

HARYANA VIDHAN SABHA
PUBLIC ACCOUNTS COMMITTEE
(1982-83)

(Nineteenth Report)

REPORT
ON THE
Report of the
Comptroller and Auditor General of India
for the year 1977-78
(Civil and Revenue Receipts)



HARYANA VIDHAN SABHA SECRETARIAT,
CHANDIGARH.
MARCH, 1983

(Presented to the House on 24th March, 1983)

TABLE OF CONTENTS

	Paragraph(s)	Page(s)
Composition of the Public Accounts Committee		(iii)
Introduction		(v)
Report on the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil and Revenue Receipts).		1
1. General	1—4	
Part—I (Civil)		
1. P.W.D. B & R	5—6	2—7
2. Social Welfare	7	8—10
3. Public Relations	8	11—12
4. Revenue	9	13—17
5. Education	10	18—21
6. Public Health	11—14	22—37
7. Housing	15—16	38—46
8. Transport	17—18	47—50
9. Animal Husbandry	19	51—53
10. Irrigation	20—22	54—60
11. Co-operation	23—27	61—84
12. Agriculture	28—30	85—98
Part-II (Revenue Receipts)		
13. Excise and Taxation	31—41	101—115
14. Transport	42—45	116—122
15. Co-operation	46	123—124
16. Revenue	47—50	125—129
17. Irrigation	51	130—136

(iii)

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

CHAIRMAN

1. Seth Ram Dass Dhamija

MEMBERS

- *2. Ch. Azmat Khan
3. Ch. Balvir Singh Grewal
4. Smt. Chandravati
5. Shri Rao Inderjit Singh
6. Shri Mangal Sein
- **7. Shri Mohan Lal Piple
8. Roshan Lal Arya
9. Ch. Shakrulla Khan
- ***10. Shri Roshan Lal Tewari

SECRETARIAT

1. Shri Raj Krishan, Secretary
2. Shri Surinder Kumar, Under Secretary

*Election as member of the Haryana Vidhan Sabha was set aside by the Punjab and Haryana High Court on 11-1-1983.

**Resigned from the membership of the Committee w.e.f. 6-10-1982, on his appointment as Parliamentary Secretary.

***Elected with effect from 14-12-1982, for the unexpired period of the year 1982-83.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee in this behalf, present this their Nineteenth Report on the Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil and Revenue Receipts).

2. The Committee framed questionnaires on the following :

(i) Appropriation Accounts/Finance Accounts of the Haryana Government for the year 1979-80.

(ii) Report of the Comptroller and Auditor General of India for the year 1977-78 (Civil and Revenue Receipts).

(iii) Report of the Comptroller and Auditor General of India for the year 1978-79 (Civil) relating to the following departments :

1. Medical and Health
2. Education
3. P.W.D. B & R
4. P.W.D. Public Health
5. Housing
6. Development & Panchayats
7. Animal Husbandry

3. A brief record of the proceedings of the meetings of the Committee has been kept in the Haryana Vidhan Sabha Secretariat.

4. The Committee place on record their appreciation of the valuable assistance rendered to them by the Accountant General, Haryana, and his staff and are thankful to the Secretary to Government, Haryana, Finance Department, and the representatives of various departments who appeared for oral evidence before them from time to time during the period of their tenure. The Committee are also thankful to the Secretary, Haryana Vidhan Sabha and his staff for the whole hearted cooperation and assistance given by them to the Committee.

Chandigarh :

The 14th March, 1983.

RAM DASS DHAMJA,

CHAIRMAN

REPORT

GENERAL

1. The present Public Accounts Committee was constituted by election vide Notification No. PAC—9/82/38, dated the 30th July, 1982.

2. The Committee held 49 meetings in all at Chandigarh and other places.

3. While scrutinizing replies received from various departments in regard to the paragraphs, contained in the various audit reports, the Committee noticed that there was an abnormal delay in initiating action against the officers responsible for financial irregularities, embezzlement, defalcations etc. In many cases it was reported that the officers/officials concerned had retired or had died or had been allocated to Punjab etc. etc. Such replies the Committee feel, frustrate, if not defeat, the very purpose for which the Committee exist. In order, therefore, to curb such harmful delays and eliminate the circumstances in which the delinquent officers/officials escape punishment and to streamline the procedure, Committee recommend that all the departments may be asked to keep themselves in readiness to answer, inter-alia, the following questions, in reply of each audit paragraph, which would invariably be asked by the Committee at the time of oral evidence :—

- (i) When was the audit report received by them;
- (ii) When was the action initiated regarding the audit objections raised in the paragraphs;
- (iii) What was the result of enquiry, if any, held to know the background of the cases of financial irregularity, defalcation etc.; and
- (iv) Whether any action against the defaulters had been initiated and if so, what was the latest position in regard thereto

4. It was also noticed by the Committee that most of the departments did not attend to the audit reports till the Public Accounts Committee drafted a questionnaire and sent the same to them. It was again found that some of the departments did not attend to the questionnaire unless they were called for oral examination. The Committee, therefore, recommend that suitable instructions be issued by the Finance Department and it should be ensured that concerned departments take immediate steps to remove the objections and initiate action against the employees at fault immediately on receipt of the audit para so that by the time the Committee took over the scrutiny thereof, the action was completed and the defaulters did not escape punishment due retirement, death etc.

BUILDINGS AND ROADS

Paragraph 4.4. Purchase of coal

5. In the Construction Division, Sonapat, 553 8 tonnes of R.O.M. (Run of Mines) quality coal was procured for the running of a departmental kiln at Rai from out of a consignment earmarked for the National Highway Division, Faridabad. The coal on receipt in May, 1975 was got unloaded at Ballabgarh railway station and on weighment found to be only 491.79 tonnes. Information as to the action taken on the short receipt (62.01 tonnes costing Rs. 0 08 lakh) is awaited (November, 1978).

Out of 491.79 tonnes, received, the division consumed 42 74 tonnes and sold to a private kiln owner 99 05 tonnes, thus leaving a balance of 350 tonnes costing Rs. 0.59 lakh on hand as at the end of May 1978. The accumulation was attributed (December, 1977 and May 1978) to the following:—

(a) Whereas the coal procured was of R.O.M. quality, the coal to be supplied to the kiln as per agreement with the contractor operating the kiln was to be of grade I and grade II quality; and

(b) There was no demand from other users for this coal which was stated to be not of good quality.

The Division stated in May 1978 that the coal was lying in the open since its receipt in May, 1975 and that its quality was likely to deteriorate due to weathering effect.

Further developments about the disposal of the coal are awaited (November 1978).

Thus, purchase of coal not suitable for use in the kiln has resulted in idle investment of Rs. 0 59 lakh with possible risk of deterioration in quality since the coal has been lying in the open for the last over 4 years.

The matter was referred to the Government in June, 1978; reply is awaited (January, 1979).

In reply to the questionnaire issued by the Committee, the department in their written reply, explained the position as under :

(i) No official has been found responsible for this shortage and a decision has been taken by the Chief Engineer National Highway to write off the loss. An estimate for losses of stock amounting to Rs.8128/- has since been received from the Superintending Engineer and the same is under process. Action thereon is being expedited.

(ii) The supply of coal was received through the Food & Supplies department during 1975-76 when there was restricted supply of coal at the collieries and there was a restriction on the movement/availability of wagons. In view of acute scarcity of Coal during those days, no body could be choosy about the grade of the coal. However, the R.O.M. quality of coal is just a sub-gradé type of coal which can be utilised although consum-

ption of the same may be more than that of a superior grade coal. It is further borne out from the fact that 42 74 tonnes of this coal was consumed on the departmental kiln at Rai and even a further Qty. of 99.05 tonnes of this coal was sold to a private kiln owner.

The slack coal is always stored in the open space. Every-where and even at the colliery site.

The Superintending Engineer, Jind Circle, has sought approval of the head-quarters office for declaration of this coal as surplus and its disposal through Public Auction. The case is under process and decision thereon is being expedited.

After the receipt of this supply two more supplies of grade-I slack coal were received at Sonapat as per details below :—

(i) From XEN Provisional Division Faridabad	268 35 66
@57.20/—PMT. 469 155 MT	
(ii) From M/s Continental Products (coal agents)	15250.00
@50/—PMT 305 M.T.	
Total	<u>42085.66</u>

Thus slack coal of Rs 42085.66 paise was received from various sources after the receipt of this R O M. quality coal. There after the kiln at Rai was stopped not because of R O M. quality of slack coal but due to the reason that the Sports department did not allow the operation of kiln in the campus of sports school Rai.”

During the course of evidence on 24.8.82, the departmental representative agreed with the view of the Committee that there had been a considerable delay in disposing of the balance quantity of coal. The representative, however, assured the Committee that the coal would be disposed of at the earliest and thereafter responsibility for delay in its disposal would be fixed. He further assured the Committee that after taking action in the matter he would send a report to the Committee within a period of one month.

Subsequently, the department, vide letter No 2/382 P.W.IV(4), dated the 29th October, 1982, informed the Committee as under :—

“Reasons for the long time taken for arranging the disposal of coal have been got looked into through the Superintending Engineer, Jind Circle, Jind. According to him, the coal received in May, 1975 continued to be issued for use on the departmental kiln upto July 1976 leaving a net balance of 299 863 M. Ts. Action for declaring the same as surplus, could only be started after satisfying that more issues of the same were possible. Action was there initiated from April 1977 and matter has constantly been put at all levels viz SDE/XEN & S E. It has already been on before the PAO that receipt of ROM quality coal was not on

choice of this Department. Director, Food & Civil Supplies Department was the co-ordinating agency for arranging of coal for all the departments. The B & R Department had placed indent for slack coal but due to acute scarcity of coal and utilisation of wagons, the Food & Supplies Department had desired that while movement of slack coal may be arranged to the maximum extent possible, where, however slack coal movement may not be possible middlings may be moved and accordingly ROM quality was received.

The prime reason for non-disposal of this coal is its inferior quality. Still the Department has left no stone unturned to see to its utilisation or transfer else-where. Having failed in these efforts, there was no course left than to declare the same as surplus and to dispose it by public auction. The power of declaring the stores as surplus has to be exercised with the greatest possible caution and responsibility at all levels. The stores have since been declared as surplus after going through all the formalities. The next step is to get the same disposed of after the stores have been condemned by a Board. The process involved for the disposal of the stores is quite cumbersome and time consuming. Many restrictions, checks and counter checks have been provided in this process to safe-guard the interest of State. In addition the coal being a controlled commodity, its movement from one Distt. to another requires clearance from the Food & Supplies Department and the same has to be used for the purpose for which it was allocated. From the above mentioned facts it will be observed that there has been no lack of interest on the part of any body in pursuing the matter. The process involved is inherently lengthy and time consuming and as such there is no occasion for taking disciplinary action in this case.

It is also not out of place to mention here that since 1975, the prices of coal have gone up considerably and the coal lying in store being already of ROM quality, cannot be considered to have deteriorated further to any significant extent with the passage of time. No extra expenditure by way of hiring of storage accommodation has been incurred on this coal. Since the procurement of the coal in question, efforts have consistently remained afoot to ensure its transfer or disposal. The coal has already been declared surplus as explained above and the process for its disposal has since been set in motion.

In these circumstances, no officer/official can be held responsible in the matter."

The Committee are far from satisfied with the above reply given by the department and observe that the coal, which was received as early as in May, 1975, was issued to the departmental kilns upto July, 1976. Thereafter a bulk balance of 299 865 M.Ts had been awaiting disposal. The Committee are constrained to notice that even after the lapse of long period of over six years the department has not shaken of its lethargy as it seems to have made no serious efforts to dispose of the coal after going through the required formalities. The Committee view this apathy on the part of the departmental officers with regret

and recommend that immediate steps be taken for the disposal of the coal and a report be submitted to the Committee within a period of three months.

Paragraph 4.5. Recoveries due from a contractor

6. In the Provincial Division No. II, Rohtak, the work of supplying 2,482 cubic metres (cum.) stone metal was entrusted to a contractor (tendered cost : Rs. 0 72 lakh) in May 1971 for completion within four months. The contractor having failed to complete the supply within the stipulated period, the department levied in April 1972 ten per cent compensation amounting to Rs. 0.07 lakh as provided in the agreement but suspended its recovery on the contractor promising (January, 1974) to complete the supply by 31st March, 1974. The contractor, however, supplied only 1,269 cum. stone metal upto 27th August, 1974.

In December 1975, the department decided that the balance supply (1,213 cum.) should be got completed at the contractor's risk and that the expenses as also the amount of compensation should be recovered. The balance supply was obtained from other sources at an extra cost of Rs. 0 17 lakh.

The contractor's account was finalised only in October, 1977. After adjusting the amount due to the contractor on account of supply made and his security, Rs. 0.18 lakh were recoverable from him. The division stated in June, 1978 that no amount due to the contractor was pending payment in other divisions.

Information as to the further action taken for effecting the recovery is awaited (June, 1978). Meanwhile the agreement was reported to have been lost.

The matter was referred to the Government in June, 1978; reply is awaited (January, 1979).

In reply to the questionnaire issued by the Committee the department, in their written reply, stated the position as under :—

“(i) It has been intimated by the Superintending Engineer Rohtak Circle that during the period the contractor applied for extension of time limit which was kept pending and the contractor was issued a notice to accelerate the progress of work and as the last resort when he failed to complete the work, 10% compensation was levied.

(ii) As intimated by the Superintending Engineer, recovery of the compensation was suspended by the Arbitrator vide his order dt. 25.1.74

(iii) Immediate action to call for the tenders at the risk and cost of the contractors, could not be taken because he had gone in for arbitration. After withdrawal of this case from Arbitration by the contractor, tenders for supply of material at risk and cost, were called.

(iv) The contractor had gone into arbitration and pending decision from the arbitrator the account of the contractor could not be finalised. As regards payment it is intimated that only Rs. 1914/- were paid to him in 5/77 against other works.

(v) No recovery has been effected so far.

(vi) As intimated by the Superintending Engineer, the agreement of the contractor was lost in provl. Divn No. I Rohtak and the correspondance for fixing responsibility is being made with the Executive Engineer of that Division."

During evidence it was stated that at the time of placing the order with the contractor on 6.5 1971, a condition was imposed that 1300 cubic metres stone shall be supplied against which he supplied 1269 cubic metres of stone on 5.9.1971. It was further explained that the problem of supply of 2482 cubic metres of stone arose due to the requirement of the same type of the stones for a different portion of the same road. The Committee was further informed, that the order for the additional supply to the extent of 1182 cubic metres of stone was placed with the same contractor even though he had earlier declined to supply the additional stones because in the meanwhile the rates had gone up. The Committee was further informed that the placing of order for the supply of additional stone, to the extent of 1182 cubic metres, was not judicious and was against the provisions of the contract.

When asked by the Committee during oral evidence as to why the above facts had not been stated in the written reply, the departmental representative replied that these facts had come to his notice only a few days back.

The Committee observe that the position explained by the department during evidence materially changes the position stated earlier in the written reply. Had the above position been explained in the written reply a lot of valuable time of the Committee could have been saved. The Committee expect the departmental heads to exercise proper control over their departments to ensure that misleading, incorrect and incomplete replies are not submitted to the Committee in future.

When asked to elucidate their reply contained in sub-para (vi), as mentioned above, wherein it is, inter-alia, mentioned that the agreement had been lost in provincial division no. 1, Rohtak, the departmental representative stated that all the papers were in the custody of the Divisional Accountant, who had since died. The attention of the departmental representative was therefore, drawn to para 7.31(e) of the P.W.D., B & R, manual of orders regulating instructions for custody of complete agreements, which reads as under :—

".....for day-to-day working, attested copy with the Divisional Accountant will be utilized as proper document. The original copy will remain in the custody of Executive Engineer and will not be taken out except for production in the court of law or for ready reference in the case of some suspense of any omission or interpolation in the attested copies....."

When asked as to why the above instructions had not been strictly complied with, the department admitted that their action was wrong and violative of the instructions.

The Committee did not feel satisfied with the explanation furnished and therefore, asked the department that responsibility should be fixed within two months upon the officials/officers concerned for their failure to make attested copies of the agreement available and for the loss of the agreement, which had occurred mainly on account of violation of the above mentioned provisions. The department, vide letter No. 2/3/82 PWIV (4), dated 8th November, 1982, intimated as under :—

“The, Superintending Engineer, Rohtak, has now intimated that S/Sh. K D Kampani, Executive Engineer and Murlidhar, Head Clerk of provn. Divn, Rohtak were initially responsible to keep the agreement in safe custody to prepare sufficient number of working copies thereof respectively for day to day use. The two incumbents can not be proceeded against at this stage as the former has since expired and the latter retired from Govt. Service. It has further been stated that the loss of agreement occurred during the incumbency of S/Sh. D D Malik, Executive Engineer (Already retired) (ii) Ram Gopal Head Clerk (Retd.) & (iii) Sh. Lajpat Rai, Divisional Accountant (Expired) It will thus be seen that instituting of any departmental action against any one in this case is not possible.

The loss of the agreement in this particular case is a solitary instance when viewed against the large number of agreements handled by the department. It was duly explained before the PAC that the loss of agreement does not appear to be intentional as no financial implications are involved in the said loss. The original agreement contemplated supply of 1300 cubic metres stone metal for the work of widening the Rohtak Jind Road Kms. 231.08 to Kms 245.10 against which the supply of 1269 cum was made by Sh. Vasdev contractor within the stipulated period of four months. The enhancement of the supply from 1300 cum to 2482 cums (91%) by the S.E. was not in fact appropriate in this case. The recovery against the contractor pointed out by the audit which is based upon this enhancement of supply is, therefore, not tenable. Thus the loss of agreement cannot be considered to be intentional.”

The Committee are unhappy to note the above lapses and observe that the department should be more vigilant in such matters in future. The Committee feel that there is a general tendency on the part of various departments to throw the burden of responsibility upon these persons who are either dead or have retired. The Committee, therefore, desire that full facts in regard to the loss of file be investigated and the Committee be informed as to why was it not possible to fix the responsibility at the appropriate time for the laxity of control and for the non-observance of the instructions as referred to above.

SOCIAL WELFARE

Paragraph 3.6. Interest free loan to students

7. Interest free loans are granted to students, who are bonafide residents of Haryana and belong to scheduled castes, for purchase of books and other stationary articles. A loan of Rs. 200 each is allowed to postmatric students in lump sum and a loan of Rs. 400 each is allowed to students of post-graduate classes in two instalments, i.e., Rs. 250 in first year and Rs. 150 in the second year. The loan is recoverable in 20 half-yearly instalments, the first instalment falling due after four years from the date of payment of the loan.

According to the Director, Welfare of Scheduled Castes and Backward Classes, Rs. 14.15 lakhs were drawn for disbursements to the beneficiaries during 1966-67 to 1977-78, as under :—

Year		Number of beneficiaries	Amount (in lakhs of rupees)
(1)		(2)	(3)
Upto	1973-74	3,020	7.72
	1974-75	1,132	2.68
	1975-76	589	1.45
	1976-77	339	0.83
	1977-78	593	1.47

The loans were to be disbursed to students through District Welfare Officers, who were expected to maintain individual loanee's account and loanee's file comprising of security bond, agreement deed, etc.

It was noticed that :

(a) While the Directorate was expected to keep an account of the disbursements out of the loan sanctioned, no such account was kept. On the basis of information collected (October, 1978) by the Directorate, the amount lying undisbursed was Rs. 0.55 lakh pertaining to 271 cases.

(b) According to the information furnished by seven District Welfare Officers, Rs. 1.41 lakhs were due for recovery from the loanees upto 31st March 1978. Out of this, Rs. 0.08 lakh, representing 5.7 per cent of the amount due, were recovered thus leaving Rs. 1.31 lakhs in arrears. District-

wise position is given below :—

District	Loans granted upto 31st March 1974		Amount due for recovery upto 31st March 1978	Recovery in arrears on 31st March 1978	Percentage of arrears to amount due for recovery
	Number of cases	Amount			
(1)	(2)	(3)	(4)	(5)	(6)
(amount in lakhs of rupees)					
Ambala	106	0 21	0 08	0 08	100
Bhiwani	299	0 58	0 18	0 18	100
Gurgaon	416	0 78	0 23	0 21	91
Karnal	260	0 50	0 16	0 16	100
Narnaul	456	0 86	0 28	0 28	100
Rohtak	438	0 87	0 29	0 24	83
Sonepat	298	0 57	0 19	0 18	95
Total	2,273	4 37	1 41	1 33	94

The District Welfare Officers stated (April-June 1978) that less recovery was due mainly to :

- (i) poor financial position of the loanees, and
- (ii) whereabouts of the loanees being not known

The matter was referred to the Government in September, 1978; reply is awaited (January, 1979).

In reply to the questionnaire issued by the Committee, the department in their written reply, explained as under :—

“(a) The District Welfare Officers are drawing & Disbursing Officers under this scheme, therefore, such accounts are maintained at the District Head-quarter which are up-to-date. Even the ledgers of the loanees are complete in all respect. All the amounts have since been disbursed to students or deposited into Treasury and no such amount is pending in any office of this Department.

(b) The latest position of recoveries is as under :—

District	Amount in arrears as 31 3.78 as shown in Col. 5	Amount recovered so far	Balance
(1)	(2)	(3)	(4)
Ambala	8,000 00	4,000 00	4,000.00
Bhiwani]	18,000 .00	6,200 00	11,800.00
Gurgaon	21,000.00	2,255.00	18,745.00

1	2	3	4
Karnal	16,000.00	7,400.00	8,520.00
Narnaul	28,000.00	6,750.00	21,250.00
Rohtak	24,000.00	9,000.00	15,000.00
Sonepat	18,000.00	8,252.50	9,747.50
	1,33,000 00	43,937.50	89,062.50

The addresses of all the loanees are known and periodical notices are being served on the defaulting loanees. Attempt is being made to recover the outstanding amount within next three months. Directions have been given to the District Welfare Officers accordingly."

The Committee desire that progress of recovery of the balance amount of Rs, 89,062.50 as mentioned in the written reply reproduced above be intimated to them after the expiry of period of three months.

During the course of evidence on 22.11.82, the Committee was informed that an amount of Rs 0.55 lakh, pertaining to 271 cases, which could not be disbursed to the applicants, was deposited into the Treasury. The Committee observe that the basic object of the interest free loans to the Students belonging to Scheduled Castes was to help them, though to a very limited extent, in the furtherance of their School/College education. Students, who had submitted their applications after going through the rigours of procedural complications and were finally sanctioned the loans, were, the Committee feel, deprived of the loans due to the apathy of the department whose representatives failed to satisfy the Committee in this behalf during evidence.

The Committee, therefore, recommend that not only the department should streamline the procedure but should also make efforts to ensure that the benefit envisaged in such schemes is not allowed to be lost due to complicated procedures and apathetic approach of the department.

The Committee also feel that in view of the manifold price rise the amount of loan, viz, Rs, 200 for the entire academic year, which was fixed many years ago and has remained unchanged, should be suitably increased,

PUBLIC RELATIONS

Paragraph 3.3. Setting up of an open air theatre in village Kaul (District Kurukshetra)

8. On the basis of a rough cost estimate for Rs. 0.60 lakh prepared by the Public Works Department, administrative approval for the construction of an open air theatre in village Kaul (District Kurukshetra) was accorded by the Government in March 1976. The work was to be completed in a month.

Rupees 0.60 lakh were drawn by the Director in March 1976 and remitted to Provincial Division No. 1, Kurukshetra for execution of the work as a deposit work on behalf of the department. The work had not been completed (August 1978). According to the Division (June 1978), the site where the theatre was to be erected had a big pond, which required filling up before any structure could be put up there (this was stated to be not known at the time of preparation of the estimate).

A revised estimate for Rs. 3,28,700 for the work including filling up of the pond was awaiting approval (November 1978). However, filling up of the pond and construction of the stage without the floor are reported to have been completed (June 1978) at a cost of Rs. 0.64 lakh.

Meanwhile, the department purchased in March-April 1977 a projector and accessories at a cost of Rs. 0.69 lakh for the theatre. These were reported (June 1978) to be lying in the stores.

According to the department (December 1978), the site was not selected by it and the Public Works Department did not include in the rough cost estimates any expenditure on preparation of the site. The progress of work was, according to the department, also not reported by the Public Works Department in spite of asking for it on several occasions.

The theatre which was expected to be completed in one month is not yet near completion even after three years and the equipment for the theatre, purchased without ensuring the completion of the theatre is lying unused in stores.

The Department in their written reply to the questionnaire of the Committee stated as under :—

"The site was selected by the Senior Architect and Senior Town Planner (Rural) on 2.2.76 as intimated by Sh. Ishwar Singh, M.L.A., vide his letter dated 5.2.76 and in Rural Development Board, Haryana's, letter dated 9.2.76 as also in Senior Architect's letter dated 3.3.76.

The rough cost estimate was prepared by the P.W.D. Authorities who did not mention and include the filling up of the pond in the rough-cost estimates. It was pointed out later on by the Executive Engineer, Kurukshetra Provincial Division No. 1 Kurukshetra, vide his letter No. 2288, dated 15.6.78, after the filling up of the pond had already been done by him while he was entrusted with the job of construction of the building portion of the theatre. The amount of Rs. 59,700 was given to the P.W.D. Authorities as deposit work

for construction of the theatre. The lapse was on the part of the PWD Authorities.

So far as the purchase of projector and its accessories at a cost of Rs. 68,528 72 paise is concerned, the department felt it necessary to purchase this equipment during the year 1976-77 as it was mentioned in the rough cost estimate that it would take about one month to complete the work from the actual date of its commencement at site. The rough cost estimate was approved on 14.5.76. A considerable time is taken for the purchase of such type of technical equipment and in case purchase was not made before the end of the Financial Year, the funds would have lapsed.

As regards the non-reporting of the progress of the work by the PWD, it relates to P.W.D.

No date regarding commencement of construction has been intimated by the P.W.D. Authorities.

The theatre has not been erected upto now. The sum of Rs. 59,700 sanctioned for the construction of the theatre, was spent by the PWD :—

- (i) towards filling up of the pond ;
- (ii) Stage of the Open Air Theatre except top flooring; and
- (iii) Compound wall with Iron gates. Revised estimates of Rs. 3,28,700 for the construction of the theatre were, however, submitted by the Executive Engineer, Kurukshetra Provincial Division No. 1, Kurukshetra, to the Chief Engineer, P.W.D. (B&R). The same have not so far been finalised by the P.W.D. Authorities. It has been intimated by S.E. on 7.9.81 that the work has since been transferred to Panchayati Raj Circle. No further information regarding re-start of the construction work of the theatre has been received from the P.W.D. Authorities or Panchiyati Raj Circle. P.W.D. Authorities have been asked about the transfer of work to send a copy of letter vide which work has been transferred to Panchayati Raj Circle "

During the oral evidence on 29-11-1982, it was admitted by the representative of the P.W.D. (B & R), who was duly associated during oral evidence, that there had been a complete lack of coordination between the Public Relation Department and the P.W.D.(B & R). As a consequence of this infructuous expenditure to the extent of Rs. 0 60 lacs was incurred. Although the building was to be constructed by the P.W.D. (B & R), yet it was to be used by the Public Relations Department. It was, therefore, necessary for that department i.e. Director, Public Relations to release the funds only after visiting the site on which the building was to be constructed. The evidence before the Committee clearly revealed that no such effort at any level was made. The Committee have also reasons to believe that the plans were prepared, approved and sanctioned at the table of the Senior Architect without actually inspecting the site. The Committee believe that had the site been inspected the subsequent complications would not have arisen.

The Committee recommend that construction work of the theatre be started and completed without any avoidable delay so that the object for which the expenditure had been incurred is duly achieved.

REVENUE

Paragraph 3.5. Allotment of house sites to rural landless harijans and backward classes

9. The Government decided in January 1974 to provide, free of cost, dwelling sites in rural areas, at the rate of 100 square yards per family, to members of scheduled castes, backward classes and landless labourers who had no land. The land was to be provided from *Shamlat* land with panchayats and where such land was not available the Government was to acquire land. The beneficiaries were expected to construct houses within a year from the date of taking possession of the site and could raise loans from banks for this purpose by mortgaging the land

Rupees 32.56 lakhs (Rs. 27.16 lakhs in 1976-77 and Rs. 5.40 lakhs in 1977-78) were placed at the disposal of Deputy Commissioners for acquiring land and credited to Revenue Deposit for payment of compensation.

According to the Revenue Department, upto March 1978 plots had been allotted to 2,14,548 persons out of 2,15,342 eligible persons (identified by Revenue officials), possession had been given to 2,08,198 persons out of 2,14,548 allottees, registration deeds had been executed in 1,57,819 cases out of 2,08,198 cases due for registration and mutation had been completed in favour of 77,319 allottees out of 1,57,819 cases due for mutation.

A test-check of the records in three districts, namely, Ambala, Gurgaon and Karnal (expenditure : Rs. 9.91 lakhs) disclosed the following points :—

(1) One hundred and seventyfive plots were formed out of 43 kanals 15 marlas of land acquired in two villages (Dabarki and Jundla) of Tehsil Karnal and three villages (Hathwala, Raksehra and Taraf-Insar) of Tehsil Panipat in May 1976 and August 1976 at costs aggregating Rs. 0.31 lakh (does not include cost of 10 kanals 15 marlas acquired in village Dabarki where the award had not been announced) but possession had not been given to the allottees due mainly to disputes raised by landowners and complaints about allotment to some ineligible persons.

(2) To be eligible for allotment of a dwelling site under the scheme, a person had to be married, had not to own a house in his own name and he or any of his parents or any member of his family to whom he is a successor had not to own any agricultural land. Statements furnished by Patwaris, however, showed that 644 out of 999 persons allotted dwelling sites in 23 villages of Ambala and Karnal districts did not fulfil one or other of these conditions (631 were owning houses, 10 were owning land either in their own names or in the name of their fathers and 3 were unmarried).

(3) Even though the beneficiaries were expected to complete construction within a year's time, only 3,365 houses had reportedly been constructed upto March 1978 in three districts against 45,707/76,032 sites allotted upto

March 1976/March 1977. The district-wise details are given below :—

Name of district	Number of persons to whom possession of dwelling sites was given upto		Number of house constructed upto March 1978	Percentage of house constructed to sites
	March 1976	March 1977		made available to beneficiaries upto March 1976
(1)	(2)	(3)	(4)	(5)
Ambala	5,548	8,490	320	5.8
Gurgaon	13,216	32,170	359	2.6
Karnal	26,943	35,372	2,686	10.0

Reasons for slow pace in construction of houses were not on record.

To sum up :

- (i) While dwelling sites were reported to have been made available to most of the eligible persons, only 3,365 of the 76,032 allottees had constructed houses on the sites allotted.
- (ii) Possession of 175 plots formed in May-August 1976 had not been given to allottees due to disputes raised by land owners and complaints about allotment.
- (iii) In 23 villages of Ambala and Karnal districts, 644 out of 999 house sites were found to have been allotted to ineligible persons. The matter was referred to the Government in September 1978; reply is awaited (January 1979).

In reply to the questionnaire issued by the Committee, the department in their written reply, stated as under :—

(i) It is admitted that about 4 percent allottees have constructed houses on the plots allotted to them. This is due to the fact that the financial position of these persons is very weak and as such they are not in a position to build houses of their own. The allottees are also reluctant to take loans from banks and Govt. as they apprehend that they would not be able to pay instalments in time because of their poor financial position. More-over they took little interest to avail of whatever facilities were available to them from different sources for construction of houses.

(ii) According to the information available, 8,215 houses have been

constructed in the State on the house-sites allotted. The reasons for slow pace have been explained in para(i) above.

More than 3000 houses have been constructed in Ambala, Karnal and Gurgaon Districts. The housing Board, Haryana selected four more villages in Gurgaon Distt. for construction of housing colonies on the allotted house-sites.

- (iii) Although no condition of time limit has been laid down for the construction/completion of houses on the allotted house-sites, yet efforts are afoot to provide all sorts of help to the allottees for construction of houses as early as possible by providing financial assistance through the Social Welfare Department, Banks, Housing Board, Harijan Kalyan Nigam, Backward Classes Nigam Haryana, E.W.S. Nigam etc.
- (iv) Possession has been delivered to all the allottees, except in 21 cases, where the landowners have unauthorisedly taken possession on these plots. The Tehsildar Karnal has filed cases under section 145 Cr.P.C in the Court of S.D.M. Karnal against the landowners. The case is still pending. Land owners and allottees have also been challaned under Sections 107/151 C.P.C."

During their meeting held on the 2nd November, 1982, the Committee decided to conduct an on-the-spot study of some of the villages so as to find out personally the difficulties being experienced by the allottees on account of which they were either not constructing the houses on the sites allotted to them or were not shifting to the houses constructed for them by the Housing Board. The Committee chose villages-Boh, Babyal and Shahpur in Ambala District, Chakarpur and Nakanpura (Punhana) in Gurgaon District and Bond Kalan and Kalanga in Bhiwani District. Accordingly, the Committee visited the above said three villages in Ambala District on 9th November, 1982 and the remaining four villages in Gurgaon and Bhiwani Districts on 10th November, 1982. Following points emerged after discussing the problems with the District Officers and after listening to the grievances of beneficiaries:-

- (i) The beneficiaries belonged to the extremely weaker section of the society and were not in a position to spend any amount on the construction of the houses from their own resources.
- (ii) The Banks were reluctant to advance any loan because the plots, as per existing conditions, could not be mortgaged in favour of the Banks.
- (iii) The procedure involved in securing the loans was extremely intricate and confusing making it difficult for simple villagers to avail of the loan facility, if any, allowed by any Bank.
- (iv) The beneficiaries found themselves incapable of refunding the loan in future because they believed that they would not be getting any income from the houses while they would be required to make payment towards the repayment of the loan.
- (v) In some cases certain persons who were found eligible in the

survey in 1976 were no longer interested in the allotment of sites/construction of house because they had either shifted from the village or had got employment elsewhere or had made alternative arrangements for their residence within the village abadi.

(vi) There were allegations from some of the beneficiaries that the houses constructed by the Housing Board were of extremely poor quality and in many cases the proportion of the cement used for construction of the houses by the Housing Board was far below the prescribed specifications and as a consequence they feared that the houses would not withstand the vagaries of weather and would require frequent repairs.

(vii) One of the reasons for the slow progress of construction of houses allegedly was that ineligible persons had been allotted sites/plots and the eligible persons had been left out.

(viii) There was some resentment among the people allegedly because lands of small farmers was being acquired for allotting sites/plots for weaker sections and big landlords were not being touched.

During oral evidence on 27-12-1982, the representative of the Revenue Department stated that it was incorrect that the plots as per the existing rules/conditions could not be mortgaged with the scheduled Banks for obtaining house building loans from them. He informed the Committee that, as per instructions issued by the Government on 3-12-1976, plots/sites allotted under the 20 point programme could be mortgaged with any scheduled and commercial Bank and that no registration fee or stamp duty was chargeable in respect thereof.

The Committee are distressed to note that the instructions issued as early as in December, 1976, were neither in the knowledge of the representative of the Housing Board, who accompanied the Committee for an on-the-spot study, nor to the District Officers who were present at that time, because during discussion with the beneficiaries, at all the places visited by the Committee, they accepted the contention of the beneficiaries that the Banks were reluctant to advance them house building loans on the ground that the sites/plots could not be mortgaged with them for the purpose.

In regard to the alleged use of cement below the prescribed proportion, the Committee was informed on 27-12-1982, during oral evidence, that material used for the plastering of the houses built by the Housing Board at village Chakarpur in District Gurgaon had been sent to the Building Research Institute for examination.

The departmental representative also assured the Committee during oral examination on 27-12-82, that a thorough check up would be made to find out if any ineligible persons had been allotted the sites/plots and that the Committee would be informed accordingly.

The Committee recommend that :—

1. the instructions issued on 3-12-1976 be given wide publicity and be also brought to the notice of all concerned for strict compliance and the Committee be informed of the action taken in this behalf.

2. the possibility of providing financial assistance by means of loans/ grants subsidies through the Social Welfare Department, Harijan Kalyan Nigam, Backward Classes Corporation, Economically Weaker Sections Corporation, Housing Board and Co-operation Department be explored to accelerate the pace of construction of houses on the allotted plots which are still lying vacant for the last many years for want of funds,
3. the terms and conditions regulating the allotment of plots should be suitably amended so as to require allottees to construct houses thereon within a specified period and in case of their failure to do so, the plots may be resumed and allotted to other eligible persons and this condition should be strictly enforced except in hard cases where the beneficiaries apply for extension of time for the construction of houses on valid grounds,
4. the beneficiaries should be associated at the time of construction and where-ever possible their service in the form of labour be utilized and the benefit of the reduction in the cost of construction due to the labour put in by them be afforded to them;
5. there should be complete coordination between the various departments connected with the allotment of sites and construction of houses thereon for the weaker sections of the society and the Commissioner and Secretary to Government, Haryana, Revenue Department should review the position regarding the allotment of sites and construction of houses thereon every six months and take remedial steps where-ever it is found that the progress is not satisfactory. This matter may be given due importance because with the passage of time the housing problem of weaker sections of the society would assume alarming proportions,
6. the result of the check up made about the alleged allotment of sites/plots to ineligible persons, as promised during oral evidence on 27-12-1982, be intimated to the Committee within six months;
7. the Committee be informed, as promised during the oral evidence on 27-12-1982, about the enquiry held into the case of village Shahpur, district Ambala, regarding the acquisition of the land of a small farmer while leaving out the big landlords;
8. a strict control be kept on the quality of material used for the construction of houses for the weaker sections and the result of the investigation made by the Building Research Institute into the sample of the material used for plastering of houses built at village Chakar-pur in district Gurgaon, as promised during oral evidence on 27-12-82, be communicated to the Committee;
9. in view of the rapid increase in the population and resultant difficulties in finding land for the allotment of sites/plots to the weaker sections in future the Committee recommend that the desirability of constructing double storey houses be considered; as this step the Committee feel, will minimise the demand for finding land for sites/plots; and
10. final action taken in 21 cases where the landowners had taken possession of the plots unauthorisedly, as mentioned in para(iv) of written reply of the department, be communicated to the Committee.

EDUCATION

Paragraph 7.10 Grants paid to educational institutions

10. According to the information furnished by the Directorate of Education, a sum of Rs. 16,29.44 lakhs was paid during 1971-72 to 1976-77 as grants to non-technical educational institutions as under :—

	<i>Amount of grants</i>
	<i>(in lakhs of rupees)</i>
Universities	9,26 77
Colleges	3,16.06
Schools	3,15.87
Primary schools	13.89
Others	56.85

Grants are sanctioned by the administrative departments/heads of departments according to the powers delegated to them. Either the grants are drawn and disbursed by the authorities nominated for the purpose or the bills claiming grants preferred by the beneficiaries are countersigned by the authorities nominated for the purpose. The authorities signing or countersigning the bills for drawal of grants and their disbursement are required to watch (a) fulfilment of the conditions subject to which they were sanctioned and (b) their utilisation for the purpose for which they were sanctioned and to forward to Audit certificates of utilisation indicating the checks exercised before the certificates were drawn up/accepted. The Director of Public Instructions as the signing/countersigning authority in respect of grants-in-aid for universities/colleges and the District Education Officer in the case of schools.

A scrutiny by Audit of the procedure followed in the office of the Director of Public Instructions to verify the utilisation of the grants, supplemented by examination of the accounts of six beneficiary institutions (grant paid : Rs. 66 80 lakhs), disclosed the following —

(a) According to the rules, the beneficiary institutions were required to submit audited statements of accounts so as to enable the sanctioning authority to see that the grants were justified by the financial position of the grantees and to ensure that previous grants had been spent for the purpose(s) for which they were intended. These had not been submitted except in four cases (grant paid : Rs. 0.85 lakh) nor had these been called for or obtained.

(b) The Directorate had not evolved any procedure to watch the progress in the utilisation of grants and was not maintaining any record showing the number of cases in which utilisation certificates were due to be received and were actually received from the grantees. Utilisation certificates

furnished by beneficiary institutions had been accepted without indicating the checks exercised while accepting the certificates.

(c) *Development grants*

Rupees 29.01 lakhs were paid as development grants during 1971-72 to 1976-77 for construction of buildings as under :—

Year	Amount paid as grants	
	Number of cases	Amount (in lakhs of rupees)
1971-72	26	4.82
1973-74	46	4.90
1974-75	44	9.80
1975-76	44	9.39
1976-77	1	0.10

(ii) The beneficiary institutions were required to submit rough cost estimates and building plans with their applications for grant. Complete documents were received only in thirty cases (grants paid : Rs. 6.81 lakhs) and grants in the remaining 131 cases (grants paid : Rs. 22.20 lakhs) had been sanctioned/paid without calling for or obtaining these documents from the institutions.

(iii) Similarly, the beneficiary institutions were expected to execute before disbursement of the grant a bond binding themselves *inter alia* to utilise the grant for the purpose for which it was sanctioned and to refund the amount in the event of default. Out of 161 cases (grant : Rs. 29.01 lakhs), bonds in respect of 138 cases (grant : Rs. 20.49 lakhs) only were on record.

(iv) The grantees included two colleges—(College 'A'—grant paid : Rs. 0.10 lakh in 1973-74, Rs. 0.20 lakh in 1974-75 and Rs. 0.20 lakhs in 1975-76 and College 'B'—grant paid : Rs. 0.15 lakh in 1975-76—which had been disaffiliated by universities from December 1977 and the academic year 1977-78 respectively. The rules, however, do not provide for recoveries in such cases.

(v) Another college 'C' was sanctioned and paid a grant of Rs. 0.10 lakh in 1976-77, even though no application duly supported with requisite documents was on record.

(vi) Grants aggregating Rs. 0.60 lakh (Rs. 0.10 lakh in 1973-74, Rs. 0.25 lakh in 1974-75 and Rs. 0.25 lakh in 1975-76) paid to a college 'D' for the construction of staff quarters had been utilised for the payment of salaries to the staff. The construction of the building had not been taken up (August 1978).

The department in their written reply to the questionnaire issued by

the Committee explained the position as under :—

“These observations are mostly in respect of payment of grants to the universities and colleges during the year 1971-72 to 1976-77. As far as the universities are concerned the position is as follows :—

- (a) The demand for grant is sent to the Govt. by the universities and the Govt. examine the needs of the universities and sanction them the grants. The necessity of obtaining statements of accounts from the universities has not been felt because in the universities all expenditure is preaudited by the R.A.O. appointed by the Govt. and the utilisation certificates for the grant are duly submitted by the Registrar of the universities. In view of this, there is no need for asking the audited statements of accounts.
- (b) As far as the universities are concerned since they are enjoying complete autonomy under their respective Act and since a system of proper audit exists, there is no need to evolve and follow any procedure for watching the progress of the utilisation of grants. As for as the Non-Govt. colleges are concerned as stated above, the grants are now being paid on the basis of expenditure incurred by the colleges in the previous financial year and their claims are first certified by the C.A. and then audited by departmental auditors. There is no need for evolving any further procedure in this regard. Further the grants are given to reimburse the expenditure already incurred by them, therefore, the question of checking whether the grant has been utilised for the purpose for which it was given does not arise. Even if the Institution closes down, the grant would be payable to the management.
- (c) In some cases the requirement of obtaining documents before the release of grant could not be adhered to due to shortage of time at the fag end of financial year as otherwise, the amount would have lapsed. This irregularity will not be repeated. Complete documents are now being obtained in every case grants are released. This procedure has been strictly followed since 1981-82. No malafide intention was involved and the officers concerned have also since retired”

(a) During the course of evidence on 23-11-1982, it was submitted by the departmental representative that audited statements were not being obtained from the Universities because those were autonomous bodies and their expenditure was being pre-audited.

The Committee feel that proper utilization of funds can be ensured only if the audited statements of accounts are furnished by the grantee Institutions. The Committee, therefore, recommend that with a view to ensuring the correctness of the utilization certificates and proper utilization of the funds in future the audited accounts statements should be duly obtained from the grantee institutions.

(b) The Committee find that at present there is no definite procedure to ensure that the grants are justified by the financial position of the grantee and that the previous grants had been spent for the purpose for which these were

sanctioned. The Committee are of the view that a definite procedure is necessary in order to streamline the whole procedure and to minimise the chances of misutilization etc, of the grants. The Committee, therefore, recommend that the whole matter be examined by the Finance Department, a definite procedure be laid down and all concerned be informed to ensure proper compliance in future.

(c) In reply to a question of the Committee as to why were requirements of obtaining the documents not got fulfilled, the departmental representative submitted during oral examination, that in all the 131 cases, referred to in the audit paragraph, with the exception of four cases, the amount had been utilized for the purpose for which it was paid. The Committee was assured that such irregularity would not be repeated in future. The four cases which still remained to be finalised, were the following :—

- | | |
|---|------------|
| 1. S.S. College, Tigaon | Rs. 20,000 |
| 2. Saini College, Rohtak | Rs. 20,000 |
| 3. Janata College, Bawal | Rs. 15,000 |
| 4. Haryana War Heros Memorial College, Gohana | Rs. 15,000 |

It was further added that colleges, referred to at Sr. No 1, 3 and 4 had been taken over by the Government and the fourth college viz. Saini College, Rohtak, referred to at Sr. No 2 above, had been closed. The Committee was assured that the amount would be fully got recovered through M.D. University, Rohtak, as a sum of about Rs. 1 00 lakhs, belonging to the said College was lying with the M.D. University, Rohtak.

The Committee recommend that the recovery of outstanding amount be effected and it should be ensured that in future such irregularities do not occur,

PUBLIC HEALTH

Paragraph 4.6. Rural Water Supply Schemes in Ambala district

11. Mention was made in paragraph 4.10 of the Report of the Comptroller and Auditor General of India for the year 1975-76 about some aspects of the working of the Rural Water Supply Schemes in the State. Further points noticed in respect of such schemes executed in Ambala district are mentioned in the succeeding sub-paragraphs.

(i) According to the information furnished by the department, 46 schemes (estimated cost : Rs. 2,08.28 lakhs) were administratively approved by the Sanitary Board (a Board constituted by the Government with powers to approve and allocate funds for the execution of sanitary schemes) during 1970-71 to 1977-78. Out of these, by March 1978, 23 schemes (estimated cost : Rs. 77.17 lakhs ; expenditure : Rs. 77.05 lakhs) had been completed/commissioned, 14 schemes (estimated cost : Rs. 66.47 lakhs) had not been started for want of funds and 9 schemes (estimated cost : Rs. 64.64 lakhs; expenditure : Rs. 29.86 lakhs) were under execution. The schemes under execution included two schemes which had been taken up more than three years back as per the details given below :—

Sr. No.	Name of scheme	Estimated cost (in lakhs of rupees)	Number of villages involved	Population to be covered	Expenditure upto March 1978 (in lakhs of rupees)	Month in which work was commenced
1.	Providing water supply to group of villages Ratte Wali	25.25	21	5,164	13.42 (upto June 1978)	March 1974
2.	Providing water supply to group of villages Tikri	3.76 (Revised)	5	412	2.81	February 1975

The delay in completion of the schemes was reportedly due to paucity of funds.

(ii) According to the approved pattern, 12 per cent of the cost of the schemes was to be recovered from the beneficiaries, 5 per cent in cash and 7 per cent in the form of land and labour. The share of the beneficiaries was to be collected by the panchayats and deposited in Government account. A sum of Rs. 0.41 lakh on account of share of beneficiary Panchayats in respect of three schemes also remained to be recovered (July 1978) from the Panchayats.

(iii) The Government decided (April 1976) that water charges should be recovered on its behalf by the Panchayats (on a slab system based on house tax) from the beneficiaries for the water drawn by them from public stand posts from the year 1976-77. The department had anticipated an annual income of Rs. 5.84 lakhs in Ambala district. According to the information furnished by the Division, no demand registers were being maintained by

the Panchayats and no money had been deposited by them. The villagers were reportedly not in a position to pay water charges due to their weak financial position.

(v) *Other points of interest*

The 23 completed schemes (expenditure : Rs. 77.05 lakhs) covered 132 villages and a population of 57,636. A performance analyses of a few selected schemes disclosed the following :—

(b) *Inadequate supply of water*

(i) The scheme for providing water supply to Salehpur group of 4 villages, based on a percolation well bore upto a depth of 155 feet, was completed in July 1971 at a cost of Rs 3 03 lakhs and commissioned in March 1972. The tubewell had been developed for a discharge of 3,780 gallons per hour with a depression head of 18 feet.

In April 1978, the tubewell started giving muddy water and water supply from the well had to be suspended. The failure of the tubewell was attributed (May 1978) to overpumping (10 hours instead of the normal 8 hours) and to keeping the depression head at 18feet, which was considered by the department as abnormally high for the discharge. The tubewell was again developed with the help of a compressor and water supply was restored in May 1978.

The department proposed (July 1978) boring of a new tubewell upto a depth of 450 feet at a cost of Rs. 1.48 lakhs, which was expenced to yield a discharge of 6,000 gallons per hour. However, the work had neither been sanctioned nor started (August 1978).

Thus, due to defective design and overpumping, the tubewell failed and had to be redeveloped. Even after redevelopment, the requirement of the villages was not being met and work on a new tubewell, which has been proposed is to be started.

(ii) The 'Kakkar Majra' scheme for providing water supply in Shahzadpur group of 18 villages (estimated cost : Rs. 7.54 lakhs), approved in August 1970, contemplated installation of two tubewells for providing water. The scheme was commissioned during 1972-73 with partial supply of safe drinking water with one tubewell constructed at Kakkar Majra at a cost of Rs. 0.50 lakh. Due to non-construction of the second tubewell at village Manglore (reasons not on record), the inhabitants could not get the required quantity of water and the one tubewell installed was overworked.

The tubewell started giving mud and fine sand (May 1975) and stopped working in September 1975. The water supply was restored in December 1975 after redevelopment of the tubewell but supply was restricted as the tubewell even after redevelopment could not give fault free service. The second tubewell at village Manglore was completed in March 1976. A new well at Kakkar Majra was bored (November 1977) but the tubewell had not been commissioned reportedly for want of electric connection. The expenditure on the water supply scheme till the time of audit (August 1978) was Rs. 10.90 lakhs.

Thus, though an expenditure of Rs. 10.90 lakhs had been incurred on the scheme, for four years only one tubewell was working against the two contemplated, which resulted in the overworking of the tubewell and its failure. A new tubewell completed in November 1977 has not been commissioned for want of electric connection.

Summing up

(i) Two water supply schemes on which Rs. 16.23 lakhs had been spent were not completed even after three years of their commencement, reportedly due to paucity of funds :

(ii) water charges recoverable from the beneficiaries had not been recovered :

(iii) the beneficiaries' share (Rs. 0.41 lakh) and maintenance charge of water supply schemes (Rs. 1.91 lakhs) had not been recovered from the Panchayats :

(iv) * * * * *

(v) for a water supply scheme, for which two tubewells had been contemplated, only one tubewell was constructed. The result was that the well was overworked and consequently got depleted prematurely. A second tubewell completed in November 1977 is awaiting commissioning for want of power supply.

The points mentioned above were referred to the Government in September 1978. reply is awaited (January 1979).

In reply to the questionnaire issued by the Committee, the department in their written reply stated that :—

“(i) Forty six (46) schemes, as per details given in the statement, (on pages 25-28 infra) relating to over 275 villages with 106407 population (census 1971) were administratively approved at an estimated cost of Rs. 208.28 lacs :—

Statement showing the position of Rural Water Supply Schemes in Ambala District

Sr. No.	No. of Scheme	Date of completion	Estimated cost in lacs	Revised estimate cost in lacs	Actual cost	No. of villages	Population covered	Remarks
1	2	3	4	5	6	7	8	9
1.	Providing. /WS. Sch. group of vill. Harijan Majri, Chandia Kotla	2/73	1.31	1.39	1.37	3	838	Completed
2.	—Do— Morni Hills	3/77	6.80	6.80	6.78	18	715	"
3.	—Do— Nagal Bhaga	3/77	6.87	6.87	7.97	17	5402	"
4.	—Do— Kalka Group of vill.	3/76	0.61	0.61	0.43	—	—	"
5.	—Do— Shop at Panchkula	12/73	0.10	0.10	0.16	1	1905	"
6.	—Do— Manakpur	10/79	2.14	2.14	2.85	1	1431	"
7.	—Do— Madna	3/73	2.40	2.40	2.96	8	2108	"
8.	—Do— Bilaspur	4/77	0.30	0.30	0.22	1	254	"
9.	—Do— Balana	10/71	1.46	2.69	3.00	1	2733	"
10.	—Do— Kanguwala	4/78	5.60	5.70	4.79	1	2277	"
11.	—Do— Bhansa Tibra	4/76	5.69	8.15	7.29	1	379	"
12.	—Do— Raipur Rani	3/71	1.99	1.99	1.98	1	3558	"
13.	—Do— Asgarpur	9/71	0.78	0.78	0.73	3	632	"

1	2	3	4	5	6	7	8	9
14.	Prov. W/S Sch. group of villages, Deda Teka	3/74	3 00	3.00	3.13	3	2646	Completed
15.	—Do— Thaska Salalpur	3/75	2.64	2.64	3.03	4	4834	"
16.	—Do— Shamuwala	12/75	2.02	2.02	2.35	6	1660	"
17.	—Do— Sultanpur Khathgarh	12/73	5.03	5.03	5.35	13	3758	"
18.	—Do— Shajadpur Kakkar Majra	6/75	11.41	11.41	12.46	18	14687	"
19.	—Do— Tandan Ratti Bawarly	3/72	0.13	0.13	0.12	3	508	"
20.	—Do— Majri	2/75	4.33	4.33	4.28	8	2437	"
21.	—Do— Kapal Mochan	3/75	3.50	3.50	3.89	1	Fair	"
22.	—Do— Malkawas Aharwala	3/78	0.68	0.68	0.88	2	1261	"
23.	—Do— Partially completed Parnuwala	7/78	8.38	8.38	8.27	18	3613	"
24.	—Do— Rattewali	3/80	25.25	25.25	21.27	21	5164	"
25.	—Do— Ramgarh	9/80	5.35	5.35	3.74	5	2367	"
26.	—Do— Garhi Kota	9/80	12.33	15.00	11.17	10	1915	"
27.	—Do— Derawali Bud	9/80	5.03	13.12	9.33	3	1535	"
28.	—Do— Dewanwala	3/78	5.53	5.83	6.00	18	2065	"
29.	—Do— Tikri	11/78	3.77	3.76	3.17	5	412	"

1	2	3	4	5	6	7	8	9
30.	—Do—	Nala Blog	—	2.15	2.15	2.25	4	490
31.	—Do—	Nada Sahib	1978	2.83	2.83	3.02	1	1288
32.	—Do—	Dukheri	3/78	2.40	2.40	3.27	1	2020
33.	—Do—	Hamirpur Shahpur	1979	1.06	3.69	3.60	2	982
34.	—Do—	Bara Karwa	8/80	1.49	4.24	3.45	2	563
35.	—Do—	Assriwali	8/80	1.39	2.91	2.79	2	865
36.	—Do—	Banokheri	9/81	4.26	6.47	5.06	3	1890
37.	—Do—	Jalbera Anandpur	10/81	2.38	5.99	3.68	1	1786
Total		—	152.39	180.03	166.09	210	80978	
38.	—Do—	Teharpur Kalan	—	20.19	34.63	22	11413	Work in progress
39.	—Do—	Panjlasa	—	10.32	12.65	8	4757	"
40.	—Do—	Meharwala	—	4.84	5.69	10	1557	"
Total		—	35.35	52.97	40	17727		

1	2	3	4	5	6	7	8	9
41.	Prov. W/S Sch. group of villages Nagal group	—	10.54	10.54		5	5235	Not started for want of land
42.	—Do— Mathana	—	3.26	3.26		10	613	Not started for want of funds.
43.	—Dc — Dharkhet	—	4.32	4.32		7	976	Do
44.	—Dc — Bhiwer	—	0.66	0.66		1	160	Do
45.	—Do— Malak Block	—	0.45	0.45		1	329	Do
46.	—Dc — Plasra	—	1.31	1.31		1	389	Do
Total			20.54	20.54		25	7702	
Grand Total			108.28	253.54		275	106407	

It was further added in the written reply that—

“Out of them 37 schemes (Sr. No. 1 to 37) have been completed at the cost of Rs. 166.09 lacs against estimated cost of Rs. 152.39 lacs. These 37 schemes cover 210 villages comprising population 80978 (Census 1971). Estimates were also revised to Rs. 180.03 lacs.

These schemes (Sr. No. 38 to 40) namely Providing Rural Water Supply Scheme Teharpur group of 40 Nos. villages, Panjlasa group of villages, and Meharwala group of villages, estimated cost of Rs. 35.35 lakhs. (Since revised to Rs. 52.97 lakhs) are in progress. Their completion depends upon the availability of funds. These schemes will cover 40 villages with a population of 17727.

Six(6) schemes (Sr. No. 42 to 46) could not be started for want of funds and for want of land in respect of one scheme (Sr. No. 41) The estimated cost of these 6 Nos schemes is Rs. 20.54 lakhs and contemplate to cover 25 villages with a population of 7783. The completion of these schemes depends upon availability of funds/land

The scheme at Sr. No. 1 was completed in 3/80. The schemes at Sr. 2 was completed in 11/78. Both the schemes are functioning since then giving adequate water supply to villages provided in the schemes.

(ii) Beneficiary share to the extent of 5% (out of 12%) has already been sanctioned vide Haryana Government letter, No. 8492-STER-III-75/24252 dated 19-11-75. The balance 7% has been received on account of land.

(iii) This Department is maintaining the Water Supply Schemes on behalf of Panchayats. Since the house tax is collected by the Panchayats the recovery of Water Charges on the basis of Slab System on the house tax is also to be effected by the Panchayats. No such amount has been deposited by the Panchayats. There are no private connections in Ambala District.

* * * * *

y(b)(i) Neither the design was defective nor there was any over pumping. Since the installation of the well it is giving adequate supply of water @ 10 gallons per head per day (i.e. according to norms fixed by Govt. of India except for a very short period when the supply had to be suspended for redevelopment to make the water sand free and that too after 6-7 year of completion of the scheme (July, 1971).

In view of the position explained in (a) above coupled with the fact that the whole of Naraingarh Tehsil, being treacherous area it was feared lest the existing well should fail again, a scheme for an additional well at estimated cost of Rs. 1.48 lakhs was mooted. But since after re-development of the existing well, adequate water supply is available, the new tubewell was not sanctioned.

- (ii) The execution and progress of the work (administratively approved by the Sanitary Board) was regulated according to the allotment of funds by the Sanitary Board.

It could not be commissioned because the Haryana State Electricity Board did not provide the electric connection.

The scheme was prepared in 1965 and approved in 1970. At that time there was no difficulty regarding electric connection. The difficulty arose only after the work had been completed.

The second tubewell has since been commissioned and is working satisfactorily giving adequate supply of water."

(i) The Committee are unhappy to note that some of the water supply schemes, administratively approved by the Sanitary Board, constituted by the Government, which had powers to approve and allocate funds for the execution of such schemes, during the year 1970-71 to 1977-78, are still lying incomplete on the plea that funds are not available. The Committee feel that when such schemes, involving basic necessity of life, remain pending for a number of years, it creates resentment among the people who nurse a feeling of having been put off by false promises.

The Committee, therefore, recommend that all those schemes which are administratively approved/sanctioned should be completed on top priority basis by providing adequate funds for their execution.

During evidence, the Committee was informed that according to the latest position work in respect of only five schemes in Ambala District remained to be completed. The estimated cost, involved for the execution of each of the five schemes, as per revised estimates given by the department, is given below :—

1. Village Mathana	Rs. 3.26 lakhs
2. Village Dharkhet	Rs. 4.32 Lakhs
3. Village Malak Block	Rs. 0.45 lakhs
4. Village Bhiwer	Rs. 0.66 lakhs
5. Village Plasra	Rs. 1.31 lakhs
Total	Rs. 10.00 lakhs

The Committee feel that since the expenditure involved for the completion of the five schemes is very small, viz, Rs. 10.00 lakhs, it should not be difficult for the department to find funds to the extent of Rs. 10.00 lakhs and to complete the above mentioned five schemes without any avoidable delay.

The Committee, therefore, recommend that the above mentioned five schemes, which are part of the minimum need programme, be completed within a period of six months and the Committee be informed.

(ii) & (iii) During the evidence on 6-9-82, the Committee was informed that 12% of the expenditure, which was incurred on the formulation of this scheme, was recovered from the beneficiaries. It was added that 7% out of the 12% was realised in the form of the cost of the land and the remaining 5% in the form of labour or in cash. The Committee was further informed that in hilly and sandy areas the recovery to the extent of 5%, as mentioned above, was not being effected from the beneficiaries and the amount in respect thereof was made payable by the Panchayat Department but the same was not being paid by the Panchayats. The Committee was further informed that for maintaining and keeping the scheme in running condition the Panchayats effected recoveries, except in hilly and sandy areas, from the beneficiaries in the shape of water charges alongwith Chullah Tax. The Panchayats were, however, not making the payments, the Committee was further informed.

The Committee observe that since it has not been possible for the department to effect the recoveries from the Panchayat/Development Department even though pretty a long time has elapsed, no useful purpose would be served by insisting for payment. The Committee, therefore, recommend that such old cases of recovery should be reviewed and the desirability of writing off the recoveries be considered. The Committee feel that in future also it would be desirable not to levy any such charge on the Panchayats in view of their difficult economic condition. The Committee would, therefore, like the department to go into the whole matter ab-initio and submit report to the Committee within a period of six months of the date of presentation of this report.

(v)(b)(i) During the course of oral examination on 6-9-1982 the departmental representative explained to the Committee that the failure of the tube-well was not due to the over pumping as mentioned in the audit para or due to defective designing, but it was a case of normal failure. The Committee however, drew the attention of the departmental representative to the letter which was written by the concerned Superintending Engineer and a copy thereof endorsed to the Accountant General, Haryana, wherein it was, inter-alia, stated :—

“The possible reason for the failure of this tube-well appears to be over pumping which could not be avoided because this is the minimum limit of water required against the claim.”

The departmental representative was, therefore, asked to explain as to how a contradictory stand was being taken when the position given in the audit-para was clearly borne out from the above said letter of the Executive Engineer.

The departmental representative in reply stated that there was a general tendency particularly at the level of Executive Engineers not to explain the case properly to the Audit. He admitted that had the position of the case been properly explained in the first instance the para would not have come before the Public Accounts Committee.

The Committee observe that the departments do not pay due attention to the audit objections at the initial stage and correct position is investigated only when the para is to come up before the Committee. The Committee would, therefore, like the Finance Department to issue general instructions to all Heads

of Departments etc. so as to emphasise the need of sorting out such like objections speedily by forwarding correct information to the Accountant General so that the necessity to bring such matters before the Public Accounts Committee is obviated in future.

(ii) The departmental representatives were orally examined at length in regard to the tubewell which could not be commissioned for want of electric connection. In reply to a question of the Committee, the representative of the department stated that at times a time lag of two years took place between the completion of the well and its energisation by the Haryana State Electricity Board.

The Committee are distressed to notice such long delays in the energisation of the tube-wells after their completion. The object of scrutiny by the Public Accounts Committee is not only to see that the expenditure has been properly incurred or the scheme has been executed, but the Committee has also to see that the purpose envisaged by the scheme is fully achieved. The Committee notice with anguish that such a long time lag was being allowed to occur before the wells sunk were actually put to use. Such delays, the Committee feel, occurred due to sheer lack of coordination between the Public Health Department and the Electricity Board with the result that although huge expenditure was incurred on the execution of the Schemes for the construction of tubewells, the desired benefit from such schemes failed to reach the beneficiaries for considerably long periods.

The Committee, therefore, recommend that appropriate steps be taken by the department to ensure proper coordination between the Public Health Department and the Electricity Board so that the time lag between the construction of a tubewell and its energisation is reduced to the minimum possible so as to ensure that the tubewells start working at the latest within a period of two months after the completion of their construction.

In reply to another question by the Committee on 6-9-1982, as to how many tubewells had been sunk during the period from September, 1980 to September, 1982, and how many out of them were working satisfactorily, the departmental representative promised to send the said information to the Committee.

The Committee, however, painfully observe that till the time of writing of this report no such information was received from the Department although the same was required to be supplied within one month.

The Committee desire that the responsibility for not sending the requisite information for such a long time be fixed and the Committee be informed within a period of six months.

The Committee further desire that promised information be supplied to them without any further loss of time.

Paragraph 4.7. Recoveries due from a contractor

12. In Public Health Division, Hissar, work on the sewerage scheme in Hissar town-V instalment (estimated cost : Rs. 1.20 lakhs) was entrusted to a contractor in April 1973 for completion within eight months. The work was completed in February 1976 but the accounts of the contractor had not been finalised.

The contractor was paid at labour rates in respect of certain items of work for which material for use on work had been issued by the department. According to departmental rules, the cost of material not returned is recoverable at double the stock issue rate. The contractor had not returned material valuing Rs. 0.59 lakh issued during July 1973 to July 1975 for use on work but not used to change in design. Rupees 0.12 lakh were also recoverable on account of empty cement bags not returned (Rs. 0.04 lakh) and cost of material consumed on items of work (Rs. 0.08 lakh) for which the contractor had been paid at rates inclusive of stores.

Against the recoverable amount of Rs. 1.34 lakhs (including Rs. 0.04 lakh towards storage charges), only Rs. 0.08 lakh representing security deposits withheld from running payments (Rs. 0.06 lakh) and the value of work executed due to be paid (Rs. 0.02 lakh) were available with the department.

The matter was referred to the Government in May 1978; reply is awaited (January 1979).

The department, in their written reply to the questionnaire issued by the Committee, explained the position as under :—

“The account of the contractor could not be finalized for want of the revised technical sanction and modifications in the contract agreement resulting from change in the design and specification of the work.

Some material has been returned by the contractor. Now against Rs. 1.34 lakhs shown in the Audit Para the actual amount recoverable including penal rates from the contractor worked out to Rs. 10072.20 which has also been recovered as under :—

	Rs.
(i) Security of the contractor lying with the Department adjusted vide T.E. No. 30 dt. 3/82	7,251.00
(ii) Recovery effected from the contractor's security lying in Public Health Divn No. 2, Hissar and accounted for in Public Health Division No. 1, Hissar vide Receipt No. 62/641 dt. 25-2-82	1,00.400
(iii) Deposited by contractor vide Receipt No. 40/153 dated 24.3.82 and accounted for in Public Health Divn No. 1, Hissar	1,421.20
Total	10,072.20

The compensation for delay was not leviable as the extension was granted upto 4-4-74, vide Superintending Engineer, Bhiwani No. 508 dated 9-1-74, and upto 3-12-74 vide Superintending Engineer, Bhiwani No. 22025 dated 12-11-74 and upto 15-2-76 applied vide Executive Engineer, Public Health Divn Hissar No. 930, dated 6-2-76 to Superintending Engineer, Public Health Circle, Bhiwani.”

During the course of oral examination on 6-9-1982, it was brought to the notice of the Committee by the department that the recoveries/adjustments were made in this case between 1977 and 1980.

The Committee view such abnormal delays with deep concern particularly when the over-issue of the material to the contractor had already been in the notice of the department. Such delays, the Committee feel, not only led to unintended benefit to the contractor but also deprived the department of the scarce essential material.

The Committee, therefore, recommend that effective steps be taken to ensure that the material issued to the Contractors for works is well within the requirements/specifications of the works and whenever any case of excess issue of material comes to the notice of the department, recoveries be effected forthwith and the final bills cleared without keeping them pending for long period.

Paragraph 5.1. Synopsis of important stores accounts

13. A synopsis of important stores accounts for 1977-78 (other than those relating to Government commercial and quasi-commercial departments/undertakings) received upto November 1978 is given below :—

Sr. No.	Department/Stores	Opening balance	Receipts	Issues	Closing balance
(in lakhs of rupees)					
Public Health—					
	Iron, cement, bricks, stone, timber, pipes, fuel, lubricants, paints, sanitary fittings, etc.	4,01.34	7,03.45	8,08.68	2,96.11

In reply to a question by the Committee, the department in their written reply, stated as under :—

“Due to rapid development in the State, the construction activities of the Department increased manifold and as such the stock balances at the end of 1977-78 are not on higher side. There were 27 Divisions in the department and except 2 Divisions (D & P Rohtak and P & I Ambala) 25 Divisions maintained the stock. Reserve stock limit of each Division has been fixed at Rs. 15 to 20 lacs. So reserve stocks of Rs. 415.00 lacs could be held during 1977-78 as per details given as under :—

- (i) 21 Divisions @ Rs. 15.00 lacs per Division—Rs. 315.00 lacs.
- (ii) Mech. Public Health Divn. Ambala @ Rs. 20.00 lacs —Rs. 20.00 lacs
- (iii) Project Public Health Divn., Faridabad @ Rs. 80.00 lacs maintaining the stock of four divisions stationed at Faridabad —Rs. 80.00 lacs

—Rs. 415.00 lacs

In view of the position explained above, the closing balance of Rs. 2,96.11 lacs was not too heavy.

As would be evident from the comparative table given below for the recent five years the closing balances have been continuously decreasing vis-a-vis increasing figure of the number of divisions. The figures of the stock receipt and stock issued also fortify that despite increasing activities of the department the stock position was properly under control without any excessive purchases :—

Year	Opening balances	Receipt	Issue	Closing balance	No. of Divi- sions which maintain stock during the year
1975-76	262.77	859.44	756 63	365.58	25
1976-77	365.58	834.86	799 10	401.34	26
1977-78	401.34	703.45	808 68	296 11	25
1978-79	296.11	816.90	972 28	140.73	27
1979-80	140 73	1132.18	1161.35	111 56	28

As it is clear from above position that the purchase and closing balances of stock from year to year have been reasonably quite in accordance with the actual requirement of the department and figures of closing balances have been coming down year after year, the para may kindly be dropped."

During the course of oral examination on 7-9-1982, the Committee was informed that the closing balance in the year 1979-80 was to the tune of Rs. 111.56 lakhs. The Committee wanted to know the figures of closing balance during the year 1980-81 but the departmental representative stated that the aforesaid information was not available with him at that time and that he would send the same within a period of ten days.

The Committee regretfully observe that the requisite promised information has not been furnished by the department till the time of writing of this report.

The Committee desire that the promised information be furnished to the Committee without any further delay and suitable action be taken against the persons responsible for not supplying the same within the promised period and Committee be informed accordingly.

Paragraph 5.2. Stores accounts of Public Works divisions

14. There were *minus* balances in the divisional stock registers of the following departments at the end of March 1978

as under :—

Sr. No.	Department	Number of divisions	Minus balance at the end of March 1978
(in lakhs of rupees)			

1.	Public Health	5	46.93
----	---------------	---	-------

* * * * *

The *minus* balances were mainly due to non-adjustment of (i) cost of materials on receipt of advice memos for such adjustment from the Accountant General or (ii) value of stores with sub-divisions on their transfer from one division to another or (iii) profit on stock. The delay in adjustment of transactions and non-clearance of *minus* balances are fraught with serious risks and inaccuracies in accounts and urgent action for their clearance is indicated.

The department in their written reply informed the Committee as under :—

“(1) In the audit report Minus Balances in respect of the following 5 divisions have been shown and the present position in respect of each Divisions is given as under :—

Sr. No.	Name of Division	Amount	Remarks
		Rs.	
1.	Public Health Division No. 1, Hissar	(—)19,27,474	After clearance of A.G. Memos the balance on 31-3-80 became plus Rs. 1,35,737.25.
2.	Public Health Division Karnal	(—)2,95,088	After clearance of A.G. Memos the balance in 3/79 became plus Rs. 2,45,443.
3.	Public Health Divn., Charkhi Dadri	(—)1,16,045	After clearance of A.G. memos the balance became plus amount of Rs. 61,31,121.
4.	Public Health Divn., Rewari	(—)20,60,964	After clearance of A.G. Memos the balance in 2/80 became plus amount of Rs. 4,44,902.
5.	Public Health Divn., Sirsa	(—)2,93,233	After clearance of A.G. Memos the balance on 31-7-80 became plus Rs. 3,01,397.

As regards steps taken to adjust the Minus balances the position regarding adjustment of A.G. Memos is reviewed in meetings of the Superintending Engineers. Vide this office Memo No. 779-87 dated 12-2-82 all the Superintending Engineers/Executive Engineers have been directed to clear the pending A.G. Memos and initiate disciplinary action against the officials who-so-ever shows laxity in this behalf.

A Committee of Officers has been constituted by the Engineer-in-Chief to look into the causes of the outstanding A.G. Memos with an endeavour to clear the outstanding A.G. Memos timely, in future."

During the course of oral evidence, the departmental representative was asked by the Committee that the results of verification as at the end of June 1982, may be reported to the Committee within a fortnight. The representative assured the Committee that the required information would be supplied within the stipulated period but the committee regret to observe that the promised information had not been supplied by the department till the writing of this report.

The Committee recommend that the requisite information be supplied to the Committee without any further delay and the persons held responsible for not supplying the said information to the Committee be suitably punished and the Committee be informed about the action taken in this regard.

HOUSING

Paragraph 3.4. Middle Income Group Housing Scheme

15. Under the Middle Income Group Housing Scheme, loans are advanced to individuals whose annual income exceeds Rs. 7,200 but does not exceed Rs. 18,000 (the limits upto April 1968 were Rs. 6,000 and Rs. 15,000 respectively) and to co-operative societies of such individuals for construction of houses for bonafide residential purposes. The maximum amount of loan admissible per individual is Rs. 27,500 or 80 per cent of the cost of house including cost of land, whichever is less. The loan amount is credited to a joint account opened in the names of the borrower and the sanctioning authority in the State Bank of India and is released in two/three instalments. The principal together with interest is repayable in 25 equated annual instalments. The loanees are charged interest at the rate of 1 per cent above the rate charged by the Life Insurance Corporation of India for the loans advanced to the State Government for the housing schemes, when instalment is paid on due date but higher rate of interest is to be charged on instalments in arrears.

The detailed accounts of these loans are maintained by the departmental officers. According to the information furnished by the Deputy Commissioners, Rs. 1,28.97 lakhs were advanced under the scheme between 1959-60 and 1976-77 and out of Rs. 96.66 lakhs (principal : Rs. 39.41 lakhs : interest : Rs. 57.25 lakhs) due for recovery upto the 30th September 1977, a sum of Rs. 11.90 lakhs (principal : Rs. 4.29 lakhs : interest : Rs. 7.61 lakhs), representing 12.3 per cent of the amount due for recovery, was in arrears on that date.

District-wise details are given below :—

Name of the district	Amount advanced upto 31st March 1977	Amount due for recovery upto September 1977			Recoveries in arrears at the end of September 1977			Percent age of arrears to amount due for recovery
		Principal	Interest	Total	Principal	Interest	Total	
(in lakhs of rupees)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Ambala	26.62	10.19	16.17	26.36	0.43	1.97	2.40	9.1
Karnal	14.14	4.71	6.16	10.87	1.40	1.10	2.50	23
Sonepat	7.11	2.13	3.34	5.47	0.33	0.78	1.11	20.29
Gurgaon	10.68	1.00	1.23	2.23	0.21	0.47	0.68	30.5
Narnaul	5.99	1.33	1.58	2.91	0.08	0.03	0.11	3.78
Hissar	28.42	8.88	13.33	22.21	0.33	0.81	1.14	5.13

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sirsa	5 25	0 71	1.01	1.72	0.49	0.62	1.11	64.53
Jind	7.27	1.48	2.20	3.68	0.15	0.10	0.25	6.8
Rohtak	10.30	5.06	6 43	11 49	0.40	0.36	0.76	6.61
Bhiwani	6.86	2.01	3.05	5.06	0.32	0.56	0.88	17.39
Kurukshetra	6.33	1.91	2.75	4 66	0 15	0.81	0.96	20.6
Total	1,28.97	39.41	57 25	96 66	4.29	7.61	11.90	12.31

The year-wise analysis of the arrears is as under :—

How long in arrears

	<i>Arrears</i>		
	<i>Principal</i> (in lakhs of rupees)	<i>Interest</i>	<i>Total</i>
(i) 'Upto one year	0.52	1.12	1.64
(ii) For more than one year but less than 5 years	3.03	5.17	8.20
(iii) For more than 5 years	0.74	1.32	2.06

The arrears include amounts due from 49 loanees (loan advanced : Rs. 4.63 lakhs)—15 in Hissar (Rs. 1.63 lakhs), 12 in Bhiwani (Rs. 1.05 lakhs), 13 in Kurukshetra (Rs. 0.75 lakh), 5 in Jind (Rs. 0.55 lakh), 3 in Sirsa (Rs. 0.50 lakh), and 1 in Karnal (Rs. 0.15 lakh*)—where not even a single instalment had been repaid. The amounts in these cases had been advanced during 1960-61 to 1976-77.

Inspection by the Departmental Officers disclosed that in 20 cases, involving an amount of Rs. 1.67 lakhs, the loans had not been utilised for the purpose they were intended. Details thereof are given below :—

<i>District</i>	<i>Houses not constructed/ completed</i>		<i>Loans not utilised at all</i>		<i>Loans utilised for purposes other than construction of residential buildings</i>	
	<i>Number of cases</i>	<i>Amount</i>	<i>Number of cases</i>	<i>Amount</i>	<i>Number of cases</i>	<i>Amount</i>
				(amount in lakhs of rupees)		
Ambala	5	0 67	—	—	—	—
Bhiwani	—	—	1	0.03	—	—

* The amount is reported by the joint-account with the State Bank of India Karnal since 1970-71.

1	2	3	4	5	6	7
Karnal	—	—	2	0.23***	4**	0.46**
Kurukshetra	—	—	6	0.12	—	—
Hissar	1	0.16	—	—	—	—
Total	6	0.83	9	0.38	4	0.46

**These cases are reportedly under police investigation, Rs. 0.22 lakh were advanced in 1960 and Rs. 0.24 lakh in 1961. The entire amount of principal (Rs. 0.46 lakh) together with interest (Rs. 0.42 lakh upto 31st August 1978) was awaiting recovery.

***With State Bank of India, Karnal (in the joint account of the sanctioning authority and the loanee concerned) since 1970-71 (0.15 lakh) and 1976-77 (Rs. 0.08 lakh).

It was also noticed that—

(a) Interest on instalments in arrears at higher rates as contemplated in the scheme was not being charged; and

(b) the loanees in 254 cases involving an amount of Rs. 28.01 lakhs had not got their houses insured against damage or loss by fire even though they were required to insure their houses as long as the loan had not been repaid in full.

The matter was referred to the Government in June 1978; reply is awaited (January 1979).

In reply to a question of the Committee, the department, in their written reply, submitted the position as under :—

“An Amount of Rs. 6.30 lakhs is in arrears for the recovery of which efforts are being made by the concerned Deputy Commissioners. The districtwise position is given in Annexure ‘A’ (See page 43).

“The D.C’s have reported that the notices of recovery have been issued to the defaulters and Naib-Tehsildars are contacting them personally for depositing the instalments. In the cases where the outstanding amounts are of more than three years, the amounts have been ordered to be recovered in lump-sum, as reported by the D.Cs.”

The departmental representatives, who were orally examined by the Committee on 2nd November, 1982, when asked whether any further progress had been made in regard to the recovery of the outstanding amount, stated that according to the latest figures an amount of Rs. 6.56 lakhs had been recovered and that an amount of Rs. 5.34 lakhs remained outstanding. The district-

wise details of the amount due (Rs. 5.34 lakhs) were given as under :—

<i>District</i>	<i>Rupees in lakhs</i>
1. Ambala	1.12
2. Karnal	1.27
3. Sonapat	0.40
4. Gurgaon	0.24
5. Narnaul	0.02
6. Hissar	0.50
7. Sirsa	0.68
8. Jind	0.12
9. Rohtak	0.17
10. Bhiwani	0.31
11. Kurukshetra	0.51
Total	<hr/> 5.34 <hr/>

It was explained further that the main difficulty in effecting the recovery was that the loanees belonged to extremely weaker sections of the society who were not in a position to re-pay the instalments of loan in time unless they got some return from the house. As a consequence, it was added, the amount of recoveries got accumulated.

The Committee recommend that the pace of recovery be accelerated and persuasive methods be adopted to effect the recovery of balance amount as early as possible.

In reply to another question of the Committee as to (i) what action had been taken with respect to 49 loanees (Rs. 4.63 lakhs) in whose case not even a single instalment had been repaid, and (ii) what action was taken in respect of 20 cases (Rs. 1.67 lakhs) where the loans had not been utilized for the purpose for which they were intended, the department submitted in their written reply the position as contained in Annexures 'B' and 'C' respectively (See pages 44 and 45).

During evidence the attention of the departmental representative was invited to the position stated in Annexure 'C' in regard to the Ambala district wherein it had been stated that proceedings had been launched in five cases of the loanees for effecting the recovery in lump-sum, and it was pointed out that the position in regard to Ambala district was fairly bad because instalments of loan had been released without the procedure prescribed for the disbursement of loan having been strictly adhered to. The departmental representative admitted that the loans were required to be disbursed in instalments and when in a case it was noticed that the first instalment had not been utilized

for the purpose for which it was sanctioned the subsequent instalments could not have been released. It was admitted further that in releasing the subsequent instalment without ensuring proper utilization of the earlier instalments the concerned officers had committed definite default.

The Committee are of the view that release of instalments without ensuring proper utilization of the earlier instalments was a grave violation of the procedure which could not have taken place unless the officers responsible for releasing the instalments had their own ends to serve in such transactions. The Committee, therefore, recommend that all such cases be looked into and stern action be taken against the persons held responsible for such lapses. The Committee also desire that a detailed report giving the names and addresses of the persons who misutilized the loans be intimated to the Committee together with the action taken against the officers within a period of three months.

When asked by the Committee, as to what steps had been taken to ensure that 254 loanees (Rs. 28.01 lakhs) got their houses insured against damage or loss by fire, as required under the scheme, the department, in their written reply, submitted that the D.Cs had reported that the loanees who did not get their houses insured, had been asked to get the needful done and that in some cases it had already been got done.

The departmental representative further stated during evidence that in 20 cases the needful had been done and that action was being taken in respect of the remaining cases.

The Committee observe that without insurance the property is exposed to grave risks which can be detrimental to the Govt. interest. The Committee, therefore, recommend that action in all the cases be completed within a period of two months and the Committee be informed accordingly.

During evidence the departmental representative did not deny the observations of the Committee that there had been certain instances where houses meant for economically weaker sections had actually been allotted to unauthorised persons on the basis of false affidavits about their income etc.

The Committee observe that all such cases need to be looked into promptly and if any such cases are noticed allotment of such houses to unauthorised persons be cancelled. Any slackness in this direction, the Committee emphasise, would result in negation of the scheme which otherwise has a most laudable objective of providing houses to weaker sections of society.

In reply to a written question of the Committee as to why interest on instalments in arrears not charged at higher rates as was being done now, the department in their written reply, submitted that the reasons for not charging interest at higher rates in the past were being investigated.

The Committee disapprove the tendency on the part of the departments in not giving due importance to the questionnaires of the Committee and not supplying complete information to the Committee and observe that the reasons for not charging interest at higher rates should have been investigated before submission of the reply to the Committee and that a definite reply thereto should have been furnished. The Committee desire that this be done now and full details of the action, if any, taken against the persons held responsible for not charging interest at higher rates be furnished to the Committee.

[illegible]

Annexure 'B'

1. Hissar

Out of 15, in 11 cases, lump sum recovery orders have been issued by the Tehsildar concerned and in 4 cases some of the recovery amounts have been deposited by the loanees.

2. Bhiwani

Out of 12, in 10 cases instalments are being deposited by the loanees and in 2 cases orders for recovery as arrears of land revenue have been issued.

3. Kurukshetra

Out of 13 at present there are 8 loanees to whom the loan was advanced in the year 1968, 1970, 1971, 1974, 1975 and 1976 who have not deposited even single instalments. Notices have been issued to these loanees to deposit the due amount and Tehsildars have also been asked to do the needful in the matter.

4. Jind

The arrear from all the 5 loanees of this district have already been recovered. Remaining loan amount is being recovered in regular instalments from these loanees.

5. Sirsa

In the District Sirsa loan under the High scheme was advanced to 3 loanees amounting to Rs. 50,000/- viz Rs. 15,000, Rs. 15,000/- and Rs. 20,000/- and these loanees deposited the total amount of Rs. 560.40 Paise, Rs. nil and Rs. 1160/- respectively (Total recovery of Rs. 1720.40), leaving the balance of Rs. 48279.60. In one case order for the recovery of the entire amount of loan of Rs. 15,000 in lump sum as arrears of land revenue, has been passed. The recovery of balance amount Rs. 33279.60 is being made regularly as per govt. instructions.

6. Karnal

The amount of Rs. 15,000 is still lying in the Joint account in S.B.I. Karnal. The bank authority is being requested to credit the amount into the Government Account.

Annexure 'C'**1. Ambala(5 cases)**

The proceedings have been launched against such loanees for effecting the recovery in lump sum.

2. Bhiwani (1 case)

Recovery has been made.

3. Karnal(2 plus 4, 6 cases).

The amount of Rs. 23,000 in 2 cases is still lying in the Joint Account in S.B.I. Karnal. The Bank authorities are being requested to credit the amount in to the Government Accounts.

For remaining amount of Rs. 46,000 in 4 cases, the cases are under police investigation. The police authorities are being requested to intimate the latest position of these cases.

4. Kurukshetra (6 cases)

The D.C. has reported that no such case has been reported to his office in which the amount of loan was utilised for other purposes.

5. Hissar (1 cases)

The amount of Rs. 0.16 in one case has been utilised and the house is complete.

Paragraph 8.2. Outstanding inspection reports

16. Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and the Government. The Government has prescribed that the first replies to inspection reports should be sent within six weeks.

At the end of November 1978, the following inspection reports/Paragraphs issued upto March 1978 relating to the Housing Deptt. still continued unsettled paragraphs.

Inspection reports

135

Paragraphs

454

In reply to the questionnaire of the committee the department in their written statement submitted the position as under :—

“There are 40 pending reports in Hissar, 9 in Bhiwani and 6 in Karnal. Efforts are being made by the concerned Deputy Commissioners to dispose of the same as early as possible. The outstanding inspection reports remained outstanding due to shortage of staff with the concerned Deputy Commissioners.

The Naib Tehsildars have been asked to dispose of these reports through the concerned Deputy Commissioners at the earliest.”

During evidence the Committee was assured that concrete steps would be taken to clear the outstanding reports and that all out efforts would be made to clear such reports within a period of two months.

The Committee desire that the outstanding reports be cleared within a period of two months and a report furnished to the Committee after the stipulated period of two months.

TRANSPORT

Paragraph 6 22. Alleged misappropriation of uniform cloth

17. According to the Punjab Government Transport Services Uniform Rules, 1951, as adopted by the Department, operational and workshop staff of the Haryana Roadways are entitled to free summer/winter uniforms at the prescribed scales. Daily issues of uniform are initially accounted for in the Day Book and the day's total is taken as 'issued' in the main stock register. Entitlement of an individual employee is watched through the individual register

A test-check of the records of the office of the Haryana Roadways, Chandigarh, for the period 1974-75 to 1976-77 conducted by Audit during December 1977 showed that :

- (a) cloth worth Rs. 0.65 lakh shown as issued to certain individuals was not supported by acknowledgements :
- (b) stock worth Rs. 0.59 lakh was misappropriated by incorrect balancing of the main stock register : and
- (c) material worth Rs. 0.09 lakh was excess accounted for in the main stock register when compared with the total of the Day Book.

Of the total misappropriation of cloth worth Rs. 1.33 lakhs pointed out as above, Rs. 0.11 lakh were deposited (December 1977) by one of the concerned officials.

The department accepted (July 1978) the misappropriation of cloth and stated that fraudulent/fictitious entries were mostly made by a ticket verifier employed on daily wages posted in *Nazir* branch and that the matter had been referred (March 1978) to the vigilance department for thorough investigations

The matter was brought to the notice of Government in March 1978 reply is awaited (January 1979).

The department in their written reply to the questionnaire issued by the Committee explained the position as under :—

“This case was referred to the Vigilance Department vide memo No. 26(38)/77/Acc/12605 dated 31-3-78 for thorough investigation. The Vigilance Department after investigation has lodged F.I.R. vide No. 63/80 dated 11-2-1980 in the Police Station East, Chandigarh U.T. and the case has been forwarded by the Vigilance Department to the Anti-cheating Department U.T. Chandigarh for further action in the matter.”

During oral evidence the departmental representative admitted that although rules/regulations/procedure, for the issue of uniforms to the Roadways staff already existed yet those were not followed. He further stated that explanation of the concerned officers/officials had been called and action against the concerned officers was being taken.

The departmental representative further informed the Committee that an amount of Rs. 11,000 could not be recovered as the concerned official was reported to be untraceable. It was added that an F.I.R. against him had been lodged with the Chandigarh police.

The Committee are distressed to observe that due to the lack of effective control misappropriation of uniform cloth and other stocks to the tune of Rs. 1.33 lakhs could not be detected by the department. When the matter was brought to the notice of the Government as early as in March, 1978, the department failed to take any concrete and effective steps in the matter. The Committee desire that the matter be pursued vigorously with vigilance department/police and quarterly report about the progress made in the case be intimated to them.

The Committee recommend that action against the officers/officials concerned be expedited and intimated to them within a period of six months.

The Committee further recommend that the recovery of the balance amount be effected expeditiously and the Committee be informed about the progress of recovery within six months.

Paragraph 8.1. Outstanding audit observations.

18. Audit observations on financial transactions are reported to the departmental authorities concerned so that appropriate action can be taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1978 and outstanding at the end of November 1978 as compared with the position indicated in two preceding Reports.

<i>Department</i>	<i>Number</i>	<i>Amount involved</i> <i>(in lakhs of Rupees)</i>
Transport	5826	1476.37 lakhs

In reply to the questions issued by the Committee the department in their written reply stated as under :—

“The present position of O.B. items has been given in the enclosed statement. (See page 50). Out of the total amount of Rs. 14,76.37 lakhs held under objection by the office of Accountant General, Haryana, a sum of Rs. 859.59 lakhs has been settled leaving a balance amount of Rs. 616.78 lakhs. Efforts are being made to clear the outstanding amount.

A.P.R.'s are received from the suppliers after a great deal of correspondence with them. All the units of Haryana Roadways have been directed to obtain and furnish the A.P.R.'s to the office of Accountant General, Haryana immediately.

All the General Managers of Haryana Roadways/Secretary, Regional Transport Authorities have been asked to watch/review the progress regularly."

The departmental representative assured the Committee during oral evidence on 29-11-1982, that they were pursuing the cases with the Accountant General's Office and efforts would be made to reconcile the outstanding items within a period of three months.

The departmental representative further assured the Committee that in those cases where receipts were not available, the disbursement certificates would be obtained and submitted to the Accountant General and the progress made in this behalf would be intimated to the Committee within a period of three months.

The Committee notice with deep concern that a huge amount to the tune of more than six crores is still outstanding for reconciliation with the Accountant General's Office. The Committee recommend that reconciliation be done on top priority basis and progress made therein be intimated to them within three months as assured during oral evidence on 29-11-1982.

Statement indicating the present position of O.B. items as on 31-8-1982.

Year	O.B. items as per A.G.'s record as on 30-11-78	Settlement as per A.G.'s record	Balance as per A.G.'s record as on 31-8-82	O.B. items lost in A.G.'s office	Balance as on 31-8-1982.
1956-57	1,708.00	1,709 00	—	—	—
1961-62	264.00	264 00	—	—	—
1962-63	138.00	138.00	—	—	—
1963-64	49.00	49 00	—	—	—
1965-66	1,268.00	—	1,268.00	—	1,268 00
1966-67	29,457.00	22,122 00	7,335.00	—	7,335.00
1967-68	60,506.00	13,197 00	47,309.00	—	47,309.00
1968-69	2,820.00	436.00	2,384 00	—	2,384 00
1969-70	13,957.00	2,833 00	11,124 00	—	11,124 00
1970-71	95,363.00	22,055.00	73,308 00	1,463.00	71,845 00
1971-72	1,02,225.00	(+) 1,41,625.00	2,43,850.00	25.00	2,43,825.00
1972-73	16,09,846.00	3,26,622.00	12,83,224.00	26,206.00	12,57,018.00
1973-74	22,98,605.00	(+) 94,065 00	23,92,670.00	2,13,450.00	21,79,220.00
1974-75	1,16,28,802.00	(+) 5,27,645 00	1,22,56,447.00	50,74,630.00	71,81,817.00
1975-76	2,71,86,269.00	1,16,01,390 00	1,55,84,879.00	49,02,400 00	1,06,82,479.00
1976-77	3,26,84,701.00	21,85,051.00	3,04,99,650.00	1,10,23,538.00	1,94,76,112 00
1977-78	7,19,21,329.00	4,43,76,903.00	2,75,44,426.00	70,27,774.00	2,05,16,652 00
Total :	14,76,37,307.00	5,76,89,433.00	8,99,47,874.00	2,82,69,486.00	6,16,78,388.00

ANIMAL HUSBANDRY

Paragraph 3 8. Information-cum-Mobile Veterinary Clinics

19. With a view to making veterinary aid available to farmers at their doors and educating them in the latest developments in the field of animal husbandry, 20 information-cum-mobile veterinary clinics were to be set up in the State during the 5th Five Year Plan period. Upto 1977-78, four clinics had been set up at Hissar (April 1976), Narnaul (May 1976), Sonapat (February 1977) and Sirsa (January 1978).

Rupees 4.84 lakhs had been spent on these clinics during 1974-75 to 1977-78 as under :—

<i>Year</i>	<i>Expenditure (in lakhs of rupees)</i>
1974-75	1.47
1975-76	0.73
1976-77	1.25
1977-78	1.39

Important points noticed during audit (January-April 1978) of the clinics are given below :—

(a) Three Matador Delivery Vans were purchased on 25th March 1975 at a cost of Rs. 1.47 lakhs. The department was to arrange the fabrication of fittings and fixtures in the vans. Mobile clinics, however, could start functioning only after 11 to 13 months of the receipts of the vans as per details given below :—

<i>Date on which vans were acquired</i>	<i>Date on which delivered for fabrication</i>	<i>Date on which received back after fabrication</i>	<i>Date on which clinic unit started functioning</i>	<i>Period after which clinic unit started functioning</i>
(1)	(2)	(3)	(4)	(5)
25th March 1975	9th August 1975	21st December 1975	16th February 1976	11 months
25th March 1975	14 August 1975	12th February 1976	1st April 1976	12 months
25th March 1975	29th January 1976	18th February 1976	15th May 1976	13 months

The department stated (August 1978) that entrustment of work of fabrication took longer as it was a new type of work.

However, while the work relating to the first two vans was entrusted for fabrication in August 1975 that relating to the third van was entrusted in January 1976.

In reply to the questionnaire from the Committee, the department in their written reply, explained the position as under —

"All the three Matador Delivery Vans were earmarked for Hissar, Sonapat and Mohindergarh Distt. and were initially stationed at Hissar for arranging fabrication of fittings and fixtures to meet the requirements of Mobile Vety. Clinics. Since the Matador Delivery Vans were purchased on March 25, 1975, no funds were available for their fabrications during 1975-76. Consequently, a committee was constituted to arrange for the fabrication of these vehicles and the State Govt. also moved for obtaining their financial sanction for Rs. 30,000 which was accorded vide Haryana Govt. Animal Husbandry Department memo No. 5411-AH-IV-75/15029 dated 5-9-75. The Committee held a number of meetings and contacted various firms engaged in body-building works of vehicles. As the committee constituted earlier could not finalise the things, a new committee consisting of following members was constituted under the Chairmanship of Project Director, Indo-Australian Cattle Breeding Project, Hissar which ultimately succeeded in arranging the fabrications of the three vehicles from different firms, after watching the performance of each vehicle :—

1. Dr. Manohar Singh, Project Director, Hissar. I.A.C.B.P. Chairman
2. Sh. P. C. Beri, Mech. Engineer, Govt. Livestock Farm, Hissar. Expert
3. Dr. Rattan Singh, Sector Supdt. I, Hissar. Expert
4. Dr. Mohinder Singh, Lamba, D.A.M.O. Hissar. Secretary

Since it was a new type of work for the Department, the delay in the commissioning of the three Mobile Vety. Clinics was attributed primarily to designing inconsistent with the requirement of the clinics coupled with the lengthy procedure involved in getting such works executed by the private parties after calling quotations, designing, type of the material to be used by them and the rates etc. In short, the delay in fabrication was attributed to the factors outlined above and the Department was helplessly waiting for their completion. As such the work of fabrications was not started late but it was taken up at the proper time after the purchase of these matadors. Hence it is procedural delay and none is responsible for it.

M/s Jind Body Builders, Jind and M/s D. I. Auto Mobile Pvt. Ltd. Mathura Road, Faridabad were the fabricators. The orders for fabrications stipulated three weeks' period of time by which the work was required to be completed and vans

were to be delivered back. According to the order, the vans were to be inspected by the committee only after the completion of fabrication work. The committee inspected the vans from time to time & pointed out certain defects to the fabricators, which were rectified by and by ultimately resulting in the delayed completion of fabrication work.

During the course of oral evidence on 22-11-1982, the departmental representative admitted that non inclusion of the penalty clause in the agreement, which was to serve as a deterrent to the fabricators to complete the fabrication of the mobile vans within the stipulated period of three weeks, was an omission on the part of the department.

The Committee feel that the department had no clear cut idea about the design of fabrication, fittings and fixtures to be got done when the vehicles were purchased on 25-3-1975. The main reason for the delay in the fabrication of the vans was the lack of proper planning and foresight on the part of the department. Had the department settled and finalised the design of fittings and fixtures of the vans before purchasing the vehicles and had the penalty clause been duly incorporated in the agreement the inordinate delay in the commissioning of the vans into operation and functioning of clinics would not have occurred.

The Committee, therefore, observe that in future such type of schemes should be prepared and undertaken after careful thought, proper planning and due foresight so that public funds do not remain blocked unnecessarily and benefits of such schemes start flowing to people without any avoidable delay.

IRRIGATION

Paragraph 5.3. Physical Verification of stores

20. The stores are required to be physically verified periodically by responsible officers independent of the stok holders. The results of physical verification of stores during 1977-78 were not received by Audit (November 1978) from 141 out of 163 Public Works Divisions as shown below :—

1. Irrigation—

(a) Bhakra Canals	7
(b) Other than Bhakra Canals	87
* * * * *	

In reply to a questionnaire issued by the Committee, the department explained as under :—

"The physical verification in a few Divisions could not be conducted on the prescribed date i.e. once in two years due to frequent transfers of the S.D.Os. The physical verification of stores of all the Divisions of the department has since been conducted and A.G. Haryana has been informed separately.

One case of shortage of bricks for Rs. 7169.20 was noticed in Bhiwani Irrigation Division. The amount has been placed in the name of Sh. S.N. Sharma, J.E. under P.W. Misc. Advance. Further probe in the matter is being conducted and if Sh. S.N. Sharma J.E. is considered to be responsible, necessary disciplinary action and other action to effect the recovery of the amount will be taken.

Instructions to conduct physical verification once in two years stand already issued. However, in view of the fault now brought by the audit to the notice of department, fresh instructions are being issued to all field offices."

During oral evidence the Committee pointed out that although the shortages were noticed during the year 1977-78 yet even after the lapse of a period of five years the department had, in their written memorandum, stated that probe was being made in the matter. The departmental representative, however, promised to finalize the action in the matter within a period of three months and inform the Committee accordingly.

The department, vide their letter No. 37/13/82-2 IW, dated the 7th March, 1983, informed the Committee as under :—

"The official Sh. S.N. Sharma J.E. has confessed the shortage of bricks and as a result thereof the Superintending Engineer has issued recovery orders for Rs. 7169.20 paisa. Rs. 214.20 paisa being 1/3 rd of his salary are being deducted every month."

The Committee desire that the progress of recovery made from the said J.E. be intimated to them.

Paragraph 5.5. Shortages

21. In the following cases shortages came to notice during the physical verification at the time of change of incumbancy of Sectional Officers/Store-Keepers, etc.

Name of Divn./ Office	Nature of articles	Amount of shortages (in lakhs of Rs.)	When noticed.	Remarks
Const. Divn. No. III, Binjhol	Building material like Cement bags, tiles, Acc sheets and cement concrete blocks.	0 36	Sept. 1975	Shortages noticed by the Departmental authorities in September 1975 at the time of change of incumbancy of a Sectional officer were ordered (April 1978) by the Superintending Engineer to be recovered from the Sectional Officer. Further developments are awaited (January 1979).

The department in their written reply to questionnaire of the Committee explained as under :—

“Sh. Gurmeet Singh, Junior Engineer was finally held responsible for the shortages of stores amounting to Rs. - 35817.60 paisa. Necessary recovery orders were issued by the Superintending Engineer, Construction Circle No. 1, Delhi vide letter No. 5950/PF dated 28/4/78 @ 1/3rd of pay. Since then Rs. 11955/- have been recovered so far leaving balance of Rs. 23862.60 paisa, which is being recovered from his pay every month.”

No physical verification of stores was conducted before the change of incumbancy of the Junior Engineer and as such the shortages of stores could not be detected. However when the shortages came to notice, the departmental enquiries were started to make good of the loss involved. The physical verification of stores is to be conducted once in 2 years as per codal Rules.”

During oral evidence on 4.10.1982, the departmental representative promised to furnish to the Committee all papers relating to the fixation of responsibility for the shortage of stores on Shri Gurmit Singh J.E. and the details of the recovery orders issued by the S.E. within a period of fifteen days, but the same were not furnished till the writing of this Report.

The Committee are distressed to observe that the department has taken the promise made by its representative very lightly. The Committee take a very serious note of it and desire that suitable action be taken against the official responsible for this lapse.

The Committee further desire that the promised information be sent forthwith and the progress of recovery intimated to them regularly.

Paragraph 7.7. Command Area Development Authorities

The Government of India sponsored in January 1975 a scheme for integrated development of command areas of selected irrigation projects during the Fifth Plan period. The State Governments were to set up a Command Area Development Authority (CADA) in each of the selected projects for the implementation of the scheme. The Central Government was to meet the entire expenditure on the subsidy to be paid to small and marginal farmers for carrying out improvements on their land (on-farm development works) and 50 percent of the expenditure on the establishment of the CADA, soil surveys, farm planning, equity capital support to Land Development Corporations, etc. Finance for the remaining cost of on-farm developmental works was expected to be raised by the beneficiaries from banks/financial institutions. The expenditure on providing infra-structural support like water delivery system, marketing communication, etc. was to be borne entirely by the State Government.

A CADA each was set up at Bhiwani, Gurgaon, and Rohtak for the Bhiwani Lift Irrigation, Gurgaon Canal and Rewari Lift Irrigation respectively and were registered in March 1976 under the Societies Registration Act, 1860. A fourth CADA set up at Narnaul for the Jawahar Lal Nehru Canal was similarly registered in June 1976. The allocation/amounts spent by the State Government vis-a-vis the assistance released by the Government of India during the years 1974-75 to 1977-78 were as under :—

Year	Allocation	Expenditure	Central assistance	
	Payments to CADAs	Other	Total	Grants Loans
		(in lakhs of rupees)		
1974-75	22.00	12.90	49.49	6.45 —
1975-76	12.90	12.90	12.90	33.18 —
1976-77	180.20	23.00	0.22	23.22 6.50 12.50
1977-78	70.00	59.32	0.76	60.08 —
Total	183.10	108.12	2.47	110.59 46.13 12.50

The affairs of each CADA are managed by a Chief Project Officer working under the direction of a governing body headed by the Deputy Commissioner of the district concerned. The accounts of these societies are audited by Chartered Accountants who had completed audit upto 1976-77. The receipts and expenditure of the three CADAs for the years 1974-75 to 1976-77**

*Represents expenditure on State level Co-ordinating Cell.

**The figures are upto 1976-77. Audited accounts of CADAs Bhiwani and Gurgaon for the year 1977-78 and of CADA Mohindergarh and Narnaul for 1976-77 and 1977-78 are awaited.

as per audited accounts, are summarised below:

Command Area Development Authority

Particulars	Bhiwani	Rohtak	Gurgaon
(1)	(2)	(3)	(4)
<i>(in lakhs of rupees)</i>			
Receipts			
Opening balance	Nil	Nil	Nil
Grants from the State Government	17.95	11.50	16.83
Interest	0.17	—	0.45
Payable	0.65	—	0.01
Miscellaneous receipts	—	—	0.01
Total	18.77	11.50	17.32
Expenditure			
Establishment			
(i) revenue expenditure	1.07	0.89	1.62
(ii) capital expenditure on vehicles, furniture, equipment, etc.	0.65	2.24	0.86
Soil Survey			
(i) revenue expenditure	1.13	—	—
(ii) capital expenditure on furniture, equipment, etc.	0.57	0.13	1.20
Farm planning	0.18	—	—
Equity capital support to Haryana Land Reclamation and Development Corporation	5.00	4.00	10.00
Subsidy for on-farm development works	0.07	2.02	—
Infra-structural support			
(i) development works	4.09	—	—
(ii) debenture support to Land Development Bank	—	1.00	2.00
Advances	2.17	—	—
Closing balance	3.84	1.22	1.64
Total	18.77	11.50	17.32

*Expenditure on soil survey was not separately shown.

**Upto September 1977, the Rohtak Agency kept its funds in a current account.

A test-check by Audit (February-June 1978) of the accounts and records of CADAs Bhiwani, Rohtak and Gurgaon disclosed the following :—

(B) On-farm development works

Improved water utilisation in cultivators' fields was one of the main objects of the scheme and payment of subsidy to small and marginal farmers at the rate of 25 and 33½ per cent respectively towards the cost of on-farm works comprising land levelling/shaping, construction of field channels, exploitation of ground water resources, etc., was envisaged. The amounts spent on payment of subsidy, the work done vis-a-vis the magnitude of work involved and the targets fixed by the governing bodies of the respective CADAs for completion upto March 1978 were as under :—

Particulars	CADA		
	Bhowani	Rohtak	Gurgaon
<i>(c) Exploitation of ground water resources</i>			
(i) Total number of shallow tubewells/pumping sets to be installed	100	200	2,000
(ii) Targeted number of shallow tubewells/pumping sets to be installed upto March 1978	50	200	—
(iii) Number of shallow tubewells/pumping sets reported for which subsidy was paid upto March 1978	1	100	—
(iv) Expenditure (in lakhs of rupees)	0.02	2.00	—

It was noticed that :—

(i) *****

(ii) between December 1976 and March 1977 CADA Rohtak released on a provisional basis subsidy amounting to Rs. 2 lakhs towards cost of installation of shallow tubewells to small/marginal farmers to the Land Development Bank, Jhajjar, to be credited to the accounts of 100 beneficiaries. The CADA had not conducted spot verification till the time of audit (June 1978) and it was not known as to how many tubewells had actually been installed. The Government stated (November 1978) that spot verification was being conducted and recovery, if any, found necessary after verification would be made.

(C) Development works

Development works mentioned below were taken up in Bhiwani Agency through the executing agencies mentioned against them and Rs. 4.09 lakhs

were spent during 1976-77 :—

Works	Executing agency	Expenditure (in lakhs of rupees)
(i) Project for irrigating <i>tibbas</i> with lift tanks near Lalawas minor	Executive Engineer, Jui Canal Division (Public Works Department), Bhiwani	2.25*
(ii) Construction of <i>katcha</i> water courses and culverts	Assistant Soil Conservation Officer, Bhiwani	1.00
(iii) Construction of <i>katcha</i> water courses	Executive Engineer, Lining Division (Minor Irrigation Tubewells Corporation), Bhiwani	0.57**
(iv) Lining of water courses	Executive Engineer, Lining Division (Minor Irrigation Tubewells Corporation), Bhiwani	0.27**
Total		4.09

It was noticed that :—

- (i) * * * * *
- (ii) * * * *

(iii) CADA, Bhiwani made payments amounting to Rs. 3 lakhs in February-March 1977 to Haryana State Minor Irrigation (Tubewells) Corporation Limited (Corporation) for (a) digging of *katcha* water courses/community field channels (Rs. 1.00 lakh) and (b) subsidising the cost of lining of water courses (Rs. 2 lakhs), even though such works were expected to be executed at the cost of beneficiaries and were not to be financed by CADA. In August 1977 the CADA asked the Corporation to stop further work and refund the unspent amount. The Corporation refunded an unspent balance of Rs. 0.48 lakh in May 1978.

* * * *

In reply to the questionnaire issued by the Committee, the department in their written reply explained the position in regard to item No. B(c) and C(iii) above, as under :—

“B(c) The spot verification to ascertain the actual installation of tubewells could not be done immediately because the staff for executing of OFD works was posted in February, 1978 hence no action could be proposed at that stage.

*Out of this, Rs. 0.63 lakh were shown in the accounts (1976-77) as payables.

**Against the advance of Rs. 3 lakhs, the balance amount (Rs. 2.16 lakhs) was shown as advanced outstanding against the Corporation in the accounts(1976-77),

After the posting of the staff for executing OFD works in February 1978 the physical verification was got conducted by the field staff and out of 100 numbers 4 numbers of farmers had misutilized the amount. The matter has been initiated with P.L.D.B. Jhajjar to refund the amount of subsidy amounting to Rs. 8390 00.

C (iii) The amount of Rs. 3.00 lacs was released in favour of HSMITC in two instalments. Rs. 1.00 lacs was given to MITC for digging of *katcha* w/cs to augment the irrigation but this amount not being a valid charge under CADA programme was subsequently reimbursed from DPAP funds. The second instalment of Rs. 2.00 lacs was advanced to HSMITC on 27.1.1977 for digging of *katcha* water courses and lining of the water courses. Out of this the MITC spent Rs. 1.52 lac on earth work and lining of water courses and Rs. 0.48 lacs refunded as unspent balance. The break up is like this—Rs. 1.20615 lacs on lining of water courses and Rs. 31711 on digging of *katcha* w/cs and Rs. 0.48 lacs recovered from the MITC as unspent balance. The Commissioner & Secretary Government of Haryana, Agriculture Department *vide* his memo. No. 1125-CADA(1)—77/161, dated the 18th March, 1977 observed that the above works carried out by the agency is not an approved item under CAD programme and directed to adjust this amount from DPAP programme where this is an approved programme (item). So, the DPAP Bhiwani has been asked to refund the amount of Rs. 31711 and regarding the balance amount of Rs. 120615 spent on lining of water courses, the agency is being advised to recover the amount from the beneficiaries if possible.

Simultaneously, the Government of Haryana took the decision that farmers having the holding upto 2.5 acres may be exempted from the lining cost and in case of others having the holding more than 2.5 acres 50% lining cost will be recovered. The subsidy from the two heads cannot be given to the beneficiaries on the same item, so, the MITC was asked to stop the further & refund the unspent balance and in compliance the MITC refunded Rs. 0.48 lacs in 1978 and Rs. 1 lakh was got reimbursed from DPAP and regarding the balance amount the matter is under correspondence."

B—(c) The Committee desire that progress of recovery of misutilised amount of subsidy amounting to Rs. 8390.00 be intimated.

C—(iii) The Committee desire that progress of refund/recovery of balance amount of Rs. 1.52 lakhs be intimated within six months.

CO-OPERATION

Paragraph 7.11. Financial assistance to co-operative societies

23. Investment by the Government in the share capital and debentures of co-operative societies at the close of 1975-76, 1976-77 and 1977-78 and the return thereon were as under :—

Year	Number of societies	Amount invested	Dividend/ interest received	percentage
(in crores of rupees)				
1975-76	2,054	20.35	0.58 (a)	2.8
1976-77	2,321	25.45	0.58 (b)	2.3
1977-78	2,402	26.62	0.63 (c)	2.4

According to the department, the loans and subsidies/grants paid by the Government to various co-operative societies other than industrial cooperative societies (for which information was not available) during 1975-76, 1976-77 and 1977-78 were as under :—

Year	Loans				Subsidies/ grants paid during the year*
	Balance at the end of the previous year	Disbursed during the year	Repaid dur- ing the year	Balance at the end of the year	
	(in lakhs of rupees)				
1975-76	88.36	0.75	9.04	80.07	14.07
1976-77	80.07	2.99	6.75	76.31	N.A.
1977-78	76.31	20.00	6.30	90.01	40.16

(a) From 42 societies.

(b) From 43 societies.

(c) From 27 societies.

*Departmental figures.

N.A. : Not available.

According to the information furnished by the department, the principal and interest overdue for recovery as on 31st March 1978 amounted to Rs. 22.41 lakhs and Rs. 11.56 lakhs respectively. The break-up of these amounts was not available.

In reply to the questionnaire issued by the Committee the department in their written reply stated as under :—

“The information regarding profits earned by each institution has been received in all the cases, only Dividend/Interest was due and

declared by 27 societies during the year 1977-78 and the amount so declared was deposited by all the 27 societies. No amount of dividend was declared by any other society, therefore the question of recovery does not arise.

The reasons for not declaring dividend by all the remaining societies/institutions are as under :—

The Share capital investment made by Government in Co-operative Societies is meant for the following objectives.

- (i) Strengthening the economic foundation/base of the societies.
- (ii) Inspiring Public confidence, the cooperative societies are primarily organised for service motives and not profit motives.
- (iii) Enhancing the borrowing power of the societies.

There is no statutory bindings on the societies/institutions to declare dividend every year. As per section 41 of the Punjab Cooperative Societies Act, 1961 which reads as under :—

No part of the funds of a Cooperative society shall be divided by way of bonus or dividend or otherwise among its members.

Provided that after at least one tenth of the net profits in any year have been carried to the reserve funds/ payment from the remainder of such profits and from any profits of past years available for distribution may be made among the members to such extent and under such conditions as may be prescribed by the Rules or Bye-laws.

According to the relevant bye-laws, concerning distribution of Profit, the allocation of Net profit has to be decided by the General body, on the recommendation of Managing Committee which shall decide upon the manner in which the profits are to be distributed. However, the instructions are issued by the Department to the field officers to get dividend declared from all the societies running in Profit.

The present position of recovery of Principal and interest is as under. Yearwise break up is also given in the enclosed Annexure 'A'. (see pages 68 to 71)

	As on 31-3-1978.		As on 31-3-1982.		No. of Socs.
	Principal	Interest	Princiapl	Interest	
1	2	3	4	5	6
1. Agri. Credit Societies.	364481-63	194847-79	122575-34	78300-84	182
2. Marketing Socs.	64059-89	51216-54	28504-50	27930-60	15
3. Farming Socs.	553649-80	111062-98	98778-10	79207-52	62

	1	2	3	4	5	6
4. Cold Storage.	66666-64	8506-75	13333-23	566-67	1	
5. Rickshaw Puller	35572-01	11637-93	17718-03	11637-93	1	
6. Consumer Stores.	1446344-50	716794-07	1378001-50	640221-58	11	
7. Milk Supply	—	991-63	—	—	—	
8. Harcofed.	10000-00	59800-00	—	44300-00	1	
9. Confed.	—	1240-00	—	—	—	
	2240774-47	1156097-69	1658910-80	882165-34	273	

The overdues of Principal and interest relate primarily to Central Consumer Stores. The stores are distributing consumer goods at a low margin of profit in order to hold the price line. The Govt. is therefore considering to convert this loan into Share capital and also to write off interest. The remaining amount is outstanding against Primary Service and Credit Societies, Farming Societies, Rickshaw Puller and Marketing Societies. Efforts are being made to effect the recoveries of overdue amounts. The field staff has been advised to take action under Section 67 of the Punjab Coop. Socs. Act, 1961 and to recover the outstanding amounts at the earliest as arrears of land revenue. Recovery could not be effected on due dates due to tight financial position of the societies.

Prior to 1-6-79 there was no provision of charging the penal interest. Therefore, the question of enforcement of penal interest prior to this does not arise."

During oral evidence on 14-12-82, the Committee desired the departmental representative to supply yearwise information on the following points relating to the period from 1978 to 1982.

- (a) Total amount advanced by Government to each Society;
- (b) Amount of principal due from the Societies;
- (c) Amount recovered /balance out of the principal amount from the Societies; and
- (d) Amount of interest outstanding against each Society.

The departmental representative promised to send the information within three months.

The department, vide their letter No. 790-CV-83/7047, dated the 28th February, 1983, furnished the information which is given in the enclosed Schedule (see pages 64 to 67).

Schedule showing position of loans for the year 1977-78 and 1981-82.

S.No.	Minor Head/Name-of Scheme	Total advance- ment upto 31-3-1978	Amount due as on- 31-3-1978
-------	---------------------------	--	--------------------------------

		Principal		Interest
1	2	3	4	5
Credit Cooperatives				
	(i) Agri. Credit Societies	4707425.00	3271815 75	1502343.00
	(ii) Agri Credit Stabilisation Fund	1501000 00	—	536887.50
2.	Housing Apex.	91326.00	91326.00	51295.18
3.	Labour Cooperatives	45000.00	45000.00	7364.71
4.	Farming Cooperatives	1645750.00	1530119.87	534527.66
5. Warehousing & Marketing Cooperatives				
	(i) Loan to State Coop. Supply & Marketing Federation	12722500 00	1207861 00	904884.87
	(ii) Loan to Cooperative Marketing Societies	1765162.50	1238449.08	564222.63
	(iii) Loan to Cooperative Cold Stores	450000.00	450000.00	95219.36
6. Dairy Cooperatives				
	Scheme for Purchase of Animals	1665000.00	1665000 00	137343.07
7. Consumer Cooperatives				
	(i) Loan to Cooperative Cons. Stores	2192750.00	1726998.00	895097.50
	(ii) Loan to Cooperative Cons. Stores Federation	15000.00	15000.00	3130.00
8.	Cooperative Sugar Mills	6082900.00	4082900.00	507405.51
9. Other Cooperatives				
	(i) Assistance to Rickshaw Puller	60000.00	60000.00	24908.00
	(ii) Loan to Cooperative Union Press	150000 00	80000.00	59800.00
Grand Total		33093813.50	26333969.70	5814428.29

Amount recovered upto 31-3-78		Amount due but not recovered (Arrear)		Balance of loan recovery of which has not fallen due upto 31-3-78	Balance of loan as on 31-3-78
Principal	Interest	Principal	Interest	Principal	Principal
6	7	8	9	10	11
2907334 12	1307495 22	364481 63	194847 79	1435609 25	1800090.88
—	536887 50	—	—	1501030 00	1501000 00
91326 00	51294 18	—	—	—	—
45000 00	7364.71	—	—	—	—
1276470 07	423464 68	253649 80	111062 98	115630.13	369279.93
1207861.00	904884 87	—	—	644239.00	644239.00
1174369.19	513006.09	64059.89	51216 54	526713 42	590773.31
183333 36	86712.61	66666.64	8506 75	—	66666.64
1665000 00	136751.74	—	991.63	—	—
279752 50	178303.43	1446344.50	716794 07	466652 00	1912996.50
15000.00	1890.00	—	1240 00	—	—
4082900.00	507405.51	—	—	2000000.00	2000000.00
24427.99	3270.00	35571.01	11637.93	—	35572.01
70000 00	—	10000 00	59800 00	70000.00	80000 00
24093195.23	4658330 61	2240779 47	1156097 69	5759843 80	9000618.27

Showing position of loan

S.No.	Minor/Head/Name of Scheme	Total advancement upto 31-3-82	Amount due as on 31-3-82	
			Principal	Interest
1	2	3	4	5
1. Credit Cooperatives				
	(i) Agri. Credit Societies	4707425.00	4315539.50	2018090.31
	(ii) Agri. Credit Stabilisation Fund	15799000.00	183399.00	1001265.81
2.	Housing Apex	491326.00	91326.00	51294.18
3.	Labour Cooperatives	595000.00	45000.00	20864.71
4.	Farming Cooperatives	1645750.00	1623837.61	551913.23
5. Warehousing & Marketing Cooperatives				
	(i) Loan to State Coop. Supply & Marketing Federation	17323250.00	12398508.00	1090294.25
	(ii) Loan to Coop. Marketing Societies	1765162.50	1480925.36	661401.06
	(iii) Loan to Coop. Cold Stores	450000.00	449999.99	95210.34
6. Dairy Cooperatives				
	(i) Scheme for Purchase of Animals	11382845.00	4665000.00	137347.7
7. Consumer Cooperatives				
	(i) Loan to Coop. Cons. Stores	3702250.00	2380764.50	1177120.59
	(ii) Loan to Coos. Cons. Federation	150000.00	150000.00	3130.00
8.	Cooperative Sugar Mills	73292900.00	9645921.00	8244939.51
9. Other Cooperatives				
	(i) Assistance to Rickshaw Pullers	60000.00	60000.00	14908.00
	(ii) Loan to Coop. Union Press	150000.00	120000.00	82500.00
Grand Total		131479908.50	37475223.96	15150275.36

as on 31-3-82

Amount recovered upto 31-3-82		Amount due but not recovered (Arrears)		Balance of loan recovery of which has not fallen due upto 31-3-82	Balance of loan as on 31-3-82
Principal	Interest	Principal	Interest	Principal	Principal
6	7	8	9	10	11
3885307.97	1723846.95	430231.53	294243.36	391885.50	822117.03
183399.00	1001265.81	—	—	156115601.00	15615601.00
91325.00	51294.18	—	—	400000.00	400000.00
45000.00	20864.71	—	—	550000.00	550000.00
1456180.53	463590.53	167657.08	88322.70	21912.29	189569.47
12398508.00	1000294.25	—	—	4924742.00	4924742.00
1423422.75	605342.65	57515.61	56058.41	284234.14	341749.75
436666.66	94643.67	13333.33	566.67	0.01	13333.34
466588.08	137343.37	—	—	6717845.00	6717845.00
427185.50	315680.33	1953579.00	861440.26	1321485.50	3275054.50
15000.00	3130.00	—	—	100000.00	100000.00
5074472.00	731485.51	4571449.00	75134545.00	63646979.00	68218428.00
42281.97	3270.07	17718.03	11637.93	—	17718.03
100000.00	30000.00	20000.00	52500.00	30000.00	50000.00
30243740.38	6272052.03	7231483.58	8878223.33	94004684.54	101236168.12

ANNEXURE 'A'

Year-wise Arrear of loan

Year	Agricultural Credit.		Marketing Societies.	
	PL.	Intt.	PL.	Intt.
1	2		3	
1961-62	133.34	85.00	—	—
1962-63	133.34	79.36	—	—
1963-64	133.34	73.69	—	—
1964-65	133.34	68.02	—	—
1965-66	133.34	262.34	—	—
1966-67	412.33	156.68	—	—
1967-68	133.34	217.84	—	—
1968-69	—	742.92	—	—
1969-70	335.00	727.27	—	—
1970-71	1341.00	3650.05	—	—
1971-72	2817.00	7062.96	—	—
1972-73	6141.00	9092.28	—	2011.54
1973-74	9732.88	9700.00	5133.00	4097.06
Total :	21579.33	31990.41	5133.00	6108.60
1974-75	23213.37	9794.80	5133.00	6660.52
1975-76	22490.40	10625.43	7039.25	5303.12
Total :	67283.10	52419.64	17305.25	19072.24
1976-77	27495.77	12205.20	6039.00	5831.36
Total :	94778.87	64623.84	23344.25	23909.60
1977-78	27796.47	13677.00	5160.25	4027.00
Total :	122575.34	78300.84	28504.50	27930.60

for the year 1977-78.

Farming Societies.		Cold Stores.		Rickshaw-Puller.	
PL.	Intt.	PL.	Intt.	PL.	Intt.
4		5		6	
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1006.66	420.14	—	—	—	2240.00
1826.67	2499.10	—	—	—	1430.14
2306.67	2885.26	—	—	2019.44	1973.71
4426.67	6100.77	—	—	755.29	1494.28
7476.67	6093.40	—	—	5084.14	1183.85
3466.01	2942.60	—	—	5219.16	1089.93
5416.66	1027.44	—	—	2487.02	875.00
6773.32	5438.96	—	—	2153.00	740.00
12407.88	5288.72	—	—	—	611.02
4507.21	32696.39	—	—	17718.03	11637.93
8494.67	2197.00	13333.33	566.67	—	—
16234.97	5816.50	—	—	—	—
69836.85	40709.89	13333.33	566.67	17718.03	11637.93
12057.57	22061.77	—	—	—	—
81894.12	62771.66	13333.33	566.67	17718.03	11637.93
16883.61	16435.86	—	—	—	—
98778.10	79207.52	13333.33	566.67	17718.03	11637.93

ANNEXURE 'A'

Consumer Stores.		Sugar Mills.	
PL.	Intt.	PL.	Intt.
7		8	
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
11865.00	12638.37	—	—
16530.00	78758.73	—	—
102815.00	73152.78	—	—
127958.00	82432.55	—	—
140458.00	80876.23	—	—
164958.00	75815.47	—	—
169758.00	75945.35	—	—
734342.50	479620.48	—	—
179958.00	64032.50	—	—
163315.00	59386.76	—	—
1077615.50	603039.87	—	—
160255.00	20852.06	—	—
1237830.50	623891.93	—	—
140171.00	16329.75	—	—
1378001.50	640221.78	—	—

—contd.

PL.	Harcofed	Intt.	PL.	Total	Intr.
	9			10	
—		—	133.34		85.00
—		—	133.34		79.36
—		—	133.34		73.69
—		—	133.34		68.02
—		—	1140.00		2922.43
—		—	2239.00		4085.92
—		—	16324.45		17716.18
—		—	21712.46		87096.70
—		—	115710.81		81157.30
—		7100.00	137984.17		97215.13
—		6500.00	151178.66		96341.63
—		6200.00	180025.40		99298.25
—		6000.00	197031.76		101722.15
—		25800 00	823886.07		587861.81
—		5500.00	230132.37		88751.64
—		5000 00	209079.62		86131.79
—		36300 00	1263092.06		762745.24
—		4300.00	205807.34		65250.39
—		40600.00	1468899.40		827995.63
—		3700.00	190011 40		54169.71
—		44300.00	1658910.80		882165.34

The Committee feel that the progress made in effecting the recovery has not been satisfactory. The Committee, therefore, recommend that the pace of recovery be accelerated and the position be reviewed after every three months to consider ways and means to liquidate the huge arrears.

During oral evidence on 14-12-82 the departmental representative promised to send information regarding the profit earned or the loss suffered by the Consumers Co-operative Stores during the year 1981-82, before the close of the financial year 1982-83. However, till the time of writing of this Report the requisite information had not been received.

The Committee are surprised to find that the reply that "The Government is considering to convert this loan (of Consumers Co-operative Stores) into share capital" is the same as was given by the department during 1979-80 and repeated in their written memoranda in 1982-83 also. The Committee are, therefore, constrained to observe that in spite of the recommendation, as contained in paragraph 28 of their 15th Report, no decision has been taken on this matter of vital importance during the last three years.

The Committee while reiterating their earlier recommendation, as referred to above, recommend that decision in the matter be taken without any further delay and they be informed within six months.

The Committee desire that the information regarding profit earned or loss suffered by the Consumer Co-operative Stores during the year 1981-82, as promised during oral evidence on 14-12-1982, be supplied to the Committee without any further delay.

Paragraph 7.12. Co-operative banks

24. As on 30th June 1977, there were 12 central co-operative banks in the State, acting as financing bodies for primary societies. Besides, there were two apex institutions, namely the Haryana State Co-operative Bank Limited and the Haryana State Co-operative Land Development Bank Limited. The former provides medium and short term finance to the Co-operative institutions while the latter provides long term finance to the agriculturists. According to their audited accounts, the Government investment in these institutions as on 30th June 1976 and 30th June 1977 and other financial data as on these dates is given in the following statement.

STATEMENT

Serial number	Institutions	Number	Paid-up capital			Government investment in share capital			Loans by the Government		Net profit		Reserves	
			30th June 1976	30th June 1977	(4)	(5)	(6)	(7)	1975-76	1976-77	1975-76	1976-77	30th June 1976	30th June 1977
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(in lakhs of rupees)	
1.	Central co-operative banks	12	8,08.60	9,19.37	2,45.05	3,41.30	1.36	2.95	1,51.50	1,03.96	3,66.55	4,45.87		
2.	Haryana State Co-operative Bank Limited	1	2,32.21	2,42.21	95.90	1,05.90	3.20	1.68	95.85	1,02.46	2,64.31	3,28.15		
3.	Haryana State Co-operative Land Development Bank Limited	1	2,78.31	2,96.61	69.78	69.78	—	—	71.11	87.09	1,36.55	1,36.69		

The amounts of overdue loans and interest as on 30th June 1977 of the 12 central co-operative banks and the Haryana State Co-operative Bank Limited, were Rs. 21,57 32 lakhs and Rs. 1 29 83 lakhs respectively. Out of these, Rs. 4,62.69 lakhs and Rs. 65 99 lakhs were outstanding for more than three years.

In respect of the 12 central co-operative banks, there were 5,739 indebted co-operative societies as on 30th June 1977. Out of these, 3,618 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 3,83 36 lakhs (principal : Rs. 2,93 27 lakhs and interest : Rs. 90 09 lakhs) against which there was a reserve of Rs. 1,88.41 lakhs only.

In respect of 8 central co-operative banks, Rs. 1,21.87 lakhs (Rs. 1,06.28 lakhs as principal and Rs. 15 59 lakhs as interest) were recoverable from societies which were under liquidation/winding up.

The department in their written reply to the questionnaire issued by the Committee stated the position as under :—

“Government is satisfied with the working of Cooperative Banks. None of the Central cooperative Banks and Apex Banks were defaulter in making repayment of loans/ interest as on 30-6-82 to Harco Bank/Reserve Bank of India.

The return of Govt investment in form of dividend, in the Share capital of cooperative Banks in the last three years is as under :—

Year	Total Share capital	Amount of Dividend	Percentage
1979-80	659.68	17,67,940.00	2.69
1980-81	711 30	1,29,958 00	0.18
1981-82	732.60	19,86,649.75	2.71

The position of loans outstanding at the level of CBs and Apex Banks as on 30-6-1982 is given as under :—

Central Coop. Banks	Apex Banks.
(Rs. in lakhs)	
CBs	Apex Banks
16305 84	11744 34

Bankwise position is given in Annexure-I. (See page 76)

Special drives are launched for effecting the dues from members during Rabi & Kharif seasons.

Heavy outstandings have been analysed & targets are fixed for the field functionaries which are reviewed in the monthly meetings. Out of Rs. 519.49 lacs old overdues standing against big defaulters a sum of Rs. 95.59 lacs was recovered during the year 1981-82 which works out to 18.40%.

The position of societies in default and indebted societies as on 30-6-1981 is as under. Figures for 1981-82 are being collected from the field and shall be sent in due course .—

Name of the Coop. Bank	No. of indebted Societies	No. of Societies in default.
Ambala	242	139
Rewari	67	54
Bhiwani	360	255
Faridabad	141	129
Gurgaon	398	358
Hissar	292	260
Jind	317	174
Karnal	154	148
Kurukshetra	430	291
Mohindergarh	206	180
Rohtak	395	266
Sirsa	381	233
Sonepat	415	255
TOTAL	3798	2742

The position of bad & doubtful debts is being assessed by the Auditors and inspecting officers at the time of Audit/Inspections. These are being constantly reviewed by the CBs at their own level and the progress achieved is considered in their monthly meetings. While allocating their annual profits, the CBs & the Deptt. take special care for the allocation of a maximum funds to the bad and doubtful debts to the maximum. Thus on one hand efforts are made for recoveries of bad and doubtful debts while on the other hand bad and doubtful funds and the Reserve funds are being strengthened. Position of Reserve & funds as on 30-6-81 is given in Annexure-II (See page 77)

The liquidators are appointed by the Govt. and periodical progress reports are being submitted to the Deptt. The CBs remain in touch with the liquidators to expedite the liquidation/ winding up processings. Some of the CBs where dues from under liquidation and winding up societies are considerable, have appointed special staff to deal with the liquidation work."

ANNEXURE-I

POSITION OF LOANS OUTSTANDING, OVERDUES, BIG DEFAULTERS

Sr. No.	Name of the CB	Total loans outstanding as on 30-6-82	Overdues as on 30-6-82	Overdues of more than three years against big defaulters as on 30-6-1982	Recoveries during 1981-82 out of Col No. 5		Percentage of Recoveries Col. 5 to Col. 6	
					No.	Amount	No.	Amount
1	2	3	4		5		6	7
1.	Ambala	2122.69	751.29	2790	97.66	681	19.23	19.69
2.	Brayne	620.94	186.57	1098	38.64	367	5.67	14.67
3.	Bhiwani	981.74	236.90	742	26.27	419	1.32	5.02
4.	Faridabad	591.86	329.19	967	26.31	271	7.55	28.70
5.	Gurgaon	888.52	456.47	2103	65.47	491	12.83	19.59
6.	Hissar	1933.60	622.89	3109	87.56	559	9.26	2.34
7.	Jind	996.35	410.11	364	12.03	109	3.23	26.85
8.	Karnal	2427.61	702.94	1235	48.07	159	5.27	10.96
9.	Kurukshetra	1755.26	598.89	775	15.52	287	7.82	50.38
10.	Mohinder-garh	435.80	130.34	418	15.28	20	0.77	5.04
11.	Rohtak	1227.87	282.75	1461	40.49	490	13.14	32.45
12.	Sirsa	1344.39	454.73	606	21.47	172	5.77	26.87
13.	Sonepat	979.21	256.77	863	24.72	124	3.73	15.09
	Total	16305.84	5419.84	16531	519.49	4149	95.59	18.40

ANNEXURE-II

The Haryana State Cooperative Bank Limited, Chandigarh

Position of bad & doubtful debts, reserves & Funds as on 30-6-1981.

Sr. No.	Name of the Coop Bank	Bad Debt Reserve	Reserve fund	Other Reserves and Funds	Total	Bad Debts.
1	2	3	4	5	6	7
1	Ambala	22.04	22.02	31.77	75.83	44.40
2.	Brayne	8.87	8.13	14.53	31.53	13.78
3.	Bhiwani	20.53	16.01	23.76	60.30	25.59
4.	Faridabad	11.40	8.47	12.25	32.12	36.23
5.	Gurgaon	15.31	11.41	10.47	37.19	39.50
6.	Hissar	22.67	21.14	48.84	92.65	11.34
7.	Jind	13.92	13.32	20.61	47.85	11.02
8.	Karnal	73.47	64.83	70.72	209.02	42.08
9.	Kurukshetra	37.91	34.44	52.92	125.27	21.03
10.	Mohindergarh	15.69	8.40	13.24	37.23	20.04
11.	Rohtak	18.56	17.99	29.94	66.49	30.80
12.	Sirsa	9.34	13.77	17.08	40.19	15.38
13.	Sonepat	8.95	8.90	17.54	35.39	31.80
Total		278.66	248.83	363.67	891.16	342.99

(i) The Committee are constrained to observe that the position of loans outstanding at the level of Central Co-operative Banks and Apex Banks is dismal. The Committee recommend that vigorous efforts be made to recover the outstanding loans particularly the loans outstanding for more than three years,

(ii) The Committee desire that the progress of recovery of Rs. 121.87 lakhs from the Societies under liquidation/winding up process be intimated.

Paragraph 7.13. Co-operative consumers stores

25. There were 16 central co-operative consumers stores in the State as on 30th June 1977. Besides, there was one apex institution, namely, the Haryana State Federation of Consumers Co-operative Wholesale Stores Limited.

According to the audited accounts, the financial data of the central co-operative consumers stores for the years 1974-75, 1975-76 and 1976-77 were as under :—

Year	Number of stores	Paid up capital	Government investment in share capital	Loans obtained from Government and outstanding	Net profit	Reserves	Turnover
(amounts in lakhs of rupees)							
1974-75	13	24.61	18.30	23.32	8.81	11.80	9,42.63
1975-76	16	41.69	31.87	24.62	8.73	14.16	10,14.84
1976-77	16*	38.78	30.95	11.90	0.73	10.46	7,82.58

During 1976-77, out of 8 central co-operative consumers stores, 6 stores earned profit of Rs. 3.11 lakhs while the other two stores (Ambala and Faridabad) sustained a loss of Rs. 2.38 lakhs.

A perusal of the audited accounts of these stores for the year ended 30th June 1977, disclosed the following :—

- (i) In 6 stores, debts to the extent of Rs. 3.38 lakhs were considered bad and doubtful against which there was a provision of Rs. 2.42 lakhs only :
- (ii) In 8 stores, the closing stock aggregating Rs. 1,10.95 lakhs included dead/ damaged stock valuing Rs. 1.06 lakhs .

The department in their written reply to the questionnaire issued by the Committee explained the position as under :

“The audit of the remaining 8 stores was conducted and their audit notes were despatched to the concerned quarter on the dates given below. The audit of the above stores could not be completed in time due to paucity of audit staff.

*The financial data are in respect of 8 stores only; the audited accounts of the remaining 8 stores were not made available (September 1978).

Sr. No.	Name of Store	Date of despatch of Audit report.
1.	Kaithal	29-7-78
2.	Sirsa	15-5-79
3.	Gurgaon	11-11-78
4.	Jind	23-10-78
5.	Panipat	28-7-77
6.	Sonepat	11-11-78
7.	Rewari	3-10-78
8.	Narnaul	14-7-78

Necessary data of these stores for the year 1976-77 in tabulated form is as under :—

Year	No. of stores	Paid up capital	Govt. Investment in share capital	Loan obtained from Govt. & outstanding	Net profit
(Rs. in lakhs)					
1976—77	8	21.06	18.36	2.48	+2.08 —0.80 +1.20 (Net)
Reserves	Turnover	Estimated Bad debt	Provision for bad debt	Closing Stock	Dead damaged Stock
4.13	291.61	1.78	0.14	17.83	0.66

The reasons for losses of Rs. 2.38 lacs in the Stores (Ambala/1.64 Faridabad/0.74) in the year 1976-77 were investigated which are given as under :—

1. The Ambala Store had to pay heavy intt. of Rs. One lac because of shortage of owned funds, embezzlements, pilferages committed by the salesman/store keepers of the Store.
2. Due to increase of establishment expenses in the shape of D.A./A.D.A. and implementation of E.S.I. Scheme and C.P.F. Scheme

In case of Faridabad Store and Ambala Store such expenses increased by Rs. 0.45 lacs and Rs. 0.54 lacs respectively during the year 1976-77 as compared to the previous year.

3. The sales decreased due to the change in policy of the distribution of confiscated goods and furniture items.
4. Credit sales made to various offices also blocked the funds.
5. Wrong purchases.
6. Rebate amounting to Rs. 0.73 lacs paid to the customers in Faridabad stores on the purchases made for Jambori Camp.

It was not due to lack of supervision but pilferages (Ambala & Faridabad Stores) committed by the salesman played some part in bringing the two stores in loss.

The following remedial measures have been adopted by the Ambala and Faridabad Stores to avoid recurrence of loss :—

1. Credit sales to Govt. offices/agencies are being made only where there is no out-standing dues against them.
2. Stock system has been introduced.
3. Purchases are made through Confed as per requirements.
4. Financial assistance is being provided to rehabilitate the weak stores under the Centrally Sponsored Scheme and an amount of Rs. 13.00 lacs has been given as such to the Ambala Store during the year 1981-82.
5. Staffing pattern has been introduced according to sales.
6. Common cadre system for Class III employees including salesmen and Store-keepers has been introduced.
7. Surprise physical checking is being done.

The working results of Ambala and Faridabad Stores for the later years are as under :—

Year	(Rs. in lacs)	
	Ambala Profit/Loss	Faridabad Profit/Loss
1977-78	—4.83	+0.18
1978-79	—5.97	—1.59
1979-80	—3.59	—1.59
1980-81	—7.23	—4.61
1981-82	—3.80	—1.92

(i) Following are the reasons of accumulation of bad and doubtful debts :—

1. Credit sales to Government Departments and other institutions.
2. Non-recovery of shortages from the salesmen".

The Committee do not feel satisfied with the reply of the department that responsibility for the loss due to pilferages committed by the sales-men has been fixed and that recoveries are being effected from the persons held responsible for the loss. The Committee are of the opinion that in addition to the financial liability the criminal liability of pilferage theft of the stocks at Ambala and Faridabad Stores is also required to be fixed.

The Committee, therefore, recommend that criminal liability on the sales men should also be fixed and suitable action taken against them and Committee be informed accordingly.

The Committee further recommend that progress of recovery of the balance amount be intimated regularly.

The Committee also desire that the progress made in the realisation of the bad and doubtful debts be also intimated.

Paragraph 7.14. Haryana State Federation of Consumers Co-operative Wholesale stores Limited, Chandigarh

26. This apex institution was registered in October 1966 mainly to coordinate and facilitate the working of affiliated co-operative consumers stores and to assist in the promotion, organisation and development of co-operative consumers stores in the State.

According to its audited accounts, the financial data of the Federation for the three years ending 30th June 1977 were as under :—

Year	Paid-up share capital	Government investment in share capital	Profit during the year	Reserves and funds	Turnover
(in lakhs of rupees)					
1974-75*	7.97	6.77	5.26*	3.76*	99.88*
1975-76	7.97	6.77	3.84	4.49	30.34
1976-77	8.42	6.77	2.32	5.22	24.13

The percentage of profit to capital** employed during 1976-77 was 17.01 per cent as against 30.08 per cent in 1975-76 and 44.32 per cent in 1974-75.

* According to the revised accounts approved by the departmental auditors on 10th March, 1977.

** Capital-employed represents net fixed assets (excluding capital works-in-progress) Plus working capital.

(a) A sum of Rs. 1.56 lakhs was recoverable from staff (including ex-employees) on account of shortage of stores and sale proceeds, etc., against which a provision of Rs. 0.97 lakh had been made the accounts for writing off shortages.

(b) Reserves for bad and doubtful debts stood at Rs. 0.75 lakh as against bad and doubtful debts of Rs. 1.02 lakhs estimated by the departmental auditors.

(c) A sum of Rs. 0.11 lakh was shown as recoverable under the head 'General Recovery' on account of sale price undercharged from customers.

In reply to a questionnaire of the Committee the deptt. in their written reply stated as under :-

"Profit for 1976-77 has been taken into account after making provision of Rs. 1.38 lacs for Income Tax. Hence profit before provision for Income Tax works out to Rs. 3.70 lacs as against Rs. 3.84 lacs in 1975-76 which too has been shown without provision for Income Tax and as such actual decline in profit during 1976-77 as compared to that of 1975-76 was nominal (Rs. 0.14 lacs). Further in 1976-77 the Federation donated Rs. 0.38 lacs in the Jawahar Lal building fund which also resulted in minor decrease in profit. In view of facts stated above, profit to capital employed (before provision for Income Tax) works out to be 27.12% during 1976-77 as against 30.08 percent during 1975-76. As regards decline in profit percentage on capital employed as compared to that of 1974-75, it is stated that during 1974-75 main business of Federation was sale of confiscated goods which provided a good margin of profit ranging between 15 to 20 %. Sale of these goods due to short supply declined from 62.09 lacs in 1974-75 to Rs. 22.23 lacs during 1976-77 resulting in decline in profit ratio.

(a) Out of recoverable amount of Rs. 1.56 lacs, recoveries to the extent of Rs. 0.09 lacs have since been effected leaving balance of Rs. 1.47 lacs. This amount includes Rs. 1.42 lacs recoverable from four major defaulters who did not deposit the amount of shortages in spite of best efforts for recovery by persuasion. As a result legal action had to be initiated. Cases are still pending with the Court.

(b) Cases of estimated bad and doubtful debts have been scrutinised and as a result recovery of Rs. 0.50 lacs has since been made leaving a balance of Rs. 0.52 lacs. This balance is recoverable mainly from Marketing Societies/ Parties. Efforts are being made to effect the recovery of the said balance also. Thus the provision of Rs. 0.75 lacs for Reserve for bad & doubtful debts was sufficient to cover the balance "Bad & doubtful debts" of Rs. 0.52 lacs on that day.

(c) The amount of under charges was debited to the head "General recoverable" because no responsibility had been fixed at time of detection of this loss in 1974-75. Later, the Chairman and the Chief Executive Officer on 13-9-79 held Sh. Subash Dhawan, Store keeper responsible for the loss after thorough investigation and action for recovery is in progress."

The Committee recommend that cases pending in the courts regarding the recovery of balance amount of Rs. 1.47 lakhs be pursued vigorously and final action taken for the recovery of the said amount be intimated.

The Committee desire that the balance amount of Rs. 0.52 lakh on account of bad and doubtful debt be recovered expeditiously.

The Committee further desire that the progress of recovery of Rs. 0.11 lakh from Shri Subash Dhawan, Store Keeper be intimated.

Paragraph 7.15. Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh

27 According to the audited accounts of the Federation its financial position for the years 1973-74 to 1975-76 was as under :—

Year	Paid-up capital	Government investment	Loans (cash credit)	Loans from the Government and out-standing	Net profit	Reserves
(in lakhs of rupees)						
1973-74	1,86 39	1,67.71	9,79 55	11.21	23.92	86.84
1974-75	2,31 84	2,09 71	7,68 80	10 50	31.67	2,04.57
1975-76	2,69 84	2,44.71	17,11 95	8.04	56.58	2,05.31

A perusal of the departmental audit report for the year 1975-76 disclosed the following :—

(i) * * * * *

(ii) Old fertilizer stocks lying with various marketing societies for sale/transfer were valued at Rs 22 54 lakhs on 30th June 1975. These were revalued at Rs 11 85 lakhs on 1st July 1975 after excluding Rs 10 69 lakhs being cost of dead and damaged stock, without taking action to write off their value.

(iii) * * * * *

The department in reply to the questions by the Committee stated the position in their written reply as under —

“Stocks of old fertilizers worth Rs 22 54 lacs, lying with various Cooperative Marketing Societies, were revalued at Rs. 11.85 lacs due to loss in nutrients resulting from efflux of time. These fertilizers were however utilised for manufacturing NPK fertilizers on nutrient basis at the Hafed Fertilizer Plant Taraori. Since there was no separate dead and damage stock, the question of writing off the amount of Rs. 10.69 lacs did not arise. This loss arose from revaluation of old stocks which was necessitated on account of deterioration in quality resulting from prolonged storage.”

During the course of oral examination, it transpired that the stocks of old fertilizers lying with various co-operative marketing societies were revalued at Rs. 11.85 lakhs due to loss in nutrients resulting from efflux of time and that these fertilizers were utilised for manufacturing N.P.K. fertilizers on nutrient basis at the HAFED fertilizer, Taraori.

The Committee observe that since there was no separate dead and damaged stock of the fertilizers the question of writing off the amount of Rs. 10.69 lakhs did not arise. The Committee strongly feel that as the loss arose from revaluation of old stocks, which was necessitated by deterioration in quality owing to prolonged storage, the action of the department in revaluing the stock at Rs. 11.85 lakhs was not in conformity with the financial practices and principles of valuing the old stocks.

The Committee, therefore, recommend that the matter should be thoroughly investigated and the reasons for non-utilisation of the fertilizers for a long period be intimated to the Committee within three months.

AGRICULTURE

Paragraph 3 7. Soil conservation and water management works

28. Under a scheme in operation from 1962-63 to 1968-69, soil conservation works (including water management works) were taken up by the department in the cultivators' lands, 25 per cent (50 per cent in hill areas) of the cost of these works being treated as Government subsidy and the balance as loans recoverable from the beneficiaries along with interest through the revenue authorities in 15/30 equal half-yearly instalments.

According to the information furnished by the Soil Conservation Department, works costing Rs. 59.83 lakhs were executed between 1962-63 and 1968-69. Information collected from the Department showed that :

(i) recoveries were overdue in 326 cases involving Rs. 5.57 lakhs towards principal (interest due not worked out). In 5 of these cases (amount : Rs. 0.11 lakh) recovery had not been effected as the cases were pending in courts and in another 5 cases (amount : Rs. 0.27 lakh) because stay had been granted by the Deputy Commissioners, and

(ii)	*	*	*	†	*	*	*
*	*	*	*	†	*	*	*
*	*	*	*	*	*	*	*

In reply to the questionnaire issued by the Committee, the department in their written reply explained as under :—

“The total overdue principal amount for these 326 cases works out to be Rs. 5.57 lakhs. The information of the recoverable interest amount has been received from revenue Authorities for 305 cases. This comes to Rs. 6.56 lakhs. The information for 21 cases (13 Rohtak, 5 Rewari, 2 Hissar & 1 Bhiwani) has not been received as yet from the Revenue Authorities. The matter is being pursued vigorously with the concerned authorities.

The total amount recovered upto 31-3-1982 comes to Rs. 7.70 lakhs (principal 3.20 lakhs, interest 4.50 lakhs). Out of the total beneficiaries/cases of 326 the full amount has been recovered from 108 cases (Narnaul 21, Rewari 2, Karnal 14, Gurgaon 14, Sonapat 4, Kurukshetra 12, Yamunanagar 24, Hissar 1, Bhiwani 1, Palwal 7, Jind, 3, Rohtak 5) upto 31-3-1982 as per latest information collected from the Revenue Authorities.

Before submitting the recovery files for soil conservation works to the Revenue Authorities, half yearly equal instalments are worked out and the details of each instalment showing the principal and the interest amount is shown therein, however, due to various reasons the recovery of the loan gets delayed, at the level of Revenue Department, consequently leading to levy of penal interest on the defaulting beneficiaries. The responsibilities for working

out the penal interest lies upon the Revenue Authorities. As intimated in reply to sub para (i) of audit report the interest has been worked out for 305 cases totalling Rs. 6.56 lakhs as per latest information received from the Revenue Authorities. Out of this interest amount of Rs. 4 50 lakhs has been recovered. The information for 21 cases is still awaited from the Revenue Authorities of District Rohtak 13, Gurgaon 5, Hissar 2 and Bhiwani 1.

The 5 cases (amount Rs. 0.11 lakh) pending with court pertained to village Gehli in district Mohindergarh. These cases had been decided by the court in favour of the department as per Senior Sub Judge, Narnaul's decision No. 58/79 and there after recovery was initiated by the Revenue Authorities. The Tehsildar Narnaul intimated vide his letter No. 723/Acctt. dated 29-9-1982 that recovery in these five cases has been started from 1981 and upto 31-3-1982 an amount of Rs. 1531/- has been recovered against the due principal amount of Rs. 0.11 lakh and a sum of Rs. 657/- has been recovered as interest against the total due amount 3718. The reason for slow progress of recovery as intimated by the Revenue Authorities is the deferring of recovery due to the abnormal weather conditions in different years sometime drought, sometimes excessive rains, sometimes hailstorms etc. The other 5 cases of stay relate to village Mandola of Dadri Tehsil. The Tehsildar Dadri has intimated that in these 5 cases the stay was ordered by the Deputy Commissioner, Bhiwani on a complaint from the farmers in the year 1975 subsequently 1977 that no soil conservation works have been done in their fields. In this regard it may be intimated that beneficiaries of this village had been trying to evade the recovery of soil conservation works by lodging complaints time and again on wrong pleas. These complaints used to be enquired into a number of times by appointing Senior officers of the Department and Revenue Authorities and were filed.

The latest complaint was put up by the beneficiaries to the State Government in July 1979. The Department submitted its comments to the State Government in the month of March, 1980. The State Government was not satisfied with the comments of the Department and it desired vide its memo No. 2250-Agri. I.(4)-82/4681, dated 31-3-82 that the Director of Agriculture, Haryana should give personal hearing to the aggrieved farmers before deciding the case. It may be stated that under the clause 18 of the Punjab Land Improvement Act, 1963 Director of Agriculture, Haryana is the competent authority to decide all such disputes of soil conservation works & whose decision is final. The final decision will be taken in the matter very shortly."

During the course of oral examination on 8-11-1982, the departmental representative informed the Committee that in five out of ten cases of recovery the concerned farmers represented to the Deputy Commissioner Bhiwani that their recoveries be stayed because their crops had been damaged due to natural calamities and as a result thereof their financial position had become so weak that they were unable to pay the dues. The Committee was further informed

that the Deputy Commissioner had stayed the recoveries and the Director of Agriculture was asked to enquire into the crop losses as represented by the farmers and to send his report to the Government. The Director of Agriculture, it was added, had given his report in which he had, inter alia, stated that the financial position of the farmers was very poor. It was further added that the report was still with the Government and no action had been taken thereon till then.

The Committee desired information on the following point:—

Total number of recovery cases as on the date the scheme was wound up, the number of cases out of them in which full recoveries had been made and the number of cases in which recoveries were pending together with the number of cases in which recoveries were over due both by way of principal and interest.

The departmental representative promised to supply this information within three months.

The Committee are, however, constrained to observe that till the writing of this report nothing has been heard from the department regarding the supply of this information.

The Committee desire that the promised information be supplied without any further delay.

The Committee also desire that responsibility for not supplying the information as promised during the oral examination of the department on 8-11-82, be fixed under intimation to them.

The Committee further desire that action taken by the Government on the report of the Director of Agriculture in regard to the five cases in respect of which recovery had been stayed by the Deputy Commissioner, Bhiwani, be intimated within three months.

The Committee recommend that the Agriculture Department should have quarterly meeting with the Revenue Authorities to review the progress of recovery of the outstanding amounts due/overdue from the beneficiaries and concerted efforts be made to effect the recoveries.

Paragraph 7 6. Small/Marginal Farmers and Agricultural Labourers Development Agency

29 As part of the State Plan to ameliorate the lot of small/marginal farmers (having holdings not exceeding $5\frac{1}{2}$ acres if unirrigated and $4\frac{1}{2}$ acres if irrigated) and landless agricultural labourers, two agencies—one each at Rohtak and Jind were registered on 13th March 1975 and 10th March 1975 respectively as societies under the Societies Registration Act, 1860.

These agencies were to act as catalysts in activating the other existing organisations to execute various schemes relating to (a) minor irrigation works, (b) agricultural implements and (c) subsidiary occupations and provide assistance for capital investment thereon.

The bulk of the funds required for undertaking the works, etc., i.e., 75 per cent in the case of small farmers and 67 per cent in the case of marginal farmers and agricultural labourers, was to be raised by the beneficiaries as loan from banks/financial institutions and the remaining 25/33 per cent was to be given by the agencies as subsidy (to be disbursed through the banks and financial institutions). These agencies were also to contribute to the risk fund maintained by the credit institutions for making good bad debts, the contributions being 3 to 11 per cent of the loans given to the beneficiaries by the Co-operative banks and financial institutions.

The affairs of each of the two agencies are managed by a Chief Executive Officer (appointed by the Government) under the direction of a governing body headed by the Deputy Commissioner of the District. The receipts and expenditure of the agencies, as per the accounts audited by Chartered Accountants, for three years ending 1977-78 were as under :—

Particulars	Rohtak Agency			Jind Agency		
	1975-76	1976-77	1977-78	1975-76	1976-77	1977-78
	(in lakhs of rupees)					
Receipts						
Opening balance	—	3.51	2.39	—	4.00	0.30
Grants from the State Government	4.69	5.07	5.00	4.69	5.07	5.42
Interest	—*	*	0.04	0.03	0.14	0.07
Miscellaneous receipts	—	—	0.03	—	0.02	0.40**
Receipts on behalf of Draught Prone Area Programme Agency, Rohtak	—	8.93	—	—	—	—
Total	4.69	17.51	7.46	4.72	9.23	6.19
Expenditure						
Revenue expenditure						
(i) Administration	0.24	1.04	1.59	0.22	1.10	1.25
(ii) Subsidy	—	5.09	4.53	—	6.63	4.94
(iii) Contributions to risk fund	—	—	—	—	1.01	—
Capital expenditure	0.94	0.03	0.40	0.50	0.19	—
Payment on behalf of D.P.A.P. Agency, Rohtak Debtors	—	8.96	—	—	—	—
	—	—	0.14	—	—	—
Closing balance	3.51	2.39	0.80	4.00	0.30	£
Total	4.69	17.51	7.46	4.72	9.23	6.19

*The Rohtak Agency kept money in current account upto September 1977.

**Includes Rs. 0.24 lakh, representing recovery of subsidy misutilised.

£Nominal amount.

A test-check by Audit (January and July 1978) of the accounts and records of the two agencies disclosed the following points :—

1. According to the project reports of the two agencies, the Rohtak Agency was to cover 43,000 families (28,000 families of small and marginal farmers and 15,000 families of agricultural labourers) and the Jind Agency 72,271 families (46,910 families of small and marginal farmers and 25,361 of agricultural labourers). By 31st March 1978, the two agencies together had provided assistance (subsidy) amounting to Rs. 21 19 lakhs to 3,418 beneficiaries as per the details given below :—

Purpose for which assistance was given	Amount disbursed by the agencies upto March 1978				Percentage of amount disbursed to total disbursements	
	Rohtak		Jind		Rohtak	Jind
	Number of beneficiaries	Amount (in lakhs of rupees)	Number of beneficiaries	Amount (in lakhs of rupees)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(A) Minor Irrigation</i>						
(i) Installation of shallow tubewells	103	2.05	132	2.68	21.31	23.16
(ii) Installation of <i>Jhallars</i>	—	—	118	0.58	—	5.02
Total	103	2.05	250	3.26	21.31	28.18
<i>(B) Agricultural implements, etc.</i>						
(i) Purchase of thrashers	320	0.80	—	—	8.33	—
(ii) Purchase of bins	78	0.05	—	—	0.52	—
(iii) Purchase of bullock carts	2	0.01	—	—	0.10	—
(iv) Purchase of disc harrows	115	0.09	279	0.19	0.93	1.64
(v) Purchase of spray pumps	—	—	41	0.04	—	0.34
(vi) Laying out of demonstration plots	95	0.02	112	0.11	0.93	0.96
Total	610	1.04	432	0.34	10.8	2.94

(C) Subsidiary occupations

(i) Moola making	99	0.23	—	—	2.39	—
(ii) Rearing of buffaloes	495	4.59	1,167	7.42	47.72	64.13
(iii) Poultry farming	61	0.61	2	0.02	6.33	0.17
(iv) Sheep-rearing	88	0.81	25	0.25	8.43	2.16
(v) Fisheries	11	0.06	—	—	0.62	—
(vi) Piggaries	23	0.23	52	0.28	2.39	2.42
Total	777	6.53	1,246	7.97	67.88	68.88
Total (A)+(B)+(C)	1,490	9.62	1,928	11.57	100.00	100.00

It was noticed that :—

- (i) The subsidy payments for purchase of buffaloes amounted to 47.72 and 64.13 per cent of the total expenditure on subsidies in Rohtak and Jind Agencies. These, per beneficiary, worked out to Rs. 927 and Rs. 636 respectively in the two agencies. The higher average rate in Rohtak was attributed to fixation of a higher limit of Rs. 3,000 per buffalo in Rohtak as against the limit of Rs. 2,000 in Jind. Follow up action to watch the extent of benefits derived by the beneficiaries out of this programme was not on record.

**

**

**

- (iii) Out of 28 poultry units (subsidy paid : Rs. 0.28 lakh) financed by the Rohtak Agency upto March 1977, 21 units (each unit had 100 layers) involving subsidy of Rs. 0.21 lakh were closed down due to death of birds in July-September 1977. Poultry sheds, equipments, etc., valuing about Rs. 2,300 in each unit, purchased out of funds made available by banks/agency were not in use since the closure of the 21 units.
- Similarly, the Jind Agency financed two poultry units (100 layers each) upto March 1977 (subsidy paid : Rs. 0.02 lakh) and both the units were closed down due to death of birds in July-September 1977. Poultry sheds, equipment, etc., of the units were not in use since then: and
- (iv) Rupees 0.30 lakh, representing subsidy towards the cost of thrashers purchased by 86 beneficiaries, were paid to the supplier during the year 1976-77 by the Rohtak Agency on the basis of eligibility certificates issued by Agriculture Inspectors/Block Development and Panchayat Officers and proof of sale. The agency conducted (April-June 1977) a spot verification and found

that 19 beneficiaries had not acquired thrashers at all. 7 beneficiaries were not eligible for assistance, 6 beneficiaries had sold/transferred their thrashers, 2 beneficiaries were non-existent (dead) when the thrashers were stated to have been purchased and 2 beneficiaries could not be traced. Out of Rs 0 13 lakh paid as subsidy to these 36 beneficiaries, the agency had recovered Rs. 0.05 lakh upto June 1978.

Summing up

The preceding paragraphs bring out that :—

- (i) the project reports of Rohtak and Jind Agencies envisaged that 43,000 and 72,271 families respectively of small and marginal farmers would be covered by the activities of the agencies. Against these, 1,490 families in the area covered by Rohtak Agency and 1,928 in the area covered by Jind Agency had been provided assistance by the agencies during the two years ending 31st March 1978. Of the assistance provided, 47.72 per cent (Rohtak) and 64.13 per cent (Jind) was for the purchase of buffaloes. No follow up reports about the functioning of the units were available.
- (iii) Test verification by the Rohtak Agency showed that out of 86 beneficiaries who had been paid subsidy for the purchase of thrashers 19 had not acquired thrashers at all, 6 had sold or transferred them and 2 were non-existent at the time the thrashers were stated to have been purchased and 2 were not traceable.
- (iv) For every Rs 100 spent on providing assistance in the form of subsidy, Rs 44 and Rs 28 had been spent in Rohtak and Jind respectively on administrative charges as against 4.76 and 11.33 per cent envisaged in the project reports.

The matter was referred to the Government in August 1978 : reply is awaited (January 1979).

In reply to the questionnaire issued by the Committee, the department in their written reply explained as under :—

- (i) "In fact the actual position is little different. The number of families indicated in the project report for example 72271 in case of Jind constitute the total targeted population of beneficiary house-holds in the Agency. Since it was indicated that only Rs. 50.00 lakhs would be available for providing assistance to the targeted population during the period 1975-76 to 1977-78, it was proposed to provide assistance to 7291 families in Jind district. However, the assistance actually provided by the State Government for this project in this period amounted to only Rs. 15.18 lakhs. It was thus possible to cover only 1928 families with this outlay. The funds made available to the Agency were fully utilised. Similar is the case for Rohtak district. Thus, it would be seen that there was short-falls in achievement of targets because of lack of funds.

(ii) With the limited staff available with this Agency it was not possible to conduct any large scale follow up.

(iii) According to the guidelines of the Government of India, the cost of poultry unit of 100 birds is fixed at Rs. 3,000/- which is provided to the beneficiary in the following manner : (i) cost of shed Rs. 1,200/-, (ii) cost of birds Rs. 800/- & (iii) cost of utensils and feed etc Rs. 1000/-. In the case of marginal farmers, the subsidy is 33 % of the above cost while in the case of small farmers the subsidy is 25 per cent. The remaining amount required for the setting up of the units is provided by the bank in two instalments. The first instalment of loan of Rs. 1200/- is given to the beneficiary for the construction of poultry shed and second instalment is released for the purchase of birds. Beneficiary-wise cost of poultry sheds of all the units, is uniform for all beneficiaries.

The expenditure was incurred according to the break up of the cost given above for the setting up of poultry units in the districts of Jind & Rohtak. The data about the dates of disbursement of loan and subsidy component is being collected and will be supplied in due course. The birds died due to outbreak of coccidiosis and wormburden in July, 1977 to September, 1977. Vety. health cover and rescue operations were provided by the Animal Husbandry Department but the incidence of outbreak led to heavy mortalities. It is difficult for the Agency to give exact date of mortality in each unit consisting of 100 birds.

(iv) The subsidy in these cases was released on the wrong certificate recorded by the officers and officials of the Agriculture Department. Disciplinary action against them is being taken."

(iii) During oral evidence on 27-12-1982, the representative of the department assured the Committee that action against the officer and officials of the Agriculture Department who recorded wrong certificates would be completed within a period of six months.

(i) The Committee do not feel satisfied with the reply given by the department and observe that without follow up action to watch the extent of benefits derived by beneficiaries out of this programme it cannot be said whether the programme on which an amount of 7.62 lakhs had been spent had achieved the desired objective or not.

The Committee, therefore, recommend that in future such like beneficiary schemes/programmes be formulated with due care and foresight and not in a slipshod manner as it appears to have been done in the instant case, so that the department is in a position to know the extent of benefit accruing from such programmes/schemes.

(ii) The Committee desire that data about the dates of disbursement of loan and subsidy component be supplied to the Committee forthwith.

The Committee desire that action against the officers/officials responsible for issuing wrong certificates for the release of subsidy be completed within six months as promised during oral examination and the Committee be informed accordingly,

The Committee recommend that the remaining amount of subsidy be recovered from the 36 defaulting beneficiaries at the earliest and they be informed accordingly,

Paragraph 7.8 Drought prone area programme (DPAP) Agencies

30. Three drought prone area programme (DPAP) agencies were established in the State at Bhiwani, Narnaul and Rohtak and registered under the Societies Registration Act, 1860, in February 1975, March 1975 and October 1976 respectively. The main objectives of the agencies were —

- (i) to plan and execute integrated development programmes of crop husbandry, irrigation, agriculture including dry land farming and introduction of new cropping pattern, programme of afforestation, cattle and dairy development, sheep and wool development ;
- (ii) to execute the above plans for the benefit of the area either directly or through the beneficiaries or through other sources, and
- (iii) to review the progress of execution of the various schemes undertaken and take up evaluation thereof. For this purpose, the annual action plan of each agency was to be approved by the Central DPAP Cell in the Ministry of Agriculture and Irrigation (Government of India). Under a Centrally Sponsored programme, the Central Government was to bear 50 per cent of the approved expenditure and the State Government the remaining 50 per cent. Funds were to be released to the agencies through the State Government.

The affairs of each agency are managed by a Project Director under the direction of a governing body headed by the Deputy Commissioner of the district and composed of district level officers of various departments of the Government and non-official members. The accounts are audited by Chartered Accountants.

The year-wise position of assistance released by the Government of India and the amounts paid by the State Government to the agencies upto 1976-77 were as under :—

Year	Amount for which administrative approval issued including State Government share				Central assistance released to State	Amounts disbursed by the State Government to the agencies		
	Narnaul	Bhiwani	State level cell	Total		Narnaul	Bhiwani	Total
	(in lakhs of rupees)							
1974-75	67.98*	—	—	67.98	33.00	12.45	7.45	19.90
1975-76	31.52	29.93	—	61.45	30.72	37.52	35.88	73.40
1976-77	91.74	44.44	1.88	1,38.06	50.50	93.84**	56.16	1,50.00
Total	1,91.24	74.37	1.88	2,67.49	1,14.22	1,43.81	99.49	2,43.30

*Both for Narnaul and Bhiwani agencies.

**Includes Rs. 8.94 lakhs transferred to DPAP, Rohtak in October 1976.

The receipts and expenditure of the agencies at Bhiwani and Rohtak (the accounts of the third agency at Narnaul had not been received, having reportedly not been audited), as per the audited accounts, were as under :—

	Bhiwani			Rohtak
	1974-75	1975-76	1976-77	1976-77
	(in lakhs of rupees)			
<i>Receipts</i>				
Opening balance	—	7.45	35.84	—
Grants from the State Government	7.45	35.88	56.16	8.94
Interest	—	0.02	1.59	—
Payables	—	—	0.02	0.03
Total	7.45	43.35	93.61	8.97
<i>Expenditure</i>				
Project administration	—	0.04	1.95	0.11
Soil survey	—	—	1.57	—
Land levelling	—	—	0.36	0.01
Agriculture	—	3.43	9.21	0.40
Minor irrigation	—	1.32	13.91	0.46
Forestry	—	2.72	19.14	0.06
Animal husbandry and veterinary services	—	—	8.35	0.85
Investments	—	—	2.00	—
Advances	—	—	3.52	—
Closing balance	7.45	35.84	33.60	7.08
Total	7.45	43.35	93.61	8.97

The agencies handled the work of soil surveys and disbursement of subsidy for land levelling/subsidiary occupations/agricultural implements directly and advanced funds to district level officers like Deputy Director of Agriculture, Divisional Forest Officer, Assistant Soil Conservation Officer, Executive Engineer (P.W.D.), Deputy Director/District Officer, Animal Husbandry, etc., for execution of works pertaining to different sectors of

the programme. The unspent amount with the departmental officers as at the close of the year (Rupees 18.49 lakhs in the case of Bhiwani and Rs. 6.91 lakhs in the case of Rohtak) formed part of the closing balance of the agencies.

A test -check by Audit (March-June 1978) of the accounts and records of Bhiwani and Rohtak agencies disclosed the following points —

DPAP, Bhiwani

(i) The grants disbursed by the State Government to the agency during 1975-76 (Rs. 35.88 lakhs) and 1976-77 (Rs. 56.16 lakhs) exceeded the outlay approved by the Government of India (Rs. 29.93 lakhs in 1975-76 and Rs. 44.44 lakhs in 1976-77). Rupees 33.60 lakhs, out of the total grant of Rs. 99.49 lakhs disbursed to the agency upto 1976-77, however, remained unspent on 31st March 1977. The unspent amount included Rs. 18.49 lakhs with the departmental officers of Government.

(ii) Rupees 18.92 lakhs had been spent on unapproved items as under :—

Items	Amount spent	
	1975-76	1976-77
	<i>(in lakhs of rupees)</i>	
(a) Agriculture		
(i) Farmers' training centres	...	1.38
(ii) Demonstration through sprinkler sets	3.43	5.16
(b) Forestry		
(i) Erection of tree guards	...	0.28
(ii) Laying of seed beds	...	2.50
(iii) Construction of building	...	0.67
(c) Investment on purchase of debenture of Land Development Bank	...	2.00
(d) Advance to Improvement Trust for land	..	3.50

The advance of 3.50 lakhs given in December 1976 to the Improvement Trust towards cost of land for construction of office building was got refunded in September 1977, on the Government of India not approving (February 1977) construction of office building under the programme.

* * * * *

(iv) Rupees 12.64 lakhs had been spent in the Agriculture sector on

the following schemes :—

Items	Physical				Financial			
	Targets		Achievements		Approved outlay		Expenditure	
	1975-76	1976-77	1975-76	1976-77	1975-76	1976-77	1975-76	1976-77
(in lakhs of rupees)								
<i>Agriculture</i>								
(a) Demonstration centres (in numbers)	8	10	..	17	0.20	0.25	...	0.25
(b) Demonstration plots (in numbers)	500	625	...	1,095	1.00	0.63	...	1.61
(c) Farmers' training centres	...	...	...	...	1.75	...	...	1.38
(d) Extension staff	...	...	...	...	1.50	1.25	...	0.81
(e) Demonstration through sprinkler sets	...	...	15	10	...	...	3.43	5.16
Total					4.45	2.13	3.43	9.21

It was noticed that :

- * (a) * * * * *
- (b) With a view to demonstrating to small and marginal farmers the benefits of irrigation through sprinkler sets, the Deputy Director of Agriculture, Bhiwani purchased 25 sprinkler sets with accessories (15 in April 1975 and 10 in April-May 1976) at a cost of Rs. 6.43 lakhs and 25 diesel pumps/electric motors in September-October 1976 at a cost of Rs. 1.62 lakhs. These had, however, not been used (April 1978) for demonstration purpose.

Accessories costing Rs. 0.31 lakh were issued to 5 individuals (who were not small/marginal farmers) without recovery of any charge during the year 1975-76.

Five sets of sprinklers were issued to the Jui Canal Division, Bhiwani in November 1976. Out of Rs. 0.50 lakh paid to the Division in December 1976 for the operation of these sets, Rs. 0.25 lakh were reportedly spent on operation and Rs. 0.25 lakh on purchase of additional accessories. These sets provided irrigation on 117 acres upto November 1977, when these were returned (without accessories) to the Deputy Director of Agriculture.

* * * * *

Summing up

- (i) * * * * *
- (ii) the expenditure did not in all cases conform to the outlay approved by the Central DPAP Cell; Rs. 18.92 lakhs had been spent on unapproved items and Rs. 23.01 lakhs in excess of the approved outlay;
- (iii) * * * * *
- (iv) sprinkler sets and accessories purchased at a cost of Rs. 8.59 lakhs remained largely unutilised ;
- (v) * * * * *

The matter was referred to the Government in July-August 1978, reply is awaited (January 1979)

In reply to the question of the Committee as to why was the expenditure not incurred in conformity with the outlay approved by the Central DPAP Cell and why were Rs. 18.92 lakhs spent on unapproved items, the department in their written reply stated :

"As regards the expenditure of Rs. 23.01 lakhs it may be stated that the funds were utilised on the activities included in the guidelines issued by the Govt. of India. The diversion of funds from one approved item to another approved item is permissible upto 25% of the funds provided for particular item of expenditure. As the funds were available these were spent on the approved items by increasing physical targets beyond the approved level. However, the expenditure incurred in excess on these items is being got regularised from the Govt. of India. The expenditure of Rs. 18.92 lakh incurred on unapproved items was authorised by the Governing Body of DPAP Agency keeping in view the actual necessity of the area. Out of this a sum of Rs. 1.38 lakh has been incurred on approved item of agriculture extension and advance of Rs. 3.5 lakh made to the improvement trust has been recovered. Thus the expenditure on unapproved items actually worked out to Rs. 14.04 lakh. This expenditure has been incurred mostly on activities which are admissible according to the guidelines issued by the Govt. of India. However, ex-post-facto approval of expenditure incurred is being sought from G O I.

The advance of Rs. 3.5 lakh was given to the Improvement Trust for acquisition of land and construction of office building. As the scheme was not approved by the Govt. of India, the amount advanced was taken back from the Improvement Trust.

The expenditure of Rs. 23.01 lakh has been incurred in excess on approved items of the scheme. Action is being taken by SFDA to get the ex-post-facto approval of the Govt. of India for regularisation of the excess."

(iv)(b) Further in reply to the following questions of the Committee :

- (i) Why did sprinkler sets and accessories purchased at a huge cost viz. Rs. 8.61 lakhs remain largely unutilised ?
- (ii) Why were accessories costing Rs. 0.31 lakh issued to 5 individuals who were not small/marginal farmers without recovery of any charges during the year 1975-76 ?

The department in their written reply stated :

"The Sanctioning Committee of the Govt. of India had approved the purchase of 50 sprinkler sets for Bhiwani district for demonstration purposes out of which 25 sprinkler sets were purchased at a cost of Rs. 8.61 lakhs. The expenditure of running these sprinkler sets was to be undertaken through Cooperative Societies of Small & Marginal Farmers but this arrangement did not work because of practical difficulties. Out of these sets 5 sprinkler sets were subsequently given over to XEN, Jui Canal, Bhiwani at a cost of Rs. 0.5 lakh. The remaining sprinkler sets are with the Agriculture Department.

Efforts are being made to recover the cost of accessories from the farmers to whom the material was issued."

(ii) The Committee desire that the expenditure incurred in excess be got regularised from the Government of India at the earliest and they be informed accordingly.

(iv)(b) During oral evidence on 27-12-1982, the departmental representative promised to supply the names of the farmers to whom the sprinkler sets were issued for use together with their present position within fifteen days but the Committee are distressed to note that till the writing of this report the promised information was not received. The Committee are unhappy to notice that out of 25 of the sprinkler sets, which were purchased at a huge cost of Rs. 6.43 lakhs during the years 1975 and 1976 for the benefit of the farmers of district Bhiwani, 20 sets had remained unutilized with the department. This shows that the sets were purchased without proper planning resulting in huge infructuous expenditure.

The Committee recommend that in future such like schemes be prepared with proper planning and foresight to avoid wastage of public funds.

The Committee desire that the promised information regarding the names of the farmers to whom sprinkler sets were issued together with their present position be furnished without any further delay along with the reasons for not supplying the same within 15 days as promised during oral evidence on 27-12-1982.

The Committee further desire that the progress made to recover the cost of accessories from the farmers, to whom the material was issued, be intimated to them.

PART—II
(REVENUE RECEIPTS)

EXCISE AND TAXATION

Paragraph 2 1. Result of test audit in general

31. The test audit of sales tax assessment and other records pertaining to 14,301 cases in eleven districts conducted between April 1977 and March 1978, revealed under-assessment of tax of Rs 51 86 lakhs in 1,000 cases. The under-assessment of tax was mainly due to one or the other of the following reasons :—

Nature of irregularity	Number of cases	Amount (In lakhs of rupees)
1. Under-assessment under the Central Sales Tax Act	120	20.93
2. Incorrect computation of turn-over	231	11.56
3. Application of incorrect rates	20	0.28
4. Non-levy/short levy of penalty	181	14.37
5. Non-levy of interest	154	3.70
6. Others	294	1.02
Total	1,000	51.86
* * * * *		
* * * * *		

In reply to the questionnaire of the Committee, the department in their written reply, inter-alia, stated as under :—

“7266 cases have been reviewed by the Department during the year 1981-82 and illegality and impropriety has been detected in 1016 cases. In some cases out of 1016 cases, additional demand of Rs. 5,73,652/- has actually been created by the Excise and Taxation Officers (Inspection) by taking suo motu action at their own level and rest of the cases have been referred to the Joint Excise and Taxation Commissioners (Appeal) for taking suo-motu action as Excise and Taxation Officers (Inspection) are not competent to do so themselves. An additional demand of Rs. 32,06,548/- is expected in these cases.

An internal audit wing comprising of Excise and Taxation Officers (Inspection) under the supervision of Deputy Excise and Taxation Commissioner (I/E) has been created to check the cases decided by the Assessing Authorities. In the cases decided by the Assistant Excise and Taxation Officers, if any illegality or impropriety is noticed, the Excise and Taxation Officer (Inspection) is himself competent to take suo-motu action and revise the said assessment order. In the cases decided by the

Excise and Taxation Officers, if in any case some illegality, or impropriety is detected by the Excise and Taxation Officer (Inspection), that case is referred to the Joint Excise and Taxation Commissioner (Appeals) concerned for taking suo-motu action. Orders passed by the Deputy Excise and Taxation Commissioners and Joint Excise and Taxation Commissioners (Appeals) are examined by the Principal Training School, an officer of the rank of Joint Excise and Taxation Commissioner. If he detects any omission in any case, it is referred to the Excise and Taxation Commissioner for taking suo-motu action.

Explanations of the Assessing Authorities who have been found responsible for not making correct assessment have been asked for and necessary action against them will be taken in due course."

* * * * *

The Committee are constrained to note that in the review undertaken by the department during the year 1981-82, illegality and impropriety had been detected in as many as 1016 cases. In some cases, out of 1016 cases, additional demand to the extent of Rs. 5,73,652 was reported to have been created. The Committee are unhappy at the recurrence of large number of cases of under-assessment as a consequence of which the Government is put to substantial losses. The Committee would, therefore, like the department to investigate the major causes which result in under assessment of sales tax and issue comprehensive instructions to all the Assessing Authorities giving clarifications on all such points as are ambiguous from the point of view of interpretations. The Committee would also like to emphasise the need of strengthening the Internal Audit wing so that such occasions of large scale lapses, on the part of the Assessing Authorities, are obviated as far as possible.

The Committee feel that at present there is no basis or rationale for selecting the cases for review/inspection. It appears to the Committee that it is being done more or less on the pick and choose basis. The Committee, therefore suggest that a clear and definite criteria should be laid down for the inspection of the assessment cases. For this purpose, the department should particularly concentrate more on cases with larger turnover. The criteria evolved by the department and approved by the Government in this regard may be intimated to the Committee.

The Committee further desire that all the outstanding cases be finalised at the earliest and a report to this effect submitted to the Committee. Action taken against the Assessing Authorities responsible for under-assessment should also be intimated to them.

Paragraph 2.2. Inter-State sales treated as intra-State sales

32. Under the Central Sales Tax Act, 1956, a sale or purchase of goods shall be deemed to take place in the course of inter-State trade or

commerce if the sale or purchase occasions the movement of goods from one State to another.

In the course of audit of the records of the Excise and Taxation Officer, Sonapat, it was noticed (May 1977) that a dealer of Sonapat was allowed deductions of Rs. 22.45 lakhs and Rs. 28.94 lakhs from his gross turnover during the years 1972-73 and 1973-74, respectively, on account of sales to another dealer of Haryana. On an examination of the documents of title to the goods it was noticed that the goods were actually despatched outside the State by the dealer as per advice of the purchasing dealer to the Food Corporation of India. As these sales actually occasioned the movement of goods from one State to another, the sales were inter-State sales attracting Central sales tax. The accounts of the dealer were, apparently, not thoroughly examined before granting the deduction. The inadmissible deduction resulted in under-assessment of Central sales tax of Rs. 1.54 lakhs.

On this being pointed out in audit (May 1977), the Revisional Authority remanded (December 1977) the cases to the assessing authority for *de novo* assessments. Further report is awaited (April 1979).

The matter was reported to Government in March 1978: reply is awaited (April 1979).

The department in their written reply to the questionnaire issued by the Committee stated as under :—

“The case was referred to the Deputy Excise & Taxation Commissioner (A) for suo moto action to review the order of Assessing Authority. The Deputy Excise & Taxation Commissioner (A) remanded the case to the Assessing Authority for *de-novo* assessment

De-novo assessment was framed by the assessing authority vide his order 24-3-79 resulting in tax liability under the C.S.T. Act of Rs. 10,079. The dealer went in appeal against this order of the Assessing Authority. Appellate authority while accepting the appeal, remanded the case to the assessing authority for fresh decision. The assessing authority vide his order dated 10-2-81 held that there were no inter-state sales. Hence no demand was created.

Position is being reviewed in other districts, Excise & Taxation Officers (Inspection) have been posted in each district who are reviewing the assessment orders passed by the assessing Authorities.”

The Committee desire that the results of the review undertaken by the district Excise and Taxation Officers (inspection) be intimated to the Committee within a period of six months.

Paragraph 2.3. Inter-State sales treated as transfers

33. As already stated in paragraph 2.2. above, under the Central Sales Tax Act, 1956, sale or purchase of goods shall be deemed to take

place in the course of inter-State trade or commerce if the sale or purchase occasions the movement of goods from one State to another.

In the course of audit of records in the office of the District Excise and Taxation Officer, Jind, it was noticed (December 1976) that a dealer was allowed deduction of Rs. 49.67 lakhs from his gross turnover on account of transfer of goods to his branch offices at Delhi and Chandigarh during the year 1971-72. Out of the above, goods worth Rs. 40.09 lakhs were sold by the branch office at Delhi to certain dealers of that place on the same or the following day of the receipt of goods against advance payments made by the purchasers. This showed that the goods were transferred to branch office at Delhi against prior contract between the dealer and the purchasers. Thus, the transfer of goods to the extent of Rs. 40.09 lakhs were sales in the course of inter-State trade or commerce and were liable to central sales tax. The amount of tax involved worked out to Rs. 4.09 lakhs. When this was pointed out in audit (December 1976), the assessing authority referred (June 1977) the case to the Revisional Authority for *suo motu* action. Further developments are awaited (April 1979).

The matter was reported to Government in January 1978; reply is awaited (April 1979).

In reply to a question by the Committee, the department in their written reply stated, inter-alia, as under :—

“The tax has not yet been assessed as *suo-motu* action is yet pending at the level of Jt. Excise & Taxation Commissioner (A), Ambala. So, the question of its recovery at this stage does not arise.”

The Committee desire that the *suo moto* action pending at the level of the Joint Excise and Taxation Commissioner (A), Ambala, be expedited and final outcome intimated to the Committee.

Paragraph 2.5: incorrect deduction of export sales

34. Under the Haryana General Sales Tax Act, 1973, sales of goods exported out of India are not subject to tax. It was, however, held by the Supreme Court that the exports out of India made through the agency of some other firm were not sales in the course of exports out of India and were thus subject to tax.

In the course of audit of the office of the Excise and Taxation Officer, Sirsa, it was noticed (January 1978) that a dealer of Dabwali (Sirsa district) was allowed deduction of Rs. 3 lakhs from his gross turnover on account of sales made out of India during the year 1974-75. A scrutiny of record, however, revealed that the goods had been exported out of India through another agency at Bombay and thus the deduction from gross turnover was not admissible. Evidently, the exact legal implication of the term ‘sales in the course of export’ was not kept in view by the assessing officer. This resulted in under-assessment of Central sales Tax of Rs. 29,980. On this being pointed out in audit (January 1978), the case was referred to the Revisional Authority for *suo motu* action. Further report is awaited (April 1979).

The matter was reported to Government in October, 1978; reply is awaited (April 1979).

In reply to a question of the Committee as to how the deduction from the gross turnover was allowed when the goods had been exported through another agency, the department stated as under :—

“This para relates to assessment of M/s Dabwali Bone Mills Dabwali for the year 1974-75. Assessment was framed by Sh. K.B. Malik, A.A. on 20-4-1977. The assessment order is silent on the point as to the grounds on which the relevant sales were treated as export outside India.”

The Committee are not fully convinced with the above reply of the department and observe that in the circumstances presented by the case—as also transpired during oral examination—the dealer's liability to pay purchase tax under Section 9 (b) of the Haryana General Sales Tax Act, 1973 does not cease in view of the fact that he had purchased the goods for export. The Committee, therefore, feel that evidently the exact legal implication of the term ‘sales in the course of export’ was not kept in view by the assessing officer in broad perspective.

The Committee, therefore, recommend that the entire matter should be looked into from this aspect and the liability of the dealer to pay purchase tax under Section 9 (b) *ibid* fixed *de novo* in the instant case or similar other cases of this type, if any,

Paragraph 2.6. Non-levy of tax on packing material

35. Under the Punjab General Sales Tax Act, 1948, as applicable to Haryana upto 4th May 1973, sale packing material and containers is exempt from tax when sold by a person who deals exclusively in goods declared tax-free but sells packing materials and containers only as incidental to his main business. If, however, there is an explicit or implied condition of sale of packing material alongwith tax-free goods, tax is leviable on the sale of packing material.

In the course of audit of the District Excise and Taxation Office, Hissar, it was noticed (November 1973 to February 1974) that thirteen dealers of Hissar district, dealing in sugar and fertilizer (tax-free goods) were allowed deductions from their gross turnovers towards the value of sales including packing material of tax-free goods during the years 1968-69 to 1972-73. As the sale of packing materials was an implied condition of the contract for the sale of tax-free goods, tax was leviable on its sales. This incorrect deduction owing to non-observance of the provisions of taxability of sales of packing materials resulted in short levy of tax of Rs. 33,759

When this was pointed out in audit (June, 1974) the Excise and Taxation Commissioner decided (March 1977) to refer these cases to the Revisional Authority for taking *suo motu* action. Further report is awaited (April 1979).

The matter was reported to Government in October 1978; reply is awaited (April 1979).

In their written reply to the questionnaire of the Committee the department stated as under —

“Under the Punjab G.S.T Act, 1948, Sales of packing materials containers is exempt from tax when sold by a person who deals

exclusively in goods declared tax free but sells packing materials and containers only as incidental to his main business. In all other cases packing material is liable to tax.

In this connection, it may however, be pointed out that the levy of tax on packing material is not due in each and every case where dealers carry on composite business in taxable and tax-free goods. Packing material can only be taxed if there is an expressed or implied contract for its sale.

Unless the fact that there was an explicit or implied contract for sale of packing material alongwith tax free goods, it is not advisable to straight way hold that Assessing Authority was wrong in not levying tax thereon. The appellate authority to whom the cases have been referred for looking into this aspect is yet to give his decision in nine cases. As soon as their decision is received further necessary action, if any against Assessing Authority would be taken. The position in regard to other four cases has been discussed below.

In this para, the question of non-levy of tax on packing material sold alongwith tax free goods i.e. sugar and fertilizer by 13 dealers of erstwhile—Hissar District is involved. Now three of these dealers viz M/S Sohan Lal Kishore Chand Dabwali, 2 M/S Kundan Lal Faqir Chand, Dabwali and 3. M/S Aggarwal and Co., Sirsa fall in the jurisdiction of Sirsa Distt. and 10 remain in Hissar. Out of 10 dealers pertaining to Hissar in six cases suo-motu action is pending With regard to other 4 dealers viz. M/S Supreme Tractor, Hissar, M/S National Manufacturing and Traders, Hansi, M/S Hansi Coop. Marketing Society, Hansi and M/S Chaudhary & Co., Hissar, the position is as under :—

(i) *M/S Supreme Tractor, Hissar (70-71 and 71-72)*

In this case on pointing out by the audit the Assessing Authority levied tax on the sale of bardana for the year 1970-71 and 1971-72 vide his order dated 18-3-74. The extent of tax was Rs. 1117/- for the year 1970-71 and Rs. 1659/- for the year 1971-72. The dealer went in appeal against this levy and it was reduced to Rs. 167/- and Rs. 219.81 for the above two years respectively by the Appellate Authority.

(ii) *M/s National Manufacturing and Traders, Hansi. (71-72 and 72-73).*

In this case, the question of non-levy of tax on bardana is in relation to the assessment years 1971-72 and 1972-73. In this case for the year 1974-75 the Appellate Authority, Rohtak had, however, held that since the bardana sold alongwith fertilizer had no re-sale value and could not be re-used, no tax thereon was found leviable for the year 1974-75. On this basis, the District Officer did not move the Appellate Authority for *suo motu* action for the year 1971-72 and 1972-73 as no useful purpose would have been served.

(iii) *M/s Hansi Coop. Marketing Society, Hansi (69-70 and 70-71)*

In this case no tax became chargeable on the sale of bardana and the Audit Party of Accountant General dropped this objection on 30-7-1980.

(iv) *M/s Chaudhary & Co. Hissar (69-70)*

The Appellate Authority in this case vacated the notice for suo motu action on the ground that the assessing authority had at his own level assessed tax on the bardana as desired by the audit and realised this due amount of tax. As regards three dealers now working in Sirsa Distt the Assessing Authorities concerned have been directed to send these cases for suo-motu action to the Jt. Excise & Taxation Commissioner (Appeals), Rohtak. The explanation of the concerned assessing authorities are being asked for."

The Committee find that non levy of tax on packing material is 'mainly on account of the confusion in the minds of the Assessing Authorities about the taxability of sales of packing material. The Committee would, therefore, like the department to consider the desirability of issuing of a circular letter to all the Assessing Authorities, specifying the items where the packing material would not be taxable, so as to obviate the prevailing confusion.

The Committee further desire that action in all the cases of short levy of tax be finalised without any avoidable delay and a report of the progress made be intimated to the Committee within a period of six months.

Paragraph 2.10. Non-payment of tax

36. Under the Haryana General Sales Tax Act, 1973, a dealer is required to pay the tax due from him according to his returns by the prescribed date.

In the course of audit of the office of the District Excise and Taxation Officer, Bhiwani, it was noticed (July 1976) that a dealer did not pay the tax amounting to Rs. 9.89 lakhs due from him according to his returns for the second, third and fourth quarters of the year 1975-76. For non-payment of tax along with the returns no penal action was taken by the department. At the time of assessment (April 1977) for the year 1975-76 demand of Rs. 12.30 lakhs (including interest amounting to Rs. 2.38 lakhs) was raised against the dealer. Further, the assessing authorities while assessing the cases for the years 1972-73 and 1973-74, raised (between December 1975 and September 1976) additional demand of Rs. 0.70 lakh. The demands could not be recovered as the dealer had closed business at Bhiwani in January 1976. The department stated (March 1978) that the dealer had shifted to Calcutta and proceedings under the Punjab Revenue Recovery Act, 1887, had been initiated for the recovery. It was also stated that movable property valuing Rs. 2 lakhs of the dealer at Bhiwani had been attached. Further developments are awaited (April 1979).

The matter was reported to Government in March 1978: reply is awaited (April 1979).

The department in reply to questionnaire issued by the Committee stated the position as under :—

"Action for imposing penalty for non-payment of voluntary tax for the IInd, IIIrd and IVth quarters of the year 1975-76 was started

on 1-3-76 for II and IIIrd. quarters and on 6-5-76 for the IVth quarter. The dealer had been allowed extension for payment of tax for IIrd quarter upto 30-1-76. This penal action is still pending. The assessed tax is being realised in instalments which had been allowed by Assessing Authority vide his order dated 23-10-78 for the reasons that the firm had been closed and the business had been transferred. This recovery is being made from the transferee who had under-taken to pay all the arrears of tax. The monthly instalments of Rs. 25,000/- are being regularly paid and Rs. 8,74,859/- has so far been recovered against Rs. 13,00,000 due from the dealer.

In this connection latest instructions were issued on 30-9-81 to the District Officers of the Department to take penal action at the time of assessment itself or at the relevant time when such penalty or interest is warranted.

As stated above, the arrears are being regularly recovered in instalments from the transferee. Hence the proceedings started under the Land Revenue Act are not being pursued against the original dealer."

The Committee recommend that penal action be taken against the dealer besides effecting recovery of the outstanding amount of tax from him. The reasons for delay in initiating action of imposing penalty for non payment of voluntary tax be investigated and the action taken against the officer held responsible for delay be intimated.

The results of investigation and the action taken against the defaulting officer be intimated to the Committee.

Paragraph 2.11. Non-levy of penalty for concealment of sales and non-levy of minimum penalty

37. Under the Haryana General Sales Tax Act, 1973, if a dealer has maintained false or incorrect accounts with a view to suppressing his sales, purchases or stock of goods, or has concealed any particulars of his sales or purchases or has furnished to, or produced before any authority under the Act or the rules made thereunder any account, return or information which is false or incorrect in any material particular, he is liable to pay by way of penalty in addition to the tax to which he is assessed or is liable to be assessed, an amount which shall not be less than twice and not more than ten times the amount of tax which would have been avoided if the turnover as returned by such dealer had been accepted as correct.

Under the Punjab General Sales Tax Act, 1948, as applicable to Haryana, the minimum amount of penalty shall not be less than ten per cent of the amount of tax to which he is assessed or is liable to be assessed.

(a) In the course of audit of the office of the District Excise and Taxation Officer, Hissar, it was noticed (August 1977) that a dealer of Hissar suppressed sales amounting to Rs. 8.02 lakhs during the year 1973-74. The assessing

authority, while assessing the case, raised (August 1976) additional demand of Rs. 22,913 on the suppressed sales and also levied penalty and interest to the extent of Rs. 6,068 and 14,329, respectively, for non-payment and belated payment of tax due according to returns instead of levying penalty for failure to furnish correct returns. The minimum penalty leviable for failure to furnish correct returns worked out to Rs. 45,826. On this being pointed out in audit (August 1977), the case was referred (January 1978) to the Revisional Authority who levied (November 1978) penalty amounting to Rs. 66,000. Particulars of recovery are awaited (April 1979).

The matter was reported to Government in June 1978: reply is awaited (April 1979).

In their written reply to the questionnaire of the Committee, the department stated as under :—

“Out of the penalty amounting to Rs. 66,000/- imposed by the Revisional Authority, a sum of Rs. 41,000/- has since been recovered upto 31-8-82. Balance amount of Rs. 25,000/- is being recovered in instalments.”

The Committee are at a loss to understand as to how the Assessing Authority levied penalty below the minimum penalty leviable under law for failure to furnish correct returns. The penalty was, however, subsequently increased by the Revisional Authority. The Committee desire that action be taken against the person held responsible for such a serious lapse.

Paragraph 2.12. Non-levy of interest

38. Under the Central Sales Tax (Amendment) Act, 1976 (applicable retrospectively with effect from 5th January 1957), a dealer who fails to pay the tax due as per returns or does not pay the amount specified in the demand notice within the prescribed period shall be liable to pay interest according to the provisions contained in the General Sales Tax law of the State. According to the State Act, in the event of default in the payment of tax, simple interest on the amount of tax due, at one per cent per month from the date following the prescribed date for a period of one month and one and a half per cent per month thereafter, during the period of default, is to be levied. It was also held by the Supreme Court of India in the case of M/s. Haji Lal Mohammed Biri Works (32 S.T.C. 496) that interest on arrears of sales tax may be realised for the period during which the recovery of tax was stayed by the Court.

(a) In the course of audit of the office of the Excise and Taxation Officer, Sonapat, it was noticed (June 1977) that two dealers had not paid the Central Sales Tax due as per quarterly returns for the years 1973-74 and 1974-75. Further, additional demands for the years 1973-74 and 1974-75 had also not been paid by one of the dealers within the prescribed period. Though assessment for these years were completed by the assessing authority during October 1975 to October 1976, interest for the belated payment of tax was not levied. On this being pointed out in audit (June 1977), the department raised (July 1977) demand of Rs. 21,740 in the aggregate on account of interest and collected (March 1978) Rs. 10,101 from one dealer. The balance amount of Rs. 11,639 was being recovered from the other dealer in instalments.

The matter was reported to Government in March 1978: reply is awaited (April 1979).

(b) In the course of audit of the office of the District Excise and Taxation Officer, Karnal, it was noticed (October/November 1977) that during the year 1974-75 seven dealers with-held the payment of tax on the basis of stay orders granted by the High Court. The stay order was subsequently vacated. The concerned assessing authorities, while finalising (between June 1976 and December 1976) the assessment cases of these dealers did not levy interest on the amount of tax finally assessed for the period of stay granted by the Court. This resulted in short levy of interest of Rs. 13,897 in the aggregate.

The matter was reported to Government in April 1978: reply is awaited (April 1979).

In reply to the questionnaire issued by the Committee, the department in their written reply, stated the position as under :—

- (a) "Under the Central Sales Tax Act and Rules framed thereunder, there was no specific provision prior to 9-9-76 for imposition of interest on account of non-payment of tax. However, with effect from 9-9-76 provision to this effect was made in sub-section (2) of section 9 of the Act *ibid*

In this paragraph, the assessment of M/S Abhay Industries, for the years 1973-74 & 1974-75 and M/S Dapro Food Sonipat for the year 1973-74 was involved. The assessment of M/S Abhay Industries was made for the years 1973-74 & 1974-75 on 29-10-75 and 7-10-76 respectively. The assessment of M/S Dapro Food Sonipat for the year 1973-74 was, however, made on 10-5-76. It, therefore, follows that levy of interest for the years for which assessments had been made prior to 9-9-76, the Assessing Authorities were justified in not assessing the interest. However, in respect of the year 1974-75 of M/S Abhay Industries, the explanation of the concerned Assessing Authority is being asked for as to why he failed to assess the interest in the light of the above referred provisions.

Out of Rs. 11639 only a sum Rs. 3,001 has been recovered from M/s. Abhay Industries, Sonapat for the balance amount of arrear, the recovery certificate has been issued to Collector Banaras as the dealer closed his business in the State of Haryana. Recovery is still awaited.

- (b) The explanation of the concerned officers have been called for so as to ascertain the reasons for not levying interest.

Out of these 7 cases in one case (M/s Goel Rice Mills Karnal), the interest of Rs. 2290 has been assessed and recovered. In rest of six cases, the action for assessing the interest is in process with the assessing authorities and they have been directed to finalise the cases on priority basis.

Their explanations for non completion of proceedings are being called.

No instructions have been issued. However assessing authorities are guided by the various provisions of Act amendments and judicial pronouncement on the point and they are acting accordingly."

(a) During oral evidence on 4-1-1983, the Committee was informed that the amendment which was made in sub Section (2) of Section 9 of the Central Sales Act on 9-9-1976 was given retrospective effect i.e. from the year 1957. It was added that all the cases of assessment were reopened and that some of the cases were still under action. It was further added that in the case of M/S Abhay Industries, against the outstanding amount of Rs. 11,639, an amount of Rs. 3,000 had been recovered.

The Committee desire that action on all the cases be finalised and recoveries of the amount, wherever due from various dealers including of M/S Abhay Industries be effected at the earliest.

The Committee also desire that action against the Assessing Authority who failed to impose interest on account of non-payment of tax in respect of the year 1974-75, in the case of M/S Abhay Industries, even though the assessment was made on 7-10-1976 (i.e. after the amendment on 9-9-1976 in the Central Sales Tax Act) be expedited and a report furnished to the Committee within a period of three months.

(b) The reasons for non levy of the interest on the amount of tax be investigated and appropriate action be taken against the defaulting officer. A report of the action taken be furnished to the Committee within a period of six months.

The Committee desire that the action for the realisation of the balance amount be expedited and a report be submitted to them.

Paragraph 4.1. Shortfall of excise duty and loss in excess of the ceiling limit

39. Under the Punjab Brewery Rules, 1956 and the Punjab Fiscal Orders, 1932, as applicable to Haryana, the duty on beer becomes due immediately the account of brewing has been taken by the Inspector of the Excise Department. The duty is levied after deducting the quantity of beer issued in bond and after giving allowance of 10 per cent for wastage on the balance. The payment of duty could, however, be deferred to a date not later than the fifteenth day of the month succeeding the quarter in respect of which duty was levied with the prior sanction of the Financial Commissioner and on the execution of the prescribed bond.

(a) In the course of audit of the records of the brewery at Murthal, it was noticed (February 1978) that duty on beer was being recovered on the quantity actually issued from the brewery against duty paid permits instead of on the quantity actually brewed less quantity of beer issued in bond and after giving allowance of 10 per cent for wastage on the balance as provided under the rules. As on 31st March 1976, 9.90 lakh bulk litre beer was in stock with the brewery when the rate of excise duty on beer

was reduced by Government from Re. 1 per bottle* to fifty paise per bottle with effect from 1st April 1976. This resulted in shortfall of revenue to the extent of Rs. 7.61 lakhs as the duty on beer lying in stock on 31st March 1976, but issued thereafter, was levied and collected at lower rates.

When this was pointed out in audit (April 1978), the Excise and Taxation Commissioner stated (October 1978) that the matter regarding amending the Punjab Brewery Rules, 1956, was being referred to Government. Further developments are awaited (April 1979).

The matter was reported to Government in April 1978: reply is awaited (April 1979).

(b) In the course of audit it was noticed (February 1978) that in the same brewery at Murthal 85.03 lakh bulk litres of beer were brewed during the years 1973-74 to 1976-77, out of which 17.01 lakh bulk litres were issued in bond leaving a balance of 68.02 lakh litres. After allowing the admissible wastage of 10 per cent, i.e., 6.80 lakh bulk litres and 46.90 lakh bulk litres issued against duty paid permits, the balance quantity worked out to 14.32 lakh bulk litres whereas, as per the statement furnished (April 1977) by the management to the excise authorities, the balance in stock as on 31st March 1977 was 9.30 lakh bulk litres. There was thus shortage of 5.02 lakh bulk litres of beer involving excise duty of Rs. 3.86 lakhs (at the rate of 50 paise per bottle of 650 ml. each). But no action was taken by the department to levy excise duty on the shortages in excess of the prescribed ceiling limit of 10 per cent.

The matter was reported to Government in April 1978: reply is awaited (April 1979).

(c) In the course of audit it was noticed (August 1977) that a brewery at Faridabad had been allowed wastage allowance on the total quantity of beer brewed without deducting 4.91 lakhs bulk litres of beer issued in bond during the year 1976-77. This resulted in short levy of duty of Rs. 37,778 owing to excess wastage allowance on 49,112 bulk litres of beer.

The matter was reported to Government in November 1977; reply is awaited (April 1979).

In reply to the questionnaire of the Committee, the department in their written reply, stated as under :—

(a) “(1) The matter is still under consideration with the Government. Govt. has asked for a fresh draft notification which is being prepared and sent shortly.

(2) The procedure for charging duty in accordance with rule 35 ibid was changed because the Breweries represented that the provisions of changing duty contained in the rule are harsh and in view of their tight financial position, the payment of duty immediately on brewing effected them adversely.

The change in procedure of charging excise duty on beer was brought about in 1975 after the matter was discussed

between the Excise and Taxation Commissioner and the Secy. to the Govt., Excise and Taxation Department who gave an understanding that the procedure now being followed may be allowed pending amendment in the rules.

(1) Show cause notices for charging excise duty on excess wastage of beer have already been served on the management of the brewery and the matter is being pursued.

(2) As per book balance, there should have been a stock of 14.32 lakh bulk litres of beer on 31st March, 1977. Against this book balance in the Brewery 9.30 lakh bulk litres. The difference of 5.02 lakh bulk litres of beer is the result of wastage of beer in excess of the permissible limit of 10%. Notices have been issued to the Haryana Brewery Murthal for recovery of excise duty on this excess wastage of beer.

(c) The matter was examined as to whether the issues in bond were to be excluded from the total quantity of beer manufactured for the purpose of working out 10% wastage as permissible under rule 35 of the Punjab Brewery Rules, 1956. The position in this case was that the Indo-lowen Brau Breweries limited, Faridabad manufactured the beer and kept the bottled stock with them until the same was issued in bond subsequently. Since the quantity remained in the Brewery for a fairly long time and the management of the Brewery incurred a loss during the process of bottling of the same, it would have caused a loss to the Brewery, had it been excluded from the total production, while calculating 10% wastage. A reply was sent to the Govt. vide this office memo No. 7268/X.II, dated 25-9-79 explaining the above position, Govt. informed the Accountant General, Haryana accordingly. It is, however, under consideration of the Govt. to amend order 5 of the Punjab Fiscal Orders 1932, so as to calculate the wastage at rate of 10% on the entire quantity of beer manufactured by the Brewery Irrespective of its issues in bond. Since the matter carried weight it was not considered proper to fix responsibility on any official for this lapse. In view of the position explained no demand has been raised and hence no recovery has been made."

(a) The Committee observe that even though the Excise and Taxation Commissioner stated as early as in October, 1978, that the matter regarding amending the Punjab Brewery Rules, 1956, was being referred to the Government, no decision to amend the rules had been taken even though a period of four years had elapsed. The Committee desire that the matter be expedited and the decision regarding amendment in the rules be taken without any further delay.

(b) The Committee are unhappy to note that there was a shortage of 5.2 lakh bulk litres of beer involving excise duty to the extent of Rs. 3.86 lakhs. Even though the matter was reported to the Government in the month of April, 1978, the Government has failed to take any concrete steps to levy excise duty on the beer on the shortages in excess of the prescribed limit of 10%. The Committee desire that this matter be pursued vigorously and a report about the progress made furnished to the Committee within a period of six months.

(c) The Committee observe that the wastage allowance allowed without first deducting the quantity of beer issued is against the provisions of the Rules. The Committee, therefore, desire that necessary action to effect the recovery of the amount of Rs. 37,778 which was short levied be expedited and the Committee informed accordingly.

Paragraph 4.2. Loss of duty on excess wastage

40. Under the Punjab Distillery Rules, 1932, as applicable to Haryana, excise duty on each kind of spirit wasted in excess of the prescribed limits is chargeable from the distilleries. The scale of wastage allowance for spirit in storage (spirit store room) and bottling operations has been prescribed as 2 per cent and 1.5 per cent, respectively.

In the course of audit of two distilleries, it was noticed (May and June 1977) that during the years 1975-76 and 1976-77 wastage of various kinds of spirit in spirit store room and bottling operations was in excess of the prescribed limits. No excise duty on the excess wastage of spirit had been charged from the distilleries which resulted in loss of excise duty amounting to Rs. 2 88 lakhs. When this was pointed out in audit (July and August 1977), the department stated (December 1977) that recovery of excise duty on excess wastage had been referred to the Excise and Taxation Commissioner. Further report is awaited (April 1979).

The matter was reported to Government in May 1978, Government stated (April 1979) that action had since been initiated to recover the amount.

The department in their written reply to a question of the Committee stated as under :—

“The excess wastage was detected and noticed were served on the management of the distilleries calling upon them to show cause as to why excise duty at the prescribed rate should not be charged on the excess wastage of spirit in spirit store room bottling operation and bottled spirit store room. Thus, the question of fixing responsibility on any official did not arise

Noticed for charging excise duty amounting to Rs 4,76,991.70 on excess wastage found in 1975-76 & 1976-77 have been issued. The matter is being pursued.”

The Committee observe that action in the matter has been taken in a lackadaisical manner and that no serious effort is being made by the department to finalise the cases involving a recovery of Rs. 4,76,991 in respect of which notices are stated to have been issued. The Committee desire that all these cases be finalized at the earliest and a report submitted to the Committee within a period of three months,

Paragraph 4.5. Unintended financial aid to licensees

41. Under the Haryana Liquor Rules, 1970, a person to whom the country liquor vend has been sold shall deposit by way of security, an amount equivalent to one-tenth of the annual licence fee, within a period of 7 days from the date of auction. The amount of security equivalent to 90 per cent shall be adjusted against the last instalment of licence fee.

payable by him unless the security deposit or part thereof is forfeited or adjusted against the amount of fee or penalty due from him in respect of the licence. The balance security deposit shall be refunded after adjusting therefrom any amount due to Government from the licensee after the close of the financial year.

In the course of audit it was noticed (between July 1976 and March 1978) that security deposits amounting to Rs 9.42 lakhs and Rs 17.78 lakhs required to be refunded not before 31st March 1976 and 31st March 1977, respectively, were adjusted towards the last instalment of licence fee payable by the licensees by 20th January 1976 and 20th January 1977, respectively. This amounted to unauthorised financial aid to the licensees from the middle of January to the end of March. This also affected the ways and means position of Government.

The matter was reported (between July 1976 and March 1978) to Government; reply is awaited (April 1979).

The department in their written reply to a question of the Committee, stated as under :—

“The adjustment of 10% remaining amount of security which was to be refunded after expiry of the year was adjusted towards the last instalment of the license fee in the interest of excise revenue. Needless to say that the country liquor licenses are generally auctioned in February/March every year and the licensees have to clear their dues before participating in the auctions. Further they have to deposit securities etc. if they succeed in getting the licenses for the next year. In order to attract a large number of bidders at the time of auction which is conducive to healthy competition, eventually resulting in increase in revenue 10% amount of security had been adjusted by the Deputy Excise & Taxation Commissioners/D.E.T.Os holding charge of the districts.”

The Committee desire that necessary amendment in the Haryana Liquor Licence Rules, 1970, in regard to the adjustment of 10% remaining amount of security, be made, so as to meet the requirement of the rules.

TRANSPORT

Paragraph 3.1. Results of test audit

42. During the period April 1977 to March 1978, test check of documents of the departmental officers revealed underassessment of tax to the extent of Rs. 9.83 lakhs in 1,740 cases. The under-assessments were due to mistakes which may be categorised broadly under the following heads :—

	Number of cases	Amount (In lakhs of rupees)
1. Irregular rebate	166	3.90
2. Non-levy/short levy of motor vehicles tax	1,382	2.41
3. Non-levy of trade certificates fee	47	0.30
4. Non-levy/short levy of goods and passengers tax	112	3.06
5. Other reasons	33	0.16
Total	1,740	9.83

Some of the important irregularities noticed in test audit are mentioned in the paragraphs 3.2 to 3.14.

In reply to a question by the Committee, the department in their written reply stated as under :—

“The reasons for large scale under-assessment cases are due to the wrong interpretation of rules/instructions by the dealing officials who have been directed to be careful in future.”

During oral evidence on 10-1-1983, the departmental representative stated that advice of the Legal Remembrancer was being sought whether the rebate of Rs. 3 90 lakhs was regular or irregular. He further stated that in case the Legal Remembrancer held the rebate irregular then the Registering Authorities would be asked to recover the amount of such rebate.

The Committee desire that action taken on the advice of the Legal Remembrancer be intimated to the Committee within six months.

Paragraph 3.6. Non-realisation of trade certificate fee

43. Under the Punjab Motor Vehicles Rules, 1940, a manufacturer or a dealer in motor vehicles is required to obtain trade certificates on payment of the prescribed fee in advance for vehicles which remain in his possession in the course of his normal trade.

In the course of audit it was noticed (between April 1976 and May 1977) that the trade certificate fee had not been realised from 38 dealers falling in the jurisdiction of seven Registering Authorities for the periods

ranging between 1969-70 and 1976-77. The provisions of the Punjab Motor Vehicles Rules, 1940, were, apparently, not enforced for years together. The amount involved in these cases at the minimum rate of Rs. 100 per annum worked out to Rs. 21,800.

On this being pointed out in audit (May 1976 to April 1977), two Registering Authorities stated (December 1976 and January 1979) that Rs. 1,200 had been recovered. Particulars of recovery of the balance amount are awaited (April 1979).

The matter was reported to Government in November 1978: reply is awaited (April 1979).

The department in written reply stated that :

“There are following firms who, manufacture vehicles in Haryana State :—

- (1) M/S Escorts Ltd. Faridabad
- (2) M/S Eicher Good Earth Ltd. Faridabad.
- (3) M/S Hindustan Machine Tools, Pinjore.

Trade Certificates have been issued and upto date Trade Certificates fee has been charged from the above firms.

Except these there are so many dealers in the State who deal with the sales & purchases of vehicles like Tractors, Scooters, Tempos, Cars, Trucks, & buses Chassis etc. The Deputy Commissioners have intimated that Registered Notices were issued to them for the payment of trade certificate fee. All of them have regretted to pay the Trade Certificate fee with the plea that the vehicles received by them from their Principals used to be temporarily registered under the provision of Motor Vehicles Rules & Taxation Act and on the receipt of the same, they deliver these vehicles to their customers who stand at their waiting lists. Under the circumstances explained above these dealers can not be forced to pay the Trade Certificate Fee. As such it is requested that this para may please be dropped.

The manufacturers of Tractors in Haryana as stated above in Para 1 are already paying Trade Certificate fee and as regards the dealers, the Registering Authorities have intimated that since their vehicles used to be temporarily registered under Motor Vehicle Rules, the Trade Certificate Fee is, therefore, not chargeable from them.”

During oral evidence on 10-1-1983, the departmental representative stated that personally he was of the opinion that trade certificate fee from the dealers, who dealt with the sale and purchase of vehicles, should be recovered from them. He, however, stated that the matter would be referred to Legal Remembrancer for his opinion and further action would be taken accordingly.

The departmental representative also informed the Committee during oral evidence that out of a recoverable sum of Rs. 45,200.00, an amount of Rs. 11,200.00 had been recovered and that the balance amount would also be recovered shortly.

The Committee desire that action taken on the receipt of the advice from the Legal Remembrancer be intimated within six months.

The Committee also desire that progress of recovery of the balance amount of Rs. 34,000.00 be intimated.

Paragraph 3 8. Short levy of tax due to incorrect application of rates

44. (a) Under the Punjab Motor Vehicles Taxation Rules, 1925, the rate of road tax on vehicles covered by private carrier permits used solely in the course of trade and industry for transport of goods is higher than the rate applicable to vehicles plying on public carrier permits and cars.

In the course of audit in the offices of Registering Authorities, Kaithal and Kurukshetra, it was noticed (November 1975) that in respect of 13 vehicles (5 vehicles owned by Haryana State Electricity Board and 8 vehicles owned by private parties) covered by private carrier permits, road tax was levied at lower rate applicable to vehicles covered by public carrier permits. Similarly, in the jurisdiction of Registering Authority, Gurgaon, road tax in respect of seven pick up vans owned by the Haryana State Electricity Board and one truck and one tempo owned by private parties was levied at lower rates applicable to motor cars and public carriers. This resulted in short levy of road tax of Rs. 30,644 for various periods between October 1968 and December 1976.

On this being pointed out in audit (January 1976), Registering Authority, Kurukshetra recovered Rs. 1,600. Report regarding recovery of balance amount is awaited (April 1979).

The matter was reported to Government in January 1976 and June 1977: final reply is awaited (April 1979).

(b) The Punjab Motor Vehicles Taxation Act, 1924 and the notifications issued thereunder by the State Government from time to time, prescribed the rates of token tax in respect of various types of vehicles (excluding stage carriages) according to their unladen weight. By a notification issued on 5th December 1975, Government enhanced the rate of token tax from Rs. 1,100 per annum to Rs. 1,250 per annum on public carriers with unladen weight exceeding 4 tons used solely in the course of trade and industry for the transport of goods. The revised rates were applicable from the third quarter of the year '75-76 as, under the Act, broken period in a quarterly period is to be considered as full period for the purpose of levy of tax.

In the course of audit conducted between May 1976 and March 1977, it was noticed that token tax for the third and fourth quarters of the year 1975-76 was levied in respect of 762 vehicles (683 vehicles for third quarter, 47 vehicles for third and fourth quarters and 32 vehicles for the fourth quarter) at the pre-revised rates in the jurisdiction of 20 Registering Authorities. Similarly, token tax in respect of 57 vehicles for the period 1967-68 to 1976-77 had been levied at rates lower than those applicable. This

resulted in short collection of tax amounting to Rs. 41,902 in the aggregate. In the absence of any effective system of internal audit, the department could not detect these cases of short levy.

On this being pointed out in audit (between August 1975 and March 1977), the department recovered Rs. 8,803. Report regarding recovery of balance amount is awaited (April 1979).

The matter was reported to Government in June 1977 and November 1978: reply is awaited (April 1979).

(c) Under the Punjab Motor Vehicles Taxation Rules, 1925, scooters/motor cycles with unladen weight not exceeding 200 pounds are chargeable to token tax at Rs. 25 per annum. The vehicles with unladen weight exceeding 200 pounds are subject to levy of token tax at Rs. 50 per annum.

In the course of audit of the offices of four Registering Authorities (Ambala, Jagadhri, Naraingarh and Sirsa), it was noticed (September 1977 to January 1978) that during the years 1971-72 to 1977-78 token tax in respect of 479 scooters having unladen weight of 95 Kg. (209 pounds) was levied at Rs. 25 per annum each instead of at Rs. 50 per annum. The non-levy of token tax at proper rates resulted in short levy of tax of Rs. 19,479. In the absence of any effective internal audit, the mistakes remained undetected.

On this being pointed out in audit (January and March 1978), two Registering Authorities (Ambala and Sirsa) accepted (February and May 1978) the objection and stated that notices for the recovery of the amount (Rs. 13,777) were being issued to the owners of the vehicles. Reply from other Registering Authorities is awaited (April 1979):

The matter was reported to Government in January and March 1978: reply is awaited (April 1979).

In reply to the questionnaire by the Committee, the department in their written reply, stated as under :—

- (a) "The main reasons for applying incorrect rates was due to the wrong interpretation of rules and instructions and lack of adequate knowledge of the dealing officials who have been directed to go through the rules carefully before taking any action in the matter.
- (2) Out of the total recoverable amount of Rs. 29,044 a sum. of Rs. 8,765 20 ps. has been recovered and efforts are being made to recover the balance amount.
- (b) 5% rebate in token tax is allowed to those operators who pay tax for whole of the Financial year i.e. from 1st April to 31st March of the following year. The Govt. enhanced the token tax by a notification issued on 5th December 1975 from Rs. 1,100 to Rs. 1,250 per annum. By this time the token taxes was already received at pre revised rates which resulted in arrear. Under the circumstances explained above no one can be held responsible for the same.

"The upto date district-wise recoveries position is as under :—

Distt.	Recover- able amount	Amount recovered	Balance Amount
Hissar	2,137.50	2,137.50	—
Sirsa	10,210.00	9,683.00	527.00
Jind	1,125.00	600.00	525.00
Bhiwani	3,937.80	3,937.80	—
Rohtak	15,700.00	908.74	14791.26
Sonepat	262.50	262.50	
Ambala	2,527.50	1,725.00	862.50
Gurgaon	13,024.50	2,850.00	10,174.50
Karnal	1,737.50	1,427.00	310.50
Total	50,662.30	23,531.54	27,130.76

Such type of recovery cases can not be ruled out but any how instructions have been issued to effect the recovery in such like cases expeditiously.

- (c) The tax was charged on the previous prevailing rates without keeping in view the change in specification made by the manufacturers. All the Registering Authorities have been directed to be careful in future.

The district-wise recoveries position is as under :—

Distt.	Recover- able amount	Amount recovered	Balance Amount
Hissar	—	—	—
Sirsa	8,298.00	7,770.50	527.50
Jind	732.00	57.25	674.75
Bhiwani	—	—	—
Narnaul	3,760.10	25.00	3,735.10
Rohtak	—	—	—
Ambala	11,181.07	3,106.85	8,074.22
Total	23,971.17	10,959.60	13,011.57

At present the work collection of receipts under head 041—Taxes on vehicles is being attended by the Sub Divisional Officers (Civil) in addition to their own multifarious duties. As such a proposal for the creation of an independent "Administrative Set Up", of the department controlling the Head of Account. "041—Taxes on Vehicles", was put up to the Chief Minister which has been rejected by him. The Public Accounts Committee has already been informed of this fact vide memo. No. 9(63)/75-76/ACC/640 dated 29-1-82 through the Secretary Haryana Vidhan Sabha. Now the Department has created a post of Asstt. Supdt. to look after this work in each Registering Authority in order to avoid such type of mistakes."

The Committee desire that recovery cases be expedited and progress made therein be intimated to the Committee within six months.

Paragraph 3 9. Short levy of token tax due to incorrect classification of vehicles

45. (a) Under the Punjab Motor Vehicles Taxation Act, 1924 and the rules made thereunder, as applicable to Haryana, tax on a contract carriage owned by any factory or religious institution and used exclusively for the carriage of its personnel or devotees is chargeable at the rate of Rs. 130 per seat per annum.

In the course of test check of records in the office of the Registering Authority, Gurgaon, it was noticed (April 1975) that tax on three mini buses having seating capacity of 16 seats each owned by a private company and used exclusively for the carriage of its employees was assessed to tax at the rate of Rs. 500 per annum each (applicable for motor cars/jeeps), during the period 4th quarter of 1973-74 to 4th quarter of 1976-77 against the prescribed rate of Rs. 130 per seat per annum. This incorrect treatment of contract carriages as private vehicles and the consequent incorrect application of the rate of tax resulted in short levy of tax of Rs. 15,405.

On this being pointed out in audit (July 1977), the department issued orders (May 1978) for the recovery of the amount. Particulars of recovery are awaited (April 1979).

The matter was reported to Government in June 1975; reply is awaited (April 1979).

(b) 'Tempos' plying for hire and used for the transport of passengers fall under the category of stage carriages and contract carriages and road tax has to be levied on these at the rates prescribed therefor.

In the course of audit of the office of the Registering Authority, Feteha bad, it was noticed (January 1977) that during the years 1973-74 to 1976-77, 26 passenger tempos were classified by the Registering Authority as Vehicles falling under the category of motor cars and not as stage carriages and contract carriages and tax was, accordingly, levied at the lower rates as applicable to cars. The incorrect classification of the Vehicles contrary to the provisions of the Act resulted in short levy of tax of Rs. 16,004.

On this being pointed out in audit (April 1977), the department accepted the objection and stated (August 1978) that recovery of Rs. 1,360 had been made and efforts were being made to recover the balance amount.

The matter was reported to Government in June 1977; reply is awaited (April 1979).

The department in their written reply to the questionnaire by the Committee explained as under :—

- (a) "These mini buses were classified as Motors Cars/Jeeps by mistake and wrong interpretation of the rules of Motor Vehicles & Taxation Act. These mini buses relate to M/S Maruti Pvt. Ltd. which has been liquidated and a new name has been assigned as Maruti Udyog Ltd. (A Government of India undertaking). A Commissioner has been appointed by the Government of India for payment of all such type of outstanding dues, who has already been requested to clear this outstanding arrears.

No such case has been noticed in other districts.

- (b) The vehicles pointed out in audit were not issued route permits by the Registering Authority, Fatehabad. As such they were assessed according to the rates of private vehicles. All this was due to wrong interpretation of rules by the officers/officials.

Out of deficiency of Rs. 16003.80 ps. a sum of Rs. 12840 20 ps. has been recovered and the efforts are being made to recover the balance amount of Rs. 3163.60 ps. for which the owner of the vehicle has obtained stay order from the court of the Commissioner, Hissar Division Hissar."

- (a) During oral evidence on 10-1-1983, the Committee drew the attention of the departmental representative to the fact that the department had not cared to send written reply to their question regarding fixing the responsibility for classifying mini buses as motor cars/Jeeps resulting into levying of tax at a lower rate. He assured the Committee that he would look into the matter and take appropriate action.

- (a) The Committee recommend that action be taken expeditiously and report be furnished to them within three months.

- (b) The Committee desire that efforts be made to get the stay orders vacated and the balance amount recovered. The Committee be informed of the action taken within six months.

COOPERATION

Paragraph 5.6 Under-assessment of audit fee

46. Under the Punjab Co-operative Societies Rules, 1963, as applicable to Haryana, every co-operative society is liable to pay to Government a fee for the audit of its annual accounts by the auditors of Co-operative Department. The scale of fees prescribed by Government for different types of societies provides for a certain percentage of the net profits earned by the society with a fixed amount as minimum and maximum. Separate rates of fees have been prescribed for annual audit and concurrent audit.

(i) In the course of audit of the records of the office of the Assistant Registrar, Co-operative Societies, Bhiwani, it was noticed (January 1978) that audit fee was being recovered on the basis of net profits/losses as worked out by the respective societies instead of on the basis of profits/losses shown in the audited accounts. This resulted in short realisation of audit fee amounting to Rs. 30,904 from 122 co-operative societies for the co-operative years* 1974-75 and 1975-76.

The matter was reported to Government in March 1978; reply is awaited (April 1979).

(ii) In the course of audit of records of the office of the Assistant Registrar, Co-operative societies, Bhiwani and Panipat, it was noticed (April 1977 and January 1978) that the audit of two co-operative marketing societies and one central co-operative consumer store for the co-operative year 1974-75 was conducted on concurrent basis but the audit fee was assessed at the rate applicable to annual audit which was lower. In respect of another 4 co-operative marketing societies (3 under concurrent audit and one under annual audit) audit fee for the co-operative year 1974-75 was not levied at the correct rates. The incorrect application of rates, resulted in the short levy of audit fee amounting to Rs. 23,237. On this being pointed out in audit (July 1977 and February 1978), the department recovered Rs. 7,888 from 4 societies and initiated (March 1978) action to recover the amount of audit fee from the remaining societies at the prescribed rates. Further developments are awaited (April 1979).

The matter was reported to Government in July 1977 and February 1978, reply is awaited (April 1979).

In reply to the question by the Committee, the department in their written reply stated as under :—

- (i) "In this connection, it is submitted that recovery of Rs. 4400/- has been made out of Rs. 30904/- and efforts are going on for the recovery of the balance amount of Rs. 26504/- as reported by the Asstt. Registrar, Coop Socs. Bhiwani on 28-9-82.

No deviation has been made from the Coop. Socs. Rules, 1963. Audit fee is assessed/recovered by the field staff of the Deptt on the basis of annual statements which are prepared from the accounts books of socs, soon after the close of coop. year. The work of

*Co-operative year begins on 1st July and ends on 30th June.

assessment is completed before September and recovery is effected by the end of 31st January of the following year according to the instructions laid down in paras 4.5, 4.10 & 4.11 of the consolidated circulars of the Coop. Department. Thus the audit fee for a particular year is recovered during the following year. On the other hand, audit of Co-operative societies is taken up after the close of the Coop. year and it is completed during the next coop. year.

In case audit fee is assessed on the basis of net profits/losses as per audited accounts, delay might occur in both assessment and recovery of the audit fee of last year. So in switching over to assessment of audit fee on the basis of audited accounts, delay will be caused by about one year which is not in the interest of the Govt."

It is further intimated that as and when it comes to the notice of the Deptt. that there is difference of amount in profits as worked out in the annual statements and audited accounts, the audit fee is re-assessed and recovered by the Asstt. Registrars on the basis of audited profits/losses as per departmental instructions vide circular letter No. I-V/Assess/2237-ATAI dated 19-4-60 and Audit/59929-97 dt. 16-11-81."

- (ii) "Officials concerned have been asked to explain their position. Their reply is awaited."

Action would be taken in the matter after the receipt of explanations of the officials concerned.

A sum of Rs. 10699/- has since been recovered out of balance of Rs. 15,349%. Efforts for recovery of balance amount of Rs. 4650/- are in progress."

During the course of oral examination on 11-1-1983, the departmental representative informed the Committee that recovery of audit fee amounting to Rs. 29,279/- has been effected and that only a sum of Rs. 1,625/- remained to be recovered from the Co-operative Societies.

The Committee desire that the progress of recovery of the balance amount of Rs. 1,625/- be intimated.

The Committee recommend that action against the concerned officials be expedited and they be informed within six months.

REVENUE

Paragraph 5.2. Non-recovery of stamp duty on certificates of sale

47. Under the Indian Stamp Act, 1899, as applicable to Haryana State Certificates of sale granted to the purchaser of any property sold by public auction by a Civil or Revenue Court or other Revenue Officer attract the same duty as a conveyance for consideration equal to the amount of the purchase money only and the expenses of providing the proper stamps are to be borne by the purchasers of the property to which the certificates relate. Government clarified in June 1973 and January 1977 that certificates of sale issued under the Displaced Persons Compensation and Rehabilitation Act, 1954, are not exempt from stamp duty and these are compulsorily registrable.

In the course of audit it was noticed (July 1975 and December 1977) that 29 certificates of sale of property granted by the Rehabilitation Department in Ambala and Gurgaon districts were registered during the years 1974-75 and 1976-77 without payment of stamp duty. Non-observance of the orders of Government resulted in non-levy of stamp duty amounting to Rs. 22,258.

The matter was reported to Government in September 1975 and February 1978, final reply is awaited (April 1979).

The department in their written reply to a question by the committee state as under .—

- (1) "The clarification that the sale certificates issued by the Rehabilitation Department were not exempt from stamp duty and that their registration was compulsory given to the Inspector General of Registration on 13-6-73, who in turn conveyed the above clarification on 30-7-73 only to the Registrar, Hissar who had sought guidance in the matter. The Govt. however, issued instructions in 1977 impressing upon Deputy Commissioners (Registrars) to ensure that stamp duty is properly charged on the sale certificates. In view of the position explained there is no point in fixing responsibility upon anybody.

In one case recovery of an amount of Rs. 6200/- has been stayed by the Civil Court. An amount of Rs. 1444 has been recovered efforts are being made to recover the balance amount."

The Committee observe that the pace of recovery is very slow and it needs to be accelerated.

The Committee desire that vigorous efforts be made to get the stay orders of the court vacated at the earliest. The committee further desire that the progress of recovery of the balance amount be intimated.

Paragraph 5.3 Short levy of registration fee.

48. Under the Indian Registration Act, 1908, registration fee is leviable on a document presented for registration on the basis of value of consideration set forth in the said document.

In the course of audit of the records of the Sub-Registrar, Karnal, it was noticed (September 1977) that memorandum of agreements relating to the deposit of three title deeds executed (March 1977) by two firms for obtaining loans aggregating Rs. 21 lakhs from the State Bank of India were registered by levying registration fee of Rs. 30 only. But on the basis of the amount of loan of Rs. 21 lakhs registration fee of Rs. 21,033 was leviable. Consequently, there was short levy of registration fee of Rs. 21,003.

When this was pointed out in audit (November 1977), the department admitted (April 1978) the mistake and initiated action to recover the deficient amount. Further report is awaited (April 1979).

The matter was reported to Government in November 1977, reply is awaited (April 1979).

The department in their written reply to a question by the Committee stated as under :—

1. "Sub Registrar, Karnal was responsible for the short levy of registration fee against whom action is being taken.
2. Strenuous efforts are being made to recover the amount of Rs. 21,003.

The Committee are unhappy to note that although the amount required to be recovered was pointed out by the Audit as early as in March, 1977, yet the department failed to effect the recovery.

The Committee desire that effective steps be taken to effect the recovery of Rs. 21,003 before the 31st March, 1983, as promised during oral evidence on 17-1-1983 and the results achieved be intimated to them forthwith.

The Committee further desire that action against the Sub-Registrar, Karnal be finalized within six months and they be informed accordingly.

Paragraph 5.4 Short levy of Stamp duty

49. Under the Indian Stamp Act, 1899, as applicable to Haryana power of attorney, when given for consideration and authorising the attorney to sell any immovable property, is liable to same duty as is leviable on the instrument of conveyance for the amount of consideration set forth therein.

In the course of audit of the offices of the Sub-Registrars, Bhiwani and Panipat, it was noticed (May and August 1977) that stamp duty on three deeds (two in Bhiwani and one in Panipat) in respect of powers of attorney for consideration of money, set forth therein as of Rs. 35,000, Rs. 42,500 and Rs. 37,267 and authorising the attorneys to sell the immovable properties, was levied at Rs. 3 each instead of Rs. 3,500, Rs. 4,250 and Rs. 3,750, respectively. Non-levy of stamp duty in accordance with the provisions of Article 48(f) of Schedule I-A to the Indian Stamp Act, 1899, resulted in short levy of stamp duty amounting to Rs. 11,491.

When this was pointed out in audit (September 1977) and November 1977), the department stated (March 1978) that notice for recovery of deficient amount (Rs. 3,747) relating to Sub-Registrar, Panipat, had been

issued to the executor of the deed. Reply in respect of 2 cases of Bhiwani is awaited (April 1979).

The matter was reported to Government in September 1977 and November 1977 ; final reply is awaited (April 1979).

In reply to the Questionnaire by the Committee the department intimated that :—

- “1. The registration of power of attorney is not covered under the provisions of Article 48(f) of schedule I-A of Indian Stamp Act. Hence stamp duty of Rs. 3 on every document was levied correctly. Under these circumstances this para needs to be dropped.
2. As per position explained in para (1) above no recovery was to be effected.
- 3 In view of the position explained in para (1) above, there was no need to review the cases. The provisions in the Indian Stamp Act are clear on the subject.”

During oral evidence when asked to explain the term “power of attorney for consideration of money,” the departmental representatives promised to send a detailed note. The Committee desired that a detailed note may be sent by 31st March, 1983, which should include information also on the following points :—

1. The type of items that are covered under Rule 48F; and
2. Whether the cases mentioned in the audit para fall under the above said Rule.

The Committee desire that a detailed note on the above points which had not been furnished till the time of writing of this Report, be furnished to them forthwith.

Paragraph 5.5. Short levy of stamp duty and registration fee on lease deeds

50. Under the Indian Stamp (Punjab Amendment) Act, 1922, as applicable to the State of Haryana, an instrument of lease granted for a premium and where no rent is reserved is chargeable with the same duty as is leviable on the instrument of conveyance for a consideration equal to the amount or value of such premium as set forth in the lease. Similarly, registration fee is leviable under the Indian Registration Act, 1908, on the value of the consideration for which stamp duty has been paid.

In the course of audit in the offices of the Sub-Registrars, Kaithal and Guhla, it was noticed (January 1975) that the four lease deeds executed in October 1973 between a school society and private persons for a period of 99 years set forth the amount of premium as Rs. 50,000 in each case payable in instalments within a period of 15 years.

Stamp duty and registration fee leviable on the consideration of premium of these four lease deeds worked out to Rs. 10,000 and Rs. 2,044, respectively, against which Rs. 500 and Rs. 144, respectively, were levied by the department. This resulted in short levy of stamp duty and registration fee of Rs. 11,400 (stamp duty : Rs. 9,500; registration fee : Rs. 1,900).

When this was pointed out in audit (April 1975), the department admitted the objection and stated (March 1976) that efforts were being made to recover the amount. Further developments are awaited (April 1979).

The matter was reported to Government in October 1975: reply is awaited (April 1979).

(ii) In the course of audit in the office of Sub-Registrar, Dabwali, it was noticed (January 1978) that a lease deed executed in March 1977 between two private parties for a period of two years set forth the amount of premium as Rs. 2.00 lakhs payable in six instalments. Stamp duty and registration fee leviable on the consideration of premium on the lease deed worked out to Rs. 10,000 and Rs. 2,011, respectively, against which Rs. 1,500 and Rs. 1,011 were levied by the department. This resulted in short levy of stamp duty and registration fee of Rs. 9,500 (stamp duty : Rs. 8,500; registration fee : Rs. 1,000).

On this being pointed out in audit (March 1978), the Government stated (June 1979) that notices had been issued to the parties for the recovery of the amount. Further developments are awaited (June 1979).

(iii) In the course of audit of records of the Sub-Registrar, Bahadurgarh, it was noticed (March 1975) that 42 instruments of lease deeds executed during the year 1973-74 for a period of 99 years set forth the amount of advances in addition to the value of rent reserved but stamp duty and registration fee had not been levied on the amount of advances paid. Further, in another 4 lease deeds, the entire money for the whole lease period of 99 years was paid in advance but stamp duty and registration fee was levied on the amount of annual rent instead of on the entire value of the lease. This resulted in short levy of stamp duty and registration fee of Rs. 8,499.

When this was pointed out in audit (May 1975), Government stated (October 1975) that the deficient amount of stamp duty and registration fee was being recovered. Further developments are awaited (April 1979).

The department in their written reply to the questions by the Committee stated as under :—

- “(1) Action for levying short stamp duty and registration fee is being taken against the concerned officials.
- (2) Out of total deficient amount of Rs. 28,399/-, an amount of Rs. 9,500/- relating to the office of the Sub Registrar, Dabwali and Rs. 1,171/- relating to the office of the Sub-Registrar, Bahadurgarh has been recovered, Strenuous efforts are being made to recover the balance amount of Rs. 17,728 /-.
- (3) Strict instructions have been issued to the registering authorities to avoid recurrence of such lapses in future.”

During oral evidence on 17-1-83, the departmental representative promised to recover the balance amount of Rs. 177,728 pertaining to cases under jurisdiction of Sub Registrars, Bahadurgarh, Kaithal and Guhla, before 31st March, 1983.

The Committee desire that a report about the progress of recovery made be furnished to them forthwith.

The Committee further desire that action taken against the officials responsible for levying short stamp duty and registration fee on lease deeds be intimated to them within six months.

IRRIGATION

Paragraph 5.8. Revenue forgone owing to undue delay in issuing notification

51. With a view to increasing agricultural production, Irrigation Department decided in March 1963 that *'Jhallar'** irrigation may be allowed on the drains. The drains were to be notified under the Canal and Drainage Act, 1873, before *Jhallars'* outlets could be allowed and the irrigation booked.

In the course of audit of the Palwal Drainage Sub-Division (under Gaunchi Division, Faridabad), it was noticed (February 1969) that in some areas irrigation was being actually done from Ujina Drain (completed in 1964) but no irrigation was being booked in the absence of notification under the Act *ibid.*

On this being pointed out in audit (August 1973), the department issued the notification in March 1976. According to the Faridabad Division (August 1978), irrigation from the aforesaid drain was booked in respect of 763 and 963.90 hectares during *Rabi* 1976-77 and *Rabi* 1977-78 (i.e., from October 1976 to March 1978) and demands amounting to Rs. 0.17 lakh and Rs. 0.21 lakh, respectively, were raised.

Based on the average, i.e., Rs. 0.19 lakh a year, Government had forgone revenue to the extent of Rs. 2.28 lakhs for the years 1969 to 1975 owing to belated issue of notification.

When this was pointed out in audit (October 1975), the department stated (July 1976) that notification could not be issued earlier owing to shifting of charge of this drain from

The department in reply to the questionnaire issued by the Committee stated as under :—

"It is a fact that in 3/63 it was decided by the then Chief Engineer, Irrigation works, Punjab that *Jhallar* irrigation might be allowed on the drains for increasing agricultural production but these instructions were not applicable on the Ujina Drain due to the fact that during 1963 only a pilot section of this drain was in existence. However in 1964 this drain was remodelled to 200 Cs. but it was experienced during floods that the discharge passing in the drain was more than the designed capacity. In the interstate meeting held on 25-6-67 it was decided to increase the capacity of Ujina Drain to 400 Cs., this capacity was too inadequate and eventually it was decided to increase its capacity to 800 Cs. The execution of works was started in 1967 and remained in progress during 68-69, 69-70 and 70-71 according to availability of funds. It is worth mentioning here that in view of site conditions lift irrigation is only possible at a very high cost and as such this facility was availed by the people to a very small extent as this

*It is a method of lift irrigation, wherein a small '*Rehat*' is fixed on a particular spot of the drain to lift the water.

drain was for flood control purposes. The Mewat area was either heavily flooded or subject to droughts. In case of droughts there is no water in drains and when heavy flooding takes place, there is no demand to lift water for agriculture.

Since the work of remodelling on Ujina Drain remained in progress upto 1972-73 thus no significant irrigation could be planned to be done from this drain. Hence it was not considered necessary to get notification issued under the Canal & Drainage Act 1873 for this drain in initial stages. However as soon as it was established that people in some reaches were keen for lifting water for agriculture, the same was allowed and assessment under the rules was started from 1973-74. Irrigation thereafter on the other drains were also being utilised (see Statement Appendix-I at pages 132-134. However it may be submitted that irrigation from drains is only incidental and depends upon various factors and field conditions and as such it is not a regular source for any noticeable irrigation. As such none can be held responsible for the lapses and no action is required to be taken.

The process of issuing notification under Section 75 of Northern India Canal & Drainage Act 1873 in respect of various Drains W.J.C. Feeder/G.C. Circle was in progress prior to 1973. In the meanwhile on receipt of review note on the scheme of Ujina Drain from the Accountant General, Haryana consolidated draft notification for issuing it under section 5 of the Northern India Canal & Drainage Act 1873 was sent to Chief Engineer, Irrigation, Haryana in 11/74 after its verification from other Circles. This process took its time in having the approval from the Government which was conveyed to W.J.C. Feeder Circle in 6/75. The Controller, Printing & Stationery, (U.T.), Chandigarh was requested on 9/7/75 for publication in the Haryana Gazette. On 18-3-76 a reminder was issued to the Controller for intimating if the notification was actually issued or otherwise. On 1-4-76, the Controller, Printing & Stationery (U.T.) informed that letter dated 9-7-75 was not received by him. A copy thereof was again sent on 19-4-76. The notification under section 5 was published in Haryana Gazette on 1-6-76. But pending this, the Abiana was regularly assessed right from Rabi 1973-74 and there was no delay & State interest was fully watched.

The above position fully explains that there was no delay on the part of any particular office and that the routine procedure took time.

No such other cases of delay have come to notice and all the Drainage Circles are duly taking note of use of water from drains which is duly assessed by the Irrigation Divisions/Dy. Collectors incharge in the Area from crop to crop.

Necessary instructions to Superintending Engineer's of Drainage Circle in respect of notifying the drain/drains falling in their jurisdiction have already been issued, a copy of which is at Appendix -II. (See page 135)."

APPENDIX--I

Statement showing drain-wise area assessed in

Name of Drain	1978-79			1979-80		
	Kharif	Rabi	Total	Kharif	Rabi	Total
Gaunchi Main Drain	96	2182	2278	104	2079	2183
Nuh Drain	—	156	156	—	25	25
Chanderi	—	230	230	—	—	—
Kotla	—	—	—	4	1311	1315
Ujina	—	—	—	—	1550 (R+)372	1922
	96	2568	2664	108	5337	5445

Faridabad Division, Faridabad

1980-81			1981-82		
Kharif	Rabi	Total	Kharif	Rabi	Total
364	2588	2952	125	3020	3145
—	252	252	—	97	97
—	—	—	—	252	252
149	—	149	14	117	131
101	—	101	—	1038	1038
614	2840	3454	139	4524	4663

**Statement showing Area & Amount assessed from Drains in Faridabad
Division, Faridabad**

Sr. No.	Year	Area assessed in Acres	Total amount of abiana assessed
1.	1973-74	460	2935.16
2.	1974-75	1013	4255.93
3.	1975-76	1783	16005 70
4.	1976-77	1912	17129.89
5.	1977-78	2382	21427.06
6.	1978-79	2664	28354.00
7.	1979-80	5445 ¹	69247.42
8.	1980-81	3454	34061.84
9.	1981-82	4663	46688.04