasts on the part of the Departments with utmost care and keeping their expenditure within the authorised limits of grants/appropriations.

The Committee would once again impress that action should be taken by the Finance Department to ensure that cases of excesses over grants/appropriations are avoided as far as possible and in cases where the incurring of expenditure in anticipation of obtaining necessary funds by means of the vote

from the Legislature or through supplementary grants becomes necessary, the desirability of obtaining advance from the Contingency Fund should be considered.

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

AGRICULTURE

Paragraph 22—Purchase of gypsum

£ Order for supply of 2,500 tonnes of gypsum required by the Agriculture department for issue to cultivators at subsidised rates was placed by the Controller of Stores with a firm of jewellers of Ludhiana on 20th March, 1970 at Rs. 96.15 per tonne. The supply order stipulated delivery of goods before 31st March, 1970. Against railway receipt duly supported with inspection note, 90 per cent payment was to be made and balance 10 per cent was to be paid within 30 days of receipt of goods at destination. In the event of failure to complete the supply within the stipulated period risk purchase could be resorted to in addition to acceptance of belated supplies after levying penalty at 2 per cent per month or part thereof. Although the purchase order further stipulated that security deposit of 10 per cent should be deposited, no such deposit was recovered from the supplier.

On 26th March, 1970 the firm presented an advance bill for Rs. 1,03,793 being 90 per cent payment for 1,164.50 tonnes of gypsum. On 3rd April, 1970 the firm offered 700 tonnes for inspection before an officer (Subject Matter Specialist) of the department. On 6th April 1970 the firm wrote to the Deputy Director of Agriculture, Karnal, requesting him to pay Rs. 33,704 being 90 per cent payment for 340 tonnes, which the firm claimed to have despatched on 4th April, 1970. Meanwhile, Rs. 1,50,380 were drawn from the treasury on 31st March, 1970 by the Deputy Director of Agriculture, Karnal out of which Rs. 12,760 and Rs. 5,220 were remitted to the Deputy Directors of Agriculture, Rohtak and Jind, respectively on 1st April, 1970 through remittance transfer receipt. Another remittance transfer receipt for Rs. 1,03,793 was obtained on the same day in favour of the firm towards 90 per cent payment as claimed by it in its bill dated 26th March 1970. Out of the remaining amount of Rs. 28,607, Rs. 17,074 were deposited into treasury on 29th May, 1970 and the balance (Rs. 11,533) was paid to the Fertilizer Corporation of India for supply of gypsum during 1968-69. On 8th April, 1970 by which date no supply of gypsum had been received, the remittance transfer receipt for Rs. 1,03,793 was made over to the firm on its assertion on that date that the remaining quantity of 875 tonnes to be supplied to the Deputy Director of Agriculture, Karnal, had also been got inspected by the Subject Matter Specialist and was under clearance with the transport authorities. On the same date, the Subject Matter Specialist not only certified that the entire supply of 1,215 tonnes had been inspected by him but also recommended entire payment of Rs. 1,03,793 to be made to the firm. The department, when asked by Audit to explain the circumstances in which the payment was made, stated in May 1971 that since only one remittance transfer receipt for this amount had been obtained and the firm demanded payment for supplies which it claimed to have despatched, the remittance transfer receipt was given to the firm. As per information supplied by the Deputy Director of Agriculture,

Karnal, only 151 tonnes of gypsum out of 340 tonnes (claimed to have been despatched) were received from 8th April to 30th July, 1970. Further 114 tonnes were received upto June 1971.

Meanwhile, in May, 1970 the Chief Mining Engineer of the Fertilizer Corporation of India informed the Controller of Stores and the Director of Agriculture, Haryana, that the firm itself was not a gypsum mine owner and had made undesirable arrangements and alliances for supply of gypsum and was obtaining the same by unauthorised mining in one of the Corporation's closed mines in Bikaner.

The Controller of Stores issued a notice to the firm in May 1970 to complete supplies within 15 days failing which risk purchase would be resorted to. No further action was, however, taken. The Department stated in May 1971 that no concrete action had been taken till then against the firm for non-supply of gypsum. Rs. 77,549 have been overpaid to the firm for gypsum not supplied by it. This is exclusive of penalty amount which has already become due and possible claims on account of risk purchase.

The Department stated in evidence that the security deposit of 10 % had to be obtained from the firm by the Controller of Stores as per the terms and conditions contained in the supply order. However, this was not done by the Controller of Stores. The amount of Rs. 1,03,793 was stated to have been paid in advance to the firm by the Deputy Director of Agriculture, Karnal. It was also mentioned that the entire supply of gypsum against this payment had since been received. No risk purchase was effected against the firm and the belated supplies were allowed to be accepted under the penalty clause viz. 2 % per month or part thereof. But the penalty clause could not be imposed for delayed supplies as advance payment had already been made to the suppliers.

It was further stated that a sum of Rs. 40,652 was also paid by the Deputy Director of Agriculture, Jind to the firm in advance against which 175.1 tonnes of gypsum valued at Rs. 17,350 had so far been supplied by the firm and the balance of 235.1 tonnes valued at Rs. 23,302 had not so far been supplied inspite of repeated reminders. The advice of the Legal Remembrancer was being obtained for the steps to be taken to recover this amount.

The earnest money of Rs. 500 of the suppliers was stated to have been forfeited by the Controller of Stores and the firm was black-listed for a period of 5 years vide orders issued on the 25th October, 1971.

In reply to an enquiry of the Committee as to whether any evaluation was made to assess the extent of benefits provided under the scheme to the cultivators, it was stated that no such specific evaluation was made to assess the benefits accruing to the farmers. However, the general observation was that the areas for which this gypsum was supplied to the farmers had been re-claimed and crops were being grown there.

It was also stated during oral evidence that the scheme had since been discontinued. However, the departmental proceedings had been started against three Officers and they had been charge-sheeted. One of them was stated to have since retired from service and his pension had been withheld. The departmental representatives were asked to send detailed information as to when the charge-sheets were issued, the names of Officers to whom these

have been issued, whether their replies have been received and by which time action against them would be completed. The departmental representatives promised to supply the requisite information within a period of one month. However, it had not been furnished to the Committee by the time of writing of this Report.

The Committee are pained to observe the undue haste with which this transaction was put through towards the close of the financial year which obviously resulted in the various irregularities mentioned in the Audit paragraph. Order for the supply of 2,500 tonnes of gypsum was placed by the Controller of Stores on 20th March, 1970 and the supply was to be completed before 31st March, 1970 i.e., only a period of 11 days was allowed for the completion of the supply. The Committee fail to understand as to why the order for the supply of gypsum could not be placed well in time and why security deposit was not obtained from the firm as per the terms of the supply order. The action of the Deputy Director of Agriculture, Karnal to make the advance payment of Rs. 1,03,793 without ensuring that the supplies had actually been despatched was highly irregular.

The Committee are also unhappy to note that no proper evaluation of the benefits accruing to the cultivators under the scheme had been made by the Department. The Committee feel that after spending so much amount on the scheme the department should not have left the matter entirely to hypothesis and should have undertaken a planned survey to assess the results of the scheme.

The Committee would like to know whether the advice of the Legal Remembrancer in regard to the recovery of the balance amount of Rs. 23,302 out of the advance paid by the Deputy Director of Agriculture, Jind had since been obtained and what steps have been taken to effect the recovery. The Committee would also like to be informed about the results of the departmental proceedings started against the officers concerned. The Committee deplore the delay in submitting the information promised during oral examination and desire that it be sent to them without any further delay.

The Committee would also like to know, the action taken on the report of the Chief Mining Engineer of the Fertilizer Corporation of India that the firm itself was not a gypsum mine owner and had made undesirable arrangements and alliances for supply of gypsum and was obtaining the same by unauthorised mining in one of the Corporation's closed mines in Bikaner.

Paragraph 23—Intensive agricultural district programme

6. For modernising agriculture, "Intensive Agricultural District Programme" (I.A.D.P.) launched in Karnal district during 1967-68 envisaged *inter alia* setting up of agricultural implements workshop, soil testing laboratory and seed testing laboratory in the district. Amounts sanctioned and spent on these activities are given below :—

| Year | Workshop | | Soil testing laboratory | | Seed testing laboratory | |
|---------|----------------------|-------|-------------------------|-------|-------------------------|-------|
| | Sanc- tioned | Spent | Sanc- tioned | Spent | Sanc- tioned | Spent |
| | (In lakhs of rupees) | | | | | |
| 1967-68 | 3.94 | 0.07 | 1.30 | 0.50 | 1.23 | 0.14 |
| 1968-69 | 2.84 | 0.67 | 0.87 | 0.87 | 0.64 | 0.21 |
| 1969-70 | 1.47 | 0.95 | 0.50 | 0.50 | 0.89 | 0.51 |
| Total | 8.25 | 1.69 | 2.67 | 1.87 | 2.76 | 0.86 |

Following points were noticed during a review conducted in August 1970 :—

- (i) The workshop actually started partial functioning as late as November 1969 whereas Rs. 0.74 lakh (establishment ; Rs. 0.24 lakh ; recurring contingencies : Rs. 0.34 lakh ; equipment : Rs. 0.16 lakh) had already been spent upto 1968-69. The delay in its setting up was attributed to non-purchase and non-installation of machines pending construction of the workshop building which issue remained reportedly under correspondence by the department with Government and the Public Works Department. Building is still incomplete. (August 1971). Upto May 1971 the workshop had handled only repair and maintenance job of vehicles and the main object of servicing agricultural implements and evolving of new implements remained unrealised. It was stated by the department (May 1971) that main jobs would be taken up on completion of the workshop building, installation of workshop machines and appointment of Agricultural Engineer and other staff relating to the work.
- (ii) The soil testing laboratory with annual capacity to handle 60,000 samples, required to be set up, has not so far been set up (August 1971). The job of soil testing was got done at Agricultural University, Hissar, to which Rs. 1.87 lakhs were paid during 1967-70 as grant for the purpose. Targets fixed for analysis of soil samples were 7,500, 15,000, 20,000 for 1967-68, 1968-69 and 1969-70 respectively which were achieved to the extent of 87.48 and 75 per cent. Shortfall was attributed by the department to a fee of Rs. 0.50 per soil sample charged from the cultivators by the Agricultural University before its bifurcation ; the fee though subsequently withdrawn, left a wrong impression with farmers, specially as the programme of "Intensive Agricultural District Programme" provided soil testing as free service.
- (iii) The seed testing laboratory had not been set up till July 1969 when Government decided to locate it in the campus of Agricultural University, Hissar. This decision is also still to be implemented (August 1971). Meanwhile, Rs. 0.86 lakh (establishment ; Rs. 0.31 lakh ; recurring contingencies : Rs. 0.18 lakh ; laboratory equipment : Rs. 0.37 lakh) were spent between 1967-68 and 1969-70. The department intimated (May 1971) that the seed certification work has been entrusted temporarily to the National Seeds Corporation for three years. The services of staff employed and paid upto 1969-70 were stated to have been utilised for purchase of equipment, establishing of the laboratory, field inspection and supervising the seed processing work done in the State.

The Department stated in evidence as under :—

- (i) The workshop could not start functioning before November, 1969, due to the following reasons :—
 - (a) The appointment of Technical Officer and other allied staff could not be made earlier and the post of Assistant Agricultural

Engineer was filled on 3rd May, 1969 on *ad-hoc* basis. The regular incumbent on the recommendation of the Public Service Commission joined service only on 11th July, 1970. Besides, Automobile Mechanic was appointed on *ad-hoc* basis on 30th October, 1969 who remained in service upto 4th January, 1972. However, a regular candidate selected by the Subordinate Services Selection Board has not joined duties so far.

(b) The Workshop building was not completed which was the prime necessity to establish the workshop. The building was required to be completed within the financial year 1969-70 but it was actually completed on 31st March, 1973. However, the wiring was still to be done by the P.W.D. authorities. As a result, the workshop had not yet started functioning on full scale. The work of welding and air compressor was carried out in the old workshop at the Government Seed Farm where the electric supply was available and the remaining manually operated equipment was operated in the new workshop. From the data furnished by the Department, the Committee also observed that certain machinery worth Rs. 15,710 purchased in March, 1970 had not as yet been installed.

(ii) It was stated that according to the sanctioned scheme amounts of Rs. 50,000, Rs. 87,000 and Rs. 50,000 were provided during the years 1967-68, 1968-69 and 1969-70 as *ad-hoc* contribution to the Punjab Agricultural University. This was accordingly paid under the Government instructions and the free testing of soil samples started during 1967-68. The year-wise targets fixed for soil and other samples were stated to be as under :—

| | | |
|---------|----|--------|
| 1967-68 | .. | 6,528 |
| 1968-69 | .. | 7,199 |
| 1969-70 | .. | 10,598 |
| Total | .. | 24,325 |

(iii) It was mentioned that the seed testing laboratory was to be set up during the year 1967-68 but it was actually set up in August, 1970 in the campus of the Haryana Agricultural University, Hissar. The delay was attributed to non-availability of suitable building and other facilities. The seed testing laboratory was stated to be now working successfully.

In reply to an enquiry from the Committee as to whether the department had since set up seed certification agency, the departmental representatives stated that they had set up a Corporation only about a month ago and it would take sometime before they could supply seeds to the farmers.

The Committee regret to observe the unusual delay in the completion of the workshop building. Even after the building was completed in March, 1973, i.e. 3 years after the scheduled time, the work of electric wiring of the building has not so far been done as a result of which the workshop has not been able to fulfil the main objects for which it was intended.

The Committee are also unhappy to note that machinery worth Rs. 15,710 purchased in March, 1970 could not be installed so far despite the lapse of more than 4½ years. The Committee would urge that the Agriculture Department and the Public Works Department should take immediate and effective steps to ensure that all pending work on the workshop building is completed and the workshop is put into full operation as expeditiously as possible. The Committee would also like that the reasons for the abnormal delay involved in this behalf be thoroughly investigated and suitable action taken against the officials at fault.

The Committee would also like to be apprised of the progress achieved by the State Seeds Corporation.

ANIMAL HUSBANDRY

Paragraph 30—Reclamation and cultivation of agricultural land

7. With the advent of Bhakra Canals and availability of canal water supply, about 7,000 acres of cultivable waste land in Government Livestock Farm, Hissar, was decided to be brought under cultivation during 1952-53. The cultivation was intended to be done by leasing land to tenants on *batai* system for three years in the first instance; under that system one-third share of produce was to be given by the tenants to the department. The scheme actually commenced from July 1955 and the system of leasing of land to tenants continued till March, 1970.

Following points emerged from a review undertaken in May 1971 :—

(i) For the years 1967-68 to 1969-70, the average return per acre of land leased to tenants was Rs. 120 against the lease rate of Rs. 150 per acre for 1966-67. The low average return resulted in short-fall in realisation to the extent of Rs. 1.64 lakhs on 5,456 acres leased (during the three years).

(ii) During 1965-67, 4,947 acres of irrigated and cultivated land instead of culturable waste land as originally decided by Government were transferred to the Land Development and Seed Corporation (a Government undertaking) without executing any agreement/lease deed. Claim of Rs. 3.79 lakhs representing lease money for 1965-66 when preferred was disputed by the Corporation holding that (i) the area on lease as shown by the department did not agree with its records, (ii) it could cultivate only 763 acres of land for the whole year and 2,493 acres for *Rabi* during 1965-66. Government agreed to reduce the claim to Rs. 1.81 lakhs. The Corporation has not paid any dues representing lease money so far (April 1971). Department's claim for the period 1965-71 after setting off dues of the Corporation was Rs. 23.60 lakhs without any interest charges. The Corporation was in the process of being closed down. Land was handed over by the Corporation to the department on 15th June, 1971.

(iii) Mention was made in paragraph 94(iii) of the Report for the year 1969-70 that out of 410 tenants occupying 2,236 acres of land during 1969-70, 214 were illegal occupants occupying 1,196 acres. The department did not lease any land during

1970-71 but all the old 410 tenants continued to occupy the land (2,236 acres) illegally. Adopting the basis of normal recovery at the lease rate assessed by the Revenue authorities for the year 1966-67, the recoverable lease money for the land illegally occupied would be Rs. 5.38 lakhs for the period 1967-71. Legal proceedings had been initiated in 193 cases, out of which only seventy-four cases were decided and possession of land taken in nineteen cases till July, 1971 and the balance 119 cases are still pending in courts. In the other 217 cases no court proceedings have been initiated by the department (July 1971).

The Department stated in written reply that the scheme was not in operation after March, 1970. As per Government decision the land in question was to be transferred to the Government of India for the establishment of Seed and Sheep Farm at Hissar. The low yield was attributed to the following reasons :—

1. Non-availability of adequate rain ; and
2. Inadequate canal water supply.

It was also mentioned that the rate of Rs. 150 per acre fixed by the District Administration was considered to be on the high side and the rate of Rs. 120 per acre was reasonable keeping in view the availability of rain and irrigation facilities. The rate was further reduced to Rs. 90 per acre when the land was transferred to the Land Development and Seed Corporation on their representation and the original claim of Rs. 3.79 lakhs was reduced to Rs. 1.81 lakhs. No agreement/ lease deed was executed when the land was transferred to the Corporation and the case remained under correspondence. Moreover, the Government Livestock Farm and the Land Development and Seed Corporation were under the charge of the same officer.

The total lease money due from the Land Development and Seed Corporation at the rate of Rs. 90 per acre from 1965-66 to 1970-71 was stated to be Rs. 19,14,745 out of which a sum of Rs. 7,56,792 had been recovered leaving a balance of Rs. 11,57,953 still recoverable. It was stated that this amount was now recoverable from the Agriculture Department as the assets and liabilities of the Land Development and Seed Corporation had been taken over by them. However, the Department could not indicate as to what were the assets and liabilities at the time when the Corporation was closed and whether these were sufficient to cover the total outstanding dues of Rs. 23.60 lakhs pending against the Corporation. The Department promised during oral examination that they would examine this point and give a clear picture to the Committee within a month or so. However, the requisite information was not received by the Committee till the writing of this Report.

As regards the tenants occupying the land illegally, it was stated that out of 410 cases, 376 cases had been filed in the court. Only 34 cases were to be filed against the legal heirs of the illegal occupants. No money out of the outstanding amount of Rs. 5.38 lakhs due from the illegal tenants could be recovered so far and the State Government had decided to recover this amount from illegal tenants by filing cases in the court of Collector, Hissar under the Haryana Public Premises and Land (Eviction and Rent Recovery) Act, 1972.

The Committee are constrained to observe that although the Corporation was closed down in June, 1971 the Department has not as yet ascertained as to what were the assets and liabilities of the Corporation and whether these were sufficient to meet the liability of Rs. 23.86 lakhs payable to Government. The position is all the more depressing in view of the fact that the Government Livestock Farm and the Land Development and Seed Corporation were under the same officer and the assets and liabilities were taken over by the Agriculture Department of the Government in June, 1971 i.e. more than 4 years back. The Committee also regret to observe the delay in the submission of the information regarding the assets and liabilities of the Corporation which was promised to be sent to the Committee within a period of one month. The Committee recommend that immediate and effective steps be taken to ensure that the outstanding amount of Rs. 23.6 lakhs is recovered from the defunct Corporation as expeditiously as possible and the information promised during oral examination furnished to them together with the reasons for delay.

The Committee also recommend that concerted efforts should be made to finalise cases against the illegal tenants and to recover the outstanding amount of Rs. 5.38 lakhs due from them. Action should also be taken to take immediate possession of the land in cases which have already been decided by the courts. The Committee would like to be kept informed of the progress made in this behalf.

EDUCATION

Paragraph 29—CARE School Feeding Programme

8. The scheme introduced in composite Punjab in 1961 contemplated free distribution of skimmed milk to needy children in primary classes of schools in the State through the agency of Co-operative for American Relief Every where (CARE). The scheme was modified later and now the U.S. Government is giving corn, soyabean and milk powder mixture (CSM) and salad oil for free distribution through the agency of CARE. After formation of Haryana State from 1st November, 1966 the scheme was operated by the Development department till 31st March, 1968 and from 1st April, 1968 onwards it is being managed by the Education department.

The agreement entered into with CARE provides *inter alia* (i) advance payment should be made by Government to CARE of one-half to full of the total estimated cost of marking, handling, insurance, administration and other operating expenses. CARE has to submit annual statement to Government showing nature and amount of various costs incurred; (ii) Government holds CARE harmless against any claim of the U.S. Government resulting from the failure of Government to carry out the obligations in regard to distribution of the commodities to the recipients for whom they are intended.

Review of the scheme conducted in the office of the Director of Public Instructions in December 1970 disclosed the following :—

- (a) Rs. 8,64,100 were advanced to CARE during 1968-69 to 1970-71. Expenditure statements for 1968-69 and 1969-70 were received from Administrator CARE in October 1970 and June 1971 respectively whereas, the statement for 1970-71 is still awaited (June 1971).
- (b) In the accounts for 1967-68, CARE debited Rs. 1,56,297 on account of commodities lost or damaged due to carelessness and improper

storage jointly to the three States of Punjab, Haryana and Himachal Pradesh. The share of Haryana Government in the usual ratio of 5:4:1 was Rs. 62,519 as against the actual damage of Rs. 36,229 in respect of supplies received during this period in blocks in Haryana State. Government intimated (July 1971) that against this debit an amount of Rs. 21,170 was credited to Haryana by CARE in the final accounts statement for 1968-69. In 1968-69 debits for another Rs. 75,036 on this account were passed on by CARE while the position for 1969-70 is not known (April 1971).

- (c) There were heavy losses of commodities in transit as also after receipt thereof at the blocks. The losses from November 1966 to June 1969 were as given below :—

| | In transit | | In blocks | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | Qty. lbs. | Value Rs. | Qty. lbs. | Value Rs. |
| Corn soyabean milk powder mixture .. | 10,241 | 8,705 | 61,862 | 52,483 |
| Salad Oil | 3,406 | 4,330 | 1,250 | 9,579 |
| Milk | .. | .. | 91,266 | 1,51,501 |

Overall percentage of loss of milk powder between November 1966 and March 1968 in 59 blocks was 19.50 whereas in two blocks it was 52.17 and 25.95.

- (d) Corn soyabean and milk powder mixture valuing Rs. 1,19,591 was declared unfit for human consumption and was transferred during September 1968—December 1969 to Field Processing Centre, Karnal, and Punjab Poultry Corporation, Chandigarh, for use as cattle food. Rs. 6,000 approximately were spent by Government on account of freight charges etc., on these damaged stocks.

The department explained that the expenditure statement (Summary of accounts) for the year 1970-71 was received from the CARE in February, 1972. No estimates of expenses on marking, handling, insurance etc. were prepared by the Education Department and the expenditure incurred on such items by the CARE for bringing the commodities into India were subjected to audit by the Chartered Accountants and it was obligatory on the States to admit such duly audited accounts. The expenses were shared by the beneficiary States according to the quantity received by each State.

The position in regard to other points was stated as under.—

- (a) The amount of Rs. 8,64,100 advanced to CARE from 1968-69 to 1970-71 was fully adjusted by the end of 1970-71.
- (b) From the financial year 1968-69 the accounts in respect of Haryana State were being kept separately by the Administrator CARE except certain joint expenses which were divided pro-

portionately in the ratio of 55:45 among Punjab and Haryana States as mutually agreed. So the question of giving any proportionate credit by CARE against the debit of Rs. 75,036 regarding losses did not arise.

- (c) The losses indicated in the audit paragraph related mostly to the time when the control of the scheme was under the Development Department. However, the cases of such losses were referred to the Block Development and Panchayat Officers in the State but they did not generally respond. The transit losses generally related to the loss of commodities while being transported by railways. Many consignments of CSM, (Corn, Soyabean and Milk powder) were received during each year and it was not possible to say as to which consignment these losses related. Each loss claim had its own merits/de-merits and unless properly investigated nothing could be said. This should have been done by the Development Department.
- (d) The blocks/feeding centres were inspected by the CARE field Officers and commodities found unfit were so declared after getting the certificate from the Medical Officers. The circumstances under which the commodities were found unfit and reasons for delay in distribution should have been examined by the Development Department.

It was further stated that the estimated amount of Rs. 6,000 spent on freight charges related to the expenditure incurred for bringing the commodities from the Port to the destination in Haryana State for running the CARE Child Nutrition Programme.

The Committee fail to appreciate the apathy stated to have been shown by the Development Department in making proper investigations into the heavy losses of commodities in transit and to respond to the enquiries made in this behalf from them by the Education Department. The Committee observe that these commodities were received primarily for the benefit of needy children and every care should have been taken to ensure that there were no undue losses in transit or at the respective centres after their receipt. The reasons due to which proper investigations into cases of losses were not conducted in time are wholly un-understandable. The Committee recommend that it should now be ascertained from the Development Department as to whether losses of commodities in question were fully investigated and if so, what were the results thereof. If these losses were attributable to default on the part of any departmental officials suitable action should be taken against them and the Committee also informed.

The Committee further recommend that for future effective measures be taken to ensure that the commodities received under the CARE programme do not get damaged after their receipt at the respective centres and that suitable arrangements for their proper storage etc. are made.

Paragraph 60—Idle equipment/machines

9. Machines and other equipment worth Rs. 96,086 purchased during March 1959—June 1965 for use in various schools in the State were found lying idle as under :—

- (i) In 22 Higher Secondary Schools gas plants valuing Rs. 31,714 purchased from March 1959 to May 1964 could not be installed

(December 1970) for want of accommodation in thirteen schools, for want of electricity in two schools, for want of technically trained staff in two schools, due to down-grading of four schools from higher secondary to high schools and being not required in one school.

- (ii) In one school machines and other equipment costing Rs. 48,520 purchased from March, 1959 to June, 1965 for technical classes introduced in the school, on its conversion into a multipurpose higher secondary school were not being put to use (i) for want of electric fittings (Rs. 38,644), (ii) due to absence of trainees in spinning and weaving and radio mechanic trades since 1968 (Rs. 8,165) and (iii) due to change in syllabus (Rs. 1,711).
- (iii) In another school equipment worth Rs. 15,852 purchased from April 1961 to January 1965 had not been utilized. The school authorities intimated in December 1970 that the equipment was not required by the institution.

The Department stated the position as under :—

- (i) On the recommendation of Mudaliar Commission it was decided to convert High Schools into Higher Secondary Pattern. The grants for the purchase of gas plants, science equipment and for the construction of buildings were sanctioned simultaneously for taking advance action for the subsequent adoption of Higher Secondary system throughout the composite State of Punjab long before the re-organisation of the State. It was, therefore, not possible to ensure that proper accommodation and electric connections were made available by the time the equipment was received. The programme of adoption of Higher Secondary system of education was taken up as a Crash Programme and it was not possible to wait for the construction of buildings, installation of electricity, etc. which was a time consuming operation and it could not, thus, be possible to complete the same before the purchase of machinery/equipment. It was also stated that out of 22 schools, gas plants in 7 schools had since been installed, while in another 7 cases these had been shifted to other schools. In the case of 8 schools, the gas plants were still lying idle.
- (ii) It was stated that part of the machinery/equipment useful for Audio-visual Section was shifted sometime in March, 1974 to the State Institute of Science Education, Karnal where the Audio-visual Library was functioning at present. The rest of the machinery was still lying un-utilised in the Government Multipurpose Higher Secondary School, Jagadhri. The department was seized of the problem of disposing of the idle machinery lying in the school in as best a manner as possible. It was added that all efforts were made by the Department to attract the technical hands by way of relaxing the qualifications and enhancing the scale of pay of the posts. The Electricity Board and Irrigation Department were also consulted but these departments also could not provide the requisite technical hands. As no technically trained staff could be made available, the

Technical Groups introduced in the Higher Secondary Schools could not have a worthwhile start and failed to attract sufficient number of students. The Government of India have since asked all the State Governments to adopt a new pattern of education under which the main stress would be on basic type of education viz., Technical, Agriculture, Fisheries etc. It had, therefore, been proposed that this idle machinery may be got cleaned and stored properly till it became known whether this could be utilised or not under the new pattern of education after its syllabus had been evolved.

- (iii) The machinery was purchased keeping in view the syllabus prescribed for Multipurpose Higher Secondary schools—a pattern recommended by the Government of India to be adopted as a matter of policy on all India basis. This system visualised a bright future for the student community but unfortunately it could not prove successful. It was being considered if this machinery could be put to use as and when the new system of education could be adopted.

The Committee are unable to appreciate the reasons due to which the machinery and equipment purchased for certain higher secondary schools could not be utilised for long periods for want of accommodation and electricity connections.

The Committee further regret to observe that the machinery/equipment is still lying idle at a number of schools. It appears that the department placed orders for the machinery/equipment in question without considering whether the facilities for their installation could be made available at the respective schools. Even after their receipt no tangible efforts seem to have been made to utilise the machinery/equipment for the benefit of the students.

The Committee recommend that the circumstances for the undue delay in the installation of machinery/equipment be fully investigated and responsibility fixed on the defaulting Officials.

The Committee would also like to be informed about the prospects of the utilisation of the machinery/equipment under the revised pattern of education now stated to be in the process of being introduced.

INDUSTRIES

Paragraph 25—Establishment of focal points

10. To encourage development of large and medium industries at selected points of growth and to ensure dispersed growth of industrial sectors, it was decided by Government in May, 1967 to set up four focal points in the State and to entrust establishment of these points (including acquisition of land and its allotment to private industrialists) to the Haryana Industrial Development Corporation. The selection of the focal points underwent further changes in November, 1968. The considerations necessitating these changes were stated by the department to be not on record. A provision of Rs. 10 lakhs was made for this purpose during 1967-68, followed by provision of Rs. 5 lakhs each during 1968-69 and 1969-70.

A review disclosed the following points :—

- (i) The scheme started merely with the tentative selection of four focal points in 1967-68. Neither blueprints for the points were prepared nor were essential details about phased planning/working of the scheme worked out. It was held (September 1970) that the scheme was adopted from the suggestion contained in the draft fourth Five Year Plan and accepted by the National Development Council.
- (ii) The entire sum of Rs. 15 lakhs provided for the scheme in 1967-68 and 1968-69 was drawn and advanced as loan to the Haryana Industrial Development Corporation in March 1968 and March 1969 after obtaining from it only applications for disbursement. No agreement stipulating the terms and conditions and the purposes for which the loans were to be utilised was executed with the Corporation.
- (iii) The Corporation held (March 1969) that it was responsible only for the development of focal points and acquisition of land should be arranged by Government. In June 1969 the Corporation again pointed out that as no land had been given to it for development, the loan advanced, remained unutilised. It further stressed that terms and conditions for allotment of plots to prospective industrialists, grant of incentives to the allottees and the conditions attached to the loans advanced to it be finalised early. It also pointed out the shift in Government's policy about the methodology of the development of focal points and the insufficiency of loan advanced for the purpose.
- (iv) As per sanctions to the grant of loan (s), loan was recoverable in three equal instalments, the first instalment falling due after 2 years from the date of drawal of the loan and carried the usual rate of interest which was intimated (January 1970) to the Corporation as 9.3 percent. The entire loan of Rs. 15 lakhs (which was decided by the Corporation in November, 1969 to be paid back) together with interest Rs. 2,41,149 upto 31st March 1970 was due from the Corporation (September 1970).
- (v) In August 1971 Government intimated that it has been decided to set up the industrial estate at Murthal and approximately 36 acres of land has been acquired and allotted to the Corporation for development. The Corporation has paid to Government Rs. 2.46 lakhs as cost of land. Recovery of interest is still due from the Corporation (August 1971).

The Department stated in evidence that the change in the selection of focal points from a place on the road connecting Gurgaon with Faridabad, was made in view of the fact that the establishment of the focal point primarily was with a view to dispersal of industry in the under-developed areas. Bhiwani being a backward area and located only 75 miles from Delhi possessed infra-structural facilities as also the availability of local enterprise, an important pre-requisite for the success of a focal point and as such it amply qualified for being treated as a focal point. Likewise there was lot of demand from the entrepreneurs for developed land at Murthal as compared to Kundli, being

closer to the Sonapat Industrial complex. The final four focal points were as under :—

- (i) Murthal
- (ii) Between Bahadurgarh and Rohtak
- (iii) Palwal
- (iv) Bhiwani

The land at Murthal was purchased by the Haryana Industrial Development Corporation for the establishment of Industrial Estate at Murthal in the year 1971 from the Town and Country Planning Department. The land at Bhiwani was acquired and developed by the Town and Country Planning Department themselves. The land at Palwal and between Bahadurgarh and Rohtak has not yet been acquired. It was stated during oral evidence that the focal points at these places have been given up.

As regards the points arising out of review of the scheme the position was stated as under :—

- (i) It was mentioned that normally for the development of Industrial areas/Estates what is important is that there should be adequate demand from the prospective entrepreneurs for industrial land. For this purpose, an approximate idea about the demand for industrial plots is gathered on the basis of growth potential of the area and also by making enquiries from the prospective entrepreneurs and industrial associations. It was not necessary to conduct detailed survey although in the case of some areas where growth potential was doubtful detailed survey was also undertaken. The focal points which were selected were generally considered as suitable for industrial growth on the basis of their growth potential. Phased planning of the working of the scheme would have been prepared on the basis of availability of funds that could have been given to the Corporation from time to time.
- (ii) Since the amount was being advanced to the Haryana State Industrial Development Corporation which was wholly owned by the State Government, it was not considered necessary first to sign the detailed terms and conditions on which the amount was being advanced. The purpose of the loan was, however, very clear that it would be for the development of industrial land.

During oral evidence the departmental representatives admitted that healthy practice would be to settle the terms and conditions simultaneously but since the money was being given to the Government agency that healthy practice was not strictly followed.

- (iii) The Corporation vide its Resolution dated the 4th November, 1969 informed the Government that it would not be possible for them to take up the development of focal points and that the job may be left to the Town and Country Planning Department who were already handling similar work of development of land at other places. Therefore, the State Government agreed

on 6th April, 1970 to the utilisation of advance of Rs. 15 lakhs by the Corporation for the development of industrial plots and estates in the State of Haryana. The arrangement for undeveloped land was agreed to be made by the Government because the Corporation was unable to acquire the land under the law. It was also stated that the amount of Rs. 15 lakhs was not adequate for the implementation of the scheme at the four focal points and only one point was taken up and an expenditure of Rs. 11.55 lakhs had been incurred by the Corporation upto March, 1974. The detailed estimates for Murthal Estate were of the order of Rs. 14.88 lakhs. The repayment of principal had not so far been made by the Corporation and no penalty had been imposed for its non-payment. However, the interest had been paid upto the year ending 31st March, 1974.

It was disclosed during oral evidence that the Corporation had now requested the Government to treat the amount as a non-refundable interest free advance. The Departmental representatives were asked to submit a detailed note about the question relating to the laying down of terms and conditions, etc. in this case and although it was promised that the detailed note would be furnished to the Committee it had not been received till the writing of this Report.

- (iv) The Industrial Estate at Murthal was established in the year 1971. 65 plots in the sizes of 1 acre, 1/2 acre and 1/4 acre were developed and all the plots had been allotted to the entrepreneurs. About 7 units had completed construction of the factory buildings and the industrial activity was expected to be started soon and others were in the process of coming up. The Department hoped that the Industrial Estate would have a good spurt of industrial activity in the foreseeable future.

The Committee are constrained to observe the manner in which the execution of the scheme was taken in hand. The amount of Rs. 15 lakhs appears to have been advanced to the Industrial Development Corporation without knowing whether they would be able to do the job and without settling the terms and conditions of its utilisation. No blue prints for the development of focal points were prepared nor were any detailed estimates as to the extent of amount required for the development of these points, framed. Bulk of the entire sum of Rs. 15 lakhs provided under the scheme for all the four focal points was spent only on one point and the Corporation also expressed its inability to proceed with the acquisition of land etc. at a subsequent stage. As a result, the development of two focal points had to be given up. In addition, the Corporation also asked the Government to treat the amount advanced to them as a non-refundable interest free advance. This confusion has primarily arisen because of the non-settlement of the terms and conditions before hand.

The Committee would urge that the circumstances leading to the faulty planning/execution of the scheme and non-finalisation of the terms and conditions for the loan given to the Corporation be fully investigated and responsibility fixed. The Committee would also like that the detailed note promised during oral evidence be furnished to them alongwith the reasons for delay.

The Committee would further like to know the progress in regard to the development of the focal points at Murthal and Bhiwani and the number of plots developed/allotted *vis-a-vis* the total land acquired.

Paragraph 26—Extra expenditure on purchase of polythene bags

11. Short term quotations for supply of 40,000 polythene bags of three different sizes for meeting urgent demand of the Agriculture Department were invited by the Controller of Stores, Haryana, on 5th July, 1968 and opened on 15th July, 1968. Purchase was not finalised upto 14th November, 1968 and the lowest tenderer, whose offer was valid upto 29th August 1968, when asked to extend the offer upto 6th December, 1968 agreed to do so subject to increase in the quoted rates. This being not acceptable, fresh tenders were invited on 16th January, 1969 which also could not be finalised due to delay on the part of indenting department in making assessment of actual requirement and obtaining Government's sanction to the purchase. The supply of 75,000 polythene bags was effected against tenders called on 7th October, 1969. This resulted in extra expenditure of Rs. 16,140 as compared to rates received in the first call.

The Department stated in its written reply that the relevant file was with the Vigilance Department and further action would be taken after the main file was released. In reply to an enquiry from the Committee as to when the file was sent to the Vigilance Department it was intimated that the correspondence portion of the file was collected personally by a representative of the Special Enquiry Agency on 29th May, 1971 while the noting portion was collected on 9th August, 1972.

✓ The Committee are constrained to observe the inordinate delay on the part of the Vigilance Department in finalising its enquiries in the case. Although the relevant file was collected from the Industries Department more than 3½ years back, its findings have not as yet been made available to the Industries Department for taking follow-up action. The Committee would recommend that the enquiries by the Vigilance Department should be finalised as expeditiously as possible and the final action taken in the matter intimated to them, along with the reasons of delay due to which the enquiries by the Vigilance Department could not be finalised earlier.

Paragraph 27—Credit facilities for development of small scale industries

12. The scheme envisaged credit facilities in the form of loans for development expansion of small scale units. A review conducted in November 1970 covering two districts (Karnal and Rohtak) brought out the following points :—

- (i) The position of loans advanced upto 31st March, 1970 and arrears in recovery on 30th June 1971 was as under :—

| | Loans Advanced | | Total amount of arrears in recovery | | | Arrears in recovery more than 4 years old | |
|----------------------|----------------|--------------------|-------------------------------------|-----------|----------|---|----------|
| | No. of cases | Amount (Rs. lakhs) | No. of cases | Principal | Interest | Principal | Interest |
| (In lakhs of rupees) | | | | | | | |
| Karnal .. | 2,072 | 51.84 | 1,172 | 2.04 | 2.58 | 1.60 | 2.42 |
| Rohtak .. | 1,971 | 49.08 | 1,053 | 1.77 | 1.63 | 1.16 | 1.43 |

- (ii) Loans in 507 and 240 cases for Rs. 9.51 lakhs and Rs. 4.76 lakhs, representing 24 per cent and 12 per cent of total number of cases, were misutilised in Karnal and Rohtak districts respectively and thus became recoverable in lump with interest thereon. Of these recoveries in 248 and 145 cases for Rs. 4.02 lakhs (Rs. 2.36 lakhs principal and Rs. 1.66 lakhs interest) and Rs. 1.69 lakhs (Rs. 1.14 lakhs principal and Rs. 0.55 lakh interest) were yet to be made. Outstanding cases date back to 1949-50 onwards.
- (iii) In Rohtak district, loans to 482 parties for Rs. 2.42 lakhs were given upto 1963-64 against creditworthiness certificates. Of these, 169 parties were in default towards repayment of loans amounting to Rs. 0.76 lakh (Rs. 0.43 lakh principal and Rs. 0.33 lakh interest).
- (iv) In March, 1964 Rs. 32,000 were advanced to a party at Jhajjar as working capital for development of aerosole products manufacturing industry. The loan was repayable by March, 1968, whereas only Rs. 15,000 were repaid till August 1968. The pledged property put to auction in July 1969 attracted the highest bid of Rs. 5,000 only which was not accepted. In February 1971 the department intimated that the Sub-Divisional Officer (Civil) had been requested to effect recovery through attachment of the agricultural and other properties of the defaulter under the Land Revenue Act. Recovery of Rs. 17,000 as principal and Rs. 15,963 as interest was due on 31st March, 1971.
- (v) A party at Sonapat was granted two loans of Rs. 12,000 and Rs. 11,000 in May 1958 and March 1960 for construction of (a) factory building and (b) purchase of machine for cycle parts respectively to be installed in its factory. The first loan was repayable by March 1965 and the second by March 1967. Rs. 3,900 only could be recovered towards the two loans till January 1967. The mortgaged property when put to auction on 28th March 1969 secured maximum bid of Rs. 10,000 which was not accepted. In February, 1971 the department intimated that the factory premises were again put to auction by the Sub-Divisional Officer (Civil) in January 1971 but no proceedings could be held for want of bidders. Recovery of Rs. 19,100 towards principal and Rs. 19,762 as interest was due on 31st March, 1971.

The Department stated the position as under :—

- (i) The latest position of recovery of loans outstanding on 30th June, 1971 as it stood on 31st August, 1974 was indicated as under :—

| District | Number of cases | Amount | |
|----------------------|-----------------|-----------------|----------|
| | | Principal | Interest |
| | | (Rs. in lakhs). | |
| Karnal & Kurukshetra | 130 | 0.80 | 0.93 |
| Rohtak & Sonapat | 412 | 1.17 | 1.13 |

In Karnal District the amount of Rs. 3,950 as principal and Rs. 2,095 as interest was stated to be irrecoverable in eight cases and had since been written off by the Government.

- (ii) It was stated that necessary steps for the recovery of the entire outstanding amount of loan as arrears of land revenue had been taken in all the 393 cases of misutilization. The latest position in respect of these cases as on 31st August, 1974 was indicated as under :—

| District | No. of cases closed after full recovery | No. of cases in arrear | Amount | |
|----------------------|---|------------------------|-----------------|----------|
| | | | Principal | Interest |
| | | | (Rs. in lakhs). | |
| Karnal & Kurukshetra | 111 | 137 | 0.74 | 1.10 |
| Rohtak & Sonapat | 50 | 95 | 0.66 | 0.33 |

In 232 cases still in arrears legal action had been taken and proceedings for recovery were in progress. There was no old case dating back to 1949-50 in arrear in respect of Karnal and Kurukshetra District. Out of the two cases pertaining to Rohtak District for the year 1949-50 one case of arrear had been closed after full recovery and in the other case Rs. 3,620 as interest only were outstanding. The loanee was a limited company and the mortgaged property had been acquired by the Improvement Trust Rohtak. However, the compensation payable had not been decided as yet and the aforesaid authority had been requested to deduct the Government dues from the amount of compensation.

In the case of mis-utilisation of loan, penalty in the form of interest at enhanced rate of 7½% per annum as provided in the agreement/mortgage deed was leviable and this would be recovered in all such cases wherever applicable.

- (iii) The loans were advanced against personal bonds under rule 7(i)(g) of the Punjab State Aid to Industries Rules, 1936. Under this rule, no personal surety/tangible security was required to be furnished. The credit-worthiness certificates were given by M.Ps., M.L.As., Tehsildars etc. No action could be taken against them as they certified the credit-worthiness of the applicants only and did not undertake responsibility for recovery, in the event of the non-payment of the outstanding amount of loan. Out of the total number of 179 cases (and not 169) full recovery had been made in 38 cases and Rs. 0.31 lakh as principal and Rs. 0.16 lakh as interest were outstanding in the remaining 141 cases on 31st August, 1974 and efforts were being made to recover the outstanding amount as arrears of land revenue.

- (iv) At the request of the loanee, it was decided by the Government on 15th October, 1971 that in case they deposited Rs. 5,000 immediately, the balance amount might be recovered in four quarterly

instalments. They deposited Rs. 5,000 (Principal) on 29th November, 1971 and Rs. 3,000 principal on 18th April, 1972 and thereafter they did not make any payment. Accordingly, the Government decided on 13th December, 1972 to proceed against them for the recovery of the balance amount as per the rules. The Collector, Rohtak had initiated action to attach/sell the pledged property to recover the arrears.

- (v) The amount still outstanding against the loanee was Rs. 19,100 as principal and Rs. 31,560 as interest. It was proposed to recover the same through the auction/sale of the pledged property. The interest at the enhanced rate of 10% per annum as provided in the agreement deed had been claimed while calculating the above-mentioned amount and the case was pending with the Collector, Sonapat for auction of the pledged property. The same was put to auction on 10th May, 1971, 20th July, 1971, 27th July, 1971 and 28th September, 1973. The highest bid of Rs. 16,750 received on 10th May, 1971 was not accepted as it was considered to be very low. No bid was received on other occasions.

The Committee view with concern the large outstanding amounts of principal and interest as also the number of cases where the loans advanced were mis-utilised. It appears that the Department did not take adequate steps to ensure periodical inspections in order to verify proper utilisation of the loans or to ensure their timely recovery. The Committee would recommend that immediate and effective steps be taken to recover the outstanding amount of loans and interest thereon as early as possible. The old cases should be given particular attention and in case these have remained outstanding because of any lapse on the part of the departmental officers suitable action against them should also be taken.

The Committee also observe that the existing provisions for payment of loans against credit-worthiness certificates do not contain enough safeguards for recovery in the event of default. The Committee recommend that these should be reviewed and suitable remedial measures adopted to protect the interests of Government.

The Committee would further like to be informed about the results of recovery proceedings pending in cases mentioned at items (iv) and (v) above.

Paragraph 89—Investments

13. The investment of Rs. 1.43.05 lakhs in 18 private companies included investments worth Rs. 1.03.18 lakhs (9 concerns) inherited from the erstwhile Punjab State, the division of which is yet to be finalized (June 1971).

Haryana State Government invested in these 9 concerns a sum of Rs. 39.87 lakhs after re-organisation (Rs. 8.47 lakhs during 1967-68, Rs. 1.44 lakhs during 1968-69, Rs. 12.29 lakhs during 1969-70 and Rs. 17.67 lakhs during 1970-71).

The Department stated in written reply that the erstwhile Punjab Government had made an investment of Rs. 1.03.18 lakhs in 9 concerns out

of which 2 concerns have their registered offices and factories in Haryana State. Therefore, there was no dispute about the assets of these two companies. In the remaining 7 cases, the registered offices were outside the Haryana State whereas the factories were located in Haryana. Meetings have been held from time to time to finalise the matter in regard to the division of investment of these companies but no final decision could be taken so far.

The Committee recommend that the matter in regard to the division of the assets and liabilities of the 9 concerns be finalised as quickly as possible since a period of more than 8 years has elapsed when the re-organisation of the composite Punjab State took place.

Paragraph 90—Recovery of underwriting commission/improper accounting of advances

14. The State Government entrusted from 16th March 1968 the work of underwriting of shares in private undertakings to the Haryana State Industrial Development Corporation Ltd., a State Government Company, on agency basis. As per agreement dated 16th August 1968 the Department is entitled to receive from the Corporation 1½ per cent underwriting commission and ½ per cent brokerage on the underwritten amount. In addition the Department is also entitled to interest earned by the Corporation on department's funds pending payment to the private undertakings. Out of shares worth Rs. 34.87 lakhs underwritten during the financial years from 1968-69 to 1970-71 shares to the extent of Rs. 34.24 lakhs were subsequently subscribed by Government.

The Government placed a sum of Rs. 49.28 lakhs at the disposal of the Corporation during 1967-68 to 1970-71 (Rs. 18.28 lakhs during 1967-68, Rs. 5.00 lakhs during 1968-69 and Rs. 26.00 lakhs during 1970-71). Out of this the Corporation invested a sum of Rs. 31.40 lakhs in the underwriting of shares in private undertakings during the years 1968-69 to 1970-71.

The Department had not maintained any consolidated records showing the details of the funds advanced to and invested by the Corporation in underwriting shares in private undertakings from time to time and was not aware as to whether or not the underwriting commission (Rs. 0.52 lakh), brokerage (Rs. 0.17 lakh) and interest earned by the Corporation on the Department's funds had been received from the Corporation.

The Department stated in written reply that it had been maintaining a register and no amount was transferred to the Haryana State Industrial Development Corporation for underwriting without keeping a record in that register. However, the columns of the register were not as per the requirement of the Audit and the register is now being maintained as advised by them. It was now possible to find out as to which company was in default for the payment of underwriting commission, brokerage etc. Also quarterly reports of utilisation of funds placed at the disposal of the Haryana State Industrial Development Corporation were sent regularly to the Government and to the Accountant General, Haryana. It was further stated that the Corporation had been paying underwriting commission, brokerage and interest due on the amount from time to time. However, a few companies did not pay the brokerage but since it was irregular the stock exchanges objected to it and consequently it was not paid by the concerned companies. Government had discontinued the charging of brokerage. However, project review charges at the rate of 1%

were being charged from all the companies invariably out of which 1% was Government's share. It was also stated that the details of underwriting commission of Rs. 0.52 lakh and brokerage of Rs. 0.17 lakh were not known. However, the Department furnished data in regard to the amounts on account of underwriting commission and brokerage received on the investment made by the Corporation in private companies.

The Committee urge that the details of underwriting commission of Rs. 0.52 lakh and brokerage of Rs. 0.17 lakh be obtained from the quarters concerned and verified whether these amounts have actually been realised from the Corporation. The Committee be informed accordingly.

Paragraph 91—Other Investments

15. The erstwhile Punjab State made investments of Rs. 4.28 lakhs in Government Companies and other private institutions. The question regarding bifurcation of these investments was still (June 1971) under correspondence.

The Department stated in written reply that out of investment of Rs. 4.28 lakhs in Government companies made by the erstwhile Punjab State, the investments amounting to Rs. 125.46 lakhs only concern the Industries Department. The Departmental representative informed the Committee during oral examination that the matter regarding the division of assets and liabilities had since been decided, and promised to supply a copy of the relevant extract from the proceedings of the meeting held between the representatives of Haryana, Punjab, Himachal and Chandigarh within a period of 15 days. However, the relevant extract had not been received till the writing of this report.

The Committee deplore the delay in the submission of the relevant extract from the proceedings of the meeting held between the representatives of Haryana, Punjab, Himachal and Chandigarh within the promised time. The Committee recommend that the relevant extract from the proceedings of the said meeting be now furnished to them as early as possible and the reasons for delay also explained.

HARYANA KHADI AND VILLAGE INDUSTRIES BOARD

Paragraph 32—Gobar gas plants

16. For installation of gobar gas plants, the Khadi and Village Industries Commission advances Rs. 300 as grant and Rs. 1,020 to Rs. 2,320 as loan depending upon size of the plant (100 cft. to 250 cft.) in each case to deserving farmers through the Haryana Khadi and Village Industries Board. In October 1969 the Board decided that instead of paying the amounts in cash, the plants may be got installed through the Board or through a contractor approved by it after taking necessary undertaking from the farmers.

On 27th October, 1969 the Board entered into an agreement valid upto 31st March, 1970 with a firm for installation of plants. According to the terms of that agreement, 50 per cent cost of plants was to be paid in advance. For orders exceeding 30 plants the work was to be completed at one plant per day and in case of default the firm was to pay a penalty of Rs. 100 per plant.

In March 1970 order for installation of 49 plants was placed on the firm at Rs. 1,460 to Rs. 2,620 per plant (depending on the size of the plant). The firm was authorised to receive advance payments from the parties who were directed to endorse in favour of the firm cheques received by them from the Board as grant and loan. The firm received advance payments of Rs. 63,720 from 31 parties against the permissible amount of Rs. 34,180 being 50 per cent cost of the plants as per agreement.

The Firm installed only nine plants worth Rs. 19,140 during May 1970 and stopped work thereafter. On 25th February 1971, the Board asked the firm to refund the balance advance of Rs. 44,580; Rs. 17,740 were refunded by the firm till July 1971. Only Rs. 3,300 are lying with the Board as security deposit of the firm.

The Department stated that the concerned parties had to execute agreement for the proper utilisation of grant/loan and bond for the repayment of the loan. The contractor could not be asked to instal plants before the selection of the loanees and sanction of loans to them. Under these circumstances orders could not be placed earlier than March, 1970. The Board made payment of the grant/loan to the parties concerned who further advanced the payment to the contractor of their own by endorsement on the cheques. Thus the payment to the contractor was made by the parties concerned and not by the Board. According to the terms of the agreement the contractor was to receive 50 % advance against each order and the contractor was advised to receive the payment from the concerned parties at the prescribed rates. However, the cheques were endorsed by the grantees/loanees to the contractor direct. The grantees/loanees did not inform the Board about the placement of the order with the contractor and the advance payment made to him. After stoppage of the work by the contractor, some of the parties informed the Chairman of the Khadi Board of non-execution of the work. Thereafter information relating to advance payments was collected and the contractor was asked to refund the balance advance of Rs. 44,580. Out of this amount recovery to the extent of Rs. 17,740 had been made from the contractor. In addition security deposit of Rs. 3,234.60 was lying with the Board. Efforts were being made to recover the balance amount. It was also stated during oral evidence that the procedure for advancing financial assistance in this behalf had since been revised and made fool-proof. Under the revised procedure the amount was paid in three instalments—firstly at the time of construction of the well, second for the gas holds which is paid direct to the approved firm and the third after the first two instalments have been fully utilised.

During oral evidence the Committee wanted to have information on the following points which the departmental representative promised to supply to the Committee :—

1. District-wise distribution of the cases; and

2. Whether the parties to whom payments had been made had refused to have the work carried out through the contractor?

The Committee feel that the parties to whom advance payments were made for the installation of gobar gas plants had not been properly educated in regard to the rudiments of the scheme as a result of which they endorsed the cheques received by them in favour of the contractor. This was also responsible for the predicament in which the Board and the parties concerned have been subsequently

placed. The Committee recommend that in future as and when any such scheme is introduced, all its details alongwith its legal and financial implications should be thoroughly examined and properly explained to the beneficiaries to avoid undue complications at a later stage. The Committee would like to know the steps taken to recover the balance amount from the contractor and whether the same contractor is still executing any works on behalf of the Board.

The information promised during oral examination should also be furnished to the Committee at an early date.

Paragraph 33—Utilisation of grant-in-aid and loans

17. Khadi Commission rules for payment of financial assistance prescribe the normal period of utilisation of the financial assistance by the grantee/borrowing institutions as one year and the State Board is required to keep close and constant watch over the utilisation of funds. During 1969-70 grants and loans worth Rs. 3.84 lakhs and Rs. 24.89 lakhs were given to 544 grantees and 703 borrowers respectively.

Utilisation certificates in 322 cases for grants/loans totalling Rs. 17.43 lakhs paid in previous years (1963-64 to 1968-69) as detailed below had not been furnished to the Khadi Commission to the end of March 1971. Of these 142 cases for Rs. 11.11 lakhs were more than three years old.

| Year | Number of certificates | Amount (In lakhs of rupees) |
|---------|------------------------------|-----------------------------------|
| 1963-64 | 4 | 0.12 |
| 1964-65 | 29 | 0.20 |
| 1965-66 | 40 | 0.75 |
| 1966-67 | 69 | 10.04 |
| 1967-68 | 36 | 0.87 |
| 1968-69 | 144 | 5.45 |
| Total | 322 | 17.43 |

The Department stated in written reply that under the procedure prescribed by the Khadi and Village Industries Commission, the funds advanced by it are required to be utilised within one year. The State Board are, however, empowered to accept the utilisation certificates up to a period of 1½ years from the date of disbursement in unavoidable circumstances. The utilisation certificates in cases where funds are utilised after 1½ years of the disbursement but before 2 years are accepted only under the orders of the Commission. If the utilisation certificate is not received within one year grantees/loanees are served with a notice to refund the amount or give justification for seeking extension. According to the data furnished by the Department, out of the total of Rs. 95.63 lakhs on account of grant/loan advanced by the Commission during the years 1963-64 to 1971-72 utilisation certificates for Rs. 32.44 lakhs had been furnished to the Commission and Rs. 14.06 lakhs had been refunded as unutilised amount. Utilisation certificates for

the balance amount of Rs. 49.13 lakhs were outstanding and these would be sent to the Commission shortly. It was also mentioned that the furnishing of utilisation certificates involves checking of the accounts and spot inspection of the premises of the loanees in order to physically verify the utilisation of the funds. The Board took up this matter with the Commission which had agreed to allow additional posts for the purpose. It was expected that the work would be completed after the appointment of the additional staff.

The Committee would like to be informed of the progress in the submission of the remaining utilisation certificates to the Commission, and the action taken against the defaulters.

Paragraph 34—Palm gur industry

18. The Khadi Village Industries Board helps the growth of *palm gur* industry by providing training and technical guidance to the workers and advancing loans and grants to co-operative societies, etc. Funds for advancing loans and grants are made available by the Khadi Commission while expenditure on the staff is met by State Government. For the purpose State Government sanctioned three posts of (i) *palm gur* Organiser, (ii) *palm gur* Guide and (iii) *palm gur* Field Inspector for 1969-71.

The Khadi Commission provided Rs. 7,700 and Rs. 3,000 as grants and Rs. 31,000 and Rs. 35,000 as loans to be disbursed during 1969-70 and 1970-71 respectively. During 1969-70 the Board disbursed only Rs. 729 as grant and Rs. 380 as loan while no disbursement was made during 1970-71. The unutilised funds of both these years were surrendered to the Khadi Commission. The three posts sanctioned by State Government were, however, continued to be operated by the Board and Rs. 33,741 were spent towards their pay and allowances during 1969-70 and 1970-71.

Machines and equipment worth Rs. 48,170 relating to *palm gur* centre, Tilpat (closed in November 1968), were transferred by the former Punjab Khadi and Village Industries Board to Haryana Khadi and Village Industries Board on its formation in February 1969. The plant and equipment were transported (charges Rs. 700) from Tilpat to Patti Kalyana and were still (June 1971) lying idle, stored partly inside and partly outside a room rented at Rs. 40 per month since December 1968.

It was stated in written reply that three posts alongwith the incumbents were allocated to Haryana Khadi Board as a result of bifurcation of the composite Punjab Khadi and Village Industries Board with effect from 1st February, 1969. The composite Punjab Board was also having Tilpat centre which was defunct at the time of formation of the Haryana Board and this defunct centre was also transferred to the latter on the bifurcation of the composite Punjab Board. The services of these incumbents were utilised by the Haryana Board for rendering technical know-how to the units financed under *Palm Gur* industry as well as for revival of the defunct Tilpat centre. After the efforts to revive Tilpat Centre became futile, these officials were adjusted against the vacant posts under other schemes and these posts were ultimately surrendered on 22nd October, 1971.

The machinery and equipment worth Rs. 48,170 were purchased during 1963-64 and put to use by the erstwhile Punjab Khadi and Village Industries Board upto year 1965-66. All the machinery and equipment were

transported to Pattikalyana by the composite Punjab Board in November, 1968 and the same could not be installed elsewhere for want of grooves of palm trees. It was stored in a rented premises by the erstwhile Punjab Board with effect from 1st December, 1968 at Rs. 40 per month and Rs. 520 were paid as rent by the Haryana Board for the period 1st February, 1969 to 31st March, 1970 except the payment of bill for the month of April, 1969. These equipments were stated to be in not good condition even at the time of transfer to the Haryana Board.

It was further stated that the machinery and equipment have since been disposed of by a Committee consisting of representatives of the Haryana Board and the Commission in January, 1974 for net sale proceeds of Rs. 21,076 to be refunded back to the Commission.

The Committee are unable to understand the reasons due to which the machinery and equipment went out of order only about two years after being used and why it could not be got repaired after it went out of order. The Committee also find no plausible justification for the transportation of the machinery and equipment to Pattikalyana where it could not be installed *prima facie* for want of grooves of palm trees. The Committee feel that all the facts relating to this case have not perhaps been brought on surface and need to be thoroughly examined. The Committee recommend that the matter be fully investigated and results intimated as early as possible.

HARYANA STATE SMALL SCALE INDUSTRIES AND EXPORT CORPORATION LTD.

Paragraph 83—Mis-appropriation of cash/stores—Rs. 1,26,899.

19. On receipt of certain complaints against the supervisor of the Corporation's sale depot for industrial raw material at Panipat he was transferred on 1st August, 1970 and ordered to hand over complete charge by 5th August 1970. He failed to hand over charge to his successor and deserted duty from 21st August 1970. F.I.R. was lodged with the Police on 23rd August 1970. Simultaneously the locks of the godowns were forced open in the presence of Police, Tehsildar and local Municipal Commissioner and physical verification of the stocks held by the Supervisor was ordered by the Managing Director. Physical verification conducted on 27th August 1970 and subsequent check of accounts of the depot by an Officer of the Corporation revealed that besides a shortage of stores valued at Rs. 1,03,285, there was shortage of cash amounting to Rs. 23,614. It was stated that official was arrested on 2nd March, 1971 and a case was pending trial before a Court. The Management had obtained a fidelity guarantee bond for Rs. 20,000 only in respect of the official; and the Managing Director reported to Government (April 1971) that the claim was being pursued with the Insurance Company to recover this amount. There was no system of internal check in the Corporation. To safeguard against similar occurrences in future the Corporation in April, 1971 intimated Government that it had increased the amount of fidelity guarantee bond in respect of such supervisors to Rs. one lakh and proposed to carry out frequent surprise inspections by Senior Officers.

The Department stated in evidence that the case was previously conducted in the court of Magistrate Ist class at Panipat. Now it had been transferred to the court of Additional Session Judge at Karnal. The decision of the court was still awaited.

It was also stated that in order to ensure that similar things did not recur in future, frequent inspections of the depots were being carried out by the Headquarter Officers and no other case of embezzlement, misappropriation of the materials at the depots had come to the notice of the Corporation so far.

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

Paragraph 84—Outstandings against an ex-officer of the Corporation—Rs. 21,960

20. The services of a "Foreign Sales Officer" were terminated by the Corporation on 6th December, 1968 consequent on the abolition of the post from that date; a sum of Rs. 15,560 was outstanding against him on that date on account of certain advances. The outstanding amount included Rs. 12,000 advanced to him on 8th July, 1968 for covering travelling expenses in connection with a proposed trip abroad which was ultimately not approved by the State Government. The Officer is also alleged to have not rendered account for another amount of Rs. 6,400 paid to him in March, 1968 to meet the cost of replacing certain goods meant for export.

F.I.R. was lodged with the Police on 25th January, 1969 and the case is sub-judice (May, 1971).

The Department stated in evidence that an amount of Rs. 13,800 was paid by the officer concerned in the court on 31st January, 1974. The Chief Judicial Magistrate, Chandigarh, had also convicted him by imposing a fine of Rs. 1,500 and imprisonment till the rising of the Court. The revision petition was filed by the Corporation and appeal was filed by the ex-officer in the court of District and Session Judge, Chandigarh and he dismissed the appeal in April, 1974 and recommended the revision petition to the High Court. The case was now stated to be pending in the High Court. The case relating to the recovery of Rs. 6,400 was also pending in the court.

✓ The Committee would like to know the decision of the court as soon as it is announced.

INDUSTRIAL TRAINING

Paragraph 28—Re-organisation of Government Institute of Surgical Instruments Technology, Sonapat.

21. The scheme, implemented during the Third Five-Year Plan at a cost of Rs. 8.71 lakhs (estimated cost : Rs. 11.65 lakhs), aimed at introducing specialised training courses in (i) machine shop practice, (ii) die-sinking, (iii) heat treatment and (iv) electroplating in addition to the existing three years diploma course in surgical instruments technology. The new courses were later grouped into two diploma courses of two years duration (machine tools and die sinking technology and forging and heat treatment). A further amount of Rs. 7.58 lakhs (establishment : Rs. 5.24 lakhs, recurring contingencies : Rs. 2.00 lakhs and capital expenditure : Rs. 0.34 lakh) was spent between 1966-67 and 1970-71.

While the course for forging and heat treatment is yet to be introduced (July, 1971), the course for machine tools and die-sinking technology was

started in July, 1965 and recognised by Government in January 1968. The number of students on rolls after excluding drop outs during the session was as under against intake capacity of 30 for each year :—

| Year | Diploma course in Surgical Instrument Technology | | | | Diploma course in Machine tools and Die-Sinking Technology | | |
|--|--|---------|----------|---------------------|--|---------|---------------------|
| | Ist year | II year | III year | Finally passing out | Ist year | II year | Finally passing out |
| 1965 | 25 | 26 | 21 | 19 | 11 | .. | .. |
| 1966 | 33 | 19 | 34 | 22 | 20 | 12 | 9 |
| 1967 | 20 | 21 | 15 | 12 | 16 | 11 | 11 |
| 1968 | 10 | 13 | 17 | 17 | 6 | 16 | 14 |
| 1969 | 16 | 6 | 13 | 13 | 15 | 5 | 5 |
| 1970 | 23 | 12 | 5 | 4 | 12 | 13 | 13 |
| Overall percentage of utilisation of intake capacity | 71 | 54 | 58 | .. | 44 | 38 | .. |

The under-utilisation of intake capacity was attributed to general recession in technical education, non-affiliation of the courses by the Board of Technical Education and non-recognition of the courses as equivalent to diploma in Mechanical Engineering by Government of India.

The Department stated in written reply that the course for forging and heat treatment had not so far been introduced. Only two courses viz. (i) Three year's diploma in Surgical Instruments Technology and (ii) Two year's diploma course in Machine Tools and Die Sinking Technology were being run at the Institute under the reorganised scheme. These diplomas were recognised by the State Government on the advice of the Director, Technical Education, Haryana in January, 1968. However, the courses/diplomas had not so far been recognised by the Government of India. It was disclosed during oral examination that the Government of India gave approval to the diploma courses when the scheme was started but later on, an investigation team of the Government of India had held that the courses run at the Institute were not of the level of diploma courses but of craftsman level. It was stated that the matter was being sorted out with the Government of India.

It was further stated that now that the institute had been affiliated to the State Board of Technical Education and diplomas were being awarded to the passed-out students from the year 1972, greater number of trainees was likely

to be admitted to these courses. The admission position during the year 1971-72 and onwards was indicated as under :—

(1) Machine Tools and Die Sinking Technology (2 year's course)

| | |
|---------|-------|
| 1971-72 | .. 12 |
| 1972-73 | .. 19 |
| 1973-74 | .. 22 |

(2) Surgical Instruments Technology (3 year's course)

| | |
|---------|-------|
| 1971-72 | .. 37 |
| 1972-73 | .. 27 |
| 1973-74 | .. 31 |

It was maintained that it would have been better if necessary recognition was awarded soon after the commencement of these courses but it seems that Government could award recognition only in January, 1968 due to some unavoidable circumstances.

The Committee do not feel satisfied with the arguments advanced for the delay in recognition of these courses. The Committee are of the view that this was the fundamental point which should have been settled before the courses were actually started or at least immediately after their commencement. It is strange that while the State Government recognised these courses after about 2½ years, the approval of the Government of India is still awaited although a period of more than 9 years has elapsed. The Government of India have also held that courses imparted at the institute are not equivalent to the level of diploma course. The Committee urge that the question of recognition of the courses by the Government of India should be settled as expeditiously as possible and, if necessary the level of the courses at present imparted be raised to meet with the requirements of the Government of India.

CO-OPERATIVE

Paragraph 92—Financial assistance

22. Government investment in the share capital and debentures of Co-operative Institutions at the close of the years 1969-70 and 1970-71 was as under :—

| Year | Number of Institutions | Amount (In lakhs of rupees) |
|---------|------------------------|-----------------------------|
| 1969-70 | 980 | 5,90.19 |
| 1970-71 | 1,329 | 7,85.83 |

The investment made during the year 1970-71 amounted to Rs. 2,11.48 lakhs and the retirement of shares effected during the year by institutions amounted to Rs. 15.84 lakhs only.

The amount of loans and subsidies paid by Government to various Co-operative Institutions during the years 1969-70 and 1970-71 stood as under :—

| Year | Balance at the end of previous year | Amount of loans disbursed during the year | Re-pay-ment during the year | Balance at the end of the year | Grant of subsidies during the year |
|---------|-------------------------------------|---|-----------------------------|--------------------------------|------------------------------------|
| | | | | (in lakhs of rupees) | |
| 1969-70 | 64.94 | 10.21 | 5.49 | 69.66 | 8.24 |
| 1970-71 | 69.66 | 11.90 | 5.93 | 75.63 | 20.23 |

The amounts of principal and interest overdue as on 31st March, 1971 was Rs. 6.54 and Rs. 5.72 lakhs respectively.

The Department, stated in evidence that Government investment in the share capital of co-operative institutions was made with a view to strengthening their financial position, enhancing their borrowing power, inspiring public confidence and attracting deposits.

As regards the amounts of principal and interest overdue as on 31st March, 1971, it was stated that only a sum of Rs. 4.62 lakhs as principal and Rs. 4.32 lakhs as interest now remained to be recovered on 31st March, 1974. Out of this, Rs. 3.35 lakhs as principal and Rs. 3.37 lakhs as interest were outstanding against the Co-operative Consumers Stores. The stores were running in loss and were not in a position to repay the amounts. A Departmental Committee was constituted by the Government to look into the working of the stores and also to examine the over-dues as well as the recovery position in detail. This Committee had made certain recommendations in this regard which were under the consideration of the State Government. Public Accounts Committee desired that a copy of the report of that Committee be supplied to them. The departmental representatives promised to send a copy thereof but it had not been received till the writing of this Report.

During oral examination, the Committee had also suggested to the department to consider the desirability of devising a suitable procedure whereby the articles required by the various stores were purchased at the same rate instead of the different stores purchasing the same articles at different rates. The departmental representatives promised to look into the suggestion of the Committee.

It was further stated that the balance of arrears outstanding against other societies were Rs. 1.27 lakhs as principal and Rs. 0.95 lakh as interest only. No co-operative society against whom the amounts of principal and interest were over-due was reported to be insolvent.

It was also stated that the field officers had been directed to effect recovery of the outstanding amount on top priority basis. However, where it became difficult the concerned society was brought under winding up process. In the liquidation proceedings recoveries of Government dues became first charge against the assets of the society.

The Committee would like to know the decision taken by the Government on the recommendation of the departmental Committee appointed to go into the working of the Co-operative Consumer Stores and the

steps taken to plug the loopholes where-ever these exist in the working of the Stores. A copy of the report of the Committee appointed by the Government to look into the working of the Co-operative Consumer Stores should also be supplied to them early as promised during oral examination.

The Committee would also like to know the decision taken on their suggestion in regard to the purchase of various articles required for the stores at the same rate instead of at different rates by the individual stores. The Committee would further like to be informed about the progress in the recovery of the overdue amounts of principal and interest from the Co-operative Consumer Stores as well as other Co-operative Societies.

Paragraph 94—Completion of audit

23. As per provisions of Co-operative Societies Act, the accounts of Co-operative Institutions are required to be audited once in each year by auditors (including departmental auditors under the Chief Auditor, Co-operative Societies) appointed by the Registrar, Co-operative Societies. The accounts of 505 Societies upto close of co-operative year 1969-70 remained un-audited.

The Department stated that out of 505 Societies, audit of 286 societies had been completed leaving a balance of 219 societies as on 31st May, 1974. Directions were being issued to complete the audit of the rest of the societies so that the accounts were brought in proper orders. It was also disclosed that the main reasons for arrears were that in 47 cases the records were with the police or in the court and in 172 cases the records were not available. It was further mentioned that the Government had been requested to strengthen the audit staff and efforts were also being made to trace out the records of the societies.

✓ The Committee would like to be informed about the progress in the completion of audit in the remaining cases. The Committee would also urge that the reasons leading to the non-availability of records in 172 cases be fully investigated and action taken against the concerned officials for their loss. Immediate action should also be taken to re-construct the missing records wherever possible and their audit got completed expeditiously. The Committee would also like to know whether any investment/loan/grant was given to the societies by the Government.

Paragraph 95—Review on the working of Co-operative Banks

24. There were 9 Central Co-operative Banks in the State on 30th June, 1970 which acted as financing agencies of primary societies. Besides these there were two apex institutions namely Haryana State Co-operative Bank and Haryana State Co-operative Land Mortgage Bank. The former provided medium and long term loans to the Co-operative Institutions, while the latter provided long term finance to the agriculturists. The details of investments made and loans given by Government to these institutions as on 30th

June, 1970 and profits earned by the banks during the year ended 30th June, 1970 are given below :—

| Sl. No. | Particulars | Total paid-up capital | Government investment in share capital | Net profit | Reserve fund | Loans by Government |
|----------------------|---|-----------------------|--|------------|--------------|---------------------|
| (In lakhs of rupees) | | | | | | |
| 1. | 9 Central Co-operative Banks | 3,48.49 | 1,01.74 | 44.94 | 1,35.66 | 0.03 |
| 2. | Haryana State Co-operative Bank | 1,39.58 | 69.90 | 19.67 | 63.02 | 0.38 |
| 3. | Haryana State Co-operative Land Mortgage Bank | 1,16.69 | 34.78 | 7.26 | 5.85 | 2,04.76 |

The net profit of the nine Central Co-operative Banks mentioned above included Rs. 0.32 lakh paid by the State Government as subsidy for various purposes to 3 out of the 9 Banks. In Central Co-operative Banks and the Haryana State Co-operative Bank, loans and interest overdue as on 30th June, 1970 amounted to Rs. 6,16.60 lakhs and Rs. 44.62 lakhs respectively. These included Rs. 46.18 lakhs outstanding for more than 3 years in respect of 8 Banks. In 6 Central Co-operative Banks there were 5,022 indebted societies out of which 56 per cent (2,845) were defaulting societies. In 8 Central Co-operative Banks the bad and doubtful debts as estimated by the departmental auditors in accordance with the instructions issued by the Registrar, Co-operative Societies stood at Rs. 1,49.86 lakhs as on 30th June 1970 (Rs. 1,36.31 lakhs principal and Rs. 13.55 lakhs interest) against which provision of Rs. 41.22 lakhs only was made in the accounts.

The Department stated, in evidence that there were 12 Central Co-operative Banks in the State at present. The overdue loans and interest in respect of these Central Co-operative Banks and the Haryana State Co-operative Bank limited as on 30th June, 1974 amounted to Rs. 1177.53 lakhs as principal and Rs. 79.91 lakhs as interest. Of these Rs. 71.50 lakhs as principal and Rs. 12.67 lakhs as interest were overdue for more than 5 years and Rs. 11.73 lakhs as principal and Rs. 3.90 lakhs as interest were overdue for more than 10 years. Special staff was stated to have been appointed by the Central Co-operative Banks for the recovery of loans and special campaigns were launched during the harvesting seasons for their recovery. Arbitration proceedings were also initiated against the defaulters and awards were obtained against them which were got executed in the courts for effecting recoveries. It was also mentioned that a provision had been made in the Co-operative Societies Act for the recovery of over-due loans and interest as arrear of land revenue and all the Assistant Registrars, Co-operative Societies have been vested with the powers of Assistant Collector Grade II.

On an enquiry from the Committee in regard to the provision of Rs. 41.22 lakhs only on account of bad and doubtful debts against the estimated amount of Rs. 149.86 lakhs worked out by the Departmental Auditors, the

departmental representatives stated that provision for bad and doubtful debt reserve was made on the assumption that all the debts were not really bad debts. Efforts could be made and some of them could be recovered. Therefore, provision was not made for all the bad and doubtful debts.

The Committee are unhappy to note the heavy out standings on account of over-due loans and interest in the Central Co-operative Banks and the Haryana State Co-operative Bank and would recommend that effective steps should be taken to liquidate these arrears as early as possible. In particular, the cases involving heavy amounts should be examined in detail and the reasons for their non-recovery be looked into. The Committee would like to know the results of this investigation and the progress in regard to the recovery of the outstanding amounts.

The Committee would also urge that the existing method of making provision for bad and doubtful debts should be examined in detail in order to ensure that the provision made is sufficient to meet the liability which may arise out of bad and doubtful debts. The circumstances leading to the accumulation of heavy amounts on account of bad and doubtful debts should be fully investigated and responsibility also fixed, where necessary, under advice to the Committee.

Paragraph 96—Working of Co-operative Consumers Stores

25. There were 9 Central Co-operative Consumers Stores under the Centrally sponsored scheme in the State as on 30th June, 1970. Besides, there were 11 Primary Co-operative Consumers Stores and one Apex Institution namely the Haryana State Consumers Stores Federation. The accounts for the year 1969-70 of the Federation in which the Government investment in the share capital was Rs. 3.41 lakhs as on 30th June, 1969 had not been departmentally audited so far (August, 1971). The consolidated financial results of all the Central Co-operative Consumers Stores for the year 1969-70 are given below :—

| Year of account | Total paid-up share capital | Government Investment | | Total | Reserve fund | Net loss |
|----------------------|--------------------------------------|--------------------------|------|-------|-----------------|----------|
| | | Share Capital | Loan | | | |
| (in lakhs of rupees) | | | | | | |

| | | | | | | |
|---------|-------|------|-------|-------|------|------|
| 1969-70 | 12.13 | 7.70 | 23.65 | 31.35 | 4.19 | 1.94 |
|---------|-------|------|-------|-------|------|------|

The review of the audited accounts of these stores and reports thereon for the year 1969-70 revealed the following :

(i) Stores worth Rs. 2.95 lakhs were alleged to have been misappropriated/embezzled in 9 consumers stores.

(ii) Debts were considered bad to the extent of Rs. 1.28 lakhs in 4 Stores against which provision, however, was made for Rs. 10.34 lakh only.

(iii) The closing stock was over-valued to the extent of Rs. 0.08 lakh in case of one Store.

(iv) Four stores were advanced loans of Rs. 3.22 lakhs for construction of godowns. Out of these Rs. 2.25 lakhs were utilised towards working capital or placed in fixed deposits with the Banks.

(v) In seven stores the closing stocks of articles worth Rs. 18.72 lakhs included dead, damaged and slow moving stock worth Rs. 3.73 lakhs.

The department stated in evidence that the accounts of the Haryana State Consumer Stores Federation upto 30th June, 1973 had since been audited departmentally on 26th April, 1974.

As regards losses in Central Co-operative Consumer Stores, it was stated that a departmental Committee was constituted to review the working of the Stores in the State. They had made some suggestions for the past losses and their recommendations were still under consideration of the Government.

As for other points mentioned in the Audit paragraph the position was stated as under :—

- (i) Out of articles worth Rs. 2.95 lakhs mis-appropriated/embezzled recovery to the extent of Rs. 0.98 lakh had since been effected, leaving a balance of Rs. 1.97 lakhs in which 74 persons were involved. Arbitration proceedings were stated to have been started against them and awards had been obtained against 18 persons. One case relating to the Bhiwani store was pending in the High Court for decision.
- (ii) A sum of Rs. 0.31 lakh had since been recovered out of the total bad debts of Rs. 1.28 lakhs. It was stated that there was no increase in debt during 1973-74.
- (iii) It was stated that the man dealing with the accounts was raw hand and he over-valued the stock by mistake. Now it had been regularised through physical verification of the stock.
- (iv) Out of 4 Consumers Stores, one store had since completed the godown. Three stores could not utilise the amount due to non-availability of suitable site of land and the amounts had to be deposited in Banks. The Stores authorities had been directed to refund the amount immediately.
- (v) The amount of dead/damaged and slow moving stock had been reduced by Rs. 2.31 lakhs leaving a balance of Rs. 1.42 lakhs as on 30th June, 1974.

In regard to the working of the Co-operative Consumer Stores, the Committee would like to invite attention to their observations contained in paragraph 22 of this Report. The Committee, however, regret to observe the various irregularities and shortcomings in the working of different stores mentioned in the above audit paragraph. The Committee recommend that the cases relating to mis-appropriation/embezzlement of stores, etc. should be finalised

quickly and immediate action taken to dispose of the balance dead/damaged and slow moving stock. Action taken on other points mentioned in the Audit paragraph should also be intimated to the Committee at an early date.

Paragraph 97.—Review of working of sugar mills

26. The State Government had 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. The working results of the mills together with capital structure for the year ended 30th June, 1970 are given below :—

| Sl. No. | Particulars | Haryana Co-operative Sugar Mills Ltd., Rohtak | Panipat Co-operative Sugar Mills Ltd., Panipat |
|---------|--|---|--|
| | | (in lakhs of rupees) | |
| 1 | Paid-up capital | 60.41 | 53.77 |
| 2 | Government investment in Share capital | 20.00 | 20.00 |
| 3 | Reserves | 109.05 | 137.46 |
| 4 | Long term loans | 11.00 | 30.00 |
| 5 | Cumulative profit(+) / loss(—) | (—) 10.67 | (+) 1.15 |
| 6 | Profit (+) / loss (—) during the year | (+) 10.91 | (+) 4.48 |
| 7 | Cane crushed and recovery | 18.34 | 22.29 |
| | Percentage of recovery | 9.00 | 8.84 |

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

(i) Haryana Co-operative Sugar Mills Ltd., Rohtak.—The Management had to incur an extra expenditure of Rs. 37,800 on the purchase of limestone as a result of ignoring the lowest quotations and effecting the purchases at personal level.

(ii) Physical verification of tools and implements was carried out on 30th June, 1969 and shortages of Rs. 50,725 and excesses of Rs. 1,114 were detected.

(iii) Panipat Co-operative Sugar Mills Ltd., Panipat.—The Management had to incur extra expenditure of Rs. 19,600 on the purchase of limestone due to delay in finalising the purchase due to which the lowest tenderer withdrew his offer. A review of the audited accounts and reports of the Co-operative Societies audited during June-July, 1971 by the departmental auditors revealed

the following points :—

- (i) In addition to the cases reported in para 105 of the Comptroller and Auditor General's Report on the accounts for the year 1969-70 further cases of embezzlements/mis-appropriations of Rs. 34.21 lakhs in 365 societies were noticed by the departmental authorities.
- (ii) The various irregularities pointed out in the Audit Report 1969-70 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.
- (d) On 30th June, 1970, 1,514 Societies wherein Government interest was to the extent of Rs. 6.75 lakhs were in the process of winding up/liquidation.

The department explained the position as under :—

Haryana Co-operative Sugar Mills Ltd., Rohtak

- (i) The lower quotations were ignored due to poor quality of material and heavy incidence of carriage charges involved. The General Manager with the approval of the Chairman took the decision for effecting the purchases at personal level because the material offered by the parties of Dehradun was considered most suitable by the Chief Chemist of the Mills for keeping the quality of sugar. The procedure for conducting purchase by negotiation was resorted to as the time left at the disposal of mills was very short and the procedure of calling quotations etc., which was already resorted to did not yield any fruitful results.
- (ii) The physical verification of tools and implements was done for the first time in the year 1968-69 which disclosed a shortage of Rs. 50,725 and an excess of Rs. 1,114. The shortages were investigated by the Factory Manager and the Chief Engineer and their report was placed before the Board of Directors for their approval.
- (iii) The Board of Directors decided in the meeting held on 6th March, 1970 that tools and implements may be checked by the Senior Auditor of the Mills. Accordingly, re-checking of the tools and implements was done by the Senior Auditor and his report indicated that while conducting physical verification the articles which were unserviceable and were lying in the stores were also treated as shortages. On receipt of the report of the Senior Auditor the Board of Directors ordered that a Sub-Committee may go into this case and submit a report. The case was now under the examination of the Sub-Committee.

✓ The Committee fail to understand the reasons due to which the physical verification report of the Factory Manager and the Chief Engineer was not accepted by the Board of Directors and was subjected to further check by the Senior Auditor of the Mill. Even after the receipt of the report, of the Senior Auditor the matter has again been assigned by the Board of Directors to a Sub-Committee. The circumstances due to which the Board of Directors prevaricated time and again are not at all clear. The Committee would now like to be informed as to whether final decision in regard to shortages and excesses noticed during physical verification of tools and implements has since been arrived at and what are the shortages and excesses finally determined. Action taken against the official responsible for these shortages be also intimated to the Committee.

Panipat Co-operative Sugar Mills Ltd., Panipat

In regard to the incurring of extra expenditure on the purchase of limestone similar arguments were advanced as in regard to the purchase of limestone for the Sugar Mills at Rohtak.

As regards the other points, the department stated as under :—

- (i) There was embezzlement of Rs. 47.69 lakhs in 334 societies as on 30th June, 1973 as against Rs. 34.21 lakhs in 365 societies as on 30th June, 1971. A sum of Rs. 55,456 had been recovered so far. The field staff had been directed to pay personal attention to this important work and ensure that all embezzlement cases were efficiently tackled and the amount recovered as soon as possible.
- (ii) (a) The question regarding non-submission of utilisation certificates of subsidy/financial assistance was also previously discussed in the Public Accounts Committee meeting held on 21st/22nd March, 1974 and the Committee was satisfied with the explanation of the Department. Out of 406 societies involving an amount of Rs. 2,05,000 utilisation certificates in respect of 92 societies involving Rs. 34,200 were still awaited.

It was also pointed out that in accordance with the decision arrived at by the Government the accounts upto 31st October, 1966 had to be maintained by the residuary State of Punjab and it was the duty of the Registrar, Co-operative Societies, Punjab to maintain all such records and pass on the requisite information to the Accountant General.

- (b) The Administrative Rules had since been approved by the Government in November, 1971.
- (c) The main reasons for the non-completion of godowns in time were :—
 - (i) delay in the construction work on the part of Executive Engineer, Panchayati Raj ; and
 - (ii) Non-availability of building material i.e., cement, bricks, etc.

It was also stated that out of the total number of 28 and 39 godowns for which financial assistance was given in 1967-68 and 1968-69, 21 and 15 godowns had since been completed. In one and 9 cases the godowns were under construction and in 3 and 5 cases the amount had been refunded.

- (d) The total number of societies under winding up process as on 30th June, 1973 stood at 1147. Action was being taken either to get the societies revived or finally liquidated.

The Committee feel alarmed at the large number of cases of embezzlement involving 334 societies in which embezzlement of Rs. 47.69 lakhs was reported to have occurred upto 30th June, 1973. The Committee would urge that the Department should undertake a detailed examination of the circumstances leading to such a large number of cases of embezzlement/mis-appropriation and take suitable and effective remedial measures to avoid their recurrence in future. The Committee would also recommend that these cases should be got finalised as expeditiously as possible and the Committee informed of the prospects of the recovery of the embezzled/mis-appropriated amounts.

The Committee would also like to know the progress in regard to the completion of godowns by the beneficiary co-operative societies as also in regard to the revival of societies under winding up process and about the recovery of the Government money outstanding against them.

SOCIAL WELFARE

Paragraph 21—Withdrawal of funds in advance of requirements

27. 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 money from the treasury against the grant for one year for utilisation in subsequent a year.

The District Harijan Welfare, Officer, Gurgaon, withdrew money for disbursement of loan/subsidies from the treasury towards the close of financial year 1967-68 to 1969-70 in excess of requirement and spent or refunded into the treasury in the subsequent financial year. Details are given below :—

| Year in which with-drawn | Amount with-drawn | When withdrawn | Amount spent during the year | Amount spent during the next financial year | When spent | Amount refunded into treasury during the next year | When refunded |
|--------------------------|-------------------|--------------------------|------------------------------|---|----------------------|--|------------------------|
| | Rs. | | Rs. | Rs. | | Rs. | |
| 1967-68 | 79,420 | 28th March, 1968 | 12,500 | 37,980 | April to August 1968 | 28,940 | August to October 1968 |
| 1968-69 | 4,76,600 | 25th to 29th March, 1969 | 3,44,300 | 76,400 | April to August 1969 | 55,900 | May to October 1969 |
| 1969-70 | 3,74,540 | March 1970 | 3,58,880 | | | 15,660 | April to May 1970 |

The Department stated in evidence that according to the procedure being followed since the inception of the Department amounts under various

welfare schemes were usually drawn at the fag end of one financial year and disbursed in the next. After disbursement of the amounts of the preceding year applications under various welfare schemes for the current year were invited from Harijans. Thereafter those were scrutinised which was followed by a physical verification of the facts finally by the Tehsil Welfare Officers. The District Welfare Officer made further checks and counter-signed the recommendations of the Tehsil Welfare Officers. The applications were then placed before the District *ad-hoc* Committees for final recommendation to Government. In regard to the amounts withdrawn during the year 1967-68 to 1969-70 the position was explained as under :—

(i) The amounts which were refunded into the treasury related to the land purchase scheme, piggery scheme and drinking water/well schemes. Under the land purchase scheme the beneficiaries had to arrange suitable agricultural lands and where they failed to do so, the balance which could not be disbursed had to be refunded into the treasury. In the case of other schemes the beneficiaries did not turn up or refused to get the payments and hence the amount was refunded. The amount remained in office cash chest in the custody of the then District Welfare Officer, Gurgaon and he had been asked to justify the retention of the amount in the cash chest for such a long time.

(ii) The refund of Rs. 55,900 related to 3% loan scheme for starting different trades, purchase of residential plots and settlement of bad land cases. The refund was due to the fact that either the beneficiaries refused or did not turn up to receive the payment. The amount had been lying in the Post Office for safe custody during the period it remained unspent.

(iii) During 1969-70 an amount of Rs. 2,74,540 and not Rs. 3,74,540 was drawn from the treasury. Out of this amount Rs. 2,58,880 and not Rs. 3,58,880 were disbursed during the financial year. The amount which could not be disbursed was consequently refunded into the treasury immediately after the close of the year. The amount remained in cash chest till refunded.

During oral examination the departmental representative further explained that the schemes relating to the Social Welfare Department had been drawn up on a permanent basis and were not devised from time to time. According to the procedure laid down by them applications for financial assistance were invited from 1st September to 15th October of a year. After that about 1½ months were taken for physical verification. Thereafter the matter was placed before the *Ad-hoc* Committees. It was suggested to the departmental representative that if the applications were invited in the month of May/June instead of in September it will save time and enable the Department to disburse financial assistance to the beneficiaries at the proper time. It was also suggested to the Department that if in a particular year some applicants were not able to get the loan such persons should be placed on the waiting list so that they could get the loan without going through the formality of submitting applications and their processing. The departmental representative promised to consider these suggestions.

The Committee are distressed to note that large amounts have to be refunded into the treasury un-utilised although these are primarily intended for the benefit of the weaker sections of the society. In certain cases the amounts were kept in cash chest which is obviously fraught with grave risk to Government interests. The Committee feel that the existing procedure needs to be

suitably, revised and steps taken to ensure that the applications are invited and processed in proper time so that the beneficiaries are able to get the financial assistance before the close of the financial year and the necessity of refunding heavy amounts into the treasury at a later stage is obviated. The Committee would like to know the final decision taken in this behalf keeping in view the suggestions made by the Committee during oral examination.

The Committee would further like to be informed of the final action taken against the then District Welfare Officer, Gurgaon for retention of the amount relating to 1967-68 in the cash chest for a long time.

DEVELOPMENT AND PANCHAYATS

Paragraph 13—Democratic decentralisation.

28. Rs. 87.67 lakhs were paid as grants to *panchayati raj* institutions, viz., *zila parishads* and *panchayat samitis*, in 1970-71. 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 (upto June, 1971) for Rs. 4,31.77 lakhs (2,250 cases) paid as grants during 1961-62 to 1969-70 (upto September 1967). Of these, 1,044 certificates for Rs. 2,35.34 lakhs were awaited for more than three years.

It was mentioned in paragraph 13 of the previous two Reports 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 purpose 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.

The Government had stated in May, 1968 that the accounts would be got reconstituted to enable the Examiner, Local Fund Accounts, to issue separate utilisation certificates scheme-wise and grant-wise but this has not been done so far (July 1971).

The Department stated in evidence that out of 2,250 utilisation certificates amounting to Rs. 431.77 lakhs due for submission upto 1970-71, 476 utilisation certificates involving Rs. 74.38 lakhs had since been submitted to the Accountant General upto 31st March, 1974. The number of utilisation certificates still due was 1774 involving Rs. 357.38 lakhs. It was mentioned that the utilisation certificates for the year 1961-62 to 1966-67 upto (31st October, 1966) could not be submitted as the details of outstanding amounts were asked for from the Accountant General but he had informed that it was not possible for him to do so and the requisite details be called for from the various *panchayat samitis*. Efforts were now being made to collect the requisite data from the field. In regard to the utilisation certificates for the year 1966-67 (1st November, 1966 onwards) to 1971-72 the requisite certificates in form F.B.A.—14 were collected from all the *panchayat samitis* in personal collaboration with the field officers and were passed on to the Examiner Local Fund Accounts during the months of February, March and August, 1973 and the matter was still under examination by the Examiner Local Fund Accounts. It was expected that the utilisation certificates for the period from 1st November, 1966 to 1969-70 would be cleared by December, 1974.

It was further added that in the past years, Government had been allowing extension of time for the utilisation of grants-in-aid of a particular year in subsequent year, in view of acute scarcity of building material such as bricks, cement, etc. Government have now decided that no extension of time for the utilization of unspent balances of the grants lying with the panchayat samitis on 31st March, 1974 should be given beyond 30th September, 1974 at the expiry of which any amounts still remaining unspent must be refunded to the Government. For this purpose the panchayat samitis had also been issued necessary notices. The Government had further decided that any amount remaining unspent at the end of a particular year except for the grants released during the last quarter of that year would be got refunded in future and no extension would be granted for their utilisation in subsequent period as was being done in the past. It was also mentioned that the accounts of zila parishads/panchayat samitis were being maintained scheme-wise and grantwise.

✓ The Committee feel perturbed over the large number of outstanding utilisation certificates involving heavy amounts in respect of grants paid to the panchayat samitis etc. The Committee would recommend that the wanting details in respect of the grants paid upto 31st October, 1966 should be collected from the field staff as urgently as possible and the utilisation certificates be furnished to the Accountant General without further loss of time.

The Committee would also like to know whether the outstanding utilisation certificates in respect of the period from 1st November, 1966 to 1969-70 have since been submitted to the Accountant General as promised by the Department. The Committee would further like to be informed as to whether the unspent balances of grants lying with the panchayat samitis on 30th September, 1974 have since been got refunded.

URBAN ESTATES

Paragraph 53. (c) —Irregular drawals of payments of land charges

29. The Land Acquisition Collector, Urban Estates, Panchkula on 29th March, 1971 drew by cheque Rs. 50.26 lakhs being the amount of compensation to the land owners against awards announced by him on that day. The entire amount was deposited in a current account opened in his name in the State Bank of India, Chandigarh. Out of this only Rs. 1.24 lakhs were paid till 31st March 1971 and the balance of Rs. 49.02 lakhs was withdrawn from the current account on 1st April, 1971 and deposited in the Post Office, Panchkula, in the joint saving account of Land Acquisition Collector and the Tehsildar, Kalka. On 12th April, 1971 Rs. 1.30 lakhs were withdrawn for payment to land owners (disbursed upto 15th April, 1971). The balance Rs. 47.72 lakhs were drawn from the Post Office on 14th April, 1971 and again placed in the current account with the Bank. During April-May, 1971 the department made further disbursements of Rs. 28.93 lakhs from the balance in the current account. The undisbursed balance of Rs. 18.79 lakhs was remitted into treasury on 3rd June, 1971 under "Revenue Deposits".

The matter was brought to the notice of Government in July 1971; final reply is awaited (August, 1971).

The Department stated in evidence that it was obligatory for the Land Acquisition Collector to tender payment on the spot on 29th March, 1971 when land award was announced as required *vide* section 31(1) of Land Acquisition

Act. Therefore, Rs. 50.26 lakhs were required for immediate tendering and disbursement. The Land Acquisition Collector could not have anticipated that only a small number of land owners would turn up to receive the payment. If the land was acquired without tendering payment on the date the award was announced and land acquired, Government had to pay interest from the date of acquisition. The current account in which the entire amount of Rs. 50.26 lakhs was initially deposited was opened with the sanction of the Finance Department to simplify the procedure of making payment of compensation to the land owners at the time of announcement of the award.

The amount of Rs. 49.02 lakhs was deposited in the Post Office, Panchkula on 30th March, 1971 for convenience of the land owners who were facing difficulty in encashing their cheques from the State Bank of India, Chandigarh as they were not able to get themselves identified by persons known to the Bank. The arrangement for disbursement of money through the Post Office also did not work satisfactorily. Moreover, the account in the Post Office had been opened in the joint name of Land Acquisition Collector Panchkula and Tehsildar, Kalka and it was found very difficult for both the officers to be present simultaneously in the office at Chandigarh to issue cheques to the parties concerned. So the amount had to be withdrawn from the Post Office and re-deposited in the current account in the State Bank of India, Chandigarh.

It was further stated that the practice of drawing the amount in lump-sum was still in vogue and it was not possible to discontinue it in view of the fact that the Land Acquisition Officer had to tender payment to the parties when the award was given and land was acquired.

The Committee observe that under the existing procedure heavy amounts are withdrawn from the treasury as and when the Land Acquisition Officers have to announce the awards. The entire amount withdrawn in this behalf is generally not utilised and large amounts have to be deposited in the Bank etc. and kept outside the Government account till their final disbursement. The Committee recommend that the prevailing procedure should be re-considered in detail in consultation with the Finance Department so that the necessity of withdrawing heavy amounts from the treasury without immediate chances of disbursement is reduced to the minimum possible extent. The Committee would like to be informed of the steps taken in this behalf as early as possible.

EXCISE & TAXATION

Paragraph 62—Under assessment of Tax

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

(c) *Non-levy of sales tax on sale of Indian made foreign liquor—Rs. 12,854*

30. Indian made foreign liquor which was exempted item became taxable at 10 per cent from 1st October, 1966. It was noticed that in one district some of the licensees dealing in such liquor had not been registered nor assessed to tax during 1966-67 and 1968-69. On this being pointed out (August 1970) three licensees were assessed during December, 1970 to April, 1971 and demand aggregating Rs. 12,854 was created. Proceedings against eight other non-registered licensees of the same district have also been initiated. Government intimated (August 1971) that position of similar cases in other districts is being ascertained.

The department stated in evidence that in the first set of three cases initially a demand of Rs. 12,883 was created but it was subsequently reduced

to Rs. 7,758 and this amount had been recovered. As regards the remaining 8 cases, 3 were not found to be liable for registration and in the other 5 cases a demand of Rs. 3,918 was created which had since been recovered.

It was also stated that the problem in these cases arose essentially out of the fact that at the relevant time foreign liquor licences were issued on an annual basis. A dealer's liability, if at all, accrued some-time in the middle of the year and cases occurred where such fact escaped the notice of the concerned assessing authority. Particularly so, because in the event of a licensee being an unregistered dealer for the purposes of sales tax, he would have made purchases from the distilleries/wholesale depots only after paying sales tax.

During oral examination the departmental representatives were asked to indicate the position in regard to registration of licensees in the other districts. It was stated that information in regard to the remaining districts was being scrutinised and would be intimated to the Committee.

The Committee would like to know the results of the scrutiny of the position in regard to the registration of licensees dealing in foreign liquor in the remaining districts as early as possible.

Paragraph 64—Transactions resulting in evasion of tax.

31. Section 5(2) (a) (ii) of the Punjab General Sales Tax Act, 1948, provides *inter alia* for claiming deduction from gross turnover of sales made by a dealer to other registered dealers in the State after obtaining prescribed declarations. Under Punjab General Sales Tax Rules (1949) list giving the dates on which such goods were sold, names and addresses of the dealers to whom these were sold, their registration certificate numbers and the particulars and amounts of these sales are to be appended to the returns filed.

On receipt of a complaint regarding false declarations being issued by a firm, departmental investigation in July, 1970 revealed that several metal dealers of Jagadhri were evading tax by showing sales to non-existent dealers against fictitious or cancelled registration certificates. Further in some cases dealers holding valid registration certificates had been issuing declarations in lieu of some nominal commission without actually purchasing the goods and accounting for the same in their books. A retired partner of a dissolved firm issued declarations in support of purchases estimated at Rs. 15,00,000 during 1966-70 during which period the firm did not conduct any business. The tax involved in this case was Rs. 90,000.

The exact number of dealers involved and the amount of tax evaded was not known. On the basis of investigation made by the department till July 1971 cases of 91 dealers have been finalised and additional demand of Rs. 3,01,512 created.

In August 1971, Government intimated that to avoid recurrence of such incidents the department is considering to set up machinery to cross check sales made by one registered dealer to another.

The department stated in evidence that as per the information available a total number of 184 dealers were involved in this case. Assessment proceedings in respect of each were being pursued. An additional demand of a little over Rs. 8.4 lakhs had been created out of which the demand of Rs. 4.97 lakhs had been quashed in cases remanded for fresh decision. Of the remaining amount, Rs. 2.29 lakhs had been recovered leaving a balance of about Rs. 1.15 lakhs. The process of assessment was not yet over and it was likely that more demand would be created. It was also mentioned that difficulty had arisen in these cases because once a firm obtained the registration certificate it could make purchases from other dealers on its basis and the selling dealer was entitled to claim deductions accordingly from his turnover. To overcome this difficulty and enable the Department to disallow deductions in the case of sales of bogus dealers even though registered under the Sales Tax Act, a suitable provision had been made in the recently enacted Haryana General Sales Tax Act. In addition, for a more effective scrutiny of the deductions claimed by the selling dealers on account of sales to other registered dealers, it was now proposed that such declaration forms would be got printed by the Government and would be supplied to the dealers instead of allowing them to print and furnish their own forms. Such forms would be serially machine numbered and a proper account of such forms would have to be maintained.

✓ The Committee would like to be informed about the progress in the recovery of the balance amount of Rs. 1.15 lakhs in the remaining cases.

The Committee would also like to know whether the safeguards now stated to have been introduced by the Department have been able to achieve the desired results and whether the mal-practices in this behalf have been eliminated altogether.

Paragraph 68.—Arrears in assessment and collection of sales tax:

32. (b) *Arrears in collection*—The sales tax assessed but not realised in 387 cases amounted to Rs. 82.78 lakhs at the end of 1970-71.

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

| Period | Outstanding on 31st March 1971 | | | |
|--------------|--------------------------------------|----|----|------|
| | (In lakhs of rupees) | | | |
| Upto 1960-61 | .. | .. | .. | 1.90 |
| 1961-62 | .. | .. | .. | 0.82 |
| 1962-63 | .. | .. | .. | 0.68 |
| 1963-64 | .. | .. | .. | 0.11 |
| 1964-65 | .. | .. | .. | 0.27 |
| 1965-66 | .. | .. | .. | 0.47 |
| 1966-67 | .. | .. | .. | 3.70 |

| | | | | |
|---------|----|----|----|-------|
| 1967-68 | .. | .. | .. | 2.53 |
| 1968-69 | .. | .. | .. | 2.73 |
| 1969-70 | .. | .. | .. | 14.86 |
| 1970-71 | .. | .. | .. | 54.71 |
| Total | | | .. | 82.78 |

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

| Particulars | Outstanding on | |
|--|-----------------|-----------------|
| | 31st March 1970 | 31st March 1971 |
| (In lakhs of rupees) | | |
| Collection stayed by :— | | |
| (a) Appellate authorities | .. 1.22 | 0.20 |
| (b) Revisional authorities | .. 0.33 | 2.32 |
| (c) High Court, Supreme Court and Civil Courts | .. 26.48 | 36.58 |
| (d) Government | .. 1.26 | 0.25 |
| (e) Excise and Taxation Officer | | 0.10 |
| Total | .. 29.29 | 39.45 |

The Department stated in evidence that the arrears of revenue in respect of all the cases administered by the Excise and Taxation Department amounted to Rs. 53.41 lakhs as on 30th June, 1974. These arrears were attributed to the following reasons :—

- (i) Rs. 42.48 lakhs related to the cases where stay had been granted by the Courts and Appellate Authorities ;
- (ii) Some of the defaulters had shifted to other districts/States leaving no trace behind and no movable/immovable assets ;
- (iii) Some of the defaulters being unable to pay the outstanding amounts in arrears were paying in instalments allowed against adequate securities ; and..
- (iv) Some firms have gone under liquidation and the official receivers were examining the claims registered with them.

It was also stated that suitable remedial measures had been taken to reduce the arrears at an early date.

In this connection, the Committee would like to invite attention to their recommendations contained in paragraph 63 of their 5th Report and paragraph 35 of their 6th Report. The Committee recommend that the outstanding cases should be got finalised and the arrears of revenue cleared as expeditiously as possible. The Committee would like to be informed about the progress in the recovery of the amounts still outstanding. In particular, the cases involving heavier amounts should be examined in detail and taken up for clearance on a priority basis.

BUILDINGS AND ROADS

Paragraph 43.—Payments for work done.

33. In Ambala Provincial Division earthwork on Shahzadpur Mauli road (estimated cost : Rs. 2,44,555) was started in August, 1969 and Rs. 2,17,718 spent for 63.90 lakh cft., of earthwork got done through departmental labour till January 1970 when the work was transferred to Construction Division, Chandigarh. The Sub-Divisional Engineer who took over charge of the work pointed out (February, 1970) that earthwork actually executed was not proportionate to the expenditure incurred. In June-July, 1970 check measurements were carried out jointly by the Sub-Divisional Engineers from the two divisions and this showed that only 12.63 lakh cft., earthwork worth Rs. 48,025 had actually been done by the former divisions. Taking into account that the expenditure of Rs. 2,17,718 included Rs. 15,019 expended on construction of a jeepable road and another Rs. 9,530 wrongly booked, the department assessed (July, 1970) the excess payment for work not done as Rs. 1,45,144. In September, 1970 the Chief Engineer recommended to Government that the case be handed over to the Vigilance Department for further investigation.

Further developments are awaited (August, 1971).

The Department stated in evidence that the investigation of this case was entrusted to the Vigilance Department in October, 1970. The Vigilance Department suggested in November, 1973 for getting this case enquired by a senior officer of the P.W.D. The matter has been considered and it has now been decided that the question in regard to verification of thumb impressions etc. of the labourers should be investigated by the Vigilance Department and the technical side of the matter should be investigated by the P.W.D. Once it was established that the documents in question were forged then further action would be taken.

The Committee are pained to observe that although more than 4 years have elapsed after excess payment had come to notice the investigations into the matter have not been completed. While the Vigilance Department suggested that the matter should be enquired into by the P.W.D., the latter Department thought that the investigations should be done by the Vigilance Department. It is deplorable that such a long time has been taken to settle this minor point. The Committee would now like that the investigations into the case should be completed as expeditiously as possible and the Committee informed of the final action taken in this regard.

PUBLIC HEALTH

Paragraph 48.—Deposit works.

34. Departmental rules require that in case of works executed on behalf of local bodies etc., the estimated cost of works should be deposited by such bodies in advance in one lump or in instalments. Outlay on deposit works should be limited to the deposit received.

A test check of the accounts of deposit works being executed in different divisions conducted upto March, 1971 disclosed that expenditure of Rs. 32.27 lakhs on 111 works and Rs. 47.62 lakhs on 123 works had been incurred without any deposit and in excess of the amount of deposits respectively; details are given below :—

| Particulars | Number of works | Amount (In lakhs of rupees) |
|--------------------------|-----------------------|--------------------------------------|
| (a) Without deposit | 111 | 32.27 |
| (b) In excess of deposit | 123 | 47.62 |

Some of the cases relate to period as far back as 1962-63.

Non-compliance with the above instructions reported to the department during regular inspections had not brought any tangible results.

The matter was reported to Government in June, 1971 ; reply is awaited (August, 1971).

The department stated in evidence that it was charged with the responsibility of providing/maintaining essential services like water supply and sewerage. The non-observance of rules in this case was due to the fact that the Urban/Rural water supply and drainage schemes were administratively approved by the Sanitary Board in their meetings held from time to time keeping in view the priority and availability of funds. The Public Health Department undertook the execution of the deposit works duly sanctioned by the Sanitary Board as there was a time lag between the approval of the scheme and the funds allotted. Since these works were undertaken on the explicit authority of Sanitary Board constituted by the State Government the flow of funds was assured for the works so undertaken, as 88% of the cost of such schemes was to be recovered from the Government of India in lump sum under the Five Year Plan. In the case of Rural water supply schemes apart from the recoverable cost from the Government of India, the remaining 12% was recoverable as beneficiary share in the shape of land. Therefore, once a scheme was administratively approved and part funds allotted the work was let out on contract basis which could not be terminated because of contractual obligations. The balance funds/loans were arranged subsequently through the Sanitary Board/L.I.C. In a few cases although funds had been deposited before the re-organisation of the composite Punjab yet these have not been transferred to the Public Health Department by the Punjab authorities and the works had to be completed in the areas coming over to Haryana in Jind District. Similarly in the case of Dairy Development Corporation funds were to be provided by the corporation and the matter was under correspondence.

Out of 111 cases for Rs. 32.27 lakhs where works were executed without deposits, only 56 cases involving Rs. 13.73 lakhs were now pending. In regard to the works executed in excess of deposits, out of 123 cases involving Rs. 47.62 lakhs only 80 cases involving Rs. 20.29 lakhs were now pending. It was further stated that the field officers had been instructed to curtail the works to the limit of fund deposits and hand over the maintenance works to Municipal Committees where funds were not being deposited by them.

✓ The Committee do not feel happy over the large number of cases where works were executed by the Department either without deposits or the expenditure incurred was in excess of deposits. By their very nature such works have to be executed against adequate deposits from the local bodies concerned. Whenever any such deposit works have to be undertaken the local bodies concerned should be asked immediately to deposit the requisite funds and it should be ensured that the actual expenditure is limited to the amount of deposits as far as possible. In cases where extra expenditure may have to be incurred the local bodies should be asked promptly to make necessary deposits. The Committee further recommend that the existing procedure in this behalf should also be examined in consultation with the Finance and Law Departments so as to ensure that the incurring of expenditure on such works does not infringe the constitutional and legal requirements..

Paragraph 49.—Rural Water Supply.

35. In September, 1961, a Centrally sponsored scheme (estimated cost : Rs. 2.60 lakhs) was undertaken without technical sanction in Rohtak Public Health Division to provide drinking water to a group of villages in Rohtak district. 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 labour and land). The scheme was to be completed in one year.

The source of water supply was a tubewell installed in Kamla Nehru Shiksha Kender situated at mile 20 of Delhi—Sonapat road. Laboratory test of water from this source conducted in July, 1960 had shown that against the allowable limit of 25 parts per 1,00,000 parts, the chloride contents were 59.5 parts. The Director of Panchayats had informed the Chief Engineer, Public Health, Patiala, in March 1961 that the water was saltish and mixed with sand and the village panchayats would be reluctant to take this water. He also thought that proper survey of the area had not perhaps been conducted as sweet water was in abundance in many adjoining wells. Rs. 0.89 lakh were spent on the scheme upto March 1966 after which the work was suspended as villagers were not prepared to take this water. Technical sanction for the scheme was accorded in November, 1965. In April, 1970 the Chief Engineer, while recommending to the State Sanitary Board diversion of remaining funds of Rs. 1.39 lakhs to another administratively approved scheme, simultaneously asked the Superintending Engineer, Public Health Circle, Rohtak, to find out alternative source of water supply. No progress in the matter has been made (July, 1971).

The following other points were noticed :—

- (i) The beneficiaries' share of Rs. 31,158 was not recovered either in cash or through labour/land ;

- (ii) In the event of dismantlement of pipe lines the wastage anticipated by the department was Rs. 0.31 lakh.

The department stated in evidence that the scheme was started in July, 1960 by developing the tubewell already bored in Kamla Nehru Shiksha Kender at village Rai in anticipation of administrative approval/technical sanction due to the emergency emphasised by the erstwhile Panchayat Department Punjab. However, the scheme could not be completed due to unreasonable and recalcitrant attitude of the Panchayat in not accepting the water of the tubewell in question and thus the work was suspended. The estimate for the scheme was stated to have been administratively approved by the Sanitary Board, Punjab for Rs. 2,59,652 under National Water Supply and Sanitation Programme *vide* Resolution No. 27, dated 20th September, 1960. Generally the estimates prepared by the Department for purposes of administrative approval contained sufficient technical details so that the work could, in most of the cases, proceed in anticipation of technical sanction. It was further stated that it was only after proper survey and trial bore that a tubewell was developed for the scheme. The quality of the water which indicated 59.5 parts chloride contents per lakh in the initial stages improved subsequently and the chloride contents came down to 31.5 parts per lakh, a figure close to the excellent quality of the water. It was also mentioned that the present source had been giving water of reasonably very good quality which was being consumed by the institutions functioning within Kamla Nehru Shiksha Kender.

It was also mentioned during oral examination that no decision had yet been taken about the removal of the pipe line but it would have to be dismantled.

During oral examination the Committee suggested to the department to make another effort to persuade the residents of the village to use the water from the tubewell installed under the scheme. The departmental representative promised to do so.

The Committee do not see any justification for undertaking the scheme particularly in view of the fact that the Director of Panchayats had informed the Chief Engineer, Public Health, Patiala, in March, 1961 that the water was saltish and mixed with sand and the village panchayats would be reluctant to take this water. He had also thought that proper survey of the area had not perhaps been conducted as sweet water was in abundance in many adjoining wells. This apprehension subsequently proved correct as the villagers did not agree to utilise the water supply from the tubewell installed under the scheme and it had to be abandoned resulting in unnecessary loss to Government. The Committee recommend that the circumstances in which the installation of the tubewell was proceeded with despite the report of the Director of Panchayats in March, 1961 should be thoroughly investigated and the results thereof intimated to the Committee.

The Committee would further like to know the action taken by the department on the suggestion made during oral examination that another effort be made to persuade the residents of the village to utilise the water from the tubewell installed under the scheme.

Paragraph 52.—Outstanding recovery against a contractor.

36. In November, 1966 sewerage work (estimated cost : Rs. 48,000) for

Kurukshetra University in Public Health Division, Karnal, was allotted to a contractor on agreement basis (masonry work at through rate and other work at labour rate basis). The work was to be completed within four months and for each day's delay the contractor was to pay as compensation an amount equal to one per cent of the estimated cost subject to a maximum of ten per cent thereof. In April, 1967 the time limit was extended upto July, 1967. The contractor after doing work worth Rs. 34,154 left (November, 1967) the remaining work which was undertaken departmentally. Rs. 15,633 were recoverable from the defaulting contractor (cost of material not returned to stores at penal rates—Rs. 2,940 work done at his risk—Rs. 10,308 and compensation levied due to delay in completion of the work—Rs. 4,800 less security deposit lying with the department—Rs. 2,415). From December, 1967 to June, 1968 the contractor was paid Rs. 9,632 as his pending dues for this as well as other works.

The matter was brought to the notice of the department in November, 1969. The Chief Engineer, Public Health, intimated in August, 1970 that the matter had been referred to arbitration; final decision is awaited (August 1971).

The Department stated in evidence that the arbitration proceedings were carried out between November, 1970 and June, 1971 by the then Superintending Engineer, Public Health Circle Ambala. On his transfer his successor issued notice to both the parties. But the contractor represented that the proceedings could be carried out only by the then Superintending Engineer.

It was mentioned during oral examination that another Superintending Engineer had since been appointed as an Arbitrator and the contractor had also agreed to his appointment.

The Committee would like to be informed about the decision of the Arbitrator as soon as it is announced.

Paragraph 53.—Irregular draws of payments of land charges.

37. In March, 1971 the Municipal Committee, Karnal deposited Rs. 2.50 lakhs with Public Health Division, Karnal for execution of :—

- (i) Water Supply Scheme, Karnal,
- (ii) Water Supply Scheme Mud Hut Colony, Karnal and
- (iii) Sewerage Scheme, Karnal.

The Executive Engineer, instead of booking the receipt under the head "Public Works Deposits" for meeting the expenditure on the works as provided by Financial rules, withdrew the whole amount by cheque on the same day and invested it in small savings scheme with the Post Office.

The matter was brought to the notice of the department in May, 1971. The Executive Engineer intimated (July, 1971) that the amount deposited in the Post Office as a result of campaign to boost progress of small savings scheme was being withdrawn,

The department stated in its written reply that the Government had decided in August, 1973 to issue a letter of caution to the defaulting Officer. Accordingly, the then Executive Engineer was asked to work more carefully in future. It was also stated that the amount in the small saving schemes was invested on 31st March, 1971 and it was finally withdrawn by the Municipal Committee, Karnal on 20th September, 1971. The amount of interest had been earned by the Municipal Committee. It was further mentioned that all the field officers were directed in October, 1973 to desist from repeating such irregularities and Government was requested to issue necessary instructions to the Deputy Commissioners not to direct the Executive Engineers to divert such deposits towards small saving schemes.

During oral examination the departmental representative, however, stated that on the advice of the Deputy Commissioner the Executive Engineer had given a cheque for the amount to the Municipal Committee which invested the amount in the small saving scheme. This system apparently did not agree with the facts stated in the Audit paragraph according to which the Executive Engineer had intimated in July, 1971 that the amount was deposited by him in the Post-Office as result of the campaign to boost progress of small saving scheme. The departmental representative was asked to reconcile this statement which he promised to do.

The Committee would like that the factual position in regard to the deposit of the amount in the small saving scheme i.e. whether it was done by the Executive Engineer or by the Municipal Committee, should be looked into and the results thereof intimated to the Committee at an early date.

IRRIGATION

Paragraph 37—Gurgaon Canal Project.

38. Construction of Gurgaon canal project flow-cum-lift irrigation scheme (estimated cost : Rs. 5.94 crores) was started in May 1960 to provide irrigation facilities to Gurgaon district. It was to cover cultivable commandable area of 6,08,605 acres (including 1,65,000 acres of Rajasthan) and was to be completed within four years. Non-perennial supplies for this project were available for about 90 days during monsoon from surplus water of Jamuna river at Okhla and during winter the canal was to be fed from surplus supplies available from other sources. Perennial discharge requirement of the project was ultimately to be carried from Beas Sutlej Link. The intensity of irrigation was expected to be raised from 15 per cent to 50 per cent from 1963-64 to 1967-68. The estimate was revised to Rs. 9.00 crores in 1964 and Rs. 12.30 crores in 1968 but none of the estimates was sanctioned (April, 1971). Rs. 8.59 crores including Rs. 0.84 crore on establishment charges were spent upto March, 1971.

A review conducted in January, 1971 showed:—

- (i) Work was started in May, 1960 but administrative approval and sanction to incur expenditure in anticipation of technical sanction was given only in August 1966 for Rs. 3.50 crores. The technical estimate is yet to be sanctioned (April 1971).
- (ii) Increase in the estimated cost by about 51 per cent over the first estimate was necessitated (1964) by stoppage of work for two.

years in November, 1962. When the work was resumed in 1964 cost of material and labour had increased. Further some changes were made in the scope of the project. Second revision (1968) resulting in further increase of about 35 per cent over the revised estimate was made mainly due to :—

(In lakhs of rupees)

| | |
|--|---------|
| (a) Higher maintenance and establishment charges | 34.44 |
| (b) Increase in rate of material and labour | 58.44 |
| (c) Omissions in the project estimate | 1,97.27 |

The Executive Engineer, Faridabad Irrigation Division, stated in December, 1970 that, while preparing the project estimate (1964), field conditions had not been considered.

(iii) While the cost increased by 107 per cent over the original estimate, the cultivable commandable area in Haryana was reduced from 4,43,605 acres to 4,04,373 acres (2,24,392 acres with lift irrigation and 1,79,981 acres with flow irrigation). The revised estimate (1964) contemplated completion of the project within four years from 1964-65. However, no unit of the project has been completed (August, 1971) and the department contemplates completion of all units by March 1972 with the exception of new barrage at Okhla with link channel and Nuh sub-branch for which final decision is yet pending.

(iv) As against intensity of irrigation expected to be raised to 50 per cent by 1967-68, later changed to 62 per cent by 1970-71, actuals were as under :—

| Year | Percentage of commandable area to be irrigated | Area to be irrigated (Acres) | Area actually irrigated (Acres) | Percentage of actual compared to target for the year |
|---------|--|---------------------------------|------------------------------------|--|
| 1965-66 | 6.20 | 19,624 | .. | .. |
| 1966-67 | 6.20 | 19,624 | .. | .. |
| 1967-68 | 15.50 | 49,061 | 361 | 0.73 |
| 1968-69 | 31.00 | 98,122 | 27,731 | 28.26 |
| 1969-70 | 46.50 | 1,47,183 | 13,339 | 9.05 |
| 1970-71 | 62.00 | 1,96,244 | 14,824 | 7.55 |

Shortfall in irrigation was attributed to insufficient availability of water at appropriate time.

(v) Revenue (owners' rate and water rate) anticipated and assessed is given below :—

| Year | Anticipated (In lakhs of rupees) | Assessed |
|---------|-------------------------------------|----------|
| 1966-67 | 2.95 | .. |
| 1967-68 | 7.37 | 0.02 |
| 1968-69 | 14.74 | 2.29 |
| 1969-70 | 22.12 | 1.79 |
| 1970-71 | 29.49 | 2.06 |

(vi) Distributaries and minors could not be commissioned immediately after their completion because of non-availability of water. In certain cases delay ranged upto three years which resulted in deterioration of condition of earthwork. In Rampur, Chhainsa distributaries and Peelak minor Rs. 1.78 lakhs were spent on reconditioning of such deteriorated earthwork.

(vii) Work on Ferozepur Jhirka Distributary, started in April 1964, was suspended in November 1964 after excavation of 14.74 lakh cubic feet of earthwork (total estimated earthwork : 1,01.87 lakh cubic feet) as all labour engaged was diverted to the main canal. The work was restarted in October 1966. A total expenditure of Rs. 6.32 lakhs, including cost of 130.51 acres of land (Rs. 1.33 lakhs) acquired in June 1962, was incurred upto March 1971 ; the distributary has not yet been commissioned (August 1971) due to non-availability of sufficient water in Gurgaon canal ; and non-completion of masonry works.

(viii) Work on Harchandpur distributary (77,000 feet) was started in 1966 and Rs. 23.86 lakhs (including cost of 194.58 acres of land Rs. 3.22 lakhs) were spent upto March 1971. It was stated by the department that water was run into the distributary upto RD 20,000 from November 1969 upto sometime in 1970 when it was closed because :—

- (a) the distributary between RD 6,000 to RD 12,000 ran in heavy cutting and the sub soil water level was above the full supply level, sloughing of earth from sides took place and hindered the flow of water ;
- (b) the reach from RD 12,000 to RD 20,000 was sandy and involved heavy filling. As such seepage of water occurred and endangered its safe running in the adjoining villages ;
- (c) the cross drainage works between RD 30,000 and RD 60,000 were yet to be completed as these fell at the foot of hills and were under direct hit of torrents.

(ix) Against the anticipated discharge of 2,100 cusecs (including 500 cusecs for Rajasthan) average discharge during 1967-68, 1968-69, 1969-70 and 1970-71 was 58 to 94, 55 to 287, 90 to 196 and 65 to 248 cusecs respectively.

- (x) Under the scheme Gurgaon canal was to get water supply through Gurgaon canal feeder which was to be constructed parallel to Agra canal from miles 5 to 15 and was to be linked with barrage at Okhla at an estimated cost of Rs. 2,48.38 lakhs. Rs. 1,07.79 lakhs were spent on the feeder from 1966-67 to 1970-71. Link channel is yet to be constructed as decision regarding construction of new barrage at Okhla has not been arrived at (August 1971) and Gurgaon canal continues to get water from Agra canal.

The department stated in evidence that a revised estimate amounting to Rs. 1,206.64 lakhs was under sanction with the Central Water and Power Commission, Government of India. Anticipatory sanction of Rs. 1.00 crore was accorded by Government on 25th January, 1961 and of Rs. 5.00 crores on 1st May, 1967. Revised estimate of 1964 amounting to Rs. 789.50 lakhs stood accepted by the Planning Commission. The delay in the sanction of the estimate was on account of revision called for on account of the increased cost of material and labour as also the necessity of clearance of the project by the Central Government from the inter-State angle between U.P. and Haryana.

The project could not be completed as envisaged as its execution was badly interrupted firstly because of the Chinese aggression in 1962 and secondly because of Indo-Pak conflicts in 1965 and 1971. Because of these emergencies required funds were not made available for the completion of the project.

During 1964 the Project estimate had to be revised as a number of originally proposed distributaries, such as Dhauj Distributary, Ghori Distributary, Daultabad Distributary, Tilpat Distributary and Ditch Distributary, had to be omitted because of the formation of Faridabad Ballabgarh industrial complex and for defence installations. Instead of Ghori Distributary two new distributaries, namely Chhainsa and Rampur Distributaries, were proposed to utilise the Ravi Beas share of water for Haryana.

The project had been completed by more than 85 % and upto date expenditure on this project was Rs. 1,037.00 lakhs. Full objectives would have been achieved had the full quantum of water been made available in Gurgaon canal and funds made available to complete the work.

In regard to other points mentioned in the Audit paragraph the position was explained as under :—

- (i) The work was started in May, 1960 and anticipatory sanction was accorded by Government for Rs. 1.00 crore in January 1961 and for Rs. 5.00 crores in May, 1967. It was understood that revised estimate of 1964-65 for Rs. 789.50 lakhs already stood accepted by the Planning Commission in February, 1966. The work was started only when the Chief Engineer, Irrigation Works Punjab (who was the technical sanctioning authority) gave permission to start the work.
- (ii) The scope of the project had to be changed in 1968/1971 mainly because of :—

- (a) Originally it was estimated that the land for Gurgaon Canal Parallel Feeder would be made available by the Agra Canal

(U.P.) authorities free of cost but now they have claim Rs. 24.00 lakhs for the same.

- (b) Length of the Gurgaon Canal Parallel feeder increased by 3,183 feet as the Head Regulator was shifted by the U.P. Irrigation authorities to combine it with Badarpur Thermal Power Station. This resulted in an increase of Rs. 25 lakhs.
- (c) Provision of lining of certain worst affected reaches of various distributaries and provision of drainage channel along Gurgaon Canal for development of irrigation had not been made in the Project Estimate of 1964-65. Both these items were estimated to cost Rs. 57 lakhs and Rs. 26 lakhs, respectively.
- (d) Provision for purchase of extra machinery to the tune of Rs. 23.56 lakhs out of rise in level of sub-soil water table.
- (e) Originally it was anticipated that U.P. Government would allow off takes of Chhainsa and Rampur Distributaries from Agra Canal but U.P. did not agree and thus provision for construction of syphons under Agra Canal for connecting these distributaries with Gurgaon Canal Feeder had to be made which cost an additional expenditure of Rs. 14 lakhs.
- (f) Provision of Rs. 10 lakhs made for providing additional bridges as per revised policy of the Government.

The increase in the scope of the project was not due to defective planning earlier or to camouflage the increase in the total cost of the project after every few years. It was a well known fact that present Gurgaon Canal Project was in the vicinity of hillocks and strata varied from point to point ranging from pure sand to boulders and rocks. In the first instance samples were taken at certain intervals which were taken as representative for that length. In this case also proper investigations were made and soil samples were got analysed, but unluckily the area proved to be tricky and the samples did not prove to be representative.

- (iii) The decrease in the cultivable commandable area of Gurgaon Canal Project was due to the fact that some of the distributaries which were originally proposed to be constructed had to be omitted due to formation of Faridabad and Ballabgarh Industrial complex and some area coming under defence installations of Tilpat Range. It had recently been agreed between the Government of India, Government of U.P. and Government of Haryana to urgently take up the construction of Okhla Barrage. This work would be executed by U.P.

As regards Nuh Sub Branch the eastern section of the channel had been completed and the channel was running since 1967.

- (iv) It could not be foreseen that the U.P. Government would not take action to construct the new Okhla Barrage in time. It was also anticipated that it would be possible for them to supply water to the Gurgaon Canal system during rainy season as also non-rainy season. However, it had now been possible to pass

350 cusecs of water in the channel and the area actually irrigated during the years 1971-72, 1972-73, and 1973-74 amounted to 18,490 acres, 24,790 acres and 29,823 acres, respectively against the total area of 1,96,244 acres to be irrigated in each of these years.

- (v) Against the anticipated revenue of Rs. 29.49 lakhs for each of the years 1971-72, 1972-73 and 1973-74 the revenue actually assessed was Rs. 2.05 lakhs, Rs. 2.49 lakhs and Rs. 3.18 lakhs, respectively.

The water could be made available on the construction of the new Okhla Barrage and remodelling of Agra Canal upto mile 5. It could not be foreseen that the construction of New Okhla Barrage and remodelling of Agra Canal upto mile 5 could not be completed by the time when the distributaries/minors were ready to take water. This being an inter-State matter no party could fore see that the other party would put in hindrance at any moment. To overcome the situation a meeting was held on 10th December, 1963 under the auspices of the then Union Irrigation and Power Minister with the representatives of Punjab, Uttar Pradesh and Central Water and Power Commission wherein it was decided that the water to the tune of 600 cuses would be routed through Agra Canal upto mile 15 for supply in Gurgaon Canal where a temporary Head Regulator was to be constructed by the U.P. Government.

- (vi) Only a sum of Rs. 1.78 lakhs was spent on re-conditioning of such deteriorated earthwork as this was beyond the control of anybody being an inter State matter.
- (vii) The Ferozepur Jhirka Distributary had not yet been completed because of the fact that the work on this distributary was started in 1966 simultaneously with the work on other distributaries of Gurgaon Canal. The work was taken up according to the availability of funds in the successive years. It appears that work on this distributary was given a lower priority over other distributaries because this distributary was at the tail end of Gurgaon Canal. The distributary had since been renovated at its head reaches and the irrigation had since started. It was proposed to extend irrigation further during the year 1974-75 and to take the water to tail upto end of 1975.

The earth work already done on this distributary was still lying there except for minor wear and tear due to weathering action and natural reasons. The rate of earthwork paid during 1966 for this earthwork was varying between Rs. 16 to Rs. 20 whereas the current rate for this earthwork in the vicinity was Rs. 40 to Rs. 50 i.e. more than the double. Only a sum of Rs. 20,000 was required to meet with this wear and tear due to weathering action which was un-avoidable.

- (viii) At the time of preparing a project, geological data and samples were taken at representative places and assessment was made. But unluckily in case of Harchandpur distributary the area proved to be thickly one and the sample did not prove to be representative. It could not be construed that proper planning and survey was not conducted.

(ix) The reason for meagre discharge was due to non-construction of Okhla Barrage and non-availability of Haryana's share in Ravi Beas waters. The decision in respect of sharing of surplus Ravi-Beas waters was pending with the Government of India and the work of Beas Sutlej Link was anticipated to be completed by 1976-77 after which it would be possible to get the required supplies out of the share of water allocated to Haryana. The maximum supplies run during 1974-75 had since increased to 349 cusecs.

(x) The Gurgaon Canal Feeder was completed in 1973 at the cost of Rs. 1,68,47,000.

✓ The Committee do not feel happy to note that the project of such a magnitude was undertaken in May, 1960 without completing all the preliminary requirements, sanctioning of technical estimates and ensuring that the project would be free from practical difficulties which cropped up later. Launching of such projects which involve other States as well without first settling the connected issues only leads to unnecessary complications, delay in the execution of schemes and non-fulfilment of the attendant objects. The un-imaginative undertaking of the scheme is evident from the fact that though it was intended to be completed within 4 years it had not as yet been possible to complete it despite the lapse of more than 14 years and the cost of the project had also entailed phenomenal increase. Besides, the objects of providing additional irrigation and raising of anticipated revenue have remained un-fulfilled to a substantial extent. The Committee would now like to know as to whether all the remaining issues have been settled with the neighbouring State of U.P. and by which time the whole project is expected to be completed. The Committee would also like to know the progress in the provision of irrigation facilities and the raising of additional revenue as anticipated under the scheme and whether the estimates have since been sanctioned by the Government of India.

Paragraph 38—Famine relief irrigation schemes.

39. Seven famine relief irrigation schemes (sanctioned amount : Rs 45 lakhs) of emergent nature were to be completed during 1965-66 for providing irrigation facilities to drought affected areas of Hissar district. Famine Relief Division created from February 1966 to February 1967 spent Rs. 8.63 lakhs and Rs. 1.94 lakhs on works and establishment respectively and thereafter these schemes were transferred to Hissar and Fatehabad Irrigation Divisions. Expenditure of Rs. 46.89 lakhs had been incurred till March 1971.

Review disclosed the following :—

(i) With the execution of these schemes 42 per cent intensity of irrigation was expected to be achieved by 1971-72 whereas the area

actually irrigated was as under :—

| Name of scheme | Total cultivable commandable area | Area at 42 per cent intensity to be achieved by 1971-72 | Area actually irrigated | | |
|--|-----------------------------------|---|-------------------------|---------|---------|
| | | | 1967-68 | 1968-69 | 1969-70 |
| | (Acres) | (Acres) | | (Acres) | |
| Kairu minor | 16,423 | 6,897 | 86 | 28 | 104 |
| Dang sub-minor | 3,150 | 1,323 | 5 | 5 | 173 |
| Bhurtana minor | 5,160 | 2,167 | 51 | 30 | 37 |
| Khanak minor | 550 | 231 | 18 | 8 | 26 |
| Gharanpura sub-minor | 2,655 | 1,115 | .. | .. | 488 |
| Balsmand sub-minor including Basra sub-minor | 4,089 | 1,717 | .. | .. | 14 |

(ii) There were delays in installation/commissioning of pumps for lifting water after completion of earthwork as shown below :—

The department intimated (August 1971) that the delay in the installation of pumping sets was due to paucity of funds.

| Name of scheme | Date of completion of earthwork | Number of pumps installed | When pumps were | | |
|----------------------|---------------------------------|---------------------------|-----------------|---------------|--------------------------|
| | | | Purchased | Installed | Electrified/commissioned |
| Gharanpura sub-minor | February 1967 | 3 | March 1971 | Not installed | |
| Khanak minor | March 1968 | 2 | April 1969 | August 1970 | Not electrified |
| Kairu minor | March 1968 | 12 | March 1968 | January 1969 | May 1969 |
| I.L. Dang sub-minor | March 1968 | 3 | March 1968 | August 1969 | August 1969 |
| Bhurtana minor | March 1968 | 3 | March 1969 | August 1969 | August 1969 |

(iii) Earthwork on Gharanpura sub-minor was completed in February 1967 but water was not released in the channel till May

1969. The Superintending Engineer, while inspecting the channel in April 1968, observed that the minor was completely choked with sand and required to be brought to its proper section before water was allowed to run in it. Rs. 26,466 were spent on its reconditioning.

(iv) To lift five cusecs of water to 23 feet height for irrigating cultivable commandable area of 2,070 acres, a temporary pump house as provided in the sanctioned estimates was installed at RD 52625-R of Bhurtana minor during 1966-67. The pump was electrified in August 1969. The scheme failed completely and the department attributed the failure to the presence of a big *tibba* in the area which prevented the *zamindars* from maintaining water courses. On the recommendation of the Executive Engineer made in November 1968 the Superintending Engineer approached (January 1970) the Chief Engineer for his approval to abandon the scheme, final decision is awaited (May 1971). Meanwhile Rs. 22,816 had been spent till 31st March 1971.

(v) In March 1966 Rs. 1.15 lakhs were deposited with the composite Punjab State Electricity Board for installation of transmission lines for the following schemes although earthwork on these schemes was completed two years later :—

| | (In lakhs of rupees) |
|----------------------|----------------------|
| (a) Khanak minor | 0.19 |
| (b) Bhurtana minor | 0.21 |
| (c) Gharanpura minor | 0.75 |
| Total : — | 1.15 |

The department stated in evidence that the work was proposed to be done in 1966-67 and not in the year 1965-66 as the division was sanctioned in the year 1966-67. The following was the total cost of the various Famine Relief Schemes :—

| | (Rs. lakhs) |
|---|-------------|
| 1. Kairu Minor | 22.74 |
| 2. I-Dang Minor | 3.29 |
| 3. Bhurtana Minor | 6.01 |
| 4. Khanak Minor | 1.50 |
| 5. Gharanpura Sub-minor | 3.15 |
| 6. Balsmand Sub-Minor including Basra Sub-Minor | 7.88 |
| Total : | 44.57 |
| or say | 45.00 |

As far as the famine relief work was concerned it consisted of employing local unskilled labour on earthwork. This work had almost been completed upto March, 1967 in five schemes out of six schemes. As regards the 6th scheme i.e. of Basra Sub-Minor, the remaining expenditure was for lining of Balsmand including construction of Basra Minor and its lining. The total expenditure incurred on the various famine relief schemes amounted to Rs. 37.11 lakhs.

In regard to the other points mentioned in the audit paragraph the position was explained as under :—

- (i) Efforts were being made to develop the irrigation in 4 cases and the objectives for which these schemes were originated had been achieved in two cases as would be evident from the following :—

| Name of Scheme | Intensity | | Area irrigated | | |
|---------------------|-----------|-------|----------------|---------|----------|
| | CCA | APA | 1971-72 | 1972-73 | 1973-74. |
| 1. Kairu Minor | 16423 | 6807 | 78 | 476 | 1803 |
| 2. Dang Minor | 3150 | 1327 | 11 | 228 | 253 |
| 3. Khanak Minor | 550 | 231 | 45 | 24 | 56 |
| 4. Bhurtana Minor | 5160 | 2167 | 35 | 250 | 846 |
| 5. Gharanpura Minor | 2655 | 1115 | 581 | 724 | 1185 |
| 6. Basra Minor | 4089 | 1717 | 1557 | 1546 | 1583 |
| Total : | | 13364 | | | 5726 |

Irrigation on Kairu Minor which was the main Famine Relief Scheme had been progressively increasing. The main hurdles were that the area was sandy and undulating.

- (ii) These lift pumps were of special pattern and design for which quotations were called for by the Controller of Stores who had to place the order after negotiation with the firms about the design and price. Indents for these pumps were placed by the department with the Controller of Stores on the following dates and the pumps were commissioned on the dates as indicated against each :—

| | Date of placing indents by I.B. with the Controller of Stores | Date when the pumps were received from the suppliers | Date of commissioning of pumps |
|---|---|--|--------------------------------|
| | | | 1. No. 1/69 |
| 1. Kairu Minor | 3/66 | 5/68 | 2. No. 3/69 |
| 2. 1-L-Dang Minor | 3/66 | 3/69 | 8/69 |
| 3. Bhurtana Minor for pump-house No. 1 only at RD 68590 | 3/66 | 3/69 | 8/69 |
| 4. Khanak Minor | 3/66 | 6/70 | 8/70 |
| 5. Gharanpura Minor | 8/69 | 3/71 | 3/72 |

From the above it would be seen that the department took timely action for procurement of pumps well in advance of the completion of earthwork in March, 1967 except in case of Gharanpura Minor. The pumps were to be installed by the firm and, therefore, the delay for supplying and installation of these pumps, if any, was on the part of the firm. As there was no penalty clause in the agreement of supply, no action could be taken against the firm for delayed supply and commissioning pumps.

- (iii) The drawing of pump house at the tail of the Gharanpura Minor was finalised in December, 1969. Action to procure the pumps was taken by the Department quite in advance i.e. in the month of August, 1969. The pumps were supplied by the firm in March, 1971 and were installed by them in March, 1972. Water was, however, released in the Minor in May, 1969. It was not correct to attribute the choking of the Gharanpura Minor with not releasing supply in the minor. The amount of Rs. 26,466 was given by the Deputy Commissioner and the famine labour was employed to clear the bed of Gharanpura Minor. The Deputy Commissioner had mentioned in the letter dated 23rd February 1969, that the idea was to give gainful employment to the people of the drought affected villages and to get as much work out of them as possible.
- (iv) On account of *tibba* the cultivators felt difficulty in making water courses and so they got the area transferred to other outlets. As regards the pump house only a temporary shed was made, which was removed. No pumps were procured for the scheme. The expenditure on the civil works was only Rs. 4,862 and the rest of the expenditure was incurred on running the scheme, which could not be said to be expenditure on the pump house.
- (v) The amount was deposited with the Electricity Board on the basis of the estimates prepared by them. This amount included the expenditure on high tension transmission line upto the site of the pump house. The Electricity Board completed most of the work and there was no delay on their part. The rules of the Board required that advance deposit of the cost of the work may be made and some marginal time had to be given for completing electrification.

During oral examination the departmental representative admitted that the area which was intended to be irrigated under the scheme had not actually been so irrigated and the additional Chief Engineer would visit the place for on-the-spot inspection and further action would be taken on receipt of his report.

The Committee do not feel convinced with the arguments advanced for the late installation/commissioning of pumps. The Committee observe that while the Irrigation Department had placed orders for the supply of pumps in March, 1966 in four cases these were actually received between May, 1968 to June, 1970 and were commissioned between January, 1969 to August, 1970. However, the earthwork had been mostly completed by March, 1967. The reasons for the abnormal delay in the supply of pumps need to be looked into in detail and the results thereof intimated to the Committee. The Committee would also like to know the circumstances due to which the penalty clause was not incorporated in the agreement for the supply of pumps.

The Committee are further distressed to note that the scheme relating to Bhurthana Minor, had failed due to the presence of a big tibia in the area which prevented the zamindars from maintaining water courses. It appears that no proper survey of the area was undertaken before the scheme was undertaken in hand which had obviously led to the failure of the scheme. The Committee would recommend that the responsibility for the failure of the scheme may be fixed and suitable action taken against the defaulting officials.

The Committee would also like to know the results of the further investigation in the matter by the Additional Chief Engineer.

Paragraph 39—Installation of 128 tubewells in Western Jamuna Canal tract

40. With a view to augment canal supplies of Western Jamuna Canal during non-monsoon months and thereby increase the intensity of irrigation in Western Jamuna Canal tract from 50 to 52.71 per cent and bring additional area of 64,295 acres under canal irrigation, a project for installation of 128 tubewells along the tract was taken up in January 1966 at an estimated cost of Rs. 91.75 lakhs. The project was expected to be completed by 1966-67 and make available additional discharge of 188 cusecs.

The estimate was revised (November, 1969) to Rs. 1,05.78 lakhs owing to change in the pattern of carrier channels from earthen to underground hume pipe lines (for transporting water from tubewells to canal) and increase in the cost of drilling from Rs. 7,000 to Rs. 14,700 per tubewell. The target date of completion of the project was also extended to 1969-70. According to the revised estimate, increase in intensity of irrigation was to be from 50 to 50.98 per cent only and additional area to be brought under canal irrigation 25,116 acres, representing 39 per cent of the original target. The supply available for irrigation was also expected to be only about 92 cusecs.

A review showed :—

(i) None of the two estimates has been sanctioned to-date (August 1971) whereas Rs. 99.38 lakhs has been spent upto 31st March 1971 and approximately 89 per cent of the work completed.

(ii) Year-wise progress of installation was as under :—

| Year | Tubewells drilled | Pump house constructed | Internally electrified | Energised | Actually commissioned |
|---------|-------------------|------------------------|------------------------|-----------|-----------------------|
| 1965-66 | 18 | 2 | .. | .. | .. |
| 1966-67 | 38 | 5 | 5 | 5 | 5 |
| 1967-68 | 98 | 36 | 17 | 5 | 5 |
| 1968-69 | 121 | 69 | 45 | 29 | 29 |
| 1969-70 | 128 | 124 | 106 | 75 | 75 |
| 1970-71 | 128 | 128 | 128 | 127 | 114 |

By the target date (31st March 1970) only 58 per cent of the tubewells to be installed was actually commissioned. Because of considerable gaps between dates of drilling of tubewells and their commissioning, the object of augmenting the supply of the canal remained un-realised in the intervening period.

- (iii) As a result of spreading of work over five years incidence of establishment charges had already increased from Rs. 4,585 to Rs. 10,146 per tubewell.

The matter was reported to Government in April, 1971. Government intimated (July 1971) that in the revised estimate the targets of intensity of irrigation, additional area to be brought under irrigation and discharge available had to be revised to make the project more realistic.

The Department stated in evidence that in the revised estimate the area of 25,116 acres had been worked out on more realistic basis after discussion/consultation with the Agriculture Department officials. In the revised estimate the working hours of a tube-well per day had to be reduced from 22 hours to 16 hours. The percentage of losses i.e. absorption losses and other losses through carrier channel were provided at 5% in the original estimate while in the revised estimates 10% losses upto outfall point and 40% losses through field channel have been provided. With the decrease in the working hours and increase in water losses, worked out on more realistic basis, the area irrigated had been decreased. However, in regard to the points mentioned in the Audit paragraph the position was explained as under :—

- (i) The project was originally framed in the year 1964-65. The work was actually taken up in 1965-66 and it was found acceptable to the Government of India subject to the technical comments and suggestions in November, 1965. The implementation of the scheme was further subject to financial provisions from year to year and the date of completion was extended according to the budget allotment. Other factors for extension were :—

(i) Change of pattern from channel to underground pipeline.

- (ii) Acquisition of land and difficulties in laying of underground pipeline and resistance by cultivators etc.

All the 128 tube-wells had since been commissioned in 1972-73. The project estimates were yet to be sanctioned. Original estimate was framed for 300 tubewells but as desired by the Central Water and Power Commission, the estimate for 128 tube-wells was subsequently framed for Rs. 91.75 lakhs and submitted to the Commission in September, 1967. Again revised estimate for Rs. 105.78 lakhs was submitted to the Commission in March, 1970.

- (iii) After drilling of tube-wells the following obstacles were experienced :—

(i) delay on the part of H.S.E.B.

- (ii) delay in construction of pump house and laying of underground pipeline as the zamindars objected and put hindr-

ances due to the likely damage to standing crops in their fields.

The Committee feel distressed at the abnormal delay of about 6 years in the completion of the scheme for the installation of tubewells in Western Jamuna Canal tract and the consequential non-fulfilment of the intensity of irrigation intended under the scheme. This has *prima facie* led to phenomenal increase in the cost of the project which was revised from Rs. 91.75 lakhs to Rs. 105.78 lakhs.

The Committee would now like to know whether the revised estimates have since been sanctioned by the Central Water and Power Commission and the extent of area actually brought under irrigation *vis-a-vis* the target fixed for intensity of irrigation and the additional discharge of water actually made available as compared to the fixed targets.

Paragraph 40—Excess payment to contractors

41. Departmental instructions were issued in April 1969 to conduct check measurement of entire earthwork in progress in the Drainage Organisation. Such check conducted in three divisions disclosed excess measurements of 39,53,101 cft. of earthwork resulting in overpayment of Rs. 95,810. As final action to recover overpayments was pending, the matter was reported to Government in September 1969 to effect recovery and also to initiate action against defaulters. Recoveries of Rs. 68,160 have been made so far (August 1971). Disciplinary cases against defaulters are being processed (August, 1971).

The department stated in evidence that a complaint having been made to the Vigilance Department about the excess measurements and payments, Executive Engineer, Vigilance Department check-measured the work and found that excess payment had been made. When the measurements of that work were being made another S.D.O. prepared some minus bills by readjusting quantities which proved that excess payments had been made by him also. Therefore, the Government wanted to find the factual position of earthwork done in entire Drainage Organisation. Accordingly different officers were appointed for carrying out check measurements of earthwork in Drainage Organisation. As a result of the checking of the entire earth work in the Drainage Organisation, 3 S.D.Os. and 9 Sectional Officers were found guilty for excess measurements and necessary disciplinary action against these Officers was being processed in the Vigilance Department. It was also stated that out of the total excess payment of Rs. 94,729 involved in these cases a sum of Rs. 90,970 had since been recovered/adjusted and the balance of Rs. 3,759 was still to be recovered.

The Committee recommend that action against the officials concerned be finalised as urgently as possible and the final decision taken in this behalf intimated to them. The Committee would also like to know whether the balance amount of Rs. 3,759 had since been recovered and in what manner.

Paragraph 59(b)—Delay in investigation for shortages and loss of stores

42. On receipt of a complaint of pilferage of Government stores, the Superintending Engineer, Karnal Drainage Circle, ordered the Sectional Officer in charge of stores to be relieved. Physical verification of stores conducted

by the Sub-Divisional Officer, Kaithal, while the charge was being handed over by the Sectional Officer in May, 1970 disclosed shortage of stock articles (Rs. 10,514) and tools and plant (Rs. 5,693). Department intimated (August 1971) that the amount had been placed under "Miscellaneous Public Works Advances" and that the case was under police enquiry.

The department stated in evidence that the case was lodged with Station House Officer Mandi Dabwali on 2nd June, 1970 and it was registered with the police vide F.I.R. No. 143 dated 17th July, 1970. The police authorities presented the case in the court on 26th May, 1972. The case had been decided by the Magistrate First Class Dabwali on 14th December, 1973 and the Overseer had been absolved of the charges. However, a copy of the decision of the court was being asked for and further action in the matter would be taken on receipt of the same.

The Committee regret to find that although the case had been decided by the court in December, 1973, the details of the judgement were not known to the Department and the copy of the judgement had not been obtained till the case came up before the Committee in December, 1974. The reasons for the inordinate delay of one year in obtaining the copy of the judgement of the court be looked into and intimated to the Committee.

The Committee would also like to know the details of the decision of the court and the grounds on which the concerned Overseer had been absolved of the charges. The manner in which the shortages were now proposed to be recovered/adjusted be also intimated to the Committee.

HARYANA STATE ELECTRICITY BOARD

Paragraph 72.—Power Supply and Utilization

43. Out of 1,255 million K.W.H. generated and/or obtained from Bhakra Management Board and Indraprastha Power Station during 1970-71, only 913 million K.W.H. were actually sold. Loss in transmission and distribution was thus 27.25 per cent as against 25 per cent last year and the ceiling limit of 20 per cent prescribed by the Board.

As against the generating capacity of 131.40 million K.W.H. and 59.57 million K.W.H. the Thermal Power Stations at Faridabad and Surajpur generated 51.85 million K.W.H. and 15.60 million K.W.H. energy respectively during 1970-71.

The Board stated in its written reply that transmission losses in a power system depended upon various factors, such as configuration of the transmission system and distribution net works with reference to generating stations, voltage conditions, power factor of the load, theft of energy by mischievous elements, etc. The losses are mainly on account of the fact that the Board had to lay extensive net-works in rural areas, where load diversity was poor in the initial periods of such schemes. The following remedial measures were stated to have been taken by the Board to bring down the line losses :—

- (a) A total of 120 MVAR H.T. capacitors have been installed at various sub-stations throughout the State in order to improve voltage conditions to reduce the loading on the transmission lines and feeders.

- (b) The abridged conditions of supply have since been modified and now it was incumbent on all motor power consumers to maintain a power factor of 0.85.
- (c) Special pilfer-proof meter-cup-boards have been provided to house the energy meters, which were sealed at the level of S.D.Os in case of tube-wells and industrial consumers.
- (d) The realignment of the distribution system was done in such a way as to reduce the length of 11 K.V. lines to a reasonable limit.
- (e) The existing sub-stations were being augmented where-ever necessary and some new sub-stations of higher voltage were proposed to be constructed to improve the voltage conditions in some areas.
- (f) Special parties had been constituted to make surprise checks on consumer's premises.
- (g) Meter readings are being checked by independent agency to detect fictitious meter readings.

It was also stated that line losses in Haryana during the period from 1968-69 to 1972-73 compare favourably with the losses in the neighbouring States. In fact the line losses in Haryana had been reduced from 27.30% in 1971-72 to 23.34% in 1972-73 and to 22.3% in 1973-74.

In regard to the generation of energy at the Thermal Power stations at Faridabad and Surajpur it was mentioned that the stator winding of generator of the 15 M.W. Thermal Power Station, Faridabad, got damaged on 19th August, 1970 and hence the power house was closed down. The stator winding was repaired and the power station started working in the last week of December, 1970. During the months of January and February, 1971, the generation was kept low to keep a watch on the performance of the repaired stator winding. During 1971-72, this power house was shut down or run on reduced load for a period of about 6 months and during 1973-74, this power house was shut down or run on reduced load for a period of one month due to repairing of the turbine.

As for the Thermal Power Station Surajpur it was stated that, its units were very old and had outlived their useful life, the derated capacity of this plant is hardly 4 M.W. and the generating potential is 20 to 22 M. units per year as per standards prescribed by the Government of India, Central Water and Power Commission. As against this, the production of 15.60 M. units during 1970-71 is quite reasonable and technically in order. Besides, the Thermal Power Stations at Faridabad and Surajpur were stand-by units. It was further added that a Thermal Power Plant consisting of two units each of 60 M.W. capacity is being erected at Faridabad, out of which one unit was expected to be put into commission very shortly and the other was in an advanced stage of completion.

While appreciating the steps taken by the State Electricity Board to reduce the line losses, the Committee feel that efforts are still required to ensure

that these are further reduced and that cases of theft of energy are promptly detected and deterrent action taken against the persons concerned to avoid their recurrence in future. Almost one-fourth of the electric power is wasted as transmission losses and this aspect should receive the utmost attention of the Board particularly in view of the over-all shortage of power.

The Committee would like to be kept informed about the position of the extent of line losses from time to time and the steps taken to improve the availability of power generation in the State.

Paragraph 73.—Arrears of Electricity Revenue

44. In paragraph 77 of the Audit Report 1970 mention was made of electricity charges outstanding at the end of June, 1969. An amount of Rs. 76.03 lakhs was due to the Board from 31,146 consumers at the close of December, 1970 (including Rs. 5.14 lakhs outstanding against 3,176 consumers for more than three years). Power supply to 16,648 consumers had been disconnected (upto December, 1970) by the Board for non-payment of dues worth Rs. 30.96 lakhs. No action had, however, been taken (July, 1971) to disconnect supply of 14,498 consumers against whom Rs. 45.07 lakhs were outstanding.

The Board stated in its written reply that a sum of Rs. 106.72 lakhs was outstanding against 23,803 consumers at the end of March, 1974, but out of it a sum of Rs. 59.40 lakhs was recoverable. The remaining amount of Rs. 47.32 lakhs was attributable to court cases and/or otherwise disputed cases in which the accuracy of the amounts was challenged and decision as well as the extent of dues recoverable from the consumers was still awaited. It was also stated that the Board had constituted a Committee comprising the C.E. (Op.) and the Chief Auditor to go into the details of disputed cases and to give decision so as to expedite settlement of such disputes with the consumers. The category-wise position of outstanding dues at the end of March, 1974, was enumerated as under :—

| Categories | No. of consumers | Amount involved Rs. |
|--------------------------------|------------------|------------------------|
| 1 General consumers (Domestic) | 18,629 | 9,08,932 |
| 2 Industrial | 1,727 | 43,19,200 |
| 3 Tubewell | 3,458 | 31,42,123 |
| 4 M.C. Panchayats | 81 | 3,61,257 |
| 5 Railways | 1 | 626 |
| 6 Ex-Licencees | 1 | 1,45,268 |
| 7 Other States | 6 | 17,94,781 |
| Total | 23,903 | 1,06,72,187 |

As regards disconnection of supply of 14,498 consumers, against whom Rs. 45.07 lakhs were outstanding, it was stated that this amount was due as a floating revenue arising normally on account of the time allowed between

presentation of bills and realisation and in certain cases on account of disputes also. Such consumers were to be disconnected temporarily, if they failed to make payment up to the prescribed date or with discount forfeited with surcharge up to 7 days after expiry of the grace days, to be followed by permanent disconnection if the default in payment persisted beyond 30 days, provided no dispute was raised as to the accuracy of the bill.

The Committee view with concern the heavy outstandings against the consumers to the extent of Rs. 106.72 lakhs. The Board should ensure that the dues are recovered from the consumers concerned immediately. In particular, the outstanding dues against the industrial and tubewell consumers and from other States which account for the bulk of the arrears should be investigated and liquidated as expeditiously as possible. The accumulation of such heavy arrears is bound to affect the financial position of the Board and it is incumbent on its functionaries to ensure that such amounts are not allowed to fall into arrears as far as possible.

The Committee would like to be informed of the progress in regard to the clearance of these arrears at an early date.

Paragraph 74.—Misappropriations/losses and thefts etc.

45. In para 73(b) of the Audit Report 1970 mention was made of loss due to thefts. 527 cases of misappropriation/loss and theft of stores/cash were outstanding (July, 1971). The loss involved in 403 cases amounted to Rs. 6.18 lakhs. The loss involved in the remaining 124 cases is yet (July, 1971) to be determined. 410 cases were under Police/departmental investigation.

The Board stated in its written reply that out of 527 cases of loss and theft of materials, the amount involved in 431 cases worked out to Rs. 6.41 lakhs. Out of 124 cases, the loss in 28 cases had since been determined, which was Rs. 0.23 lakh and was included in the amount of Rs. 6.41 lakhs. The loss in the balance 96 cases was still being assessed. It was also stated that in 135 cases involving Rs. 2.84 lakhs finalised upto 31st July, 1974 no departmental officials were involved directly or indirectly except in three cases involving Rs. 2,800.

The Committee are constrained to observe the large number of cases involving misappropriations/losses and theft of material. The Committee recommend that all the pending cases should be investigated as quickly as possible and the results thereof intimated to the Committee.

The Board should also consider whether such cases of misappropriations/losses and theft have been facilitated by any lacuna in the existing procedure or laxity of control on the part of supervisory officials. If so, suitable remedial measures should be devised to plug the loopholes and responsibility fixed on the defaulting officials.

Paragraph 75.—Irregularities in stores accounts

46. (i) In para 88 of Audit Report 1969-70 mention was made of certain shortages etc., of stores. During physical verification of the stores by the Board (1970-71) further shortages to the tune of Rs. 0.36 lakh were noticed. Final action for investigation and adjustment in accounts of these shortages was pending (July, 1971).

(ii) Board rules envisage fixing of minimum and maximum limits of stock of each item to be held. No such limits have so far been fixed (July, 1971).

(iii) Obsolete and unserviceable stores items stated to have been segregated from time to time upto July, 1971 have not been valued with the result that the total value of such stores held with the Board is not known.

(iv) Large quantities of stores purchased against 90 to 95 per cent advance payments were held (in some cases for three to five years) by the Board as "rejected materials" being (i) below specification, (ii) not according to sample and (iii) not supported by test certificates etc. Neither such rejected materials are accounted for in the books of the Board nor they are subjected to periodical physical verification. The value of such materials held in one Central Stores amounted to Rs. 4.33 lakhs.

The position was stated by the Board as under :—

- (i) After proper investigation and reconciliation, stores materials to the tune of Rs. 0.32 lakh out of the total shortage worth Rs. 0.36 lakh had since been adjusted in accounts. Balance shortages of the value of Rs. 0.04 lakh were yet under investigation/reconciliation.
- (ii) Since stocks of a large number of items had to be maintained in the Board, fixing of minimum and maximum limits of stock for each item was a colossal job. This job could not be accomplished due to abnormal rush of work created by cent per cent Rural Electrification and launching of ambitious Crash Programme of Tubewell Electrification. Now the stores classification list was being reviewed and revised so as to bring out proper and upto date codification of stores that would facilitate fixing of minimum and maximum stock limits.
- (iii) The lists prepared in July, 1971, were revised and split up into three categories, viz. Non-moving items, slow-moving items and unserviceable items. All these items had now been evaluated.
- (iv) It was stated that materials were not accepted where these were below specifications, or were not according to agreed samples or were not supported by Test Certificate as per stipulation of contract. Out of the materials worth Rs. 4.33 lakhs in Hansi Central Stores, stores worth Rs. 3.97 lakhs had since been taken on books, leaving stores worth Rs. 0.36 lakh still to be accounted for.

✓ The Committee would like to be informed of the progress made in regard to the settlement of balance shortages as well as of the rejected materials at an early date.

Paragraph 76—Extra expenditure in purchase of transformers

47. In response to an open tender of 30th September 1969 for the supply of four transformers (132/33.11 KV-16.88 MVA) for being kept as

spares or to be utilised in the erection of temporary sub-stations, the lowest offer received from Heavy Electricals Limited, Bhopal, was for Rs. 6,34,920 per transformer (F.O.R. siding Bhopal). The purchase from this firm was also recommended by the Stores Purchase Committee on 12th January, 1970. The Board, however, anticipated that the World Bank might allow the purchase of such spare equipment along with the main equipment out of its loan and also hoping that the purchase if effected against global tenders, might be cheaper, deferred the purchase and approached the tenderer on 10th February, 1970 to extend the validity period of their offer upto 9th May, 1970. No decision was taken on the offer of the lowest tender till 20th July, 1970. In the meantime the tenderer enquired on 16th June, 1970 and again on 17th July, 1970 about the status of his offer and expressed his willingness to consider further extension of validity period of the offer if desired by the Board. The Board finally decided on 21st July, 1970 to purchase the four transformers from indigenous sources. Fresh inquiries were made on 25th July, 1970 (last date for receipt being 1st September 1970 and stipulating the delivery period of 10 months). This time only one offer was received while the lowest tenderer of the original offer did not quote. As only one tender was received, the opening date of tenders was extended by the Board upto 15th December, 1970 during which period even the firm that quoted against this inquiry withdrew its offer and another firm offered to supply at Rs. 10,15,630 per transformer; delivery commencing 36/40 months from the date of the order to be completed at the rate of one transformer per month thereafter. The Board finally accepted this offer and placed orders on 11th February, 1971. By not deciding the purchase in time on the basis of enquiry dated 30th September, 1969, the Board contracted to incur extra expenditure to the extent of Rs. 18.16 lakhs when compared to the offer of the lowest tenderer with a further disadvantage in the form of longer delivery period.

It was stated in a written memorandum that the Board anticipated that the World Bank might allow the purchase of such spare equipment along with the main equipment on the basis of a D.O. Letter dated 4.3.1970 from the Director of Central Water and Power Commission. The purchase of transformers was decided to be deferred in February, 1970 for the reasons that—

- (i) The World Bank might allow the purchase of spare equipment along with main equipment and it might be possible to cover the same under the World Bank loan;
- (ii) The purchase would be more economical if effected against global tenders to be invited for purchase under World Bank Loan.

It was only on 21.7.1970 that the Board decided to purchase four power transformers from indigenous sources, keeping in view the fact that the availability of the World Bank Loan to the Board might be delayed whereas, this equipment was urgently required to erect temporary sub-stations to meet the pressing and increasing demands of load with the understanding that the indigenous equipment being purchased would well synchronise with the machinery and equipment to be imported from abroad against World Bank Loan.

As the Board took the decision for making purchase of equipment only on 21.7.1970 specific enquiry made by M/s H.E.L. on 16.6.1970 and again on 17.7.70, could not be dealt with. However, after 21.7.1970, the New Delhi Office of M/s H.E.L. was contacted in the same month over the telephone

for either extending the validity of their offer or quoting against the new tender enquiry. That office, after consulting their head office at Bhopal, intimated over the telephone that they were not interested in supplying those transformers.

In regard to the non-acceptance of the second tender, it was mentioned that it was the only offer received against the fresh enquiry issued on 25th July, 1970. The price quoted was Rs. 9,23,134 per transformer with a delivery period of 26 months. As the rate quoted by the firm was non-competitive and considerably high and the delivery schedule was unsuitable, it was decided to cancel this enquiry and refloat the same to obtain a more competitive rate and better delivery schedule. In spite of all the best efforts put in for obtaining more competitive rates, only one offer from M/s. N.G.E.F., which was also a Government undertaking was received for Rs. 10,15,630 per transformer and it was decided to place order on them in the best interest of the work. M/s. N.G.E.F., had agreed to deliver the transformers within 3½ months and the transformers were duly received within that period.

During the oral examination it transpired that when the matter came up for consideration before the Board on 21st July, 1970, full facts of the offer already received from M/s. H.E.L. Bhopal had not been placed before them. The validity period of the offers received earlier had been shown as up to March/April 1970, while the offer of M/s. H.E.L. Bhopal had already been extended to 9th May, 1970. Besides, no mention was made about the further communication of 16th June, 1970 received from them.

The Committee regret to observe that the extra expenditure in this case had been necessitated primarily because full facts had not been placed before them in their meeting held on 21st July, 1970, inasmuch as the validity period of the Board offer of M/s. Heavy Electricals Limited was not indicated correctly and no mention was made about their enquiry of 16th June, 1970 asking about the status of their offer. It is highly improbable that immediately after sending their letter on 17th July, 1970, M/s. Heavy Electricals Ltd. would have retraced from their offer to supply the four transformers at the rates offered by them. Even after the decision of the Board on 21st July, 1970, no serious efforts seem to have been made to obtain the concurrence of M/s. Heavy Electricals Ltd., Bhopal to make the supply of transformers and the matter was *prima facie* allowed to proceed in a lackadaisical manner.

The Committee recommend that the circumstances under which full facts of the case were not placed before the Board in their meeting held on 21st July, 1970 may be investigated in detail and the responsibility fixed on the defaulting officials.

The Committee would also like that in future when such important matters are placed before the Board for consideration sufficient details relating thereto should be given in the material prepared for this purpose so that the Board may be able to arrive at correct conclusions.

Paragraph 81—Outstanding audit objections.

48. 43,417 audit objections (Rs. 50.29 crores) raised by the Chief

Accounts Officer, Haryana State Electricity Board, were outstanding on 31st August, 1971 as against 28,949 objections (Rs. 31.51 crores) outstanding on 30th September, 1970. The details are given below :—

| Particulars | Year of earliest outstanding objection | Amount (Rs. crores) |
|--|--|---------------------|
| (a) Want of sanctions .. | 1952-53 | 45.56 |
| (b) Want of detailed contingent bills .. | 1966-67 | 0.21 |
| (c) Want of payee's receipts .. | 1961-62 | 3.98 |
| (d) Other reasons .. | 1968-69 | 0.54 |
| Total .. | | 50.29 |

Position with regard to the outstanding inspection reports issued by Audit is indicated in paragraph 101 of Chapter VIII.

The Board stated in its written reply that of the objections raised up to the year 1970-71, 26,926 audit objections valuing Rs. 31.37 crores were outstanding on 30th June, 1974.

According to the data furnished by the Board, the outstanding objections related to the year 1952-53 and onwards. It was stated that the Board had constituted a standing Committee for works estimates in March, 1970, of which the Chief Engineer concerned, Superintendent Engineer concerned and Executive Engineer (Works) of the Chief Engineer's Office were members. The main task of the Committee was to review all such cases of unsanctioned estimates/excess over estimates and to give directions for sanction of pending estimates and to ensure that no work was taken up against unsanctioned estimates.

The Committee feel alarmed at the extent of outstanding audit objections and emphasise the paramount need of taking immediate action to look into all old cases of outstanding objections involving heavier amounts and to settle them as quickly as possible. It should also be examined whether these objections have been pending due to default on the part of any official of the Board. The accumulation of such heavy outstanding objections is obviously fraught with grave risks and cases of irregularities and misappropriations etc. may remain covered.

In this connection, the Committee would also invite attention to their recommendations contained in para 57 of their Sixth Report.

COMMON PARAGRAPHS

Paragraph 2(c)—Arrears in collection of revenue and other receipts.

49. According to the information furnished by some departments,

arrears at the end of March, 1971 in collection of revenue were Rs. 1.78 crores as follows :—

| Department | Amount (Rs. crores) | Nature of revenue and other receipts. |
|------------------------|---------------------------|--|
| Excise and Taxation .. | 0.95 | Excise duties : Rs. 0.01 crore ; sales tax : Rs. 0.83 crore ; other taxes : Rs. 0.11 crore. |
| Revenue .. | 0.46 | Land revenue : Rs. 0.08 crore ; Abiana and betterment charges : Rs. 0.36 crore ; stamps and registration charges : 0.02 crore. |
| Agriculture .. | 0.20 | Arrears of purchase tax on sugar-cane |
| Medical and Health .. | 0.17 | Contributions due from zila parishads, panchayat samitis and Municipal Committees. |

The Committee are unhappy to note that the arrears of revenue receipts are not intimated to Audit in time with the result that complete picture of the arrears cannot be depicted in the Audit Report. The Committee would, therefore, urge that this may be done invariably by all the departments concerned in future.

The Committee feel concerned over the accumulation of heavy arrears on account of collection of revenue and other receipts in the various departments. The Committee cannot but emphasise the paramount need of clearing the old arrears as expeditiously as possible. The Committee observe that some of the arrears relate to old periods and with the passage of time it may become difficult to effect recoveries due to various reasons such as lack of relevant record, non-availability of persons concerned, transfer of staff etc. Moreover, the non-recovery of Government dues at the proper time is bound to affect the budgetary position of the Government. The Committee, therefore, recommend that immediate and effective steps be taken to liquidate the old arrears urgently and the Committee informed of the progress achieved in this behalf.

Paragraph 12—Grants-in-aid.

50. During 1970-71 Rs. 5,72.24 lakhs were paid as grants to local bodies and other institutions (excluding zila parishads and panchayat samitis). The financial rules of Government require that certificate of utilisation of grants by the grantees for the purpose for which they were paid to them should be sent by the departmental officers to the Accountant General within 18 months from the date of sanction of grants.

Certificates for Rs. 4,72.22 lakhs (402 cases) paid between 1957-58 and 1969-70 (upto September, 1969) had not been furnished to Audit (June, 1971). Certificates for Rs. 54.97 lakhs (113 cases) were awaited for more

than three years.

The Committee regret to observe the unusual delay in the submission of utilisation certificates by the departments sanctioning grants-in-aid to local bodies and other institutions. Unless such certificates are furnished to audit it cannot be vouchsafed that the beneficiaries have spent the grants on the objects for which these have been given to them and that these have been spent within the specified time limit. Besides, non-submission of such certificates is fraught with grave risks as cases of misutilisation or irregularities are likely to remain undetected. The Committee urge that steps should be taken to ensure that the outstanding utilisation certificates are furnished to audit without further delay.

As recommended in paragraph 78 of their Fifth Report, the Committee further recommend that Government should consider the desirability of withholding payment of further grants to the institutions who do not submit the utilisation certificates within the prescribed time limit.

Paragraph 35—Misappropriations, defalcations, etc.

51. The cases of misappropriations, defalcations etc. of Government money, reported to Audit to end of March, 1971 and pending final action at the end of August 1971 were as follows :—

| | Number of cases | Amount (In lakhs of rupees) |
|---|-----------------|-----------------------------|
| Cases reported upto end of March, 1970, and outstanding on 31st March, 1970 | 184 | 14.02 |
| Cases reported during April, 1970 to March, 1971 | 43 | 3.94 |
| Total | 227 | 17.96 |
| Cases closed during April, 1970 to August, 1971 | 26 | 0.56 |
| Balance | 201 | 17.40 |

Of these cases—

(i) 86 cases for Rs. 4.64 lakhs are outstanding for more than five years.

(ii) 148 cases for Rs. 9.56 lakhs are outstanding with the departments of Irrigation, Buildings and Roads, Transport and Agriculture.

The Committee feel unhappy over the large number of cases involving misappropriations, defalcations etc. pending finalisation with the various departments. The delay in completion of enquiries into the cases of misappropriations/defalcations etc. is *prima facie* bound to lead to practical difficulties inasmuch as with the passage of time the relevant record may not be available and the defaulting officials may retire or get transferred. The Committee, therefore, urge that all pending cases should be investigated thoroughly and finalised without further

loss of time. The Committee would like to be kept informed about the progress achieved in this behalf.

Paragraphs 99 and 101—Outstanding Audit Objections and Inspection Reports.

52. Audit has pointed out that as many as 16,579 audit objections involving Rs. 24,31.46 lakhs of rupees pertaining to the various departments were outstanding on 31st August, 1971. Of these 13,299 objections with a money value of Rs. 15,83.81 lakhs pertained to 1969-70 and earlier years.

In addition, 4,105 inspection reports containing 19,798 paragraphs issued upto 31st March, 1971 were outstanding at the end of August, 1971. Of these, 2,299 inspection reports containing 9,457 paragraphs were outstanding for over three years.

Although the Committee had made detailed observations in paragraph 52 of their Third Report impressing the necessity of immediate clearance of the outstanding audit objections and inspection reports, the Committee regret to observe that the number of outstanding audit objections and inspection reports continues to be heavy. Rather, these have shown an upward trend in a number of departments. The Committee once again emphasise the immediate need for liquidating the old audit objections and inspection reports with the utmost speed and for taking adequate steps to arrest their accumulation in future. In this connection, the Committee would like to know the steps taken in this behalf with particular reference to the suggestions made in paragraph 52 of their Third Report.

Implementation of observations/recommendations contained in the earlier reports of the Public Accounts Committee.

53. A list of the outstanding observations/recommendations of the Public Accounts Committee contained in the various reports is given in the Appendix to this Report. The Committee are disappointed at the slow pace at which the departments have been taking follow-up action in regard to the outstanding observations/recommendations. The Committee had suggested in paragraph 53 of their Third Report that Government should consider the desirability of fixing some time limit within which the old outstanding must be disposed of and that progress in implementation of the recommendations of the P.A.C. by the various departments be reported at periodical intervals to the Minister-in-Charge as also to the Finance Minister and the Chief Minister. The Committee are not aware of the action taken on these suggestions. Apart from the old outstanding recommendations/observations, the Committee would like to mention that although the Sixth Report was presented to the House in January, 1974 the follow-up action taken on this Report has not been intimated to the Committee so far.

The Committee would, therefore, recommend that the departments concerned should take immediate steps to finalise action in regard to the old observations/recommendations. The Committee would also like to know the action taken on the observations contained in paragraph 53 of their Third Report.

APPENDIX

Statement showing the outstanding recommendations/observations of the Public Accounts Committee contained in the various reports (upto 6th Report of the Haryana Public Accounts Committee) on which the Government is yet to take final decision.

| Sl. No. | Name of the Department | Paragraph No. | Brief Subject |
|---------|------------------------|---------------|---------------|
|---------|------------------------|---------------|---------------|

Reports of the Public Accounts Committee of the Composite Punjab Vidhan Sabha

7th Report-

| | | | |
|---|------------|----|---------------------|
| 1 | Irrigation | 99 | Irregular payments. |
|---|------------|----|---------------------|

11th Report-

| | | | |
|---|------------|----|---|
| 2 | Irrigation | 34 | Grant of irregular advances resulting in over-payment to a contractor |
|---|------------|----|---|

| | | | |
|---|------|----|---|
| 3 | —Do— | 45 | Loss owing to excess purchase of surkhi |
|---|------|----|---|

| | | | |
|---|------|----|---|
| 4 | —Do— | 53 | Irregular and excessive purchase of spare parts |
|---|------|----|---|

13th Report

| | | | |
|---|------|----|---------------------------------------|
| 5 | —Do— | 15 | Change in classification of earthwork |
|---|------|----|---------------------------------------|

| | | | |
|---|------|----|--|
| 6 | —Do— | 16 | Irregularities in connection with the excavation of a distributary |
|---|------|----|--|

14th Report

| | | | |
|---|------|----|--|
| 7 | —Do— | 15 | Loss owing to delay in disposal of materials |
|---|------|----|--|

| | | | |
|---|------|----|--------------------|
| 8 | —Do— | 17 | Shortage of stores |
|---|------|----|--------------------|

15th Report

| | | | |
|---|------------|----|---|
| 9 | Industries | 18 | Audit comments on the working of the Work Centres Scheme for the year 1959-60 |
|---|------------|----|---|

| | | | |
|----|-----------|----|------------------------|
| 10 | Education | 23 | Audit of grants-in-aid |
|----|-----------|----|------------------------|

24th Report

| | | | |
|----|------------|----|--|
| 11 | Irrigation | 11 | Recoveries outstanding against contractors |
|----|------------|----|--|

Report of the Public Accounts Committee of Haryana Vidhan Sabha

1st Report

| | | | |
|----|------------|---|-----------------------------------|
| 12 | Industries | 6 | Establishment of Sericulture Farm |
|----|------------|---|-----------------------------------|

| | | | |
|----|------|---|--|
| 13 | —Do— | 9 | Outstanding recoveries of lease money. |
|----|------|---|--|

| | | | |
|----|------------------|----|------------------------------------|
| 14 | Animal Husbandry | 14 | Government Live Stock Farm, Hissar |
|----|------------------|----|------------------------------------|

| | | | |
|----|---------|----|---------------------------|
| 15 | Housing | 15 | Misappropriation of loans |
|----|---------|----|---------------------------|

| Sl. No. | Name of the Department | Paragraph No. | Brief Subject |
|-------------------|---------------------------------|---------------|--|
| 2nd Report | | | |
| 16 | Co-operative | 5 | Panchshila Industrial Co-operative Societies. |
| 17 | Irrigation | 10 | Measurements of excavation work en remodeling of the Telu Minor |
| 18 | —Do— | 18 | Delay in investigation and fixing responsibility in cases involving shortages and loss of stores—Tohana Division—Rs. 18,348. |
| 19 | —Do— | 24 | Loss |
| 20 | —Do— | 28 | Overpayments in the contracts for burning of bricks |
| 21 | —Do— | 30 | Excess payments to contractors |
| 22 | —Do— | 32 | Alleged substitution of copper wire by steel wire |
| 23 | Haryana State Electricity Board | 38 | Irregularities in Stores Accounts—Rs. 31,020. |
| 3rd Report | | | |
| 24 | Industries | 9 | Establishment of Industrial Estate, Hissar. |
| 25 | —Do— | 10 | Unutilised grants. |
| 26 | Medical | 14 | Idle Machinery |
| 27 | Health | 15 | Primary Health Centres |
| 28 | Development & Panchayats | 16 | Embezzlement of Government money |
| 29 | Irrigation | 35 | Overpayments to contractors |
| 30 | Bhakra Canals Administration | 38 | Excess payment to contractors. |
| 4th Report | | | |
| 31 | Industries | 23 | Un-utilised Machinery |
| 32 | Co-operation | 38 | Central Co-operative Consumers Stores |
| 33 | Haryana State Electricity Board | 44 | Non-utilisation of a vehicle due to abnormal delay in repairs. |
| 5th Report | | | |
| 34 | Irrigation | 6 | Excess payments to contractors |
| 35 | —Do— | 10 | Purchase of wire |
| 36 | —Do— | 12 | Delay in investigation and fixing responsibility involving shortages and loss of stores |
| 37 | Buildings and Roads | 15 | Delay in investigation and fixing responsibility involving shortages and loss of stores |
| 38 | Agriculture | 20 | Suspected fraud in purchase of seeds. |

(iii)

| Sl. No. | Name of the Department | Paragraph No. | Brief Subject |
|------------|---------------------------------|---------------|---|
| 39 | Co-operation | 21 | Financial assistance to Primary Agricultural Co-operative Societies |
| 40 | —Do— | 23 | Financial assistance |
| 41 | —Do— | 28 | Embezzlement/misappropriation in cooperative societies |
| 42 | —Do— | 33 | Conversion of Government fair price shops in Chandigarh into consumers stores |
| 43 | Industries | 37 | Government Training Institute, Rewari. |
| 44 | —Do— | 40 | Purchase of woollen serge. |
| 45 | —Do— | 41 | Investments |
| 46 | —Do— | 42 | Other investments |
| 47 | Colonization | 43 | Development of new Mandies |
| 48 | Education | 44 | Alleged embezzlement of Government money. |
| 49 | —Do— | 45 | Taking over of a privately managed school |
| 50 | Forest | 52 | Purchase of Tractors |
| 51 | Development and Panchayats | 54 | Democratic decentralisation |
| 52 | Excise and taxation | 57 | Under assessment of tax |
| 53 | —Do— | 62 | Misuse of registration certificate resulting in evasion of tax |
| 54 | Haryana State Electricity Board | 66 | Power supply and utilisation |
| 55 | —Do— | 67 | Other points of interest |
| 56 | —Do— | 68 | Surplus and obsolete stores |
| 57 | —Do— | 69 | Irregularities in stores accounts |
| 58 | —Do— | 70 | Material-at-site accounts |
| 59 | —Do— | 71 | Arrears of revenue |
| 6th Report | | | |
| 60 | All paragraphs are outstanding | | |