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HARYANA VIDHAN SABHA
COMMITTEE
ON
PUBLIC UNDERTAKINGS
(1991-92)
(EIGHTH VIDHAN SABHA)
THIRTY THIRD REPORT
ON THE
REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEAR 1984-85 (Commercial)



1992

Presented to the House on.....

HARYANA VIDHAN SABHA SECRETARIAT,
CHANDIGARH
1992.

ERRATA
TO
THIRTY THIRD REPORT OF THE COMMITTEE
ON PUBLIC UNDERTAKINGS.

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<u>Read</u>	<u>For</u>	<u>Page</u>	<u>Line</u>
recovery	recevery	9	2
following	follwing	13	23
tractors	troctors	15	22.
conditions	conditons	16	5
secondary	secondry	16	28
details	Details	18	25
farms	farmers	19	22
there	their	21	19
at	at the	23	5
add ' sign, ' " ' at the end of the line		30	9
injudicious	injudicous	31	19

...

TABLE OF CONTENTS

	<i>Paragraph (s) No. of the Audit Report</i>	<i>Paragraph No. of this Report</i>	<i>Page (s)</i>
Composition of the Committee on Public Undertakings			(iii)
Introduction			(v)
Report— Haryana Land Recla- mation and Development Corporation Limited	2.05, 2.07, 2.08, 2.12, 2.14,	1 to 9	1—20
Haryana Minerals Ltd. Narnaul	3.02, 3.09	10 to 12	20—23
Haryana Seeds Development Corporation	4.01.1, 4.01.3	13 & 14	23—28
Haryana Agro Industries Corporation	4.02.3	15	28—30
Haryana Breweries Ltd. Murthal	4.03.1, 4.03.2 4.03.3	16 to 18	30—37
Haryana State Small Indus- tries & Export Corporation	4.04.2	19	37—39
Haryana State Handloom & Handicrafts Corporation	4.05.1	20	39—42
Haryana Harijan Kalyan Nigam	4.06.1	21	42—45
Haryana Tourism Corpor- ation	4.07.1	22	45—48
Haryana Warehousing Corporation	6.02	23	48—51
Haryana State Electricity Board	7.05, to 7.08, 7.10, 7.11, 7.13, 7.18 to 7.20	24 to 33	51—77

(iii)

**COMPOSITION
OF
THE COMMITTEE ON PUBLIC UNDERTAKINGS
(1991-92)
CHAIRMAN**

1. Shri Phool Chand Mullana

MEMBERS

2. Shri Azmat Khan
3. Shri Chhattar Singh Chauhan
4. Shri Mohan Lal Pippal
5. Shri Om Parkash Beri
6. Shri Pir Chand
7. Shri Purush Bhan
8. Shri Ram Rattan
9. Shri Satbir Singh Kadian

SECRETARIAT

1. Shri Sumit Kumar, Secretary
2. Shri Shanti Sarup, Under Secretary

Note - The Committee for the year 1991-92 was nominated by the Hon'ble Speaker in pursuance of the motion moved and passed by the Haryana Vidhan Sabha in its sitting held on the 12th July, 1991, authorising him to nominate the members of the Committee on Public Undertakings for the year 1991-92, on the 26th July, 1991.

INTRODUCTION

1. the Chairman of the Committee on Public Undertakings, having been authorised by the Committee in this behalf, present the Thirty Third Report of the Committee on the Report of the Comptroller and Auditor General of India for the year 1984-85 (Commercial)

2. The Committee orally examined the representatives of the concerned Departments/Undertakings.

3. A brief record of the proceedings of the various meetings of the Committee held during the year 1991-92 has been kept in the Haryana Vidhan Sabha Secretariat.

4. The Committee place on record their appreciation of the valuable assistance and guidance given to them by the Accountant General (Audit) Haryana and his staff.

5. The Committee are thankful to the representatives of the Finance Department and of the concerned Departments/ Undertakings who appeared before the Committee from time to time.

6. The Committee are also thankful to the Secretary, Haryana Vidhan Sabha, and his officers/staff for the whole-hearted cooperation and assistance given to them.

Chandigarh :
The 28th February, 1992.

PHOOL CHAND MULLANA,
CHAIRMAN

REPORT
HARYANA LAND RECLAMATION AND DEVELOPMENT
CORPORATION LIMITED

2.05. Panchayat Land Project (PLP) Farms

2.05.1—Reclaiming of Kallar Lands

1. Since its inception the Company had been reclaiming *Kallar* lands of individual farmers. The Government directed (January 1979) the Company to identify the *Kallar* lands of *panchayats* which it would like to take over for reclamation. The Company accordingly forwarded to the State Government (February 1979) a project report for reclamation of 333 acres of land owned by the *panchayats* of village Munak and Rairkalan. The Government approved the project in May 1979. According to the project report the Company was required to cultivate the reclaimed land for a period of 10 years and would pay to *panchayats* lease rent. The fixed assets (tubewells and sheds etc.) on the farms were to become the property of the lessor after the expiry of the lease period of ten years.

Though the Company prepared project report in respect of two farms under Munak and Rairkalan *Panchayats*, it took up the reclamation of 2,152 acres of land transferred (May 1979—November 1981) by eleven *panchayats* keeping in view the profitability of the project assessed for Munak and Rairkalan farms. The Company could not get loan (Rs. 10.31 lakhs) from the Agricultural Refinance and Development Corporation (now NABARD) which was available at concessional rate of interest for the reclamation of these lands as the Government refused (March 1983) to stand guarantee for repayment of loan in view of continuous losses on the scheme. The Company had thus to take crop loans from the commercial banks at higher rates of interest. However, on account of heavy losses suffered by the Company on the PLP farms these were transferred back to the *panchayats* in November 1983 before the expiry of the lease period.

In their written reply, the Department/Corporation stated as under :—

- “(i) The project report of other PLP farms could not be prepared because it was thought that it will be prepared on the basis of evaluation done by the NABARD for the project Report for PLP Farms at Rairkalan and Munak. Since the process of appraisal in Rairkalan and Munak Project was prolonged unusually and later State Govt. refused to stand guarantee for Rairkalan and Munak Project, no project report for other PLP Farms could be prepared.
- (ii) The project report envisaged financing of these projects by raising refinance through NABARD.
- (iii) Normally Govt. commitment for standing guarantee for the payment of loan forthcomes readily in such projects, but as the Corporation started the reclamation work at PLP Farms at Rairkalan and Munak even prior to the appraisal of these projects and since

before the project could be sanctioned working results of these farms showed losses, the State Govt. did not stand guarantee for the re-payment of this loan."

The Committee observe that the project reports of the two farms were not effectively implemented to achieve the desired results. In case of other farms, the project reports were not prepared to see the economic viability of the farms.

The Committee recommend that responsibility may be fixed on the officers/officials responsible for non-preparation of project reports of other farms resulting in huge loss to the Corporation and the action taken against them be intimated to the Committee.

2.05.2. Working results of PLP Farms

2. During the five years up to 1983-84 the PLP Farms incurred losses as detailed below :

	1979-80	1980-81	1981-82	1982-83	1983-84 (November 1983)
	(Rupees in lakhs)				
1. Expenditure (crop. expenses, lease money and depreciation etc).	4.40	29.85	43.12	43.89	46.40
2. Income including closing stock	1.15	7.65	12.68	12.69	8.75
3. Loss	3.25	22.20	30.44	31.20	37.65

The total loss suffered by the Company since take over (May 1979) of the PLP farms till their re-transfer (November 1983) to *panchayats* amounted to Rs. 1,24.74 lakhs. The expenditure incurred on the reclamation and development of *panchayat* lands was written off by the Company at the rate of 11 per cent per year. Since the PLP farms were re-transferred by the Company before the expiry of the lease period, expenditure to the extent of Rs. 21.94 lakhs incurred on the reclamation and development of these PLP farms could not be written off during the lease period.

The Management attributed (February/November 1983) the following reasons for the losses incurred on the PLP farms

(i) the lands transferred were scattered in small chunks of 50 to 200 acres at more than 12 places, thereby making the management of scattered farms difficult and costly ;

(ii) proper records/reports at most of the farms were not deliberately maintained and basic records like crop registers, progress registers of labour, trip sheets, log books, history sheets etc., were not maintained ;

(iii) after taking over of PLP farms the entire working capital of the Company was blocked and timely funds were not available for development, inputs and seeds etc; and

(iv) the yield from the farms was low as the land levelling work was not properly done and for reclamation of land the desired quantity of gypsum and other inputs were not applied.

It is thus evident that the Management did not identify compact and economically manageable sites even though it was given the option to select the *panchayat* lands. Having selected 11 *panchayats* (2,152 acres) the Company took up development work at 10 *panchayat* farms (976 acres) and fully developed only one farm i.e. Rairkalan (208 acres). Had the Company fully developed some selected farms instead of taking up development work at 10 *panchayat* farms simultaneously, the operational expenses would have been much less. The reasons for taking up simultaneous development of 10 *panchayat* farms without taking into consideration the feasibility and availability of finance were not on record.

In their written reply, the Department/Corporation stated as under :—

- “(i) The Deptt. of Agri. was already implementing a number of schemes for land reclamation duly sanctioned by the NABARD for which loan was being granted to individual farmers. The reclamation technology to be adopted under this project was the same as being mentioned in the various such projects sanctioned by the NABARD for land reclamation of individual holdings. It was, therefore, expected that NABARD will sanction this project expeditiously. Hence no independent techno-economic survey was considered to be necessary.
- (ii) The identification of the Panchayat Land area in various villages was done on the basis of Revenue Record available with the Patwaries. It will be seen that out of the 11 sites selected by the HLRDC, the area in 9 sites was around or more than 100 acres. However, at that time the actual position of that area as existed in the villages could not be ascertained. This came to the knowledge only at the time of taking over of the Panchayat Lands by the Corporation.
- (iii) When it came to the notice of the Management that certain records were not deliberately maintained, strict actions were taken against some of the corrupt officers/officials. The services of some of the officers/officials were terminated. Criminal complaints were lodged and civil suits were also filed by the Corporation. The State Govt. was requested to order a vigilance enquiry into whole of the PLP affairs. On the basis of enquiry 13 persons were inducted, the FIRs were also lodged by the vigilance department against these employees.
- (iv) The project report had provided for working capital by way of refinance under NABARD scheme. Since the project did not prove economically viable in 7 years, the lease term was got extended from seven to ten years. By the time the Govt. was considering the issuance of State Govt. guarantee, the results of the PLP came to its notice and the Govt. did not stand guarantee.

- (v) The land levelling work was initially done properly and proper records were also maintained. Land levelling is, however, a continuous process and levelling on some pieces of lands had to be repeated later on also. No action was required to be taken. Regarding application of gypsum, on the basis of complaints received, vigilance deptt was requested to enquire into the case and on the basis of this the vigilance deptt has filed an FIR in the cases of various embezzlements and this case is still pending with the court. Besides this, civil recovery suits against those who were found responsible for the embezzlements have been filed and these cases are pending in the court. At present most of the staff who were deployed at PLP Farms are not available with the Corporation, for the reasons either their services have been dispensed with or these officials have been retrenched during 1984.
- (vi) The lands were handed over to HLRDC and the lease money became payable from the date of handing over these lands to HLRDC. It would have not been proper to keep these lands vacant and pay lease money without any income from these lands thus incurring more losses; as such simultaneous work was taken in hand in view of the profitability as envisaged in the project report to improve the profits of the Project, as at that time the reasons, due to which PLP suffered losses, could not be visualised. After the implementation of the Project the particular problems came into notice."

The Committee are not satisfied with the reply and observe that the officers of the Corporation failed to (i) identify compact and economically manageable sites; (ii) arrange working capital finance for the project and (iii) conduct techno-economic survey before taking up the farms and take up development of the farms one by one with the result that only 976 acres (out of 2152 acres) area could be reclaimed and the Corporation suffered loss aggregating Rs. 124.74 lakhs between May 1979 and November 1983.

During the course of oral examination, the representative of the Corporation furnished (i) list of employees whose services were terminated/those who resigned, (ii) details of the cases where FIRs had been lodged and (iii) details of the cases where civil suits had been filed, which are reproduced below:—

- (i) List of employees of P L P whose services were terminated/those who resigned

Name & Designation

S/Shri

- | | |
|----------------------------------|------------------------------------------------------------------------------------------------|
| 01. R.S. Rajput, Manager | Terminated on 29.12.82. |
| 02. S.P.S. Tomer, Deputy Manager | Terminated on 27.12.82 and taken back in the Corporation by the order of the Court on 24.4.87. |

03. Jai Singh, T.O. Terminated on 21.12.82
04. Krishan Baldev, T.O. Terminated on 21.12.82 and taken back by order of the Court on 16.3.85.
05. Rasham Singh, T.O. Terminated on 21.12.82.
06. Sham Bihari, T.O. Terminated on 21.12.82 and taken back on account of court conciliation proceedings on 29.3.85.
07. Shiv Ram, Chowkidar Terminated on 28.8.82.
08. S K Singla, Regional Manager. Resigned/Resignation accepted w.e.f. 23.6.82.
09. N S. Gill, Manager. Retired on 31.12.82
10. Narinder, DPL. Terminated
11. Lakhan Pal, Deputy Manager. Terminated on 20.4.82
12. Sardari Lal, DPL. Terminated on 24.1.84.
13. Suraj Pal, Chowkidar. Terminated on 20.12.83

(ii) Detail of the cases where F.I.Rs. have been lodged

Name of employee	Designation	Nature of case	Amount Involved	FIR No. & date	Present position of the case
01 S.K. Singla	Ex-RM (PLP) Panipat	For misappropriation of cash advance taken from Karnal office on 24-4-82 for official purpose.	Rs. 3,000.00	229 dt. 1-3-86 PS (City) Panipat	This case is fixed for 28-10-91 for State evidence in the court JM I C, Panipat.
02 S.K. Singla	Ex-RM (PLP) Panipat	For purchase of retreated tyres against payment of new tyres for tractors in the year 1981-82.	Rs. 11,257.80	758 dt. 21-12-82 PS (City), Panipat	This case is fixed for 19-11-91 for State evidence in the court of JM IC, Panipat.
Rajinder Kumar	Ex-AM (PLP) Panipat				
Ajaib Singh	Ex-AM (PLP)				
03 S.K. Singla	Ex-RM (PLP) Panipat	For embezzlement of PLP Farms inputs etc. :-			
R.S. Rajput	Ex-Manager, PLP	100 bags Am. Sulphate.	Rs. 7,770.00		
N.S. Gill	Ex-Manager, PLP	30 bags Zinc Sulphate.	Rs. 4,875.00		
Rajinder Kumar	Ex-Asstt. Manager, PLP	50 bags DAP	Rs. 8,925.00	21 dt. 29-8-84 PS (SVB) Karnal	This case is fixed for 19-11-91 for State evidence in the court of JM I C, Karnal.
Vakil Chand	Ex-Asstt. Manager, PLP	100 bags Am. Sulphate.	Rs. 7,770.00		
Dinesh Kumar	Ex-Tracer, PLP	140 bags Am. Sulphate.	Rs. 10,878.00		
Narinder Singh	Ex-DPL, PLP	25 bags DAP.	Rs. 4,462.50		
Daya Ram	Asstt. Manager, New DM	41 705 MT Gypsum.	Rs. 13,500.00		
Raj Kumar	Asstt. Manager, (Stores)	15 kg. Graminon	Rs. 1,325.00		
Ramesh Chander	Asstt. Manager, (Stores)				
Raj Pal Singh	Dy. Manager				
S.P.S. Tomer	Dy. Manager				
04 S.K. Singla	Ex-RM (PLP) Panipat	For embezzlement of 1005.116 MT gypsum out of 1880.060 MT transferred from Karnal by pass store to PLP	Rs. 2,11,284.15	196 dt 13-5-84 PS (Sadar) Karnal	This FIR was cancelled and closed by Karnal Court on dated 27-2-85 and could not be revived despite hectic efforts by us.
05 S.K. Singla	Ex-RM (PLP) Panipat	For embezzlement of 306.024 MT gypsum by selling for private gains	Rs. 61,204.80	801 dt. 9-12-83 PS (City), Karnal	This FIR was cancelled and closed by Karnal court on dated 19-7-85 and could not be revived despite hectic efforts by us.
O.P. Gupta	Ex-Store Keeper				

(iii) Detail of the cases where Civil Suits have been filed by the Corporation.

S.No.	Name of the employee	Designation	Nature of case	Qty. embezzled	Amount involved	Name of the Court and date of institution	Present position of the case
1.	S.K. Singla O.P. Gupta	Ex. R.M. (PLP) Panipat Ex-Storekeeper	Appeal against the order of Lower Court for shortage of gypsum in stock at Karnal.	306.024 MT	44375/-	D.J. Karnal 17-1-91	The case is fixed for appearance of defendants & summoning the record from Lower Court for 16-10-91.
2.	—do—	—do—	Appeal against the order of Lower Court for shortage of gypsum due to false billing and false subsidy drawn at Karnal.	247.655 MT	35900/-	D J. Karnal 17-1-91	—do—
3.	R.S. Rajput	Ex. Manager Panipat (PLP)	Recovery for embezzlement of :— —Ammonium Sulphate —Ammonium Sulphate —Zinc Sulphate —Paddy —Paddy Basmati	100 bags 50 bags 10 bags 01 Qtl. 29 bags	7770/- 3885/- 1627/- 200/- 4060/- 17542/-	S.J.I.C. Panipat 23-7-84	The case is fixed for replication (to be filed by HLRDC) & argument for 6-11-91.
4.	S.K. Singla R.S. Rajput Rajpal Singh	Ex. RM (PLP) Panipat Ex. Mgr. (PLP) Dy. Mgr. (PLP)	Recovery for embezzlement of DAP Fertilizer.	25 bags	4462.50	S.J.I.C. Panipat 26-4-86	The case is fixed for 6-11-91 for pliff. evidence.
5.	S.K. Singla Ramesh Chander	Ex. RM (PLP) Panipat AM(S)	Recovery of embezzlement of Zinc Sulphate	35 bags	5687.50	S.J.I.C. Panipat 26-4-86	—do—
6.	N.S. Gill Ramesh Chander	Ex. Mgr. (PLP) AM(S)	Recovery of embezzlement of Amm. Sulphate.	50 bags	7770.00	S.J.I.C. Panipat 27-3-86	—do—
7.	R.S. Rajput	Ex. Mgr. (PLP)	Recovery for embezzlement of gypsum powder.	41 MT	3959.00	S.J.I.C. Panipat 19-1-87	The cases is fixed for argument for 25-10-91.
8.	S.K. Singla	Ex. RM (PLP) Panipat	Recovery of Scooter advance awarded by trial court in favour of HLRDC.		7324.25	S.J.I.C. Panipat 26-4-88	The case is listed for execution for 25-10-91.
9.	S.K. Singla	—do—	Recovery of Rs. 3000/- plus Intt. awarded by trial court in favour of HLRDC		4793.05	S.J.I.C. Panipat 26-4-88	—do—
10.	S.K. Singla	—do—	Embezzlement of Gypsum Powder of 1006.115 MTs.		145880.00	Hon'ble High Court Chandigarh (Appeal) 29-5-90	Sh. Singla is avoiding his appearance in the Court. Press summons have been issued.

The Committee desire that the latest position of the cases mentioned in the statements (ii) and (iii) above as also the details of recovery effected from these officials be intimated to the Committee.

The Committee recommend that responsibility on officers/officials who failed to identify compact and economically manageable sites, arrange working capital and conduct techno-economic survey due to which the corporation sustained loss aggregating Rs 124.77 lakhs may be fixed and intimated to the Committee.

2.05.11. Purchase of Vicon harvesting combines

3. In order to meet the requirement of PLP farms and Hisar farm the Company purchased 5 vicon harvesting combines in April/May 1981 at a cost of Rs. 3.15 lakhs without assessing the efficiency of the combines. The utilisation of the combines for the three years up to 1984-85 is given below.

Year	Area required to be harvested	Area actually harvested	Percentage of utilisation
	(in acres)		
1982-83	1,250	219	17.5
1983-84	1,250	46	3.7
1984-85	1,250	104	8.3

The utilisation of the combines ranged between 3.7 and 17.5 *per cent* during the three years. While the life expectancy of these combines was 5 years or 10 seasons, the Director farms, Hisar of the Company to whom these combines were transferred (December 1983) recommended their disposal by public auction since the operation of these combines was found uneconomical.

The combines were not put to full use on PLP farms on the ground that the loss to the extent of 25 *per cent* in grain was noticed in their operation. The combines have not been disposed of by the Management so far (September 1985).

In their written reply, the Department/Corporation stated as under :—

- (i) Since good Nos. of these combines had already been purchased by Tarai Development Agency for farmers in that area & also by Punjab Agro Industries Corporation under World Bank Aided Programme for supply to farmers, therefore, it was not considered necessary to assess their efficiency.
- (ii) These combines harvesters in general do not cause loss to the grains. In our case the loss to grains was because of their use on Panchayat Lands being reclaimed 1st time and wet harvesting condition being alkaline lands.
- (iii) These Harvesting Combines have been transferred to Haryana Concast Limited, Hisar as per directions from the Director, Supplies & Disposals, Haryana at a cost of Rs. 25,040/-.

- (iv) Since their purchase was a management decision taken on parameters prevailing that time and as explained above, no action for fixing of responsibility required to be taken."

The Committee are not satisfied with the reply furnished by the Corporation and observe that the whole matter from the purchase of harvesting combines to their disposal had been taken in a casual manner.

The Committee, therefore, recommend that responsibility for the purchase of harvesting combines without assessing their efficiency and suitability for the farms for which these were purchased be fixed and the action taken intimated to the Committee.

2.05.12. Non-accountal of production

4. (i) A review of crop registers of PLP farms for the year 1980-81 and 1981-82 revealed that these were not maintained properly and important columns regarding crop condition and growth, dates of harvesting, inspection by the farm incharge etc. were left blank in many cases. Crops of sugarcane, paddy, *moong*, *toria*, and *guara* grown in an area of 107.75 acres and 60 acres, during 1980-81 and 1981-82 respectively in Kawi, Munak and Raikalan farms were not accounted for in the accounts of the respective years as per details given below

Year	Farm	Area sown (acres)					Total
		Sugarcane	Paddy	Moong	Toria	Guara	
1980-81	Kawi	11 50	—	43 25	—	—	54.75
	Munak	—	38.50	—	14 50	—	53 00
		11 50	38.50	43 25	14 50	—	107 75
1981-82	Kawi	20	—	—	—	—	20
	Munak	13	—	8	10	6	37
	Raikalan	—	—	—	—	3	3
		33	—	8	10	9	60

(ii). Though no norms were available in the records of the Company in respect of other four crops, it was explained by the Company that the following may be taken as the normal yield per acre in respect of sugarcane, *toria*, *moong* and *guara*.

Sugarcane	200 quintals
Moong	One quintal
Toria	
Guara	

On the basis of the above yield the value of farm produce not accounted for works out to Rs 2.55 lakhs. The Management has not fixed the responsibility for the loss so far (September 1985).

In their written reply the Department/Corporation stated as under —

- (i) The crop registers of PLP farms were not properly maintained because of the inexperienced and new staff posted/deputed at these farms despite the fact that instructions to this effect were issued by the Head Office from time to time.
- (ii) The management had initiated disciplinary proceedings against the defaulting officers/officials found responsible in such pilferage, embezzlement, misappropriation and delinquencies for various acts of commission and omissions. FIRs have been lodged by the Vigilance Department against the defaulting employees.
- (iii) (a) The CSSRI, Karnal has fixed the norms of yield for paddy and wheat crops which are recommended to be grown in a reclaimed field. Since other crops are not recommended for sowing in such lands atleast during initial years because of their sensitivity, therefore, no norms of yield per acre were fixed. These crops were sown on experimental basis to test their sensitivity in such problematic soils.
- (iii) (b) Norms of assessment for sugarcane, moong, Toria and Jawar crops were indicated to the audit on an estimated basis as these crops are not recommended for sowing in newly reclaimed areas. These crops were sown at the PLP farms on experimental basis to test the sensitivity of such problematic soil. Since the growth/stand of the crops being poor, these crops were ploughed up. But the employees working at PLP Farm at that time failed to record such entries in the Crop Register.

The Committee, after reviewing the lists of cases, find that action for shortage of paddy valuing Rs. 4260/- only was taken. No action has been taken for non-accountal of farm produce valuing Rs. 2.55 lakhs.

The Committee recommend that non-accountal of farm produce may be investigated and responsibility for the same may be fixed and action taken intimated to the Committee.

2.07. Reclamation schemes

5. In January 1982, a scheme for reclamation of 45,000 acres of alkaline saline land and installation of 1,200 tubewells in five districts of Haryana i.e. Karnal, Kurukshetra, Sonapat, Jind and Faridabad with a total financial outlay of Rs. 801 lakhs was forwarded by the Company to NABARD for approval. The scheme was spread over a period of three years up to 1983-84 with a target of reclamation of 15,000 acres of land, installation of 400 shallow tubewells with a financial outlay of Rs. 267 lakhs in each year.

The NABARD approved (June 1982) the scheme for 1981-82 (ending 30th June 1982) for the reclamation of 8,250 acres of land and installation of 300 tubewells at the total cost of Rs 1,54.79 lakhs. The programme for

1982-83 and 1983-84 was to be considered by NABARD after conducting performance evaluation study of technical aspects of the original schemes. Since the progress in the execution of sanctioned scheme was found to be unsatisfactory, the time limit for completion of the scheme got extended from time to time and the last extension was obtained (January 1985) by the Company up to June 1985. The table below indicates the performance of the Company up to June 1984 under the scheme of reclamation of 8,250 acres of land and installation of 300 tubewells.

Year	Achievement in reclamation	Shallow Tubewells (Installed)	Percentage of achievement	
			Reclamation	Shallow Tubewells
	(Acres)	(Installed)		
1982-83	2,565	26	31	9
1983-84	855	76	10	25
	3,420	102	41	34

The targets fixed by NABARD were only 55 per cent for reclamation and 75 per cent for installation of tubewells against the targets proposed by the Company for one year. Even against these reduced targets, the achievement of the Company was only 41 per cent for reclamation and 34 per cent for tubewells during two years as against one year's reduced programme.

A field study regarding the progress of the scheme was conducted by the NABARD in April 1983 and the following constraints were noticed by them :

- (i) lack of co-ordination among the implementing agencies : Bank, HLRDC, Agriculture Department;
- (ii) delay in release of electric connections by Haryana State Electricity Board ;
- (iii) most of the farmers were not motivated to take up the programme;
- (iv) the Company was charging much higher rate for gypsum i.e. Rs. 341 per tonne as against Rs. 256 per tonne in the neighbouring State of Punjab ;
- (v) farmers were not in favour of paying service charges at Rs. 40 per acre; and
- (vi) the Company's technical assistance was inadequate.

In their written reply, the Department/Corporation stated as under —

- (i) The Loaning Scheme for reclamation of alkali/saline lands was prepared by the Company in order to provide financial assistance to the farmers with poor economic conditions, so that they could reclaim their lands, but in actual implementation of this scheme, two other major agencies are also involved i.e. Soil Conservation staff

of the Agriculture Deptt which is responsible for motivation of the farmers for taking up this programme and sponsor loan applications as well as providing the requisite technical guidance to the farmers and secondly the staff of the respective Primary Land Development Banks which process the loan applications and also grant the required loan. This Corporation provided only the inputs i.e. gypsum and custom hiring services for land levelling wherever required by the farmers and this arrangement had been prevalent in earlier loaning schemes also.

During the implementation of this scheme it was observed that the response of farmers for obtaining loan under the scheme was poor in two major problematic districts of Karnal and Kurukshetra because of non-availability of loan for tubewells under the scheme as all Development Blocks in these two districts had been declared under dark category from the point of view of ground water availability.

It may be worthwhile to mention here that against the total approved programme for reclaiming 8250 acres of land and installation of 300 tubewells during 1981-82, which was further extended upto June, 1985 by NABARD, the achievement was 4625 acres (More than 50%) was in the districts of Karnal and Kurukshetra only. In any case there had been consistent improvement under the scheme with the passage of time as is evident from the following table —

ACHIEVEMENTS

Years	Area reclaimed (in acres)	No. of tubewells installed
1981-82	780	
1982-83	1005	26
1983-84	2215	76
1984-85	3030	162
(up to 30th June)	7030	264

From the above it will be seen that an area of 7030 acres was reclaimed against the target of 8250 acres. Similarly, against the target of 300 tubewells the achievement was 264 tubewells.

- (ii) There had been no problem of coordination among the implementing agencies. The progress was mainly poor because of non-availability of loan for tubewells in the major problematic districts of Karnal and Kurukshetra, as irrigation water is a pre-requisite requirement for taking up land reclamation work.
- (iii) As indicated in reply to sub-para 2.07(1) above, the motivation work under the scheme vested with the staff of Agriculture Deptt. This Company is not aware of any other reasons for non-motivation of the farmers except that due to non-availability of loan for tube-

wells in two major alkali affected districts Karnal and Kurukshetra a large number of farmers did not come forward to take loan for reclamation of their lands under the scheme.

- (iv) The rates of gypsum are fixed in consultation with the Director of Agriculture which are also got approved from the State Govt. The reasons for relatively higher rates of gypsum in Haryana are due to higher rates of transportation charges as compared to the rates of various destinations in Punjab.
- (v) The technical assistance to the farmers for land reclamation is provided by the Soil Conservation staff of the Agriculture Deptt. and not by this Company as clarified in reply to sub-para 2.07(i). The system of charging service from the farmers has been discontinued from the year 1985-86.
- (vi) The work of implementing the scheme still rest with the Soil Conservation Wing of the Agriculture Department as it involve various operations like land levelling, ploughing, installation of tubewells, application of gypsum, fertilisers, soil testing and monitoring. Corporation only provide inputs like gypsum and fertilizer to the farmers. Rest of Technical guidance work is carried out by Agriculture Department."

The Committee are constrained to observe that the Corporation failed badly in achieving the target. The scheme approved by NABARD for the year 1981-82 was not fully achieved even during a span of four years upto June 1985. The Committee feel that there was lack of coordination among the implementing agencies like Bank, HLRDC, Agriculture Department as noticed by NABARD.

The Committee, therefore, recommend that reasons for not implementing the proposed scheme of reclamation of 45000 acres of alkaline/ saline land and installation of 1200 tubewells may be investigated and responsibility in the matter be fixed and the action taken intimated to the Committee.

2.08.4. Premature failure of tractors

6. During the period from June 1975 to July 1977 the Company purchased the following tractors :

Date of purchase	Number of tractors	Make	Cost (Rupees in lakhs)	Source of purchase
June 1975	50	David Brown	38.14	Direct import from U.K.
August 1975	15	David Brown	11.55	Direct import from U.K.
June 1977	10	Ford	6.02	Haryana Agro Industries Corporation Limited.
July 1977	5 (old)	David Brown	1.22	Haryana Agro Industries Corporation Limited.

As the land levelling centres of the Company were running in loss due to uneconomical repairs of the tractors, the Management decided (June 1982) to ascertain the position of tractors which were beyond economical repairs. Accordingly, a committee was constituted (June 1982) to ascertain the number of tractors at various centres which were beyond economical repairs. Out of 50 tractors proposed by field officers for condemnation, the committee recommended (July 1983) 39 tractors for condemnation as per details given below.

Tractor make	Number of tractors to be condemned	Date of purchase
David Brown (new model)	32	June/August 1975
David Brown (old model)	4	July 1977
Ford	3	June 1977
Total	<u>39</u>	

A tractor was expected to give service of 1,250 hours per year for 10 years. The condemned tractors worked for 2,31,694 hours (5,941 hours per tractor) against the normal life of 4,87,500 hours. Out of 5 tractors purchased from Haryana Agro Industries Corporation Limited, 4 tractors were condemned after obtaining service of only 3,680 hours. Further the service given by 15 tractors ranged between 4,595 and 5,729 hours per tractor. An expenditure of Rs 17.92 lakhs was incurred on the repair and maintenance of 39 condemned tractors against the estimated cost of repairs of Rs 7.15 lakhs.

The condemnation committee while recommending the condemnation of 39 tractors, suggested immediate disposal of these tractors. The Company could, however, dispose of only 3 tractors (2 David Brown and 1 Ford) for Rs. 0.70 lakh up to May 1985.

The management attributed (November 1983) the following reasons for premature condemnation of tractors

- (a) frequency of hydraulic system of tractors getting out of order was more ;
- (b) cost of replacement of the original hydraulic system with imported one was very high; and
- (c) repair of this system indigenously did not prove successful.

It was, however, observed that the suitability of the tractors in the local conditions was not kept in view by the Management while importing them.

In their written reply, the Department/Corporation stated as under :—

- “(i) David Brown tractors were purchased by the Corporation under I.D.A. Project through Haryana Agro Industries Corporation. This tractor is suitable for local conditons.
- (ii) The management of the Corporation had purchased 5 old tractors from Haryana Agro Industries Corporation with the hope that these tractors will also work as other David Brown tractors (selectmatic) were working. However later because of the non-availability of their spare parts and frequency of break down they had to be condemned early. However these tractors had already completed part of their life with Haryana Agro Industries Corporation before being purchased by the Corporation
- (iii) These 11 tractors were not condemned with the 1st lot as at that time they were in working order. However, these have since been condemned and all the David Brown tractors except one, for which the case was under investigation which the Police, have been disposed off. Now the action has already been initiated for its disposal,
- (iv) The reasons for not obtaining expected service from the condemned tractors (David Brown) were mainly as under —
 - (a) These David Brown tractors were imported and no arrangement was there for availability of original spare parts.
 - (b) Over 95% work done by the Corporation is that of land levelling which requires maximum thrust and both the engine and the Hydraulic system are constantly under load which resulted in the frequency of break down.

Although the tractor is designed for both primary and secondary tillage operations but in case of corporation tractors these have only to do land levelling operations where the tractor system are always under thrust.
- (v) The performance of 15 tractors was poor because of frequency of break down and non-availability of spare parts.
- (vi) As already explained that these David Brown tractors were purchased under I.D.A Project for different beneficiary states.
- (vii) As the uneconomical operation was because of the reason explained above as such there was no reason of fixing any responsibility.”

The Committee observe that the Corporation failed to procure the necessary spares in time with the result that these tractor operators remained idle. Further 70 number David Brown tractors were condemned prematurely by the management.

The Committee recommend that reasons of frequent failure of Hydraulic system and non-procuring of the spares in time resulting in excessive cost of repairs may be investigated and responsibility on the delinquent officers/officials fixed and the action taken intimated to the Committee.

2.08.5. Avoidable payment of token tax

7. The condemnation committee recommended (July 1983) the condemnation of 39 tractors. But 4 tractors had already been grounded upto April 1981, 7 in April 1982 and 24 tractors were grounded by January 1984. Exemption from the payment of token tax which is paid quarterly, could have been availed by the Company in case the registration documents had been surrendered to the registration authority immediately after grounding the tractors. This was not done in the case of these 35 grounded tractors resulting in avoidable payment of token tax amounting to Rs 0.34 lakh up to June 1984.

In their written reply, the Department/Corporation stated as under .—

- “(i) The mistake was because of ignorance
- (ii) Immediately after it came to notice the registration documents of condemned tractors were surrendered and even have now been transferred to the purchasers after the disposal of these tractors.
- (iii) Since the mistake was because of ignorance and these Registration books were not held deliberately, no responsibility has been fixed.”

The Committee are constrained that the Corporation did not keep itself abreast with the Rules and procedure of Registration Act which resulted in avoidable payment of token tax.

The Committee recommend that responsibility for this lapse be fixed and action taken against the erring officials be intimated to the Committee.

2.12. Inventory control

8. The Company had not fixed any maximum, minimum and re-ordering levels for stores and spares. The table below indicates position of stores held by the Company during the three years up to 1983-84 :

Particulars	1981-82	1982-83	1983-84
	(Rupees in lakhs)		
Opening balance	16.03	13.55	13.46
Purchase of stores and spares	5.87	8.12	4.89
Stores and spares consumed	8.35	8.21	6.82
Closing balance	13.55	13.46	11.53

The stock of stores and spares held by the Company at the end of each of the three years upto 1983-84 was on the high side and represented 19 months, 20 months and 20 months consumption, respectively.

The above stock included spares lying at Karnal worth Rs. 5.28 lakhs purchased during 1975-76 to 1982-83 pertaining to David Brown tractors, 36 of which were condemned in July 1983 and the remaining 34

tractors were grounded in April 1985. No action had been taken by the Management to dispose of these spares with a view to reduce the burden of interest on borrowed funds (September 1985).

In their written reply, the Department/Corporation stated as under :

- (i) Since the inventory was that of David Brown tractors which were imported and most of this inventory had been received at the time of import of these tractors as there was no free availability of original imported spare parts of these tractors in the Country, no maximum, minimum and reordering level was fixed.
- (ii) Most of the inventory was received at the time of import of these tractors and purchases were made from time to time in order to ensure that there was no dearth of spare parts for smooth running these tractors as these were imported.
- (iii) Since David Brown tractors were imported and the spare were not freely available, the spares whichever available had to be purchased not knowing when and which parts will be required. The Corporation which later purchased Indigenous tractors has not built any inventory of spare parts for these indigenous tractors as these are freely available at the time of need.
- (iv) This inventory except for the inventory which existed at Naraingarh has been disposed of through Director Supplies & Disposals, Haryana. The inventory held at Naraingarh was burnt by the Anti-reservation agitators on Mandal Commission Report during September, 1990.

The Details of disposal of this inventory is as follows.

Sr. No.	Centre wise stock	Value of stock	Reserve price fixed by committee of Director, Supplies & Disposals, Hr.	Sale value Rs.
1.	Karnal	4,98,526.42	54,875.63	55,000/-
2.	Ch. Dadri	1,15,619.85	29,907.80	31,000/-
3.	Naraingarh	1,61,463.50	37,917.00	—
		7,75,609.77	1,22,700.43	86,000/-

- (v) The David Brown tractors had been imported from England, it was absolutely essential to store maximum number of spare parts since the import from the foreign country is a time consuming process beside being expensive. Hence no individual was held responsible."

The Committee feel that though the Corporation had technical staff yet it went on purchasing the spares without requirement and even without having assessment of their necessity. The Committee observe that due to

mismanagement the spares worth lakhs of rupees purchased by the Corporation were disposed off by incurring a loss of Rs. 5.28 lakhs. Further, spares worth Rs. 1.61 lakhs were burnt at Naraingarh in anti reservation agitation as the management failed to take timely action for their disposal.

The Committee recommend that responsibility for the excessive purchase of spare parts resulting in loss in their disposal may be fixed

The Committee also recommend that reasons for delay in taking action for disposal of spares of Naraingarh Centre may be investigated and responsibility on the delinquent officers/officials in the matter be fixed under intimation to the Committee.

2.14.4. Purchase of sub-standard zinc sulphate.

9 An order for the supply of 40.1 tonnes zinc sulphate (Value : Rs. 1.15 lakhs) was placed on a Delhi firm in June 1983. The supply order specifically mentioned that the material should be of agricultural grade with a minimum zinc contents of 21 percent.

The supply order provided that if the material was found defective the supplier would replace the same free of cost.

The firm supplied 35.08 tonnes of zinc sulphate at 9 centres of the Company. The samples were drawn from material received at three centres only and the material was found to be of sub-standard quality. Before getting the test reports, the Company sold 19.288 tonnes to farmers and to PLP farmers.

The Company had paid so far (May 1985) Rs. 0.62 lakh being 90 per cent payment against the supply of 24.08 tonnes of material. The firm went in arbitration in October 1983 and claimed a sum of Rs. 0.51 lakh. The matter is still pending with the arbitrator (September 1985).

The zinc sulphate was purchased by the Company with a view to help the farmers/farms of the Company to obtain more yield from the fields. This purpose was not achieved with the type of the material sold by the Company.

In their written reply, the Department/Corporation stated as under.—

- “(i) Immediately after the samples of zinc sulphate drawn by quality Control Agency were found sub-standard, the matter was taken up with the manufacturers for replacement of this material and also further sale of this Zinc Sulphate was stopped.
- (ii) This Zinc Sulphate was received after successful test report of the samples taken during predelivery inspection. By the time the sample of this zinc sulphate collected by Quality Control agency of the Agriculture Department failed in the test this quantity of 19.288 M.T. had already been sold. The sale of balance stock was stopped immediately on learning about the failure of the samples.

- (iii) As the supplier had not agreed to replace the material the arbitration proceedings were initiated. The arbitrator has already given his award which is pending before the Court for making this arbitration award as rule of the Court in view of the provisions of the Arbitration Act. It was listed on 7-9-91. The next date has been fixed for 22-11-91."

The Committee desire that the case be vigorously pursued and the final outcome thereof be intimated to the Committee.

HARYANA MINERALS LIMITED

3.02. Activities

10 The Company had not taken up any exploration work due to lack of expertise in this field and confined itself to the following activities;

—Extraction of marble blocks, slate stone, lime stone and quartz;
Processing of —

(a) * * *

(b) * * *

(c) lime stone into quick and hydrated lime ; and

—manufacture of tiles.

The projects for lime and tiles set up in December 1974 and June 1975 were closed in July 1976 and July 1978 respectively, on account of defective designs and poor quality of product. However, the assets (value Rs. 2.54 lakhs) of these two projects could not be disposed of due to absence of prospective buyers.

In their written reply, the Département/Company stated as under —

- (i) The design for the lime kilns project was provided by the central Building Research Institute (CBRI), Roorkee. The construction was carried out by engaging contractors. The kilns functioned for a short while and then developed cracks which was dangerous for the safety of the persons. The matter was brought into the notice of CBRI who after various inspection along with a team from N.B.R.I., Ballabgarh jointly inspected the kilns and advised modifications in the design. The economics were reworked and the management would not be worthwhile to start the kilns and the Board of Directors thereafter reconsidered the matter and advised to demolish the kilns since the economics were not favourable. The Board further advised to demolish the kilns departmentally and to utilise the salvaged material which is being examined.
- (ii) With regards to Tiles plan which took off satisfactorily could not be run economically at rated capacity because of lack of expert operators and poor quality of product obtained. However, the market for the tiles produced from this plant could not be developed vis-a-vis the tiles produced by the private.

manufacturers in Delhi and Ghaziabad and as such the company decided to close down this unit. To dispose of the tiles plant tenders were invited through press and there was no response.

The Board has decided to write off the Lime kilns from the books of the accounts of the company and feasibility to demolish the kilns departmentally is being examined. To dispose of the Tile plant tenders were invited through press and there was no response.

Since the construction of the plant was as per design given by the experts in the field, no responsibility was fixed on HML's employees."

During the course of oral examination, the departmental representative stated that the Corporation got the work of construction of lime kiln as per design provided by the Central Building Research Institute (CBRI). The kiln developed cracks which was dangerous for the safety of persons. There was no defect in the structure instead the defect was in the design. The team of the CBRI later on suggested modification in the design but was not considered economical by the management. The tiles plant could not be run economically because of competition with the private manufacturers and poor quality of product. Tenders were invited to dispose of the plant but there was no bidder.

The Committee feel that the management of the Company in the absence of any technical persons with them should have associated the Central Building Research Institute, Roorkee in the implementation of the kiln project which would have helped in detection of defects in initial stage of the project affording opportunity for corrective action. The Committee also feel that the Company took up the tiles plant without employment of an expert operator.

The Committee recommend that responsibility of the officers/officials at fault in the matter be fixed and action taken intimated to the Committee. The Committee also recommend that action to demolish the kiln, as advised by the Board, be expedited and tile plant be disposed of without further loss of time and action taken intimated to the Committee.

3.09 Sundry debtors

3.09.1.

11. The Company has been selling its products on credit as well as on cash basis up to March 1984. From 1984-85 the credit sales to customers other than Government departments/institutions were discontinued. The table below gives the position of sundry debtors for the last 3 years ending March 1984.

Year ending	Outstanding debts		Sales
	Total debts	For more than 6 months (Rupees in lakhs)	
March 1982	3.09	2.79	94.36
March 1983	3.24	2.91	47.49
March 1984	3.02	2.85	48.38

As on 31st March 1984, more than 94 per cent of the total debtors were outstanding for more than six months. The Management has not obtained confirmation from the debtors. The agewise details of debts out-standing for more than six months were not available.

In their written reply, the Department/Company stated as under:—

“Due to non availability of competent staff in account section, agewise break up of the debtors could not be maintained. After recruitment of suitable staff in the year 1985, the process of maintaining agewise break up of debtors has been maintained. The agewise break up of the debtors are being maintained now. Letters were sent to all the debtors for confirmation of the balances but no response was received.

The latest position of sundry debtors is appended below.—

(a) It will be appreciated that percentage of debtors to sales have come down from 3.29% in 1981-82 to 1.49% in the year 1990-91.

(b) The debtors also includes Govt. dues, which can not be termed as bad and doubtful debts.

(c) The company is regularly sending reminders to various parties for the deposition of amount, and legal notices are also being sent to various parties. The company has also decided not to sell on credit to private parties.

During the course of oral examination the departmental representative stated that the amount has not been recovered so far and that the amounts recoverable from individual parties are small and these have to be written off.

The Committee feel that the officers/officials failed to pursue the recovery of outstanding dues from the parties with the result the debts accumulated to Rs. 3.02 lakhs as at the end of March 1984 and have become time barred.

The Committee recommend that responsibility of the officers/officials at fault may be fixed in the matter, and action taken intimated to the Committee. The Committee further recommend that vigorous efforts be made to effect the recovery of outstanding dues to the extent possible and the Committee be kept informed about the progress in the matter.

3.09.2 Outstanding recovery against ex-Chairman

12. During the period from 20th December 1982 to 19th December 1984, the Chairman of the Company availed of the facilities of conveyance and house rent allowance etc., in excess of the prescribed limits to the extent of Rs. 0.58 lakh. The Company had adjusted (December 1984) Rs. 0.16 lakh against the salary and travelling allowance claimed by the incumbent. In respect of the balance amount of Rs. 0.42 lakh recoverable from the ex-Chairman, the matter was under correspondence with the Government (September 1985).

In their written reply, the Department/Company stated as under —

“The company has filed the recovery suit in court at Narnaul.”

It was stated by the departmental representative during oral examination that this recovery had cropped up as a result of fixation of headquarters of the Chairman at the Narnaul instead of his native village and the Company had filed a suit for recovery of the amount in 1989.

The Committee desire that the decision of court, whenever received, be intimated to the Committee

HARYANA SEEDS DEVELOPMENT CORPORATION LIMITED

4.01.1. Construction of transit stores

13. The work for construction of transit stores (2,500 tonnes capacity) at Sirsa was awarded (22nd December, 1983) to firm A at its quoted rate of Rs. 9.51 lakhs. The work was to be completed by the firm with in two months to be reckoned from the 15th day of the award of the contract.

The firm, while accepting the work order, requested the Company on 24th December 1983 for handing over the possession of the work site as the material of another contractor (executing some other work of the Company) was lying there. Despite requests from the firm the Company did not get the site cleared and handed over to the firm. The Company did not take any action against the contractor who failed to vacate the site.

The Company cancelled the work order and forfeited the earnest money of Rs. 0.20 lakh of the firm on the ground that it did not commence the work. The Company, however, could not execute the work at the risk and cost of the contractor in the absence of an agreement

The work was allotted (June 1984) after reinviting tenders (April 1984) to that contractor, who did not vacate the site, for Rs. 12.49 lakhs involving an additional expenditure of Rs. 2.78 lakhs (after adjusting forfeited earnest money of Rs. 0.20 lakh of firm A)

Thus, due to not making available the work site and non-execution of contract agreement with firm A, the Company had to bear an avoidable expenditure of Rs. 2.78 lakhs.

The Management/Government stated (May/August 1985) that the site was cleared on 9th February 1984 and the firm was asked to take possession of the site from 13th February 1984 which it did not and that fresh tenders were invited because of backing out of the firm.

In their written reply, the Department/Corporation stated as under:

"The work for constructing 2500 MT transit store at Sirsa was awarded on 22-12-1983 to M/s. Raj Kumar & Co. Ganganagar (Raj.) on their quoted rates of Rs. 9.51 lacs. The site for the construction work of transit store could be finalised only on 2-1-84 and the layout plan with working drawings were delivered to site office on 11-1-1984 and these were collected by contractor on 19-1-84 for starting the work. However, contractor did not start the work and did not attend the site from 19-1-84 to 31-1-84. In the mean time, it was decided by the management to change the location of layout plan for transit store for the better utilisation of space and revised layout was finalised on 3-2-84 and the new site was offered to the party and party was requested to start work at once on 9-2-84. The plan was revised for certain technical ground and for better utilisation of space which was finalised only on 3-2-84. However, the party in spite of letter dated 9-2-84, telegram & post copies dated 14-2-1984, 22-2-84, 29-2-84 & Regd. Notices dated 21-2-84 and 6-3-84 did not turn up to start the work, so it is wrong to say that the work site was not made available to the party.

The detailed drawings and layout plan were received by the contractor on 19.1.84 and the site marked for the transit store was made clear and made available to the party before 19.1.84 by removing construction material lying on the first site and when the layout was revised the site was offered immediately to the contractor to start the work through regd. letters, telegrams but the party did not turn up for executing the work. So no action was required to be taken against the other contractor who had vacated the site.

Corporation asked the firm vide our letter dated 5.1.84 to submit two copies of partnership deed so that it could proceed further for the execution of the agreement but the party did not submit any partnership deed nor did it turn up for the execution of the agreement as per clause No. 15 of general tender conditions the successful tenderer was required to execute contract agreement in duplicate in the proforma attached with the tenderer documents as appendix—IV within 15 days from the date of issue of notice of acceptance of tender failing which the amount of earnest money could be forfeited and work cancelled. So it was for the party to execute the agreement with the Corporation which did not. Had the party executed the agreement the Corporation could have got executed the work by re-tendering on the risk and cost at the party.

As stated in the above the site was made available to the contractor before he had taken the designs and drawings on dated 19.1.84. Further, as the contractual agency i.e. M/s Raj Kumar & Co., Ganganagar failed to start the work in spite of the repeated reminders, Regd. letters, telegrams and as the party had not executed the agreement there was no other alternative with the

Corporation except to cancel the work order and forfeit the earnest money deposited alongwith the tender and to reinvite the tenders. The work order of the firm was cancelled on 19.3.84 and retendering was done by publishing these in the leading newspapers through open tender and this time only two parties responded namely M/s Friends Constn. Co., Bhatinda, at an quoted value of Rs. 12.40 lacs which were lowest & M/S K.K. Gumber, Sirsa at an quoted value of Rs. 16.58 lakhs. It is wrong to say that work was allotted at higher cost to the same contractor who did not vacate the site for the first party M/s Raj Kumar & Co; Ganganagar. The re-invited tenders were open to all parties and if that party M/s Raj Kumar & Co., Ganganagar was interested to do the work it should have quoted their rates again by filling another fresh tender. It shows that the first party i.e. M/s Raj Kumar & Co., Ganganagar was not interested in execution of this job and wanted to back out with same excuses for the reasons best known to them. Moreover, the party even did not represent for the 'refund of forfeited amount of Earnest Money Deposit, knowing that they themselves were at fault for not signing the agreement and starting the work.

As stated above due to the backing out of the party i.e. M/s Raj Kumar & Co., Ganganagar the Corporation had no option except to cancel the work order as party had not executed the agreement with Corporation and to forfeit the Earnest Money Deposit deposited by the party alongwith the tender and to reinvite the tender. Had the party executed the agreement, Corporation could have got done the work at the risk and cost of the contractor by re-inviting the tender. As the party had quoted less rates than prevailing in market and as per P.W.D. schedule of rates the party wanted to back out by making allegation that the site was not handed over to them duly cleared. In addition, in that period the rates of steel and other building materials had also shot up which the party realised after filling the tender. So, the expenditure of Rs. 2.78 lacs was unavoidable in light of above as Corporation had no option except to retender. Wide publicity was given in press by publishing the tender notices in leading news papers at Chandigarh/Jalandhar. It is also relevant to point out that the rates of M/s Raj Kumar & Co, Ganganagar were not workable as these were much lower than the prevailing market rates & P.W.D. Schedule of rates. The quoted value of this party was Rs. 9.51 lacs as against estimated cost of Rs. 10.93 lacs (Based on Haryana PWD schedule). Moreover, the prices of steel & other construction material & labour also gone up in that period when re-tendering was done i.e. by April 1984. The estimated value of this job at the time of re-tendering was revised to Rs. 11.42 lacs as per prevailing prices/schedule of rates.

No body is directly responsible for the above expenditure as all out efforts were made by Corporation to get executed the agreement with the party and to start the work at site by informing the party through Regd. letters/Telegrams, but as the party was not interested to take up the work, and Corporation had only alternative to cancel the work order & forfeit the Earnest Money Deposit amounting to Rs. 20,000/-. So all out efforts were made by

Corporation to get the work executed by the first party but it could not be and work could be executed by re-tendering as per the lowest tender received."

It was stated during the course of oral examination by the representative of the Corporation that in response to the tenders called for the work for construction of transit stores, the firm which was already doing some other work there at that time did not offer quotation. Two other firms offered quotations and the quotation of Rs. 9.51 lakhs of the firm, M/s Raj Kumar and Co. Gangahagar, being the lowest, was accepted and the firm was awarded the work in December, 1983, and the period of completion was to be reckoned from the 15th day of the award of the contract. The site for the work was finalised on 2-1-1984. The lay out plan with working drawings were collected by the firm on 19-1-1984 and it was before that that the site marked for the transit store was made clear and made available to the firm. The contractor neither started the work nor attended the site from 19th January to 31st January, 1984. Even the lay out plan of the revised site was finalised on 3-2-1984 and the firm was asked to start the work on 9-2-1984. When it did not start the work despite having been repeatedly asked to do so, the work order was cancelled and the earnest money deposited by it forfeited because it had not executed the agreement.

When asked about the reasons for awarding the work before finalisation of site, changing the location and accepting the tender which was not considered workable, it was stated by the representative of the Corporation that certain works were already going on there and it was only an additional store which required to be constructed in that block, which did not involve a big exercise. The then Managing Director, Mr. Kuttapan, visited the site at the end of January and considering it unsuitable for the work changed the location for better utilisation of space. The quotation of the firm, being lowest, was accepted. It could not be rejected merely on the ground that the quoted value was less than the estimated cost of the work based on prevailing rates in the market and as per P.W.D. schedule of rates. The work order of the firm was cancelled on 19-3-1984 and re-tendering was done as a result of which the work was allotted to another firm at the lowest quoted value of Rs. 12.40 lakhs, which completed the same.

The Committee recommend that it must be ensured in future that the location of the site was finalised, lay out plan prepared and an agreement executed before any work was undertaken and allotted to a contractor so that the loss caused by subsequent backing out of the contractor was avoided.

4.01.3. Sale of paddy seed

14 For Kharif 1983, the Company in consultation with the Director of Agriculture fixed (May 1983) the target for distribution of paddy seed (PR-106) at 15,377 quintals and procured 15,295 50 quintals of paddy seed (value : Rs. 39.94 lakhs).

The Company, however, could sell 6,790.32 quintals of paddy seed for Rs. 20.67 lakhs (including subsidy at Rs. 20 per quintal) leaving a balance of 8,505.18 quintals (value Rs. 22.21 lakhs) of unsold paddy seed.

The unsold stock of paddy seed, was disposed of, by calling tenders, at the rate of Rs. 211.21 per quintal against the cost price of Rs. 261.12 per

quintal resulting in loss of Rs. 4.24 lakhs. Besides there was loss of subsidy amounting to Rs. 1.70 lakhs to the Company on the paddy sold through tenders.

The Management stated (August 1985) that as the variety could not withstand the drought spell which affected the yield and emergence of some other non-standard and non certified varieties of seed in the market, the Company could not sell the paddy seed.

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/Corporation stated as under :—

“At the time of organising Seed Production Programme during Kharif-1982, it was anticipated that the demand of seed of Paddy variety PR-106 would be much more during Kharif 1983 sowing season. But Kharif 1982 season was drought year and the crop of Paddy variety PR-106 could not perform well under such condition, which resulted into less demand of this variety for sowing in Kharif 1983. Further in Kharif 1983 the farmers had grown crops of some unapproved varieties like Basmata etc., and this further reduced demand of seed of Paddy variety PR-106. The seed was produced on the basis of the requirement assessed for next year on the basis of the previous experience with best intention, hence no responsibility for higher production of seed was fixed. Further the Production Programme of 16,500 qtls. PR-106 seed was approved by the Board of Directors of the Corporation in its 38th Meeting held on 11-8-82 against which the Corporation procured only 15,167 qtls. seed of Paddy variety PR-106 out of Kharif 1982 Seed Production Programme.

The Seed Production Programme is organised one year in advance of the sale season. Further the Corporation procures the produce of the fields which are certified by the Seed Certification Agencies and if after processing the seed meets the minimum Indian Seeds Certification standard. The actual sale performance is assessed only during the sale season whereas the seed is procured by the Corporation well in advance. The seed Production Programme was organised on the basis of the anticipated project requirement. In case the seed does not sale or poor sale then it can not be returned to the seed producers.”

It was stated during the course of oral examination by the representative of the Corporation that the requirement of seed for a year was assessed one year in advance of the sale season on the basis of the previous experience and the seed procured. But the actual sale depended upon the pattern of crop sown by the farmers and the demand during the sale season. For Kharif 1983, production programme of 16,500 quintals of Paddy PR-106 variety seed was fixed against which 15,167 quintals of seed was procured, but the actual demand turned out to be much less. It resulted in surplus stock which was subsequently sold by calling tenderers.

When enquired, it was stated that in the year prior to it, the entire quantity of 4478 quintals of seed produced was sold and during the year subsequent to it against the production of 13,343 quintals of seed, the sale was of 11,761 quintals. It was, however, admitted by the representative of the Corporation that it was a case of wrong assessment.

The Committee recommend that the Corporation should take effective steps to ensure that in future losses to the Corporation due to wide variation in procurement of seed and its sale due to incorrect assessment of requirement are minimised.

HARYANA AGRO INDUSTRIES CORPORATION LIMITED

4.02.3. Nugatory expenditure

15 (i) The Company had engaged three pilots for operating a fleet of three aircrafts for aerial spraying. Two of these aircrafts crashed in August 1981. Instead of dispensing with the services, the Company appointed two pilots in December 1981 and January 1982.

The services of one of the pilots were dispensed with in July 1982 while in November 1982 the services of another pilot (appointed in December 1981) were terminated on the ground that he did not possess the requisite flying as well as agricultural spraying experience and he had not done spraying even on a single acre or any other duty.

On representation by the pilot (services terminated in November 1982) he was, however, reinstated in August 1983 at the instance of the State Government although he did not have the requisite qualification.

The pilot was assigned the work (April 1984) of assembling one aircraft out of the left out salvage of damaged aircrafts. Since no cannibilization was done and the Company was left with only one aircraft, his services were again terminated in January 1985 as the Company had decided to wind up the wing because of losses since inception. The pilot filed a suit against the Company and obtained an interim injunction (March 1985).

Thus, due to injudicious decision of the Company in appointing the pilots without acquiring any aircrafts and appointing a pilot as project officer without ascertaining his competence to assemble an aircraft out of the salvage of damaged aircrafts had resulted in nugatory expenditure of Rs. 0.94 lakh (up to January 1985) on pay and allowances of these pilots.

(ii) Out of the two aircrafts crashed in August 1981 the Company received compensation in full against one aircraft while in the case of the second aircraft the insurance company allowed only Rs. 4.12 lakhs against the claim of Rs. 5.35 lakhs on the ground that the pilot who was operating the aircraft at the time of accident did not possess the requisite experience in agricultural flying.

The insurance company passed the claim (Rs. 4.12 lakhs) and asked the Company in April 1983 to re-return discharged voucher duly signed. But the Company returned the voucher only on 11th April 1984 against which payment of Rs. 3.09 lakhs (after adjusting premium of Rs. 1.03 lakhs) was received on 18th April 1984. Thus, owing to employing the inexperienced pilot, the Company suffered a loss of Rs. 1.23 lakhs due to short receipt of compensation. Besides there was loss of interest amounting to Rs. 0.51 lakh on account of late receipt of amount due to delay in submission of discharged voucher by the Management.

No responsibility for the lapses has been fixed by the Management so far (September 1985)

The matter was reported to Government in August 1985, reply was awaited (September 1985).

In their written reply, the Department/Corporation stated as under :—

"In fact one of the two pilots shown as appointed in the para was already working as Field Officer from 1978 and later on he was appointed as Honorary Pilot in 1979 without any remuneration. The BOD decided in 1979 to regularise the services of the employees who have completed 240 days services. Since the said pilot has also completed 240 days in his service, his services were also regularised w.e.f 17-12-81. The second pilot Shri Sharanjeet Singh was appointed w.e.f. 1/82 on a consolidated pay of Rs 1000/- and he continued upto 25-7-82. Therefore, appointment of Shri K. D. Sharma, was not additional and only one pilot Shri Sharanjeet Singh was appointed.

Shri Sharma was holding valid pilot licence which had endorsement for flying Basant Aircraft and had worked as pilot at Hissar Aviation Club prior to joining the Corporation. His services were retrenched only on the ground that he did not have any experience in Agricultural spraying.

Shri K. D. Sharma, was holding valid pilot licence and possessed requisite qualification and experience of pilot. Therefore, the question of fixing responsibility does not arise.

The scheme was in operation. Hence he was re-instated.

After failing in getting new aircraft from HAL, Bangalore and Helicopter from Airforce the Corporation tried its best to rebuild the aircraft out of salvage of crashed aircrafts, through HAL and Shri K. D. Sharma was assigned this job.

The estimates submitted by the HAL were from Rs. 9 lacs to 10 lacs per aircraft and were found on higher side. The Corporation then contacted other approved agencies and estimates of Rs. 3 lacs to 4 lacs per aircraft were made. The tenders were floated for re-building the aircraft from the salvage from approved agencies, but the response was not encouraging and only one quotation was received even after extending the period. Therefore, the scheme to re-build aircraft from salvage was dispensed with and services of Shri K. D. Sharma were retrenched in 1/85.

Capt. Subhodh Vasudeva was appointed in 8/81 as Spray Pilot on the advice of the adviser, Civil Aviation Department, Haryana who was also Tech. Director of Haryana Agro Aviation Wing. The flying experience (4500 hours) of Shri Vasudeva was also kept in view. The Corporation used to adhere to advice of the Advisor, Civil Aviation in such cases.

The aircraft was insured with the Oriental Fire and General Insurance Co. of the value of Rs. 6.50 lacs and we received Rs. 4.12 lacs after adjusting the required flying risk of Rs. 65,000/- (10% of the value of the aircraft and Rs. 50,000/- as salvage value). The reasons for delay in returning the voucher were that the Company was of the view that the amount being

released by the Insurance Co. was on lower side and therefore, it was examined whether it would be advisable to go to the court of law for enhancement of the amount of Rs. 4.12 lacs. As it was a legal and complicated matter and we were to think from every aspect.

Hence delay was justified.

Yes.

Only one aircraft is left which is not fit for flying and attempts are being made to get it auctioned.

No pilot was in service now.

It was stated during the course of oral examination by the representative of the Board that the two pilots were appointed as the scheme of aerial spraying was in operation but the Corporation failed to get new aircraft from HAL, Bangalore and Helicopter from Air Force. It also tried its best to rebuild the aircraft out of the salvage of crashed aircrafts for which tenders were also floated but the response was not encouraging as a result of which this scheme was dispensed with. It was also stated that the Corporation appointed the pilots on the advice of the Advisor, Civil Aviation Department, Haryana.

The Committee observe that had the pilot possessing requisite experience in agricultural flying been appointed, the Corporation would not have suffered the loss of Rs. 1.23 lacs on account of short receipt of compensation from the Insurance Company in the case of second aircraft. Since the pilot was appointed possessing inadequate experience on the advice of the Civil Aviation Department, it would be appropriate that the Corporation should explore the possibility of recouping the loss suffered in this case from that Department.

The Committee, therefore, recommend that this matter be taken up with the Civil Aviation Department and result thereof be intimated to the Committee.

The Committee also recommend that the aircraft which is not fit for flying but is lying with the Corporation be disposed of at the earliest and its sale proceeds and the latest position in this behalf be intimated to the Committee.

4.3. HARYANA BREWERIES LIMITED

4.03.1. Purchase of hops extract

16. The Company placed a bulk supply order (March 1983) for 900 kg. of hops extract (with 30 per cent alpha content) at the rate of Rs. 686 per kg. on firm A of Bombay after testing its samples in the brewery. The material was to be supplied between April and July 1983. The firm supplied (April 1983) 312 kg. of hops extract amounting to Rs. 2.14 lakhs.

Before using the material, the Company got the samples tested for alpha content from a test house in Delhi. The test report revealed (June 1983) that the material contained 18 per cent alpha as against 30 per cent stipulated in the supply order. On the recommendation (June 1983) of the Senior Brew Master, the samples of the material were also sent to Regional Research Laboratory, Jammu which found (July 1983) 36.87 per cent alpha

content. On the basis of the report and trial use in the brewery, the Senior Brew Master recommended for the balance bulk purchase from firm A but the Company sent (August 1983) another sample to the test house in Delhi and the *alpha* content found this time was 9.70 per cent. The Company, thereafter, cancelled (August 1983) the order for the balance quantity (588 kg.) and claimed refund of the cost of material (Rs. 2.23 lakhs including expenses) already purchased from the firm.

Pending the actual return the Company again sent (January 1984) the material for test to two laboratories in Delhi. Results obtained from these laboratories indicated *alpha* content between 35 per cent and 39 per cent and as such the rejected hops extract was used in the manufacture of beer. The balance requirement of hops extract was met by making purchases from firm B and C at higher rates involving extra expenditure of Rs. 0.56 lakh.

Had the Management agreed to the recommendation of the Senior Brew Master regarding purchase of balance bulk quantity of hops extract from firm A or sent the samples to some other laboratory for test as was done in January 1984 the question of cancelling the bulk order with the said firm would not have arisen.

Thus, due to injudicious cancellation of the balance bulk order with firm A resulted in extra expenditure of Rs. 0.56 lakh. No responsibility for the loss has been fixed by the Management so far (September 1985).

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply, the Department/Company stated as under -

- (i) On the recommendation of Senior Brew Master the sample of hops extract received from the party were sent for analysis to the Sriram Test House, New Delhi particularly with regard to the *alpha* acid content. The results reported by Sriram Test House showed *alpha* acid content of 18.11% as against the specification of 30%. In order to put the issue beyond any doubt the Senior Brew Master recommended further test by the Regional Research Laboratory, Jammu, who reported *alpha* acid content of 36.875% in the samples. On the basis of report of Regional Research Laboratory, Jammu, the Senior Brew Master recommended the release of the consignment which had already arrived. This however was not agreed to by the General Manager who noted that the test reports from Sriram Test House and Regional Research Laboratory were contradictory and in view of the authenticity and latest technique the report of Sriram Test House appeared to be more genuine and dependable till it is contradicted by a superior laboratory. It was in this background that the recommendation of the Senior Brew Master was not accepted by the Management.
- (ii) The samples were again sent to Sriram Test House for further test on the representation of the party who wanted further testing to be done. In the further test done by Sriram Test House the *alpha* acid content was reported to be 9.70%. Accordingly, the Managing Director decided to reject the material received and asked the party to lift the same within a week.

(iii) As would be revealed in the subsequent sub-paragraphs this material after proper testing was ultimately found acceptable and was in fact used in the manufacture. Accordingly, there was no question of getting the refund of Rs. 2.23 lakhs from the supplier firm

(iv) By January, 1984 a new Brew Master had joined the company, who on being confronted with the problem felt that the contradictory results were possibly due to an improper drawal of samples for testing. In order to put the issue beyond any doubt, he drew proper homogeneous samples and sent them to an independent third laboratory in Delhi, namely, the CSIR Centre for Bio-chemical, Delhi for further test. This Govt. of India laboratory reported an alpha content of 39.71%. Samples drawn on this basis were once again sent to Sriram Test House, Delhi, who on this occasion reported alpha content of 35.42%. The sending of the samples in January, 1984 was only to get definitive confirmation of the alpha acid content.

(v) The loss which was ultimately caused due to the cancellation of the previous order and the new purchase on a higher rate, was not intentional. The cancellation of the order in the first instance was based on the adverse results reported by Sriram Test House, Delhi. As between the two laboratories namely Sriram Test House at Delhi and Regional Research Laboratory, Jammu, the former was believed by the Management to be more authentic because of its Superior testing facilities. As it transpired ultimately, the defect was not in the material, but in the technique of drawing the proper sample for testing. When proper samples were drawn the results reported by the various laboratories were almost identical. Though in retrospect, the action of cancellation of orders proved to be erroneous, it was taken at that point of time in the interest of the company so that sub-standard material may not be purchased.

It was stated during the course of oral examination by the representative of the Company that the management had cancelled the order in the first instance based on the adverse results reported by Sriram Test House, New Delhi, which was considered to be more authentic because of their having superior testing facilities. But subsequently it was found that this was due to improper drawal of sample. The then Brew Master did not draw the sample according to the correct technique. Besides, a batch of beer also got damaged during his service period and, on being asked, he tendered resignation and left the service of the Company. The new Brew Master, who was a member of Brewers Guild, England, and joined the Company in January 1984 checked the hops extract and approved its quality but as there was a report from Sriram Test House it was thought to give them another opportunity by the new Brew Master. Accordingly, a fresh sample was drawn by the Brew Master by shaking the can vigorously for getting a representative sample and given it to the Sriram Test House and also other laboratory. Results of both the laboratories were identical and thereafter the material was used and no refund was taken from the firm. It was also stated that the decision of cancellation and subsequent purchase was a commercial decision and as per the prevailing circumstances. It was intimated that the Managing Director at that time was Shri B. P. Sehgal and he had since retired.

The Committee recommend that the testing procedure should be streamlined so that the sample is sent simultaneously to different reliable laboratories in the first instance, rather than getting it tested from different laboratories after intervals. This would no doubt entail some expenditure in testing but would help the Company in avoiding loss in such situations in future.

4.03.2. Purchase of malt

17. The Company invited (May 1983) tenders for the supply of 1,000 tonnes of brewery grade malt for meeting the requirement for the period from July 1983 to June 1984. Out of the three offers received, the offer of firm A of Gurgaon (Rs 3,520 per tonne) was found lowest. Negotiations were held with these firms on 26th July 1983 and firm B of Murthal agreed to supply 500 tonnes of malt at the rate of Rs 3,406 per tonne (quoted rate Rs. 3,675 per tonne).

However, the Company purchased (August to November 1983) 200 tonnes of malt from firm B. Reasons for not purchasing the offered quantity (500 tonnes) of malt from the firm were not on record.

As the stocks were limited and no decision to procure the remaining quantity was taken, these three firms were again called for negotiations (December 1983) and only the representatives of firms A and B turned up. Based on the negotiations orders for the supply of 200 tonnes (at Rs. 3,650 per tonne) and 250 tonnes (at Rs. 3,646 per tonne) were placed (January 1984) on firms A and B respectively. Against this, the firms supplied 364 tonnes of malt (firm A 114 tonnes and firm B 250 tonnes).

Thus, the decision of the Management for not availing of the offer (July 1983) of firm B for the offered quantity (500 tonnes) of malt at Rs. 3,406 per tonne resulted in loss of Rs. 0.72 lakh to the Company in the subsequent purchase of malt at higher rates.

The Management stated (October 1984) that the order could not be placed for the entire quantity in the hope that the prices would come down. The reply is not tenable as the Management was aware in as early as July 1983 about the increasing trend of prices of malt in the market.

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply, the Department/Corporation stated as under:—

“Perusal of the records show that when tenders were opened the prices quoted were much higher than those of the previous year. The management formed the view that in later part of the year the prices may come down. Accordingly, orders for only 200 tonnes were placed with M/s. Indomalt Processors (P) Ltd., (firm B) to meet immediate requirements.

For the balance quantity the parties were again called in December for negotiations in the hope that by then the prices might have come down. However, the hope of the management was belied in this case and none of the tenderers agreed to reduce the prices and in fact they marginally quoted higher than the first negotiated prices in August.

Since the peak period of January to June was on hand the management was left with no alternative but to purchase the required quantity at the newly negotiated rates

The decision taken by the management from time to time in this case was bonafide and in the interest of the company as perceived at that time. It is a different matter that the expectation of the management with regard to falling market trend did not come true because of the highly fluctuating malt market in that year. In the light of above background the reply to the questions are as follows —

- (i) The management placed a small order to begin with under the belief that the prices quoted/negotiated were unduly inflated and may come down during the course of the year. As such only the immediate requirements for two months was purchased in the first instance and to invite the parties for further negotiations later on.
- (ii) The party was to make supplies against its old backlog and as such an order for 200 tonnes only was placed with firm 'A' (i.e. Malt Co. of India). The party did not supply as per schedule upto June, 84 and as such the order for the balance quantity was cancelled after June, 84.
- (iii) As explained above the management took a conscious decision in the best interest of the company to obtain lower rates.
- (iv) The management was of the view that prices quoted in 1983 were much higher than those in 1982 and these prices were artificially inflated by the manufacturers and therefore it adopted the strategy of placing piecemeal orders after periodical negotiations to meet requirement from time to time in the hope that by this process the resistance of suppliers would get broken. In retrospect, it is clear that this strategy did not work out as expected."

It was stated by the representative of the Company that in response to the tenders floated the rates quoted by the firms varied from Rs. 3520/- to Rs. 3675/- per tonne, which were much higher as compared to the previous year's rates of Rs. 2350/- to Rs. 2912/- per tonne. The rise in rates was abnormal and considering that the crop was very good and the prices would come down in the later part of the year, the management decided to place order for only 200 tonnes with the firm to meet immediate requirements. However, the hopes of the management of price reduction were belied in this case and none of the tenderers agreed to reduce the price and rather quoted marginally higherer than the first negotiated price. Therefore, the subsequent requirement was purchased by the Company at the prevailing rates. It was also stated that the price of malt had been increasing year after year and this year it was Rs. 7900/- per tonne. The quality of beer depended upon the quality of the raw material and to maintain quality of the products, better quality material had to be purchased.

It was stated that there was no malafide on any part and the decisions were commercial decisions prevailing at that time and as per the judgement of the officers. The Managing Director during that period was Shri B. P. Sehgal who had since retired.

The Committee observe that the management was aware as early as in July, 1983, that the price of malt was increasing and had the Company purchased 500 tonnes of malt from Murthal firm which had offered the supply at the negotiated rate of Rs. 3406/- per tonne, it would not have to incur the loss of Rs. 0.72 lakh in the subsequent purchase of malt at higher rates.

The Committee, therefore, recommend that this case may be reinvestigated and responsibility fixed on the defaulting officials for the loss suffered by the Company and the action taken in the matter be intimated to the Committee.

4.03 3 Unplanned purchase of old empty bottles

18 Tenders for purchase of old empty beer bottles at the rate of 4 lakh bottles per month during the period from August 1983 to March 1984 were invited in July 1983. Out of eight offers received the rate of Rs. 88 per bag (72 bottles) quoted by firm A of Panipat was the lowest. The negotiations were held with first three lowest firms (firms A and C of Panipat and firm B of Sonapat) on 16th August 1983. The reasons for not calling the other 5 firms for negotiations were not on record. Orders for the supply of 8.64 lakh bottles at the negotiated rate of Rs. 82.90 per bag (72 bottles) were placed on firms A (2.16 lakh bottles), B (4.32 lakh bottles) and C (2.16 lakh bottles) on 16th August 1983. The supplies were to be completed by 30th September 1983.

Since the number of bottles purchased was not sufficient to meet the requirement of the Company up to March 1984, the Company placed orders (January/February 1984) for 11.50 lakh old empty beer bottles at the rate of Rs. 100.01 per bag (72 bottles) on firms A (2.50 lakh bottles), B (5 lakh bottles), C (2.50 lakh bottles) and firm D of Hissar (1.50 lakh bottles) after re-inviting tenders. The firms supplied 12.01 lakh bottles against the ordered quantity of 11.50 lakh bottles.

Had the Management correctly assessed the requirement of old empty beer bottles for the period August 1983 to March 1984 the extra expenditure of Rs. 2.85 lakhs incurred on the purchase of 12.01 lakh bottles could have been saved.

No responsibility for the lapse has been fixed by the Management so far (September 1985).

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/ Corporation stated as under :—

- (i) "The market of old bottles is seasonal, fluctuating and highly unregulated and is managed by kabadis who have no firm business. The prices of old bottles vary sharply depending upon consumption of beer, availability of empties in the market and the demands of various breweries. The peculiarity of this market is that largeness of purchase order tends to boost the prices rather than working the other way round. In the instant case, the first

lowest parties were called for negotiations. The prevailing rate during those months was quite low and as such it was decided by the management to take the maximum advantage of the falling market and buy whatever material was available at the low rates prevailing at that time and project the remaining requirement subsequently in the year.

- (ii) As already explained in the preceding paragraph the management had taken a conscious decision not to place bulk order for the whole year in the hope that the prices would come down later on and would not in any case be more than the offered rate of Rs. 88/- per bag. However, the subsequent market trend did not justify this hope.
- (iii) Although a broad assessment of requirements of old bottles had been made by the management, it did not place the bulk order in one go as a part of its purchase strategy and decided to go for piecemeal ordering to obtain lower prices."

It was stated during the course of oral examination by the representative of the Company that the requirement was assessed keeping in view the cost of new and old bottles. The price of bottles depended upon availability and when the cost of new bottles was higher, the old bottles were cheaper. It was also stated that the firms were reluctant to meet the assessed requirement when negotiations were held with them in August 1983 because a Kabadi having small business was not normally able to supply more than 2 lakh bottles.

In their subsequent written reply, the Company intimated as under.—

"The market of old bottles is seasonal, fluctuating and highly unregulated and is managed by Kabadis who have no firm business. The prices of old bottles vary sharply depending upon consumption of beer; availability of empties in the market and the demands of various breweries. The peculiarity of this market is that largeness of purchase order tends to boost the prices rather than working the other way round. In the instant case, first the lowest parties were called for negotiations. The prevailing rate during those months was quite low and as such it was decided by the management to take the maximum advantage of the falling market and buy whatever material available at the low rates prevailing at that time and project the remaining requirement subsequently in the year. The strategy for purchase of old bottles is to be changed from time to time so that the Kabadis are caught un-aware. To obtain the competitive rate it was decided to call the lowest three parties for negotiations so that subsequent rates on quotations could generate competition. Accordingly, the negotiations were conducted and the advantage of lowest rate was taken by procuring maximum available bottles from the parties. The subsequent purchases were at higher rate. This practice is followed from time to time and even today though HBL had placed a bulk order with one firm after negotiation but due to increased rates the party could not supply the required quantity and HBL had no alternative but to purchase the material on higher rates. The management is to change its

strategy from time to time with suppliers of old bottles. Once we had floated tender for 20 lakh bottles but when we found the rates reasonable we placed order with different suppliers for double the quantity for economy reasons. At times we purchase the available bottles from the Kabadis at the spot rates so that there should be no inflation in rates.

The Managing Director during this period was Shri B.P. Sehgal. He has since retired. * * * *

The Committee are convinced that the Company failed to make correct assessment of the old empty bottles required for the period August 1983 to March 1984 as a result of which they had to incur extra expenditure of Rs. 2.85 lakhs in the purchase of these bottles.

The Committee therefore, recommend that this case be again looked into thoroughly and responsibility fixed for the loss suffered by the Company and the action taken be intimated to the Committee.

HARYANA STATE SMALL INDUSTRIES AND EXPORT CORPORATION LIMITED

4.04.2. Publication of directory

19. At the instance of Director of Industries, Haryana, the Company printed (October-December 1982) 5,000 copies of directory of Small Scale Units in the State at a cost of Rs. 1.40 lakhs (excluding Rs. 0.71 lakh received from advertisement) with the object to provide complete information to the entrepreneurs interested in establishing new industries in Haryana.

The table given below indicates the position of the utilisation of the printed copies of the directory (June 1985)

	Number	Value (Rupees in lakhs)
(i) Sold	823	0.23
(ii) Distributed as complimentary	78	0.02
(iii) Stolen	1,343	0.38
(iv) Lying unsold	2,756	0.77

Thus, printing of the directory without assessing the demand has resulted in blockade of funds of the Company to the extent of Rs. 0.77 lakh.

No responsibility for the unplanned printing of excessive copies of the directory has been fixed by the Management so far (September 1985).

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/Corporation stated as under :

"It was for the first time that the Corporation brought out a directory of Industrial units of State giving all types of information, with regard to the location of the unit, its products, number of employees and the production capacity etc. The publication of such a document was a compelling necessity felt by various institutions dealing with industry or for prospective entrepreneurs. Initially, the Corporation had decided to distribute this documents free of cost, but to meet the cost, a nominal price of Rs. 30/- per directory was fixed. As far as, the observation of the Committee that its demand was not assessed correctly, before deciding the number of directories, it is submitted that the number was decided keeping in view the existing units, industrial institutions dealing with industry and future demand. It is further submitted that the Corporation has regularly been getting requests for supply of this document from various corners even now because of the useful information it contains.

No need has been felt to fix responsibility on any official because the decision to print 5,000 directories was promotional and developmental activity undertaken by the Corporation and it is still serving the cause of new units who are purchasing this document from the Corporation whenever they need

The latest stock of directories with the Corporation is of 1323 copies and further, we are getting requests from various corners for supply of this document."

It was stated during the course of oral examination by the representative of the Corporation that the directory has served a very useful purpose because of the valuable data it contains and achieved the objective for which it was printed. It was further stated that there was still demand for the supply of this document and only 1323 copies were left with the Corporation.

When enquired about the latest position of the theft case of 1343 copies of the directory which had been put up to the court in October, 1984, as intimated to Audit, it was intimated that the Chowkidar who was appointed on daily wages and had committed the theft was arrested on the basis of F.I.R. lodged with the Police. Two other persons (Kabaris) who had purchased the stolen directories were also arrested. The accused were, however, acquitted by the court as the prosecution could not prove the case against them. The Assistant who held the charge of directories resigned and left the service of the Corporation. The Chowkidar who was working on daily wages also did not turn up thereafter.

With regard to the updating of the directory in view of the large number of industrial units having come up during the last ten years since the publication of the directory, it was intimated that it was a laborious and time consuming job involving lot of expenditure in collection of data and printing etc. Moreover, keeping in view the consultancy service provided by the I.A.G. Cell of the Department of Industries, Haryana, and many other professional consultancy firms, it would not prove useful in updating the old directory.

The Committee recommend that the remaining copies of the directory lying with the Corporation be disposed of at the earliest so that they do not lose their utility with the passage of more time thereby making it difficult to sell them and the latest position with regard thereto be intimated to the Committee.

The Committee would also like to know whether any recovery was effected from the outstanding dues of the Chowkīdar and the Assistant concerned towards the cost of the stolen directories.

HARYANA STATE HANDLOOM AND HANDICRAFTS CORPORATION LIMITED

4.05.1 Damage to handloom goods

20. The Company participated in the National Handloom Expo. held at Bombay in February/March 1983. After the close of Expo. the unsold handloom goods worth Rs. 4.80 lakhs were sent (8th March 1983) to the Company's whole-sale depot at Panipat without giving the details of goods despatched. The goods on receipt at Panipat on 13th March 1983 were stored in a godown, without opening the bales and counting the contents.

Due to heavy rains in April 1983, the water entered the godown and damaged the goods. The Incharge, whole-sale depot, Panipat, Incharge, Bombay-Expo. and another official were deputed to open the bales to ascertain the value of damaged goods. All the bales, except 17 bales containing bed covers and tapestry were opened by them and goods worth Rs. 0.49 lakh were found (May 1983) in damaged condition. The reasons for not opening the 17 bales even in May 1983 were not on record. However, these bales were opened in September 1983 and goods valuing Rs. 0.54 lakh were found badly damaged.

The Incharge, whole-sale depot, Panipat and Incharge, Bombay-Expo. were placed under suspension on 27th October 1983 but were reinstated on 2nd November 1983 on the ground of peak sales season and shortage of staff. Four officials were, however, subsequently charge sheeted on 20th January 1984.

Out of the total damaged goods valuing Rs. 1.03 lakhs goods valuing Rs. 0.42 lakh were auctioned (June 1984) for Rs. 0.04 lakh resulting in a loss of Rs. 0.38 lakh to the Company. The remaining damaged goods worth Rs. 0.61 lakh could not be disposed of so far (September 1985).

Thus, due to delay in opening the bales immediately on receipt from Bombay-Expo. and by not transferring the goods to the main godown, the Company suffered a loss of Rs. 0.99 lakh (including Rs. 0.61 lakh damaged goods).

The Company appointed the General Manager as enquiry officer in March 1985 and his report is awaited (September 1985).

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply, the Department/Corporation stated as under :—

1. "Haryana State Handloom and Handicrafts Corporation Ltd., participated in the National Handloom Expo. at Bombay during the year 1982-83. After the conclusion of the Expo. left over goods were transported back to Corporation's Wholesale Depot at Panipat, under the supervision of Sh. Parveen Kumar, Sales Officer. These goods in the packed bales were stored at C.T.C. Godown at Panipat. Due to un-precedented/unseasonal heavy rains at Panipat during the month of April '83 rain water made its way into the C.T.C. Godown, soaking some of the bales stored there.
2. Fact finding enquiry in the matter was made and it was reported that Approx. goods valuing to Rs. 1,07,303/- were damaged due to the entrance of rain water in the godown where the packed bales containing the finished goods received back from Bombay were stored. It was also observed that 40 to 50% value of the goods can be retrieved by way of selling the damaged goods on discount or using the material for conversion into various other items. It was also mentioned that it may be difficult to fix up the responsibility unless a detailed enquiry is conducted.
3. In this connection, following four officers/officials, were served with memorandum of charges :—
 1. Shri Parveen Kumar, Sales Officer.
 2. Shri S. C. Garg, M. M (Since expired).
 3. Shri Dharam Singh, Incharge, WSD, Panipat.
 4. Shri Bhim Singh, Bobbin Winder.

Reply submitted by all the above four officers/officials was considered and it was decided to conduct a departmental enquiry in the matter.

4. Accordingly an Enquiry Officer was appointed but the enquiry could be completed only on 9-2-89 when the E. O. submitted his report to M. D. The reason why the enquiry took time to be completed was that the four E.Os were changed/transferred before the 5th E. O. completed the report.

5. It was concluded by the Enquiry Officer that Sh. S. C. Garg, the then M. M., Sh. Parveen Kumar, S. O., and Sh. D. S. Rathi, the then Incharge, WSD, Panipat are equally responsible for the loss suffered by the Corporation in this case. It was also recorded by him that the extent of the loss will have to be got worked out and recovered from all the three delinquent officers/officials in equal proportion.

6. While computing the exact amount of loss caused to the Corporation, it was observed that value of the goods damaged in this case amounted to Rs. 1,02,829.26 and not Rs. 1,07,303/- as mentioned in the charge sheet (on the basis of the fact finding report). Extent of loss is 61,703.06 as per details given here-under :—

Sr. No.	Description	Value	Amount	Loss suffered
1.	Goods sold by auction at Panipat.	30,955.43	2,968.30	27,987.13
2.	Goods sold at Panipat.	464.00	428.28	35.72
3.	Goods Re-dyed	8,995.33	8,995.33	—
4.	Goods sold/auctioned at Chandigarh.	62,414.50	28,734.29	33,680.21
		1,02,829.26	41,126.20	61,703.06

7. Sh. S. C. Garg the then M. M. of the Corporation expired on 22-9-88. It was, therefore, decided to recover the loss of Rs. 61,703.06 from Sh. D. S. Rathi and Sh. Parveen Kumar, Sales Officer in equal proportion. Both the officers were, therefore, served with show cause notice against the proposed penalty of recovery. The representation submitted by both the officers was considered, there being no weightage, orders for the recovery of Rs. 30,851.53 from each were passed on 5-4-91 from their salary @ 1/3rd of their salary. Sh. Parveen Kumar and Sh. D. S. Rathi both appealed against the orders dated 5-4-91 to the Chairman. The then Chairman finding no merit in the case rejected the appeals made to him vide his orders, dated 5th July, 1991.

8. Subsequently Sh. D. S. Rathi made an appeal to the Board of Directors of the Corporation, Sh. Parveen Kumar has challenged the orders in the Court (S. J. I. C.) at Chandigarh. His case has next been fixed for 3-2-1992. In the meantime the appeal made by Sh. D. S. Rathi was placed before the BOD in their meeting held on 30-12-91. The matter was considered by the Board and has been rejected. Decision of the Board has been conveyed to Sh. Rathi.

9. So far a sum of Rs. 3,080/- has been recovered from the salary of Sh. Rathi.

10. Presently he is absent from duty since 31-8-91 for which he has been chargesheeted. Reply to the charge sheet served on him is under examination. As soon as orders in this regard are passed or he resumes duty, the Corporation would be in a position to make good the loss.

11. Sh. Parveen Kumar is on leave since May, 1990 on medical grounds, leave with pay was granted to him only upto 20-12-90 and for the period from 21-12-90 to 31-7-91 he has been granted Extra Ordinary leave for which no salary is due/payable. He also has been charge sheeted for absence from duty beyond 31-7-91. As such no recovery could be effected from him, as the punishment/recovery orders were passed on 5-4-1991."

When enquired, it was stated by the representative of the Corporation during the course of oral examination that no action had been taken against Shri S C Garg, the then Manager Marketing, because he had died in September, 1988, before the enquiry was completed in February, 1989. The delay in the completion of enquiry was caused because of change/transfer of enquiry officers.

As regards the other two officials, namely, sarvshri Parveen Kumar and Dharam Singh Rathi, it was stated that the orders for the recovery of the loss apportioned to them were passed in April, 1991. Their representations and appeals against the penalty of recovery of the loss had been rejected. It had, however, not been possible to effect any recovery so far from Shri Parveen Kumar firstly because he had been on leave on medical grounds since May, 1990 and secondly he had challenged the orders in the court. He had also not joined duties even after the expiry of his leave for which he had been charge sheeted. As for Shri Rathi, a sum of Rs. 3,080/- had been recovered from him as permissible under the rules from his salary and he too had not joined duty after 31st August, 1991, for which he had also been charge sheeted and his reply was being examined.

The Committee recommend that departmental proceedings initiated against the said two officials be processed and finalised expeditiously and the action taken against them on this account intimated to the Committee.

The Committee are surprised to know that it took more than four years to complete the departmental enquiry on account of change of enquiry officers.

The Committee recommend that the Corporation should formulate a procedure that an enquiry is not hampered or delayed in future merely on the ground of transfer of the officer conducting the enquiry.

The Committee also recommend that the progress of recovery made from the said two officials be intimated to the Committee.

HARYANA HARIJAN KALYAN NIGAM LIMITED

4.06.1. Damage due to flood

21. The Company opened (February 1977) a show room at Rohtak for selling the shoes manufactured in its production centres. In August 1983, due to heavy rains, flood water entered the show room and damaged 1,703 pairs of shoes (value : Rs. 0.71 lakh). Out of these 1,275 pairs, valuing Rs. 0.50 lakh were completely damaged and declared unfit for sale. The remaining 428 pairs were got repaired at a cost of Rs. 733 and were sent back to the show room. Information about the sale of these

shoes and the amount realised is not available as the same were mixed up with other stocks.

The Company conducted an enquiry in June, 1984 and held the project officer and the field officer responsible for the loss of Rs. 0.50 lakh as they failed to take timely action to shift the shoes to a safe place. The Management stated (April, 1985) that the explanation of the concerned officials was called for and their reply was still awaited (September 1985).

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/Corporation stated as under :—

“All the damaged shoes numbering 1703 pairs have been disposed of. The shoes have been disposed of at a total cost of Rs. 8143.12. Sh. G. S. Narad, Accounts Officer, Haryana Harijan Kalyan Nigam, Chandigarh conducted the preliminary enquiry to find out the reasons of loss incurred in Haryana Shoe Emporium, Rohtak due to damage of shoes by flood water. He submitted his report on 19-6-84. He concluded that S/Sh, Charan Singh, Ex-Field Officer, Haryana Harijan Kalyan Nigam, Rohtak now District Manager, Haryana Harijan Kalyan Nigam, Rohtak and V. V. Singh, Project Officer (L) Shoe Production Centre, Karnal have shown negligence and carelessness on their part and are fully responsible for the loss of Rs. 49,709.09 paise incurred in H. S. E. Rohtak due to flood. After examining the preliminary enquiry the three officers/officials namely S/Sh. K. L. Arya, Supervisor, Charan Singh, Ex-Field Officer now District Manager and V. V. Singh, P. O. (L) were found responsible for the loss.

The recovery can be effected in accordance with the law viz after issuing charge-sheet. The detail of action taken by this Nigam is given below —

Shri Charan Singh :

He was asked to explain his position vide letter dated 6-11-1984. He was reminded vide letter dated 21-12-84 15-1-85. He made a request to supply the duplicate copy of the letters as the same was not received by him vide his application dated 13-1-85. The same was again supplied to him vide letter dated 28-2-85. He further made a request to supply some documents vide his application dated 26-4-1985. The same was to be collected from Project Officer (L) S.P.C. Karnal and was supplied to him vide letter dated 26-8-1985. A telegram dated 10-9-1985 was issued to him for submitting the reply. He submitted his reply vide his application dated 16-9-1985. After examination of his reply, he was charge-sheeted under Bye-laws 6.1 & 6.2 of Haryana Harijan Kalyan Nigam Employees Service Bye-Laws read with rule 7 of the Punjab Civil Services (Punishment & Appeals) Rules, 1952 on 27-3-1987. The P.C.S. (P&A) Rules, 1952 were substituted by Haryana Government and framed new rules, namely Haryana Civil Services (Punishment & Appeal) Rules, 1987 w.e.f. 10-2-1987. As and when it came to the notice of this Nigam the new Punishment and Appeal Rules were adopted by this Nigam. Accordingly, the charge-sheet served upon Sh. Charan Singh

was withdrawn without prejudice to the action that may be taken subsequently. The fresh charge-sheet was served to Sh. Charan Singh on 11-11-1987. He made a request to inspect the record on 13-11-1987 and was allowed to inspect the relevant record on 2-12-1987. He again made a request to inspect some other documents. Accordingly Project Officer (L) C.F.C. Ambala Cantt. was directed to fix the date and time as the record was with the Project Officer (L). P.O. (L) asked him to intimate the year and name of the ledger/stock register which he wanted to inspect vide his letter dated 19-1-1988. But Sh. Charan Singh did not inspect the record. An Enquiry Officer has been appointed to conduct regular departmental enquiry. After the transfer of Sh. Anand Sharma, Ex-G.M. (P), Sh. K. D. Mahajan, Accounts Officer (Audit) has been appointed Inquiry Officer. As per enquiry report submitted by Sh. K. D. Mahajan, Accounts Officer, charge levelled against Sh. Charan Singh has not been proved, so this charge has been dropped in respect of Sh. Charan Singh.

Sh. V. V. Singh : P. O (L)

The explanation of the Officer was sought vide letter dated 6-11-1984. He was reminded vide letter dated 21-12-1984, 15-1-85, 28-2-85, 11-6-85, 26-8-85 and a telegram dated 10-9-1985 was issued to him for submitting his reply. He submitted his reply to the explanation vide application dated 12-9-1985. After examination of his reply he was charge-sheeted under bye-laws 6.1 & 6.2 of Haryana Harijan Kalyan Nigam Employees Service Bye-Laws read with rule 7 of Haryana Civil Services (Punishment & Appeals) Rules, 1987 vide memo dated 6-10-1987. Some other charges/allegations were against him so all the charges/allegations were consolidated. After the transfer of Sh. Anand Sharma, Ex-G.M. (P) Sh. Harnek Singh has been appointed Inquiry Officer. As intimated by the Inquiry Officer, he is preparing the enquiry report and submitting the same very shortly.

Sh. K.L. Arya Supervisor.

Sh. K.L. Arya, Supervisor, Harkalyan Shoe Emporium, Rohtak who was immediate Incharge of Show Room cannot be exempted from responsibility of the loss. His prime duty was to take all possible measures to avoid loss who totally failed to perform. The explanation of Sh. K.L. Arya was sought vide letter dated 25-3-1987. He submitted his reply vide application dated 17-4-1987. After examination of his reply he was charge-sheeted under bye-laws 6.1 and 6.2 of Haryana Harijan Kalyan Nigam Service-Bye-Laws read with rule 7 of Haryana Civil Services (Punishment & Appeal) Rules, 1987 vide memo dated 11-11-1987. He requested to give extension of 15 days vide application dated 30-11-1987 which was accepted by the Nigam. He submitted his reply vide his application dated 14-12-1987. Sh. K.D. Mahajan, Accounts Officer (Audit) has been appointed Inquiry Officer in place of Sh. Anand Sharma, Ex-G.M. (P) who has since been transferred. As per enquiry report submitted by Sh. Mahajan, Accounts Officer charge levelled against Sh. K.L. Arya, Supervisor has not been proved, so the charge has been dropped against him."

It was stated at the time of oral examination by the representative of the Nigam that the Harkalyan Shoe Emporium was situated in Civil Lines, Rohtak, near Dena Bank opposite to the Municipal Committee, Rohtak. It had been reported that due to heavy rain on 15-8-1983, drain No. 8 was over flooded and water of the drain entered in Civil Lines area which

was a low lying part of the city and according to the facts given by the concerned supervisor of the Emporium there was water ranging 4 to 5 feet which entered in the Show-room and when he tried to open the shutter of the show-room next day, he saw that shoes were floating in the water inside the show-room.

Due to heavy rains and flood, 1703 pairs of shoes valuing Rs. 0.71 lacs were damaged, out of which 428 pairs were sold for Rs. 3228.16 after repair, 130 pairs were sold for Rs. 1189.96 by arranging clearance sale, whereas the balance 1145 pairs were badly damaged. The matter was brought to the notice of the Board of Directors of the Nigam in their meeting held on the 10th October, 1986. They authorised the then Managing Director to make disposal of this stock through auction. Accordingly auction was held on the 28th November, 1989, and these 1145 pairs were sold for Rs. 3725/-. In this way, all the 1703 pairs were disposed of for Rs. 8,143.12.

With regard to the finalisation of the enquiry against Shri V.V. Singh, Project Officer (L), it was stated that since he was a class II officer, the enquiry against him was being conducted by the General Manager (P), who was likely to submit his report soon.

The Committee recommend that the result of the enquiry as also the action taken thereon be intimated to the Committee.

HARYANA TOURISM CORPORATION LIMITED

4.07.1 Loss due to high mortality of birds

22. On 1st April 1982, the poultry farm run by the Company at Badkhal had 1,900 birds in stock excluding 2,000 birds (value Rs. 0.17 lakh) which were deceased and were to be returned to the suppliers for replacement. During April to August 1982, the farm purchased 10,100 birds valuing Rs. 0.36 lakh. Against the total stock of 14,000 birds the disposal was as under :

	Number of birds	Value (Rupees in lakhs)
(i) Sold (1982-83)	2,902	0.41
(ii) birds died in hurricane (on 12th, 17th May and 14th June 1982)	4,600	0.31
(iii) birds died due to disease (1982-83)	5,855	0.59

However, feed valuing Rs. 0.64 lakh was shown as consumed by these birds. The Company did not engage a doctor to look after health of the birds and the incharge of the farm also had no experience in poultry farming.

The dead birds were reportedly buried for which no records are available with the Company. The incharge of the poultry farm was suspended on 26th December 1983.

The Management has not investigated the reasons of high incidence of death of birds valuing Rs. 0.90 lakh. The reasons for not engaging a qualified person as poultry farm incharge and a doctor to look after the health of the birds were also not on record.

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/Corporation stated as under :

- “(i) Due to outbreak of Coccidiosis, the chicks consumed not only more feed than they should have consumed in normal course but caused wastages too. Chicks also took more time to grow in such situation. A copy of the report of the doctor in this behalf is reproduced below—

“DR. H. G. ARORA

B.V.Sc. AH P.G.A.P.P.

(HVS)

Office :
903, Sector 15,
N.I.T. Faridabad.

Residence
2890, Sector 7-E,
N.I.T. Faridabad.

Ref. No. ———
The Divisional Manager,
Badkhal Lake.

Dated : 12-6-88

Reference No. HTB/88/Spl-2 dated 12.6.88 and as per query :—

1. The effected birds from Coccidiosis take more time to get proper weight.
2. They take more time and thus they will definitely consume more feed and there can be some wastage of feed during the disease.
3. The poultry Inspector used to see the unit on intervals and at the time of need also.

This is for information of the concerned please.

Sd/-

H. G. ARORA

Sub-Divisional Officer (AH)
Faridabad.”

- (ii) The permanent Doctor was not engaged as it was not economically viable. The yearly salary cost of the Doctor was about Rs. 24000/-. However, Govt. Veterinary Doctor used to visit the farm to check

the health of the chicks. It was only on the advice of the Veterinary Doctor the farm was closed w.e.f. June 1984 due to out break of Coccidiosis. A copy of the advice of Doctor is also reproduced below —

“DR. H. G. ARORA

Technical Advice

Out of two poultry farms run by Haryana Tourism at Surajkund and Badkhal, I suggest & advise for the close of poultry farm at Badkhal because there has been two out breaks of Coccidiosis and there is every possibility of the third out break.

As a technical advice this unit be closed atleast for 3 years at present or it may be closed permanently.

Sd/-

H.V.S. II SK

Asstt. Project Officer (A.N.)

D.R.D A. Faridabad.”

- (iii) Supervisor worked under the guidance of Veterinary Doctor. Veterinary Doctor also used to visit the farm and render necessary advice about the health of chicks. However, Sh. Dharambir Singh who has an experience of about 8 months was appointed as Supervisor w.e.f. 7.7.83.
- (iv) The records for dead birds was originally maintained. 4600 birds died in hurricane on 12th, 17th May and 17th June 1982. Birds numbering 5855 died because of Coccidiosis on different days between 1.4.82 to 30.9.82. The over all Incharge of the poultry Farm was Shri Gur Iqbal Singh. The record is not available now and FIR has also been registered against this official.
- (v) The high rate of mortality was due to out break of disease, hurricane, rains and storm. 4600 birds died in hurricane. Poultry farm was not damaged. But because of uprooting of nearby trees by heavy rains, strong winds the birds died in the sheds. This fact is borne out from the reports appearing in the news-papers of 18th June 1982, 19th June 1982 and 20th June 1982 (Dainik Shere Haryana).
- (vi) Sh. Gur Iqbal Singh was over all Incharge of the farm who has since been removed from service. FIR also stands registered against him.
- (vii) FIR has already been registered with the police. According to the latest report of the police the official is still untraced ***.

It was stated during the course of oral examination by the representative of the Corporation that no doubt poultry farm was not a direct business of the Corporation but it was very much related to it and in order to provide fresh and disease free chicks to the public

through HTC owned restaurants, Haryana Tourism conceived the idea to have its own poultry farm. It was admitted that it was actually a dangerous business as sometimes breed was not available or there were huge losses due to incidents of death of birds on account of disease, storm and rains. The poultry farm was subsequently closed in June, 1984, on the advice of the doctor and the sheds housing the farm had been converted into store and were being used as C.P.O. Store. It was further stated that Shri Dharambir Singh, prior to his appointment as Supervisor, was running a poultry farm and had thus the experience in this field. Similarly, Shri Gur Iqbal Singh was a commercial man and had worked as bar man in a hotel before he was appointed as overall incharge of the farm and he had been removed from service as he had been absconding and was still untraced as reported by the police. It was further stated that the report about the storm was published in the local newspaper, namely, 'Dainik Shere Haryana' on the 14th, 18th, 19th and 20th June, 1982, which were available on record. The occurrence of severe storm on the 17th June, 1982, had also been confirmed by the Deputy Commissioner, Faridabad vide his letter dated the 14th June, 1988, to the Divisional Manager, Haryana Tourism Corporation, Faridabad, as a result of which, besides the reported death of two persons, a loss of approximately Rs. ten lacs was assessed by the Faridabad Complex Administration in Faridabad City."

The Committee do not share the view that the birds affected from Coccidiosis consume more feed as it appears to be against a normal tendency and, therefore, recommend that another expert opinion in this behalf may be obtained and a report alongwith the action taken thereon be sent to the Committee.

HARYANA WAREHOUSING CORPORATION

6.02. Shortage of fertilizer

23. The Food Corporation of India (FCI) despatched (October 1979) 21,312 bags of diammonium phosphate fertilizer by rail, from Vishakhapatnam to Warehouse at Tohana for storage. Out of these, the Manager, Tohana - Warehouse transferred (October/ November 1979) 8,330 bags (3,485 quintals) and 8,995 bags (3,790 quintals) to Barwala and Bhattu Warehouses respectively. Out of a total quantity of 7,275 quintals (17,325 bags), 355 quintals of fertilizer (Barwala 50 quintals and Bhattu 305 quintals) were found (November, 1979) short in the warehouses.

An enquiry into the shortages was conducted (March 1980) by the Manager, Store and Technical and the Incharge, Bhattu Warehouse was held responsible as he did not report the shortages either to the despatching station or to the inspecting officer at Sirsa or to the headquarters of the Corporation. The shortage of 50 quintals (value Rs. 0.09 lakh) at Barwala were, however, treated as negligible. FCI recovered (June-August-1980) Rs. 0.74 lakh for shortages of 355 quintals of fertilizers from the hire charges bills.

The Corporation lodged (October 1980) an F.I.R. against the Incharge, Bhattu Warehouse and also preferred a claim (December 1980) for Rs. 0.65 lakh with the insurance company which was rejected on the ground

that it did not fall under the scope of the policy. The Incharge, Bhattu Warehouse was placed under suspension (July 1982).

The State Government stated (October 1985) that in view of the F.I.R. lodged with police, departmental proceedings against the official were kept in abeyance and since the F.I.R. has been cancelled, the Corporation will initiate departmental proceedings against the official.

In their written reply, the Department/Corporation stated as under —

“Sh. Beni Singh, JTA/Incharge, State Warehouse, Bhattu, who was charge sheeted for not reporting the shortages to the Manager, State Warehouse, Tohana or to the Head Office, refuted the charge on the plea that Manager, State Warehouse, Tohana did not mention the weight of loaded truck and empty truck in the G.R. Therefore, he was not able to find out the shortages, if any. On the other hand Sh. Hans Raj the then Manager, SWH, Tohana explained in his reply to the charge sheet that he had supplied alongwith G.R. the weightment slips of the material which was sufficient record for ascertaining the transit losses, if any. Since the statements of both the Managers are contradictory, a departmental enquiry has been ordered by the competent authority to pin-point the responsibility on the defaulter.

Since the Corporation, had sustained direct pecuniary loss caused by alleged act of fraud/dishonesty committed by the employee, this case was covered under the “Floater Fidelity Guarantee Policy” and hence a claim was rightly lodged with the Ins Co under the said policy. However, the Insurance Company considering our claim under ‘Burglary Policy’ which was also obtained by the Corporation from the same company, rejected our claim as not being covered under ‘Burglary policy’. The matter was clarified to the Ins. Co. through the correspondence & personal discussions. This claim has also been discussed with the concerned Divisional Manager & Regional Manager of the Insurance Company, who have again informed us that our claim has been filed as ‘No claim’. The matter is again being taken up with the Insurance Company.

It may, however, be added that the tenability of the claims, under reference, shall be decided after findings of the departmental enquiry are known.

The departmental enquiry was ordered on 4-8-87 but it could not proceed for want of record which was in the custody of the Police in connection with the FIR lodged against Sh. Beni Singh. A part of the record was received from S.P. Hisar in 12/87 after protracted correspondence and efforts were continued to secure the balance record from the Police as well as from FCI to enable the department to proceed with the enquiry. Meanwhile, Shri Beni Singh filed a Civil suit in the Court at Rohtak in 10/88 and the record of the case was summoned by the Court which was received back only in 4/91.

On receipt of the record from the Court both Sh. Hans Raj and Sh. Beni Singh who had been insisting for inspection of the relevant record to enable them to submit their final replies, were directed to inspect the available record and submit their replies. Whereas Sh. Hans Raj inspected

the available record and was also heard in person Sh. Beni Singh did not avail of the opportunity. He has neither inspected the record nor turned for personal hearing. Therefore keeping in view the circumstances of the case, Enquiry Officer has been directed to go ahead with the enquiry and complete it expeditiously."

It was stated during the course of oral examination that the Incharge, Warehouse Bhattu, did not accept the weight despatched by the Manager, Warehouse Tohana arrived at after 100 per cent weighment. He weighed the trucks 20 per cent at Bhattu and accounted for the weight on the basis of this weighment, which did not give the correct weight in case of non-standard consignment and was allowed only at those places where weigh bridges are not available. This resulted in shortage of 305 21-573 quintals of Di-Ammonium Phosphate at Bhattu Warehouse about which he neither informed the Manager, State Warehouse, Tohana to come and see the weight nor brought the matter to the notice of District Manager. He did not also get the stocks separately stocked to get them standardised in the presence of consignor or his representative but recorded a net shortage of 296 27 quintals in the shape of transit loss. It was further stated that as a result of enquiry conducted by the Manager, Store and Technical, Incharge Warehouse Bhattu was held responsible for the shortages valuing Rs. 65,179, an F.I.R. was lodged with Police Station Bhattu in October, 1980, against the Incharge, Warehouse Bhattu for criminal breach of trust, criminal conspiracy and misappropriation of property, which was registered by them in November, 1982, after a number of communications were sent. Subsequently, it was cancelled in April, 1985, and the reasons given for its cancellation were quite at variance with the enquiry conducted by the Corporation. It was also stated that the bags did not bear I.S.I. mark.

When asked as to how long will it take to complete the departmental enquiry pending against the officials concerned, it was stated that it was at witness stage and would be finalised within three months.

The Committee took a serious view of the fact that the F.I.R. was lodged by the Corporation with the Police Station Bhattu in October, 1980, which was registered after a lapse of two years and the manner in which it was subsequently cancelled in April, 1985 and felt that the case had not been properly investigated. The Committee desired the Corporation to take up the matter with the Director General Police to get the case re-investigated. It was intimated by the Corporation that they had taken up the matter with the Director General of Police to have the matter reinvestigated and to apprise them of the findings.

The Committee recommend that the result of the departmental enquiry as also the action taken as a result thereof be intimated to the Committee.

The Committee further recommend that the result of the reference made to the Director General of Police for the reinvestigation of the case be also intimated to the Committee.

HARYANA STATE ELECTRICITY BOARD

7.05. Damage to generator stator

24. The manufacturer's operation and maintenance manual recommended that in order to have reliable and economical operation the turbo-generator set (T.G. set) of a thermal unit should be subjected to inspection towards the end of the guarantee period of one year to detect any defects. If no defect is found, the same may be run for a period of 2 to 3 years and then a major overhaul must be undertaken.

The T.G. set of unit-II (110 MW) of Panipat Thermal Power Station which was in operation since the date of commissioning (March 1980) was shut down for the first time for major overhauling on 21st July 1983. The work of overhauling of the turbo-generator set was awarded (26th July 1983) to Bharat Heavy Electricals Limited (BHEL) at a negotiated lump sum contract of Rs. 43 lakhs.

Even after the completion of the major overhaul, the unit did not function properly and it tripped which was attributed to the fault in generator. The work of repair of the generator was also entrusted to BHEL (November 1983). The unit was recommissioned and loaded on 1st February 1984.

In view of the divergent views taken by the Board and the BHEL in regard to cause of damage to stator and cost of repairs, the Central Electricity Authority to whom the matter was referred (December 1983) appointed a committee (March 1984) which in its report (September 1984) pointed out that if the annual overhaul of the generator as recommended in BHEL operation and maintenance manual, had been carried out, the loosening/breaking of the bindings could have been detected earlier and necessary tightening/replacement effected.

The committee also pointed out that the contract for major overhauling was defective as it did not define the responsibility of the BHEL for proving the quality of the work done by them by way of individual tests on equipment as well the overall performance of the unit after maintenance which was essential in this type of contract involving large number of items of equipment and systems and recommended that this should be borne in mind in awarding future contracts.

In consequence, the Board suffered loss of generation of power to the extent of 142.56 Mkw h valuing Rs. 551.28 lakhs during the period from 3rd November 1983 to 31st January 1984 besides an avoidable expenditure of Rs. 14.35 lakhs on transportation of the damaged stator to BHEL works at Hyderabad and back. Further, a claim for Rs. 98.33 lakhs, preferred by BHEL towards repair of stator, was still pending in arbitration (September 1985).

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under :—

- “(i) The inspection of T.G. Set of Unit-II (110 MW) was due in 4/81. But the inspection could not be carried out as there was acute

shortage of power in the State during the period 4/81 to 7/83
 **** In view of the power demand during the above said period * * * the plant was perforce required to run continuously to meet the power demand in the State. Had the shut down of the Unit been allowed during the above said period when there was acute shortage of power in the State, the power position would have further aggravated resulting into adoption of more stringent power regulatory measures in the State.

Earlier, the inspection/first annual overhauling of Unit-I commissioned in 11/79 was carried out in 7/82 i.e. after 2 years 8 months and no abnormality in the unit was found during inspection/overhauling.

Taking cue from the experience of Unit-I and keeping in view the acute shortage of power in the State, Unit-II was not taken out for inspection/shut-down after one year. It was, however, taken out for inspection in 7/83. Unit-II was commissioned in 3/80 and, as such, had run only for 3 years and 4 months upto 7/83 when it was shut down for main overhauling.

It is pertinent to mention here that there is a general complaint of failure of 110 MW Generator Stators supplied by BHEL from most of the states all over the country. This is also confirmed from the note of discussion held by the CEA with BHEL on 18-4-86. It had been inter-alia suggested by the CEA in the above said meeting that for remedying the situation, the BHEL should take corrective action and carry out modifications/rectifications and re-winding of 110 MW stators at their cost.

After damage to Unit-I and II Generators at Panipat a Committee headed by Sh. H. R. Kulkarni, Ex-Chairman, CEA, was constituted to investigate the causes of damage. Important findings of the Committee are given below in brief :

1. The failure of the stator coils insulation was due to loosening/breaking of lacings which could be due to the existence of some weak spots in the fastening system or inadequacy of fastening system.
2. Cracks developed in the coil insulation due to vibrations in the overhung portion over a long period.
3. The failure of insulation can in no way be attributed to the operating procedure of HSEB.

From the above findings of Kulkarni Committee, it is evident that the generator stator had failed not due to any shortcoming in the operating procedure but due to inadequacy of fastening system and the cracks in the coil insulation developed due to vibration in the overhung portion. These inherent defects could not have come to notice if the generator had been opened for inspection/overhaul at the end of one year of its operation.

From the foregoing discussions, it would be concluded that even if the inspection was carried out after one year as a ritual, it would not have helped in any way in identifying the causes of failure. The generator stator could have failed otherwise also as it happened at other Thermal Power Stations.

- (ii) The cost of repairs was not settled while entrusting the job to BHEL. The repair charges amounting to Rs. 98,33,400/- were claimed by BHEL vide their Bill No. SS-HY-104-3438 dated 28.3.85. The payment has, however, not so far been made to M/S BHEL

(iii)

* * *
* * *

- (iv) Contract is made when both the parties to the contract agree to the same. As BHEL in this case did not agree on such terms, this could not be incorporated in the contract. In this connection, the finding of Kulkarni Committee in para 8.2.4 is reproduced below —

“A perusal of the papers leading to the issuance of this work order reveals that HSEB had desired in their letter of intent that the commissioning responsibility should be taken by BHEL, which the Committee considers was appropriate in view of the relatively small experience of HSEB in this field. However, BHEL persisted for their clause and the compromise of having BHEL engineers present was arrived at.”

- (v) Break-up of the claim of Rs. 98.33 lakhs preferred by BHEL is as under —

Labour charges —	31,41,000-00
Material cost —	58,50,000-00
E.D. 10% on Mat. cost	5,85,000-00
CST on Mat. cost & ED	2,57,400-00

Total : 98,33,400-00

- (vi) The Arbitrator has not so far given the award in the case despite reminders by the Project Authorities. The Arbitrator i.e. the Chairman, C.E.A.'s opinion in the case is evident from his D.O. letter No. 2/6/88/TO/ (N&NE) 1379 dated 15-11-88 to the address of Chairman, BHEL with a copy to Chairman, HSEB, in which he has stated that the SEBs had already suffered heavily due to sudden breakdowns/rewinding works and the Board should not be further penalised by charging them for the rewinding/modification work carried out by B.H.E.L. for no fault of theirs

(vii) (a&b) * * * * *

- (c) The overall performance of the unit is not dependent only on BHEL equipment, some other machinery supplied by suppliers other than BHEL is also used. Moreover, the BHEL were not prepared to accept this condition.

- (d) No responsibility on a/c of loss of generation can be fixed on the following grounds —
- (i) On the one hand we are requesting BHEL not to insist for the repair charges and on the other to ask them at the same time to give acceptance for loss of generation would not be appropriate.
 - (ii) Had the annual inspection after shut down been arranged by the Board, then too loss of generation would have been there to some extent. This loss in other way could not have been avoided. However, as explained above, to meet with the power demand in the State, plant was required to run continuously.
 - (viii) Generator Stator modifications in respect of providing ripple springs belows the wedges, re-inforcing the tying and fastening system of the overhang etc., has been got carried out from BHEL in respect of Unit-I, III & IV. The modification work of Unit-II completed in 12/88."

The Committee are constrained to observe that the officers/officials of the Board failed to carry out annual overhauling of the generator as recommended in BHEL's operation and maintenance manual with the result the Board had to suffer generation loss of 142.56 Mkw h valuing Rs. 5.51 crores besides incurring liability of Rs. 98.33 lakhs on account of repair of generator and recommend that responsibility in the matter may be fixed and action taken intimated to the Committee. The Committee also recommend that the award of the Arbitrator may also be intimated to the Committee in due course.

7.06 Infertuous expenditure on construction of line

25. In order to meet the increased demand of load at Panchkula and its surrounding areas, the Board took up (February 1982) the construction of 66 KV single circuit transmission line at an estimated cost of Rs. 18.45 lakhs. 55 out of 89 towers of the transmission line were to be erected in Chandigarh (U.T.) area. Though an alignment of the line was agreed (April 1978) by Chandigarh Administration, their statutory approval in writing under Section 51 of the Indian Electricity Act, 1910 was not obtained before construction of towers and laying of the transmission line.

When the work of erection of 58 towers at a cost of Rs. 26.35 lakhs had been completed (December 1983), the Chandigarh Administration while pointing out (December 1983) that the route of this line would come in conflict with the planning of their area suggested (June 1984) that the Board should either re-route the overhead line in Haryana territory or use underground system of laying the line in the former's area measuring six kilometres. The later proposal was not accepted by the Board in view of the enormous cost involved. However, the Board agreed (June 1984) that this line would be dismantled by November 1984 after its completion and energisation in order to meet certain urgent requirements. The dismantling of this line was to be done at the cost of the Board after erecting another 66 KV line independently through its own territory.

The Board constructed 75 towers (Haryana territory : 28 towers ; Chandigarh Administration area : 47 towers) and completed stub-setting of

another six towers till July 1984 at a cost of Rs. 43.35 lakhs and then found impracticable to complete the line immediately and dismantle it (November 1984). The transmission line was, therefore, re-routed through Haryana territory by utilising only 12 towers constructed in Haryana territory and the remaining 63 towers had to be dismantled. The stub-setting of 69 towers could not be dismantled. As it was found uneconomical. The re-routed transmission line was energized in January 1985.

Thus due to delay of about 5 years in construction of the line, failure to seek prior statutory approval of Chandigarh Administration and acquire land before its construction, the Board had to incur an infructuous expenditure of Rs 10 60 lakhs (labour Rs 7 61 lakhs, sundries : Rs. 0.16 lakh; transportation Rs 0 64 lakh and stub-setting of 19 towers, Rs. 2 19 lakhs). Besides, the Board incurred an expenditure of Rs. 0 41 lakh on dismantlement of towers (May 1985). Information about the action taken against the officials at fault was still awaited (September 1985).

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under —

- (i) The work of construction of the line could not be started earlier as the route plan was approved by the C.E. (P&C), HSEB, Hisar vide his memo No Ch-68/T-152 dt. 6.11.81 after the approval to the proposal was communicated by the Chief Architect and Secy. Deptt. of Architecture, Chandigarh Administration vide his Memo No. R/25/ST/78/3778 dt. 24.4.78. The statutory approval of U.T. Administration was also conveyed in the letter mentioned above.
- (ii) In view of the approval by the U.T. administration to the routing of this line through the rural area of U.T. having already been conveyed to HSEB by the Chief Architect and Secy. to Deptt. of Architecture, Chandigarh Administration through his memo of 24.4.78, the Chief Engineer and Secy. Engg. Deptt. U.T. Chandigarh objection vide memo No. C-40/13 (57) Wt/83/9558 dt. 15.12.83 objecting to the action of the HSEB laying the 66 KV line in U.T. area and suggesting that the route plan of the line may be sent to Chief Architect, Chandigarh Administration for approval was not considered of much significance. It was also finally conveyed by the C.E. (OP) (North), HSEB, Chandigarh vide endst. No. 31/WO-DRG/Huda-1/Panchkula dt. 11.6.84 that the necessary permission had been granted by the U.T. Admn. to complete the line. This message was stated to have been conveyed to the C.E. (OP), HSEB, Chandigarh on telephone by Sh. S.G. Sundram, IAS, the then Commissioner & Secy. Irrigation and Power Deptt. Haryana and as such, there was no question of stopping the work of const. of line during or after 12/83.
- (iii) The Xen, Const Divn., HSEB, Ambala City submitted the alternate tentative route plan for 66 KV line passing through the Haryana territory to the S.E., TCC-II, Karnal with his

memo No. Spl-I/CW-170 dt. 29.5.84 which was later on approved by W.T.Ms.

- (iv) There is an established fact that the cost of dismantlement of cement concrete structure is much more than the price of retrieved material. The same is also true in case of stub-setting for transmission line towers. The cost involved in digging the earth, lifting of cement concrete structure and breaking them to retrieve steel stub members could have been many times more than the cost of steel stubs and as such, the same was not carried out being uneconomical.

- (v) No individual officer/official is considered at fault in this case."

The Committee observe with concern that the officers/officials of Board failed to seek prior statutory approval of Chandigarh Administration before construction of towers and laying of the transmission line with the result the Board had to incur an infructuous expenditure of Rs. 10.60 lakhs besides extra expenditure of Rs. 0.41 lakh on dismantlement of towers.

The Committee, therefore, recommend that responsibility of officials/officers at fault may be fixed and action taken intimated to the Committee.

7.07: Damaged transformers

26. An order for the purchase of seven power transformers valuing Rs. 71.58 lakhs was placed on a New Delhi firm in January 1981. As per the terms and conditions of the purchase order the firm was required to replace free of cost, the whole or any part of the material which in the course of normal and proper use proved defective in quality or workmanship provided the defect was noticed within 12 months from the date of material was received or 18 months from the date of its despatch whichever was earlier.

Of the seven transformers, five transformers valuing Rs. 51.13 lakhs supplied by the firm during August 1981 and commissioned during December 1982 to January 1984 were damaged within a short period of 4 to 11 months of their commissioning. The damage was attributed (June 1984) by the Superintending Engineer of the Board to manufacturing defects, but the firm disowned (May 1984) any liability on the ground that the warranty period had already expired and that the transformers were damaged due to considerably long improper storage and non-observance of the firm's instructions during their commissioning. The Board decided (February 1985) to get the damaged transformers repaired from the firm on cost-sharing basis.

Accordingly, four transformers were despatched (October to December 1984) at a cost of Rs. 0.67 lakh to the Bombay works of the firm for repairs; the fifth transformer was held back on the advice of the firm.

The firm repaired two transformers at a cost of Rs. 1.86 lakhs to be borne by the Board and submitted (July 1985) test certificates for approval and issue of despatch instructions by the Board. The firm stated that the repairing of the remaining three damaged transformers would be taken up immediately after the successful commissioning of the two repaired transformers and their observance for a fortnight.

Had the transformers been commissioned immediately after their receipt, the Board could have availed the benefit of free repairs/replacement by invoking the warranty clause thereby saving the extra cost of repairs and transportation charges.

The Board attributed (January 1985) the following reasons for delay in installation of transformers to :

- (i) lack of planning in fixing priorities for installation of transformers and
- (ii) non-receipt of related material from other firms.

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under .—

“(i) (a) The firm's contention that the failure of power transformer was due to improper storage by HSEB is not correct. In fact, the power transformer is a very big item and is meant for storage/installation in the open yard to withstand all types of weather effects. So the storage of T/F in open was in order and as per norms.

(b) The transformers were installed/commissioned by the Board's field staff as per practice. The dehydration of oil and removal of moisture of windings was carried out for all the transformers. All the prescribed pre-commissioning tests were also carried out. The contention of the firm that the transformer failed due to non-dehydration before energisation, is wrong.

(ii) (a) 4 Nos. transformers have been repaired by M/s. Voltas Ltd. and received after necessary testing and inspection during the year 1987-88. Out of these four repaired T/Fs one installed/commissioned at A-4 S/Station, Faridabad, again got damaged on 25.12.88. Regarding performance of other three transformers, no adverse report has been received so far. 5th transformer was despatched to firm's works at Bombay during 10/87. They have shown their inability to repair the same due to strike at their factory. However, matter is being pursued with the firm vigorously through correspondence and personal discussions.

(b) Four number transformers have been got repaired from the same firm i.e. M/s. Voltas Ltd. on cost sharing basis i.e. 50% of material cost of estimate of Rs. 93,000/- per transformer plus cost of EHV oil poured in the transformer after taking credit for the oil already contained in the transformer. All the labour charges including over-heads are to be fully borne by the firm while to and from transportation charges are to be borne by the Board. The detail of the transformers viz. the date of receipt of various transformers after repair, their installation,

commissioning and their present working position is as under :—

S. No of damaged T/F	Date of R.R	Name of Station where installed after repair	Date of commissioning	Present status
2759/1	14.3.87	Ladwa	4.7.87	Running satisfactorily.
2759/2	14.3.87	Palwal	14.5.87	—do—
2759/4	12/14.9.87	Pala	23.5.88	—do—
2759/6	12/14.9.87	A-4 Faridabad	12.2.88	Damaged on 25.12.88 outside warranty period.

2759/7 Not yet repaired by the firm. However, the matter is being pursued with the firm for getting the transformer repaired as already explained at ii(a), above.

(iii) Transformers and other material is purchased on the basis of annual indent for material/equipment received from the C. Es. Subsequent change in priorities if any, and utilisation of material ordered is made by the Planning Directorate/Field Organisation with the approval of the Board. It is pertinent to mention here that Electrical System-constraints in the Board some time do not permit strict adherence to what is planned in the first instance. Further, planning is only approximation and is an on-going process. Priorities in Electrical System often change depending on system parameters like sudden failure of number of transformers or energisation of new S/Station, augmentation of existing S/Station due to steep load development in particular area etc.

(iv) The transformers had been purchased to meet with the immediate requirement of the Chief Engineer (Planning & Const.) as per his indent dt. 7.10.80.

(v) (a) The orders for the related material are issued separately for individual item and not for the entire sub-station. Every supplier offers a different delivery schedule. Thus the linking of one item with the other becomes impracticable. Moreover, as the power transformer is a long delivery item, it is rarely that the allied material is not received within the delivery schedule of the power transformers.

(b) The related material received is detailed as under —

(i) 66 KV Lightning Arrestors during 2/83.

(ii) Isolator/LE switches during 2/83

(iii) 66 KV & 33 KV CTs during 5/82 and 7/82.

- (vi) No body can be held responsible for non-energisation of transformers within warranty period. As already explained above, the power transformer is a big item and is meant for storage and installation in the open to withstand all weather conditions. Further, Priorities in electrical system often change depending upon necessity in the system."

The Committee find the reply of the Board contradictory as in paragraph (iv) of reply it had stated by the Board that 'the transformers were purchased to meet with the immediate requirement' and in paragraph (vi) it had stated that 'no body can be held responsible for non-energisation of transformers within warranty period'.

The Committee feel that lack of planning in fixing priorities for installation of transformers as accepted by the Board had resulted in extra expenditure of Rs 2.53 lakhs on transport (0.67 lakh) and repairs (Rs. 1.86 lakhs) of transformers.

The Committee recommend that responsibility of the officers/officials at fault may be fixed and action taken intimated to the Committee.

The Committee also recommend that the matter for repair of the fifth power transformer be pursued with the firm and final outcome thereof intimated to the Committee.

7.08. Misappropriation of cement

27 An order for supply of 1,200 tonnes of cement (at Rs. 760 per tonne f.o.r. destination) was placed by the Board on a cement Company of Kota (through D.G.S. & D.) in January 1984. The cost of cement was to be adjusted against the outstanding amount of Rs. 9.03 lakhs lying with the D.G.S. & D. since November 1983 due to cancellation of an earlier supply order. The cement was to be supplied by goods train to the Board by April 1984. But the supplier informed (February 1984) the Board to make alternative arrangements for lifting of cement since the railways were reluctant to supply wagons on piece meal basis. Accordingly, the work of transportation of 500 tonnes of cement by road from Kota to Panipat was allotted (at Rs. 180 per tonne) to transporter 'A' in February 1984. Although the transporter lifted only 50 tonnes of cement upto April 1984 yet the Board did not take any action to get the work executed by another transporter at his risk and cost as per the terms of the work order. Subsequently, the transporter lifted a further quantity of 284 tonnes of cement during May-July 1984 but delivered to the Board only 208 tonnes of cement (out of total quantity of 334 tonnes lifted) till January 1985. A report against the transporter regarding misappropriation of 126 tonnes of cement was lodged (May 1985) with the police after a lapse of more than 9 months of date of lifting of last consignment of cement by him. However, the transporter further delivered 30 tonnes of cement (value : Rs. 0.23 lakh) during June-July 1985 thereby reducing the quantity of undelivered cement to 96 tonnes (value : Rs. 0.73 lakh).

The results of police investigation were awaited (September 1985).

Similarly another transporter 'B' to whom the work of carriage of 400 tonnes of cement from Kota to Dhulkote (at 31 paise per Km. per

tonne) was allotted (February 1984) lifted only 249 tonnes of cement up to April 1984. But prompt action was not taken to get the remaining work executed from another transporter at the risk and cost of transporter 'B'. Nevertheless, another quantity of 151 tonnes of cement was lifted by him in July 1984. Out of a total quantity of 400 tonnes of cement lifted by the transporter only 351 tonnes of cement was delivered by him to the Board besides the cost of 2 tonnes of cement was recovered from him against 400 tonnes of cement lifted by him. However, report against the transporter regarding misappropriation of balance quantity of 47 tonnes of cement (value : 0.36 lakh) was lodged (March 1985) with the police after the lapse of more than 7 months of the lifting of last consignment of cement by him. The results of police investigation were awaited (September 1985).

The transporter 'B' to whom the work of carriage of 300 tonnes of cement from Kota to Rohtak was also allotted in February 1984 was still (July 1985) withholding 15 tonnes of cement (value : Rs. 0.11 lakh) out of total quantity of 186 tonnes of cement lifted by him. Action taken to recover this quantity was not intimated to Audit.

The Board paid a total amount of Rs. 0.79 lakh on transportation of 760 tonnes of cement which was recoverable from the cement Company as the supply of cement was f.o.r. destination. Further a sum of Rs. 2.04 lakhs, lying with D.G.S. & D. since November 1983 was recoverable due to non-lifting of full contracted quantity of 1,200 tonnes of cement. Besides, due to inordinate delay in lodging reports with the police, 158 tonnes of cement valuing Rs. 1.20 lakhs also could not be recovered from the two transporters. No responsibility for the lapses has been fixed by the Board (September 1985).

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under —

- (i) According to work order, transportation work was to be completed within validity/extended validity period of authorisation of cement failing which the transportation work might be awarded to another transporter at the risk & cost of the transporter. As the transporter had lifted the cement within validity period/extended validity period, there was no reason to get the same transported at the risk & cost of the transporter.
- (ii) The transporter 'A' collected 334 MT cement (50 MT cement upto 4/84 & 284 MT cement during May to July, 1984) and delivered 208 MT cement till January, 1985. So he collected cement but transported the same at a slow pace. Further it could not be anticipated upto 8/84 that he would mis-appropriate the cement lifted by him from the factory. Regular correspondence with the transporter was made by the Xen, Central Store, Panipat Controller of Stores & Chief Engineer (MM) vide letters dated 20-9-84, 21-9-84, 8-10-84, 22-1-85, 8-2-85, 20-3-85 & 6-4-85 for early delivery of the cement lifted by him.

When he did not deliver the cement (balance qty.), FIR was lodged on 23-5-85. It would be seen from the above that there was no delay in lodging F.I. R. against contractor 'A'.

So far as contractor 'B' is concerned he lifted 249 MT cement upto 4/84 and 151 MT cement in 7/84, from Cement Factory. He actually delivered 353 MT cement in Board's stores. The FIR was lodged in 3/85. For the delay in lodging FIR, the then Xen. Central Store, Dhulkote Sh. A.K. Bhambri (Since expired) and Sh. Gurmukh Singh, JE have been held responsible. Disciplinary action against the J. E. has been initiated.

- (iii) The case of transporter 'A' has been settled out of court and the FIR lodged against him has been withdrawn. The amount on account of short delivered cement i.e. 1601 bags (80.045 MT) has been recovered from him @ Rs. 52/- per bag (Average rate i.e. rate prevalent in 1984 & rate on the date of settlement on 31-7-89 minus transportation charges). The total amount recoverable which worked out to Rs 83252/- has since been recovered as under :—

- | | |
|----------------------------------------------------------|--------------|
| (i) By encashment of bank guarantee | =Rs. 20000/- |
| (ii) Adjustment of transport bills | =Rs. 12340/- |
| (iii) Adjustment of security with the Board | =Rs. 7000/- |
| (iv) Demand Draft dt. 26-7-89 in favour of HSEB received | =Rs. 15000/- |
| (v) Cash deposited on 31-7-89 | =Rs 28912/- |

In case of transporter 'B' the challan was put up by the Police in the court on 15-4-1988. Non-bailable warrants were later on issued against the transporter. Next date of hearing in the case is 30-12-91

- (iv) There was no reason for invoking the Risk & cost clause in both the cases as the material had been collected by them from the Cement Factory within the prescribed period/extended period of the work order. So far as delay in lodging the FIR with the Police Deptt. is concerned, the responsibility has been fixed and action against Sh Gurmukh Singh, JE, is being taken
- (v) Contractor B (M/S United Corporation of India, Chandigarh) delivered the remaining 15 MT cement to the Xen, Central Stores, Rohtak on 13-2-1985.
- (vi) No doubt the supply of cement was F.O R. destination alternative arrangement for transporting the cement by Road instead of rail had to be made as the quantity of cement to be transported was less than a rake load of 1000 MT or more. It was, therefore, decided by the Board to transport the cement by Road to avoid delay.

Out of Rs. 0.79 lakh paid to the transporters, an amount of Rs. 0.37 lakh on a/c of Railway freight has since been reimbursed by the Cement Factory through DGS & D vide Demand Draft No. 593986 dt 31-7-1986 for Rs. 2,35,454.37 (cost of 264 MT cement + 0.37 lakh cost of Railway freight).

The balance amount of Rs. 0.42 lakh pointed out by the Audit, was to be borne by the Board.

- (vii) The order for non-supplied quantity of 264 MT cement has since been cancelled and the cost of the same stands recovered vide Demand Draft No 593986 dt. 31-7-86 for 235454/37 including railway freight of Rs. 0.37 lakh."

The Committee feel that there is inordinate delay in taking disciplinary action against the officials at fault and recommend that action in the matter be expedited and outcome intimated to the Committee. The Committee also recommend that the court decision, whenever received, may be intimated to the Committee.

7.10. Incorrect computation of load

28. As per instructions of the Board, the actual requirement of load of the prospective consumer should be carefully estimated by personal visit of the Line Superintendent to the premises where the electric connection is required.

Firm 'Y' requested (July 1979) for a connected load of 95.973 KW which was verified by the Line Superintendent and a medium supply connection was released in August 1979.

It was noticed in Audit (February 1985) that the total load of different apparatuses mentioned in the test report actually worked out to 117.276 KW instead of 95.973 KW. As such, the consumer was required to be released a large supply connection and not a medium supply connection. The incorrect application of tariff resulted in under-billing to the consumer to the extent of Rs. 0.61 lakh during the period from September 1979 to January 1985. The amount was yet to be recovered from the consumer. No responsibility for the lapse has been fixed by the Board so far (September 1985).

The matter was reported to Government in June 1985, reply was awaited (September 1985).

In their written reply, the Department/Board stated as under —

- (i) The load was verified by Sh. A. K. Vermani, the then Line Superintendent correctly on the basis of load applied for by the consumer and test report submitted by him and actual load found on the premises at the time of checking. But there was mistake in totalling the load in the test report of all the apparatus. Total load worked out to 115.277 KW instead of 95.973 KW as shown in the Test Report.

- (ii) & (iii) S. M. I. No. 161 inter-alia lays down that periodical checking especially in the case of those consumers whose connected load forms the basis of demand assessment must be carried out at least twice a year by an official not below the rank of Line Superintendent. However, JEs/SDOs who remained posted in Sub-division from 7/79 onwards did not carry out the prescribed checks. The load was also checked by the Enforcement Wing on 27.5.82 and found to be 93.460 KW excluding light load of 4.770 KW. The consumer was charged

Rs 49,595.60 (Rs. 42578.20+7017.40) for the period 9/79 to 1/85 on account of difference of tariff during 3/85 vide Sundry charge & Allowance register item No. 405/R-30.

But the consumer did not pay the same and filed a suit in the court. The plea taken by the consumer is that there is repetition of 5 apparatuses mentioned at the bottom of first sheet of Test report and on the top of its second sheet. The case is still pending in the court.

- (iv) The responsibility for the lapse has been fixed and the following officials/officers have been held responsible. Further action to issue charge-sheets to them is being initiated :—

Sr. No. Name & designation

S/Shri	
1. A.K. Vermani, the then LS/JE (now SSE, Pala)	For incorrect computation of load.
2. S.D. Rana, the then JE	For not carrying out periodical checking of load in terms of SMI 161.
3. Gopal Dass, JE (Retd.)	}
4. Dhoop Singh, JE	
5. G.S. Gyagi, JE	
6. R.S. Verma, the then SDO	
7. R.K. Saini, —do—	
8. K.G. Yadav, —do—	
9. A.K. Kashyap, —do—	
10. S.K. Singla, —do—	
11. S.S. Bedi, —do—	
12. H.S. Sinder, —do—	
13. Prem Singh, —do—	

The Committee feel that the Commercial Assistant of the sub-division was also responsible for the lapse as he also failed to check the arithmetic calculation of the case, which resulted in under billing to the consumer and consequential loss to the Board.

The Committee recommend that charge sheets against the delinquent officials be issued expeditiously and final action taken intimated to the Committee. The Committee also recommend that the decision of the court, as and when received, be intimated to the Committee.

7.11 Non-clubbing of connections.

29. Under the tariff schedule for supply of energy to industrial consumers, the rates applicable to consumers having connected loads exceeding 20 KW (medium supply) and 100 KW (large supply) are higher than the rates applicable to consumers having connected loads not exceeding 20 KW (small power supply) and 100 KW (medium supply). Similarly, the rates of electricity duty applicable to consumers having connected loads exceeding 20 KW and 1000 KW are more than the rates applicable to consumers having connected loads not exceeding 20 KW and 1000 KW. To avoid loss to the Board due to application of lower tariff rates in the case of above categories of consumers having more than one connection in the same premises, the Chief Engineer (Operation) issued instructions in January 1981 to club all such cases after three months' notice. These instructions were reiterated in July 1981 and June 1983. Besides, the Chief Electrical Inspector to Government of Haryana also stressed (February 1984) the need for levy of electricity duty on the basis of total connected load of different industrial connections subsisting in the same premises to avoid loss of revenue to the State Government.

It was noticed during test audit that in six sub-divisional offices at Faridabad, Nuh, Ellanabad, Panipat and Sonapat the connected loads of 14 consumers were not clubbed for billing and the Board suffered a consequential loss of revenue of Rs. 2.84 lakhs during April 1981 to June 1985 besides loss of Rs. 4.22 lakhs to the State Government on account of electricity duty.

The matter was reported to Government in August 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under :—

- (i) The instructions issued by the Chief Engineer (OP) and Chief Electrical Inspector regarding clubbing of connections were not ignored but some practical difficulties were being faced by the field officers in implementation of the instructions in full. Where-ever notices had been issued, the consumers were approaching the Board Authorities/Govt. complaining against issue of notices for clubbing of connections. The matter was then reviewed and it was clarified vide Sales Circular No. 23 dt. 22-7-81 that notices should be issued only in such cases where SDOs/Xens were satisfied that existing arrangement of more than one connection in one premises was hazardous or there was possibility for misuse of supply. This clarification was also not fool-proof and the Board ultimately clarified that the consumers may have separate meters in one premises on production of any of the following documents on or before 1-11-84 :—
 - (i) Certificate of Industries Department.
 - (ii) Sales Tax Certificate
 - (iii) Income Tax Certificate

It is only after the issue of these instructions that action with regard to clubbing of connections could be speeded up. The position in respect of each consumer is referred to in the para is as under :—

(1) M/s Atlas Cycle Industries, Sonapat

This consumer had three connections bearing A/C No. B-5/133, B-5/137 and two B-5/6. The connections bearing A/C No. B-5/133 and B-5/6 have since been clubbed under A/C No. B-5/133. Both these connections had connected load of 1000 KW and 1213.755 KW respectively prior to clubbing in August, 1986 and fell under L.S. category. As regards A/C No. B-5/133 and B-5/137, clubbing was not approved by the Chief Engineer/Commercial as it was not considered technically feasible as intimated by Chief Engineer/Commercial vide his Memo No. 42/RG-35/250 SMP dated 14-1-85 read with Memo No. 43/RG-35/250/SMP dated 23-1-85.

(2) M/s Nanak Chand, Nuh

The consumer had two connections bearing A/C No. NSP-42 and NSF-161 with connected load of 19.110 KW and 15.030 KW respectively. Notice for clubbing of the connection was issued to the consumer on 16-2-82, but the consumer did not respond. The connection was however, not disconnected by the SDO due to ambiguity in Sales Circular No. 1/81. Necessary clarification was issued later on vide C.E. 'OP' Sales Circular No. 23/81 circulated vide Memo No. Ch-39/SS/126/GCP dated 22-7-81 according to which the connections are to be disconnected only if these are hazardous or misuse of energy is apprehended by the SDO/XEN.

The premises of the consumer were again checked on 18-3-83 and a sum of Rs. 10,825.39 was charged to the consumer's account in consultation with the local Audit Party and a New Account No. NMS-8 was allotted and M.S. tariff was made applicable on the basis of load of both the connections. The consumer, however, filed a civil suit against the above on 16-5-83, which was decided by the Court in favour of the consumer during 5/87. An appeal was filed by the Board against the decision which was also rejected by the Court of District Judge, Gurgaon in 5/88. As such, no one is responsible for non-clubbing in this case.

(3) M/s Sant Lal, Panipat :—

There are two separate connections in separate houses. Connection No. PI-610 with connected load 52.290 KW in the name of Sh Sant Lal in House No. 411/7 and connection No. PI-611 with connected load 18.650 KW in the name of Dharamvir in House No. 412/7.

It has been found after site verification that the consumers have been allotted separate permanent Income Tax Numbers by the Income Tax Authorities.

In view of the above, clubbing is not required in this case.

(4) M/s Pokhari Bai, Panipat A/C No. P-1/776 & P-1/799

M/s Pokhari Bai has an electric connection in her name bearing A/C No. P1-799 with connected load 19.070 KW. The other connection is in the name of Ishwari Lal which bears A/C No. P1-776 and had a connected load of 45.560 KW. In this case, both the consumers have established their separate identity as required under Sales Circular No. 24/84. On site verification also, it has been found that physical conditions at site do not permit clubbing of connections.

(5) M/S Lal Chand, Panipat

There are four connections as under :—

- (A) GA-93 with connected load 18.650 KW in the name of M/s. Lal Chand, Anil Kumar.

They have produced Registration Certificate of the year 1967 issued by the Industries Department, Haryana.

- (B) A/C No. G.A.-638 with connected load 19.413 KW in the name of M/S Laxmi Finishers.

They have produced Registration Certificate of Industries Department dated 25-6-81.

- (C) A/C No. G A.-732 with connected load 19.250 KW in the name of Lal Woollen Mills.

They have been issued Registration Certificate by Industries Department in 72-73.

- (D) A/C No. G.A.-645 with connected load 19.576 KW in the name of Surinder Kumar.

They have also produced Registration Certificate of the Industries Department for this connection.

They thus, fulfil the conditions prescribed under Sales Circular No. 24/84. As such, clubbing is not required in these cases.

(6) M/S Sohan Lal, Panipat

There are three connections bearing A/C No. GA-82 with connected load 11.190 KW, GA-89 with connected load 18.850 KW and GA-718 with connected load 5.695 KW in the name of M/S Sohan Lal & Sons, Sh. H. Woollen Mills, Wazir Chand & M/S S. H. Woollen Mills. It is a partnership firm of S/Shri Harbhajan and Ram Narain registered with the Government of India, Ministry of Commerce, Department of Textiles, Bombay under Registration No. 'Non-worsted New-238' vide Memo No. W-13/321/83/I 1562 dated 19-4-83. It is engaged in the business of Woollen Yarn manufacturing. A certificate of registration of Industries Department has also been produced.

Shri Wazir Chand has produced a copy of Assessment Order for the year 1982-83 of Income Tax Officer. Shri Wazir Chand is doing carding of cotton whereas Shri Sohan Lal is doing carding and ginning of wool material. He has also produced a Certificate of Union Bank of India, Panipat for having a separate C.D. A/C No. 29022 since 1971 and also a copy of Registration Certificate of Industries Department.

In view of the certificates given by the consumer, clubbing is not required.

(7) M/S Kundan Lal, Panipat (Lamba Finishers).

There were four connections bearing A/C No. P-I/232 (connected load 11.190 KW), P-I/760 (connected load 24.615 KW), P-I/489 (connected load

18.650 KW) and P-1/449 (connected load 18.650 KW) in the premise. The consumer had applied for clubbing of these connections in 6/84 in response to the notice served upon him in 6/84. He however, did not produce revised partnership Deed and Power of Attorney etc. The consumer later on completed these formalities and the case was processed for clubbing. But before this could be done, he got all his connections disconnected in 4/90 on account of demolition of Building. However, he was charged M. S. tariff since 9/88 on all his connections. In this case, the following SDOs have been considered responsible for lack of timely action for clubbing before disconnection —

- | | |
|----------------------|---------------------|
| 1. Sh. S. C. Miglani | 25.10.82 to 25.6.84 |
| 2. Sh. M. L. Singla | 29.6.84 to 20.11.84 |
| 3. Sh. J. C. Arora | 20.11.84 to 31.7.87 |

Action against Shri S. C. Miglani and Sh. J. C. Arora has been initiated. Sh. M. L. Singla, the then SDO, is no longer in the service of the Board and hence no action against him is possible at this stage.

(8) Sh. Himat Singh (Guru Nanak Finishers A/C No. P-1/116, 117 & 118)

The connection bearing A/C No. P-1/116 & P-1/117 with connected load 7.460 KW and 32.450 KW respectively is in fact one connection in the name of Sh. Himat Singh. The 2nd connection A/C No. P-1/119 with connected load of 14.920 KW is also in the name of Sh. Himat Singh. The notices were issued on 14-1-85 and 9-9-88. The consumer in reply stated that both the connections are in a separate building but he could not produce documentary evidence in support of his statement. The supply was, therefore, disconnected on 30-9-88. The consumer applied for clubbing in 3/89, which was approved by the XEN on 7-7-89. After clubbing both the connections, the load of Sh. Himat Singh had become 47.370 KW (32.450+14.920 KW). The consumer has now been charged M. S. tariff since 4/87.

The following SDOs are responsible for the lapse in this case —

1. Sh. S. C. Miglani
2. Sh. M. L. Singla

Disciplinary action against Shri S. C. Miglani has been initiated but action against Shri M. L. Singla who is no longer in the service of the Board, cannot be initiated at this stage.

(9) M/S Prem Nath, Diwan Chand (A/C No. G-3/164 and G-3/165)

There are two connections in the name of M/S Prem Nath, Diwan Chand having connected load of 11.190 KW (G-3/164) and 18.650 KW (G-3/165) and the kind of Industry of both connections is Ice Factory. The 2nd connection G-3/165 of the firm has been disconnected permanently vide PDCO No. 28/15820 dated 31-12-87 due to non-compliance of notice for clubbing served on him.

The following officers/officials have been held responsible for not taking timely action in this case :—

S/Shri

1. M. L. Goel, SDO 18.8.82 to 9.2.84
2. S.K. Aggarwal, SDO 20.2.84 to 2.9.84
3. S.C. Miglani, SDO 3.9.84 to 27.9.85
4. A.S. Gandhi, SDO 27.9.85 to 7.7.86
5. S.D. Rehlan, SDO :—As he got PDCO effected in 12/87 i.e. after 16 months of his taking over on 1.8.86.
6. H.S. Dhillon, C A

Disciplinary action against the above officers/officials has been initiated.

(10) M/s Pennar Ceramic, Model Town, Panipat.

The consumer has two connections bearing A/C No. BM-449 (connected load 69.378 KW) and BS-378 (connected load 20.120 KW) The consumer did not respond to the notice served upon him for clubbing. Hence, his connection having A/C No. BM-449 had been disconnected temporarily vide SJO No. 47/15821 dated 26.6.87 and PDCO was issued on 10.9.90. He is being charged Monthly Minimum Charges.

The following official/officers have been held responsible for not taking timely action in this case —

S/Shri

1. M L. Goel, SDO 18-8-82 to 9-2-84
2. S.K. Aggarwal, SDO 20-2-84 to 2-9-84
3. S.C. Miglani, SDO 3-9-84 to 27-9-85
4. A S. Gandhi, SDO 27-9-85 to 7-7-86
5. S.D. Rehlan, SDO 1-8-86 to 12-7-88
6. Ajmer Singh, SDO 12-7-88 to 19-4-89
7. J.S. Chaudhry, SDO 19-4-89 to 16-5-90
8. H.S. Dhillon, C.A

Disciplinary action against them has been initiated.

(11) M/s East India Cotton Mill, Faridabad

The consumer has two connections of Large Supply bearing A/C No. 14/LS-8 with connected load of 1373 KW and A/C No. 14/LS-99 with conne-

cted load 927 KW. As both the connections are categorised as Large Supply, there is as such, no loss of revenue due to non-clubbing. The consumer has, however, given consent for clubbing in 11/84 as a result of notice served upon him by the SDO, 'OP' Sub Division No 3, Faridabad vide his Memo No. Spl-I dt. 29-10-84. The case for clubbing has remained under correspondence in the office of SDO/Xen/S.E., Chief Engineer, 'OP' and Chief Engineer/Commercial. The consumer is also responsible for not attending to certain observations and completion of formalities such as clarifications of RCO No. 72 of 4/82, depositing of additional security on revised rates, justification for reduction of contract demand, Affidavit etc. The single part tariff was made applicable from 10/84 whereas the consumer applied for clubbing in 11/84. The connections have been finally approved for clubbing vide Chief Engineer/Commercial Memo No. Ch-10/RG-104/350/Fbd dated 12-12-90. There is no loss of revenue to the Board as both the connections were of large supply category

(12) M/s H S Eshwar & Co., Faridabad

There were two connections in the name of this consumer having A/c No. 14/MS-3 with connected load of 56.110 KW and A/c No. 14/MS-208 with connected load of 92.312 KW. The connections have been clubbed and given new A/c No. 14/LS-115 on 11-5-84 after completion of all formalities.

(13) M/s Rajindra Paper Mill, Faridabad

The consumer has two connections bearing A/C No. 14/LS-85 with connected load 399.900 KW and 14/LS-92 with connected load of 1008.226 KW. Both the connections fall under the large supply category and as such there is no loss of revenue to the Board due to non-clubbing. The firm had applied for clubbing vide A & A Form 14/LS-92 Ext dated 30-5-84 but not deposited security on revised rates as requested in 8/84, 11/85, 1/86 and 12/87. The consumer has now deposited the same i.e. Rs. 59,450/- in three instalments (Rs. 20,000/- in 8/88, Rs. 20,000/- in 3/90 and Rs. 19,450/- in 4/90). The matter regarding clubbing of their connections has remained under correspondence between the offices of SDO/Xen/SE & CE and the consumer upto 12/87 for attending to certain observations and completion of formalities regarding old consumer case. Although PDCO was also issued by the SDO No. 3, Faridabad vide No. 68/5861 dated 26-9-90 but it could not be effected as the premises were locked and impounded by the Bank as told by the representative of the firm. The defaulting amount and cost of meter has since been adjusted out of his security in 3/91 by considering the PDCO, as having been effected.

(14) M/s. Setia

This consumer has two connections bearing A/C No. E-11 in the name of M/s Setia Shela Plant and A/C No. E-14-M/s Setia Rice Plant under Ellenabad Sub Division. The connection of M/S Setia Shela Plant was released on 5.10.78. Other connection in the name of M/S Setia Rice Mill was released on 15.11.79. These connections were clubbed on 12.10.84. The responsibility for not clubbing the connections during the period 9.1.81 to 12.10.84 rests on the following officers.—

- | | |
|------------------------|--------------------|
| 1. Sh. N R Rohilla, AE | 20.11.78 to 4.8.82 |
| 2. Sh. J.R. Makkar, AE | 4.8.82 to 6.8.83. |

3. Sh. I.D. Gupta, AE 6.7.83 to 22.6.84
4. Sh. F.C. Sondhi 3.7.84 to 31.12.84
(Since ret'd.)

Disciplinary action against the above officers except Sh. F.C. Sondhi who has since retired has been initiated and Show Cause Notices have been issued to them by the Secretary Board.

However, an amount of Rs. 34253.53 was charged to the consumer's a/c during 4/90 but the consumer went to the court Arbitration where the case was decided on 31.12.90 in favour of the consumer.

(ii) The field offices were unable to club all the connections in a premises or disconnect them strictly according to instructions due to the following reasons :—

- (1) Separation of family members and starting of independent business by each member in same premises by distributing the building.
- (2) Hiring of different portions of same building by different tenants.
- (3) Location of various buildings in one complex.
- (4) Partition of building by constructing wall.
- (5) Small scale units having purely labour job which do not require registration.
- (6) To avail maximum concessions granted by Government including moratorium in various taxes for promotion of small scale units.
- (7) Tendency to establish units with similar or sister concern.

Had the instructions been enforced strictly, it would have resulted besides public unrest, into prolonged litigation without any benefit to the Board. However, after the issue of revised instructions in 10/84 immediate action was taken where-ever considered expedient and the connections were clubbed. Responsibility of the officers/officials who delayed clubbing has been fixed, where-ever considered necessary, as detailed in reply to question (i) above.

(iii) The Board has issued strict instructions in this regard from time to time. Scrupulous compliance of the same is being watched by the field offices/all concerned and the internal audit wing. Every care is taken while releasing new industrial connections. A certificate to the effect that no other industrial connection exist in the same premises is invariably obtained from the consumer before granting connection."

The Committee observe with concern that the Board authorities failed to issue clear and comprehensive instructions for clubbing the connections prior to October 1984 which resulted in huge loss to the Board and Government.

The Committee feel that there had been inordinate delay in taking action against the delinquent officers/officials in the matter and recommend that action against the delinquent officers/officials, including those responsible for delay in taking action, be taken expeditiously and intimated to the Committee.

7.13 Loss due to delay in checking of meters

30 Under the provisions of the sales manual of the Board, as amended in April 1971, the sub-divisional officer, maintenance and protection sub-division, is required to check all meters including CT/CT-FT connected meters of large/medium supply consumers (above 70 KW) once in every six months

It was noticed in the case of two large supply consumers that checking of the meters was carried out only after lapse of 18/19 months. During the course of checking (December 1983-June 1984) energy meters were found running 8.76 to 69.5 per cent slow. Under the terms and conditions of supply of power, the Board could raise and realise the additional demands on the consumers only for a period of six months preceding the dates of checking. Thus, due to delay in checking of the meters the additional demands for the period 12/13 months on account of slow running of meters could not be raised. This resulted in a loss of revenue of Rs. 1.17 lakhs (power charges Rs. 0.94 lakh, electricity duty Rs. 0.23 lakh).

At the close of March 1985, out of 2,604 meters in respect of large/medium consumers required to be checked, the Board was yet to check 311 meters. No responsibility for the loss of revenue and delay in checking of the meters has been fixed by the Board so far (September 1985).

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under :—

“(i)(a) The Xen (M&P) Divn, Faridabad had wide-spread jurisdiction of over 100 KMs. There were more than 600 meters to be checked in a spell of 6 months. As per practical experience, a gang comprising an AEE/AE, JE—I, Lab. Attendant/Meter Mechanic/Helper, and a Driver with vehicle is able to check 360 connections every six months i.e. 2—3 meters in a day assuming 20 working days in a month. In addition, he has to check CT/PT meters.

All the large/medium supply consumer meters falling in the jurisdiction of M&P Division, Faridabad could not be checked during the period in question due to inadequacy of staff/vehicles. As against the requirement of two JEs, only one JE was posted and against the requirement of four Lab Attendants/Helpers required none was available. Further, against the requirement of two vehicles, only one vehicle was provided.

It was, therefore, not possible to form two independent gangs to check the meters in different directions. They were, therefore, unable to work upto the maximum of their capacity for want of allied staff and vehicle. In fact, there was only one gang who could operate and function normally.

(b) The arrear of checking also accumulated, due to non-availability of power during day time. The checking during night is risky. Further, the authorised representatives of consumers were not available to accept the report. Keeping in view the above facts, six monthly checking schedule could not be adhered to. However, back-log was cleared by deputing special gangs from other Divisions.

(ii) Since the staff provided was not commensurate with the work load, it is not possible to fix responsibility for delay in checking of the meters on any officer/official.

(iii) Reasons for non-checking of 311 meters have already been explained in reply to questionnaire (i) above. However, the back-log of checking of meters in M&P Division, Faridabad was cleared by 10/85 by deputing special gangs from other divisions.

(iv) Monthly review of meters required to be checked and actually checked is carried on at Board's level and necessary directions where-ever required are issued to the concerned Xens. Special meetings are taken by the member Technical (Operation) to discuss the problems of M&P wing and revise the norms for staffing. Efforts are also made to procure accurate testing instruments/meters."

The Committee are constrained to observe that the Board authorities failed to create necessary infrastructure for checking of CT/PT meters of large supply consumers with the result, the Board sustained loss of revenue due to delay in checking of these meters.

The Committee feel that the Board could have made arrangements for checking of the large supply meters once in six months by deputing special gangs from other divisions as was later on done by it.

The Committee, therefore, recommend that responsibility of the delinquent officers/officials may be fixed and action taken intimated to the Committee.

7.18. *Non-utilisation of battery*

31. An order for supply of 12 numbers of 220 Volts DC batteries (value Rs. 4.78 lakhs) was placed on a Bangalore firm in March, 1971. As per the delivery schedule the material was to be supplied by November, 1971 but subsequently it was extended up to August, 1973 due to delay in inspection and issue of despatch instructions by the Board. One of these batteries (value : Rs. 0.40 lakh), which was to be installed at 132 sub-station, Pehowa, was received late (July 1973). The sub-station was, therefore, commissioned (September 1972) after installing a battery diverted from other sub-station. The battery thus rendered surplus was not allocated to any other sub-station and is still lying in Pehowa sub-station (June 1985).

The sub-divisional officer, construction sub-division (transmission line) Rohtak, visited (June 1983) Pehowa sub-station to collect the battery for use on works under his charge observed that the battery had damaged due to

prolonged storage. Though a period of 2 years has further elapsed, no action has been taken by the Board authorities for utilisation/disposal of the battery.

Thus, due to non-utilisation of the battery Rs. 0.40 lakh have remained locked up for more than 13 years apart from damage to the battery due to prolonged storage. No responsibility for the lapse has been fixed by the Board so far (September 1985).

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under :—

- “(i) A Purchase Order No. 3735/DP—70/I, dated the 19th March, 1971 was placed on M/S Amco Batteries, Bangalore for supply of 12 Nos. 220 Volts Battery Sets. Simultaneously, another order for supply of battery charger & distribution board being the associated equipment was placed on M/S Usha Rectifier Ltd., Delhi. As per Purchase order placed on M/S Amco Batteries, they were to supply the batteries within 6/8 months i.e. by 15th November, 1971. M/S Usha Rectifier, Delhi (supplier of associated equipment) located at Faridabad approached the Board for extending delivery period upto March, 1972 due to imposition of severe power cut by HSEB in Haryana. M/S Amco Batteries were, therefore, asked to defer their delivery of the batteries so as to match with the delivery period of associated equipment viz. battery chargers and distribution boards etc. to avoid blockage of Board's funds. The firm accordingly, extended delivery period upto 3/72.”

M/S Amco Batteries offered first lot of 3 sets of batteries in November, 1971 and the remaining 9 sets vide their telegram dated 19th February, 1972 for inspection i.e. well within the revised delivery period. Inspection of the first lot was carried out in December, 1971 (14th December, 1971) but the despatch authorisation for the same was issued on 4th May, 1972. The inspecting officer was deputed to inspect the balance nine sets as under :—

- (i) The test was required to be conducted on full battery whereas it was carried out on individual cell. The matter was, therefore, referred to the firm who replied that since this was not pointed out by the inspecting officer deputed for the purpose they did not do it and secondly, as a matter of practice acceptance test on single cell is considered sufficient, the test already carried out may therefore, be accepted. The request of firm was considered and accepted by S.P.C. on 27th April, 1972. Despatch authorisation of these sets was accordingly issued to the firm on 4th May, 1972.
- (ii) So far as delay in issue of despatch authorisation of 2nd lot of 9 sets is concerned, it is stated that this was deferred keeping in view the field requirement and shortage of funds.

Though the firm requested the Board to give despatch clearance of the material already inspected by 23rd March, 1972 otherwise the same will be despatched to some other customer but the same was not given. The firm therefore, diverted the material to some other customer. Fresh lot was manufactured by the firm & 9 Nos. Batteries were inspected on 24th July, 1972 and authorised for despatch on 22nd August, 1972. Due to go slow tactics of workmen at the suppliers factory, the management was forced to close down the factory on 17th October, 1972. The closure was lifted on 22nd December, 1972 and the balance 3 No. batteries were offered for inspection by the firm vide their letter dated 31st January, 1973. The inspection of the 3 batteries was waived off by the Board and test certificates submitted by the firm were approved and despatch authorisation was sent vide telegram dated 5th June, 1973. The despatch was delayed due to locomen strike in Central & Northern Railways and the firm completed the supply of entire material by 28th August, 1973. The extension in delivery period upto 28th August, 1973 was also approved by the S.P.C. on 9th September, 1974.

(ii) The battery could not be allocated as the concerned J.E. did not inform about its non-utilisation else-where to the higher authorities. The battery however, now stands utilised on 66 KV Sub Station, Jansui since 2/1986

(iii) Sh Ram Singh, J.E. (Retired) did not inform about the non-utilisation of battery during his service period. After the matter came to the notice of Xen, Const. Divn, Ambala City in 3/84, immediate steps were taken to utilise the battery on 66 KV Sub Station, Jansui. As such Sh Ram Singh, J.E. is mainly responsible for its non-utilisation. He has since retired from the service of the Board and at this belated stage no action can be taken against him. However, disciplinary action against the following SDOs., T/L Const. Sub Division, Kurukshetra, who failed in supervisory duty has been initiated —

S/Shri

1. R.L. Mehta
2. R.K. Garg, L.S.
3. N.D. Sethi
4. G.D. Mehta
5. B.M. Sandhi, L.S.
6. S.N. Dhand
7. Gurmukh Singh
8. K.K. Sharma
9. M.R. Rohilla".

The Committee feel that there is inordinate delay in taking action against the officials at fault and recommend that action against the delinquent officials may be expedited and outcome thereof intimated to the Committee.

7.19. Avoidable payment of compensation

32 Section 94 of the Motor Vehicles Act, 1939 requires all vehicles to be insured against third party risk unless exemption, under sub-section (3) of the Act has been granted by Government.

On 27th September, 1982, a truck which was being plied without insurance cover since July, 1980 met with an accident with a tonga resulting in the death of the tonga driver and a boy, apart from causing injury to two passengers of the tonga and a cyclist.

The Accident Claim Tribunal found that the accident was caused due to rash and negligent driving by the driver of the truck and awarded to the claimants (November 1983-March 1984) compensation aggregating Rs. 0.81 lakh besides proportionate costs and interest from the date of institution of petition till the actual payment. Accordingly, an amount of Rs. 0.89 lakh (including costs and interest) was paid by the Board to the claimants during February and November 1984. Another sum of Rs. 0.06 lakh (on account of additional interest and cost) under the orders of the Tribunal was deposited by the Board with it in May 1984.

Owing to Board's failure to adhere to the mandatory provisions of law, it had to bear an avoidable expenditure of Rs. 0.95 lakh on payment of compensation. In spite of instructions (May 1984) from the Secretary (Legal Cell) of the Board, no action had been taken to fix any responsibility for the loss caused to the Board and for the recovery of the amount from the defaulting officials (September 1985).

The matter was reported to Government in April 1985; reply was awaited (September 1985).

In their written reply, the Department/Board stated as under :—

- “(i) The truck was not got insured due to negligence of S/Shri S.K. Ghera, R.C. Bhatia and P.C Sehgal, A.Es. and Shri K.L. Manocha, J.E.(F).
- (ii) The SDM Panipat in his judgement dated 2nd January, 1985 had acquitted Sh. Jagdish Singh, Driver (W/C). However, as a result of disciplinary action initiated against him, recovery at the rate of 1/3rd of his pay against the total recoverable amount of Rs. 40,120/- has been commenced from his pay for 12/89.
- (iii) Shri K.L. Manocha, JE(F) has been held primarily responsible for not getting the vehicle insured. An order for recovery of Rs. 28582.20 has been passed by the S.E. TCC—II, Karnal vide Office Order No. 104 dated 7th September, 1990 and recovery against this amount is being effected by the XEN. Construction Division, Panipat at the rate of Rs. 545/- P.M. from

his pay from 11/90 onwards. The official has however, filed a Civil Suit, on 13th December, 1990 in the Court at Panipat against the above recovery. For the balance amount of Rs. 26,571.80, S/Shri S.K. Ghera, R.C. Bhatia and P.C. Sehgal, the then A Es. have been held responsible and action against them has also been initiated.

(iv) Necessary instructions to the Field Offices to get all the vehicles insured in time, have been issued by the Secretary (Board) vide Memo No. Ch. 3885/4685/DS/T&H—158 dated 9th August, 1989, telephonic message dated 28th September, 1990 and memo No 666—1338/DS/T&H—158 dated 12th April, 1991. They have also been advised to observe these instructions in letter & spirit.

The Committee recommend that the action against the concerned A.E's. may be expedited without further loss of time and overall recovery position intimated to the Committee in due course.

7.20. Loss of cash

33. According to the instructions issued (May/July 1973) by the Board, cash above Rs. 0.50 lakh should be carried by the cashier in Board's vehicle with police escort. The official posted on the job is also to be held responsible for any loss sustained by the Board due to his negligence.

On 31st October, 1984, the cashier of commercial-II, sub-division, Faridabad was deputed to bank for encashment of a cheque for Rs. 1.21 lakhs on account of salary/travelling allowance bills of the staff. No police escort was, however, provided to the cashier as per the instructions of the Board. The cashier was instructed by the sub-divisional officer to wait in the bank for the Board's vehicle which had been deputed for returning dismantled material valuing Rs. 67 to the central store, Ballabgarh. But the cashier did not wait for the arrival of the vehicle and instead left the bank after encashing the cheque. When he had placed the money in the basket of his scooter some miscreants reportedly diverted his attention and ran away with the cash. Report was lodged with the police on the same day.

The executive engineer, operation division, Faridabad who conducted the investigation (November 1984) held that the cashier who showed utter negligence and complete disregard to the Board/sub-divisional officer's instructions in bringing heavy cash from the bank was responsible for the loss of Rs. 1.21 lakhs.

The sub-divisional officer, commercial-II, sub-division, Faridabad stated (July 1985) that there was no practice in the sub-division to provide police escort to the cashier and that the work of returning scrap to the store was not so important and could be deferred till next date.

Results of police investigation, and action taken against the official(s) at fault were still awaited (September 1985).

The matter was reported to Government in July 1985; reply was awaited (September 1985).

In their written reply the Department /Board stated as under :—

- “(i) It is not possible to provide police escort and vehicle to all Sub Divisional cashier's in the Board due to limited No. of vehicles in the Board and inability of Police Department to provide armed police escort. The amount of cash to be remitted into the Bank by the Sub Divisional cashiers in most of the Sub Divisions is more than Rs. 50,000 on most of the working days during the month. The requirement as such is too frequent and not feasible to be met with.
- (ii) The vehicle sent to the Central Store, Ballabgarh for returning the scrap material was to arrive shortly but the cashier did not wait for the arrival of the vehicle and left for the Bank to encash the cheque. Even after encashing the cheque he did not wait for the vehicle as instructed by the S.D.O. and left the Bank premises alongwith cash. Thus, the cashier is considered solely responsible for the loss of cash and for this disciplinary action has been taken against him.
- (iii) For this lapse, the cashier has been solely held responsible and his two increments have been stopped with future effect. Besides, it has been ordered to make good the loss of 1.21 lacs suffered by the Board by recovery to the extent of 1/3rd of his pay from 9/87 onwards till recovery of the total amount.
- (iv) As stated above, recovery from the cashier of the amount of loss has already been ordered and his two annual increments have been stopped with future effect. Against recovery of 1/3rd of his pay towards the loss suffered by the Board, the official had filed a case in the court of Sub Judge, Faridabad and had obtained stay order against recovery on 30th November, 1987. The stay order was got vacated on 25th April, 1989. The official however, further filed an appeal in the court of Addl. District Judge, Faridabad on 22nd May, 1989. The court has granted permanent stay orders till decision of the case vide judgement dated 19th July, 1989.

The evidence of plaintiff has been completed on 27th August, 1991 and next date of hearing in the case has been fixed on 15th November, 1991.

- (v) Instructions have been issued by the Chief Engineer 'OP' (South), HSEB, Delhi vide his Memo No. Ch. 106/PAC-205/E dated 31st July, 1991 to the S.D.Os (OP) in vulnerable areas and in big cities/industrial towns to provide Board's vehicle to the cashier as and when he visits the Bank in connection with withdrawal/remittance of Board's money exceeding Rs. 0.50 Lac.”

The Committee observe with concern that the Board officials failed to comply with the instructions in letter and spirit which were issued by the Board's Secretary long back which resulted into loss of Rs. 1.21 lakhs.

The Committee desire that final outcome of the court case, as and when received, alongwith recovery position be intimated to the Committee.

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