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HARYANA VIDHAN SABHA  
PUBLIC ACCOUNTS COMMITTEE  
(1983-84)

(Twenty First Report)

REPORT

ON THE

Report of the  
Comptroller and Auditor General of India

for the year 1978-79

(Civil and Revenue Receipts)



HARYANA VIDHAN SABHA SECRETARIAT,  
CHANDIGARH.  
MARCH, 1984

Presented to the House on 23 MAR 1984

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## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

### CHAIRMAN

1. Seth Ram Dass Dhamija

### MEMBERS

2. Shri Banarsi Dass Balmiki
3. Shri Hira Nand Arya
4. Ch. Mange Ram
5. Shri Om Parkash Mahajan
6. Master Ram Singh
7. Shri Roshan Lal Tewari
8. Ch. Shakrulla Khan
9. Master Shiv Parshad

### SECRETARIAT

1. Shri Raj Krishan, Secretary (Upto 31-10-1983)
2. Shri G.L. Batra, Secretary (From 1-11-1983)
3. Shri Surinder Kumar, Under Secretary

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee in this behalf, present this their twenty first Report on the Report of the Comptroller and Auditor General of India for the year 1978-79 (Civil and Revenue Receipts).

2. The Committee framed questionnaire on the following :

- (i) Appropriation Accounts/Finance Accounts of the Haryana Government for the year 1980-81.
- (ii) Report of the Comptroller and Auditor General of India for the year 1978-79 (Civil and Revenue Receipts) relating to the following departments :

### Civil

1. Agriculture
2. Food and Supplies
3. Local Government
4. Co-operation
5. Printing and Stationery
6. Irrigation
7. Transport
8. Finance

### Revenue Receipts

9. Co-operation
10. Food and Supplies
11. Forest
12. Revenue
13. Irrigation
14. Transport
15. Excise and Taxation

- (iii) Report of the Comptroller and Auditor General of India for the year 1979-80 (Civil).

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 Secretariat and his staff for the wholehearted co-operation and assistance given by them to the Committee.

Chandigarh :

The 5th March, 1984.

RAM DASS DHAMIJA  
CHAIRMAN

## REPORT

### GENERAL

[1.] The present Public Accounts Committee was constituted by election vide Notification No. PAC-9/83/25, dated the 28th April, 1983.

[2.] The Committee held 74 meetings in all at Chandigarh and other places.

### FOOD & SUPPLIES

#### *Paragraph 6.25 Loss of Rs. 2 85 lakhs*

[3.] The Management stored 3,963 35 quintals of rice of "Begmi" and "Permal" varieties (value : Rs. 5 42 lakhs) in the Kalayat warehouse of the Haryana Warehousing Corporation (HWC) in February-March 1975. According to warehouse practices these varieties of rice could under normal storage conditions be stored for a period of 1-1½ years. A part of the stock (642 quintals) lifted by the Food and Supplies Department from the warehouse in October 1976 for delivery to the Food Corporation of India (FCI), was rejected (October 1976) by them, being below specifications.

In June, 1977, the HWC approached the department for immediate arrangements for disposal of the stock as the rice could not be stored any longer. No action was taken until February 1978 when the Management carried out joint inspection of the stocks with the representatives of the FCI and the HWC. The joint inspection revealed that the entire stock contained damaged, discoloured and dehusked grain. In April 1978, the WC Hagain asked the Management for immediate disposal of the stocks failing which the same would be put to auction. Finally, in May 1978 the Corporation auctioned the rice for Rs. 2.57 lakhs, resulting in a loss of Rs. 2 85 lakhs.

The Management stated (May 1979) that the HWC was responsible for proper preservation of the stocks in storage and it had lodged a claim of Rs. 6 53 lakhs with it. The matter was stated to be pending with Government (November 1979).

The departmental representative was orally examined on 13-6-83. During the course of oral examination the department held that the entire responsibility for deterioration of rice in storage was that of the Warehousing Corporation. The Committee, however, observed that the Food and Supplies Department could not be absolved of its responsibility as it failed to make immediate arrangements for the disposal of the rice stock particularly when its deteriorating conditions was specifically brought to their notice by the Haryana Warehousing Corporation in October, 1976 and again in June 1977. The Committee did not appreciate this attitude of apathy on the part of the department in disposal of the stock when it could not be stored any longer in the warehouse.

During oral evidence the departmental representative further informed the Committee that as per final figures worked out by the department the net loss on account of damaged, discoloured and dehusked grain was Rs. 1.15 lakhs

and not Rs. 2.85 lakhs as pointed out by the audit. Besides they also informed the Committee that in order to sort out the dispute between the Food and Supplies department and Warehousing Corporation the matter had been referred to the Finance Department and that a meeting under the Chairmanship of the Commissioner & Secretary to Government Haryana, Finance Department, was held on 3-1-1983 in which the Managing Director, Haryana Warehousing Corporation and Director, Food and Supply participated. In that meeting it was decided that :—

“The Corporation will pay compensation to the Food and Supply Department for the loss incurred in the sale of rice stored at Kalayat as per the norm providing specifically that H.W.C. will pay to the department the value of rice as shown in the Warehouse receipt/acknowledgement and the H.W.C. will not charge any storage charges.”

The Committee desire that the final action taken in the light of the decision arrived at in the meeting held on 3-1-1983 under the Chairmanship of the Commissioner and Secretary to Government, Haryana, Finance Department, be intimated to the Committee within a period of three months.

The Committee further desire that the difference between figures of net loss on account of damaged grain be reconciled with the Audit Office and correct position intimated to the Committee.

## MEDICAL AND HEALTH

### *Paragraph 3.5 Medical care facilities in rural areas*

[4.] In order to provide medical and health services in rural areas, 89 Primary Health Centres (hereinafter called centres) with 834 sub-centres had been set up in the 87 blocks in the State. The expenditure incurred on these centres/sub-centres during 1974-75 to 1978-79 was Rs. 5,55 80 lakhs.

Test-check of the records pertaining to the functioning of 23 out of 24 centres in the three districts of Ambala, Karnal and Jind, conducted in July-August 1979, revealed the following :—

#### (2) *Buildings*

Thirteen of the centres in Karnal and Jind districts were functioning in old buildings of rural dispensaries. According to the Medical Officers, space in 9 of them was inadequate for the efficient functioning of the centres. Only 12 out of the 222 sub-centres were housed in Government buildings and the remaining had generally inadequate rented accommodation.

A new building for Kalwa centre (district Jind), completed by Public Works Department at a cost of Rs 6 21 lakhs in January 1978, had not been taken over by the Health Department (August 1979) as some minor defects pointed out by it in October 1978 had not been removed by the Public Works Department. The centre is meanwhile functioning in the rural dispensary building which lacks facilities.

#### (3) *Staff*

Against the sanctioned strength of 59 medical officers and 463 para medical staff for the 24 centres, only 42 and 413 posts respectively were filled up on an average during 1974-75 to 1978-79, in 15 centres no lady doctors had been posted due reportedly to paucity of lady doctors in the State.

The non-filling up of posts was attributed to the inadequacy of residential accommodation for medical and para medical staff. Action taken for providing accommodation was not stated.

#### (4) *Public Health and diagnostic facilities*

Out of the 24 centres in the three districts, 10 did not have water supply arrangements, 14 no sewerage, 20 did not have X-ray plant and 22 no clinical laboratories.

It was also noticed that, out of the 4 centres where X-ray plants were available, in Nilokheri the X-ray plant purchased in February 1972 was installed only in February 1974 and was out of use from June 1974 to March 1978 due to non-posting of a Radiographer. In Raipur Rani (Ambala) also the X-ray plant acquired in January 1972 remained out of use upto September 1975 due to non-posting of a Radiographer.

It was also noticed that, in the Odhan centre (Sirsa district), one X-ray machine acquired in November 1971 at a cost of Rs. 0 32 lakh had not been used for taking X-rays as necessary electrical supply connection could not be secured and the machine was being used only for screening.

(5) *Facilities for treatment of indoor patients*

Each centre was expected to maintain 8 beds for indoor patients. The position of bed strength and its utilisation during 1974-75 to 1978-79 was as under :—

<i>District</i>	<i>Number of centres</i>	<i>Total number of beds</i>	<i>Average utilisation of beds</i>
Karnal	9	94	41
Ambala	8	64	34
Jind	7	56	15

According to the Medical Officers, optimum utilisation of the bed strength was not possible in the absence of diagnostic and surgical facilities, arrangement of diet for patients, etc. Action taken for providing the necessary facilities was, however, not stated.

It was also noticed that the number of indoor patients treated was nil at Ahar centre (Karnal district) and only 1 to 18 per year in Gogarian (Jind) and Chouramasatpur (Ambala) centres. While non-availability of accommodation for indoor ward was the reason given for the Ahar centre, the poor performance in Gogarian Centre was attributed to location of the centre at one corner of the block and lack of transport facilities.

(6) *Availability of medicines*

A test-check of availability of medicines (based on stock registers) showed that supply was not regular and for long periods some medicines were not available in stock. Regular assessment of requirement had not been made and medicines were supplied by the Chief Medical Officers of the districts on *ad hoc* basis and stocks were often replenished after long periods.

In Jind district, out of medicines worth Rs. 3.27 lakhs purchased for the centres in 1977-79, medicines worth Rs. 1.41 lakhs (43 per cent) were diverted to Civil Hospitals and rural dispensaries.

*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*

*Summing up*

- (i) Only a few centres (two out of 16 primary health centres in Karnal and Jind districts) had proper buildings and the others were functioning in either rented buildings or old buildings of rural dispensaries with inadequate accommodation and facilities;
- (ii) diagnostic facilities (X-ray machine and clinical laboratory) were not available at most of the centres; some of the centres did not even have water supply arrangements;



- (iii) supply of medicines to the centres and replenishment of stock were irregular.
- (iv) against the sanctioned strength of 59 Medical Officers and 463 para medical staff for 24 centres only 42 and 413 posts respectively were filled up on an average during 1974-75 to 1978-79. The non-filling up of posts was attributed to inadequacy of accommodation for the medical and para medical staff; and
- (v) supply of medicines to the Community Health Workers was irregular and no record had been kept at the centres of the work done by these workers.

The matter was referred to Government in October 1979. reply is awaited (February 1980).

In reply to the questionnaire issued by the Committee, the department, in their written reply in respect of Sub head (2) above, stated as under : —

“These Centres were started in the Joint Punjab in the R.D. Building or building given by the Panchayats/Zila Parishads. The Health Department is providing new buildings for these Centres according to availability of funds in phased manner.

In Karnal and Jind Distt. new buildings have already been provided at 2 places viz : Ahar & Kalwa. In addition to these additional buildings at Siwan & Safidon have also been provided. Besides, buildings of Rural Family Welfare Centre have also been provided at Gharaunda and Ballah in Karnal Distt. and Shamol Klan in Jind Distt. Buildings of Rural Family Welfare Centres are under construction at Ahar Distt. Karnal and Kalwa and Jullana in Jind Distt. In addition Govt. have agreed in principal to provide a building of R.F.W.C. at Rajound Disit. Jind. These steps will further improve the functioning of these Centres. It is, however, stated that inadequate accommodation had not adversely affected the working of these Centres.

As already explained above, these Centres are functioning satisfactorily despite inadequate accommodation. The remedial measures, which are being taken to provide adequate facilities, have already been given in the above paragraph.

The building of Centre at Kalwa had been taken over by the Health Department on 7-6-1980 when the P.W.D. removed the defects noticed in the Joint inspection of the building.

As soon as the defects were removed by the P.W.D. the building was taken over by the Health Department. It is, however, not known to Health Department as to why the P.W.D. had not removed the defects earlier.”

The reply of the department that“..... inadequate accommodation

had not adversely affected the working of these Centres....." did not carry conviction with the Committee who felt that without adequate accommodation efficient functioning of the Primary Health Centres was not possible.

The Committee, therefore, recommend that all out efforts be made to provide suitable building accommodation to all such Centres in the State at the earliest so that effective Medical and Health service could be rendered to the people in the rural areas of the State.

In regard to sub head 3 to para 3 5, the departmental representative admitted before the Committee during oral evidence on 14-6-1983, that one of the reasons for posts of the doctors remaining vacant was that the doctors avoided serving in the rural areas because of lack of proper basic facilities like children education, residential accommodation etc. On further enquiry by the Committee, the departmental representative promised, to supply the latest position regarding the sanctioned, filled and vacant posts of doctors and para medical staff in the State, the Department, vide their letter N. 59/7/83-6 HB-II, dated 14-11-83, supplied the required information incorporating also the steps taken/being taken to fill up vacant posts, which is given in the Statement at page 7 --8 supra

# **Details of sanctioned, filled and vacant posts of Doctors and Para Medical Staff.**

Sr. No.	Category	No. of Sanctioned posts	Posts filled up	No. of unfilled posts	Steps being taken to fill the same
1	2	3	4	5	6
1	HCM-I	254	241	13	Requisitions for filling these posts have been sent to Govt./HPSC.
2	HCMS-II	1200	1107	93	On receipt of recommendation from HPSC, posts would be filled up through regular candidates.
3	Radiographer	88	73	15	However interview of Doctors has already been held on 2-6-83 for filling up all the vacancies of HCMS-II on adhoc basis till availability of regular candidates. Candidates for 10 posts have already been selected/recommended. The appointment orders for these posts are being issued shortly to them. Requisition for 3 vacancies (reserved for LSM) is being sent to the Sainik Board Haryana. Efforts, to fill up the remaining 2 posts are being made.
4	O.T.R.	26	20		Filling of posts is banned. Steps for removal of ban are being taken.

1	2	3	4	5	6
5	Pharmacist	754	689	65	<p>These vacancies pertain to the S.C./BC/ESM Category. The required requisition is already pending with the S.S.S. Board Haryana. As soon as the recommendations are received the necessary steps to fill up these vacancies will be taken up. Recommendation has been received from S.S.S. Board. But the Govt. has imposed ban on filling the vacant posts. However the Deptt. has requested to the Govt. to exempt this category from the ban. As and when the clearance is received the appointment orders will be issued. Matter regarding filling up these vacant posts by promotion is under process.</p> <p>—do—</p> <p>These posts are lying vacant due to non-availability of suitable candidates.</p> <p>Matter regarding filling up these posts by promotion is under consideration.</p> <p>These posts are lying vacant due to the non-availability of suitable qualified candidates.</p> <p>However efforts are being made to fill up these posts.</p> <p>The posts are lying vacant due to the non-availability of trained candidates. Efforts are being made to open new Trg. Schools and by increasing the No. of seats in the existing trg. Schools.</p>
6	Lab. Technician	261	211	50	
7	Nursing Sister	185	167	18	
8	Asstt. Matron	3	2	1	
9	Public Health Nurse(T) District	42	29	13	
10	Public Health	14	11	3	
11	Sister Tutor	31	19	12	
12	Principal Tutor	14	9	5	
13	Public Health Nurse	12	1	11	
14	Staff Nurse	916	853	63	
15	L.H.V.	410	232	178	
16	A.N.M.	1388	1430	150	

The Committee observe that a good number of vacancies are still existing and desire that strenuous efforts be made to fill up the remaining vacant posts.

The Committee further recommend that in order to attract the doctors and para medical staff to serve in the rural areas Government may consider to provide incentives like rural allowance, suitable residential accommodation and children education allowance etc.

In reply to the question of the Committee in respect of sub head (4) to para 3 5, as to why it took two years for the department to instal the X-ray plant at Nilokheri, the departmental representative stated that they made efforts to get the plant installed at the earliest but they were helpless because the H.S.E.B. did not provide the power connection expeditiously adding that they had no control over the H.S.E.B

The Committee are not convinced with the above reply of the department and observe that such an essential equipment like the X-ray plant remained idle on account of complete lack of co-ordination between the Medical & Health Department and H.S.E.B. authorities. Had the department shown due initiative and taken up this matter at the appropriate level this essential equipment could have been usefully utilized for the benefit of the patients much earlier. The department dealt with this matter in a lackadissical manner as on the one hand it has been stated in the written reply that X-ray plants could not be provided in most of the centres due to financial stringencies on the other hand the X-ray plants provided at some places remained out of use for one reason or the other for years together.

The Committee, therefore, desire that in future the department should ensure that such like urgent matters are given top priority so that the machinery/equipment of public utility which is purchased despite financial stringencies is made use of for the benefit of sick and suffering people without any avoidable delay.

In reply to a question in regard to sub para (5) to para 3.5, from the Committee, the department, in their written reply, stated that the position with regard to the utilization of bed strength in the Public Health Centres was as under :—

Karnal	51.95%
Ambala	59.48%
Jind	27.53%

The Committee observe that the position of bed utilization is not satisfactory particularly in the Jind District, where it is as low as 27.53%. The Committee, therefore, recommend that the reasons for low utilization of beds in such centres be investigated and appropriate remedial steps be taken to ensure proper utilization of the beds so that the bigger hospitals in the State are relieved of pressure to some extent.

In written reply to a question from the Committee in respect of sub head (6) to para 3.5, as to why the supply of medicines to the centres and replenishment of stock was irregular, the department stated as under :—

“According to Government policy, the purchases are required to be

made from the approved sources within budget limits. First of all the requirement is to be sent to IDPL. If they do not supply, then the requirement of medicine is required to be sent to MSD Karnal after taking no objection from them. All types of medicines are also not generally available with M.S.D. Karnal and as such other approved sources for the supply of medicines are required to be tapped. This being lengthy and time consuming procedure, the department is not at fault if the medicine did not reach the centre in time and could not be replenished regularly."

The Committee observe that the purchase / replenishment of the medicines is the primary duty of the department and that they cannot escape responsibility for the delay in the supply/replenishment of the medicines to the Centres. The Committee, therefore, recommend that suitable action be taken against the persons responsible for in-action, lack of proper planning and foresight so that there is no disruption in the supply / replenishment of medicines to such centres in future.

*Paragraph 5.6 Idle machinery and equipment*

[5.] (i) *Hospital equipment* :—The following items of equipment had been lying idle in various civil hospitals (C. H.) for the reasons indicated against each :—

Serial number	Items	Cost(in lakhs of rupees)	Hospital	Since when lying idle	Reasons
(1)	(2)	(3)	(4)	(5)	(6)
(1)	One 50-X-ray plant	0.29	C.H. Bhiwani	March 1975	As the machine was not required at Bhiwani due to it being in excess of requirement, it was transferred to C.H. Rewari in February 1976
			C.H. Rewari	August 1976	Remained idle for want of repairs till June 1978 and was transferred to C.H. Narnaul in March 1979 as it was not required at Rewari.
(2)	One 50-X-ray plant	0 26	C.H. Karnal	March 1976	As it was not required at Karnal, it was transferred to C.H. Panipat in July 1976
			C.H. Panipat	August 1976	Want of replacement of certain defective parts.
(3)	50-M.A Mobile X-ray machine	0 25	C.H. Sirsa	September 1975	It was idle for want of ramps (constructed in May 1978) in the hospital and there after for want of repairs.

(1)	(2)	(3)	(4)	(5)	(6)
(4)	Steam sterilizer	0.25	C.H. Ladwa	April 1977	Want of an operation theatre which had not been constructed (January 1979).
(5)	Steam sterilizer	0.25	C.H. Tohana	April 1977	Due to certain parts missing.
(6)	Steam sterilizer	0.25	C.H. Shahabad	April 1977	Want of an operation theatre, the construction of which had not been completed (January 1979).
(7)	E.C.G. Machine	0.09	C.H. Rewari	March 1975	Due to non-posting of specialist to operate the machine.

During oral evidence the departmental representative explained the following reasons on account of which X-ray plant and other items of equipment remained idle in various Civil Hospitals. —

1. *One 50 X-ray plant Civil Hospital Bhiwani*

- (i) that originally a 500 bed hospital was planned for Bhiwani but subsequently the strength of the beds was reduced to 250;
- (ii) that earlier the said hospital was also to have a Cancer detecting centre for which some equipment, in addition to X-ray, was required for the purpose of detecting Cancer cases, but with the down-grading of the hospital from 500 beds to 250 beds, the additional equipment was not purchased and it was decided to shift the X-ray plant to Medical College, Rohtak;
- (iii) that when the concerned firm was asked to shift the plant to Rohtak, they replied that they would not be responsible if the plant developed any fault while being dismantled or during transit;
- (iv) that in view of the above condition of the firm it was decided to have the said X-ray plant installed at Bhiwani;
- (v) that when the plant was opened by the concerned firm for installation it was found to be defective;
- (vi) that the said firm took the position that the plant had become defective on account of having remained unused for a long period while, on the other hand, the department held that since the plant had not been put to use at all it was the responsibility of the firm to replace it or to refund the cost thereof, and
- (vii) that in March, 1982, the department made a move to take legal action against the firm for the replacement of the equipment or for the refund of the cost thereof.

The Committee enquired from the departmental representatives, if the existing system of making 90% payment on the receipt of the RR and the balance 10% after the installation of the plant was not defective as it provided the firm with an opportunity to adopt a dilatory attitude in the settlement of the matter after having received 90% of the cost thereof. In reply, the departmental representative stated that the question of revision of the terms of the payment for the purchase of equipment/machinery was under consideration of the Government so as to provide that the payment was made only after the installation and testing of the equipment.

The Committee do not feel fully satisfied with the explanation furnished by the department and observe that the shift in Government decision, reducing the strength of the beds at hospitals from 500 to 250, resulted in the X-ray plant remaining idle for a long time and consequently the Public money remained blocked. The Committee would, therefore, like the Department to be more circumspective in such matters in future.

The Committee desire that the decision taken on the proposal of making payment of the cost of plant/machinery after their installation/testing be intimated at the earliest.

The Committee also desire that the final outcome of the legal action initiated for the replacement of the X-ray plant or for the refund of the cost thereof be also intimated at the earliest.

## *II. Steam sterilizer Civil Hospital Tohana*

During oral evidence the departmental representative informed the Committee that the responsibility for missing parts of the Sterlizer was being fixed.

The Committee observe that the matter for fixing responsibility has been inordinately delayed and desire that action against the delinquent official(s) be finalized expeditiously and report sent to the Committee.



## BUILDINGS AND ROADS

*Paragraph 4.3 Outstanding recoveries against contractors*

[6.] Test-check of records relating to four works/supply contracts showed that amounts aggregating Rs 5 30 lakhs remained to be recovered from contractors who had left the contracts incomplete or to whom excess payments had been made. The details of the amounts are given below :—

*	*	*	*	*
*	*	*	*	*
Divisions	Name of the work	Nature of dues from the contractor	Amount due (in lakhs of rupees)	Dues of contractor available for adjustment
(1)	(2)	(3)	(4)	(5)
(iv) Provincial Division No. 2, Sonapat	Constructing a Nursery school at Rai	Cost of material consumed in excess of the theoretical requirements	0 20	—

Though the work was completed in June 1976, the final bill was prepared only in December 1978. Meanwhile, security earlier withheld from the contractor had been released in April 1976 (Rs. 0 24 lakh) and January 1977 (Rs. 0 04 lakh). The Government stated (September 1979) that the circumstances under which the security was released were being looked into and that an arbitrator had been appointed for considering the amount due for recovery.

The Committee raised the following questions :—

- (1) Why was the final bill prepared after about 2½ years of the completion of the work?
- (2) What was the present position of the recovery of Rs. 0 20 lakh? Has the entire amount been recovered?
- (3) Whether the circumstances under which the security was released before clearing the final dues from the contractor were investigated and if so, with what results?

The department in their written reply explained the position as under :—

“Delay in the preparation of the final bill was attributable to the following reasons :—

- (1) Approval of non-schedule items (i.e. Sr. No. 13,19,20,31,32,33,42 to 70,100,101,102,104 and 110 of the final bill amounting to Rs 98,776 was required to be accorded by the Superintending Engineer, Jind Circle, before the final bill could be prepared and this sanction

was conveyed by the Superintending Engineer in June 1977 vide his letter No. BS-37/7577 dated 18-6-1977.

The bill was prepared by the Sub Divisional Engineer in 2/78 after check and Bill order had been given on 27-10-1977.

The bill remained under scrutiny in the Divisional office for some time. In 7/78, the agency was requested to sign the bill in token of full and final settlement of account to avoid disputes later on. As the agency did not turn up at all till 10/78 the bill was finally dealt within the Divisional Office.

- (2) Arbitration proceedings in this case, in accordance with the terms of the Agreement, were started in 11/78 with the appointment of an arbitrator (Superintending Engineer Karnal Circle) under orders of Engineer-in-Chief, Hr., P.W.D., B & R Br. letter No. 17/W1 dt. 28-11-1978. The contractor did not agree with the bill as finalised by the Department and put in his claims amounting to Rs 5,39,570 40. The department put up counter-claim amounting to Rs. 21,343.40. The Arbitrator vide his orders dt. 31-3-1980 gave his award in favour of the agency to the tune of Rs. 45,545 19 and Rs. Nil to the department. The award has been made a rule of court vide its judgement dated 7-4-81. Further opinion of the Legal Remembrancer was sought to file an appeal against the Courts judgement but he has vide his memo No. 14442 dt. 27-5-82 intimated that this was not a fit case for filing an appeal. In view of these subsequent developments of the case, the question of recovery of any amount from the agency did not arise.
- (3) The circumstances under which the security was released have been thoroughly investigated. From the documentary evidence, it has been established that Sh. I.K. Khurana, S.D.E. wrongfully recommended the release of the security to the agency. He, thus rendered himself liable to the disciplinary action and has since been charge-sheeted under rule 8 of Punjab Punishment and Appeal, Rules 1952. The reply to the charge sheet had been submitted by the Sub-Divisional Engineer in 8/82 and after obtaining comments of the Superintending Engineer Jind thereon further processing of the case for obtaining final orders of the competent authority has since been made. The final decision is likely to be taken shortly."

The oral evidence on 21-6-1983, revealed that although the work was allotted in June, 1973 and completed in June, 1976, the rates of non-scheduled items, which were supposed to have been finalised well before the completion of the work, were not finalised until June, 1977.

The Departmental representative admitted, during oral evidence, that there had been an inordinate delay in admitting the bill and that the main delay was on the part of the then S.D.E., who, it was added, was also responsible for wrongfully recommending the release of the security to the agency before the finalisation of the bill. The Committee was also informed that necessary disciplinary action against him was in process.

In reply to a question of the Committee the departmental representative also admitted that there had been delay in the finalisation of disciplinary action against the then S.D.E. He, however, assured the Committee that the matter would be finalised without any further delay and decision at the Government level would be taken within 15 days of the date on which the matter was referred to the Government by the B & R Department.

The Committee feel that in undertaking the work, the department did not proceed in a planned and systematic manner and desire that in future, such works should be undertaken with due care, proper planning and foresight also ensuring that rates of non-scheduled items are finalised well before the completion of the works.

The Committee also painfully observe that although the departmental representative had given a solemn assurance to the Committee that the action against the officer/official responsible for releasing the security to the contractor would be finalised within 15 days of the date on which the matter was referred to the Government, yet no serious effort was made to finalize the case within the stipulated period. It was intimated vide letter No. 2/1/83 P.W. IV (4) dated 10-9-83 that the matter had been referred to the Government on 8-7-83. But it was only after the lapse of a period of four months that it was intimated by the Government vide their letter No. 2/1/83/P.W.IV (4) dated 17-11-1983, that punishment of censure had been awarded to Shri Ish Kumar Khurana, Xen.

The Committee deplore the tendency on the part of the department in not initiating/completing action in time and observe that in future action should be completed within the stipulated/promoised period failing which the Committee would be left with no choice but to recommend action against the departmental head for his inability to ensure compliance of observation/recommendations made by the Committee.

## HOUSING

*Paragraph 3.4. Low Income Group Housing Scheme*

[7.] Under the Low Income Group Housing Scheme (L.I.G.H.), loans are advanced to individuals whose annual income does not exceed Rs. 7,200 (limit was Rs. 6,000 upto April, 1968), and co-operative societies of such individuals for constructing houses. Mention was made of points relating to the implementation of the scheme in Rohtak and Gurgaon districts in paragraph 3.3 of the Audit Report for the year 1972-73. The Public Accounts Committee in its tenth Report (1966-77) had recommended *inter alia* that the department should vigorously pursue the recovery of arrears of loans.

Points pertaining to implementation of the scheme in all the districts are mentioned in the paragraphs which follow :—

(1) \* \* \* \*

*(2) Arrears in recovery*

Detailed accounts of the loans are maintained by the departmental officers. According to the information furnished by them, Rs. 91.33 lakhs towards principal and interest were overdue for recovery as at the end of March 1979 as shown below :—

*How long in arrears*

	Arrears		
	Principal	Interest	Total
	(in lakhs of rupees)		
(i) Upto 4 years	10.47	25.26	35.73
(ii) For more than 4 years	17.96	37.64	55.60
Total	28.43	62.90	91.33

The arrears include amounts due from 1,742 loanees (loan advanced : Rs. 67.23 lakhs) where not even a single instalment had been repaid. No effective action had been taken for recovery of the overdue amounts.

\* \* \* \*

The matter was referred to Government in July, 1979; reply is awaited (February, 1980).

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

“Out of Rs. 91.33 lakhs which was in arrear as on 31-3-1979, a sum of Rs. 49.31 lakhs has since been recovered and 42.02 lakhs is yet to be recovered.

Out of 1742 cases where not even a single instalment was paid as on 31-3-1979, recovery has been started in 909 cases and penal interest has also been recovered. Recovery could not be effected in 833 cases on account of poor financial position of loanees. Now the district authorities have been directed to recover the amount of arrears vigorously.

Efforts are being made to recover the amounts over due for more than 4 years as arrears of land revenue. In most of these cases lump-sum recovery orders have since been passed by the competent authority.

The recovery could not be affected on account of poor financial position of some of the loanees and due to shortage of staff. No officer/official was at fault and as such no action is contemplated to be taken against them".

The Committee orally examined the department extensively on 11-7-1983, and desired that the amount of outstanding loan as on 31-3-1983 be communicated to them. The department furnished the following information vide their letter No. 26/4/83-3-HG, dated 15-9-1983:—

"The overdue amount for recovery was Rs. 258 45 lakhs in the year 1982-83 out of which a sum of Rs. 37 00 lakhs was recovered upto 31-3-1983 leaving a balance of Rs. 221 45 lakhs for recovery. Efforts are being made to recover the outstanding amount as early as possible by the Deputy Commissioners in the State".

The Committee desire that strenuous efforts be made in coordination with the Revenue Department to recover the outstanding amount expeditiously particularly the amount outstanding and over due for more than five years.

## EDUCATION

*Paragraph 3.2. Establishment of book banks in schools*

[8.] The scheme of book banks in schools was initiated in the State during 1975-76 for the benefit of children belonging to scheduled castes/scheduled tribes and other deprived sections of the society. These banks were to supply to children one set of text books to be returned after the annual examinations. A sum of Rs. 34.81 lakh was spent on the establishment of book banks in all the schools in the State during 1975-76 to 1977-78.

A test-check (December 1978 to March 1979) of the accounts in three districts of Ambala, Karnal and Sonapat (expenditure : Rs. 10.54 lakhs) disclosed the following :—

(i) *Rebate not availed* : According to departmental instructions, all the District Education Officers (D.E.O.) were expected to make purchases of text books from registered Students' Stores (set up in every school) so that the rebate of 10 to 20 percent available on such purchases could be availed of and the savings could be used for purchase of more books. Due to purchase of books from sources other than registered Students' Stores during 1975-76 to 1977-78, despite their being available with these stores, rebate amounting to Rs. 0.24 lakh could not be obtained.

(ii) *Non-accountal of books* : Test check by Audit revealed that 24,931 books valuing Rs. 0.25 lakh were less accounted for during 1975-76 to 1977-78 by the book banks in the three districts. Action taken to investigate the shortage had not been intimated (February 1980).

(iii) *Books not returned by students* : Books valuing Rs. 0.17 lakh (Ambala : Rs. 0.01 lakh; Karnal : Rs. 0.12 lakh and Sonapat : Rs. 0.04 lakh) had not been returned by students after the annual examination was over. The cost of the books had also not been recovered from the defaulters.

(iv) *Other points* :

(a) Periodical physical verification of books had not been conducted.

(b) No action to declare as unserviceable books rendered useless due to fair wear and tear had been taken.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

(i) In reply to the question of the Committee in respect of 3.2 (i) as to how did the department justify the non-availment of rebate of Rs. 0.24 lakh and what was the position in the districts other than the three districts test checked by the Audit, the department stated :

“As per reports of the District Education Officers Karnal & Sonapat and A.G's Audit report the rebate at the rate of 10 percent was availed of on the purchases of Text books for the Book-Banks. As regards Ambala, the District Education Officer has reported that the rebate could not be availed of from the Government Text

Book Depot due to ignorance of the then Education Officers. As for the refund on account of rebate, the manager, Text Book Depot has been requested to supply the Text books to the concerned S.D.E. O's according to their requirement equal to the amount of rebate previously not allowed. The position in regard to the other districts is being ascertained".

**The Committee desire that they be informed whether books, equal to the amount of rebate previously not allowed, have been supplied by the Manager of the Text Book Depot.**

**The Committee also desire that the position in regard to the districts other than Ambala, Karnal and Sonapat districts be ascertained and intimated to them.**

(ii) The department in their written reply in respect of 3.2 (ii) explained as under :—

“(a) The cases regarding shortages of books in Sonapat & Panipat are with the Vigilance Department. Further action will be taken on receipt of reports from the Vigilance Department. As regards shortages, the D.E.O's have been asked to fix responsibility and recover the amount from the defaulting officials

(b) The inspecting officials have been asked to conduct the check of book-banks Stores and submit their reports within a fortnight.”

**The Committee desire that action on the report of the Vigilance Department be taken without any avoidable delay and intimated to the Committee.**

**The action against the officials held responsible for shortages be also expedited and intimated to the Committee.**

The department in their written reply in respect of 3.2 (iii) stated as under :

“As reported by the D.E.O. Ambala, the books were duly received back from the students by the incharge teachers at the close of academic session. However, the return entries of the books could not be made in the register which were later on made. As regards shortages in Sonapat and Karnal Districts, responsibility is being fixed.”

**The Committee desire that action be taken against the officials held responsible for shortages in Sonapat and Karnal districts and intimated to the Committee.**

## HARYANA URBAN DEVELOPMENT AUTHORITY

### *Paragraph 5 4. Shortages*

[9.] (a) Three cases of shortages of materials valuing Rs. 0.95 lakh were noticed in three divisions mentioned below :—

<i>Division/work</i>	<i>Value of shortage (in lakhs of rupees)</i>	<i>When noticed</i>
(1)	(2)	(3)
(i) Water supply schemes for sectors 24 and 25 of Industrial-cum-Housing Estate, Faridabad	0.44	At the time of finalisation of accounts of the contractor in April 1976.

Inventory of material left by the contractor at site was not prepared and indents on which material was transferred from site to stores contained discrepancies. The cost of material found short was proposed by the department to be recovered from the contractor but the department's claim was disallowed by the arbitrator. No steps had been taken to investigate the shortage or fix responsibility.

*	*	*	*	*
*	*	*	*	*

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

“There is nothing on record to show as to why the inventory was not prepared. However, the inventory in such cases has to be prepared in the presence of the contractor/his representative and he did not seem to have turned up for this purpose.

Responsibility has been fixed and Shri Girdhari Lal the then Junior Engineer charge-sheeted by the Public Health Department, for the discrepancies in the indents on which material was transferred. He has since been dismissed from service. A charge-sheet has also been served on Shri D.K. Jain, the then S.D.E. for excess issue of material.

The grounds for partial disallowance of the departments claim by the Arbitrator, as per his award are :—

- (a) Absence of the preparation of the inventory at the time of starting work departmentally.
- (b) Discrepancies in the record pertaining to the issue of the material to the contractor.

Responsibility has since been fixed and the Junior Engineer Shri Girdhari Lal and S.D.E. Shri D.K. Jain, charge-sheeted by the Public Health Department.



The final bill of the work was prepared and pre-audited and passed for payment by the Executive Engineer incharge. The final bill was in minus and after adjusting the dues payable to the contractor, the Executive Engineer concerned filed the claim before the Arbitrator for the recovery of the balance outstanding material.

The recovery as awarded by the Arbitrator has since been effected."

During oral evidence on 21-6-1983 the departmental representative promised that action to investigate the reasons for the inordinate delay; and to fix the responsibility for inordinate delay in initiating action against Sarvshri Girdhari Lal and D.K. Jain, who were responsible for the discrepancies in the indents on which material was transferred, would be completed without any further delay and a report in that regard would be submitted to the Committee within three months. The Committee, however, regret to observe that the promised report has not been received till the writing of this report.

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

The Committee also desire that responsibility for not supplying the information within the stipulated time of three months, as promised during oral evidence on 21-6-1983, be fixed and action taken against the officer/official responsible for this omission under intimation to the Committee.

The Committee further desire that the circumstances for not preparing the inventory of material left by the contractor at site at the time of starting the work departmentally be investigated and intimated to the Committee within six months.

## PRINTING AND STATIONERY

*Paragraph 6 23. Excess consumption of paper*

[10.] Two web-fed offset machines were installed at the Government Press, Panchkula in September 1974 and October 1975 at a cost of Rs. 7.75 lakhs.

The fact that these machines were designed (as per specifications) to cut the paper rolls every 88 cm. (as against 84 cm. in the case of other machines) was not noticed until December 1976. Since the material for printing continued, during this period, to be composed for a cut at 84 cm., these operations resulted in a wastage of paper computed at 51.084 tonnes, valued at Rs. 1.69 lakhs.

The Management stated (November 1979) as under :—

“The computation of loss by Audit, towards such excess consumption of paper is correct in theoretical sense only. Particularly there being no option but to have a cut at 44 cms. (half of 88 cms.) the only variable left with us was the composition of printing material suiting that size.”

The contention of the Management is not tenable as material is now being composed for printing based on a cut on a paper at 88 cms. since January 1977.

During oral evidence on 19th July, 1983, the departmental representative stated that, as per their assessment, there had been excess consumption of the paper of the value of Rs. 1.42 lakhs. The Committee was also informed that an enquiry had been conducted into the matter and as a result thereof three officials, namely, Manager, Section Holder and Superintendent had been found responsible for the said wastage of paper.

In reply to a question of the Committee as to what action had been taken against those found responsible for the aforesaid loss, it was stated that the Controller of Printing and Stationery had proposed to the Government in June, 1982, that as the para stood referred to the Public Accounts Committee, action in the matter might be initiated in the light of the observations/recommendations made by the Committee. It was further added that the Government did not agree to the proposal of the Controller of Printing and Stationery and directed that appropriate action under the rules be initiated without waiting for observations/recommendations of the Public Accounts Committee. The Committee was further informed that despite the Government directive no action in the matter had been taken by the Controller of Printing and Stationery till that date. The Committee was, however, assured that action would be taken in the next two months.

The departmental representative also assured the Committee that the action would also be taken against the officer who had failed to initiate action against the officer responsible for the wastage of paper in spite of the Government directive.

Subsequently the department informed the Committee, vide letter No. 4/1/83-1 P & S, dated the 30th September, 1983—that.....

"The punishing authority observed that these officials did not apply their mind and did not work diligently and were guilty of negligence. For this negligence they have been administered a warning with a copy in their A.C.R. files except one who has been given simple warning. As regards the actual loss involved in this case a committee has been constituted to assess the actual loss in as much as another fact has to be observed as to what amount had to be spent in making the art pulls a fresh and the expenditure on other jobs in the process section and the actual loss can be known only thereafter. The actual loss will be known only after the Committee so constituted has given its findings and the decision regarding the recovery of loss will be taken thereafter. The Public Accounts Committee will be informed about this aspect of recovery of loss later. The official responsible for delay has been awarded severe warning."

The Committee regret to note that though the departmental representatives had stated during oral evidence that there had been excess consumption of paper worth Rs. 1.42 lakhs, the actual loss even after lapse of seven years is yet to be assessed. The Committee desire that the department should ensure that action is taken on all such serious irregularities pointed out by audit without avoidable loss of time. The Committee further desire that the actual loss be now worked out within a month and action taken to recover it be also intimated to the Committee.

## AGRICULTURE

### *Paragraph 7 4. Drought Prone Area Development Agency, Narnaul*

[11.] The Drought Prone Area Development Agency (DPAP), Narnaul, society registered on 5th March 1975 for undertaking integrated development programmes in drought prone areas, was paid grants totalling Rs. 2,06.54 lakhs during 1974-75 to 1977-78. The accounts of the body for the years 1974-75 to 1976-77 had been audited by Chartered Accountants. The receipts and expenditure of the DPAP for the three years ending 31st March 1977, were as under :—

(1) Grants from State Government	Rs. 1,43 81 lakhs
(2) Other receipts	Rs. 0 63 lakh
(3) Total	Rs. 1,44.44 lakhs
(4) Total expenditure	Rs. 62 82 lakhs
(5) Advances	Rs. 17 57 lakhs*
(6) Closing balance	Rs. 64.05 lakhs

(2) The programme-wise approved outlay of the Agency and the expenditure there against during 1974-75 to 1977-78 were as under :—

<i>Particulars of programme</i>	<i>Outlay approved by the Governing body of the agency</i>	<i>**Expenditure</i>	<i>Shoertfall (—) Excess</i>
(1)	(2)	(3)	(4)
	<i>(in lakhs of Rupees)</i>		
(1) Project administration including State monitoring cell	7.83	9.17	(+) <sup>1</sup> 1.34
(2) Minor irrigation	92.85	35.91	(—)56.94
(3) Animal husbandry (Cattle and dairy development and sheep and wool development)	76.43	68.72	(—) <sup>7</sup> 7.71

\*Includes advances of Rs. 6.37 lakhs to the executing departments for works in the area of DPAP Rohtak, which had not been accounted for in the books of DPAP Rohtak.

\*\*Departmental figures. The audit of the accounts for the years 1976-77 and 1977-78 had not been completed by the Chartered Accountants at the time of test-check.

(1)	(2)	(3)	(4)
		<i>(in lakhs of rupees)</i>	
(4) Forestry	49.05	36 93	(—)12.12
(5) Farmers training	21.20	19.51	(—)1.69
(6) Agriculture	10.26	5 80	(—)3.46
(7) Soil conservation and soil survey	9.33	6 44	(—)2 89
(8) Contribution to risk fund	2 78	—	(—)2.78
	2,69 73	1,83 48	(—)86.25

Points noticed in test-check of records of implementation of schemes relating to minor irrigation and animal husbandry under which there were substantial savings are mentioned below :—

#### *Minor Irrigation*

The project report envisaged Rs. 3,30 lakhs (subsidy portion : Rs. 82.50 lakhs) being spent on 3,300 units of wells/tubewells/pump sets which were expected to provide irrigation for 6,600 hectares of land. Laying of 3,100 underground pipelines which were to reduce water losses was also envisaged at a cost of Rs. 77.51 lakhs out of which Rs. 19 38 lakhs were to be paid as subsidy to farmers. The achievements under major schemes were as follows:—

*Particulars of scheme    Targets    Achievements    Outlay proposed    Expenditure    Reasons adduced for shortfall*

*(in lakhs of rupees)*

(1)	(2)	(3)	(4)	(5)	(6)
(i) Installation of deep tubewells	4	...	3 00	...	Scheme dropped on the directive of the State Government.
(ii) Subsidy on installation of pump sets/wells	1,000	394	23 45	9.43	Due to limitation in further exploitation of underground water.
(iii) Digging of <i>Katcha</i> water-courses	351	80	12.00	3.39	Due to slow progress in digging of the canal.
(iv) Construction of irrigation bunds	4	1	19.95	12 85*	Due to technical approval by the Irrigation Department not having been accorded.

\*According to the division executing the work, the expenditure upto 1977-78 was Rs. 6.89 lakhs.

(1)	(2)	(3)	(4)	(5)	(6)
<i>(in lakhs of rupees)</i>					
(v) Blasting and drilling of wells	100	36	9.68	2.55	Due to limited machinery available.
(vi) Laying of underground pipelines	489	126	5.24	0.23	Due to farmer's inability to invest owing to their poor economic condition.
(vii) Construction of water harvesting tanks	12	5	6.00	1.15	Due to consent for works not having been given by farmers.

The following points were also noticed :—

- (a) For the construction of Nangal Chaudhary bund, land was acquired at a cost of Rs. 0.90 lakh in September 1977. However, the agency advised (August 1978) the Division not to proceed with the work, as the bund was not found feasible technically. Action taken for use/disposal of land was not stated.
- (b) With a view to demonstrating the benefits of sprinkler irrigation to small and marginal farmers, 25 sprinkler sets were purchased in April-June 1975 at a cost of Rs. 3.41 lakhs and diesel engines for the sets in March-May 1976 (cost : Rs. 1.54 lakhs) but no demonstrations were taken up, the reasons for which were not on record. Out of the sets purchased, 11 sets and 4 engines were issued to farmers during December 1975 to October 1978 without recovery of any charge or security. The farmers who were to return the sets had not returned 9 sets (cost : Rs. 1.23 lakhs). Though transfer of the sets to the Haryana Land Reclamation and Development Corporation at book value had been proposed, the transfer had not yet been effected (April-1979).
- (c) Out of the 80 *Katcha* water-courses constructed during 1976-77 and 1977-78 at a cost of Rs. 2.39 lakhs, no irrigation had been developed on 38 water-courses constructed at a cost of Rs. 1.18 lakhs due reportedly to non-availability of water in the Jawaharlal Nehru Canal from where water was to be drawn. Irrigation from the remaining 42 water-courses was only 552 acres out of total culturable command area of 23,240 acres.
- (d) Rupees 2.48 lakhs towards subsidy payable for sinking of tubewells/installation of pumping sets at 25 per cent for small farmers and 33½ per cent for marginal farmers were released in March 1977 to the Land Development Bank, Narnaul to be credited to the joint accounts of 144 small and marginal farmers on receipt of sanction of the 'DPAP' in each case. Out of this, the DPAP had issued sanction in 27 cases only (subsidy invol-

ved : Rs. 0 43 lakh), even in these cases it had no information as to how many tubewells/pumping sets had actually been installed.

Further amounts totalling Rs 6 93 lakhs were paid to the bank between October 1977 and March 1978 to be credited to the accounts of 249 beneficiaries. The bank was in these cases required to furnish to the DPAP within a month of the release of subsidy, application forms, affidavits containing particulars of land owned by the beneficiaries, income, etc., and details of actual expenditure but these had not been received (February 1979) and no action had been taken to obtain them. The DPAP had also not done any verification of the wells, if any, installed.

- (e) Rupees 0 78 lakh were paid in March 1977 to 11 Panchayats towards subsidy for installation of 11 community tubewells for providing irrigation on Panchayat land to be leased out to small/marginal farmers. However, no completion reports were on record nor was the DPAP aware as to how many tubewells had been completed and how much area, if any, had been brought under irrigation.

#### *Animal Husbandry*

The expenditure on Animal Husbandry schemes was Rs. 68.72 lakhs as under :—

<i>Particulars of scheme</i>	<i>Targets</i>	<i>Achievements</i>	<i>Expenditure</i> (in lakhs of rupees)
(i) Subsidy on milch cattle	2,444	2,358	21.84
(ii) Setting up of semen bank and dairy demonstration farms	1	1	20.09
(iii) Sheep Extension Centres	4	4	6.96
(iv) Stockmen Centres	15	15	5.45
(v) Subsidy to milk chilling centre	1	1	5.00
(vi) Other schemes viz., Diagnostic Laboratory, Heifers Subsidy, Managerial Subsidy, Establishment, etc.	—	—	9.38
			68.72

No subsidy for supply of feed concentrates for rearing cross bred heifers and setting up of piggery units was given though the approved programme included provision of Rs. 3.46 lakhs for such subsidy.

The following points were noticed :—

- (a) The wastage of semen in the semen bank amounted to 67 to 73 per cent in respect of bulls and 35 to 59 per cent in respect of buffaloes reportedly due to the apathy of villagers towards artificial insemination and the short period for which semen could be preserved. Action taken to motivate the villagers was, however, not stated. The conception rate of cattle artificially inseminated ranged between 19 to 25 per cent for cows and 22 to 38 per cent for buffaloes reportedly because only problem cases were brought for insemination.
- (b) Subsidy for purchase of milch cattle was paid to 2,358 beneficiaries at the rate of 25 per cent of the cost to small farmers and 33½ per cent to marginal farmers and agricultural labourers subject to an overall ceiling on cost of Rs. 0.03 lakh per buffalo. The beneficiaries were expected to maintain milch cattle at least for a period of 3 years but the agency had not conducted any verification. According to physical verification conducted (December 1978) by a bank through which subsidy was distributed to 13 beneficiaries for purchase of cattle between August 1977 and September 1978 (subsidy paid : Rs. 0.12 lakh), the beneficiaries had disposed of the cattle without permission. The agency had not obtained affidavits/bonds from the beneficiaries for retaining the ownership of milch cattle for at least a period of 3 years as required under the programme.
- (c) A sheep shearing plant was received in September 1978 from the Government of Australia free of cost (Rs. 0.33 lakh paid as custom duty by the agency). The plant had not been put to use as the electrically operated grinder required for its operation had not been received with the plant nor had any action been taken to acquire it.

The Committee orally examined at length the departmental representatives on 18-7-1983 in regard to the programme-wise approved outlay of the D.P.A.P. vis-a-vis expenditure incurred thereon. Regarding the shortfall in expenditure achievements under the main components of the scheme the departmental representative explained to the Committee as under :—

#### *Minor Irrigation*

“As the deep tubewells earlier installed by Minor Irrigation Tubewell Corporation (M.I.T.C.) had not proved a success, Government decided to drop this scheme. The targets fixed for subsidy on installation of Pump sets/wells were too ambitious and on adhoc basis. Digging of water courses was linked with digging of Jawahar Lal Nehru canal which progressed very slow. The construction of irrigation bunds had to be dropped being not viable and the cost having increased considerably.”

The Committee did not feel satisfied with the explanation furnished and asked the department to submit for the information of the Committee an up-to-date statement of the achievements under each activity vis-a-vis the layout fixed. The department vide their memorandum No. Acctt. 83/11736,



dated 10-11-83, furnished a statement giving the requisite information which is as under :—

**Statement showing the Scheme wise Physical, Financial targets and achievements of DPAP Narnaul.**

S. No.	Name of Scheme	Year of sanction	Outlay approved	Expend.	Physical achievements		
					Unit	Tr.	Ach.
1	2	3	4	5	6	7	8
<b>Minor Irrigation</b>							
1.	Deep Tubewells	1975-76	2.00	—	—	—	—
		1976-77	1.00	—	—	—	—
2.	Wells/P. Sets	1975-76	5.45	0 02	Nos.	200	1
		1976-77	12.50	2.48	„	500	144
		1977-78	7.50	6.93	„	300	249
		1978-79	8.76	9.31	„	300	291
3.	Digging of Katcha Water Courses	1975-76	1.50	—	Nos.	67	32
		1976-77	2.00	1.24	„	284	47
		1977-78	8.50	2.15	„	300	26
		1978-79	—	0.41	—	—	—
4.	Blasting Drilling boring of wells	1975-76	0.20	—	Nos.	8	—
		1976-77	1.00	0.24	„	40	16
		1977-78	1.30	0.21	„	52	20
		1978-79	2.50	1.09	„	100	92
5.	Under-ground Pipelines	1975-76	1.09	—	Nos.	100	—
		1976-77	2.75	—	„	265	11
		1977-78	1.40	0.23	„	224	115
		1978-79	6.46	2.62	„	400	259

*Note :* The individual beneficiary scheme under DPAP were discontinued as the IRD Programme which is being oriented programme was extended to all the blocks of the district w.e.f. 2-10-80.

The Committee are unhappy to observe from the aforementioned statement the dismal position of achievements vis-a-vis layout fixed. The Committee therefore, recommend that the reasons for the shortfall be investigated and remedial measures be taken so that in future such developmental schemes are prepared and executed in a most realistic manner.

In respect of the sub-para relating to sprinkler sets the departmental representative simply stated that the farmers had not till then returned nine sets despite being demanded since 1978 and added further that the department was going in for Civil suit against them. To a pointed question from the Committee as to whether any security was obtained in those cases the department promised to verify it. The Committee also desired to know as to why no effective action to recover the sets could be taken from 1978 to 1983 and who was responsible therefor. The departmental representative promised to send a report in that respect also to the Committee within a period of three months. Subsequently, vide their letter No. Acctt. 83/11736, dated the 10th November, 1983, the department intimated that all the sprinkler sets had been recovered from the farmers to whom those were supplied.

The Committee painfully observe that the department issued the sprinkler sets to the farmers without ensuring that the demonstrations were actually taken up in their fields. They did not even bother to watch their return for nearly over five years. The purpose of issuing sprinkler sets to the farmers was to demonstrate the benefits of sprinkler sets to the farmers, which was not achieved.

The Committee, therefore, recommend that the reasons for which demonstrations could not be taken up be investigated and intimated to the Committee at the earliest.

#### *Animal Husbandry*

Regarding non-obtaining of affidavits/bonds from the beneficiaries in respect of subsidy for milch cattle resulting in non-recovery of the subsidy amount in cases where the cattle were disposed of within three years, the departmental representative admitted that there had been failure in so far as the affidavits were not obtained on legal paper. It was further agreed that the latest position of recovery in those cases and the responsibility aspect would be looked into and a report submitted to the Committee within three months.

The Committee regret to note that the promised report had not been sent even in this case and desire that the reasons for having accepted the invalid affidavits be investigated and suitable action taken against the officers responsible for accepting the improper affidavits under report to the Committee within one month. The Committee desire that the assurance given to them by the departmental representatives must be fulfilled and the responsibility for not furnishing the promised report be also fixed within one month under intimation to the committee.

In respect of the scheme for providing the facility of artificial insemination the Committee took a view that the benefit of huge expenditure has not actually flowed to the poor and the Government should take steps to ensure that the poor are able to derive the benefits of the scheme.

## P.W.D. PUBLIC HEALTH

2/5  
05/08/72

## Paragraph 4.3. Outstanding recoveries against contractors

[12.] Test-check of records relating to four works/supply contracts showed that amounts aggregating Rs. 5.30 lakhs remained to be recovered from contractors who had left the contracts incomplete or to whom excess payments had been made. The details of the amounts are given below :—

Division	Name of the work	Nature of dues from the contractor	Amount due- (in lakhs of rupees)	Dues of the contractor available for adjustment
(i)	*	*	*	*
	*	*	*	*
(1)	(2)	(3)	(4)	(5)
(ii) Project Public Health Division	Manufacture and supply of bricks	Cost of coal supplied	0.71	Earnest money lying in saving bank account (Rs. 0.08 lakh) and security deposit (Rs. 0.05 lakh)

The coal was supplied without recovery of its cost though there was no provision in the contract for supply of coal by the Department and the contractor's rates were on the basis that he would make his own arrangements for coal. A claim filed for recovery of Rs. 0.58 lakh with the arbitrator was awaiting decision (November 1979). It was, however, seen that the Department had proposed recovery at the issue rate plus 10 per cent supervision charges and 3 per cent storage charges without taking into account the market rates as required under the financial rules.

(1)	(2)	(3)	(4)	(5)
(iii) Industrial Area Public Health Division, Faridabad (now defunct)	Water supply scheme	Cost of material (at penal rates) issued in excess but not returned.	0.61	

Though the works had been completed in January-July 1975, the final bills were passed in February/March 1977. The case for recovery of Rs. 0.31 lakh referred to arbitrator in May 1977 was awaiting decision. Approval for filing a civil suit for recovery of the balance amount of Rs. 0.30 lakh sought by the Division from the higher authorities was awaited (November 1979). The Divisional office also stated (May 1979) that action to fix responsibility for excess issue of material was being taken.

In reply to the questionnaire of the Committee, in respect of para 4.3(ii), the department in their written reply explained the position as under :—

“The Arbitrator announced the award of Rs. 50,777.94 in favour of the Department on 11-4-80. Rs. 30,941.37 have since been adjusted out of the security deposit and deposit at calls available with the department. For the balance amount of Rs. 19,836.57 Ps. the case has been filed in the Court for making the award Rule of the Court. The last date of hearing was fixed for 11-4-83. The remaining amount will be recovered from the contractor after the award is made rule of the Court.

It is stated that bricks were required for executing the Public Health works expeditiously. There was acute shortage of bricks in the open market at that time. Coal was issued to the Contractor keeping in view that its cost will be recovered from the contractor. The then concerned officers/officials failed to effect full recovery of coal supplied by the department. Responsibility for the same is being fixed. The explanations of the defaulting officers/officials have been called and further action will be initiated in due course.

The recovery of the coal was proposed to the Arbitrator at the following rates :—

<i>Qty. of coal</i>	<i>Rate</i>	<i>Amount</i>
45 M.T.	94.00	4230
333.90	107.00	35727.30
380.60	131.00	49870.39
<hr/> 759.50		<hr/> 89827.69
	3% Storage charges	2694.83
	10% Supervision Charges	9252.25
		<hr/> 101774.77

Since the issue of coal to the contractor was not stipulated in his contract, as such 10% supervision charges and 3 per cent storage charges over and above the issue rate of coal were proposed for recovery to the arbitrator. The market rates of that time are not available. As stated in para 2 above responsibility for not effecting recovery regularly from the contractor's bill is being fixed and further disciplinary action will be initiated against the defaulters.”

During the course of oral evidence on 21-6-83, in respect of para 4.3(ii), the departmental representative informed the Committee that an agreement with the contractor was executed on 28-1-1970, when the coal was a free item and was available in the open market. As such, no provision was made in the contract for the supply of coal to the contractor by the department. The was further informed that subsequently, in the year 1971, the coal was Committee declared as controlled item and the contractor was not in a position to purchase coal from the open market, and therefore, in view of the urgency of the construction work, coal was issued to the contractor but the cost thereof, was not recovered by the departmental officers/officials for which necessary action to fix the responsibility had been initiated.

**The Committee recommend that balance amount of Rs. 19,836 57 outstanding against the contractor be recovered expeditiously.**

**The Committee further recommend that the cases against the officers/officials held responsible for not effecting full recovery of amount of the coal supplied to the contractor be finalised within six months and the loss recovered/regularised under intimation to the Committee.**

The department in reply to the questionnaire of the Committee in respect of para 4.3(iii), explained as under :—

“The matter remained under correspondence with the contractor for the return of balance materials to the department and to accept the final measurements, but it did not bring any fruitful results at that time. The final notices were issued to the contractor on 16-2-77 and 17-2-77. Bills of the Contractor were finalised in March, 1977 in minus amounting to Rs. 33,391 40 After adjustment of Security of Rs. 2404/- the net amount recoverable from the contractor was Rs. 30,987.

The department applied for arbitration under clause 25-A of the contract agreement. The department preferred claims amounting to Rs. 0 31 lakhs, before the arbitrator. During the arbitration proceedings the concerned Executive Engineer withdrew the claims of Rs. 23,227 as some material had been found surplus for which credit was to be given to the contractor. The arbitrator reduced the penal rate recovery of certain material not returned by the contractor, at single rate recovery and the arbitrator gave award amounting to Rs. 2458 57 in favour of the department. The case was filed in the competent court, for making the award rule of the court. Now the Court has made the award rule of the Court for Rs. 2458 57 on 27-1-83. Necessary action is being taken to effect the recovery from the contractor.

The remaining two works which were allotted to the contractor vide work order No. 56 and 58 were finalised and an amount of Rs. 16,761 and Rs. 13,631 were to be recovered from the contractor. The department has filed a Civil Suit in the Court of law for the recovery of said amount (i.e Rs. 0 30 lakhs) and the next date of hearing has been fixed for 9-5-83 and 22-4-83 respectively.

Responsibility for issuing material in excess to the contractor is being fixed and explanations of the defaulting officers/officials have been called and disciplinary action will be initiated in due course.”

In regard to the above sub para, the Committee was informed during evidence on 21-6-1983, that responsibility for issuing excess material amounting to Rs. 0 31 lakhs was fixed on Sarvshri Girdhari Lal and Piarey Lal, Junior Engineers and that the former had been convicted in the case involving theft of material and was dismissed from service. The latter, it was added, had been charge-sheeted.

The departmental representative also admitted during evidence that there had been delay in issuing the charge-sheet to Shri Piarey Lal, Junior Engineer. He, however, assured the Committee that action against the official responsible for delay in initiating action against Shri Piarey Lal would be taken and a report to this effect would be submitted to the Committee within a period of one month.

The requisite information submitted by the Department, vide their letter No. 37/9/82-PH (4) dated 15.2.84, is as under :—

“The matter has been investigated by the Superintending Engineer, Public Health Circle, Sonapat and the following officers/officials have been held responsible for not initiating timely action against the defaulters :

**Officers :**

- |                      |  |                      |
|----------------------|--|----------------------|
| 1. Sh. R.K. Dilbaghi |  |                      |
| 2. Sh. O.P. Juneja   |  | Executive Engineers. |
| 3. Sh. R.C. Garg     |  |                      |

Disciplinary action against these officers is being taken.

**Divisional Accountant :**

The following Divisional Accountants have been held responsible for not initiating timely action against the defaulters :

1. Sh. V.K. Khurana
2. Sh. R.K. Singla
3. Sh. J.R. Babbar
4. Sh. J.K. Dass Gasain
5. Sh. O.P. Gandhi

The Accountant General, Haryana has been approached vide Engineer-in-Chief, Haryana, P.W.D Public Health Branch, letter No. 118-AC/79/4/104/PH/AC(1) dated 22-11-83, to take disciplinary action against the above Divisional Accountants.

**Officials :**

The Superintending Engineer, Public Health Circle, Sonapat has been directed vide Engineer-in-Chief, Haryana, P.W.D. Public Health

Branch letter No. 118-AC-79/221-PH/AC (1) dated 17-1-84 to initiate disciplinary action against the following officials, as they failed to initiate timely disciplinary action against the defaulters :—

1. Sh. Utam Singh Jain, S.A C.
2. Sh. Jaipal Singh, Clerk.
3. Sh. Sher Singh, S.A.C.
4. Sh. Partap Singh, Clerk.
5. Sh. M.R. Sikka, S.A.C.
6. Sh. K.L. Khnrana, Clerk.”

The Committee desire that the action against the officers/ officials found responsible for delay in initiating departmental action be completed at the earliest and a report of the action taken be submitted to the Committee within a period of three months. The Committee also desire that departmental action against Shri Piarey Lal, Junior Engineer, for having issued excess material of the value of Rs. 0.31 lakh be finalised within a period of six months under intimation to the Committee.

The Committee further desire that the recovery of the amount of Rs. 2458. 57 awarded by the Arbitrator, which has since been made rule of the Court, be expedited and progress made be reported to the Committee.

As regards the recovery of the balance amount of Rs. 0.30 lakh, for which a Civil Suit has been filed, the Committee desire that the case be pursued vigorously to its logical conclusion.

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## IRRIGATION

*Paragraph 4.1. Gurgaon Canal Project*

[13.] With a view to providing irrigation facilities in a command area of 6,08,605 acres in the Gurgaon district (4,43,605 acres) and Rajasthan (1,65,000 acres), the Gurgaon canal project, estimated to cost Rs. 8,99.90 lakhs, was taken up by the undivided Punjab State from May 1960 and was commissioned (after formation of Haryana) in 1967. Sanction of Government to the project is, however, yet to be issued (October 1979). The expenditure incurred upto 31st March 1979 was Rs. 11,64.46 lakhs. Mention about some aspect of execution of the project was made in paragraph 37 of the Audit Report for the year 1970-71. Points noticed in further test-check of the records of the project are mentioned in the paragraphs which follow:—

*(I) Change in the scope of the project*

The project, the detailed estimates for which as prepared in 1965 totalled Rs. 7,89.50 lakhs, envisaged :

- (i) remodelling by the Government of Uttar Pradesh (cost to be met by Haryana and Rajasthan) of the Agra Canal to carry a discharge of 5,550 cusecs, of which 2,240 cusecs were to be delivered for the Gurgaon canal system at mile 4.38 of Agra canal, (ii) construction of the Gurgaon parallel feeder (taking off from the Agra canal) with 3 distributaries, (iii) construction of Gurgaon canal with distributaries, (iv) construction of Nuh sub-branch with 3 distributaries and (v) construction of Rajasthan feeder (cost to be met by Rajasthan) for delivering water into the Rajasthan canal. The Nuh sub-branch was to carry 566 cusecs for delivery to the Sohna lift irrigation scheme (estimated cost : Rs. 1,10 40 lakhs) to provide irrigation in further 81,680 acres in Sohna plateau and Rewari area.

In 1971, a revised project estimated to cost Rs. 12,06.64 lakhs was prepared providing for irrigation to 2 lakh acres in a command area of 3 23 lakh acres. In this project, the Sohna lift scheme was delinked from the Gurgaon canal project because of the high operational cost involved and included in another project (Jawaharlal Nehru lift scheme) but by that time the Gurgaon parallel feeder taking off from Agra canal, the Gurgaon canal and the Nuh sub-branch had all been constructed with their full designed capacity of 2,240, 1,960 and 726 cusecs respectively. The expenditure incurred on the extra inbuilt capacity of these canals had not been worked out by the department; however, proportionate expenditure on the extra capacity provided over the capacity required for the revised system would be Rs. 60 51 lakhs. The decision to delink the Sohna lift scheme from the Gurgaon canal system at a late stage as a result of the failure to take into account initially the reportedly high operational cost of the lift scheme thus resulted in unfruitful expenditure of Rs. 60.51 lakhs.

*(2) Rajasthan's share of cost of the project*

Rajasthan's share towards the cost of common works and the cost of Rajasthan feeder were determined at Rs. 3,24.86 lakhs, out of which Rs. 21.50 lakhs had been recovered by 1972-73. Recovery of the balance was stated to be under correspondence between the two Governments.



### (3) Development of irrigation

The system was designed on the assumption that supplies in the river Yamunā above Okhla Headworks would be able to feed a discharge of 2,240 cusecs for 100 days in *Kharif* and that the unutilised Ravi-Beas water would be available to feed the discharge for the remaining 265 days. Taking the intensity of irrigation at 62 per cent, it was assumed that about 2,00,000 acres (80,000 acres during *Kharif* and 1,20,000 acres during *Rabi*) would get irrigation. The actual irrigation was much below the target as shown below :—

Year	Area actually Irrigated			Percentage of area irrigated to area to be irrigated
	Kharif	Rabi	Total	
	(in acres)			
1974-75	11,150	25,640	36,790	18
1975-76	11,362	25,607	36,969	19
1976-77	9,517	22,276	31,793	16
1977-78	8,500	14,232	22,732	11
1978-79	6,435	18,027	24,512	12
	Average			15

The shortfall in irrigation was attributed mainly to :—

- inter-State dispute (which has not been resolved so far) on sharing of Ravi-Beas water, as a result of which Ravi-Beas Water has not become available to the system ; and
- non-remodelling of the Okhla Barrage by the Uttar Pradesh Government and consequent less release of water from Okhla Headworks into the Agrā canal during the rainy season as a result of which delivery to the Gurgaon parallel feeder remained much below its share.

With a view to running the system, about 250-300 cusecs of the Sutlej water were released from the Narwana Branch of the Bhakra canal system into the river Yamuna. The supply so released was first diverted into the Agrā canal at the Okhla Barrage and then into the Gurgaon feeder.

As against the discharge of 2240 cusecs for which the Gurgaon parallel feeder is designed, the minimum, maximum and average discharge delivered to

the feeder during 1974-75 to 1978-79 were as under :—

Year	Discharge Average		
	Minimum	Maximum	
	(in cusecs)		
1974-75	8	349	123.43
1975-76	10	325	121.42
1976-77	20	401	154.63
1977-78	11	352	129.31
1978-79	13	326	105.87

Consequently, irrigation in the following distributaries was particularly poor :—

	Envisaged irrigation	Area irrigated	
		(Percentage to area envisaged)	
		1977-78	1978-79
		(areas in acres)	
(i) Banarsi distributary	28,142	165 (1)	5 <sup>v</sup> (. .)
(ii) Harchandpur disttributary	15,457	574 (4)	591 (4)
(iii) Kalanjar distributary	3,599	260 (7)	420 (12)
(iv) Uttawar distributary	17,242	1,695 (10)	1,408 (8)

(4) *Other points*

(i) The Banarsi distributary was completed upto its R.D. 9000 prior to 1970 and work on its reaches R.D. 9000 to tail end at R. 99315 and two minors (Umra minor of length 6.08 miles and Gangawani minor of length 7.57 miles) was taken up in 1975. After spending Rs. 13.22 lakhs on the distributary, work on reaches beyond R.D. 45000 was suspended in 1976 on the ground that the area thereafter was prone to flooding due to heavy spill from Landoh nallah. According to the department, the distributary could be run only upto R.D. 9000 as the discharge received at the head of the distributary was about 1 cusec only as against the projected discharge of 130.6 cusecs. Consequently, the expenditure of Rs. 13.22 lakhs on reaches beyond R.D. 9000 had not served its purpose. Further, 4 electric pumping sets purchased in 1968 at a cost of Rs. 1.05 lakhs to be installed in a pump house to be constructed at R.D. 28040 of the distributary were lying idle at the site of the pump house.

(ii) Land measuring 16.31 acres was acquired in 1968 at a cost of Rs. 0.26 lakh for the construction of Lakh was minor to take off from R.D. 71155 of the Harchandpur distributary. The minor had not been constructed so far reportedly because of non-availability of water.

(iii) The Kalanjar distributary was exapavated in its full length of 17,700 feet in 1966-67 at a cost of Rs. 3.10 lakhs. However, the distributary had been run upto R.D. 6000 only as irrigation beyond this reach was not possible in the absence of proper drainage crossings for the Ujjina drain.

(iv) For the Rajaulka minor to take off from R.D. 37900 L of Uttawar distributary, some land was acquired at a cost of Rs. 0.80 lakh (compensation paid in July 1975 and March 1977) but for the remaining objection had been raised by land owners and consequently work on the minor had not been taken up.

#### (5) *Revenue and financial return*

According to the financial forecast given in the project estimates (1971), the annual gross receipts (Rs. 20.31 lakhs) from sale of water were expected to cover the annual working expenses (Rs. 17.97 lakhs) but not fully cover the interest on capital. The unfilled gap (Rs. 13,01.33 lakhs) for 50 years was to be covered by levy of betterment charges on matured area (Rs. 18 per acre per crop) for 40 years.

Though betterment charges were levied from 1967-68, the application in the State of Haryana of the Punjab Betterment Charges and Acereage Rates Act, 1952, under which the betterment charges were levied, was repealed in September 1975. The betterment charges assessed and recovered for the years 1967-68 to 1974-75 were Rs. 14.68 lakhs only.

The accumulated deficit on the working of the project during the period from 1971-72 to 1978-79 including accumulated arrears of simple interest at 6 per cent of the capital invested was Rs. 5,45.35 lakhs. Information on the accumulated deficit upto 1970-71 was not available with the department.

#### *Summing up*

(i) The Gurgaon canal project envisaged supply of water for 265 days to be available from the unutilised waters of Ravi-Beas. Though under the project (completed at a cost of Rs. 11,64.46 lakhs) irrigation commenced from 1967-68, supply from Ravi-Beas has not been possible as the inter-State dispute regarding sharing of Ravi-Beas water has not been resolved.

(ii) Further, remodelling of the Okhla Headworks from which supplies for the remaining 100 days were to be arranged had also not been undertaken by the Uttar Pradesh Government.

(iii) Consequently, the average irrigation during the 5 years 1974-75 to 1978-79 was only 0.31 lakh acres as against 2 lakh acres envisaged in the project. Irrigation in the Banarsi distributary beyond R.D. 9000 constructed at a cost of Rs. 13.22 lakhs was nil and in 3 others irrigation was less than 15 percent of the area envisaged to be irrigated.

(iv) Though the project envisaged levy of betterment charges to cover the financial deficit in the working of the project for a period of 40 years, the

levy of betterment charges which started in 1967-68 was stopped from 1975-76 consequent on the repealment of the application of the enabling legislation. The accumulated deficit during 1971-72 to 1978-79 was Rs. 5,45.35 lakhs.

(v) The decision to delink the Söhna lift irrigation scheme from the Gurgaon canal system, by linking it with the Jawaharlal Nehru lift scheme, due to the high operational cost involved resulted in considerable part (25 per cent) of the carrying capacity of the Gurgaon and appurtenant canals being rendered surplus. The unfruitful expenditure on this account worked out to Rs. 60.51 lakhs on a *pro-rata* basis.

(vi) Expenditure of Rs. 2.05 lakhs on reaches beyond R.D. 6000 of Kalanjar distributary was not fruitful due to non-provision of drainage crossings for a drain.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

The department submitted a detailed note to the Committee on Gurgaon Canal Project and during oral evidence on 20-6-1983, the departmental representative informed the Committee that the department had fixed a target of irrigating two lakhs hectares of land but the achievement made was only to the extent of 43000 hectares.

The Committee cannot but emphasize the need of speedy development of irrigation potential in the State and achievement of the prescribed targets as early as possible. The delay in completion of such projects, not only leads to heavy increase in the cost of construction but retards the speedy development of the State.

The Committee desire that the target of irrigating two lakhs hectares of land, as fixed by the department, be achieved at the earliest and progress made in this behalf be reported to the Committee.

During oral evidence when asked by the Committee as to when the four electric pumps, purchased in 1968 at a cost of 1.05 lakhs, were actually put to use, the departmental representative informed the Committee that the said pumps were actually utilised after four years i.e. in the year 1974 for a purpose different from the one for which those were purchased. The departmental representative promised to supply to the Committee, within three months, full facts of the matter specifically pointing out negligence on the part of any officer(s)/official(s) of the department. Subsequently, the department, vide memo No. 2844/2PB/2481/79, dated 4-8-1983, intimated that the pumps were actually purchased for utilisation on Banarsi Distributary for lifting water in the year 1969 in Public interest, but due to change in the parameter, those could not be used for the purpose for which those were purchased and therefore, no one could be held responsible. It was further added that those pumps were used/being used for dewatering purposes on other sites/works.

The Committee are not satisfied with the reply furnished by the department and desire that in future purchase of valuable machinery should be made with due care and after proper examination of the needs so as to obviate any chance of such machinery remaining idle for a number of years.

*Paragraph 4.2. Excess payments to contractors*

[14.] In Remodelling Division, Sonapat, payments totalling Rs. 8 07 lakhs for 1,14 05 lakh cubic feet of earthwork in various reaches of the Jawahar-Lal Nehru Feeder were made upto October 1977 on the basis of measurements recorded by the Sectional Officers (October 1976 to June 1977) and checked by the Sub-Divisional Officers simultaneously. No check measurement was, however, conducted by the Divisional Officer though he was, under the departmental rules, required to check at least 5 per cent of the work.

The contractors having left the work incomplete, final measurements of the incomplete works were taken during May 1977 to November 1978 which showed that the contractors had executed only 89 94 lakh cubic feet of earthwork for which only Rs. 6 36 lakhs were due to them.

Besides the excess payment of Rs. 1 71 lakhs (Rs. 8 07 lakhs minus Rs. 6 36 lakhs), Rs. 0 28 lakh were also recoverable from four contractors towards the cost of wheat issued to them for distribution to the labour at subsidized rates. Against the total recoverable amount of Rs. 1 99 lakhs only, Rs. 0 39 lakh representing amounts withheld as security from running payments, were available with the department.

The Divisional Officer stated (March/May 1979) that departmental action against officials responsible for excess payments was being processed. The department also stated (October 1979) that action was being taken for appointment of an arbitrator in each case.

During oral evidence on 20-6-1983, the departmental representative admitted before the Committee that an excess payment of Rs. 1 60 lakhs had been made as timely check measurement of the earthwork was not done by the departmental officer. He further informed the Committee that responsibility for the lapse had been fixed on the concerned, S E, S D.O. and J.Es. and that they had also accepted the liability and agreed to make good the loss. The Committee were also assured that the entire action would be completed within a period of three months and a report would be furnished to the Committee. The Committee however, regretfully observe that no such report had been communicated to the Committee till the time of the writing of the Report.

The Committee desire that the promised information be supplied to the Committee without any further delay and responsibility for not furnishing the promised information earlier be fixed under intimation to them.

*Paragraph 4 3. Outstanding recoveries against contractors*

[15] Test-check of records relating to four works/supply contracts showed that amounts aggregating Rs. 5 30 lakhs remained to be recovered from contractors who had left the contracts incomplete or to whom excess payments

had been made. The details of the amounts are given below :—

<i>Division</i>	<i>Name of the Work</i>	<i>Nature of dues from the contractor</i>	<i>Amount due (in lakhs of rupees)</i>	<i>Dues of the contractor available for adjustment</i>
(1)	(2)	(3)	(4)	(5)
(i) Jawaharlal Nehru Canal Construction Division No. I, Rewari	Manufacture and supply of bricks at Km. 27,22-23 and 33-34 of the canal -three contracts	(i) Cost of coal supplied by the Department	1.50	(i) Amount of Rs. 1.11 lakhs due to contractors for supplies;
		(ii) Extra cost of coal issued but not used in the manufacture of bricks supplied to the Department	1.97	(ii) earnest money of Rs. 0.30 lakh; and
		(iii) Recoveries towards income tax, sales tax, cost of earth and water supplied by the Department	0.31	(iii) Security of Rs. 0.37 lakh withheld from running payments.
			3.78	

During oral evidence the departmental representative stated before the Committee that in accordance with the award of the arbitrator an amount of Rs. 43,000 recoverable from the contractor had been recovered in full and that out of an amount of Rs. 22,872 recoverable from two contractors of the co-operative societies, a part of the amount had been recovered and that for the recovery of the balance amount acquisition proceeding had been started in the court.

The Committee desire that final outcome of the case be intimated to the Committee.

Paragraph 5:6. (ii) Gates and gearing for head regulator

[16.] Gates and gearing for head regulator of Delhi parallel Branch at R.D.

154500, got fabricated during July 1973 to July 1975 at a cost of Rs. 0 39 lakh by the Nangal Workshop Division, were lying unlifted from the Workshop as the proposal for the construction of head regulator had been dropped by the Department in July 1972. Despite the decision not to construct the head regulator, the Division instead of stopping the fabrication reminded in July 1973 the Workshop to expedite it. The Department was stated to be exploring the possibility of utilising the equipment elsewhere.

Matters mentioned above were referred to Government in February 1979, June 1979, July 1979 and September 1979; replies are awaited (February 1980).

During the course of oral evidence the department admitted the lapse pin-pointed in the paragraph and assured the Committee that efforts would be made to utilise the gates which had been lying unused for about 11 years after fabrication. The department, in reply to another question of the Committee as to why no action had been taken in the matter so far, could not give any satisfactory explanation.

The Committee painfully observe that even after the lapse of a period of 11 years the gates could not be put to use by the department. The Committee also do not approve of the action of the department in going ahead with the fabrication of the gates when the purpose for the construction of head regulator had been dropped in July, 1972.

The Committee, therefore, recommend that Government should be circumspective in taking policy decision which involve funds of the state exchequer so that such a situation does not recur.

The Committee further desire that immediate steps be taken to utilise the gates which have been lying idle for over a decade and a compliance report furnished to the Committee.

## TRANSPORT

## Paragraph 6.21. Haryana Roadways

## A.—Workshop Facilities

[17.] With the re-organisation of the composite Punjab State, the Haryana Roadways was formed (with three depots) with effect from 1st November 1966. As on 31st March 1979, the Haryana Roadways had eleven depots and a total fleet strength of 2,100 buses.

The accounts for the years 1977-78 and 1978-79 have not been finalised so far (February 1980). The working results of the undertaking for the years 1975-76 and 1976-77 are summarised below :—

	1975-76.	1976-77
	(Rupees in lakhs)	
<i>A. Revenue</i>		
Operating	22,66.78	27,13 46
Non-operating	82.62	99.92
Total	23,49.40	28,13 38
<i>B. Expenditure</i>		
Operating	21,38.49	24,34 19
Non-operating	2,60.61	3,31.02
Total	23,99 10	27,65.21
Profit(+)/ Loss(—)	(—)49 70	(+)48.17

The working of the Roadways was reviewed in paragraph 7.18 of the Report of the Comptroller and Auditor General of India for the year 1974-75. Some points noticed during the test audit of workshops, stores, etc in 5 (out of 11) depots (Ambala, Chandigarh, Gurgaon, Jind and Rohtak) are mentioned in the succeeding paragraphs.

\* \* \* \* \*

5. (iii) It was also noticed that :

- the closing stock (five depots) as on 31st March 1979 includes spare parts of the value of Rs. 7.74 lakhs, declared obsolete in November 1966 and still awaiting disposal (November 1979);
- the closing stock as on 31st March 1979 for Chandigarh depot includes spare parts of the value of Rs. 3.49 lakhs reported to have been burnt in a fire during 1974-75;



- (c) the closing stock as on 31st March 1979 includes spare valuing Rs. 2.16 lakhs in Chandigarh (Rs. 0.16 lakh), Ambala (Rs. 0.50 lakh), Jind (Rs. 0.26 lakh) and Gurgaon (Rs. 1.24 lakhs) depots which have not moved during the three years ending 1978-79,
- (d) a test-check of the records of Jind depot revealed that during the three years ending 1978-79, 1,709, 2,886 and 3,850 bus revenue days were lost due to non-availability of spare parts;
- (e) shortages of stores valued at Rs. 0.58 lakh (Gurgaon depot) adjusted during 1976-77 and 1977-78 are yet to be investigated (November 1979); and
- (f) the depots neither maintained the consumption account of paints and rexine nor have any norms been laid down for the consumption of these stores.

During the course of oral evidence on 23-8-1983 when asked about the position of losses in the subsequent years, the departmental representatives informed the Committee that the Haryana Roadways had suffered a loss to the extent of Rs. 191.93 Lakhs during 1980-81 and Rs. 415.72 Lakhs during 1981-82. The Committee did not feel satisfied with the dismal performance of the Roadways. The Committee were also not satisfied either with the explanation of the departmental representative that the loss of Rs. 49.70 lakhs during 1975-76 was mainly on account of increase in the D.A. and in the cost of petrol/diesel.

The Committee feel that losses were mainly due to lack of efficiency, laxity of control on the operational staff and on account of pilferage of petrol/diesel etc. In order to increase the over-all efficiency of the Roadways the Committee, therefore, recommend :—

1. that effective steps be taken to tighten the control and to check the pilferage of diesel etc;
2. that special incentives be provided to those drivers of buses who economise in the consumption of oil, in keeping the vehicles well maintained and in providing accident free service;
3. that the workshop staff should similarly be given suitable incentives, for providing better maintenance and repairs service to the vehicles; and
4. that the conductors, who show increase in the revenue receipts/should be suitably rewarded.

The Committee also observe that one of the reasons for the loss and leakage of revenue is that a number of tickets of different denominations are issued for one destination with the result that the passengers are at a loss to understand whether the tickets issued to them by the conductors are for the amount actually paid or for the lesser value than the amount realised from them.

The Committee, therefore, recommend that necessary steps be taken to ensure that as far as possible only one ticket for one destination be issued to the passengers to obviate chances of any malpractice at the level of bus conductors and consequently loss of revenue to the Roadways.

During oral evidence on 23-8-1983, in regard to para 6.21(5)(iii)(a) the Committee was informed that the spare parts of the value of Rs. 7 74 lakh declared obsolete were to be used in the Dodge make of vehicles but as vehicles of that make had gone out of market the department was finding it difficult to dispose them of. The departmental representative, however, assured the Committee that efforts would be made to dispose of the same as scrap.

The Committee desire that the obsolete spare parts be disposed of at the earliest and a report be submitted to the Committee within six months.

In regard to para 6 21(5)(iii)(e), the Committee was informed that out of the shortage of the value of Rs. 0.58 lakh, shortage of the value of Rs. 10,773.69 had been adjusted/reconciled and that notices to the concerned officials had been issued for the adjustment of the balance value of the shortage.

In reply to a question of the Committee the departmental representative admitted that action taken in the finalisation thereof had not been as prompt as it should have been. He, however, assured the Committee that the matter would be finalised at the earliest.

The Committee desire that prompt action in finalisation of the shortage of the balance value of Rs. 47,226.00 be taken and final outcome reported to the Committee within six months.

#### *Paragraph 6.22. Purchase of land*

[18.] The Management decided (July 1971) to acquire a particular site for the construction of a new bus stand at Jhajjar. The site was located in a low lying area and required 3-4 feet of earth filling at a cost of about Rs. 0.60 lakh. The said land (29 kanals 6 marlas) was acquired in March 1974 at a cost of Rs. 1.63 lakhs. An expenditure of Rs. 0.85 lakh was incurred on the temporary structure and a *pucca* platform at the new site (without the earth filling) and the bus stand started functioning in March 1975.

The site was flooded during the rainy season and the bus stand had to be shifted (September 1975) to the old site. The bus stand was again shifted to the new site in May 1976 but due to heavy floods it had to be shifted back to the old site again in July 1976.

The department finally decided (August 1976) to abandon the new bus stand, as the site was not considered suitable and took another site at a monthly rent of Rs. 1,800 to operate the bus stand.

Thus, investment of Rs. 1.63 lakhs on the land and the expenditure of Rs. 0.73\* lakh on structures have not served the purpose, and the Management has been incurring an expenditure of Rs. 21,600 per annum on

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\*An amount of Rs. 0.12 lakh has been adjusted on account of salvaged material.

payment of rent for land since August 1976 which could have been avoided had the Management got the required earth filling done initially.

The matter was referred to Government in September 1979; reply is awaited (February 1980).

During oral evidence on 23-8-1983, the Committee desired the department to send a detailed note explaining the circumstances due to which the site of Jhajar bus stand had been shifted a number of times causing loss to the State Exchequer and much inconvenience to the travelling public. The note was duly received from the Government, vide letter No 9(90)78-79/ACC/9207, dated 14-9-83, but it failed to convince the Committee in as much as it explained away the failure of the department more than their difficulty in taking shift decisions about the site of the bus stand.

The Committee painfully observe that the decisions of the management lacked foresightedness about the location of the bus stand. The clearance given by the drainage Deptt. about the suitability of the site was also not well considered for they could have foreseen the possibility of floods in the low lying area. Abnormal delay in taking a final decision regarding the site of the bus stand itself lends support to the view that the management has been recalcitrant in deciding the issue.

The Committee desires that the Department should be careful in future in taking such decisions as have repercussion on the State exchequer and on the travelling public.

## LOCAL GOVERNMENT

### *Paragraph 7.6. Grants/loans paid to local bodies*

[19] According to the information furnished by the Local Government Department, a sum of Rs 1,31 47\* lakhs was paid to local bodies as grants and Rs. 1,80.78\* lakhs as loan during 1971-72 to 1977-78 as under :—

<i>Local bodies</i>	<i>Amount (in lakhs of rupees)</i>	<i>Purpose for which grant/ loan sanctioned</i>
<b>(a) Loan</b>		
(i) Municipal Committees/ Notified Area Committees	70.28	Construction of roads, paving of streets and lanes, ad hoc remunerative schemes, etc
(ii) Improvement Trusts	1,10.50	For execution of approved development schemes
<b>(b) Grants</b>		
(i) Municipal Committees/ Notified Area Committees	1,08.52	For providing to the general public basic amenities such as construction of urinals, repair/widening of roads, paving of streets, construction/ repairs of drains, etc
(ii) Improvement Trusts	22.95	For establishment cost.

A scrutiny by Audit of the procedure followed in the office of the sanctioning authority to verify the utilisation of the grants/loans disclosed the following :—

- (a) Under the financial rules, the sanctioning authority has to keep a watch over the utilisation of assistance given by obtaining progress reports and audited accounts of utilisation and by verification by departmental officers. The sanctioning authority had not maintained any records to watch the utilisation of the grants/loans released or evolved any other procedure for ascertaining the progress of the schemes. The utilisation certificates furnished by beneficiary institutions had been accepted without any check. In the case of seven local bodies, while grants totalling Rs. 0 17 lakh and loans totalling Rs. 13.65 lakhs were certified as utilised by the sanctioning authority on the basis of certificates furnished by the grantees, the accounts of the bodies audited later by the Examiner, Local Fund Accounts showed that loans totalling Rs. 1.74 lakhs only had been utilised.
- (b) In five cases loans totalling Rs. 11.75 lakhs were sanctioned to Improvement Trusts on the basis of applications received from them but the detailed schemes on which the loans were to be

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\*Based on sanctions produced by the department for scrutiny.

utilised were approved one to three years later in 4 cases and in one case (loan : Rs. 2 lakhs) the scheme has not been approved yet (July 1979) even after 2 years of release of loan.

- (c) In 143 cases test-checked in which assistance totalling Rs 1,03.35 lakh had been given, procedural formalities like obtaining detailed estimates for works for which assistance was sanctioned, audited accounts or financial forecasts of the bodies, and recommendations of the Deputy Commissioner had not been followed. Details are as follows :—

<i>Particulars of irregularity noticed</i>	<i>Number of cases in which irregularity was noticed</i>	<i>Amount involved (in lakhs of rupees)</i>
(i) Detailed estimates of works for which loans were applied for not obtained	129	95.90
(ii) Audited accounts not submitted by beneficiaries	69	59.60
(iii) Assistance sanctioned without obtaining recommendations of the Deputy Commissioner	65	57.60
(iv) Financial forecast of the body for the year in which loan was applied for not obtained	70	54.05

These points were referred to Government in August 1979; reply is awaited (February 1980).

During oral evidence on 22-8-83 the departmental representative stated that as per the position ending 1981-82, out of the loans of Rs. 22,76,65,693 given to Municipal Committees, Rs 4,16,73,567 only had been returned by them and due to the weak financial position of these committees it was difficult to enforce recoveries. In respect of the latest position regarding balance amount it was stated that the detailed accounts of these loans were being maintained by the Accountant General from whom the annual statements of outstandings were awaited. To a further question about actual utilisation of the grants/loans the department replied that almost all the funds are placed at the disposal of Government departments i.e., P.W.D., Public Health etc. to carry the works as deposit works. The expenditure incurred by concerned divisions of the departments are received with the Accountant General and the Accountant General has to send these expenditure statements monthly to us. Furnishing of Utilisation Certificates are delayed for want of expenditure statements.

As regards the assistance given to the Improvement trust/Local bodies without completing the prescribed formalities pointed out vide clauses (b) & (c) of the para of the Audit Report, the departmental representative felt that the laid procedures had become obsolete and more so the demand of the local bodies was much more than the amount available for distribution. The pro-

cedure was not followed for practical reasons and in fact it needed to be revised, it was added.

The Committee do not feel satisfied with the explanations given by the department and observe that the grant/loan sanctioning authority must evolve suitable procedure to watch proper utilisation of the financial assistance given as also the recovery of the loans. Further if certain procedures were considered by Government to have become obsolete and required revision, action should have been taken to revise the same well in time rather than advancing this as reason for non-compliance of the laid formalities.

The stated non-receipt of the statements of loans outstanding and the expenditure statements from the Accountant General was also looked into by the Committee in consultation with the Accountant General and it transpired that the position stated by the department was not correct and the loanee-wise and year-wise details of outstanding amount of principal and interest were being regularly furnished by the Accountant General to the Local Government Departments. Again whatever statements of expenditure relating to deposit works were received from the Public Works Divisions for confirmation of the figures indicated therein, the same were returned to them after verification and there was no question of delay in furnishing the Utilisation Certificate's on that account.

The Committee, called the department for further oral examination on 23-1-84. To a question as to the Utilisation Certificates furnished by the department certain amounts were shown as utilised when actually those were found by Examiner Local Fund Accounts to have not been fully utilised, the departmental representative stated that the amount of grants/loans received by the Local Bodies from the Government, for various beneficiary works like roads, sewerage etc., was being deposited by them with the P.W.D.B.&R. and Public Health for the execution of those works and that on the basis of reports received from them information regarding the utilisation of funds was being sent to the Accountant General.

It was pointed out by the Committee that according to the Financial Rules, the sanctioning authority had to keep a watch over the utilisation of funds by obtaining progress reports and audited accounts of utilization etc. and that the utilisation certificates furnished by the beneficiary institutions on the basis of deposits made with P.W.D. B & R and Public Health etc. could not be accepted without any check regarding their actual utilisation.

The departmental representative agreed that the deposit made with P.W.D. B & R etc. could not be treated as actual utilisation but stated that the procedure followed till then was as such and if the Committee felt that the said procedure was not proper then they would revise it.

The Committee regret to note that the sanctioning authority had neither maintained any records to watch proper utilisation of the grants/loans released nor evolved any procedure for ascertaining the progress of the scheme. The Utilisation Certificates, furnished by the beneficiary institutions, had been accepted without any check. The Committee recommend that the department should evolve a proper procedure to keep a strict watch over the proper and timely utilisation of grants/loans released to the Local Bodies so that the utilisation certificates, received by the beneficiary institutions, are accepted with proper check and verification as to their actual utilisation. Action taken in this respect be intimated to the Committee within three months.

## CO-OPERATION

*Paragraph 7.9. Co-operative consumers stores*

[20] There were 18 central co-operative consumers stores in the State as on 30th June 1978. 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 1975-76, 1976-77 and 1977-78 were as under :—

Year	Number of stores	Paid up capital	Government investment in share capital	Loans obtained from Government and out-standing (amount in lakhs of rupees)	Net profit	Reserves	Turnover
1975-76	16	41.69	31 87	24 62	8 73	14 16	1,14 84
1976-77	16**	38 78	30 95	11 90	0 73	10 46	7,82 58
1977-78	18***	25.53	19 98	11.66 (—)	0.11	9 71	3,70.64

During 1977-78, out of 6 central co-operative consumers stores, 3 stores earned profit of Rs. 5 81 lakhs while the other 3 stores (Hissar, Yamunanagar, and Panipat) sustained a loss of Rs 5 92 lakhs

A perusal of the audited accounts of these stores for the year ended 30th June 1978 disclosed the following :—

- (i) In 6 stores, debts to the extent of Rs 8 42 lakhs were considered bad and doubtful against which the bad debts provision was Rs 2 04 lakhs only.
- (ii) In 6 stores, the closing stock aggregating Rs 31 76 lakhs included obsolete/damaged stock valuing Rs 0 63 lakh.
- (iii) The Government contributed during 1976-77 a sum of Rs 2 70 lakhs towards share capital of the Rohtak Central Co-operative Consumers Store Limited for the opening of six outlets (branches) for weaker sections of society but 4 of the branches were opened in the premises of the store at Rohtak itself.

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\*Departmental figures.

\*\*The financial data are in respect of 8 stores only.

\*\*\*The financial data are in respect of 6 stores only; the audited accounts of the remaining stores were not made available (August 1979).

During oral examination on 25th July, 1983 the departmental representative stated that the main reasons for the consumer stores running in losses were;

- (i) that the Stores were not located in the main markets at proper places;
- (ii) due to over staffing; and
- (iii) Payment of a high rate of interest on borrowing.

In reply to a pointed question by the Committee whether the stores were running in losses as luxury items were being stored instead of consumer goods, day to day use of the department agreed that this had happened in the past but now the consumer goods were being stored.

The Committee regret to note that some of the consumer stores have continued over years to run in losses mainly due to reasons which can be attributed to mismanagement and recommend that appropriate action be taken to ensure proper management of the stores under intimation to the Committee.

In respect of bad debts the department stated that out of the bad debts of Rs. 8.42 Lakhs outstanding against six Stores, a sum of Rs. 2.83 lakhs had been recovered, leaving a balance of Rs. 5.59 lakhs against which there was a provision of Rs. 2.83 lakhs and not 2.04 lakhs as pointed out in the C A G's report. Action for recovery of bad and doubtful debts; it was further added, was under process.

The Committee desire that final action taken and progress made in the recovery of bad and doubtful debts amounting to Rs. 2.04 lakhs be intimated.

*Paragraph 7.10. Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh.*

[21.] According to the audited accounts of the Federation, its financial position for the years 1974-75 to 1976-77 was as under :—

Year	Paid-up capital	Government investment	Loan (cash credit)	Loans from the Government outstanding	Net profit	Reserves
(in lakhs of rupees)						
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
1976-77	3,44.99	2,95.71	28,99.42	7.24	1,27.48	2,48.80

A perusal of the departmental audit report for the year 1976-77 disclosed the following :—

- (i) Reserve for bad and doubtful debts stood at Rs. 97.88 lakhs



against debts of Rs. 1,31.47 lakhs considered bad and doubtful by departmental auditors.

- (ii) Net profit (Rs. 70 90 lakhs) during the year 1976-77 was overstated by Rs. 23.09 lakhs owing to understatement of the cost of wheat purchased, the reasons for which were not recorded.
- (iii) Rupees 8.94 lakhs were outstanding due to shortages awaiting recovery as on 30th June, 1977.
- (iv) A cold storage constructed at Tarori in January, 1977 at a cost of Rs. 19.06 lakhs had not been brought into use till January 1978.

The Committee orally examined the departmental representative on 9th August, 1983 at length but did not feel satisfied with the replies given by them regarding the construction of cold storage at Tarori, in particular on the following points :—

- 1. Why the cold storage could not be put to use till 1978, when the construction was completed in 1977 ;
- 2. By what time was the said cold storage required to be completed in all respects ; and
- 3. Whether any formal agreement was entered into with the concerned contractor for the construction of the cold storage within a specified time and if so, whether any penalty clause was included therein that in the event of non-completion of the cold storage within the agreed time, the contractor would be liable to pay a certain amount as penalty.

As no satisfactory reply was forthcoming from the departmental representative, the Committee asked the department to send the relevant files regarding the construction of the said cold storage to the Committee for perusal. The Department supplied the relevant files.

The examination of the above said files by the Committee, revealed the following facts :—

- 1. That in utter disregard of the prescribed procedure, the tender from a firm, namely, M/s Baba Enterprises, New Delhi, which was received at 4.00 P.M. on 12th September, 1975, was accepted and work allotted to that firm even though the time prescribed for the receipt of the tenders was upto 3.00 P.M. on that day.
- 2. That the work was allotted to the above said firm without the execution of any formal agreement.
- 3. That a copy of the draft agreement was put up to the Law Officer of the department for his approval after the work had already been executed.
- 4. That the Law Officer, while raising certain queries opined that no useful purpose was likely to be served by entering into

agreement with the firm at that stage when the work had already been completed.

5. That the final payment was released to the above said firm without sorting out the queries raised in regard thereto by the Law Officer.
6. That M/s Baba Enterprises, New Delhi, evidently did not possess the requisite know-how for the construction of cold storage as the firm had sublet the work to the other contractors.
7. That the firm M/s Baba Enterprises, New Delhi, who were assigned the construction work on the recommendations of the firm M/s Bajaj Consultant, New Delhi, were owned by the members of one and the same family as was evident from a letter from Shri Kartar Singh, Sub-Constructor, which was found on the file.
8. That the interest of M/s Bajaj Consultants in recommending the name of Baba Enterprise for the construction of cold storage is clearly reflected in the agenda note available on the file.

The Committee orally examined the representatives of the Cooperation Department again on 23rd January, 1984 and sought elucidation on the above mentioned points. The Committee, however, found that the departmental representatives were far from prepared to satisfy the Committee on various points including those mentioned above. The Committee was, however, assured by the departmental representatives that they would examine the whole matter and send a detailed report, giving full facts, to the Committee within one week.

The Committee regretfully observe that the department failed to place full facts before the Committee. Even after the Committee raised certain points, indicating irregularities/improprieties committed in the allocation of work to M/s Baba Enterprises and had desired a report in regard thereto, the department failed to furnish the same as no such report has been received by the Committee till the writing of this report. The department, therefore, owe it to the Committee to explain why despite definite assurance to the Committee that the report would be furnished within one week, no report could be furnished. The Committee, while deploring the non-submission of the promised information to the Committee, have no hesitation to recommend that the matter should be investigated with a view to fixing responsibility for the non-submission of the promised report to the Committee and stringent action be taken against the person(s) held responsible therefor. The Committee desire that the promised report be furnished to the Committee forthwith and they should also be informed of the precise action taken in the matter within a period of three months.

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**PART-II**  
**REVENUE RECEIPTS**

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## TRANSPORT

*Paragraph 4.6. Short levy of road tax*

[22.] 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.

In the course of audit in the offices of the Registering Authorities, Panipat and Karnal, it was noticed (September 1978) that in respect of 17 vehicles (10 vehicles owned by Government Companies and Haryana State Electricity Board and 7 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. This resulted in short levy of road tax of Rs. 17,886 for various periods between April 1973 and December 1978.

On this being pointed out in audit (December 1978), the Registering Authority, Panipat, stated (September 1979) that Rs. 1,378 had been recovered and efforts were being made to recover the balance amount. Report regarding recovery by Registering Authority, Karnal, is awaited (March 1980).

The matter was reported to Government in December 1978; reply is awaited (March 1980).

During oral evidence on 16th August, 1983, the departmental representatives promised to apprise the Committee about the recovery of the balance amount.

The department, vide their letter No. 9(90)/78-79/RR/ACC/8839, dated 30th August, 1983, informed as under :—

“This para was included by the O.A.D. Party of Accountant General, Haryana in the inspection report for the year 1977-78. This para was reviewed by the Audit party in 1981-82 and the amount worked out to Rs. 15,546 00. Out of this amount Rs. 12,491 15 ps. has been recovered. Rupees 795/- in respect of vehicle No. HRD 4384, HRD 8036 and HRD 2027 is not recoverable in case of the former two vehicles as the rate was enhanced from 1st April, 1978 and in case of vehicle No. HRD 2027, the token tax was to be charged from the 4th quarter of 1975-76 instead of 1st quarter as pointed out by the Accountant General's office. The balance amount of Rs. 2261 95 ps. is under recovery and notices have been issued to the defaulters”.

The Committee desire that suitable instructions be issued to all concerned so as to ensure that such cases of short levy of road tax do not occur in future.

The Committee further desire that the progress made in the recovery of the balance amount of Rs. 2,261.95 be intimated,

## IRRIGATION

*Paragraph 5.2. Arrears of water rates for supply of water for irrigation/non-irrigation purposes*

[23.] The gross receipts and arrears of water rates for supply of water for irrigation/non-irrigation purposes at the end of each of the five years ending 1977-78 were as under :—

Year	Gross receipts	Arrears of water rates	Percentage of arrear of water rates to gross receipts
(1)	(2)	(3)	(4)
	(In lakhs of rupees)		
1973-74	5,23.41	19.63	3.8
1974-75	4,54.43	54.26	11.9
1975-76	8,32.00	66.90	8.0
1976-77	11,06.01	76.20	6.9
1977-78	8,94.58	1,46.19	16.3

(Source — Figures in column 2 are as per Finance Accounts whereas figures in column 3 are as furnished by the department.)

It would be evident from the data indicated above, that the arrears were on the increase. It may, however, be mentioned that in Haryana there is no provision for levy of interest for belated payments of water rates.

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*	*	*	*	*

The department in their written memorandum submitted to the Committee explained the position as under :—

“The Irrigation Department submits demand statements of the water charges to the Revenue Department for effecting recoveries as per Standing Order No. 61 and the Revenue Department is reminded regularly for effecting expeditious recoveries. By and large, the recoveries are quite satisfactory. The total assessment of irrigation water charges is around Rs. 1100 lakhs out of which realisation varies from Rs. 995 to 1013 lakhs and balance is recovered in subsequent years by the Civil Authorities along with current assessment and this is a continuous process. However, time and again the District Authorities (Collectors) are being reminded/pursued by the Executive Engineers/Superintending Engineers and Chief Engineer regularly.”

During oral evidence on 29th August, 1983, it was submitted that the latest position of arrears was that an amount of Rs. 528 lakhs was outstanding.

The Committee do not consider the recovery position as satisfactory and desire that effective steps be taken in coordination with the Revenue Department to recover the outstanding amount and the progress made in this direction be intimated to them.

The Committee are of the view that the payment of water rates, for supply of water for irrigation/non-irrigation purpose would considerably improve if some penalty is imposed for the non-payment of bills within the date on the pattern of electricity charges bills wherein amounts payable before and after the due date are separately indicated. The Committee, therefore, recommend that necessary steps should be taken to introduce this system and compliance report sent to them.

Paragraph 5 4 (i)

(ii) *Non-utilisation/disposal of surplus land of abandoned canal*

[24.] Prior to 1961, Sunder Sub-Branch of Butana Branch of Western Jamuna Canal used to take off from RD\* 17492 and both these channels used to run in parallel position from RD 17492 to RD 83200. In the year 1961-62, the capacity of Sunder Branch was increased to accommodate the discharge of both the channels in reach RD 17492 to RD 83200 and the Sunder Branch was lined. As a result of raising the capacity of Sunder Branch, Butana Branch in the aforesaid reaches was abandoned. Hence land of old Butana Branch measuring 359.92 acres was rendered surplus. But no action had been taken by the department either to let out the surplus land on lease basis or to use the land otherwise. After the expiry of 16 years when the Deputy Collector (Vigilance), Haryana Special Inquiry Agency, pointed out (October 1977) the non-utilisation of the surplus land, the Executive Engineer estimated (March 1978) receipt of Rs. 16.35 lakhs on account of disposal of this land and submitted the case to the Superintending Engineer, for final action. Thus, 16 years were taken to locate the non-utilised surplus land and even though more than 2 years had already passed since the matter was pointed out by the Deputy Collector, the land in question remains unutilised (January 1980).

The points referred to above in the foregoing paragraphs were reported to the Government in November 1979; reply is awaited (March 1980).

(iii)

The department in their written memorandum in respect to para 5 4(ii), submitted to the Committee as under :—

“The S.E. W.J.C. West Circle, Rohtak has intimated that out of 385.91 acres abandoned land, 225.30 acres is lying un-utilised as it cannot be put to agriculture use unless the land is levelled up which involves considerable expenditure. The balance 160.61

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\*The words RD stand for “Reduced distances”. It is a unit of measurement.

acres land which is some what useable is being auctioned on lease since 1972-73 and thus there has been no loss to the State Exchequer on account of non-leasing of the land in question. The land is also used for taking earth for repairs/maintenance works of the Department. The Department will get it examined if the Forest Department can put this into use under afforestation. Department is separately getting a list of all such lands which are surplus to departmental requirements made out and matter for their disposal or for transfer to other Departments who could utilise these lands will be taken up."

During oral evidence on 29th August, 1983, the departmental representative informed the Committee that out of the total land of 385 91 acres, land measuring 225 30 acres was unfit for use and that the remaining 160 61 acres of land was being leased out every year through auction. He further added that during the year 1983-84, the said land was leased out for Rs 6,915/-.

The departmental representative agreed with the view of the Committee that leasing out of 160 61 acres of land for a paltry sum of about Rs. 7,000 created doubt about the fairness of the auction. He, however, assured the Committee that he would look into the matter. He also promised that necessary action to fix the responsibility for not utilizing the land in any other manner for about 16 years would be taken up and communicated to the Committee within a period of two months. However, the reply was actually furnished by the department vide letter No. 37/42/83-2 IW dated 12th January, 1984 wherein it was stated that a detailed enquiry in the matter was conducted by two Superintending Engineers who after thorough investigation had furnished their report which is at annexure (see pages 61 to 63).

**The Committee desire that the final outcome of the action taken by the Government on the report of the two Superintending Engineers be intimated to the Committee.**

## ANNEXURE

ENQUIRY REPORT OF SHRI BHIM AGGARWAL, S E CHAK-BANDI CIRCLE & R.S. MANN, S E. W.J.C. WEST CIRCLE, ROHTAK REGARDING NON-UTILISATION/DISPOSAL OF SURPLUS LAND OF ABANDONED BHUTANA BRANCH FROM R.D. 17492-83200.

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**Introduction**

Prior to lining in the year 1962, one Sunder Sub-Branch of Bhutana Branch used to take off at R.D. 17492 (on the right side) both the channels used to run almost parallel upto R.D. 83200. At the time of lining, the capacity of Sunder Sub Branch between the above two R.D's was increased to accommodate discharge of Bhutana Branch also.

After lining, there being only one Channel (i.e. Sunder Sub Branch renamed as Bhutana Branch) in place of earlier position of two channels i.e. Bhutana Branch and Sunder Sub Branch, some land of old Bhutana Branch between R.D. 17492-83200 was rendered surplus.

The lining work right upto RD 83200 was completed some time in December, 1982.

**Surplus land made available on account of abandonment of old Bhutana Branch between RD 17492-83200.**

The office orders refer to para 5.4 (ii) of the report of Comptroller General of India for the year 1978-79.

The above referred para mentions the surplus land of Bhutana Branch as 359 92 acres.

According to the report/complaint dated 18th October, 1977 by the Deputy Collector, there were 16 plots measuring to a total of 449.01 Acres of land, available as surplus. In this figure of 449 01 acres, the Deputy Collector appears to have included the areas of land which were not available as surplus on account of abandonment of Bhutana Branch between the above two R.D's.

On scrutiny of the record, it has been noticed that the sactual area available as surplus was neither 449 01 acres (as mentioned by the Deputy Collector) nor 359.92 acres (as mentioned in para 5.4 (ii) but it was 230.76 acres i.e. 231 acres) as below :—

- (i) On the alignment of abandoned portion of the Bhutana Branch between R.D. 17492-83200 230 97 acres say 231 acres.
- (ii) Less area covered under the widening of the banks of the Sunder Sub Branch (now renamed as Bhutana Branch) between R.D. 17492-83200 71.93 acres say 72 acres.



Net Area	159.04 acres say 159 acres.
(ii) Land under kilns for manufacture of bricks & tiles for Bhutana Branch & which were then abandoned on the completion of the work	71.72 acres say 72 acres.
Total Land	230.76 acres say 231 acres.

#### Utilisation of abandoned land

As pointed out in the introduction part of this report the lining work was completed in the year 1962; so the surplus land available was from the year 1963-64 onwards and not earlier.

From the year 1963-64 to 1965-66, all the above land was being put to auction by XEN/Rohtak Division, Rohtak.

In November 1965, the Forest Department authorities brought to the notice of the XEN/Rohtak Division, Rohtak that they would need land for the afforestation purpose; and requested that the matter for surrendering this land be dropped. So much so that a specific notification under section 29 of the Indian Forest Act 1927 and necessary amendments thereto was also issued by the Haryana Government in November 1977. According to this, the land declared surplus on account of abandonment of old Bhutana Branch was considered to be transferred to Forest Department. Accordingly no land was put to auction by the XEN/Rohtak Division, W.J.C., Rohtak.

In the year 1972-73, P.W.D. B & R authorities started using about 49.01 acres (say 49 acres) of this land. They constructed a pucca metalled road on the left bank of the old Bhutana Branch from R.D. 17492 to 50000.

The unutilised land under the abandoned kilns (clubbed with the land available on the Rest Houses in the area) was being regularly put to auction by the XEN/Rohtak Division, W.J.C., Rohtak.

#### Conclusions

After going through various records, discussion with field Engineers and the data brought forward by XEN/Rohtak Division, W.J.C., Rohtak, the Committee does not agree with the view that the land which was made available on account of abandonment of Old Bhutana Branch from R.D. 17492 to 83200, was not properly utilised.

Site inspection of the area on 28th September, 1983 by the members of the Committee alongwith XEN/Rohtak Division, W.J.C., Rohtak and S.D.O., Bhutana Sub Division, Gohana suggests that the land in-between the left bank of old Bhutana Branch where P.W.D. (B & R) have made a pucca road and left bank of Sunder Sub Branch (now renamed as Bhutana Branch) can not be put to any better use than at present.

#### Recommendations

-1. The Committee is of the view that :-

1. The land already in occupation/possession of the other Departments (like Forest and P.W.D. B & R) of Haryana Government

from R.D. 17492-83200 may be allowed to continue with them.

2. The surplus land available on account of the kilns abandoned after the completion of lining work between the R.D. 17492-83200 of Butana Branch may be Surrendered.

Sd/-

R. S. Mann

Superintending Engineer, Member

Sd/-

Bhim Aggarwal

Superintending Engineer, Convener.

## REVENUE

*Paragraph 3.1: Results of audit*

[25.] Test audit conducted between April 1978 and March 1979 of the deeds registered in the offices of various Registrars and Sub-Registrars revealed short/non-levy of stamp duty and registration fee of Rs. 2,39,172 in 691 cases. The short/non-levy of stamp duty and registration fee was mainly due to one or the other of the following reasons :—

	<i>Number of cases</i>	<i>Amount</i>
1. Short collection of stamp duty and registration fee due to incorrect classification of deeds	2	76,290
2. Short levy of stamp duty and registration fee	246	75,624
3. Short levy of stamp duty and registration fee due to under-valuation of property	44	38,002
4. Non-levy of stamp duty	83	17,968
5. Non-levy of fine for delay in presentation of documents	31	17,629
6. Miscellaneous	285	13,659
Total	691	2,39,172

The department in their written memorandum submitted to the Committee explained as under :—

“Out of the total outstanding amount of Rs. 2,39,172 in 691 cases, an amount of Rs. 1,53,409 has either been recovered or settled with the Accountant General in 172 cases leaving a balance of Rs. 85,762.75. The breakup of the amount recovered/settled is as under :—

Amount recovered	38,540.25
Settled with A.G.	63,569.00
Dropped by the Department	51,300.00
Total	1,53,409.25

Efforts are being made to recover the balance amount of Rs. 85,762.75”.

The Committee desire that the progress made in recovering the balance amount of Rs. 85,762.75 be intimated to the Committee.

*Paraphraph 3.2. Short levy of stamp duty and registration fee on lease deed*

[26.] Under the Indian Stamp (Punjab Amendment) Act, 1922, as applicable to 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 office of the Sub-Registrar, Bhiwani, it was noticed (February 1976) that land measuring 180.59 acres was leased out by the Municipality, Bhiwani to certain parties from 5th November 1973 to 31st May 1978 for consideration of Rs. 32.60 lakhs. According to the terms and conditions of the deed, Rs. 2,07,455 were paid as first instalment and the balance amount was payable in nine equal half yearly instalments. Stamp duty and registration fee leviable on the consideration of Rs. 32.60 lakhs set forth in the lease deed worked out to Rs. 1.63 lakhs and Rs. 32,611, respectively, under Article 35(b) of the Indian Stamp (Punjab Amendment) Act, 1932 against which Rs. 10,672 and Rs. 7,126, respectively, were levied by the department on the basis of average annual rent of Rs. 7.11 lakhs under Article 35(c) of the Schedule *ibid*. This resulted in short levy of stamp duty and registration fee of Rs. 1.78 lakhs (stamp duty : Rs. 1.52 lakhs; registration fee : Rs. 25,485).

The matter was reported to Government in November 1979; reply is awaited (March 1980).

The department in their written reply explained the position as under :—

“As reported by the Deputy Commissioner, Bhiwani, this case is pending in the court of Sub-Judge, Bhiwani and the decision is awaited. Till the final decision of the case in the Court, no recovery can be made.”

During oral evidence on 30th August, 1983 the departmental representative informed the Committee that the Sub-Judge, Bhiwani had decided the case in favour of the plaintiff. Subsequently the Committee was informed, vide memo No. 4346-S.T.R.-II-83/Spl. 1, dated 1st September, 1983, as under :—

“The Collector Bhiwani filed an appeal in the Court of District and Sessions Judge Bhiwani against the impugned orders of the Sub Judge First Class Bhiwani which was dismissed on 7-1-1982. The revision was also dismissed in limine on 3-5-82 in the Hon'ble High Court and the Government Advocate advised on 10-5-82 that this was not a fit case for filing SLP in the Supreme Court. The Senior Sub Judge Bhiwani vide his orders dated 31-3-83 permanently restrained the State Government from effecting recovery of Rs. 1,77,813 on account of deficiency in stamp and registration amounts in relation to this lease by way of any coercive method or otherwise. The Collector Bhiwani has again filed an appeal on 7-6-83 in the Court of District Judge Bhiwani

against the impugned judgement and decree dated 31-3-83 passed by Senior Sub Judge Bhiwani. This appeal has been fixed for arguments on 17-10-83."

The Committee desire that the case should be pursued vigorously to its logical conclusion and the final outcome intimated to them.

*Paragraph 3.3. Incorrect classification of settlement deed as deed of declaration of trust*

[27.] Under the Indian Stamp Act, 1899, an instrument which is a deed of settlement is charged with higher duty as compared to an instrument which is a deed of declaration of trust.

In the course of audit of the office of the Sub-Registrar, Gurgaon, it was noticed (May 1975 and December 1976) that two instruments (registered on 11th October 1973 and 30th June 1975 by which an individual transferred his property of Rs. 4.77 lakhs to a trust (of which he became the sole trustee) created by him for educational and charitable purposes were treated as a deed of declaration of trust and assessed to stamp duty accordingly.

The Individual having made non-testamentary disposition of his property in favour of a trust through these instruments, these should have been treated as settlement deeds. Thus, the incorrect classification of the instruments resulted in short levy of stamp duty and registration fee of Rs. 11,970 and Rs. 4,741, respectively.

The matter was reported to Government in August 1979; reply is awaited (March 1980).

The department, in their written reply, submitted as under :-

"As reported by the Deputy Commissioner, Gurgaon, the executor of the trust Mr. Justice Gopal Singh, retired Judge has since expired. The case regarding the appointment of the trustee is pending in the Court of District & Sessions Judge Delhi. Till the final decision of the case in the court and appointment of the trustee is arrived at, it is not possible to recover the deficient amount."

The Committee desire that the final outcome of the case pending in the Court and action taken for the recovery of the deficient amount be intimated.

## EXCISE AND TAXATION

*Paragraph 2.1. Results of test audit in general*

[28.] The test audit of sales tax assessment and other records pertaining to 17,904 cases in twelve districts conducted between April 1978 and March 1979, revealed under-assessment of tax of Rs 53.41 lakhs in 1,241 cases. The under-assessment of tax was mainly due to one or the other of the following reasons :—

<i>Nature of irregularity</i>	<i>Number of cases</i>	<i>Amount (in lakhs of rupees)</i>
1. Under assessment under the Central Sales Tax Act	275	19 37
2. Incorrect computation of turnover	257	14. 54
3. Non-levy/short levy of penalty	142	11 44
4. Non-levy of interest	260	2.47
5. Application of incorrect rates of tax	75	2.31
6. Others	232	3.28
Total	1,241	53.41

Over-assessment of tax of Rs. 46,840 was also noticed in six cases during test audit

During oral evidence on 2-8-1983, the departmental representative explained the position in respect of para 2.1 as under :—

“1241 cases of under assessment of tax of Rs 53.41 lakhs were pointed out in the test audit. In 661 cases the audit objections have been dropped as invalid. In 310 cases, under assessments of Rs. 4,76,182 have been found finalized and demand created. 61 cases are still under examination with the Appellate Authorities to remand the same to meet the objections raised by the audit. Another set of 209 cases are under examination with the Assessing Authorities for final decision to create the demand.

Category-wise details of the cases in which the demand as raised by the Audit has been omitted by the department, are as under : .

<i>S. No.</i>	<i>Nature of the Irregularity</i>	<i>No of cases</i>	<i>Amount Admitted</i>
1.	Under assessment under the Sales Tax Act	Figures already included in item (2) and (6)	Rs.
2.	Incorrect computation of turn-over	57	69,016
3.	Non-levy/Short levy of penalty.	37	1,98,260
4.	Non levy of Interest	75	66,246
5.	Application of incorrect Rate of tax	20	56,984
6.	Others	121	85,676
Total		310	4,76,182”

In reply to a question of the Committee, the departmental representative stated that the details regarding the remaining 270 cases, i.e. 61 pending with the Appellate Authorities and 209 under examination with the Assessing Authorities for final decision to create the demand were not readily available with him. He, however, promised to supply the same on a later date.

The department, vide their letter No. 2899 -ET(8)-83/35254, dated 27-10-1983, inter-alia, stated that the details in respect of the 270 cases were being collected from the field offices and that the same would be submitted to the Committee when received. However, till the writing of this report the aforesaid information had not been received from the department.

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

The Committee further desire that 310 cases, involving an amount of Rs. 4,76,182, which are duly admitted by the department, be finalised at the earliest and the Committee be informed accordingly.

In reply to another question of the Committee, during oral evidence on 2-8-83, as to what was the number of cases, out of those inspected departmentally during the year 1982-83, in which action had been taken against the officials for malafide intention, it was stated that as and when malafide on the part of an officer/official was suspected, action was initiated against him and that action was in progress against as many as eight E.T.Os/A.E.T.Os., twenty Taxation Inspectors and thirty four Excise Inspectors.

The Committee are unhappy to note that the cases of under assessment also include the cases in which assessment was made with malafide intentions as a result of which certain officers/officials of the department were being proceeded against departmentally. The Committee recommend that such officers/officials be awarded exemplary punishments so as to serve as a deterrent to others.

The Committee, who were informed that the total old and current arrears, as on 1-4-1982, worked out to Rs. 249.14 lakhs, also recommend that effective steps be taken to wipe off the arrears and the progress made in this direction be intimated to the Committee.

#### *Paragraph 2.4. Incorrect deductions*

[29.]

(a)

\* \* \* \* \*

(b) When "declared goods" are sold in the course of inter-state trade or commerce, the sales are liable to tax under the Central Sales Tax Act, 1956, but the tax levied on the first sale under the State Act is refundable.

In the Central sales tax assessment of a dealer of Faridabad for the year 1974-75, Rs. 14.04 lakhs were allowed as deduction on account of sale of steel wires ("declared goods") in the course of inter-State trade or commerce on the mistaken belief that the dealer had made purchases after paying the tax. In the course of audit it was, however, noticed (August 1978) that tax on the sale of these steel wires had not been levied under the State Act as the goods had been purchased by the dealer from outside the State. The deduction was, therefore, not admissible.

When this omission was pointed out in audit (August 1978), the deduction earlier allowed was withdrawn and additional demand of Rs 42,109 realised in March 1979.

(c) In the course of audit of records of the office of the Deputy Excise and Taxation Commissioner, Faridabad, and the Excise and Taxation Officers at Kurukshetra, Ambala and Sonapat, it was noticed (June 1978, July 1978 and August 1978) that eight dealers were allowed deductions of Rs 9 23 lakhs from their gross turnover on account of sale of certain items of declared goods, viz., wires, M.S. agngles, conduit pipes, pipes and steel strips, etc., to the registered dealers during the years 1973-74 to 1976-77. These deductions were, however, not admissible as they were first sales of these goods in the State. This incorrect deduction resulted in short levy of tax of Rs. 28,631.

On this being pointed out in audit (December 1976 to August 1978), the department raised additional demand of Rs 16,293 in respect of five dealers and collected Rs. 9,566 (December 1977, September 1978 March 1979 and May 1979) and the cases of the other dealers were referred (March 1978 and July 1978) to the Revisional Authority for *suo motu* action. Further developments and the particulars of collections are awaited (March 1980)

The matter was reported to Government in November 1979 reply- is awaited (March 1980).

(a) \* \* \* \* \*

(b) In regard to para 2.4 (b) *ibid* the Committee was informed during oral evidence on 2-8-83, that action against the defaulting Assessing Authority (Sh. H.L Goel) was under consideration. Subsequently, it was intimated that departmental action against Sh. H.L Goel, had since been initiated and that the final out come would be intimated to the Committee in due course.

**The Committee desire that the action against the concerned Assessing Authority be finalized expeditiously and final out-come intimated to the Committee.**

The department in their written memorandum in regard to para 2.4(c) above explained the position as under :—

“In this paragraph the following 8 firms are related :—

1. M/s Hindustan Industrial Corporation, Kaithal, District Kurukshetra, 2. M/s. Parkash Enterprises, Ambala Cantt, 3. M/s Parkash Engg. Works, Ambala Cantt, 4 M/s Amar Conduite Pipe, Sonapat, 5. M/s Janata Steel and Steel-metal Coop. Indul. Society, Faridabad, 6 Aggarwal Sanitary Works, 7. Chemical Vessels Fabrications, 8. Armeet Tools and Equipments, Faridabad.

With the exception of M/s Janata Steel and Steel-Metal Coop. Indl. Society, Faridabad, in all other 7 cases, necessary demand has been created and deposited. The case of M/s Janata Steel & Steel Metal Coop. Indl. Society, Faridabad is subjudice in -as-much as an application has been made by the deptt to the Member, Sales Tax Tribunal, Haryana, to refer the question of Law in-



volved to the Hon'ble Punjab & Haryana High Court, for their opinion, as the department did not feel satisfied with the order dated 5-5-1983 of the Sales Tax Tribunal, Haryana, wherein the Tribunal rejected the appeal filed by the Excise and Taxation Department".

The Committee desire that necessary steps to effect recovery in the case of M/s. Janata Steel and Steel-Metal Coop. Indl. Society, Faridabad be taken expeditiously after getting the decision of the court and the Committee be informed about the final outcome.

*Paragraph 2.6. Short levy of purchase tax*

[30] Under the Haryana General Sales Tax Act, 1973, a registered dealer can purchase goods without payment of sales tax within the State on the authority of his certificate of registration for the purposes mentioned in the said certificate. However, when the goods purchased free of tax are used in the manufacture of any goods which are disposed of otherwise than by way of sale whether within the State or in the course of inter-State trade or commerce or in the course of export out of India, tax is leviable on the purchase price of the goods at the rate leviable on their sale. Government, however, allowed the levy of purchase tax at the concessional rate of tax of 3 per cent with effect from 19th July 1974 which was raised to 4 per cent with effect from 1st July 1975.

*	*	*	*	*
*	*	*	*	*

(b) In the course of audit it was noticed (June 1978) that another dealer of Faridabad purchased glass bottles without payment of tax on the strength of his certificate of registration and used these bottles as package for the food products. During 1973-74 the dealer transferred to his branches outside the State the finished products on which bottles costing Rs 17.76 lakhs were used. Thus, tax was leviable on the purchase price of the bottles which being glassware, were liable to tax at the rate of 8 per cent instead of 6 per cent as levied by the department. This resulted in under-assessment of tax of Rs. 36,263.

On this being pointed out in audit (June 1978), the assessing authority referred (September 1978) the case for *suo motu* action. Further report is awaited (March 1980).

The cases were reported to Government in July and September 1979. reply is awaited (March 1980).

In regard to para 2.6(b), it was submitted during oral evidence, that the case was with the Joint Excise and Taxation Commissioner (Appeals), Faridabad for the levy of the tax at the current rate.

The Committee desire that the matter be expedited and the amount of under assessment recovered at the earliest under intimation to the Committee.

*Paragraph 2.8. Non-levy of penalty for misuse of certificates of registration*

[31:] Under the Central Sales Tax Act, 1956, if any person being a registered dealer, falsely represents when purchasing any class of goods that

goods of such class are covered by his certificate of registration, the authority granting him a certificate of registration may, after giving him a reasonable opportunity of being heard, impose upon him by way of penalty a sum not exceeding one and half times of the tax payable on the purchase of such goods in the course of inter-State trade or commerce

In the course of audit it was noticed (March 1979) that three dealers of Sonapat purchased goods of Rs. 14.12 lakhs from outside the State during 1973-74 to 1976-77 at concessional rate of tax by furnishing the prescribed declarations. But the goods purchased by the dealers were not of the class included in their certificates of registration and therefore they were liable to penal action which had not been initiated by the assessing authority concerned without recording any reason.

When the omission was pointed out in audit (March 1979), the department levied (September 1979) penalty of Rs. 14,421 in one case and referred (August 1979 and November 1979) two cases to the Revisional Authority for *suo motu* action. Further developments are awaited (March 1980).

The matter was reported to Government in November 1979; reply is awaited (March 1980).

In regard to para 2.8, the department in their memorandum explained the position as under :—

“In this para 3 dealers of Sonapat are involved. They are :—

1. M/s. Balco Engg. Pvt. Ltd., Sonapat.  
(Assessment years 74-75, 75-76).
2. M/s. Bansal Industries, Sonapat.  
(Assessment years 73-74 and 74-75).
3. M/s. Paras Ram Basheshar Lala, Sonapat.  
(Assessment year 73-74 and 76-77).

The first two cases were referred for *suo motu* action to Joint E.T.C.(A), Ambala and are now under re-examination with the Assessing Authority, Sonapat.

In the third case a penalty of Rs. 14,421 has already been imposed and recovered. In this case omission was in the two assessment years viz. 1973-74 and 1976-77. Assessment of 1973-74 was framed by Shri Satwant Singh, Assessing Authority who has since retired. The assessment for 1976-77 was framed by Shri R.C. Mittal, E.T.O., whose explanation is being called for.”

The Committee desire that the case of M/s Balco Engg. Pvt. Ltd., Sonapat and M/s Bansal Industries, Sonapat, stated to have been referred for *suo-motu* action, be expedited and the Committee be informed about the action taken.

The Committee also desire that action against the concerned Assessing Authority (Sh. R.C. Mittal) be expedited and final outcome reported to the Committee.

*Paragraph 2 9. Non levy of minimum penalty*

[32] 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 turnover as returned by such dealer had been accepted as correct.

(a) In the course of audit of records in the office of the District Excise and Taxation Officer, Rohtak, it was noticed (November 1978) that a dealer of Rohtak suppressed sales amounting to Rs. 6.34 lakhs during the year 1975-76. The assessing authority, while assessing the case, levied token penalty of Rs. 500 even though the minimum penalty leviable on the basis of the tax sought to be avoided (Rs. 8,748) worked out to Rs. 17,496.

On this being pointed out in audit (November 1978), the department referred (April 1979) the case to the Revisional Authority for *suo motu* action. Further developments are awaited (March 1980).

The matter was reported to Government in August 1979; reply is awaited (March 1980).

(b) A test-check (September 1979) of the assessment files in the office of the Deputy Excise and Taxation Commissioner, Faridabad, revealed that a dealer of Faridabad suppressed the sales of vegetable ghee to the extent of Rs. 16.18 lakhs involving tax of Rs. 1.16 lakhs during the year 1975-76. The assessment was finalised *ex parte* on 30th May 1977 and demand of Rs. 1.16 lakhs was raised. In the assessment order the assessing authority had stated that the penal action for suppression of sales would be taken separately but no such action was taken. As the dealer had closed down the business (June 1975), recovery certificate was issued to the Collector in July 1978 without finalising the penal proceedings. The minimum amount of penalty leviable in this case worked out to Rs. 2,31,034.

The matter was reported to Government in November 1979: reply is awaited (March 1980).

During the course of oral evidence, in reply to the question of the Committee in respect of para 2 9(a) *ibid*, it was explained by the departmental representative that on an appeal from the dealers the case was remanded to the Assessing Authority for assessment and that the assessment was made in the presence of both the parties. It was further stated that on remand the tax was assessed at Rs. 3,457 and a penalty of Rs. 6,902 was imposed and that as such the total amount due worked out to Rs. 10,359.

The Committee desire that the matter be finalised expeditiously and final out come reported to the Committee.

During oral evidence on 2-8-83, the Committee was informed in regard to para 2.9(b) *ibid*, that the firm involved in the above said case was M/s Roma

Trading Co., Faridabad and that the recovery of Rs. 1,15,709 was out standing against that firm. It was further added that the firm had closed down their business and that the recovery certificate had been sent to Collector, Aligarh for effecting the recovery.

Later on, the department, vide their letter No. 28-2899-ET(8)-83/35254, dated 27-10-83, informed the Committee that the report from the Collector, Aligarh had been received who had reported that the defaulter was not residing in Aligarh district.

The Committee desire that efforts to trace out the defaulting firm should be continued vigorously so as to recover the out standing amount. Further steps may also be taken to impose penalty on the firm which may be recovered along-with other outstanding amount.

The Committee recommend that the existing procedure of issuing registration certificates to the dealers be reviewed and appropriate steps be taken to obviate recurrence of such cases in future.

*Paragraph 2 10. Non-levy of interest*

[33.] Under the Haryana General Sales Tax Act, 1973 and the Central Sales Tax Amendment) Act, 1976 (applicable retrospectively with effect from 5th January 1957), a dealer is required to pay the tax due from him according to his returns by the prescribed date. Similarly, a dealer is required to pay the amount specified in the demand notice within the period specified in such notice or in the absence of such specification within thirty days from the date of service of such notice. In the event of default he is liable to pay, in addition to the tax due, simple interest on the amount due, at one per cent per month from the date following the prescribed date for a period of one month and at one and a half per cent per month thereafter, during the period of default.

In the course of audit it was noticed (between March 1978 and January 1979) that nine dealers (four in Ambala and five in Karnal) had not paid the tax due as per their quarterly returns during the years 1974-75 (4 cases), 1975-76 (1 case) and additional demand in the assessment orders for the years 1973-74 to 1975-76 (four cases) within the prescribed period. The assessing authorities did not levy interest for the belated payment of tax.

On this being pointed out in audit (March 1978 to January 1979), additional demand of Rs. 33,142 was collected between April 1978 and January 1980.

During the course of oral examination, the departmental representative stated that explanation of four officers who were responsible for the lapse had been called for out of whom reply had been received from one officer.

The Committee desire that necessary replies be obtained from other officers also, action against them be finalised and the Committee be informed accordingly.

*Paragraph 2.11. Collection of sales tax*

[34.] Sales tax is the largest source of tax revenue raised by the State Government. Sales tax is levied on dealers whose annual turnover exceeds

the limits prescribed under the Sales Tax Act. However, under the Central Sales Tax Act, 1956, there is no minimum ceiling limit for taxation.

Every registered dealer or a dealer on whom a notice has been served under the Punjab General Sales Tax Act, 1948 (as applicable to Haryana upto 4th May 1973) and the Haryana General Sales Tax Act, 1973 and the Rules made thereunder, shall submit the return or returns of his turnover for each quarter of a year within 30 days of the expiry of the quarter. Further, before any registered dealer furnishes the return he shall, in the prescribed manner pay into the Government treasury or the Reserve Bank of India or the State Bank of India the full amount of tax due from him under the Act according to such returns and shall furnish along with the returns receipt from such treasury or bank showing the payment of such amount.

Sales tax rules further provide for the maintenance of 'Demand and Collection Register' by the assessing authority to see *inter alia* that action is taken against the defaulting dealers for non-submission of returns.

A test-check of the records of the District Excise and Taxation Officers, Faridabad, Karnal, Ambala, Hissar, Rohtak and Kurukshetra, revealed the following irregularities.

(1) \* \* \* \* \*

(2) *Non-submission of returns*

In the course of audit it was noticed (September 1979) that 3 dealers of Faridabad did not file their quarterly returns for the years 1970-71 to 1973-74, 1970-71 to 1971-72 and 1973-74 to 1974-75, respectively. In the assessment of these cases (finalised between March 1978 and September 1978) demand of Rs. 20.42 lakhs was raised against the dealers. Thus, the assessments were completed after the expiry of 3 to 7 years. Mean while, business of these dealers had been closed down and the amount of demand could not be recovered (October 1979) in the normal course. In two out of the three cases, recovery certificates (amount : Rs. 13.88 lakhs) had been issued to the Collector for recovery of the amount as arrears of land revenue. In the third case (amount Rs. 6.54 lakhs) notice had been issued to the official liquidator. Further report is awaited (March 1980).

On a further scrutiny it was noticed that 'Demand and Collection Register' had not been maintained properly by the assessing officers as required under the Sales Tax Rules. Consequently, the non-filing of returns and non-payment of tax on the basis of self-assessment remained unnoticed.

(3) *Non-levy of penalty against non-filing of returns*

If a dealer fails, without sufficient cause, to file the prescribed return by the stipulated date, he makes himself liable for penal action both under the State and Central Acts. In respect of cases relating to the period prior to 5th May 1973, i.e., under the Punjab General Sales Tax Act, 1948, the amount of leviable penalty shall not exceed one and a half times of the tax assessed or liable to be assessed. Under the Haryana General Sales Tax Act, 1973 (effective from 5th May 1973), the amount of penalty shall be calculated at a rate which shall not be less than five rupees or more than ten rupees for every day during which the default continues. Similar provisions should be adhered to while imposing penalty under the Central Sales Tax Act, 1956.

In two of the three cases referred to in paragraph(2) above, it was stated in the assessment orders that penal action against non-filing of returns and non-payment of tax would be taken separately but no such action had been taken (September 1979) though the firms had gone into liquidation. In one case the tax effect for the years 1970-71 and 1971-72 was to the extent of Rs. 11.06 lakhs and penalty to the extent of one and a half times could be leviable on the firm. In the other case minimum penalty leviable under the Haryana General Sales Tax Act, 1973, and the Central Sales Tax Act, 1956, worked out to Rs. 1,30,240.

(4) *Delay in commencement of assessment proceedings*

Under the Punjab General Sales Tax Act, 1948 (as applicable to Haryana upto 4th May 1973) and the Haryana General Sales Tax Act, 1973, the assessing authority must proceed to assess the case within a period of five years from the closing of the relevant accounting year. Though under the Act no minimum time limit has been fixed for finalisation of assessment, prompt assessment of dealers is of a vital importance for collection of Tax. Delay in the assessment of cases may jeopardise the chances of recovery of tax due in the event of the business being closed down before commencement/finalisation of the assessment proceedings.

(i) In the course of audit it was noticed (September 1979) that in 20 cases relating to 9 dealers of Faridabad the assessment proceedings were initiated after three years or more from the closing of the relevant assessment year. In the assessment orders, demand of Rs. 1,13.76 lakhs was raised, the recovery of which is awaited (March 1980). Out of these 20 cases, 7 dealers had already closed down their business before the finalisation of assessment proceedings and demand of Rs. 72.17 lakhs was outstanding against them. Delay in commencement/finalisation of assessment proceedings has thus adversely affected the chances of recovery of tax demand. On the analogy of Central taxes and the State sales tax laws of many other States it is desirable to fix some time limit for finalisation of the assessments to facilitate the prompt collection of tax.

(ii) In the following three cases, the assessment proceedings were delayed to a great extent resulting in non-recovery of tax.

(a) In the assessment of a dealer of Faridabad for the year 1967-68 notice was first issued to the firm for the assessment on 31st December 1969. Another two notices were also issued to the firm on 23rd April 1970 and 2nd June 1972 without any response. After the expiry of more than four years, on 16th November 1976 the case was again taken up and finalised on 30th July 1977 when additional demand of Rs. 3.23 lakhs was raised. In the meantime, the firm closed down its business on 17th June 1971 and went under liquidation. The claim for the recovery of the outstanding amount of Rs. 3.23 lakhs is reported to have been lodged with the official liquidator (October 1977). Report regarding recovery of the amount is awaited (March 1980).

(b) In case of a dealer of Rohtak for the year 1974-75, first notice was served by the assessing authority on 8th April 1977. The case was then transferred by the assessing authority to another assessing authority on 30th November 1977. The assessment proceedings remained unattended upto August 1978 and the case was again taken up on 13th September 1978 and finalised

on 19th March 1979 raising additional demand of Rs. 66,271. In the meantime the dealer closed down the business in November 1977. Recovery certificate for the collection of the additional demand of Rs. 66,271 was issued (July 1979) to the Collector; report regarding recovery is awaited (March 1980).

(c) The assessments of tax in respect of a firm of Faridabad for the years 1970-71 and 1971-72 were finalised on 30th March 1977 and 29th September 1978, respectively, and additional demand of Rs. 25.64 lakhs was raised. Meanwhile the firm went into liquidation on 4th March 1977 and official liquidator was appointed. The claim for the recovery of the amount had been lodged (July 1977 and November 1978) with the official liquidator whose acceptance of the claim is awaited (January 1980).

*(5) Acceptance of returns without payment of tax*

As already stated in sub paragraph(I) of this paragraph, every registered dealer is required to furnish the prescribed returns within the prescribed periods and is also required to deposit the tax due as per returns. Non-payment of tax due as per returns attracts levy of interest and imposition of penalty.

In the course of audit of the Excise and Taxation office, Faridabad, it was noticed (September 1979) that a dealer of Faridabad had filed the returns during 1973-74 without payment of tax. Tax amounting to Rs. 47,405 was due as per returns. The assessment proceedings were finalised as late as in December 1978 but penal proceedings against non-payment of tax and interest thereon were not initiated.

On the omission being pointed out in audit (August 1979), interest amounting to Rs. 43,794 was levied. Penal proceedings against non-payment of tax are yet to be finalised (January 1980).

The points referred to in the foregoing paragraphs were reported to Government in November 1979, reply is awaited (March 1980).

The department in their written memorandum submitted to the Committee in respect of para 2.11 *ibid*, explained the position as under :—

(1) \* \* \* \* \*

“(2) In this sub-paragraph, 3 dealers of Faridabad viz. M/s U.K. Builders Pvt. Ltd., Ballabgarh, M/s. Associated Industries, Faridabad and M/s Pearl Cycle Industries, Ballabgarh are involved for their failure to file quarterly returns.

In the case of M/s U K. Builders Pvt. Ltd., the returns duly marked have been traced out from the records now and notices for penal action under sections 46 & 47 of the Haryana General Sales Tax Act, 1973 and section 9(2) of the Central Sales Tax Act, 1956 have been vacated. However, there being no chance of recovery, the case for writing off the arrears is under consideration.

In the case of M/s Associated Industries, Faridabad, penal action for non-filing of returns is in progress. The firm has since been closed. The additional demand amounting to Rs. 11,06,000

is outstanding against this firm and recovery certificate has been sent to the Collector, Bombay. Action for non-filing of returns and non-payment of tax is under process.

The third firm viz M/s Pearl Cycle Industries, Ballabgarh is under liquidation. The claim had been lodged on 23-10-82.

(3) The position in respect of the two cases referred to in sub-para of this paragraph has been explained under sub-para (2) above. In the 3rd case pertaining to M/s. Pearl Cycle Industries Ballabgarh, the case has been referred to the Jt Excise and Taxation Commissioner (Appeals), Faridabad for suo-motu action so that further action to meet the audit objection is taken.

(4)(i) This department had in the past fixed the limit for finalisation of assessment under Section 28 of the Haryana General Sales Tax Act, 1973. However, this limit was later on withdrawn as such a limit was not considered in the interests of revenue.

From time to time however, it is impressed upon the Assessing Authorities to avoid delay in finalising the cases. But in certain cases, delay becomes unavoidable for reasons beyond the control of the Assessing Authorities.

(ii)(a) This case relates to M/s Globe Motor Workshop Limited, Faridabad. The firm has gone into liquidation and the assessment for the years 67-68 to 71-72 has been finalized. The demand notice and challans have been duly served on the Official Liquidator. He has intimated that the claim of the Department will be considered. For delay in framing the assessment, enquiry is being conducted.

(b) This case pertains to M/s N.R. Industries, Bahadurgarh for the year 1974-75. The firm has closed down. The dealer is residing at Calcutta. He has been declared as insolvent by the Hon'ble High Court of Calcutta insolvency case No. 18 of 1981, dated 2-12-1981. The official assignee has been appointed and the claim had been lodged with him in the meeting of the Creditors held on 6-9-82 which was also attended by the Assessing Authority, Bahadurgarh.

(c) The third case relates to M/s. Telesound India Ltd., Ballabgarh. In this case, payment had been verified by the then Assessing Authority and adjusted and penal action under Section 10(6) had been taken. The amount has also been recovered. Tax due has been recovered from the successor firm. This case pertains to M/s. B.R. Ojha, Faridabad, for 73-74. The additional demand created has since been recovered in monthly instalments and penalty as pointed out by the audit has been imposed and recovered. No arrear is due from the said firm for the year 1973-74."

The departmental representative was orally examined at length on 2-8-1983, as the Committee did not feel satisfied on certain points, and asked the deptt., inter-alia, to look into the conduct of each officer who failed



to ensure the submission of quarterly returns and deposit of tax with the returns in the case of firms which later on went into liquidation without paying any tax.

The department was also asked by the Committee to examine if a special cell could be created and manned by honest officers for ensuring that all dealers filed returns in time and that the amount of tax due was deposited by every dealer with the return.

The Committee also desired that they be informed about the latest position of each of the case in which the dealers were allowed to go into liquidation without paying any tax, which officers were responsible for the said lapse and what action had been taken against them.

In reply thereto, the Department vide their letter No. 2899-ET(8)-83/35254 dated 27-10-83, informed the Committee as under :—

“An enquiry has been got conducted through Deputy Excise and Taxation Commissioner (I & E) in six cases of Faridabad district where non-filing of returns and non-payment of tax in time was pointed out by the Audit. Departmental action is being recommended against the officers/officials found at fault.

Proposal is being examined by the department. In the meanwhile, the norm of disposal of sales tax cases of the assessing authorities of the cadres of Excise & Taxation Officer and Asstt. Excise and Taxation Officer has been increased by 20% to expedite the disposal of the cases.

A cell for the purpose does exist, but has not been effective because it is not possible for such a cell stationed at Headquarters at Chandigarh or at any Central place, to visit each district and sub-office immediately after the close of the return period so as to ensure that all dealers have filed the returns in time and that the amount of tax due has been deposited by every dealer with the return. Instead, it is felt that time is ripe to carry out a study in department to re-enact the taxation law and re-organise the taxation department in the light of the experience gathered so far.

A detailed report in respect of all the six firms involved and the name of the Assessing Authority with whom the case remained pending is enclosed herewith (See annexure at pages 80 to 85). The action against the officers responsible for delay is being initiated.”

The Committee desire that strenuous efforts to finalize the pending cases of the concerned firms be made.

The Committee further desire that effective steps be taken to ensure that the demands and collection register is maintained properly by the Assessing Officers as required under the Sales Tax Rules.

The Committee also desire that as promised during oral evidence, action against the defaulting officers/officials be taken and the Committee be informed of the decision taken.

The Committee further desire that the final outcome of the study made by the department to re-enact the taxation law and also to reorganise the taxation department in the light of the experience gained so far, be intimated. Till such time as the new law is enacted, the Committee would like the department to issue suitable instructions to all concerned that while passing assessment orders relevant provisions of the Act/Rules be carefully studied and applied so as to diminish cases involving misinterpretation and mis-application of the relevant provisions of the Sales Tax Act/Rules.

The Committee are pained to observe that a large number of cases which had not been finalized for years together had fallen in arrears. Delay in the finalisation of the cases, the Committee feel, is fraught with serious repercussions as in several cases it is noticed that the concerned firms had either closed down their business or had become untraceable or had gone into liquidation. The Committee would, therefore, like the department to expeditiously take remedial steps so as to ensure that assessment of the cases is completed without any avoidable delay and accumulation of such cases, which invariably results in loss of revenue to the state exchequer, is not allowed to occur.

# ANNEXURE

Sr. No.	Name of firm.	Year.	Position of the Finalisation of the case.	Additional demand created.		Name of the Assessing Authority with whom the file remained.
				G.S.T.	C.S.T.	
1	2	3	4	(i)	5	(ii) 6
1.	M/S Tele Sound India Ltd. Faridabad.	1969-70	Returns filed in time and notice for assessment issued on 27-7-70. Assessment finalised on 31-12-74.	34,100	6205	Assessment proceedings were initiated in time but there was delay on the part of Assessing Authorities in this respect. There was delay on the part of S/Shri G.P. Kashyap (upto 1/72) and S.R. Handa (1972 to 1975) the then Assessing Authorities in finalising this case.
		1970-71	Returns filed in time and notice for assessment issued on 12.6.72. Ex-party assessment framed on 30.3.77. In between the firm went into liquidation. The dealer went into appeal and the case was remanded and fresh assessment was made.	—	6470	There was some delay on the part of S/Sh. G.P. Kashyap & S.R. Handa, the then Assessing Authorities in issuing the notice. There was delay also in finalising the assessment for which Sh. S.R. Handa (1972 to 1975) and Sh. M.L. Malhotra (1975 to 1977) were responsible.
		1971-72	Returns filed in time and notice for assessment issued on 27.6.72. The case remained pending as assessment for previous years was not finalised. Notice to official liquidator was issued for 20.9.78, but none appeared. Ex-party assessment was framed and the party went into appeal, where the case was remanded and fresh assessment was made.	36,990	1,04,408	Assessment proceedings were initiated in time by Sh. S.R. Handa. There was delay in issuing notice to the office liquidator for which the following officers are responsible:— (i) Sh. S.R. Handa from 7/72 to 3/75. (ii) Sh. M.L. Malhotra from 4/75 to 7/77-78.  It may be stated that the officers who were responsible for delay in initiating the assessment proceedings and in finalisation of the assessment were S/Sh. G.P. Kashyap, Sh. S.R. Handa and M.L. Malhotra.

1	2	3	4	5	6
			The total initial demand of Rs. 28 lacs was reduced to Rs. 1.89 lacs in appeal against which the party has already deposited Rs. 1.42 lacs.		Out of these three officers, Sh G P. Kashyap and S R. Handa have since been retired and Sh. M.L. Malhotra has expired. As such no action is possible against them in this situation.
2.	M/s U.K. Builders Ltd. Faridabad.	1971-72	<p>(i) Returns filed in time and assessment proceedings were initiated on 13-12-1974. Assessment was finalised on 2-11-1976.</p> <p>(ii) 270.80</p>	46,817.60	<p>There was delay in initiating assessment proceedings as well as in finalisation of the cases. The dealer did not file any return for 1973-74 and no action was initiated by the Assessing Authority against the dealer for not filing the returns.</p>
		1972-73	Returns filed in time and assessment & proceedings were initiated in January, 1977. Assessment was finalised on 13-3-1978.	67,290 00	The Assessment files pertaining to this dealer remained with the following officers for the time noted against each :—
		1973-74	No returns were filed by the dealer. Action was not initiated by any Assessing Authority till 20-2-1978. Assessment proceedings were initiated in 2/78 and case was finalised on 31-7-1978 by Sh. L.C. Verma, Excise and Taxation Officer.	873 00	<ol style="list-style-type: none"> <li>1. Sh. A N. Sud, AETO now ETO (Retd) May, 1972 to Oct 1972.</li> <li>2. Sh. S R. Yadav, ETO now DETC, Bhiwani (November, 1972 to May, 1973)</li> <li>3. Sh. R L. Chopra, ETO (June, 1973 to October, 1973)</li> <li>4. Sh. Gurdial Singh, ETO (November, 1973 to November, 1974).</li> <li>5. Sh. Inder Singh, ETO (Retd) Dec., 1974 to June, 1976).</li> <li>6. Sh. J.L. Dogra, ETO (July, 1976 to November, 1976).</li> <li>7. Sh. L. C. Verma, ETO (October, 1976 to onwards).</li> </ol>

1	2	3	4	(i)	5	(ii)	6
3.	M/S Pearl Cycle Industries, Fardabad.	1969-70	Returns filed regularly Assessment initiated on 8-5-74 by Sh. Inder Singh E.T.O. and finalised on 20-9-77 by Shri L.C. Verma, E.T.O. Firm went in liquidation on 30-7-75.	39989.90		667476.32	1969-70. The cheque for the payment of voluntary tax deposited by the party for the 3rd quarter of year 1969-70 was dishonoured. Proceedings for penal action were finalised on 22-10-1970. The delay was about 7 months for which Sh. B.B.L. Mathur, Assessing Authority is responsible who has since retired. The proceedings for assessment were initiated on 8-5-1974 by Shri Inder Singh, although these become due in the month of May, 1970. The assessment for the year 69-70 was finalised on 20-9-1977 by Sh. L. C Verma. E.T.O. The following officers handled this case for the period noted against each, prior to the date of finalisation.
							(1) Sh. B.B.L. Mathur, 1970-71 to 1971-72.
							(2) Sh. A.N. Sud, 1972-73 to 1973-74.
							(3) Sh. Inder Singh, 1974-75.
							(4) Sh. A. N. Sud, 1975-76 to 1976-77.
							(5) Sh. H.S. Rana & Sh. L.C. Verma upto 20-9-1977.
							The delay in initiating Assessment proceedings were on the part of S/Shri B.B.L. Mathur & A.N. Sud. The delay in finalisation assessment was on the part of S/Shri Inder Singh and A.N. Sud. All the three officers have since retired.

1	2	3	4	(i) 5	(ii) 6
4.	M/S Globe Motors Workshop Pvt. Ltd Faridabad.	1967-68	Case initiated on 23-1-70 by Sh. B.B.L. Mathur Returns & order sheet not traceable. Case finalised on 30-7-70 by Sh H.S. Rana Firm went into liquidation on 24-9-75	323309.82	—  There was delay of one & half years in initiating the case on the part of Shri B B L. Mathur who has since retired There was also delay in finalising the case The names of the officers and the period for which they held the charge has been given below :—
		1968-69	1st quarterly return was filed on 30-7-68 and payment of voluntary tax was made but the cheque was dishonoured. The returns for 2nd, 3rd and 4th quarter were filed but no payment was made Assessment proceedings were initiated on 22-3-74 and finalised on 31-3-78	3916 18	45052 12  There was delay in initiating the assessment proceedings and finalising the assessment and the names of the officers who held the charge are given below There was also lapse for collecting the voluntary tax for which Sh. B.B.L. Mathur, E.T.O was responsible.
		1969-70	All returns filed in time with full payment Assessment proceedings initiated on 28-11-77 and finalised on 31-3-78 by Sh H.S. Rana.	6060.10	58340 68  There was delay in instituting the assessment proceedings and finalising the assessment and the names of the officers which held the charge during this period are given below
		1970-71	Assessment proceedings started on 16-8-74 and finalised on 26-9-78 by Sh H S Rana	15884 87	3093 00  There was delay initiating as well as finalising the cases and the names of the officers are given below
		1971-72	Assessment proceedings started on 14-2-77 and finalised on 26 9-78 by Sh H S Rana	4000.00	—do—

1	2	3	4	(i)	(ii)	6
5.	M/S Associated Industries, Faridabad.	1969-70	No returns were filed and no payment was made. No action was initiated against the dealer. Notice for assessment was issued on 28.2.72 and finalised on 26.8.77	7500	—	No action was taken by the Assessing Authorities for default in filing the returns and depositing the voluntary tax by the Party. There was also delay in finalising the assessments for all these years.
		1970-71	No returns filed. No tax paid and no action taken. Notice for assessment served on 20.2.78 and finalised on 27.9.78 by Sh. H. L. Goyal. Action for non-filing of returns and non-payment of tax still pending.	800000	—	The cases were handled by the following Assessing Authorities :— 1. Sh. B.B.L. Mathur, upto 8.3.1973. 2. Sh. R.L. Chopra, 9.3.73 to 15.10.75
		1971-72	No returns filed and no tax paid. No action taken against the dealer. Assessment proceedings initiated on 15.3.78 and finalised on 29.9.78.	306000	—	3. Sh. A. L. Ahuja, AETO, 16.10.75 to 20.9.76. 4. Sh. Gurdial Singh, AETO, upto 12.6.77.
		1972-73 to 1975-76	No returns filed. No tax paid and no action taken.  All cases however been decided without any additional demand. A minimum penalty of Rs. 1.32 lacs is leviable under the State Act and a similar amount under the C.S.T. Act.	—	—	5. Sh. R.L. Ahuja, thereafter,
6.	M/S B.R. Ojha, E-2, Faridabad	1973-74	Duplicate return was obtained on 30.11.78 for the first quarter. This return was due on 30.7.73. Tax of Rs. 14731.80 was paid on 12.9.73, although payable by 30.7.73. Returns for second, third and fourth quarters	46499 Tax 43794 Interest. Demand reduced to Rs 61044 on 14.3.80.		No action was taken against the dealer for non filing of the returns for the 1st quarter in time and non-payment of voluntary tax for the full year in time. The assessment proceedings were initiated and finalised very late. The following assessing authorities handled

## G.S.T. C.S.T.

were filed but cheques for voluntary payment of Rs. 10393, 11613.60 and Rs. 10240 were dishonoured and no action was initiated. Assessment proceedings were started on 8.11.78 and finalised on 27.12.78 by Sh. R.L. Ahuja, A.E.T.O.

the case for the period noted against their names :—

1. Sh. M.L. Malhotra 4/74 to 9/74.
2. Sh. R.L. Ahuja, 10/74 to 12/74
3. Sh. M.L. Mahotra. 1/75 to 7/76.
4. Sh. Har Phool Singh, A.E.T.O. 8/76 to 2/77.
5. Sh. I. J. Sinha 3/77 to 6/77.
6. Sh. H.S. Rana. 7/77 to 12/77.
7. Sh. A.N. Sud, A.E.T.O. 1/78 to 11/78.



## APPENDIX

**Statement showing the outstanding observations/recommendations of the Public Accounts Committee of the Haryana Vidhan Sabha on which the Government is yet to take final decision**

Sr. No.	Name of Department	Paragraphs	Brief subject
1	2	3	4
3rd Report			
1.	Industries	10	Un-utilized grants
6th Report			
2.	Industries	6	Grant of loan to a firm
3.	Do	8	Investments
4.	Do	9	Other Investments
5.	Technical Education	36	Junior Technical Schools
7th Report			
6.	Haryana Khadi & Village Industries Board	16	Gobar Gas Plant
7.	Excise & Taxation	32	Arrears in assessment and collection of Sales Tax.
8.	P.W.D.(Buildings & Roads)	33	Payment of work done
9.	Common Paragraphs	50	Grants-in-aid
9th Report			
10.	Industries	5	Credit facilities for development of Small Scale Industries.
10th Report			
11.	Public Health	16	Classification of a contractor
11th Report			
12.	Industries	8	Recoveries from a firm
13.	Medical	13	Purchase of defective equipment
14.	Transport	18	Short recovery due to incorrect application of rates.
15.	Do	24	Embezzlement

1	2	3	4
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|-------------------------------|---|
| 16. Social Welfare            | 26 Grant of loans to non-existing firms.                      |
| 17. Excise & Taxation         | 31 Under Assessment due to incorrect deduction from turnover. |
| 18. Do                        | 33 Arrears in assessment of Sales Tax                         |
| 19. P.W.D.(Buildings & Roads) | 37 Recoveries due from a contractor                           |

## 13th Report

- |             |                                       |
|-------------|---------------------------------------|
| 20. Revenue | 3 Expenditure on Relief               |
| 21. Do      | 9 Test Relief Works                   |
| 22. Do      | 11 Construction of Bamla Water Course |
| 23. Do      | 15 Relief Works                       |

## 14th Report

- |                              |  |
|------------------------------|--|
| 24. Agriculture              | 11 Non-recovery of discount  |
| 25. Industries               | 14 Purchase of defective material                                      |
| 26. Do                       | 16 Purchase of Cotton Yarn   |
| 27. Medical & Health         | 17 Embezzlement  |
| 28. Transport                | 27 Extra Expenditure   |
| 29. Printing & Stationery    | 29 Nationalised Text Books Scheme                                      |
| 30. Technical Education      | 31 Y.M.C.A. Institute of Engineering, Faridabad.                       |
| 31. Colonization             | 32 Development of Mandis   |
| 32. P.W.D. Buildings & Roads | 33 Construction of staff quarters for Haryana Polytechnic, Nilotkheri. |
| 33. Do                       | 34 Construction division Tosham Rs 0 50 lakhs                          |
| 34. Irrigation               | 35 Loharu Lift Irrigation Project (Indira Gandhi Canal)                |
| 35. Do                       | 36 Link Drain  |
| 36. Co-operation             | 41 Cooperative Banks   |

1	2	3	4
37. Co-operation		44 Haryana State Cooperative Supply and Marketing Federation Limited, Chandigarh.	
38. Common Paragraphs		46 Utilisation Certificates	
39. General	15th Report	4 Excess over Voted Grants/Charged Appropriations.	
40. Agriculture		5 Aerial spraying.	
41. Do		6 Distribution of taccavi loan in the form of chemical fertilizers.	
42. Industries		10 Purchase of mono metal	
43. Medical & Health		12 Family Planning Programme	
44. Do		14 Civil Hospital Sonapat Rs. 0.18 lakhs	
45. Civil Aviation		15 Aviation Clubs Hissar and Karnal	
46. Fisheries		17 Development of inland Fish culture.	
47. Development & Panchayats		18 Unspent Balances of Grants paid to Local bodies etc.	
48. P.W.D. Buildings & Roads		21 Delay in issue of posting orders.	
49. Irrigation		23 Payment for earthwork	
50. P.W.D. Public Health		25 Excess issue of material	
51. Do		26 Recovery due from a contractor	
52. Co-operation		30 Cooperative Consumer Stores.	
53. Industries	16th Report	2 Subsidy for setting up Industrial Units in selected backward areas.	
54. Do		3 Industrial Development Colonies.	
55. Transport	17th Report	12 Results of Audit.	
56. Do		16 Non-relisation of trade certificate fee.	

1	2	3	4
57. Revenue		17 Non-execution of conveyance deeds.	
58. Do		18 Non-recovery of stamp duty.	
59. Do		19 Under valuation of property.	
60. Chief Electrical Inspector (Power Deptt.)		20 Taxes and duties on Electricity Non-realisation of inspection fees.	
61. Excise & Taxation		21 Arrears in assessment.	
62. Do		27 Loss of spirit in storage/bottling operation.	
63. Do		28 Short levy of excise duty.	
64. Irrigation		31 Construction and lining of Water Courses.	
65. Do		32 Revenue and Financial Return.	
66. Do		34. Rewari Lift Irrigation Scheme—Command Area Development	

## 18th Report

67. Man Power and Employment	10 Half a million jobs programme.
68. Agriculture	11 Other points of interest
69. Do	12 Integrated dry land agriculture programme.
70. Do	13 Gobar gas plants.
71. Do	14 Distribution of taccavi loans in the form of chemical fertilizer.
72. Do	15 Purchase of levellers.
73. Do	16 Extra Expenditure.
74. Do	17 Non utilisation of land acquired.
75. Do	18 Purchase of hybrid bajra seed.
76. Medical and Health	19 Utilisation certificates.
77. Do	20 District and Tehsil headquarters hospitals.
78. Do	21 Irregularities in the medical institutions.

1	2	3	4
79.	Lotteries	22	Extra expenditure.
80.	Revenue	23	Embezzlement.
81.	Do	24	Siwani Lift Irrigation Scheme.
82.	Do	25	Construction of bunds and tanks.
83.	Do	26	Defective-concrete mixers.
84.	Do	27	Recoveries due from a contractor.
85.	P.W.D. Building and Roads	28	Do
86.	Do	29	Wasteful expenditure.
87.	Do	30	Construction of a dispensary.
88.	P.W.D. Public Health	31	Recoveries due from contractors.
89.	Do	32	Irregular purchase of stores.
90.	Do	33	Overpayment to a contractor.
91.	Industrial Training	34	Shortages.
92.	Food and Supplies	35	Other topics of interest.
93.	Transport	36	Purchase of aluminium sheets.
94.	Co-Operation	37	Financial assistance to co-operative societies.
95.	Do	38	Co-operative banks.
96.	Do	39	Co-operative consumers stores.
97.	Do	40	Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh.
98.	Do	41	Haryana State Co-operative Industrial Federation Limited, Chandigarh.
99.	Do	42	Co-operative sugar mills.
100.	Revenue	43	Rules for determining market value of lands and property.
101.	Do	44	Under-valuation of immovable property.
102.	Do	45	Non recovery of stamp duty on certificates of sale issued under the Displaced Persons Compensation and Rehabilitation Act, 1954.

1	2	3	4
103.	Revenue	46	Non-levy of stamp duty and registration fee.
104.	Do	47	Incorrect application of rates of stamp duty and registration fee.
105.	Do	48	Non levy of stamp duty.
106.	Do	49	Short levy of stamp duty and registration fee on lease deeds.
107.	Co-operation	50	Short realisation of audit fee.
108.	Transport	51	Results of audit.
109.	Do	52	Short recovery of road tax.
110.	Do	53	Incorrect application of rates.
111.	Do	54	Short recovery of token tax.
112.	Excise and Taxation	55	Incorrect deduction of export sales.
113.	Do	56	Incorrect application of concessional rate of Central sales tax.
114.	Do	57.	Non-levy of penalty for concealment.
115.	Do	58	Grant of registration certificate without obtaining bond.
116.	Do	59	Loss on re-auction of vends.
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117.	P.W.D. Buildings and Roads	5	Purchase of coal
118.	Do	6	Recoveries due from a contractor.
119.	Social Welfare	7	Interest free loan to students.
120.	Public Relations	8	Setting up of an open air theatre in village kaul (District Kurukshetra).
121.	Revenue	9	Allotment of house sites to rural landless harijans and backward classes.

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122.	Education	10	Grants paid to educational institutions.
123.	Public Health	11	Rural water supply schemes in Ambala district.
124.	Do	12	Recoveries due from a contractor.
125.	Do	13	Synopsis of important stores accounts.
126.	Do	14	Stores accounts of public works divisions.
127.	Housing	15	Middle income group Housing scheme.
128.	Do	16	Outstanding inspection reports.
129.	Transport	17	Alleged misappropriation of uniform cloth.
130.	Do	18	Outstanding audit observations.
131.	Animal Husbandry	19	Information cum Mobile veterinary clinics.
132.	Irrigation	20	Physical verification of stores.
133.	Do	21	Shortages.
134.	Do	22	Command Area Development Authorities.
135.	Co-operation	23.	Financial assistance to co-operative societies.
136.	Do	24	Co-operative banks.
137.	Do	25	Co-operative consumers stores.
138.	Do	26	Haryana State Federation of Consumers Co-operative Wholesale stores Limited, Chandigarh.
139.	Do	27	Haryana State Cooperative Supply and Marketing Federation Limited, Chandigarh.

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140.	Agriculture	28	Social conservation and water management works.
141.	Do	29	Small/Marginal Farmers and Agricultural Labourers Development Agency.
142.	Do	30	Drought Prone Area Programme (DPAP) Agencies
143.	Excise and Taxation	31	Result of test audit in general.
144.	Do	32	Inter-state sales treated as intra State sales.
145.	Do	33	Inter State sales treated as transfers.
146.	Do	34	Incorrect deduction of export sales.
147.	Do	35	Non-levy of tax on packing material.
148.	Do	36	Non-payment of tax.
149.	Do	37	Non-levy of penalty for concealment of sales and non-levy of minimum penalty.
150.	Do	38	Non-levy of interest.
151.	Do	39	Shortfall of excise duty and loss in excess of the ceiling limit.
152.	Do	40	Loss of duty on excess wastage.
153.	Do	41	Unintended financial aid to licensees.
154.	Transport	42	Results of test audit.
155.	Do	43	Non-realisation of trade certificate fee.
156.	Do	44	Short levy of tax due to incorrect application of rates.
157.	Do	45	Short levy of token tax due to incorrect classification of vehicles.
158.	Co-operation	46	Under assessment of audit fee.



1	2	3	4
159.	Revenue	47	Non-recovery of stamp duty on certificates of sale.
160.	Do	48	Short levy of registration fee.
161.	Do	49	Short levy of stamp duty.
162.	Do	50	Short levy of stamp duty and registration fee on lease deeds.
163.	Irrigation	51	Revenue foregone owing to undue delay in issuing notification.
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164.	Finance	1	Excess over voted grants/charged appropriation for the year 1979-80 and 1980-81.