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HARYANA VIDHAN SABHA

PUBLIC ACCOUNTS COMMITTEE

(1977-78)

(Eleventh Report)

Report

ON THE

Appropriation Accounts & Finance Accounts of the Haryana Government for the year 1973 74 and the Report of the Comptroller and Auditor General of India for the year 1973 74

VIDHAN SABHA SECRETARIAT,
CHANDIGARH
April, 1977

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1976 77

CHAIRMAN

1 Chaudhari Ishwar Singh

MEMBERS

2 Shri Behari Lal Balmiki

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5 Shri Om Parkash Garg

6 Chaudhri Parbhu Ram

7 Chaudhri Phool Chand (Mullana)

8 Shri Sat Ram Dass Batra

9 Shri Shiv Ram Verma

SECRETARIAT

Shri Raj Kumar Malhotra Secretary (upto 1 9 1976)

Shri Raj Krishan Secretary (From 2-9 76 onwards)

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SECRETARIAT

Shri Raj Krishan, Secretary

INTRODUCTION

I the Chairman of the Public Accounts Committee having been authorised by the Committee in this behalf present this their Eleventh Report on the Appropriation Accounts/Finance Accounts of the Haryana Government for the year 1973 74 and the Report of the Comptroller and Auditor General of India for the year 1973-74

2 The previous Committee for the year 1976 77 had done the Scrutiny of the various paragraphs relating to the Appropriation Accounts/Finance Accounts of the Haryana Government for the year 1973 74 and the Report of the Comptroller and Auditor General of India for the year 1973 74 However that Committee could not finalize the Report for want of time

3 During oral evidence the Committee examined the representatives of the departments concerned A brief record of the proceedings of each meeting of the Committee during the year 1976 77 has been kept in the Haryana Vidhan Sabha Secretariat

4 The previous Committee also framed the questionnaire in respect of the material appearing in the Supplementary Report of the Comptroller and Auditor General of India for the year 1973 74 relating to the P W D (B&R Branch) The paragraphs relating thereto however, could not be subjected to scrutiny by them for want of adequate time at their disposal

5 The Committee place on record their appreciation of the valuable assistance given to them by the Accountant General, Haryana and his staff and are thankful to the Secretary to Government, Haryana Finance Department and his representatives and the representatives of various departments who appeared before them from time to time The Committee are also thankful to the Secretary Haryana Vidhan Sabha and his officers and staff for the whole hearted co operation and assistance given by them

ISHWAR SINGH,

Chairman

Chandigarh
The 21st April 1977

REPORT

GENERAL

1 The Public Accounts Committee for the year 1976 77 was constituted by election *vide* notification No EC 3 76/28 dated the 28th April, 1976 It held 74 meetings at Chandigarh and other places

2 The Public Accounts Committee for the year 1977 78 was constituted by election *vide* notification No PAC 3/77/21 dated the 26th March, 1976 It held 5 meetings at Chandigarh till the writing of the Report

3 The Committee emphasize that Secretaries to Government or their representatives should attach due importance to the work of the Committee and appear before them personally and ensure that all the facts and figures are available with them when they come to appear before the Committee and that the replies to the questionnaire of the Committee are submitted well in time to enable the Members of the Committee to go through the facts stated by the departments and also enable the Accountant General to verify the facts as far as possible

The Committee find that the written replies which were required to be supplied within specified period were furnished in many cases, after long delay or at the nick of time, thus affording practically no opportunity to the Members of the Committee to examine them This obviously results in waste of considerable precious time of the Committee The Committee hope that there would be no occasion in future for this kind of situation and that necessary instructions would be issued afresh to various departments

EXCESSES OVER VOTED GRANTS/CHARGED APPROPRIATIONS

4 Cases of excesses over voted grants/charged appropriation for the year 1973 74 requiring regularisation by the Legislature in accordance with the provisions of Article 205 of the Constitution are detailed below —

Excesses over voted grants

Sr No	Particulars	Original	Supplementary	Total	Expenditure	Excess
1	2	3	4	5	6	7
		Rs	Rs	Rs	Rs	Rs
1	4—Sales Tax	51 80 990	2 18 000	53 98 990	54 05 615	6 625
2	16—Edcation	22 96 18 130	—	22 96 18 130	23 85 15 957	88 97 827
3	26—Miscellaneous Social and Developmental organisations	1 21 05 360	1 75 75 020	2 96 80 380	3 20 77 168	23 96 788
4	28—Irrigation (Works)	7 52 91 150	61,36 710	8,14 27 860	9 33 70 056	1 19 42 196

Sr No	Particulars	Original	Supplementary	Total	Expenditure	Excess
1	2	3	4	5	6	7
		Rs	Rs	Rs	Rs	Rs
5	30—Public Works	5 43 90 590	9 52 770	5 53 43 360	23 76 76 353	18 23 32 993
(	31—Charges on public Works Department Buildings and Roads Estab lishment	2 65 00 000	—	2 65 00 000	2 75 49 622	10 49 622
7	38—Forest	1 36 58 000	3 93 850	1 40 51 850	1 40 74 659	22 809
8	42—Capital Outlay on Industrial and Economic Development	5 61 49 000	—	5 61 49 000	5 68 74 866	7 25 866
9	43—Capital Outlay on Multipurpose River Schemes	20 49 00 000	—	20 49 00 000	22 35 01 892	1 86 01 892
10	44—Irrigation (Capital)	6 71 57 150	9 22 71 760	15 94 28 910	28 26 41 998	12 32 13 088

In this connection the Committee would like to reiterate their recommendations contained in para 3 of their 10th Report which is re-produced as under —

> **The Committee are unhappy to note that expenditure was incurred in excess of the grants by the Departments mentioned above The Committee feel that the departments should ordinarily be able to forecast their budgetary requirements accurately and keep the expenditure within the grants and in cases where the incurring of expenditure in excess of grants becomes necessary the departments should obtain additional funds through supplementary grants or by taking advance from the contingency fund, as the case may be, at proper time**
>
> **The Committee further recommend that the reasons for these excesses be investigated by the Finance Department and responsibility fixed on the Controlling Officers who allowed the excess expenditure to be incurred The final outcome may also be intimated to the Committee**
>
> **Subject to the above observation, the Committee recommend that the excess expenditure indicated above may be regularised by the Legislature in the manner prescribed under Article 205 of the Constitution of India**

ANIMAL HUSBANDRY

Paragraph 3 3 Intensive Cattle Development Blocks

5 A mention was made in paragraph 32 of the Audit Report for 1969 70 about the working of the Intensive Cattle Development Blocks (Project) at Karnal and Gurgaon during 1967 68 to 1969 70 A scrutiny conducted for the subsequent period disclosed the following

(i) An expenditure of Rs 1 12 23 lakhs was incurred on these projects between 1970 71 and 1973 74 as under —

	Rs in lakhs
Establishment	61 24
Contingencies	13 53
Civil works	12 46
Grants	4 00
Loans	21 00

(ii) The projects were introduced to serve the Delhi Milk Scheme in particular The position regarding the milk supplied to the Delhi Milk Scheme by the Co operative Societies (through which extension work was to be undertaken) in Karnal and Gurgaon projects during the years 1969 70 to 1973 74 was stated to be as under —

Karnal project

Year	*Total quantity marketed (quintals)*	*Quantity supplied to the Delhi Milk Scheme (quintals)*	*Percentage*
(1)	(2)	(3)	(4)
1969 70	14,539	14,539	100
1970 71	3,471	3,471	100
1971-72	2 486	789	32
1972 73	5,998	Nil	Nil
1973 74	8,309	Nil	Nil
Gurgaon project			
1969 70	4 925	4,925	100
1970 71	11 167	11,167	100
1971 72	19,434	19 434	100
1972 73	28,054	28,054	100
1973 74	20 980	7,537	36

The procurement of milk by the Delhi Milk Scheme from the two project areas from all sources during the years 1969 70 to 1973 74 was as shown below —

Year	*Karnal project*	*Gurgaon project*
	(in lakhs of quintals)	
Before the introduction of the Scheme	Not available	1 90
1969 70	do	2 83
1970 71	do	2 51
1971 72	do	2 50
1972 73	do	1 89
1973 74	do	0 75

The above statements indicate that the supply of milk to the Delhi Milk Scheme from the project areas reduced to a great extent from 1971-72 onwards in respect of Karnal and from 1972 73 onwards in respect of Gurgaon project

The decrease was attributed (July 1974) by the Project Officers to the following factors, amongst others —

(i) un remunerative procurement rates of the Delhi Milk Scheme (ii) competition from the Haryana Dairy Development Corporation and other private agencies which paid higher rates and provided additional facilities such as free supply of chemicals and equipment for fat test and lifting of milk from the headquarters of the Societies, (iii), delay in payment by the Delhi Milk Scheme and (iv) theft of milk in transit

(iii) In order to assess the progress in respect of milk yield, a Life History Card was to be maintained for each crossbred heifer from the period it reached maturity In Gurgaon project, against 5,395 female calves born to end of December 1972 and reaching maturity by September 1974, the number of cards maintained was 205, *i e* 4 per cent of the total Information regarding the maintenance of cards in respect of Karnal project was awaited (May 1975) The average yield of milk from crossbred heifers as compared to that from ordinary/all types of heifers could not, therefore, be assessed Departmental records indicated that after the introduction of the project the average daily yield of milk from which cattle in the milk shed area of Karnal project registered an increase from 2 50 Kgs in 1966 67 to 2 77 Kgs in 1973 74 in respect of cows, while there was no sustained increase in the daily yield of 4 3 Kgs in respect of buffaloes The average daily yield of milk in respect of cows and buffaloes before the introduction of the project was not available in respect of Gurgaon project According to the information supplied by the Department however, the average daily yield of milk increased from 2 36 Kgs and 3 86 Kgs in 1970 71 to 3 11 Kgs and 4 30 Kgs in 1973 74 for cows and buffaloes respectively in the Gurgaon project

(iv) During the years 1970 71 to 1973 74, the successful inseminations were stated to be as follows

Name of the project	*Year* 1970 71	1971 72	1972 73	1973 74
Karnal—				
Cows	28%	26%	29%	31%
Buffaloes	34%	40%	39%	41%
Gurgaon—				
Cows	37%	22%	27%	22%
Buffaloes	31%	28%	49%	34%

According to the Department the conception rate should be between 35 and 50 per cent in respect of cows and between 30 and 45 per cent in respect of buffaloes The low rate of conception was attributed by the Department (August 1974) to (i) untrained inseminators/stockmen (ii) under feeding of the livestock (iii) breeders not bringing their animals at the proper time of heat or bringing animals which already had natural service and (iv) deficiency diseases, the area being deficient in minerals and trace elements

(v) The utilization of semen collected from exotic bulls for cross breeding purposes ranged from 17 to 29 per cent in Karnal project and from 12 to 21 per cent in Gurgaon project The low utilization of semen was attributed by the Department (August 1974) to (i) apathy on the part of villagers towards artificial insemination (ii) presence of scrub bulls in the villages and (iii) untimely transfers of stock assistants

(vi) A sum of Rs 9 60 lakhs was paid between 1967 68 and 1971 72 as grants to *Panchayat Samities* for construction within 18 months of stockmen centres at the rate of Rs 5 000 per centre Out of 192 centres for which grants were paid 86 centres (Gurgaon 58 and Karnal 28) had not been constructed/ completed upto May 1975

(vii) Loans amounting to Rs 26 10 lakhs were paid to the Central Co operative Bank Gurgaon during 1968 69 to 1973 74 for disbursement to Co operative Milk Supply Societies for pur chase of milch animals While the principal has been repaid by the bank interest on the loans had not been assessed and recovered (May 1975) due to non fixation of the rate of interest by the Government

The matter was referred to the Government in March 1975 its reply is awaited (May 1975)

To a question of the Committee as to how cases of theft of milk in transit occurred while sending milk in sealed cans to the Delhi Milk Scheme (D M S) the Department stated that the staff who used to transport these cans were the employees/labour of the Delhi Milk Scheme or contractor and at the recipient end they were not associated in testing etc This point was often brought to the notice of D M S authorities but malady continued in one form or the other

The position of milk to D M S in subsequent years did not improve due to difference in milk rate with that of Haryana Dairy Developement Cor poration and other agencies Controversy also continued about transporta tion charges from Village Society to D M S Chilling Centres

The Committee would like to know the latest position with regard to sorting out of controvercial points, viz , milk rate and transport charges of milk, etc with the Delhi Milk Scheme authorities and other agencies

About the history cards the Department stated that the history cards were prepared only in case of cross bred female calves since those were their source for milk production These cards could not be arranged from Govern ment sources and were obtained out of the funds given by C A R E authorities Filling of cards in scattered villages was also quite a task since it required recording of calf at its birth followed by its progress in life and all these events did not happen with all animal owners according to calendar days/months It also required cooperation of animal owners which followed only after good deal of extensive efforts where receptability of the owners was an important factor

It was further stated that now these cards had been supplied officially and would be maintained on desired lines even in Gurgaon District Similarly, in Karnal Project, cards of required calves were being maintained

The Committee urge the department to ensure that the history cards are maintained for all the cross bred heifers, invariably in future

To a further question of the Committee as to the average yield of milk from cross bred heifers the Department stated as under —

In Gurgaon Project, the average milk yield of cow in 1970 71 was 2 36 litres while in 1973 74 it was 3 11 litres In case of buffaloes, it was 3 86 litres in 1970 71 while in 1973 74 it was 4 30 litres In Karnal project, the position is as under —

Year	*Daily average milk yield (Kg)*		*Percentage of increase*	
	Cows	*Buff*	*Cows*	*Buff*
Before the inception of the project	2 500	4 300		
1970 71	2 313	4 300		0 21
1971 72	2 628	4 499	5 12	4 63
1972 73	2 653	4 562	6 12	6 09
1973 74	2 770	4 663	10 80	8 44

The above position indicates the impact that the project has brought over in this area The pace of progress will further be noticed when sufficient number of cross bred cows come in milk It takes over 30 months for a cross bred female calf to reach the productive stage If all the cross bred female calves so far born could have been available in the Project area and there had been no export of these animals out of the project the progress would have been much more than what is at present The above figures are the result of assessment made by the departmental staff from year to year

The Committee attach a great importance to the production of milk in the State and as such, they recommend that sustained efforts be made to increase still further the average milk yield of cow The Committee feel that this is the only way by which the State of Haryana can usher in a white revolution

According to the Department it made all out efforts to provide grounds for achieving the maximum targets of artificial insemination but due to the following reasons the full results could not be obtained —

(a) People in the villages have less faith in artificial insemination as compared to natural service This is due to their religious sentim ments and orthodox views Artificial insemination is gaining popularity now It takes fairly a long time to make the people A I minded

(b) The scrub bulls are freely available in the villages and continued efforts have to be made by the department to eradicate such bulls

(c) The insemination of animal in heat at proper time is very important and the breeders could not arrange the visit to insemination centres at proper time of heat This requires lot of extension and educa tion of staff and the breeders

To a further question of the Committee the Department replied that under the intensive Cattle Development Projects in Karnal and Gurgaon dis tricts 197 Stockmen Centres were opened since the inception of these pro jects to 1973 74 Each stockman centre is manned by a Stock Assistant There was already dearth of qualified persons To overcome this difficulty 289 Stock Assistants were trained departmentally and employed in the various schemes Trained Stock Assistants could not be provided as the facility for the training was limited Such courses were also designed and organised at National Dairy Research Institute Karnal or Haryana Agricultural Univer sity Hissar which were fully availed Steps had also been taken to get the Stock Assistants and other staff trained at the Government Livestock Farm, Hissar in batches The artificial insemination performance of these pro jects has shown tremendous increase in the subsequent years as is clear from the figures given below —

	1973 74	1974-75
Cows	20,475	29,027
Buffaloes	10 730	21,730

Regarding feeding of animals, it was stated that the country as a whole had shortage of cereals even for human feeding and as such very little of these could be spared for animal feeding This deficiency however could be fairly covered by leguminous green proteins fodder for which the Intensive Cattle Development Projects made special efforts through their field staff Fodder demonstration units were being organised with greater stress on modern practices coupled with supply of potential seeds and other inputs In spite of limitations of budget field staff and seed material the following demonstration plots were organised to popularise the above recommendations This could only be possible with extensive house to house contacts with recep tive farmers —

	1970 71	1971 72	1972 73	1973 74	1974 75	1975 76
Karnal						
Demonstration Plots	492	47	292	90	215	132
Fodder seeds distributed (Kg)	934	83½	2136½	904	1271	1640
Gurgaon						
Demonstration Plots	287		124	192	400	103
Fodder seed distributed (Kg)	1017	—	568	576	3949	820

The Committee would like that the reasons leading to unsuccessful artificial insemination be looked into and remedial steps taken to decrease to an appreciable extent the number of unsuccessful cases

They also recommend to the Government to take necessary steps to educate the cattle owning ruralites regarding the benefits from artificial insemination of their livestock through various media and also by personal contacts so that they shed their religious sentiments and orthodox views and come forward in a large number for artificial insemination of their livestock

As regards the construction of buildings of stockmen centres the Department stated that out of 86 (Gurgaon 58 and Karnal 28) Gurgaon and Karnal have completed 26 and 27 centres so far The remaining one and 32 buildings of stockmen Centres in Karnal and Gurgaon respectively, were stated to be pending construction as contractors were not readily forthcoming to take up the petty works in interior scattered villages

The Committee recommend that necessary steps be taken to complete the construction of buildings of the remaining stockmen centres expeditiously The progress made in this behalf be intimated to them The proposal for setting up of more such centres at other suitable places be also considered objectively

Paragraph 3 4 Pilot Project for Pork Processing

6 With a view to processing the surplus and culled stock of Government pig breeding farms and private breeders a Scheme for establishing a pork processing plant at Ambala was submitted to the Government by the Director of Animal Husbandry in January 1970 The Scheme aimed at handling one to three pigs a day and marketing the produce The receipts during 1970 71 were anticipated at Rs 0 90 lakh against an expenditure of Rs 0 70 lakh No such estimates were made for later years The Department went ahead with the Scheme in anticipation of Government s approval and purchased equipment worth Rs 0 40 lakh and started production from October 1970 at the Pig Breeding Farm Ambala Pigs of Government farms only were handled as under —

1970 71	60 numbers
1971 72	44 numbers
1972 73	24 numbers
1973 74	26 numbers

Receipts accruing from the operations from October 1970 to October/November 1973 amounted to Rs 0 22 lakh against running expenses of Rs 0 19 lakh which did not include rent, electricity water depreciation and other overheads common to Pork Processing Plant and the Pig Breeding Farm Low receipts were attributed by the Director Animal Husbandry to non running of the unit to full capacity as surplus and culled animals of Government farms only were processed in the initial stages The processing work was suspended in October 1973 for want of Government sanction to the Scheme As a result equipment worth Rs 0 40 lakh has been rendered surplus *Ex post facto* sanction to the expenditure incurred till October 1973 was issued by the Government in November 1974 with instructions not to incur such expenditure in future without prior approval of the Government

The Department was asked to explain the reasons which led it to purchase the machinery for establishing the pilot project for pork processing at Ambala in anticipation of Government s approval of this scheme The Department replied as under —

In a separate Scheme named Establishment of Pig Breeding Farm at Ambala foundation stock of 30 sows and 3 boars were to be retained at the Farm Further multiplications of the progeny were not to be kept and were to be disposed of in the market In the very beginning there was no market available for the early disposal of the surplus pigs and such surplus pigs were causing extra expenditure on the State exchequer which was to be incurred on the maintenance and feed etc

Since the scheme of pilot project for the pork processing unit had already been sent to the Government and under verbal discussions with the then Secretary to the Government of Haryana it was desired that to avoid extra expenditure the work of pork processing be taken up and that the surplus pigs be utilized in the pork processing plant and, thus the machinery was purchased in anticipation of Government s sanction in black & white

As regards the utilisation of the equipment of the Pilot Project for pork processing at Ambala the scheme having been discontinued later the Department stated that the equipments had not been disposed of as a separate scheme for the establishment of pork processing plant at Ambala was approved by the Government on plan side during the year 1974 75 but as a result of cut on the plan budget this scheme could not be taken up and with the idea of running this scheme in the latter year, the machinery had not been disposed of

The financial results of the scheme achieved by the Department after 1971 72 were stated to be as under —

Year	*Expenditure*	*Receipt*
1971 72	6985	7344
1972 73	3387	4983
1973 74	2953	4726

The Committee recommend to the Government to issue instructions afresh to the effect that no such expenditure is incurred in anticipation of Government s sanction except in emergent cases

The Committee would like to know whether the machinery is being utilised gainfully or is still lying idle

Paragraph 7 14 Haryana Dairy Development Corporation Limited

7 The Haryana Dairy Development Corporation Limited was incorporated on 3rd November 1969 with the main object of producing buying processing and selling milk as well as milk products in the State

The Company started functioning with effect from 1st January 1970 after taking over the assets of the erstwhile Dairy Development Department at a provisional value of Rs 39 30 lakhs The Company agreed to issue 12 percent non redeemable debentures to Government in consideration of transfer of assets These debentures have, however not been issued pending finalisation of valuation of the assets taken over (July 1974) Interest amounting to Rs 18 19 lakhs had accrued and become due upto 31st March 1974

(2) *Capital structure*

The Company was registered with an authorised capital of R 1 00 crore, which was raised to Rs 4 00 crores on 28th December 1973 divided into four lakh equity shares of Rs 100 each The paid up capital of the Company on 31st March 1974 was Rs 1 00 crore fully subscribed by State Government

In addition to the paid up capital, the Company obtained loans from various sources such as banks State Government and the Indian Dairy Corporation The amount of such loans outstanding on 31st March 1974 was Rs 2,39 91 lakhs

(3) *Expansion programme*

(a) *Setting up of plants*

During the Fourth Five Year Plan the Company had planned to set up seven plants for processing milk and manufacture of milk products at Jind Hissar, Ambala, Rewari Jagadhri, Bhiwani and Mohindergarh at a total cost of Rs 3 59 lakhs The capital cost of the four plants at Jind, Hissar Ambala and Bhiwani was to be met out of the plan outlay of Rs 2,35 52 lakhs and the remaining three were to be financed out of profits of the Company and loans from commercial banks The plants at Rewari Jagadhri and Mohindergarh were not taken up as funds for these plants could not be arranged The Company however took up two new sites at Faridabad and Sirsa during 1973 74 for erection of plants

The progress made by the Company in setting up the milk plants upto 31st March 1974 was as under —

Plant	*Anticipated year of commissioning*	*Estimated capital cost (Rupees in lakhs)*	*Actual date of commissioning*	*Expenditure as booked upto 31st March 1974 (Rupees in lakhs)*
Milk Plant Jind	1970 71	Project report not prepared	December 1970	1 12 41
Milk Plant, Bhiwani	1971 72	43 12	October 1972	72 63
Milk Plant Ambala	1972 73	63 00	August 1973	65 54
Milk Plant Hissar	1972 73	38 50	—	1 86
Milk Plant Faridabad	1975 76	87 00	—	0 35
Milk Plant, Sirsa	Not available	1,55 00	—	0 66

The Management stated in July 1974 that the plant at Hissar could not be taken up in time as possession of the Modern Dairy Farm at Hissar where the plant was proposed to be installed was taken over from the Punjab Dairy Development Corporation Limited only in May 1973

The increase in the capital cost of the plant at Bhiwani was due to increased expenditure on civil works including provision of public health amenities over an extensive area and setting up of four chilling centres (cost Rs 13 06 lakhs) which were not included in the project initially

(*b*) *Operation Flood Scheme*

During 1971 72, Rs 3,82 lakhs were allocated by the Government of India through the Indian Dairy Corporation (70 per cent as loan and 30 per cent as grant) to the Company for augmenting milk supply in the metropolitan city of Delhi Funds aggregating Rs 1 45 52 lakhs were received by the Company upto 31st March 1974 The details of the programme envisaged estimated cost of the project and the actual expenditure incurred upto 31st March 1974 are given below —

	Estimated cost	*Expenditure incurred*
	(Rupees	*in lakhs)*
(i) Construction of a dairy at Rohtak	1 50 00	75 74
(ii) Setting up of milk collection and chilling centres at Nuh, Rewari and Rohtak	38 00	
(iii) Technical inputs for increased milk production including the exotic cattle farm at Bhiwani	1,94 00	16 71
	3,82 00	92 45

Setting up of the dairy plant at Rohtak and establishment of milk collection and chilling centres at Nuh, Rewari and Rohtak was entrusted to the National Dairy Development Board in April May 1973 on turn key basis at an estimated cost of Rs 1 48 lakhs and Rs 38 lakhs respectively The Rohtak dairy duly completed was to be handed over to the Company in running condition within 24 months subject to release of funds by the Company availability of equipment and handing over the possession of land No time limit for setting up of the chilling centres at Nuh, Rewari and Rohtak was however, provided in the agreement Execution of the project at Bhiwani was taken up in April 1973 by the Company departmentally

(4) *Production performance*

The Company has three plants at Jind Bhiwani and Ambala The main products of Jind Plant are ghee butter and milk powder that of Bhiwani plant sweetened condensed milk while the plant at Ambala is supplying milk to the consumers of that area and also producing cream paneer, ice cream lassi and whey drink

(a) The table below indicates the installed capacity for handling milk of the three commissioned plants and the quantity procured/handled during the three years ending 1973 74

Plant	*Installed capacity per day (litres)*	*Average capacity utilised per day (litres)*			*Percentage of average capacity utilised to installed capacity*		
		1971 72	1972 73	1973 74	1971-72	1972-73	1973 74
Milk Plant, Jind	50,000	18,223	28,585	23,574	36 4	57 2	47 1
Milk Plant, Bhiwani	15,000	—	955	5,206	—	6 4	34 7
Milk Plant, Ambala	20,000	—	—	4,969	—	—	24 8

The low utilisation of the installed capacities of the Jind and Ambala Plants was attributed by the Management (January 1975) to low procurement of milk Utilisation of the capacity of the Bhiwani Plant was stated to have been low because of lack of demand for sweetened condensed milk.

(b) Milk is procured at different collection centres spread over the State Besides, the Company had seven milk chilling centres on 31st March 1974 for procurement and chilling of milk for the three milk plants The table given below indicates the installed capacity and the average quantity of milk handled per day at the chilling centres for the three years ending 1973 74

Name of the chilling Centre	*Installed capacity per day (litres)*	*Average milk procured per day (litres)*			*Percentage of installed capacity to average milk procured*		
		1971 72	1972 73	1973 74	1971 72	1972 73	1973 74
Uchana	5 000	1 074	564	168	21 5	11 3	3 4
Julana	5 000	5,076	3 454	576	101 5	69 1	11 5
Narnaund	5,000	2 063	2 762	1,480	41 3	55 2	29 6
Alewa	5 000	1,012	1 730	1,911	20 2	34 6	38 2
Ludana	5,000	1,337	804	510	26 7	16 1	10 2
Kalanaur	6,000	—	5 742	2,828	—	95 7	47 1
Naraingarh	5 000	—	—	4 015	—	—	80 3

The under utilisation of the capacities of these centres was according to the Management (April 1975) due to low procurement of milk and switching over to direct procurement system

Four chilling centres at Tosham Loharu Jui and Mundhal on which capital expenditure of Rs 7 23 lakhs on land buildings, etc was incurred upto March 1974 had not started functioning upto 31st March 1975 although machinery for these centres had been received between October 1972 and April 1973 It was stated that a trial was being given from February 1972 to *Amul* pattern of milk procurement, under which milk was collected directly from producers and was transported to the plant No target dates have been fixed for completion and commissioning of these chilling centres (June 1975)

A Chilling centre at Ambala commissioned in November 1972 at a capital cost of Rs 1 29 lakhs was closed down in August 1973 due to commissioning of the main plant at Ambala A proposal to utilise the machinery at another chilling centre at Pipli which was to be set up during 1974 75, is under consideration (April 1975)

(*c*) *Transit losses*

(*i*) *Fat*

According to the norms prescribed by the Company, the loss of fat content in transit should not exceed 0 1 kg in 100 kgs of milk It was observed that in respect of six milk collection chilling centres during 1972 73 and fourteen centres during 1973 74 the loss of fat content in milk despatched from these centres to Milk Plant at Jind exceeded the norms as detailed below —

Year	*Quantity of milk despatched from centres (Kgs)*	*Fat content in milk despatched (Kgs)*	*Quantity of fat received at the milk plant (Kgs)*	*Difference (Kgs)*	*Normal loss of fat as per norm (Kgs)*	*Loss of fat in excess of norms* (Kgs)	Rs
1972 73	5 84 094	37 104	35 893	1 211	597	614	10 438
1973 74	26 83,503	1,78,426	1 71 679	6 747	2 873	3 874	96 580

The Company has not analysed (March 1975) the reasons for the abnormal transit losses of fat

(*ii*) *Solid non fat*

According to the norms prescribed by the Company from time to time milk purchased for manufacture of milk products should contain a minimum percentage of Solid non fat (SNF) The following table indicates the quantity of SNF received at the Jind Plant the quantity which ought to have been received and the loss in terms of value of production during 1972 73 and

1973 74 —

Year	Quantity of milk received (Kgs)	SNF based on prescribed norms (Kgs)	SNF actually received (Kgs)	Difference being loss of SNF (Kgs)	Skimmed milk powder which could have been produced from lost SNF (Kgs)	Total loss on the sale rate of skimmed milk powder (Rs)	Deduction made from suppliers for short supply of SNF (Rs)	Net loss (Rs)
	(Figures in lakhs)							
1972 73	1 09 26	9 62	9 47	0 15	0 14	1 26	0 56	0 70
1973 74	88 62	7 68	7 43	0 25	0 23	3 51	0 43	3 08
				Total				3 78

Though the quantity of milk purchased declined by 19 per cent during 1973 74 compared to that in 1972 73 loss of SNF increased by 67 per cent The reasons for the increase in loss were not investigated (March 1975)

(*d*) *Manufacture of products*

The following table indicates the installed capacity for manufacture of milk products at Jind Bhiwani and Ambala plants and the actual production thereof during the three years ending 1973 74 —

Plant and products	Installed capacity per day	Average production per day		
		1971 72	1972 73	1973 74
		(in tonnes)		
Milk Plant, Jind				
(i) Ghee	4	1 066	1 637	1 089
(ii) Butter	7	1 347	2 162	1 582
(iii) Milk powder	5	1 632	2 609	2 029
Milk Plant, Bhiwani				
(iv) Sweetened condensed milk	5 724 68	—	*383 0	2 308 75

*It included butter processed into ghee

**Average production per day is for the period from October 1972 to March 1973

Plant and products	Installed capacity per day	Average production per day 1971 72	1972 73	1973 74
Milk Plant, Ambala		(in tonnes)		
(v) Bottled milk	40 000 bottles	—	—	9 626
(vi) Ice creem	202 litres	—	—	7 6
(vii) Paneer	4 000 Kgs	—	—	24
(viii) Sterilised milk	3 200 bottles	—	—	821

The shortfall in production was attributed by the Management (July 1974) to less procurement of milk at Jind and lack of demand for products of Ambala Plant Utilisation of the Bhiwani Plant was kept at a low level as its products could not gain much popularity *vis a vis* other familiar brand

(*e*) *Production losses*

(ii) The table below indicates the production losses against norm l production loss as per the prescribed norms during 1972 73 and 1973 74 —

Name of Plant	Product	Prescribed percentage of loss	Quantity manufactured (Kgs) 1972 73	1973 74	Production loss (Kgs) 1972 73	1973 74
	(1)	(2)	(3)	(4)	(5)	(6)
Bhiwani	Full cream sweetened condensed milk	1	39 995	4 58,787	6 210	30 810
	Skimmed sweetened condensed milk	1	19 403	2 51 062	2 904	25 283
Ambala	Fluid milk icecream paneer etc	1	—	2 68 916	—	20 174

Production loss as per norm (Kgs) 1972 73	1973 74	Production loss over and above norm (Kgs) 1972 73	1973 74	Value of production loss (Rs) 1972 73	1973 74
(7)	(8)	(9)	(10)	(11)	(12)
400	4 588	5 810	26 222	27 597	1 76 736
194	2 511	2 710	20 772	11 789	1,31 694
—	2,689	—	17 485	—	4 37 125

***Average production per day is for the period from September 1973 to March 1974.

The loss of production in respect of Milk Plant Bhiwani during the year 1972 73 was attributed by the Management (January 1974) to trial runs and adjustment of machinery The Management stated (April 1975) that a technical committee had been constituted to investigate the reasons of heavy production loss during 1973 74 Results of the investigation are awaited (April 1975)

(ii) *Curdling of milk*

The Company has not prescribed any norm for loss of milk due to curdling The table given below indicates the quantity of milk curdled cost of curdled milk amount realised on sale of ghee manufactured out of curdled milk and the loss suffered during 1972 73 and 1973 74 —

Year	*Quantity of milk handled (in lakh Kgs)*	*Quantity of milk curdled (in lakh Kgs)*	*Percentage of milk curdled to total milk handled*	*Average purchase rate (Rupees per kg)*	*Cost of curdled milk*	*Amount realised on sale of ghee manufactured from curdled milk*	*Net loss*
					(In lakhs of rupees)		
1972 73	1 07 47	0 78	0 72	1 24	0 96	0 32	0 64
1973 74	88 62	0 87	0 98	1 62	1 41	0 54	0 87
				Total			1 51

The Management stated (March 1975) that during procurement of milk especially in summer seasons, losses on account of curdling could not be eliminated

(iii) *Breakage of bottles*

There was heavy breakage of bottles in the Milk Plant, Ambala during the eight months of its operation from August 1973 to March 1974 as shown below —

Size of bottle	*Total number of bottles filled*	*Breakage (number)*	*Percentage of breakage*
500 ML	23 40,009	34,332	1 5
250ML	88 326	4 280	4 8

The Company has not laid down any norms for breakage of bottles The Management stated in June 1974 that breakage of bottles was on the high side because 1973 74 was the first year of operation of the plant *(iv) Damage to tins during filling and packing*

The following table indicates the damage to tins during packing and filling of condensed milk at the Milk Plant, Bhiwani during 1973 74

Type of packing	*Total number filled*	*Number of tins damaged*	*Percentage of damage*	*Cost of damaged tins (Rs)*
397 gms	3,71,892	45,390	12 2	31,773
6 Kgs	2,972	184	6 2	754
			Total	32,527

No norms have been laid down for damage to tins during packing and filling of condensed milk (June 1975)

(5) *Sales*

(i) The table given below indicates sale of milk and milk products, manufactured during the three years ending 1973 74 —

	1971 72 Kgs	*1972 73 Kgs*	*1973 74 Kgs*	
Ghee	4,00 951	6,05,526	4,24,025	
Milk powder	6,82 570	9,59,288	7 04,241	
Butter	22 533	1,22,298	1,88,533	
Fluid milk (un bottled)		17,081 (litres)	85 360	(litres)
Sweetened condensed milk		17,360	6 42,458	
Fluid milk (bottled)			10,58,460	(litres)
Cream			12,247	(Kgs)
Whey drink			3,232	(bottles)
Paneer			4,960	(Kgs)
Ice cream			1,538	(litres)

The Company has not introduced any system to ascertain the cost of production of various products and to control wastages and production losses The selling prices of various products are fixed on *ad hoc* basis keeping in view the market trends In the absence of a proper cost accounting system it has not been possible to determine the profitability of the various products The Management stated (April 1975) that a Cost Accountant had been posted at Milk Plant, Jind in July 1974 Similar action of posting qualified Cost Accountants in other units was being taken for evolving a system of costing of various products, *(ii) Loss on sale of products*

During March 1974, the Company sold 30,800 kgs of sweetened condensed milk (value Rs 2 02 lakhs), manufactured at Bhiwani (October 1972) at a discount of 10 per cent as the colour of the product was stated to have become dark

Out of the total quantity of 30,800 kgs , 2,800 kgs valuing Rs 0 18 lakh sold at discount were found unfit for use (June 1974) and Rs 16 380 had to be refunded to the party The total loss in the sale of this produtct amounted to Rs 36 624

(6) Financial position

The table below summarises the financial position of the Company for the three years ending 1973 74 —

	1971 72	*1972 73*	*1973 74*
		(Rupees in lakhs)	
Liabilities			
(a) Paid up capital	20 00	20 00	1,00 00
(b) Reserves and surplus	8 15	23 31	59 33
(c) Borrowings	1 61 48	2,38 71	2 39 91
(d) Trade dues and other current liabilities (including provisions)	35 44	65 60	1,06 06
	2,25 07	3 47 62	5,05 30
Assets			
(a) Gross block	1,03 73	1,77 56	2 67 43
(b) Less depreciation	17 97	31 29	50 53
(c) Net fixed assets	85 76	1,46 27	2,16 90
(d) Capital works in progress	42 11	47 34	27 37
(e) Investments		0 15	0 15
(f) Current assets, loans and advances	69 32	1,15 43	2 03 24
(g) Miscellaneous expenditure including losses	27 88	38 43	57 64
	2 25 07	3 47 62	5 05 30
Capital employed	1 19 64	1,96 10	3 14 08
Net worth	0 27	4 88	1 01 69

Note (1) Capital employed represents net fixed assets plus working capital

(2) Net worth represents paid up capital plus free reserves less intangible assets

(7) *Working results*

The table given below indicates the working results of the Company for the three years upto 1973 74 —

	1971-72	1972 73	1973 74
	(In lakhs of rupees)		
Cost of production	1,24 60	1,94 81	2,69 25
Selling expenses	7 00	13 06	17 78
Cost of sales	1,31 60	2,07 87	2,87 01
Sales	1,20 17	1,96 75	2,67 73
Other income	0 10	0 57	0 44
Total income	1,20 27	1,97 32	2,68 1
Net loss	11 33	10 55	18 99
Accumulated loss (excluding development rebate reserve of Rs 8 15 lakhs)	19 63	30 18	49 07

(8) *Inventory control*

The value of stores and spares at the close of the three years ending 1973-74 against the consumption for these years was as under —

	1971 72 (4st February 1971 to 31st March 1972)	1972 73	1973 7S
		(Rupees in lakhs)	
Closing balance at the end of the year	4 64	11 14	15 43
Consumption during the year	7 78	13 33	23 29
Closing balance in terms of months consumption	8	10	8
Purchases during the year	9 74	19 83	27 58
Purchase in terms of months consumption	17	18	14

The minimum, maximum and reserve stock limits of stores and spares have not been fixed

(9) *Internal audit*

Upto March 1974 internal audit was conducted by staff posted at the head office A firm of Chartered Accountants was appointed in April 1974 to conduct the internal audit on monthly fee of Rs 400 The Company has neither prepared any manual defining the scope and functions of internal audit nor prescribed any procedure of periodical submission of internal audit reports to the Board of Directors

The Department stated in its written reply that the question of division of assets of erstwhile Dairy Development Corporation of the Joint Punjab was still under negotiation with the Punjab Government Further action in the matter will be taken thereafter

When asked to state the position of the issue of 12% non redeemable debentures in consideration of transfer of assets (provisional value of Rs 39 30 lakhs), the Department stated that these would be issued after the various departments, which had incurred expenditure on dairy units, furnished audited figures of expenditure The question of payment of interest on debentures would be considered after their issue

The Committee recommend that the matter regarding division of assets of the erstwhile Dairy Development Corporation of the composite Punjab State, which has already been considerably delayed be finalised expeditiously The Committee feel that due importance has not been given to this matter with the result that its finalisation has entailed so much delay

The issue of irredeemable debentures in favour of the State Government be also expedited

Capital Structure

When asked about the repayment of loan to the State Government, the Department stated that Installment of loan could not be paid to the State Government in so far as the Corporation had to discharge other pressing liabilities and had to plough back funds generated in the on going projects as institutional finances grew scarce because of credit squeeze During 1976 77, an amount of Rs 12 08 lakhs principal and Rs 30 69 lakhs on account of interest was due to State Government

The Committee would like to know the latest position of the repayment of loan and interest as also of the loan and interest still outstanding

Production Performance

To a question of the Committee as to why the milk could not be so procured as to utilize the maximum installed capacity of the plants at Jind Bhiwani and Ambala, the Department replied that the Haryana State being in the vicinity of Delhi, its considerable quantity of milk was taken out to the capital region as to meet the requirements of this metropolitan city The milk from Ambala district was taken out to its adjoining states of Punjab, Himachal and Uttar Pradesh

When further questioned by the Committee as to why could not the factors responsible for these shortcomings be foreseen before the installed capacity of the Plant(s) was decided, the Department stated that actually there was no scope for being dismayed over the past low procurement Haryana has plenty of milk and the Haryana Dairy Development Corporation would certainly be able to procure enough milk to make the maximum utilisation of their plants In the initial years certain teething troubles could not be ruled out

While giving evidence before the Committee the departmental represen tative stated that there was another problem created by the Uttar Pradesh Government by enacting an Act banning the export of milk from that State

The Committee do not feel convinced with the reasons advanced for the low procurement of milk because on the one hand they say that Haryana State abounds in milk but on the other hand they have failed to feed the plants to their ptimeum capacity The Committee feel that remunerative price of milk is not bing paid to its suppliers which is one of the factors responsible for the inadequate supply of milk to the Milk Plants They recommend that effective steps be taken on a TOP PRIORITY basis to ensure that the procurement of milk for the milk plants is improved and regulated to an appreciable extent In any case the Corporation/Department should see that the milk plants run to their installed capacity and thus on sound financial footing

The Committee would further like the Corporation/Department to ensure that the losses of milk in procurement, and production and transit are eliminated altogether but if it is not possible for one reason or the other then in any case should not exceed the prescribed norms

Solid Non fat

The Company suffered a net loss of Rs 3 78 lakhs in terms of value of production at the Jind Milk Plant The department in reply to a question of the Committee informed that detailed investigation into the reasons leading to the increase in loss were being made

The Committee recommend that investigations in the matter be finalised expeditiously and the findings thereof intimated to them

The Committee was informed that the technical Committee, which was constituted to investigate the reasons for heavy production losses during the year 1973 74, had yet to submit its report to the Government

The Committee urge that due importance be given to finalising the report immediately A copy of the report be also supplied to them for their perusal

As regards the loss due to curdling of milk the following factors were attributed to it by the Department —

(i) Dirty cans

(ii) late transportation of milk ,

(iii) mishandling of milk in the plants and

(iv) power cuts

The Committee recommend that effective remedial steps be taken to avoid loss of milk due to curdling and the progress achieved as a result thereof be intimated to them

The Committee desired to know the position of breakage of bottles in the subsequent years but no information in this behalf has been supplied to them till the finalisation of their report The information asked for by the Committee be furnished without further delay

The losses for damage of tins were stated to be on account of handling in packing of a new product The Committee recommend that efforts be made to minimise the losses to a great extent The norms for damage of tins be also fixed under advice to the Committee

The Committee urge that the system of cost accounting be introduced by the Company to ascertain more scientifically the cost of production of various products and their losses on account of damage, etc

Working results

When asked by the Committee the reason for increase in loss from year to year, the Department stated as under —

In comparison of sales figures with cost of sales of relevant years there appears to be no abnormal increase in the cost of sales The main causes of loss to the Corporation are briefly enumerated below —

(i) The dairy units have been set up in quick succession and all of whom happened to be within their gestation period when they are not expected to earn profit

(ii) Institutional finances having grown scarce the Corporation had to plough back funds into on going projects disabling thereby discharge of other liabilities which resulted into added interest liabilities

(iii) Payment of higher price of milk as a succour to the ruralite milk producers

(iv) Exorbitant rate of interest charged by the State Govt in the initial stages

(v) Unfavourable debt equity ratio at the very inception of the Corporation

(vi) Incurring of uproductive expenditure on developmental activities like survey, extension activities education etc

(vii) The following steps have been taken to arrest growth of loss —

(a) Efforts to consolidate the achievements already made and ensuring optimum utilisation of installed capacity

(b) Efforts to enable dairy units under the gestation period to make profits in the shortest run

(c) Cessation of incurring expenditure on unproductive activities

(d) Close scrutiny of expenditure being incurred on various scores to ensure control and economy

(e) Exploration of new markets to promote sales within and out side the State

The Committee would like to know the results achieved by the department as a result of the steps taken by it to cover up the loss/reduce the accumulated loss

INDUSTRIES

Paragraph 3 5 Recoveries from a firm

8 An order for the supply of 162 tonnes of mild steel rounds of different sizes was placed by the Controller of Stores on a firm at Rohtak in January 1970 The order was on behalf of Kaithal Drainage Division Delivery was to be made within 15 days Ten per cent of the value of steel was to be deposited with the Government as security within a week of the supply order The firm did not furnish the security deposit Twelve tonnes of mild steel rounds were supplied upto March 1970 The balance quantity was not supplied despite extension of time by the Controller of Stores The firm was served with a notice in June 1970 requiring it to supply the balance material failing which purchase would be made at its risk and cost The contents of the firm s reply if any are not known (May 1975)

Based on the decision of the Standing Purchase Committee an order for the supply of 117 tonnes of mild steel rounds was thereupon placed (July 1970) with another firm at Kanpur at the risk and cost of the first firm The firm at Kanpur supplied (July to September 1970) 115 40 tonnes mild steel rounds which cost Rs 0 26 lakh more

No action to recover the extra amount from the first firm appeared to have been taken by the Controller of Stores till January 1973 when the Department referred the case for arbitration The award of the Arbitrator is awaited (June 1975)

The matter was referred to the Government in September, 1974 its reply is awaited (May 1975)

The Department stated in its written reply that one of the conditions of the supply order was that the firm may deposit the security equivalent to the 10% of the value of the order But the firm did not deposit the security There was no provision in the Store Purchase Rules under which the supplies after the issue of supply order could be refused because the firm had not deposited the security This course was not practicable especially where the demand of the Indenting Officer was of an emergent nature It was also stated that the previous practice of issuing the supply order without first obtaining the security had since been dispensed with and henceforth the successful tenderer was required to deposit the security before the supply order was placed

The Department also stated that the firm had advanced the plea that the Indenting Officer was responsible for not taking the delivery of the goods but the Indenting Officer had stated that the firm failed to make supply inspite of repeated reminders

Schedule B (conditions of the contract) had been signed by the firm and this included the clause for effecting the risk purchase and in view of this, there was no need to obtain any special consent of the firm for effecting the risk purchase The decision to this effect (risk purchase) could thus, be unilaterally taken by Controller of Stores, after issuing a notice to the firm A notice was accordingly issued in this case

When the firm did not deposit the risk purchase amount, the case was referred for arbitration The award of the Arbitrator being not in favour of the Government, it was being contested in the Court of the Sub-Judge Chandigarh, by the Department

The Committee recommend that the procedure laid down by the Government previously for the purchase of various kinds of goods which suffered from a major defect to the effect that it was not obligatory on the part of the suppliers to deposit the security equivalent to the 10% of the value of the supply order and which had now been suitably revised, may be rigidly followed in future

According to the statement of the Rohtak firm, the delivery of the goods (mild steel rounds) was not taken by the Indenting Officer The Committee would like to know the circumstances under which the Indenting Officer refused to take the delivery of the goods The responsibility for such action be fixed under intimation to the Committee

The Committee would like to know the result of the appeal filed in the Court of the Sub Judge at Chandigarh by the Government against the award of the Arbitrator

Paragraph 7 13 Haryana State Small Industries and Export Corporation Limited

9 (*1*) *Introduction*

Haryana State Small Industries and Export Corporation Limited was incorporated on 9th July 1967 with the main object to—

(1) establish, maintain or otherwise assist and protect the interest of small and medium scale industries within the State

(2) develop organise establish, run or otherwise assist in the establishment of industrial estates within the State

(3) carry on the business of export of goods and commodities and import of goods including plant and machinery, electrical goods agricultural implements etc required for the industrial development of the State and

(4) start organise establish or re orient any industry in the State for promotion of export of goods

(*2*) *Capital structure*

The authorised capital of the Company is Rs 50 lakhs divided into 50,000 equity shares of Rs 100 each The paid up capital of the Company on 30th June 1974 was Rs 20 lakhs wholly subscribed by State Government

In addition, the Company obtained loans from banks and the State Government The total amount of loans outstanding on 30th June 1974 was Rs 19 49 lakhs

(3) *Financial position*

The table below indicates the financial position of the Company for the three years ending 1973 74 —

	1971 72	1972-73	1973 74
		(Rupees in lakhs)	
Liabilities			
Paid up capital	20 00	20 00	20 00
Reserves and surpluses	8 51	20 31	30 70
Secured and unsecured **loans**	6 99	20 50	19 49
Current liabilities and provisions	80 55	90 18	1,03 95
Total	1,16 05	1,50 99	1,74 17
Assets			
Gross block	1 68	8 23	11 24
Less depreciation	0 41	1 27	2 44
Net fixed assets	1 27	6 96	8 80
Current assets, loans and advances	1,14 78	1,44 03	1,65 34
Total	1,16 05	1 50 99	1,74 14
Capital employed	35 50	60 81	70 19
Net worth	28 51	40 31	50 70

Note —Capital employed represents net fixed assets plus working capital
Net worth represents paid up capital plus free reserves and long term loans

(4) Working results

The table given below summarises the working results of the Company for the three years ending 1973 74

	1971 72	1972 73	1973 74
	(Rupees in lakhs)		
Turnover	4 31 32	5,61 57	7,61 23
Administrative selling distribution and other expenses	10 09	15 44	21 63
Net profit	15 51	16 55	27 90
Percentage of net profit to—			
(i) Turnover	3 6	2 9	3 7
(ii) Capital employed	44 00	27 00	40 00
Percentage of administrative selling distribution and other expenses to turnover	2 3	2 7	2 8

The increase in the administrative, selling and distribution expenses during 1972 73 and 1973 74 compared to 1971 72 was attributed (March 1975) by the Management to—

(a) take over of three emporia in April 1973 from the Industries Department

(b) take over of doll and toy making centre in April 1974 ,

(c) increase in pay and allowances of staff, and

(d) opening of new depots to facilitate distribution of material to small scale industrial units in the State

(5) *Procurement and distribution of raw material*

(a) Procurement of scarce raw material for small scale industrial units and their distribution amongst the units on the basis of their requirements is the main activity of the Company The capacity of each small scale industrial unit in the State is assessed by the Industries Department and intimated to the Company The industrial units submit their requirements indicating the size and type of material required by them and deposit 2½ per cent to 5 per cent of the estimated cost with the Company On the basis of the capacity assessed by the Industries Department, and requirements intimated by the industrial units orders on the main suppliers *viz* the State Trading Corporation of India or the Minerals and Metals Trading Corporation of India are placed by the Company within the total allocation of scarce material for the State

The table given below indicates the quantity and value of raw material procured and distributed by the Company to small scale units during the three years upto 1973 74 —

Particulars	1971 72 Quantity		1972 73 Quantity		1973 74 Quantity	
	Procured	Distributed	Procured	Distributed	Procured	Distributed
	(Figures in tonnes)					
Iron and Steel	19,483	17,944	22,243	22,778	21,312	22,874
Pig iron	15,991	16,035	15,736	15,835	20,067	20,056
Stainless steel sheets	5	15	104	52	31	85
Aluminium	435	435				
Mutton tallow	875	1,028	369	366	528	531
Zinc	19	12	9	9	189	137
Raw Wool	3	3	17	17	1	1
Yarn			1,044	806	33	254
Coke					4,912	4,912
Others		4				

(b) During 1973-74 iron and steel materials accounted for nearly 66 per cent of the value of raw material distributed through the Company In 1973 74 the assessed requirement of iron and steel (excluding stainless steel) of the small units in the State was 542 67 thousand tonnes against which the Company procured and distributed 42 930 thousand tonnes only i e 8 per cent of the requirements of small industrial units The shortfall was attributed (March 1975) by the Management to insufficient allocation of materials by Government

(6) Export performance

The table below indicates the value of total exports of the State and value of the export channelised through the Company during the five years ending 1973 74

Year	Commodities exported by the Company						Expenditure on export promotion	Total exports of the State	Percentage of exports by the Company to total exports
	Diesel engines	Shoes	Handloom	Scientific instruments	Miscellaneous goods	Total			
	(Rupees in lakhs)								
1969 70	0 60	35 25		0 31	0 03	36 19	0 62	1020	3 5
1970 71	4 86	6 93		0 09	0 77	12 65	0 30	1120	1 1
1971-72	8 29	4 07		0 18	[illegible]	12 54	0 21	1200	1 0
1972-73	8 84	3 72			0 15	12 71	0 81	1226	1 0
1973 74	3 00	1 98	1 91		1 55	8 44	0 31	1670	0 5

(i) The export of shoes of the aggregate value Rs 51 95 lakhs was to U S S R under a contract entered into by the State Trading Corporation of India The decline in the value of export of shoes was attributed by management (June 1975) to (i) direct export by the main producer whose products used to be exported through the Company, and (ii) decline in the allotment of export orders by the State Trading Corporation of India

The fall in export of diesel engines was attributed by the Management (October 1974) to non channelising of the export by the manufacturer through the Company

(7) Government emporia

The Company took over from 1st April 1973 Government Emporia at New Delhi, Ambala and Chandigarh for promoting the marketability of consumer goods, manufactured by the industries in the State and to foster export of these goods

Goods of value Rs 4 62 lakhs were taken over by the Company on consignment basis out of which goods of value Rs 2 44 lakhs were sold up to 30th June 1974 The value of furniture and fixtures taken over from Government is yet to be determined and adjusted in the accounts (June 1975)

A grant of Rs 7 00 lakhs was given by the State Government during 1972 73 (Rs 5 00 lakhs) and 1973 74 (Rs 2 00 lakhs) for renovation of the New Delhi emporium The emporium was renovated (June 1973) at a cost of Rs 6 52 lakhs The State Government also granted in August 1973 a loan of Rs 5 00 lakhs repayable in 5 yearly instalments on concessional rate of interest of 3 per cent to enable the Company to run the emporia

Operational results of the emporia

The goods sold at the emporia are either those purchased by the Company or kept on consignment basis for sale The table given below indicates the turnover, surplus/deficits, etc (excluding the products of the Haryana Dairy Development Corporation Limited marketed through these emporia) in respect of three emporia for the period from April 1973 to June 1973 and for the year 1973 74 —

	New Delhi		*Ambala*		*Chandigarh*	
	Upto June 1973	1973 74	*Upto June 1973*	1973 74	*Upto June 1973*	1973 74
			(*Rupees in lakhs*)			
Sale targets	Not fixed	10 00	Not fixed	5 00	Not fixed	6 50
Sales	1 20	7 47	0 29	1 96	0 63	6 37
Cost of goods sold	1 03	6 31	0 25	1 67	0 55	5 49
Running expenditure including depreciation and bonus to staff	2 30	3 54	0 09	0 36	0 17	0 84
Profit(+)/ Loss(—)	(—)2 13	(—)2 38	(—)0 05	(—)0 07	(—)0 09	(+)0 04
Percentage of total expenditure to sales	191 5	47 4	32 3	18 4	26 8	13 2

One of the reasons for the loss in the New Delhi emporium during April June 1973 was damage to goods worth Rs 86 831 as a result of a fire on 16th April 1973 Rupees 0 10 lakh were realised on sale of the damaged goods and 0 35 lakh were received against fire insurance claims In order to overcome the losses and to recover the expenditure on running of the emporia, the margin included in the selling prices of various items was increased from 15 per cent to 20 30 per cent with effect from 6th March 1974

Physical verification of stocks at the Ambala and New Delhi emporia at the close of 1973 74 revealed the following shortages and surpluses —

	Shortage	*Surplus*
	Rs	*Rs*
Ambala	6,858	148
New Delhi	10,185	3 919

The Management stated (March 1975) that the matter was being investigated

(8) *Other activities*

(i) *Marketing of the products of Haryana Dairy Development Corporation Limited*

The Company took up from July 1973 the marketing of the products of Haryana Dairy Development Corporation Limited viz ghee butter, etc through its emporia Sales during 1973 74 amounted to Rs 56 57 lakhs The gross profit from the sale of these products amounted to Rs 2 10 lakhs before adjusting an expenditure of Rs 0 36 lakh against it

Physical verification of stocks by the officers of the Company at the close of the year 1973 74, revealed a total shortage of Rs 8,237 A further shortage of Rs 4,355 was noticed due to short balancing of stock at hand on certain dates Reasons for the shortages are yet to be investigated (March 1975)

(ii) *Marketing of beer*

The Company deposited Rs 4 00 lakhs with the Haryana Breweries Limited on 24th April 1974 for acting as an agent for sale of beer in Delhi The Company however, could not sell beer owing to non issue of licence by the Excise authorities The amount has not been recovered so far (June 1975)

(9) *Other topics of interest*

(i) *Production of ready made garments for children*

A ready made garment centre was set up by the Company at Ambala in June 1973 at a total cost of Rs 0 38 lakh It went into production on 18th July 1973 The centre produced goods worth Rs 22,397 and sold garments for Rs 6,000 upto June 1974 Finished garments valued Rs 16 485 were lying unsold on 30th June 1974 despite 20 per cent discount having been offered The Management has yet to make an assessment of the value likely to be realised in respect of the unsold stocks

In view of the unsatisfactory sales and accumulation of stocks of ready made garments the Management decided on 28th September 1973 to close the Centre The centre was eventually closed on 24th January 1974

(ii) *Doll and toy making centre*

The Company took up a scheme for producing dolls/toys at Ambala on 16th June 1973 at Karnal on 21st February 1974 and at Chandigarh on 1st February 1974 The Company also took over a Government owned doll making centre at Ambala with effect from 1st April 1974 During 1973 74 finished goods valued Rs 0 66 lakh at sale prices were produced Out of this, goods worth Rs 0 29 lakh could be sold at the three centres upto 30th June 1974

(iii) *Hire purchase of machinery for educated un employed*

With a view to providing machinery to the educated unemployed on hire purchase basis the State Government placed Rs 2 00 lakhs at the dis posal of the Company on 30th March 1972 This was treated as a loan to the Company carrying interest at 6 per cent repayable in 60 quartely instalments beginning from 1st April 1973 Out of 45 applications received and considered in a meeting of Technical Committee held on 8th March 1973 only 12 were found suitable The Committee recommended six applications, final decision on these has not yet (March 1975) been taken On 30th June 1974 the amount outstanding against the Company was Rs 1 83 lakhs

The Management stated (June 1975) that advances were not given to the applicants recommended by the Technical Committee as they did not come forward to avail of the loan facilities

(10) *Internal Audit*

A firm of Chartered Accountants was appointed to work as internal auditor for 1971 72, 1972 73 and 1973 74 They were paid Rs 3,508 Rs 6,215 and Rs 8,414 for conducting internal audit for the three years respectively

In January 1975 the Management decided to establish an internal audit wing of the Company Further developments are awaited (March 1975)

(11) *Inventory Control*

The table given below indicates the values of procurement sale and closing balance of raw material at the close each of the three years upto 1973 74 —

	1971 72	1972 73	1973 74
	(Rupees in	*lakhs)*	
Opening balance	33 15	52.31	75 37
Purchases	4 14 54	5 30 40	5 83 49
Sales	4,18 77	5,46 27	6,80 42
Closing balance	52 31	75 37	30 63

Iron and Steel

The Department stated that the procurement and distribution of Iron & Steel during the year 1973 74 was dependent upon the quantity allocated by the Joint Plant Committee (J P C) against the assessed requirement On the basis of the capacities assessed by the Industries Departments, the tentative requirement was of the order of 2,35,935 MTs Against this indented/planned requirement, the actual allocation by the J P C was only 42 930 MTs

In reply to a further question of the Committee, the Departmental representative stated during the course of oral examination that the supply of Iron and Steel was controlled by the Joint Plant Committee of the Government of India and as such they were not able to persuade the J P C to supply Iron and Steel according to the capacities assessed by the Haryana State Industries Department There was a great demand for the supply of Iron and Steel in the year 1973 74 One of the factors attributed for the short supply of the Iron Store was the short availability of Iron and Steel with the J P C The position of the supply of Iron and Steel had eased thereafter to the extent that it was freely available in the open market and there was no difficulty what so ever in this regard

The Committee are generally satisfied with the reply of Government They, however, recommend that the Government should make all-out efforts to arrange for the supply of Iron and Steel to the Industrial Units, in particular to the Small Units, according to their requirements so that they may function smoothly and efficiently

Export Performance

To a question of the Committee as to why the export of commodities by the Company declined sharply in 1970 71 and onwards, and was lowest in 1973 74 as compared to previous year, the Department stated in reply as under —

The sharp decline in the export of commodities in 1970 71 onward is in three commodities, *viz* Shoes, Diesel Engines and Scientific Instruments The reasons for decline in each commodity are given as under —

(*i*) *Shoes*

The decline in export of shoes was due to the fact that M/s Liberty Footwear Co , Karnal, who were the main suppliers and were earlier exporting through the Corporation got in touch directly with the State Trading Corporation of India by eliminating the Corporation altogether Since this was a policy matter for the S T C , it was beyond the scope of the Corporation to get the orders routed through us

(*ii*) *Diesel Engines*

The main reason for the fall in export of diesel engines was that out of the total export of diesel engines 70 to 80% export was for Thailand and the rest for Iran These two countries were interested in the import only of Lister Lakshmirattan diesel engines which were supplied and manufactured by only one party that is M/s Lakshmirattan Engg Works , Ltd As the Manufacturers started their export in their own name to the buyers they did not supply their Engines through the Corporation to the foreign buyers inspite of financial assistance given to this manufacturer by the Corporation

The Corporation also tried to convince the foreign buyers but they refused to import other types of engines

The other major factor which is responsible for the decline in export of Diesel Engines is that big enterprises like M/s Kirloskers have opened their sales office in a large number of countries abroad They also offer prompt after sale service and have been able to capture the market fully The small manufacturers who produce Diesel Engines cannot thus compete with facilities offered by the big enterprises with the result that the Corporation has not been able to secure a sizeable order for such items, even though efforts have all along been made

(iii) Scientific Instruments

The Corporation was exporting the Scientific Instruments to Singapore through our indenting Agents, M/s E J Motiwala & Co , Singapore This agent could not procure orders for the Corporation as there was a keen competition with Taiwan, etc This Corporation sent several quotations to Singapore Malaysia etc but due to very tough competition in the foreign markets the Corporation could not procure orders

To a further question as to why direct-export was resorted to and steps taken to improve the position the Department intimated that the direct export was certainly more economical and profitable to the exporting company as it saved them the Corporation s Commission @ 2%

Following steps were stated to have been taken by the Department to improve the position of export in future —

(i) Shoes

For the development of exports of shoes the Corporation has set up a Footwear Centre at Karnal so as to give technical guidance and advice besides financial assistance to the economically backward fabricators In fact, the export of shoes is a developmental measure, for the Corporation aimed to help the poor scheduled caste craftsmen engaged in the manufacture of shoes The Footwear Centre has catered to the long felt needs of these craftsmen and it has shown a very good performance during the subsequent years to the satisfaction of the State Trading Corporation of India and the Russian buyers It was on this account alone that the Corporation has been able to secure bigger orders during the succeeding years The progress achieved during the years 1974 75 and 1975 76 is as under —

Year	*Pairs of Shoes Exported*	*Amount*
		Rs
1974-75	17 200	6,29,798
1975 76	12,200	5 73,638

Efforts are being made to persuade the S T C to allot orders for more shoes as we have been able to increase our capacity which had hither to been rather limited

Moreover, the allocation of shoes order depends on the over all order received by the S T C from the foreign buyers and the corporation has no part to play in the negotiation of export contract

(ii) *Other Goods*

Following steps have also been taken to improve exports —

(a) Meeting Potential Foreign buyers

(b) Contacting the Embassies and other trade authorities like Trade Development Authority State Trading Corporation of India Offices abroad

(c) Appointing Agents abroad

(d) Press Publicity in foreign newspapers

(e) Product sampling and persuasive marketing

(f) Associating with State Trading Corporation of India for channelis ed exports

These steps have yielded results and we were able to get trial orders from Japan, U K Canada U S A & Australia for handicraft handloom and leather garments

These new markets have been explored and intensive convassing is being undertaken by way of correspondence, sampling and even personal meet ings

Regular orders in handlooms are being secured from West Germany & Finland and in shoes from U S S R through State Trading Corporation

The Committee recommend that sustained efforts be made to improve the export position of these commodities and particularly of the shoes and scien tific instruments to foreign countries still further, thereby to earn more foreign exchange and to promote employment opportunities in the State of Haryana

With a view to promote the export of diesel engines from the State to other countries, the Committee recommed to the Government to consider the desirability of taking necessary steps to gurantee the repair and service of the engines which are exported to buyers in the foreign countries as is being done by the private companies

Government Emporia

In reply to a question of the Committee, the Department stated that out of balance stock of goods worth Rs 2 18 lakhs goods valuing to the extent of Rs 1 41 lakhs had been sold The remaining goods were stated to be lying with the Emporia on consignment basis for sale The unsold stock would be returned to the Director of Industries Haryana or disposed of as per his instructions

When further questioned by the Committee as to the profit or loss that accrued to the Emporia in this tran action, no reply thereto was given by the Government

The Committee would like to be apprised of the position as it stood on

31st March, 1977 with regard to the disposal of remaining goods of the value of Rs 0 77 lakh

The Committee would further like to know whether the articles of furniture and fixtures which were taken over by the Corporation on loan from the Government have been returned to it or not The approximate value of the furniture and fixtures and the manner in which the Government proposes to make use of them be intimated to the Committee

As regards the loan amounting to Rs 5 lakhs raised by the Corporation from the Government on a nominal rate of interest of 3%, the amount with interest that was repaid to the Government and the balance which was still outstanding as on 24-8 76 be intimated to the Committee

The Department further stated that the profitability was not the main purpose of running these emporia The purpose for which the emporia were taken over *viz*, to help the artisans/craftsmen in marketing their products and to save them from the exploitation by middlemen has of course been fulfilled as the sale of handloom and handicrafts had increased from Rs 2 12 lakhs in 1972 73 (three months) to Rs 35 35 lakhs in 1974 75

The working results for 1974-75 as desired by the Committee were stated to be as under —

	Chandigarh	*Ambala*	*Delhi*
		(Rs in lakhs)	
Sale	15 65	6 14	42 22 (Including Vita)
Cost of Goods sold	13 62	5 25	38 70
Running Expenditure	2 89	1 07	5 87
Profit(+) loss (—)	(+)0 85	(+)0 13	(—)2 26
Percentage of Total expenditure to sales	18 5%	17 5%	13 9%

The running expenditure including depreciation and bonus increased during 1973 74 on account of the fact that expenditure figure of 1972 73 covered three months period only from 1 4 1973 to 30 6 1973 while the figures of 1973 74 were for the whole year

To an enquiry as to the reasons for the loss in the three emporia, the department intimated the position emporia wise as under —

Chandigarh Emporium There was no loss in this emporium It gave a profit of about Rs 4 000 and 85,000 during 1973 74 and 1974 75, respectively

Ambala Emporium The nominal loss of about Rs 7,000 during 1973 74 was on account of the fact that there was very low mark upto 3/74 During 1974 75, this Emporium gave the Company a profit of about Rs 13 000

New Delhi Emporium The main reason for losses in New Delhi Emporium was on account of the fact that its running expenditure was comparatively high as the Emporium has been housed in a well furnished Air Conditioned building An art Gallery and an Export House has also been accommodated in this building The main idea of maintaining this well decorated Emporium is to project the image of Haryana State & its parties by marketing their products not only within the country but outside also It will be seen that sales at New Delhi Emporium have gone up from Rs 1 20 lakhs in 1972 73 to Rs 7 47 lakhs in 1973 74 and Rs 42 22 lakhs (including Vita) during 1974 75 Efforts are however being made to make it a self supporting unit

It was further stated that the percentage of expenditure to sales for 1974 75 in respect of New Delhi Emporium worked out to 13 9% The percentage of expenditure to sales came down from 32 3% in 1972 73 to 18 4% in 1973 74 and 17 5% in 1974-75 in respect of Ambala Emporium The fall in figures of Chandigarh Emporium was from 26 8% in 1972 73 to 13 2% in 1973 74 There was, however, a slight increase in the percentage of expenditure in 1974 75 which was 18 5% It was also stated that efforts were being made to push the sales further to bring down the percentage of expenditure to sales

The Committee are dissatisfied with the over all performance of these Emporia They feel that the percentage of total expenditure to sales in these Emporia is on the high side and, therefore, recommend that necessary steps to bring it down be taken expeditiously In the opinion of the Committee, the improvement in management of these Emporia merits special attention Effective steps be taken to improve the management as only by doing so the Emporia will be able to show results commensurate with the investment made in them

The Committee feel that the goods being sold at these Emporia are in no way cheaper than those almost of identical quality being sold in the open market despite the fact that they got a loan of Rs 5 00 lakhs from the Government at a nominal rate of interest, viz , 3% whereas it was chargeable at the rate of 15% by the Banks In the opinion of the Committee the loss is suffered or the meagre amount of profit earned by these emporia are due to the lack of effective and efficient management and supervision of these stores The Committee, therefore, recommend that the management of these Emporia at all levels be streamlined and loopholes, if any, plugged so that they may turn out to be not only self supporting but profit earning units

When asked by the Committee, the Department stated that the annual physical verification of the Stock/stores was carried out in July 1975 the results of which were as under —

	Shortage *Rs*	*Surplus* *Rs*
Chandigarh	1859	504
New Delhi	12379	7512
Ambala	Nil	Nil

It was further stated that these were adjusted as under —

Surpluses The surpluses amounting to Rs 148 in respect of Ambala & Rs 3919 in respect of New Delhi had since been accounted for in their books

Shortages Ambala Rs 6,858 This amount of Rs 6 858 also includ ed the shortage of goods worth Rs 1 014 in respect of Uchani Mini Emporium The case to recover the shortage was under investigation with the Police and their findings were still awaited The balance shortage of Rs 5 842 was worked out on the basis of Sale Price The cost price of these shortages worked out to Rs 4 997 Out of this amount a sum of Rs 1 666 (1/3rd) had been recovered from Sh A K Gupta the Manager incharge Ambala Emporium The balance amount of Rs 3,331 (2/3rd) had since been written off by the Board of Directors of the Corporation in its meeting held on 29 10 75

New Delhi Rs 10 185

The matter was still under investigation The Haryana State Small Industries & Export Corporation (HSSI & EC LTD) were in the past con ducting annual physical verifications of stocks In order to avoid shortages they had introduced half yearly physical verification Besides instructions had been issued to the Inspecting Officers to conduct surprise checks of stores, during their visits

The Committee may be informed of the outcome of the Police investi gation into the case of recovery of Rs 6,858 on account of shortage of goods discovered during the course of physical verification conducted in the Ambala Emporium The Committee also advise the Government to impress upon the Police Department to finalise its investigation into this case expeditiously

As regards the shortage of goods worth Rs 10,185 found in the Emporium at New Delhi, the matter be investigated expeditiously and the findings of the investigation intimated to the Committee

Marketing of products of Haryana Dairy Development Corpn Ltd

On being asked by the Committee as to whether the shortage of dairy products worth Rs 8 237 noticed during the course of physical verification of stocks in 1973 74 had been made good, the Department stated that this matter was still under investigation The matter regarding a further shortage of R 4,355 which came to notice due to short balancing of stock at hand on certain dates was likewise stated to be under investigation

The Committee are distressed to observe that a considerable time has been taken to finalise the investigation They urge that the investigation be finalised without any further delay The Committee would further like to know the the names and designations of the officials found responsible for this shortage, the action taken against them and the steps taken to make good the loss

Marketing of Beer

The information as reproduced below was supplied to the Committee in answer to a question —

The Amount of Rs 4 lakhs was deposited with M/s Haryana Breweries Ltd , (H B L) after the matter was discussed between the then Managing Directors of the Haryana State Small Industries Corporation (HSSI & EC) and the Haryana Breweries No formal agreement was entered into This matter was placed before the board of Directors of HSSI & EC in their meet ing held on 30 6 1974 and was approved by them Formal agreement was, it seems not entered into as Haryana Breweries Limited was a State Undertaking and a sister concern It was not therefore felt necessary to execute a formal agreement before depositing the amount

The licence for L II (retail depot) was refused by the excise authorities in April/May 1974 Haryana Breweries Limited had, however been granted L-1 licence (whole sale depot) for the sale of beer This depot started functioning under the management of H B L, with H S S I & E Corpn s depot Since then they have been pressing the Haryana Breweries Ltd to settle the terms and conditions The H B L informed H S I & E C in 2/75 that the matter was under consideration and that the former would inform the latter as soon as the decision was taken After protracted correspondence and discussions the H B L informed HSSI&EC in 12/75 that a sum of Rs 4 lakhs was received as a deposit and the arrangement was that they would operate the Delhi depot on behalf of HSSI&EC According to H B L all the expenses of the depot were to be borne by HSSI&EC and profit on sales was to be passed on to them They reiterated their willingness to send the profit to HSSI&EC They requested for acceptance of the offer to enable them to submit accounts This offer has not yet been accepted and HSSI&EC have asked for further details regarding the actual working results of the Delhi Depot The HSSI&EC have requested H B L to remit the interest who have paid a sum of Rs 1 lakh as part payment of deposit in 7/76 The matter is still being pursued with H B L—to finalise the case"

The Committee are unhappy to observe that a sum of Rs 4 lakhs was deposited by the Haryana State Small Industries and Export Corporation Ltd, (HSSI & EC LTD) with the Haryana Breweries Ltd, without entering into any formal agreement

In order to watch the interest of the HSSI&EC LTD, the Committee recommend that necessary steps to recover the remaining amount of Rs 3 lakhs with interest thereon from the Haryana Breweries Ltd, be taken without further delay

Production of ready made garments for children

The Department in its written reply stated that before setting up of the ready made garments centre at Ambala the purchases of such garments were made from other sources for sale at Emporia It was felt that there was heavy demand for such items Subsequent experience, however, showed that there was no substantial sale of garments manufactured at their Centres

Presumably the manufacturing cost of their garments was high with the result that stocks could not be cleared even after allowing 20% discount The balance stock as on 30 6 76 amounted to Rs 6 500 Efforts were being made to dispose of the balance stock through the emporia

The financial position of the Centre at the time of its closing in January, 1974 was stated to be as under —

	Rs
Production	22 398
Raw Material consumed & other over heads	33 467
Loss	11,070

All these goods had since been sold at these centres

The Committee are not satisfied with the argument advanced by the Department that the manufacturing cost of the garments being high, these could not be sold even after allowing 20% discount Apart from this factor, other factors be probed into and the responsibility for the loss of Rs 11,070 in setting up the centre at Ambala be fixed under intimation to the Committee

Doll and toy making centre

The Department stated hat all the Doll Making Centres were running smoothly and were fulfilling their objective of rendering employment avenues to the needy womenfolk and also imparting valuable training in the traditional crafts of the State The working results for the year 1974 75 were stated to be as under —

(i)	Production during the year 1974 75	Rs 0 73 lakh
(ii)	Girls trained 20	
(iii)	Expenditure on Training including payment of stipend and production cost	Rs 99 000
(iv)	Subsidy received from Government against above	Rs 50 000
(v)	Sales & Goods transferred to Emporia for sale	Rs 80,914

The Committee recommend to the Government to take effective steps to boost the sale of finished goods at these Centres to enable them to run them gainfully

Hire purchase of Machinery for educated unemployed

The Department submitted to the Committee that because of poor response of the suitable educated unemployed persons the scheme for providing machinery on hire purchase basis to them could not make any head way

In order to assess the further progress in this behalf, the Committee would like to know the number of such persons who availed themselves of this scheme since December 1975

Internal Audit

To an enquiry by the Committee the Deptt intimated that an internal audit wing was approved by the Board of Directors of the Corporation in January 1975 and the posts were filled in gradually

The Committee would like to know the results of audit of the accounts of the Company by the wing and the action taken thereon

LOTTERIES

Paragraph 3 6 Haryana State Lotteries

10 For mobilising additional resources for its development plans the Government introduced a lottery scheme in September 1968 A review of the working of the scheme upto March 1970 appeared in paragraph 40 of the Audit Report for 1969 70 Certain cases of irregularities were also mentioned in paragraph 23 of the Audit Report for 1971 72 and paragraph 3 8 of the Audit Report for 1972 73 Further points noticed in the working of the scheme upto 31st March 1974 are stated below —

(i) *Trend of revenue*

The estimated net income and the actual net realisations in the last four years were as under —

	1970 71	1971 72	1972 73	1973 74
		(in lakhs of rupees)		
Estimated net income	1 77 22	1 10 00	82 05	23 70
Net realisations	1,04 28	20 98	27 77	23 63
Shortfall	72 94	89 02	54 28	0 07

Brief details of the working of the scheme in these years were —

	1970 71	1971 72	1972 73	1973 74*
Number of draws	15	7	8	12
		(in lakhs of rupees)		
Gross collection	3 04 93	1 69 45	1 12 77	1 20 64
Commission to agents	98 77	58 50	43 11	39 08
Prizes paid	86 10	71 63	30 41	43 60
Prizes unclaimed	14 64	5 33	9 03	6 32
Printing and publicity	11 83	13 70	6 48	7 80
Establishment and Miscellaneous	3 95	4 64	5 00	6 53
Net realisations including unclaimed prizes	1 04 28	20 98	27 77	23 63

The margin of surplus available for financing development activities came down sharply from Rs 1,04 lakhs in 1970 71 to about 1/5th thereof in later years

*The expenditure on lotteries and receipts therefrom shown are those furnished by the Department *(ii) Misappropriation*

A sales assistant who was issued 4 6 lakh tickets in October and November 1972 for the 39th draw furnished a statement in January 1973 showing a sale of 4 45 lakh tickets (value Rs 3 02 lakhs) and returned the balance tickets The sale proceeds were shown as adjusted/credited into the treasury On enquiry by the Director of Lotteries, the treasury intimated (January 1973) that a sum of Rs 2 53 lakhs had not been deposited The assistant was however, again issued 0 60 lakh tickets for the 41st draw in February 1973 Out of Rs 0 35 lakh being the value of 0 50 lakh tickets sold Rs 0 34 lakh were allegedly misappropriated The sales assistant was suspended in April 1973 and the case registered with the police in May 1973 The case is under trial (August 1975) in a court of law The Department informed Audit in March 1974 that the sales assistant was issued tickets for the draws subsequent to detection of short deposit by him as, in the event of his suspension, the agents would have lost confidence in him and would not have paid him the amounts due from the agents for tickets sold to them on credit It was further stated that 1 31 lakh tickets of the 39th draw and 0 11 lakh tickets of the 41st draw (value Rs 0 97 lakh) had been deposited by the sales assistant in the court The misappropriation was facilitated as no periodical sale statements were prescribed and obtained sale of subsequent draw was entrusted to him when non deposit against the earlier draw was already noticed sale was made on credit to the agents though not permissible and no security was obtained from the sales assistant An amount of Rs 1 320 for the 40th draw is also recoverable from him for which no report was made to the police

The Department stated in written reply that the income from sale of lottery tickets was deposited in the Government Treasury thereby forming a part of the Consolidated Fund of the State from where all Government expenditure on developmental and other schemes was incurred at the State level No particular schemes were earmarked for completion with the income from the Lottery Department alone

To a question of the Committee as to why there was such a sharp decline in the net realisation especially from 1971 72 onwards, the Department stated that the sharp decline in the net realisation from the sale of lottery tickets during the year 1971 72 was primarily due to INDO PAK WAR Thereafter too, the net realisation from the sale of lottery tickets decreased from year to year due to the following reasons —

(i) Haryana was the third State to float lottery schemes Thereafter other States also started their lottery schemes Thus the area for the sale of lottery tickets remaining the same the increase in the number of States floating their lottery schemes resulted in decrease in the net realisation of the State

(ii) unilateral imposition of ban on the inter state sale of lottery tickets by some States such as Maharashtra and Karnataka,

(iii) imposition of Income Tax by Government of India on lottery prizes exceeding Rs 1,000 @ 34 5% *w e f* 1 6 73 and 33% *w e f* 1 4 74

(iv) increased inter State competition among the States for the sale of lottery tickets, and

(v) lottery scheme has ceased to be a new Scheme and thus has inevitably lost some charm Besides the multiplicity of schemes has also been a contributing factor

It was further intimated that the matter regarding decline in realisation was duly taken notice of by the Government and at one stage it was even considered whether the Department should be closed down in view of meagre income and short comings inherent in running of a lottery scheme But ultimately Government thought it advisable to run the Department as long as it was giving income They had also taken the following steps to plug the loopholes and reverse the process of declining realisations —

(i) In order to boost up the sale in the State the Government had started holding Mini as well as Final Draws at District Headquarters and in big towns of the State This had shown encouraging results

(ii) Previously commission and other incentives being given to the Agents lifting one lakh tickets or more were at higher rates than those being paid to the Agents lifting tickets less than one lakh The smaller Agents therefore preferred to lift tickets in the Agencies of bigger Agents The result was that small number of the bigger agents monopolized the lottery business and they became to be in a position to influence the working of the Department Consequently a bold step was taken to give uniform rates of commission and incentives to all the Agents lifting 5 000 tickets or more This had yielded good results and the number of agents had increased from 10 to 65 The sales also had appreciably increased

(iii) Prize structure of the schemes was also revised from draw to draw with a view to making the schemes attractive

(iv) It was also decided to shift sales officers from particular areas to others as a measure of putting an end to malpractices of some unscrupulous Sales Officers

(v) Supervision and control over the working of the Sales Officers had been strengthened with a view to increasing sales and effecting economy in expenditure

As regards the case of misappropriations the Departmental representatives stated in oral examination that the case in respect of Sh Girdhari Lal, Sales Assistant was under investigation of the Vigilance Department which had submitted its report to the Chief Secretary, Haryana and the same was under process in the Chief Secretary s Office The final decision would be taken after the criminal and civil cases filed against Sh Girdhari Lal were decided by the Courts

To the various questions regarding this case to which no reply was submitted on the plea that the whole matter was covered by the Vigilance investigation the departmental representative promised to send a reply on procedural points very shortly and to the others after the receipt of report from the Vigilance Department

The Department stated to a question of the Committee that there were 8 to 12 (8 in 39 and 40 and 12 in 41st Draw) Sales Officers/Assistants were deployed on the job at that time The Sales Officers/Assistants were deputed in other States for sale and rendered their sale accounts on return to Head quarters They were accountable by the submission of their accounts to the Deputy Director and Director Monthly meetings of the Sales Officers/Assistants were held to find out their working

To avoid the recurrence of such happenings in future it was stated that no member of the Sales Staff was given tickets of the next draw for sale unless he cleared his account for the earlier draw The Sales Officers/Assistants were now required to send a daily statement of sales giving the total number of tickets sold, the amount and date of bank drafts got prepared and cash in hand Moreover a fidelity insurance policy for Rs 6 lakhs had also been taken from Oriental Fire and General Insurance Company to guard against cases of misappropriation/embezzlement of Government money in future

The Committee feel unhappy at the sharp decline in the net realisation from the sale of lottery tickets from the year 1971 72 onwards They, therefore, recommend that concerted and effective steps be taken to boost up the sale of lottery tickets and at the same time to plug the loopholes and thereby raise the income from this source to an appreciable extent To achieve the object in view, the desirability, apart from other suitable steps, of making the amount of First, Second and Third prizes in each draw still more attractive may be considered and the price of each lottery ticket increased suitably on an experimental basis and particularly so on festive occasions

The Committee would like to know the list of various newspapers in which the result of winners of the lottery tickets is published

The Committee are unhappy to observe that the matter regarding misappropriation/defalcation of sale proceeds of lottery tickets has been under investigation of the Haryana State Lottery Department/Vigilance Department for the last more than three years They recommend that the report of the Vigilance Department which is now stated to have been submitted to the Chief Secretary, Haryana, be processed by him without further delay and the names of persons found at fault in the light of that Report and the action taken against each be intimated to the Committee

The information on procedural points, to which no reply was sent and was promised to be submitted early, may also be sent as per the questionnaire of the P A C

The Committee would like to be apprised of the decision of the Govt in regard to the Civil and Criminal cases against Shri Girdhari Lal the then Sales Assistant

CIVIL AVIATION

Paragraph 3 7 Making Haryana Airminded

11 With a view to increasing agricultural production by controlling pests and diseases through aerial crop spray and providing employment potential in the field of aviation, a scheme Making Haryana Airminded was included in the Fourth Five Year Plan (1969 74) It aimed at —

(a) the development of existing aerodromes at Hissar and Karnal and setting up of a new aerodrome and a new flying club at Kalka

(b) providing flying gliding and aeronautical training to the maximum number of boys and girls,

(c) the establishment of mobile flying/gliding centres

(d) undertaking departmentally aerial crop spray,

(e) the establishment of a workshop for engine overhaul and instrument overhaul and to undertake certification of airworthiness,

(f) the setting up of a store to meet day to day requirements of the aviation clubs, and

(g) the setting up of an institute for training of aircraft maintenance engineers

A sum of Rs 97 85 lakhs (Rs 79 50 lakhs under Plan and Rs 18 35 lakhs under Non Plan) was spent on the scheme during the Fourth Five Year Plan as detailed below —

	Amount (*Rs lakhs*)
(i) Aviation works	64 95
(ii) Purchase of aircraft	10 88
(iii) Grants to aviation clubs	12 15
(iv) Establishment	5 66
(v) Loans and scholarships to trainees	2 07
(vi) Maintenance and repair of aerodromes	2 03
(vii) Miscellaneous	0 11
Total	97 85

An audit of the scheme conducted in February—March 1974 brought out the following points —

(i) A sum of Rs 10 lakhs was advanced in March 1971 to Haryana State Co operative Marketing and Supply Federation for the purchase of two helicopters for aerial spray on crops without indicating the type of helicopter required The proposal to make the purchase through the Federation was dropped at the end of 1971 The Federation paid the amount in June 1974, under instructions from the Government, to the Haryana Agro Industries Corporation for the purchase of two fixed wing aircraft to be imported from a foreign country The Department stated that recovery of interest on the advance was not provided under the terms of the advance and was not recovered

Meanwhile, a 'Piper Cherokee aircraft was purchased from a firm through negotiations in February 1972 (cost Rs 1 40 lakhs) for imparting *inter alia* advanced training in aerial crop spraying to pilot trainees It was not, however, used (July 1975) for training purposes The aircraft was used instead for official flights For this purpose too the aircraft was utilised for 105 flight hours only till July 1975, having remained completely idle from 4th February 1973 to 17th August 1973 8th November 1973 to July 1974 and again from September 1974 onwards (July 1975)

Spray equipment worth Rs 0 20 lakh purchased a year after the acquisition of the aircraft has consequently remained unused (April 1975)

(ii) The target was to acquire 20 training aircraft 2 chartered flying aircraft, 4 gliders and 2 helicopters Against this, only 4 training aircraft (cost Rs 2 10 lakhs) two chartered flying aircraft (cost Rs 8 55 lakhs) and one glider (obtained free of cost from the Government of India) were acquired upto March 1974 The shortfall was attributed by the Department (March 1975) to non allocation of gliders by the Ministry of Defence and non supply of aircraft by Hindustan Aeronautics Ltd Bangalore, to whom the requirements had been communicated in May 1969 Out of 12 aircraft available for training during 1968 69 and four more acquired later (two each in September 1969 and March 1971) and placed at the disposal of the aviation clubs at Karnal and Hissar, seven were awaiting repairs during 1973 74 four had been written off and one was awaiting (April 1974) write off No new flying club/gliding club was established during the Fourth Five Year Plan period due to non availability of aircraft and because of the Government of India s policy of permitting not more than one gliding club in a State

(iii) Only 51 persons were trained for commercial pilot licence and 63 for private pilot licence during the Fourth Plan period against the programme of training 100 persons for commercial pilot licence and 400 persons for private pilot licence Against 189 trainees on roll with the aviation clubs during 1968 69, the trainees on roll during 1973 74 numbered 85, the number came down to 50 by March 1975 The shortfall was attributed (March 1975) by the Adviser, Civil Aviation to (a) increased cost of flying, (b) restriction imposed (April 1971) by the Government of India in providing subsidized flying and (c) delay in getting imported agricultural aircraft

(iv) The Kalka workshop to undertake certification of airwort hiness of aircraft and engine/instrument overhaul, initially expected to be ready by August 1970, was actually completed in October 1973 and started functioning from June 1974

The delay in completing the workshop was attributed by the Department (March 1974) to the following —

(a) change in location from Hissar to Kalka decided upon by the Government in December 1971 and land at Kalka being made available only in April 1972 and

(b) construction of the building did not proceed according to schedule due to changes made in design and specifications after start of construction and due to shortage of material

The time lag between the completion of the workshop and its commissioning was stated (March 1975) to be due to delay in positioning the staff and non supply of major components by Hindustan Aeronautics Limited against the orders placed in June 1973

The aviation clubs are located in Karnal and Hissar The workshop was initially proposed to be set up at Hissar and according to the Adviser Civil Aviation, Haryana (March 1969) no additional building would have been required for it except one additional hanger and about 5 rooms attached to it The workshop was however established at Kalka necessitating the construction of a separate workshop building at a cost of Rs 3 62 lakhs (upto March 1975) According to the Department location of the workshop was changed to Kalka on the ground that V I P aircraft could be stationed there and the consideration that the Adviser Civil Aviation who is stationed at Chandigarh would thereby be able to exercise better administrative and technical control both on the workshop and maintenance and on operation of the V I P aircraft

The central store for meeting the day to day requirements of aviation clubs was set up at Kalka in June 1974

(v) Mobile flying/gliding centres were not established although 30 such centres were envisaged to be established for popularising aviation amongst the rural masses This was attributed by the Department (March 1975) to (a) inadequacy of funds (b) non availability of suitable sites for establishing the centres and (c) non availability of equipment needed for air co ordination A sum of Rs 1 10 lakhs provided in the budget between 1969 70 and 1972 73 was diverted to other purposes covered by the Scheme

(vi) The following points were noticed concerning the execution of various works for the development of existing aerodromes and the setting up of the new aerodrome at Kalka

(a) All the works (numbering 47, estimated to cost Rs 53 70 lakhs) had been taken up by the Public Works Department in anticipation of technical sanction to the estimates The estimates (Rs 47 03 lakhs) in respect of 41 works have not been sanctioned so far (March 1974)

(b) A sum of Rs 0 33 lakh was incurred on levelling and partial dressing of an air strip near Narnaul during 1972 73 There after the work was suspended due to want of sanction of the Government to the execution of the work The Depart ment stated (February 1975) that an amount of Rs 5 00 lakhs had been sanctioned during 1974 75 for construction of a por tion of pucca runway and the work had been taken up

(vii) Grants amounting to Rs 12 15 lakhs were paid to Hissar and Karnal Aviation Clubs during 1969 70 to 1973 74 One of the conditions for the grants was that the clubs would maintain in serviceable condition a minimum of 75 per cent of the total number of aircraft and gliders available with them This requi rement was however not fulfilled by the clubs during any of the years 1969 70 to 1973 74 For example, during 1973 74 in Hissar Aviation Club out of six aircraft only two were service able during part of the year During the same year in Karnal Aviation Club, out of 6 aircraft only two remained serviceable throughout the year and three for part of the year The Depart ment stated (March 1975) that the Aviation Clubs could not keep enough number of aircraft in serviceable condition because of lack of support in the supply of spares and repair material by Hindustan Aeronautics Ltd collapse of a hanger at the Hissar Club in May 1973 four major accidents in 1972 73 and 1973 74 and non replacement of unserviceable aircraft owing to stoppage of production of Pushpaks by Hindustan Aeronautics Ltd

When asked to state the reasons for the shortfall in training commercial pilots the department submitted that it was due to (i) lesser employment oppor tunities to the ordinary commercial pilots (ii) slackening of aviation activity in the world due to international fuel crisis (iii) the ban of Government of India on the import of Agricultural Aircraft and on the establishment of more flying clubs (iv) increase in the cost of flying training flying fees which used to be Rs 10/ per hour for boys upto 22 years and Rs 25/ for boys beyond 22 years were raised to Rs 44/ and Rs 71/ per hour respectively and (v) the quantum of subsidised flying training was substantially reduced *w e f* 1 4 1969 Prior to that subsidised flying was available 100 hours in the first year and 50 hours in the subsequent years From 1 4 1969 quantum of subsidised flying was reduced to 60 hours in the first year and 20 hours in the subsequent years

Establishment of Mobile Flying and Gliding Centres could not take place due to many restrictions on such type of flying and gliding from the Air Force and from the Director General of Civil Aviation New Delhi More over, the purpose of establishing Mobile flying and Gliding centres was to popularise flying in the rural areas It was found out that flying clubs had al ready attracted almost 50% boys from the rural areas of Haryana and also keeping in view the financial limitations this scheme had to be abandoned and funds utilised for additional flying/gliding training with the approval of Government/Finance Department

To an enquiry as to why the Piper Cherokee aircraft purchased in February, 1972 for advanced training in aerial spraying was not utilized for the purpose upto July 1975, it was intimated that as delay was envisaged in the import of Executive aircraft, which was eventually received in January, 1974 it was considered desirable that in order to maintain tempo of deve lopment in the State, Piper Cherokee aircraft should be utilised for Execu tive flying during the intervening period The representative promised to intimate the exact flying done by the aircraft

As regards the undertaking of Aerial Crop Spraying departmentally it was intimated that after five years strenuous efforts the department could get 5 Basant Agricultural Aircraft designed and built by Hindustan Aero nautics Limited Bangalore in June 1975 35 000 acres of aerial spraying was done departmentally in the year 1975 76 During 1976 77 they had so far covered only the cotton crops and had done a record of 1 61 477 acres and had established a number of national records The Agriculture Depart ment had reservations about the success of aerial crop spraying by fixed wing aircraft particularly by indigenously made Basant but now they have described the operations of aerial crop sparying during cotton season as outstanding It had been estimated that yield of cotton crops would increase by a minimum amount of Rs 3 crores

During the course of oral evidence of the departmental representatives, it was brought to their notice that although by and large the work of spraying the fields/farms was satisfactory but there were complaints from the farmers in Hissar district in this regard The spokesman of the Department stated that previously Aerial Crop Spraying was done by the private operators and as such there might be complaints about their unsatisfactory performance The position was however stated to be satisfactory as the operations of aerial crop spray had been undertaken departmentally He assured the Committee that no more complaints in this behalf would be forthcoming

The departmental representatives further stated that the aerial crop spraying during the last cotton season was outstanding as it had been estimated that the yield of cotton crops would increase by a minimum amount of Rs 3 crores

As regards the present position and serviceability of aircraft the Department submitted as under —

> At the time of formation of Haryana we had 8 Pushpak Aircraft Some aircraft were given to the Air Observation Post Squadron of the Army during 1965 Indo Pak conflict and were still with them Out of those aircraft three serviceable and one badly damaged aircraft were subsequently received Five new Push pak Aircraft were purchased by the Haryana Government Thus a total of 16 serviceable aircraft were available Five aircraft were written off due to accident in the flying clubs which are unavoidable in any flying training programme As regards unserviceability of 7 aircraft it is intimated that in May/ June 1973 an unprecedented storm at Hissar resulted in the wall collapse of a hanger seriously damaging four aircraft and three gliders The hanger walls have however, been recon structed by the Public Works Department At the present moment four Pushpak Aircraft are serviceable Three more aircraft are under final repairs The delay in their repairs has been mainly because of the non-receipt of requisite spare parts and major components ordered on H.A L in June 1973 Some

of these components ordered on H A L have started coming in and now it is expected that three more aircraft would be made serviceable

The Committee recommend that the operation of aerial crop spraying departmentally be henceforth performed in close coordination with the Plant Protection Wing of the Agriculture Department in the presence of the farmers or their representatives so that there may not be any complaints in this behalf from them

The Committee are not fully convinced with the statement of the Department that the operations of aerial spraying performed during the last cotton season resulted in the excessive yield amounting to Rs 3 crores It desires that the firm figure in this behalf and the manner in which it has been arrived at be intimated to the Committee in consultation with the Agriculture Department

The Committee feel that the flying clubs have not been able to attract the bonafide rural residents of the State to the extent it is desireable The Government should take positive steps to increase their number appreciably

The department should have visualised the difficulty of spare parts of the aircraft purchased by it The position as it is all out efforts be made to explore all possible avenues to get the spare parts and other major components required for the repair of unserviceable aircraft so that they may become airworthy at the earliest

The progress of construction of air strips at Bhiwani and Narnaul be intimated to the Committee

MEDICAL

Paragraph 3 9 Time expired medicines,

12 In the Employees' State Insurance Hospital, Jagadhri, medicines valuing Rs 0 18 lakh out of those purchased during 1969 70 remained unutilised till the expiry of their life (December 1969 to August 1970) Non utilisation of the medicines varied between 55 and100 per cent of the quantities purchased and was 15 per cent of the total purchases (Rs 1 20 lakhs) made during 1969 70 The acceptance of medicines with expiry period shorter than two years as stipulated in the purchase orders resulted in a loss of Rs 0 18 lakh

The matter was reported to the Department in June 1973 The Department informed (September 1974) that explanations of various Medical Officers were being called to determine responsibility for the loss

The Department stated in its written reply that the medicines were purchased keeping in view the anticipated consumption but the actual requirement could hardly be calculated in advance The nature and incidences of diseases did not come up as expected and hence full quantity of medicines could not be utilised All those items were life saving drugs, so their stocking in adequate quantity was essential Those medicines could not be transferred out of Jagadhri as there was no demand for them from other institutions.

The department admitted that there had been a minor lapse on the part of Medical Officers for not circulating the list of medicines, likely to expire, amongst other institutions for which responsibility was being fixed

Some medicines which were not very old were utilised and the rest would be written off if afte investigation no Medical Officer was ultimately found responsible

The Drugs Control Act prohibits the sale of time expired medicines but not their use If properly stored, quite a few medicines did not turn harm ful simply after the expiry date and use of such items by the Medical Officers was still considered safe and beneficial as over doses were added by the manu facturers to some items such as Anti biotic and Adernaline

Instruction had been issued to all the sub offices to effect the purchase of medicines bearing date of expiry with utmost care ensuring that the anti cipated supply would be consumed within prescribed shelf life They were also required to indicate the expiry date on the stock register and to keep a watch that no medicines were allowed to expire They had also been instruct ed to circulate to other hospitals the list of medicines with at least 6 months shelf life to their credit They had been instructed to fix red tags to the medi cines which were likely to expire within 3 months and display the date of ex piry in the bin card

It had further been made clear that the persons responsible for such lapse will render themselves liable for disciplinary action

The Committee take a serious view of the lapse on the part of the Medi cal Officers for not circulating the list of medicines likely to expire after six months' period to other institutions in the State well in time with the result that those could not be used anywhere being time barred Some of the medicines could have been transferred to other hospitals if the Medical Officer had circu lated the list of those medicines

The Committee recommend that responsibility for not doing so be fixed and the action taken for this lapse against those found at fault be intimated to the Committee within three months' time

Paragraph 3 10 Purchase of defective equipment

13 (a) Four dental units costing Rs 0 73 lakh were purchased in March 1971 and one dental unit costing Rs 0 09 lakh in March 1972 The units were not tested/inspected before purchase They are lying idle due to manufacturing defects which the supplier has not rectified so far (September 1974)

Action taken by the Department against the supplier was enquired in December 1972 and October 1974 reply is awaited (February 1975) Information regarding action taken against defaulting officials if any is also awaited (April 1975)

(b) Seventy seven automatic voltage stabilizers costing R 0 27 l kh were purchased for the Medical College Rohtak during April— October 1972 after requisite inspection Of these 37 stabilizers costing Rs, 0,13 lakh are lying idle due to manufacturing defects, not noticed during inspection, which have not been rectified by the suppliers so far (April 1975) The Department stated (April 1975) that the Controller of Stores had advised that the repairs of the transformers be done at the supplier s cost out of the balance payment of 10 per cent (Rs 0 02 lakh) which was still to be made to the supplier Since the estimated cost of repairs (Rs 0 03 lakh) exceeded the balance payment, the repairs have not been got done so far (April 1975)

(c) In June 1972, the Department purchased 22 recording drums with meters costing Rs 0 11 lakh While considering the quotation of the firm the Department had recommended acceptance of the drums subject to prior approval of the sample by the Professor incharge of the Medical College Rohtak But in the purchase order placed by the Controller of Sotres, goods were required to be inspected by the Superintendent, Quality Marking Centre, Ambala, without mentioning the condition of the indenting Department regarding prior approval of the sample by the Professor incharge of the Medical College, Rohtak All the recording drums received in June 1972 were found to be defective and are lying idle (April 1975) The firm appears to have agreed in September 1973 to set right the defects results are awaited (April 1975)

The Department stated as under while answering question of the Committee relating to the purchase of 77 automatic voltage stabilizers for the Medical College Rohtak out of which 37 were found defective

(1) The inspection was carried out by the Technical Officer, Government Quality Marking Centre, Ambala Cantt, who is not under the control of this office

(2) The defects were noticed on its receipt when these were found that these are not working properly The matter was immediately taken up with the Controller of Stores, Senior Technical Quality Marking Centre and the firm

(3) There was no mention regarding gurantee in the purchase order

(4) The Controller of Stores Haryana had allowed this institution to get the repairs done locally and cost of repairs be met out of 10% balance payment of the firm Later on it was found that the total expenditure on repairs works out Rs 3 330/ whereas the balance payment of the firm was Rs 1 700/ only Advice of Controller of Stores Haryana was sought in 3/75 which is still awaited

(5) Except 37 stabilizers the balance are in use from the very start

(6) The matter is being referred to the Controller of Stores Haryana for taking necessary action against the supplier

The Committee deplore the vague reply of the department that "the inspection was carried out by the Technical Officer, Government Quality Marking Centre, Ambala Cantt, who is not under control of this office" The

Committee feel that some one from the department/Medical College Rohtak having technical knolwledge, should have been associated with Technical Officer, Government Quality Marking Centre, Ambala Cantt, who conducted the inspection of 77 automatic voltage stabilizers

The Committee are distressed to observe that there was no provision of guarantee period in the purchase order which, in the opinion of the Committee, is something unusual They further recommend that efforts be made to recover the extra expenditure of Rs 1630 incurred on the repair of the stabilizers either from the firm failing which from the Officials found responsible for this lapse

(c) *Recording Drums*

The Department was asked to explain the reasons as to why the supply of recording drums was accepted without prior approval of the sample by the Professor, Medical College, Rohtak and why the inspection clause in this respect was not inserted by the Controller of Stores in the purchase order, as was required by the indenting department, the department stated in reply that it requested for the acceptance of material subject to prior approval of the sample by the Professor incharge but the Controller of Stores Haryana allowed 90% payment against the inspection note by the Superintendent Quality Marking Centre, Ambala The question of the Committee could be answered by the C O S, Haryana

When further questioned as to why the inspection of the drums was not conducted properly by the Superintendent, Quality Marking Centre Ambala and has the responsibility for not doing so been fixed, the Department again explained on the same lines, i e the Superintendent Quality Marking Centre Ambala was not under the administrative Control of the Medical and Health Department It was further submitted to the Committee that no guarantee was provided in the terms and conditions of the supply order The Spokesman during discussion, stated that the firm was agreeable to refund the money and take back the defective recording drums

The Committee are constrained to observe that the departmental representatives who appeared before them were not fully prepared to answer their questions and thus, gave vague, evasive and incomplete replies It has given an impression to the Committee that the different Departments lack due coordination among them The Committee deprecate such attitude on the part of Government and hope that it will not be repeated in future

Vigorous steps be taken to recover the original cost with interest of the supply of the defective recording drums within six months and the Committee informed accordingly

EDUCATION

Paragraph 3 12 Embezzlement

14 The staff of the Government Girls Higher Secondary School, Kaithal, were not paid their salaries for the month of June 1973 upto the 24th July 1973 An enquiry made by the Principal of the school with the State Bank of India on the 25th July 1973 disclosed that the school clerk had already encashed the bills on the 7th July 1973

Internal audit conducted from 16th August 1973 to 19th August 1973 disclosed that Rs 0 35 lakh (Rs 0 25 lakh of Government money and Rs 0 10 lakh of pupils funds accounts, etc) had been embezzled The embezzlement was effected by non disbursement of the amounts drawn from the treasury and by not depositing the receipts into the treasury It was facilitated due to non observance of the following requirements of the rules —

(i) Physical verification of cash was not done regularly

(ii) Remittances into and withdrawals from the treasury were not reconciled with entries in the cash book

(iii) Bill register was not maintained properly

(iv) No security was obtained from the school clerk

(v) Double lock was not provided, the safe had only one key which remained with the school clerk

The school clerk was suspended on 30th July 1973 and the F I R lodged with the police

The Department stated in March 1975 that the case was under trial in a court of law

The case against the school clerk was stated to be still under trial in the court of Judicial Magistrate, 1st Class, Kaithal

In reply to a question of the Committee regarding non observance of Rules the Department stated that the Education department was one of the biggest departments in the State with about 1200 Drawing and Disbursing Officers The codal requirements were by and large being followed in the institutions/offices as far as possible The department had also been issuing instructions from time to time to all the Disbursing authorities to strictly observe rules and regulations relating to accounting matters One post of Sr Auditor (SAS) and one post of Jr Auditor had been created for each district, and they check the accounts of the field offices/institutions In this particular case, the Principal had stated that she took over charge of the school during the days of Teachers' strike and she could not devote proper attention to office work, being very busy with the problems connected with the strike

It was further stated that disciplinary action against Smt Parkash Devi, Smt Shakuntla Rani and Smt S K Marhawa who were working in this school as Principals during this period had been kept pending till the decision of the court.

The Committee are of the firm view that the embezzlement of Rs 0 35 lakh has been facilitated due to non observance of the codal requirements and therefore urge the department to ensure that these are followed strictly in letter and spirit

The Committee would like to know the decision of the Court, when announced, and the action taken against the officials at fault in this case

Paragraph 8 2 Kurukshetra University Kurukshetra

15 The Kurukshetra University was established in 1956 as a teaching and

residential University for encouragement of higher education and research, especially in Sanskrit Later, it grew into a multi faculty University providing facilities for post graduate studies in various subjects The territorial juri di ction of the University, which was initially limited to a radius of 10 miles of the Office of the University located at Kurukshetra, was extended to the whole of Haryana from the 30th June 1974

Besides fees received from the students, the University is financed mainly by grants from the State Government, the Government of India, the Council of Scientific and Industrial Research the University Grants Com mission and the Association of Indian Universities

The Chief Accounts Officer working under the administrative control of the Registrar is responsible for the maintenance of the accounts of the University All payments are pre audited by the Resident Audit Officer under the Examiner Local Fund accounts Government of Haryana Since 1961, audit of the accounts of the University is being conducted by the Examiner

Important points contained in the annual report of the Examiner for the year 1972 73 are given below —

(a) Bills amounting to over Rs 96 000 of the Kurukshetra University Press on account of printing composing, etc, for the period from April 1971 to February 1972 remained unrecovered

(b) Interest due on fixed deposits made out of the Provident Fund amount was either not claimed or was claimed after a lapse of long time after the due dates which resulted in loss of interest of Rs 22 100

The income and expenditure of the University during 1971 72 were as under —

Income

(a) Grants from the State Government	Plan	Rs 50 00 000	
	Non Plan	Rs 51,63 000	
			Rs
			1 01,63 000
(b) Grants from the University Grants Commission			7,31,657
(c) Scholarships and fellowships from State and other agencies			4 09,399
(d) Fees and other receipts			27 26,107
Total			1,40,30,163

Expenditure

(a) Salaries and other charges	82,61,796
(b) Expenditure on construction works	54 69 829
Total	1,37,31,625

Some of the imporant points noticed by Audit during test audit of the accounts for 1971 72 are stated below —

(i) On the 27th November 1971 the Executive Engineer of the University without sanction of the competent authority and without assessing the requirement, placed an order on a firm in Chandigarh for immediate supply of 485 ceiling fans at the Director General Supplies and Disposals (D G S & D), rate contract of Rs 216 per fan (sales tax and excise duty extra) The guarantee against manufacturing defects was valid for 24 months Four hundred eighty four fans were supplied on the 29th November 1971 Payment (Rs 1 31 lakhs) on two bills for 90 per cent and 10 per cent price was made on the 10th December 1971 after pre audit by the Resident Audit Officer without verifying whether the purchase was covered by a valid sanction, and in the case of the bill for the 10 per cent price without first getting a Test Certificate about the fans as required under the rules

In June 1972 it was noticed that almost all the fans were defective Some were repaired by the firm free of cost and were installed in stages It was stated by the Executive Engineer (December 1974) that there were still 188 defective fans and the firm had given an undertaking to the Vice Chancellor that 140 fans would be taken back and the balance repaired The University authorities informed Audit (April 1975) that the fans had been taken back by the firm at the original price of Rs 216 (plus excise duty) per fan and an amount of Rs 33 868 had been refunded in March 1975 *i e* after over 3 years reckoned from the month of payment to the firm

The matter was reported to the Police in August 1974 The Executive Engineer concerned was dismissed from service and the Resident Audit Officer was being proceeded against departmentally (August 1974)

(ii) The work of supplying bricks, tiles etc , for construction of the University building was awarded to a firm on the 15th September 1960

According to the agreement the University was to arrange permits for the coal and the firm was to make arrangements for obtaining supplies Since the firm was not able to make payments for the coal arriving in huge lots the University authorities decided to advance money at 6 per cent interest to the firm for meeting the cost of coal and adjust such advances with interest from the claims of the firm Out of Rs 1 10 lakhs advanced to the firm upto December 1962 Rs 0 69 lakh were adjusted upto January 1965 leaving an outstanding balance of Rs 0 41 lakh

Due to some disputes, the firm sought arbitration (July 1964) and submitted 25 claims totalling Rs 5 62 lakhs The University also submitted six counter claims totalling Rs 1 32 lakhs The arbitrator s award (15th January 1965) was as follows —

Firm s claims admitted		*University s claims admitted*
	(in lakhs of rupees)	
2 32		0 41
(—)0 69 (adjustable against coal advances)		
Net 1 63		0 41

The award further provided that bricks worth Rs 1 25 lakhs may be taken over by the University on payment The award did not place any obligation on the University to make payment to the firm for bricks without taking over the same An advance payment of Rs 1 00 lakh was, however, made to the firm on the 26th February 1965 against which bricks valuing Rs 0 48 lakh were taken over upto February 1968 leaving a sum of Rs 0 52 lakh (February 1968) outstanding against the firm As the firm did not pay this amount it was agreed between the firm and the University on the 2nd February 1968 to refer the matter again to arbitration of two mutually agreed persons These arbitrators awarded on the 22nd March 1971 a net sum of Rs 0 67 lakh in favour of the University for which a decree was also obtained (March 1973) from the Court The Court also awarded the costs to the University

The University has not so far (December 1974) received Rs 0 67 lakh plus costs as ordered by the Court

(iii) Provisional payments were being made to contractors and employees pending receipt of (a) technical sanctions/detailed estimates of work from the State Public Works Department, (b) sanctions of the Government for payment of remuneration to teaching staff for translation/additional work, (c) budget allotments/sanctions to creation of posts, and (d) terms and conditions of deputationists Provisional payments amounting to Rs 68 98 lakhs made from February 1962 to March 1972, were pending regularisation at the end of March 1975

(iv) Temporary advances of Rs 8 48 lakhs given to various employees and the State Public Works Department during 1962 63 to 1971 72 for meeting expenditure on supplies and works were awaiting adjustment on the 30th June 1975 The year wise break up was as under —

Year	*(Rupees in lakhs)*
1962 63	0 46
1963 64	0 06
1965 66	0 13
1966 67	1 75
1967 68	1 26
1968 69	0 09
1969 70	0 58
1970 71	0 43
1971-72	3 72
Total	8 48

The University stated (July 1975) that efforts were being made to get these advances adjusted

(v) Out of 11,425 copies of books (priced publications) on 18 different subjects printed and published by the University Press at a total cost of Rs 0 68 lakh during 1966 to 1970 only 2,631 copies were sold/distributed upto May 1975 (realisation Rs 0 16 lakh) leaving 8,726 copies (cost Rs 0 52 lakh) unsold The percentage of unsold copies of individual publications ranged between 40 and 91

The matter was referred to the Government in March 1975, its reply is awaited (May 1975)

To a question of the Committee regarding bills on account of printing, composition etc , the Department in its written reply stated as under —

"The amount of Rs 96,000/ was outstanding against the various Departments of the University of the State of Haryana So far as the recovery from the Departments of the University is concerned it was only to be made by book adjustment and no actual recovery was to be effected Out of this outstanding amount a sum of Rs 80 133 has since been got adjusted by book adjustment thus leaving a balance of Rs 15,867 An amount of Rs 13,847 is due to be recovered from the Director Hindi Granth Academy Chandigarh who has been reminded a number of times but the amount is still awaited The balance amount of about Rs 2,000/ is being adjusted shortly"

While tendering evidence before the Committee, the departmental representative stated that an amount of Rs 13,847 had also been recovered leaving a balance of Rs 2,000/ which was also expected to be recovered within a fortnight

The Committee would like to be informed when the balance outstanding amount of Rs 2,000 is recovered

Regarding the interest due to fixed deposits made out of the Provident Fund, the Committee were informed that the amount of interest of Rs 22,100 due on both the FDRS had since been received

In view of what has been stated above by the department, no further action is called for

(i) *Purchase of 485 Ceiling Fans*

The reply to a question revealed that 485 ceiling fans for the Kurukshetra University were purchased without the sanction of the competent authority The inspection of the fans was not carried out before making full payment The executive Engineer made the payment after getting the bills pre audited from the Resident Audit Officer who was representative of the Examiner, Local Fund Accounts Haryana, Chandigarh The Committee was informed that the Executive Engineer at fault had been dismissed from the University service and that the case reported to the Police was still in the Court To a further question of the Committee, the department replied that 'all ceiling fans except 140 were used in the University building after repairs by the supplier who took about 2 months time in repairing them 140 ceiling fans found defective were returned to the supplier The cost amounting to Rs 33 869 had been received by the University vide draft No 70B/663428 dated 22 4 1975

No penalty was imposed on the firm as it took back defective fans even after guarantee period and as such no action was considered necessary

The Committee urge the Department to ensure that no purchase of any article is resorted to without the prior sanction of the competent authority The final outcome of the case stated to be in the Court may be intimated to the Committee

The Committee would further like to know as to what action has been taken against the Resident Audit Officer for pre-auditing the bill without verifying whether the purchase was covered by a valid sanction and in the case of the bill for the 10% price, without first getting a Test Certificate about the fans as required under the rules

(ii) *Supply of bricks tiles etc for construction of University building*

The Committee were informed by the Department in its written reply that a decree for the payment of Rs 0 67 lakh by the firm had since been awarded in favour of the University by the Arbitrator Application for the execution of the decree was filed by the University in the High Court of Delhi The case was still pending in the Court

The department did not furnish the reply to the query as to why payment of another Rs 1 lakh was made to the firm in February, 1965, out of which another Rs 0 52 lakh could not be adjusted, as the record was with the High Court

The outcome of the execution proceedings be intimated to the Committee The position in respect of the advance of Rs 1 lakh may also be intimated in due course

(iii) *Provisional payments made to the contractors and employees etc*

Provisional payment of Rs 31 86 lakhs was stated by the Department to have been adjusted Necessary action was being taken to regularise the remaining outstanding provisional payment amounting to Rs 37 12 lakhs It was assured that the practice of making provisional payments had since been stopped

The Committee recommend that the payment of Rs 37 12 lakhs be regularised expeditiously under advice to them

(iv) *Temporary advances of Rs 8 48 lakhs*

It was intimated that advances to P W D were given for the execution of building works with the approval of competent authority The concerned works had since been completed and the accounts of outstanding advances were being called for from the respective departments and these would be adjusted early

The Committee may be informed as soon as the advances are properly adjusted

(v) *Sale of 11,425 copies of books*

When questioned the Department replied as under —

"The actual assessment of the books could not be made because these were doctoral thesis and the number of copies for each of the books was kept as 1,000 as the printing of less copies was thought uneconomical The books could not be sold in a reasonable time because the sale was being carried out by a sole Distributor and the University publication mostly being of research nature could not be pushed up like other books The University has now set up its own Publication Bureau and it is hoped that the Publication Bureau would be in a position to dispose of a good number of books during the current year and thereafter 17 books were published by the University Press after 1970 and we have disposed of 410 lakhs so far Out of a total number of 5,100 copies printed, 87 copies were sent as complimentary copies and 78 copies were given to authors free of cost 266 copies were sold uptodate"

During evidence, it was revealed that a proposal to constitute a Committee to suggest as to how best these books could be disposed of was under consideration of the department

The Committee desire that the progress achieved as a result of implementation of recommendation of the proposed departmental Committee be intimated to them Early arrangements be made to dispose of the remaining copies of the books printed so far in the University Press

The Government should take necessary steps to avoid the printing of such books which are likely to accumulate because of the lack of demand for them

Paragraph 8 3 Haryana Hindi Granth Akademi

16 Haryana Hindi Granth Akademi (previously known as 'Haryana State Board for Production of University Level Books in Hindi') a society registered under the Societies Registration Act, 1860, was established in 1968 69 for implementation of the centrally sponsored scheme of production of university level books in Hindi or concerned regional languages The Akademi functions under the direction of the Ministry of Education, Government of India The General Body of the Akademi which lays down the policy of the Akademi consists of a Chairman, Vice Chairman and 14 members representing Kurukshetra University, Punjab University, Government of India, Government of Haryana, University Grants Commission and experts in five different subjects The Director of the Akademi, who functions as the Member Secretary of the General Body, is responsible for the execution of all General Body decisions as also for the custody of the Akademi s funds

The Ministry of Education provided 75 per cent of the approved expenditure during 1968 69 the remaining 25 per cent being met by the State Government During the Fourth Five Year Plan period (1969 74), the Government of India's assistance was raised to 100 per cent

The Government of India paid to the Akademi the following grants between 1971-72 and 1973 74 —

1971-72	Rs 5 00 lakhs
1972 73	Rs 1 00 lakh
1973-74	Rs 4 50 lakhs

The accounts of the Akademi have to be audited by such agency as may be specified by the State Government and presented to it within 6 months of the close of the year No auditors have been nominated so far (June 1975)

A scrutiny of the accounts of the Akademi by Audit for three years ending March 1974 disclosed the following —

(i) (a) During the period of 49 months from April 1971 to April 1975, 50 books were published by the Akademi The position of printing of books at the end of April 1975 was as under —

Stage	*Number of books*
Published	50
Under print	7
Ready for printing	12
Under vetting/editing	21
Under translation/original writing	27 (break up given below)
Total	117

Year assigned	*Original Writing*	*Translation*	*Total*
1969-70		1	1
1970-71			
1971-72	8	1	9
1972 73	5	4	9
1973-74	3	2	5
1974-75	1	2	3
	17	10	27

It was stated by the Director (October 1974) that there was delay in the publication of books due to non completion of assignments within the stipulated period by the translators/authors and for want of copyrights

(b) Out of 33,600 copies of 17 books published (cost Rs 2 84 lakhs) till September 1973, 12,535 copies were sold/distributed (Rs 1 54 lakhs) leaving 21,065 copies (cost Rs 1 76 lakhs) unsold at the end of April 1975

Period of publication	No of publications	Copies printed	Cost (in rupees)	Copies remaining unsold/undistributed at the end of April 1975	Percentage remaining unsold/undistributed
April 1971 to September 1971	2	8,100	24,020	4,515	55 74
October 1971 to March 1972					
April 1972 to September 1972	5	11,400	1,01,395	9,210	80 80
October 1972 to March 1973	5	7,700	81,345	3,710	48 18
April 1973 to September 1973	5	6,400	77,670	3,630	56 72
Total	17	33,600	2,84,430	21,065	

Three more publications were got printed during the period October 1973 to April 1975

The percentage of sale ranged between 19 and 52 for individual publications Books produced were normally required to be prescribed/recommended for the appropriate University course, but out of seventeen books published till September 1973, only eleven were so prescribed/recommended upto April 1975 The non prescription of the books published by the Akademi in the appropriate University courses was attributed (March 1975) to the fact that the Punjab University, to which all colleges in Haryana were affiliated prior to the academic year 1974, had no programme or switch-over to Hindi The Books produced by the Akademi were not therefore, prescribed in the syllabi of the University The Akademi added that with the Kurukshetra University becoming an affiliating University from 1974 75 where there is an option for the students to write their answers in Hindi, quite a number of Akademi publications were likely to find a place in the University syllabi Further progress is awaited (April 1975)

(c) The Akademi decided in July 1970 to give preference to titles upto the graduate level and to continue the work on post graduate level books side by side Out of 81 books taken in hand by the Akademi after August 1970, 29 books (translations 21 and original writings 8) were for post graduate level, 48 (tran slations 4 and original works 44) for graduate level and 4 (translations) were for general educative/informative studies

(ii) According to the instructions of the Ministry of Education, administrative expenditure should not normally exceed five per cent of the overall approved expenditure Actual administrative expenditure exceeded the prescribed limit by Rs 1 20 lakhs in the three years ending March 1974

(iii) As at the end of January 1975 a sum of Rs 0 48 lakh was overdue from agents for over one to two years, for books given to them for sale

The Department admitted that the number of publications is less than envisaged It was further stated that the books published by the Akademi were generally on such subjects as were gaps in University level literature which were usually not published in the private sector because of their unsaleability

Although 13 titles were lying translated either partly or in full as copy rights could not be obtained but now only such titles were taken up for translation, for which copyrights were already obtained

To an enquiry by the Committee the Department stated in its written reply that the print run depended on the saleability of a particular title Most of the titles had a print run of 1100 copies It varied from 1,100 to 5,000 copies

The following steps were taken to sell/distribute the unsold copies —

(1) Through booksellers

(2) Through Agents on Commission basis

(3) By organising Book Exhibitions

(4) By issuing orders to Government institution for compulsory purchase

The number of copies published by Haryana Akademi lying unsold was 58,647

The gross value of these books amounted to Rs 9,60,070

To a further question as to why could not the amount be recovered from the agents for such a long period it was revealed to the Committee that as per common practice in the book trade books were sold on credit to reputed parties after entering into regular agreements with them However a sum of Rs 1,31,889 on account of the sale of books was overdue from —

	Rs
(1) Recognised Institutions and Libraries	64,280
(2) Agents and Booksellers Distributors	67,609
Total	1,31,889

The Committee recommend that all out efforts be made to sell/distribute the books so far lying unsold The progress of the sale of books be intimated to the Committee

The steps be taken to recover expeditiously the outstanding amount of Rs 1 32 lakhs from the Institutions and Libraries as also from the Agents and Book-sellers/Distributors

PUBLIC RELATIONS

Paragraph 3 13 Subscription dues

17 The outstanding dues on account of the supply of a priced journal to *Panchayats* increased from Rs 0 27 lakh to Rs 0 70 lakh between December 1967 and December 1974

The accumulation of arrears was attributed by the Director Public Relations to the following —

(i) the system of recovery of subscriptions in advance was not introduced as, according to the Department, it would adversely affect the publicity work

(ii) the Block Development and Panchayat Officers who were asked to realise the subscriptions did not take adequate action in the matter, and

(iii) the recoveries for the year 1973 (Rs 0 11 lakh) were not enforced as revision of the price of the journal taken up with the Government in October 1972, was decided in February 1974

The Government informed Audit (January 1975) that action to recover the dues has since been taken at the highest level

In a written reply the Department stated the position of arrears of "HARYANA SAMVAD as under —

Position of arrears

Total amount of arrears towards Panchayats at the beginning of the year 1972	*Total amount of arrears of subscriptions towards Panchayats from 1972 to 1976*	*Total amount realised from Panchayats during the period 1972 to 30-6 1976*	*Balance (yet to be recovered from Panchayats)*
Rs 60,420 36	Rs 90,682 20	Rs 54 520 61	Rs 96,581 95

It was further intimated that Block wise lists of outstanding subscriptions had already been sent to all the District Public Relations Officers with the instructions to recover the arrears immediately The State Government had also asked all the Executive Officers of Panchayat Samitis to pay the annual subscription of journals in respect of all the Panchayats falling in their respective arrears in advance to avoid accumulation of dues in future

The Committee recommend that effective steps be taken to realise expe-

ditiously the outstanding dues from the Panchayats and the progress made as a result thereof intimated to them In no case these should be allowed to accumulate still further

The reading material contained in the "HARYANA SAMVAD" be so improved as to make it popular among the people Apart from other matters of interest it should also depict development activities of the State

TRANSPORT

Paragraph 6 19. Short recovery due to incorrect application of rates

18 (i) Registration fee in respect of tractors was enhanced from Rs 75 to Rs 125 with effect from 20th October 1972

During the course of test audit, it was noticed that in five districts the registering authorities continued to charge fee at the old rate of Rs 75 resulting in short recovery of registration fee amounting to Rs 0 24 lakh during 1972 73

The matter was reported to Government in August 1974, reply is awaited (August 1975)

(ii) Similarly, tax on stage carriages plying for hire and used for the transport of passengers excluding the driver and conductor was raised from Rs 105 per seat subject to a maximum of Rs 4,200 per annum to Rs 130 per seat subject to a maximum of Rs 10,000 per annum with effect from 1st April 1971, as per notification dated 31st March 1971 However, during the course of audit of Registering Authority, Sirsa it was noticed that after 1st April 1971 private passenger buses continued to be taxed at the old rate of Rs 105 per seat per annum instead of at the revised rate of Rs 130 per seat per annum This resulted in short recovery of tax of Rs 24,266 25 during 1971-72 and 1972 73 The short recovery was brought to the notice of Government on 15th October 1974, reply is awaited (August 1975)

The Department explained the position in regard to the various points raised in the audit paragraph as under —

(a) It was stated that the short recovery was due invariably to the late receipt of notification enhancing the registration fee in respect of tractors,

(b) In Sirsa district the short recovery was due to an inadvertent mistake on the part of dealing official and

(c) As regards Registration fee on tractors, since the fee at the old rate of Rs 75/ instead of the enhanced rate of Rs 125/ was continued to be charged due to late receipt of the notification by the Registering Authorities, it was not possible to fix responsibility Moreover the short recoveries were being made now

(d) The present position of short recoveries viz Rs 0,24 lakh and Rs

25,266 was stated to be as under district wise —

Distt	*Total short recovery*	*Amount recovered*	*Balance*	*Remarks*
	Rs	Rs	Rs	
Ambala	6350		6350	
Karnal	5750		5750	(Not Rs 6400/ as pointed out by A G)
Kurukshetra	4600		4600	
Sonepat	3550		3550	
Jind	3525	1575	1950	
Total	23775	1575	22200	

The position in other districts had also been ascertained to ensure that similar short recoveries were made good and the position was as under —

Sirsa	4600	2500	2100	*Short recovery of other districts & present position
Hissar	3950		3950	
Rohtak	1450		1450	
Narnaul	750		750	
Gurgaon	4600	1600	3000	
Total	15250	4100	11250	

(e) In Sirsa district out of short recovery of Rs 24 266 on account of enhanced tax in respect of stage carriages Rs 2 144 had been recovered The balance was being recovered as arrears of Land Revenue

(f) In all districts the registration fee/tax on stage carriages was being charged correctly This had been confirmed by the district authorities

The Committee are not satisfied with the reply of the Department that the short recovery was due invariably to the late receipt of notification enhancing the registration fee in respect of tractors

The Committee recommend that the whole matter be enquired into by the Administrative Secretary of the Department and the responsibility for not taking necessary action promptly on the publication of the gazette notification be fixed and action taken against those found at fault under advice to the Committee

The action taken against the officers/officials in regard to the short recovery of tax on stage carriages in Sirsa district be also intimated to the Committee

The Committee would also like to be apprised of the progress made in the recovery of the registration fee of tractors and the tax on stage carriages

Paragraph 6 20 Short recovery of road tax on vehicles plying as private carriers

19 Under the Punjab Motor Vehicles Tax Act 1924 the rate of road tax on vehicles plying on private carrier permits was higher than the rates applicable to vehicles plying on public carrier permits It was, however, noticed during test check that road tax in respect of private carrier vehicles in the districts of Karnal , Kurukshetra and Sonepat for the year 1972 73 had been levied at the lower rate applicable to public carriers This resulted in short reocvery of tax amounting to Rs 0 23 lakh The matter was brought to the notice of the Government in August 1974 Reply of the Government is awaited (August 1975)

The break up of Rs 0 23 lakh was stated to be as under —

Districts	*Rs*
Kurukshetra	6,800
Karnal	11 277
Sonepat	4,470
Total	22,547 say Rs 0 23 lakh

In respect of district Kuruskhetra, the entire amount of Rs 6 800 had since been recovered

As regards district Karnal the Department stated that the audit had pointed out short recovery of road tax in respect of vehicle No HRK 4415 HRK 4448 and HRD 4384 Out of these three vehicles vehicle No HRK 4415 and HRK 4 448 were public carriers and not private carriers and thus the road tax had been charged correctly So far as vehicle No HRD 4384 this vehicle was a departmental vehicle and belonged to Minor Irrigation and Tubewell Cor poration, Haryana Notice for recovery had been issued and audit will be advised as soon as recovery was effected

Regarding district Sonepat, the notice had been issued to the defaulters for recovery Now the road tax was being charged correctly

Direction had been issued to the concerned authorities in other districts for taking similar action and making strenuous efforts to effect recovery

The Committee would like the department to intimate to them the progress of recovery of road tax in respect of K arnal and Sonepat districts

Paragraph 6 21 Sort recovery of permit fee

20 Section 58(4) of the Motor Vehicles Act 1939 provides that where a permit has been renewed after the expiry of the period thereof, such renewal

shall have effect from the date of such expiry irrespective of whether or not a temporary permit has been granted and where a temporary permit has been granted, the fee paid in respect of such temporary permit shall be refunded

During the course of test audit of the Regional Transport Authority Ambala it was noticed (December 1973) that in 51 cases permits issued were given effect from dates subsequent to the dates of expiry of the old permits thereby leaving a gap between the date of expiry of original permits and the date of commencement of the new permits during which no permit fee was realised In these cases the authorities had neither issued any temporary permit nor any fee had been charged on this account resulting in a loss of revenue to the Government to the tune of Rs 0 14 lakh

The matter was brought to the notice of Government on 6th August 1974, reply is awaited (August 1975)

To a question of the Committee, the Department replied that under Section 42 of the Motor Vehicles Act, 1939 it was the owner who was responsible for illegal operation of his vehicle Any vehicle found operating without permit on the road was liable to be prosecuted by the Police staff (Enforcement staff) and action on such cases would be taken by the Civil Courts in accordance with section 123 of the Motor Vehicles Act, 1939 The Regional Transport Authority came into action only in the cases where the conditions of the route permit issued by the authority were contravened by the permit holders and as such the cases, in question, did not come within the purview of the RTA In fact in the cases under reference the owners of the vehicles had not come forward to obtain the permits from the office of the R T A No irregularity by the R T A was stated to have been committed

During oral evidence, the departmental representative stated that if the owner of the vehicle did not get his permit renewed after its expiry he lost the right to get a regular permit and when he applied again, treating him as a fresh case, he was issued a temporary permit for which higher fee was charged

The Committee drew the attention of the Department to the provision of the Motor Vehicles Act, 1939 which says that 'he must obtain a permit and where a permit has been renwed after the expiry of the period thereof, such renewal shall have effect from the date of such expiry irrespective of the fact whether or not a temporary permit has been granted He can claim exemption/ remission only if he files a declaration in advance that the vehicle will not be used or brought on road

The Committee held the view that unless such a declaration was filed he had to pay even for the period he did not ply the vehicle in addition to whatever penalty might be levied for not getting the permit renewed

In order to draw a correct conclusion on the point at issue, the Committee would like the department to seek legal opinion of the Law Department in this respect and intimate the final outcome to the Committee at an early date

Paragraph 6 22 Irregular rebate on road tax

21 Under the Punjab Motor Vehicles Act, 1924 a person who keeps more

than ten Motor Vehicles for use solely in the course of trade/industry is allowed a deduction of ten per cent on the aggregate amount of tax payable Further five per cent deduction is admissible if the tax for whole of the financial year is paid in advance The latter deduction at the rate of five per cent is admissible on the net tax payable i e after deducting ten per cent from the gross tax as clarified by the Transport Controller in August 1970 However in cases of this type, rebate was allowed in one district (Karnal) at the rate of fifteen per cent on the gross amount of tax, resulting in short recovery of Rs 0 08 lakh during 1972 73

The matter was reported to Government in August 1974, reply is awaited (August 1975)

The Department admitted the omission and stated that necessary steps were being taken by the Deputy Commissioner, Karnal to effect the short recovery of Rs 0 08 lakh

The Committee would like to know the progress of the recovery of Rs 0 08 lakh

The Committee would further like the department to check up the position of short recoveries after 1972 73 in such like cases in other districts also and intimate to them the results thereof

Paragraph 1 17 Construction of bus bodies

22 In March 1973, the Transport Controller invited tenders for construction of bus bodies during 1973 74 In all eighteen firms submitted tenders Tenders of two of these firms were ignored as they were not on the approved list On the basis of negotiations held in April 1973 with the remaining tenderers, the Department fixed the following rates

	Rate per body
(a) *District type bus bodies*	*Rs*
Leyland chassis 210	21,000
Tata chassis 205"	19,730
(b) *Local type bus bodies*	
Leyland chassis 210"	20,760
Tata Chassis 205"	19,500

Out of the sixteen firms with which negotiations were held one firm from Haryana and two outside firms agreed to construct bus bodies at the prescribed rates Another Haryana firm, which had not submitted its tender, agreed in July 1973 to accept the rates offered by the Department Three other Haryana firms asked for rates higher by Rs 600 per chassis on the ground that they would have to incur heavy expenditure on transportation of raw materials from the main markets at Jullundur and Delhi and that this increase would be realised by the State Government as sales tax This was agreed to by the Department (August 1973) Agreements were entered into with five firms of Haryana (including the three firms who were given higher rates) and one firm of Delhi

Only 19 chassis were allotted to two Haryana firms and one Delhi firm, which had accepted the lower rate Body building for 128 chassis was allotted to the other three Haryana firms at rates higher by Rs 600 each

All the five firms of Haryana requested in November 1973 and February 1974 for increase in rates by Rs 4 607 and Rs 9,000 per vehicle respectively because of rise in the Market price of various materials used in the construction of bus bodies No such increase was demanded by the Delhi firm already on contract Although the rates accepted by the Haryana firms were not subject to any escalation due to increase in the market rates of raw materials, the Department in May 1974 allowed an *ad hoc* increase of Rs 3,400 per chassis over and above the agreed rates with effect from 1st November 1973 This resulted in extra payment of Rs 2 38 lakhs on 70 bus bodies got constructed by the four firms of Haryana during November 1973 to March 1974 No work was allotted after 1st November 1973 to the Delhi firm which had not demanded any increase

The matter was brought to the notice of Government in September 1974 reply is awaited (May 1975)

In reply to a question of the Committee as to why the Department agreed to raise the rate per chassis by Rs 600 in the case of three Haryana firms, the Department stated as under —

'Most of the body builders did not accept the rates approved on 12 4 73 and on persuasion, the following body buildlers submitted the agreement for the fabrication of bus bodies on the rates approved by the Department

(i) United Body Builders, Faridabad

(ii) Royal Body Builders, Rohtak

(iii) New Model Industries, Jullundur

(iv) Vishal Body Builders, Delhi

The other body builders did not come down to the rates accepted by these body builders on the ground that they would incur losses at these rates The position was ascertained from Punjab Roadways and it was found that they had accepted much higher rates for the specifications poorer than those of Haryana Roadways It was also examined whether Haryana Roadways could depend entirely upon these body builders for their requirements It was felt that two Haryana Firms were new entrants for Haryana Roadways and it was not advisable to depend entirely on them While considering rates it was necessary to take into account the incidence of Sales Tax which would not accrue in case of these firms to Haryan State but would go to Punjab and Delhi State respectively As incidence of Sales Tax was of the order of Rs 600 the rates of this firm were at par with the higher rates asked for by the Haryana firms After considering these circumstances it was decided that it would not be desirable to depend entirely on these firms for the allotment of fabrication work and it was considered desirable to allot buses to other firms

When further questioned, the Department stated that there was no financial advantage in allotting work to Delhi and Jullundur firms as their rates were not lower as compared with the increased rates of Haryana firms.

after taking into account the incidence of Sales Tax Regarding two Haryana firms they were new entrants for body fabrication for Haryana Roadways and it was not advisable to give them large number of chassis for fabrication

When asked to state the reasons for agreeing to the payment of an adhoc increase to the extent of Rs 3,400/ per vehicle over and above the old rates for the period from November 1973 to 31st March 1974 the department submitted that there was un precedented inflation of price of body building materials beginning from November 1973 As a result the body builders of Haryana (who alone to the exclusion of body builders outside the state) were given body fabrications work for district/city type bus bodies from Nov 1973 onward represented that owing to the heavy increase in price it was not possible for them to fabricate bus bodies on the old rates In support of their claim they gave a statement to show the increase in price of various materials It was represented by them in November 1973 and February 1974 that the fabrication of bus bodies cost them Rs 4,607 and Rs 9,000 per vehicle more than that of the approved rates They therefore requested for increase in rates of body fabrication to compensate in the price rise On receipt of representation the Department conducted survey and it was found that there was overall increase in price of materials to the extent of 35% and average increase in price came to Rs 6 386 in respect of Leyland and Rs 4 043 in respect of Tata Bus Bodies The question was considered by the department and it was found that legally the body builders could not ask for increase in rates despite the increase in price of materials It was felt that the increase in price obviously rendered the body building fabrication unprofitable at old rates and if the body builders were forced to work at the old rates they would certainly tend to compensate their loss by using inferior materials In view of this, the Department felt that body builders may be granted increase in the rates to the extent of Rs 3,400 per vehicle over and above the old rates for the period from November 1973 to 31-3 1974 as against the approximate increase in the cost of body fabrication to the extent of Rs 6 386 per vehicle in respect of Leyland and Rs 4 043 in respect of Tata Bus Bodies This adhoc increase was allowed after the body builders had shown their inability to fabricate bus bodies on the old rates Keeping in view the public interest, the body builders were given an increase to the extent of Rs 3,400 per vehicle

During the course of oral evidence, the spokesman of the Department further stated that whatever was done *was done* keeping in view the position as it prevailed at that time and was done to safeguard the interest of the Haryana Roadways a commercial undertaking and to give incentive to the industrial units in Haryana

The Committee recommend that while entering into agreements with the firms for the purchase of goods, the desirability of incorporating escalation clause in the agreements be considered and action taken accordingly to avoid such happenings in future

Paragraph 7 18 Purchase of Tiger Leyland chassis

23 In December 1968 a firm of Madras offered to supply two 228 W B chassis of Tiger Leyland buses The Department approached Government in May 1969 for approval to the purchase as the operation of these buses was considered economical because of extra seating capacity *viz* 72 seats against 54 seats in the existing buses Government approved the proposal in

June 1969 on the condition th t a report on the economic performance of these vehicles should be submitted after four months

On enquiries made by the Department in August 1969 about the performance of similar vehicles from the Pepsu Road Transport Corporation and Calcutta State Transport Corporation, which had been using Tiger Leyland buses it was learnt (September 1969) that there was difficulty in obtaining spare parts of these vehicles The Department, however placed the order for chassis in December 1969 at a total cost of Rs 2 20 lakhs

These buses were put on the road in July 1970 and these had covered 5 02 344 Kms upto October 1974 against 6 96,960 Kms normally expected on the basis of the norm of 220 Kms per day as the e buses were detained in workshop for long periods due to non availability of spare parts The loss of revenue due to under utilisation of these vehicles during this period was Rs 1 07 lakhs, calculated at an average profit margin of 55 paise per Km inclusive of passenger tax

A report on economic performance of these vehicles, which was due for submission to Government in November 1970 *i e*, after four months of their working, has not been submitted (February 1975)

When asked to state the reasons for placing the order for the supply of Tiger Leyland Buses even after learning in September, 1969 from the Pepsu Road Transport Corporation and Calcutta State Transport Corporation that there was difficulty in obtaining spare parts of these vehicles the Department stated that this was a new type of vehicle and there was a shortage of spare parts, it was felt that with the passage of time production of this type of chassis will increase and the manufacturer will make spare parts readily available from time to time As Pepsu Road Transport and Karnataka State Road Transport Corp were quite satisfied with the performance of these types of chassis/vehicles, the department had not erred in placing trial order for two chassis in order to meet the demand of the travelling public

When further questioned, the Department replied that these buses were received on 2 7 70 On completion of four years service, these buses started breaking parts after wear and tear There was a great problem to maintain the stock of spare parts Sometimes parts were broken unexpectedly and caused detention till its procurement from the Principal manufacturers by air or import/local market The cost of spare parts was so high that it was difficult to maintain it The performance of these vehicles during the subsequent years was almost un satisfactory for the reasons explained above These buses were not in use at present

The Department further stated that it appeared that Government might have been informed from time to time about the performance of these vehicles and on the basis of the performance the department had dropped the idea of purchasing more Tiger Leyland Buses

During evidence it was brought to the notice of the Committee, that some of the spare parts of the buses which were lying idle had been used in other buses and some of them disposed of as purchase of spare parts required to bring them on road was uneconomical

The Committee feel satisfied with the arguments advanced by the Department They however, recommend that the availability or non availability of the spare parts be invariably kept in view at the time of purchasing the vehicles in future, so that these may not become idle for want of spare parts

Paragraph 7 19 Embezzlement

24 (a) In September 1974 during internal audit check of special booking receipts in the Ambala Depot it was detected that the booking staff had not deposited and accounted for Rs 15,425 received by them in eighteen cases towards security deposit and estimated fare charges for special buses booked during the period from September 1971 to August 1974 They passed on the applications for special buses duly sanctioned by the General Manager/Traffic Manager to the duty inspector for detailing the buses and the crew without making any entries in the register of special booking maintained by them

The Department intimated in November 1974 that the officials concerned had been suspended from 2nd September 1974 and that the case had been referred to the Vigilance Department in September 1974 for investigation The findings of the Vigilance Department are awaited (May 1975)

(b) In July 1971 it was noticed by the Department that the building clerk of the Karnal Depot, who was also handling the issue of monthly passes had embezzled Rs 0 11 lakh during 1970 and 1971 by (i) depositing less amounts of securities and rent than that collected from lessees of shops at the bus stands at Karnal Panipat and Gharaunda (ii) showing less amount in the counterfoils of receipts and (iii) maintaining two sets of receipt books and monthly pass registers

The embezzlement was facilitated by the following —

(i) Instructions issued by the Provincial Transport Controller in 1959 and 1961 to the effect that all receipts upto Rs 50 should be signed by the Accountant and above Rs 50 by the General Manager or one of his gazetted officers, were not observed Receipts for amounts collected were issued by different officials and in some cases by the building clerk himself

(ii) No proper record of receipt/issue of receipt books was maintained making it possible for the clerk to use two receipt books simultaneously

(iii) According to the departmental rules all persons handling cash are required to furnish security of amount fixed by the Head of the Department The building clerk was allowed to handle departmental cash although no security was obtained from him

(iv) In contravention of the departmental rules register of passes was not put up for signatures of the Cashier/Accountant and General Manager at the time of signing of passes

While the embezzlement came to light on 20th July 1971, the case was registered with the police on 26th August 1971 *i e* more than a month later when the building clerk absented himself from duty Rupees 1,043 had been recovered from him by that time The Department stated in June 1974 that further Rs 181 on account of pay and allowances for July 1971 due to the clerk had been withheld Results of the police investigation are awaited (March 1975)

The Department stated (June 1974) that no security was obtained from the building clerk as he was allowed to handle Government cash only temporarily

(a) These cases the Department stated, were referred to the Vigilance Department in September, 1974 but their findings were still awaited by them

The Committee would like to know the findings of the Vigilance Department as and when these are received and the action taken against the officials found guilty

The Committee would further like the department to pursue this matter for its expeditious finalisation

In order to avoid the recurrence of such type of cases, the Committee recommend that a fool proof procedure be evolved whereby it may not be possible for any body to embezzle Government money

The Government should not feel contented only with the framing of rules or the issue of instructions Their compliance should be ensured

(b) The Department stated that after investigation the case was submitted to the Court of Law by the Police under Section 409 of the Indian Penal Code It was further stated that the Government had now changed the procedure for issuing passes etc to safeguard against such cases of misappropriation etc, in future

The decision of the Court when announced be intimated to the Committee

Paragraph 7 20 Termination of services of employees

25 The General Manager of Gurgaon and Ambala Divisions suspended/terminated the services of five conductors and one driver between January 1968 and October 1970 on the grounds that these employees had mis-appropriated Government revenues (Rs 345) and tampered with tickets way bills The concerned employees filed suits in courts of law against the orders of termination of their services The courts while quashing the termination orders, held that reasonable and sufficient opportunity had not been given to the employees to defend themselves, the termination orders were not speaking ones, the charge sheets were issued by officers subordinate to the appointing authority, considerations other than those stated in the charge sheet weighed in the mind of the punishing authority and just and porper enquiries were not held The Department had to re instate these employees (between March 1971 and May 1974) and had to pay Rs 0 70 lakh on account of decrees awarded by the courts, cost of law suits and arrears of pay, in addition to sus pension allowance

The Department stated in its written reply that the defaulting officials in these cases were conductors and drivers who frequently indulged in committing frauds of public revenue In order to prevent leakage of public revenue, the Department had to resort to the drastic steps of suspending the erring officials If they were not suspended immediately, the mal practice of com mitting frauds would continue as the departmental enquiries took sufficient time to be finalised It was also mentioned that suspension was no longer a punishment in view of the amendment made in the Punishment & Appeal Rules 1952 So far as the termination of services of the delinquent officials was concerned charge sheets were issued and their explanations were obtain ed There were, however, some procedural defects which vitiated the enquiry proceedings

The Department further submitted that there was no such case in which charge sheet was not issued However in the case of Sh Laxmi Chand Con ductor, the charge sheet was signed by the Traffic Manager who was not com petent to issue the charge-sheet The said charge sheet was issued before the re organisation of Punjab State Even termination of services of the conductor was ordered before the coming into existence of the State of Haryana The Traffic Manager who defaulted was allocated to the State of Punjab and had since retired It was, therefore not possible to take any action against him at this stage The misappropriated revenue had already been recovered from the delinquent official So far as the driver was concerned, it was intimated that his service was terminated on account of furnishing wrong affidavit, mis behaving and absence from duty There was no case of misappropriation of Government revenue against him

The Committee recommend that effective steps be taken to ensure the observance of the procedure laid down in the Punjab Civil Services (Punishment and Appeal) Rules, 1952

The cases warranting the termination of services of employees should be first examined thoroughly in future from legal aspects and then only such drastic steps resorted to

SOCIAL WELFARE

Paragraph 7 15 Grant of loans to non-existing firms

26 In October 1971, a Delhi firm dealing in tractors and spares, intro duced six partnership firms, formed by members of scheduled castes in Haryana to the Company for grant of loans for sub dealer ship of the Delhi firm The Nigam granted unsecured loans of Rs 50,000 at 7 per cent per annum to each of the six firms in December 1971 on the basis of personal bond executed by the Delhi firm The loans were repayable in 10 half yearly instal ments of Rs 5 000 each commencing one year after the date of payment During the first year only interest was payable The first instalment of interest in each case became due in June 1972 but none of the firms deposited the same Notices issued to the firms/partners in August 1972 were received back undelivered as none of the addresses was traceable The Management stated (May 1974) that its field staff could not locate any of the six firms It was further stated (July 1974) that spot verification of existence of the firms was not done before granting the loans as at that time the Nigam did not have any officer in the field for such duties,

Against the total amount of Rs 1 28 lakhs recoverable (upto 14th June 1974) from the six firms on account of principal and interest (including penal interest), Rs 1 12 lakhs had been paid by the guarantor

Enquiries made by the Nigam disclosed that before the loans were granted the guarantor firm had received Rs 50 000 from each of the six firms on account of share money (Rs 25 000) and part payment of security deposit (Rs 25 000) The loans granted to the six firms had thus passed on to the guarantor firm at a concessional rate of interest which was meant for members of scheduled castes within the State On enquiry as to why the guarantor firm had not been called upon to make repayment of the loan in lump sum, the Management stated (July 1974) that the amount involved was so heavy that even if a civil suit was filed, the court in all probability would have allowed repayment in instalments

The matter was reported to Government in November 1974 The facts have been admitted by Government (February 1975)

The Department stated in their written reply that in this case 6 partner ship firms made an application on 25 10 1971 to the Haryana Harijan Kalyan Nigam each stating that it has constituted itself into a partnership firm with a view to start business as manufacturer s representatives and trading in tractors, agricultural implements and other engineering goods and that they needed a capital of Rs 75,000 each for the setting up of the business and that this sum of Rs 75,000 was to be deposited by them with their principals (M/s Rajgarhia Automobiles & General Traders Delhi) as security, for the receipt of goods This request of the firms was placed before the Board of Directors in their meeting held on 27 10 1971 The Board of Directors asked for more information before sanctioning loans Accordingly, a letter was addressed to each firm to produce evidence that they had invested Rs 25,000 as share capital with M/s Rajgarhia Automobiles & General Traders confirming that they had received Rs 25,000 towards part payment of security deposit M/s Rajgarhia Automobiles also wrote to the Managing Director intimating that they had appointed each of the six firms, as their dealer at various stations and con firmed that they would have no objection to stand surety for the sum of Rs 50,000 in each case Each of the six firms also produced a copy of trial balance as on 12 11 1971, showing that the partners had contributed their share of Rs 25,000 They also produced a receipt for the rent paid for the shop hired for the purpose of starting the business They also produced the partnership deed and the certificate to the effect that all the partners belonged to Scheduled Castes

In the case of the over whelming documentary evidence, the production of a receipt for the hiring of the premises for the business and the guarantee offered by the principal dealers namely M/s Rajgarhia Automobiles & General Traders, Delhi (who produced their balance sheet revealing assets worth Rs 9 11,304) that in case the sub dealership firm made default in payment of the said loan or a part thereof the amount of loan sanctioned would be re coverable from it its partners, their successors in interest as well as their property the Board of Directors did not feel the necessity of any further veri fication and sanctioned the loan of Rs 50,000 in each case on 29 11 1971

Each firm produced a partnership deed on non judicial stamp paper of Rs 3/- showing the principal place of their business, nature of business capital invested etc The partnership deed was available on the file of each loanee firm At the same time all the partnership firms were verified to have been registered and their registration numbers were also available

The guarantor firm produced their balance sheet revealing their assets of more than Rs 9 lakhs which the Board considered a sufficient guarantee on their behalf

After it became known that these firms did not actually exist, even if the matter had been reported to the police it would not have helped in the recovery of the loan All attention was, therefore, concentrated on the guarantor firm and pressure built with the result that the Nigam had been able to recover at least 4 six monthly instalments of principal and interest (out of the total 10 in which the loan was to be repaid) from each of the four firms and in case of the other two, nearly 6 instalments stood recovered The guarantor firm had been constantly pressed for early liquidation of the arrears and they had from time to time assured them that they would cooperate with the Nigam in all possible manner and that the loan of the Nigam was quite safe under their guarantee M/s Rajgarhia Automobiles and and General Traders again assured the Nigam on 20th September, 1975, that they would clear the entire arrears before the next instalment of December, 1975 However, they had not honoured this promise and they were repeatedly being reminded about the default

The amount involved in these cases was so heavy that even if the Department filed a civil suit or referred the cases for lump-sum recovery to the Collectors concerned as arrears of land revenue, the guarantors would admit the liability but would request for permission to pay in instalments, which ordinarily every court was likely to allow This was why the Nigam had preferred the persuasive course and we have already through this method received 4 instalments of principal and interest out of 8 due so far, in case of 4 firms, and 6 instalments of principal and interest out of 8 due so far, from the other two firms For any delayed payment each firm is being charged penal interest at 15%

The loan in these cases was sanctioned by the Board of Directors, consisting of the Secretary to Government, Haryana Welfare of Scheduled Castes and Backward Classes Department as chairman the Director of Agriculture, Haryana a member Director and the Director, Social Welfare and Backward Classes as Managing Director

The Committee was assured that the Board had now streamlined the procedure of sanctioning and release of loans and made it fool-proof

During oral evidence the Committee desired to have information regarding the names of those Magistrates who gave certificates to the six firms to the effect that their partners were the persons who belonged to the Scheduled Castes In addition, the following information was asked for

(1) the name of the partners of the firms with their residential addresses and whether they furnished any certificates of their being persons belonging to the Scheduled Castes and

(2) the amount of loan advanced to each firm

To another enquiry as to how much loan was advanced for tractors/tempos etc , and how much recovered so far, the departmental representative promised to send the information early

The Committee are dismayed to note that loan to the firms was granted without properly verifying as to their actual existence

The Committee recommend that enquiry against the Magistrates who certified to the effect that the partners of these firms belong to Scheduled Castes be held and the outcome intimated to the Committee

Earnest efforts be made to recover the outstanding amount in lump sum with interest thereon from the guarantor firm failing which in instalments and the progress of recovery so achieved be intimated to the Committee

The information containing the names of the certifying Magistrates as also of the partners of the six bogus firms in question which was asked for by the Committee during evidence be now supplied to them without further delay

TECHNICAL EDUCATION

Paragraph 8 4 Y M C A Institute of Engineering, Faridabad

27 The Y M C A Institute of Engineering a Society registered under the Societies Registration Act, 1860, was set up for imparting training on sandwich pattern of West Germany for development of Middle Level Technicians It started functioning from September 1969

The Young Men s Christian Association of India (Y M C A) was to contribute at least rupees twenty five lakhs in West German foreign exchange towards the non recurring cost of the Institute and the remaining non recurring cost was to be shared equally by the State Government and the Government of India The recurring cost was to be shared between the State Government and the Government of India in the following manner —

For the first five years

Government of India	50 per cent of the gross expenditure
State Government	Difference between the net expenditure and the Government of India s share

From the sixth year (1st October 1974) and onwards the Government of India was not to share the recurring cost it was to be shared between the State Government and the Y M C A of India, the latter s share being 5 10,15 and 20 per cent in the 6th, 7th 8th and 9th year respectively and 25 per cent thereafter

Financial assistance of Rs 35 lakhs, Rs 13 79 lakhs and Rs 12 55 lakhs was extended to the Institute by the State Government during 1971 72, 1972 73 and 1973 74 respectively The question regarding the release of the share of the Government of India for these years was stated (May 1975) to be under correspondence

A test audit of the accounts for 1971 72 and 1972 73 brought out the following points —

(i) According to the agreement between the State Government and the National Council of Y M C A of West Germany the

Institute received equipment valuing Rs 34 38 lakhs from 1968 69 onwards from West Germany No proper record of the equipment was maintained till September 1972 In October November 1972 a stock register was prepared from the original invoices received from West Germany and shortages valuing Rs 0 29 lakh were noticed A Board constituted to examine the matter recommended (August 1974) write off of the items found short The Vice Chairman of the Institute s Governing Body did not accept this recommendation in view of the large amount involved and ordered compilation of the record afresh Further developments are awaited (May 1975)

(ii) No procedures/rules had been laid down/framed (April 1975) for the purchase of stores maintenance of accounts and custody and physical verification thereof The management stated in May 1975 that the rules have since been formulated and would be placed before the Finance Committee/Board of Governors for approval

An *ad hoc* physical verification of stores was undertaken in November 1972 and section wise lists of stores issued and those actually in stock were got prepared by July 1973 but action for the discrepant items was still (May 1975) in hand

(iii) The budget estimates (non recurring) for 1971 72 and 1972 73 were not prepared and submitted to the State Government although such submission was stipulated in the agreement between the parties

The matter was reported to the Government in February 1975, its reply is awaited (May 1975)

The Department stated that the Institute had turned out 181 students in three batches in 1973, 1974 and 1975 Almost all had been gainfully employed

The fourth batch of 98 students had taken the final examination in May, 1976 and the result was due to be declared in August, 1976 Out of those 98 students 44 had been selected but were awaiting appointment letters, 8 candidates had also been sponsored and it was hoped that they would be absorbed'

Thus the expenditure incurred on the Scheme was commensurate with the results achieved

It was further intimated that stock registers were prepared originally from the invoices but these were found to be incomplete as several invoices were missing/stock register page was not indicated

The reconstructed stock registers were prepared in 1974-75 on the basis of the original invoices (after obtaining the missing invoices from the West German Agencies) The final shortages on the basis of physical check completed in February 1976 had been found to be 886983 D M (Rs 20,000 approximately) The matter was being put up by the institute to the Board of Governors' through their Finance Committee for decision

The purchases so far were made on the basis of instructions of the Haryana Government/Central Government These were however, reviewed from time to time and now a set of complete purchase rules were stated to have been framed and sent to the State Government for examination

The spokemen during the course of evidence, stated that out of Rs 6 lakhs outstanding from the advance of Rs 43 lakhs given to the students as a loan by 1974, two lakhs were yet to be recovered from them

The Committee were further informed that a decision had been taken to run the polytechnic at Jhajjar on the lines of the Y M C A Institute of Engineering, Faridabad

The Committee would like to know whether any decision to write off the items of stores of the value of 8869 83 D M (Rs 20,000 approximately) has been taken by the competent authority

The progress of recovery of outstanding loan from the then students be intimated to the Committee

The Committee would further like to know whether the polytechnic at Jhajjar has started functioning on the lines of the Y M C A Institute of Engineering, Faridabad

Keeping in view the employment potentiality of the Y M C A Institute of Engineering, the desirability of establishing such Institutes at some other suitable places in the State be also considered as and when the finances required for the purpose become available.

AGRICULTURE

Paragraph 3 2 Seed Farms

28 With a view to producing seeds of high genetic purity and quality for distribution to the farmers 11 seed farms (area about 1 020 acres) being run through tenants were resumed by the Department during 1967 68 and 1968 69 for direct cultivation A mention was made in para 28 of the Audit Report for 1969 70 about the working of these farms

During the Fourth Five Year Plan (1969 74) an additional area of 1,580 acres was planned to be resumed

The following points were noticed during audit of the programme

(i) Against an estimated outlay of Rs. 11 00 lakhs on running the farms between April 1969 and March 1974, the actual expenditure was Rs. 39.80 lakhs

(ii) The production of fit seeds against the targets envisaged was as indicated below —

Crop year (July-June)

Variety of Seed	1969 70		1970 71		1971 72		1972-73		1973-74	
	Target	*Achievement*	*Target*	*Achievement*	*Target*	*Achievement*	*Target*	*Achievement*	*Target*	*Achievement*
					(Figures in tonnes)					
Food grains	1,060	538	1 120	609	1,200	672	990	525	2,300	1,542
Oilseeds	20	8	20	13	25	12	20	17	60	39
Cotton	34	52	33	34	35	29	180	45	700	416
Sugarcane	730	240	800		850	12	200	96	100	64
Total	1 844	838	1 973	656	2 110	725	1 390	683	3,160	2,061
Percentage of achievement	45		33		34		49			*

While giving evidence before the Public Accounts Committee on para 28 of the Audit Report for 1969 70, the departmental representative had stated (November 1973) that the shortfall upto 1972 73 was due to the following —

(a) production estimates were purposely kept on a higher side so as to gear the staff to achieve increased production

(b) the success of oilseeds crop depended highly on weather conditions and incidence of pests and

(c) in the case of sugarcane, it could not be included in the cropping scheme of the farms regularly owing to various factors

In relation to the total production the quantum of fit seeds in respect of foodgrains varied between 23 and 42 per cent during 1969-70 to 1972 73 it was 54 per cent in respect of cotton in 1971 72 and 1972 73 it varied in respect of sugarcane from 20 per cent in 1971 72 to 64 per cent in 1972-73 and for oilseeds from 25 per cent in 1969 70 to 65 per cent in 1971 72

*The targets and achievement for 1973-74 represent the overall production of seeds Figures of fit seeds obtained from the overall production during 1973 74 were not available with the Department (June 1975)

(iii) The average yield per unit area showed a decline (except during 1973 74) in some of the farms as indicated below —

Sl No	Name of the crop	Farm	Average yield				
			1969 70	1970 71	1971 72	1972 73	1973 74
			(Quintals per acre)				
1	Wheat HYV	Pundri	12 38	10 71	10 30	9 58	11 06
		Mangiana	8 48	6 01	7 52	3 60	10 51
		S Gopalpur	10 74	10 55	8 64	6 40	Not sown
		Gugaheri	7 11	3 38	5 88	2 90	6 44
2	Gram	Kohalwas	6 36	3 73	3 72	1 81	1 45
		Mangiana	4 55	1 66	1 83	1 59	2 50
		B S Farm, Hansi	5 01	3 36	2 57	3 35	1 00
		Gugaheri	4 09	3 09	1 15	0 90	2 38
3	Cotton	Shamgarh	3 08	2 37	1 77	0 71	2 16
		Kohalwas	N A	N A	0 63	0 40	Not sown
		Mangiana	3 60	2 92	2 00	2 65	Not sown
4	Sugarcane	Shamgarh	218 69	N A	200 54	118 12	127 85

N A Not available

(iv) (a) Barbed wire purchased in March 1972 at a cost of Rs 0 36 lakh for fencing the seed farm at Hansi was lying unutilised (April 1975) It was stated by the Department (March 1974) that fencing could not be provided as cement and bricks were not available

(b) A sum of Rs 0 05 lakh was found short in the cash chest of the Farm Superintendent, Agricultural Station, Hansi, on the sixth February 1974 during a surprise check conducted by the Chief Training Officer Hansi (the Station was under his control) The case was stated to have been registered with the police the result of police investigation is awaited (April 1975)

(c) A sum of Rs 0 17 lakh was spent by the Deputy Director of Agriculture Sirsa, in March 1972 on the installation of a tubewell in a tenant cultivated farm not covered by the programme, However, the tubewell was yet (April 1975) to be commissioned It was stated by the Department (March 1974) that the tubewell was installed at this farm as an advance action to bring the farm under direct cultivation

(d) An unspent amount of Rs 0 03 lakh stated to have been refunded by the Agricultural Engineer, Haryana to the Deputy

Director of Agriculture Sirsa, in July 1970 had not been accounted for in the books of the latter (April 1975)

The Department stated in their written reply that the area under cultivation on 11 seed farms during the years 1969 70 to 1971 72 was 1,105 07 acres During 1972 73 Hissar farm with an area of 1 419 acres was transferred from Land Development and Seed Corporation and nine block seed farms comprising of 276 42 acres making a total of 2800 49 acres During the year 1973 74 Samergopalpur farm with an area of 99 80 acres was transferred to Haryana Agricultural University, thus leaving a total area of 2,700 69 acres During the year 1974-75 five seed farms with an area of 1,975 03 acres were transferred to Haryana Seed Development Corporation and 10 new seed farms with an area of 254 51 acres were brought under direct cultivation The total area under direct cultivation was 980 17 acres During the year 1975 76 three seed farms with an area of 73 69 acres were brought under direct cultivation making the total 1 053 86 acres During the year 1976 77 Samer gopalpur farm with an area of 99 80 acres was taken back from the Haryana Agricultural University thus making the total area under direct cultivation as 1,153 66 acres

It was further stated that new farms were added to the existing 11 seed farms from time to time

As regards expenditure it was intimated that during the years 1969 70 to 1971 72 it was according to the original estimates, *viz* Rs 1 87 lakhs, Rs 1 99 lakhs and 2 59 lakhs respectively but during the year 1972 73 with transfer of Hissar seed farm comprising of an area of 1,419 acres, the outlay had to be increased

The Department further stated that the expenditure was mainly on development charges such as fencing construction of channels tube wells and purchase and replacement of tractors and machinery on the existing and the farms newly brought under direct cultivation from tenants The benefit of this additional expenditure accrued in subsequent years after full development

In order to improve the situation, steps were taken but the important farms where main emphasis was laid in the past for the development of infrastructure were transferred to Haryana Seed Development Corporation *viz* Hissar Sirsa Kishanpura, Agril station Hansi and Kolawas during 1974 75 The Department was left with the farms which were generally small in size with in adequate irrigation facilities In most cases there was no scope for developing adequate irrigation facilities

Secondly the progamme for the production of pulses crops had to be increased to meet the demand of the seed of various pulses crops under the Centrally Sponsored Scheme for the development of pulses in the State Since the yield potential of pulses as compared to the other crops was very low, the Farmers were reluctant to take up the production programme of the pulses Hence, the Departmental Farms had to be utilised for this purpose For seed production the pulses had to be grown as pure crop while for the commercial production, these were generally grown mixed with Bajra and Maize, which made it more profitable

Thirdly, from the year 1974-75 certified seed production programme of wheat and Paddy had been taken on extensive scale This had increased the cost of production on inputs like foundation seed fertiliser weedicide, while the yield had not gone up commensurate with this extra expenses as certified seed production involved intensive roguing of off types

However seven Diesel sets were provided at five farms in 1972 73, one in 1973 74 and seven sets in five farms during 1974 75 to ensure regular irrigation facilities, as there was an acute shortage of power and the supply was irregular

The area under crops like oil seeds, Bajra and to some extent gram which carried great risk of production on account of their dependence on rain fall and susceptibility to pest and diseases had been reduced

It also proposed to dispose of farms which could not be developed for the purpose of seed production

The Department also stated that the following steps had been taken to improve the seed farms —

(1) Irrigation facilities had been improved at Gugaheri Farm.

(2) Diesel sets had been provided at the farms to ensure regular water supply to crops in the event of power failure

(3) Fencing had been done at some farms where the damage by stray cattle and pilferage was more

(4) Supervision over the farm had been tightened particularly at the time of harvesting and thrashing

To a question of the Committee as to why bricks and cement could not be procured in time so that barbed wire already purchased in 1972 be utilised the Department intimated that the bricks and cement could not be arranged due to the reasons that other important works were in progress in Hansi and issue of Cement for such works like fencing were banned by the civil authorities at Hansi The main important work which was in progress at Hansi was making Sewani Canal Pacca The cement which could be saved from that work was only being issued for installation of Tube wells, Pumping sets and Jhallars

Regarding the shortage of cash at Hansi Farm, the Department intimated that the relevant record was in the Court of Judicial Magistrate Hansi The reply to the questionnaire of the P A C regarding the case was promised to be sent as soon as the record was received back

To an enquiry by the Committee regarding the cost of production of wheat, paddy and sugarcane in the directly managed Farms, the Department promised to send the information later on

The Committee appreciate the straight forwardness of the Department in stating the present position of the Seed farms They do realise the difficulties being experienced by the department in running the farms on sound footing and achieving the desired target of seed production The Committee,

However, recommend that the Department do their, utmost in improving the seed production in the State from these farms so that the State of Haryana may not lag behind in the National Programme of Seed Production

The Committee would like to know the manner in which the barbed wire purchased in 1972 for use at Hansi was utilised

The final outcome of the case in the court may be intimated to the Committee in due course, and the information promised to be sent may also be supplied without further delay

HARYANA WAREHOUSING CORPORATION

Paragraph 7 11 *Haryana Warehousing Corporation*

29 Haryana Warehousing Corporation was established on 1st November 1967 under the Warehousing Corporations Act 1962 to, acquire, build and run warehouses for storage of agricultural produce seeds, fertilisers, etc in the State The Corporation also took up from 1969, at the instance of Government, the function of providing disinfestation services to other agencies in respect of agricultural produce and notified commodities Besides the Corporation is working as an agent of the Government of India for storage, distribution and sale of fertilizers since 1969 70 It took over from the erst while Punjab State Warehousing Corporation, 16 warehouses having the storage capacity of 17 800 tonnes (including hired capacity of 10 800 tonnes)

2 -*Capital structure*

The authorised share capital of the Corporation is Rs 2,00 lakhs divided into 2 00 000 shares of Rs 100 each The paid up capital on 31st March 1974 was Rs 1,84 lakhs, contributed equally by the State Government and the Central Warehousing Corporation In addition, the Corporation received Rs 16 07 lakhs as its share of capital on re organisation of the erstwhile Punjab State Warehousing Corporation Sha es for this amount have not so far been issued as the question of division of assets and liabilities of the defunct Corporation has not yet been decided (June 1975)

3 *Performance*

(a) *Creation of storage capacity*

In 1970 the Corporation undertook a crash programme for construction of godowns with capacity of 1,40,300 tonnes during the years 1971 72 to 1973 74 The details of the actual construction of godowns under the programme are given below —

Year	*Programme*		*Actual construction*	
	Number of godowns	*Capacity (in tonnes)*	*Number of godowns*	*Capacity (in tonnes)*
1971 72	16	30 000	15	28,000
1972 73	27	60,000	15	31,800
1973 74	22	50,300	8	18,000

(ii) The details of the storage capacity created or hired by the Corporation at the end of each of the years 1969 70 to 1973 74 are given below —

Year	Capacity at the end of the year			Percentage of owned/constructed capacity to total capacity
	Capacity owned/constructed	Hired capacity (in tonnes)	Total capacity	
1969 70	11,500	7,607	19 107	60 2
1970 71	13,000	42,463	55,463	23 4
1971 72	41,000	90,422	1,31,422	31 2
1972 73	72,800	40 268	1,13,068	64 4
1973 74	90,800	87 082	1 77,882	51 0

The Management attributed (June 1975) the shortfall in achievement of targets to non availability of land and delay in finalisation of design for construction of warehouses

(b) *Purchase of trusses*

In January 1973, an order for supply of 15 trusses at Rs 41 314 each, *for* destination, was placed on a firm of Hissar for laying roofs of godowns The supply was to be completed by end of March 1973 failling which a penalty of 5 per cent was to be levied The firm, however supplied only 8½ trusses upto 28th February 1973, out of which 4 were found to be defective Two of the defective trusses were hoisted at Uchana and Tohana and penalty of 5 per cent of their value was imposed (July 1973) on the supplier The remaining two defective trusses have not been replaced by the supplier Without issuing a risk purchase notice as prescribed under the terms of the contract the Corporation invited fresh tenders in July 1973 for supply of trusses The existing order for the remaining trusses was cancelled in July 1973 without imposing penalty of Rs 1 04 lakhs leviable under the contract for non supply of trusses The lowest rate received against the tenders invited in July 1973 was Rs 44 051 each against Rs 41,314 each provided under the old contract The purchase was not effected at this rate and fresh tenders were invited on 8th May 1974 without assigning any reasons for rejection of the quotations received against the tender notice of July 1973 An order for 4 trusses was placed in August 1974 on a firm of Chandigarh at Rs 61 191 each No supply was received against this order and the Corporation for feited the earnest money of Rs 1,250 of the firm (November 1974) The corporation placed in November 1974 another order at the same rates on another firm of Hissar

As a result of non receipt of trusses the godowns at Ellenabad Ambala City, Uklana and Smalkha have not yet been completed (March 1975) and Rs 9 27 lakhs invested on the incomplete godowns have remained blocked for about two years The Corporation continued to hire godowns at these places which necessitated payment of rent of Rs 0 45 lakh during 1973 74 and Rs 0 36 lakh during 1974 75

(c) *Utilisation of storage capacity*

The table below indicates the average storage capacity available with the Corporation during each year and that utilised thereagainst during the five years ending 1973 74 :—

Description	1969 70		1970 71	
	Number of centres	*Average capacity*	*Number of centres*	*Average capacity*
(1)	(2)	(3)	(4)	(5)
		(Capacity in tonnes)		
Capacity available—				
(i) Owned	2	7,000	5	12,625
(ii) Hired	15	16,348	21	41,337
(iii) Total	17	23,348	26	53,962
Average custom deposited by—				
(i) State Government		—	—	—
(ii) Food Corporation of India		—		23,721
(iii) Traders		18,235		11,683
(iv) Co operative Societies		288		200
(v) Producers		482		323
(vi) Cotton Corporation of of India Limited		—		—
(vii) Government of India		1,915		5,041
(viii) Miscellaneous agencies		—		—
Total average capacity utilised		20 920		40,968
Average reserved capacity which earned revenue but was not occupied		569		12,771
Total remunerative capacity		21,489		53,739
Percentage of remunerative capacity to capacity avail able		92 0		99 6

1971 72		1972 73		1973 74	
Number of centres	*Average capacity*	*Number of centres*	*Average capacity*	*Number of centres*	*Average capacity*
(6)	(7)	(8)	(9)	(10)	(11)
		(Capacity in tonnes)			
16	15 916	21	55,425	26	86,091
26	67 841	27	85 573	31	1 27 276
42	83757	48	1,40,998	57	2 13,367
	8		—		21 632
	31 662		48 782		2 969
	5 377		4 778		7,545
	4 058		4,388		7,254
	143		410		1,212
	—		3,386		14 961
	9 942		2 006		742
	—		—		5,006
	51,190		63 750		61 321
	30 850		51 999		8 305
	82,040		1 15 749		69 626
	97 6		82 1		32 6

The decline in utilisation of the storage capacity during 1973 74 was attributed (April 1974) by the Management to the following reasons —

(i) With a view to avoiding multiplicity of storage agencies the Corporation took on hire the storage capacity of 1,07 107 tonnes owned by the Food Supplies Department (50,547 tonnes) Haryana Agriculture Marketing Board (55,810 tonnes) and Haryana Co operative Supply and Marketing Federation (750 tonnes) without corresponding increase of custom from these sources

(ii) The Food Corporation of India reserved less storage capacity mainly because of simultaneous despatch of procured wheat to deficit States

In reply to an audit observation regarding unnecessary hired capacity kept by the Corporation during 1972 73 and 1973 74 the Management stated (September 1974) that the hired accommodation could not be released owing to the following factors —

(i) commodities requiring different disinfestation treatment had to be stored separately,

(ii) cotton bales occupied more space but showed less utilisation in terms of weight,

(iii) the Corporation being a storage agency, was always required to have some spare capacity

(iv) releasing of private godowns at stations where the Corporation did not have its own godowns would have entailed shifting of the stored commodities to other stations to which the customers might not have agreed and

(v) releasing of godowns would have ultimately necessitated extra expenditure on rehiring of godowns at higher rental

(4) *Financial position*

The accounts of the Corporation for 1973 74 have not yet been finalised (June 1975) The table given below indicates the financial position of the Corporation for the four years ending 1972 73 —

	1969 70	1970 71	1971 72	1972 73
Liabilities				
	(*in lakhs of rupees*)			
Paid up capital	26 07	33 07	90 07	1 82 07
Reserves and surplus	4 94	7 18	9 52	19 13
Current liabilities	7 25	13 22	25 07	48 83
Total	38 26	53 47	1 24 66	2 50 03
Assets				
Fixed assets	9 26	21 34	49 13	1,55 06
Less depreciation	0 35	0 64	1 36	4 52
Net fixed assets	8 91	20 70	47 77	1 50 54
Godowns under construction	6 71		25 46	18 67
Current assets, loans and advances	22 64	32 77	51 43	80 82
Total	38 26	53 47	1 24 66	2,50 03
Net worth	31 01	40 25	99 59	2,01 20
Capital employed	24 30	40 25	74 13	1,82 53
Profitability analysis				
Revenue receipts				
(i) Warehousing charges	6 87	16 54	24 67	41 93
(ii) Interest on deposits	0 46	0 35	0 80	1 13
(iii) Miscellaneous receipts	0 06	0 14	0 36	0 37
Total	7 39	17 03	25 83	43 43

	1969 70	1970 71	1971 72	1972 73
		(in lakhs of rupees)		
Revenue expenditure	4 87	10 05	17 23	31 55
Net profit before appropriation	2 52	6 98	8 60	11 88
Percentage of net profits to —				
(i) Warehousing charges	36 7	42 2	34 9	28 3
(ii) Capital employed	10 37	17 3	11 6	6 5
(iii) Equity capital	9 7	21 1	9 5	6 5
(iv) Net worth	8 1	17 3	8 6	5 9

The decline in percentage of profit in 1971 72 and 1972 73 was attributable mainly to lower utilisation of storage capacity in these years

The Corporation has been declaring dividend every year since 1968 69 The rate of dividend declared has come down from 5 per cent for 1970 71 to 3 5 per cent for 1971 72 and 2 per cent for 1972 73

(5) *Credit control*

The depositors, other than the Central/State Government departments and other Government organisations, are required to pay dues in cash before taking delivery of the stocks In the case of Central/State Government departments or Government organisations storage charges are realised by issuing monthly bills with a maximum credit limit of 45 days beyond which interest at 9 per cent per annum is recoverable The Corporation, however did not charge interest even when storage charges were not paid within the prescribed limit of 45 days The Management stated (April 1975) that charging of interest on the major customers like the F C I was considered not advisable particularly because these were Government owned institutions

The table given below indicates the position of debtors and the warehousing receipts for the four years ending 1972 73 —

Year	*Balance of debtors at the end of the year*			*Receipts during the year*			*Percentage of total debtors to total income*
	Warehousing charges	*Other debts*	*Total*	*Warehousing charges*	*Other income*	*Total*	
				(in lakhs of rupees)			
1969 70	0 16	6 39	6 55	6 87	0 52	7 39	89
1970-71	7 99	5 57	13 56	16 54	0 49	17 03	80
1971 72	8 69	5 86	14 55	24 67	1 16	25 83	56
1972 73	33 12	2 36	35 48	41 93	1 50	43 43	82

(6) *Manpower analysis*

The table below indicates the number of employees, capacity available, capacity per employee and the average income per employee during the three years upto 1973 74 —

Year	*Number of employees at the end of the year*	*Capacity available during the year (in tonnes)*	*Capacity per employee (in tonnes)*	*Average business income per employee (in Rupees)*
1971 72	154	83 757	544	16,253
1972 73	263	1,40,998	536	16,084
1973 74*	250	2,13,367	853	10,099

The decline in the average income per employee during 1972 73 and 1973 74 was mainly on account of low utilisation of the available storage capacity in these years

The Department stated in its written reply that the division of assets and liabilities of the erstwhile Punjab State Warehousing Corporation had not so far been finalised, and the matter was pending with the Government of India

As desired by the Committee the Department stated the capacity of the owned and hired godowns as under —

Owned	1,01,800 MT
Hired	2,90 767 MT

When asked to state the reasons due to which the rate of dividend decreased from year to year, the Department stated that the amount of net profits during the years 1969 70 to 1972 73 was on the increase every year in comparison to that of the previous year The low percentage of dividend during the years 1971 72 and 1972 73 was due to the increase of share capital in these years by 270% and202% respectively Percentage of dividend could not be maintained because the rate of growth of share capital was much more than that of the profits and the dividend had to be declared on the basis of the net profits from which the Corporation was also required to build up adequate reserve fund During the years 1975 76 1976 77 and 1977 78 the Corporation was expected to make good profits and the rate of dividend was expected to be 5% and above Even otherwise the payment of dividend in terms of money actually paid was much more with the fall in percentage

The Committee recommend that the matter relating to the division of assets and liabilities of the erstwhile Punjab State Warehousing Corporation

*Figures for 1973 74 are provisional,

be pursued vigorously at a higher level and be finalised expeditiously as it has already been delayed considerably

As regards the storage capacity of foodgrains, the Committee recommend that the pace of construction of Warehouses by the Corporation should be in accordance with its requirement The capacity of godowns should be remunerative and efforts be made to ensure their appropriate utilisation

The Committee urge that adequate steps be taken to provide loans to the farmers to the extent of seventy-five percent of the prevailing rates of the foodgrains stored by them in the Warehouses so that they are able to meet their immediate and day to day requirements, without any difficulty

The Committee would like to be apprised of the extent to which the Corporation earned profit and paid dividend during the years 1975-76 and 1976-77 respectively

EXCISE & TAXATION

Paragraph 6 2 Results of test audit in general

30 A test check of the assessments made under the Punjab General Sales Tax Act, 1948 and Central Sales Tax Act, 1956 conducted during 1973 74 in 8,173 cases (ten districts) revealed under assessment of Rs 17,20,607 (250 cases) and over assessment of Rs 562 (2 cases) The under assessments were due mainly to incorrect computation of turnover incorrect application of the rate of tax and mistakes in calculation of turnover or tax

Some of the irregularities noticed are mentioned in the following paragraphs

The Department stated in its written reply that the Audit checked as many as 8,173 assessment cases in 10 districts and pointed out under assessment in only 250 cases which was 3% of the cases checked by the Audit, whereas in 97% of the Assessment was sound

On actual verification the under assessment was found in 98 cases which was hardly 1 2% of the total number of cases checked by the Audit, and the amount involved was hardly Rs 2 lakhs It was evident that the situation was well under control The under assessment of tax was mainly due to the confusion created by the frequent amendments in the Sales Tax Laws with retrospective effect

When asked to State the nature of defects found in internal audit, the Departmental representative stated that they had not been able to achieve any substantial results in view of paucity of staff in its Internal Audit Wing

As regards the over assessment of Rs 562 in two cases, the Department stated that there was no loss of revenue and instead excess tax of Rs 562 had been collected One case was stated to be pending with the Assessing Authority

The Committee recommend that a still larger number of assessment cases be subjected to scrutiny by the Internal Audit Wing of the Department and, if need be, it may be strengthened so that it functions more efficiently and

smoothly in future This is all the more necessary as they have access to the original documents/records of the assessees

Paragraph 6 12 Under assessment due to incorrect deductions from turnover

31 Under the Punjab General Sales Tax Act 1948 a dealer is allowed deductions from his gross turnover on account of sales to registered dealers of goods intended for resale in the State or sale in the course of inter State trade or commerce or sale in the course of export of goods out of the territory of India or for use by him in the manufacture, in the State, of taxable goods

An assessing authority allowed deductions of Rs 1,03,111 during 1967 68 and 1968 69 from the gross turnover of a dealer on account of sale of weighing machines to the registered dealers although the goods sold could neither be used by the purchasing dealers in the manufacture of taxable goods nor were they purchased for resale This resulted in an under assessment of sales tax of Rs 6 187 On this being pointed out in audit (January 1974), the assessing authority referred the case in April 1974 to the Appellate Authority for *suo moto* action The case was reported to the Government in July 1974 and their reply is awaited (August 1975)

The department stated in its written reply that the case was taken up in suo moto action and the deductions amounting to Rs 1,03,111 were disallowed for the years 1967 68 and 1968 69 The dealer, however, filed a writ petition in the High Court against this order and the proceedings had been stayed by the High Court Even the proceedings for the subsequent years had also been stayed

The Committee would like to know the final decision of the High Court in this case as and when announced.

The Committee would also like to know the steps taken to safeguard the position in such cases in future

Paragraph 6 14 Under assessment of tax

32 In the course of checking the deductions (Rs 7,60,537) allowed to a dealer from his gross turnover during 1967 68 on account of sales to registered dealers, with the quarterly returns filed by him, it was noticed (February 1972) that deductions allowed were excess to the extent of Rs 1,14,157 owing to incorrect totals in the first and third quarterly lists of sales The mistakes being pointed out in audit, the assessing authority reopened the case and created (October 1972) additional demand for an amount of Rs 5,137 which is stated (September 1974) to have been recovered from the dealer in February 1974

The Department stated in its written reply that the Assessing Authority did not check the totals in respect of all the lists filed with the quarterly returns and relied upon the totals made by the dealer Hence excess deductions were allowed

The Department further stated that it was due to omission on the part of the Assessing Authority in not checking the totals of all the lists filed along with the quarterly returns

The responsibility for this omission was being fixed and the necessary action would be taken against the Assessing Authority The assessment cases for the years 1968 69 and 1969 70 of this dealer (M/s Data Ram Paras Ram Dabwali Sirsa) were stated to have been reviewed by the District Excise and Taxation Officer, Sirsa and no mistake in totalling was detected

The Committee recommend that responsibility for this omission be fixed and the action taken against the defaulting Assessing Authority intimated to them at an early date

The Committee would like the Department to ensure that similar omissions do not recur To achieve the object in view the figures of sales and their totals mentioned in the quarterly returns, filed by the dealers, be subjected to thorough checking by the Department and in no case be relied upon

Paragraphs 6 15 Arrears in assessment of sales tax

33 The number of assessments finalised by the Sales Tax Department and the assessments pending finalisation at the end of 31st March as reported by the department are indicated below —

Year	*Number of assessments for disposals*			*Number of assessments completed*			*Number of assessments pending at the end of the year*
	Arrear cases	*Current cases including remand cases*	*Total*	*Arrear cases*	*Current cases including remand cases*	*Total*	
1969-70	13,145	41,715	54,860	9,813	26,356	36,169	18,691
1970 71	18,691	43,648	62,339	12,678	25,686	38,364	23,975
1971 72	23 975	48,254	72,229	18,571	23,594	42,165	30,064
1972 73	30,064	52,555	82,619	25 343	28,741	54,084	28,535
1973 74	28,535	53,131	81,666	18,021	39,288	57,309	24 357

In its written memorandum submitted to the Committee the Department stated that in order to dispose of pending old cases instructions had been issued from the Head Office to the Assessing Authorities from time to time In the meetings of the departmental officers great stress was also laid on disposal of old cases by the Assessing Authorities

Instructions had also been issued to Assessing Authorities not to dispose of the current cases in case they had any old case pending with them Also the District Officers had been directed to redistribute the old cases amongst various Assessing Authorities posted under them so as to ensure that the pending old cases in their district were disposed of expeditiously

It was further intimated that the difficulty in finalizing old cases normally was that in many cases the dealers were not available and the firms were closed Also the old cases left out were normally cases of suspected evasion The finalization of these cases required detailed investigation and collection of information from various sources such as Transport Companies Railways etc The number of old cases also got swelled up because after first appeal before the D E T C and second appeal before the Tribunal some of the cases were remanded for disposal in accordance with the directions given by the appellate authorities In some cases assessment could not be finalized because of stay granted by High Court and Supreme Court Paucity of staff was yet another reason In view of the above circumstances the pendency of old cases could not be altogether eliminated It was further mentioned that old cases were in fact, given priority over the current cases

As per record available in the Department there were 1,171 cases which were more than five years old

During the course of oral evidence the Department s spokeman stated that the number of pending cases which were more than five years old at the end of March 1972 was now (6th January, 1977) only 492 against 600 cases under the Haryana General Sales Tax Act and 462 against 571 cases under the Central Sales Tax Act

In this, connection, the Committee would like to invite Government's attention to their recommendations contained in paragraphs 16 of their Ninth Report

The Committee also recommend that effective and result-oriented steps be taken to clear the pending cases particularly the old ones and involving heavier amounts without further delay and the progress made in this behalf be intimated to them The Government should not feel contented with only issuing instructions to the local officers for this object

The Committee feel that at times the sales tax is charged by the dealers from their customers but it is not paid to the Government This is a violation of the law on the subject and cases of this type and particularly those involving huge transactions should be looked into and viewed seriously and remedial measures taken at the earliest to avoid the loss of Government revenue on this account

In order to plug the evasion of sales tax, the Inspection Wing of the Department be suitably strengthened and they should be instructed to perform their duties diligently and with a missionary zeal They may be asked to concentrate on cases involving heavier turn-overs The Excise and Taxation Commissioner should also make it a point to visit the various offices by rotation at least once a month to check a number of cases himself and to see as to whether the field staff is functioning properly and efficiently The Committee are of the view that such steps will go a long way in improving the quality of work of the field staff

As regards the non availability of the dealers, the Committee feel that strenuous efforts have not so far been made by the Department to find out their whereabouts This matter should be given as much importance as it deserves and the where-abouts of such dealers found out without any further delay and the progress made in this behalf be intimated to the Committee A list of such cases be also furnished to the Committee for information

The Committee would like to be apprised of the clear picture of the case relating to the M/s Food Corporation of India, Karnal, as also the cases involving huge transfer of stock, etc as promised by the Departmental representative during the course of his evidence

CO-OPERATION

Paragraph 7 21 Financial assistance

34 (1) Government investment in the share capital and debentures of co operative institutions at the close of year 1972 73 and 1973 74 was as under —

Year	*Number of institutions*	*Amount (in lakhs of rupees)*
1972 73	2,305	11 06 95
1973 74	2 553	13 24 73

In addition, loans and subsidies were paid by Government to various co operative institutions during the year 1972 73 and 1973 74 as per the details given below —

Year	*Balance at the end of previous year*	*Amount of loans disbursed during the year*	*Repayment during the year*	*Balance at the end of the year*	*Grant of subsidies during the year*
		(in lakhs of rupees)			
1972 73	93 56	5 27	3 29	95 54	14 70
1973 74	95 54	8 45	5 41	98 58	12 83

The amounts of principal and interest overdue for recovery upto 31st March 1974 were Rs 15 90 lakhs and Rs 10 32 lakhs respectively Age wise analysis of the arrears is given in the following table —

Period of arrears	*Principal*	*Interest*	*Total*
		(in lakhs of rupees)	
Below three years	11 28	6 00	17 28
More than three years but less than five years	3 54	2 53	6 07
More than five years	1 08	1 79	2 87

(2) *Interest and dividend*

During 1973 74, the State Government received interest on debentures amounting to Rs 22 46 lakhs (from one institution) and dividend of Rs 9 52 lakhs (from 19 institutions) Information in respect of the remaining 2,533 societies about the profits earned and dividends declared, was not available (June 1975)

(3) *Completion of audit*

The accounts of the co operative societies are required to be audited once in each year by the Chief Auditor, Co operative Societies The following table indicates the arrears in audit upto 1973 74 —

Number of societies due for audit during 1973 74	13,818
Number of societies audited during 1973 74	13,342
Number of societies audit in respect of which was in arrears	476

The period wise break up of the societies the audit of which was in arrears, is as under —

	1 *Year*	2 *Years*	3 *Years*	*Above* 3 *Years*
Number of societies	144	53	49	230

The Chief Auditor, Co operative Societies stated in December 1974 that the accounts could not be audited mainly because the records were either with the police/court or were not made available or were incomplete

In reply to a question of the Committee as to whether the repayment of loan was according to the terms and conditions as laid down and what was the latest position of recoveries, the Department in its written reply stated that by and large, the repayment of loans had been according to the terms and conditions with the exception of Consumers Stores The stores were running in lo ses and recovery could not be possible strictly according to the terms and conditions Now the stores had shown improvement and were earning profits It was hoped that now recovery would be possible in the near future Every effort was being made to recover the arrears and the field staff had been asked to review the progress of recovery every month Good results were ex pected to be achieved during the current year

The latest position of recoveries due from Co operative Institutions as on 31 3 75 was stated to be as under It was submitted that the figures of recoveries made during 1975 76 were being compiled with the help of original challans received from the Field Officers and the up-to date position as on 31 3 76 would only be available after compilation/reconciliation with Accountant General within a month s period —

Period of arrears	*Arrears as on 31 3 75 (in lakhs of Rupees)*		
	Principal	*Interest*	*Total*
Below three years	8 97	4 98	13 95
More than three years but less than 5 years	3 44	2 53	5 97
More than 5 years	0 88	1 63	2 51
Total	13 29	9 14	22 43

It was further stated that out of Rs 13 29 lakhs as principal and Rs 9 14 lakhs as interest, a sum of Rs 8 26 lakhs as principal and Rs 5 56 lakhs as interest was outstanding against the Consumers Stores alone The remaining amount i e Rs 5 03 lakhs of principal and 3 58 lakhs of interest was outstanding against 1 022 small Agriculture Service/Farming/Marketing Societies in the State

All the stores were running in loss and hence the recoveries were not possible In order to improve the working of the consumers stores a committee was constituted to suggest ways and means for their smooth running The Committee recommended that the loans outstanding against the cooperative consumers stores be converted into share capital The case had been prepared keeping in view the recommendations of the committee and was under consideration with the Government

The remaining amount as stated above was invested in 1,022 societies and as such no heavy investment was involved in individual cases It was pointed out that recovery in these cases could not be possible due to the following reasons —

(i) Failure of crop due to severe drought

(ii) Poor financial position of the societies

It was hoped that with the better crop prospects, recovery was expected to be in accordance with the schedule and the old outstanding would be cleared soon

During oral evidence it was brought to the notice of the departmental representative that in certain cases the farmers were advanced loans in the shape of fertilizers which far exceeded their actual requirements The departmental representative assured the committee that it would not be done so in future

The Committee recommend that effective steps be taken to accelerate the pace of recovery of over due loans with interest thereon from the Cooperative Societies and particularly so from the Cooperative Consumers Stores

The Committee further recommend that the management and supervision of these stores be improved still further and sustained efforts made to bring their working on sound financial footing

The Committee would urge that the assurance given by the departmental representative during his oral evidence about the fertilizers being given to the farmers according to their actual requirements be implemented in letter and spirit

(2) *Interest and dividend*

The Department stated that the bye laws of the Societies provided that the Societies/Institutions might declare dividend when they might be in a position to do so The details of the remaining 2,533 Societies who had received financial assistance are given below —

Sr No	Kind of Societies	No of Societies
1	Milk Supply	45
2	Primary Land Development Bank	24
3	Sugar Mills	2
4	Primary Stores	11
5	Labour Construction	51
6	Farming	150
7	Agricultural Credit/Service	2168
8	Central Banks	8
9	Marketing	61
10	Central Stores	11
11	Apex Institutions	2
		2533

It was further stated that apparently bulk of the societies which had not declared dividend were small agriculture service societies/farming societies The functions of these societies were so designed as to serve the public and pro fit making was not their aim These societies met day to day needs of the small agriculturists and most of the societies earned very negligible profits Due to their limited financial reserves these profits were generally reinvest ed and utilised in their working and dividend was not declared Now steps had been taken to organise these societies on sound footings by amalgama tion and only viable/potential societies on the basis of Patwar Circle had been kept This process would strengthen their business and consequently more dividend on investment would be declared by these societies Moreover individual investment in these societies was very small, *i e* varying from Rs 4000 to Rs 10 000 each

It was further mentioned that the amount of dividend on Government Investment and interest on debentures received during the years 1974 75 and 1975-76 was as under —

Year	*No of Societies which paid dividend/interest*		*Amount paid (in Rupees)*	
	Dividend	*Interest*	*Dividend*	*Interest*
1974-75	21	1	19,45,097	27,39,190
1975 76	47	1	30,26 901	31,40,058

It was pointed out that the payment of dividend by the Societies had been increasing considerably and every possible effort was being made by the Department in this direction

The Committee recommend that all-out efforts be made to impress upon the maximum number of societies to declare dividend

In this connection the department's attention is also invited to the recommendations of the committee made in paragraph 23 of their Ninth Report

Completion of audit

The Department stated that during the year 1974 75 (accounting year 1973 74) audit of 476 Cooperative Societies remained in arrears

Out of 476 societies audit of 248 Societies had since been completed upto 31 5 76 leaving a balance of 228 Societies

The main reasons of arrears were stated to be as under —

Records with Police/Court	39
Non availibility of Record/Custodians	189
	228

In this connection, the Committee would like to invite attention to the recommendations contained in paragraphs 13 and 24 of their Sixth and Ninth Report respectively, and reiterate them for expeditious implementation

BUILDINGS AND ROADS

Paragraph 4 2 Asbestos cement sheets

35 To meet the requirements of Public Works Department, Buildings and Roads Branch, an order for the supply of 754 tonnes of 7mm thick corrugated asbestos cement sheets at the Director General Supplies and Disposals (D G S & D), Rate Contract of Rs 568 per tonne was placed by the Controller of Stores in January 1972 on a Ballabhgarh firm The supply was required to be completed within 4 to 6 weeks The firm requested the Controller of Stores between May and October 1972 to accept 6 mm sheets on the ground that the manufacture of sheets of 7 mm thickness had been stopped due to non availability of imported fibre of a particular grade and that I S I specification for roofing permitted the use of 6 mm sheets The D G S & D Rate Contract for 6 mm thick sheets was Rs 584 per tonne at that time After insisting on supply of sheets of 7 mm thickness for some months a revised order was placed in February 1973 for supply within 4 to 6 weeks of 498 tonnes of 6 mm thick sheets (including 32 tonnes required for the Government Press Building Panchkula) on the same firm at the then current Rate Contract rate of Rs 608 80 per tonne This involved an extra expenditure of Rs 0 13 lakh

Due to delay in supply and urgency of work, an order for the requirement of the press building was placed on a Chandigarh firm by the Controller of Stores on the 8th June 1973 at an extra cost of Rs 0 11 lakh, wihout reducing the order on the Ballabhgarh firm On the 11th June 1973, the delivery schedule and some other conditions of the original order on the Ballabhgarh firm were amended but even then reduction in the order in respect of the sheets required for the press building was not considered Decision to reduce this demand was taken on the 26th June 1973 and conveyed to the Ballabhgarh firm by the Controller of Stores on the 2nd July 1973 by which date the Ballabhgarh firm had already despatched by rail sheets worth Rs 0 23 lakh meant for the press building to the Executive Engineer Chandigarh The Executive Engineer, having received the goods (June 1973) against separate order on the Chandigarh firm refused to take delivery of the sheets despatched by the Ballabhgarh firm despite the fact that the Ballabhgarh firm had already received 98 per cent payment against inspection and proof of despatch The Ministry of Law advised the Director General, Supplies and Disposals, in December 1973 that the action of the consignee in refusing to receive the sheets was unwarranted and in violation of the contract

The sheets remained as unclaimed property with the Railways which auctioned them on the 25th January 1974 for Rs 0 34 lakh, the amount was adjusted against the demurrage charges amounting to Rs 0 60 lakh

The matter was referred to the Government in October 1974, its reply is awaited (April 1975)

In a written reply the Department stated that the firm namely M/s Hyderabad Asbestos Cement Products Ltd, Ballabhgarh informed the Controller of Stores (C O S) on 12 5 1972 that due to certain shortage of raw material the firm had been forced to go in for lower thickness of sheets at present The firm further informed that delivery of sheets except 6 mm thickness was rather uncertain They therefore suggested to explore the possibility of use of 6 mm thick sheets The firm subsequently informed on 24 10 1972 that they could not assure that they would be in a position to produce the 7mm thick sheets It was only in a meeting held on 4 1 1973 in the office of the Controller of Stores that the representative of the firm intimated finally that they were unable to supply 7 mm thick sheets for want of imported raw material Since the use of 6mm thick sheets was a departure from the P W D as well as I S I specifications, proper load tests had to be carried out by the Department to find out whether the breaking load of 6mm thick A C C sheets would satisfy the requirements as mentioned in P W D specification The sheets were got tested for breaking load through the Director of Research Laboratory on 22 1 1973 and the report of the Research Laboratory indicated that breaking strength of 6mm sheets was adequate It was, therefore decided by the Department to use 6 mm sheets as a special case even though purlin spacing was more than 1400mm as specified by I S I specification The C O S was apprised of this position and the orders for 6 mm thick sheets were placed with the firm in February, 1973

The order was placed on 23 2 1973 by the Controller of Stores, Haryana, at the rates approved by the Director General supplies and Disposals (D G S & D) foi 6mm thick sheets It was further stated that the original order placed by the C O S on 20 1 1972 was for 645 44 M T of A C C sheets The revised order was placed by the C O S on 23 2 1973 for 490 81 M T of A C C sheets The reason for reducing the quantity in the revised Supply order was mainly due to the fact that the Government in the meantime decided not to construct the godowns at some places which were already administratively approved e g at Gulha Ellanabad, Bhiwani and Tohana, etc This decision was taken in a meeting held on 2 1 1973 under the Chairmanship of Commissioner and Secretary to Government Haryana, Food & Supplies Department

The order for the purchase of A C C sheets required for constructing press at Panchkula was included in the order placed by the C O S on 23 2 1973 According to the terms and conditions of this supply order the firm was required to supply the sheets within a period of 4 to 6 weeks The firm was asked in writing and was also contacted by sending a Sub Divisional Engineer to Ballabhgarh to expedite the supply but the firm was unable to supply the material within the delivery period and even for few months after that The Controller of Printing and Stationery and the Commissioner and Secretary to Government, Haryana Printing and Stationery Department were pressing very hard for completing the Press Building immediately The Printing and Stationery Department was very anxious to vacate the private building hired by them at a rent of Rs 1 427 P M and also to utilise the printing machine worth several lakhs which was lying packed in the rented building The C O S therefore convened a meeting of the Special Purchase Committee on 6 6 1973 where decision was taken to bifurcate the supply and obtain the requirment for the printing press from the local firm Accordingly, the C O S placed another order with the local firm on 8 6 1974

The original order was placed by the Controller of Stores and the decision to bifurcate the supply of A C C sheets for Printing Press Panchkula and to place the order for the same with the local firm was also taken by the C O S It was for C O S to cancel the order for the portion of supply Since the supply of sheets for Press Building was arranged from the local firm the Executive Engineer did not need these sheets In case these sheets were stored for a long period they were liable to crack and as such the Executive Engineer did not consider it advisable to accept these sheets which he did not require

The Executive Engineer informed the Controller of Stores on 25 6 1973 that he had procured most of his requirements for Printing Press, Panchkula from the local firm He further informed the C O S that no more material would be required He requested the C O S to take further necessary action regarding the supply of these sheets placed with M/s Hyderabad Asbestos Cement Products Ltd Ballabhgarh The order was cancelled by the Controller of Stores vide his letter dated 2 7 1973

Neither 98% payment nor the balance 2% payment was made by the Executive Engineer, Construction Division No 1 Chandigarh

The Railway Authorities intimated the Executive Engineer, Construction Division No 1, Chandigarh vide their letter dated 23 8 1973 that wagons had been unloaded on 15 7 1973 The Railway authorities at Chandigarh were informed on 24 8 73 that this material was not meant for the Public Works Department (P W D , B&R) and therefore the question of demanding demurrage charges from this department did not arise

The Railways had not claimed the demurrage charges from this department for unclaimed sheets since there was no order with the firm on the date of despatch of sheets The question of settlement with the Railways, therefore, did not arise

The firm vide their letter dated 13 6 1973 asked the Executive Engineer to forward Form D The said Firm also informed the Executive Engineer that they would send a telegram as soon as the materials were inspected by D G S & D The firm requested that after the D G S & D s inspection the Executive Engineer should come over to Ballabhgarh alongwith rubber stamp for collecting the materials from the factory after signing the inspection notes The firm despatched the material without waiting for the D' Form and without signing the inspection notes as previously agreed to The Controller of Stores informed the Executive Engineer that a telegram had since been issued by him to the firm informing that the material was lying at the firm s risk and cost at railway station The Controller of Stores advised the Executive Engineer to take action accordingly

The Committee would like to know the reasons for not availing of the opportunity to cancel the order on the original firm, namely M/s Hyderabad Asbestos Cement Products Ltd, when the delivery schedule and other conditions of supply of this firm were amended, before placing the order on the Chandigarh Firm The responsibility for not doing so be fixed and the action taken against the defaulting officials be intimated to the Committee

The Committee recommend that the Controller of Stores be asked to adjust the recovery of loss amounting to Rs 22,000 out of the amount withheld by him in connection with some other case of the firm without any further delay and the Committee informed accordingly

The Committee are not happy to note the lack of proper co ordination amongst the various departments especially with the C O S through whom the bulk of purchases are made It would, therefore, urge that procedure for the purchase of goods be streamlined to avoid the recurrence of such incidents and irregularities in future

The Committee would further like that the desirability of taking suitable departmental action against the Ballabhgarh Firm such as black listing etc, be considered, and the final outcome intimated to them

The action to implement the above recommendations of the Committee may be taken by the Industries Department as the Additional Chief Engineer, Haryana, P W D (B&R), vide his D O Letter No 1345/AC/76/1185 dated the 8th February, 1977 to the address of Accountant General, Haryana stated that this para, in fact, relates to that Department

Paragraph 4 3 Excess earthwork

36 (a) Work on the Indri Garhi Birbal Road (estimated cost Rs 9 95 lakhs) was commenced departmentally in June 1969 On receipt of a complaint (November 1969) from a resident of village Indri containing allegations about uneconomic execution of the earthwork on the road the matter was investigated by the Executive Engineer under whom the work was executed He reported to the Superintending Engineer (October 1971) that against the estimated quantity of 48 89 lakh cubic feet of earthwork, payment to the departmental labour had been made for 60 29 lakh cubic feet till April 1971 and a further quantity of 11 59 lakh cubic feet remained to be executed to bring the road to its designed formation width of 32 feet against 22 feet then existing at the site The executive Engineer added that the entire length of the road passed through a terrain which was low lying and subject to severe floods and thus there was every likelihood that the earthwork might have been washed away, resulting in excess of 22 99 lakh cubic feet valued Rs 0 69 lakh

The Superintending Engineer did not accept the report of the Executive Engineer and observed, while forwarding the case to the Chief Engineer (April 1972) that the excess earthwork was not at all justified, even after taking into account losses due to rains etc The Chief Engineer directed the Superintending Engineer (April 1972) to stop all further action as the case was separately under investigation by the Vigilance Department The excess over the estimates paid so far (April 1975) for earthwork amounted to Rs 0 40 lakh Further developments are awaited (April 1975)

(b) Work on the approach road from Jhanjheri to T rawari (estimated cost Rs 6 81 lakhs) was started dep rtmentally in August 1970 The sanctioned estimate provided for 32 49 lakh cubic feet of earthwork The earth work actually executed as measured subsequently by the Department, was 56 16 lakh cubic feet resulting in excess earthwork of 23 67 lakh cubic feet valued Rs 0 69 lakh The Superintending Engineer informed Audit in January 1975 that the causes of excess were under investigation Further information is awaited (April 1975)

In written reply the Department stated that the case was handed over to the Vigilance Department on 13 3 70 and necessary records were taken away by that Department on 26 3 1970 The findings of the Vigilance Department were still awaited

The Department further stated that the total expenditure incurred did not exceed the amount of the sanctioned estimate The excessive quantity of earthwork seemed to have been entered by the Sectional Officers to keep the rate of cost within the sanctioned premium The field staff being newly recruited and inexperienced resorted to this course to prevent the rate of cost going beyond the I C S R rate plus sanctioned premium provided in the estimate If that position was accepted it would not be a case of extra expenditure recoverable from somebody If, however the Vigilance Department discovered any fake Muster Rolls having been prepared suitable disciplinary action would certainly be taken against the defaulters

In this case either some of the quantity of earth work entered was infructuous to make up for the less premium provided in the estimate which was inevitable due to increase in labour rate or else some false Muster Rolls had been prepared The fact remained that the Muster Rolls showed the premium as per sanctioned estimates which was less than the premium prevailing at that time The investigation of this aspect rested with the Vigilance Department who would be able to give a categorical finding as to whether any false Muster Roll was prepared in this case or not

The Committee would like to know the findings of the Vigilance Department as and when these are received Since the matter was referred to that Department more than six years ago, their findings be got expedited

The Committee would further like to know the action taken against officials found at fault

Paragraph 4 5 Recoveries due from a Contractor

37 In Karnal Provincial Division, the work of constructing some houses for the Government employees (estimated cost Rs 4 45 lakhs) was allotted to a contractor in October 1970 for completion within 20 months Under the

contract one fourth of the work was to be completed before one fourth of the time and one half before one half of the time Despite several notices issued to the contractor from December 1970 to May 1971 he executed only 7 per cent of the work upto June 1971 The Department levied 10 per cent compensation amounting to Rs 0 45 lakh and instructed the contractor to show substantial progress within ten days failing which further action to get the work done at his risk and cost would be taken The contractor did not accelerate the work and the decision to get the work done at his risk and cost was taken by the Executive Engineer in July 1971

In October 1971 the contractor requested the Department for permission to execute the work and assured its completion by October 1972 The request was refused (November 1971) because of his meagre financial resources The remaining work was allotted to another contractor in February 1972 and completed in November 1973 at an extra cost of Rs 0 51 lakh

Information as to the action taken to recover the amount of Rs 0 96 lakh (compensation and additional cost) from the original contractor was enquired from the Department in December 1974, the same is awaited (April 1975) The matter was referred to the Government in January 1975 its reply is awaited (May 1975)

It was submitted to the Committee by the Department in its written reply that since the contractor had started the work, the department could legally realise 10% compensation on the entire amount of the agreement and further carry out the balance work at the risk and cost of the contractor The 10% compensation worked out to Rs 44 500 which could not be treated as a loss to the Government The balance amount which represented the diffirence between the amount actually spent in carrying out the work and the value at the rate tendered by the contractor was approximately Rs 53 000

It was further stated that the Department had already adjusted the earnest money If the contractor had not started the work he could legally be penalised only to the extent of forfeiture of earnest money Further more, if the contractor had not started the work the same would have to be got executed through another agency in which case the department would have to spend all this extra amount to complete the work Viewed in this context, the forfeiture adjustment of earnest money was deemed as adequate penalty

It was further stated that the department had been making efforts to recover this amount from the contractor and had already filed claims before the Arbitrator The Arbitrator had issued notices to the contractor but the notices were being received back undelivered as the contractor was not available on the address known to the departmnt It was not certain whether any recovery could be effected from this contractor

The Committee would like to know whether the arbitration proceedings in this case have been finalised and if so, what is its decision and whether the balance recovery due to the Government from the contractor has been effected

Paragraph 4 6 Shortage of stores

38 In Karnal Provincial Division, the Sectional Officer in charge of the stores was transferred in December 1972 When another Sectional Officer took

over charge in March 1973, shortage in stores valuing Rs 0 19 lakh was noticed It was further noticed that material valuing Rs 0 10 lakh received back from various works/contractors was not taken on stock

The matter was reported to the police in June 1973 Investigations were still in progress (April 1975)

The Department stated in its written reply that the Sectional Officer concerned was charge sheeted in September 1974 After considering his explanation an Enquiry Officer was appointed who held the Sectional Officer responsible for a shortage of Rs 21 571 It was further intimated that the recovery will be made after all the legal formalities had been observed

As regards the report lodged with the police in June 1973 the Department stated that the findings of the police investigation were awaited

The Committee would like to be informed when the recovery is made

The final outcome of the Police investigation be also intimated

HARYANA STATE ELECTRICITY BOARD

Paragraph 7 4 Sources of funds

39 The Board s sources of funds comprise loans obtained from the State Government and borrowings from other sources The table given below indicates the balance of loans outstanding at the end of 1973 74 —

(Amount in lakhs of rupees)

Source	
State Government	1,56,78 47
Public borrowings (by issue of bonds)	23,18 62
Life Insurance Corporation of India, Commercial banks and others	36,38 94
Total	2,16,36 03

The Board in their reply stated that the position of loans and borrowings as outstanding on 31 3 1976 was as follows —

		Amount (in lakhs of rupees)
1	Government loans	22 409 48
2	Public Borrowings	2,923 61
3	L I C	2,607 33
4	A R C	26 09
5	M T Loans from Banks	389 95
6	R,E C	833 48
7	Gram Panchayat Shamsakh	0 18
8	Fixed Deposit from Public	972 67
9	H U D C O	27 92
10	Agricultural Marketing Board	100 00
	Total	1,30,290 71

It was intimated that the repayment of the loans obtained from Institutional Investors such as L I C, Banks, other Institutions and Public borrowings was being made regularly on the scheduled dates During 1973 74, loans amounting to Rs 292 99 lakhs were due for repayment to these investors and were duly paid But the position was stated to be different so far as loans advanced by the State Government were concerned as under Section 67 of the Electricity Act 1948 the revenues of the Board, after meeting its operation, maintenance and management expenses were required to be distributed in order of priorities laid down therein, and repayment of Government loans was the last item

On a question put by the Committee whether the Board would be able to repay this debt, the Departmental representative stated, during the course of oral examination, that it would not be possible in the foreseeable future as they were still in the developing stage where the demand for electricty was increasing and they would have to go on creating more and more generation resources and electricity being a capital investment industry, there was no question of the assets giving them the full return immediately

The Committee take note of the view point of the Board that the loans will remain always outstanding as the same are converted into Assets However, the Committee urge that earnest effort should be made to pay the interest on the loans regularly to avoid further accumulation of interest

Paragraph 7 5 Working results

40 (i) The working results of the Board during the three years ending 31st March 1974 are summarised below —

	1971-72	1972 73	1973 74
	(Rupees	*in lakhs)*	
(i) Revenue receipts	19,89 40	24,74 57	28 84 39
(ii) Revenue expenditure	14 97 12	18,70 47	21 88 48
(iii) Net surplus	4,92 28	6,04 10	6,95 91
(iv) Appropriation towards general reserve interest on bonds, etc	3 35 63	4,13 49	4,87 40
(v) Balance available towards interest on loans from Government	1,56 65	1 90 61	2,08 51
(vi) Interest due on loans from Government—			
(a) For the year	5,76 91	6,32 73	8 09 25
(b) Arrears for previous years	1,83 72	6 03 98	10 46 10
Total interest due	7 60 63	12 36 71	18 55 35
(vii) Arrears of interest on loans from Government at the end of the year shown in the accounts as contingent liability	6,03 98	10,46 10	16,46 84

A synoptic statement showing the summarised results of working of the Board for 1973 74 is given in Appendix VIII (i)

The Board in its written reply stated that out of Rs 809 25 lakhs interest liability Rs 208 51 lakhs were provided in the accounts as interest charges available for payment to the Government leaving a balance of Rs 600 74 lakhs to be adjusted against future revenue surplus The reasons for not meeting with the liability of interest on State Government loans in full were stated to be as under —

' The direct contribution of the State Government for financing the outlay of the HSEB is going down from year to year During the year 1967 68, the percentage of Government loans stood at 96 4% This percentage went down to 74 36% in 1971 72 and 72 4% in 1973 74 The Board is, thus, forced to borrow funds from the open market like Banks and other investors at higher rates of interest The rate of interest charged by Banks was as high as 9 5% P A While in case of L I C it had been increased to 8 5% P A HSEB thus required to meet extra incidence of interes s charges of about Rs 2 5 % to 3 5% P A taking also into accou it the insurance charges on the properties mortgaged for these institutions and other incidental charges levied by them The extra incidental charges cn this account worked out to about Rs 30 lakhs during the year 1973 74

The Committee recommend that as far as possible, the re-payment of loans be made by Board as and when they become due from year to year

Paragraph 7 8 Loss due to non supply of distribution transformers

41 In February 1969, an order for purchase of 225 transformers of 50 KVA at Rs 3 625 each *for* destination (capitalised cost Rs 5 476) was placed for stock purposes on the lowest tenderer of Bombay The purchase order *inter alia* provided for —

(i) despatch of material after inspection and performance of tests/approval by the Board s authorised representative,

(ii) supply to be completed by April 1969 and in the case of non-delivery/delayed delivery the firm was to pay damages at 1/2 per cent of the price of undelivered or delayed portion of supply per week (or part thereof) for the period of delay, subject to a maximum of five per cent and

(iii) risk purchase to be made in the event of neglect to execute the work or contravention of any of the provisions of the purchase order

No supplies were received by April 1969 A few transformers pre sented by the firm for inspection at the premises of the manufacturers (Government Electric Factory, Bangalore from whom supplies had been arranged) were rejected by the inspection agency in April and May 1969 as these were not according to specifications In June 1969, the firm agreed to reduce the price and in August 1969, 50 transformers were accepted by the Board, claiming a total rebate of Rs 9,306 The firm however allowed only Rs 5 869 as rebate

In December 1969, the manufacturers refused to supply transformers to the firm as it had defaulted in making payment A penalty of Rs 0 59 lakh was levied by the Board on the firm for non execution of the contract as per the terms and after adjusting the security deposit and other dues of the firm a demand for Rs 0 34 lakh was raised in December 1969

Notices for risk purchase were issued to the firm in June 1969, December 1969, June 1970 and September 1970 The Board invited fresh tender in June and September 1969 for purchase of 1 381 transformers of the same capacity and orders on four firms were issued during the period from July 1969 to November 1969 at capitalised costs ranging from Rs 6 217 to Rs 7 667 per transformer Compared to the average capitalised cost of Rs 6,713 per transformer, the Board had to incur extra expenditure of Rs 3 40 lakhs (approximately) on purchase of 275 transformers not supplied by the first firm of Bombay

In April 1972 the Board came to know that the firm had become insolvent in the last quarter of 1971 The Board issued (June 1972) a demand notice for Rs 5 34 lakhs on the firm towards penalty for defective supplies, demmurage charges claim arising out of risk purchase etc

An Officer of the Board was appointed on 30th November 1972 as sole arbitrator as the firm had failed to appoint an arbitrator on its behalf On 23rd October 1974 however following the officer s transfer from the Haryana State Electricity Board another officer of the Board was appointed as sole arbitrator, who gave his award on 31st December 1974 for Rs 1 82 437 in favour of the Board Recovery of the amount awarded is awaited (May 1975)

The Board in its written reply stated that the amount of award had not yet been recovered The award was announced in December 1974, and made rule of the Court The Board came to know that the firm had gone in writ petition in the Bombay High Court for insolvency proceedings To safeguard the interest of the Board in recovering the amount, Shri Bhundi Raj Joshi, Advocate had been appointed as Board s coounsel who had filed the proof of Debt in the Bombay High Court on 9th April 1976 where insolvency petition No 111 of 1970 Dhiraj Lal Shah & Co , Bombay, was pending before the said court

The Committee noted the written reply furnished by the Board However they recommend that the decision of the Bombay High Court be intimated to them along with a copy of the judgement, as and when it is pronounced

Paragraph 7 9 Outstanding audit observations

42 Audit observations involving Rs 70 97 crores raised by the Chief Accounts Officer of the Board, pertaining to the period upto 31st March 1974 were outstanding on 30th September 1974 The details are given below —

	Earliest year since which outstanding	Amount (Rupees in crores)
(a) Want of sanctions	1952 53	47 38
(b) Want of detailed contingent bills	1966 67	00 52
(c) Want of payees' stamped receipts	1969 70	1 07
(d) Other reasons	1967 68	22 00
Total		70 97

The Board in its written reply stated that 45 313 Audit objections in volving an amount of Rs 70 97 crores were outstanding on 30 9 1974 in res pect of the period upto 1973 74, out of which 25,683 items of the amount of Rs 47 57 crores had since been cleared up to the end of June, 1976, leaving a balance of 19,630 items amounting to Rs 23 40 crores

The Committee take a serious view of long out standing objections and therefore recommend that these should be settled at the earliest and whatever the formalities are required to be completed should be completed without further loss of time

IMPLEMENTATION OF OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE EARLIER REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE

43 A list of the outstanding observations/recommendations of the Public Accounts Committee contained in the various reports is given in the Appendix to this Report The Committee are disappointed at the slow pace at which the departments have been taking follow up action in regard to the out standing observations/recommendations

The Committee would, therefore recommend that the departments con cerned should take immediate steps to finalise action in regard to the observa tions/recommendations and particularly the old ones

APPENDIX

Statement showing the outstanding recommendations/observations of the Public Accounts Committee contained in the various Reports (upto the 10th Report of the Haryana Public Accounts Committee) on which the Government is yet to take final decision

Sr No	Name of the Department	Paragraph No	Brief Subject
	Report of the Public Accounts Committee of the Composite Punjab Vidhan Sabha		
		7th Report	
1	Irrigation	99	Irregular payments
		11th Report	
2	Irrigation	45	Loss owing to excess purchase of Surkhi
3	—do—	53	Irregular and excessive purchase of spare parts
		13th Report	
4	Irrigation	15	Change in classification of earthwork
5	—do—	16	Irregularities in connection with the excavation of a distributary
		14th Report	
6	—do—	15	Loss owing to delay in disposal of materials
7	—do—	17	Shortage of stores
	Reports of the Public Accounts Committee of the Haryana Vidhan Sabha		
		1st Report	
8	Industries	9	Outstanding recoveries of lease money
		3rd Report	
9	Industries	10	Unutilised grants
10	Development and Panchayat	16	Embezzlement of Government money
		5th Report	
11	Irrigation	6	Excess payments to contractors
12	Buildings and Roads	15	Delay in investigation and fixing responsibility involving shortages and loss of stores
13	Industries	37	Government Training Institute Rewari
14	Education	44	Alleged embezzlement of Government money
15	Education	45	Taking over of a privately managed school

Sl No	Name of the Department	Paragraph No	Brief Subject
		6th Report	
16	Industries	6	Grant of loan to a firm
17	—do—	8	Investments
18	—do—	9	Other investments
19	Transport	10	Haryana Roadways
20	Agriculture	16	Seed farms
21	Animal Husbandry	19	Government Livestock Farm Hissar
22	Education	22	Withdrawal of funds in advance of requirements/ amounts kept outside Government account
23	Technical Education	36	Junior Technical Schools
24	Irrigation	37	Arrears in collection of revenue and other receipts
25	—do—	41	Nugatory expenditure
26	Haryana State Elecy Board	49	Other points of interest
27	—do—	50	Purchase of tower material
28	—do—	52	Purchase of Conductor
		7th Report	
29	Agriculture	5	Purchase of gypsum
30	Animal Husbandry	7	Reclamation and cultivation of agricultural land
31	Education	8	Care School Feeding programme
32	—do—	9	Idle equipment/machines
33	Industries	10	Establishment of focal points
34	—do—	11	Extra expenditure on purchase of polythene bags
35	—do—	12	Credit facilities for development of small scale industries
36	—do—	13	Investments
37	—do—	14	Recovery of underwriting commission/ improper accounting of advances
38	—do—	15	Other Investments
39	Haryana Khadi and Village Industries Board	16	Gobar gas plant
40	—do—	17	Utilisation of grant-in aid and loans
41	—do—	18	Palm gur industry

Sr No	Name of the Department	Paragraph No	Brief Subject
42	Haryana State Small Scale Industries and Export Corporation Ltd	19	Mis appropriation of cash stores Rs 1 26 899
43	—do—	20	Outstandings against an ex officer of the Corporation Rs 21 960
44	Industrial Training	21	Re organisation of Government Institute of Surgical Instruments Technology Sonepat
45	Co operative	22	Financial assistance
46	—do—	23	Completion of audit
47	—do—	24	Review on the working of Co operative Banks
48	—do—	25	Working of Co operative Consumers Stores
49	—do—	26	Review of working of sugar mills
50	Development and Panchayat	28	Democratic decentralisation
51	Urban Estates	29	Irregular drawals of payments of land charges
52	Excise and Taxation	30	Under assessment of Tax
53	—do—	32	Arrears in assessment and collection of sales tax
54	Buildings and Roads	33	Payments for work done
55	Public Health	34	Deposit works
56	—do—	36	Outstanding recovery against a contractor
57	Irrigation	42	Delay in investigation for shortages and loss of stores
58	Common Paragraphs	49	Arrears in collection of revenue and other receipts
59	—do—	50	Grants in aid
60	—do—	51	Mis appropriations defalcations etc
61	—do—	52	Outstanding Audit Objections and Inspection Reports
62	Finance	53	Implementation of observations/recommendations contained in the earlier reports of the Public Accounts Committee
	8th Report		
63	Haryana State Elecy Board	1	Working results
64	—do—	3	Arrears of electricity revenue

Sr No	Name of the Department	Paragraph No	Brief Subject
65	Haryana State Elecy Board	6	Stores control
66	—do—	7	Extra expenditure on the purchase of ACSR Squirrel Conductor
67	—do—	11	Delay in taking risk purchase action
68	—do—	12	Extra expenditure due to non com pletion of supply
69	—do—	17	Extra expenditure in purchase of ACSR Conductor Ferret
70	—do—	20	Excess payment of excise duty
71	—do—	23	Purchase of poles at higher rates
72	—do—	28	Purchase of poles at higher rates with out adequate inspections
73	—do—	29	Order for poles on a firm before setting up factory—Delayed and defective sup plies
74	—do—	34	Departmental manufacture of poles
75	—do—	36	Ex stock purchase of single phase meters at higher rates
76	—do—	37	Ex stock purchase of polyphase meters at higher rates
77	—do—	38	Delayed receipt of supplies
78	—do—	39	Purchases in 1971 72
79	—do—	40	Damaged defective meters awaiting repairs
80	—do—	43	Extra expenditure due to non issue of letter of acceptance
81	—do—	44	Extra expenditure due to non issue of letter of acceptance
82	—do—	46	Ex stock purchases at high rates
83	—do—	51	Extra expenditure due to failure in issuing proper acceptance
84	—do—	52	Extra expenditure due to non availing of lower offer and use of costlier mater ial
85	—do—	53	Purchase at higher rates and acceptance of defective materials
86	—do—	58	Non recovery of damages for delays in effecting supplies

Sr No	Name of the Department	Paragraph No	Brief Subject
87	Haryana State Elecy Board	59	Purchase of cables at D G S & Ds rate contracts
88	—do—	61	Extra expenditure due to non supply of materials
89	—do—	63	Non supply of insulators
90	—do—	64	Non imposition of damages
91	—do—	65	Purchase of insulators at higher rates
92	—do—	67	Purchases and disposals of other items
93	—do—	69	Acceptance of material without proper inspection and approval of sample
94	—do—	70	Sale of copper conductor and copper scrap
95	—do—	71	Disposal of old thermal plant

9th Report

All paragraphs are outstanding

10th Report

All paragraphs are outstanding

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