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**HARYANA VIDHAN SABHA**  
**COMMITTEE**  
ON  
**PUBLIC UNDERTAKINGS**  
(1994-95)  
(EIGHTH VIDHAN SABHA)  
**THIRTY EIGHTH REPORT**  
ON THE  
**REPORT**  
OF THE  
**COMPTROLLER AND AUDITOR GENERAL OF INDIA**  
**FOR THE YEAR 1989-90 (COMMERCIAL)**

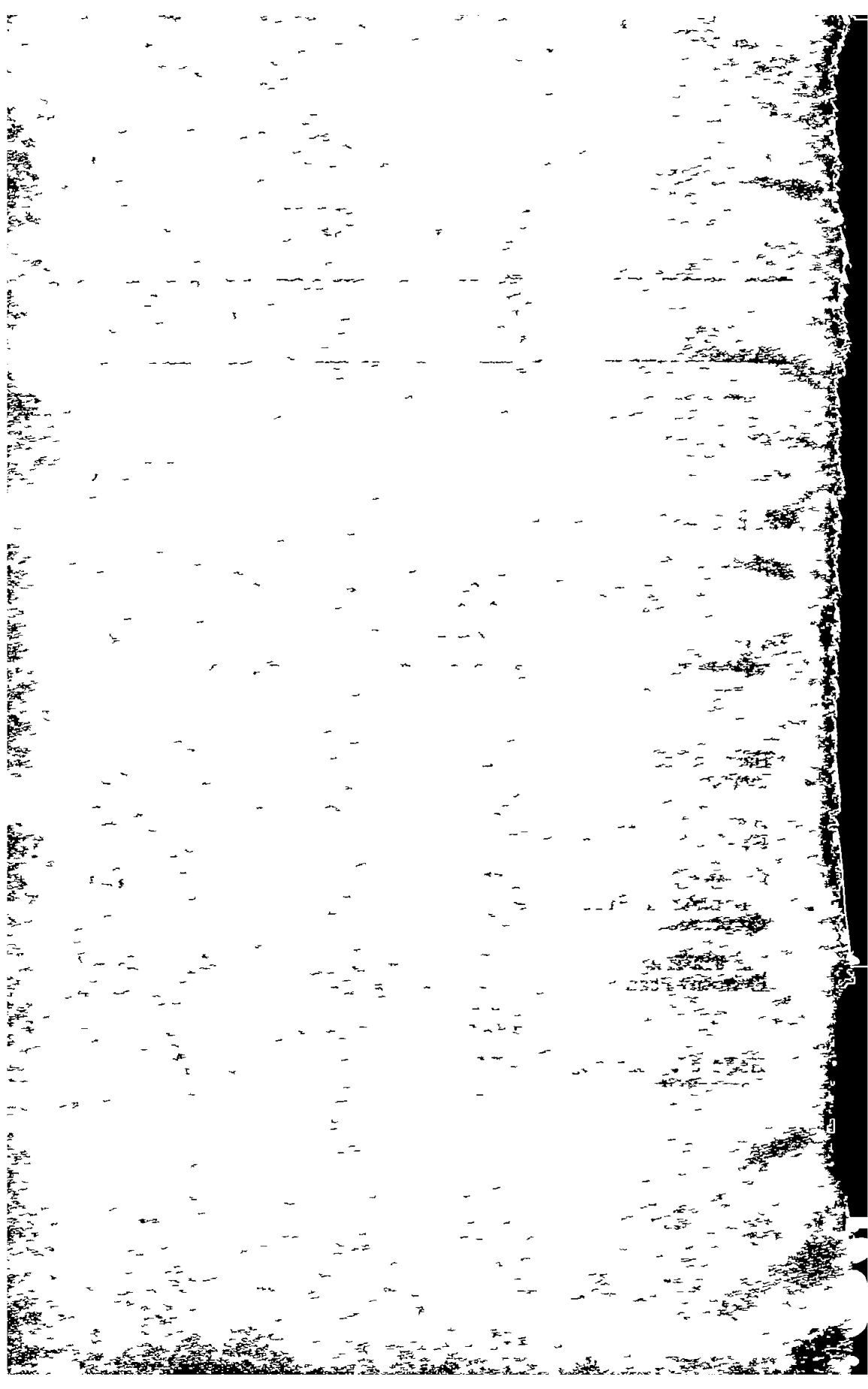


Presented to the House. **24 MAR. 1995**

**HARYANA VIDHAN SABHA SECRETARIAT,**  
**CHANDIGARH**  
1995

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(iii)

**COMPOSITION  
OF  
THE COMMITTEE ON PUBLIC UNDERTAKINGS  
(1994 95)  
CHAIRMAN**

- \*1 Shri Verender Singh  
\*\*2 Shri Mani Ram Keharwala

**MEMBERS**

- \*\*\*3 Shri Jai Parkash  
4 Shri Chander Mohan  
5 Dr Om Parkash Sharma  
6 Shri Satbir Singh Kadian  
7 Shri Balwant Singh  
8 Shri Ram Bhajan Aggarwal  
9 Shri Kitab Singh Malik  
\*\*\*\*10 Shri Sher Singh  
\*\*\*\*\*11 Shri Azmat Khan

**SECRETARIAT**

- 1 Shri Sumit Kumar Secretary  
2 Shri Ashok Kumar, Joint Secretary

- 
- \* Resigned with effect from 20th September 1994 on his appointment as Minister  
\*\* Appointed Chairman with effect from 28th September 1994  
\*\*\* Resigned with effect from 20th September 1994 on his appointment as a State Minister  
\*\*\*\* Nominated with effect from 28th September 1994  
\*\*\*\* Nominated with effect from 28th September 1994

*Note* The Committee for the year 1994 95 was nominated by the Hon ble Speaker in pursuance of the motion moved and passed by the Haryana Vidhan Sabha in its sitting held on 1st March, 1994, authorising him to nominate the members of the Committee on Public Undertakings for the year 1994 95 on the 28th April 1994

(v)

## INTRODUCTION

I Mani Ram Keharwala Chairman Committee on Public Undertakings having been authorised by the Committee in this behalf to present Thirty Eighth Report of the Committee on the Report of the Comptroller and Auditor General of India for the year 1989 90 (Commercial)

The Committee orally examined the representatives of the Government/Undertakings/Boards

A brief record of the proceedings of various meetings of the Committee held during the year 1994 95 has been kept in the Haryana Vidhan Sabha Secretariat

The Committee are thankful for the assistance rendered by the Accountant General (Audit) Haryana and his staff

The Committee are also thankful to the representatives of the Government/Undertakings/Boards who appeared before the Committee from time to time

The Committee are also thankful for the whole hearted and unstinted co operation extended by Secretary/Joint Secretary and his staff

Chandigarh  
The 20th February 1995

MANI RAM KEHARWALA  
CHAIRMAN

## REPORT

### HARYANA AGRO INDUSTRIES CORPORATION (REVIEW)

#### 2A 8 (ii) Rehabilitation Plan

1 The Board of Directors decided in September 1987 to wind up tractor hiring work and repair workshops attached to farmers service centres solvent extraction plant at Kaithal and agro aviation wing. In December 1987 it was further decided to wind up the combine harvesting service. Although moveable assets/machinery pertaining to closed activities were to be disposed off through DS & D Haryana within two months the same were awaiting disposal (September 1990).

In their reply the Government/Corporation stated as under —

As per revitalisation plan of the Corporation the services of some employees were retrenched. The retrenched employees of the Haryana Agro Industries Corporation obtained a stay order from the Honble High Court against the disposal of the said machinery of the Corporation. After vacation of stay order the Corporation took necessary action for disposing off the machinery.

The machinery of Kaithal Plant tractors and 6 combines have already been disposed off. The Corporation is on the process of disposing off the balance combines, Basant Air Craft and Spares.

The Committee viewed the delay in the disposal of combines, Basant Aircraft and Spares for over seven years despite recommendations by the High Powered Committee (December, 1987) seriously and recommend that the action in this regard may be finalised within six months and report may be sent to the Committee.

#### 2A 8 (ix)

2 The Company was allotted a piece of land measuring 2 925 sq yards by Government for establishing farmers service centre at Panipat in February 1971 for Rs 0 64 lakh. As per the site plan the land in actual possession of the Company was 2 470 sq yards and the remaining 455 sq yards was under encroachment of private parties. The Board decided (June 1988) to sell 1 690 sq yards of surplus land by open auction by carving out plots. The Resources Committee of the State Government recommended (September 1989) that legal cases be instituted against the reported encroachments. Neither the land was put to open auction nor any legal proceedings initiated against encroachment so far (September 1990).

In their reply the Government/Corporation stated as under —

The encroachment came to the notice of the Corporation when the proposal for the sale of FSC Panipat land was mooted.

in May 1986 Steps and efforts were made to get the encroachment removed through the FSC Panipat but we could not succeed to technical lacuna

The land is being utilized by the Haryana Agro Industries Corporation since its allotment and FSC complex was constructed on this land consisting of office of FSC Workshop store showroom and godown Hence the question of utilization of the land for the desired purpose does not arise

Since the title of the land was not transferred in the name of Haryana Agro Industries Corporation so the Corporation was facing legal problems in putting the land to the auction after a decision to this effect was taken

The Corporation could not file a civil suit despite instructions from the Government because the title of the land was not in favour of the Corporation The Corporation is in the process to execute the sale deed of this land with the concerned authority

During discussions the Government could not confirm the title of the land in favour of the Corporation and stated that matter was being examined in depth The Committee viewed it seriously and recommend that a deterrent action may be taken against the defaulting officers/officials and final position of the land be reported to the Committee

#### 2A 9 2 2 (ii)—Avoidable expenditure on minimum electricity charges

3 The plant was formally closed in September 1987 However the electric power connection was got disconnected in October 1988 For the period from October 1987 to September 1988 an amount of Rs 0 48 lakh being the minimum charges at the rate of Rs 4,000 per month for power connection was paid by the Company Had the power connection been got disconnected in October 1987 the amount of Rs 0 48 lakh could have been saved

The Government/Corporation by way of written reply stated as under —

The plant was closed down in the month of January 1987 and immediately after its closure the power connection was temporarily disconnected which was allowed by HSEB for the period from 4/1987 to 10/1987 Again the matter was taken up with HSEB to extend the temporary disconnection upto March 1988 but our application was rejected by Chief Engineer (Commercial) HSEB Panchkula vide letter No CH 43/89 49/KKTR dated 5 7 1988 Simultaneously the management started to explore the chances for setting up Poultry Feed Unit and Mollases Brick Unit but it was not found feasible The working of reductant and loss giving activities was reviewed and Rehabilitation plan was placed before high powered committee of the Government after its approval from BOD of the Corporation After examining all the pros and cons the

plan could finally be put into action in the year 1988. Hence the power connection could be permanently disconnected in the same year after completion of required formalities in the office of 'HSEB'.

During discussions it was admitted by the Government that the temporary disconnection of power was not correct and agreed to fix responsibility in the matter. The Committee desired that a report with action taken against the defaulting officers/officials may be submitted within three months from the date of presentation of this report.

#### 2A 9 3 2

4 The Agriculture Department approached the Company in August, 1986, October 1986 and again in May 1987 for aerial spraying of cotton crops. But due to nonavailability of a qualified engineer who was relieved by the Company in October 1985 without any substitute to certify the air worthiness of the aircrafts, it could not undertake this work. It may be mentioned that during 1985-86 the Company earned a profit of Rs 1.63 lakhs. As the Company could not appoint a qualified engineer, even subsequently the aircraft remained in operative during 1986-87.

The Condemnation Board constituted by Government in July and December 1988 fixed the reserve price of the assets at Rs 8.66 lakhs against the book value of Rs 20.82 lakhs. Though a period of more than one year has elapsed, the stores and spares have not been disposed off so far (September 1990).

In their reply the Government/Corporation stated as under —

There were serious irregularities against the Pilot Engineer. He was neither working properly nor taking interest in work. Due to this the management could not make alternate arrangement.

The Committee recommend that the unserviceable items may be disposed off expeditiously and results thereof intimated to the Committee within three months.

#### 2A 9 4 3 Avoidable loss

5 The bulldozer unit though unviable was not closed along with other unviable units. It was the contention (September 1987) of the Company that with the induction of two new bulldozers the unit would become viable. However, the proposal was not implemented and ultimately the Board decided (December 1989) to close down this unit also. The belated closing of the unit resulted in avoidable loss of 6.35 lakhs during 1988-89 and 1989-90.

In their reply the Government/Corporation stated as under —

'It was just an idea that dozer unit may be viable with new dozers since main reason of underutilisation capacity was that



the dozers were old. The Corporation had set up dozer unit to undertake the activities of land leveling but by that time HLEDG had also started the activity of land levelling. Keeping in view the tough competition and viability the Dozers the Corporation decided not to purchase new dozers and close down this activity.

During discussions, the Committee observed that the unit should have been closed earlier as per recommendations of the High Powered Committee. The Committee was not convinced with the reasons advanced by the Government for continuation of the unit and recommended that the matter may be examined in detail and the responsibility may be fixed. A report with action taken be sent within three months to the Committee from the date of presentation of this report.

#### 2A 10 4 3 Production Performance

6 The workshop received an order from the Director General Supplies and Disposals (DGS&D) Government of India for fabrication of 38 truck/tanker bodies (on behalf of Indo Tibetan Border Police) in November 1987 on the basis of rates quoted by the Company in September 1987. The rates offered and the estimated cost of different models was projected as under —

Model	Quantity	Rates offered	Material cost	Interest	Cost of fabrication	Total cost (excluding internal labour and overhead charges)
(Rupees per vehicle)						
TATA LPT	12	43000	28112	500	3000	31612
TATA SA	20	39000	28112	500	300	31612
Tanker	6	21000	14144	300	1200	15644

Force majeure and price escalation clause was withdrawn (October 1987) by the Company on the request of DGS&D. Resultantly the increase of 15 per cent in the price of steel with effect from December 1987 could not be recovered by the Company. The bodies of 38 vehicles were fabricated during 1987-88 to 1989-90. Against the above

estimates the actual expenditure incurred on the job was as under

Model	Total proceeds	Cost of material	Interest	Cost fabrica tion of cabin	Total cost (ex cluding internal labour and over- head charges)	Loss
			(Rupees in lakhs)			
TATA LPT	5 16	5 43	0 06	0 36	5 85	0 69
TATA SA	7 80	7 93	0 10	0 60	8 63	0 83
Tanker	1 26	1 18	0 02	0 07	1 27	0 01
	14 22				15 75	1 53

Internal labour and overhead charges on the execution of this order could not be ascertained in the absence of proper costing system in the Company

A sum of Rs 0 45 lakh was further paid (October 1989) to the consignee (Commandant, ITBP) on account of residual work (31 TELCO make drivers seats). Thus the Company suffered a cash loss of Rs 1 98 lakhs in the fabrication of trucks/tanker bodies (excluding the cost of internal labour and overhead etc not ascertainable)

In their reply the Government/Corporation stated as under —

It was not possible for HAIC to obtain the orders without with drawing the price escalation clause because they wanted firm rates on the day of submitting and opening of the tenders. They were not concerned with the increase/decrease of the price of materials at the later stage. In case this clause was not withdrawn by HAIC the Deptt would not have entertained our tenders.

- (ii) Initially the Corporation had started fabrication work of Bus Body/Truck Body of BSF and in these chasises the Haryana Agro Industries Corporation was fabricating all the fitments in our workshop at Nilokheri. When the Haryana Agro Industries Corporation received orders from ITBP through the DGS & D the Corporation quoted the rates keeping in view the fitments made in the workshop at Nilokheri. After accepting our tenders the ITBP demanded fitments of a particular make the cost of which was too much on highside in comparison to our own production/fabrication of these particular fitments. Due to which the estimates for materials cost remained on high side.

The Committee was of the view that on the fitments provided of a particular make on the demand of ITBP, the difference in price should have been claimed. The Committee, therefore, recommend that the matter may be investigated and responsibility be fixed, under intimation to the Committee within two months from the date of presentation of this report

2A 12 2

7 A test check of records further revealed that —

- farmers service centres were not allowed to make sale/service on credit but the same was being effected in eight centres test checked in Audit. Further a sum of Rs 13 97 lakhs pertaining to the period 1967 68 to 1983 84 was outstanding due to non availability of details. Out of this an amount of Rs 3 47 lakhs was written off by the Board in March 1990
- in cattle feed plant Jmd, Rs 1 59 lakhs were recoverable from two Government agencies since 1981 82 to 1985 86. Deputy General Manager recommended (October 1989) the Management to initiate legal proceedings further action was however yet to be taken
- a sum of Rs 7 41 lakhs was recoverable (June 1989) from a dealer of the Company at Dabwali, though as per agreement entered into with the dealer the delivery of fertilizer was to be made strictly against cash

In their reply the Government/Corporation stated as under —

The responsibility is being fixed of employees where they are found to be negligent. Shifting of office from one building to another building closer of FSC/Sale Centre merging them with another transfer and re transfer of plants and retrenchment of the staff are the main reason of non availability of records. There is no shortcoming in accounting procedures.

The Government agency can not disown the liability. In some cases, the concerned record could not be available due to reasons explained above and in some cases the work was got done by District Administration/Government Agency without proper order/sanctions during emergency and subsequently Government Agency did not agree or delayed the payments.

In order to reduce the piling up of stocks of fertilizer to avoid inventory carrying cost such as interest godown charges and other charges of the Corpn had to effect the sale on credit also. However at present the Corporation is affecting the sale only on cash and no credit is given.

The Committee was not satisfied with the reply and recommend that responsibility of the officials at fault may be fixed and the Committee be informed within two months from the date of presentation of this report.

**2A 13 (ii)**

8 The Company has been showing in the accounts accumulated shortages amounting to Rs 7 77 lakhs for the years prior to 1986 87 relating to fertilizers seeds spare parts rice bran In March, 1990 shortages, aggregating Rs 2 59 lakhs of 15 units pertaining to the years 1970 to 1986 were found unrecoverable and written off by the Management No action has however been taken by the Management either to recover or write off the balance amount of shortages of Rs 5 18 lakhs

In their reply the Government/Corporation stated as under —

The Corporation has a system to keep on watching the theft and pilferage cases etc found in the Farmers Service Centres The shortages received due to the suppliers are recoverable from them however in case the shortage occurs due to negligence of our Distt Managers at various centres the shortages are recoverable from them after conducting the enquiry

The Committee was constrained to note that the enquiry in the shortage was not conducted and desired that responsibility for not conducting the enquiry be fixed The Committee further recommend that enquiry for shortages of Rs 5 18 lakhs may be got conducted expeditiously and a report with action taken, may be sent to the Committee within two months from the date of presentation of this report

## HARYANA STATE ELECTRICITY BOARD (REVIEW)

### 3 4 (i) Arbitration cases

9 As per Sales Manual of the Board a meter is required to be tested and sealed in a meter testing laboratory before its energisation. Thereafter Sub Divisional Officer Maintenance and Protection (SDO M&P) is required to check all meters of large/medium supply (above 70 KW) grid supply and bulk supply once in every six months. However contrary to these instructions, the SDO operation sub division No 1 Ambala Cantt energised (June 1986) a bulk supply meter installed in the post and telegraph colony Ambala Cantt without prior checking and sealing by meter testing laboratory. Secondly the SDO M&P checked the meter in January 1988 i.e. after 18 months of its installation when it was found to be running slow by 68.4 per cent due to defective connection of current transformer (CT). Accordingly the sub division raised a demand of Rs 1.92 lakhs on account of slow running of Meter for the period from September 1986 to December 1987 on the plea that the consumption of the consumer from September 1986. On the request of the consumer the dispute regarding additional demand was referred to the Arbitrator who in his award, held (August 1989) the Board responsible for the above lapses and directed that the consumer be charged only for the period of six months prior to the date of checking i.e. from July 1987 in view of Section 26(6) of the Indian Electricity Act 1910 which, *inter alia* provides that back billing can be made against the consumer for a period not exceeding six months.

Thus due to non testing, sealing and delay in conducting periodical inspection of meter the Board had to forego the claim beyond six months resulting in a loss of revenue of Rs 1.24 lakhs.

In their reply, the Government/Board stated as under —

The bulk supply connection in the name of Superintendent (P&T) Colony Ambala Cantt A/c No BSK 1 with connected load of 70 KW exists under operation Sub Division No 1 Ambala Cantt to cater the demand of P&T colony. The CT/PT meter got damaged resulting in interruption of supply to the colony and the same was replaced on 12.6.86 by the SDO (OP) Sub Division No 1 Ambala Cantt. The meter used in place of damaged meter was not got tested and sealed from the M&T Organisation. The SDO M&T Dhulkot was requested by the SDO (OP) Sub Division No 1 Ambala Cantt for checking of the above said meter. The matter was further pursued by him with SDO M&T Dhulkot vide memo No 2393 dt 5.11.86 and 2982 dated 2.1.87. The connection was ultimately checked by the SDO M&T Dhulkot on 2.1.88 when the CT meter was found slow by 68.4%. Accordingly the account of the consumer was overhauled and a sum of Rs 1,92,165.21 was debited to the consumer's account through Sundry Charges vide item No 18/32 in the month of 2/88. Although the consumer made the full payment but simultaneously objected the claim made by HSEB. The matter was referred to Chief Electrical Inspector Government of Haryana Chandigarh for arbitration and as per his decision

the amount on account of slowness of the energy meter was chargeable for 6 months preceding to the date of checking i.e. 2 1 88 as per provision of Indian Electricity Act 1910 Accordingly net sum of Rs 1 23,952 42 became refundable in light of said award and was allowed to P&T Department

The loss of revenue to the Board could have been avoided if the then SDO (OP) S/Division No 1 Ambala Cantt named Shri S P Prasher had installed the tested meter in the first instance SDO acted in haste to restore the supply to the large number of consumers residing in the P&T Colony by using untested meter Action has already been initiated against Shri S P Prasher to explain his position which is being expedited

Apart from the above, the then SDO M&T Sh Paras Ram did not act promptly in testing the meter as requested by the SDO (OP) Sub Divn, No 1 Ambala Cantt till 2 1 88 thus causing inordinate delay in checking of large supply meter Had the SDO (M&P) Dhulkot checked the meter promptly on written references made by SDO (OP) Sub Divn No 1 Ambala Cantt, the loss to the Board could have been avoided by charging the amount for slow running of the meter for 6 months period as per instructions of the Board and correct billing could have started thereafter avoiding any controversy since the meter error would have been removed during the testing by SDO M&T and less recording of energy consumption by the meter for the subsequent disputed period of about twelve months would have been avoided

Moreover as per standing instructions of the Board the SDO M&T had to conduct periodical testing of CT/PT connected meters every 6 months which was not done by the SDO M&T in this case Had the periodical testing been conducted in normal manner the controversial/disputed period for about 12 months could have been avoided and energy charges from P&T Colony consumer could have been recovered accurately

Hence the then SDO M&T Shri Paras Ram is mainly responsible for this lapse which has caused loss to the Board Shri Paras Ram has retired from the services of the Board about 3 years back No action can be initiated against him at this stage

The Committee was not satisfied with the action taken by the Board and viewed it seriously for not initiating the action against Sh Paras Ram, SDO when the lapse had been pointed out much before his retirement The Committee, therefore, recommend that responsibility for not taking timely action in the matter be fixed and intimated to the Committee within two months from the date of presentation of this report

### 3 4 (m)

10 The premises of three steel industries were checked by the enforcement staff of the Board in September, 1987 On the basis of

maximum load (current on jerking load) the enforcement staff established unauthorised extension of load and imposed penalty as per details given below —

	Date of checking	Unauthorised load	Penalty imposed
		(Rupees in lakhs)	
1 K L Steel Industries, Bahalgarh	4th September 1987	110 BHP	0 33
2 Vivek Steel Industries Bahalgarh	3rd September 1987	650	0 75
3 Singla Steel Industries Bahalgarh	3rd September 1987	2 88	0 86
	Total		1 94

On the request of the consumers the disputes were referred to Arbitrator in October 1987. However during the arbitration proceedings the Board failed to establish the correctness of its checking reports. The Arbitrator in his non-speaking award declared that the claims of the Board calculated on the basis of reports of enforcement staff were not tenable and as such the amount of Rs 1.94 lakhs was withdrawn by the Board.

In reply to audit observation the concerned Deputy Director Enforcement stated (April 1990) that there was no inaccuracy in their checking reports and the authorised representatives of consumers had signed these reports in token of their acceptance.

No appeal was filed by the Board against the award of the Arbitrator.

In their reply, the Government/Board stated as under —

Board has laid down detailed guidelines for calculation of connected load of consumers. These instructions have been reiterated from time to time. It appears that the Vigilance Officer who checked the connected load faltered in making assessment of load correctly and the checking report could not be substantiated before the arbitrator.

- (ii) These reports were produced before the Arbitrator but were not found tenable by him. The checking officer of the Enforcement wing were also summoned by the Arbitrator for providing the basis on which connected load has been assessed. After hearing both parties the Arbitrator announced award on 1.12.88 and 2.12.88 in favour of consumers as the Board failed to establish the correctness of its reports.

The Committee was pained to note the failure of mode of special checking by the enforcement staff of the Board and recommend that the Board should take appropriate measures to improve the special checking system as should be tenable under the law. The Committee further recommend

that the negligence caused by the enforcement staff in the system of special checking and was not maintainable before the arbitrator, may be investigated and responsibility in the matter be fixed within two months of the presentation of this report under intimation to the Committee

### 3.5 Cases of purchase of material

11 The Board in April 1980 placed an order for the supply of 420 Kms of conductor (value Rs 9.71 lakhs) on Anand Cables and Conductors Lucknow. In terms of the order the firm was required to give 15 days notice for inspection and supplies were to be completed by December 1980. The price of conductor was variable depending upon the price of raw material fixed by the Government of India. The firm offered the entire quantity of material for inspection in June 1980. However the Board could not arrange inspection immediately. After awaiting response from the Board the firm diverted (11th July, 1980) the material to another purchaser and informed the Board accordingly. An Inspecting Officer of the Board visited the factory only on 23rd July 1980. In the meantime the price of aluminium (the basic raw material) was raised (15th July, 1980) by the Government of India and consequently the firm requested (29th July 1980) the Board to amend the price clause as per purchase order formula. In reply the Board assured (November, 1980) the firm that the increase in price would be considered at the time of supply of material. Accordingly the firm supplied (December 1980) the material in one lot within the stipulated period. However the Board did not release payment of Rs. 0.77 lakh on account of price escalation on the plea that the firm had offered the material in the first instance to the Board for inspection in June, 1980 and had it not been diverted the Board would not have been liable to pay extra price on account of increase in the price of aluminium.

On the request of the supplier the Board appointed an Arbitrator in December, 1983. The Arbitrator in his award directed (December 1984) the Board to release the withheld amount. Accordingly the amount was paid to the firm in February, 1985.

Thus owing to delay in inspection of conductor offered by the firm in the first instance the Board had to bear an extra expenditure of Rs 0.77 lakh.

In their reply, the Government/Board stated as under —

'The inspections of the material are not normally deferred on the basis of statutory price escalations. This is because the price variation is applicable on both sides whether it is increased or decreased and since it can not be predicted in advance decision for deferment in advance decision for deferment of inspection can not be based on this consideration. On the contrary such decisions are taken keeping into account the stock position of the items, availability of funds and requirement of the near future. These factors might have weighted at that time also.

As explained above the inspection might have been deferred from June 1980 to November 1980 keeping into account the stock position, availability of funds and requirement of near future as prevailing at that time.



P O No HH 1727 dated 18.4.80 was placed on M/S Anand Cables and Conductors Lucknow for the supply of 420 KMs ACSR Weasel Conductor at an ex works rate of Rs 2314 per KM. These rates were variable depending upon the price of raw material fixed from time to time. As such the firm was assured of price escalation after going through the merit of the case as the price variation clause had been provided in the purchase order.

The price variation claim of the firm as also allowed by the arbitrator was rightly payable to the firm as per terms and conditions of the P O. As such there was no need to get this point legally examined. This is further clear from the fact that after the announcement of the award by the arbitrator, legal section had advised vide its letter No 163/LB 3 (356)/Arb dated 31.1.85 to make the payment of the price variation as per award and not to challenge it. Accordingly the assurance given was in order legally also.

No responsibility was required to be fixed in view of position explained in reply to the question (iii) above.

The Committee was not satisfied with the reply of the Government and felt that the extra payment was avoidable. The Committee, therefore, recommend that responsibility for not observing the norms of the supply order may be fixed and action taken be reported within three months to the Committee.

### 3.6 (i) Cases of execution of Civil Works

12 Work of construction of 50 (category III) and 18 (category V) quarters at Khizaiabad was allotted at the lowest rates to contractors Arjun Dev Seth and Avinash Chander Gupta ('A' and 'B') of Ambala in December 1979. As per the terms of work orders the works were to be completed by September and August, 1980 respectively. However, these works were completed in May, 1981 and June 1981 respectively.

During the execution of works the contractors executed some non scheduled items and were paid as per analysis of rates approved by the then Director Yamunanagar Hydel Project. Some excess payments were also made to the contractors through running account bills due to excess measurement recorded in measurement books. When the final bills of the contractors were received these were found on scrutiny to be in minus for Rs 2.39 lakhs (A Rs 1.81 lakhs and B Rs 0.58 lakh) by the concerned division due to excess payments made earlier. However while finalising the bills, the rates of non scheduled items approved earlier by the Director who was not competent to do so were analysed afresh and on the basis of fresh analysis as approved (March 1984) by the Chief Engineer who was the competent authority the bills were found to be in minus for Rs 3.72 lakhs.

The contractors filed (November, 1986) applications in Civil Court, Ambala under Section 20 of the Arbitration Act seeking arbitration for their claims of Rs 31.21 lakhs on account of incorrect measurements, refund of certain recoveries enhanced rates for work carried out beyond

period of contract increase in minimum wages of labour increase in cost of material damages for delay in releasing payments etc. The Court appointed the Superintending Engineer Operation Circle Ambala as Arbitrator in both the cases.

The Board pleaded for its claim of Rs 2 39 lakhs only instead of Rs 3 72 lakhs as revised on the basis of rates approved by the competent authority for non scheduled items. Obviously the revised amount was not intimated to the legal cell.

The Arbitrator in his award announced in December 1988 allowed a sum of Rs 0 83 lakh to the two contractors after taking into account Rs 2 39 lakhs claimed by the Board instead of the actual claim of Rs 3 72 lakhs.

Thus due to failure to intimate the correct figure of minus bill to the Arbitrator the Board suffered a loss of Rs 1 33 lakhs.

In their reply the Government/Board stated as under —

The counter claim of minus Rs 1 80 lacs out of Rs 2 53 lacs were due to some defects in the measurements detected later on. This claim was admitted by the arbitrator. Regarding further claim of Rs 0 73 lac (Rs 2 53—Rs 1 80 lacs) relating to difference in rates approved by the SE and rates approved by the Chief Engineer it is submitted that these were not admitted by the arbitrator Shri R K Aggarwal SE (OP) Circle HSEB Ambala who was appointed as arbitrator in this case. In fact, he allowed the rates higher than the rates even approved by Director (Const) (SE Incharge). Thus award was announced by the arbitrator by giving higher rates to the contractor to the tune of Rs 0 82 lac. As such no body is found responsible since the rates either approved by SE or Chief Engineer were not accepted by the arbitrator and the award has already been challenged in the court of Addl & District Sessions Judge Ambala. The next date of hearing in the court of ADJ is 22 7 94.

The Committee desired that outcome of the court case be intimated to it for further recommendation in the case.

### 3 6 (ii)

13 The work of construction of temporary sheds and other construction facilities in Panipat Thermal Power Project was allotted (March 1975) to Som Dutt Builders, Panipat. In terms of the order the work was to be completed by 2nd February, 1976.

Some dispute arose at the time of payment of final bill to the contractor on account of alleged defective construction and the contractor went in arbitration. The contractor and the Board appointed (June 1980 and September 1980) their nominee Arbitrators to settle the dispute. However the Arbitrators failed either to decide the dispute or to appoint an Umpire within one month from the date of appointment of the second Arbitrator as required under the provisions of Schedule I, Part II of the Arbitration Act 1940. On filing a petition by the contractor, the

court ordered. (September, 1981) the appointment of a retired Member (Technical) of the Board as Umpire

The contractor lodged a claim of Rs 24 80 lakhs on account of charge for use of machinery belonging to him wrongly withheld and cost of certain items of work for which payment was not released by the Board. On the other hand the Board argued that the contractor had left a large number of items of work incomplete, executed defective works and there was delay in execution of work resulting in huge loss to the Board. As such the Board filed (May, 1983) a counter claim before the Umpire for Rs 9 14 lakhs which included a sum of Rs 1 98 lakhs incurred on account of construction of storm water line and sewerage line which was left incomplete by the contractor and was got completed by invoking risk clause of the contract agreement

The Umpire gave (August 1985) a non speaking award of Rs 11 01 lakhs against the Board. The Board filed (October 1985) a petition against the award in the court on the ground of misconduct of the Umpire

The Court however, upheld the award of the Umpire and held the Board responsible for non production of records/documents before the Umpire. The award was therefore made (March, 1989) rule of the court and the Board was directed to make payment of Rs 11 01 lakhs along with interest at the rate of 12 per cent till date of release of the amount

The Board filed an appeal in the court of District and Sessions Judge, Karnal in April, 1989 the decision was awaited (September 1990)

In their reply, the Government/Board stated as under —

- (i) Necessary advice was obtained from the Legal Remembrancer HSEB, Panchkula vide his letters dt 10 & 11 4 89 to file appeal in the Distt Court Karnal after considering decision of the Court of Addl Sub Judge Panipat keeping in view also the issue of non production of record
- (ii) A perusal of record reveals that the Umpire in his award dated 29 8 85 had nowhere mentioned regarding non production of records/documents. Further a list of defects were given before Umpire while filing the written statement on behalf of respondent (HSEB) and thus no one is considered responsible
- (iii) The appeal made by HSEB in the Court of Addl District Judge Karnal was dismissed on 6 5 91 with the modification to the extent that M/s Som Dutt Builders will be entitled to get future interest @ 12% P A from 9 3 89 onward till realisation from the appellant. Further a civil writ petition was filed in the Hon ble High Court of Pb & Haryana, Chandigarh as per advice given by the L R, HSEB Panchkula vide his letter dt 6 6-91 intimated that the Hon ble High Court was pleased to issue notice of motion of 3 10 91 and it was further ordered that M/s Som Dutt Builders may be allowed to withdraw the amount in terms of the lower court orders after furnishing

Bank Guarantee of the said amount In consequence to above M/s Som Dutt Builders has submitted an application for execution of decree in the Court of Addl Sr Sub Judge Panipat and immediately the payment was got released alongwith interest amounting to Rs 16 44 730 45 (Rs 11 01 382 + 5 43,348 45) only as per Hon ble court orders The above noted case has not been listed so far in the High Court

The Committee desired that outcome of the court case be intimated to it for further examination of the case

## HARYANA BREWERIES LIMITED

## 411 Extra expenditure

14 Tenders for the purchase of 30 lakh new bottles were invited and opened in September 1988. The following three firms quoted their rates

	Basic price inclusive of excise duty	Landed cost
(In rupees—per thousand bottles)		
1 Hindustan National Glass and Industries Limited Bahadurgarh (Firm A)	2 137 80	2 498 59
2 Universal Glass Limited New Delhi (Firm B)	2 272 00	2 409 54
3 Ballarpur Industries Limited New Delhi (Firm C)	2 201 00	2 389 04

The rates of all these firms were valid for 45 days from the date of opening of tenders i.e. up to 10th November, 1988. However, no order was placed within the validity period on any firm for which reasons were not on record.

It was only after the expiry of validity period that the Company called these firms for negotiations on 10th January 1989. During negotiations firms A and C revised their basic rates to Rs 2250 (landed cost Rs 2625 60) and Rs 2247 90 per thousand bottles respectively. The landed cost of bottles as per offer of firm C as worked out by the Company was Rs 2387 80 per thousand bottles which was on the basis of an understanding given by the firm during negotiations that 50 per cent of the freight charges will be borne by it.

Meanwhile the Company reassessed its requirement to 55 lakh bottles and placed orders (January, 1989) for supply of 20 lakh bottles on firm B and for 35 lakh bottles on firm C at landed cost of Rs 2409 54 and Rs 2387 80 per thousand bottles respectively. The supplies were to be completed by May, 1989 in a phased manner. However firm C did not accept the order on account of 50 per cent cut in the freight charges.

Since firm C did not accept the order the Company approached firm A and placed (February 1989) an order on it for supply of 20 lakh bottles at the landed cost of Rs 2625 60 per thousand bottles. Subsequently, firm C also agreed (March 1989) to supply bottles at the rates offered by firm B and an order for supply of 15 lakh bottles at the landed cost of Rs 2409 54 per thousand bottles was placed on it in March 1989. Firms A, B and C supplied 19 30 lakh, 18 10 lakh and 15 08 lakh bottles respectively during January to November, 1989. Thus owing to delay in finalisation of tenders the Company had to purchase 34 38 lakh bottles from firms A and C at higher rates resulting in extra expenditure of Rs 4 88 lakhs.

Even after negotiations at belated stage the Company could have saved Rs 3 19 lakhs by placing order for supply of 20 lakh bottles also on firm C by agreeing to pay full freight instead of on firm A.

The Company stated (March 1990) that due to pre occupation of the management the tenders could not be processed in time. No responsibility for the lapse had been fixed so far (September 1990).

The matter was reported to the Company and Government in March, 1990. Their replies had not been received (September, 1990).

The Committee after going through the audit para framed a questionnaire. The Government/Corporation in reply to the questionnaire stated as under —

- (i) As already replied the order could not be finalised due to the pre occupation of the Management. As a matter of fact the file for this matter was pending with the then Chairman for some period and no decision could therefore be taken.
- (ii) There was no reason of disbelieving party as during negotiations party had agreed to bear 50% freight, hence it was not taken in writing.
- (iii) To meet the expected production requirement upto May 90 the requirement of new bottles was reassessed and estimated 55 lac bottles. The increase was not abnormal in view of peak production months from Jan to May 90, as generally these months are peak production months for beer industries.
- (iv) Orders were placed with the parties for the quantities what they have offered to supply during negotiations.
- (v) Firm B Universal Glass was approached before placing the order with firm A. Firm B had offered to supply 2.5 lacs bottles per month provided they are paid in advance. The fund position of HBL was not favourable at that time hence order at firm A was placed at credit terms.
- (vi) No responsibility has been fixed as there was no malafide intention.

During the course of oral examination the representatives of the Corporation conceded the fact of delay in the purchase of new bottles at a higher rate. They also informed that tenders were invited in the year 1988 and action was taken at a belated stage because of the delay and discussion between the Chairman and Managing Director. The three parties which quoted the rates are as follows :—

	Basic price inclusive of Excise duty	Landed Cost
	(In rupees per thousand bottles)	
1 Hindustan National Glass and Industries Limited Bahadurgarh (Firm A)	2137 80	2498 59
2 Universal Glass Limited New Delhi (Firm B)	2272 00	2409 54
3 Ballarpur Industries Limited New Delhi (Firm C)	2201 00	2389 04

The rates of all the three firms were valid for 45 days from the date of opening of Tenders. The representative of the Corporation informed that 20 lac bottles were purchased from firm A at the rate of Rs 2625 60 per thousand. 35 lac bottles were purchased from firm B at the rate of Rs 2409 54 per thousand. It was also informed that the order was placed with firm A & B because these bottles were purchased on credit basis whereas no bottle was purchased from firm C although the rate quoted by him was the lowest one. The representative of the Corporation read out the letter dated 21st February 1989 received from Firm C vide which they expressed their inability to supply the bottles as per the terms and conditions of the purchase order. An extract of the said letter is reproduced as under —

We do not agree to your contention that we are not supplying the bottles at the agreed price in the negotiations dated 10th January 1989. The verbal offer made by us on 10th January 1989 was misunderstood and since the minutes recorded in your internal record were not shown to us the error was revealed only when you sent us the purchase order. Subsequently there have been numerous discussions with all your senior officials, we had explained that error to them. We also expressed our inability to supply the bottles as per the price and terms mentioned in your purchase order.

On an observation made by the Committee that it has been mentioned in the reply that an objection was raised by firm C when an order was placed with the said Firm and was it not proper to negotiate before placing the order the representative of the Corporation informed the Committee that it was because of some misunderstanding. She quoted an extract of the minutes of the negotiation with firm C which were internal minutes and were signed by the officers which is as under —

M/s Ballarpur Industries Limited had quoted Rs 220 10 per 100 bottles inclusive of excise duty. The landed cost works to Rs 238 90 per 100 bottles. The party during negotiations revised its rate to Rs 224 79. The landed cost comes down as under. The party also agreed to bear 50 per cent of the freight charges —

	Rs
Basic rate inclusive of excise duty for 100 bottles	224 79
CST 4 per cent of above	8 99
Freight to be paid by HBL	5 00
Total	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">238 78</div>

The Party had agreed to supply 10 lakh bottles per month from January 89 to May 89.

In reply to a question put up by the Committee she informed that Shri Bhatnagar who was earlier with the purchase section and Shri G.A. Marathe Secretary, have signed the said minutes.

Shri Marathe informed the Committee that at the time of Negotiations firm C<sup>2</sup> agreed to supply the material but later on backed out because of some misunderstanding. The Committee was informed by the representative of the Corporation that the financial loss was to the tune of Rs 438 lacs.

After hearing the departmental/Corporation representatives the Committee was not satisfied with their view point and desired Shri S S Parsad Joint Secretary to Govt Haryana Finance Department to enquire into the matter and report to the Committee within one month. Shri S S Parsad accordingly submitted his report on 1st July 1994 which is as under —

1 Enquiry in the causes of delay in purchase of beer bottles for Haryana Breweries Limited was conducted dated 27.6.94 in the Head Office of H B L at Delhi. The relevant records were examined and the statement of Shri G A Marathe Secretary, H B L was also recorded.

2 Tenders were invited through advertisement for supply of 30 lac new beer bottles. Information regarding the above tenders was also sent to parties known to H B L. The tenders were opened on 26.9.88 by a Committee consisting of OS ME FO. Three parties quoted the rates which are as follows —

- 1 Hindustan National Glass and Industries Ltd, Bahadurgarh (Firm A)
- 2 Universal Glass Limited  
New Delhi (Firm B)
- 3 Ballarpur Industries Limited  
(New Delhi (Firm C))

3 The rates of all these firms were valid upto 45 days from the date of opening of tenders. Hence, negotiations should have been carried out and orders placed before the expiry of the validity period i.e. 10th November 1988. However, orders were not placed by this time. Negotiations could be held only on 10.1.89. All the three firms which had quoted their rates earlier participated in the negotiations. While Universal Glass Ltd, New Delhi (Firm B) agreed to supply on original rate firm 'A' & C sought to revise their rates. As a result of revision of rates H B L had to pay more which resulted in an avoidable loss.

4 I looked into the relevant file. The tenders were opened on 26.10.88. The orders should have been placed within validity period i.e. before 10th November 1988. However negotiations could take place only on 10.1.89. There is nothing on the file to establish the movement of the file. There is no record produced by the office which could reflect on the causes of delay. However Mr G A. Marathe, Secretary who participated in the tenders and negotiations has made a statement which is as follows —

“After opening of the tenders the information was sent to the Chairman for fixing the date for negotiations and finaliza-



tion of tenders It was also informed that he will be taking sometime to assess the tenders and the parties"

(Annexure A as under)

5 Since Mr Marathe was associated with the entire process there is no reason to disbelieve him However in absence of any record which could have reflected on the matter it will be inappropriate to make conjectures on pendency of the file and its causes

6 The query has also been made as to how the offer of firm 'C' to bear 50 per cent of the freight charges has not been taken in writing It has been disclosed that this has been the practice in past also The records pertaining to previous year bear testimony to this fact However I feel that this is not a correct practice and the company should have obtained the signature of the firms indicated in the document

7 In respect of the third query as to how the requirements of the beer bottles shot up from 30 lacs to 55 lacs it was disclosed that the initial advertisement is made for a smaller quantity of bottles intentionally to keep the b d price under check The record of the previous years establish this practice and I think that this practice is in the interest of the Company

8 Next question relates to the division of order between Firm B and C It has been pointed out that the firm C had the lowest quotation but they could supply only upto 35 lac of bottles Hence the orders of supply of 35 lac of bottles was placed with Firm C and the order for remaining 20 lac of bottles was placed with Firm 'B' having 2nd lowest quotation

9 In response to question No V, it was disclosed that firm B was asked for supply of additional bottles Firm B agreed to supply the additional requirement on advance payment The financial position of the Company was not favourable to make such advance payment Hence it was decided to place the order on Firm A

10 The report is being submitted to the Hon ble Committee for its consideration

#### Annexure 'A'

Fact finding in connection with Para 411 on the report of the Comptroller and Auditor General of India for the year ended 31st March 1990 (Commercial) Government of Haryana

**Statement of Shri G A Marathe, Secretary**

Q After opening the tenders what action was taken and where did the file remain, till the parties were called for negotiations

Ans After opening of the tenders the information was sent to the Chairman for fixing the date for negotiations and finalization of

tenders. It was also informed that he will be taking some time to assess the tenders and the parties.

The Committee considered the above report and came to the conclusion that the loss occurred to the State Exchequer/ Corporation is due to the negligence of the concerned officers. The Committee, therefore, recommends that the loss may be recovered from them immediately as a period of six years has already elapsed. The Committee further recommends that the action taken in the matter may be informed to the Committee within a period of six months from the date of presentation of this report to the House.

## HARYANA STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

### 421 Loss due to non pursuance of claim

15. In October, 1970 the State Government accorded sanction for underwriting of preference shares of Depro Foods Private Limited Sonapat amounting to Rs 3 60 lakhs by the Company. Accordingly, the Company on behalf of the State Government purchased 95 *per cent* redeemable cumulative preference shares of the firm valuing Rs 3 39 lakhs under the underwriting scheme. The preference shares with 95 *per cent* annual dividend were to be redeemed on the expiry of 12 years from the date of allotment (January, 1971). The Managing Director Finance Director and a Director of the firm had given guarantee (January 1971) for redemption of the shares including payment of dividend if not redeemed by the firm. As the firm did not make payment of the annual dividend recovery certificate for Rs 1 70 lakhs (dividend up to March, 1976) was got issued by the Company upon guarantor (Managing Director) for realisation of dues as arrears of land revenue. The Company had got issued recovery certificate against the guarantor instead of the concern on whose failure the guarantors were responsible for payment of dividend and share money. The guarantor obtained (September 1978) stay order from the Supreme Court. The Punjab and Haryana High Court ordered (July, 1980) liquidation of the concern and Shri Krishan Kumar had been appointed official liquidator for disposal of assets and liabilities of the concern. The Company again did not lodge any claim with the official liquidator for payment of dividend and share money which as on 31st March 1990 accumulated to Rs 9 60 lakhs (Rs 6 21 lakhs dividend and Rs 3 39 lakhs share money). The recovery of the amount could also not be initiated from guarantors as their whereabouts were not available.

Thus due to non lodging of claim for dividend and share money with the concern/guarantors and official liquidator in time the recovery of Rs 9 60 lakhs seems doubtful.

The matter was reported to the Company and Government in August, 1990. The Company stated (September 1990) that the Director of industries has been requested to extend help to trace the whereabouts of guarantor but nothing has been done so far.

In the written reply, the Government stated as under —

The reply relating to non lodging of claim for dividend and share money with the concern/guarantors of M/s Depro Foods Ltd and official liquidator in time and recovery of Rs 9 60 lakhs (dividend plus principal) become doubtful is as under —

On company's liquidation by Punjab & Haryana High Court in July 1980 Shri Krishan Kumar was appointed as official liquidator. The preference shares holders did not receive anything towards the principal amount invested by them for the accumulated dividend as the sale proceeds of the Company's assets were not adequate even to liquidate the secured loans.

Hence, we could not recover the amount of dividend and investment made in M/s Depro Foods Ltd, out of sale proceeds of the Company on liquidation as per orders of Punjab & Haryana High Court. However the Corporation filed another civil misc petition No 26722 of 1981. After that recovery proceedings were vigorously followed but the guarantors could not be traced. Efforts were made to find out the whereabouts of the guarantors through sources like the Chartered Accountant of the Company etc. It was learnt that the guarantor is settled somewhere in Barielly. An attempt was also made by our representative by visiting Barielly and his address was also ascertained and DI was informed and requested for initiating recovery proceedings by issue of Recovery Certificate.

From the above it will be seen that Corporation making its best efforts for recovery of the dues outstanding against the guarantors of M/s Depro Foods Ltd.

During the course of oral examination the representative of the Government informed that the normal practice is that notice is issued to the Company and in case notice has not been issued to the Company, action is liable to be taken against the concerned officer. He however, assured to look into the matter. In reply to a question as to how much time the Government will take to effect the recovery the representative of the Government informed that the recovery warrant has been issued in the name of Collector Chandigarh who will in turn send it to the Collector, Fatehpur District in Uttar Pradesh and further informed that follow up action is being taken seriously. It was also informed that the concerned person has been traced out and the recovery warrant was issued by the Director of Industries on 10th June 1994.

After hearing the representative of Government/Corporation, the Committee recommend that the recovery process be continued and action taken in this respect be intimated to the Committee.

## HARYANA STATE MINOR IRRIGATION AND TUBEWELLS CORPORATION LIMITED

### 432 Embezzlement by the cashier

16 The Accounts Manual of the Company provides that

- the cash book shall be written and balanced daily and the entries made on the same day of occurrence of relevant receipt and payment transactions and shall be authenticated by the drawing and disbursing officer
- the officer incharge/head of the office as the case may be shall conduct a verification of cash on the last working day of each month and a note of such verification shall be recorded in the cash book. In addition to this surprise verification may also be arranged and
- fidelity insurance cover shall be obtained from the persons handling cash

During audit it was noticed that the internal checks envisaged in the Accounts Manual were not carried out. This facilitated embezzlement of Rs 3.77 lakhs during December 1982 to July, 1989 by the cashier of the Company. The embezzlement was detected by the flying squad of the State Government (Rs 3.20 lakhs) in September, 1989 and by Audit (Rs 0.57 lakh) in May 1990.

*The modus operandi adopted for embezzlement was*

- inflating the payment figures (Rs 1.73 lakhs)
- non accountal of cash drawn from bank (Rs 1.25 lakhs)
- misappropriation of cash in hand (Rs 0.42 lakh) and
- incorrect striking of opening balances and totals on the payment side of the cash book (Rs 0.37 lakh)

Thus non adherence to the prescribed instructions facilitated embezzlement of Rs 3.77 lakhs by the cashier of the Company.

The cashier was placed under suspension in September 1989 and an FIR was lodged (October 1989) with the police for embezzlement of Rs 3.26 lakhs (as against Rs 3.20 lakhs pointed out by the flying squad). The outcome of the police investigation was still awaited.

The Company appointed an enquiry officer (Chief Engineer) in February, 1990 to ascertain the nature of defalcation, total loss, period of loss, rules neglected, personnel responsible, remedial measures and the prospects of the recovery with instructions to submit the report within 30 days. However the enquiry has not been completed as yet (September, 1990).

The matter was reported to the Company and Government in June 1990. The Management stated (September, 1990) that the entire

staff dealing with cash accounts has been replaced and that departmental action against the delinquent officials will be taken on receipt of enquiry report

The Government/Corporation by way of written reply informed as under —

During the period under report i.e. Dec 1982 to July 1989, the prescribed internal checks envisaged in the Accounts Manual were practically not followed by any of the official/officer, which facilitated the embezzlement by the Cashier of the Company. Accordingly all the concerned officials/officers have been charge sheeted of which the detail is given in Point (iv) noted below. Further all the concerned officials/officers have since been relieved of their duties.

Internal audit of the company is entrusted to a firm of Chartered Accountants as per decision taken in the Board of Directors meetings held from time to time. The Chartered Accountants engaged for internal Audit from time to time are as under —

Sr No	Year	Name of Chartered Acotts
1	1982 83 to 1983 84	M/s Kewal K Gupta & Associates
2	1984 85 to 1987 88	Sh S C Dewan & Co
3	1988 89	Sh J L Jain & Co

The Omission/Commission committed resulting embezzlements by the Cashier were never pointed out by the Internal Auditors.

All necessary data and record requisitioned by the Police has since been supplied to the Police. The matter is being vigorously presumed at personal level. The Police has prepared the challan and the same is expected to be filed in the Court very shortly.

The report of the Enquiry Officer revealed that Sh S K Bakshi, the then Cashier (under suspension) embezzled the amount of Rs 3.74 lakh. Besides him, 8 other officers/officials were also considered responsible for negligence in their duties. The latest position of disciplinary case in respect of each delinquent is as under —

1. Sh S K Bakshi, Cashier (under suspension). An FIR was lodged against him on 31.10.89 with the Police Authorities. The matter is under investigation. All necessary data/record requisitioned by the Police in connection with the embezzlement has since been supplied to the Police. Necessary challan in the Court is expected to be filed by the Police very shortly.

Departmental Action under the Haryana Civil Services Rules (Punishment & Appeal) Rules, 1987 is also being taken against the said cashier. A charge sheet under rule 7 was served upon him. His reply to the charge sheet was not considered satisfactory. Consequently a regular department enquiry was initiated against him.

Sh. Bakshi appeared before the Enquiry Officer only once and gave in writing that he had already submitted his reply to the charge sheet and he has nothing more to submit. The Enquiry Officer, therefore, gave his final findings on the basis of the reply already submitted by the Cashier. The Enquiry Officer in his findings has stated that the charges against the Cashier stand proved. The second show cause Notice has been issued to the Cashier vide this office No 9813/Admn-7 dt 12.7.93 to show Cause as to why his services should not be dispensed with.

- 2 Sh. P D Sanagar, Asstt. The case of charge sheet has been finalised. He was held responsible for posting the ledger from the unauthenticated cash-substracts prepared by the then Cashier instead of original cash Book as required under the Financial Rules. He has been inflicted a punishment of Stoppage of 2 annual increments with future effect.
- 3 Sh. P K Aggarwal, Supdt. (MITC). A charge sheet under Rule 7 was served upon him. The main charge against him was that he did not exercise proper control and supervision over the staff of Cash Section. But keeping in view the fact that he pin pointed the acts of omission and commission though at belated stage the punishment of censure has been inflicted upon him.
- 4 Sh. P D Batra Suptd. (FD). During the period Shri P D Batra also remained as Superintendent and was considered responsible for loose control and supervision over the staff of Cash Section and did not perform supervisory duty properly. Charge sheet under Rule 7 has been sent to Finance Deptt. for service upon him. The matter is still pending with the Finance Department. The matter is being pursued.
- 5 Sh. S S Khanna, Suptd. (A G). Like other Superintendents, the charges against him were that he did not exercise proper control and supervision over the staff of Cash Section and did not perform supervisory duty properly. Shri Khanna belongs to A G Department Haryana as such a draft charge sheet was sent to that office for service upon him. The case has not still been finalised by the Accountant General Haryana. The matter is being pursued.
- 6 Sh. G N Sudain, Superintendent (A G). He also worked as Superintendent and the position of his case is the same as that of Sh. S S Khanna.

- 7 Sh S P Sharma, Accounts Officer (FD) He worked as Accounts Officer in this Corporation. The main allegations against him were that he did not have proper control over the staff of Cash Section and also did not take action in getting the Postal Orders amounting to Rs 27163 encashed. As a result of which the Corporation suffered the corresponding amount of loss as the Postal Orders became time barred. A Show Cause Notice under rule 8 was sent to the Finance Department for service upon the officer, but the Finance Department has filed the matter as intimated vide its Memo No 27 6 93 1FA dated 12 3 93.
- 8 Sh M L Kochhar, Dy C A O He was considered responsible for his failure to exercise proper control and supervision over the staff of Cash Section. The case of charge sheet against him has been finalised by the Board of Directors. It has been decided to stop his one annual increment without future effect and needful has been done.
- 9 Sh K S Garewal, F A He was considered responsible for not implementing Financial Rules and also failed to exercise proper control and supervision over the staff of the Cash Section. The case of charge sheet has been finalised by the Board of Directors. The Board decided to issue warning for his lax control and needful has been done.

On receipt of the written reply to the questionnaire framed by the Committee the Committee orally examined the representatives of Government/Corporation. During the course of discussions the representative of the Corporation informed the Committee that the matter is subjudice as the case is pending in the Court. The Committee, therefore, decided to keep the para pending and desired that the outcome of the case pending in the Court may be intimated to the Committee.



## HARYANA STATE ELECTRICITY BOARD

### 463 Non recovery of interest

17 In order to minimise delay in the despatch of cement by the cement producers and to maintain a desirable commercial practice, 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 the supply of cement and do not supply cement within 45 days from the receipt of advance should pay interest at the rate of 8 per cent per annum on the money so retained for the period in excess of this limit. In September 1978 the rate of interest was raised to 14 per cent and the period beyond which interest was payable by the cement producers was amended to 15 days which was again revised to 30 days in February 1982 with the stipulation that the interest in all cases will be paid by the producers without the party having to put a formal claim for the same.

The Chief Engineer Western Yamuna Canal Hydroelectric Project, Yamunanagar deposited Rs 274.19 lakhs as advance for 35,600 tonnes of cement with cement producers between September 1984 and December 1987. The producers supplied 28,500 tonnes of cement valuing Rs 250.15 lakhs during November 1984 and August 1988 after delays ranging from 4 to 652 days beyond the stipulated period of 30 days. A sum of Rs 16.30 lakhs was refunded by the producers after retaining the amount for 245 to 388 days. The balance amount of Rs 7.73 lakhs was still outstanding (April, 1990) against the cement producers for 853 days (Rs 2.43 lakhs) and 877 days (Rs 5.30 lakhs).

Neither the Board claimed nor the cement producers paid interest which worked out to Rs 16.44 lakhs including interest on outstanding amount up to 30th April 1990.

The project authorities stated (June, 1990) that they were not aware of the instructions of the Cement Controller. No responsibility for the lapse has been fixed by the Board so far (September, 1990).

The matter was reported to the Board and Government in August 1990. Their replies had not been received (September 1990).

The Government/Board by way of written reply informed as under —

As informed/clarified by the Director Food and Supplies Haryana vide his Memo No 2271/33383 dated 23.12.88 that interest can not be claimed from such Factories/Companies where the deposits were made without their demand for supply of cement.

As the construction work of Hydel Project was on the peak and to meet the requirement of cement the office deposited the amount with cement factories without their any demand with the intention to avail the allocation of cement made by Cement Controller Govt of India. Ministry of Industry the interest was not recoverable from the Cement Company. Therefore no body can be held responsible for the interest which was not to be recovered."

After perusing the written reply and orally examining the representatives of the Board the Committee expressed dissatisfaction with the reply because contradictory facts were brought before the Committee, which fact was conceded by the representative of the Board. The representative of the Accountant General (Audit) Haryana informed the Committee that the cement factory will have to pay the interest in accordance with the instructions issued by the Government of India. The Government of India wrote a letter in the year 1982 to the President of the Cement Manufacturers Association an extract of which is as under —

You are requested to emphasise on all the cement producers that they should pay the interest in all the cases on their own without the party having to put informal claim for the same

The representatives of the Board informed the Committee in this regard that there is one thing in this letter which entitled the Board to claim the interest from the producer and for the benefit of the interest that has to be done by a statutory order

The Committee therefore observed that the Board will go into depth to find out the details of this case and will submit a specific reply to the Committee which was not sent to the Committee till the finalization of this report. The Committee, therefore, recommend that an action against the officers who have not cared to fulfil the assurance given to the Committee as also an immediate reply in the matter may be sent to the Committee

#### 4641 Extra expenditure in the purchase of conductor

18 Tenders for supply of 320 Kms panther conductor were invited in May, 1987 and opened in July, 1987. In response 11 firms offered their rates with validity period upto 18th October 1987. The offer of Jodhpur Cables and Conductors Private Limited (firm A) of Jodhpur at the rate of Rs 28000 per Km was the lowest and that of Shiva Industries (Pvt) Ltd (firm B) of Kundli at the rate of Rs 28235 per Km was the second lowest

The Whole Time Members (WTMs) of the Board on the recommendation of the Store Purchase Committee decided (October 1987) to place purchase orders for supply of 130 Kms conductor each on firms 'A' and B

Though telegraphic purchase orders were issued on 16th October 1987 the detailed purchase orders were issued on 7th November 1987. Further, while firm A had offered to commence supply after 45 days of receipt of purchase order and complete at the rate of 100 Kms conductor per quarter, the purchase order stipulated commencement of supply within a month of the receipt of order and completion within three months

Firm 'A' refused (December 1987) to accept the delivery schedule and requested for an amendment. As the necessary amendment could not be issued immediately the firm withdrew its offer on 27th January 1988. However the amendment was issued subsequently on 1st February 1988

Contrary to the legal opinion, the WTM's, decided (October 1988) to invoke the risk purchase clause against firm A. Accordingly, a risk purchase notice was issued to firm A, but the firm refused (February 1989) to own liability on the ground that it had withdrawn the offer in view of the deviation from the quoted terms by the Board and, as such, no contract had come into existence. However, the Board went and with the risk purchase which was ordered (September 1989) on, Industrial Cables India, Ltd (firm C) of Rajpura at an extra cost of Rs 14.95 lakhs.

Thus, due to delay in placing proper purchase order the Board had to incur an extra expenditure of Rs 14.95 lakhs in the purchase of conductor for which responsibility had not been fixed (September 1990).

The matter was reported to the Board and Government in June 1990 their replies had not been received (September 1990).

The Government/Board in their written reply informed the Committee as under —

- (1) It is normal practice in the best interest of Board that when a purchase proposal is decided for placing the purchase order and if there is minor deviation in the terms and conditions of the Board to that of the firm the purchase proposal is decided as per terms and conditions of the Board and the same are generally accepted by the firms. In this case also Store Purchase Committee while considering the purchase proposal decided that the firm M/s Jodhpur Cable be asked to adhere delivery schedule and other clauses as per schedule D of the Board since delivery schedule as per Board stipulated commencement of supply within a month of receipt of order and completed within three months and as per firm terms the delivery schedule was to commence after 45 days of receipt of purchase order and completion at the rate of 100 Kms conductor per quarter. Accordingly the SPC recommended the case to the WTM's. The case was approved by WTM's.

It was made clear to the firm in telegraphic purchase order dated 16.10.87 that the delivery shall commence within one month and to be completed within next three months and the firm was also informed that their offer has been accepted on the general terms and conditions of the Board. The firm did not refuse to accept the telegraphic purchase order. Even on receipt of the detailed purchase order, the firm thanked the Board for placement of order on the firm and requested to amend the delivery schedule. The firm at all did not give any hint that they will back out of the order in case its delivery clause is not amended.

The firm was a regular supplier of Conductor to the Board and orders for about 4000 Kms conductor of various sizes had been executed by the firm during the year 1981 to 1987. This firm has also been agreeing to terms and conditions of the Board in various purchase orders. The fact is, that

during December, 1987 and January 1988 there was steep increase in the prices of Aluminium and Steel in the country and the purchase order had become uneconomical to the firm and the firm would have had to incur the loss by execution of the P O. So the firm with the above excuse did not execute the purchase order.

- (ii) The letter of the firm dated 15.12.87 requesting to amend the delivery schedule was received in the office on 29.12.87 and was put up to Chief Engineer (MM) on 1.1.88. The amendment in purchase order required the examination of request by Purchase Section as well as Accounts Section and then consideration and decision by SPC. After SPC's decision, the draft required pre audit before final issue. This whole process took about one month's time. The time taken in whole process is just routine time otherwise no delay at any stage. As the firm had already received the order and had simply requested to amend the delivery clause so it could not be foreseen at that time that any delay in issue of amendment will give an excuse to the firm for not accepting the purchase order.

- (iii) Immediately on receipt of the letter of the firm dated 27.1.88 regarding non acceptance of purchase order the case was put up to SPC for consideration. The SPC in its meeting held on 9.2.88 decided that the firm be sent a registered letter to honour their commitment and execute the P O failing which action will be taken against the firm for unbusiness like behaviour. Accordingly a registered notice was sent to the firm on 15.2.88. The firm was asked through letters dated 12.4.88, 28.4.88 and 2.6.88 to offer the material for inspection. Since no action could be taken against the firm within validity of the delivery period so the SPC in its meeting held on 13.5.88 decided to refer the case for legal opinion to take action against the firm. After legal opinion the SPC on 12.9.88 decided to take action against the firm and referred the case to WTMs for taking action against the firm. The WTMs in their meeting held on 7-10.88 decided to effect the risk purchase against the firm and accordingly risk purchase notice was served to the firm on 18.10.88 after legal vetting. The time taken was due to lengthy procedure involved requiring lot of formalities and moreover, no action could be taken legally within validity period of the purchase order.

Keeping in view that this firm was not accepting the purchase order and to ensure that the Board's work does not suffer for want of conductor, another tender enquiry No QD 1366 was floated through Press on 2.5.88. At the time of decision of floating another tender enquiry the total requirement of Panther conductor was assessed as 210 Kms and P O No HD 2649 dt 7.12.87 was pending on M/s Shiva Industries Kundli for 130 Kms. Accordingly another P O No HD 2807 dated 14.9.88 was placed for 80 Kms conductor.

The supplies against P O No HD 2649 and P O No HD 2807 were received and works did not suffer

It is further mentioned that P O No HD 2650 dated 7 12 87 on M/s Jodhpur Cables was placed @ Rs 28000/ per Km inclusive of ED @ 10% and P O No HD 2807 dated 14 9 88 was placed @ Rs 30500/ per Km inclusive of ED @ 20%. In this way the actual loss suffered by the Board is negligible only. Since the risk P O No HD 3015 dated 6 9 89 was placed after a gap of two years so theoretical losses recoverable from the firm have become on much higher side due to steep increase in prices of aluminium and steel during these 2 years

- (iv) As discussed above the delivery schedule and other terms and conditions of the Board were decided by SPC in the best interest of Board and as per standard practice and the period of one month taken in amendment of order is justified keeping in view the lengthy procedure involved, so no responsibility has been fixed in the matter

After going through the written reply submitted by the Government/Board The Committee orally examined their representatives. During the course of oral examination the Committee observed that firm A offered to the Board to supply one hundred Kilometer Panther Conductors in a period of 45 days whereas the Board desired that the supply may be started within 30 days and the order may be completed within 3 months. The Committee observed that the Board has been put to a loss of 10 to 15 lac of rupees which seems to be unreasonable as it is only because of difference created between 30 to 45 days. The Committee was sorry to observe that inspite of all this the purchase order was placed after 2 years and the Board continued to wait for 2 years. The Committee was informed by the representative of Board that a period of two years was because of completion of formalities of risk purchase as in this case the purchase order was placed by the Whole Time Members. The Committee was further informed that for the recovery of difference of Rs 14 lacs the case was filed in the court at Ambala as there is no provision for arbitration. In view of circumstances of the case the matter is subjudice. The Committee therefore, desired that the matter may be pursued and the Committee be informed of the results

#### 4 6 7 Theft of material from idle line

19 In order to improve the voltage and minimise the line losses a 15 Km 11 KV line from Rasina to Hazwana (near village Habri) in Kurukshetra district was constructed by the Board during 1982 83 at a cost of Rs 2 88 lakhs. The line could not be energised for want of Oil Circuit Breaker and as such was not handed over to operation and maintenance division. The line not only remained idle but was also not handed over by Junior Engineer, (construction) to his successor at the time of his transfer out of the subdivision in May, 1983. Further with the commissioning of a new 33 KV sub station at village Habri in 1986 the voltage in the surrounding areas improved rendering the line superfluous

The fact of this line having been left idle and unattended came to the notice of the Board only in 1989 when steps were taken for its dismantlement. Out of the material valuing Rs 2.09 lakhs used on the line, material valuing Rs 0.81 lakh only could be salvaged and the remaining material valuing Rs 1.28 lakhs was treated as stolen besides an expenditure of Rs 0.09 lakh which was incurred on dismantlement.

An FIR was lodged with the police by the Sub Divisional Officer Operation Subdivision Pundri in September, 1989. As per FIR the material was suspected to have been lost about 45 years ago when the conductor and poles of the idle line fell on the ground due to successive wind and storms.

Thus failure of the Board's officials to take cognizance of the line after construction resulted in theft of material valuing Rs 1.28 lakhs apart from infructuous expenditure of Rs 0.88 lakh incurred on erection and dismantlement of the line. No responsibility for the loss had been fixed so far (September, 1990).

The matter was reported to the Board and Government in June, 1990. Their replies had not been received (September, 1990).

The Government/Corporation informed the Committee by way of written reply as under —

- (i) Shri D N Kaushal SSE Nissing removed the breaker installed by REC staff in 33 KV Sub Station, Rasina for this line and utilised it for replacement of a damaged breaker in 132 KV Sub Station Nissing during 4/84. He was required to arrange a breaker which was not done. Hence, Shri D N Kaushal SSE is responsible for not arranging the circuit breaker but no action can be taken against Shri D N Kaushal since he has already been retired.

Circuit breaker is not a scarce item. The approximate cost of circuit breaker was Rs 60,000/.

- (ii) The SDO/Xen inspect the work during execution and thereafter the SDO physically checks the line for verification of the measurements recorded in the SMB. In this case the line was partly completed and after that it was not handed over to the Operation Sub Division for want of completion. The line had fallen due to storm during 1984 and the SDO (OP) Pundri informed the SDO, SIC, Nissing HQ at Karnal but the SDO SIC neglected the line. At that time Shri S N Dhand was SDO and Shri O P Sudha was the JE(F). Shri S N Dhand has since retired and as such no action can be taken against him. Shri O P Sudha JE(F) has been served with a Show Cause Notice.

Shri G C Bansal, was working as JE(F) in that area under (OP) Sub Division Pundri from 2/81 to 7/85 during which period the pilferage of material on this idle line took place. Disciplinary action has been initiated against the official.

(Now SDO) and accordingly draft charge sheet has been sent to Secretary Board for issue to the officer

(iii) The line was constructed during 1982-83 and had fallen during wind storm during 4/84 and pilferage of material took place sometimes during that period. The work of 33 KV Sub Station Habri was commenced and completed by SDO Construction Karnal under S E TCC, Karnal during 1986 and commissioned during 12/86. Since the idle 11 KV line had already fallen as such no notice could be taken of this line by the Construction Organisation

(iv) The line was erected by SIC Sub Division Karnal under REC Scheme No 050072 which clearly shows that the line was necessitated at that time to improve the voltage in Nissing-Rasina Hazwana area. It was certainly not a result of ill planning

The line was erected by SDO REC Nissing Headquarter at Karnal under Xen SIC Karnal. After completion the line was required to be handed over to (OP) staff for putting load on the line. The line was never completed and was not handed over to (OP) staff and therefore was not energised. Due to change of staff/officer and lack of proper handing over/taking over the line remained neglected and was not taken care of. Subsequently, 33 KV Sub Station Habri was constructed and commissioned resulting into improvement in voltage in the area which was previously planned to be achieved by constructing this 11 KV line from Rasina to Hazwana (near Habri).

(v) FIR was lodged by the Sub Divisional Officer (OP) Sub Division, HSEB Pundri on 13/9/89 vide FIR No 20. The matter was pursued but it was too late and the Police authorities informed during 10/91 that the matter being very old can not be investigated and no case could be registered. In the meantime the line had been dismantled in 4/90 5/90 to avoid any further theft and loss.

Responsibility has already been fixed. Shri S N Dhand SDO Shri D R Tandon JE(F) and Shri O P Sudha, JE(F) were found responsible for not taking proper care of the line and also for not handing over to (OP) staff. Shri S N Dhand had retired as such no action could be taken against him. Letter of warning was issued to Shri D R Tandon JE (F) who has also since retired. Show Cause Notice already stands issued to Shri O P Sudha who is presently working under Sub Urban Division - No I Karnal.

Shri G C Bansal JE(F) (Now SDO) was also found responsible for not taking proper care of Board's interest since he was Maintenance Incharge of the area in which this idle line existed. Disciplinary action against this officer has been initiated and draft charge sheet already sent to Secretary Board for issue.

The Committee scrutinized the written reply supplied by the Government/Board. The Committee was sorry to note that the Government/Board has not submitted the details about the action taken against the defaulting officers/officials in that it has not been mentioned as to when the Board fixed the responsibility and as to when the action was initiated against the officers including the two cases where the concerned SDO and JE (F) have retired. The Committee, therefore, recommends that details about the fixing up of responsibility, initiating of action and the latest position in the case, may be intimated immediately as the matter is pending for the last more than four years. The Committee also desired that the action against those officers who did not start proceedings against the retired officer while they were in service, may also be taken under intimation to the Committee at the earliest.

#### 4.6.10 Avoidable expenditure

20 For construction of a 33 KV sub station at Bhuratwala, the Board acquired 4.006 acres of Nehru land in June, 1984 from the gram panchayat on the basis of their resolution (March, 1984) to accept the cost of land as per Government rules. The Executive Engineer sub urban division, Sirsa approached (June, 1984) the State Government through District Revenue Officer for issue of a notification under Section 4 of Land Acquisition Act 1984. Gazette notification under Section 4 of the Act *ibid* was issued by the State Government in September, 1984 empowering the Board to acquire the land. The Executive Engineer did not obtain the copy of gazette notification and take action to acquire the land till March, 1986 when the validity of the notification had already expired.

In March, 1986, the Executive Engineer requested the District Revenue Officer Sirsa to get a fresh gazette notification issued as earlier notification had become timebarred. A fresh notification was issued by the State Government in April, 1986 and the District Revenue Officer awarded compensation of land at the rate of Rs 0.30 lakh per acre on the basis of current market rate which was paid by the Board in February, 1987.

It was however, noticed that during the currency of earlier notification of September, 1984 the average sale price of land was Rs 0.09 lakh per acre. Had the Board acquired the land on the basis of earlier notification it could have saved an extra expenditure of Rs 1.45 lakhs. When pointed out by Audit (May, 1988) the Executive Engineer took up the matter (January, 1989) with the District Revenue Officer against the compensation award. The representation was rejected (February, 1989) by the District Revenue Officer on the ground that it was submitted after the expiry of the time limit of 42 days.

Thus due to delay on the part of the Executive Engineer to acquire the land after issue of notification in September 1984, the Board had to incur an extra expenditure of Rs 1.45 lakhs for which responsibility has not been fixed so far (August, 1990).

The matter was reported to the Board and Government in January, 1990. Their replies had not been received (September, 1990).



The Government/Board informed the Committee by way of written reply as under —

- (i) Complete case for notification under Section 4 was sent to the Financial Commissioner Irrigation & Power Department Chandigarh vide Xen S/U Division Sirsa memo No 5880 dated 5 6 84. It was advised by the Financial Commissioner Irrigation and Power Chandigarh not to make direct correspondence and accordingly case was re submitted through DRO Sirsa vide memo No 4111 dated 7 8 84. A notification was issued on 30 8 84 which was published in Govt Gazette on 3 9 84 but neither the Xen Sirsa nor District Revenue Officer Sirsa were in the knowledge of the same nor any intimation was received in S/U Division Sirsa with the result further action could not be taken by the concerned office
- (ii) Since the notification under Section 4 lapsed due to not receipt of intimation there was no option but to get the land of Gram Panchayat re notified in April 1986 with the result the price of land, which are declared by the Revenue authorities increased in the meantime
- (iii) Lack of communication resulted in incurring extra expenditure on acquisition of land as such it is difficult to hold anyone individually responsible for this lapse

During the course of oral examination the Committee was informed that notification under Section 4 was issued. The case could not be followed by the Executive Engineer as the information was received by him at a belated stage and in the time, the notification expired. The reasons for not following up the notification was the transfer of the concerned Executive Engineer. The Committee observed that with the lapse of the notification the Board had to pay @ Rs 33 000/ per acre instead of Rs 9 000/. The Committee took a serious view about the callousness on the part of the Board. The Committee, therefore, recommend that an enquiry into the matter may be ordered and the steps for recovering the loss occurred to the Board because of the negligence of the Board's officers, may be taken, under intimation to the Committee, within a period of six months

#### 4 6 11 Embezzlement of cash

21 Instructions issued by the Board regarding making remittances of cash into the bank require that the Sub Divisional Officer/Revenue Accountant should verify the entry of remittance of cash in the bank made in the cash book with reference to the receipted copy of the pay in slip, initial the cash book against the entry as well as the pay in slip and remittance register

On 12th July, 1988 the cashier working in operation sub division Kurukshetra was deputed to deposit Rs 1 16 lakhs in the bank. The cashier did not deposit the amount into the bank but the entries in the cash book and remittance register were certified by the Sub Divisional Officer/Revenue Accountant without verifying the receipted copy of pay in slip

During reconciliation of deposits made in the bank by the head office of the Board in April, 1989 it was noticed that the amount of Rs 1 16 lakhs was not deposited by the cashier in the bank and this fact was also confirmed by the concerned bank. Further investigation revealed that between April, 1986 and June, 1988 sums ranging from Rs 0 06 lakh to Rs 1 32 lakhs were deposited late on 197 occasions in the bank of by 1 to 70 days by the same cashier.

The embezzlement was reported to police in April, 1989 and the cashier was placed under suspension in May, 1989. The case was pending in the civil court (August, 1990).

The failure on the part of the Sub Divisional Officer/Revenue Accountant to verify the remittance of cash into the bank with reference to receipted copy of pay in slips as laid down in Board's instruction resulted in temporary misappropriation of Board's money ranging from Rs 0 06 lakh to Rs 1 32 lakhs for 1 to 70 days and embezzlement of Rs 1 16 lakhs by the cashier. Out of the embezzled amount Rs 0 35 lakh was deposited by the cashier in May, 1989.

No action has been taken by the Board against the Sub Divisional Officer/Revenue Accountant for the lapse so far (September, 1990).

The matter was reported to the Board and Government in March 1990. Their replies had not been received (September, 1990).

The Government/Corporation, by way of written reply intimated as under —

- (i) This was a lapse on the part of the S D O for which he was charge sheeted vide Secretary HSEB Panchkula Memo No 613/Conf 1526 dated 27 12 89 and his three increments have been stopped without future effect vide Secretary HSEB, Panchkula Office Order No 36/Conf-1526 dated 28 1 92.

- (ii) As above

However it was verified that there was no connivance of any officer/official in the embezzlement of cash by Shri Bachna Ram LDC(C) because he had admitted his act during interrogation by the Police authorities. The cashier betrayed the faith and committed criminal breach of trust.

- (iii) The case is still in the court and next date of hearing has been fixed on 9 6 94 for Board's evidence.
- (iv) As mentioned in Para (i) above the penalty had already been imposed by the Board and departmental action against the cashier will be taken after final decision of the court case.

During the course of oral examination the representative of the Government informed that the Clerk of the office of S D O who is also known as Revenue Accountant collected a sum of Rs 1 16 lacs on

account of electricity charges from 197 persons but did not deposit the amount in the Bank. Out of this amount, a sum of Rs 37 000 has been recovered from the delinquent official and a case of misappropriation was got registered against him.

The representative of the Board assured the Committee that since the matter is subjudice the departmental case will be initiated against him and information will be supplied to the Committee in the next meeting. The Committee is distressed to point out that no information was supplied to the Committee during a period of six months till the finalization of this report. The Committee, therefore, recommends that the assurance as given may be fulfilled and strict action against the officers/officials who have not fulfilled the assurance given before the Committee may be taken, under intimation to the Committee.

#### 4.6.12 Purchase of defective machines

22. An order for supply of six conductor/cable length measuring and rewinding machines costing Rs 2.06 lakhs each (including erection and commissioning charges) was placed in September, 1980 on Swastik Enterprises (firm A) of Chandigarh. The machines were to be supplied by Amar Engineering Works (firm B) of Indore, the principals of firm A. The delivery of the machines was to commence within 4/8 weeks from the date of an amendment issued in January, 1981 in the purchase order and was to be completed one machine per month thereafter. Full payment against despatch documents through bank was to be made to firm B on furnishing bank guarantee equal to 5 per cent of contract value but the contractual obligations whatsoever were that of firm A. The purchase order in the name of firm A *inter alia* provided that in the event of any fault detected within two years after commissioning of the machines, firm B would replace the damaged parts and repair the machines at the cost of firm A. This was done without entering into a tripartite agreement with firm A and B.

Firm B supplied four machines (three up to September 1982 and one in April, 1983) and the Board released 90 per cent payment as against 100 per cent stipulated in the order after deducting 10 per cent on account of erection and commissioning charges. After the machines were commissioned (December, 1981 to June, 1983) in Rohtak, Hansi, Dhulkot and Panipat stores, the balance 10 per cent payment was released to the firm.

In October, 1982 firm B offered the remaining two machines for inspection but no action was taken as the sheds for their installation were not ready at Ballabgarh and Gurgaon. Meanwhile, the machine installed at Rohtak went out of order and in spite of request by the Board (March, 1983) the firm did not repair it. The machines offered by the firm in October 1982 were inspected in September, 1983 after a lapse of 11 months. The firm supplied (September-October, 1983) the machines to Ballabgarh and Gurgaon stores and 90 per cent payment was released. After completion of construction of sheds at Ballabgarh and Gurgaon the firm was requested (November-December, 1983) for the erection and commissioning of these machines.

Meanwhile the machine installed at Hansi also went out of order and the firm was requested (December, 1983) to repair both the machines installed at Rohtak and Hansi. Instead of repairing the machines firm B served (December 1983) a legal notice on the Board for Rs 1.83 lakhs on account of damages for delay in inspection of machines, delay in retirement of documents and non release of 100 per cent payments in terms of the purchase order. Further firm B refused to own contractual obligations in terms of the purchase order placed on firm A. In January, 1985 the machine installed at Dhulkot also went out of order. No steps were taken by the Board to get the machines repaired and to commission the machines at Ballabgarh and Gurgaon. The claim for damages lodged by firm B against the Board was pending before the Arbitrator appointed by the Board in pursuance of directions issued by the court in September, 1986.

Thus owing to delay in construction of sheds for installation of machines at Ballabgarh and Gurgaon, faulty payment terms and absence of enabling clause in the purchase order binding directly firm B to commission and repair the machines damaged within warranty period resulted in locking up of Board's funds to the tune of Rs 9.90 lakhs in two machines lying uninstalled since October, 1983 and three machines lying idle for want of repairs for 4 to 7 years.

No responsibility in the matter has been fixed by the Board so far (September, 1990).

The matter was reported to the Board and Government in April 1990. Their replies had not been received (September, 1990).

By way of written reply in reply to the questionnaire framed by the Committee, the Government/Board informed as under —

- (i) A Purchase Order No HD 1475 dated 11.9.80 was issued in favour of M/s Swastik Enterprises (Firm A) of Chandigarh for the supply of 6 No. conductor/cables length measuring and rewinding machines in which M/s Amar Engineering Indore (Firm B) had been made as the Principal of Firm A. Subsequently an amendment in the purchase order vide Memo No 1942/HD 1475 dated 21.1.81 was made on the basis of the request of firm A vide their letter No XLP/310 dated 3.10.80 (copy enclosed). The copy of amendment was also sent to the firm B. In the amendment it was mentioned that the machines shall be supplied directly by the firm B. The firm A had also confirmed vide their letter dated Nil that their machines have two year warranty period in the event of any fault within 2 years of the commissioning of the machines their principals shall replace the damaged parts and repair the machines at their own cost. As firm B have supplied the machines on behalf of firm A and further as per provision of P.O. and conditions accepted by firm A in case of any defect noted in the machines within warranty period the firm A & B can not escape from their contractual obligations.

- (ii) As per provision of the Purchase Order the machines were to be installed tested and commissioned by the firm's Engineers and the erection and commissioning charges were included in the prices quoted. The erection and commissioning charges are approximately 10% of the cost of the machines. Therefore 90% payment of the machines supplied was released to the firm B as against 100% stipulated in the P O. Thus full payment was not released due to non completion of the full work as per P O and not from the point of view of performance of the machines and the balance 10% payment was released after the machines were commissioned.
- (iii) The remaining two machines to be installed at Ballabgarh and Gurgaon were offered by the firm for inspection during October 1982 but due to non construction of sheds these machines were not inspected during 9/83. The construction of sheds was delayed due to shortage of lands in stores at Ballabgarh being located at BBMB premises and at Gurgaon where there was limited space being a sub store only. There was delay in arranging the lands as it took some time in arrangement of lands and construction of sheds as many agencies were involved in this process of acquisition of land. In view of this the construction of sheds was delayed due to constraints in arranging the lands only.
- (iv) The case has yet not been finally decided by the arbitrator. The proceedings are in progress.
- (v) As the case is subjudice in the court the firm has not taken any action in the repair of these machines despite repeated references made to the firm in this regard. Moreover, these defective machines have not been got repaired from outside agencies as the same became defective in warranty period and in case these machines are got repaired from other sources the firm shall not stand for their guarantee. The machines supplied at Gurgaon and Ballabgarh have not yet been commissioned by the firm as yet. However to safeguard the Board's interests the 5% B G of the firm being renewed on year to year basis and 10% amount of the firm for these two machines has not been released so far.
- (vi) There was unforeseen delay in acquisition/finalisation of land and construction of connected shed at Ballabgarh and Gurgaon where many outside agencies like BBMB were involved as such responsibility has not been proposed to be fixed.

The Committee after orally examining the representatives of the Board, observed that the Committee is not satisfied with the reply and further desired that responsibility is required to be fixed for wrong decision in the matter. The Committee in its meeting held on 2nd August

1994 desired the Joint Secretary to Government Haryana Irrigation & Power Department to conduct an enquiry and report within two months after fixing the responsibility. Since no report or any intimation in the matter was sent to the Committee after conducting the enquiry during the last six months the Committee take a serious view and recommend the Chief Secretary to Government, Haryana, to initiate proceedings against the officer concerned for not complying with the directions of the Committee. The Committee further recommend that the action taken in this respect be intimated to the Committee within a period of two months from the date of presentation of report. The Committee would also like that the concerned officer may be asked to comply with the directions of the Committee and submit a report after fixing up the responsibility of the erring officers/officials.

#### 4.6.13 Locking up of funds in tiles

23. An order for manufacture and supply of 77 lakh precast compressed cement concrete tiles was placed (October, 1979) on Sunil Engineering Works Dehradun. The firm manufactured and supplied 68.99 lakh tiles during January, 1980 and September, 1985. On receipt of detailed design it was found that the silt ejector over 400 meter length, 3 power houses and vicinity of drainage works and bridges etc. did not require lining. As a result only 55.16 lakh tiles were used on the lining and balance 13.83 lakh tiles valuing Rs. 16.60 lakhs found surplus were lying at the site of work since December 1985. No steps were taken by the Board either to transfer these tiles to some other works or for their disposal. The Board incurred an expenditure of Rs. 1.40 lakhs up to March, 1990 on watch and ward of these tiles. A committee appointed in July, 1988 by the Board regarding surplus items of stores reported (February, 1989) that these tiles were lying in open some in broken condition and some had developed cracks.

The Director Civil Construction Western Yamuna Hydroelectric Project Bhudkalan stated (March, 1989) that remaining tiles would be utilised in stage II of the Project and maintenance of stage I but 11.29 lakh tiles were still lying unutilised (June, 1990).

Thus owing to failure of the Project authorities either to transfer 11.29 lakh tiles to some other works or dispose them off resulted in locking up of Board's funds to the tune of Rs. 13.54 lakhs from January, 1986 to June, 1990. Besides the Board incurred an avoidable expenditure of Rs. 1.40 lakhs on watch and ward of these tiles at the site of work.

No responsibility in the matter has been fixed by the Board so far (September, 1990).

The matter was reported to the Board and Government in August 1990. Their replies had not been received (September, 1990).

The Government/Board by way of written reply stated as under —

- (i) In fact the work of tile manufacturing was allotted keeping in view the original commissioning schedule of the project.

according to which Power House A under Stage I was to be commissioned in December 1983 Power House B in June 1984 and Power House C in November 1984. Actually these power houses were commissioned in May/June, 1986 July 1987 and May 1989. The project got delayed due to acute dewatering problem at Power House B and C. With the result that tiles were manufactured much in advance than the actual occasions for their use in the lining process. The areas where insitu (concrete) lining was proposed by the consultants were identified later and thus the tiles became surplus to the actual requirement.

- (ii) Shifting of tiles to an area under a regular store is not an economical proposition because it involves manual loading and unloading. No further expenditure on watch and ward is being made because the areas where the tiles are stocked are in close proximity of P H B as well as the main store where there is a regular Police Guard. It is not correct to say that tiles lying in open are getting deteriorated in their condition. Tiles are meant to withstand weathering effects and thus, their having been stocked in the open does not lead to any deterioration.
- (iii) Stage II is linked with the clearance of Hathnikund Barrage which is further linked with the sharing of Yamuna waters between the States of Haryana UP Rajasthan Himachal Pradesh and Delhi. Meetings were actively taking place to sort out the quantum of distribution of Yamuna water but its progress has now slowed down. As soon as the sharing of Yamuna water is decided and the work of Hathnikund Barrage is taken in hand Stage II work would be started immediately thereafter and all these tiles would be consumed in the lining of the channel.
- (iv) There is no ill Planning involved in this case. The Planning was done as per the original commissioning schedule for Power House A B & C. It was only during the course of execution that certain changes had become inevitable and insitu lining had to be provided and that is why these tiles became surplus under Stage I. Owing to the circumstances none has been considered to be responsible for the manufacture of extra tiles.

During the course of oral examination the Committee was informed by the representative of Government that against the demand of 55 lacs tiles there was a possibility of using 77 lacs tiles whereas in fact 69 lacs tiles were purchased from the firm. The balance number of tiles are at the site and will be used when the work on the second stage will be started. He also endorsed the view of the Committee that the balance tiles must have been converted into sand by now. The representative of the Committee further informed that it was not found advisable to transfer these tiles to some other place and right now there is no other alternative but to keep these tiles where these are and as these are

The Committee observed that as to who was the person who took the decision to purchase these tiles out of these tiles how many tiles can be used and what best it is proposed to use these tiles may be intimated to the Committee in the next meeting. The Committee felt sorry at the time of finalization of this report that during the last six months, no information to this effect was supplied to the Committee. The Committee, therefore, recommend that the action may be taken against the erring officers/officials, under intimation to the Committee.

#### 4 6 14 1 Nugatory expenditure

24 For imposing any major penalty on Board's employees the procedure given in Haryana State Electricity Board Employees (punishment and appeal) Regulations, 1980 is required to be followed which, *inter alia* provides appointment of an inquiry officer holding of enquiry, serving of second show cause notice and ultimate punishment. However by exercising the powers vested under Regulation 13 of the said Regulations, the Board is empowered to dispense with the laid down procedure where it is not reasonably practicable to follow such procedure.

In 1984, one Sub Divisional Officer alongwith three Junior Engineers, was assigned the work of erection of 66 KV Pinjore Panchkula transmission line. During construction stage tower Nos 68 and 44 collapsed in December, 1984 and January, 1985 respectively as a result of substandard erection work. One of the towers (No 68) was re-erected surreptitiously by them without the knowledge of the Board. The Board suspended all the four officials in January, 1985 holding them responsible for bungling in erection of towers and its foundations, wrong stabbings of the towers, serious technical defects in general construction, lack of supervision and complacency, mal practices and eliminating the evidence of collapsed towers. The officials were removed from service in February, 1985 by invoking powers vested in the Board under Regulation 13 of the Act. *ibid*. On a writ petition filed by the officials (1986) against their removal the High Court in August, 1988 held that the charges levelled against the officials simply constituted misconduct on their part and Board had sufficient ways and means to prove them guilty through the procedure as laid down in the Regulations. The court also held that the time involved in conducting departmental enquiries against delinquent officials could not be a ground to dispense with the procedure of affording them a reasonable opportunity as provided in the Regulations. As such, the court directed the Board to reinstate the officials with arrears of salary which had become due and interest at the rate of 12 per cent thereon. Accordingly all the officials were reinstated in February, 1989 and an amount of Rs 5 77 lakhs was paid on account of arrears of salary and interest thereon. Thus, by not following the prescribed procedure for imposing major penalties in accordance with the Regulations the Board had to bear nugatory expenditure of Rs 5 77 lakhs.

The Government/Board by way of written reply informed the Committee as under —

- (i)(a) Board took a serious view of the criminal negligence and complacency on the part of the SDO/JEs who were directly incharge of the erection of this line. The collapse of the



entire transmission line was as a result of malpractice and total lack of supervision which caused not only heavy financial loss but also embarrassment to the Board as well as to the State Government. After deliberation it was felt that a long drawn departmental enquiry against the officer/official directly responsible for the fallen towers might prove counter productive and frustrate the very purpose for which such enquiries are held and delinquent officers/officials may manage to escape punishment. Keeping in view the above, the Board in exercise of powers vested with it under Regulation 13 of HSEB (Punishment & Appeal) Regulation 1980 decided to remove the officer/officials from the services of the Board with immediate effect.

- (b) The orders of removal in compliance of the decision of the Board were got legally vetted
- (ii) A high level enquiry was conducted in assistance with the then Deputy Secretary/Technical and Chief Engineer OP (North) and Member Administration. While deciding the case the Board considered the report of the Enquiry Officer (and a judicious decision against SDO/JEs who were directly incharge of the erection of this line and found indulged in malpractices which resulted into collapse of the tower) was taken by the Board.

The Committee scrutinized the reply sent by the Government/Board and observed that although the officials whose services were terminated have been reinstated in service in view of the judgement of the Court yet it has not been mentioned as to who is responsible for conducting departmental inquiry against the delinquent officials and took sufficient long time to afford reasonable opportunity. The Committee, therefore, recommend that details about this point may be worked out and may be intimated to the Committee within six months.

4 6 14 2

25 Section 25(F) of the Industrial Disputes Act 1947 *inter alia* lays down that no workman 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 reasons for retrenchment and the period of notice has expired or the workman has been paid wages in lieu thereof.

It was however noticed during test check of litigation cases of the Board that the services of one Lower Division Clerk of Operation Circle Karnal seven Team Mates of System Improvement Construction Division, Karnal and one Team Mate of Western Yamuna Canal Hydro electric Project Yamunanagar were terminated in March 1975, April/May 1982 and February 1983 respectively without following the aforesaid Statutory provisions.

Consequently the Industrial Tribunal/Court held the Board responsible for breach of Section 25 (F) of the Act *ibid* and directed (April 1988, October 1986, October 1988) the Board to reinstate the officials

with back wages. The officials involved in the three cases were taken back. Thus the Board had to pay a sum of Rs 3.01 lakhs to the three officials, two of whom had since attained the age of superannuation, as arrears of pay without utilisation of their services.

The Government/Board intimated the position as under, in their written reply —

- (i)(a) The L D C Sh Narotam Chopra was appointed on purely temporary basis for a period not exceeding 6 months. His services were terminable at any time without any notice. The question of payment of retrenchment compensation/issuing of retrenchment notice and adoption of proper procedure under the Industrial Dispute Act 1947 section 25(F) did not arise at that time. His appointment was treated as contractual. Hence the provisions of Industrial Dispute Act were not attracted.

As per record of the defunct Division viz Xen System Improvement Construction Division Karnal 7 Nos daily wages Workers were not terminated but they had left the services at their own accord. As such the question of payment of retrenchment compensation issuing of retrenchment notice and adoption of proper procedure under the Industrial Dispute Act 1947 Section 25(F) did not arise.

Regarding one Team Mate of Western Yamuna Canal Hydro electric Project, Yamunanagar, it is stated that there was no problem in following the procedure prescribed in the Industrial Dispute Act. The then Xen Incharge of the Division was fully aware of these provisions because a number of workers were laid off in February 1983.

- (b) The case of L D C was defended by the then Xen City Division, Karnal through Law Officer HSEB Karnal. The presiding officer Labour Court Ambala held (February 1986) and directed the Board to pay one month's pay to the official in lieu of notice period as retrenchment compensation. The official challenged the award before the Punjab & Haryana High Court in December, 1986. The Hon'ble court dismissed the writ in limine. Thereafter the official challenged (March 1987) the High Court award in the Supreme Court which was decided in April, 1988 against the Board. The order/degree dated 18.4.88 passed by the Hon'ble Supreme Court of India was conveyed by the Legal Remembrancer HSEB, Panchkula on 22.8.88 which was complied with. From the above, it is clear that the system of consultancy with the Law Department of the Board was followed in letter and spirit.

Like wise the case of Team Mates were also defended by the then Xen, S I C Division, Karnal (Defunct) through the Law Officer, HSEB, Karnal before the Industrial Tribunal, Faridabad on behalf of the HSEB. On the announcement of the award, the Legal Remembrancer, HSEB, Panchkula also

filed a writ petition against the award in Punjab & Haryana High Court, Chandigarh to waive off the claim for back wages which was dismissed by the Hon ble court on 7 9 1987

Regarding one Team Mate on Western Yamuna Canal Hydro electric Project Yamunanagar it is stated that the instructions regarding retrenchment were fully followed. The Law Department was duly consulted. An appeal was also filed in the Punjab & Haryana High Court but the same was dismissed. It was again on the advice of the Law Department that no further appeal in the case was filed in the Supreme Court of India.

- (ii) The person responsible for not following the prescribed procedure and for causing huge expenditure in case of L D C was Shri Baij Nath the then Head Clerk, who has since expired during Board's services. Hence no action can be taken against him at this stage.

In case of seven Team Mates the names of the responsible persons who did not follow the prescribed procedure and for causing huge expenditure are —

- 1 Sh S S Paul the then SDO SIC Sub Division Panipat
- 2 Sh Ajmer Singh the then SDO SIC Sub Division Kaithal
- 3 Sh B S Cheema the then Head Clerk SIC Division Karnal

From the above responsible persons S/Shri Ajmer Singh SDO and B S Cheema Head Clerk have since been retired from Board's services. Explanations of Sh S S Pauls are being called for separately.

Regarding one Team Mate of Western Yamuna Canal Hydro electric Project Yamunanagar it is stated that the termination of the employees was not irregular neither there was any omission in following the laid down rules under Section 25(F) of the Industrial Dispute Act. It so happened that the worker refused to accept compensation offered to him on the termination of retrenchment notice. His compensation later on was sent through Money Order but he again managed to get it returned to the Department as undelivered. Xen Incharge himself appeared before the court and stated the fact that retrenchment compensation offered had been refused by the employee in his presence. The Court did not give any weightage to this statement of the Xen. It was thus a view taken by the court for which no officer can be held responsible. The Court has further shown its benevolence by allowing all the back wages to the employee apart from an order to take him back in employment. Such benevolence is a matter of discretion and no officers official can thus be held responsible.

The Committee scrutinized the reply and observed that the officers who were fully aware of the provisions of the Industrial Dispute Act, did not comply with them for the reasons best known to them. Moreover the Board has not taken any action against them for their lapse. The Committee have also observed that in initiating action against the

delinquent officials in many cases the Board took too long a time with the result that the officers/ Officials retired from service of the Board. The Committee, therefore, recommend that the Board should take such steps that the action is initiated/completed within the stipulated time. In this case also, the Committee recommend that action may be initiated against the officer/officials who have been found responsible although they have retired from the Board's services. The Committee would also like to know the action taken against Shri S S Kaul.

## HARYANA WAREHOUSING CORPORATION

### 471 Avoidable expenditure

26 Short term tenders were invited (November 1988) for construction of godown road boundary wall and ancillary building at Mohindergarh and Palwal on item rate basis including material cost. The works were allotted (December 1988 and January 1989) to contractors Bairang Lal of Kaithal and Kailash Gupta of Rohtak, the lowest tenderers, for Mohindergarh and Palwal respectively. The works included supply of ACC sheets/ridges at the rate of Rs 70 per sq metre/pair and fixing thereof. The contractors had incorporated a condition in their tenders that the Corporation would arrange ACC sheets and ridges for them at DGS&D rates and the cost will be recovered from them.

The Corporation procured (March 1989) 341145 sq metres of ACC sheets and 114 pairs of ridges at DGS&D rates on behalf of the contractors for Rs 158 lakhs and recovered the amount from them. Against the expenditure of Rs 158 lakhs incurred on the procurement of ACC sheets and ridges at DGS&D rates the Corporation as per the rates agreed in the work orders paid Rs 247 lakhs as material cost to the contractors resulting in avoidable expenditure of Rs 089 lakh.

Had the Corporation allotted the works on the basis of labour rates only in view of the condition imposed by the contractors regarding procurement of ACC sheets and ridges by the Corporation at DGS&D rates it could have avoided an extra expenditure of Rs 089 lakh.

No responsibility in the matter has been fixed by the Corporation so far (September 1990).

The matter was reported to the Corporation and Government in June 1990. Their replies had not been received (September 1990).

- The Government/Corporation by way of written reply, informed as under —

- The Construction work of the godown did not include only the part of fixing of ACC sheets & ridges but the whole of the godown (Completed work) was to be got constructed from the Contractor. The present contracts were executed by the Contractors on through rate basis. In though rate contracts, all items of work are executed complete in all respects. In the present cases the cost of the item of supply & fixing of ACC sheets and ridges constituted only a fringe of the total work i.e. about 4 per cent. Therefore, it was not feasible

to divide the work for allotting 4 per cent of it on labour rates basis and 96 per cent on through rates for which fresh tenders had to be invited which was a losing proposition. The stipulated condition in the tenders of the contractors for supplying A C sheets & ridges was duly taken into account in the financial statement. In view of the spiralling rise in the cost of construction rejection of conditional tender would have been a costlier affair. Therefore the contracts were rightly allotted to the lowest Contractor in the best interest of the Corporation. Obviously, there is no loss to the Corporation in their cases.

- (11) The fact was considered by the Corporation before allotting the work to the lowest Contractor. The parties were called for negotiation but on their refusal to withdraw the said condition. The Corporation constrained to allot the work to the lowest Contractor the stipulated condition in their tenders. Rejection of the conditional tenders and reinviting the fresh tenders would have costed the Corporation much more besides delaying the construction of godown and subsequently losing the revenue on account of storage of wheat by the Corporation.

Since there was no loss to the Corporation the question of fixing of responsibility against anyone does not arise.

During the course of oral examination the Committee was informed by the representative of Corporation that tender was finalized by the Executive Engineer after negotiations. The Committee therefore observed that to judge the malafied intention as enquiry is required to be conducted. The Committee therefore desired Smt Sudha Sharma IAS Special Secretary to Government Haryana Finance Department to enquire into the matter and submit her report within one month. She submitted her report on 29th July, 1994 which is reproduced as under —

I have examined the relevant record and have also discussed the case with the present Managing Director/Incharge of the Ware Housing Corporation Shri K P Gautam. Xen who had floated and finalised the tenders was also examined.

Proposal to construct two godowns at Mohindergarh/Palwal was approved by the Board of Directors in its meeting held on 29.12.88 (91st meeting) in the programme of activities and revised budget estimates for the year 1988-89. The estimates of the works was Rs 12.00 lacs and 8 lacs respectively.

Press notice for the Publication of tenders was sent to Director Public Relations on 17.10.88 published on 26.10.88.

Three parties viz Sh Kailash Gupta, Shri Bajrang Lal and Sh Mohinder Pal Bahl submitted their tenders for Mohindergarh work and two tenderers i.e. Sh Kailash Gupta and Sh Bajrang Lal Gupta submitted their tenders for Palwal work.

Tenders were opened on 3.11.88 by the Executive Engineer.

The work was ultimately allotted to Shri Kailash Gupta and Shri Bajrang Lal vide letter dated 27 12 88. As per this letter in condition No 3, it was mentioned that the Corporation will help the contractor to purchase ACC sheets and ridges on DGS&D rate contract and the cost of material will be deducted from the contractor's running bills. The work of calling tenders and allotment was completed before the meeting of the Board of Directors on 29 12 88. The concerned Xen was practically sole Incharge of the process.

On 9 3 89 the Chief Accounts Officer of the Corporation objected to this condition and was of the opinion that the extra payment was being paid to the contractors. He brought this matter to the notice of Managing Director through his note dated 9 3 89. The then Managing Director discussed the matter with the Chief Accounts Officer and gave his decision on the file on 14-3 89 that action may be taken as per terms and conditions incorporated in the agreement. He however further directed that in future all tenders will be opened by the Committee assisting of three Class I Officers. The matter was again raised by Chief Accounts Officer on 12 6 89 that the contractor was wrongly being paid excess profit. Managing Director again discussed the matter with Chief Accounts Officer wherein it was decided that 18 per cent interest may be recovered from the contractors. Accordingly the interest of Rs 1424 was charged from the contractor.

#### CONCLUSION

The main objection of the audit is that it was an avoidable expenditure. After examining the relevant material on record and statement of the Officers concerned I am inclined to agree with the audit that this expenditure could have been avoided if the Xen was careful while including condition No 3 in the allotment letter. It should have been made explicit in condition No 3 that if the Corporation helped the contractor in procuring ACC sheets etc the contractor would be paid less than the rate of Rs 70 as quoted by the contractor. In the absence of explicit clause it became difficult for the Corporation. The matter came to the notice of Managing Director in March 1989 and if he had made an effort to discuss the case with the contractor or through an arbitrator this expenditure could have been avoided. The tenders were opened on 3 11 88 whereas the said approval of the Board of Directors has been obtained on 29 12 88. Normally the work should have been allotted after approval of the Board of Directors.

After the perusal of the report the Committee have come to the conclusion that the Government should fix up the responsibility by enquiring into the matter by holding a regular enquiry in order to quantify the avoidable payment and its recovery thereof from the delinquent officer(s)/ official(s). The Committee further recommend that the results achieved may be intimated to the Committee within two months from the date of presentation of this report.

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