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HARYANA VIDHAN SABHA

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2005-2006)  
(ELEVENTH VIDHAN SABHA)  
FIFTY-SECOND REPORT  
ON THE  
REPORTS  
OF THE**

**COMPTROLLER & AUDITOR GENERAL OF INDIA  
FOR THE YEARS 1999-2000, 2000-2001 &  
2001-2002 (COMMERCIAL)**



(Presented to the House on 24th March, 2006)

HARYANA VIDHAN SABHA SECRETARIAT, CHANDIGARH  
MARCH, 2006

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**COMPOSITION  
OF  
THE COMMITTEE ON PUBLIC UNDERTAKINGS  
(2005-2006)**

**CHAIRPERSON**

- 1 Sh. Shadi Lal Batra

**MEMBERS**

- 2 Sh A.C. Chaudhary
- 3 Sh Sher Singh
4. Sh Jitender Singh
- \*5. Rao Dan Singh
- 6 Smt Sumita Singh
- 7 Sh K. L. Sharma
- 8 Sh. Ram Kumar Gautam
9. Sh Sahida Khan

**SECRETARIAT**

- 1 Sh Sumit Kumar, Secretary
2. Sh Balbir Singh Chauhan, Under Secretary

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\* Resigned from the Membership of the Committee w e f 14th January, 2006 on his appointment as Parliamentary Secretary

## INTRODUCTION

I, the Chairperson of the Committee on Public Undertakings, having been authorized by the Committee in this behalf present this Fifty-Second Report of the Committee on the Reports of the Comptroller and Auditor General of India for the Years 1999-2000 (Haryana Vidyut Prasaran Nigam Limited, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited ), 2000-2001 (Haryana Vidyut Prasaran Nigam Limited, Uttar Haryana Bijli Vitran Nigam Limited, Dakshin Haryana Bijli Vitran Nigam Limited, Haryana State Industrial Development Corporation Limited, Haryana Seeds Development Corporation Limited, Haryana Agro Industries Corporation Limited, Haryana Financial Corporation and Haryana Warehousing Corporation) and 2001-2002 (Haryana Agro Industries Corporation Limited)

The Committee for the year 2005-2006 undertook the unfinished work of the previous Committee(s) and also orally examined the representatives of the Government/Public Sector Undertakings/Boards where necessary. A brief record of the proceedings of the various meetings and of its inspection/spot-study of the various Power Projects in Himachal Pradesh, Wood Harvesting Activities of Rajasthan Forest Development Corporation, Workshops/Stores and Thermal Power Station of the Uttar Haryana Bijli Vitran Nigam Limited and Haryana Power Generation Corporation Limited and various Industrial Estate of the Haryana State Industrial Development Corporation, has been kept in the Haryana Vidhan Sabha Secretariat.

The Committee are thankful to the Accountant General(Audit), Haryana and his staff for his valuable assistance and guidance in completing this Report. The Committee are also thankful to the Financial Commissioner and Principal Secretary to Government, Haryana, Finance Department including his representatives and representatives of Departments/Corporations/Boards concerned who appeared before the Committee from time to time. The Committee are also thankful to the Secretary, Under Secretary, the dealing officer and the staff of the Haryana Vidhan Sabha for the whole hearted co-operation and unstinted assistance given in preparing this report.

Dated Chandigarh  
The 7th March, 2006

SHADI LAL BATRA,  
CHAIRPERSON

**REPORT**  
**REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF**  
**INDIA FOR THE YEAR 1999-2000**

**2A. Haryana Vidyut Prasaran Nigam Limited, Uttar Haryana Bijli Vitran  
Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited**  
**(Review)**

**2A.5.7 Minimum monthly charges**

1. The minimum monthly charges (MMC) were last fixed in November, 1993. Though, the tariff for various categories of consumers (except agriculture consumers) was increased in February 1994 (20 per cent), December 1994 (25 per cent) and July 1996 (20 per cent), the MMC were not increased correspondingly. However, with the tariff increase in June 1998 (15 per cent), the MMC were increased from Rs. 20 to 25 per KW of load for domestic consumers and from Rs. 50 to Rs. 60 per KW of load for commercial (non-domestic) consumers. Compared to the tariff per unit prevalent in November 1993, the MMC of domestic and commercial (non-domestic) consumers fixed in November 1993 covered monthly consumption for 27 and 43 units, respectively. Based on this consumption, MMC per KW relevant to the tariff fixed in June 1998 worked out to Rs. 52 for domestic consumers and Rs. 169 for commercial (non-domestic) consumers respectively. Due to non-correlation of the MMC with the tariff, the Board in nine operation circles, test checked in audit, could not generate additional revenue of Rs. 2.40 crore in a single billing cycle of February/March 1999 in respect of 330296 consumers (277915 domestic and 52381 commercial), where bills were raised on MMC.

In their written reply, the State Government/Company stated as under .—

“The tariff and other related matters are being decided in consultation and due concurrence of the State Govt. Accordingly, the MMC was revised during June, 1998.

It is pertinent to mention that after issue of Sales Circular No. 40/96 and S.C. No. 20/97, it was decided that in the case of locked premises, defective/dead stop meters etc. the consumers shall be billed on the basis of connected load instead of MMC as per the previous practice. However, the MMC is being charged where consumption is very less and such cases are not substantial.

The Haryana Electricity Regulatory Commission vide its order dated, December 22, 2000 allowed the utilities to revise the tariff including monthly minimum charges w.e.f. 1-1-2001. The Commission has enhanced the rate of monthly minimum charges ranging from 200% to 300%. These rates were notified vide Sales Circular No. 5/2001.

The monthly minimum charges are levied to ensure a minimum return from the consumers. Those consumers who consume power upto MMC level, do not pay any additional charges to the utility. Thus the recovery of revenue about the actual consumption and upto MMC is not on account of sale of

power Thus non-revision of MMC rates may not be reckoned as loss as the same is a conscious decision taken keeping in view a variety of factors "

During the oral examination, the departmental representatives stated that there was no uniformity between minimum monthly charges and flat rate Proposal to rationalize it was under consideration, it will take time **Therefore, the Committee decided to keep the paragraph pending.**

#### **2A.6.6. Short assessment of revenue**

2. The vigilance staff of the Company (HVPNL) checked (11 November, 1998) the premises of Bag Poly International Private Limited, Panipat a large supply industrial consumer having contract demand of 498 KVA under operation sub-division, Model Town, Panipat. The checking revealed that the supply was taken direct by bypassing the meter Being a case of theft of energy, the connection of the consumer was disconnected and the account of the consumer was recast and notice for recovery for theft of energy of Rs. 27.89 lakh was issued on 11 November, 1998

The consumer on receipt of the notice filed (12 November 1998) civil suit against the assessment in the Civil Court, Panipat The court ordered (13 November 1998) the Company (HVPNL) to restore the electric supply if 50 per cent of the penalty assessed was deposited The consumer accordingly deposited Rs 13 94 lakh on 12 November 1998 (Rs 11.20 lakh) and 16 November 1998 (Rs 2 74 lakh) and the supply was restored on 25 November 1998.

It was noticed in audit that demand on account of theft of energy was assessed on the basis of maximum demand (323.480 KVA) recorded by the consumer during last six months of the date of checking. As per prevalent instructions, the maximum demand recorded during last six months or 65 per cent of the connected load or the contract demand, which ever was the highest was required to be taken for recasting the account of the consumer Since the contract demand of the consumer was the highest (498 KVA), the assessment for theft of energy worked out to Rs 45 62 lakh instead of Rs 27 89 lakh as worked out on the basis of maximum demand recorded during last six months Due to incorrect recasting of accounts, the Company short assessed energy charges to the extent of Rs 17.73 lakh As the consumer was bound to deposit 50 per cent of the assessment as directed by the court, the company could have realised Rs 22 81 lakh instead of Rs. 13 94 lakh This resulted into short recovery of revenue to the extent of Rs. 8 87 lakh

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

"In this connection, it is intimated that in the first instance a sum of Rs 2788932/- was debited to the consumer M/s Bag Poly International Pvt. Ltd , Panipat (H T Consumer) bearing A/c No. LS-80 by SDO (OP) Model Town S/D Panipat and the necessary notice was served upon the consumer on 11 11 98 and necessary FIR was also lodged with the police on the same day i e on the day theft of energy was detected On receipt of notice of

assessment by the consumer, he filed the suit on 12-11-98, on hearing the case by the Civil Judge Panipat, on 13-11-98 he ordered to accept 50% of the assessment amount i.e. Rs 1394462/- and also directed the Nigam to restore the supply which was disconnected at the time of detection of theft of energy. Accordingly the consumer had deposited a sum of Rs 1394462/- on 16-11-98 and supply was restored on 25-11-98.

The amount of Rs 27.89 lacs charged for six months was calculated as the consumer was found stealing energy by passing the HT Meter by tempering the incoming cable. As the theft was not through the meter, the M&P checking of meter dated 21-10-98 was not relevant to establish the period of theft. As per sales circular no 31/98 the penalty amount was actually required to be charged on sanctioned contract demand i.e. 498 KVA where as the penalty was charged on the highest MDI recorded for the last six months i.e. 323.48KVA. Thus the sum of Rs 27.89 lacs was charged wrongly in the first instance by the SDO, (OP) Model Town S/Divn Panipat.

The RAO Audit party has checked the assessment and has pointed out a short assessment of Rs. 1771658/-. The said amount has also been debited to the consumer but the consumer challenged this assessment in the Civil Court. The Civil Court in turn clubbed the total assessment. The Civil Court while deciding the case on dt 22-7-99 has ordered to treat the theft of energy only for 21 days i.e. after the date of checking of M&P Wing i.e. on 21-10-98. After this decision the Nigam has filed an appeal in the Court of Ld. A.D.J. Panipat against the judgement dated 22-7-99. The appeal has been made on the ground that the instructions issued by the Nigam and relied upon by the court in its judgement are not relevant as the consumer indulged in theft of electricity through direct tapping whereas the instructions concern theft through meter. The Nigam has appealed that the penalty amount is chargeable for full six months instead of the last date of checking.

Now the case is under trial and the next date of hearing is fixed for 26-3-2002."

**As the matter is subjudice, the Committee decided to keep the paragraph pending till the decision of the court.**

#### **2A.6.9. Non-recovery of Monthly Minimum Charges (MMC)**

3 As per schedule of tariff, steel furnaces and rolling mills are liable to pay Minimum Monthly Charges (MMC) at Rs 100 per KVA in case the monthly energy bill remains less than the MMC. Since the monthly bill of the consumer (Jindal Strips Limited, Hisar under Operation Sub-division, Model Town, Hisar) for the month of September 1993 was for Rs 717806 only, the consumer was charged Rs 22 lakh being MMC on the basis of his contract demand of 22000 KVA. The consumer did not make the payment of the electricity bill. He filed a civil suit and obtained stay

orders Subsequently, the case was referred to the arbitrator for adjudication. The consumer took the plea before the arbitrator that he was liable to pay MMC only when there was unrestricted supply. The arbitrator awarded (March 1997) the case against the Board on the ground that there was power cut ranging from 50 to 100 per cent during the billing period and the consumer be billed on the basis of the actual consumption (387400 units) instead of MMC and the amount be recovered with 18 per cent interest instead of surcharge. However, it was observed in audit that there was no provision for relief in MMC due to power cut but the Board did not plead its case in proper perspective before the arbitrator since even after extensive load shedding, the power was available up to 120 hours and even 60 hours supply would have been sufficient to cover the MMC.

Although there was no provision for any relief in MMC due to power cut, yet the Board did not file any appeal against the award of the arbitrator and refunded (March 1999) Rs 62.32 lakh.

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

“Sh. R. S. Mishra, Arbitrator-cum-EIC, HSEB, Hisar announced the award dated 31-3-97 vide which the benefit of 50 to 100% power cut during the billing period of 10-8-93 to 9-9-93 (4/8 to 17-8-93 and 8/9 to 9-9-93=50% and 18/8 to 7-9-93=100%) for billing petitioner on actual consumption of 3,87,400/- instead of MMC and recovering the amount from the petitioner with 18% interest instead of surcharge.

Xen (OP) Divn No. 1, Hisar and Law Officer/Arbitration HSEB Hisar referred the case to L. R. HSEB, Panchkula and L. R. HSEB, Panchkula replied vide his No. 37/LB-3/Hisar dated 23-4-97 to take further action as per instructions issued by the CE/CommI, HSEB, Panchkula vide his Memo No. Ch. 100/RG-161/Vol-I/CE/C dated 12-1-93. As per this letter the summary record of discussions held in the Chamber of Member (Finance Accounts and CommI) and L.R. on 10-12-1992 was circulated wherein, it was clarified that it should be only in rare cases where award announced by the Board's Arbitrator are challenged as they can be challenged on the basis of malafide and procedural lapses. The awards are normally relied upon unless there are strong reasons to oppose the same. No reference was made neither by Xen (OP) Divn No. 1 Hisar nor by SE(OP) Hisar for seeking permission for filing appeal against the award to CE (OP) Hisar. In this instant case no appeal was filed against the award. Sh. Madan Lal the then Xen (OP) Divn No. 1 Hisar was held responsible for this lapse and has been served with a charge sheet.”

**The Committee desired that the copy of the decision of the punishing authority be supplied to the Committee. The said copy has not been supplied till the finalization of the report (March, 2006).**



## **2A.6.10. Loss due to irregular release of connection**

4 A consumer (Kiran Poultry Farm, Saha) under Operation Sub-division, Kesri was released an industrial connection on 9 February 1990. Subsequently, another connection for agriculture tubewell on flat rate was released on 22 August 1990 in the same premises without verifying the fact that the premises would be used as agricultural farm. A special checking party observed (April 1998) that the consumer had made an arrangement for theft of power by shifting load of the metered industrial connection to the flat rate tubewell connection. Accordingly, account of the consumer was recast for preceding six months from November 1997 to April 1998 and a penalty of Rs. 2.40 lakh based on feeding capacity of 25 KVA transformer was levied. Thus due to non-verification of the use of connection at the time of its release and thereafter timely detection of its prejudicial use the Board could not realise the revenue of Rs. 9 50 lakh.

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

“On verification of the record of (OP) S/D, Kesri, it has been found that the T/Well connection was released on Flat rate in the name of Smt. Kanta Devi. The applied load of the consumer was 5BHP and 25KVA T/F was installed. The connection was released under A.P. category & sufficient agriculture land was available at the time of release of T/Well connection.

Further it is intimated that the connection of M/s Kiran Poultry Farm was running in the name of Sh. Mohinder Paul Mittal and Smt. Kanta Devi.

Later on a boundary wall was constructed by the consumer between Kiran Poultry Farm and the T/W connection in the name of Smt. Kanta Devi. As per checking by the Civil Administration on 13/14-4-98 Night the arrangement of shifting of Industrial load to the flat rate T/Well was detected and the required action i.e. registration of FIR No. 498 dt. 16-4-98 and disconnection of connection was made. In the first instance Rs. 9 07 lacs was charged wrongly to the consumer as penalty taking 65.00 KW load (Poultry Farm + T/Well) vide sales circular no. 4/91. But on review of the case by SE(OP) it was found that the penalty should have been charged on the T/Well connection from the existing T/Fs 25KVA taking 21.25KW load (0.85 load factor). Thus Rs. 240224 were correctly charged to the consumer instead of Rs. 9.07 lacs. The consumer had deposited 50% of Rs. 240224/- on dated 1-6-98. Both the T/Fs of M/s Kiran Poultry Farm and T/Well connection were also shifted outside the boundary wall. The consumer has filed a suit in the Distt. Consumer Forum Ambala City and the next date is fixed 7-2-2000 for orders.

It is, therefore, intimated that the release of T/well connection in the name of Smt. Kiran Devi is not irregular.”

During oral examination, the departmental representative stated that the matter is in the court. Therefore being the matter subjudice, Committee decided to keep the paragraph pending.

### 2A.6.13. Checking by enforcement staff

5. Similarly, consumers premises were required to be checked by the Board's vigilance wing but targets in this regard were not fixed by the Board. Based on checking of connections by the vigilance wing, revenue realisable during 4 years up to 1998-99 worked out to Rs. 38 96 crore, however in absence of proper records it could not be ensured in audit whether recovery was effected.

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

"The norms for checking/specific work load to be carried out by enforcement staff have not been fixed. The Vigilance Directorate/field staff are conducting raids to detect malpractice and theft of energy on the basis of source reports, complaints as well as on analysis of consumer accounts/data. The completion regarding checking of connections during the year 1996-97 and 1997-98 may not be made as the variation can be due to many factors viz. different types of connections checked/area/modus operandi and sources reports etc during the pervious year e.g. area/site of the particular connection is significant so far as time factor is concerned. The checking of HT connection for detecting of unauthorised load involve more time than other

Apart from enforcement activities, the Vigilance Organisation also deals with enquiry cases, which are registered on complaints/source reports. The investigation are carried out by scrutinizing the record and searching the impugned places if need be. Thereafter the reports are prepared and sent to the respective competent authorities for initiating departmental action. Besides, as on outcome of the enquiry report/charge sheets/show cause notice etc. are prepared and got issued to the delinquents. Apparently, a lot of time and manpower worked out by the audit may not be relevant and rather deprive the quality checking.

The Vigilance Wing submit its checking reports to the concerned (OP) Sub Divisions to worked out the amount of penalty and taking necessary steps to recover the same from the erring consumers. The monitoring cell has been created in this Directorate to monitor the recoveries. The Circle-wise register has been maintained and realisation is being monitored since 1996-97. An amount of Rs 15 85 crores has been recovered out of 36 96 crore upto 12/2000 "

During oral examination, the representatives of the Government/Nigam stated the accurate figures of recovery at this time are not available with the department/ Nigam. It will take time to prepare the accurate figures up-to-date. **Therefore, the Committee decided to keep the paragraph pending till the receipt of accurate figures of recovery. The same have not been received till the finalization of report (March, 2006)**

## 2A. 7.7. Mis-appropriation of revenue

6 In order to curb the tendency of misappropriation, the Board had prescribed certain internal checks in June 1982, which were not followed by the concerned officers. Consequently, staff in 8 sub-divisions, misappropriated revenue receipts amounting to Rs. 1.03 crore between February 1990 and September 1997 by committing various irregularities viz, non-posting of receipts in cash book, fictitious refunds/adjustments and posting of excess credits in consumer accounts. However, no remedial steps were taken to avoid recurrence of these misappropriations

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

The detail of 8 Nos. sub divisions indicating the amount involved as per para is given below :—

Sr No	Name of Sub Divn	Period	Amount Mis-appropriated (Rs in Lacs)
1	Pundri	4/94 to 5/97	17 00
2	Sewan	3/91	16 11
3	Ajran Kalan	10/95 to 11/95	5 13
4	Cheeka	8/91 to 3/97	6 28
5	No 1 Shahbad	6/96 to 8/97	0 35
6	Civil Lines, Hisar	12/96 to 1/97	56 10
7	Murthal	6/97 to 9/97	0 84
8.	Hansi		0.83
<b>Total</b>			<b>102.64</b>

Out of above sub divisions, the recovery position of each sub division is as under —

Sr No	Name of S/Divn	Period	Amount Mis-Appropriated (Rs In lacs)	Amount actually found short by Committee headed by SE & Sr AO/ CA	Amount recovered	Balance Amount		
1	2	3	4	5	6	7	8	9
				Amt	Interest	Amt	Interest	
1	Pundri	4/94 to 5/97	17 00	906821 00	653242 00	138278	98324	1323461 00
2	Sewan	3/91	16 11	1611053 80		115864		1495189 80
3	Ajrana Kalan	10/95 to 11/95	5 13	329640 00	163947 00	90934	40483	362170 00
4	Cheeka	8/91 to 3/97	6 28	359872 70	-	-	-	359872 70

1	2	3	4	5	6	7	8	9
5	No 1 Shahabad	6/96 to 8/97	0 35	35053 00	-	35053 00	-	-
6	Murthal	6/97 to 9/97	0 84	83885 45	-	83885 45	-	-
<b>Total</b>			<b>45 71</b>	<b>3326325 95</b>	<b>817189 00</b>	<b>464014.45</b>	<b>138807</b>	<b>3540693.50</b>

**Note :—** The audit has pointed out that Mis-appropriation of revenue of Rs. 45.71 lacs, whereas the Committee comprising SE and Sr AO has pointed out actual mis-appropriation of revenue was Rs. 41 44 lacs instead of Rs. 45 71 lacs

## REASONS FOR NON RECOVERY

### 1. Op. Sub Division No. 1 Pundri

The Enquiry Officer has submitted enquiry report vide his Memo No CA/UHBVN/Enq. Pundri/553 dated 15-4-2002 in respect of 8 Nos Officials and vide No. CA/UHBVN/Enq. Pundri/554 dated 15-4-2002 in respect of 11 Nos officers/officials involved Shri Samsher Singh LDC/C had already expired on 6-3-97

There are 20 Nos officials involved in this case. The amount has been recovered in 5 cases of retired/expired employees (i) Shri. Samsher Singh LDC/C (ii) S P Goel, UDC, (iii) Zile Singh, LDC/C, (iv) Shri R S Kundu, AE, (v) Palli Ram, UDC.

Final action/decision is under consideration of the office of MD, UHBVN, Panchkula.

### 2. Op. Sub Division, Sewan

10 Nos Officers/officials were held responsible for embezzlement in Op Sub Division, Sewan. Out of which, Competent Authority has finalized action on the basis of departmental enquiry by Shri R L Jain, CAO against 3 Nos officers and 2 Nos officials as per details given below .—

1. Shri Balbir Singh, AE, Rs 6434/- with two increments with future effect Rs 1000/- P.M
2. Shri P N Gupta, AE, Rs 1,35,061/- with one increment with future effect
3. Shri Daljit Singh, AEE – No recovery, Letter of Warning issued
4. Shri Y.P Ahuja, CA, Rs 6,034/- — Rs 500/- per month
5. Shri M.M Gupta, Rs 30,170/- — Rs 1000/- per month

With regards to above recovery, an amount of Rupees 121898 00 has been recovered so far

Final action/decision is under consideration of the Office of MD, UHBVN, Panchkula

### 3. Op. Sub Division, Ajrana Kalan

There are 13 Nos. Officers/Officials involved in this case The details of recovery is given below —

Sr No	Name of Officer/ Official	Amount to be recovered (including Interest)	Amount recovered	Remarks
1	2	3	4	5
1	C P S Tanwar, SDO	37783	15200	The case has been decided by MD, UHBVN, Panchkula vide O/o No 113/Conf.-5014 dated 28-2-2000 A sum of Rs 15200 @ Rs 3800/- per month was recovered from the pay for the month of 3/2k to 6/2 k and further recovery was not made due to stay granted by the Court
2	P C Saini, SDO	11576	11576	The case has been decided by MD, UHBVN, Panchkula vide O/o No 114/Conf -5015 dated 28-2-2000 and amount recovered from the pay of the officer as intimated by CAO/ Pay & Accounts, UNBVN, Panchkula vide his memo no Ch-5-1/CAO/P& A/cs dated 16-8-2002.
3	Jagdish Chander, UDC 3225	-	-	Charge sheet served vide CE/Op Panchkula No. 4/EPF-3167 dated 25-5-99 Reply to the Charge sheet sent vide SE, Kurukshetra memo No Ch-27/KP-1607 dated 17-5-2000 Later on, Smt Gargi Malhotra, FA/ CAO/MM Panchkula was appointed as Enquiry Officer has submitted the enquiry report to the CE/SE/Admn Panchkula vide memo No Ch-62/ Enq -1/Vol -II dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause Notice has been served to the official vide CE/ Op Panchkula memo No Ch-1/EPF-3167-L, dated 17-10-2003

1	2	3	4	5
4	Ram Chander, UDC	1034	-	Charge sheet served vide CE/Op , Panchkula No 10/EPF-400, dated 25-5-99. Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-101/KP-874, dated 1-10-99 Later on, Smt Gargi Malhotra, FA & CAO/MM, Panchkula was appointed as Enquiry Officer, has submitted the Enquiry Report to the CE/SE, Admn., Panchkula vide memo No Ch-62/Enq -I/Vol -II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op Panchkula memo No Ch-1/EPF-400-L, dated 17-10-2003.
5.	Manget Ram, UDC	513	-	Charge sheet served vide CE/Op , Panchkula No 7/EPF-2911, dated 25-5-99. Reply to the charge sheet sent vide SE, Kurukshetra office memo no. Ch-83/KP-610, dated 9-12-99 Later on, Smt Gargi Malhotra, FA&CAO/MM, Panchkula was appointed as Enquiry Officer, has submitted the Enquiry Report to the CE/SE, Admn , Panchkula vide memo No Ch-62/Enq.-I/Vol-II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op Panchkula Memo No Ch-1/EPF-2911-L, dated 17-10-2003.
6.	Jai Bhagwan, UDC	115957	-	Charge sheet served vide CE/Op , Panchkula No. 8/EPF-2419, dated 25-5-99 Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-97/KP-66, dated 12-11-99. Later on, Smt Gargi Malhotra, FA&CAO/MM Panchkula was appointed as Enquiry Officer has submitted the Enquiry Report to the CE/SE, Admn , Panchkula vide memo No

1	2	3	4	5
				Ch-62/Enq -I/Vol -II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op , Panchkula memo No Ch-1/EPF-400-L, dated 17-10-2003
7	Neeka Ram, UDC	2321.00	-	Charge sheet served vide CE/Op., Panchkula No. 37/EPF-1996, dated 25-5-99 Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-93/KP-236, dated 21 12.99. Later on, Smt. Gargi Malhotra, FA&CAO/MM Panchkula was appointed as Enquiry Officer has submitted the Enquiry Report to the CE/SE, Admn., Panchkula vide memo No Ch-62/Enq.-I/Vol.-II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority. Show cause notice has been served to the official vide CE/Op , Panchkula memo No Ch-1/EPF-1996-L, dated 17-10-2003
8	S P Rana, CA UDC	49359	-	Charge sheet served vide CE/Op., Panchkula No 4/EPF-3156, dated 25-5-99. Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-130/ KP-745, dated 12 11 99 Later on, Smt Gargi Malhotra, FA&CAO/MM Panchkula was appointed as Enquiry Officer has submitted the Enquiry Report to the CE/

1	2	3	4	5
				SE, Admn , Panchkula vide memo No. Ch-62/Enq -I/Vol - II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op., Panchkula memo No Ch-1/EPF-3166-L, dated 17-10-2003
9.	Akali Charan, LDC/C 8698	-		Charge sheet served vide CE/ Op., Panchkula No. 4/EPF-3169, dated 25-5-99. Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-98/ KP-1290 dated 7-12-99. Later on, Smt. Gargi Malhotra, FA&CAO/MM Panchkula was appointed as Enquiry Officer has submitted the Enquiry Report to the CE/ SE, Admn , Panchkula vide memo No. Ch-62/Enq.-I/Vol - II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op., Panchkula memo No Ch-1/EPF-3169-L, dated 17-10-2003
10	Shiv Ram LDC/C 104532	104532		Charge sheet served vide CE/ Op , Panchkula No 14/EPF-273, dated 25-5-99 Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-262/ KP-684 dated 21-12-99 Later on, Smt Gargi Malhotra, FA&CAO/MM Panchkula was appointed as Enquiry Officer has submitted



1	2	3	4	5
				the Enquiry Report to the CE/ SE, Admn , Panchkula vide memo No. Ch-62/Enq.-I/Vol.-II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op., Panchkula memo No Ch-1/EPF-273, dated 17-10-2003.
11	Gurcharan Lal, ALM 130570	-		Charge sheet served vide CE/ Op , Panchkula No 4/EPF-3171, dated 25-5-99 Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-26/ KP-28, dated 21-12-99 Later on, Smt Gargi Malhotra, FA&CAO/MM Panchkula was appointed as Enquiry Officer has submitted the Enquiry Report to the CE/SE, Admn , Panchkula vide memo No. Ch-62/Enq.-I/Vol.-II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority. Show cause notice has been served to the official vide CE/Op , Panchkula memo No. Ch-1/EPF-3171, dated 17-10-2003
12	Bal Mukand, LDC/C 27910	-		Charge sheet served vide CE/ Op., Panchkula No 6/EPF-3168, dated 25-5-99 Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-67/ KP-617 dated 4 2 2000 Later on, Smt Gargi Malhotra, FA&CAO/MM Panchkula was appointed as

1	2	3	4	5
				Enquiry Officer has submitted the Enquiry Report to the CE/ SE, Admn , Panchkula vide memo No. Ch-62/Enq -I/Vol - II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op., Panchkula memo No Ch-1/EPF-3168-L, dated 17-10-2003
13.	Hira Nand, LDC/C	109	109	Charge sheet served vide CE/ Op., Panchkula No 4/EPF-3170, dated 25-5-99. Reply to the charge sheet sent vide SE, Kurukshetra office memo no Ch-84/ KP-440 dated 20-6-01 Later on, Smt. Gargi Malhotra, FA&CAO/MM Panchkula was appointed as Enquiry Officer has submitted the Enquiry Report to the CE/SE, Admn , Panchkula vide memo No. Ch-62/Enq.-I/Vol.-II, dated 30-1-2003 and punitive action against the official is to be taken by the concerned authority Show cause notice has been served to the official vide CE/Op , Panchkula memo No Ch-1/EPF-3170-L, dated 17-10-2003
<b>Total</b>		<b>493587</b>	<b>131417</b>	

The disciplinary action taken against the officers appearing at Sr No 1 & 2 stands decided The disciplinary action against the remaining officials is still under consideration in the office of CE/OP, Panchkula/M D , UHBVN, Panchkula.

It is also added that the recovery has been effected from the officer/officials appearing at Sr No 1 & 2, 10 & 13 Further recovery will be effected after finalization of disciplinary action.

#### 4. Embezzlement of Board's revenue in (OP) S/Divn., Cheeka :—

The latest position of the para is as under the Audit Report of CA, Hisar after verification of record had pointed out that there was embezzlement. Due to lapses on the part of some officers/officials involved in the wrong refund/non-levy of tariff & the following officers/officials were charge-sheeted and the latest position of finalization of disciplinary action is also noted against each.

Sr. No	Name Designation	Remarks
1	2	3
1	Jeetu Ram, SDO	Charge sheet issued vide CE/Admn , HVPNL, Panchkula Memo No Ch-49/Conf-4649, dated 5-11-98 Charge sheet dropped vide CE/Admn., Panchkula O/O No 372/Conf-4649, dated 27-9-99
2.	Yog Raj, SDO	Charge sheet issued vide CE/Admn , Panchkula No Ch-5/Conf-4800, dated 27-1-99 and decided vide MD, UHBVN, Panchkula Office Order No. 210/Conf-4494, dated 26-7-2000 by issuing a letter of warning.
3	I D. Sharma, SDO	Charge sheet issued vide CE/Admn , Panchkula Memo No Ch-5/Conf-5081, dated 7-8-2000. Comments on the reply of charge sheet sent vide SE, Kurukshetra Memo No Ch-76/KPT-7100, dated 19-7-2001
4	K.S. Saini, (S D O , Retd )	Charge sheet served vide CE/Admn , HVPNL, Panchkula Memo No Ch-55/Conf-4651, dated 1-7-99 Reply under process.
5	Suresh Kumar Goel, UDC	Charge sheet issued vide CE/Op , Panchkula Memo No Ch-21/EPF-1320, dated 20-11-98 and SCN issued vide CE/Op , Panchkula Ch-45/EPF-1320, dated 29-11-2000 and SCN decided vide CE/Op , Panchkula Office Order No 378/EPF-1320, dated 30-5-2001 by issuing a letter of warning
6	Krishan Chand, LM	Charge sheet issued vide SE, Kurukshetra Office Memo No Ch-2/KPT-7152, dated 4-9-98 and decided vide his office Memo

1	2	3
		No Ch-19/KPT-7152, dated 7-11-2002 by issuing a letter of warning
7.	Ramesh Chander, MR	Charge sheet issued vide SE, Kurukshetra Office vide his office Memo No Ch-2/KPT-1552, dated 29-10-98 and decided vide his O/O No. 1158, dated 20-11-99 by inflicting punishment of stoppage of one increment without future effect.
8.	Raje Singh, MR/LDC	Charge sheet issued vide SE, Kurukshetra Office Ch-2/KPT-1593, dated 29-10-98 & decided vide his O/O No 280/KPT-1593, dated 7-3-2002 by stoppage of one annual increment without future effect
9	Tarsem Singh, JE(F)	Charge sheet issued vide CE(OP), Panchkula Memo No. Ch-197/KP-2602, dated 30-11-98 Reply is under process in circle office
10	Bharam Dass, JE(F)	Charge sheet issued vide SE, KKTR. No Ch-2/EP-2510, dated 29-10-98 & decided vide CE/OP, Panchkula Office Order No 628/EPF-3049 dated 9-12-99 by stopping two increments without future effect
11	Baljit Singh, AFM	Charge sheet issued vide CE(OP), Panchkula Memo No. Ch-21/KPT-2368, dated 17-11-98 Reply not received from XEN, Pehowa which is still under process in circle office
12.	Pyara Lal Sharma, CA	Charge sheet issued vide CE(OP), Panchkula Memo No. Ch-39/EPF-2890, dated 30-11-98 & decided vide CE(OP), Panchkula Office Order No 88/EPF-2890, dated 20-2-2001 by issuing a letter of warning
13	D D Ahuja, UDC	Charge sheet issued vide No Ch-13/EPF-4940, dated 20-11-98 decided vide CE (Op ) Panchkula Office Order No 546, dated 29-10-99 by stopping two increments without future effect
14	Bachan Singh, LDC	Charge sheet issued vide SE/Op , Kurukshetra Memo No Ch-3/KPT-969, dated 29-10-98.

1	2	3
		Reply awaited from XEN (Op ), Pehowa and is under process in circle office
15	Gurbachan Singh, ALM	Charge sheet issued vide XEN, Pehowa Memo No Ch-192/KPT-2397, dated 6-10-98 and decided vide XEN, Pehowa Memo No Ch-214/EPT-2397, dated 24-3-2001 by issuing letter of warning
16	Manohar Lal, LM	Charge sheet issued by SE/Op , Kurukshetra Memo No Ch-2/KP-167, dated 29-10-98 & decided by his office No Ch-11/KP-7167, dated 15-10-2001 by issuing the letter of warning

The Chief Auditor had submitted his report and the same was received with the order of Worthy CMD & a note from L R through CE/Admn , HVPNL, Panchkula Memo No Ch-7/CA/RA/HQ/L, dated 22-6-99 in circle office and accordingly XEN (OP) Divn., Pehowa was requested to make compliance of the order of CMD vide SE, KKTR endst. No Ch-37/EMB/Cheeka, dated 7-7-99 The loss sustained by the Nigam has now been categorized by audit party as under

Sr No.	Name of loss of revenue	Amount
1.	Omission of balances	35984 55
2	Omission of balances	80421 00
3	Omission of charges OBE	14224.50
4	Wrong refunds	233763 65
5	Non levy of PLEC	74129 00
6	Cases of embezzlement	24507 42
7.	Non levy of Tariff	21479.63
8.	Non Posting of SC&AR	1500 00
9.	Transferring of Security	20749 00
10	Non levy of units/MF	86911 38
11	Misc	21207 25
12	Non recovery of misc	13111 50
<b>Total</b>		<b>627988.88</b>

The above position was scrutinized by Xen (OP), division, Pehowa and he has briefed the case as under —

A	Total amount as pointed out by Audit	=	Rs 627988.88
B	Amount already charged before the start of Audit	=	Rs. 64198 63
C	Amount charged after pointed out by the Audit	=	Rs 215598 35
D	Amount realized out of (b) (c)	=	Rs 268116.03
E	Balance amount yet to be realized out of (b) & (c)	=	Rs. 11680 95 (PDCO effected)
F	Amount not chargeable	=	Rs. 348191 90

A meeting was held on 26-3-99 in the office of CE (OP)/Zone-1, Panchkula regarding the embezzlement cases of Kurukshetra Circle and it was decided in the meeting that regarding amount of Rs. 348191.90 not chargeable, it should be re-verified jointly by SDO (OP.) Cheeka and AO, CA, Hisar. Accordingly, Shri Sukhdev Gupta of CA, Hisar has visited Cheeka Sub Division on 12 & 13-5-99 and all the concerned record regarding amount not chargeable was verified by A.O. The report has been received vide CA, Hisar Memo No CA/RA/Loose-6/IAR-83/Ch-35, dated 10-1-2000 in the Circle Office, Kurukshetra

XEN (OP) Division, Pehowa has been directed to intimate the latest position regarding amount not chargeable under (F) and the amount yet to be realized under (E) above vide SE, Kurukshetra Memo No. Ch-83/ENB/Cheeka. dated 29-8-2003 and reminder issued vide Memo No. Ch-85/ENB/Cheeka, dated 8-10-2003.

#### **5. Op. Sub Division No. 1, Shahbad.**

The amount has been recovered except that an amount of Rs 1659/- on account of surcharge and Rs 15,155/- on account of illegal refund is recoverable from Shri Malkit Singh, LDC and XEN, Pehowa has been directed by the SE(OP), Kurukshetra vide Memo No Ch-152/KP-1056, dated 26-8-2002 to recover the amount from the pay of the official

#### **6. Murthal Sub Division :--**

The mis-appropriated amount of Rs 83885 45 have already been recovered in order to avoid such type of irregularities of mis-appropriation of revenue, following necessary steps have been taken by the Field Officers/Staff .--

- 1 As per standing instructions of the Nigam, 100% entry of RO-4 are being checked/tallied by the UDC/R with the CCR Books and required certificate of 100% checking is being given on the CCR Book daily
- 2 The SDO/CA will also check all the record of RO-4 and CCR Books

- 3 The cash is being tallied with the consumers ledger in the sub divn. every month under the supervision/signature of UDC/R, CA/SDO
4. The relevant report/entries are also being checked by the Local Audit Parties as per their tour programmes
5. Entry of charges and allowances made in the Sundry Charges & Allowance Register duly posted in the consumer ledger are being checked and duly signed by the SDO personally.
- 6 Each and every entry of charge or refund made in the Sundry Charges & Allowance Register with reference to SJO/MCO under/over assessment of energy/ED are being checked personally by the respective SDOs to avoid undue credit or refund to the consumer
- 7 Checking is being exercised by all the SDOs of the remittances made in the Bank by comparison of Receipted Pay in Slips with the entries in the remittance register

The above instructions have been reiterated and issued again in the Consolidated form to all SEs/XENs by the CE/Admn , HVPNL, Panchkula vide Memo No CA/RA/Instructions/211-531, dated 3-2-99

#### **Reply of DHBVN**

1) In operation Sub Division Hansi Mis-appropriation of revenue amounting to Rs. 0.83 lakhs was noticed for which necessary action for recovery have been initiated for recovery from SDO, CA and UDC (R) was initiated as per the following details :-

- |   |                            |  |
|---|----------------------------|--|
| 1 | Shri O P Kukreja, SDO      | As per decision of GM/HR & Admn , DHBVN, Hisar O/o No 49 dated 22-4-2001, a sum of Rs. 12426.60 were ordered to be recovered from the salary of the officer and the same stand recovered.  |
| 2 | Shri Ram Kishan Sharma, CA | The Competent Authority decided to recover Rs 20,711/- from the official. But the official has filed a suit against the recovery in the Court of Civil Judge, Hansi which was decided against the official The official has now made an appeal in the Hon'ble Court of District Judge, Hisar against the decision dated 24-12-2002 and the next date of hearing has been fixed for 28-10-2003 for arguments. |

## 3 Shri Parkash Chand, UDC

The Competent Authority decided to recover Rs 41,422/- from the official. A suit was filed against the recovery in the Civil Court, Hansi by the official which was decided against the Plaintiff. The official has filed an appeal in the Hon'ble Court of District Judge, Hisar against the decision of Civil Judge, Hansi dated 24-12-2002 and the next date of hearing has been fixed for 24-10-2003.

It is also mentioned here that a sum of Rs 82945/- has already been recovered from the arrears and DCRG of late Sh. Kuldeep Singh, Cashier to safeguard the interest of Nigam by Xen (OP) Hansi and lying in credit schedule of 28,871. As such there is no loss to the Nigam. As a remedial measure, the instructions were reiterated and a special drive was undertaken for the reconciliation of cash in all the sub divisions.

(II) In Operation Sub Division Civil Line, Hisar various irregularities amounting to Rs 56.10 lakhs were noticed at the time of special audit inspection carried out from 17-2-97 to 6-6-97. The status position is as under --

Sr No	Item No	Pointed out by audit	Not chargeable	Charged	Realized	Balance to be recovered
1	Omission of balances	32.96	14.67	18.29	7.63	10.66
2	Omission of M.F.	3.88	-	3.88	3.81	0.07
3	Non levy of Av. charges	8.47	0.19	8.28	8.28	-
4	M&P checking report	4.23	3.70	0.53	0.53	-
5	Peak load charges	0.16	-	0.16	0.16	-
6	Penalty charges for low P.F.	1.21	0.53	0.68	0.68	-
7	Enhanced meter security	0.23	0.06	0.17	0.17	-
8	Service connection charges	0.16	-	0.16	0.16	-
9	Sundry & A. Charges	3.67	3.37	0.30	0.29	0.01
10	Misc short Assessment	1.13	0.17	0.96	0.21	0.75
<b>Total</b>		<b>56.10</b>	<b>22.69</b>	<b>33.41</b>	<b>21.92</b>	<b>11.49</b>

For recovery of balance amount ACD have been adjusted and LRA cases prepared and submitted to Rev. Authority. Disciplinary action against defaulting



officer/officials i e 7 No AEEs and 18 No. Officials have been taken by issuing charge sheets in this case for dereliction of duties as per Annexure 1 & 2 respectively.”

**The Committee recommended that immediate action be taken against the officers/officials who misappropriated the revenue. The Committee further recommended that remedial steps be taken to avoid these misappropriations in future.**

**REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
FOR THE YEAR 2000-2001**

**2A Haryana Vidyut Prasaran Nigam Limited  
(Review)**

**2A. 9 1 World Bank Loan**

7. For implementation of reform and development programme, the World Bank committed to provide loan of US\$ 600 million through a series of 5 Adaptable Programme Loans (APLs) comprising APL-1 (US \$ 60 million); APL-2 (US \$ 150 million), APL-3 (US \$ 200 million), APL-4 (US \$ 100 million); and APL-5 (US \$ 90 million) to be sanctioned during 1997-98; 1998-99; 2000-01, 2002-03 and 2004-05 respectively

The World Bank sanctioned APL-1 of US \$ 60 million (Rs 240 crore) in January 1998 and the loan was scheduled to be closed in December 2000. At the end of April 2001, the World Bank released US \$ 52.37 million (Rs. 227.88 crore). As per conditions of World Bank Loan, the HVPNL was required to increase tariff for agriculture to cover at least half of the average cost of supply and increase tariff for non-agriculture by 10 per cent each during 1999-2000 and 2000-01, and that distribution companies were to be privatised. The World Bank did not sanction APL-2 (US \$ 150 million) and APL-3 (US \$ 200 million) as the HVPNL could not increase the tariff as per its stipulations and privatise distribution companies. Therefore, the HVPNL had not been able to avail APL-2 and APL-3 and implement reform and development programme in an effective manner.

Some of the points noticed in purchase of material from APL-1 are discussed as under.

- (a) Long term investment programme for rehabilitation and extension of the transmission and distribution system *inter alia*, included replacement of defective meters on priority. There were 2.32 lakh defective meters as on 31 March 1998. With a view to replace the defective meters, HVPNL purchased 2.07 lakh new meters (single phase and three phase) at a cost of Rs 28.02 crore during 1998-99 with the assistance of World Bank Loan. Of these 0.27 lakh three phase meters valued at Rs. 6.24 crore were not installed up to March 2001 due to magnetic effect. Thus, only 1.80 lakh defective meters could be replaced up to 31 March 2001. In the meanwhile, additional 2.27 lakh meters became defective during 1998-99 to 2000-01 which were not replaced as HVPNL abandoned repair of defective meters due to high repair cost and poor quality of repairs. As a result, the number of defective meters awaiting replacement increased to 2.79 lakh as on 31st March 2001. Hence the objective of replacing defective meters on priority could not be achieved.
- (b) Similarly 7194 KMs low tension (LT) cable was procured at a cost of Rs 20.78 crore with the assistance of World Bank loan during

May 1998 to February 1999 for replacement of undersized and worn out cable. Of this, 5,740 KMs LT cable valued at Rs. 16.58 crore had been installed up to March 2001. Reasons for delay/non installation of cable were attributed to delay in appointment of contractors for construction work.

In their written reply, the State Government/Company stated as under .—

“The fact is that the World Bank had assured loan assistance to the Haryana Power Sector Restructuring Project to the extent of US \$ 600 million by way of loan and co-financing. This was to be negotiated/sanctioned in 3-4 instalments under a new financing instrument called Adaptable Program Loan (APL). The first tranche of US \$ 60 Million was given in January 1998 and was valid up to December 2000. Subsequent tranches were to be negotiated and approved after achievement of specific milestones laid down in the Loan Agreements.

Haryana could utilize Rs. 227.81 crore by December 2000. The Bank suspended the disbursement of loan from December 1999 to 1st Week of August 2000 on the ground of delay in signing of revised Loan Agreements. In spite of repeated request from Haryana Government and recommendations of DEA, Ministry of Finance and Ministry of Power the Bank did not extend the validity of the loan.

It will not factually correct to say that the World Bank did not sanction APL-2/APL-3 as HVPNL could not increase the tariff as per its stipulations. HVPNL had revised the tariffs in June 1998 (15%), prior to establishment of HERC. Revision after HERC formation could only be done with the approval of HERC. The approval was received only on December 22, 2000 and implemented from 1-1-2000. In fact, the State Government did not seek APL-2 due to conditionalities of assistance package and availability of alternate funding option. All necessary works, originally proposed in APL-2, have already been taken up by HVPNL.

As regards the Distribution Privatization, the process was initiated in May 1999 and “Qualification” round was completed in August 1999. Next round of inviting Request for Proposal (RFP) was put on hold as Government decided to examine various alternatives for disinvestment of distribution business and build a wider consensus for the process. In this regard various High Level meetings were held by Chief Minister, Haryana with various stakeholders on the subject. Some of the influencing factors had been —

- (i) Experience of Distribution Privatization in Orissa had not been encouraging and there were unsatisfactory reports regarding implementation of this modal
- (ii) Haryana being an agriculture intensive state, modalities of

privatization of distribution function had to be finalized with even greater care keeping in view the local conditions. It may be added that with only 6 % power going to agriculture sector in Orissa (against 40-45% in Haryana) the Distribution Privatization modal did not succeed.

- (iii) The Financial Restructuring Plan (FRP) of Haryana Power Utilities prepared in 1997 needed major revision in view of the later developments. The FRP needed revision and final strategy for privatization would be worked out after the State Government takes a final view on the policy.

It is not correct to say that Reform and Development Program has in any way been affected due to delay in subsequent loan negotiations from the World Bank. Haryana State is going ahead with the Reform Program with full speed. Alternative sources of funds have been tapped. Loans for over Rs. 800 crore have been tied up with Power Finance Corporation, REC and NABARD. Schemes worth Rs. 600 crore are already under execution and are likely to be completed within next 12-18 months. Various measures taken for improvement in efficiency have borne excellent results. A brief note giving therein the major achievements of the Power Sector during the last few years is attached.

Therefore, it would be totally incorrect to say that the Reform Program has in any way been affected by the non-availability of APL-2/APL-3. Rather the achievements mentioned above would support the success of the ongoing Reform Program.

As regards observations on purchase of material under APL-1, it is clarified :

- (a) It is correct that HVPN purchased meters under APL-1 giving priority to this activity. It was a time bound program and accordingly, the activity of installation of meter was outsourced. The outsourcing of meter installation being for the first time in State, it took sometime before qualified contractors could be developed. Even otherwise replacement of defective meters is a continuous process with the Power Utility and that the defective meters are replaced depending on the availability of meters. The experience gained by the Power Utilities with the installation of quality meters has been very encouraging and the benefits are amply reflected in the subsequent increase in revenue assessment achieved. Even after APL-1, the activity of installation of quality meters has been given highest priority under the Rehabilitation Program financed by REC, PFC and APDP.

The repair of meters in-house was abandoned as a conscience decision considering the poor reliability of repaired meters and consequent loss of revenue. The fact is that during the last two years, the Power Utilities have installed 3.72 lac meters and orders for another 6 lac meters have been placed. It has been accepted

at the national level that 100% metering is very crucial for the Distribution Companies and a national target has been fixed to achieve this program in all the States

Regarding the effect of magnets on the electronic meters, immediate action was taken on receiving such complaints where some unscrupulous consumers were found tampering with the meters using high powered magnets. The specifications of the meters were changed at the national level looking at Haryana's experience and simultaneously Haryana Power Utilities took remedial measures whereby the meters were installed in tamper proof meter cup boards, which were immune to magnetic effects. Therefore, it is not only the utilization of material purchased against APL-1 but for subsequent purchases also that full benefit has been derived and excellent results achieved by way of improved financial performance

The replacement of LT cables involves work at numerous locations in the distribution system. Therefore, it was not possible to replace the defective cables through departmental work force. Keeping in view the huge quantum of work involved contractors were engaged for execution of this massive work. The selection of contractors did take some time initially and even mobilization by the contractors had initial hurdles. Ending July 2002 over 8278 kilometers LT cable had been installed in place of worn out/defective cables. This activity has also been very useful in reducing the frequency of faults on the distribution system and ultimate improvement in customer satisfaction

During oral examination when the Committee asked the departmental representative about the total number of meters purchased, number of meters installed, returned, total cost thereof, total loss accrued to the department/Nigam and whether these meters were purchased from one company or two, the departmental representative stated that at this time the above said information is not available with them. It will be supplied to the Committee. But the same has not been received till the finalization of the report (March, 2006).

## 2A.10 Power Generation

8 State Government decided (November 1997) to encourage private sector participation in setting up new generation capacities and also to invest in new power generation facilities. Additional power requirements were to be sourced from

- increased improvement in the erstwhile Board's existing generating capacity,
- independent power producers (IPPs), and
- central or regional utilities

Accordingly, it was envisaged in Reform Programme that generating capacity by the end of 2001-02 would increase to 3755 MW comprising own capacity

(910 MW), shared generating projects (932 MW), central generating projects (1208 MW) and independent power producers (705 MW)

In this connection it was noticed in audit that at the end of March 1998, installed generating capacity of the erstwhile Board was 2392 MW comprising own generation (863 MW), shared generating projects (917 MW) and central generating projects (612 MW). Against this, the generating capacity at the end of March 2001 increased to only 2926 MW which comprised own generation (863\* MW), shared generating projects (917 MW) and share from central generating projects (1091 MW) and IPPs (55 MW). The shortfall in generation capacity forced HVPNL to overdraw 57.67 MUs during August 1999 to May 2000 from central power projects at higher cost besides paying penalty of Rs. 2 88 crore to meet its demand for power. Similar details for subsequent period up to March 2001 were awaited.

In their written reply, the State Government/Company stated as under :

"The State Government is fully aware about the need to enhance generation capacity. As on date, the State has an installed capacity of 3382.10 MW including 1073 MW of own projects, 931.5 MW from shared projects and 1377.60 MW from CPSUs and IPPs. In addition, 67 MW power has been tied up with PTC from Malana Hydel Project.

The State has taken up 500 MW extension project of Panipat Thermal which would be completed by 2004-05. In addition, projects from where power is expected shortly are

WYC Hydel Project Stage II	14.4 MW	(2003-04)
Yamuna Nagar Thermal Project Phase II	500 MW	(2006-07)
Yamuna Nagar Thermal Project Phase I	500 MW	(2006-07)
IOC Refinery Residue Project	360 MW	(2007-08)

Central projects of NTPC/NHPC would also add to the share of Haryana "

**The Committee feels that the concerned Government did not take proper action and care for power generation and this has resulted in financial loss and inconvenience to the public. The Committee further recommends that sincere steps be taken to improve the power generation in the State.**

---

\*Excluding generating capacity of 210MW of Unit VI of Panipat Thermal Power Station synchronised in March 2001 which was not covered in the reforms programme.

## **2.A. 11 Operational and financial performance after restructuring of the erstwhile Board**

9. The operational and financial performance of the erstwhile Board and companies after restructuring of the Board in respect of major components of reforms is indicated in the Annexure-3.

It would be seen from the Annexure 3 that after restructuring, targets for operational and financial parameters viz., plant load factor, transmission and distribution losses, revenue subsidy, net receivables, etc. (except plant load factor of Faridabad Thermal Power Station which also decreased in 2000-01) could not be achieved in any of the years upto 2000-01 and the impact of the reforms implemented so far (March 2001) was not forthcoming.

Reasons for poor impact of the reforms programme are attributable as under:

- (i) Delay/non-revision of tariff as per the reforms programme.
- (ii) Lack of effective measures to reduce the T&D losses.
- (iii) Refusal of World Bank to grant further assistance due to non-compliance of terms and conditions attached to assistance.
- (iv) Non-improvement in revenue collection system.

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

“The targets fixed under the Reform Program were with consideration of various inputs and operational parameters. The actual achievement would largely depend on the environmental happenings/achievements. It is totally incorrect to say that there was poor impact of the Reform Program. The fact is that there have been excellent results not only on the technical performance but financial performance as well. A brief summary of the achievements has already been attached as per Para-8.1 above. Item-wise comments are given in the subsequent paras.

There has been no delay in revision of tariff as explained above. A large number of effective steps have been taken to reduce technical and non-technical losses which have helped reduction losses from 47.71% to 40.76% as brought out by HERC in its revenue order.

Assistance under APL-2 was not sought in view of conditionalities and availability of funds from other sources at comparable rate of interest.

The collection efficiency has improved from the earlier level of 85% to 94.43 % during 2000-01.”

**The Committee recommends that steps be taken to reduce the losses and to improve the collection. The Committee further recommends that further improvement is necessary to reduce the line losses. Action be taken seriously in this regard. Theft of electricity be checked.**

### 2A.11.1 Plant load factor

10. Plant load factor of Panipat Thermal Power Station was lower at 50.43, 50.02 and 47.91 per cent against 57, 61 and 66 per cent during 1998-99, 1999-2000 and 2000-01 respectively projected in reform programme. This was mainly due to the reason that rehabilitation of 4 units of 110 MW to raise plant load factor to 76 per cent envisaged to be completed up to March 1999 (Unit-I); September 1999 (Unit-II), January 2000 (Unit-III) and May 2000 (Unit-IV) had not been completed (March 2001) by the contractor due to contentious issues in the contract agreement.

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

“The achievement of targeted PLF for PTPS needs to be considered in the background of the rehabilitation program for 4 x 110 MW Units. The rehabilitation work was awarded to M/s ABB Germany in May 1997. The first Unit was handed over to the contractor on 22-1-1999. The refurbishment work was to be completed as follows :

Unit-I	21-5-1999
Unit-II	21-3-2000
Unit-III	21-7-2000
Unit-IV	21-11-2000

The contractor abandoned the work and raised certain contractual issues. Therefore, the rehabilitation work through this contractor has remained suspended till date. The intervention of Central Electricity Authority and Ministry of Power, Government of India has also not proved effective.

(a) Meanwhile the contract was unilaterally terminated by ALSTOM on 17-4-2000 on the plea that HPGC had not released their pending payments. After unilateral termination of refurbishment contract by Alstom on 17-4-2000, joint meetings were held under the aegis of MoP, CEA and GoH but of no avail. HPGC got the available Bank guarantees (pertaining to 15% advance and 10% performance) of Rs. 48 crore approx. encashed in May, 2001. There-after, Alstom invoked the arbitration clauses of the contracts on 19-5-2001. The arbitration proceedings have been in the process.

Meanwhile BHEL was requested on 21-5-2001 to submit their offer for completion of balance works of Unit-2. BHEL furnished their offer dated 25-6-2001. The work for revival and re-commissioning of 110 MW Unit-2 at TDLTPS Panipat has been entrusted to BHEL at a lumpsum ex-works ‘firm’ price of Rs. 35 crore excluding taxes, duties & statutory levies on 27-3-2002 with a completion period as 27-11-2002.

Meanwhile the HPGC has gone ahead with the renovation of Thermal Units and there has been a very impressive improvement in power generation. The Plant



Load Factor for Haryana Thermal Power Stations in the successive years has been as follows:

Year	PLF(%)	PLF (%) excluding 110 MW Unit-2 of PTPS
1996-97	47.66	
1997-98	49.17	
1998-99	49.24*	
1999-00	53.24	61.55*
2000-01	49.73**	57.49*
2001-02	60.80	68.99*

\*110 MW Unit-2 of Panipat is lying closed since January 1999.

\*\*The slight decline in the year 2000-01 was on account of long shutdowns on Unit-5 of 210 MW and Unit-3 of 110MW at Panipat."

**The Committee desired that the case of arbitration be pleaded strongly and with full efforts and the Committee be informed about the progress of the case from time to time.**

### 2A.11.2 Excessive transmission and distribution losses

11. The Central Electricity Authority (CEA) while issuing (May 1992) guidelines for energy audit fixed the accepted level of transmission and distribution losses, according to which these losses should not exceed 15.5 per cent (8.5 per cent transmission & sub-transmission and 7 per cent distribution). Reform programme envisaged reduction in transmission and distribution losses to 32, 31 and 29 per cent during 1998-99, 1999-2000 and 2000-01. Despite reforms, transmission and distribution losses had increased from 33.37 per cent in 1997-98 to 38.80 per cent in 2000-01. It was further noticed in audit that distribution losses in all the 13 operation circles of UHBVNL/DHBVNL ranged between 20 and 48 per cent during 2000-01 as against norms of 7 per cent fixed by CEA. This indicates that effective steps for reduction in distribution losses through elimination of thefts, replacement of defective meters of consumers and strengthening of sub-transmission and distribution system had not been taken.

The HERC while passing orders on 29 November 1999 on ARR for 1999-2000 and fixing (27 July 2000) rates for recovery of fuel surcharge adjustment (FSA) allowed norm for transmission and distribution losses at 29.75 per cent (9.89 per cent transmission and 19.86 per cent distribution) against actual loss of 36.56 per cent of the Company. As a result transmission and distribution losses over 29.75 per cent, amounting to Rs. 250.99 crore remained unabsorbed in the tariff and had to be borne by HVPNL.

In their written reply, the State Government/Company stated as under :

“Before commenting on the T& D losses in Haryana and steps taken to reduce these losses, it needs to be appreciated that the norms fixed by CEA are in ideal conditions and discounting any element of non-technical losses.

The fact remains that in SEBs there has been persistent shortage of funds due to which investment on development of T&D infrastructure had been very meager. Over the years the T&D system has been getting overloaded and adding to the line losses. Moreover, the flat rate power supply to tubewells has also hampered the correct assessment of line losses. Therefore, these losses declared in the earlier years did not clearly reflect the ground realities. This also cannot be denied that there has been substantial share of theft of electricity as well, which is more of a social evil.

Even the HERC has recognized the impact of un-metered supply to agriculture sector. While, the T&D losses allowed by HERC in ARR for FY 2000 was 29.75%, but subsequently in the ARR for FY 2001 HERC fixed T&D losses as 40.76%. In the ARR order for FY 2002, HERC again admitted that the actual losses for FY 2001 would have been 47.71% and allowed a loss level of 40.76% for FY 2002. These variations in T&D assumption were due to restatment of running of tubewells from 6 hours to 4.22 hours. Contrary to the real ground situation, HERC did not allow higher operating norms for un-metered tubewells compared to metered tubewells.

The actual running time recorded by the Distribution Companies has been as follows :

	Unmetered	Metered
UHBVN	5.6 hrs.	4.5 hrs.
DHBVN	5.3 hrs.	4.4 hrs.

Accordingly in the ARR filing for FY 2003, even after assuming the above running hours for the un-metered tubewells, a T&D level of 38.26% has been estimated. Thus the T&D losses have been reduced from 47.71% to 38.26%.

The Power Utilities have taken various effective and concrete steps to reduce T&D losses. The steps already taken and proposed to be taken are given hereunder:

**(A) Reduction of Technical Losses :**

- Since 1997-98, 49 new grid substations have been commissioned, 259 substations were augmented. Construction work on 75 new substations (nearly 20% addition) and augmentation of 55 substations is in hand that would be completed within next 12-18 months. This would be in the heaviest investment made in transmission sector since the formation of HSEB in 1967 and so would be the largest addition to the transmission system.
- Since 1997-98, 1276 MVAR capacitors have been added in the system. 2955 MVAR capacity would be added by the end of the 10th Plan.
- Simultaneously, the distribution system is being strengthened. So far 50 No. overloaded 11 kV feeders have been bifurcated/trifurcated into 143 feeders. Another 60 feeders have already been taken up in the second phase. In the process, over 8464 distribution transformers have been added, 1000 kilometer 11 kV line erected and 350 kilometer LT line was added in the system. Simultaneously, the conductor of 584 kilometer 11kV line and 711 kilometer LT line was augmented.
- Under the Accelerated Power Development Program launched by the Ministry of Power, Government of India, the distribution system in 4 Operation Circles i.e. Karnal, Sonapat, Faridabad and Hisar has been rehabilitated. Over 7500 kilometer LT cable had been installed in place of worn out/defective cables.
- Special System Improvement Schemes have been formulated and being executed for strengthening of Distribution System with the financial help of PFC/REC.
- With the implementation of the above steps, it is expected that the technical losses would reduce by 2% each year in the coming years.

**(B) Reduction of non-technical Losses**

Haryana Power Utilities have taken various initiatives to reduce the non-technical

losses. Some of the actions taken are as follows:—

**1. Replacement of defective/inaccurate meters:**

Inadequate and faulty metering is contributing a lot towards the non-technical losses. To ensure proper recording of energy, following steps have been initiated :

**(a) Feederwise replacement of electro-mechanical meters with static meters.**

The work of feederwise replacement of the existing single-phase electro-mechanical meters has been awarded on turnkey basis. Over 3.25 lac meters have already been installed. Further work is in progress. To start with, in the first phase, these meters are being replaced in those subdivisions where the consumption is higher and there are more chances of power theft.

**(b) Special drive to detect theft of energy and tampered meters:**

An extensive drive for checking of consumer premises has been launched to detect theft of energy and tampering of meters by unscrupulous consumers. The progress achieved during 2000-2001 and 2001-2002 (ending January) is given under:—

	2000-2001	2001-2002
Connections checked (Nos.)	621899	436186
Theft detected (Nos.)	51411	42840
FIR lodged (Nos.)	9061	10588
Penalty imposed (Rs. lac)	3800.15	3210.43
Penalty recovered (Rs. lac)	1888.00	1492.68

The penalty recovered during the last two years is higher than the cumulative recovery of the Power Utilities since inception of HSEB. The drive is still continuing.

**(c) Voluntary Disclosure Schemes:**

Voluntary disclosure schemes were launched in a phased manner for the general consumers to declare voluntarily their defective/tampered meters. As an incentive to the consumers to declare more and more tampered meters, the penalty was reduced to one-third amount of the applicable penalty.

4846 Nos. tampered/faulty meters were voluntarily declared by the consumers and the same were replaced with accurate meters. Also a penalty of Rs. 121.33 lac was realized.

A special scheme was launched for voluntary disclosure of the unauthorized load in March 2001. 82,639 consumers disclosed their extended load of 234 MW. Another VDS was introduced in October 2001 and it received a very good response. Under these

schemes 101911 consumers declared their extended load of 285.87 MW, which has given an additional security deposit of Rs. 4.42 crore. This also resulted in recovery of additional consumption deposit and regular inflow of revenue from these consumers.

**(d) Expeditious release of tubewell connections**

In order to prevent direct tapping of lines by the applicants, who are waiting for new tubewell connections, a new scheme i.e. "Tatkal Scheme" was launched in October 2000. Under this scheme 7903 connections were released. Another scheme for release of tubewell connections on 11 kV system i.e. 'Own Your Transformer Scheme' was introduced. Under this scheme 1571 connections were released.

Considering the overwhelming response to the 'Tatkal Scheme', the scheme was revived in June this year and extended up to 31-7-2001. Under this scheme the applicants who were in category of cable connection, single pole connection or HT category were eligible provided they had submitted their earlier original applications upto 15-6-2001. Against this scheme 7307 applications were received and 5600 connections released up to March 2002.

All pending test reports till 1998 have been taken for release of connections.

**(e) Creation of Meter Bank of Single Phase Meters:**

The Nigam, with a view to provide good quality electronic meters along with a tamper proof meter cupboard, has created meter banks in the field so that accurate and tamper proof metering could be ensured. By creating the meter bank, the meter shall be readily available for installation on the consumer premises and the consumers will not have to arrange their own meters and meter cupboards. These meter banks will also facilitate the quick replacement of defective meters detected during checking.

**(f) Providing meters on un-metered agriculture connections for energy audit :**

The Distribution Companies have decided to install meters along with meter cupboards on all the existing unmetered AP connections by December 2002. Ending March 2002 meters had been installed on over 57426 un-metered tubewells.

From the above steps taken by the Power Utilities, it would be amply clear that they are taking all possible steps to minimize the T&D losses and in the years to come, a substantial reduction would be achieved both in technical losses as well as non-technical losses.

The question of any loss to the Utility does not arise as the losses being permitted by HERC are included in the Annual Revenue Requirement and duly compensated by matching tariff by the Commission.

The existing three phase electro-mechanical meters on three phase DS, NDS and LT connections are being replaced with the static meters at the cost of utilities. The healthy electro-mechanical meters so spared shall be used on un-metered AP connections.

Now all the AP connections are being released with metered supply only and no connection is being released without meter. Instructions to this effect have been issued in the field w.e.f. 2-5-2000.”

**The Committee desired to have future planning of the department/Nigam for taking appropriate action on the cases of tampering with the meters. Committee further desired that district wise details of such cases be supplied to the Committee. But the same have not been supplied till the finalization of report (March, 2006).**

## **UTTAR HARYANA BIJLI VITRAN NIGAM LIMITED**

### **3A.3.1 Undue benefit to a firm in purchase of transformers**

12. Against tender enquiry opened (March 1997) for the purchase of 100 KVA distribution transformers, the Material Management Organisation of the Company placed (July/August 1997) purchase orders (POs) on 14 firms for the purchase of 5000 transformers at the lowest equivalent rate of Rs. 43,669.40 (basis price Rs. 36,776.20, excise duty @ of 13 per cent Rs. 4,780.92, Central Sales Tax (CST) @ 4 per cent Rs. 1,662.28 and freight and insurance Rs. 450) per transformer. These POs included two Pos placed (July 1997) on firm A (Nucon Switchgears Private Limited, Ludhiana) for 1000 transformers and firm B (Nucon Power Controls Private Limited, Ludhiana) for 100 transformers. In response to above tender, both the firms quoted their rates alongwith 13 per cent excise duty, CST at 4 per cent against form 'C' and Rs. 450 for freight and insurance.

After completion of supply order of 1000 transformers by firm A, an additional order for supply of 1500 transformers at the same rate, terms and conditions was placed (April 1998) on the firm. All the 1500 transformers against this additional PO were supplied by the firm B (sister firm of A) as per terms of the purchase order.

It was noticed (June 2000) in audit that both the firms quoted the same CST number while providing a certificate (March 1998) regarding sales tax whereas the fact was that the firm B was exempted from sales tax. This fact was noticed (June 1998) by the Company, when the invoices for dispatch of transformers were received from the firm B. The invoices indicated the enhanced basic price by adding the element of sales tax to the basic price i.e. from Rs. 36,776.20 to Rs. 38,247.26 per transformer. The Company, however, ignored the fact of misrepresentation made by the firm B and released payments (June 1998 to May 1999) at the enhanced basic price without insisting the firm to pass on the benefit of sales tax to the Company.

Thus, misrepresentation by the firm B regarding the CST number and inaction by the Company even after having knowledge of such misrepresentation resulted in passing of undue benefit to the firm to the extent of Rs. 23.54 lakh being the difference in basic price (Rs. 1471.06) of two firms on purchase of 1600 transformers.

The Company and Government stated (April 2001 and May 2001) that the payments have been made strictly as per terms of purchase orders, which were agreed to during negotiations. The reply was not tenable as the firm B, while submitting quotations quoted CST at 4 per cent and mentioned a fake sales tax number belonging to its sister concern (Firm A). The purchase amount of PO was inclusive of basic price, excise duty, CST and Freight and Insurance at prescribed rates. The company should have considered the misrepresentation by firm B before making payment.

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

“It is agreed that against the tender enquiry opened in March 1997 for the purchase of 100 KVA distribution transformers, the material management organization of the erstwhile Board placed (August 1997) purchase order on

14 firms for the purchase of 5000 transformers at the lowest equivalent rate of Rs. 43669.40/- per transformer but no breakup of prices was approved at the time of finalizing the rate. Further, these POs included tow POs placed (July 1997) on firm A (Nucon Switchgear Pvt. Ltd., Ludhiana) for 1000 transformers and firm B (Nucon Power Controls Pvt. Ltd., Ludhiana) for 100 transformers.

Both the firms while accepting rate of Rs. 43669.40 in response to the discussions held with the Board on 24-6-97, agreed as under :—

1. M/s. Nucon Switchgear Pvt. Ltd., Ludhiana vide their letter No. NIL dated 24-6-97 accepted the negotiated rates Rs. 43669.40 inclusive of ED @ 13 percent CST @ 4% or exempted against Form 'C' & Freight and Insurance.
2. M/s. Nucon Power Controls Pvt. Ltd., Ludhiana vide their letter No. NIL dated 24-6-97 accepted the negotiated FOR destination rate i.e. Rs. 43669.40 inclusive of ED @ 13 percent CST @ 4% or exempted against Form 'C' & Freight and Insurance.

Based on the above negotiation, orders were placed on M/s, Nucon Switchgear Pvt. Ltd., Ludhiana for 1000 Nos. transformers and on M/s Nucon Power Controls Pvt., Ltd., Ludhiana for 100 Nos. transformers on the equated rate of Rs. 43669.40 (inclusive of ED @ 13%, CST as applicable & F&I).

It is agreed that after completion of supply order of 1000 transformers by firm A, an additional order for supply of 1500 transformers at the same rate, terms and conditions was placed (April 1998) on the firm. All the 1500 transformers against this additional PO were supplied by the firm B (sister firm of A) as per term of the purchase order.

Both the firms were having to different CST Nos. the copies of CST certificates issued by the concerned departments are enclosed for reference at annexure 'C' & 'D' (Photocopies have been kept in the record of the Haryana Vidhan Sabha) & the fact that both the firm were having different CST Nos. was in the notice of the Nigam.

The payment of the entire quantity was made at the equated rate of Rs. 43669.40 per transformer with following break-up prices:—

Sr. No.	Particulars	M/s. Nucon S/G (P) Ltd.	M/s. Nucon Power Control (P) Ltd.
1.	Ex-Works	Rs. 36776.20	Rs. 38247.26
2.	ED@ 13%	Rs. 4780.91	Rs. 4972.14
3.	CST	Rs 1662.29	NIL
4.	F&I	Rs. 450	Rs. 450
	Total	Rs 43669.40	Rs. 43669 40



Since M/s. Nucon Power Control was exempted from CST therefore the ex-works of this firm becomes Rs. 38247.26 against Rs. 36776.20 for M/s. Nucon Switchgear Pvt. Ltd., Ludhiana who was not exempted from paying CST. This was very much in line with the negotiation held with both the firms and their acceptance of the counter offers submitted by their letters dated 24-6-97 as discussed above. These issues were noticed while passing the bills but as per provision of the purchase order that the firm could supply the material from the sister concerns, the bills of the firms were passed accordingly on the basis of negotiated equated rate & CST applicable at that time on the firm and hence no undue benefit has been passed on to the firm. Further, it is brought out that CST No. of both the firms is not same, it is ST/CST No. 45216812 dated 7-10-86 in case of M/s. Nucon Switchgear Pvt., Ltd. Ludhiana and ST/CST No. 45962517 dated 16-1-89 for M/s. Nucon Power control Pvt. Ltd., Ludhiana.

As far as the Nigam is concerned, no extra payment or undue benefit has been given to the firm. The payments have been made strictly as per the terms of the Purchase Order which were agreed during the negotiations. Any benefit derived by the firm on account of exemption in the sales tax is not a loss the Nigam. The firm was as a matter of fact entitled to the concessions which the Taxation Department of the Govt. has allowed to the firm on certain criterion/norms laid by the Govt.

However, the break-up of prices of both the firms has been reviewed and the following breakup has now been approved.

Sr. No.	Particulars	M/s. Nucon S/G (P) Ltd.	M/s. Nucon Power Control (P) Ltd.
1.	Ex-Works	Rs. 36776.20	Rs. 36776.20
2.	ED@ 13%	Rs. 4780.91	Rs. 4780.91
3.	CST	Rs 1662.29	NIL
4.	F&I	Rs. 450	Rs. 450
	Total	Rs. 43669.40	Rs. 42007.11

The amount recoverable as shown in the para as Rs. 23.54 Lacs which is the difference of ex-works price on 1600 nos. transformers (Rs 1471.06 x 1600). But the amount recoverable from the firm works out to be Rs. 24.59 Lacs for 1490 transformers as the firm has paid CST on 110 Nos. transformers. Necessary action to recover the amount of Rs. 24.59 lacs was taken by this office by encashing BG's of the firm pending with the Nigam. However, the firm has got the stay order from the court against encashment of their BG's and the matter is sub-judice.

As and when recovery is affected, audit will be informed accordingly."

During oral examination the representatives of the Government/Company informed the Committee that a notice was served on M/s Nucon Power Controls Pvt.

**Ltd., Ludhiana for the recovery of Rs. 24.59 lacs which accrued on account of exemption of sales tax to the firm and the Bank Guarantee of the firm has been withheld by the Nigam. Against it, the firm went to the court and got stay order. The Committee observed that as the matter is sub-judice, so no decision can be taken at this stage. Therefore, the Committee decided to keep the paragraph pending till the decision of the court.**

## **DAKSHIN HARYANA BIJLI VITRAN NIGAM LIMITED**

### **3A.4.1. Short realization of revenue**

13. Sales instructions (October 1998) provide that in the cases of theft of energy by high tension industrial consumers, assessment of energy based on contract demand shall be computed for the entire period during which there had been theft of energy. If such period cannot be determined, the period of preceding six months from the date on which theft is detected shall be charged. The connection of the consumer is to be disconnected immediately and FIR lodged simultaneously. Number of hours per day is to be taken as 8 in case of single shift and 12 in case of industries working on two/three shifts. Consumption of energy for the period of assessment would be charged at twice the tariff rate per unit. In case, the consumer deposits 50 per cent of the penalty amount assessed within 48 hours, the connection is restored back and the consumer becomes eligible for filing an appeal to the appellate authority against the penalty.

The premises of a consumer (M/s Rattan Milk Specialities) having contract demand of 500 KVA under operation sub-division Punhana was checked (22 and 23 September 2000) by vigilance staff of the Haryana Vidyut Parsaran Nigam Limited (HVPNL), Panchkula, who found that the consumer was committing theft of energy by manipulating the meter.

The connection of the consumer was temporarily disconnected (23 September 2000) and a notice of recovery for theft of energy of Rs. 18.82 lakh was issued on 25 September 2000. The HVPNL raised demand for the period from the previous checking done by the Maintenance and Protection (M&P) wing to the date of detection of the theft taking consumption as a single shift industry. After getting deposit of Rs. 9.41 lakh (50 per cent of the recoverable amount) on 28 September 2000 the connection of the consumer was restored (14 October 2000). The consumer, however, filed an appeal (23 October 2000) with the appellate authority (Chief Engineer, Operation Delhi) on the grounds that it had not committed any theft. The decision of appellate authority was awaited (June 2001).

It was observed (October 2000) in audit that milk plant being a continuous process industry operating on three shifts, the consumer should have been charged penalty of Rs. 41.77 lakh. Since the consumer was bound to deposit 50 per cent of the assessed amount before going for appeal, it could have realized Rs. 20.89 lakh instead of Rs. 9.41 lakh. This resulted in loss of revenue of Rs. 11.48 lakh and interest on the same.

The matter was referred to the Company and Government in May 2001; their replies had not been received (September 2001).

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

“The premises of the consumer (M/s Rattan Milk Specialities) having contract demand of 500 KVA was checked by the Vigilance Wing of the Nigam on 22-9-2000 and found that the consumer was committing theft by disconnecting

the neutral extended through the bolt fitted at the bottom of the CT/PT chamber. The neutral was earthed with the meter body through this bolt and consumer was manipulating the bolt by loosening it to stop the meter as it was not solidly earthed with the body. The Sub Divisional Officer had charged Rs. 18.81 lacs vide Sundry Charged and Allowance Register item No. 64/51 in the first instance after taking into account the single shift from the date of previous checking by M&P authorities i.e. 23-5-2000 to 22-9-2000. Out of this amount, the consumer had deposited Rs. 9.41 lacs i.e. 50% of the penalty amount vide BA-16 receipt No. 47/48662 dated 26-9-2000 and filed an appeal with the appellate authority (Chief Engineer/ OP Delhi) on 23-10-2000 on the ground that he had not committed any theft.

Initially the penalty was charged for the period of 4 months 9 days (13-5-2000 to 22-9-2000) from the date of previous checking to the date of current checking i.e. for the entire period during which there had been theft of energy in terms of Sales Circular No. 31/98. At the time of considering the reply to the tentative draft para, the audit insisted for charging for six months on the plea that such type of thefts cannot be determined by M&P staff during routine checking.

Now at the insistence of audit, penalty of Rs. 41.77 lacs for preceding 6 months from the date of detection of theft & after taking into account double shifts, has been charged to the consumer. The supply has been disconnected due to non-payment. The appeal of the consumer has since been rejected by the Chief Engineer (OP) Delhi on the ground that the consumer had not made the payment of 50% of the penalty amount of Rs. 41.77 lacs. A notice was issued to the consumer for depositing the balance amount on 28-6-2001. Action is being taken to recover the said amount under the 'Land Recovery Act'.

During oral examination the representatives of the Government/Nigam informed the Committee that a penalty of Rs. 41.77 lacs for 6 months taking in account double shift has been imposed on M/s Rattan Milk Specialties and its power supply has been disconnected. Against it, the consumers went to the Hon'ble High Court and the matter is still under process in the Hon'ble High Court. In addition to it, the concerned Executive Engineer has sent the case to the Tehsildar to effect the recovery under Land Revenue Act. The Committee recommended that the matter be pursued with the Deputy Commissioner immediately. The Committee further recommended that it is a very serious matter, therefore action be taken against the guilty officers and the latest position of the recovery and court case be intimated to the Committee after two months.

## Haryana State Industrial Development Corporation Limited

### 3A.5.1. Irregular disbursement of bridge loans

14 The Company sanctioned (May 1995) a bridge loan of Rs one crore to M/s O K Play India Limited, Sohna, district Gurgaon (promoted by Shri Rajan Handa, Shri T R Handa and Shri Rajesh Chopra) for a period of three months against the enhanced working capital limit to be sanctioned by Canara Bank despite the fact that the loanee was in default and had not paid overdue instalments aggregating Rs 32.27 lakh of the earlier term loans. The terms of sanction, *inter alia*, provided that the unit would furnish a collateral security in the form of fixed assets equivalent to loan assistance and interest thereon and personal guarantees of two directors (Shri Rajan Handa and Shri T R Handa). The Company released (May 1995) the loan after adjusting the overdues of Rs. 32.27 lakh of earlier term loans. The unit did not repay the bridge loan of Rs. one crore in spite of extension of nine months allowed by the Company.

The unit again approached (March 1996) the Company for another bridge loan of Rs 70 lakh against working capital, which was sanctioned (March 1996) by the Company for three months with the conditions, *inter alia*, to provide collateral security at 133 per cent of the loan and interest thereon and personal guarantees of same two directors. The Company returned five cheques worth Rs 71.04 lakh of the unit, which were submitted by it to clear defaulting amount on account of interest and instalments of earlier term loans in the same month. The Company after obtaining a fresh cheque of Rs 1.04 lakh adjusted newly sanctioned bridge loan of Rs 70 lakh against above five cheques.

Regarding the collateral security, it was noticed that the Company obtained (January 1995) collateral security of land and building at Mehrauli, New Delhi which was valued at Rs 1.87 crore for a bridge loan of Rs one crore. The Company, instead of asking for additional collateral security for bridge loan of Rs 70 lakh, accepted (March 1996) the same property at its revised value of Rs 2.41 crore against the requirement of Rs 2.03 crore.

The Company later discontinued (April 1996) the bridge loan scheme and asked the unit to repay the bridge loans by June 1996, which were not repaid by the loanee. On the notice issued (December 1998) by the Company to take over assets of the unit, the loanee obtained stay orders from the Court which was got vacated by the Company in February 1999. The loanee unit, however, prepared its annual accounts up to the year ended 31st December, 1998 by changing its accounting year and referred the unit to Board for Industrial and Financial Reconstruction (BIFR), which declared the unit as sick and appointed Canara Bank as Operating Agency to prepare rehabilitation plan.

Thus, the Company sanctioned bridge loans of Rs. 1.70 crore to a loanee just to clear the defaults of existing term loans, which had ultimately not been repaid by the unit. The Company also accepted collateral security by revising the value of the property already offered as security. As on 30th June, 2001, an amount of Rs 4.68 crore (Principal Rs 1.70 crore and interest of Rs 2.98 crore) was recoverable on two bridge loans. The Company had not invoked the personal guarantee of the promoters and the chances of

recovery are remote, as the unit had put itself under the shelter of BIFR to stay the recovery proceedings initiated by the Company

The Company stated (June 2001) that collateral security had been got revalued in view of the shooting up of prices of property at Delhi and the recovery had not yet become irrecoverable as the unit had sufficient fixed assets. The reply was not tenable as the Company had no prevalent system to upgrade the value of mortgaged assets and the bridge loan was also not secured against the fixed assets of the unit.

The matter was referred to the Government in April 2001, the reply had not been received (September 2001)

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

“The Corporation extended Bridge Loan as per its approved scheme, to enable the Company [scheme], to overcome its working capital problem due to delay in enhancement of its working capital limits by its bankers and not for clearing default in term loans. The bridge loans were sanctioned in financial year 1995-96 and the Company's reference was registered by B I F R in March, 1999 and it was declared sick by it in November, 2000. Hence, it is incorrect to mention that the Bridge Loan has become irrecoverable due to declaration of the unit as sick by B I F R

The company was sanctioned and disbursed first Bridge Loan of Rs 60 00 lacs in August, 1994 which was fully repaid by it. It was extended additional Bridge Loan of Rs 100 00 lacs in May, 1995 as per the scheme because it was regular as per re-schedulement done earlier. However, the company was advised to pay Rs. 32 27 lacs so that it became regular as per the mortgage deed and classified as a Standard Asset. It could not repay this loan in time since the requisite working capital limit was not enhanced by the bank against its requirement. As on 31st March, 1996 the company had Working Capital requirement of Rs 271 69 lacs against which Rs 103 77 lacs only was extended by its banker. Hence there was a short fall of Rs 168 lacs approx., for which the company approached HSIDC for additional Bridge Loan of Rs 70 00 lacs, which was sanctioned/dispensed against Collateral Security and personal guarantee of the Directors. This led to release of the funds of the company tied up in Working Capital, which were utilized by it against the cheques already given to the Corporation

In 1995-96 the real estate market was quite buoyant. The company therefore, contended that sufficient collateral security is already available with HSIDC since the value of property already given by it (Rs 1 87 crore) has increased to Rs. 2 41 crore. The competent authority accepted this contention and did not insist on additional security of Rs. 16 lacs (Rs 2.03 crore – Rs 1 87 crore = Rs 16 00 lacs)

The company made payment of Rs 135 69 lacs in 1998-99, however, the

liabilities of the company had mounted by this time and its performance has been adversely affected *inter-alia*, due to non-availability of requisite Working Capital funds in time leading to its sickness. The reference of the company was registered by BIFR in March, 1999. It is mandatory for a company to make reference to BIFR when it becomes sick as per definition of Sick Industrial Companies Act, 1979.

It is incorrect to mention that Bridge Loan of Rs. 1.70 crore was extended just to clear the defaults of existing term loans. As clarified earlier, the working capital limits were inordinately delayed by the banker. The Corporation therefore had to come to its aid for overcoming its working capital problem so that its operations were not affected adversely. It is therefore clear that the assistance given to the company was not for clearing its default. As explained earlier, the competent authority has the power to accept the value of the property offered by the company. It accepted the fresh value of the property and did not insist on additional collateral security of Rs. 16 lacs as the value of the collateral security already given had increased by Rs. 54 lacs. The Bridge Loan was not secured against the fixed assets of the unit as these were not exclusively charged to the Corporation. Since the company has been declared sick by BIFR under Sick Industrial Companies Act, 1979, the Corporation can not invoke the personal guarantees of the promoters or execute the securities till decision is taken by BIFR. Rehabilitation package for the company is under preparation."

After going through the reply given by the representatives of the Government/ Corporation during oral examination, **the Committee observed that when the Company was defaulter, bridge loan was given to it by bye-passing the norms. At the time of giving second loan to the Company it was not seen whether the Company is running properly or not. Proper policy of the Corporation was not followed and rules have been violated. The Committee feels that the Corporation had made a serious mistake by sanctioning two bridge loans of Rupee one crore and rupee 70 lacs to the defaulting unit. The Committee also observed that no additional collateral security was taken at the time of sanctioning second bridge loan of Rs. 70 lacs. The Committee recommended that the officers/officials who were involved in sanctioning/dispersing second bridge loan of Rs. 70 lacs, when the earlier bridge loan of rupee one crore had not been paid, be held responsible and action be taken against them.**

### 3A.5.2. Doubtful recovery of loan

15 M/s Vani Fertilizers Limited, New Delhi (Promoted by Shri Balwant Rai Kapoor and Shri Ashok Kapoor) applied (November 1998) for a term loan of Rs 1 22 crore for setting up a zinc sulphate manufacturing unit at Roz-Ka-Meo, Sohna (Gurgaon). The Advisory Committee under the chairmanship of Executive Director (F) of the Company considered (15 February 1999) the loan application, despite being aware that Punjab Financial Corporation had not provided term loan for setting up of any zinc sulphate unit in the last ten years. Performance of two units manufacturing same product in Gurgaon District financed by Haryana Financial Corporation (HFC) were also analysed. The Committee decided (February 1999) to collect more information regarding units financed by HFC, before deciding about sanction of loan.

The Advisory Committee reconsidered (24 February 1999) the case and in the absence of any additional information regarding units financed by HFC, recommended the case for sanction of Rs 87 lakhs with the condition that the unit would furnish collateral security valuing Rs 1.25 crore. Accordingly, the Company sanctioned (19 March 1999) the term loan and entered into (20 March 1999) an agreement with the unit.

In compliance with the terms of the agreement, the borrower firm offered third party property owned by Smt Swaran Lata in the form of a residential plot, measuring 355 50 square yard (No 184, Saini Co-operative House Building Society Limited, Karkar Duma, Shahdara, Delhi). This property was rejected by the Company since it was on a 99 year lease allotted by Delhi Development Authority (DDA). Subsequently, this property was accepted by the Company as collateral security, as the said Smt. Swaran Lata produced a permission letter dated 15th March 1999 stated to have been issued by DDA granting permission to mortgage the said plot. Accordingly, the Company disbursed (16 April 1999) a sum of Rs. 17.40 lakh to the borrower and approached (April 1999) the DDA to mark lien on the said property in favour of the Company in their records. DDA, however, informed (May 1999) the Company that no such permission to mortgage was granted to Smt Swaran Lata and as per their record this plot stood in the name of some other person (Shri Amit Modi) since November 1995.

Sensing fraud committed by the promoters, the Company recalled (July 1999) the entire loan. When the firm did not respond to the recall notice, it took over possession of the unit (October 1999) under section 29 of State Financial Corporations Act, 1951 for recovery of dues and got assessed (February 2001) net realisable value of the unit at Rs 10 42 lakh. The Company also lodged (February 2000) an FIR with the police against the promoters for committing fraud. Further developments were awaited (March 2001).

Sanction of loan by Advisory Committee without detailed analysis of viability of units manufacturing zinc sulphate and non-verification of ownership of collateral security before disbursement had rendered the recovery of Rs. 22 95 lakh (principal Rs. 17 40 lakh and interest and other expenses Rs 5 55 lakh up to March 2001) doubtful. The Company has however, not fixed any responsibility for above lapses.



The matter was referred to the Company and the Government in April, 2001, their replies had not been received (September 2001)

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

“It is incorrect to say that the Advisory Committee ignored the facts of non-financing of Zinc Sulphate units by PFC and failure of the units financed by HFC. In fact, it was desired by this committee that the information regarding working results of a running unit and performance of units financed by HFC may be collected. It was gathered that HFC had financed two units in District Gurgaon. In one case, the company had committed fraud and in another case HFC had issued notice u/s 29 of SFCs Act for recovering its dues which had been kept in abeyance. The information was also collected from PFC. It was found that accounts of similar units financed by PFC have already been adjusted and PFC has not provided financial assistance to any unit in the last ten years. However, working results of a similar running unit situated at Roz-Ka-Meo itself namely M/s Z Z Zippers Pvt Ltd were obtained which showed that this unit was working satisfactorily and earning adequate net profits (Rs 5.84 lacs for the year 1997-98 and Rs 9.95 lacs for 9 months upto 31-12-1998 on sales of Rs 72.84 lacs and Rs 90.50 lacs respectively). Further, the company was having gross profit margin of approximately 18%. As a similar unit in the same area was doing reasonably well, the committee, therefore, decided to recommend the case for sanction at lower debt equity ratio (1 : 1) reducing the loan amount to Rs 87.00 lacs from Rs 122.00 lacs, applied for by the company and to fully secure this loan, stipulated 143% collateral security which was accepted by the promoters. As per the policy of the Corporation only 10% collateral security is insisted upon in such cases where debt equity is restricted to 1 : 1.

It is incorrect to mention that the property offered by the company was rejected by the Corporation. It was merely suggested by the Legal Officer that the company may be advised to arrange any other property having free hold and clear title. Since the company could not arrange such property, it requested the Corporation to accept this property itself which was on 99 years lease allotted by DDA. The ownership of this property was duly verified as per the procedure since the company furnished the photocopy of the perpetual lease deed alongwith the Search Report of an Advocate Shri Sehajpal & Associates, Legal Consultants, DDA Shopping Complex, Nangal Raya, New Delhi showing the title of the plot to be free from any encumbrance which was accepted as per practice. However, it was later observed that the Advocate had given incorrect search report leading to the fraud. Hence, no lapse can be attributed on the part of the officer(s) of the Corporation.

The Corporation took over the possession of the unit in October, 1999 u/s 29 of SFCs Act for recovery of its dues. The Corporation has sold the unit

for Rs 13 00 lacs against disbursed amount of Rs 17.40 lacs and upto date interest of Rs 6 42 lacs It has lodged FIR with the Police against the promoters for committing fraud and also issued Recovery Certificates on 06-08-2001 against the promoters for recovery of balance amount, which is pending with the concerned Collector and are being pursued vigorously Since a major part of the loan disbursed has been recovered through the sale of the mortgaged property and the balance will also be recovered from the promoters by issuing Recovery Certificates, the recovery can not be termed as doubtful ”

After considering the reply given by the Departmental representatives, the Committee expressed concern over the serious lapses committed by the officers/ officials of the Corporation in sanctioning loans to the firm without collecting information about the viability of the unit. The Committee took a very serious view that why the loan was disbursed by the Corporation to the firm without getting the lien marked of the property in its favour from DDA. Therefore, the Committee recommended that action be taken against the persons responsible and the Advocate who had given incorrect search report. The Committee further recommended that in future documents be verified properly and a proper procedure be adopted so that such type of cases should not occur.

## Haryana Seeds Development Corporation Limited

### 3A.6.2. A voidable payment of power surcharge

16 As per schedule of tariff for supply of energy of the erstwhile Haryana State Electricity Board (Board), the consumers are required to maintain monthly average power factor (a ratio expressed as percentage between KWH to KVAH) as 85 *per cent* (revised to 90 *per cent* in October 1997) of the plant and apparatus installed by installing shunt capacitors. In case the monthly average power factor falls below the prescribed limit, the consumer had to pay a surcharge of one *per cent* of sale of power charges for each one *per cent* decrease in power factor up to 80 *per cent* and two *per cent* for each one *per cent* decrease in power factor below 80 *per cent*.

During audit (June 2000) it was observed that though the Company had installed shunt capacitors in its premises, the capacitors were either of inadequate capacity, inoperative or damaged during the period January 1997 to January 2001. As such the power factor ranged between 42 and 78 *per cent* and was below the prescribed limit. Consequently, the company had to pay surcharge of Rs 8.20 lakh on account of low power factor which could have been avoided. Had the Company ensured operation of capacitors of adequate capacity.

The Company and Government stated (April and June 2001) that due to non-utilisation of plant at full capacity and the ginning plant being seasonal industry, the power factor remained low. It was further stated that the Company had installed shunt capacitors of required capacity to maintain power factor. The reply was not tenable as non-utilisation of plant at full capacity and plant being seasonal industry do not have any relation with the maintenance of power factor. Low power factor during January 1997 to January 2001 indicates that capacitors were either defective or remained inoperative.

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

“As mentioned in the audit Para that in addition to energy charges, power factor surcharge were also being paid since January, 1997 by the Corporation due to low power factor. As already replied, on the recommendations of HSEB Shunt Capacitors of required capacity and of reputed make (Crompton) were installed. It is also mentioned here that low power factor is due to non-utilization of full capacity throughout the year for maintaining power factor. Ours being seasonal industry, the full load cannot be utilized throughout the year. Apart from this, it is also mentioned that power factor can not be maintained due to non-supply of full frequency i.e. 50 cycles per second and any change in the frequency leads to low voltage which is also responsible for low power factor.

On the recommendations of HSEB, Shunt Capacitors of reputed make and required capacity were installed and were operative. This has also been confirmed by DHBVNL vide their Memo 2647, dated 31-7-2002.”

After considering the reply given by the Departmental representatives during oral examination, the Committee recommended that the details of electricity bills of 2-3 years before the period of the audit objection and pertaining to the period before and after getting the load of the plant reduced be supplied to the Committee. Department/ Corporation has not supplied complete information as desired by the Committee. Therefore, the Committee decided to keep the paragraph pending.

### Haryana Agro Industries Corporation Limited

#### 3A.8.1. Doubtful recovery of dues

17 The Company procures paddy for central pool and provides the same to millers, who deliver rice to the Food Corporation of India (FCI) after milling. The milling agreements entered (December 1997) with six millers, *inter alia*, provided that the miller would take delivery of paddy for milling purposes either against the bank guarantee or delivery of advance rice to FCI, equivalent to cost of paddy handed over to millers. Each miller was also required to provide a security of Rs. one lakh for one tonne capacity and Rs. 0.25 lakh for every additional one tonne of capacity subject to maximum of Rs. 2 lakh. Any deductions made by FCI and cost of surplus gunny bags after filling of rice were to be remitted by the millers. The entire rice was to be delivered to FCI by the end of June 1998.

During scrutiny of records, it was noticed (April 2000) that the Company without obtaining bank guarantee or ensuring delivery of advance rice to FCI and without taking adequate security (Rs. 2.75 lakh against Rs. 5 lakh from five millers) under the terms of agreement allowed the millers to take delivery of paddy. The Company, however, obtained bank guarantee of Rs. 13 lakh from the sixth miller. The Company delivered 10866.99 MT of paddy to six millers who in turn delivered 7152.16 MT of rice during the period from December 1997 to December 1998. The sixth miller remitted his full dues. However, other five millers did not remit the full payment against the delivery and the amount recoverable from the five millers after adjusting security of Rs. 2.75 lakh was Rs. 19.36 lakh as on 1 January 1999 as per milling agreement. As the Company could not recover the amount of Rs. 19.36 lakh in the absence of bank guarantee, it had to refer (November 1999) the case to the sole arbitrator for recovery of dues, whose award was awaited (June 2001).

The matter was referred to the Company and the Government in February 2001, the replies had not been received (September 2001).

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

“The Corporation was allotted the work of paddy procurement by the Government with 9% share. The Corporation is not having its own milling arrangements. After the purchase of paddy the same was stocked with 6 millers at Ratia and Fatehabad for milling and delivery of C.M.R. to FCI. The Corporation entered into the agreement with millers and security was obtained from the millers as per the following details —

Sr. No	Name of the Miller	Amount
1	2	3
1	M/s Rama Rice Mills, Ratia	1,00,000 00
2	M/s Shree Ganesh Rice Mills, Ratia	1,00,000 00

1	2	3
3	M/s. Mahabir Rice Mills, Ratia	25,000 00
4	M/s Baba Rice Mills, Ratia	25,000.00
5.	M/s Shiv Shakti Rice Mills, Ratia	25,000.00
6	M/s Grover Agro Overseas, Fatehabad	25,000 00
		<u>3,00,000 00</u>

The millers were adamant for not depositing the bank guarantee/security on a/c advance release of paddy for milling. However they had deposited the part security as detailed above and also delivered the rice to FCI in advance into HAIC account. Their plea was that they are doing the custom milling of paddy for the agencies which was lying in joint custody and that they were also giving the rice in advance. On their request the Deputy Commissioner who was the Chairman of the District Co-ordination Committee verbally ordered that the millers should not be forced to deposit the security and that the millers were not under the obligation to deposit the security. Then minimum Rs. 25,000/- and maximum Rs. 1,00,000/- as security was obtained from the millers and the work of paddy milling was got started under the prevailing circumstances at that time.

It is not correct that HAIC issued paddy without advance delivery of rice by millers to FCI because as per agreement clause No. 13 either the bank guarantee or advance rice equal to the cost of paddy to be milled was to be taken and in this case all the millers had given the advance rice in H.A.I.C. account before getting released the paddy for milling and there was no need for obtaining the bank guarantee from them. However, only one party deposited the bank guarantee with H.A.I.C. inadvertently whereas he had given the advance rice. Moreover, practically, it was not possible for the millers to deposit the bank guarantee equal to the cost of paddy stocked in their premises for milling as the paddy was in joint custody and as per the terms of the agreement they were responsible for losses and never denied to make the losses good. The other procuring agencies namely Hafed, DFSC, Confed and HWC also did not obtain the bank guarantee and got the work done without taking the bank guarantee. In the District Fatehabad same pattern was adopted by all the procuring agencies.

It is not correct that only one miller remitted full dues to HAIC. Fact is that except one, all the millers had remitted the full dues. The audit has taken into account holding charges for delivery in extended period which is wrong. In fact no holding charges were applicable till the date of delivery of rice to FCI was extended by Government of India in view of quality and capacity problems. If any due left beyond extended period, the same was

recovered from the concerned millers alongwith interest at prevailing CC limit rates. The entire case was also placed before the BOD and settled as per recommendations of the committee after considering all pros and cons. The same policy was adopted by HAFED, DFSC and other agencies for not imposing of holding charges, till the delivery period extended by FCI from time to time. The BOD had accepted the committee's report. Now nothing is recoverable from millers as all the millers have cleared their accounts immediately except one miller namely M/s Grover Agro Overseas, Fatehabad who has become insolvent, from whom Rs 2,29,000/- were recoverable as per the books. The Corporation is making its best efforts for recovery and the recovery case has been lodged with the arbitrator."

**The Committee observed/considered the verbal justification and written reply given by the representatives of the Government/Corporation and was of the opinion that there was a complete violation of rules. There was a pick and choose criterion. Guarantee was taken from one party whereas no guarantee was taken from others. No action has been taken against the defaulting officers till today even after passage of four years. Therefore matter is serious. The Committee recommended that action be initiated against the officer who violated the law. The Committee further recommended that sincere efforts be made by the department to effect the recovery and to check against the repetition of such type of cases in future.**

### Haryana Financial Corporation

#### 3B.1.1. Misutilisation of term loan by loanee due to faulty disbursement

18 The procedure for disbursement of loan, *inter alia*, provided that the loan for construction of building would be released on the basis of certificates issued by the assessor on the panel of the Corporation. The release would be followed by a quick inspection for physical verification of securities at site. After release of 75 per cent of the loan, a detailed verification would be got done by an official of the Corporation. Similarly, loan for procurement of machinery would be released directly to the supplier of machinery after receiving proforma invoice from the approved supplier.

The Corporation sanctioned (September 1997) a term loan of Rs 43.20 lakh to Surya Dev Industries, Bhiwani (promoted by Shri Anil Kumar and Shri Dev Raj) for setting up a harrow discs manufacturing unit at Bhiwani. The terms of sanction, *inter alia*, provided that the collateral security equivalent to 100 per cent of loan, personal guarantees of partners, personal guarantees of two persons having sound financial means, no objection certificate from District Town Planner and assessment of machinery by Technical Officer/ Assessor was required before disbursement of loan. An amount of Rs. 37.90 lakh was released (December 1997 to February 1998) in seven instalments. On inspection (October 1998) carried out by the Corporation on an anonymous complaint, it was revealed that the Branch Manager of the Corporation (Shri R. K. Jatana) Continued to release funds against building without visiting the site, based on assessor's fabricated certificates. The building constructed was substandard and incomplete. Similarly, funds (Rs. 29.71 lakh) against machinery were released direct to the loanee without following the required procedure and very old uninstalled second hand machinery was available at site.

The Corporation cancelled the balance loan of Rs. 5.30 lakh and recalled (October 1998) the entire loan alongwith interest. On failure to repay the loan, the Corporation took over (February 1999) the possession of unit. The value of the unit was assessed (August 1999) at Rs. 5.65 lakh and was awaiting disposal, though put to auction nine times after the possession. The Corporation had not filed any criminal case against the promoter in spite of the fact that loan amount had been misutilised by them and total amount of Rs. 71.95 lakh (principal Rs. 37.90 lakh, interest Rs. 33.35 lakh and miscellaneous expenses Rs. 0.70 lakh) was outstanding for recovery from them as on 31 May 2001.

Thus, non-adherence of disbursement procedure while disbursing the loan had facilitated the unit to misutilise the funds amounting to Rs. 37.90 lakh.

The Management while admitting the facts stated (May 2001) that erring officer has been dismissed from service and enquiry against another was being conducted. However, the fact remains that the disbursement of loan ignoring the terms and conditions of disbursement has rendered the recovery of loan amount and interest doubtful.

The matter was referred to the Government in April 2001; the reply had not been received (September 2001).



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

“The Corporation has not filed criminal case against the promoters of the concern. However, entire loan stands recalled and action under section 29 of SFC's act, 1951 has been taken. The concern had filed a writ petition in the Punjab and Haryana High Court, Chandigarh for quashing the notice under section 29 but the writ petition was dismissed by the Punjab and Haryana High Court. The unit is in the possession of the Corporation and process of sale of mortgaged property is continuing.”

After going through the reply given by the Departmental representatives during oral examination, **the Committee feels that in this case, from the beginning the intention was to defraud. Term loan of rupee 37.90 lacs was released to the loanee without any verification. Loan for procurement of machinery should be paid directly to the supplier but payment thereof was made to the loanee. Bogus documents to show receipt of machinery were prepared which is totally wrong and it is clear that there is connivance in this matter but no action has been taken against anyone. The Committee desired that personal guarantor also be made a party in this case. The Committee give six months time to the department/corporation to take action and examine the case legally again and to report the Committee but no reply has been received till the finalization of the report (March, 2006).**

## **Haryana Warehousing Corporation**

### **3B.2.1. Infertuous expenditure on computerisation**

19 The Board of Directors (BOD) of the Corporation approved (January 1999) a scheme known as Kisan Sahara Scheme for providing credit assistance at concessional rate of interest to the farmers against stocks deposited by them in warehouses. The proposed scheme envisaged implementation of professional management support system. To begin with, the scheme was proposed to be implemented in Ambala and Kurukshetra districts.

The Corporation invited (February 1999) tenders for providing operational and logistics management support system (MSS) on turnkey basis for current areas of operation of the Corporation including the Kisan Sahara Scheme. The tender document did not contain any reference about the past performance and financial capabilities of the tenders. The technical Committee, examined the four tenders received and recommended (February 1999) the lowest tender (ING Infotek International Private Limited, Bangalore) for award of contract at the rate of Rs. 14,400 per unit of the Company per month as fixed cost and 2.4 per cent of the amount of money utilised under the Kisan Sahara Scheme as variable cost. The Managing Director executed (March 1999) an agreement with the firm for a period of five years without obtaining the approval of BOD. As per the agreement, the firm was required to commission, operationalise and synchronise the entire system by setting up multi-nodal data communication network in the Corporation in the districts of Ambala and Kurukshetra within eight weeks of allotment of work and in all the units in the State by 30 September, 1999.

The firm started the computerisation process and submitted bills for Rs. 79.17 lakh for the work done between March 1999 and December 1999, out of which the Corporation released Rs. 66.27 lakh to the firm. The firm, however, failed to perform its contractual obligations, as up to 10 December 1999, the firm was able to cover only 57 units against the requirement of 112 units and thereafter it abandoned the work for reasons not on record. The Corporation issued (July and August 2000) registered notices as to why an amount of Rs. 60.77 lakh (after adjusting Rs. 5.50 lakh being security amount) plus interest from the date of payments be not recovered from them on account of deliberate act on their part to defraud the Corporation. The show cause notice issued was received back with the remarks "party left/addressee left". The BOD cancelled (September 2000) the contract and observed that the said firm was inexperienced with paid up capital of Rs. 10,000 only.

Thus, injudicious decision to implement the MSS scheme for all the activities instead of Kisan Sahara Scheme alone as approved by BOD, without ascertaining the utility thereof and improper selection of an inexperienced firm by a non-technical committee has rendered the entire expenditure of Rs. 60.77 lakh infertuous.

The Corporation in its reply stated (June 2001) that to implement the MSS for Kisan Sahara Scheme, BOD constituted a sub-committee to take final decision on all aspects of the scheme. Accordingly, the sub-committee decided to implement the MSS for

other activities also and the entire expenditure incurred on this system was approved by BOD. The reply was not tenable since BOD's prior approval was not obtained at the time of award of contract. The BOD while considering the performance of the firm observed (September 2000) that it had miserably failed to perform its contractual obligation and prior approval before awarding the contract should have been obtained to implement the scheme.

The matter was referred to the Government in March 2001, the reply had not been received (September 2001)

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

“The general superintendence and management affairs of the Corporation are vested in the Board of Directors. Since the sub-committee constituted by the Board of Directors was empowered/authorised to take final decision in respect of Kisan Sahara Scheme and its related matters, the allotment of contract for computerisation to M/s ING Infotek (P) Ltd. Bangalore was considered as pre-approved

Further the Corporation invoked arbitration clause of the agreement and a case was filed before the Arbitrator i.e. Financial Commissioner and Principal Secretary to Government Haryana, Department of Agriculture, against the Computer agency for not fulfilling its obligations. The Arbitrator was fully convinced with the arguments of Corporation and he announced his award on 6-2-2002 which satisfies the interests of Haryana warehousing Corporation. As per present legal regulations, an award automatically becomes a rule of the Court after 90 days from the date of announcement, if not challenged. Therefore, after expiry of this 90 days period the Corporation would take suitable action, after seeking legal advice in the matter. In the meantime the State Government has initiated disciplinary action against the then Managing Director for alleged negligence on his part in awarding the said contract.”

**The Committee observed/considered the verbal justification and written reply given by the State Government and was of the opinion that responsibility be fixed whosoever committed irregularities in the matter.** The departmental representatives informed the Committee that in this matter a vigilance enquiry has been conducted and FIR has been logged against some persons. **The Committee desired that the details thereof may also be supplied to the Committee. Same have not been supplied till the finalization of the report (March, 2006).**

**REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
FOR THE YEAR 2001-2002.**

**Haryana Agro Industries Corporation Limited**

**3A.5.1. Loss in disposal of paddy**

20 The Company procures paddy for central pool and provides the same to millers who deliver rice to Food Corporation of India (FCI) after milling. During Kharif 1999, the Company procured 15,512 355 MT of paddy out of which it stored 7,065 630 MT with Om Rice Mills, Ratia (Fatehabad) for milling and delivery to FCI. The agreement with the miller, *inter alia*, provided that miller would ensure delivery of rice to FCI between October 1999 and February 2000 and would be responsible for safe custody and maintenance of paddy. In March 2000 after reviewing the progress in milling of paddy procured for central pool by State procurement agencies, the last date for acceptance of rice was extended up to April 2000 by FCI and thereafter, onus for disposal of paddy/rice rested with the Company. Up to April 2000, the miller could deliver rice equivalent to 2,064.50 MT of paddy leaving unmilled paddy of 5,001 13 MT.

Subsequently, the miller offered (May 2000) to deposit either the cost of balance paddy on book weight basis at Rs 723 38 per quintal or the cost of rice as per FCI rates at Rs 993 87 per quintal. But, the Company did not accept the offers on the plea that it could not sell the rice of levy quota in the open market. The plea taken by the management was not tenable as the unmilled paddy stood de-livied by the Government after 30 April 2000 and it could have been disposed of in any manner by the Company. The Company, thereafter, auctioned (July 2000) the unmilled paddy at the rates ranging between Rs. 629 and 640 per quintal.

Besides, shortage of 301 18 MT was noticed while lifting the sold paddy, which was reduced to 101.062 MT after allowing drriage allowance of 4 *per cent* to the miller. The shortage valuing Rs 7.31 lakh, however, has not been recovered from the miller.

Thus, beside Rs 7 31 lakh on account of shortages, the Company suffered a loss of Rs 46 82 lakh in auction of paddy by not accepting the offer of miller.

The matter was referred to the Company and the Government in April 2002; their replies had not been received (September 2002).

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

“The Haryana Government vide its letter No. 19883 dated 14-6-2000 requested to the Government of India for extension of delivery period of CMR beyond 30-4-2000, GOI vide D O letter No. 167 (6)/99-PY-1-2766 dated 21-6-2000 rejected the request of extension of the date of milling of un-milled paddy beyond 30-4-2000. However Government of India exempted 36499 MT of paddy of all procuring agencies pertaining to Kharif marketing season 1999-2000 which remained unmilled as on 30-4-2000 from delivery of levy rice. Therefore, the said paddy was auctioned.

There was only one offer from M/s Om Rice Mill Ratia, therefore, no decision could be taken by the Management. In case of acceptance of the offer of the party the audit would have raised the objections as to why the offer of the single party was accepted.

As regards the loss of Rs. 46.82 lacs indicated to have been suffered by the Corporation, it is submitted that this is not correct as there was no loss to the Corporation in auction of paddy rather there was a profit of Rs. 5.00 lacs as follows —

Sr. No	Particulars	Amount
1	Sale proceeds of 4700.041 MT of Paddy realized through auction	29318270.00
2	Cost of 4700.041 MT of paddy on economic cost of paddy on FCI rate i.e. Rs. 5995.60 PMT	28179566.00
3.	Gross Profit	1138704.00
4	4% drriage allow to the miller on 5001.10 i.e. 200.04 MT on auction rate	1263359.00
5.	Remaining shortage of paddy 101.02 MT debited to the millers on auction rate	640042.00
6	Balance net profit on auction of paddy (3+5)-4	515387.00

The price bifurcation of rates of FCI includes the purchase tax (ST) @ 4% and milling charges @ 13.20 per qtl where as these were not applicable in our case of auction of paddy i.e. neither milling charges were paid nor the purchase tax (Tax was paid by purchaser).

As regards loss of Rs. 0.13 crores on account of 4% drriage, it is stated that as per norms corporation has to accept the paddy during procurement season containing moisture contents upto 18% where as moisture comes down during storage to the level of 10% to 12%. At the time of auction moisture content were found between 10 to 12%. It is a natural process and beyond control and is a part of business cost.

Overall the Corporation did not suffer any loss even after allowing drriage of 4% to the millers and earned a net profit of Rs. 5.00 lacs as detailed above.

Regarding remaining shortage of 101.02 MT paddy valuing Rs. 7.31 lacs, the case of recovery from party alongwith interest is filed with the arbitrator.”

**Information called for by the Committee was not supplied by the Company till the finalization of the report (March 2006).**

### **3A.5.2. Doubtful recovery due to acceptance of defective security**

21 The Haryana Agro Industries Corporation Limited (Company) signed (March 1996) financial collaboration agreement with the promoters of Tushar Agri-Business Consortium (India) Limited, Bahadurgarh for setting up a project of export oriented soft/hardened plants and cut flowers in assisted sector. The collaboration agreement, *inter alia*, provided that the Company would subscribe to equity share capital to the maximum of Rs. 30 lakh and the promoter was required to purchase the equity after expiry of the period of three years from the date of commencement of commercial production or five years from the date of first disbursement towards equity, whichever was earlier. Further, clause 38 and 39 of the agreement envisaged that if the project was not implemented within a period of two years from the date of this agreement, the Company could cancel the agreement and would be at liberty to sell its shareholding in the unit to any person and recover the difference, if any between the price payable and sale proceeds of the share from the collaborator.

In order to safeguard the interest of Company, the promoters were asked to give Fixed Deposit receipts (FDRs) of an amount equivalent to the equity to be released in the form of collateral security. The Company disbursed (28 October 1996) a sum of Rs. 30 lakh to the unit after receipt of FDRs of equivalent amount from the promoters.

During audit (May 2001), it was noticed that while accepting the FDRs, the Company did not observe that the FDRs were in the joint name of the Company and Shri T. N. Aggarwal (father of one of the promoters). The unit did not implement the project in terms of agreement. As such, the Company recalled (March 1998) the equity capital. In order to encash the said FDRs, the Company approached (February 1999) Nainital Bank Limited, Delhi through Union Bank of India Chandigarh to release the payment. However, the Nainital bank Limited returned (18 March 1999) the FDRs to the Union Bank of India with the remarks that the FDRs had not been discharged by the competent authority of the Company as well as Shri T. N. Aggarwal. The Company filed a complaint (January 2000) with National Consumers Dispute Redressal Commission, New Delhi against the bank and prayed for issue of directions to the bank to release the FDRs. The commission dismissed (September 2000) the complaint of the Company with remarks that dispute raised in the petition should be decided before a Civil Court. The Company however, filed (July 2001) a civil suit against Nainital Bank Limited and Shri T. N. Aggarwal for release of FDRs. Further, progress of the case was awaited (April 2002).

The management in reply to preliminary memo stated (June 2001) that although there was no condition in the agreement for obtaining collateral security, yet it took the FDRs from promoters to safeguard its interests. Reply was not tenable as obtaining defective collateral security of FDRs did not serve the desired purpose and led to doubtful recovery of Rs. 30 lakh.

The matter was referred to the Company and the Government in May 2002, their reply had not been received (September 2002)

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

“The Corporation sanctioned equity participation of Rs 30 lakh to the Company namely M/s Ttushar Agri Business Consortium India Ltd., for setting up a project of Tissue Culture in the State of Haryana. The approval from the Investment Promotion Centre under the Chairmanship of Chief Secretary of Haryana and the approval from the Project Approval Board under the Chairmanship of Hon’ble Chief Minister of Haryana was obtained for sanction of equity participation to the project. A Financial Collaboration Agreement was signed by the Corporation on 27-03-1996 with the promoters indicating the terms and conditions for release of equity participation. As per the Financial Collaboration Agreement, there was no clause in the agreement that the promoters shall give any FDR to the Corporation in the form of the collateral security. However, one of the promoters namely Shri T. N. Aggarwal (Father of Shri Yogesh Aggarwal, Managing Director of the Company) deposited three FDRs of Rs 10 lacs each with the Corporation on its own at the time of release of equity participation to the project. The FDRs were issued by Nainital Bank at its branch in Delhi in favour of of HAIC Limited Account T. N. Aggarwal. As per the affidavit given by Shri T. N. Aggarwal to the Corporation it was mentioned that FDRs are deposited to fulfil the commitment of buy back agreement. The corporation has not received any FDR or any other security from, any other Assisted Sector Projects in which equity participation has been made. HSIDC also sanctioned and released equity participation of Rs. 40 lacs to the project. A similar affidavit was given by Shri T. N. Aggarwal to HSIDC alongwith FDRs of Rs 40 lacs. Subsequently Shri T. N. Aggarwal made a request to the Corporation to return the FDRs which was not accepted by the Corporation as the property offered by Shri T. N. Aggarwal to the Corporation did not have clear title on the property of Shri T. N. Aggarwal.

The promoters did not implement the project and therefore, the Corporation launched legal action against the promoters. The Corporation also made a request through its Banker to the Nainital Bank to encash the FDRs, however, the Nainital Bank refused to encash the FDRs. The Corporation made a separate complaint of the Bank to the Reserve Bank of India for not encashing the FDRs by the Nainital Bank. The matter was also taken up by the Corporation with the Ministry of Finance but no action was taken either by Reserve bank of India or by Ministry of Finance against the Nainital Bank. The Corporation then filed legal case against the Nainital Bank in the Consumer Court. The Consumer Court decided that since the amount of compensation exceed Rs 20 lacs and beyond the pecuniary jurisdiction of the commission, the complaint was therefore returned for such action. The Corporation then filed suit application in the National Consumer

Commission at Delhi against the Bank which decided that the dispute raised in this regard should be decided before a Civil Court. The Corporation then filed Civil Suit against the Nainital Bank and the next date of the hearing is fixed for 30-4-2003.

As per the Financial Collaboration Agreement, the Corporation also launched Arbitration Proceedings against the promoters for buy back of equity participation alongwith interest as per the terms of the agreement. The Arbitrator announced the award on 10-7-2002 in favour of the Corporation for a total amount of Rs 43,26,998.00 with interest @ 18% per annum with effect from 1-1-99. As per the award announced by the Arbitrator, the FDR's of Rs 30 00 lakh lying pledged with the Corporation shall be utilised by the Corporation for the realisation of the amount awarded in favour of the Corporation and balance shall be recovered from the promoters in accordance with law. Copy of this award has also been sent to the Nainital Bank for encash the FDR, but no action has been taken by them. The Corporation has filed execution proceedings against the promoters for recovery of its dues. The next date of hearing is fixed for 26-4-2003. All promoters challenged the award in the Civil Court and the next dates in each case are fixed for 7-5-2003, 7-5-2003 and 9-5-2003.

In view of the above, since there was no clause in the Financial Collaboration Agreement for deposit of FDRs by the promoters which was however, given by them on its own at the time of release of equity and that the Corporation has already launched legal actions against the promoters and the Nainital Bank, therefore, there is no lapse on the part of the Corporation."

**Since the matter is in the court, Committee has decided to keep the paragraph pending till the decision of the court.**



## ANNEXURE-I

Para No 2A 77

Sr No	Name and designation	Memo No and Date vide which charge sheet issued	Delay in charging the amount	Omission of balances	Total	O/O No and date of decision	Decision taken
1	2	3	4	5	6	7	8
1	J C Panchai, ABE	Ch-14/Conf-3817/ dated 30-12-96	37777 00	58127 00	9590 00	207/HPGC-Conf-202 dated 12-10-2001	Warned to be careful in future
2	Y D Sareen, ABE	Ch-9/Conf-3816/ dated 30-12-96	—	117507 00	11750 00	30/G M & Admn dated 7-8-2000	The officer was warned to be careful
3	C K Sharma, ABE	Ch-18/Conf-3818/ dated 20-12-96	18227 00	15038 00	3326 00	15/Conf-3818/ DVN-293, dated 23-2-2001	Charge No. 1 Out of Rs 15038/-, 10% amount i.e. 1504/- were ordered to be recovered from Shri S K Sharma and balance Rs 13534/- to be recovered from the CA/UDC and Ledger Keeper
							Charge No. 2 Out of Rs 18227/-, 70% of the interest loss i.e. Rs 12759/- is ordered to be recovered from the Officers and balance of Rs 5468/- is to be recovered from the CA
4	V P Thukral, ABE	Ch-6/Conf-3813 dated 30-12-96	—	698 00	698 00	335/Conf-3813 dated 30-11-99	Recovery ordered for Rs 349/- and warned to be careful in future
5	R S Chug, AE	Ch-7/Conf-3814 dated 17-12-96	—	4118 00	4118 00	SE/Admn HVPNL Pkl O/O No 131/ Conf-3814 dated 17-4-97	Services of the officer has been censured

1	2	3	4	5	6	7	8
6	J C Arora, AEE	Ch-6/Conf-3815 dated 30-12-96	--	6987 00	6987 00	38 Conf-3815 dated 27-1-98	Warned the Officer to be more careful in future
7	P S Sami, AE	Ch-40/Conf-3819 dated 20-7-99	13973 00	4371 00	18344 00	SE/Admn HVPNL Pkl O/D No 163/ Conf-3819 dated 18-6-99	To be more careful in future Rs 1834/- to be recovered from the officer

## ANNEXURE-2

PARA NO 2A-77

Sr No	Name and designation	Amount obtained CIF in ledger	Authority who was issued charge sheet	Charge Sheet/Show Cause Notice issued vide Memo No. & date	O/O No & date vide which the final action taken on Charge Sheet/ Show Cause Notice	Punishment Awarded	
						3	7
1	Surat Singh, CA	—	CE/Op Hisar	Ch-20/CA-496 dated 8-9-98	132 dated 16-9-2003		Rs 61719/- ordered to be recovered from the official besides his two annual increments with future effect stopped and QR of the relevant period downgraded
2	A P Verma, CA	—	-do-	Ch-167/UDC-1100 dated 8-9-98	131 dated 16-9-2003		Rs 68650 12 ordered to be recovered from the official besides his one annual increment without future effect stopped and QR of the relevant period one step downgraded
3	R S Malik, CA	—	-do-	Ch-9/CA/527 dated 8-5-98	—		Final action on charge sheet awaited from CE/OP, UHBVN, Rohtak being official now working under Operation Circle, Rohtak
4	Prem Singh, UDC	—	-do-	Ch-25/UDC-1744 dated 8-9-98	83 dated 27-5-2003		Recovered Rs 90410/- from the gratuity of the official vide JVR No 15 & 16 in 4/2003
5	Jyoti Prashad, UDC	—	-do-	Ch-5/UDC-5139 dated 1-5-98	178 dated 14-6-99		Rs 60913/- recovered from Leave Encashment paid to the official on 27-3-2000 and salary from 6/2K
6	Manget Ram, UDC	—	CE/Op, Hisar	Ch-9/UDC-5129 dated 3-9-98	133 dated 9-8-2000		Rs 1755/- recovered from the salary for the month of 6 & 8/2001

1	2	3	4	5	6	7	8
7	Devinder Singh, UDC	—	CE/Op Hisar	Ch-2/UDC-5184 dated 1-9-98	133 dated 16-9-2003		Rs 54539/- ordered to be recovered in installments Besides this two Annual Increments with future effect stopped and QR of the relevant period downgraded
8	Jagdish Chander ALM	5545 66	SE/(Op) Hisar	8319 dated 9-6-98	XEN/Op Divn No 1 Hisar Memo No 15229 dated 19-10-2001		Rs 1475/- recovered from the pay of the Official
9	Om parkash Bhutani LM	55391 40	-do-	8711 dated 17-7-98	767 dated 16-9-2003		Two Annual Increments with future effect stopped
10	Raj Kumar, ALM	14350 82	XEN/Op No. 1 Hisar	5961 dated 10-7-98	190 dated 16-9-2003		Two Annual Increments with future effect stopped
11	Shuv Charan LDC	488325 17	SE/Op Hisar	7210 dated 6-7-98	768 dated 16-9-2003		Four Annual Increments without future effect stopped
12	Ram Gopal, LDC	44237 22	-do-	8990/EP-3084 dated 14-7-98	769 dated 16-9-2003		One Annual Increment with future effect stopped
13	Vijay Kumar, LDC	85331 37	-Do-	7280/EP-3033 dated 6-7-98	770 dated 16-9-2003		One Annual Increment with future effect stopped
14	Raghu Dut, LDC	93371 00	-Do-	8387/EP-3835 dated 16-7-98	771 dated 16-9-2003		Two Annual Increments with future effect stopped
15	Krishan Kumar, LDC	1725 00	-Do-	7265 dated 6-7-98	Memo No EP-2214/ Ch-48 dated 16-9-2003		Rs 1245/- recovered and a Letter of Warning issued
16	Kuldeep Rajpal LDC	721 30	-Do-	7809/EP-3036 dated 7-7-98	995 dated 7-12-2001		Rs 902 93/- recovered
17	Ram Tilak, LDC	2506 00	-Do-	7194/EP-2028 dated 3-7-99	38 dated 9-1-2002		One Annual Increment with future effect stopped
18	Vinod Kumar, B D	8654 16	XEN/OP, No 1 Hisar	5963/EP-7075 dated 10-7-98	191 dated 16-9-2003		Two Annual Increments with future effect stopped

## ANNEXURE-3

PARA NO 2A 11

Statement showing operational and financial performance of the erstwhile Board and Companies before and after restructuring

Sl No	Particulars	Pre restructuring period				Post restructuring period					
		1996-97	1997-98	1 April 98 to 14 August 98	14 August 98 to 31 March 1999	1999-2000		2000-2001		As per Reform Programme	Actual
		3	4	5	6	7	8	9	10		
1	2										
1	Plant load factor (percent)										
	Panipat Thermal Power Station (Units I to V)	48 36	50 38	40 27	57	50 43	61	50 02	66		47 91
	Faridabad Thermal Power Station	44 92	44 41	52 93	57	63 33	61	65 91	66		56 91
2	Transmission and distribution losses (percent)	31 71	33 37	36 12	32	32 56	31	36 56	29		38 80
3	Percentage of damage of transformers	31 77	34 17	28 84	26	28 84	24	25 83	22		NA
4	Increase in agriculture tariff (percent)	—	0	—	0	0	37	Nil	33		47 8
5	Increase in non-agriculture tariff (percent)	20	0	15	15	15	10	Nil	10		9 15
6	Average revenue (paise per Kwh)	169.83	207 13	190 80	269	242 94	299	224 98	330		NA
7	Average cost of supply (paise per Kwh)	235 40	287 53	296 70	284	292 64	292	330 28	320		NA

1	2	3	4	5	6	7	8	9	10	11
8	Percentage of subsidy to total revenue	40.79	39.89	14.56	18.6	18.93	16.4	18.64	10.8	NA
9	Return on net worth (percent)*	—	—	—	(-) 56	(-) 542.54	10	(-) 177.80	16	NA
10	Net receivables (month's sales)	4.1	4.8	5.9	3.00	5.10	2.4	6.33	2.1	NA

\* Return on net worth represents profit (excluding subsidy from State Government) divided by paid-up capital plus reserves less intangible assets

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