

35

HARYANA VIDHAN SABHA
COMMITTEE
ON
PUBLIC UNDERTAKINGS
(1992-93)
(EIGHTH VIDHAN SABHA)
THIRTY FIFTH REPORT
ON THE
REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEAR 1986-87 (COMMERCIAL)



12 Mar 1993

Presented to the House on.....

HARYANA VIDHAN SABHA SECRETARIAT,
CHANDIGARH.
1993

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**COMPOSITION
OF
THE COMMITTEE ON PUBLIC UNDERTAKINGS**

(1992 93)

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
- **10 Shri Kitab Singh

SECRETARIAT

- 1 Shri Sumit Kumar Secretary
- 2 Shri Shanti Sarup Under Secretary

* Expired on 8 12 92

** Nominated w e f 5 1 1993

Note The Committee for the year 1992 93 was nominated by the Hon Speaker in pursuance of the motion moved and passed by the Haryana Vidhan Sabha in its sitting held on the 11th March 1992 authorising him to nominate the members of the Committee on Public Undertakings for the year 1992 93 on the 1st May 1992

(v)

INTRODUCTION

1 the Chairman of the Committee on Public Undertakings having been authorised by the Committee in this behalf present the Thirty Fifth Report of the Committee on the Report of the Comptroller and Auditor General of India for the year 1986 87 (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 1992 93 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

Chardigarh
The 18th February 1993

PHOOL CHAND MULLANA
CHAIRMAN

REPORT

HARYANA TANNERIES LIMITED (REVIEW)

- 3 1 2 —MANAGEMENT OF AFFAIRS OF THE COMPANY**
- 3 1 4 —BORROWING OF FUNDS**
- 3 1 5 —PRODUCTION PERFORMANCE**
- 3 1 6 —PURCHASE OF RAW HIDES AND SKINS**
- 3 1 7 —JOB WORK**
- 3 1 8 —EXPORT**
- 3 1 9 —SUNDRY DEBTORS**
- 3 1 10 —COST OF PRODUCTION**
- 3 1 11 —MANPOWER ANALYSIS**
- 3 1 12 —FINISHED GOODS UNIT**
- 3 1 13 —IDLE MACHINERY**
- 3 1 14 —OTHER POINTS OF INTEREST**

1 The Government have intimated that the Company has since been closed with effect from the 1st November 1988 and all its employees have been retrenched

The Committee in the circumstances recommend that the Government may take appropriate action as they deem fit in regard to the points raised in the above stated paragraphs

HARYANA HARIJAN KALYAN NIGAM LIMITED (HHKNL), HARYANA BACKWARD CLASSES KALYAN NIGAM LIMITED (HBCKNL) AND HARYANA ECONOMICALLY WEAKER SECTIONS KALYAN NIGAM LIMITED (HEWSKNL) (HORIZONTAL REVIEW)

3 2 5 Financial position and working results

2 The accounts of HHKNL were in arrears from 1980 81 to 1986 87 HBCKNL from 1984 85 to 1986 87 and HEWSKNL for 1986 87

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

The accounts of this Nigam have been finalized/adopted upto the year 1981 82. The accounts for 1982 83 have been audited by the Statutory Auditors and are likely to be confirmed shortly by the share holders in their 10th reconvened Annual General Meeting. The accounts for the year 1983 84 to 1985 86 will also be cleared by the end of 1992 93 for which the Statutory Auditors have already been appointed by the Company Law Board

The Committee recommend that the accounts of the Nigam be finalized expeditiously and the position thereof intimated to the Committee

3 2 6 Cash Management

3 (i) The Nigams had no system to assess the inflow and outflow of funds. It was observed that HHKNL and HBCKNL had been keeping surplus funds in saving bank accounts which if kept in term deposits would have earned the HHKNL and HBCKNL additional interest of Rs 8.94 lakhs (April 1982 to March 1986) and Rs 0.84 lakh (April 1982 to March 1984) respectively

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

(i) The Govt provides funds to this Nigam in the shape of share capital. On receipt of this amount of share capital the same is sent to the Distt Manager in the field for disbursement to the beneficiaries to achieve the targets of the Nigam. This amount of share capital cannot be kept in fixed deposits for indefinite period because the main object of this Nigam is the socio economic upliftment of the Backward Classes people after providing them loans through banks and not to earn interest by depositing the amount in fixed deposits

The Committee recommend that responsibility for the lapse involved be fixed on the officers/officials concerned and the action taken against them intimated to the Committee

3 2 7 3 A test check of loan cases revealed the following irregularities

4 (a) In Jind unit of HEWSKNL loans of Rs 0.28 lakh were paid to 24 beneficiaries without executing proper loan agreements

hypothecation deeds and surety cum indemnity bonds. In Rohtak, Ambala and Jind units of HHKNL loan agreements had not been executed in 1660 and 815 cases respectively. In all the six units of HHKNL test checked in audit hypothecation deeds had not been executed. In the absence of such safeguards the recovery of loans was not enforceable.

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

As pointed out in the review that Rohtak, Ambala & Jind Units of HHKNL Loan agreements had not been executed in 1660 and 815 cases respectively. Out of 16 cases agreement deed in 11 cases have not been executed and in 5 cases loan has not been disbursed to the loanees by the Banks hence Agreement Deed is not required.

In the other Districts i.e. Ambala and Jind all cases Agreement Deed and other documents have been completed in all respects. Keeping in view the above fact the para may kindly be dropped.

The Committee observe with pain that the officers/officials of the HHKNL failed to get the agreement deeds executed.

The Committee recommend that responsibility for the lapse be fixed on the officials/officers concerned and the action taken against them intimated to the Committee.

3.2.7.5 Recovery of loans

5 (i) * * *

(ii) A test check of the records revealed the followings

(a)

(b) 1,672 loanees (outstanding loan Rs 17.74 lakhs) of HHKNL, 1,284 loanees (outstanding loan Rs 17.60 lakhs) of HBCKNL and 131 loanees (outstanding loan Rs 1.58 lakhs) of HEWSKNL did not repay even a single instalment of loan (in case of 6 units).

(c) * *

(d) * *

(e) Possession of assets hypothecated in favour of the Nigams in case of default was not taken in six units test checked of each Nigam.

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

(b) The A.G. (A) has pointed out that 1672 loanees have not repaid the loan amounting to Rs 17.74 lacs. In this context information from the various districts Ambala, Karnal, Rohtak and Sonapat have been collected. Against Rs 17.74 lacs a sum of Rs 0.92 lac has been recovered from the various loanees. Rs 17.33 lacs (including interest) was waived off upto 23.3.86 in accordance with the Govt. instructions issued vide memo No. 3865 SW(4)-88 dated 19.12.88. Out of above it has also been established

that recovery of Rs 0 62 lacs is pending against 34 loanees in Karnal district. Now Nigam has accorded approval for Collector cases on 3 4 92 and 24 4 92 at the request of District Manager Karnal regarding these cases.

Final position will be intimated in due course regarding 34 cases a statement showing total number of cases pointed out by A G (A) recovery made amount waived off balance amount after waiving off the loan as on 30 4-92 is given below—

Name of the district	Total number of cases	Amount disbursed	Due Penal interest	Recovered	Waived off included interest	Balance after waived off
1	2	3	4	5	6	7
Ambala	633	5 21	5 47	0 13	5 34	—
Karnal	687	7 74	8 22	0 45	7 15	0 62 (34 cases)
Rohtak	95	2 18	2 36	—	2 36	—
Sonepat	257	2 61	2 82	0 34	2 48	—
	<u>1672</u>	<u>17 74</u>	<u>18 87</u>	<u>0 92</u>	<u>17 33</u>	<u>0 62</u>

(c) * /

(d) *

(e) Previously there was no provision in the hypothecation deed to take possession of the assets but now this clause has been included in the Agreement Bonds and being implemented

The Committee recommended that the recovery proceedings against the 34 loanees involving Rs 0 62 lakh be initiated by the Nigam without any further delay and the position of recovery effected as a result thereof be intimated to the Committee

The Committee further recommend that action against the delinquent officers/officials who failed to include the possession clause in the hypothecation deed be taken and intimated to the Committee

3 2 7 6 Delay in refund of margin money/subsidy

6 On sanction of the loan applications by the Nigams the amount of margin money/subsidy is deposited with the sponsoring bank. The bank keeps the amount in sundries account pending disbursement of loans to the loanees. In some cases the loanees did not avail of the loan and the amount of margin money/subsidy remained with the banks in sundries account for months together. The margin money/subsidy deposits were returned by the banks in such

cases after a lapse of 1 month to 49 months. The Nigams did not effectively liaise with the banks to ensure timely refund of margin money/subsidy where loans were not disbursed. A test check revealed that there was a loss of interest of Rs 0.55 lakh due to delayed refund as detailed below —

Serial number	Nigam	No of units	Amount of refund (Rupees in lakhs)	Period of delay after giving a margin of two months (In months)	Loss of interest (Rupees in lakhs)
1	HHKNL	4	7.16	1 to 49	0.41
2	HBCKNL	8	3.52	1 to 47	0.11
3	HEWSKNL				

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

Field Officers in the Districts were responsible for delay in obtaining refunds of margin money/subsidy from the banks. These people did not have the knowledge of accounts matters. In 1985 accounts knowing persons have been posted in the field offices. Instructions have been issued to all the District Managers to keep close watch on the sundry account of the Banks that no amount of the loanee be kept by the Bank for a longer period and if so the same should be credited back in the Nigams accounts. These instructions are now being followed by all the District Managers. Hence para may please be dropped.

and the HBCKNL stated as under —

‘According to the decision taken by the BOD all the Distt. Managers have been instructed that margin money deposited with the banks should not be kept by the banks for a long period and the Regional Authorities of the banks were also approached to issue instructions to their subordinate branches for disbursement of margin money deposited by this Nigam to the loanees under intimation to the concerned D M of their Nigams.

The Committee recommend that both the Nigams may fix responsibility for the delay caused in obtaining refunds from the banks on the delinquent officials/officers and the action taken against them be intimated to the Committee.

HARYANA STATE ELECTRICITY BOARD (REVIEW ON THE PURCHASE AND PERFORMANCE OF TRANSFORMERS)



4.4.1 Delay in invoking risk purchase clause

7 Tenders were invited and opened in April 1984 for the purchase of 1400 distribution transformers of 63 KVA capacity. The lowest rate of Rs 12,229.86 of firm A was not accepted on account of unsatisfactory past performance. The second lowest offer of Rs 12,246.92 of firm B and third lowest offer of Rs 12,610.60 of firm C which were valid up to 7th July 1984 were considered technically acceptable. On 4th July 1984 the Board asked firm C whether it was prepared to supply 700 transformers at the rates offered by firm B. Firm C while extending the validity period of offer up to 31st July 1984 expressed its inability to supply the transformers at the rates quoted by firm B. Accordingly telegraphic acceptance of the offer was sent (6th July 1984) to firm B followed by a detailed purchase order on the 9th August 1984 for supply of 1,400 transformers at the quoted rate of Rs 12,246.92 per transformer. Firm B however refused (July 1984) to execute the order at its quoted rate on the ground that firm rates were quoted assuming urgent requirement and that the prices of raw material had increased.

Fresh tenders were invited and orders for supply of 1,400 transformers were placed (May/July 1986) on firms A (70 transformers on trial basis), C (665 transformers) and D (665 transformers) at the rate of Rs 15,118.74 each after issuing risk purchase notices to firm B (June 1985 and January 1986). This resulted in an extra expenditure of Rs 40.21 lakhs on the purchase of 1,400 transformers with reference to the rate quoted by firm B.

Had the Board taken immediate action in resorting to risk purchase on refusal of firm B to execute the order, extra expenditure of Rs 40.21 lakhs could have been minimised to a large extent. The recovery of extra expenditure was awaited (September 1987).

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

- (i) The tenders were floated in 3/84 and the date of opening of the tender was fixed as 9/4/84. As per NIT the rates were to be quoted on Firm price basis. M/s Apex Electricals Ltd Bombay submitted the tenders with variable prices. However the firm vide their letter dated 11/4/84 confirmed that their quoted prices are firm.

As per the decision of Whole Time Members on 5/7/84 telegraphic purchase orders were issued to M/s Apex Electricals Ltd, Bombay as the validity of the offer was to expire on 7/7/84. It is further added that in the above WTMs decision it was desired that ex post facto approval of the Board be immediately taken in the next meeting. Accordingly a memorandum was put up for the consideration of the Board. The Board in its meeting held on 12/7/84 accorded ex post

facto approval which was conveyed through letter dated 27 7 84. The detailed purchase order was placed on 9 8 84. Normally also it takes about three weeks in placing the detailed purchase orders as it involves preparation of Purchase Order/Type of stencils pre auditing etc. It may be observed from the above that there was no delay in issuing the detailed purchase order.

It is pertinent to mention here that as per Clause 33 of Schedule B the purchase contract comes into existence on the day purchaser posts acceptance to the supplier's offer either through telegram or by a letter through post. The date of posting the telegram letter will be the date of agreement and the contractual obligations of the supplier will commence from that very date. The supplier will have no right to revoke his offer after the purchaser has posted his acceptance in the aforesaid manner.

Since the telegraphic purchase order was issued before the expiry of the validity period and as such as per the above provisions the contract comes into force from the date of the telegraphic purchase order.

(ii) The firm did not supply the material in spite of repeated references made to the firm vide letter No 80006 dated 16 10 84 32716 dated 19 10 84 5325/26 dated 7 11 84 5469 dated 16 11 84 36808 dated 23 11 84. After reviewing the position legal advice was sought in 1/85 and after considering the advice Store Purchase Committee decided in 3/85 to send a legal notice of 30 days. The first notice was issued on 6 4 85 and another notice was issued on 28 6 85. Store Purchase Committee in its meeting held on 26 9 85 recommended to WTM's for issuing NIT at the risk and cost of the firm. The NIT No 290 dated 30 10 85 was floated and the date of opening of the tender was fixed for 24 12 85. It may be observed from the above that risk purchase notices were issued after observing the formalities and there is no delay on the part of the Board and case continued to be regularly pursued.

(iii) After completion of the supplies of risk purchase Demand Notices for recovery of Rs 59 67,982 92 was issued to the firm on 31 1 89 which the firm did not agree as intimated vide their letter dated 14 4 89. As per legal advice the case was filed in the Court wherein request was made that the Chairman may be allowed to appoint the Arbitrator. Accordingly the case was filed in the Court on 21 8 89. The next date of hearing has been fixed by the Court on 9 2 1993.

The Committee recommend that the decision of the court with regard to the appointment of the arbitrator the award of the arbitrator and the action taken as a result thereof be intimated to the Committee.

451 Power transformers

8 As per Schedule VII of the Electricity (Supply) Act 1948 the life of transformers below 100 KVA is prescribed at 25 years and that for transformers of 100 KVA and above at 35 years

The Board is required to maintain transformer history cards showing *inter alia* capacity and voltage ratio name of the supplier date of expiry of warranty period date of issue location date of energisation and subsequent movements etc The Board had not maintained such records in case of power transformers and as such number of years for which the power transformers actually worked could not be ascertained In the absence of these records it was not clear how the Board kept track of the reliability of the suppliers the quality of repairs the extent of future requirements etc

(i) A test check in audit revealed that in the following cases the transformers were damaged before the life span and were declared unfit for use

Serial number	Name of transformer	Year of installation	Year of damage	Life (Years)	Remarks
(1) }	,		*	+	
(2) }					
(3)	One 4 MVA (Sub station Israna Sr No 31254)	1979	1983	4	Surveyed off in December 1986
(4)	*	*		*	*

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

The said transformer was installed at 33 KV Sub Station Israna The investigation was carried out by the SDO Israna There was a heavy storm and lightening in the area on 15 4 83 evening due to which severe fault occurred on the outgoing OCB which caused its damage on 16 4 83 due to tripping of 11 KV OCB of Putha feeder showing earth fault and over current on Red Phase alongwith tripping of 33 KV OCB showing earth fault and over current on Red Phase

The transformer damaged due to natural calamity and as such no body is responsible Further the AE Power Transformer Repair Workshop Panipat has intimated that only 1 limb was damaged and two other healthy limbs were

used elsewhere for repair of similar transformer The loss incurred was about Rs 35 Lacs (approx)

The Committee would like to know the nature of faults that occurred in the outgoing OCB (Oil Circuit Breaker) which caused damage to the transformer on the 16th April 1983 and loss to the Board to the tune of Rs 35 lakhs

The Committee observe with pain that the sub station Engineers/staff on duty failed to rectify the faults occurring in the outgoing OCB

The Committee therefore recommend that responsibility of the delinquent officers/officials be fixed for the said lapse and action taken against them be intimated to the Committee

(ii)

(iii) One 35 MVA (33/33 KV) power transformer valuing Rs 373 lakhs procured in June 1983 for installing at Juddi Pump House (under 132 KV Sub station Kosli) had not been energised so far (September 1987) for want of protection relays

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

The transformer has not yet been commissioned and the protective relays would be provided at the time of commissioning

It is however added that this additional transformer could not be commissioned so far as the load doubled by the SDO Mechanical/Canal Sub Division Kosli for Juddi P H MC I is only 5 MVA which is being fed by existing 5 MVA 33/33 KV Transformer Their maximum demand has touched upto 36 MVA only so far during the month of 5/87 So this additional 35 MVA T/F will be commissioned as and when needed for further additional load required by Irrigation Dept.

The Committee would like to know the latest position with regard to the installation of the transformer at Juddi Pump House

4.8 Performance of repaired transformers

9 The table below indicates the cases noticed during test check in audit of damage to the power transformers within a short period of installation after repair in the Board's workshop, unnecessary repairs of obsolete transformers and delay in repairs

Sr No	Particulars of transformer	Name of repair work shop	Month in which repaired/ issued	Cost of repair (Rupees in lakhs)	Month in which damaged/ received in work shop	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6	8/4/4 MVA 66/33/11 KV	Panipat	April 1982	0 38	—	Both the transformers after repair were lying idle in the work shop due to their lower rating and were considered unfit in the existing power system

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

The following tests are conducted in these PTRW workshop before sending the T/Fs to the field —

- (1) IR Values
- (2) Magnifying current test
- (3) Flux distribution test
- (4) Turn retic test
- (5) Dielectric strength of oil test

Further the final testing is conducted by the M & P organisation before sending the T/Fs to the field. Other tests of the T/Fs are not being carried out due to non-availability of instrument in the workshops please

6 8/4/4 MVA/66/33/11 KV Sr No 747/4435 EMCO Make

The T/F is lying duly repaired and awaiting issue to the Xen Const Division Pinjore as per Chief Engineer (D&P) Hisar allocation No Ch 161/DGS/257 dated 21 2 89. It is still lying in the workshop at Panipat and the same cannot be utilised in the existing system. The case is being taken up with the Board authorities for its disposal.

It is added that the T/Fs after repairs are got tested by the M & P organisation and issued only after getting the O K results from them.

The Committee recommend that the workshop be equipped with all type of instruments so that the various required tests of T/Fs are carried out in the workshop

The Committee also recommend that the final decision with regard to the disposal of both power transformers be intimated to the Committee

4.9 Shortages

10. A reference is invited to para 6.7.10 of the Audit Report (Civil) for the year 1979-80 wherein a mention was made of shortage of parts and oil in damaged transformers

The Committee on Public Undertakings in their 22nd Report (Sixth Vidhan Sabha 1985-86) recommended that shortage of transformer oil should be investigated responsibility fixed and effective steps taken to minimise the shortage of transformer oil

A further test check in audit revealed that during the 3 years up to 1986-87 parts worth Rs 5.66 lakhs (Dhulkote and Hisar workshops) were found missing/broken and transformer oil worth Rs 82.30 lakhs (Dhulkote Hisar Rohtak and Faizabad workshops) was found short in damaged transformers

No action was taken to investigate the shortage of parts/oil

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

The shortages are being accounted for properly and not being ignored altogether. Necessary instructions have been issued to all the S.E., OP to effect recoveries after thorough investigation into each individual case and write off the loss which is irrecoverable

Mainly there are shortages for three items in the Distribution Transformers viz (i) Nuts and bolts (ii) Breathers (Silicagel) (iii) Transformer oil. These shortages occur during the operation and shifting of damaged Distribution transformers. Comments on individual shortages are —

1 Nuts and Bolts

The Distribution transformers are installed in the field mainly on poles. When these transformers are to be opened for repairs the nuts and bolts have to be generally cut because of rusting or welding. Moreover, there are chances of some pilferage during stacking of damaged transformers in the open field and during transportation.

Recovery for such shortages is made from the persons held responsible. Necessary directions have been issued to effect early recovery.

2 Breathers & Silicagel

The silicagel is reheated to remove atmospheric moisture and in the process gets consumed partly. Ultimately when the transformer gets



damaged this item is fully used and has to be refilled after repair of transformer. Thus there is no shortage of silicagel being a consumable item and this is written off. For the body of silicagel breather, the shortages are accounted for as in the case of nuts and bolts.

3 Transformers oil

During the operation of transformer the oil gets partly used due to the following reasons —

- (i) Carbonisation due to heating of oil in the tank during operation
- (ii) Leakage of oil from the transformer
- (iii) Due to flash caused in the transformer or damage to winding/insulation entire oil becomes bad and has to be filtered/replaced
- (iv) Twice a year 750 ML of oil is taken out from each transformer for testing of dielectric strength of the oil and it results into shortage of oil
- (v) Due to pilferage of oil in the field by unscrupulous consumers. Even TIE 4 (Technical Instructions for Estimates) provide for the topping up of oil annually. For transformers upto 100 KVA 8 Ltrs of oil are to be replenished annually.

For all such shortages, the official found responsible for maintenance/custody are held accountable.

The Committee would like to know the amount of shortages of nuts and bolts, body of silicagel breathers and transformer oils separately found against various officials.

The Committee recommend that the recovery of the shortages found be made expeditiously from the concerned officials and the recovery position be intimated to the Committee.

4.10.1 Purchase of transformer oil

11 In response to the tenders called and opened in February 1984 for purchase of transformer oil by the Board firm A the lowest tenderer in the quotation had put in a condition for opening a letter of credit at Bombay. The rates quoted by the firm were variable. However in November 1984 the Board placed an order on the firm for supply of 500 Kilolitres of transformer oil at Rs. 9020 per kilolitre with a stipulation that 100 percent payment would be made against RR through bank and the oil would be delivered by January 1985. The firm in December 1984 insisted for acceptance of its condition for opening a letter of credit at Bombay. The Board subsequently agreed (July 1985) to release 100 percent payment against RR through bank within 7 days of presentation of documents for 200 kilolitres of oil and to open a letter of credit for the balance 300 kilolitres. The revised offer was accepted by the firm.

In the meantime the rates of transformer oil had increased to Rs 10 346 90 per kilolitre with effect from 17th March 1985 with the result the Board had to bear an extra expenditure of Rs 6 34 lakhs on the purchase of 496 9 kilolitres of transformer oil actually received

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

- (i) The Board keeps certain limits with the Bank for making payment through letter of credit but this is invariably used for import contracts for thermal plants and other sophisticated items coming under transmission system as foreign suppliers accept payments through L O C only. In the instant case opening of L C for making payment against P O No HD 2157 was not advisable due to the following reasons —

(a) Opening letter of credit for making payments to firms against supplies to be made by them is not the approved payments clause of Board's schedule D. Competent authority at that time did not consider this mode of payment as safe as it involved risk of advance payment. Moreover if it had been allowed to one manufacturer the same would have prompted other indigenous manufacturers to insist for the same and it would have set a precedence involving problems for the Board in case of future procurements.

(b) For making payment through L C the Board has to incur extra expenditure of about 2% of payment value on account of establishment charges for L C and in interest on payment.

Consulting the firm about change in payment terms would have straightway attracted refusal from the firm and all the next higher offers too had demanded payment through letter of credit. Thus there was no other alternative but to adopt the safest mode of payment for the Board. It will not be out of place to mention here that telegraphic P O placed on the firm on 7 8 84 with changed terms of payment i.e. 100% against documents as acknowledged vide letter dated 31 8 84 without any reservation which implied that the firm had initially accepted our terms of payment but subsequently declined to accept the same.

(ii) No responsibility for excess expenditure can be fixed as non acceptance of L C payment terms was collective decision of the competent authority in the best interest of the Board taking into account the difficulties anticipated in the opening of the letter of credit in favour of the bankers of the firm's choice. Moreover LC terms of payment is not the approved payment mode of the Board as per schedule D of tender specification.

The Committee are constrained to observe that it was a lapse on the part of the officers of the Board not to open the letter of credit after accepting the terms of the firm which resulted in extra expenditure of Rs 6 34 lakhs to the Board.

The Committee recommend that responsibility for the

lapse be fixed on the delinquent officers/officials and the action taken against them be intimated to the Committee

4 10 4 Damage to power transformer

12 An order for supply of two 12 5/16 MVA (66/11 KV) power transformers at Rs 11 25 lakhs each was placed on BHEL in February 1985. The delivery of the transformers was taken at Ballabgarh Railway Station in August 1986. For transportation of the transformer from rail wagon and unloading at BBMB crane bay a tractor trailer was hired. While transporting one transformer slid down and over turned on the road due to break down or floc of the tractor trailer. The transformer was damaged and huge quantity of transformer oil spilled.

A Joint inspection of the damaged transformer was carried out in September 1986 by the representatives of the supplier insurance company and the Board but the extent of damage in monetary terms had not been determined so far. The Board in December 1986 approached BHEL to advise on the feasibility of repair of the transformer with estimated financial implication to enable them to lodge a claim with the insurance company. The BHEL while expressing their doubts about entertainment of claim by the insurance company as the transit insurance was up to destination Railway Station only declined to repair the transformer free of cost.

The Executive Engineer Central Store Ballabgarh stated (June 1987) that the amount of loss had not been ascertained so far and no claim had been preferred with the insurance company as the latter had not agreed to reimburse the loss.

Neither the transformer had been repaired nor any responsibility fixed.

The Review was reported to the Board and Government in August 1987 their replies had not been received (October 1987).

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

- (i) The transformer was got unloaded by the consignee as per usual practice to avoid demurrage/wharfage as RR was not received by him in time. The transformer was transported through Tractor trailer which was of adequate capacity as is evident from the report submitted by XEN Central Store, Ballabgarh vide his letter dated 29 10 87. The accident occurred due to sharp turn of the road. No body can be held responsible as another transformer was also got safely transported through the same trailer. It may be termed as a natural accident.
- (ii) Repair has been carried out by M/S BHEL through an open order at PTRW HSEB Ballabgarh. The charges incurred by M/s BHEL are to be reimbursed after the settlement of the claim with Insurance Company for which BHEL was to render all the assistance.

The claim for an amount of Rs 2 53 005 76 (which includes Rs 1,00 492/- incurred by HSEB for providing various repair facility to M/s BHEL) was lodged with the Insurance Company by M/s BHEL. The Insurance Company rejected the claim stating that the material reached Ballabgarh Railway station on 5 8 86 and the policy covered transit risk and seven days of storage. The policy thus lapsed on 12 8 86 whereas the T/F got damaged after 12 8 86 and as such they are not liable for the claim and rejected the claim vide M/s BHEL letter dt 27 8 91.

The case was considered by the SPC in its meeting held on 8 5 92 and BHEL was held responsible for damage of this T/F due to the reasons that M/s BHEL despatched the T/F without awaiting the despatch authorisation by HSEB and at the same time BHEL did not inform the consignee about the insurance of the equipment which resulted in delayed receipt and release of the RR attracting wharfage which further resulted in the refusal of the claim preferred on the insurance company. Recovery of Rs 114970/ has been made from the balance payment of P O No HD 2198 and passed bill dt 22 10 92 of P O No HDH 6 of the firm.

- (iii) The transformer after repair has been installed and commissioned at 66 KV Sub station F CI Faridabad during 1990 and the same is running satisfactorily.

The Committee observe that out of total claim of Rs 2 53005 76 the Board had recovered part amount of Rs 1 14 970 from the BHEL.

The Committee would like to know the position of recovery of the balance amount.

HARYANA STATE SMALL INDUSTRIES AND EXPORT CORPORATION LIMITED

5 3 2 Avoidable payment of surcharge on income tax

13 Income tax for the assessment years 1985 86 and 1986 87 relevant to the accounting years 1983 84 and 1984 85 was payable by the Company at the rate of 55 per cent and 50 per cent of taxable income respectively *plus* surcharge at the rate of 5 per cent of income tax. The surcharge on income tax was not payable in case the equivalent amount was deposited with the Industrial Development Bank of India (IDBI) under the Companies Deposits (Surcharge on Income Tax) Scheme 1984 and 1985.

Under these Schemes the amount equivalent to the surcharge on income could be deposited with IDBI at any time up to the date/extended date when the last instalment of advance tax was due for payment. The amount so deposited with IDBI was repayable with simple interest of 7.5 per cent per annum after 5 years. However the Company did not avail of this facility and instead paid surcharge amounting to Rs 1.76 lakhs (Rs 0.55 lakh for the assessment year 1985 86 and Rs 1.21 lakhs for 1986 87) to income tax authorities during 1984 and 1985. Thus the Company was deprived of the saving of Rs 1.76 lakhs besides loss of interest amounting to Rs 0.66 lakh which it could have earned on this amount if deposited with IDBI.

The Company stated (September 1987) that the Companies Deposit (Surcharge on income Tax) Schemes for the year 1984 and 1985 came into force from 28th September 1984 and 6th September 1985 respectively and up to these dates the Corporation had deposited two instalments thus exercising the option of depositing surcharge with Government treasury. The Company further stated that in view of this it was not possible to shift to the other scheme and to withdraw money back from Government treasury.

The reply of the Company is not tenable as (i) the scheme could be availed of at any time up to the last date/extended date when the last instalment of advance tax was due for payment and (ii) the surcharge already paid into Government treasury could have been got adjusted towards income tax.

The matter was reported to the Government in July 1987 reply had not been received (October 1987).

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

The Corporation had not received any copy of notification regarding introduction of the scheme from State Govt or from Legal Advisor Income Tax. In the absence of the information/advice in regard to amendment the Corporation paid surcharge in the Govt Treasury instead of deposit with IDBI.

Since the Corporation had already paid two instalments of advance surcharge into Govt Treasury it was not advised by our Legal Advisor to change the option for deposit with I D B I for the last instalment. As such even last instalment could not be invested in I D B I.

It was stated by the departmental representative during the course of oral examination that the Corporation was earlier neither aware of the scheme announced by the Government of India nor it had received either the notification from the Government or advice from the Income Tax Advisor of the Government regarding these deposit schemes. Besides the Income Tax Advisor of the Corporation was also not himself aware about the latest amendment in this respect and therefore did not apprise the Corporation of the same. It was further stated that even no other Corporation of the Government had also deposited the amount in the Industrial Development Bank of India and availed of the benefit under these schemes. The Corporation had already paid two instalments of advance surcharge into Government treasury when the scheme came into force and decision about the investment of third instalment as per revised scheme was not possible in absence of specific advice from the Income Tax Advisor of the Corporation or the State Government and accordingly the same was not invested in I D B I.

The Committee observe that it was slackness on the part of the Income Tax Advisor of the Corporation and its officers/officials dealing with the subject that they did not keep themselves abreast with the schemes announced by the Government of India as a result of which the Company could not avail of the benefit under the schemes.

The Committee therefore recommend that suitable action be taken against the Income Tax Advisor and other officials/officers at fault and the loss suffered due to their negligence be made good from them and the Committee informed accordingly.

HARYANA DAIRY DEVELOPMENT CORPORATION LIMITED

5 4 1 Payment of interest

14 Based on the decision of the Board of Directors taken in March 1976 the Company leased out assets of its milk plants at Ambala Jind Bhiwani and Rohtak to Haryana Dairy Development Co operative Federation Limited initially for a period of one year from 1st April 1977 on rent of Rs 40 lakhs Similarly the milk plant at Ballargarh was given on lease to the Federation initially for a period of one year from 1st July 1979 on rent of Rs 8 lakhs The terms and conditions of lease approved by the Board of Directors of the Company *inter alia* provided that in the case of default in the payment of lease rent punctually the company was entitled to enter upon the premises and sell or cause to sell any material belonging to the Federation and realise the arrears The lease was extended year after year with rent ranging from Rs 30 lakhs to Rs 48 lakhs per annum Lease deed incorporating the terms and conditions of lease was however not executed (March 1987)

The Company was not able to recover all its dues from the Federation and the outstanding balance as on 30th June 1986 was to the tune of Rs 200 07 lakhs Due to delay in recovery of dues from the Federation the company could not repay on due dates the instalments of loan and interest due to the Indian Dairy Corporation (from whom loans were taken for setting up the milk plants) This has resulted in extra burden of interest amounting to Rs 43 19 lakhs (of which Rs 13 29 lakhs has already been paid) up to March 1987

The matter was reported to the Company and Government in July 1987 their replies had not been received (October 1987)

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

'The lease agreement containing detailed terms and conditions acceptable to both Fed and Corpn exist from the beginning The agreement is approved by the BODs of the Fed as well as Corpn However the deed has not been executed Non execution of the deed has not affected the agreement between the Corpn and Fed in any way

When the Corporation stopped its business it transferred its current assets to the Fed The Corporation in addition has charged lease amount of Rs 444 20 lacs from 1 4 77 to 31 3 90 The balance payable to Corporation as on 31 3 90 was Rs 242 74 lacs This indicates that the Federation is releasing the outstanding payment to Corpn Technically the Fed and the Corpn are two separate entities yet they are working for the same cause under the same M D It needs also to be appreciated that Federation is not intentionally holding up the balance of the Corpn It is running into lot of financial problems Many times cases have been prepared for liquidating the liabilities of the Corpn Federation has given an assurance to NDDB on behalf of the Corpn to liquidate their loan in instalments of Rs 50 lacs each During 1989 90 to 1991 92 such instalment was released and another was sent in 1991 92

The Federation will be liquidating the liabilities of the Corporation which are due towards NDDB and Indian Overseas Bank. As explained in above para the payment is being already released to NDDB. The Federation is also making its efforts to liquidate the liabilities of Indian Overseas Bank by resorting to settlement by compromise.

During the course of oral examination the representative of the Corporation who was also the Managing Director of the Haryana Dairy Development Coop Federation Ltd. stated that the functions of the Corporation had since been taken over by the Federation and whatever little staff the Corporation had it was paid by the Federation. He also stated that the lease money charged from the Federation did not include the interest liability of the Corporation which was ultimately to be borne by the Federation. It was further stated that a sum of Rs. 489 lakhs was due from the Federation out of which only a sum of Rs. 140 lakhs remained to be paid as lease money as in November 1992. It was further emphatically stated that the Federation would discharge all the liabilities of the Corporation in due course of time.

The Committee recommend that the financial liability of the Corporation be assessed and the Government may advance loan to that extent to the Corporation to discharge its pending liabilities so that the winding up process of the Corporation is then taken up expeditiously.

The Committee further recommend that the loan thus advanced to the Corporation be recovered from the Federation in easy instalments so that the working of the Federation is not hampered and goes on smoothly.



HARYANA STATE MINOR IRRIGATION AND TUBEWELLS CORPORATION LIMITED

5 6 1 Defective lining of water course

15 The Company executes the work of lining of water courses on behalf of farmers who are treated as shareholders of their respective water courses and the expenditure incurred is recovered from them. The water course at outlet RD 172500/R Bhiwani distributary was lined by Rohtak Maintenance Division of the Company at a cost of Rs 1 49 lakhs during 1980 81. On receipt of complaints from the cultivators the Executive Engineer Rohtak Lining Division who investigated the matter, reported (November 1982) that the designed crest level was 216 95 metres whereas the constructed bed level was 216 85 metres which was lower than the designed level. Accordingly it was decided in November 1983 to remodel the water course at the Company's cost. The water course was remodelled in June 1985 at a cost of Rs 1 53 lakhs.

The Superintending Engineer Rohtak Lining Circle, stated (October 1983) that the reason for unevenness in the bed level was due to the negligence of the concerned Junior Engineer/Sub divisional Officer who had since been repatriated to the Irrigation Department.

No action against the Officials responsible for the loss had been taken by the Management/Government so far (October 1987).

The matter was reported to the Company and Government in August 1987 their replies had not been received (October 1987).

The Department/Corporation in their written reply stated as under —

Superintending Engineer, Rohtak Lining Circle RTK has been asked to submit show cause notice against Sh Rajpal Singh SDO & Sh Attar Singh JE for taking further disciplinary action against them.

It was stated during the course of oral examination by the representative of the Corporation that according to the procedure conveyed by the Government in respect of the officials/officers on deputation from the Irrigation Department to the Corporation where it involved action under Rule 8 it could be taken by the Corporation and the action under Rule 7 was to be taken by the parent department. The Superintending Engineer Rohtak had been asked to submit show cause notice against the SDO and the JE concerned.

It was subsequently intimated that charge sheets under Rule 7 against S/Shri R K Rajpal SDO and Attar Singh JE had been submitted to Chief Engineer/R & D Irrigation Department vide letter dated the 4th January 1993 for approval of Government and both of them were now working in the Irrigation Department.

The Committee recommend that the action against the said officials be finalised without any further delay and intimated to the Committee.

HARYANA TELEVISION LIMITED

5 9 1 Avoidable payment of sales tax

16 Under the Central Sales Tax Act 1958, transfer of goods to branch offices outside the State are exempt from the levy of tax. Further tax at concessional rate (4 *per cent* as against 10 *per cent*) is levied on inter state sales to registered dealers provided such sales are supported by requisite declaration forms from them.

In the returns filed with Excise and Taxation Department for the year 1982-83 the Company reported stock transfers of television sets valuing Rs 44.29 lakhs from Faridabad to its branch office in Delhi. The Assessing Authority held in July 1984 and, again on appeal filed by the Company in March 1986 that the television sets did not represent stock transfers to the branch office but had gone direct to a dealer in Delhi against advance payments and prior contracts. Accordingly the Assessing Authority levied tax at 10 *per cent* amounting to Rs 4.43 lakhs. The Company neither collected the amount of tax nor obtained the declaration forms from the dealer for availing concessional rate of tax.

Further out of the inter state sales of Rs 19.03 lakhs made by the Company during 1982-83 requisite declaration forms were not obtained from the dealers on sale of Rs 8.88 lakhs. The Assessing Authority therefore levied tax at the rate of 10 *per cent* (Rs 0.89 lakh) as against 4 *per cent* (Rs 0.36 lakh) collected from the dealers resulting in an avoidable payment of sales tax amounting to Rs 0.53 lakh.

The non collection of amount of tax and the declaration forms from the dealers resulted in an avoidable payment of sales tax amounting to Rs 4.96 lakhs.

The matter was reported to the Company and Government in May 1987 their replies had not been received (October 1987).

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

- (i) At the belated stage it is not possible to find out the reason for non production of freight cartage and octroi bills before Assessing Authority.
- (ii) This matter relates to M/s North India Electronics Pvt Ltd New Delhi whose whereabouts are not known.
- (iii) No responsibility was fixed for not obtaining C form in time. Moreover, a petition under section 8 of the Arbitration Act 1948 has been filed in the civil court for appointment of an arbitrator for adjudication of the following claims of the Company.

(a) Amount due towards the price of the goods	Rs 2,82,986.44
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(b) Amount due towards sales tax for failure to supply C form	Rs 83 711 18
(c) Sales Tax due	Rs 27 446 88
(d) Reversal of Credit entry	Rs 11 734 88
Total	<u>Rs 4 85 817 62</u>

Since ordinary service could not be effected on the firm and their Directors the Court had ordered service by publication in the news paper for which expenses were deposited in the Court. The case is now fixed for 28 5 1991.

It may be stated that the possession of Haryana Television Ltd Faridabad was delivered to Sh S D Bhardwaj on 20 10 92 along with the keys of the entire record and store. The Management and shares have also been transferred to him on 28 11 92. As such Haryana Television Ltd is no longer a Government Company.

It was stated during the course of oral examination by the departmental representative that the case for appointment of an arbitrator in this case was pending in the court of Senior Sub Judge Faridabad and the next hearing was fixed in February 1993. It was further stated that the award of the arbitrator would come to the share of the Government/company as per the agreement entered into with the purchaser.

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

5.9.3 Loss in supply of television sets

17. In March 1981 the Company appointed a firm of Amritsar as sole selling agent for distribution of television sets for a period of 5 years from April 1981 to March 1986. The deliveries of television sets were to be made against cash payments. The Company during the period from May 1981 to December 1982 supplied 4 426 television sets (including accessories) for Rs 91 70 lakhs against which payment of Rs 88 87 lakhs was received. The firm was continuously in default with effect from November 1981 and was making part payments in contravention of the provisions of the agreement. An amount of Rs 2 83 lakhs had accumulated up to December 1982 against the firm. The Company terminated the agreement with the firm in December 1982 on account of violation of the terms of agreement i.e. withholding of payments, decrease in lifting of television sets, failure to provide after sales service to customers.

In December 1983 the Company issued a legal notice to the firm for payment of outstanding dues. Thereafter the matter was not pursued with the firm. The Board of Directors in March 1986 while noting with concern the lapse on the part of the Management for

keeping silent over the matter since December 1983 desired that the matter may be probed further to find out the facts and the causes of 2 years delay and that the suit for recovery may be filed in the meanwhile after consulting the legal adviser. The enquiries made by the Company revealed that the firm was non-existent and the whereabouts of the Directors were not known. The legal adviser whose advice was sought by the Company opined (October 1986) that in these circumstances the Company should not waste money in filing the suit in the court as it would involve a considerable court fee. He also advised that the Company should appoint an arbitrator in the matter. However the Company had not appointed any arbitrator so far (September 1987). The Company did not pursue the recovery of outstanding amount from time to time.

Thus due to failure of the Company to control cash collection and laxity in pursuance of recovery of the outstanding dues an amount of Rs 2.83 lakhs had become time barred and irrecoverable. The Company neither probed the matter as desired by the Board of Directors nor fixed responsibility for the loss so far (October 1987).

The matter was reported to the Company and Government in June 1987. Their replies had not been received (October 1987).

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

This is the same firm who have been mentioned in para 5.9.1 above. Since the Company has been closed and all old employees have been retrenched it is not possible to comment as to why supplies were made against part payments.

No responsibility appears to have been fixed in this case.

The file was not perused by the then employees. As soon as the matter came to our notice it was barred by limitation and no civil suit could be instituted. However as per terms and conditions of the agreement application for arbitration proceedings was filed in the court but notices could not be served on the parties through ordinary process of law. Ultimately the court had ordered service through publication in the newspaper and the expenses were deposited. Now the case is fixed for 20.5.91.

There is no system of verifying the antecedents of a party before appointing it as distributor.

It may be stated that the possession of Haryana Television Ltd Faridabad was delivered to Sh. S. D. Bhardwaj on 20.10.92 along with the keys of the entire record and store. The Management and snarers have also been transferred to him on 28.11.92. As such Haryana Television Ltd is no longer a Govt. Company.

It was stated during the course of oral examination by the departmental representative that the firm involved in this case was the same as mentioned in para 5.9.1 and as already stated, the next date of hearing in the case for appointment of an arbitrator was fixed in February 1993 in the court of Senior Sub Judge Faridabad.

The Committee desire that the final outcome of this case be intimated to the Committee.

HARYANA STATE ELECTRICITY BOARD

5 10 Non clubbing of connections

18 Under the tariff schedule for supply of energy to industrial consumers the rates applicable to consumers having connected loads not exceeding 100 KW (medium supply) are lower than the rates applicable to consumers having connected loads above 100 KW (large supply). To avoid loss of revenue to the Board due to application of lower tariff rates to the consumers having more than one medium supply connection in the same premises the Chief Engineer (Operation) issued instructions in January 1981 to club all such connections after giving three month's notice. These instructions were reiterated in July 1981 June 1983 October and November 1984.

It was noticed during test audit (November 1984) that in operation sub division Tosham the connected load of a consumer having three medium supply connections in the same premises were not clubbed for the purpose of billing.

Consequently due to non clubbing of connections the Board suffered loss of revenue of Rs 0.76 lakh during May 1981 to February 1987. Although the matter was reported to the Board in December 1984 notice for clubbing these connections was issued to the consumer only in February 1987 and the connections were clubbed in August 1987.

The matter was reported to the Board and Government in April 1987 their replies had not been received (October 1987).

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

The following officers/officials are held responsible for non clubbing of connections and disregard to the instructions of the Board —

- 1 Sh H R Chhabra JE
- 2 Sh Hari Singh Sindhar AEE (8 6 81—14 6 82)
- 3 Sh C P Taneja AEE (14 6 82—17 7 83)
- 4 Sh J P Singla AE (18 7 83—19 8 83)
- 5 Sh N N Mehta AE (23 8 83—6 5 85)

The matter has been taken up with the competent authority viz Secretary Board for taking disciplinary action against the above officers/officials by the XEN City Op Division Bhiwani and the Chief Engineer Op zone III HSEB Hisar. But the same has not so far been finalised. It is further added that the consumers whose connections have now been clubbed have filed a suit in the court at Bhiwani and the same is under process in the court.

The Committee recommend that the action against the officers/officials concerned be finalised and taken expeditiously and intimated to the Committee

The Committee also recommend that the decision of the court in the suit filed by the consumers as and when announced and the action taken as a result thereof be intimated to the Committee

5 11 Loss of revenue due to unauthorised extension of load

19 The Sales Manual of the Board provides that each small power connection should be checked twice a year by an official not below the rank of a line superintendent once a year by a sub divisional officer and once in three years by an executive engineer

A Milk Chilling Centre at Hisar was sanctioned in August 1976 a small power connection with a connected load of 19 605 KW by the Sub division Hisar Periodical checking of the connected load of the consumer as per the manual was not carried out

It was noticed in audit (September 1986) that while during April 1982 to December 1983 the monthly consumption of energy of the consumer ranged from 4 to 3 090 units the consumption during the period from January, 1984 to August 1986 ranged from 4 108 to 15 046 units per month The actual load of the consumer thus worked out to 81 880 KW as against the sanctioned load of 19 605 KW

At the instance of Audit the load was checked by the Sub division in November 1986 and by the Vigilance Cell in January 1987 and it was found that the consumer was using energy to the extent of 82 195 KW and 80 750 KW respectively Accordingly the consumer was billed on medium supply tariff from December 1986 and Rs 0 25 lakh was also charged as penalty for unauthorised extension of load for the preceding six months 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 failure to conduct prescribed periodical checks and non maintenance of energy variation register by the Sub division unauthorised extension of load by the consumer could not be detected This resulted in loss of revenue amounting to Rs 0 81 lakh for the period from January 1984 to May 1986

No responsibility in the matter had been fixed by the Board so far (October 1987)

The matter was reported to the Board and Government in May 1987 their replies had not been received (October 1987)

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

- (i) The connection for Milk Chilling Centre in question is of a semi Govt concern They increased the load of their

own accord without bringing the fact to the notice of HSEB. It is true that in the event of variation in consumption towards higher side this is the alternative source to find out extension of load but in this case this escaped notice of Audit/Supervisory staff

There is a lapse on the part of Shri Dayabir Singh JE and Sh J P Singla SDO (Now AEE) who did not check the load of the consumer from time to time as per codal instructions

However instructions have since been issued to the concerned Xen to ensure upto date maintenance of energy consumption variation registers in all the OP sub division. He has also confirmed that compliance is being made

- (ii) The following officials have been held responsible for failure to conduct periodical inspection for almost three years in this case —

- 1 Sh Dayabir Singh JE (F)
- 2 Sh J P Singla AEE

A letter of warning has been issued to Sh Dayabir Singh JE by the S E OP Circle HSEB Hisar vide his Memo No CD 1/Civil Line/CA/6858 dated 13.3.90. Action against Sh J P Singla, AEE is being taken by the competent authority viz Secretary Board

Instructions have been issued to the field officers to conduct inspections and carry out checks as per provisions of Manual of Instructions

It is further added that the extension in load has been got regularised after observing usual formalities and a sum of Rs 24 600/- on account of penalty for the unauthorised extension of load of 82 BHP @ Rs 50/- per BHP for the last six months (6/86 to 11/86) has since been recovered from the consumer vide RO 4 No 14/42780 dated 17.2.87

Additional security amounting to Rs 7480/- for unauthorised extension of load has also been got deposited from the consumer vide BA 16 No 275/23337 dated 15.1.1987 and billing is being done on Medium Supply tariff from 12/86 onwards

The Committee recommend that the action initiated against the S D O concerned be finalised expeditiously and intimated to the Committee

5.12 Extra expenditure due to retendering of work

20 (a) Separate tenders for construction of 60 quarters under Phase I and 56 quarters under Phase II at 220 KV Sub station, Karnal were invited/opened in January/February 1985. The works were to be completed

within 12 months and the conditional offers were to be rejected outright. The cement and steel required for work was to be provided by the Board.

Offers were received from 8 firms for Phase I and 9 firms for Phase II. The offers of firm A of Narwana for Rs 31.40 lakhs for Phase I and Rs 30.32 lakhs for Phase II were the lowest. The offers valid for 30 days were subject to the conditions that if Government charge any kind of sales tax in future that would be borne by the Board and that quarters would be completed within 18/15 months.

However the third lowest offer (Rs 32.98 lakhs) of a Panipat firm for Phase I and the second lowest offer (Rs 31.75 lakhs) of another Panipat firm for Phase II were unconditional but these were not considered. Instead the Board asked firm A (February and April 1985) to extend the validity period up to 90 days, withdraw the condition relating to sales tax and reduce the completion period to 12 months but the firm extended only the validity period up to 3rd May 1985 and did not agree to withdraw the other conditions. On 30th April 1985, the Board again requested the firm to extend the validity period by one month which was not agreed to by the firm who also demanded the refund of its earnest money. Meanwhile the second and third lowest tenderers also withdrew their earnest money deposits.

Tenders for both the works were reinvited in October 1985 and the works of construction of quarters under Phase I and II were awarded for Rs 38.63 lakhs and Rs 37.83 lakhs to two firms of Hisar in May 1986. Against this the equated rates offered in February 1985 by the third and second lowest tenderers which did not put any condition for Phase I and II worked out to Rs 32.47 lakhs and Rs 30.59 lakhs (after adjusting impact of variation in quantity of works and increase in issue rates of material). The extra expenditure of Rs 13.40 lakhs, could have been avoided had the tenders invited initially been finalised by rejecting the conditional offers of firm A outright in terms of the tender enquiry and accepting the unconditional offers of the third and second lowest tenderers.

The Superintending Engineer (TCC No II) Karnal, stated (April 1987) that the allotment of works could not be finalised due to non-withdrawal of ambiguous conditions by the lowest tenderer. The reply is not tenable as the conditional offers were to be rejected outright as per the terms of the tenders.

The matter was reported to Government in June 1987, reply had not been received (October 1987).

(b) The Board without finalising the drawings and designs of construction of 12 quarters of type II and 12 quarters of type III at Jharsa Road Colony Gurgaon invited tenders in September 1984. The work was awarded to contractor A in November 1984 for Rs 6.04 lakhs and Rs 7.97 lakhs respectively.



As per terms and conditions of work order the work was to be completed within nine months from the date of receipt of layout from the Board

The drawings and designs of the quarters were finalised by the Board only in October 1985 and when the layout of these works was offered to the contractor he refused (December 1985) to execute the work

Accordingly tenders were reinvited in January 1986 and the works awarded to contractor B for Rs 6.95 lakhs and Rs 9.24 lakhs in May 1986

Thus owing to inordinate delay in finalisation of the drawings and designs the Board had to incur an extra expenditure of Rs 2.18 lakhs on execution of the works by re inviting the tenders

The matter was reported to the Board and Government in July 1987 their replies had not been received (October 1987)

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

- (i) The conditions of firm A except regarding sales tax were such as did not have any financial effect. The Sales Tax clause effected the cost of material/T&P articles to be supplied/used by the contractor. There was no certainty at that time whether sales tax was applicable to works executed by contractors or not. As there was a big difference between the lowest conditional tender and lowest unconditional tender the lowest tenderer was therefore in the financial interest of the Board approached to withdraw the condition

It may be mentioned here that had the conditional tenders of firm A and 6 other contractors who had quoted condition of S T in their tenders been rejected there would have remained only two unconditional tenders and the same could not be considered because of lack of competitiveness

- (ii) The validity period of the two firms as per N I T was 3 months which expired on 3.5.1985. The correspondence available in the record shows that no such effort was made
- (iii) The earnest money of firm was refunded on 4.5.85. It is further submitted that no effort seems to have been made to negotiate within second and third lowest tenderer before the refund of security as per office record available
- (iv) No specific date schedule for handing over the drawings to the contractor was stipulated in the contract executed with the contractor in this case. However, the drawings are supplied to the contractor at the earliest possible

In the instant case it was proposed to adopt the same design as was used for construction of Thermal Power House Colony Faridabad

The soil testing at Jharsa Road Colony for construction of an over head tank indicated that the soil bearing capacity was different from the one at Faridabad on which the design was based. The foundations design had to be revised by the design directorate accordingly and the design drawings were supplied in June 1985.

It was subsequently observed that in actual the soil bearing capacity values taken for designing these quarters should have been different for which the soil bearing capacity of Jharsa Road Colony land was again got tested from PWD (B&R) Research Laboratory Bhiwani by the Xen Civil works and a report was supplied to the Civil Design Director Hisar in 8/85 who in turn amended/reviewed the designs and supplied suitable structural drawings to construction organisation in 10/85. In view of these circumstances delay occurred in supply of layout drawings to the contractor.

(v) The contractor A' was served with a registered notice by the Xen C/W Division Gurgaon on 18.11.85 to take over the layout drawings of the quarters and start the work failing which his earnest money was to be forfeited. On refusal by the contractor his earnest money was forfeited. The contractor went to the court of law and as per award given by the Arbitrator the earnest money had to be refunded.

The Board (WTMs) discussed the para in their meeting held on 12.1.93 and decided that in view of delay having occurred due to late supply of drawings thereby resulting in financial loss to the Board C.E./Design Hisar would further look into the facts of the case and fix responsibility for delay for suitable action.

The Committee observe that the case for extension of validity period of the other two firms was not handled properly by the officers/officials of the Board with the result that it had to incur extra expenditure of Rs 13.40 lakhs.

The Committee therefore recommend that responsibility of the delinquent officers/officials for the lapse involved be fixed and the action taken against them intimated to the Committee.

The Committee also recommend that responsibility of the officers/officials at fault for the inordinate delay in finalisation of the drawings and designs be fixed expeditiously and the action taken against them be intimated to the Committee.

5.13 Avoidable payment of compensation

21 Under the provision of the Motor Vehicles Act 1939 the Board is required to get its vehicles insured against third party risk.

In the following cases the vehicles of the Board met with accidents resulting in deaths and the Motor Accident Claim Tribunal awarded com



compensation aggregating Rs 11.11 lakhs to the heirs of the deceased

Serial number	Name of vehicle and registration mark	Date up to which insurance cover was taken	Uncovered period of insurance	Date of accident	Amount of compensation paid (Rupees in lakhs)	Date of payment	Remarks
1	2	3	4	5	6	7	8
1	Truck (HRG 1638)	15.8.1980	16.8.1980 to 10.9.1980	27.8.1980	0.50	November 1982/ March 1987	The Motor Accident Claim Tribunal held in August 1982 that the accident was caused due to rash and negligent driving. The appeal filed by the Board in the High Court was also rejected (April 1986).
2	Truck (HRJ 7405)	16.1.1984	17.1.1984 to 18.1.1984	18.1.1984	0.22	May 1985	The Motor Accident Claim Tribunal held in May 1985 that the driver was responsible for rash and negligent driving.
3	Truck (HRK 7418)	23.2.1983	—	21.12.1982	0.39	April 1985	The Motor Accident Claim Tribunal held in December 1985 that the accident was caused due to rash and negligent driving. Though the truck was insured at the time of accident the Board failed to implead the insurance company as a party to the claim with the result the Board had to pay the amount of claim. However, the claim lodged by the Board in April 1986 with the insurance company for Rs. 0.39 lakh is yet to be settled (September 1987).

Due to non renewal insurance policies/not impleading insurance company as a party to the claim, the Board had to incur an avoidable expenditure of Rs. 11.11 lakhs towards payment of compensation.

The matter was reported to the Board and Government in June 1987 their replies had not been received (October 1987)

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

- (i), There was lapse on the part of subordinates incharge of the vehicles who did not get the insurance policies in respect of vehicle No HRG-1638 and HRJ-7405 against third party risk renewed in time. The insurance in respect of vehicle No HRK-7418 was although got renewed in time but wrong No of the vehicle i.e. HRH-7418 was mentioned instead of HRK-7418

Responsibility for non renewal of insurance in time and giving wrong number of the vehicle has been fixed as under —

Vehicle No	Name of official held responsible
HRG-1638	Sh KK Sharma J E (C)
HRJ-7405	(i) Sh P C Aggarwal S D O
	(ii) Sh S N Aggarwal J E (C)
H R K-7418	Sh Gurmukh Singh J E (F)

- (ii) Shri Nanak Chand Work charged Driver has been held responsible in case of accident to vehicle No HRG-1638 and recovery of 50% compensation of 0 50 lac paid to the heirs has been ordered from each i.e. the J'E and the driver. Recovery at the rate of Rs 700/ was started from the pay of Sh K.K Sharma J E from 7/92. But the official has obtained stay orders against the recovery from the Court of Sub Judge 1st Class Gurgaon on 20-8-92. Sh Nanak Chand Driver has also obtained stay order from the court against recovery. Recovery in both the cases will be commenced as and when the stay orders are vacated by the court.

Shri Kishore Singh W/C Driver has been held responsible in case of accident to vehicle No HRJ-7405 by the competent authority and recovery of 50% of compensation of Rs 0 22 lac paid each from the J'E and the driver has been ordered Recovery of Rs 11 156 57 at the rate of Rs 700/ P M from the pay of 8/89 and onwards. (towards 50% of compensation) has since been made from Shri S.N Aggarwal, J'E as intimated by Xen Civil Works (T) Division Hisar vide his Memo No 1743 dated 16 4 91

As regards recovery from Sh Kishore Singh Driver it is stated that a sum of Rs. 11 156 57 stands recovered from him upto 8/91

The services of Sh P C Aggarwal S D O (C) who was also held responsible in this case have been censured by the Secretary Board vide Memo No Ch—60/EB 6/1652 dated 27 10 89

Sh Mehar Singh Driver who was held responsible in case of accident to vehicle No HRK—7418 and in whose case the amount of Rs 38 753 50 on a/c of compensation paid was placed in the schedule of PW Misc advances for recovery could not be recovered as he expired on 21 7 88. The amount has subsequently been written off by the Board in its meeting held on 27 4 92

- (iii) The insurance company was asked to pay compensation in respect of accident to vehicle No HRK—7418 as per rules. The company however declined to accept the claim under the plea that vehicle No HRH—7418 has been insured by them instead of HRK—7418 and accident to the truck occurred on 21 12 1982 but the claim was lodged in April 1986. The Board has filed a civil suit in the court at Ambala City against the insurance company for recovery of the amount and the next date of hearing has been fixed on 6 11 1992

A show cause Notice has also been issued to Shri Gurmukh Singh J E for wrong registration number of vehicle and non lodging of claim with the insurance company in time. The reply to the Show Cause Notice issued to him has been received but final action is pending as the case is subjudice. Further action will be taken on receipt of decision of the court

The query in respect of vehicle No HRG—1638 and H R J —7405 is not applicable as the third party insurance of these vehicles had lapsed prior to the occurrence of the accident

The Committee recommend that the case filed by the concerned J E and the Driver namely Sarvshri K K Sharma and Nanak Chand respectively and pending in the court be vigorously pursued and the decision of the court as also the action taken as a result thereof be intimated to the Committee

The Committee also recommend that the decision of the court in regard to the case filed by the Board against the Insurance Company and the action taken thereon be intimated to the Committee

The Committee further recommend that the final action taken against Shri Gurmukh Singh J E for wrong registration number of vehicle and non-lodging of claim with the insurance company in time be intimated to the Committee

5 14 Avoidable payment of water cess

22 Under Section 6 of the Water (Prevention and Control of Pollution) Cess Act 1977 an assessment order for payment of Rs 3 48 lakhs on account of water cess for the period from March 1979 to March 1982 was received by Thermal Power Station Panipat on 24th May 1982 from the Haryana State Board for Prevention and Control of Water Pollution Chandigarh (WPCB). The amount was payable by 30th June 1982. In terms of the Water (Prevention and Control of Pollution) Cess Rules 1978 an appeal against the assessment order could be preferred within a period of 30 days (extendable up to 45 days by Appellate Committee) from the date of communication of such order.

After verification the total quantity of water actually used by the plant was found to be 2 47 lakh litres as against 3 29 lakh litres on which the cess was claimed. The Board without filing an appeal against the incorrect assessment within the period (i.e. by 9th July 1982) made payment of Rs 2 90 lakhs on 2nd July 1982 on the quantity of water actually used to WPCB. The assessing authority advised (18th July 1982) the plant authorities to deposit the balance amount of Rs 0 58 lakh along with interest for delayed payment and approach the Appellate Committee for redressal of grievances if any. Accordingly payment of Rs 0 59 lakh (including interest Rs 0 01 lakh) was made under protest on 5th August 1982.

The plant authorities filed an appeal on 11th August 1982 i.e. after a period of 78 days from the date of communication of the assessment order. The appeal was dismissed (June 1983) on the ground that it was not filed within 30 days (maximum 45 days) from the date of communication of the assessment order.

Thus the failure on the part of the plant authorities to file the appeal within the prescribed time limit resulted in an avoidable payment of water cess amounting to Rs 0 59 lakh.

The matter was reported to the Board and Government in June 1987. Their replies had not been received (October 1987).

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

- (i) M/S WPCB Haryana issued assessment order for Rs 3 47 781/- on 21 5 82. On verification of actual consumption of water under different heads as per record maintained at the Thermal Project it was observed that payment of Rs 2 89 539 17 only was due and the same was accordingly released. However M/S WPCB insisted for depositing the balance amount of Rs 58 241 43 immediately vide their letter No. WPCB/Cess/6241 dated 19 7 82 or to face 100% penalty for default to make the balance payment. It was further stated that in case of grievance the Board could be approached through Appellate Committee subject to limitation as per Water (Prevention and Control of Pollution) Cess Rules 1978.



To avoid levy of penalty it was decided to release the balance payment under protest and the same was therefore released vide D'D No CD 544884 dated 15-8-82 by placing the amount under suspense head PW Misc Advance pending decision on the appeal. The appeal was simultaneously filed on 11-8-82 after depositing the appeal fee of Rs 50 vide WPCB receipt No 30/36 dated 11-8-82. The same was however rejected.

- (ii) The circumstances under which the payment was made have been explained above. It would kindly be seen that there is no lapse on the part of any official and as such none can be held responsible.

It may be clarified here that WPCB had taken into account the gross quantity of water released by Irrigation Department for Panipat Thermal Plant from Delhi parallel branch whereas the Project authorities had computed the consumption of water on the basis of actual consumption of water for different purposes as per record being maintained by the different users on the project and made the payment of Rs 2 89 539 17 in the first instance. The credit for quantity of water actually returned to DP Branch through Project return channel was allowed by Irrigation Department from the total quantity of water supplied by them as per their water supply bills but the same was omitted by PTPS while releasing the payment for cess.

All arguments made before the Assessing authorities for accepting the payment in full and final settlement of the claim were ignored by the assessing authority and insisted for full payment as per their assessment.

The Committee desire that the reasons offered by the Water Pollution Control Board rejecting the claim lodged by the Board be intimated to the Committee.

The Committee recommend that responsibility or the officers/officials who failed to account for the water returned to the Irrigation Department while releasing the payment of cess be fixed and the action taken against them be intimated to the Committee.

5.15 Delay in construction of quarters

23 The Thermal Standing Committee (TSC) without keeping in view the infrastructure available and drawing any phased programme decided (December 1979) to construct departmentally 188 residential quarters of various categories at an estimated cost of Rs 1 66 70 lakhs at Panipat Thermal Power Project. The work which commenced in December 1979 was abandoned in December 1982 after incurring an expenditure



of Rs 59 lakhs up to various stages on account of financial stringency and inability of the Board to manage the construction of such a large number of quarters departmentally

In May 1984 the TSC decided to get the left over work completed through contractors. Accordingly the left over work was awarded to two contractors A (126 quarters at an estimated cost of Rs 45.18 lakhs) and B (62 quarters at an estimated cost of Rs 78.44 lakhs).

Contractor A completed 50 quarters till May 1987. Though the work on 28 quarters was in various stages of completion the work on remaining 48 quarters was not taken up as the contractor demanded a sum of Rs 3.34 lakhs for repair of these quarters which was not included in the scope of work. Tenders for repair work of 48 quarters were called for and opened in May 1987 but the work was yet to be allotted (October 1987).

Contractor B started construction of 28 quarters in October 1984 and completed only 12 quarters up to May 1986. The left over work of 16 quarters was allotted in June 1987 to contractors C and D at an extra cost of Rs 6.81 lakhs. As contractor B did not start the work on the remaining 34 quarters the order was cancelled in July 1986 and the work was awarded in July/December 1986 to contractors A, E and F at an extra cost of Rs 8.54 lakhs. Of these 6 quarters were completed up to May 1987.

Neither any penalty was levied on contractors A and B for delay in execution of the work nor risk and cost clause was invoked in the case of contractor B for not executing the work on 50 quarters.

Thus owing to improper planning in the execution of the work not only huge funds of the Board to the extent of Rs 59 lakhs remained blocked for more than four years but also the Board had to incur an extra expenditure of Rs 15.35 lakhs in retendering the works.

The matter was reported to the Board and Government in August 1986. Their replies had not been received (October 1987).

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

- (i) The Budget provision for the construction of Qrs for 1979-80 was Rs 66 lakhs for the year 1980-81 Rs 75.32 lakhs for the year 1981-82 was Rs 35 lakhs & for the year 1982-83 was Rs 20.00 lakhs. Accordingly Board's decision to construct these quarters in December 1979 and the initial planning was fully justified. But due to financial constraints the change in planning took place and funds were preferably allocated for stage II and stage III works. The engagement of labour was also prohibited in December 1982. This work which was being executed departmentally had to be abandoned in Dec 1982.

- (ii) The demand of Rs 3 54 lakhs of the contractor for repair work of 48 quarters was not considered justified and accordingly quotations for the same were called for in May 1987 but no contractor submitted quotations. It was then decided to give Rs 2000/ per quarter for repairing and Rs 4000/ for cement (lumpsum) total Rs 1 00 lac against Rs 3 54 lacs demanded by the contractor. The contractor completed the work on 31 1 88.
- (iii) The scheduled date of completion for various quarters was as under —
- (a) 16 Nos Cat V quarters — 30 10 85
- (b) 46 Nos Cat IV quarters — 28 10 85

The contractor B was issued final legal notice regarding 46 Nos Cat IV quarters on 5 1 87 (16 Nos quarters) and on 14 8 86 (18 Nos quarters). Regarding 16 Nos Cat V quarters notice was issued on 14 8 86.

- (iv) The works were not started/completed by the contractor B due to less resources. He started work on 28 Nos quarters of Cat IV out of 46 Nos quarters and could complete only 12 Nos quarters. He also failed to start the work of 16 Nos Cat V quarters. Only security from running bills was deducted as per contract. The amount of security amounting to Rs 87 395/ lying in deposit against the work of 46 Nos Cat IV quarters and Rs 44 250 86 has become payable to contractor on A/C of final bill. Both these amounts are being adjusted against the recoverable amount of risk and cost.

The detailed risk and cost statement of these works is as under —

16 Nos Cat V quarters — Rs 713293 39

46 Nos Cat IV quarters — Rs 834669 38

Rs 1547962 77

As regards the recovery of the balance extra cost due from the contractor the Deptt has decided to recover the same through Arbitration proceedings. The case for appointment of arbitrator has already been initiated.



The stipulated date for completion and actual date of completion of 34 quarters is given below —

S No	Name of work	Stipulated date of completion	Actual date of completion
1	18 No Cat IV (M/S Didar Singh)	31 5 87	31 8 87
2	4 No Cat IV Qtrs (M/S Megh Raj Bansal)	7 3 87	22 4 87
3	12 No Cat IV Qtrs (M/S N K Garg)	9 10 87	15 12 87

The completion period had expired on 28 10 85 and the work was in progress. The competent authority decided to postpone the recovery of penalty charges till the completion of the job to get the work early completed.

The Committee are constrained to observe that there was laxity on the part of the officers/officials of the Board for not invoking risk and cost clause and for postponing the penalty charges levied on the contractors.

The Committee therefore recommend that action against the officers/officials concerned for the above lapses be taken and intimated to the Committee.

The Committee further recommend that the decision to appoint the arbitrator for the recovery of the balance extra cost due from the contractor be expedited and the award of the arbitrator as also the action taken as a result thereof be intimated to the Committee.

5.20 Non utilisation of conveyor belt

24. An order for manufacture, erection and commissioning of conveyor belt for carrying coal received in closed wagons from railway track to hopper was placed in June 1982 on a firm of Delhi at a cost of Rs 6.91 lakhs (including excise duty and sales tax). The conveyor belt was to be supplied, tested and commissioned by July 1982. The installation of conveyor belt was completed at a cost of Rs 5.53 lakhs and was handed over provisionally to the operation and maintenance wing of the plant by the construction wing in September 1983. The Executive Engineer, Coal Handling Maintenance Division, Panipat, pointed out (October 1983) certain electrical and mechanical defects which needed to be rectified by the firm. The conveyor belt could not be commissioned as the defects were not rectified by the firm so far (October 1987). In the meanwhile

warranty period had expired. The Board had also not taken any measures for rectification of the defects.

The Executive Engineer Coal Handling Maintenance Division Panipat stated (July 1987) that

- (i) the receipt of coal through closed wagons and its unloading was quite costlier than the open wagons
- (ii) the closed wagons were not being accepted by Panipat Thermal Plant since May 1984 and
- (iii) the use of the conveyor belt was not economical after agreement with Coal India Limited in March 1985 according to which all coal rakes were to be weighed at the plant and arrangements were available with the plant for weighing of open wagons only

Since neither the firm had rectified the conveyor belt nor did the Board take any measures for its rectification the funds to the tune of Rs 5.53 lakhs were tied up for a period of about five years

The matter was reported to the Board and Government in August 1987 their replies had not been received (October 1987)

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

- (i)(a) The matter regarding rectification of defects was vigorously pursued with the firm. In this connection following references were made —
 - (a) Regd letter No Ch —173/PTP/M I/Stg II/MG 175 dated 15-9 83
 - (b) Telegram dated 14 12 83 also confirmed by post vide No Ch —Loose/PTP/M I/Stg II/MG —175 dated 14 12 83
 - (c) Letter No Ch —Loose /PTP/M I/Stg II/175 dated 5 1 84
 - (d) Regd letter No Ch —194/PTP/M I/Stg II/ MG 175 dated 10 5 84
 - (e) Regd letter No Ch —198/PTP/M I/Stg II/ MG 175 dated 21 12 84

But the firm did not care to take action on the above references made to them

- (b) The conveyor belt was meant for shifting of coal received in closed wagons and unloaded along the track side to the wagon tripper hopper. The matter regarding rectification of defects was pursued with the firm upto 12/84 as detailed in reply to question no (i)(a) above but the Board could not get the defects rectified at the risk and cost of the firm. The conveyor belt was commissioned by the firm and was provisionally handed over to XEN/CHM under O&M Wing during 9/83. Some minor defects were intimated by the O&M Wing during 10/83 which remained unattended as the firm did not come forward to rectify the same. It is also

added that no closed wagons were received at Project site after 4/83 and as a result conveyor belt was no more required. As such the matter was not pursued with the firm after 12/84. The present cost of minor rectification of defects is approximately Rs 10 000/ which can safely be recovered from the outstanding dues of the firm worth Rs 60 000/ with the Project authorities. Needless to mention here that 95% payment stands made to the firm as per terms and conditions of the P O.

- (ii) Extra cost incurred on carrying coal from closed wagons to hopper between July 1982 to May 1984 due to non availability of conveyor belt was Rs 47 895/ approximately. Whereas as per clause 6 Damages for delay in delivery penalty for delay amounting to Rs 31 950/ stands recovered from the bills of the firm.
- (iii) The belt is not required as no closed wagons are being received. The matter regarding utility of the conveyor belt has been considered and it is observed that the belt in question was designed for unloading of coal from closed wagons and since now the coal is being received at PTPS through open wagons and is being unloaded directly through wagons tripper on the grizzly this belt has no utility. It is further observed that the dimensions sizes and specification of conveyor belt/idlers etc for the conveyor belt system at wagon tripper are much different and cannot be used for other conveyor systems as spare.

As the various components of conveyor belt system can not be used as spares on some other conveyors for Stage I II & III due to difference in sizes and specifications and as such the case for disposal of conveyor belt by auction on as is where is basis is being considered because this conveyor belt can be very well utilised by the stone crusher owners. It may also be possible that by sale of above conveyor system the Board may recover expenditure incurred on this job in 1983.

It is further stated that the expenditure incurred by the project authorities on the installation of conveyor belt cannot be called as infructuous as the installation of the above belt was the necessity as per prevailing circumstances during 1982 83 when coal was being received in closed wagons.

The Committee recommend that the conveyor belt be auctioned without any further loss of time and the amount realised as a result thereof be intimated to the Committee

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