

HARYANA VIDHAN SABHA
COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2016-2017)
(THIRTEENTH VIDHAN SABHA)
SIXTY THIRD REPORT
ON THE
REPORT
OF THE
COMPTROLLER & AUDITOR GENERAL OF INDIA
ON PUBLIC SECTOR UNDERTAKINGS
(ECONOMIC AND SOCIAL SECTORS)
FOR THE YEAR ENDED 31ST MARCH, 2013



(Presented to the House on . . . March, 2017)

HARYANA VIDHAN SABHA SECRETARIAT, CHANDIGARH
MARCH, 2017.

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**COMPOSITION
OF
THE COMMITTEE ON PUBLIC UNDERTAKINGS
FOR THE YEAR
(2016-2017)**

CHAIRPERSON

- 1 Dr Abhe Singh Yadav, MLA

MEMBERS

- 2 Sardar Jaswinder Singh Sandhu, MLA
- 3 Shri Sri Krishan Hooda, MLA
- 4 Shri Om Parkash Yadav, MLA
- 5 Smt Latika Sharma, MLA
- 6 Sh Aseem Goyal, MLA
- 7 Prof Ravinder Baliala, MLA
- 8 Shri Jasbir Deswal, MLA
- 9 *Shri Balwan Singh, MLA

SECRETARIAT

- 1 Shri R K Nandal, Secretary
- 2 Shri Pritam Singh, Under Secretary

*Shri Balwan Singh, MLA nominated as Member of the Committee on 18th May, 2016 for the remaining period of the year 2016-2017.

(v)

INTRODUCTION

I, the Chairperson of the Committee on Public Undertakings, having been authorized by the Committee in this behalf present this Sixty Third Report of the Committee on the Report of the Comptroller and Auditor General of India on Public Sector Undertakings (Economics and Social Sectors) for the year ended 31st March, 2013 relating to The Rajiv Gandhi Grameen Vidyutikaran Yojana (Review) (Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited), Haryana Warehousing Corporation Limited (Review) and Haryana Scheduled Castes Finance and Development Corporation Limited,

The Committee for the year 2016-17 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 on its inspection/spot-study has been kept in the Haryana Vidhan Sabha Secretariat.

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

Chandigarh
The 18th February, 2017

ABHE SINGH YADAV
CHAIRPERSON

REPORT

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON PUBLIC SECTOR UNDERTAKINGS (ECONOMIC AND SOCIAL SECTORS) FOR THE YEAR ENDED 31st MARCH, 2013.

Rajiv Gandhi Grameen Vidyutikaran Yojana (Review)

2. Performance audit relating to PSUS - Government Companies and Corporation

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

2.1 Rajiv Gandhi Grameen Vidyutikaran Yojana

2.1.5.5 Unfruitful expenditure on Distribution Transformer (DT) meters

5,082 DT meters installed at a cost of ₹ 8 27 crore had not been utilised for conducting energy audit due to lack of infrastructure / e server/ routers at headquarter to receive and process the data. Thus, the expenditure of ₹ 8 27 crore incurred on these meters was rendered unfruitful. DISCOMs stated (October 2013) that these DT meters would be utilised for conducting energy audit in future as consumer indexing has been completed now.

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

Reply of UHBVNL & DHBVNL

It is again added that the provision of DT meter in the DPRs was strictly in accordance with the REC guidelines for RGGVY projects which clearly states that installation of energy efficient distribution transformers (DTs) of appropriate capacity in village for putting into place a less LT system with provision of reliable protection and metering of LT side of meters have another role in detection of theft on a particular DT by comparing the unit recorded in the DT meter as well as the units recorded in the consumer meters connected to that DT. So the installation of the DT meters was mandatory in view of REC guidelines as well as fruitful in terms of detection of theft.

It is also added that now the feeder indexing up to the level of DTs has been completed in both the Discoms and the Energy Audit is also being carried out on regular basis by creating a dedicated "Energy Audit" cell for this purpose.

Reply of UHBVNL & DHBVNL

The provision of DT meter in the DPRs was strictly in accordance with the REC guidelines for RGGVY projects which clearly states that installation of energy efficient distribution transformers (DTs) of appropriate capacity in village for putting into place a less LT system with provision of reliable protection and metering on LT side of DTs. It is further intimated that after submission of DPR of Bhiwani District, the REC, during preliminary

examination of DPRs, has observed as under (Annexure-I)

"5 586 No DTC of 25 KVA capacity have proposed in the scheme. The proper justification for the quantity proposed has not been attached with the DPR, which may be supplied

" Also provision of DT meter on every DTC may be made for energy auditing."

It is also intimated that REC had also made the similar observations w r t DPR of Sirsa and Hisar district (Annexure -II and III)

The DT meters have another role in detection of theft on a particular DT by comparing the unit recorded in the DT meter as well as the units recorded in the consumer meters connected to that DT. So the installation of the DT meters were made keeping in view of REC guidelines as well as observations made by REC before approving the DPR's and also its fruitfulness in terms of detection of theft.

After implementation of the RGGVY scheme, it was thought to start the Energy Auditing on the DTs installed under RGGVY, but due to installation of less no DTs with DT meter under RGGVY and other DTs, already installed before implementation of RGGVY scheme, were without DT meters in a village, which might lead to social clash in a particular village. Hence energy auditing on these DTs installed under RGGVY scheme with human intervention (manual process) could not become practice in the field. However, in individual /isolated cases energy audit is being carried out by field offices on need basis (i.e. if any complaint received by field offices with respect to large scale theft) and asset created under the scheme (i.e. RGGVY) will be utilized by the Nigam wherever need arises for energy auditing by field offices.)

However, it is pertinent to mention that, even in the present central sector schemes (IPDS/DDUGGY /UDAY) introduced by MoP, GoI, for the improvement of distribution sector, the mandate for DT metering facility has been continued but along with the IT enablement so as to institutionalize the things which earlier could not happen because of its large dependency on field resources and backend infrastructure. Under the present process driven approach, not only the technology is being/has been planned for its induction along with the new infrastructure, rather the usage of the legacy systems is/has also being/been kept in view along with retro fitments for the long term operational sustainability of the system.

The Committee observed that the detailed informations regarding status of 5082 DT meters as regard to their functionality has not been supplied by the Department/Corporations till the finalization of the report. The Committee, therefore, recommends that the information as desired by the Committee be submitted within three months for perusal of the Committee.

2.1.7 Implementation of projects / works

2.1.7.1 DISCOMs awarded 15 contracts at a cost of ₹ 259 crore against sanctioned project cost of ₹ 200.22 crore as detailed below

Table 2.1.1

(₹ in crore)

Name of DISCOMs	Number of projects	Number of contracts	Sanctioned Project cost ⁹	Contract cost	Difference of contract cost with reference to sanctioned cost
UHBVNL					
10th Plan	4	2	44.75	64.75	+20.00
11th Plan	7	3	52.21	76.24	+24.03
Total	11	5	96.96	140.99	44.03
DHBVNL					
11th Plan	7	7	87.16	102.20	+15.04
11th Plan Phase-II	3	3	16.10	15.81	-0.29
Total	10	10	103.26	118.01	14.75
Grand Total	21	15	200.22	259.00	58.78

From the above, it can be seen that the contract cost of two¹⁰ contracts in UHBVNL under 10th Plan and three 11th contracts under 11th plan were higher as compared to the sanctioned cost. The higher cost ranged between 8.39 and 133.84 per cent due to higher rates as compared to the rates in DPRs in respect of first two contracts and higher rates along with higher quantity in respect of remaining three contracts which were awarded, before approval of DPRs by REC. In DHBVNL, in six¹² contracts, higher cost ranged between 17.25 and 34.66 per cent due to higher rates and inclusion of H T Aerial Bunched (AB) cable. Resultantly, DISCOMs bore additional financial burden as REC, while approving revised DPRs, had disallowed ₹ 37.03 crore (UHBVNL) and ₹ 6.31 crore (DHBVNL).

The Management stated that the matter would be looked into and in future, empanelment of vendors would be common for both the companies.

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

UHBVNL/ DHBVNL

The prescribed procedure by the Haryana Government was followed by the Nigam i.e. the award of turnkey works was referred to the Special High Powered Purchase Committee (SHPPC) comprising of senior cabinet Ministers and Senior Bureaucrats of the State Govt. The excessive hike in lowest received rates were beyond the control of SHPPC as stringent negotiations were held with the L1 bidders following all the transparency and justified manner and the awards were made to the lowest bidder, in a fair and impartial manner. The resultant additional burden was born by the Nigam as there was no alternate to it.

⁹ Excluding overhead charges of implementing agency and service charges of REC

¹⁰ Bid-4 for Rohtak and Bid-51 for Karnal, Sonapat and Panipat

¹¹ Bid-96 for Jind, Jhajjar and Kaithal, Bid-97 for Ambala, Kurukshetra, and Yamunanagar and Bid-98 for Panchkula

¹² Bhiwani (TED-61), Fatehabad (TED-83), Mewat (TED-84), Hisar (TED-66), Mohindergarh (TED-62) and Rewari (TED-86)

The delay due to various reasons beyond the control of the Nigam and unforeseen circumstances encountered during electrifications of the material due to additional list of BPL households provided by the civil administration on no of occasions. Future more, it is also added that the locations for release of connections to BPL consumers were far-flung distant/spread - over from the main towns /village which resulted in the requirement of additional infrastructure such as longer lines etc leading to higher cost

The Nigam awarded the contract after following competitive bidding process and rates of contracted quantity were the best available at that the time

It is also informed that the Nigam has now started the empanelment of vendors

During the oral examination, the Committee desired to submit the latest information regarding overall actual expenditure incurred. But the desired information has not been supplied by the department so far. Therefore, the Committee recommends that latest information about this para be supplied within three months.

2.1.7.3 Delay in completion of projects

The Scheme undertaken by UHBVNL (11 districts) and DHBVNL (10 districts) had provided completion period of one year and nine months respectively. The scheduled date of completion, date of completion and delay in execution of projects are mentioned in **Appendix 6**. Perusal of the **Appendix showed that:**

- (i) Eight projects of UHBVNL were delayed for period ranging between seven and 67 months and remaining three projects were not completed till March 2014 and,
- (ii) Six projects of DHBVNL were completed with delay ranging between 10 and 28 months, one project was terminated (July 2012) and three projects, were incomplete (March 2014)

Reasons for delay in completion were delayed award of contracts after the approval of DPRs and delayed execution of the projects by the contractors. The Management stated that the time provided in the contracts was not realistic and on lower side and should have been two years as per Scheme. The reply was not acceptable as the contractors had agreed to the time schedule and had quoted their rates accordingly.

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

Reply of UHBVNL

It is iterated that the locations for release of connection to BPL consumers were far- flung distant/ spread-over from the main towns/ villages which resulted in the requirement of additional infrastructure such as longer lines etc leading to higher cost

The contractors who were awarded these projects also contributed

towards delay in completion due to unforeseen circumstances as there were number of Right-of-Way problems that occurred during the execution including certain Court cases which took a sizeable time & resulting in to delay of the projects. Further the urbanization of the villages & high cost of land further aggravated the situation as the landholders obstructed & demanded compensation for the erection of poles etc ,

Reply of DHBVNL

It is iterated that the locations for release of connection to BPL consumers were far-flung distant / spread-over from the main towns/villages which resulted in the requirement of additional infrastructure such as longer lines etc leading to delay in execution

The contractors who were awarded these projects also contributed towards delay in completion-due to unforeseen circumstances as there were number of Right to way problems that occurred during the execution including certain court cases which took a sizeable time & resulting in to delay of the projects. Further the urbanization of the villages & high cost of land further aggravated the situation as the landholders obstructed & demanded compensation for the erection of poles etc.

Regarding Bhiwani project of DHBVN, it is informed that the deficiencies were there as the firm had stopped working and thus the contract was terminated. Accordingly, the Nigam had no other option, but to complete the balance work of project on its own and raise a claim on the firm as per contract, for which Nigam has already invoked Arbitration clause for recovery of dues and till date 12 no arbitration proceedings have been held. The claim in shape of claim petition have already been submitted to Arbitral Tribunal (AT), but the award of this arbitration case is yet to be published by the Arbitral Tribunal (AT)

During the oral examination, the Committee desired to submit the latest information regarding completion of the projects. But the desired information has not been supplied by the department so far. Therefore, the Committee recommends that latest information about this para be supplied within three months.

2.1.7.4 (i) Deficient contract management

In three turnkey contracts, awarded (July¹⁶ and October¹⁷ 2007), for ₹ 76.24 crore by UHBVNL, the scheduled date of completion was July 2008 and October 2008. The penalty for delayed completion was @ 0.5 per cent per week or part thereof up to 10 weeks and 0.75 per cent per week or part thereof for delay beyond 10 weeks on value of un-commissioned works subject to maximum of 12.5 per cent on value of un-commissioned works. The contractors were granted extension up to 31st August 2009 without levy of penalty and were refunded (May-June 2009) the penalty recovered amounting to ₹ 6.10 crore. But the contractors did not complete the work even in extended period, i.e., 31st August 2009. The contractors submitted

- ¹⁶ Bid No 96 (Jind, Jhajjar and Kaithal) to MJs Jitco Overseas Projects Limited
- ¹⁷ Bid No 97 (Ambala, Kurukshetra and Yamunanagar) to M/s Jitco Overseas Projects

Limited and bid No 98 (Panchkula) to M/s DEE Control & Electricals Private Limited

running bills of ₹ 5 86 crore and abandoned the works in March 2011. The Company deducted penalty of ₹ 1 07 crore only against ₹ 9 53 crore recoverable (being 12 5 per cent of the project cost i.e. ₹ 76 24 crore), leaving unrecovered penalty of ₹ 8 46 crore. The value of the work done and measured by the field offices was ₹ 31 54 crore against which the Company had already made payments of ₹ 40 97 crore, an excess payment of ₹ 9.43 crore. No security cover was available with the Company to recover these overpayments. The Performance Bank Guarantees (PBG) had also lapsed. Thus, the Company incurred a loss of ₹ 17 89 crore (short recovery of penalty ₹ 8 46 crore and excess payment ₹ 9 43 crore).

Management while agreeing to the audit observations stated that they were now adopting uniform terms and conditions for both the companies.

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

Further in three turnkey contracts, awarded (July 16 and October 17 2007), for Rs 76 24 crore by UHBVNL, the scheduled date of completion was July 2008 and October 2008. The penalty for delayed completion was @ 0 5 per cent per week or part thereof up to 10 weeks and 0 75 per cent per week or part thereof for delay beyond 10 weeks on value of un-commissioned works. Accordingly the full penalty was deducted from the firm amounting to Rs 6 10 Crore and the same was refunded to the firm on May 2009 as the firms were granted extension up to 31 08 2009 as per the decision of the Nigam. The penalty deducted is on the un-commissioned work as per the penalty clause. Further the firm did not complete the works up to 31 08 2009 and abandoned the works, and thereafter Nigam deducted the penalty amounting to Rs 1 07 Crore which is more than 12 5% of the bill amount raised by the firms i.e. Rs 5 6 crore. Further the final penalty comes out to the tune of 2 66 Crore instead of 9 53 Crore which was found recoverable at the final closure of the works made after the firm abandoned the works and did not come forward for the final closure inspite of best effort of the Nigam. The value of the work done and measured by the field offices was RS 31 54 crore against which the Company had already made payments of Rs 40 97 crore, for the material brought to the sites by the firms and material amounting to Rs 9 43 is lying with the firm for which the firm received the payment, but did not erect the material at site and the firm instead of settling the final closures invoked the Arbitration clause before the Hon'ble High Court against which the Nigam has also lodged its claim for recoveries before the arbitrator appointed by Hon'ble High Court. Sh KS Grewal Justice (Retd) is the appointed Arbitrator & Sh Naresh Markanada Senior Advocate along with Sh Raghujeeet Madaan Advocate have been engaged by Nigam to defend the case. M/s JITCO has filed claims & Nigam has also filed counter claims before the Arbitrator. Nigam also lodged Police complaints/FIRs against the defaulting firm (Annexure-III).

Further, in respect of M/s Dee Control arbitration proceedings are in process with Chief Engineer, HPPC, Panchkula as Arbitrator.

The performance Bank Guarantees was also not extended by the firm in spite of repeated requests & reminders by the Nigam and simultaneously the officer/official responsible for not being vigilant & careless about maintaining the validity of BGs & not liquidating the BGs before expiry of its validity have been charge sheeted

After discussion of the above para, the Committee is of the opinion that the irregularities, pointed out by Audit, involved in this para are of serious nature and the same cannot be simply ignored. Apparently, it appears that there has been sheer lack of supervision at the level of the officers and the matter deserves to be inquired into by an independent agency. Therefore, the Committee recommends to the State Government that a special team, be constituted by the Vigilance Department to enquire into this matter and senior rank officer of the Police Department may monitor and supervise the enquiry regularly. The enquiry report be submitted before this Committee within a period of four months and the matter would be considered thereafter.

2.1.7.4

- (iii) As per Quality Control Manual of REC for RGGVY works, turnkey contractors and the DISCOMs were required to conduct 100 per cent inspection of works and BPL connections of all the villages to ensure quality workmanship. We observed (May 2013) that the contractor¹⁸ had partially executed various works of RGGVY in Yamunanagar project. Resultantly, 900 LT poles were erected but work of LT line was not completed. Another 5 KM cable and 16 DTs were lying unconnected to distribution network. This indicated that inspection of works of BPL connections was not conducted as per Quality Control Manual. Management stated that the works had been completed departmentally and connections had been released, but did not produce the details/ documents in support of actual release of BPL/APL connections in these villages.

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

RGGVY works in Yamuna Nagar district was awarded to M/s JITCO. The firm abandoned the work in between and did not come forward for final closure as elaborated in the reply at (i) above. The firm brought the material at site for which they received the payment but did not erect the complete material. The firm invoked the arbitration clause before the Hon'ble High Court and the matter is under arbitration.

It is reiterated that works were completed departmentally and 6185 BPL connections has been released as per closure report.

After discussion of the above para, the Committee is of the opinion that the irregularities, pointed out by Audit, involved in this para are of serious nature and the same cannot be simply ignored. Apparently, it appears that there has been sheer lack of supervision at the level of the officers and the matter deserves to be inquired into by an independent agency. Therefore, the Committee recommends to the

State Government that a special team be constituted by the Vigilance

¹⁸ M/s Jitco Overseas Projects Limited

Department to enquire into this matter and senior rank officer of the Police Department may monitor and supervise the enquiry regularly. The enquiry report be submitted before this Committee within a period of four months and the matter would be considered thereafter.

2.1.7.4

- (iv) DHBVNL awarded (April 2008) a turnkey contract at a cost of ~ 18 39 crore with scheduled date of completion of work as 16 January 2009 extended up to 31 August 2010. As contractor failed to complete the work by 31 August 2010, the DHBVNL terminated (July 2012) the contract and encashed (4 July 2012) the BG of ₹ 1 84 crore towards 10 per cent liquidated damages. Terms and conditions of the contract, inter-alia, provided that 90 per cent payment of the cost of work done would be made on the basis of measurement of work by Engineer-in-Charge. The contractor had submitted running bills and Engineer-in-Charge certified 90 per cent payment as ₹ 15 84 crore which was released. Subsequently, on measurement of the work, the value of work done worked out to be ₹15 32 crore and 90 per cent of the same worked out to be ₹13 79 crore leading to excess payment of ₹ 2 05 crore (₹15 84 crore - ₹13 79 crore) and an interest loss of ₹29 55 lakh up to March 2014 at 11 50 per cent per annum. Management while agreeing to the audit point stated that departmental action has been initiated.

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

Reply of DHBVNL

It is again reiterated that the disciplinary action against the delinquent officers/ officials stands initiated and charge sheets also stands issued.

It is also informed that the Nigam has also invoked the Arbitration clause of the tender for recovery of Nigam's dues and till date 14 no arbitration proceedings (including internal meetings) have been held. The claim in shape of claim petition has already been submitted to Arbitral Tribunal (AT), but the award of this arbitration case is yet to be published by the Arbitral Tribunal (AT).

Latest position:

- After submitting the reply to the Govt, 2 nos arbitration proceedings have been held. 14 nos arbitration proceedings have been done up till now.
- The disciplinary action against the delinquent officers/ officials stands initiated and charge sheets issued. After considering the reply of the charge sheets the following decisions have been taken:
 - (i) Sh. M. M. Gupta, Xen Works, DHBVN, Bhiwani. His services have been censured.

- (ii) Sh Vijender Singh, SDO, Construction, DHBVN, Bhiwani
Two annual increments have been stopped with future effect
- (iii) Sh Sanjay Sheoran, SDO, Construction, DHBVN, Bhiwani
One annual increment has been stopped with future effect
- (iv) Sh Phool Singh, JE, O/o SDO Construction, DHBVN, Bhiwani
Two annual increments have been stopped with future effect

Additional Information

1 Total Recoverable is Rs 4 66 crore on account of Penalty, LD and Material

After adjusting the BG amount of Rs 1 84 crore, the recoverable amount is Rs 2 82 crore and claim filed for this amount before the Arbitral Tribunal

After discussion of the above para, the Committee is of the Opinion that the irregularities, pointed out by Audit, involved in this para are of serious nature and the same cannot be simply ignored. Apparently, it appears that there has been sheer lack of supervision at the level of the officers and the matter deserves to be inquired into by an independent agency. Therefore, the Committee recommends to the State Government that a special team, be constituted by the Vigilance Department to enquire into this matter and senior rank officer of the Police Department may monitor and supervise the enquiry regularly. The enquiry report be submitted before this Committee within a period of four months and the matter would be considered thereafter.

2.1.9.2 Release of balance payment without rectification of faults

As per the provisions of the contracts, 10 per cent balance payment was to be released to the contractors after rectification of faults pointed out by the TPIAs. We observed that though rectification of faults pointed out by the TPIAs were pending, yet the DHBVN had released balance payment of 10 per cent (₹ 3 65 crore) to the contractors in Fatehabad, Sirsa and Mewat projects. Management stated that they had got necessary verification report in respect of rectification of deficiencies detected by the TPI Agencies in Sirsa and similar action was being taken in case of Fatehabad and Mewat districts. But the fact remains that the balance payment was released by the companies without verifying the rectification of faults by the contractors.

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

Reply of DHBVN

The payment was released by DHBVN to the firm strictly as per the payment terms of the contract and only after attending the observations pointed out by the 3rd party. The inspection has been got carried out two times by the 3rd party and every time, the observations have been attended. But due to the theft prone areas, every time whenever inspection was carried out, new observations crept in.

Additional Information:

- 1 M/s ERDA was the first third party inspection agency
- 2 M/s QSS was the second third party inspection agency

After discussion of the above para, the Committee is of the opinion that the irregularities, pointed out by Audit, involved in this para are of serious nature and the same cannot be simply ignored. Apparently, it appears that there has been sheer lack of supervision at the level of the officers and the matter deserves to be inquired into by an independent agency. Therefore, the Committee recommends to the State Government that a special team, be constituted by the Vigilance Department to enquire into this matter and senior rank officer of the Police Department may monitor and supervise the enquiry regularly. The enquiry report be submitted before this Committee within a period of four months and the matter would be considered thereafter.

REPORT
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA ON PUBLIC SECTOR UNDERTAKINGS (ECONOMIC
AND SOCIAL SECTORS) FOR THE YEAR ENDED
31ST MARCH, 2013

Haryana State Warehousing Corporation
(Review)

2.2 Haryana State Warehousing Corporation

2.2.6.4 Non reconciliation of gunny bales accounts

The Corporation procures gunny bales from Director General, Supplies and Disposal (DGS&D), Kolkata through Director, Food and Supplies (DFS), Government of Haryana. Since advance payment was released for each crop year on provisional basis, reconciliation of account at the end of each crop year was necessary.

The Corporation ordered 1,56,875 bales of Jute/ HDPE bags during 2008-09 to 2012-13, against which it received 1,50,810 bales. Value of shortfall quantity of 6,065 bales of ₹ 9.30 crore remained outstanding with DGS&D, Kolkata (December 2014) on which the Corporation suffered a loss of interest of ₹4.18 crore.

During exit conference the Management stated that the reconciliation was in process.

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

The delay in reconciliation mainly occurs due to non-receipt of vouchers/ bills of the gunnies timely in the office of DGF&S, Haryana from DGS&D, Kolkata / New Delhi. The bills of the indents are generally received after a gap of more than one year or so which leads to non-reconciliation of gunny bales accounts for so long. This is a system lapse which needs to be revived and a new mechanism for the procurement of gunny bales may be formulated at the State Govt. level as soon as possible. HSWC has taken up this matter with the State Govt. by making correspondence with the Additional Secretary to Govt. of Haryana, Agriculture Department and Principal Secretary to Govt. of Haryana, Food Department to improve the system of gunny bales procurement so as to avoid the delay in reconciliation of gunny bales account and in the process to avoid blocking of huge interest get accrued on the outstanding amount of the State Procuring Agencies. However, the observation of the Audit that due to non-reconciliation of gunnies account (year wise), huge amount of interest of the State Procuring Agencies accrued on their principal amount paid to DGS&D, Kolkata (New Delhi) in advance, get blocked, is not denied. Reconciliation process is going on with DGF&S, Haryana, Chandigarh.

1. The observation made by the Audit that the Corporation procures gunny bales from Director General, Supplies and Disposal (DGS&D), Kolkata through Director, Food and Supplies (DFS), Haryana by sending indent along with full payment in advance for each crop year based on

provisional rates, is not denied. It also concurs with the view of audit that reconciliation of account of gunny bales is necessary at the end of each crop year but it is not matured for want of bills/vouchers from DGS&D, Kolkata to DGF&S, Haryana in time. Actually bills of the gunny bale are received in the office of Food & Supplies Department after a period of more than one year or so. Further, it is also mentioned that the Corporation places marketing season wise indent on DGS&D, Kolkata through DGF&S, Haryana and accordingly makes advance payment of gunny bales as per demand and reconciles its gunny bales account internally indent wise after every marketing season and if any short bales are received that are conveyed to DGF&S, Haryana to compensate the Corporation.

2 The observation of the Audit that the Corporation ordered 156875 of Jute/HDPE bales during 2008-09 to 2012-13, against which it received 150810 bales, thus receiving 6065 bales short valuing Rs 9.59 crores, is not correct. Actually, during this period, the Corporation had placed indent of total 143700 Jute/HDPE bales against which 137635 bales were received which were physically less by 6065 bales than the actual indent. Further, the outstanding amount of Rs 9.59 crores shown payable to HSWC has been calculated by the Audit against the gunny bales received short during the period from Rabi 2006 to Rabi 2012 instead of 2008 to 2012 and that too on the basis of indent wise average rate at which the advance payment was made by HSWC which is procedurally not correct as the Audit has not taken into consideration the adjustments of the outstanding amounts made by HSWC against the advance payment of the bales indented in RMS 2007-08, KMS 2008-09 and KMS 2010-11. In fact, the Audit should have calculated value of short bales at the average rate per bale at which the advance payment was made by HSWC after making adjustments of the outstanding amounts. The marketing seasons in which adjustments made by HSWC and shown in the calculation sheet (Annexure-IV), are discussed below in details.

RMS 2007-08

In RMS 2007-08 advance payment of 4160 gunny bales was made @ Rs 11350/- per bale after making the adjustments of Rs 29,12,260/- representing the cost of 260 jute bales received short in Rabi 2006.

KMS 2008-09

In KMS 2008-09, a total amount of Rs 12,29,64,400/- was demanded against the indent of 10140 jute gunny bales at the average rate of Rs 12,126.66/- per bale but the HSWC made payment of Rs 12,06,66,000/- which is less by Rs 22,98,400/-.

RMS 2009-10

In RMS 2009-10, HSWC had received 5978 jute bales in excess than its indented quantity of 4420 jute bales. These bales were of HAIC and the payment of which amounting to Rs 7,29,63,580/- was made to them as per the direction DGF & S, Haryana. Therefore, these bales and the cost thereof have been included in the columns of quantity indented and the payment deposited.

The Audit while calculating the total value of short bales, has not taken into account the value of Rs, 60, 05,800/- received in excess by HWC in RMS 2009-10

KMS 2010-11•

HSWC had received 705 bales short in KMS 2009-10 While making advance payment of jute bales indented in KMS 2010-11, an amount of Rs 1,18,44,000/- representing the value of these 705 short bales was adjusted by HSWC

RMS 2012-13

In RMS 2012-13 HSWC had placed an indent of 25220 jute bales against which it received 2306 bales short valuing Rs 4,19,69,200/-. This outstanding amount of HSWC was adjusted by DGS&D, Kolkata against the advance payment of jute bales indented by HSWC for RMS 2013-14 Not only this, the balance payment of Rs 1,77,97,387/- and Rs 67,26,256/- payable by HSWC against its indent of KMS 2012 and RMS 2013 respectively was also adjusted vide letter No SO COMP-4-(Rabi-2013) 2134 dated 05/02/2013 (Annexure -V), However, the breakup of the amount is shown in the detailed calculation sheet attached

It is evident from the above mentioned details and the calculation sheets attached at annexure -IV, the Audit did not take cognizance of the adjustments of the amount made by HSWC in the marketing seasons discussed in details as above After taking cognizance of the adjustments of the amounts made by the Corporation against the advance payments in respect to the marketing seasons under consideration, it is derived out that, the Corporation had placed a total indent of 148660 gunny bales from RMS 2007 to RMS 2012 against which 142855 gunny bales were received In this way total 5805 gunny bales were received short valuing Rs 6, 64, 20,736/- outstanding/recoverable from DGS&D, Kolkata

Further, As a result DGF&S, Haryana ,Chandigarh has intimated that the outstanding amount of Rs 3,30,55,670/- & Rs 8,53,05,882 of HSWC has been adjusted by DGS&D, Kolkata against the advance payment of gunny bales for Kharif 2014-15 (Annexure – VI) It is also further assured that we are taking keen interest in reconciliation of gunny bales accounts The delay in reconciliation of accounts depends upon the bills/vouchers receive from DGS&D, Kolkata to DGF&S, Haryana Until the system of depositing the advance 100% payment is not discontinued, the delay in reconciliation of gunnies accounts in the above explained circumstances can't be ruled out

During the course of oral examination, the Committee has desired that the year wise information about the adjustments made be supplied to the Committee as well as to the office of Principal Accountant General, Haryana. But the department has failed to supply the desired information. The Committee, therefore, recommends that the latest information as desired by the Committee be supplied within three months.

2.2.7.1 Capacity Utilisation

The Corporation had not fixed any norms for minimum capacity utilisation of the warehouses to assess their economic viability. The utilisation of warehousing capacity and working results of this activity during 2008-09 to 2012-13 are given in Appendix 9. Analysis of Appendix showed that the storage capacity ranged between 14.68 lakh MT (2008-09) and 18.88 lakh MT (2012-13) during the last five years ending March 2013 and the percentage of average capacity utilisation had increased from 83 in 2008-09 to 104 per cent in 2012-13.

2.2.7.2 Warehouse wise working results

The BoD, while approving (September 2008) construction of additional storage capacity, had directed that the godowns should emerge as independent profit centres. The Corporation, however, did not work out the profitability of each unit or warehouse. Analysis of the working results prepared by audit, in respect of each warehouse during 2009-10 to 2012-13 showed the following:

- The loss making warehouses ranged between six and 15 during last four years up to 2012-13. The Corporation had not analysed and reported the matter to the BoD for their monitoring and guidance. These warehouses had low capacity utilisation being in far away location and storage of non Fair Average Quality (FAQ) Bajra, on which the income did not accrue to Corporation as the FCI did not reimburse the storage charges for this coarse grain.
- The warehouses earning profit below ₹ 10 lakh in a year ranged between 14 and 19. While working out these results, the elements of supervision cost of the circle office/head office, depreciation and provisions for staff benefits had not been considered as these were not separately available. Had these elements too been considered, these warehouses would also have turned into losses. The Corporation did not fix the breakeven point.
- The warehouses which earned profits above ₹ 50 lakh ranged between 25 and 49.

During exit conference the ACS directed the Management to work out warehouse wise working results to ascertain their profitability.

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

2.2.7.1

However, it is again reiterated that the average capacity utilization depends on multiple factors like crop yield, mandi arrivals, mandi allotment, lifting by FCI, availability of storage space, etc. These factors vary every year and thus have variant effect on the capacity utilization. In order to provide scientific storage facilities at remote areas, storage capacity is created not with the motive of earning profits but to minimize damage & losses to food grain during storage and strengthen the national food security.

2.2.7.2

The reply of this point regarding sub-standard Bajra has been given in detail against the reply of Para No 22 14 12, which may kindly be perused

It is again clarified that Bajra purchased by HSWC was not only declared as BRL by FCI rather the Bajra procured by all the State Procuring Agencies had been declared as BRL

In order to over-come this problem, the State Govt took up the matter with Scientist and it was found that the refractions in discoloured, shrivelled and immature grains are bound to exceed limits during micro analysis Food & Supplies Deptt Also contacted the Director, Indian Agri Research Institute, New Delhi and Dean, Anand Agri University, Anand, Gujarat and obtained scientific opinion which is given below

1. Dr J A Patel, Research Scientist and Nodal Officer (Seed), Regional Research Station, Anand Agricultural University, Anand Gujrat, while agreeing with the contention of our representation ad-led that there are 110 such grades as fair average quality, superior average quality etc in Bajra which arc existing in crop , like Paddy/Rice A large number of varieties/hybrids with great variation in size/shape soundness and related features are being cultivated and standards for large/ medium and smaller grains , sizes are not available for Bajra In other words we cannot fix 1 refractions like shrivelled and immature gains in the case of Bajra

2. Dr C Tara Satyavanthi, Senior Scientist (Pearl Millet), Indian Agri Institute, New Delhi has given the following opinion on the subject

- Exact specifications are not available for the procurement of Bajra produce as available in paddy or wheat
- The colour, size, hardness and shape of grain are varietals characteristics and may vary from variety to variety
- Dark grey and bold pearl millet grains are preferred in Maharashtra, medium and white grain is the liking in Haryana but thin and long yellow grains are preferred in Rajasthan
- As pearl millet is a highly cross pollinated crop and farmer cannot maintain isolations there are bound to be mixtures in the farmers produce

In view of above, Director, Food & Supplies Deptt , Haryana to the Under Secretary', Govt of India, Ministry of Consumer Affairs, Food & Public Distribution , Department of Food and Public Distribution, Krishi Bhawan, New Delhi vide Memo No RP-I-2010/11999 dated 22 06 2010 has requested to grant relaxation in refractions for procurement of Bajra under MSP

It is a matter of record

However, it is submitted that the the viability of a warehouse-is assessed on the basis of the Income and Expenditure in respect of the Warehouse There are some of the warehouses which are located in the remote area and income from storage from these warehouses is not as per our expectations due to the reasons that the farmers are not left with surplus

grains to be stored in the warehouses. Moreover, with regard to the storage facility extended to the farmers, the Corporation adopts the policy of "No profit no loss" basis. So far as appropriating supervision cost of circle office/head office is concerned it is submitted that the same are apportioned at the time of compilation of accounts of all the field units in Head Office.

As directed by worthy Additional Chief Secretary to work out the warehouse wise working results of profitability, it is informed that the Corporation has been calling information of income and expenditure in respect of all the Warehouses relating to the Warehousing and procurement activities on quarterly basis and the same is placed before the Board in the meeting of the BOD.

During the course of oral examination, the Committee desired that the revised reply regarding performance of Warehouses be sent to the Committee as well as to office of the Principal Accountant General, Haryana. But the department has failed to submit the revised reply till the finalization of this report. The Committee, therefore, recommend that revised reply be submitted within three months for perusal of the Committee.

2.2.8 Storage activity

2.2.8.1 The Corporation is following the schedule of charges fixed by the CWC from time to time for storage of food grains, fertilisers, agriculture produce and other notified commodities. Storage charges are paid in cash at the time of delivery of commodities or on monthly basis in the case of bulk depositors (viz FCI, FSD, HAFED, HAIC and CONFED) ⁵ to whom credit facility was allowed. The table below indicates the storage charges earned, realised and percentage of realisation.

Table 2.2.2

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Opening balance	30 60	31 16	33 07	37 01	39 52
Additions	35 34	41 48	44 86	56 59	64 26
Total	65.94	72.64	77.93	93.60	103.78
Realisation	34 78	39 57	40 92	54 08	63 22
Closing Balance	31.16	33 07	37 01	39 52	40 56
Percentage of collection (Total)	52 74	54 47	52 51	57 78	60 92

⁵ FCI-Food Corporation of India, FSD- Food & Supplies Department, HAFED-Haryana State Cooperative Supply and Marketing Federation Limited, HAIC-Haryana Agro Industries Corporation Limited CONFED-Haryana State Federation of Consumers' Cooperative Wholesale Stores Ltd

It would be seen from the above that the percentage of collection to total recoverable ranged between 52.51 and 60.92. Further, out of ₹ 40.56 crore as on 31 March 2013, ₹ 21.42 crore pertained to the period from 1986-87 to 2007-08 recoverable mainly from FCI, FSD, HAFED, HAIC and CONFED. During exit conference the ACS stated that the matter would be expedited for recovery of old outstanding dues.

Scrutiny of records showed the following in this regard:

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

As indicated in the table prepared by the Audit, an amount of Rs. 40.56 crores has been shown as recoverable from Government agencies including FCI, FSD, Hafed, HAIC and Confed, it is submitted that out of this amount an amount of Rs. 12.26 crore pertains to the rate difference of payment of storage charges in respect of stocks stored in the hired godowns from private parties which has been depicted below:

The FCI had been storing their food grain stocks in the godowns hired by the Corporation from private parties. The FCI used to make payment of storage charges @ Rs. 35.20 per MT per month. In May, 2006 the FCI took the plea that the said godowns are hired by the HSWC at the rate of Rs. 16.70 per MT and as such they (HSWC) are entitled to the payment of rent of these godowns on actual rent paid by them to the private parties plus 15% administrative charges which totals to Rs. 19.20 per MT as against Rs. 35.80 per MT which was being claimed by the HSWC. It would be worth mentioning that about 2.32 lakh MT stocks stood stored in these hired godown and the differential amount calculated for the period May, 2006 to 31.12.2008 worked out to Rs. 12.26 crore which was paid less by the FCI to the HSWC. This amount of Rs. 12.26 crore is a part of the total outstanding of Rs. 40.56 crore as pointed out by the Audit.

This arbitrary decision of the FCI was challenged by the Corporation but the FCI did not pay the amount arbitrarily paid less by them. Though a legal notice was also given to the FCI but as the FCI did not pay the amount to the Corporation, as such it filed a CWP No. 17212 of 2012 in the Hon'ble High Court of Punjab & Haryana which is pending for decision. The next date of hearing fixed in this case is 1.12.2015. It would be pertinent to mention here that the provision for doubtful debts has been made against the recoverable amount.

As regards balance amount of Rs 28 30 crore (40 56 - 12 26), the details are as under

Agency	Outstanding as on 31 3 2013	Amount pertaining to 2012-13 realised in 2013-14	Net Outstanding prior to 31 3 2012	Outstanding for 2008-09 to 2011-12	Provision already made as doubtful recoveries upto 2007-08
FCI	19 71	11 44	8 27	3 92	4 35
FSD	0 68	0 24	0 44	0	0 44
HAFED	0 31	0	0 31	0 01	0 30
CONFED	0 99	0	0 99	0	0 99
Fert Agencies	0 19	0 02	0 17	0 07	0 10
Other agencies	0 25	0	0 25	0	0 25
Pvt Depositors	2 55	2 55	0	0	0
Storage Losses of rice ded by FCI	3 62	0	3 62	0	3 62
Total:	28.30	14.25	14.05	4.00	10 05

Rs 28 30 crore includes the amount recoverable on account of storage charges, rates revised of storage charges and storage charges of over utilization etc. The Corporation has recovered an amount of Rs 14 25 crore during the year 2013-14 and only a balance of Rs 14 05 crore is to be recovered, out of which provision of Rs 10 05 crore has also been made for doubtful recovery.

As per accounting policy of the Corporation, provision against doubtful recoveries outstanding for more than 5 years in respect of debts receivable from Public Sector Undertakings is being made which is to the tune of Rs 22 31 Crore (12 26 + 10 05) upto 31 3.2013.

All out efforts are being made to realize all pending dues for which a Recovery cell has been created at District level as well as Head Office level. The Cell shall start functioning in a short span of time and there is likelihood of the fruitful results.

During the course of oral examination, the Committee desired that the progress report made by the recovery cell be supplied to the Committee but the said report is still awaited till the finalization of this report. The Committee, therefore, recommends that the progress report of the recovery cell be submitted to the Committee within three months.

2.2.8.2 Hiring of godowns to FCI

The FCI pays storage charges to the Corporation at CWC rates. FCI had imposed penalty/ cuts amounting to ₹ 3.08 crore (₹1.92 crore on Corporation's own godowns and ₹ 1.16 crore on godowns hired from private parties) up to December 2008 as the construction of godowns was not as per FCI requirements. The Corporation took up the matter with FCI in January 2008 but did not pursue it thereafter and no recovery had been made so far (March 2014). Further, the Corporation did not recover the deducted amount of ₹ 1.16 crore from the six private godown owners also for the same deficiencies in their construction.

During exit conference the Management stated that the Corporation had recovered ₹ 1.16 crore from the private godown owners. On this, the ACS directed the Management to supply the relevant documents of recovery to audit. The documents were awaited (December 2014).

During the course of oral examination, the Committee was not satisfied with version of the department as no supporting documents were supplied by the Department. The Committee, therefore, recommends that the matter may be settled by the Department/ Corporations with the FCI at the earliest and the information be sent to the Committee within three months.

2.2.8.3 Deduction of storage charges

The Corporation used Galvalume sheets roofing in newly constructed godowns instead of ACC sheets and took up (March 2010) the matter with the FCI for recalculation of storage capacity by taking capacity of each stack as 160 MT instead of 140 MT. The FCI accepted (May 2011) the storage capacity of a stack as 154 MT.

Warehouses at Barwala and Hansi constructed with Galvalume sheets roofing were hired to FCI from May 2010 and storage charges were billed by taking the stack capacity of 154 MT, but the FCI made deduction of ₹ 0.26 crore for both the warehouses for the period from May 2010 to June 2012, by taking the stack capacity as 140 MT, though the capacity at 154 MT per stack was already approved by FCI in May 2011. No serious efforts were made to recover the amount at field office level. On being pointed out in audit, the Head office had taken up the matter with FCI for recovery of ₹ 0.26 crore in June 2014. Further developments were awaited.

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

The observation of Audit that the matter regarding recalculation of storage capacity has never been pursued with FCI is totally denied.

The matter has been regularly taken up with Regional Office, FCI and concerned Area Manager, FCI. The Corporation has been continuously pursuing the matter with FCI authorities vide letter dated 4/8/2012, 18/8/2012, 4/10/2013. Further, the GM, FCI has been requested vide letter dated 21/01/2014 and D.O. letter dated 10/6/2014 to consider the capacity of stack @ 154 MTs and issue appropriate instructions for releasing

payment (Annexure VIII) The matter is being persuaded with FCI vide letter No 22168 dated 9 6 2015

During the course of oral examination, the Committee has desired that the matter be settled by the Department/Corporation with the FCI. The Committee, therefore, recommends that the information regarding finalization/settlements be supplied to the Committee within three months

2.2.8.4 Deductions on account of rebate

In four selected circles for the year 2008-09 to 2012-13, while making the payment of storage charges, the FCI had made deduction of ₹ 0 47 crore as one per cent on account of rebate, though there was no mention of such rebate in the FCI orders. The Corporation had not taken up the matter with the FCI. During exit conference the Management stated that these cases would be reconciled to take appropriate action.

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

The District Managers concerned, who have not protested this arbitrary deduction made by FCI are being asked to take up the issue with their counter parts in Food Corporation of India for realisation of amount.

In view of observations of CAG, the DMs have been directed vide H O letter No 22440-461 dated 12/06/2015 to reconcile deductions made by FCI on account of 1 % rebate on storage charges and expedite the refund with concerned Area Manager, FCI.

Further, the policy of the Corporation to give rebate to FCI is being reviewed for withdrawal.

During the course of oral examination, the department intimated that the reconciliation is being made as per policy with the FCI. The Committee, therefore, recommends that the information about the reconciliation be supplied for information to the Committee within three months.

Haryana Scheduled Castes Finance and Development Corporation Limited

3.10 Irregularities in the financial assistance

In four test checked district offices, against a sanctioned loan of ₹ 4 58 crore (95 cases), vehicles valuing ₹ 1 24 crore (26 cases) were registered as commercial vehicles. Against a recoverable amount of ₹ 73 52 crore, an amount of ₹ 69 12 crore remained unrecovered as on March 2013. No internal audit of the Head office/district offices was conducted from April 2008 to March 2013.

Haryana Harijan Kalyan Nigam Limited was established in 1971 and was renamed as Haryana Scheduled Castes Finance and Development Corporation Limited (Company) in 2000. The main objective of the Company is socio- economic and educational upliftment of the Scheduled Castes families in the State by providing financial assistance in the form of loan and subsidy for self-employment.

The Company provides financial assistance towards 90 per cent of the business cost, subsidy (50 per cent of the business cost subject to maximum of ₹ 10,000) and contributes its share in the shape of margin money under National Scheduled Castes Finance Development Corporation (NSFDC) Scheme, such as purchase of light commercial vehicles, setting up tent house, boutique units etc. Under Bank Tie-up Scheme, the Company provides margin money at the rate of 10 per cent of the project cost and subsidy @ 50 per cent subject to maximum of ₹ 10,000 to the Scheduled Castes families for various activities such as dairy farming, sheep rearing, piggery, kirana shop etc.

Audit test checked records of the Company at head office and five district offices out of 21 district offices covering the period from April 2007 to March 2012 to ascertain the extent of adherence to various provisions relating to sanction, disbursement, utilisation and recovery of financial assistance provided to the beneficiaries. The Company has catered to 20,005 beneficiaries (amount disbursed ₹ 86 44 crore) in five²² selected districts out of which audit verified 594 beneficiaries (amount disbursed ₹ 3 54 crore).

Vehicle Scheme

I. To make the Scheduled Castes beneficiaries self-employed, the Company sanctioned ₹ 7 73 crore for 155 beneficiaries under Vehicle Scheme during the period 2007-08 to 2011-12. In the test checked four²³ district offices the Company sanctioned loans of ₹ 4.58 crore to 95 beneficiaries @ ₹ 4 65 lakh per unit carrying interest @ six per cent per annum recoverable in five years for purchase of light commercial vehicles (10 seater Jeep,

For proper implementation of vehicle Scheme, the Company had to ensure that the vehicles were registered as commercial vehicles so that the beneficiaries could run their business and earn livelihood. Out of these 95 vehicle cases only 26 vehicles valuing ₹ 1 24 crore (27 per cent) were found registered as Commercial vehicles. In 35 cases, proof of registration of

vehicles and in seven cases, insurance details of vehicles were not on records. No action was taken by the Company against the beneficiaries who did not abide by the terms of the sanction of loans.

During exit conference (September 2013), the Principal Secretary to Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Scheme was not financially viable and it failed due to irregular release of loans and inherent flaws.

Boutique Scheme

ii. The Scheme envisages assistance, recoverable over a period of five years in the form of loan and subsidy of ₹ one lakh (₹ 85,000 term loan, ₹ 5,000 margin money and ₹ 10,000 subsidy) at the rate of interest of Six per cent per annum. Between 2007-08 and 2011-12, the Company sanctioned

²² Ambala, Bhiwani, Jind, Karnal and Sirsa

²³ Ambala, Bhiwani, Jind and Karnal

₹ 73 lakh to 73 beneficiaries. Before release of loan, the DM office was to ensure that a shop had been identified by the beneficiary and in case of rented shop, a proper rent deed existed.

The Company disbursed loans amounting to ₹ 30.60 lakh to 33 beneficiaries in Jind and Bhiwani districts without ensuring that a viable place for the business existed. Against a recoverable amount of ₹ 38.20 lakh (including interest), recovery of ₹ 2.71 lakh only was made leaving outstanding dues against 30 beneficiaries ₹ 35.49 lakh (March 2014). 15 beneficiaries had not repaid even a single instalment (outstanding amount ₹ 20.24 lakh) indicating that the recovery mechanism of the Company was ineffective which affected the ability of the Company to recycle the funds and bringing more members of SC community under the Scheme.

During exit conference (September 2013), the Principal Secretary to Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Scheme was not financially viable and it failed due to irregular release of loans and inherent flaws.

Tent House Scheme

iii. The Scheme envisages assistance, by way of loan and subsidy for setting up tent house units for self-employment, of ₹ 3 lakh (fixed assets ₹ 2.79 lakh, working capital/preliminary expenses ₹ 21,000), repayable in five years carrying interest @ six per cent per annum. Between 2007-08 and 2011-12, the Company sanctioned ₹ 188.98 lakh to 63 beneficiaries under Tent House Scheme while in district offices of Bhiwani, Jind and Karnal and disbursed loans of ₹ 71.65 lakh to 25 beneficiaries during December 2009 to June 2010. The Company could recover ₹ 14.94 lakh out of ₹ 71.65 lakh recoverable from these 25 beneficiaries leaving outstanding amount of ₹ 56.71 lakh as on 31 March 2014.

During exit conference, the Principal Secretary to Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Scheme was not financially viable and it failed due to irregular release of loans and inherent flaws.

Irregular release of financial assistance/subsidy

iv. Ministry of Social Justice and Empowerment, Government of India (GoI), provides subsidy under Special Central Assistance (SCA) programme as an additive to their Special Component Plan for Scheduled Castes with the main objective to give a thrust to the development programme for Scheduled Castes with reference to their occupational pattern and the need for increasing the income from their limited resources. As per instructions of the GOI, SCA was to be provided to only those persons belonging to Scheduled Castes who were Below Poverty Line (BPL). Cases of release of subsidy of ₹ 6.58 lakh during 2007-08 to 2011-12 to 70 beneficiaries whose names were not in BPL survey list were noticed in Panchkula district, which was irregular.

During exit conference, it was stated that subsidy would be given to those people only whose names appear in the BPL list. The Company needs to investigate release of subsidy to ineligible persons.

Bank tie-up scheme - Non Creation of assets and recovery of assistance

v. During Beneficiary Survey under Bank-tie up Scheme, we observed that out of 514 beneficiaries contacted, by Audit, fixed assets of 395 beneficiaries (77 per cent) of the 514 surveyed did not exist. In 16 cases, assets were not created due to non-receipt of full financial assistance and 98 beneficiaries could not get full amount of loan and subsidy aggregating to ₹ 19.15 lakh and resultantly they could not set up viable units and the intended purpose of providing financial assistance for creation of assets and upliftment of the beneficiaries was defeated.

During exit conference, the Principal Secretary, Government of Haryana, Welfare of Scheduled Castes and Backward Classes Department stated that the Company would ensure proper checks (pre sanction and post disbursement) to ensure creation of assets.

Recovery performance

vi. Under National Scheduled Castes Finance and Development Corporation (NSFDC) Schemes, the loan was recoverable in equated monthly instalments over a period of five years. In case of any default in both the Schemes, the whole amount along with penal interest becomes recoverable in lump sum as arrears of land revenue and DMs were responsible for recovery of loans. The following table indicated the recovery performance of the Company during 2008-09 to 2012-13.

Table 3.6

Years	Total number of operational accounts	Total amount recoverable	Amount recoverable	Balance due amount at the close of the year	Percentage of recovery to recoverable amount
2008-09	1,10,019	32.43	2.82	29.61	8.69
2009-10	1,14,401	35.29	3.98	31.31	11.28
2010-11	1,18,020	37.57	4.28	33.29	11.36

2011-12	1,19,863	40 40	4 86	35 54	12 03
2012-13	1,20,787	73 52	4 40	69 12	5 98

The above table indicates that the recovery performance of the Company ranged between 6 to 12 per cent only during 2008-09 to 2012-2013. Poor recovery percentage showed that timely action was not taken to recover the dues of the Company and arrears were allowed to accumulate from ₹ 29.61 crore to ₹ 69.12 crore during 2008-13 registering an increase of 133.43 per cent. The Company though issued recovery notices in 7.40 lakh cases but only 1,470 cases were referred to the Collectors for recovery. This resulted in failure of the Company to recycle the funds, which in turn affected wider coverage of beneficiaries.

²² Ambala, Bhiwani, Jind, Karnal and Sirsa

²³ Ambala, Bhiwani, Jind and Karnal

During exit conference, it was stated that poor recovery was due to non-monitoring of recovery of loans and shortage of staff. The Company needs to put in serious efforts to ensure recovery.

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

The necessary instructions have again been issued to the District Managers vide letter No. Loans-2013/8103-8123, dated 24.10.2013 that while providing loan for purchase of transport vehicles they shall ensure that the vehicle is directly purchased from the manufacturer or its authorized dealer only by the beneficiary (ies) and the amount of loan shall be released by means of accounts payee cheque to the authorized dealer/seller of the vehicle on behalf of the beneficiary. The vehicle to be purchased shall be got hypothecated in favour of the Corporation at the time of release of loan simultaneously. They shall also ensure that the vehicle purchased with loan amount has been got insured for value against all risks and registered in the joint name of the Corporation and the beneficiary and all the loan documents including copy of insurance policy, registration certificate, hypothecation deed, etc. have been retained on the loanee's file for office record.

As regards recovery of loans, the State Govt. vide Notification, dated 04.09.2014 has waived off the entire outstanding loans and interest as on 31.03.2013 of the loanees of the Corporation. A copy of Notification, dated 04.09.2014 is enclosed at Annexure 'IX'.

The District Managers vide letter No. Monitoring-2013/F N 1/8124-8144, dated 24.10.2013 have been directed to ensure before loaning that the loan amount is adequate to create the requisite assets to start a viable business activity by the Beneficiary (ies) and they have also been directed to motivate the beneficiaries for taking up Schemes, which have more income generating capacity and greater demand in the market. While selecting a beneficiary, it should be kept in view that the Scheme being financed is as per his/her aptitude, local need and availability of raw material, etc., so as to enable the beneficiary to run the scheme.

successfully The beneficiaries should be guided with regard to proper utilization and repayment of loan

As regards recovery of outstanding amount of loan, efforts were made to recover the outstanding loans by issuing recovery notices and by making personal contacts with the loanees, etc. but the loanees were reluctant to repay their dues due to the belief that the loans would be waived off by the Govt The State Government vide Notification, dated 04 09 2014 has waived off the entire loans and interest of the loanees of the Corporation as on 31 03 2013

The District Managers vide letter No Monitoring-2013/F N 1/8124-8144, dated 24 10 2013 have been directed to ensure before loaning that business activity opted by the beneficiary is viable, loan amount is adequate to create the assets to start a viable business activity and while financing, beneficiaries should be guided with regard to proper utilization and repayment of loan

As regards recovery of outstanding amount of loan, efforts were made to recover the outstanding loans by issuing recovery notices and by making personal contacts with the loanees, etc but the loanees were reluctant to repay their dues due to the belief that the loans would be waived off by the Govt The State Government vide Notification, dated 04 09 2014 has waived off the entire loans and interest of the loanees of the Corporation as on 31 03 2013

In the year of 2010-11, District Manager, HSFDC, Panchkula provided loan to 353 beneficiaries Out of 353 beneficiaries, 70 beneficiaries have been stated to be out of BPL list The BPL list of Panchkula district was not finalized at the time of issue of the loan applications to these beneficiaries during the year 2010-11 The eligibility i e income, Caste, etc of these applicants was verified by the field staff before sponsoring the same to banks for sanction of loan and they were found actually living below the poverty line As such, the Corporation has provided loans to the eligible and needy persons Further, the necessary instructions have again been given to the District Managers vide letter No Loans-2013/8230-50, dated 24 10 2013 that financial assistance under Banks- Tie-up schemes be provided only to those applicants whose names are included/appeared in the BPL list Now, all applications are sponsored as per BPL list provided by DRDA, Panchkula under Bank Tie-Up Schemes

After sanction of loan by the bank, the Corporation release its proportionate share in the shape of subsidy/margin money to the concerned banks for further disbursement of composite loan i e subsidy, margin money and bank loan to the seller of the assets through Account Payee Cheque on behalf of the concerned beneficiary (ies) At the time of disbursement loan, assets are created out of loan amount by the beneficiary (ies) But, in some cases assets so created are disposed off by the beneficiaries As regards, disposal of assets by the benefidaries, the recovery had not be effected from

these loanees as the loan of these beneficiaries has been waived off as per Govt. Notification dated 04 09 2014. However, the District Managers have been directed to ensure before loaning that the loan amount is adequate to create the requisite assets to start viable business activity by the beneficiary (ies).

Further, in order to monitor the timely sanction and disbursement of loan by the banks instructions have been issued to the District Managers vide letter No. F N G-6(Vol. III)/2014/1642-62, dated 27 02 2014 that case-wise position with regard to sanction and disbursement of loan in Corporation's cases be got reviewed in the meetings of Block Level Bankers' Committee (BLBC) and District Level Review Committee (DLRC) regularly. They have also been directed to obtain the 'Disbursement Certificates' from banks within a month of release of subsidy and margin money and retain the same in loanees's file so as to ascertain the actual disbursement of loans to the ultimate beneficiaries. In case of any difficulty from banks, the District Manager should first bring it to the notice of Deputy Commissioner/Additional Deputy Commissioner/ Lead Bank District Manager (LDM) and if the matter remains unsolved it should be referred to Head Office so that same could be taken up in the meeting of State Level Bankers' Committee (SLBC). Further, a copy of letter vide which cheque of subsidy and margin money is sent to bank for disbursement of composite loan in the sanctioned cases be endorsed to Lead District Manager (LDM) in variably with the request to ensure that loan is disbursed to the beneficiary (ies) concerned within 15 days.

The NSFDC has recently got conducted an evaluation study from APTICO Ltd, Hyderabad to ascertain the impact of the Scheme(s) on the beneficiaries who were provided loan for various economic development schemes i.e. Auto Rickshaw, Auto Spare Part Shop, Beauty Parlour, Boutique, cattle, Cattle Feed Shop, Computer Shop, Cycle Repairing Shop, Jeep, General Store, Mattress Shop, Mobile Phone Shop, Photo Studio, Ready Made Garment and Welding Shop. The study reveals that 83.3% units established with loan amount were found in operation and about 85% beneficiaries were saving more than 50,000/- per annum after establishment of project. 90% of the beneficiaries have expressed that the project was extremely useful for them in enhancement of their financial and social status in terms of increase in household income and standard of living.

The State Govt vide Notification, dated 04 09 2014 has waived off the entire outstanding loans and interest as on 31 03 2013 of the loanees of the Corporation. However, after waiving off outstanding loans as on 31 03 2013, the Corporation has recovered an amount of Rs. 290.70 lakhs (83.6%) in the cases financed w.e.f. 01 04 2013 to 31 03 2016 against the due amount of Rs. 347.60 lakhs.

At present, against 19 sanctioned posts of Accountants, there are only 3 Accountants for 21 districts. As a result of acute shortage of staff, no independent internal audit cell could be set up in the Corporation. The State Government has been requested to fill up the vacant posts.

in the Corporation. However, the Corporation has outsourced the work of preparation, compilation and finalization of accounts for the years 2011-12 and 2012-13 to a firm of Chartered Accountants, namely, M/s Gautam Jain & Associates, Sector 37-C, Chandigarh. The firm checks all the records, such as main cash book, general ledger, cash as well as journal vouchers, trial balance, bank reconciliation statements, pass books, bank balance certificates, accrued interest statements, loanes ledgers etc and compiles and prepares the annual accounts of the Corporation. Thereafter, these accounts are audited by the Statutory Auditors and Principal Accountant General (Audit), Haryana and then, placed before the Board of Directors and Share-holders of the Corporation for approval and adoption.

During the course of oral examination, the Committee desired that after checking the position of Sub-Paras detailed reply be submitted to the Committee. The reply is awaited till the finalization of report. The Committee recommends that detailed reply be submitted to the Committee within three months.

Appendix 6

Statement showing schedule date of completion, actual date of completion and delay in execution of projects up to 31 March 2013

(Referred to in paragraph 2 1 7 3)

Name of project	Date of approval of DPRs	Date of award of contract	Target Date of Completion ¹	Actual Date of completion	Delay (in months)
UHBVNL					
Rohtak	06 10 05	13 03 06	12 03 07	08 11 07	7
Sonipat	28 07 05	30 06 06	29 06 07	26 10 10	39
Panipat	28 07 05	30 06 06	29 06 07	21 10 10	39
Karnal	06 10 05	30 07 06	29 06 07	26 10 10	39
Kaithal	07 03 08	10 07 07	09 07 08	28 03 14	67
Ambala	07 03 08	23 10 07	22 10 08	28 03 14	64
Kurukshetra	07 03 08	23 10 07	22 10 08	28 03 14	64
Panchkula	07 03 08	23 10 07	22 10 08	28 03 14	64
Jind	07 03 08	10 07 07	09 07 08	Work not completed	
Jhajjar	07 03 08	10 07 07	09 07 08		
Yamananagar	07 03 08	23 10 07	22 10 08		
DHBVNL					
Sirsa	10 03 08	17 04 08	16 01 09	02 11 10	21

Bhiwani	10 03 08	17 04 08	16 01 09	Contract terminated	
Hisar	07 03 08	30 10 08	29 07 09	07 09 10	13
Mohindergarh	07 03 08	30 10 08	29 07 09	31 08 10	13
Rewari	07 03 08	03 11 08	02 08 09	13 12 11	28
Fatehabad	07 03 08	15 01 09	14 10 09	07 09 10	10
Mewat	07 03 08	15 01 09	14 10 09	31 08 10	10
Fardabad	23 12 11	17 09 12	16 06 13	Work in progress	
Palwal	23 12 11	10 09 12	09 06 13		
Gurgaon	23 12 11	17 09 12	16 06 13		

¹ The UHBVNL has provided one year for completion of projects while DHBVNL has provided nine months for completion in Projects

Appendix 9

Statement showing capacity utilisation and working results of warehouses during 2008-09 to 2012-13

(Referred to in paragraph 2 2 7 1)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1	No of Warehouses	106	107	107	107	108
2	Average storage Capacity available (in lakh MT)					
i)	Owned Capacity					
	Covered	9 36	9 45	10 16	11 35	12 32
	Open	1 80	1 48	0 90	0 57	0 89
	Total	11 16	10 93	11.06	11.92	13.21
ii)	Hired Capacity					
	Covered	2 87	2 88	2 98	2 94	2 67
	Open	0 65	3 11	2 12	1 86	3 00
	Total	3 52	5.99	5.10	4.80	5.67
iii)	Total covered capacity	12 23	12 33	13 14	14 29	14 99
iv)	Total open capacity	2 45	4 59	3 02	2 43	3 89
	Grand Total	14 68	16.92	16.16	16.72	18.88
3	Average Storage capacity utilisation (in lakh MT)					
	Covered	10 94	11 32	12 56	14 11	15 56

	Open	1 26	4 13	2 41	2 34	4 11
	Total	12.20	15 45	14.97	16 45	19.67
4	Percentage of average capacity utilisation					
	Covered	89	92	96	99	104
	Open	51	90	80	96	106
	Total	83	91	93	98	104
5	Storage income (₹ in crore)	46 22	60 54	64 75	80 14	100 77
6	Profit earned (₹ in crore)	20 62	31 72	31 94	24 85	(-)132 37
7	Profit from wheat activity (₹ in crore)	18 19	21 50	19 20	3 85	19 94
8	Percentage of profit from wheat activity	88 22	67 78	60 11	15 49	-

Para No. 2.1.5.5

(Annexure - I)

(UHBVNL & DHBVNL)

RURAL ELECTRIFICATION CORPORATION LIMITED

(A GOVT. OF INDIA ENTERPRISE)

PROJECT OFFICE : CHANDIGARH

Bay No. 7-8, Sector-2, Panchkula (HR)

Tele FAX NO. 2563864, Tele 2563863 & 2563822

No REC/PO/CH/DH/RGGVY/S-57/2005-06/1248

Dated 05 07 2005

The Chief Engineer/PD&C,

DHBVNL, Vidyut Nagar,

HISSAR,

Sub: Request for sanction of financial assistance for Rural Electrification Project under RGGVY for electrification of 23632 households in 423 electrified villages in selected blocks of Bhiwani District in Haryana State, bearing code No. HR-01-0506 – (DHBVN).

Sir,

Kindly refer to your memo No Ch 103/REC-171 dated 27/30-6-2005 vide which the cited subject Detail Project Report (DPR) has been forwarded to this office for its sanction. In this regard It is intimated that before the field appraisal of the said project is carried out, the submitted DPR has preliminary been examined and following are our observations

- 1 As per the guidelines, the concerned State Govt or its Power Utility (on behalf of State Govt) shall submit the scheme to REC on the letter head of State Govt /State Power Utility as per the appendix-2 of the guidelines. As the DPR has been received from your office on behalf of State Govt , it is

requested that the letter from State Govt authorizing the Power Utility/Chief Engineer(PD&C) DHBVNL to submit the DPR on its behalf may please be supplied

- 2 Brief write up given in the DPR is not complete. The brief detail indicating the project objective, beneficiaries, on going initiatives, technology etc as per the REC guidelines is not given in the DPR
- 3 In Section A, depicting Executive Summary, number of total rural households have been shown as 176493 & 423 villages which do not match with the figures published in Census 2001. The reason for not making the provision of electrification of balance public places has not been mentioned
- 4 Cost of new 33/11 kV sub-station cannot be covered in this scheme as each and every block of Haryana State is already having 33/11, 66/11, kV S/Stns and hence a separate scheme may be formulated under P,SI category for this sub-station. Name of 33/11 kV S/Stns, to be augmented alongwith the justification has not been given in the DPR, which needs to be given.
- 5 586 Nos DTCs of 25 KVA capacity have proposed in the scheme. The proper justification for the quantity proposed has not been attached with the DPR, which may be supplied. Also provision of DT meter on every DTC may be made for energy auditing
- 6 Load for new domestic consumers has been taken as approx 0.2 KW per RHH which appears to be on lower side as compared to the existing load per connection. Proper justification in this regard needs to be supplied
- 7 In format E-1, anticipated demand on majority of EHV sub-stations in horizon year exceeds the installed capacity of the S/Stn. The Nigam has not explain any this about their augmentation
- 8 In format E-2, 33 KV line losses and voltage regulation of existing and modified system have been worked out but the sample calculation showing the method adopted to work out the losses and V R has not been attached with the DPR, which needs to be supplied. More over V R all the 132 KV lines in existing and modified system has shown as 2% which appears to be a vague figure and need to be re-checked
- 9 In Format E-4 & E-5, the VR & line losses of 11 KV feeders (before and after Implementation of the scheme) have been worked out but the sample calculation showing the method adopted to work out the, losses and V R has not been attached with the DPR. More over, after Implementation of the scheme the V R of majority of 11 KV feeders is much

more than the prescribed limit 8% The Nigam has mentioned nothing about the action to be taken to bring the same within permissible limit

Apart from above the following documents are also needs to be enclosed with the DPR

- (a) Existing and proposed distribution network superimposed on Geographical map
- (b) PERT chart for execution of project (As per actual assessment)
- (c) Latest status about the determination of Bulk Supply tariff (BST) for franchises in a manner that ensures commercial viability
- (d) The necessary certificates as per Appendix-8 of the guidelines needs to be enclosed
- (e) Detail showing the availability of power
- (f) Soft copy of the project report in a CD Rom or floppy discs

You are requested that the concerned officers may please be advised to keep the desired information ready after attending to the aforesaid observations and forward the same either to this office or may be submitted at the time of field appraisal

It is further added that before submitting the future schemes to this office, it may kindly be ensured that the discrepancies observed in this have been adhered to

Yours faithfully,

(Vinod K Sharma)

CHIEF PROJECT MANAGER

Copy to

- 1 The Director (Tech), REC Ltd, New Delhi for kind information and necessary action please It is requested that special team from C O may kindly be deputed for carrying out the field appraisal of the said DPR alongwith the officers of this project office and power utility
- 2 Shri T K Dutta, Chief (AREP), REC New Delhi with a copy of DPR for information and necessary action please The copy of DPR is being sent for your kind reference only which will be revised on the basis of short-comings likely to be observed by the special appraisal team from C O

Para No. 2.1.5.5.

Annexure-II

(UHBVNL & DHBVNL)

RURAL ELECTRIFICATION CORPORATION LIMITED

(A GOVT. OF INDIA ENTERPRISE)

PROJECT OFFICE: CHANDIGARH

Bay No. 7 -8, Sector-2, Panchkula (HR)

Tele FAX NO.2563864, Tele 2563863 & 2563822

NO REC/PO/CH/DH/RGGVY/2005-06/1246

Dated 4 07 2005

The Chief Engineer/PD&C,

DHBVNL

Vidyut Nagar

HISSAR

Sub: Request for sanction of financial assistance for Rural Electrification Project under RGGVY for electrification of 231947 households in 301 electrified villages in selected blocks of Hisar District in Haryana State, bearing code No. HR-O3-0506 - (DHBVN) .

Sir,

Kindly refer to your memo NO Spl -JI1/REC-171 dated 30-6-05 *vide* which the cited subject Detail Project Report (DPR) has been forwarded to this office for its sanction. In this regard, it is intimated that before the field appraisal of the said project is carried out, the submitted DPR has preliminary been examined and it has been observed that majority of data is missing and the format-B indicating the quantum of infrastructure required and its cost has also not been attached with the scheme report. Apart from this, almost same discrepancies have been found as observed during scrutiny of schemes for Bhiwani & Sirsa Districts. All the shortcomings have been brought to the knowledge of officers who were deputed to submit the scheme,

The scheme is returned herewith in original and it is requested that the same be resubmitted after doing the need full as explained to your representative. Before resubmitting this scheme to this office it may please be insured that the observations communicated in respect of schemes of Bhiwani & Sirsa Districts may not appear in this scheme as well,

Yours faithfully,

(Vinod K. Sharma)
Chief Project Manager

Para No. 2.1.5.5.
Annexure-III
(UHBVNL & DHBVNL)
RURAL ELECTRIFICATION CORPORATION LIMITED
(A GOVT. OF INDIA ENTERPRISE)
PROJECT OFFICE: CHANDIGARH
Bay No. 7-8, seetcr-2, Panchkula (HR)
Tele FAX NO.2563864, Tele 2563863 & 2563822

NO REC/PO/CH/DH/RGGVY/S-57/2005-06/ 1247 Dated 4 07 2005

The Chief Engineer/PD&C,
DHBVNL, Vidyut Nagar,
HISSAR

Sub: Request for sanction of financial assistance for Rural Electrification Project under RGGVY for electrification of 21500 households in 322 electrified villages in selected blocks of Sirsa District in Haryana State, bearing code No. HR-02-0506 (DHBVN).

Sir,

Kindly refer to your memo No, Ch 120/REC-171 dated 29-6-2005 vide which the cited subject Detail Project Report (DPR) has been forwarded to this office for its sanction. In this regard, it is intimated that before the field appraisal of the said project is carried out, the submitted DPR has preliminary been examined and following are our observations

- 1 As per the guidelines, the concerned State Govt or its Power Utility (on behalf of State Govt) shall submit the scheme to REC on the letter head of State Govt /State Power Utility as per the appendix-2 of the guidelines. As the DPR has been received from your office on behalf of State Govt, it is requested that the letter from State Govt authorizing the Power Utility/ Chief Engineer (PD&C) DHBVNL to submit the DPR on its behalf may please be supplied.
- 2 Brief write up indicating the background, project objective, beneficiaries, on going initiatives, technology etc etc as per the REC guidelines is not given in the DPR.
- 3 Cost of 15 Nos new 33/11 kV sub-stations cannot be covered in this scheme as each and every block of Haryana State is already having 33/11 66/11 kV S/Stns and hence a separate scheme may be formulated under P SI category for this sub-stations. Name of 33/11

KV S/Stns to be augmented alongwith the justification has not been given in the DPR, which may be supplied

- 4 683 Nos DTCs of 100 KVA capacity have proposed in the scheme The proper justification for the quantity proposed has not been attached with the DPR, which may be supplied Also provision of DT meter on every DTC may be made for energy auditing
- 5 Load for BPL consumers has been taken as apprx 0.2 KW per connection is on higher side which may be restricted to single light point only
- 6 In format E-1 anticipated demand on majority of EHV sub-stations has not been worked out after taking into consideration the demand likely to come in horizon year The anticipated demand may be re-calculated and where the sub-stations gets over-loaded, the Nigam may mention about their augmentation and frame the separate schemes under P SI category
- 7 In format E-2, 33 KV line losses and voltage regulation of existing and modified system have been worked out, but the sample calculation showing the method adopted to work out the losses and V R has not been attached with the DPR, which needs to be supplied
- 8 In Format E-4 & E-5, the VR & line losses of 11 KV feeders (before and after implementation of the scheme) have been worked out, but the sample calculation showing the method adopted to work out the losses and V R has not been attached with the DPR More over, after implementation of the scheme, the V R of majority of 11 KV feeders is much more than the prescribed limit of 8% The Nigam has mentioned nothing about the action to be taken to bring the same within permissible limit
- 9 Item-wise detailed cost data in the format "G" has not been attached with the DPR

Apart from above the following documents are also needs to be enclosed with the DPR

- (a) Existing and proposed distribution network superimposed on Geographical map
- (b) PERT chart for execution of project (As per actual assessment)
- (c) Latest status about the determination of Bulk Supply Tariff, (BST) for franchises in a manner that ensures commercial viability
- (d) The necessary certificates as per Appendix-8 of the guidelines needs to be enclosed.
- (e) Detail showing the availability of power
- (f) Soft copy of the project report in a CD Rom of floppy discs

You are requested that the concerned officers may please be advised to keep the desired information ready after attending to the aforesaid observations and forward the same either to this office or may be submitted at the time of field appraisal

It is further added that before submitting the future schemes to this office, it may kindly be ensured that the discrepancies observed in this scheme have been adhered to

Yours faithfully,

(Vinod K Sharma)

CHIEF PROJECT MANAGER

Copy to

- 1 The Director (Tech), REC Ltd New Dehli for kind information and necessary action please It is requested that special team from CID, may kindly be deputed for carrying out the field appraisal of the said DPR alongwith the officers of this project office and power utility
- 2 Shri T K Dutta, Chief (AREP), REC New Delhi with a copy of DPR for information and necessary action please The copy of DPR is being sent for your kind reference only which will be revised on the basis of short-comings likely to be observed by the special appraisal team from C O

Annexure-IV

Para No.2 2 6 4.

Detail of amount sent/adjusted with DGS&D, Kolkata for RMS 2013-14, Incident No. SB-5-12/27244 dated 7.11.2012 and transfer amount to DGS&D, Delhi for purchase of HDPE bales for RMS 2013-14.

Name of Agency	Balance payment with DGS&D, Kolkata of RMS 2013 for the month of Mar 13 after transferring the amount of Rs 1,22,27,05,000/- to DGS&D, Delhi	Excess amount of RMS 2012-13 with DGS&D, Kolkata	Excess amount of RMS 2012 with DGS&D, Kolkata	Total Excess amount with DGS&D, Kolkata	HDPE rate has been revised i.e. Rs 10087 per bale balance payment of 121000 HDPE bags and payment for 10000 HDPE bags is to be transferred to DGS&D, Delhi	After transferring an amount of Rs 21,65,92,000/- to DGS&D, Delhi remaining amount with DGS&D, Kolkata for adjusting the amount of gunny bales for the month of Mar, 2013 (RMS-2013)	Total payment of 48150 gunny bales for the month of Mar, 13	Amount to be adjusted against 22707 gunny bales for all State Procuring Agencies	After adjusting an amount for 22707 gunny bales for the month of Mar, 2013, remaining amount against 23443 gunny bales is to be sent to DGS&D, Kolkata which is being sent to DGS&D, Kolkata as early as possible
1	2	3	4	5(2+3+4)	6	7	8	9	10
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Food	82390455	180943804	128071035	389405304	76601000	312804304	204624615	204624615	0
Hafed	4457447	284684940	-64141554	225000833	69908200	155091633	417019785	155091633	261928152
HWC	-6726256	135084482	-17797387	110540839	25444200	85096639	134688620	85096639	49592981
HAIC	13833826	47143038	-27917967	33060897	25444200	7616697	113968140	7616697	105351443
Confed	-26312015	33993848	-2319836	5361897	19193400	-13831403	49213515	0	49213515
Total	67045467	681830112	13894291	763369870	216592000	546777870	919515675	452429584	467086091

Detail of amount sent/balance to /at DGS&D, Kolkata for RMS 2012-13, Indent No. SB-5-1126386 dt. 4.11.11

Name of Agency	Qty of bales which payment sent	Payment @18200/- bale which was sent by all State Procuring Agencies	Pre-indent balance amount of Halfed which was deposited by DGS&D, Kolkata vide their letter No. Kol/218/318/C-3 dt 16.02.12 for RMS 2012	3	4 (2+3)	Bales received as per vouchers	Debit amount as per vouchers	Excess amount with DGS&D, Kolkata
	1	2				5	6	7
Food	75010	1365182000	0		1365182000	70187	1184238196	180943804
Halfed	90090	1240074225	399563775		1639638000	79466	1354853060	284694940
HWC	27950	508690000	0		508690000	22004	373625518	135064482
HAIC	24960	454272000	0		454272000	23790	407128962	47143038
Confed	19890	361998000	0		361998000	19026	328004152	33993848
Total	237900	3980216225	399563775		4328780000	214473	3647949888	681830112

Detail of amount sent/balance to /at DGS&D, Kolkata for RMS 2012, Indent No. SB-5-2012/15092 dt. 25.06.2012

Name of Agency	Qty of bales which payment sent	Payment which was sent by all State Procuring Agencies to DGS&D, Kolkata	Transfer of Rs 23,27,14,000/- to DGS&D, Delhi	After transferring amount to DGS&D, Delhi total payment of all State Procuring Agencies with DGS&D Kolkata	Bales received as per vouchers	Debit amount as per vouchers	Excess amount with DGS&D, Kolkata
	1	2	3	4 (2-3)	5	6	7
Food	54304	1169384490	117368800	1051995690	47563	925924655	126071035
Halfed	56160	1111628600	91062000	1020567600	56111	1084709154	-64141554
HWC	18754	365085525	24283200	340802325	18750	353599712	-17797387
HAIC	13836	215717910	0	215717910	12480	243635877	-27917967
Confed	4610	54335775	0	54335775	2985	56655611	-2319836
Total	147664	2916133300	232714000	26834199300	137889	2660526000	13894291

Sd/-
Joint Controller Food Accounts

Para No. 2.2.6.4
Annexure-V
Haryana Warehouse Corporation Ltd.
(Review)
DIRECTORATE OF FOOD AND SUPPLIES
खाद्य एवं पूर्ति निदेशालय
MOST URGENT/SPEED POST

NO SO-COMP-4- (Rabi-2013)/2134

5th February, 2013

The Director Supplies & Disposal,

6-Explanade East, Kolkata-700069,

Dated, Chandigarh, the 5 February, 2013

Subject: Regarding transfer of balance payment of jute bales of different Indent to DGS&D, New Delhi for supply of HDPE Bags during Rabi Season 2013-14.

Sir,

I am directed to invite your kind attention to the subject cited above. This department has already made the payment against 146142 gunny bales of Rs 291,18,06,279/- After revision supply schedule of 146142 gunny bales is restricted to 127530 gunny bales upto the month of Mar 2013. Hence after adjusting payment of Rs 162,14,55,810/- for purchase of 81380 upto Feb 2013 and balance amount of Rs 122,27,05,000/- has been transferred by DGS&D, Kolkata to DGS&D, Delhi for the purchase of 121000 HDPE bales. Now the balance available with your office till Feb 2013 is Rs 6,76,45,469/- and outstanding Amount lying with DGS&D, Kolkata from different Indents are under

Name of Indent No & dt	Total outstanding amount of all state procuring agencies
Current Indent Sb-5-12/27244 dt 7 11.2012 (RMS 2013-14) Outstanding amount for the month of Mar 2013	Rs 6,76,45,469/-
Indent NO SB-5-11/26386 dt 4 11 11 (RMS-2012-13)	Rs 68,18,30,112/-
Indent No SB-5-12/15092 dt 25 0612 (KMS-2012-13)	Rs 1,38,94,291/-
Total	Rs. 76,33,69,870/-

As the rate of HDPE bags has been increased from Rs 10105/- to 10987/- per bales and office has to make payment of 10000 HDPE bales to DGS&D, Delhi for the month of Mar 2013

Hence, it is requested to transfer total balance amount of Rs 21,65,92,000/- for HDPE bales (enhanced rate+indent of 10000 bales @ 10987/-per bale) out of outstanding balance of Rs 76,33,69,870/- to DGS&D, New Delhi immediately and balance amount of Rs 45,24,29,584/- (Rs 20,46,24,615 for Food Deptt, Rs 15,50,91,633 for Hafed agency, Rs 8,50,96,639 for HWC agency & Rs 76,16,697 for Agro agency) may be adjusted against 22707 gunny bales for the month of Mar 2013 and balance amount of Rs 46,70,86,091/- for purchase of 23443 gunny bales for the month of Mar 2013 will be sent shortly

In view of the above, It is requested to transfer an amount of Rs 21,65,92,000/- to DGS&D New Delhi immediately and adjust Rs 45,24,29,584/- against supply shdeule of 22707 gunny bales for the month of Mar 2013. A complete detail has been enclosed at Annexure 'A' Please intimate by FAX No 0172-2702759, 01725001396

Yours Sincerely,

Joint Controller Food Accounts

A copy of the above is forwarded to the Director General Supplies & Disposals, Jeevan Tara Building 5, Sansad Marg New Delhi-110001 w r t their letter No HDPE-PP BAG/HW-2/RC-R3060000/0611/42 dt 28 01 2013 to get the transferred advance amount of Rs 21,65,92,000/- from DGS&D, Kolkata

Joint Controller Food Accounts,
For Director General Food and Supplies,
Haryana

Endst No SO-COMP-4-(Rabi-2013)/2136

The 5th February, 2013

A copy of the above is forwarded to the Chief Controller of Accounts O/o Chief Controller of Accounts, Department of Commerce (Supply Division) 16A, Akbar Road Hutment, New Delhi-110011 for information & necessary action

Joint Controller Food Accounts,
For Director General Food and Supplies,
Haryana

Endst No No SO-COMP-4-(Rabi-2013)/2137 The 5th February, 2013

A copy of the above is forwarded to DD(Storage) H Q for information & necessary action and all State Procuring Agencies with request to send the Demand Draft in favour of Dy Controller of Accounts Department of Commerce, (Supply Division), Kolkata as per detail given in Indent No SB-5-2012/27244 dt 7 11 2012 (RMS 2013-14) enclosed at Annexure 'A' in column No 10 (Rs 261928152 of Hafed, Rs, 49592981 of HWC, Rs 106351443 of Agro & Rs 49213515 of Confed) immediately

- 1 Deputy Director (Storage) Hqrs
- 2 M D, Hafed, Sec-5, Panchkula
- 3 M D, HWC, Sec-2, Panchkula
- 4 M D, Agro, Sec-4, Panchkula
- 5 M D, Confed, Sec-2, Panchkula

Joint Controller Food Accounts,
For Director General Food and Supplies,
Haryana

Annexure-VI**Para No. 2.2.6.4****Haryana State Warehousing Corporation**

The Director General,
Food and Supplies Department,
Chandigarh

To

The Managing Director,
Haryana State Warehousing Corporation,
Bay No 15-18, Sector-2, Panchkula

Memo No S O Comp-4-2013/8832
Dated, -Chandigarh the 12/03/2014

Subject: Reconciliation of Gunny bales Account with DGS&D, Kolkata.

Sir,

I am directed to invite your kind attention your D O letter No 2712 dated 20th January, 2014 on the subject cited above

You have raised mainly following three issues *vide* above referred D O letter -

- (i) Excess amount with DGS&D as on 18 10 2013 is Rs 3,30,55,670/-
- (ii) Adjustment of Rs 7,29,34,897/- paid to HAIC against cost of 5978 jute bales
- (iii) Short receipt of 6513 jute bales as compared to debit vouchers

In reply to point No – (i) above, the amount is correct as per the statement issued by the Department as per the vouchers received from DGS&D Kolkata/Delhi as on 18 10 2013

In reply to point No – (ii), the amount of Rs 7,29,34,897/- will be adjusted in the next reconciliation statement

In reply to point No – (iii), it is intimated that record is prepared based on the bills received from DGS&D Kolkata/Delhi. It would be appropriate to send your representatives to this department to reconcile your record with the record of this department and intimate which consignment is not received by HWC for which bills have been received. In case of any clerical mistake, bales/amount will be amended accordingly

The balance amount shown in the D O letter is not with the department, it is with the DGS&D Kolkata/Delhi and will be adjusted against next indent

It is also intimated that DGS&D does not adjust complete amount as it keeps balance amount for pending bills of Liquidated Damages against each indent

This is for your kind information and necessary action

Your Sincerely,

Joint Controller Food Accounts,

Annexure-VII**Para No. 2.2.6.4****Haryana State Warehousing Corporation**

The Director General,
Food and Supplies Department, Haryana
Chandigarh

To

The Managing Director,
Haryana Agro Industries Corporation Limited,
Sector-4, Panchkula
Memo No S O Comp-4(KMS 2014-15) Gunny/
Dated, Chandigarh the 15/07/2014

Subject:- Reconciliation of gunny bales account from 2004-05 onwards.

Sir,

I am directed to invite your kind attention to your office letter NO wheat/GB/2014/3459-60 dated 26-06-2014 on the subjected cited above

In this regard, it is intimated that as per the following calculation Rs 8,53,05,882/- is to be adjusted from HAICL to HWC accounts –

Year	Bales	Rate in Rs.	Amount in Rs.	Remarks
2004-05				
2009-10	1310	9443 5	1,23,70,985	
Total			8,53,05,882	

The amount of Rs 8,53,05,882/- is not balance with DGS&D Kolkata in respect of your agency

Hence, it is requested to send a demand draft of Rs 8,53,05,882/- (Eight Crore, Fifty Three Lacs, Five Thousand, Eight Hundred and Eighty Two only) in favour of Deputy Controller of Accounts, Department of Commerce (Supply Division), Kolkata The payment will be adjusted against the account of HWC

This is for your kind information and further immediate necessary action

Yours Sincerely,

Joint Controller Food Accounts,
For Director General,
Food & Supplies, Department

Endst No S O Comp-4(KMS 2014-15) Gunny/19082 Dated 15-07-2014

A copy of the above is forwarded to the Managing Director,
HWC, Sector-2, Panchkula with reference to his D O letter No 2713 dated
20-01-2014 for information

Yours Sincerely,

Joint Controller Food Accounts,
For Director General,
Food & Supplies, Department

Annexure - VIII**Para No. 2.2.8.3****HARYANA STATE WAREHOUSING CORPORATION****BAY NO.15-18, SECTOR-2, PANCHKULA****Ramesh Krishan, IAS,****D.O. No. 23316****Managing Director****Dated: 10 June, 2014**

Sub: Regarding consideration of capacity of godown taken by FCI on guarantee basis @ 154 MTs/per stack instead of 140 MTs/per stack at SWH, Barwala and SWH, Hansi.

Dear Shri Sehrawat,

Kindly refer to your office letter No E-9(stg)/Genl/2008/Vol III/526 dated 29 05 2010 and this office letter No 3103-104 dated 21/01/2014 on the subject cited

HSWC has constructed godowns at Hansi and Barwala under 6 years guarantee Scheme. However, FCI is not considering the capacity @154 MTs per stack, of 36 stacks as 5540 MTs and 39 stacks as 6006 MTs in respect of SWH, Barwala and Hansi respectively

In this regard, Asstt. General Manager (Storage) vide his letter No E-9(Stg)/Genl/2008/Vol III/526 dated 29 05 2010 addressed to General Manager (S&C), FCI, New Delhi and a copy to HSWC has highlighted that due to Galvalume roofing sheets in the above mentioned godowns, storage capacity of these godowns comes as under (taking capacity of each stack @ 160 MTs per stack

Hansi = 6,240 MTs instead of 5,000 MTs

Barwala = 5,760 MTs instead of 5,000 MTs

You would agree that by storing 140 Mt stocks in a storage space of 154/160 MT would be under utilization of capacity and a huge national loss at a time when nation is facing acute shortage of storage space. Since FCI is releasing payment @ 140 MT per stack, the difference in capacity of stack from 140 MT to 154 MT has invited audit objections besides financial loss to the Corporation.

I therefore take this opportunity to request you to consider the capacity of 36 stacks as 5540 MTs @ 154 MT per stack instead of 5000 MTs at SWH, Barwala w e f March, 2010 and 39 stacks as 6006 MTs @ 154 MT per stack instead of 5340 MTs at SWH, Hansi w e f May 2010 and issue appropriate instructions for release of payment accordingly

With regards
Encl As above

Yours Sincerely,

RAMESH KRISHAN

Shri M S Sehrawat, IAS,
General Manager (R)
Food Corporation of India,
Haryana Region, Sector-4
Panchkula

Annexure - IX
HARYANA GOVERNMENT
WELFARE OF SCHEDULED CASTES & BACKWARD CLASSES
DEPARTMENT

Notification
The 4th September, 2014

No. 696-SW(1)-2014. The Governor of Haryana is pleased to waive off outstanding loans and interest upto 31.03.2013 of Scheduled Castes Finance Development Corporation and Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam. The interest subvention to the extent of 50% will be given to all loanes of Scheduled Castes Finance Development Corporation.

Sd/-
(R. R. Jowel)
Principal Secretary to Government, Haryana
Welfare of Scheduled Castes & Backward
Classes Department

Dated, Chandigarh
The 4th September, 2014

Endst No. 696-SW (1)-2014 Dated - 4th September, 2014

A copy is forwarded to the following for information and necessary action.

1. Principal Accountant General (A&E) / Audit, Haryana, Chandigarh.
2. Director, Welfare of Scheduled Castes & Backward Classes Department, Haryana, Chandigarh.
3. Managing Director, Haryana Scheduled Castes & Finance Development Corporation.
4. Managing Director, Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam.
5. All Deputy Commissioners in Haryana
6. All Sub-Divisional Magistrates in Haryana.
7. All District Welfare Officer in Haryana.
8. Senior Secretary to Hon'ble Chief Minister
9. Secretary to SWM.
10. PS/Chief Secretary to Government, Haryana.
11. PS/PSCM, PS/OSD CM

Sd/-
Joint Secretary
for Principal Secretary to Govt. Haryana.
Welfare of Scheduled Castes & Backward
Classes Department

Endst No. 696-SW (1)-2014

Dated: 4th September, 2014

A copy is forwarded to the Controller, Printing & Stationary Department, Haryana, Sector-18, Chandigarh for publishing the Notification in the Haryana Government Gazette (Extra Ordinary). 100 spare copies of the notification may please be supplied to this department at an early date

Sd/-
Joint Secretary
for Principal Secretary to Govt. Haryana.
Welfare of Scheduled Castes & Backward
Classes Department.

Details of Pending Recommendations of the Committee till the Finalization of this report

Sr No 1	Board/Corporation No. 2	Report No 3	Recommendation 4	No. of Recommendation 5
	HVPNL/HPGCL/UHBVNL/ DHVBN	29th	20 UHBVNL	1
		35th	23 HPGCL	1
		38th	21 UHBVNL	1
		43rd	29 HVPNL	1
		48th	20, 43 UHBVNL	2
		52nd	7,8,10,11 HVPNL 12 UHBVNL	5
		53rd	1 HPGCL 42UHBVNL	2
		55th	7 UHBVNL & DHBVNL	1
		56th	3 UHBVNL/ DHBVNL	1
		57th	6 UHBVNL and DHBVNL	1
		58th	1 DHBVNL	1
		60th	2-3 DHBVNL	2
		61st	1-4 UHBVNL & DHBVNL	4
		62nd	5 HPGCL 12-14 HPVNL	1 3
Total				27
2	Haryana State Industrial and Infrastructure Development Corporation	52nd	15	1
		53rd	16,17,20,23	4
		57th	4	1
		58th	4	1
		60th	8	1
		62nd	6-10	5
Total				13
3	Haryana Financial Corporation	49th	2,3,4,5,6	5
		50th	4, 23	2
		52nd	18	1
		56th	5, 6	2
		57th	9-10	2
Total				12

4	Haryana Agro Industries Corporation Ltd	16th	6 29	1
		23rd	14-16	3
		38th	8	1
		48th	27-33	7
		52nd	17, 20, 21	3
		53rd	29-36	8
		56th	2	1
		57th	7	1
		58th	6, 7	2
		59th	8-16	9
		62nd	11	1
Total				37
5	Haryana Land Reclamation & Development Corporation Ltd	53rd	39	1
Total				1
6	Haryana Warehousing Corporation	49th	13	1
		50th	16, 18	2
		52nd	19	1
		53rd	28, 47	2
		55th	8,9,10,11,13	5
		60th	7	1
Total				12
7	Haryana Seeds Development Corporation Ltd	49th	9	1
		53rd	3,4	2
Total				3
8	Haryana Tourism Corporation Limited	48th	11	1
		53rd	25-27	3
		58th	5	1
		59th	4,5	2
		62nd	1-4	4
Total				11
9	Haryana Forest Development Corporation Ltd	58th	3	1
Total				1
10	Haryana SC Finance & Development Corporation Limited	60th	6	1

Total				1
11	Haryana Roads & Bridges Development Corporation Limited	55th 57th 60th 61st 62nd	14 8 4 5, 7-12 15-16	1 1 1 7 2
Total				12
12	Haryana Police Housing Corporation Limited	60th	5	1
Total				1
13	Haryana Roadways Engineering Corporation Limited	60th		1
Total				1

Sr. No.	Board/Corporation No.	Report No	Recommendation	No. of Recommendation
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Outstanding Recommendation in respect of Non-General working Companies

1	Haryana State Small Minor Irrigation & Tubewells Corporation	42nd 51st	27 5, 6	1 2
Total				3
2	Haryana State Small Industries Export Corporation	19th 43rd 51st	11 (General) 3,4,7 8	1 3 1
Total				5
3	Haryana Mineral Limited	41st 45th 48th	18 1-14 (General) 23,24,41	1 14 3
Total				18
Outstanding Recommendation in respect of General working Companies.				
1	Haryana Urban Development Authority (HUDA)	47th	1-20	20
Total				20

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