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HARYANA VIDHAN SABHA
COMMITTEE
ON
PUBLIC UNDERTAKINGS
(1992-93)
(EIGHTH VIDHAN SABHA)
THIRTY FOURTH REPORT
ON THE
REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEAR 1985-86 (COMMERCIAL)



Presented to the House on.....12 MAR 1993

HARYANA VIDHAN SABHA SECRETARIAT,
CHANDIGARH.
1993

(i)

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(iii)
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 8-12-1992.

** 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 Fourth Report of the Committee on the Report of the Comptroller and Auditor General of India for the year 1985-86 (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

Chandigarh :

The 18th February, 1993

PHOOL CHAND MULLANA
CHAIRMAN

REPORT

HARYANA BREWERIES LIMITED (REVIEW)

2.1.1. Introductory

1. The Haryana Breweries Limited was incorporated on 14th September 1970 as a subsidiary of Haryana State Industrial Development Corporation Limited (HSIDC) with the main objectives of carrying on business as dealers, distillers, brewers and manufacturers of wine, spirits and alcohol and to deal in and erect factories for the manufacture, refinement, preservation, dehydration, canning and bottling of vegetable, milk and meat products and drinks, wine, liquors, spirits and cognac of every description whether intoxicating or not.

The Company had set up a plant at Murthal in 1974-75 at a cost of Rs. 2.05 crores for the manufacture of beer. The present activities of the Company are confined to the manufacture and sale of beer.

A review on the working of the Company was included in the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil)—Government of Haryana. Results of further study are embodied in the succeeding paragraphs.

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

"HBL had requested to Govt. to permit them I.M.F.L. filling unit. It is still pending with the Govt. Other activities were not considered suitable alongwith beer manufacturing to avoid cross contamination. Further, there were not enough funds for starting other activity which may take some time based on the progress of the unit. However, as per licenced capacity we are bottling more than that."

The Committee recommend that the decision of the Government on the proposal of the Company to permit them I.M.F.L. filling unit be expedited and intimated to the Committee.

2.1.5.2. Excessive process loss of beer

2. According to the project report the overall loss of beer in production would be about 5 per cent. Though manufacture of beer involves various processes, the process-wise losses have not been worked out by the Company so far (November 1986). During the six years (1980-86) the overall process loss of beer varied from 9.3 per cent in 1984-85 to 17.3 per cent in 1980-81;

the value of beer lost in excess of norms works out to Rs. 48.67 lakhs as below .

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
	(Quantity in HLs.)					
1. Opening balance of beer in tanks	3,929	3,580	4,080	5,710	3,396	5,604
2. Beer brewed during the year	66,440	56,870	48,180	49,072	79,155	1,08,657
3. Total	70,369	60,450	52,260	54,782	82,551	1,14,261
4. Less closing balance of beer in tanks	3,580	4,080	5,710	3,396	5,604	7,165
5. Beer available for bottling	66,789	56,370	46,550	51,386	76,947	1,07,095
6. Beer bottled	55,305	50,237	40,774	45,759	69,564	95,082
7. (a) Production loss	11,484	6,133	5,776	5,627	7,383	12,013
(b) Percentage of production loss to beer brewed	17.3	10.8	12.0	11.5	9.3	11.1
(c) Production loss in excess of norms	8,162	3,289	3,367	3,173	3,425	6,580
8. (a) Rate of beer per HL. (Rs.)	155.09	182.48	182.93	167.81	166.23	195.13

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
(b) Value of beer as per 7(c) (Rupees in lakhs)	12.66	6.00	6.16	5.32	5.69	12.84

The Management had not analysed the reasons for excessive losses.

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

"The norms are usually kept conservatively. The beer process loss has never been less than 10% and whatever norms fixed belied. The loss incurred at various steps are analysed by the management. The maximum loss has been observed in pasteurizer where bottles burst due to the thermal shock and built up pressure in bottles. It is pertinent to mention here that the process loss is approved and allowed in Karnataka State where the maximum breweries are situated is 13% i.e. 6% upto process and 7% in bottling hall. The losses in previous year's was abnormal but now it is observed that losses are coming down and ranging about 10%. Management has controlled the temperature and tightened the security and controlled the leakages. Further more this year process loss is slowly coming down."

The Committee observe that the process loss of beer was abnormally high as compared to project report norm and desire that the process loss be reduced to the extent of project report norm.

The Committee recommend that responsibility, where the process loss exceeded ten per cent, be fixed on the officers/officials concerned and the action taken against them be intimated to the Committee.

2.1.6-3 Non charging of interest on delayed payments

3. Under the conditions of sale incorporated in the invoices issued by the Company, interest at the rate of 18 per cent per annum was chargeable on payments received after 30 days. A review of the sundry debtors ledger of the Company for the years 1984-85 and 1985-86 disclosed that the Company was not charging any interest for belated payments received after 30 days. In the case of one party of Hyderabad, the period of delay ranged

between 31 and 317 days and the loss of interest on account of belated payments received after 30 days amounted to Rs. 3.44 lakhs. In the case of another party of Calcutta, six years were taken in realising Rs. 1.46 lakhs by staggering payments and an amount of Rs. 0.13 lakh was still (December 1986) outstanding. The loss of interest in this case, on account of belated payments worked out to Rs. 1.09 lakhs.

Responsibility for not charging interest on delayed payments in violation of conditions of sale incorporated in sale invoices has not been fixed by the Management so far (December 1986).

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

“(i) Brewery is a seasonal industry and all the breweries in the country dumps its beer with the distributors before the summer season sets in. In the even' any beer industry fails to do so, will never be able to complete the sales targets. The liquor industry in the country cannot afford to function without any credit facility. We have thus to follow the trade practice. The interest was not the practice in the trade. The invoice does include the condition that interest would be payable in case the payment is delayed after 30 days. There is acute competition in the market and in order to book the storage space at licensee go-downs, it was necessary that the stocks are stored at their godown during February & March. It was also essential so that the production at the factory could be continued. The sales during February and March was essential so that the storage room at the factory is made available for current production and build the stock for future supplies in season starting from April onwards. The manufactures of other brands are also allowing credit and trying to store the maximum of their product which affects the sales of other parties. In view of these factors, the charging of interest was never insisted upon nor it is advisable in the interest of overall sales.

(ii) No interest was charged as a matter of policy, keeping in view the practice in the trade. The liquor trade is subject to excise policy of the state and usually the licensee change the business, payment becomes difficult and the utmost interest in such cases is to realise the amount i.e. principal. Further, charging of interest would not solve the purpose unless and until it is realised. The charging and debiting the parties with interest would have attracted the income tax whether the interest is realised or not ? In case the interest is not realised, it would turn into bad debt and would mean only paper work and deferment of the adjustment of bad debts.

- (iii) The non charging of interest was as per the practice in the trade and as such fixing up of responsibility for non charging of interest did not arise. At present all the manufacturers of beer or liquor are suffering due to excise policy and change of hands in the trade due to auction. The licensee first pays the licence fee and thereafter whatever remain is paid to the dealers from whom beer/liquor is to be procured. It is a vicious cycle which is becoming difficult to be broken, unless the Management decides to venture for losses by breaking the tradition."

The Committee observe that the non-charging of interest was due to laxity on the part of the officers/officials of the Company and, therefore, recommend that responsibility therefor be fixed on the delinquent officers/officials and the action taken against them be intimated to the Committee.

2 1.7.2. Purchase of carton

4. (a) The average annual consumption of cartons, which are used for packing beer bottles, was of the order of 6.94 lakhs. The Company had not adopted a system of inviting open tenders and had affected purchases of an aggregate value of Rs. 69.45 lakhs during 1979-80 to 1982-83 at rates ranging from Rs. 2.35 (April-September 1979) to Rs. 2.55 per carton (October 1979-May 1982) from a few firms

In May 1983, the Company for the first time invited tenders for purchase of cartons for meeting the requirement for 1983-84 and in response the lowest rate of Rs. 2.30 per carton was received from a firm of Chandigarh which was lower than the rates at which purchases had been effected in the past four years.

The extra cost incurred during 1979-80 to 1982-83 as a result of not inviting tenders worked out to Rs. 5.58 lakhs compared to the lowest rate of Rs. 2.30 per carton.

(b) During 1984-85 and 1985-86 also, the Company purchased 9.57 lakh cartons valuing Rs. 22.88 lakhs and 12.96 lakh cartons valuing Rs. 32.74 lakhs by resorting to limited tender. Thus, the Company was deprived of the benefit of competitive rates.

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

- "(a) It is to inform you that tenders were invited periodically and sometimes all the known parties were requested for submitting their rates for entering into annual contracts. There was a boom in the carton manufacturing industry, and due to competition and also tax policy of the different states lower rates were received. The rates of the Chandigarh party

were lower because the sales tax rate applicable at Chandigarh was at 1%. In the subsequent years, that party did not supply any cartons to us when other suppliers supplied. The calculation of extra expenditure is not correctly assessed to the extent that the rates of all the orders suppliers need to be compared and not the lowest rate received during 1983-84. The purchases were effected after due competition and rates were invited by press advertisement, and also at times by tenders from all the known parties

- (b) As all the parties were written before effecting the purchase for 1984-85 & 1985-86 and the rates of cartons were ranging from Rs. 2.30 to Rs. 2.50 and Rs. 2.50 to Rs. 2.60 respectively. It was considered not to go for open tender specially when all the parties recorded in the last auction were invited for quoting the rate

Further, Haryana Harkalyan Packages had been guiding factor for negotiations and also fixing the rates. It was a conscious decision to get the supply from the continuing parties and as such the question of fixing the responsibility did not arise."

The Committee observe that the Company's plea to purchase the cartons without inviting tenders was in contravention of the laid down purchase procedure.

The Committee, therefore, recommend that the purchases in future be made in accordance with the laid down procedure to avail the benefit of competitive rates.

2 1 7.3. Purchase of labels for bottles

5. During 1981-82 to 1983-84, the Company purchased labels for pasting on beer bottles valuing Rs. 1.72 lakhs (64.79 lakhs), Rs. 1.62 lakhs (61.01 lakhs) and Rs. 2.31 lakhs (78.48 lakhs) respectively from firm 'A' at mutually settled rates without calling for tenders.

It was only in June 1984, that tenders were invited for the purchase of 150 lakh labels for the year 1984-85. The Company placed orders from September, 1984 to July 1985 with firm 'B' for purchase of 9 lakh labels for Aristocrat brand and 66 lakh labels for other brands at its quoted rate of Rs. 21.75 per thousand (Aristocrat brand) and Rs. 28.25 per thousand (other brands). The firm executed this order by May 1985. At the request of the firm the rates were revised upward to Rs. 24.36 and Rs. 31.64 per thousand labels of Aristocrat brand and other brands respectively with effect from the 1st May 1985 and the Company purchased in 1985-86, 53.68 lakh labels of other brands at the increased rates. Simultaneously, the Company continued to purchase labels during the period from July 1984 to March 1986

from firm 'A' at mutually settled rates ranging from Rs. 33 to Rs. 34.32 per thousand labels which were higher than the rates of firm 'B'. The reasons for purchase of labels from firm 'A' at higher rates were not on record.

Had the Company resorted to proper purchase procedure of inviting tenders it could have avoided extra expenditure of Rs. 0.75 lakh on the purchase of 1,78.95 lakh labels from firm 'A' at negotiated rates.

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

- “(i) Purchase of labels though looks to be simple it needed special care so that the losses at production level may not increase. The firm 'A' with whom HBL was purchasing the labels at negotiated rate was the first supplier i.e. introduced at the time of inception of the Brewery. This party had to develop the labels by observing the production on daily basis. The operators were not finding any problem with the supplied received from this party.

The other parties were yet to be developed and their specifications were to be streamlined in their production line. Further, all the labels could not be purchased from the second party as the party 'B' had to develop all the labels. Both the parties were kept so that the production may not suffer for want of labels.

- (ii) The whole quantity was not ordered with firm 'B' as the party had yet to develop our labels and placing the orders with this firm would have effected the production schedule of HBL. Further, during the past years no firm was forthcoming with the quality labels needed by HBL. In order to safeguard the interest of HBL, it was decided not to place the order for the whole quantity with supplier 'B' rather it was decided to place order on firm 'A' at their negotiated rate and some quantity with firm 'B' at their rate so that the second party is developed for future assignment. The quality of firm 'A' is always found upto the mark and HBL did not face any complaint while firm 'B' had to make many changes to make their quality comparable with that of firm 'A'.
- (iii) The general trend of rates was rising due to increase in paper cost. The firm 'B' was to be developed so that monopoly of 'A' could be broken and there was still a difference of rates of labels purchased from firm 'A'. The increase allowed to firm 'B' was still cheaper and it was in overall interest of HBL.

The inviting of tender would not have served the purpose due to limited parties. Reasonable increase ensured the supply as also it developed alternative supplier without offending the old supplier.

- (iv) The reputation of firm 'A' was above par and in the interest of work, and also till other new suppliers are developed, it was considered essential that the firm 'A' be kept on panel of suppliers at negotiated rate with them. The quality of supply from firm 'A' had always been found satisfactory and HBL has not to face any problem with this firm. It is the reputation of firm 'A' why HBL placed orders with them and also depended upon them. It always kept the schedule in time. It is advisable that always more than one supplier be kept so that in case of any mishap at one's work the production schedule of the unit does not suffer. Further, it keeps the interest of both the units alive in maintaining the quality and supply position "

The Committee are constrained to observe that instead of following the laid down procedure of purchase, the Company has justified its action of purchasing the labels at differential rates.

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

2.1.7.4. Inventory Control

6. The table below indicates the value of inventory of stores, spares and tools for the five years up to 1985-86 :

Year	1981-82	1982-83	1983-84	1984-85	1985-86
(Rupees in lakhs)					
Closing stock	8 11	7 15	7 41	7.66	10 50
Consumption during the year	6 79	9 31	7 41	7 66	10 50
Stock in terms of months consumption	14	9	12	12	12

The inventory constituted 14 months' consumption during 1981-82, 9 months' consumption during 1982-83 and 12 months' consumption during 1983-84, 1984-85 and 1985-86 as compared to the maximum level of 6 months' prescribed in the purchase Manual

It was noticed in audit that :

- (a) Spare parts and stores were not segregated into fast-moving, slow-moving and non-moving categories.
- (b) Priced ledgers were not maintained in the absence of which it was not possible for the management to arrive at the actual consumption of stores, spares and tools.
- (c) Items of stores were not priced at the time of issue.

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

- “(i) Inventory level of the stores was already in existence and as such continued at the same level. The nature of repair and maintenance is annual and the inventory needed during the year though small in value but of urgent nature and as such it was considered necessary to continue to maintain the same level. The scrutiny is being carried and wherever possible based on the availability of the material, stocking pattern is being checked & changed. Rubber parts are usually maintained as fast moving items and due to its nature its inventory is usually maintained at one to two months level while the engineering goods/hardware goods are slow moving and they are maintained for risk production and can vary from one year to 5 years. Some of the items have not been used since inception, but its replacement or procurement cost is likely to be exorbitantly high and the availability will be indifferent.
- (ii) The number of items is not that much as its classification is essential. Further our industry is a seasonal industry where supplies are needed for annual maintenance. The inventory of raw material, packing material and chemicals has rightly been maintained so that the work does not suffer and unnecessary inventory is never blocked up. Price ledgers for general stores, in view of the volume and its price is not advisable and as such these were valued at the time of taking stock inventories at FIFO. However, as the work grows we may introduce the price ledgers.”

The Committee desire that the Company may introduce the maintaining of priced store ledgers to arrive at the actual consumption of stores, spares and tools and the action taken in this regard be intimated to the Committee.

2.1.10.1. Avoidable payment of interest

- 7. The Company had been operating six current accounts

in Delhi, Murthal, Sonapat, Chandigarh and Bombay to meet its day to day requirements of cash and for depositing the cash collected from various customers. Simultaneously, it had also been availing cash credit facilities from Haryana State Co-operative Bank, Chandigarh and New Bank of India, Delhi to meet its working capital requirements.

A review of Bank statements of current accounts of the Company for the period from April 1984 to March 1986 vis-a-vis cash credit accounts revealed that the Company did not have a proper system of transfer of surplus funds from current accounts to cash credit accounts to minimise the incidence of interest on cash credits. It was noticed that the Company kept large sums ranging between Rs. 0.58 lakh and Rs. 42.33 lakhs daily in current accounts after meeting its day to day requirements whereas it was paying interest at the rate of 18 per cent on cash credit account. By not transferring surplus funds from current accounts to cash credit accounts promptly, the Company had to pay avoidable interest of Rs. 2.12 lakhs during April 1984 to March 1986 on cash credits availed by it.

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

- “(i) The Beer Industry in North is seasonal and HBLs requirements from December to April is maximum and where any amounts received are usually diverted for urgent purchase and no CC account is credited though it is costly. There was hardly any surplus during this period. However, during the subsequent period, the amount received was periodically transferred to cash credit account. Now the CC account is being maintained with PNB & NBI and as such the operation is rightly carried. There may be some amounts in current accounts needed for day to day expenses at the places where CC account is not being operated such as Jaipur & Murthal etc. Wherever collection was deposited in Jaipur/Murthal, the payments were directly made through cheque instead of transferring it into CC account. This would have involved avoidable cost in transfer.
- (ii) The limit with NBI was fixed in such a fashion that upto March, HBL could draw upto the maximum but limit was reduced to by June. However, the fund flow improves only after July onwards and this necessitates to directly allocate and spend for day to day expenses. There was no surplus to credit to CC account. This typical nature of operation was due to nature of industry. All purchases as also sales are on credit. The question of fixing the responsibility does not arise as the funds were utilised for the purpose of the company or retained for the purpose so that the company is not handicapped due to shortage of funds.”

The Committee are constrained to observe that the Company was put to loss due to laxity of certain officials/officers who failed to devise a system of transferring huge amount of current accounts to cash credit account.

The Committee, therefore, recommend that responsibility of the officers/officials in default be fixed and the action taken against them be intimated to the Committee.

HARYANA STATE ELECTRICITY BOARD (REVIEW)

3.1.2. Delay in completion of transmission lines and sub-stations

8. During test check in audit, it was noticed that in many cases as detailed below the expenditure incurred by the Board on the transmission lines remained blocked due to delay in the completion of sub-stations

The table below indicates the cases where the construction of transmission lines had been completed but were energised after a considerable time lag (serial number 1 to 4) or the work on lines was held up (serial number 5 to 7) due to inordinate delay in the completion of linked sub-stations :

Sr No.	Name of the line	Actual Expenditure (Rupees in lakhs)	Month of completion	Month of completion or stoppage of work	Name of the linked sub-station	Month of completion of sub-station	Time lag between date of completion of line/ stoppage of work on the line and sub-station	Remarks
1	2	3	4	5	6	7	8	9
1.	*	*	*	*	*	*	*	*
2.	33 KV T-off Dadri-Ladain line at Sasoli (10 Kms.)	13.58	January 1983	May 1983	Sasoli	July 1985	26	The construction of line was started/ completed in January/ May 1983 whereas the construction of sub-station

1	2	3	4	5	6	7	8	9
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was started in February 1984. The delay in completion of the sub-station was mainly due to non-availability of lay out plan as a result the contractor to whom the work was awarded in October 1982 had backed out. Besides, a sum of Rs. 0.17 lakh was incurred on watch and ward of the line till the date of commissioning (July 1985)

3.	*	*	*	*	*	*	*
4.	*	*	*	*	*	*	*
5.	*	*	*	*	*	*	*
6.	33 KV Tohana- Mamupur line (14 Kms.)	3 89	De- cem- ber 1982	April 1983	Mamu- pur Raiwali	October 1986	43 The village 'Mamupur' initially selected for cons- truction of sub-station was found to be fall- ing in low

1	2	3	4	5	6	7	8	9
								lying and water-logged area and the village panchayat did not agree to give the land. The site for the sub-station was changed to village 'Raiwali' and land for the proposed sub-station was acquired in June 1984. The work was commenced in January 1986 and line and sub-station commissioned in October 1986
/.	*	*	*	*	*	*	*	*

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

2. *33 K V.T. off Dadri Ladani Line at Sasroli (in KMs.)*

- (i) & (ii) The layout plan was deliberately withheld by the Xen, on the instructions of SE/RED for stopping new REC works. Therefore, there is no cause for fixing responsibility.

The Committee are constrained to observe that the action of the S.E./R.E.D./Xen to withhold the layout plan of Sasroli sub-station deliberately was not in order as the work was already awarded to the contractor in October 1982 for the construction of the sub station.

The Committee desire to know the rate at which the work was awarded to the contractor in October 1982 and the equivalent rate at which it was got completed in July 1985.

The Committee recommend that responsibility for the lapse causing extra expenditure to the Board in this case be fixed on the delinquent officers and the action taken against them be intimated to the Committee.

"633 K.V. Tohana—Mamupur Line (14 K.Ms).

- (i) The construction of line was started in 12/82 in winter months as per land given by Mamupur Panchayat for 33 KV S/Station but subsequently after on set of rainy season the area was found to be water-logged and no alternate land could be made available by the Panchayat.
- (ii) Although the land in village Raiwali was acquired in 6/84, the work could not be started as there was no pacca link road with the site of S/Station which had to be got constructed. The work on S/Station was started in 12/85 after the construction of the road link.
- (iii) Generally the 33 KV Sub Station are constructed on the land given by the village panchayats. The fact of the sub-station site at Mamupur being water logged, came to light only after heavy rains in 1983 and as such, no one can be held responsible for the selection of wrong site."

The Committee observe that there was failure on the part of the officers/officials of the Board in initially selecting the site for the construction of the sub-station at Mamupur in low lying and water logged area which resulted in delay in the construction of the sub station.

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

3.1.3. A.C.S.R. conductor

9. In the following two cases of transmission lines, A.C.S.R conductor and some other material needed after erection of towers was drawn much in advance of actual requirement and were lying at the

site of the work, completion of which had been held up for non completion of certain pre-requisite formalities :

Name of the line	Estimated cost	Month of commencement of work	Value of ACSR conductor and month in which issued	Remarks
	(Rupees in lakhs)		(Rupees in lakhs)	
Double circuit (66 KV) Gurgaon Manesar line	33 02	September 1981	11 99 (October-December 1981)	The work on which an expenditure of Rs 28 76 lakhs had been incurred could not be completed due to non arrangement of tower structures and non finalisation of route plan. Due to delay in the completion of work , an extra expenditure of Rs. 0 17 lakh on watch and ward staff for guarding material lying at site was incurred and three tonnes of tower material worth Rs 0.27 lakh was stolen from the site of work

The Department/Board, in their written reply, stated as under —

"The work has now been completed and commissioned on 12-2-88. The work was delayed due to non-availability of complete tower structures and some other accessories such as disc insulators and Hardware fittings etc. which were not supplied by the suppliers in time. Action regarding theft of tower material worth Rs. 27,000/- has already been taken by ordering the recovery of Rs. 8100/- from Shri Sardara Singh, JE(F) as per decision taken by the Chief Engineer (Const), Hisar vide office order No 284/EPC-397 dt 2-11-87. His two increments with future effect were also stopped. Action

against other official viz. Sh. T. C. Verma, J E (F) is under process"

The Committee desire that the progress of recovery of Rs. 8100/- from Shri Sardara Singh, J.E.(F) be intimated to the Committee.

The Committee further desire that the action against Shri T.C. Verma, J.E.(F) be finalised expeditiously and intimated to the Committee.

3.1.4. Double circuit Kosli-Rewari line

10. The construction of a 26 Kms. long 132 KV single circuit Kosli-Rewari line on double circuit towers was approved in January 1979 at an estimated cost of Rs 38 57 lakhs and the work was to be completed by January 1980. The work, however, could not be commenced as certain discrepancies were found in the route plan. In July 1981, it was decided to construct a double circuit line and after carrying out fresh survey, detailed route plan was approved in April 1982 and the estimate was revised to Rs 65.14 lakhs. In the meantime material worth Rs 42 54 lakhs drawn in February 1979 - November 1981 remained unutilised and an expenditure of Rs. 0.47 lakh was incurred on its watch and ward.

The work which commenced in April 1982 was completed in August 1984 at a cost of Rs 66 85 lakhs. While one circuit was energised in January 1985 the other circuit was still awaiting energisation (November 1986). Executive Engineer, grid construction division, Rohtak stated (June 1986) that the second circuit of the line was pending energisation for want of control and relay panel which was not available with the Board. Thus, the delay in procurement of control and relay panel has resulted in non-utilisation of second circuit of double circuit Kosli-Rewari line since August, 1984.

The Department/Board, in their written reply, stated as under: —

- “(i) The route plan in the first instance was approved in 1978 and accordingly, the work of stub setting was taken in hand after sanction of the estimate and collection of material. Various difficulties such as resistance by farmers, diversion of canals, construction of building and Tehsil complex etc were encountered during stub setting and as such the route plan had to be revised after getting the route re-surveyed.
- (ii) The material for 33 KV and above works is allocated by the Design Dte. and is drawn from the stores. It is not possible to keep the issue pending. Whenever the material is allocated, it has to be drawn within a month or so, to avoid cancellation of allotment order.

Regarding expenditure on watch and ward, it is stated that this can not be segregated being part of erection labour charges. Financially, there is no irregularity or additional burden. The material was received late due to non-payment to the firm for earlier supplies. The line has since been commissioned. Such like obstacles are usually faced while carrying out such big jobs and no body can be held responsible for preparing the earlier route plan of the line.

- (iii) After receipt of material as per allocation, there are certain items which are required to be procured locally and unless these are made available, the work can not start. For example, sand and Bajri is required to be purchased through local sources. The Bajri started coming during October, 1981 and sand during December, 1981. The work was taken in hand in the beginning of 1982."

The Committee observe that there was failure on the part of the officers/officials of the Board for not preparing the route plan properly in the first instance which was subsequently changed causing delay in the execution of the transmission line.

The Committee further observe that there was lack of planning for non providing the relay and the control panels.

The Committee recommend that action against the delinquent officers/officials for the lapses involved be taken and intimated to the Committee.

3.1.5. Sub-Station, Narwana

11 Keeping in view the growing load demand and voltage problems, construction of 220 KV sub-station at Narwana was approved in June 1977 at an estimated cost of Rs. 2,04.97 lakhs with completion schedule of two years. Land was acquired in March 1978 and without carrying out any survey, material worth Rs 1,94.81 lakhs was issued to the work during February 1979 to March 1982. But the work could not be commenced due to change in November 1979 from ordinary foundation which was not considered suitable to pile foundation. Later on in February, 1982, the foundation design was again changed by providing spread type foundation by Member (Technical) of the Board. Chief Engineer (Planning and Construction) of the Board stated (May 1986) that due to change in design of the plinth of sub-station so many times the material drawn could not be used immediately after its drawal from the store. Thus, due to lack of proper planning and control material worth Rs. 1,94.81 lakhs drawn during February 1979 to March 1982 could not be put to use immediately after its drawal from the store. The work was finally commenced in April 1982 and completed in January 1984. Due to delay in commencement and completion of work and change of design the estimate for the work was first revised to Rs. 3,05.39 lakhs in March 1982 and Rs. 3,92.11 lakhs in

May 1983 representing an increase of 91 *per cent* over the original estimated cost. The increase in cost mainly represented increase in the cost of labour and material.

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

"In order to expedite the work, the two activities i.e. civil works and collection of material are carried out simultaneously as per the procedure adopted by the Board. All the Civil Works including foundations of the equipments and structures are constructed by a separate Civil Division whereas all the electrical works including transportation of material, erection, testing etc. is to be done by a separate Electrical Construction Division. In this case also the work of structural and equipment foundations etc. was got done by Xen, Civil Works Division, Narwana and all the electrical construction work including transportation of material etc. was executed by Xen, T/L Const. Division, Narwana. In order to avoid delay in commissioning, the work of civil foundation and transportation of material was taken as parallel activity so that the work of erection of tower/equipment could be taken in hand immediately after the civil foundations are ready.

In the instant case, the material worth Rs. 194 lacs had already been got transported by the Xen, T/L Const. Division, Narwana as per allocation to avoid any delay in the execution of the work. It may be stated here that considerable time was taken in transporting and stacking the material worth Rs. 194 lacs. Had these activities not been carried on simultaneously much time would have been consumed in the same after completion of foundations. It may be added here that the material transported was already in stock in the departmental stores and had been earmarked for 220 KV Sub Station, Narwana. As such, it would not make much difference if the material would have been lying in the departmental stores or at the site of the work. Rather due to early transportation of the material much time was saved in transportation etc. It is further brought out that the work of erection of equipment was taken in hand in the month of 4/82 as soon as the civil foundations were ready and this resulted in lot of saving of time of 8 to 10 months. It is further added that the change in foundation design was due to change in the strata of the soil. The soil investigation report of the land, where the work was being carried out had to be checked up again when it was noticed that the bearing capacity of the soil might be on lower side due to increase in the water table of that area. Accordingly, necessary safeguards/ precautions had to be taken at the initial stage to avoid trouble during the post erection stages. In view of the position stated above, no responsibility is required to be fixed in this case."

The Committee would like to know whether the survey of land was done in the first instance and the reasons for changing the foundation design time and again.

The Committee are constrained to observe that there was delay in finalising the civil construction on the part of the Board's officers/officials.

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

3.1.7. Infructuous expenditure on setting up of sub-division at Narwana

12. In March, 1979 the Board set up a sub-division at Narwana for execution of 220 KV single circuit Patiala-Narwana line based on the tentative route plan approved by the Chief Engineer (Planning and Construction). Material worth Rs 41.20 lakhs was drawn from the stores during April 1979—July 1981 and transported to the site of the work.

On the advice of Central Electricity Authority a revised route survey was conducted and the line was proposed (May 1981) to be re-routed via Kaithal (Patiala-Kaithal-Narwana route). In August 1981, the Board decided to construct a double circuit line in place of single circuit line and the route plan was again revised in January 1982. Finally in March, 1983 the Power Sub-committee of the Central Electricity Authority did not consider necessary to commission Patiala—Kaithal portion of the line as Punjab State Electricity Board had already planned their system.

The sub-division created in March 1979 for execution of the work was closed in July 1981 after incurring infructuous expenditure of Rs 2.86 lakhs on the staff salary, watch and ward and maintenance of the sub-division. Out of the material valuing Rs. 41.20 lakhs drawn for the work, material worth Rs. 38.07 lakhs was returned to stores and material worth Rs. 3.09 lakhs was transferred to other works leaving a shortage of Rs 0.04 lakh. Thus, the Board incurred infructuous expenditure of Rs. 2.90 lakhs due to opening of sub-division much before finalisation of the route plan.

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

“As per original plan, approved by the Central Electricity Authority, 220 KV Sub Station, Narwana was to be fed from Patiala through 220 KV Sub Station, Patiala-Narwana line. Accordingly, a Sub Division was created at Narwana by the Board for the detailed survey of this line, finalisation of detailed route, transportation of material required for the above line and their erection. The detailed route of this proposed line was carried out by the newly created

Sub Division and it was got finalised from the Chief Engineer/Planning. The material worth Rs 41.2 Lacs were also drawn from the various stores and transported to the site of work. It needs no mention that much labour and time is consumed in the detailed route survey of the line as each and every location has to be surveyed/checked physically, time and again and considering the work of such a vast magnitude.

In the meantime CEA, based upon the load flow study, advised in the month of 3/80 that the proposed 220 KV single circuit Patiala-Narwana line may be re-routed via Kaithal. Accordingly, the work which was already carried out in the form of the detailed survey of the original line had to be abandoned and the survey of new Patiala—Kaithal line had to be carried out from the initial stage. The detailed route survey of this line was carried out physically from location to location with the help of available manpower and when it was at the final stage of approval, the CEA, again advised to construct Double Circuit 220 KV Patiala—Kaithal—Narwana line instead of single circuit. However, in 10/82 it was finally decided by the CEA to abandon Patiala—Kaithal portion of the line. As such this route which was also on the final stage of approval had to be abandoned.

The necessity for creation of a Sub Division had arisen for carrying out the detailed route survey of the various proposed lines as stated above. Rather proposals of various routes were required to be made to the Design Wing of the Department so that the best possible route could be considered for approval to avoid any problem in the post commissioning stage and to ensure that the approved route is technically and economically viable. These exercises as mentioned above consumed considerable amount of labour and time. Considerable labour and time was also saved by transporting various items of material and equipment allocated from the departmental stores as a parallel activity, so that the work of stubing of towers and their erection could be taken in hand as soon as the route is finalised. In short all these works could be carried out under the supervision of an SDO and the opening of the Sub Division with certain regular staff was therefore necessary. It is reiterated that the route could not have been finalised, without opening of the sub division to handle the work independently. It is further added that the Board reviewed the justification of this sub division consequent upon abandoning of 220 KV Patiala—Kaithal portion of the line by CEA and decided to close this Sub Division.

In view of the above, no infructuous expenditure was incurred by the Board in opening the Sub Division.”

The Committee are pained to observe that this was a case of ill planning with the result that the divisional staff first drew the material from the stores and carried it at site without survey of the line and finalisation of its detailed route and then shifted the same to the store/other works.

The Committee desire to know the reasons for changing the route plan time and again by the C.E.A./Board.

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

3. 1.8. Idle labour on Dadri-Rewari line.

13. The work for construction of 220 KV single circuit Dadri-Rewari line up to Kosli was approved (estimated cost: Rs. 75.02 lakhs) in March 1984 and was scheduled to be completed within two years i.e. in March 1986. Though the work-charged staff was employed in May 1984, the execution of the work could not be taken up as location of some of the towers on the route plan were not found to be in order (July 1984) by the inspection wing of the planning and construction organisation of the Board. A fresh survey was conducted in December 1984 and part of the route plan was revised and approved in October 1985.

In the meantime an expenditure of Rs. 1.06 lakhs was incurred on the work-charged staff between May 1984 and July 1985 which remained idle. Till October 1986 only 39.7 per cent of the work was completed as the whole portion of the route plan had not been finalised as yet (November 1986). The Executive Engineer entrusted with the execution of the work stated in November 1986 that the work was likely to be completed in March 1987 as against the targeted date of March 1986 due to delay in commencement of work.

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

- “(i) Employment of work-charged staff for checking of various locations of the towers on the route plan was necessary as this work cannot be carried out without the help of W/C staff. As such, the work-charged staff was engaged partly for the above work and partly for the transportation of material worth Rs. 5.56 Lacs from the Departmental stores. The services of work-charged staff were also utilised for watch and ward of the costly material, as the material could not be left unattended due to obvious reasons of theft and pilferage.
- (ii) The work-charged staff available with SDO, T/L Const. Sub Division, Dadri was deployed fully on the work as mentioned in Para-I above. It may also be stated here that some work-charged staff was diverted for the execution of 220 KV Narwana —Kaithal line for augmentation of various 33 KV Sub Stations from 1/85 onward when it

was felt that the labour engaged on 220 KV Dadri-Rewari line had been rendered surplus due to non-finalisation of route. Some labour had also to be kept for this work for the watch and ward of the material already transported and to assist the regular staff in carrying out the detailed re-survey of the line for the finalisation of the route.

* * * * * a sum of Rs 55,376/- was incurred during these months on this work for the reasons given above, whereas a sum of Rs 1 24 Lacs was incurred as labour charges for the execution of other works as given below —

1. SD&E 220 KV Narwana —Kaithal line
2. Aug. 33 KV Sub Station MC-3.
3. Aug 33 KV Sub-Station MC-4.
4. Shifting of 33 KV Jind —Rewari line

In view of position stated above, no responsibility for labour employed needs to be fixed as the labour was diverted to other works as and when it was felt that the labour engaged on this work had been rendered surplus due to non-finalisation of detailed route due to certain technical reasons.

- (iii) The detailed route of the complete line was approved on 2-1-87. The line was completed and commissioned on 27-12-1987 "

The Committee are constrained to observe that this was a case of ill planning that the Board failed to make proper survey and finalise the exact route plan in the first instance.

The Committee recommend that responsibility of the delinquent officers/officials be fixed for engaging work charged staff which had to be employed subsequently on other works, including watch and ward and the action taken against them be intimated to the Committee.

The Committee would like to know the expenditure incurred on work charged staff during the period from May 1984 to December 1984.

3.1.10. Purchase of power transformer

14 One power transformer (45/60 MVA) was purchased in March 1977 from Bharat Heavy Electricals Limited, Bhopal for Rs. 17.93 lakhs with a warranty period of 12 months from the date of commissioning or 18 months from the date of delivery. The transformer was received in the central store, Panipat in March 1977. When the transformer was being installed in June 1981 at 220 KV sub-station, Gurgaon, it was found in damaged condition. The transformer was, however, repaired in July 1983 by the Board at a cost of Rs. 0.41 lakh.

The transformer was commissioned in December 1983 after a lapse of more than six years from the date of purchase thereby blocking the Board's funds amounting to Rs. 17.93 lakhs and avoidable expenditure of Rs. 0.41 lakh on its repairs.

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

“(i) The transformer was procured for Maruti Sub Station against IDA loan/Grant on the basis of information supplied by S.E./Planning vide his U.O dated 14-12-72. Moreover, the work was also listed in Annual Financial Statement for 1973-74 at Page-164 under supplementary Thermal Transmission Project 220 KV S/Station (New) as under . —

1. Gurgaon 1/220/66 KV 45/60 MVA Transformer.

(ii) Since the transformer is a long delivery item and as such is required to be identified/ordered well in advance for commissioning of S/Station in time. In order to achieve the target of the commissioning of 220 KV S/Station, Gurgaon during 1973-74 as fixed by the Board in Annual Financial Statement, the transformer was got purchased. However, there was unforeseen delay in acquisition of land finalisation of land plan, layout Construction of Civil Works and electrical works due to which abnormal delay in its energisation occurred. Moreover, finalisation of arrangement of taking supply from inter-state Grid system with BBMB also took abnormal time due to various technical reasons/ snags.

It is not out of place to state here that the equipment was procured against IDA loan and Global tenders were called which envisaged various financial benefits to the indigenous manufacturers. Inter-alia the Board procured the transformer at 40 to 50 less than the normal price prevailing at the time of order. Moreover, at the time of commissioning of transformer i.e. in 1983 the rates of equipment had gone very high i.e. more than double due to steep rise in the price of basic raw material i.e. copper, lamination, steel, transformer oil etc as compared to the rates prevailing in 1977. Thus, in fact the transformer was not procured early but due to delay in allied activities like land acquisition and BBMB approval, the commissioning was delayed.

In view of the position stated above, none can be held responsible for procurement of the transformer early.”

The Committee observe that it was failure on the part of the officers/officials of the Board that they did not check the condition of the power transformer resulting in its subsequently having been found in damaged conditions requiring repairs to the tune of Rs. 0.41 lakh.

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

3.1.11. Idle power transformer

15 One 4 MVA (66/11 KV) power transformer (cost - Rs 3 50 lakhs) was shifted from 66 KV sub-station, Rewari for replacing 7.5 MVA (66/11 KV) damaged power transformer at 66 KV sub-station, Pataudi in October 1976. In November 1976, this temporary arrangement was terminated and 4 MVA transformer at Pataudi was replaced by another 7.5 MVA transformer. Since then, the 4 MVA transformer shifted from Rewari is lying idle at Pataudi and has not been used. This was pointed out (May 1984) in audit but the Board has not taken any action to utilise the idle power transformer so far (January 1987).

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

"This transformer was received from Rewari for replacement of damaged transformer of 7.5 MVA capacity at Pataudi as 7.5 MVA Transformer was not immediately available. As soon as 7.5 MVA Transformer was made available, the same was installed and commissioned as the old 4 MVA Transformer could not cope with the load requirement of that area and had low I.R. values. This transformer was kept not to meet with any future eventuality. Now the Board has decided to auction this type of low capacity transformers as low capacity transformers are no more required in the state of Haryana."

The Committee observe that there has been inordinate delay in taking decision to auction the low capacity transformers in question and recommend that these be now auctioned without any further delay and the position intimated to the Committee.

HARYANA STATE MINOR IRRIGATION AND TUBEWELLS CORPORATION LIMITED

4.1.1. Non-reimbursement of freight charges

16 The Company is purchasing cement against the authorisations issued by the Cement Controller. The authorisations, *inter alia*, provided that where cement was moved by road instead of rail the purchaser was entitled to claim reimbursement from the cement factory of the freight charges paid provided the claim for refund was preferred within a period of six months from the date of despatch of cement.

During the period from December 1980 to February 1982, cement (1190 tonnes) was purchased under authorisation from the Cement Controller by the Lining Tubewell Divisions at Rohtak, Jind and Fatehabad. The cement was transported by road and freight

charges amounting to Rs. 1.37 lakhs were incurred by the Company. The claims for reimbursement of freight charges were, however, preferred with the cement factory during the period from December 1983 to May 1985 i.e. after the expiry of the stipulated period of six months.

Thus, owing to the delay in preferring the claim the Company had to incur a loss of Rs. 1.37 lakhs on account of non-reimbursement of freight charges. Responsibility for the lapse has, however, not been fixed as yet (January 1987).

The matter was reported to Government in March 1986; reply was awaited (January 1987).

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

"It is submitted that reasons for not preferring the claims within stipulated period was due to the negligency on the part of officer(s) and official(s) concerned.

The exact loss on this account amounted to Rs. 1,27,616 against Rs. 1.37 lacs. The loss has further reduced to Rs. 1,12,616. The responsibility of the Officers/Officials has been fixed and the amount to be recoverable is as under : —

1	Sh. Girdhari Lal, Head Clerk (IB)	Rs. 25,149.	Since the Head Clerk has retired, a civil suit was filed in the Court by Xen, Jind Lining Divn., Jind for recovery of the amount. The next date of hearing is fixed on 25-8-1992.
2.	Sh. R.S. Bassi, Xen (Retd.)	Rs. 1467	
3.	Sh. D.C. Khungar, S.D.O.	Rs. 86,000	SE, Sirsa has been directed to apportion the loss and prepare show cause notices.
4.	Sh. S.B. Dayia, Jr. Engineer		
5.	Sh. Ved Parkash, Jr. Engineer		
Total :		Rs. 1,12,616	"

It was stated during the course of oral examination by the representative of the Company that the actual loss in this case had come down to Rs. 1,12,616 and responsibility therefor had been fixed against the delinquent officers/officials. It was further stated that Shri Girdhari Lal, Head Clerk, had since retired when this matter came to notice and the civil suit filed against him for the recovery of Rs. 25,149 had not yet been decided and the next date of hearing was fixed on 25-8-1992. It

was also stated that action was being taken against the other officers/officials responsible for not preferring the claim of freight charges in time. When enquired, it was stated that the claim for reimbursement of the freight charges after the due date had been rejected by the cement factory but the matter had been taken up at the officers level.

It was subsequently intimated as under —

"The loss has reduced from Rs. 1.37 lacs to Rs. 1,13,591 and the details are as under

Sr. No.	Name of Officer/ Official held responsible	Amount (Rs)	
S/Shri			
1.	Sh. Girdhari Lal, Head Clerk (Retired) Irrigation employee	25149	The case is in the Court and last date was 12-1-1993. Next date will be intimated in due course.
2.	Sh. R.K. Chadha, Xen (Now SE) Irrigation employee	1467	Charge sheet against Officer has been submitted to CE/ R&D vide letter No. 15/Lg/PF/ 6971/82 dt. 4-1-93 for obtaining approval from Govt. and service upon the Officer.
3.	S.D. Khurana, Xen (Irrigation employee)	27301	Show Cause notice has been sent to Chief Engineer/R&D vide letter No. 151-52/Lg/DS/ C-115R dt. 19-1-1993 for getting approval of Govt.
4.	B.D. Kawatra, S.O Finance Deptt	27301	Show Cause notice has been sent to Deputy Secretary (Finance) vide this Office letter No. 153/Lg/DS/C-115R dated 19-1-1993 for approval.
5	R.C. Pant, Assistant (Corporation employee)	27301	Show Cause notice has been issued vide this office letter No. 154-55/Lg/DS-C-115R dt. 19-1-1993.
6	Xen.Sirsa Lg Dn. Fatehabad	5072	SE Sirsa has been requested vide this office letter No. 156/Lg/ DS/ C-115R, dated 19-1-1993, to fix the responsibility "
		1,13,591	

The Committee recommend that the outcome of the court case against Shri Girdhari Lal, Head Clerk, be intimated to the Committee.

The Committee also recommend that disciplinary -/recovery proceedings initiated against the other officers/officials be expedited and the final action taken against them be intimated to the Committee.

The Committee further recommend that the matter for the reimbursement of the freight charges taken up at the officers level be vigorously pursued and the final outcome thereof be intimated to the Committee.

4.1.2. Defective lining of water course

17. 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.

In the following cases, the Company incurred an extra expenditure of Rs. 2.84 lakhs due to defects in execution of works :

Sr No	Name of Lining Division	Nature of work done	Cost of work (Rupees in lakhs)	Date of completion	Nature of defect	Cost of rectification of defect (Rupees in lakhs)	Date of rectification of defect	Remarks
1	2	3	4	5	6	7	8	9
1	Rohtak Lining Division II	Lining of water course from outlet at RD-6595/L of Banyani irrigation channel	2.13	October 1976 to April 1977	Found defective as a result of inspection in January 1979	0.63	Yet to be completed	The Management stated in November 1985 that the explanation of the officials who were responsible for lapse in the execution of work had been called.
2	Rohtak Lining Division II	Water course at outlet RD-72200/L of Butana distributory	1.26	May 1981 to June 1982	Water course had been constructed at higher level which obstructed flow of water	1.78	May 1985 to January 1986	No responsibility for the loss has been fixed so far
3	Tohana Lining Division III	Lining of water course at outlet RD-12173	1.30	February to November 1980	The water course was con-	0.43	December 1981 to May 1982	The Management stated in February 1986 that

1	2	3	4	5	6	7	8	9
		of Ayalki sub minor canal			structed in de- pression and the lands were deprived of water for irrigation			three sub- divisional officers and one junior engineer were held responsible for the defective work. Further develop- ments are awaited

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

"The defects were initially rectified during 1/78 and 3/78 at a cost of Rs. 3051 57 and it was recovered in full from Shri S.R. Bansal, SDO and Shri G D. Gupta, JE who were found responsible. Afterwards rectification of w/c was done during 1983-86 at the cost of Corporation on the persistent demand of shareholders at a cost of Rs. 97,759 07. For this revised estimate amounting to Rs 100295 was sanctioned vide Chief Engineer/Lining letter No 1288/Lg/AE-27 dated 9-4-84.

Originally watercourse was lined as per approved design and specification Remodelling was approved vide CE/Lining letter No. 988/Lg/Camp/RHK dated 1-10-84 on the recommendation of SE and the persistent demand of shareholders at the cost of Corporation Hence no officer/official was held responsible in this case

Show cause notices against Sh. K.D. Mehta, SDO, Sh. S.P. Manocha, SDO and Sh. H.C. Goyal, SDO have been approved by the Government and served upon concerned officers. One SDO, Sh. S.P. Manocha has since been retired and his reply is still awaited. Replies of Shri K.D. Mehta, SDO and Sh. H.C. Goyal, SDO are under process. Civil suit against Sh. O.P. Solgan, JE who had resigned from job was filed for recovery in the Court of Addl. Sr. Sub Judge, Fatehabad vide suit No. 736 dated 8-9-1984 and it was dismissed by the said Court on 23-12-1987. Hence no recovery could be made till now."

It was stated during the course of oral examination by the departmental representatives that the amount of Rs. 3051.57 spent for the defects initially rectified during 1/78 and 3/78 in respect of the Banyani minor had since been recovered from officer/official concerned, namely Sarvshri S.R. Bansal, S.D.O. and G.D. Gupta, J.E. equally Then the farmers persistently represented for raising the bed level of the water course so that the area which remained uncommanded could also be irrigated as a result of which the water course was remodelled and the

required rectification done during 1983-1986 at a cost of Rs. 97,759, against the sanctioned estimate of Rs. 1,00,295 at the cost of the Corporation to benefit the shareholders.

When enquired, it was stated that the level of the water course was raised by 11 inches and the area now irrigated was 1054 acres as against 866 acres originally irrigated

In regard to the Butana Disty., it was stated that this case was similar to the Banyani minor and the water course was remodelled at the cost of the Corporation to benefit the shareholders.

As regards, the Ayalki Sub Minor, it was stated that in this case three S.D.Os and one J.E. were involved and the responsibility for the loss had been apportioned in the ratio of 50% on the S.D.Os as they kept on changing and 50% on the J.E. as he remained unchanged during that period. It was further stated that out of the three S.D.Os, one had since retired, but, a sum of Rs 6515/- on account of gratuity due to him had been withheld. The J.E. had resigned and left the service and the case filed against him in the court had been dismissed. It was further stated that action was being taken against the remaining S.D.Os who were still in service as also against the Xen who had defended the J.E.

It was subsequently intimated as under —

- "Replies to Show Cause notices against Shri H.C. Goel, SDO and Shri K.D. Mehta have been passed on to SE Sirsa Lg Circle, MITC Sirsa vide letter No. 1420/Lg/PF/1667/79 dt. 8-7-92 and No 4667/68/Lg/PF/1667/79 dt. 14-12-91 for submitting annotated comments. Reply of SE is expected within a week. Regarding recovery from Shri S.P. Manocha, SDO (Retd.) Chief Engineer /R&D had been requested vide this office letter No. 114/Lg/DS/PF/1667/79 dated 8-1-1993 to recover Rs. 6515 from pensionary benefits of the Officer. SCN has also been approved by the Government against the Officer vide No. 17/14 88-51E dt. 19-9-91

Regarding recovery from Sh. O.P. Solgan J.E. suit for recovery of Rs. 29000 was filed in the Civil Court which was dismissed. Shri O.P. Bansal Xen was held responsible for non filing of appeal in next higher court. Show Cause notice was issued. Reply of officer is under process.

The resignation of Sh. O.P. Solgan J.E. has not been accepted by this office. The J.E. resigned on 10-10-1981."

The Committee recommend that the action being taken against the officers concerned be finalised without any further loss of time and intimated to the Committee.

4.1.3. Non recovery of interest

18. The Cement Controller, (Government of India) issued instructions in June 1974, under the Cement Control Act, 1967 that cement producers who receive advance payments for supply of cement and do

not supply cement within 45 days of the receipt of advance should pay interest at the rate of 8 *per cent* per annum on the money retained for the period in excess of the limit. The rate of interest and the period beyond which interest was payable was revised to 14 *per cent* and 15 days respectively in September 1978. Subsequently, in February 1982, it was decided that interest was payable only when supplies were not made within 30 days of the receipt of advance.

A test check conducted by Audit in July 1986 revealed that the Company paid advances aggregating Rs 90.20 lakhs for purchase of 10,000 tonnes of cement to the cement producers during July 1983 to September 1985 against the authorisations issued by Cement Controller. The producers could supply 6,601.61 tonnes of cement of the value of Rs. 63.83 lakhs up to October 1985 and the balance advance of Rs 26.37 lakhs was refunded, after delays ranging between 48 to 561 days, during June 1984 to November 1985.

Interest amounting to Rs. 2.87 lakhs on Rs. 26.37 lakhs retained by the cement producers beyond 30 days without supply of cement was neither claimed by the Company nor paid by the cement producers (July 1986).

No responsibility for the lapse has been fixed by the Management so far (November 1986).

The Government stated (November 1986) that the factories had not responded to the claim for interest as yet.

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

"The claims as pointed out by Audit were lodged as per following references : —

Sr. No.	Name of Factory	Amount of interest as per audit	Reference vide which claim was lodged	Status
1	2	3	4	5
1.	Kesoram Cement	13327	1884 dt. 24-9-86	Claim was rejected by the factory vide their letter No. 11366 dated 25-12-1986.
2.	Dalmia Cement	14566	1880 dt. 24-9-86	The factory made payment of Rs. 43928 vide DD No. 864443 dt. 24-11-87.
3	CCI Adilabad	8018	1881 dt. 24-9-86	Rs. 5078.54 recovered from factory from their bill.
4.	Jaipur	198228	1883 dt	Suit for recovery of

1	2	3	4	5
	Udyog		24-9-86	interest stands filed in April, 1988 at Swaimadhopur and next date of argument is on 17-7-1992.
5.	A C C.	52725	1882 dt. 24-9-86	Suit for recovery of interest has been filed in the Court and the next date has been fixed on 17-7-1992 at Delhi.
		Total : 286864		

No responsibility was fixed in terms of clause stipulated by the Cement factories/suppliers in their booking order from where-in the factories do not agree for the payment of interest on the advance deposited with them for the supply of cement."

It was stated during the course of oral examination by representative of the Corporation that the expenditure involved in sending the officers to Hyderabad for filing a case against the Kesoram Cement Factory would have been much more than the amount to be recovered and, as such, the matter was not pursued further. As for the Dalmia Cement Factory, on reconciliation, as against Rs 14566, a sum of Rs. 43928 had been recovered from the factory. Regarding the CCI Adilabad Factory, it was stated that a sum of Rs. 5078 had been recovered against Rs. 8018 due from them. The cases against the Jaipur Udyog and ACC were stated to be pending in courts and in regard thereto it was subsequently (January 1993) intimated as under: —

"M/s Jaipur Udyog The case is still in the court at Sawaimadhopur.
Sawaimadhopur Judgement is still awaited.

ACC Delhi The case was filed in the court at Delhi and
next date is 2-2-1993 for arguments."

The Committee recommend that balance recovery to be made from CCI Adilabad be effected expeditiously and intimated to the Committee.

The Committee further recommend that the cases pending in the courts be vigorously pursued and their outcome intimated to the Committee.

HARYANA AGRO INDUSTRIES CORPORATION LIMITED

4.2.2. Nugatory expenditure on wages

19. Section 25(F) of the Industrial Disputes Act, 1947, *inter alia*, lays down that no workman employed in any industry who has been

in continuous service for not less than one year under an employer shall be retrenched until he has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice expired or the workman has been paid, in lieu of such notice, wages for the period of notice.

The service of a Store keeper (appointed in November 1969) was terminated in May 1977 for alleged misappropriation of stores worth Rs. 0 17 lakh without holding enquiry. On representation by the workman the case was referred (December 1978) for adjudication to the Labour Court, Chandigarh. The Labour Court in April 1981 ordered the reinstatement of the workman with entire back wages as the termination of the workman was held illegal. The writ petition filed by the Company in Punjab and Haryana High Court against the award was also dismissed by the Court in August 1981. A special leave appeal petition against the judgement of High Court filed in the Supreme Court in December 1981 was also rejected in April 1982 and the Court ordered reinstatement of the workman and payment of full salary including arrears within two months.

Accordingly wages (including bonus) amounting to Rs. 1.41 lakhs for the period from May 1977 to October 1986 was paid to the workman. Thus, the termination of service of the Store keeper without following the laid down legal procedure and non reinstatement despite judgements of the Labour/Civil Courts in his favour resulted in payment amounting to Rs 1 41 lakhs (up to October 1986) without gainful employment. Besides, the Company incurred Rs. 0 07 lakh on legal proceedings.

The Management stated (January 1986) that holding a detailed enquiry before termination of service of an employee responsible for shortages was embarrassing and also expensive. The reply is not tenable as the service of an employee could not have been terminated without observing the procedures laid down.

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

"The services of Shri J.C. Gupta, Store Keeper were dispensed with in May, 1977 as discharged simplicitor as it was a valid mode of termination of service on the ground of loss of confidence of employer prior to the ruling of the Supreme Court in 1980. The termination of the services of the said employee in 1977 on the basis of shortage of stores which were in his custody was not, therefore, invalid. The necessary formalities were observed and he was offered one month's salary in lieu of one month's notice in term of his appointment as his services were terminated, as discharge simplicitor. However the termination was held null and void by Labour Court, Chandigarh. The appeal filed by the Corporation in the High Court was also dismissed. Then the Corporation filed the S.L.P. in Supreme Court. The S.L.P. is still pending with the Supreme Court alongwith other such S.L.P.s filed by other Organisations.

The full salary was paid to the said employee on the direction of the Supreme Court while granting stay for physical reinstatement. As the matter of payment of salary to Shri Gupta without taking any work from him was being agitated by various quarters including the audit, therefore, Shri Gupta was asked to join his duty by 30th September, 1990 on the legal advice of solicitor of the Company in the Supreme Court but he did not do so and Company decided to stop the payment of salary to him w.e.f. Oct., 1990. Shri Gupta, is, therefore, now not being paid salary."

It was stated during the course of oral examination by the departmental representative that the decision of the Supreme Court on the S.P.L. filed by the Corporation had not yet been announced and the matter was, therefore, still pending with them.

The Committee desire that the decision of the Supreme Court when announced and the action taken as a result thereof be intimated to the Committee.

HARYANA STATE ELECTRICITY BOARD

4.8.1. Delay in claiming refunds

* * * *

20. (b) Besides, in respect of two supply orders, placed (January-August 1984) direct on a cement manufacturer, the Board was to obtain refund of Rs. 0.65 lakh on account of freight, as the cement was transported by the Board while the rates were on f.o.r. destination basis. But the Board could not obtain the refund as the claims were not lodged within six months of the execution of the supply orders and these had become time-barred.

The matter was reported to the Board and Government in February 1986; their replies were awaited (January 1987).

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

“(i) The consignee S.D.O., Divisional Store, Gurgaon was required to get reimbursed the difference in road & railway freights from the supplier. The S.D.O. though lodged the claim immediately on receipt of cement but did not submit the same on proper prescribed format supported by the Octroi exemption certificate, original G. Rs. & certain other documents within 6 months of supply of each consignment. Despite all out efforts by the consignee/Stores Purchase section, the firm did not entertain the claims on one pretext or the other. The Regional Development Commissioner also rejected the claims being time-barred. Now the Regional Development Commissioner, N. Delhi has again been requested to condone the delay vide Memo No. 1387/HH-2261 dt. 16/7/92. As agreed in certain other cases by the Regional Development Commissioner the delay is likely to be condoned and claim afforded by the firm.

- (ii) Sh. A.K. Grover, AEE, Sh. G.N. Batta, SDO & Sh. Raj Singh, S.K. who were posted at Divisional Store, Gurgaon have been held responsible for delay in claiming freight reimbursement charges. Action against these officers/official is being taken separately."

It was stated during the course of oral examination by the representative of the Board that the claim of the Board was rejected by the Regional Development Commissioner, New Delhi on grounds of not having been lodged in proper format. It was also stated that the claim was legally tenable and the Regional Development Commissioner had again been requested to condone the delay in July 1992 and it was likely to be condoned, as had been agreed to by him in respect of claims of certain other parties, and the claim afforded by the firm. It was further stated that action was also being taken against the three officers/officials held responsible for the delay in claiming freight reimbursement charges separately. In case the claim was not afforded by the firm, the question of making good the loss from the officials concerned would also be considered.

It was subsequently intimated as under —

"It is stated that the Development Commissioner, Department of Industrial Development, Ministry of Industry, New Delhi, vide his letter dated 4-9-92 has decided to condone the delay in submitting freight claim and has directed M/s Laxmi Cement, New Delhi to re-imburse admissible freight amount. As soon as refund of Railway freight is received from the firm, the Committee will be informed accordingly. As such, fixing of responsibility of any official at this stage does not appear proper as the loss to the Board will be made up by payment of Railway freight's reimbursement by the firm".

The Committee recommend that the matter be settled with the firm expeditiously and they be informed as and when the refund of railway freight is received from the firm.

The Committee also recommend that the action being taken against the officials/officers responsible for the delay in claiming the freight reimbursement charges be finalised at the earliest and the Committee informed thereof.

4.8.2. Shortage of material

21. A Junior Engineer of the Board working under Construction Division (system improvement), Karnal during September 1979 to July 1982, did not submit monthly accounts (as required under the rules of the Board) of the materials, drawn from store and material-at-site account in respect of 79 works executed by him. But no action was taken against the official for non-submission of accounts. On the basis of a complaint received in October 1981 the Chief Engineer (Operation) asked the Executive Engineer, Construction Division (system improvement), Karnal in October 1981 to investigate the allegations levelled against the official in the complaint.

The official submitted MAS accounts in April 1982 in respect of 59 works. In July 1982 the official was transferred to another division without getting the pending MAS accounts completed. However, the official submitted the remaining 20 accounts in November 1982. A checking of the accounts in December 1982 by a committee of two sub-divisional officers revealed shortage of materials worth Rs. 4.62 lakhs and that there was surplus materials worth Rs. 1.47 lakhs.

Subsequently, in March 1986, the final shortage valuing Rs. 3.17 lakhs and surplus valuing Rs. 1.22 lakhs was worked out against the official. Though a period of more than four years had elapsed the Board was yet to ascertain the source of receipt of surplus material and finally decide about its adjustment (November 1986). Moreover, neither an FIR was lodged with the Police nor any action taken against the official for making good the shortages so far (January 1987).

The matter was reported to the Board and Government in August 1986; their replies were awaited (January 1987).

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

- “(i) The allegations being of serious nature, the case was referred to the vigilance cell of the Board in 1982 for detailed investigation. The Director (V&S), Panchkula has intimated that whenever the enquiry was to be given a final shape, the official Sh. R.S. Pundhir, JE (F) was representing his case to higher authorities personally. He had therefore, to be given opportunity to explain his position. The vigilance cell of the Board finalised the investigation in 1989 and worked out net storage of Rs. 2,39,525.75 against him (JE/F). Necessary F.I.R. was accordingly lodged with the S.H.O., City Panipat on 22-7-89. The official had also been placed under suspension vide Office Order No. 115/LS-993 dated 17-8-89.
- (ii) The official had to be transferred on administrative grounds vide Office Order No. 153/RG-5 dated 7-7-82 as there were complaints of malpractices against him as informed by the Xen, S.I.C. Division, Karnal vide his letter dated 29-1-82, 5-3-82 and 13-7-82.
- (iii) The case was referred to the Vigilance Cell of the Board in 1982 for detailed investigation. As already stated in reply to Para(i) above, the enquiry was completed by the Vigilance Cell in 1989 and F.I.R. was lodged with the S.H.O. City Panipat on 22-7-89. The official was also placed under suspension immediately thereafter, Necessary charge-sheet was served upon him and on receipt of his reply, the case was finalised. It was decided to recover Rs. 2,39,525.75 on account of shortage of material from the pay of the official vide Chief Engineer, 'OP' (South), Delhi Office Order No. 214 dated 26-12-91.

In addition, Sh. S.S. Paul, the then SDO, had also been held responsible in this case and action against him has also been initiated by the Secretary, Board.

- (iv) As the official could not disclose the source of surplus material, no credit could be given to him for the same. However, the same has been accounted for after the due verification. It is difficult to ascertain the exact source of receipt of surplus material at this belated stage."

It was stated during the course of oral examination by the representative of the Board that recovery at the rate of Rs. 1500 p.m. in respect of the shortages found against Shri R.P. Pundhir, J.E. was being made with effect from January, 1992 and action had also been initiated against Shri S.S. Paul, the then S.D.O. held responsible in this case.

When enquired, it was stated that the case filed against Mr. Pundhir was still pending in the court and the next date was fixed on the 21st October, 1992.

To the queries raised about the utility to keep the official in service, and his posting etc., it was subsequently intimated as under -

"The official is presently posted under Sonepat (Operation) Circle and necessary directions have already been issued to the S.E. (Op) Circle, Sonepat that the official should not be posted on such a seat where he could indulge in misappropriation in future and also to keep a strict watch upon him.

However in this connection it is submitted that so far as operation wing is concerned, the job of the J.E. is such that he has to be involved in handling the material/stores required for maintenance of the system or release of now connections. There does not seem to be any idea to let him mark the attendance and sit idle in the office. Similarly dispensing with the services at this stage which is a time consuming procedure shall also deprive the Board of making recovery from him (Sh. R.S. Pundhir, (J.E.) which is being made @ Rs. 1500 p.m."

The Committee recommend that the action against the then S.D.O. be finalised without further loss of time and intimated to the Committee.

The Committee also recommend that the case pending against the official (JE) in the court be vigorously pursued and its final outcome intimated to the Committee.

The Committee further recommend that the position of recovery being effected from the said official be intimated to them when it was completed.

4.8.3. Avoidable payment of compensation

22. Under the provisions 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 Accident Claim Tribunal awarded compensations aggregating to Rs. 0.92 lakh to the heirs of the deceased.

Sr. No.	Name of the 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	Pick-up van (HRG-6040)	21st December 1978	22-12-1978 to 16-1-1985	15-7-1981	0.41	February 1984	The Accident Claim Tribunal held in August 1986 that the accident was caused due to rash and negligent driving
2.	Truck (HRR-588)	29th April 1982	30-4-1982 to 6-5-1982	6-5-1982	0.51	February 1985	The Accident Claim Tribunal held in December 1984 that the driver was responsible for rash and negligent driving

The Board has neither fixed the responsibility for the loss nor the amount had been recovered from the defaulting officials so far (January 1987).

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

- “(i) There was lapse on the part of subordinate incharge of the vehicle, who did not get the insurance cover against third party risk renewed in time.
- (ii) In case of vehicle No. HRG-6040, the following officials

have been held responsible and inflicted punishment noted against each :—

1. Sh. Kali Ram, Driver :— He has been held responsible for rash and negligent driving. His two increments with future effect have been stopped by the S.E., 'OP' Circle, Narnaul vide O/O No. 148 dated 18-3-86.
2. Sh. Ratti Ram, AFM, has been held responsible for not getting the insurance cover against third party risk renewed. His two increments with future effect have been stopped by the S.E., 'OP' Circle, Narnaul vide O/O No. 233 dated 13-5-1986.

The following officials have been held responsible for not getting the insurance cover renewed against third party risk in respect of vehicle No. HRR-588 (Truck) :—

1. Sh. Nafe Singh Dangi, JE (C)
2. Sh. Balbir Singh, Driver
3. Sh. D.R. Gulati, SDO.

Sh. Nafe Singh Dangi, JE(C) has been placed under suspension in another case of mis-appropriation of cement Disciplinary action against him in this case is still to be taken

A sum of Rs. 500 P.M. is being recovered regularly from the pay of Sh. Balbir Singh, Driver, from 3/89 onwards towards the loss caused, to the Board by his rash and negligent driving as per judgement dated 17-12-84 of Motor Accident Claim Tribunal, Ambala City.

As regards, Sh. D.R. Gulati, SDO, 'OP' S/Divn., Pipli, a draft Show Cause Notice has been sent by the Chief Engineer/Consts, Panchkula to the Secretary Board with his Memo No. Ch-117/EOP-228 dt. 22-5-89 for further action being the competent authority."

It was stated by the representative of the Board during the course of oral examination that relating to vehicle No. HRG 6040, action had already been taken against Shri Kali Ram, the driver held responsible for rash and negligent driving and Shri Ratti Ram, AFM, held responsible for not getting the insurance cover against third party risk renewed and their two increments with future effect had been stopped.

So far as vehicle No. HRR 588 (Truck) was concerned, it was stated that three officials had been held responsible for not getting the insurance cover not renewed against third party and recovery for the loss suffered was to be made/being made from them. It was further stated that it had been decided to recover Rs. 25,000 from Shri Nafe Singh, JE (C) which had not yet been initiated as he stood suspended in another case and it was not possible to effect the recovery from the

subsistence allowance that he was getting. This would be effected from his salary or other dues when paid to him. So far as Shri Balbir Singh, Driver, was concerned, recovery at the rate of Rs. 500 p.m. was being regularly effected from his pay from March, 1989 onwards. Action against Shri D.R. Gulati, S.D.O. had been finalised.

The Committee recommend that the progress of recovery being effected/to be effected from the said officials be intimated to the Committee.

The Committee also recommend that the action taken against the concerned S.D.O. be intimated to the Committee.

The Committee further recommend that suitable measures should be taken to renew the insurance covers of the vehicles of the Board in time so that losses caused to the Board on this account are avoided in future.

4.8.4. Loss due to setting of cement

23. The Board placed orders in January and February 1983 on two suppliers of Delhi and Madras for supply of 3,600 tonnes (72,000 bags) of ordinary portland cement (Value : Rs. 25.19 lakhs) for Panipat thermal project. As transit insurance cover was to be arranged by the Board, the Panipat thermal project authorities approached on 21-22nd July 1983 an insurance company for assuming transit risk of 1,920 tonnes of cement. But payment of Rs. 0.25 lakh on account of insurance premium was not made to the insurance company immediately.

31,677 cement bags which were received on 22-23rd July 1983 were stored in open as no covered shed was available at the project railway siding. On 23-24th July 1983 rains caused damage to 8,610 bags (430.5 tonnes) resulting in damage to cement valuing Rs. 2.64 lakhs. Two cheques for Rs. 0.25 lakh on account of insurance premium were despatched on 26th July 1983 to the insurance company. Although the insurer could not have assumed risk due to belated receipt of premium, two claims for Rs. 2.64 lakhs were lodged on 27th July 1983 with the insurance company which were neither accepted nor rejected by it so far (November 1986). It was, however, observed in audit that subsequent consignments of cement were diverted by the project authorities to the Panipat Railway Goods shed where covered space was available.

Owing to failure to provide insurance cover in time and failure to store the consignment in the covered accommodation the Board had to sustain an avoidable loss of Rs. 2.64 lakhs due to setting of 8,610 cement bags.

The Board has not fixed the responsibility of the concerned officials for the lapses resulting in loss to it so far (January 1987).

The matter was reported to the Board and Government in June 1986; their replies were awaited (January 1987).

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

- “(i) As mutually agreed by the Insurance Company and the Board, the transit insurance was done by the Insurance Company immediately on receipt of intimation from the Board about the despatch of material by the supplier. In this case neither any intimation regarding despatch of cement nor RR was received from the supplier till 22-7-83. The insurance cover note in this case was therefore obtained after it came to notice that the material had been received at 6.30 P.M. on 22-7-83 but before taking delivery of the material in closed wagons from the Railways. The plea of the company for not liquidating our claims for 7011 bags as they had not issued the policy and accepted the premium was not correct as the payment could not be made to them on 23rd and 24th July 1983 being holidays. The matter was, therefore, discussed in detail with the senior officers of the company by the Xen/SE/CE, PTPP, who first felt convinced that under the existing circumstances, the Insurance Company could consider the claim after taking necessary permission from their Regional office. Necessary confirmation in writing to this effect was given vide their letter PSK/PG/805/694 dated 22-1-90. The claim of the Board for 7017 bags has been rejected by Insurance Company. The same for 1511 bags is under consideration and remaining 82 bags were found in order and taken on books.
- (ii) In this case, as stated above, no intimation regarding despatch or RR was received till 22-7-83. It came to notice of Project authorities only through our own source. The Insurance Company was then approached immediately to issue the cover note and the same was issued by them on the same day i.e. on 22-7-83 to 6.30 P.M. The payment was however, made to the Insurance Company on 25th July 1983, 23rd and 24th July 1983 being holidays.

In view of the above, no official is considered responsible.

However, in order to avoid such a situation in future an open policy has now been taken out and advance payment is made to the Insurance Company towards insurance premium Business dealing with the United Insurance Company have been discontinued after the above case.

Regarding responsibility for the failure to store cement in the covered accommodation, it is stated that the cement could not be shifted to covered shed immediately after unloading at the siding as it had to be carried in Board's trucks to the storage sheds from the siding. The maximum quantity which could be shifted in one day was about 4000 to 5000 bags depending upon the availability of fleet of trucks. Even if arrangement for shifting was made, the entire cement received could not be shifted in one day on

22/23-7-83 as there was continuous rain from 22-7-83 to 27-7-83. The cement was however, covered properly with tarpaulins at the Railway Siding. Only the bottom column of cement bags got damaged during storage at the Railway siding due to heavy rains which could not be prevented."

It was stated during the course of oral examination by the representative of the Board that the insurance was done at 6.30 p.m. on the 22nd July, 1983, as per the time given on the cover note by when the accounts of the day and the office had closed. The cheque book remained with the cashier and, as such, the premium cheque could not be given on the 22nd July, 1983. The payment was made to the Insurance company on the 25th July as 23rd and 24th July, 1983, were holidays. It was also stated that the Board was not aware of the despatch of cement as there was neither any intimation from the supplier nor RR was received till the 22nd July, 1983. It was only when the JE went to the Railway station to check up that he came to know that the cement had reached and thereafter action was taken for the insurance of the material and obtaining the cover note. It was further stated that after this case, the Board had black-listed that company, the United India Insurance Company and the business dealings with them discontinued.

The attention of the representative of the Board was drawn to the letters written by the Xen (Stores) Construction of Panipat Thermal Plant dated the 21st July in respect of S.O. No 23 and dated the 22nd July, 1983 regarding S.O. No. 26 to the United India Insurance Company Panipat on the subject of insurance of cement in transit and he was requested to re-check the position regarding —

- (i) receipt of intimation regarding despatch/receipt of cement;
- (ii) storing of cement in the store of the Railways; and
- (iii) fixation of responsibility against the officials in regard to the loss involved

and to intimate the same to the Committee.

In reply to the above queries, it was subsequently intimated by the Board as under —

"After going through the record it is stated that there was no official intimation from the supplier to the Project Authorities till rake of cement actually reached Panipat on 22-7-83. However, the RR was received only on 25-7-83. Apparently the then Xen, Const. Store took the action on 21-7-83 for insurance cover after gathering information from his own sources. However, the cover note and the policy were issued by the Insurance Co. on dated 2-7-83 at 6.35 PM. The premium cheque could be issued on 25th July, 1983 as 23rd and 24th July being Saturday and Sunday.

It is, however, added that the Insurance Co. had the contractual/legal obligations to cover the risk with effect from 22-7-83,

the date of issue of cover note and policy, if not from the date of intimation viz. 21-7-83 under rule 59 of the Insurance Rules-1939. Extract relating to the policies issued to the Government and semi-Government, Bodies is reproduced below :

"The risk may be covered in such policy on the strength of an undertaking by the proposer to pay the premium within the 30 days of the date of intimation of the amount of premium or within such further period as the controller may fix in any particular case."

Whereas the United India Insurance Company acted in a high handed manner by outrightly rejecting the claim which would have otherwise been accepted on the following grounds :—

- (a) They had been intimated/informed on 21-7-83 to issue cover note and policy. The cover note was issued by them on 22-7-83.
- (b) They accepted the premium on 25th/26th July, 1983 which otherwise could have been deposited within 30 days from the date of intimation as per G.I.C. Laws.
- (c) The report of Sh. K.R. Sethi & Co. Surveyor, who were deputed to carry out the survey of the loss has not been accepted by the Insurance Co. whereas the HSEB's claim are always being settled by the Insurance Companies on the report of the Surveyors. However, the concluding extract of the Surveyor is reproduced as under :—
 - (i) "Insurance was effected on 22-7-83 and the rake was also received on 22-7-83.
 - (ii) The total consignment of S.O. No. 23 and 24 is 2400 M.T. i.e. 1200 M.T. + 1200 M.T.
 - (iii) The quantity invoiced in one consignment is 1344.4 M.T.
 - (iv) The damages have occurred after taking the delivery from the carrier while in the custody of the Insurer.
 - (v) A sum of Rs. 2,34,740.00 P. for 6947 bags is quite fair and reasonable and recommended for sanction in favour of Board."

It is further added that the case is being pursued with the Insurance Company for re-consideration and settlement of the case. It has also been made clear to the Insurance Company by the HSEB that rejecting of the legitimate claim may have serious repercussions in the business dealing between Insurance Co. and HSEB. It is also intimated that the direct business dealings have been discontinued with this Company by the Project.

It is, however, added that the Xen, Const. Store has been verbally pulled up for in-action on his part.

(a) The consignment was booked to Railway siding P.T.P.P. Assan where no covered storage godown/covered shed of Railway was available. In order to save demurrage, the material was unloaded at the P.T.P.P. Railway siding and covered with tarpaulins.

(b) In view of the above, no official of the Board is directly responsible in this case. However, the case is still being pursued with the Insurance Co. for reconsideration and settlement of our claim."

The Committee recommend that the case taken up with the Insurance company for reconsideration and settlement of the claim for 7017 bags of cement be pursued more vigorously and even at the higher level so that it was quickly finalised and the result thereof as also of the other claim in respect of 1511 bags pending with the company be intimated to the Committee.

4.8.5. Non Clubbing of connections

24. As per the tariff schedule relating to 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). The Chief Engineer (Operation) issued instructions in January 1981, with a view 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 to club all such cases after giving three months notice. These instructions were reiterated in July 1981, June 1983, October and November 1984.

During test audit of accounts of operation subdivision, Uklana it was noticed in June 1984 that the connected loads of a consumer having two medium supply connections with 67.620 KW and 97.570 KW in the same premises were not clubbed for billing and consequently the Board suffered loss of revenue to the tune of Rs. 0.80 lakh during April 1981 to November 1986. The loss would further increase as the connection has not been clubbed so far (January 1987).

Although the matter was reported to the Board in June 1984, no action has so far been taken to fix responsibility (January 1987).

The matter was reported to the Board and Government in May 1986; their replies were awaited (January 1987).

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

"(i) Although the two connections bearing number U-112/MS and U-106/MS were in the name of M/S Bajrang Lal parmod Kumar but the unit having A/c No. U-112/

MS was leased out to another firm/M/S Ganga Dutt Subash Chander for a period of 10 Years on 7-10-81 the firm produced its registration letter, Sales Tax numbers and agreement of lease of the premises, which established that the two units were independent in all respects. The connections in question were found to be free from hazard or apprehended misuse of energy as confirmed by the Xen, (OP) Divn., Tohana - vide letter dt. 14-8-85 No action to club the connections in this case was, therefore required, in view of Board's instructions contained in Sales Circular No. 1/81 dated 9-1-81 and as further clarified vide Sales Circular No. 23/81 dated 22-7-81. There is as such, no violation of Board's instructions in this case.

- (ii) As explained above, it was not a case requiring clubbing of connections. The case was also considered by the Chief Engineer (Commercial) who conveyed his following decision vide his office Memo. No. 77/RG-45/Fbd-30 dated 26-7-89.

"That clubbing of load desired in this para may not be resorted and they may be treated as independent connections."

In view of the facts stated above, no official/officer is responsible for non-clubbing in this case."

It was stated during the course of oral examination by the representative of the Board that several difficulties were being experienced in the implementation of the instructions issued in 1984 as a result of which the policy was reviewed and revised whereby separate connections could be given to bonafide industries. In this case, it was initially felt that this was one industry and the load should be clubbed. Subsequently, it was found that these were two separate industries having independent lease deeds and, as such, clubbing of load should not be resorted to and they be treated as independent connections.

When the attention of the departmental representatives was drawn to condition No. 27 regarding terms and conditions of supply contained in the Sales Manual of the Board which stipulated that no connection could be leased out without the prior permission of the Board and enquired whether the consumer had obtained such a permission, it was stated that no such permission of the Board had been obtained by the consumer.

The Committee felt that this was a serious matter and the Board had suffered the loss due to laxity and connivance of the officials with the consumer and desired that responsibility be fixed on the officials found responsible in the matter.

The Department/Board subsequently intimated as under: —

"The consumer M/s Bajrang Lal Parmod Kumar leased out their connection to M/s Ganga Dutt Subash Chand in 9/81 for a period of 10 years. This aspect could not come to notice of the Board because the latter was depositing the electricity bills regularly. Whereas the bills were issued in the name of original consumer but there was no intimation about leasing out the connection, to the Board. The consumer only informed the S. D. O. Uklana on 22/6/86 regarding leasing out and the S.D.O. vide his letter dt. 1-8-1985 informed the facts to the Xen, (Operation) Divn, Tohana. No action was taken for violation of conditions at any level. Shri R. K. Goel, the then S.D.O., Uklana & Sh. M. P. Mittal, the then Xen, Tohana are equally responsible for this lapse. Action is being initiated against these officers."

The Committee recommend that the action against the defaulting officers be finalised and taken expeditiously and intimated to the Committee.

4.8.7. Misappropriation of cement.

25. An order for supply of 310 tonnes of cement was placed by the Board in July 1984 on a cement factory of Damoh (Madhya Pradesh through D.G.S. & D. The cost of cement was to be adjusted against the outstanding amount of Rs. 2.74 lakhs lying with the D.G.S. & D. since November 1983.

Owing to shortage of railway wagons and urgent requirement for cement the Board allotted in July 1984 the work of transportation of 310 tonnes of cement to a transporter of Chandigarh. As per terms of the work order, the transporter was required to deliver 310 tonnes of cement by 9th October 1984, give advance telegraphic intimation to the consignee before the start of the truck from cement factory and to furnish to the Board monthly statement showing the quantity of cement lifted. Deduction at Rs. 100 per bag found short and damaged at destination was to be made by the consignee from the freight bills. Neither these intimations/statements were furnished by the transporter nor the details of supplies were obtained by the Board from the cement factory till October 1984. The transporter lifted 196 tonnes of cement (value : Rs. 1.50 lakhs) during the period 24th September to 3rd October 1984 but delivered only 97 tonnes of cement (value Rs. 0.74 lakh) till the end of February 1985. An amount of Rs. 0.23 lakh was paid as transportation charges in January-February 1985 for 69 tonnes despite the fact that the short delivery of cement had come to the notice of the Board in November 1984.

A report regarding misappropriation of 99 tonnes of cement (value : Rs. 0.76 lakh) by the transporter was lodged by the Board with the police only in March 1985. The results of police investigation were awaited (January 1987).

The board is yet to recover/adjust a sum of Rs. 1.24 lakhs (after adjusting freight charges) lying with the D.G.S. & D. Since November 1983 due to non-lifting of remaining 144 tonnes of cement. Moreover, effective control was not exercised by the Board over the handling of cement consignments by the transporter with the result the transporter managed to withhold 99 tonnes of cement valuing Rs. 0.76 lakh.

The matter was reported to the Board and Government in March 1986; their replies were awaited (January 1987).

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

“(i) The amount of Rs 0 23 lakh was paid to the transporter M/s United Transport, Chandigarh only against actual delivery of material in the stores, as per the conditions of the work Order. The delivery period was extended upto 15/1/1985 by the competent authority viz. C.E.(MM). Out of 69 MT cement delivered in Jan.—Feb.; 1985 by the transporter 14 MT cement delivered was within extended delivery period, whereas the payment of transportation charges in respect of 41 MT cement received on 22-1-85 & 14 MT cement received on 13-2-85 (after extended delivery period) was made on 25-1-85 & 15-2-85 respectively considering that the transporter shall deliver the balance quantity of cement & not withhold the same on the excuse of non-payment of transportation charges by the Board.

(ii) F.I.R. No. 30 was lodged with police Station Ambala City on 6-3-85 and Challan was put up in the Court of CGM Ambala City. Non-bailable warrants against Sh. Rajinder Singh, the transporter were issued and the next date of hearing is fixed for 24-8-1992.

(iii) To have effective control on the supply of cement by the transporter, the Xen, Central Storer Dhulkote was making payment of freight charges only on receipt of and unloading of cement in the Stores. All the time the transporter M/s United Transport, Chandigarh was assuring that the supplies will be given as soon as the disturbances on account of elections are over in the area. In this connection their latest reference was vide letter No. UTC/85/610-611-612 dt. 21-1-1985. As the firm did not honour its commitment, finally FIR had to be lodged.

Sh. A. K. Bhambri, the then Xen, C/Store, Dhulkote (now expired) can be held responsible as he failed to exercise effective control over the handling of a cement consignments. The officer has since expired and no action against him can be taken at this stage.”

It was admitted by the representative of the Board during the course of oral examination that it was a very bad case but it was now a question of effecting recovery from the transporter and getting him punished. It was also stated that the challan had been put in the court of CJM Ambala City, non-bailable warrants against the transporter issued and the next date of hearing in the case was fixed on 21st October, 1992. It was further stated that the matter had also been taken up at the personal level of S.S.P. and it was expected that the investigation would soon be completed.

The Committee recommend that the result of the Police investigation, the decision of the court and the action taken as a result thereof be intimated to the Committee.

4.88. Loss due to delay in checking of meters

26. Under Sales Manual of the Board, the sub-divisional officer, Maintenance and Protection (M & P), is required to check all meters of large /medium supply consumers (above 70 KW) once in every six months. It was observed in audit that in the case of following medium supply consumers under Faridabad division, there was delay of 25 to 30 months in inspection of the meters.

Name of the Consumer	Date of inspection	Extent to which meters were found running slow (in <i>per cent</i>)	Period for which bills required to be raised (months)
1	2	3	4
A (A/c No. AMS-24)	14-5-85	58.4	11/82-4/85(30)
B (A/c No. NMS-16)	7-6-85	33.0	3/83-6/85(28)
C (A/c No. MS-14/297)	5-8-83	17.0	7/81-7/83(25)
D (A/c No. MS-213/14)	24-7-84	33.3	2/82-7/84(30)

Period for which bills raised/ charged for last six months	Period of short-fall (months)	Amount under charged SOP	E.D.
5	6	6	8
(Rupees in lakhs)			
11/84-4/85	11/82-10/84(24)	0.72	0.17
1/85-6/85	3/83-12/84(22)	0.32	0.07
2/83-7/83	7/81-1/83(19)	0.22	0.06
2/84-7/84	2/82-1/84(24)	0.33	0.08
		1.59	0.38

The inspection conducted during the period from August 1983 to June 1985 revealed that energy meters of these consumers were running slow by 17 per cent to 58.4 per cent.

The Board could, however, raise additional demands against these consumers only for a period of six months preceding the date of inspection. The demand for the period beyond six months could not be raised in view of Section 26(6) of Indian Electricity Act, 1910 which *inter-alia* provides that billing can be made against the consumer for a period not exceeding six months.

Thus, due to delay in inspection of meters, the Board could not raise the bills against these consumers which resulted in loss of revenue of Rs. 1.97 lakhs (energy charges : Rs. 1.59 lakhs; electricity duty : Rs. 0.38 lakh).

No responsibility for the loss of revenue and delay in checking of the meters had been fixed by the Board so far (January 1987).

The matter was reported to Government/Board in June 1986; their replies were awaited (January 1987).

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, Meter Mechanic-I and Driver with vehicle is able to check 360 connections every six months viz. 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 in Faridabad Division during the period in question could not be checked due to in-adequacy of staff/vehicles.

Year-wise break up of staff/vehicles required and posted/provided for checking of industrial connections is given as under: —

Statement showing the position of staff required/sanctioned/shortage for the period from 1-4-1982 to 12-7-1990

Period	No. of connections	Staff	Required	Sanctioned posted	Shortage
1	2	3	4	5	6
1-4-82	549	AEE/AE	2	1	1
		JE	2	1	1

1	2	3	4	5	6
		Lab. Attendant/ T-Mate	4	—	4
		Driver with vehicle	2	1	1
1-4-83	557	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
		Driver with vehicle	2	1	1
1-4-84	570	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
		Driver with vehicle	2	1	1
1-4-85	594	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
		Driver with vehicle	2	1	1
1-4-86	607	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
		Driver with vehicle	2	1	1
1-4-87	618	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4

1	2	3	4	5	6
		Driver with vehicle	2	1	1
1-4-88	645	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
		Driver with vehicle	2	1	1
1-4-89	638	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
		Driver with vehicle	2	1	1
1-4-90	725	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
12-7-90	734	AEE/AE	2	2	—
		JE	2	1	1
		Lab. Attendant/ Helper	4	—	4
One vehicle yet to be made available by the Board.		Driver with vehicle	2	2	—

It would kindly be seen that against the requirement of two J.Es. only one J.E. had been posted and against the requirement of four Lab. Attendants/ Helpers, none had been posted. 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 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 and the authorised representatives of consumers are not available to accept the report. That is why the six monthly checking schedule could not be adhered to. However, backlog was cleared during 9/85 to 11/85 by deputing special gangs from other Divisions (by 3/86) and at present, there is no back-log.

(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."

During the course of oral examination, it was stated by the representative of the Board that shortage of staff was also there, but, basically it was due to the negligence of the staff that the loss was caused.

It was subsequently intimated that it had been decided to call for the explanations of all concerned officers/officials and final action taken there-against would be intimated.

The Committee recommend that responsibility for the loss suffered by the Board be fixed on the delinquent officers/officials at the earliest and the action taken/recovery effected from them be intimated to the Committee.

4.8.9. Abandon-ment of civil work

27. The Board invited tenders (March 1979) for construction of 10 staff quarters at 132 KV sub-station Cheeka in anticipation of acquisition of land. The work was allotted in July 1979 to firm 'A' for Rs. 3.28 lakhs and was to be completed within 19 months from the date of commencement.

The land was, however, acquired in September 1979. Consequently, the contractor refused to undertake the work due to delay in acquisition of land. The Board, therefore, reinvited the tenders in November 1979 and awarded the work to firm 'B' at Rs. 3.94 lakhs in April 1980. As per agreement, cement and steel were to be supplied by the Board and the work to be completed within eight months.

The contractor after executing the work for Rs. 1.41 lakhs (35.79 per cent of the total work) left the work in July 1981 as the Board failed to supply the steel due to late submission (October 1981) of indent for requirement of steel with the circle office.

Due to heavy rains during July/August 1981 the sub-station was flooded with water resulting in damage to main walls of these unfinished quarters. The loss on the basis of remeasurement taken in December 1982 was assessed at Rs. 0.12 lakhs.

Although the sub-station for whose staff these quarters were to be constructed was commissioned in June 1981 the work could be put to tender in July 1986 (work re-allotted in November 1986) due to late approval of the N.I.T.

Thus, the failure on the part of Board to acquire land before invitation of tenders and to supply the material as per agreement, resulted in abandonment of the work. Besides, delay in invitation of tenders also resulted in blockade of funds to the tune of Rs. 1.41 lakhs for five years (August 1981 to July 1986).

No responsibility for the lapses has been fixed by the Board (January 1987).

The matter was reported to Government in January 1986; reply was awaited (January 1987).

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

“(i) (a) The then Hon’ble Chief Minister was anxious for construction of 132 KV Sub-Station, Cheeka.

Keeping in view the urgency of work, proposal for acquisition of land was sent to the Land Acquisition Collector Ambala City by the Xen, Civil Works Division, Ambala vide Memo. No. 2322/Ch-21 dt. 27-3-79. Thinking that the land will be acquired before allotment/commencement of work, the tenders for construction of staff quarters were floated in March, 1979. The notification for acquisition of land by the Secretary to Govt. Haryana Irrigation Department could, however, be issued on 26-6-79 vide his endst. No. 9/59/79/4/PW and the date of award was fixed for 28-9-79 as the then Chief Minister was scheduled to visit Cheeka on 28-9-79 to lay the foundation stone of 33 KV Sub-Station. The acquisition of land was, however, delayed due to non-posting of L.A.C., Ambala City for a considerable period.

(b) The material required to be issued to the contractor by the Deptt. viz. Cement and Steel of various sizes was in short supply at that time. There was also lack of interest on the part of the contractor in commencement of work. Had he been keen in the execution of the work, the necessary material would have been arranged/supplied to the contractor by transferring the same from other on-going works under that division. The contractor later on abruptly abandoned the work in July, 1981.

The then Xen, Civil Works Division, Ambala thereafter took up the matter to restart the work with the contractor but the contractor did not come forward to commence the work. Ultimately, it was decided by the Xen, Civil Works Division, Karnal vide Memo No. Ch-5/CWK-57 dated 5-9-84 to suspend business dealings with Sh. S. P. Chada, Contractor, for two years.

- (c) After the contractor Sh. Chada had abruptly abandoned the work in 7/81 and when all out efforts to get the abandoned work completed through contractor had failed there was no alternative left, but to put the same to tender again.

Accordingly, the tenders for balance work were invited and opened on 21-3-83 but no valid tender was received. The matter thereafter remained under correspondence from 9-1-84 to 22-7-86 between various offices and finally fresh N.I.T. was approved by the C.E. (P&C) in 6/86 and sent to Xen, C/W Division, Karnal in 7/86 (22-7-86). Fresh tenders were invited and opened on 30-7-86 and the work was allotted in 11/86.

- (ii) The tenders were floated by Sh. J. S. Chotani, the then Xen, C/W Division, Ambala (defunct) who has since retired. No action against him is possible at this belated stage.

Further in view of the position explained in para (i) (c) above that no tender was received in 1/83 and the matter remained under correspondence with various offices upto 6/86, no individual can be held responsible for the delay."

During the course of oral examination, it was admitted by the representative of the Board that, besides the delay occurring in the construction of staff quarters, negligence on the part of some officers, who had since retired, was also there. However, it would be looked into if somebody could still be held responsible in this case.

It was subsequently intimated that—

".....During this period (1/83 to 6/86) there were five Chief Engineers, two Superintending Engineers and one Executive Engineer incharge of this work. All these officers have retired. The exact extent of responsibility is, however, being ascertained."

The Committee recommend that the matter be finalised at the earliest and the outcome thereof be intimated to the Committee.

4.8.10 Irregularities in accounts

28. In order to curb the tendency of misappropriation of Board's money/cheating of consumers by its employees, the Board in June 1982 prescribed *inter alia* the following checks:-

(i) The ledger clerk should post the cash realisations made from the consumers to their respective accounts in consumers ledgers from the duplicate copies of receipts issued and this posting should be checked *cent per cent* by UDC (Revenue) and to the extent of 10 *per cent* by the sub-divisional officer/junior engineer:

(ii) The sub-divisional officer/junior engineer should ensure that the total monthly realisations of cash as posted in the consumers ledgers agree with the total monthly receipts as per revenue cash book;

(iii) The sub-divisional officer/junior engineer should verify from consumers ledgers that the total of column "Net amount payable" *plus* total of column "Surcharge levied" *minus* total of column "Realisation" is equal to total of column "Balance" of the current month to be carried forward to next month;

(iv) If unpaid balance of a month is carried forward to the next month a line should be drawn in the "Realisation" column against the consumer from whom no recovery has been made so that any entries made subsequently in that column are easily detected. The UDC (Revenue) should exercise 100 *per cent* check over the balance brought forward by ledger clerk and in token of this he should append his dated initials at the bottom of each page of the consumers ledger.

On receipt of a complaint (April 1985) that various types of irregularities were being committed by the staff of Hassanpur Sub-Office (under operation sub-division, Palwal), a detailed checking of accounts of the sub-office for the period 1981-82 to 1984-85 was got conducted (June-September 1985) by the Board.

During the detailed checking, 881 cases of fictitious credits, unauthorised refunds, omissions to carry forward outstanding balances etc. involving a total amount of Rs. 3 lakhs were noticed. The entire amount of Rs. 3 lakhs was charged to consumers in the ledgers, out of which the Board could realise to the extent of Rs. 1.10 lakhs only.

from them so far (December 1986) as detailed below :

	Amount charged in consumers ledgers		Amount realised from consumers		Amount still recoverable	
	Items (Num- bers)	Amount (Rupees in lakhs)	Items (Num- bers)	Amount (Rupees in lakhs)	Items (Num- bers)	Amount (Rupees in lakhs)
(a) Fictitious credits	37	0.22	36	0.21	1	0.01
(b) Unauthorised refunds	61	0.83	33	0.44	28	0.39
(c) Failure to carry forward outstanding balances	476	1.76	324	0.32	152	1.44
(d) Other cases	307	0.19	227	0.13	80	0.06
	881	3.00	620	1.10	261	1.90

Out of the remaining amount of Rs. 1.90 lakhs, recovery of Rs. 1.28 lakhs from consumers appeared doubtful because the consumers had been permanently disconnected and treated as defaulters.

These irregularities could not be initially detected as the supervisory staff failed to exercise checks prescribed by the Board in June 1982 and the post of UDC (Revenue) was kept vacant from August 1981 to May 1985.

The Board stated (August 1986) that the ledger clerk was suspended in June 1985 and a case was registered against him with the police in July 1985. The junior engineer was transferred out of the circle and a charge sheet was served on him. However, the report of police investigation and further action against the officials was awaited (January 1987).

The matter was reported to Government in August 1986 ; reply was awaited (January 1987).

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

- “(i) The post of UDC (Revenue) remained vacant for the period from 1/81 to 23-6-87. J.E. I/C of Hassanpur Sub Office noticed irregularities in accounts in 2/83 and pointed out to Sh. Kiran Pal, LDC on 15-2-83. A copy of this letter was also endorsed to the SDO, ‘OP’ Sub Division, Hodel and Xen, ‘OP’ Division, Palwal.

Special Audit Party was deputed on 5-6-85 who completed the job on 11-8-85. The party detected 905 cases involving mis-appropriation of Board's revenue of Rs. 2,92,003. 69.

Action taken against the officials/officers who failed to exercise prescribed checks is as under :—

1. Sh. Kiran Pal Singh, Ledger Clerk has been punished by stoppage of his four increments with future effect.
 2. The Revenue Accountant (Sh. Mehar Singh) has been penalised by stoppage of one increment with future effect.
 3. The Junior Engineer, Incharge Sub Office has been issued a letter of advice.
 4. The services of Sh. A.K. Jain, SDO, Sub Urban Sub Division, Palwal have been censured by the Secretary Board.
- (ii) As stated in reply to the questionnaire (i) above, that in all 905 cases of irregularities involving Rs. 2,92,003. 69 were detected by the special Audit Party deputed for checking of accounts of Hassanpur Sub-Office. Out of these, recovery in 835 cases involving an amount of Rs. 1. 57 lakhs has been effected. In remaining 70 cases which involve an amount of Rs. 1. 35 lakhs are detailed as under :—

	No. of cases	Amount
(a) LRC cases—Notices served permanent dis-connected	18	0.25
(b) Govt. connection PDCO	3	0.79
(c) Connected consumers	26	0.20
(d) Disconnected consumers—amount transferred to other A/cs of same consumer	23	0.11
	70	1.35..

No recovery has however, been effected from the officials/officers held responsible for not exercising prescribed checks except the punishment awarded as explained in reply to questionnaire (i) above."

The representative of the Board, during the course of oral examination, stated that action had been taken against the officers/officials

upto the S.D.O. level, who failed to exercise the prescribed checks. Four increments of the Ledger Clerk and one of the Revenue Accountant had been stopped with future effect. The J.E. had been issued a letter of advice and the services of the S.D.O. concerned had been censured. It was also stated that the J.E. had little less fault than the S.D.O. because he had brought the irregularities noticed by him in accounts to the notice of the S.D.O. It was stated that the results given in the audit para were slightly different from the results revealed by the special audit party, which detected the irregularities amounting to Rs. 2,92,003, out of which recovery of the amount of Rs. 1.57 lakhs had been effected. Of the balance amount of Rs. 1.35 lakhs, about Rs. 80,000/- pertained to Government departments/agencies and about Rs. 55,000/- were to be recovered from the private consumers. There was no problem to effect the recovery from the Government departments/agencies which would either be made or adjusted. It was further stated that no recovery had been effected from the officials/officers concerned held responsible except the punishment awarded to them and the amount remaining unrecovered from the private consumers would be recovered from them.

The position of recovery from the defaulting consumers was subsequently intimated as under :—

	Amount	
"No. of total cases	—905	Rs. 2.92 lacs
Recovered upto date	—885	Rs. 1.61 lacs
Balance (still to be recovered)	—20	Rs. 1.31 lacs

The major amount (Rs. 0.97 lac) relates to the following :—

- | | |
|---|----------------|
| (i) Irrigation Deptt./S.D.O., Drainage
(3 connections) | —Rs. 0.90 lac |
| (ii) S.D.O., H.S. M.I.T.C. | —Rs. 0.03 lac. |
| (iii) Gram Panchayat | —Rs. 0.04 lac. |

Payments from Irrigation Deptt./HSMITC are being recovered in instalments. These amounts will be adjusted in the next instt. Matter is being pursued with Gram Panchayat. Remaining amount of Rs. 33,727.40 P is recoverable from 15 Nos private consumers and notices to 12 consumers under Land Dues (Recovery) Act stand already served. The notices to remaining 3 consumers are also being processed.

However, case is also under examination, to avoid legal complications in view of the fact that punishment already inflicted upon the erring officials, to recover the above amount of Rs. 33727.40 from erring officials of the

Board if the Board fails to recover the same from the defaulting 15 Nos. private consumers "

The Committee recommend that the recovery due from Government departments/agencies be effected expeditiously.

The Committee further recommend that the matter of recovery from the defaulting private consumers be vigorously pursued so that the same is not delayed further.

The Committee desire that the progress of recovery made from the Government departments/agencies as also from the private consumers be intimated to the Committee.

4.8.11. Non installation of capacitors

29. Under the terms and conditions for supply of power, industrial and agricultural consumers are required to maintain a power factor of not less than 85 *per cent*.

The Board decided (July 1981) that in order to improve and maintain the requisite power factor, new industrial connections would not be released until capacitors of requisite sizes were installed on the motor terminals. However, the existing consumers should be served with 2 months notice to install the capacitors failing which the additional surcharge of Rs. 4 per KW of connected load and Rs. 5 per BHP was to be levied on the industrial and agricultural consumers respectively. If the omission still persisted even after the levy of additional surcharge, the supply of power was to be disconnected after the expiry of 4 months period (May 1985).

During test check in audit (in 1985-86) of 13 sub-divisions (out of 157 sub-divisions), it was observed that notices were not served on 25,176 consumers (agricultural : 22,390; industrial : 2,786) till June 1985 with the result capacitors were not installed by these consumers. In the absence of notices, the Board could not levy additional surcharge on these consumers after 2 months and disconnect their supply of power after 4 months.

Thus, the failure on the part of the Board officers to serve notices on these consumers resulted in :—

- (i) non installation of capacitors by the consumers to improve and maintain the power factor;
- (ii) non levy of additional surcharge on these consumers for 2 months amounting to Rs. 13.98 lakhs (agricultural : Rs. 11.75 lakhs; industrial : Rs. 2.23 lakhs).
- (iii) non disconnection of their power supply after the expiry of a period of 4 months.

The Board has not yet investigated the matter and fixed the responsibility for the lapses resulting in loss to it (January 1987).

The matter was reported to Government in July 1986; reply was awaited (January 1987).

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

“Notices to install capacitors by the target date were served on the consumers by some Sub-Divisions and penalty was also imposed. The penalty imposed was objected to by the consumers especially A. P. They also approached the Govt. through Ministers for waiver of penalty. At a few places, the penalty imposed had to be withdrawn due to agitational approach of the Bhartiya Kisan Union and the Southern Haryana was badly affected due to failure of monsoon. Further en-mass disconnections were not favoured because of the fact that it would have wide spread repercussions on consumers with small scale industries and tubewells

Accordingly, a report was put up to M.T. 'OP' by the C. E. 'OP' Delhi in 2/87 explaining the difficulties being faced by the field staff in implementing the instructions.

Keeping in view the practical difficulties explained by the field staff the Board revised its instructions vide Sales Circular No. 30/89 dt. 14-8-89 stating that capacitors of existing A. P. consumers will be installed by the Board and rent will be charged. Thus, now only the industrial consumers fall under the purview of the amended instructions. The latest position of installation of LT capacitors in respect of each circle is given below:—

Name of circle	No. of units where Lt cap. are reqd. to be installed	No. of units who have installed LT Cap	No. of units who have not installed LT Cap,	Penalty imposed	Penalty recovered.	Balance
Narnaul	4616	3657	959	10324.00	10324.00	
Karnal	7209	4305	2904	86562.00	86562.00	
Rohatak	5137	3680	1457	47758.00	47758.00	
Gurgaon	5984	4240	1744	1,35,000.00	1,35,000.00	
Sonepat	3955	3563	392	12000.00	12000.00	
Faridabad	13217	8726	4491	1,34,000.00	1,34,000.00	
Hisar	4461	1983	2478	1,38,486.00	1,37,694.00	722.00
Sirsa	3406	2164	1242	1,35,251.00	1,35,251.00	
Kktra	4277	1762	2515	11,79,000.00	10,99,000.00	80000.00
Jind	2694	2253	441	9172.00	9172.00	
Bhiwani	2675	1921	754	4,17,783.00	4,17,783.00	

Ambala—Will be supplied later on.

Efforts are being made to recover the balance amount from the defaulters. In KKTRA Circle recovery is pending due to court cases, disconnection of defaulters etc.

The matter was examined by both the C. Es. 'OP' Hisar and Delhi and as stated in reply to the above questionnaire the matter regarding difficulties being faced in the implementation of instructions was brought to the notice of the M. T. 'OP' of the Board. Enmass disconnections were neither desirable nor in the interest of the Board/ Govt. The field officers were also hesitating in taking such a drastic step.

Keeping in view the practical difficulties explained above, no one is considered responsible in this case."

It was stated during the course of oral examination by the representative of the Board that in the Ambala Circle, out of 10352 capacitors to be installed, 9,734 capacitors had been installed, leaving a balance of 618 only and against the penalty of Rs. 1,36,800 imposed, an amount of Rs. 1,10,560 had been recovered. It was further stated that efforts would be made to instal the remaining capacitors in the various circles at the earliest.

The Committee recommend that earnest efforts be continued to be made to recover the balance amount of penalty from the defaulting units in various circles at the earliest and the progress of recovery as also of installation of remaining capacitors be intimated to the Committee.

HARYANA FINANCIAL CORPORATION

4. 9. 1. Irregular disbursement of loan

30. The Corporation sanctioned in August 1977 a loan of Rs. 2.00 lakhs to an entrepreneur for setting up a Hawai Chappal manufacturing unit at Pinjore. The loan was sanctioned on the ground that there was good scope for the product in spite of the fact that the Technical Officer of the Corporation had pointed out in June 1977 that it would be difficult for the unit to compete in the market due to locational disadvantage. The terms and conditions of loan *inter-alia* provided that the loanee should furnish a letter of consent signed by the guarantors followed by execution of formal guarantee. Before disbursement of the loan, the Corporation was to satisfy itself about the credit worthiness of the loanee from his banker. The loanee was also required to furnish from his bank a letter of commitment for sanction of cash credit and no lien letter certifying that the bank would not claim lien on the amount of the loan kept in the account with it.

The loanee arranged all the documents from "Vijay Bank Limited, Pinjore" though no such bank existed. Even the letter dated 22nd November 1977 addressed to the bank enquiring the credit worthiness of the loanee, instead of sending directly to the bank, was handed over to the loanee for delivering to the bank. A forged credit worthiness report from a non-existent bank was submitted on 5th December 1977 by the loanee. The Corporation did not even obtain the required letter of consent signed by any guarantor followed by execution of formal guarantee.

The Corporation disbursed Rs. 1.40 lakhs out of a sanction of Rs. 2.00 lakhs to the loanee during March-August 1978. The balance loan was cancelled in June 1980 when the Corporation became aware of the non-existence of the bank from which the loanee produced the forged documents. The Corporation could not effect recovery of the loan amounting to Rs. 3.80 lakhs (including interest Rs. 2.21 lakhs and miscellaneous expenses Rs. 0.19 lakh) up to March 1986 as the loanee did not own any property and no machinery was available in the factory as per the report of the Collector, Ambala (January 1984). The claim filed in February 1985 by the Corporation with the Deposit Insurance and Credit Guarantee Corporation was also rejected on the ground that disbursement of loan was reported to them in September 1979 after the loan was recalled in July 1979.

The action of the Corporation in sanctioning loan to a unit which was not commercially viable, disbursement of the amount without obtaining third party guarantee and accepting the forged documents from a non-existent bank resulted in non-recovery of Rs. 3.80 lakhs (March 1986).

The Management stated (May 1986) that the whereabouts of the loanee were not known; the matter was under investigation with the police and enquiry for fixing the responsibility would be instituted after completion of police investigation. The reply is not tenable as the police investigation is not an impediment in departmental enquiry for fixing responsibility for the lapses committed by the officers of the Corporation.

The matter was reported to Government in July 1986, reply was awaited (January 1987).

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

"A loan of Rs. 2.00 lacs was sanctioned to Messrs Pinjore Rubber Industries, Pinjore by the Executive Committee on 30th August, 1977 on the recommendations of appraising officer and the Technical Officer of the Corporation. The unit was viable at the time of sanction of loan.

The letter addressed to the bank enquiring the credit-worthiness of the loanee was handed over to the sole proprietor of the concern on his request and in good faith. An enquiry was got conducted from Shri B.R. Goyal, Controller of Finance, who submitted his report on 8th October, 1986. On the basis of finding of this report, the erring officers namely Sarvshri V.P. Verma and H.R. Nandwani were penalised by issue of reprimand, which was also placed on their ACR file. Further, they were also deprived of Good Performance Reward for the year 1987-88.

At the time of sanction of loan the Executive Committee (sanctioning authority) did not impose any stipulation regarding obtaining third party guarantee as at that time it was not a practice and policy of the Corporation to obtain third party guarantee

The letters of the Bank produced by the Sole Proprietor, on the face of these, appeared to be genuine one and as such were accepted by the Corporation. If the Corporation had known that the letters of the Banker were forged, it would not have disbursed any loan to the party.

Since the borrower had cheated the Corporation, an FIR was lodged with the Police on 15-1-79 and the police is still investigating the matter.

Lapses on the part of concerned officers were due to the carelessness. Responsibility has been fixed and two concerned officers namely S/Sh. V.P. Verma and H.R. Nandwani have been reprimanded, a copy of which has been placed on their personal A.C.R. file. In addition to this, these officials were also deprived of their Good Performance Reward for the year 1987-88 as a punishment."

It was admitted during the course of oral examination by the representative of the Corporation, that it was negligence and carelessness on the part of the officials concerned to hand over the papers personally to the party for verification of his credit-worthiness from the Bank. But this was done in good faith by them which facilitated the fraud. However, from the letter of the Bank it was difficult to say that it could be a case of forgery. It was subsequently found out that the Vijaya Bank, which was one of the nationalised Banks, had no branch at Pinjore. It was also stated that the building and machinery of the party had been got mortgaged in favour of the Corporation before the disbursement of the loan.

When enquired, it was stated that the Corporation had issued three drafts totalling a sum of Rs. 1,40,000 and it was when the fourth cheque was issued that the fraud played by the party came to the notice of the Corporation. A F.I.R. was lodged with the Police Station, Pinjore originally in January, 1979, and even after pursuing the matter upto the level of the Superintendent of Police Ambala, a period of $7\frac{1}{2}$ months lapsed to get the complaint registered with them and then left with no other alternative, the Corporation lodged a complaint with the Central Police Station, Sector-17, Chandigarh, which was registered by them on the 17th September, 1979, and as per their letter received in November, 1992, they had been unable to trace out the culprit but assured that if any clue came to light in future, investigations would be reopened.

With the regard to the recovery made from the party, it was stated that with the approved procedure followed and all best possible efforts made, it had so far been possible to recover a sum of Rs. 50,500 by disposing off the land and building belonging to the party which also included scrapped machinery in auction. The agricultural land and residential house which were owned by the proprietor at the time of appraisal were not now available as confirmed by Collector as well as by the Branch Manager, Sirsa, as per his personal investigations and there was, therefore, no further chance of recovery from the party unless he was traced out.

It was also stated that the action taken against the officials concerned for their lapse had delayed their promotion for 5 to 6 years.

On a suggestion made, the departmental representative agreed to refer this case to the Vigilance Department, Haryana, for investigation.

The Committee desire that the outcome of the investigation made by the Vigilance Department as also the action taken as a result thereof be intimated to the Committee.

HARYANA WAREHOUSING CORPORATION

4.10.2. Avoidable payment of wages

31. (a) Section 25(F) of the Industrial Disputes Act, 1947, *inter alia*, lays down that no workman employed in any industry who has been in continuous service for not less than one year under an employer shall be retrenched until he has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice has expired or the workman has been paid in lieu of such notice, wages for the period of notice.

The services of a godown-attendant and a godown-keeper, who were appointed in August 1971 and June 1977 on temporary

basis were terminated in August 1978 and December 1982 by the Managing Director of the Corporation without assigning any reason.

On representation from the workmen, the State Government (Labour Department) referred, in July 1981 and June 1983 the disputes to the labour court, Rohtak for adjudication who in October 1984-May 1986 ordered the reinstatement of the workmen with continuity of service and full back wages. The appeal filed in February 1985 by the Corporation against the decision of the labour court in one case (godown-keeper) was dismissed in April 1985 by the Punjab and Haryana High Court and the workman was taken back in service on 29th June 1985. The other workman (godown-attendant) was also reinstated on 29th August 1986. The Corporation accordingly, made payment amounting to Rs. 0.59 lakh representing arrears of back wages to godown-keeper (September 1985) while the amount payable to the godown-attendant reinstated on 29th August 1986 is yet to be worked out and paid (November 1986).

Thus, the termination of services of the workmen without following the laid down procedure resulted in avoidable payment of wages amounting to Rs. 0.59 lakh to the godown-keeper by the Corporation which would further increase when the payment of back wages to the godown-attendant is made.

The Management/Government stated (April/July 1986) that as the work and conduct of the godown-keeper was not satisfactory it was considered imperative to get rid of him straightaway but he had to be taken back in service on the orders of the Chairman of the Corporation and subsequently on the directive of the Chief Minister and that arrears of back wages had been paid to him as per court decision.

(b) Similarly, the service of another workman, appointed as peon in April 1976, was terminated in November 1977 without giving him one month notice or basic pay in lieu thereof as required under Haryana Warehousing Corporation Staff Regulation Rules, 1969. The termination orders were held illegal, null and void by the Civil Court in March 1983 on the ground that these were issued by the Corporation without following the prescribed procedure. The workman was ordered to be deemed in continuous service with all benefits including full back wages to be paid with interest at 6 per cent per annum. Accordingly, the workman was taken back in service in April 1983 and the Corporation paid Rs. 0.36 lakh (including interest of Rs. 0.06 lakh) on account of back wages without his gainful employment.

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

“(a) The entire procedure as laid down in the relevant provision of the staff regulation of the Corporation in vogue was not required to be followed as

Sh. Dhoop Singh, Godown-keeper was not a regular employee of the Corporation. The competent authority was fully empowered for the termination of the services by giving one month's notice or salary thereof :

The action was taken as laid down in regulation 12 of the staff regulations.

A relevant extract of the said regulation is reproduced below :—

"Termination of Service :—

- (1) Service of any employee of any class who is on probation (except those on probation in a promotion case), may be terminated by the appointing authority, at any time by giving one month's notice (two months in case of confirmed employees) or basic pay (including dearness pay) in lieu thereof :

Provided that such notice shall not be necessary in the case of temporary employee or class IV employee whose service is terminable without such notice by the terms and conditions of his appointment.

- (2) The Board of Directors may terminate the services of any employees of class I after the expiry of the period of his probation by giving him three month notice or basic pay (including dearness pay) in lieu thereof and of any employee of any other class by giving him two month's notice or pay (including dearness pay) in lieu thereof.

- (3) In the case of an employee of class II and III the power to terminate his service under sub-regulation (1) and sub regulation (2) shall be exercised by the Managing Director and in the case of any employee of class I by the Board of Directors.

(b) As (a) above."

During the course of oral examination, it was stated by the representative of the Corporation that this case related to three officials whose services were terminated but had to be taken back in service and paid back wages as a result of the decision of the labour courts/High Court which held that proper procedure had not been followed in terminating their services. He also stated that the amendments in the Staff Regulations of the Corporation could not keep pace with the interpretation of law from time to time. According to regulation No. 12 (1) of the Staff Regulations, 1969, which were in vogue at that time, the services of any employee of any class who was on probation (except those on probation in a promotion case) could be terminated by giving him one month's notice (two months in case

of confirmed employee) or basic pay including D.A. in lieu thereof. It was stated that the services of Shri Dhup Singh, Godown Keeper, were terminated as his work and conduct was not satisfactory in accordance with the said regulation by giving him one month's salary in lieu of notice. In such cases, no stigma is attached in the termination order and it is only mentioned 'your services are not required.'

The attention of the representative of the Corporation was drawn to the report dated the 26th July, 1980, recorded by Shri B.S. Siwatch, District Manager Sirsa, which interalia stated—

"The work and conduct of Shri Dhoop Singh, G.K. found satisfactory during his stay at this centre. This is for your information and necessary action at your end."

and enquired the grounds on which his services were then terminated in November, 1980. It was stated by the representative of the Corporation that when his services were terminated, his work and conduct was not found satisfactory. He read out from the file a note dated the 18th August, 1978, recorded by the Secretary, which interalia stated—

"Shri Dhoop Singh, G.K. has been a headache to us wherever posted. His period of probation was also extended by three months and expires on 10-9-78. I would propose that we may dispense with the services of Dhoop Singh in accordance with the terms and conditions of his appointment."

and then of S.T.O. (Senior Technical Officer) dated the 30th August, 1978, stating that—

"Discussed with M.D. He has approved termination of service of Sh. Dhoop Singh, Godown Keeper, Pillukhera as per terms and conditions of his appointment. Please issue orders and resubmit the case for M.D.'s information."

Since he was on probation, his services were terminated on the 30th August, 1978. He then made a representation and on the directions of the then Chief Minister and the Chairman, Warehousing Corporation, he was taken back in service. He was again put on probation, which was further extended. His services were again terminated and he again managed at the political level. It was stated that his services were terminated four times but was re-appointed at political level and every time his work and conduct was not found satisfactory and finally he was not allowed extension in service after the 12th November, 1980 and he was relieved of his duties. He then went to the Labour Court and won the case. The appeal filed by the Corporation against the award of the Labour Court was dismissed by the High Court,

which upheld the award of the Labour Court that the procedure of terminating his services periodically and thereafter reinstating him was most unfair and ordering to reinstate him with full back wages and continuity of service, and accordingly he was taken back in the service of the Corporation.

The Committee desired the representative of the Corporation to supply detailed notes about the three workmen giving the grounds on which their services were terminated and the circumstances under which they were again taken back in service as also the copies of the awards of the Labour Courts/Judgement of the High Court in each case, which were subsequently supplied. The detailed history sheet of the three officials reads as under —

"SHRI DHUP SINGH, GODOWN KEEPER

In the first instance Shri Dhup Singh was appointed as Godown Keeper against a regular Post through approved source vide order dated 2-6-1977 at State Warehouse, Kaithal where he joined on 10-6-1977. As per terms and conditions of his appointment, he was on probation for a period of one year and his services were to be governed by the rules of the Corporation as amended from time to time i.e. the Haryana Warehousing Corporation Staff Regulations, 1969 in vogue at that time. In the Regulation No. 12(i) of the Staff Regulations it was provided that the services of any employee of any class who is on probation (except those on probation in a promotion case) may be terminated by giving him one month's notice (two months in case of confirmed employee) or basic pay including D.A in lieu thereof.

On his request he was transferred from Kaithal to Rohtak on compassionate grounds where he joined on 18-7-77. During the posting at Rohtak we had received various complaints against him viz. using of Guest house with his relatives and taking of liquor frequently and leaving of headquarters without permission and writing a fake letter to Shri Ramesh Kumar Electrician supposed to have been written by a girl etc. etc. He was chargesheeted on this account and after having considered his reply, which was not satisfactory, he was let off with a simple warning by taking a lenient view by the then M.D.

Again on his request he was transferred from Rohtak to Pillukhera where he joined on 23-2-78. From Pillukhera too the system of complaints and counter complaints started and at one time he was advised to confine himself to his job.

In the meantime his probation period expired on 10-6-78 and as such his special confidential report was called for from the Manager, State Warehouse, Kaithal, Rohtak and Pillukhera where he worked during probation to adjudge his suitability and continuity in the services of the Corporation beyond 10-6-1978.

At State Warehouse, Kaithal he worked with effect from 10-6-77 to 17-7-1977 and his work and conduct was rated as satisfactory. He worked at Rohtak with effect from 18-7-77 to 22-2-1978 and his work and conduct was reported to be unsatisfactory. The Manager State Warehouse Pillukhera had reported that his integrity was doubtful and not fit for the services of the Corporation etc. etc.

Despite unfavourable reports his case was considered sympathetically and his probation period was extended by three months with a view to give him a chance to improve his work and conduct but to no avail, and the system of complaints against him continued and against one of the complaints a fact finding enquiry had to be conducted and the complaint so made by the Manager concerned against him was proved against Shri Dhup Singh which was regarding molestation/teasing of a young girl of the house owner where he was residing at Pillukhera and in this case he had to apologise in the Police Station.

Keeping the report of enquiry officer and the past conduct of the official, his services were terminated vide order dated 30-8-1978 in accordance with the Regulation 12(I) of the Staff Regulations of the Corporation by giving him one month's salary in lieu of notice.

On the directions of the then Hon'ble Chief Minister, Haryana and the Chairman, HWC, he was taken back in the services of the Corporation vide order dated 10-11-1978 and posted at SWH, Tohana where he joined on 14-11-1978. He was put on probation for a period of six months. The break in service with effect from 30-8-78 to 14-11-1978 was condoned by grant of leave of the kind due.

On the expiry of above said six months probation period, his special confidential report was called for from the D.M. and Manager concerned to review his suitability and continuity in the services of the corporation beyond 13-5-1979. The District Manager in his report stated his work and conduct as satisfactory whereas the Manager SWH, Tohana reported that Shri Dhup Singh is not fit for field duty and public dealing etc.

Keeping in view the above position his probation period was extended for another six months i.e. upto 14-11-1979 vide order dated 2-6-79.

Thereafter he was transferred from Tohana to Uklana vide order dated 11-6-1979. He joined at Uklana on 20-6-79. He was again transferred from Uklana to Hansi vide order dt. 31-7-1979 where he joined on 7-8-79.

In order to adjudge his suitability/continuity in the services of the corporation, his special confidential report was again called for from the quarters concerned and he was reported to be a

satisfactory worker by the District Manager concerned vide his letter dated 5-11-1979 but before his case of retention in the services of the corporation beyond 14-11-1979 could be examined, the office had received a complaint against this official regarding his attempt to misappropriate 5 bags of fertilizer. Upon this a detailed report of the D.M. concerned was called for. The D.M. concerned in his report had stated that Shri Dhup Singh tried to misappropriate 5 bags of fertilizer and he would have succeeded in his bid had he not been caught red handed by a Class-IV named Shri Rohtash Kumar.

Keeping in view of the above position his services were terminated vide order dated 11-2-80 in terms of Regulation No. 12 (I) of the Staff Regulation by giving him one month's salary in lieu of notice period.

Again on the intervention of the Hon'ble Chief Minister, Haryana he was appointed for three months i.e. upto 12-8-80 and posted at District Office Sirsa vide order dated 6-5-1980 and it was made clear to him that his further continuance in the services of the Corporation will be considered on receipt of report on his work and conduct. He joined his duties in District Office, HWC, Sirsa on 14-5-80. He was temporarily deputed to State Warehouse, Jakhal by the D.M. concerned vide order dt. 4-6-80 where he joined on 12-6-80.

In order to review his case of continuity in the services of the Corporation beyond 12-8-80, his special report was called for from the D.M. HWC, Sirsa and since he reported his work and conduct as satisfactory, he was granted extension further for a period of three months with effect from 12-8-80 to 12-11-80 vide order dated 11-8-1980.

In the meantime this office had received a complaint against Shri Dhup Singh from the D.M. HWC, Sirsa that he had misbehaved and abused the District Manager, Sirsa in such a language which could not be reported in the presence of the then Manager, HWC, Sirsa and Dabwali.

In the light of the complaint of the District Manager, Sirsa and his past conduct, he was not allowed any extension in the services of the Corporation after 12-11-80 and he was relieved of his duties.

Thereafter he went to the Labour Court for regularisation of the services on the plea of having rendered $3\frac{1}{2}$ years services with the Corporation and won the case. The Labour Court while deciding the case held that the procedure of terminating the services of Shri Dhup Singh periodically and thereafter reinstating him was most unfair and ordered to reinstate him with full back wages and continuity of service.

Upon this the Corporation went in an appeal to the Hon'ble High Court against the award of Labour Court on the plea that the findings of Labour Court were wholly perverted and based on no evidence. The appeal of the Corporation was dismissed by the High Court and the decision of the Labour Court was upheld. Accordingly, there was no other alternative but to take him back in the services of the Corporation in accordance with the award of the Labour Court in his favour.

SHRI HUKAM CHAND, GACW

Shri Hukam Chand was appointed as peon against a regular post in the scale of Rs. 70-95 with effect from 6-8-71 vide orders dated 27-4-72 & he was posted at * * * * *. It was provided in his appointment letter that his services will be governed by the rules of the Corporation as amended from time to time and his services are liable to be terminated at any time without any notice.

During the year 1981, a theft of 5 bags of gram occurred at SWH, Jundla in which Sh. Hukam Chand was also involved. This case was examined at length when it was found that Shri Hukam Chand was guilty as per the findings of D.M. Panipat. Accordingly it was ordered by the M.D. on 6-10-82 that the services of Sh. Hukam Chand may be terminated and he may be given three months pay in lieu of notice period as required under Regulation 10(ii) of the Staff Regulation of the Corporation in vogue at that time. Accordingly the order of termination of Sh. Hukam Chand was issued vide endstdt. 25-11-1982.

Thereafter Sh. Hukam Chand filed a demand notice dated 13-12-82 to the Labour and Conciliation Officer, Hisar. The Labour and Reconciliation Officer, Hisar sent its failure report to the Labour Commissioner, Haryana vide their letter dated 23-2-83. The matter was thereafter referred to Labour Court, Rohtak vide orders of Labour department dt. 30-6-83. The Labour Court, however, in its orders dated 3-4-86 observed that the provision of Section 25-F of the ID Act has been violated and as such the order of termination was set aside by the Hon'ble Court. The order was examined in length and in view of the fact that in the absence of the required time for filing appeal in the High Court, it was ordered to take back Shri Hukam Chand in the service of the Corporation as GACW with full back wages and continuity of service. Accordingly he was taken back vide office order dated 29-8-86.

SHRI GURDIALSINGH, GACW

Shri Gurdial Singh was appointed as Peon in the Scale of Rs. 70-2-80/3-95 against a regular post vide office order bearing endst. No. HWC/E-5/76/788 dated 21-4-1976. He was on probation for a period of one year. It was also provided in his appointment letter that his services will be governed by the rules of the Corporation as amended from time to time. The official joined as such on 26-4-1976.

Shri Gurdial Singh was chargesheeted for the following omission and commission on his part vide memo No HWC/PF-/669/77/38109 dated 10-10-1977 .—

- (i) That he was instructed on 5-8-77 by Sh. Subash Kansal, Accounts Assistant, SWH, Kaithal to accompany the class-IV for the purpose of preparing the dwraft walls in the premises of M/s. Fateh Chand, Jai Ram Dass as it were raining heavily and there was immediate danger to the stocks stored in the said godown but he flatly refused to go there
- (ii) That he also instigated the other Class-IV employees for not obeying the orders of his superiors and not to work after office hours when the stocks stored at Kaithal were exposed to floods
- (iii) That he misbehaved himself with his superiors.

At the time of finalisation of this case it was ordered that since this official was not fit for retention in the service of the Corporation, his services may be dispensed with in the interest of discipline His services were accordingly dispensed with vide order bearing No HWC/PF-66/77/49625-31, dt 7-12-77

Shri Gurdial Singh thereafter filed a civil suit in the court of Additional Senior Sub Judge, Chandigarh The Hon'ble Court voided the order of termination of the official as illegal null and void and also ordered that the plaintiff would be deemed to be in continuous service with all the rights, benefits, including the arrears of his pay and allowances etc. The Hon'ble Court while deciding the case interalia observed that the plaintiff (Sh. Gurdial Singh) had been appointed on probation for a period of one year which was never extended beyond one year and as such he could not be treated as temporary employee as had been alleged Even if the plaintiff was continued to be temporary employee, as has been alleged, as per terms of his appointment letter his service could only be terminated in accordance with Rule 12(1) of the HWC Staff Regulation, 1969, either by giving him one month notice or one month salary in lieu thereof, which was not given to the plaintiff As regard argument advance by the learned counsel for the plaintiff provision of Rule 12(1) provided that no such notice was necessary in case of temporary employees of class-IV, learned counsel for the plaintiff had that the proviso ibid only provides that such notice was not necessary in the case of temporary employees whose services are terminated without such notice by the terms & conditions of the appointment It was not disputed that the appointment letter of the plaintiff did not provide that his services would be terminable without such notice and so the proviso to clause 12(1) of the Haryana Warehousing Corporation Staff Regulations, 1969 is not attracted to the case of the plaintiff.

I, therefore, need not discuss the other point of the case in details because the impugned order are liable to be set aside on the ground that the service of the plaintiff were not terminated even according to the terms of hfs appointment. This issue is, therefore, decided in favour of the plaintiff.

Keeping in view the above judgement of the court and by taking a compassionate view it was decided not to file an appeal in the appellate court and as such Shri Gurdial Singh was taken back in the service of the Corporation with effect from 16-4-1983 with all relevant benefit vide this office order bearing endst. No. HWC/PF-/669/21824-30 dated 5-9-1983

The Committee are constrained to observe that the manner in which the services of these officials were terminated without following the proper procedure or not even keeping the terms of appointment in view was not only surprising but reflects badly on the administration of the Corporation

The Committee, therefore, recommend that responsibility for the loss suffered by the Corporation due to the lapses in these cases be fixed on the delinquent officers/officials and the action taken against them be intimated to the Committee.

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