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HARYANA VIDHAN SABHA  
PUBLIC ACCOUNTS COMMITTEE  
1984-85

(Twenty Second Report)  
**REPORT**  
ON THE  
Report of the  
Comptroller and Auditor General of India  
for the year 1979-80  
(Civil and Revenue Receipts)



HARYANA VIDHAN SABHA SECRETARIAT,  
CHANDIGARH  
MARCH, 1985

Presented to the House on 29th March, 1985

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## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

### CHAIRMAN

1. Seth Ram Dass Dhamija

### MEMBERS

2. Shri Banarsi Dass Balmiki
3. Dr. Bhim Singh Dahiya
4. Shri Fateh Chand Vij
5. Shri Lachhman Singh Kamboj
- \*6. Shri Lila Krishan
7. Shri Om Parkash Mahajan
- \*\*8. Shri Roshan Lal Tewari
9. Ch. Shakrulla Khan

### SECRETARIAT

1. Shri G.L. Batra, Secretary
2. Shri Surinder Kumar, Under Secretary
3. Shri Rabindra Nath Sharma, Accounts Officer

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\* Election of Shri Lila Krishan declared as void by the Punjab and Haryana High Court. However, vide their order dated 28.8.1984, the said High Court stayed the operation of their Judgement for a period of two months to enable Shri Lila Krishan to challenge the judgement in appeal. The Supreme Court further stayed the operation of the said judgement, vide their order dated 12.11.1984, on the condition that Shri Lila Krishan would be entitled to attend the Assembly and sign the register for the minimum number of days so as to keep his seat intact but he would not vote or take part in the proceedings of the Assembly or draw any remuneration.

\*\*Resigned from the membership of the Committee w.e.f. 14-9-1984, on his appointment as Chief Parliamentary Secretary.

## INTRODUCTION

1. the Chairman of the Public Accounts Committee, having been authorised by the Committee in this behalf, present this their twenty second Report on the Report of the Comptroller and Auditor General of India for the year 1979-80 (Civil and Revenue Receipts).

2. The Committee, during the period of their tenure, framed questionnaire on the following:

- (i) Report of the Comptroller and Auditor General of India for the year 1979-80 (Revenue Receipts);
- (ii) Report of the Comptroller and Auditor General of India for the year 1980-81 (Civil);
- (iii) Report of the Comptroller and Auditor General of India for the year 1980-81 (Revenue Receipts); and
- (iv) Report of the Comptroller and Auditor General of India for the year 1981-82 (Civil and Revenue Receipts). relating to the following departments :

## Civil

1. Education
2. Technical Education
3. Local Government
4. Public Health
5. Food and Supplies
6. Transport
7. P.W.D. B & R
8. Sports
9. Medical & Health
10. Housing

## Revenue Receipts

1. Industries
2. Revenue
3. Transport
4. Co-operation
5. P.W.D. B & R
6. Forest
7. Food and Supplies
8. Excise & Taxation

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

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

Chandigarh ;  
The 25th February, 1985.

RAM DASS DHAMLIJA  
CHAIRMAN



## REPORT

### GENERAL

[1.] The present Public Accounts Committee was constituted by election vide Notification No. PAC-9/84/86, dated the 30th April, 1984.

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

### Part-I (Civil)

### TRANSPORT

#### *Paragraph 6.25. Theft of cash*

[3] The cash chest belonging to the General Manager, Haryana Roadways, Chandigarh and kept in the premises of Chandigarh bus stand (under the administrative control of Union Territory Administration) was burgled on the night of 25-26th July 1976. The burglary was reported to Haryana Transport authorities on 26th July 1976 and cash amounting to Rs. 0.77 lakh out of Rs. 1.13 lakhs, representing collections at Chandigarh bus stand on account of sale proceeds of tickets (inclusive of taxes) for two days, i.e., 24th and 25th July 1976 was found missing. The matter was reported to the Police on 26th July 1976 and is still under investigation (October 1980). Meanwhile the services of the cashier and the chowkidar were terminated in October 1977 and August 1979 respectively.

The matter was reported to Government in July 1980; reply is awaited (March 1981).

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

“The case is under trial in the Court of Sh. V. P. Aggarwal Judicial Magistrate Ist Class Chandigarh. The Investigation by the Police had been completed and the challan was put in the court on 30-3-1983. Initially the case U/S 457/380 was registered but during investigation it was revealed that the amount was misappropriated by the accused Shri Ranjit Singh and Sh. Milap Chand while working as Cashiers. Now charge under section 409/420 has been framed against the accused and some of the amount has been recovered from them by the Police authorities.

At present the cash of advance booking is daily deposited in the cash chest maintained in the premises of Haryana Roadways, Chandigarh where proper security arrangements exist. No separate cash chest is being kept in the premises of the bus stand”.

During oral evidence it was, however, revealed that Shri Ranjit Singh, who was handling this huge amount, was only an adhoc employee of the Department and that there was no double key system for keeping the cash in the chest, as required under the financial rules.

The Committee did not feel convinced both with the written and oral explanation of the departmental representative and felt that absence of double key system and appointment of an adhoc employee to handle cash facilitated the loss. The Committee, therefore, asked the department to send a detailed note giving full facts of the case. In compliance, the department, vide their letter No. 24/6/ACC/2111, dated 21-2-1984, sent a detailed note to the Committee, which did not, however, bring out any new facts excepting the detailed history of the case and the position already deposed before the Committee by them.

The Committee are constrained to observe that the loss of Rs. 0.77 lakh was facilitated due to failure of the department in exercising due care/vigilance in-as-much as only an adhoc employee had been entrusted with such a responsible job and no double key system was adopted, as required under the rules, to safeguard the Government cash. The Committee, therefore, desire, that responsibility for non-observance of the general principles/rules for handling cash by the supervisory staff be fixed expeditiously and results intimated to them.

The Committee also desire that the court case against Sarvshri Ranjit Singh and Milap Chand be pursued vigorously and its outcome intimated to them

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## REVENUE

*Paragraph 8.1. Outstanding Audit Observations*

[4] Audit observations on financial transaction are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half yearly reports of such observations outstanding for more than six months are also forwarded to the Govt. to expedite their settlement. The following audit observations relating to the Revenue Department upto the end of March, 1980 were outstanding at the end of November, 1980.

Revenue	Item No.	Amount involved (in crores of Rs.)
	625	9.91

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

- “(i) The position regarding outstanding Audit Observations, pointed out in the Comptroller and Auditor General of India's report for the year 1979-80, has been reconciled with the A.G.'s Office. It was found that out of 625 items involving an amount of Rs. 9.91 crores, 178 items involving an amount of Rs. 2477614.18 relate to the Civil Secretariat under Heads 252-S-G-S and 213 C.O.M. and the remaining 447 items pertain to the Revenue Department. Out of these 447 items involving an amount of Rs. 9.66 crores, 198 items involving an amount of Rs. 4.04 crores have since been disposed of and dropped by A.G. Thus only 249 items involving an amount of Rs. 5.62 crores are outstanding todate under Heads 289-R.N.C. and 253-District Admn.
- (ii) Some items could not be disposed of for want of A.P.R.'s from the concerned Offices. In a few cases of C.D. Loans, loanees have filed civil suits in the Courts and in a few cases whereabouts of loanees/sureties are not traceable. Moreover, due to drought, hail-storms and floods, recovery claims are under suspension. In some cases, the fertiliser loan files have not been consigned by the Agriculture Department in Tehsil Offices which is being requested to do the needful. However, all possible efforts are being made to recover the old arrears.
- (iii) Continuous strenuous efforts are being made to recover the outstanding arrears and Revenue Officers have been impressed upon to effect recovery expeditiously to avoid accumulation of arrears. Deputy Commissioners have also been requested to review the progress regarding settlement of outstanding audit objections in their monthly meetings”.

During oral evidence on 16-1-1984, when asked about the action taken against the officers/officials who made over-payments/double payments/wrong payments and committed other irregularities in the disbur-

sement of loans, the departmental representative stated that concerned Deputy Commissioners were taking action against the delinquent officers/officials. He further informed the Committee that as the number of such cases was quite large they would certainly try to create some organisation to follow up these cases with the Deputy Commissioners for their expeditious disposal. He also assured the Committee that necessary steps in that regard would be taken within a month. No intimation in regard to the steps taken in this behalf was, however, received till the writing of this report.

The Committee desire that the action taken against the delinquent officers/officials be intimated without any further delay.

The Committee also desire that the steps taken for the setting up of an organisation for expeditious disposal of the pending cases be intimated as promised during oral evidence.

The Committee further desire that the progress made in disposing of the remaining 249 items involving Rs. 5.62 crores be also intimated to them at the earliest.

*Paragraph 8.2. Outstanding Inspection Reports*

[5] Audit Observations on financial irregularities and defects in initial-accounts, noticed, during local audit and not settled on the spot, are communicated to Head of Offices and to the next higher authorities through audit and inspection reports. The more important irregularities are reported to Head of Deptt and Government has prescribed that first replies to inspection reports should be sent within six weeks.

At the end of November, 1980 the following inspection reports/paragraphs issued upto March, 1980 relating to the Revenue Department still contained unsettled paragraphs.

<i>Revenue</i>	<i>Inspection Reports</i>	<i>Paragraphs</i>
	391	1617

In their written reply to the Committee, the department explained as under :—

(i) The latest position of the outstanding inspection reports has been reconciled with the A.G.'s Office. It was found that out of 1617 paragraphs in 391 Inspection Reports, as many as 911 paragraphs in 186 inspection reports have since been settled and dropped by the A.G.'s Office and only 706 paragraphs in 205 inspection reports still remain to be settled.

(ii) In most of the cases, the recovery is involved. Due to drought, hail-storms and floods, recovery remained under suspension. However, now all out efforts are being made to recover the remaining amount and dispose of outstanding paras.

- (iii) Deputy Commissioners and other Revenue Officers are regularly reminded to ensure prompt disposal of audit objections/paras. The progress relating to disposal of audit objections is also reviewed in the monthly meetings by the respective Deputy Commissioners".

During oral evidence the departmental representative, however, assured the Committee that a meeting of the Deputy Commissioners would be called to impress upon them the need for expeditious disposal of outstanding paras and to ensure recovery of the balance amount.

The Committee desire that the action taken and progress made in this regard be intimated to them at the earliest.

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## ANIMAL HUSBANDRY

*Paragraph 3.4. Intensive Cattle development projects*

\* \* \* \* \*

*(v) Other points of interest*

[6] Rupees 1 20 lakhs was drawn in March 1977 towards cost of spare parts for a liquid nitrogen plant to be obtained from Holland through an Indian firm. Out of this, Rs. 0 59 lakh was paid in April, 1977 to the Indian firm as advance payment and the remaining amount (Rs. 0.61 lakh) was retained in the cash chest in the shape of Remittance Transfer Receipt for payment of custom duty, etc. The indent was placed on the Indian firm (April 1977) which in turn placed an order with the firm in Holland (June 1978) and the material was received in January 1980.

\* \* \* \* \*

Points mentioned above were referred to Government in July 1979; reply is awaited (March 1981).

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

\* \* \* \* \*

“(v) One Liquid Nitrogen Plant was installed after importation at Gurgaon in the year 1975 with the aid of Royal Danish Govt. In order to run the plant efficiently some spare parts were to be imported from Holland. Accordingly, M/s Phillips India Ltd, New Delhi (a counterpart of the Principal's M/s Phillips Holland) were contracted for the import of the spare parts M/s Phillips Ltd., New Delhi intimated vide their letter dated 7-3-77 that the spares can be imported after receiving 90% payment in advance alongwith the custom Clearance permit (C.C.P.) Duty Exemption not Manufactured in India's certificates. Accordingly the orders for the import of spares were placed with M/s Phillips India Ltd., New Delhi and a sum of Rs. 59448 was sent vide RTR No. AA/376040 dated 24-3-77 being 90% payment. The balance money was kept ready for clearance of the imported goods, payment of custom duty and commission charges etc. The Chief Controller of Exports and Imports Govt. of India from time to time were approached for the issuance of C.C.P. The G.O. finally issued 'No Objection Certificate' vide their letter No. 45-8/75 LDT, dated 8-3-78. M/s Phillips (authorised dealer) after completing all formalities i.e. C.C.P. "Not Manufactured in India" certificates and other documents placed the orders with their principals (counterparts in Holland) on 22-6-1978 and assured that the supplies would be completed before March, 1979. The firm extended further the supply period upto 30-6-1979. However, the firm again informed vide their letter dated 4-7-79 that the items have been cleared at Bombay Port and were being despatched to the Project. A number of reminders were issued to the

firm for expediting the supply of spare parts. Finally, the firm sent the documents for clearance through Bank on 8-1-1980 and the spare parts were received in January, 1980.

As is clear from the above, there is no lapse on the part of the Department as the Department had to keep funds ready for payment of custom, clearance and other charges at a very short notice to avoid demmarage etc".

The Committee are not convinced with the explanation furnished by the department and observe that the amount of Rs 61,000 was drawn and kept by the department unutilized for about four years in contravention of the provisions of the financial rules and standards of financial propriety/discipline, which, inter-alia, require that no money be withdrawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw the advances from the treasury for the execution of the works the completion of which is likely to take considerable time.

The Committee, therefore, observe that the department cannot escape responsibility for drawing funds to avoid lapse of grant and retaining the amount of Rs. 0.61 lakh in the cash chest in the shape of RTR unncecessarily for a considerable length of time. The Committee would, therefore, like the department to take appropriate steps to ensure that the concerned officers are thoroughly acquainted with the requirements of financial rules so that such cases of financial irregularities do not occur in future.

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## DEVELOPMENT DEPARTMENT

*Paragraph 3 1. Food for work programme**3.1.1. Introductory*

[7] With a view to generating gainful employment in the rural areas, creating durable community assets and strengthening the rural infrastructure, the Government of India launched in April 1977 the 'Food for work programme'. The programme was taken up in Haryana State in November 1978. The programme aimed at augmentation of the State funds for implementation of on-going plan and non-plan schemes and new items of capital works. Under the programme, foodgrains made available by the Central Government free of cost were to be utilised for payment of part or whole of the wages of the labour. The cash component required to meet the cost of material, tools, implements, machinery for works and transportation of foodgrains was to be borne by the State Government.

*3.1.2. Organisation, planning, selection and execution of works*

The guidelines framed by the Government of India envisaged setting up of steering Committees at the State level and district level. The main task of the steering Committees was to plan the works to be taken up under the programme and to see that the progress of these works did not suffer for any reason. In Haryana, Revenue Department was designated as the Nodal Department and execution of the works under the programme was entrusted to Public Works Department (all branches), Forest, Fisheries and Development and Panchayat Departments. Guidelines further envisaged entrustment of execution of works under the programme to Village Panchayats, *Gram Sabhas*, etc., on specific request by them, which would be considered by District Steering Committee. Works to be undertaken by panchayats were to be supervised by the Block Development and Panchayat Officers. The technical estimates for these works were to be prepared by their technical staff.

\*                      \*                      \*                      \*

\*                      \*                      \*                      \*

\*                      \*                      \*                      \*

In reply to a question of the Committee as to how far the main objective, namely, augmentation of the State funds for implementation of on-going plan and non-plan schemes and new items of capital works of the programme, had been achieved, the department submitted as under :—

“According to the Quarterly Progress Report for the period ending 31-3-79, works over and above the budget provision made for the on-going plan and non-plan programme, to the extent of Rs. 786.85 lacs, were carried out during the year 1978-79 and in the year 1979-80 the additionalty in respect of the amount spent was to the tune of Rs. 613.89 lacs. Keeping in view the lean financial position of the State and with a view to cope with the damage caused by the natural calamities huge quantity of foodgrains were got released by this department from the Govt. of India under this programme.



In the year 1978-79, 20000 MT of wheat/costing Rs. 220 lacs was got released from the Govt. of India and 70000 MT food-grains costing Rs. 852 lacs during 1979-80. The state Govt. is satisfied with the achievements made under the Programme."

During oral evidence, on 16-1-1984, the Committee was informed that the Revenue Department was designated as the Nodal Department and that the execution of works under this programme was done by different departments, namely, Irrigation, Public Health, Buildings and Roads, Development and Panchayat, Forests and Fisheries Departments, and that when this programme was started in the year 1978-79 there were many difficulties in its implementation and that full benefit of the scheme could not be availed of in the beginning.

In reply to a question as to why in the year 1978-79, full amount of food grains allotted could not be lifted, the departmental representative assigned the same reason that in the beginning there were several shortcomings in the implementation of the programme.

The Committee observe that although the main objective of the Food for work programme was to generate employment in rural areas, creating durable community assets and strengthening the rural infrastructure, yet the task of ensuring efficient implementation of the programme through a system of close monitoring and supervision was neither taken seriously by the concerned departments nor was insisted upon by the nodal department (i.e. Revenue Deptt.) and consequently the progress was not satisfactory particularly at the initial stages. The Committee, therefore, desire that in future due vigilance should be exercised by Govt. in executing such national programmes so that the intended benefits flow to the beneficiaries in full measure.

*Paragraph 3.1.4. Allocation and release of foodgrains*

[7.(a)] Upto end of March 1980, the Government of India allotted 90,025 metric tonnes (M.T.) of foodgrains (1978-79 : 20,000 M.T. wheat; 1979-80 : 64,025 M.T. wheat and 6,000 M.T. rice) valuing Rs. 10 72 crores. The quantity of foodgrains lifted and utilised by the State Government to end of March 1980 was as under :—

Year	Com- modity	Serial number	Name of depart- ment	Quantity allotted	Quantity lifted	Quantity utilised	Balance un-utilised
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(in metric tonnes)							
1978-79	Wheat	1.	Public Works (Irrigation)	3,500	3,500	3,438	62
		2.	Public Works (Buildings and Roads)	1,500	1,310	1,310	NIL
		3.	Public Works (Public Health)	500	500	500	NIL
		4.	Forest	2,800	2,800	2,800	NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		5	Fisheries	500	500	500	NIL
		6.	Development and Panchayat	11,200	11,200	11,153	47
			Total	20,000	19,810	19,701	109
			Value (in crores of rupees)	2 20	2.18	2.17	0.01
				(in metric tonnes)			
1979-80	Wheat	1.	Public Works (Irrigation)	1,000	400	244	156
		2.	Public Works (Building and Roads)	350	540 (includes 190 of 1978-79)	383	157
		3.	Public Works (Public Health)	—	—	—	—
		4	Forest	210	210	210	NIL
		5	Fisheries	425	425	273	152
		6.	Development and Panchayat	62,040	58,750	52,155	6,595
			Total	64,025	60,325	53,265	7,060
			Value (in crores of rupees)	7.68	7.24	6.39	0.85
				(in metric tonnes)			
Rice			Development and Panchayat	6,000	5,478	3,719	1,759
			Value (in crores of rupees)	0.84	0.77	0.52	0.25
			Grand Total Value (in crores of rupees)	10.72	10.19	9.08	1.11

Following discrepancies were noticed between the figures reported to the Nodal Department by the collectors/implementing agencies and figures reported by the State Government to the Government of India.

Serial number	Department	Year	Quantity reported by collectors/ implementing agencies to Nodal Department	Quantity reported by State Government to Government of India	Variation	
			Lifted	Utilised	Lifted	Utilised
(in metric tonnes)						
WHEAT						
1.	Public Works Department					
	(Irrigation)	1979-80	400	294	400	108
					—	(—)186
2.	Development and Panchayat Department					
		1979-80	58,750	52,155	61,570	57,552
					(+)2,820	(+)5,397
RICE						
			5,478	3,719	5,783	3,565
					(+)305	(—)154

Reasons for variations were not intimated.

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

“The discrepancies in figures as reported by the Public Works (Irrigation) department and further intimated by the State Govt. to the Govt. of India have since been reconciled. The figure of 108 MT of foodgrains utilised as reported by the State Govt. to Govt. of India were up to the period ending 31-3-80, whereas the figures of 294 MT intimated by Irrigation deptt. were in respect of the expenditure upto the period ending 10/80. There has been no discrepancy in figures in respect of the PWD (B&R), Public Works (Public Health), Forest and Fisheries Deptts.

There had been some discrepancies in the figures supplied by the Panchayat Deptt. to the Nodal Department and the figures supplied by the Nodal Department to the Govt. of India. The figures intimated to the Govt. of India were based on the Monthly Progress Reports, regarding foodgrains received/lifted during a particular year and the unspent balances of the previous years. Monthly Progress Reports were prepared on the basis of information supplied by the Department to the Director of Panchayats who used to scrutinise and compile the same before forwarding it to the

Nodal Department (Revenue Deptt.). The figures as intimated by the Panchayat department and incorporated in the paragraphs were not reconciled ones. These have now been reconciled

In addition in the monthly-progress reports the districts used to show the foodgrains as utilised which was allocated by the BDPO to the Panchayats for certain committed works. In certain other cases, the payment to the workers in the shape of foodgrains were made much after the completion of particular works regarding which there had been complaints also. Beneficiary departments have since been requested to ensure weekly payments to the workers. It is in this context that the foodgrains found in the stock were shown as utilised.

The huge quantity of wheat, rice could not be utilised due to the following reasons :—

- (i) In 1978-79 the release orders of foodgrains were received at the fag end of the financial year and as such the beneficiary departments could not utilise the whole of the foodgrains allotted to them in that particular year. In addition, FCI also took some time in the actual release of foodgrains. The same situation prevailed during the year 1979-80.
- (ii) No staff was sanctioned for the execution of works under the programme up to May, 1979. Even during 1979-80 Junior Engineers were not provided to all blocks. Wherever the Junior Engineers were available they could not cope with the quantum of works involved".

During oral evidence when asked as to why the food grains had been issued to the labourers through contractors, when the scheme and the Govt. of India orders issued in March 1979 prohibited the issue of foodgrains through contractors, the representative of the Development and Panchayat department stated that this course was resorted to only in the case of irrigation department. On a further question whether any foodgrains were distributed to labourers through contractor after the receipt of Govt. of India instructions in March 1979 and if so, how much, the representative of the irrigation department had promised to furnish the requisite information within a period of 15 days. The Committee, however, regret to observe that the desired information was not supplied till the drafting of this Report.

The Committee desire that the information as promised during oral evidence on 17-1-1984 be supplied without any further delay, so as to enable them to under-take further review in the matter.

The Committee also desire that responsibility for not supplying the requisite information, within the stipulated period, be fixed and the Committee informed accordingly.

*Paragraph 3.1.6. Distribution of foodgrains*

\* \* \* \* \*

[7 (b)] (iii) Recovery of cost of wheat issued to the contractors was to be made at the rate of Rs. 1,200 per M.T. with effect from 1st April 1979.

It was noticed that in two Sutej Yamuna Link Divisions at Ambala and Kurukshetra, it was made at Rs. 1,000 per M.T. for 180.49 M.T. of wheat) resulting in short realisation of Rs. 0.36 lakh. The State Government informed (October 1980) that the balance amount was being recovered from the contractors.

The department in their written reply to the questionnaire of Committee on this sub-para stated as under :—

\* \* \* \* \*

“(iii) As regard the recovery of amount from the contractors enquiry made from the field S.Es reveals that though the Haryana Govt., Revenue Department, decided to distribute wheat @ Rs. 1,200 per M.T. instead of @ Rs. 1,000 per M.T., vide their letter dated 30-3-79, yet these instructions were received in the 4th week of April, 1979. The field staff continued to issue wheat @ Rs. 1,000 per M.T. instead of @ Rs. 1,200 per M.T. The short realisation to the extent possible was made good from the contractors and the remaining amount as due from work charged staff and labour working under contractors in 1979 which could not be recovered as the services of labour and work-charged staff had already been terminated due to completion of SYL Canals. Moreover, no old contractors are now working on the canal since it has already been completed. Only circles SYL-I & II were concerned in this case.”

During oral evidence on 17-1-84, the representative of the Irrigation Department stated that out of the amount of Rs. 70,000 recoverable from the contractors, a sum of Rs. 2,500 stood recovered and that for the balance amount responsibility was being fixed, and further assured that the details in respect of recovery of the balance amount, together with the action taken in fixing the responsibility will be supplied to the Committee within fifteen days. The Committee are, however, dismayed to observe that the requisite details were not received by them till the drafting of this Report.

The Committee are constrained to take a serious view of the apathy on the part of the departmental representative in not ensuring timely submission of the promised information to them and desire that responsibility for not supplying the desired information within the stipulated time be fixed and the Committee apprised of the action taken in this regard.

The Committee also desire that the progress made in recovering the balance amount and in fixing the responsibility in the matter be intimated to them within a month.

## INDUSTRIAL TRAINING

### *Paragraph 3.9. Industrial Training Institutes*

#### *3.9.1. Introductory*

[8.] The scheme for training of Craftsmen which has been in operation in Haryana State from November 1966, aims at (i) ensuring a steady flow of skilled workers in different trades for industry, (ii) raising the quality and quantity of industrial production by systematic training of workers, (iii) reduction of unemployment among the educated youth by equipping them for suitable industrial employment and for starting self employment projects. This was a Centrally sponsored scheme till March 1969 with Government of India meeting 60 per cent of the cost. From the commencement of the Fourth Five Year Plan (1969-70), it is being implemented as a State scheme. On its formation in November 1966, Haryana State inherited 17 Industrial Training Institutes (I.T.Is.) from the composite Punjab State with an annual intake capacity of 7,648 trainees. The training was imparted in 42 engineering and non-engineering courses of one and two years duration on a uniform all India pattern. Three more I.T.Is. were added (1978-79 : 2; 1979-80 : 1) raising the total intake capacity of all 20 institutes to 8,448 in 38 trades. During the period 1975 to 1979, 16,888 candidates were trained in the industrial training institutes. The expenditure incurred on the scheme during the five years ending March 1980 was Rs. 6,44.10 lakhs.

Test-check by Audit of the accounts and records in the Directorate of Industrial Training, Haryana and six I.T.Is. (Ambala, Faridabad, Nathu-sari Chopta, Rohtak, Sirsa and Yamunanagar) disclosed the following :—

#### *3.9.2. Drop outs and failures*

\*                      \*                      \*                      \*                      \*

\*                                      \*                                      \*                                      \*

[8.(a)] (b) According to the bonds furnished by the trainees at the time of admission, those who dropped out any time after completing one month but before taking the final trade test were liable to refund the cost of training at the rate of Rs. 35 per month in the case of stipend holders and Rs. 25 per month in the case of others subject to a ceiling of Rs. 300 for two years courses and Rs. 200 for others. A sum of Rs. 1.81 lakhs was awaiting recovery from 1,721 trainees who abandoned the training in 6 I.T.Is. during the period from 1962-63 to 1979-80.

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

“The heads of institutions had made strenuous efforts to recover the training charges from absconding trainees. This recovery comes under Land Revenue Act 1887, section 98, Haryana Amendment No. 20. The cases of recovery are referred to the District Authorities. However, it was observed that due to one reason or the other there was not much progress towards the recovery of this amount. Industrial Training Department, Pb. was also contacted. Industrial Training department, Punjab had requested their Govt. to write off

this recovery as it was not possible for them to recover the training charges from absconding trainees. This department took up the case with the Govt. for writing off the recovery of training charges for the period 1966 to 1977, which is under consideration of the Govt. From the session 1983-84 the Govt. has stopped the recovery of training charges."

During oral evidence on 18-6-84 the departmental representative informed the Committee that out of the total recoverable amount of Rs. 4.82 lakhs, from the trainees on account of training charges, an amount of Rs. 3.67 lakhs remained to be recovered and that efforts were being made to recover the same through the Revenue Department as arrears of land revenue.

The Committee desire that the progress made in recovering the balance amount of Rs. 3.67 lakhs from the trainees on account of training charges as also the outcome of the case of write off the recovery from the trainees, who abandoned the training, be intimated to them at an early date.

*Paragraph 3.9.3: Standard of training*

\* \* \* \* \*

*(b) Inadequate equipment*

[8.(b)] The Principals of the six institutes reported (February-June 1980) that there were shortages in the equipment and machinery as compared to the requirement on the basis of norms prescribed by the Government of India. The number of machinery short was 510 in 51 trades.

There was no equipment for imparting training in the following trades although there were trainees for these trades.

<i>Name of the institute</i>	<i>Name of the trade</i>
Faridabad	Draftsman
Nathusari Chopta	(i) Fitter
	(ii) Motor Mechanic
	(iii) T.V. Mechanic
Rohtak	Mechanic General Electronic
Sirsa	Diesel Mechanic
Yamunanagar	(i) Millwright
	(ii) Tool and Die Maker

The major trade-wise break up of the machinery found short was as follows :—

<i>Trade</i>	<i>Number</i>
Turner	76
Electrician	48
Surveyor	45
Tool and Die Maker	37

<i>Trade</i>	<i>Number</i>
Motor Mechanic	36
Draftsman Civil	36
Welder	27
Fitter	26
Draftsman Mechanical	26
Tractor Mechanic	22
Others	131
<b>Total</b>	<b>510</b>

While admitting that it had not been possible to achieve the ideal norms laid down by the Government of India due to financial constraints, the Government stated (November 1980) that shortages in equipment at I.T.I., Faridabad for Draftsmen classes, at I.T.I., Nathusari Chopta have since been made up and that adequate tools and equipment were available at Sirsa.

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

\* \* \* \* \*

“The shortage of machinery in various Industrial Training Institutes has been made up to a great extent with the funds made available. Radio & T.V. trade of I.T.I. Nathusari Chopta has since been disbanded. Due to paucity of funds, it is not possible to provide the entire machinery/equipment as per norms. Machinery and equipment are provided in I.T.Is. in a phased programme according to the availability of funds. The instructional staff in various I.T.Is. has been appointed. Broadly speaking the present position of machinery and equipment in various I.T.Is. can be termed as adequate.”

During oral evidence on 18-6-84, the departmental representative stated that no data regarding the shortages of equipment and machinery, vis-a-vis the requirement on the basis of norms prescribed by the Government of India was readily available with them. The Committee was, however, assured that the requisite information would be collected and supplied to the Committee. But the promised information was not received by the Committee till the drafting of this report.

The Committee desire that the requisite information should be supplied to them without any further delay togetherwith the reasons for not supplying it as promised earlier.

The Committee also desire that effective steps be taken to tide over the shortage of equipment/machinery so as to ensure that the training programmes in different trades, do not suffer due to shortage of machinery/equipment.



*Paragraph 3.9.4. Employment of successful trainees*

[8.(c)] Record cards are required to be maintained in respect of ex-trainees who are eligible to secure employment. If the ex-trainees fail to secure employment, the record cards should show the whereabouts of unemployed trainees.

Except at Ambala and Faridabad where they were maintained from July 1979 only, such records were not maintained in any of the other institutes. The impact of the scheme on employment of educated youth could not, therefore, be assessed precisely.

The position of unemployment among I.T.I. certificate holders at the end of each year as reflected in live registers of State Employment exchanges was as indicated below :—

<i>Year ending</i>	<i>Number of certificate holders as per employment exchanges</i>	<i>Percentage of increase (base year December 1974)</i>
31st December 1974	6,756	—
31st December 1975	8,237	22
31st December 1976	8,539	26
31st December 1977	8,899	32
31st December 1978	9,179	36
31st December 1979	10,912	62

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

“No staff has been provided at the directorate level for the follow-up cell whereas in Industrial Training Department, Punjab in this cell following posts have been sanctioned :—

1. Placement Officer Class I	1 post.
2. Surveyor G.I. grade	2 posts.
3. Assistant	1 post.
4. Clerks	2 posts.
5. Steno	1 post.
6. Peon	2 posts.

Efforts have been made to get the record of passed out trainees maintained in the various ITIs. This information made available by various ITIs is being collected and compiled at the H.Qr.

True picture has not been depicted by the Employment Department. There is no such great unemployment among ITI passed out trainees. Generally ITI passed out trainees get the employment in private establishment and they do not inform the employment exchanges about their appointment. It has also been observed that some ITI passed out trainees keep their names registered in employment exchanges for better job as either they are under employed or they consider the employment condition to be unsatisfactory. As their names remain registered with employment exchanges, hence the figures supplied by Employment department do not give the true picture."

During oral evidence on 18-6-1984, the departmental representative stated that they had no machinery or cell to take follow up action to ascertain that the trainees had got suitable employment in their respective trades after completion of the training. The Committee was also informed that a proposal for the creation of such a cell in the department had been sent to the Government in 1980-81, but the same was rejected and that they would again approach the Government for the purpose.

The Committee desire that the action taken for the creation of a cell for follow up action to ensure that the trainees get suitable jobs/employment in their respective trades after completion of their training, be intimated to them at the earliest.

The departmental representative agreed to the suggestion of the Committee, made during oral evidence, that in view of the great demand for Hosiery goods some hosiery units could be set up in the State to provide training as well as employment to solve the acute problem of educated unemployed youngmen and assured that the matter would be got examined.

The Committee desire that the final outcome of the examination of the suggestion to set up hosiery units in the State be intimated to them.

*Paragraph 3.9.6. Unserviceable stores (Rs. 0.76 lakh)*

[8(d)] Unserviceable stores and other equipment worth Rs. 0.76 lakh (Ambala : Rs. 0.24 lakh; Faridabad : Rs. 0.49 lakh and Yamunanagar Rs. 0.03 lakh) relating to periods as back far as 1961-62 and 1,040 items of unserviceable stores and equipment (value not known) in I.T.I., Rohtak were awaiting disposal (February-May 1980).

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

"The unserviceable stores amounting to Rs. 8.61 lacs lying at I.T.I., Rohtak, Faridabad, Hissar, Sonapat, Panipat, Gurgaon, Ambala, Yamunanagar, Karnal and Bhiwani have since been inspected by the condemnation Board headed by the Director Supplies and Disposals, Haryana. The State Government have accorded sanction for the disposal of stores lying in these institutions declared condemned by the condemnation board by inviting tenders. The Director Supply and Disposal, Haryana, is taking action in this direction. The stores would be disposed of shortly. In other institutions, limited stock of unserviceable stores lying there has been disposed of by the Principals themselves under their competency or by obtaining sanction from this Directorate."

During oral evidence the departmental representative promised to supply information to the Committee on the following points :—

1. the cost price of the items of stores to be auctioned together with the minimum auction price fixed for each item of store; and
2. the period since when the items of stores to be auctioned have been lying unserviceable alongwith the date of their auction.

The promised information was, however, not supplied to the Committee till the drafting of this report.

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

The Committee also desire that the unserviceable stores be auctioned without any avoidable delay and the action taken in this behalf be reported to them.

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## P.W.D. PUBLIC HEALTH

*Paragraph 7 10 Grants/Loans for water supply and sewerage schemes*

[9] Grants/loans totalling Rs. 23,50 78 lakhs were sanctioned by the Public Health Department during 1971-72 to 1978-79 for rural water supply and urban water supply and sewerage schemes, as under :—

Nature of scheme	Amount	Sanctioned
	Grants (in lakhs of rupees)	Loans
(i) Rural water supply schemes	18,31.55	—
(ii) Urban water supply and sewerage schemes	2,44.44	2,74.79
Total	20,75.99	2,74.79

The grants were sanctioned by a high powered committee, namely, Sanitary Board (Board) constituted by the State Government in January 1967 to deal, *inter alia*, with the following matters :—

- to select water supply and sewerage schemes for execution in rural and urban areas ;
- to accord administrative approval to each scheme;
- to sanction grants in favour of panchayats and local bodies (these grants, after sanction, are placed at the disposal of Public Health divisions concerned for the execution of schemes on behalf of panchayats and local bodies as 'deposit works'; and
- to see that grants are properly utilised.

The loans were sanctioned by Government on the recommendations of the Board. Loan amounts received by Local bodies were to be deposited with the Public Health divisions for execution of works as 'Deposit Works'.

A scrutiny by Audit (November 1978 and March 1980) of the procedure followed by the Board for sanctioning the grants and verifying the utilisation of the grants disclosed the following :—

- The Board had neither evolved any procedure for keeping a watch over the release and utilisation of grants nor kept any records of schemes approved from time to time, grants released therefor and expenditure incurred on the same. No procedure for obtaining completion reports in respect of schemes for which grants were released had been evolved nor was any time limit for completion of individual schemes stipulated while sanctioning the grants

\* \* \* \* \*

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

"A proper watch is exercised on release and utilisation of grants. The proposals for administrative approval and allocation of

funds are prepared by Engineer-in-Chief, Haryana on the basis of physical and financial progress achieved in the field. These proposals are scrutinised by the Sanitary Board. The agenda is circulated to all members of the Sanitary Board in advance of the proposed meeting for allotment of funds. Each scheme is discussed in the meeting and after suggestions and recommendations of the Board's Members, the allotment of funds is finalized.

There is a set procedure for keeping the watch over release and utilization of Grants. First of all, Public Health Department is required to submit the estimate for rural/urban water supply and sewerage schemes for administrative approval. These estimates are then received from Director of Panchayats in case of rural water supply (after obtaining consent of Panchayats for contribution of beneficiary share). Similarly in case of urban water supply and sewerage schemes, the estimates are received through Deputy Commissioner/Local Self Government.

After issuance of administrative approval, the Executing Agency i.e. Public Health Department is required to submit their proposal for allocation of grant and loan to each individual schemes. The State Sanitary Board, keeping in view the physical targets to be achieved and budget allocations, distributes the grants and loans scheme-wise. Further, while distributing the grants, the Board keeps in view the availability of funds, physical and financial progress achieved during the previous years and exercises its own discretion relating to over all policy of the State.

The Board has laid down the following criteria in respect of distribution of grants and loans :—

- |  |     |                               |
|--|-----|-------------------------------|
| 1. For Rural Water Supply Schemes                              | 88% | grants of the estimated cost. |
| 2. For Urban Water Supply and Sewerage Scheme aided by L.I.C   | 29% | in shape of grant and loan.   |
| 3. For Urban Water Supply and Sewerage scheme non L.I.C. aided | 95% | in shape of grant and loan.   |

In case of Urban Water Supply and Sewerage Scheme the Committees are required to contribute 5% of the approved cost from their own sources for which their consent is received from Local Government before according Administrative Approval."

During oral evidence on 28-5-84, the departmental representative admitted that as per the existing procedure, no record was being maintained to watch the progress made in the execution of various schemes or to know the stage of construction thereof till the time of their final completion.

The Committee desire that in order to keep an effective watch over the progress of the various projects/schemes, a register should be maintained in which information about the progress made and the stage of construction of various schemes be reflected till their final completion and the Committee may be apprised of the action taken.

[9(a)] In respect of rural water supply schemes, the grants accounted for 88 per cent of the capital cost, the balance 12 per cent being met by the panchayats in the shape of land and labour (7 per cent) and cash contribution (5 per cent) except in problem/distressed villages and in drought affected, hilly and sandy areas where the cash contribution was also provided by the Government. The Board had not evolved any procedure to ensure that the panchayats contributed their share. As on 31st March 1978, Rs. 41.77 lakhs were due from panchayats in respect of 101 completed works and 23 works in progress

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

"In case of Rural Water Supply Schemes 88 % of estimated cost is allocated by the State Sanitary Board, Haryana as a grant-in-aid and the amount thus allocated is placed at the disposal of the concerned Executive Engineer of P.W.D. Public Health Department. The Executive Engineer had to recover the 12% of the Estimated Cost as the beneficiary share from the concerned panchayats with the help of panchayats Department.

However, in 1971, the Commissioner and Secretary to Government, Haryana, Medical and Health Department intimated vide his letter No. 7835-ASCI-IB-II-71/23568, dated 3-8-71 as under :—

Excluding the cost of land 50 % of the beneficiary share shall be recovered from the panchayats in five annual instalments with interest at the usual rate after the implementation of schemes in the respective areas and the balance 50 % of the beneficiary share may be recovered from them any time before or after the implementation of schemes, it should not be a condition precedent for implementation of W/S Schemes in the Rural Areas that 50 % of the beneficiary share should be recovered from the beneficiaries before taking up the implementation of the schemes

It has been decided by the Government that excluding the cost of land, balance beneficiary share shall be recovered from concerned panchayats either during the implementation of the schemes or after implementation of the scheme and it will not be a condition precedent for implementation of water supply scheme in rural areas that the beneficiary share shall be recovered from the panchayats before taking up the implementation of the scheme. Since the Government has relaxed the condition for recovery of beneficiary share from the concerned panchayats, as such, after implementation of the schemes usually the panchayats have failed to deposit the beneficiary share.

There are no statutory powers either with State Sanitary Board or Public Health Department to effect recoveries for balance beneficiary share and since Water Supply is an essential service, it is also not possible to stop the commissioning of any completed schemes only on the plea that beneficiary share has not been deposited by the concerned Panchayats.

Even further, vide letter No 7/18/83-P H (3), dated 6-10-83, Government has changed the mode of allocation of grant-in-aid in respect of Rural Water Schemes and now the only condition is that concerned Panchayat will give land free of cost and rest of the estimated cost shall be borne by the State Government as Grant-in-aid

In view of the above facts the Board cannot be held responsible for not recovering the balance beneficiary share due from the Panchayats and as such this point may be dropped.

The recovery of Rs 41.77 lakhs has not been made so far."

During oral evidence, the departmental representative informed the Committee that the 1983 decision of the Government not to charge the cash contribution to the extent of 5% from the Panchayats, was not applicable to the earlier cases and that the recovery amounting to Rs 41.77 lakhs, due from Panchayats in respect of works which had been completed or were in progress prior to 1983, continued to be outstanding. He, however, expressed the view that it would be difficult to recover the amount at such a belated stage and that the same shall have to be written off

The Committee desire that the whole matter be looked into and final decision taken in regard to the outstanding arrears amounting to Rs 41.77 lakhs be intimated to them expeditiously

[9(b)] The urban water supply and sewerage schemes are either Life Insurance Corporation (L.I.C) aided or Government aided. In respect of the L.I.C. aided schemes, the L.I.C. loan, Government loan and local body's contributions constitute 66 per cent, 29 per cent and 5 per cent respectively of the total cost. In respect of Government aided schemes, the Government meets 50 per cent of the cost as grant and/or loan and the balance 50 per cent is borne by local body itself. No procedure was evolved by the Board to ensure that local bodies' contributions and L.I.C/Government loans were deposited with the executing divisions in time. Rupees 1,79.50 lakhs, released as loan during 1976-77 and 1977-78 by L.I.C. were not deposited by local bodies with the divisions (September 1978) and contributions amounting to Rs. 48.99 lakhs in respect of 18 completed and 61 works in progress were due for realisation as on 31st March 1978.

In reply to the questionnaire of the Committee, the department explained as under :—

"The financing pattern of Urban Water Supply & Sewerage Schemes is as under :—

#### L.I.C. Aided Schemes :

Cost	LIC Loan
(i) Ist 1 Crore of cost	2/3rd of cost
(ii) Next 1 Crore	50% of cost
(iii) Next 3 Crores	40% of cost.

*Cost**LIC Loan*

(iv) Cost exceeding 5 Crores

considered on merit of the case.

State Loan/Grant

29%

Beneficiaries' own resources

Minimum 5%

**Non LIC Aided Schemes :**

(i) State Loan/Grant

95%

(ii) Own resources

5%

Since the year 1971-72 the State grant is being transferred direct to Public Health Department through book transaction. The State loan was routed through Municipal Committees some of which used to retain this amount for long period. In order to avoid this practice it was decided that w.e.f 1982-83 the loan will also be transferred direct as in case of State Grant.

Thus the retention of funds by Municipal Committees on this account will not be possible w.e.f 1983-84, onwards. This practice has not, however, been introduced in case of L.I.C Loan.

Out of the outstanding L.I.C. loan sanctioned by the L.I.C. Authorities amounting to Rs. 179.50 lakhs during the years 1976-77 and 1977-78, a sum of Rs. 159.44 lakhs has since been deposited by the Local Bodies and only a minor amount of Rs. 20.06 lakhs is yet to be deposited by the Local Bodies for which the matter is already under correspondence with the Local Bodies.

The amount of Rs. 48.99 lakhs relates to recovery of a minimum of 5% beneficiary share. An amount of Rs. 20.25 lakhs has been recovered. Most of the Schemes are in progress and efforts are being made to recover the balance Rs. 28.74 lakhs before the scheme is completed."

During oral evidence on 28-5-1984, the Committee was informed that a decision had already been taken that immediately after the receipt of loans/grants by the Municipal Committees from the L.I. C./State Government, the total amount of loan would be deposited with the Public Health Department and that necessary instructions to give effect to this decision would be issued within a week.

The Committee desire that a copy of the instructions issued by the Government may be furnished to the Committee at the earliest.

The Committee also desire that the balance amount of Rs 28.74 lakhs, recoverable from the various Municipal Committees, be recovered and the progress made in this regard be intimated to them.



[9(c)] Besides scrutinising the projects for urban water supply and sewerage schemes, the Board was expected to take into account the financial position of the local body with a view to assessing whether or not it would be able to bear its share of expenditure on original works and maintenance. The Board had, however, not received from local bodies the applications with financial statement and grants (Rs. 2,44.44 lakhs) and loans (Rs. 2,74.79 lakhs) were released without ascertaining their financial position. Recovery of Rs. 1,67.03 lakhs due from 49 local bodies was in arrears on 31st March 1978 on account of maintenance charges and Rs. 53.46 lakhs on account of excess expenditure on original works.

The above points were referred to Government in September 1980; reply is awaited (March 1981).

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

“The estimates for Urban Water Supply Schemes & Sewerage Schemes are routed through the Deputy Commissioner/Local Government department after getting acceptance from the local bodies and the grants are allocated by the Sanitary Board and loans are allocated by the local govt. Department on the recommendations of the Sanitary Board, who are in the knowledge of the financial position of the the Municipal Committee concerned.

The matter in respect of recovery of arrears on account of maintenance charges has been taken up regularly with the Local Bodies and the Deputy Commissioner/Local Government Department. A meeting was also convened under the Chairmanship of Shri A.C. Chaudhry, Local Government Minister on 8-7-82 in which all the Administrators were present. It was decided in the said meeting that the Municipal Committees will deposit the entire amount of arrears in five equal annual instalments, first instalment being 1982-83. In response a sum of Rs. 11.00 lacs only has been deposited by the Municipal Committees.

The Public Health Department is maintaining a large number of Water Supply & Sewerage Schemes on behalf of the Municipal Committees. According to rules the Municipal Committees are required to arrange funds in anticipation of taking the works in hand. In practice they deposit only very meagre funds with the result that the arrears go on accumulating. Being essential services the maintenance cannot be stopped. The arrears have further increased to Rs. 503.00 lacs upto 31-3-83. Several references have been made to the Govt, the Deputy Commissioners and the Administrators, but the response is not encouraging.

As regards excess of Rs. 53.46 lacs on original works it is submitted that the same stands regularised in the subsequent years out of the State funds/additional L.I.C. loan.

After 31-3-78, the position of funds and expenditure on original works is as under :—

	<i>Funds(Rs. in lakhs)</i>	<i>Expenditure (Rs. in lakhs)</i>
1978-79	199.28	286.56
1979-80	389.13	282.54
1980-81	459.51	285.86
1981-82	254.31	378.71
1982-83	530.04	495.16
	<hr/> 1832.27	<hr/> 1728.83

Thus there is no excess over expenditure

In general, every effort is made to avoid excess over expenditure. At times the excess may appear due to the fact that in certain cases the funds are received by Municipal Committees but they delay the transfer of the same to the Department. Accordingly to the latest procedure the State Grant and loan will be transferred through book transaction direct, to the Public Health Department. No such direction has been issued in case of L.I.C. Loan."

The Committee regretfully observe that although the arrears on account of maintenance charges amounting to Rs 167.03 lakhs were required to be recovered in five equal annual instalments starting from the year 1982-83, in pursuance of the decision taken in a meeting stated to have been held with all the Administrators of the Municipal Committees on 8-7-1982, yet no progress had been made in that direction and position had become rather alarming due to the increase in the arrears from Rs 167.03 lakhs to Rs. 503.00 lakhs.

The Committee desire that immediate and concerted efforts be made to liquidate these arrears and the progress made in this behalf be intimated to them.

The Committee further suggest that as a matter of future policy the Government should review the whole position specially looking into the question of the prospects of recovery of arrears on account of maintenance charges from the Municipal Committees and report the results of such review to them within a period of three months.

## INDUSTRIES

*Paragraph 3.6 Industrial estates*

[10]. Fifteen industrial estates set up during the Second/Third Five Year Plans through Public Works Department at a cost of Rs. 58.56 lakhs (6 urban estates : Rs. 46.82 lakhs; 9 rural estates : Rs. 11.74 lakhs) were intended to stimulate industrial activity in the State by making available, initially, on rental basis, factory accommodation and other basic amenities to small entrepreneurs.

Mention was made in paragraph 36 of the Audit Report for the year 1969-70, Government of Haryana regarding utilisation of the industrial estates and realisation of arrears of rent for the sheds. Pursuant to the recommendations of the Public Accounts Committee from time to time, the Government decided (September 1976) to dispose of the sheds on hire purchase basis.

The latest position (May 1980) of these fifteen industrial estates was as under :—

	<i>Industrial estates</i>		
	<i>Urban</i>	<i>Rural</i>	<i>Total</i>
(i) Number of estates	6	9	15
(ii) Number of sheds constructed	148	78	226
(iii) Number of sheds given on hire purchase basis	60	9	69
(iv) Percentage of achievement	40.54	11.54	30.53
(v) Number of sheds given on rent (Lease)	80	22	102
(vi) Sheds occupied by Government/ Semi-Government institutions	8	28	36
(vii) Number of sheds lying vacant	—	19	19

Achievement in terms of the disposal of the sheds on hire purchase basis over a period of 4 years was only 30.53 per cent. However, in respect of 7 estates (urban : 1; rural : 6) the percentage of achievement ranged from 0.00 to 2.5.

Test-check conducted by Audit in May 1980 revealed the following :—

*Default in payment of instalments*

Against the total recoverable amount of Rs. 7.09 lakhs up to March 1980 in eight estates (urban : 5; rural : 3), covering 45 sheds

(urban : 38, rural : 7), Rs. 3.94 lakhs were awaiting recovery (March 1980). A sum of Rs. 1.27 lakhs was due (March 1980) on account of interest on belated instalments in respect of 45 defaulters.

In reply to the questionnaire of the Committee, the department, stated that out of Rs. 3.94 lakhs towards hire purchase instalments and Rs. 1.27 lakhs on account of interest an amount of 1.19 lakh only (0.76 lakh towards instalments and Rs. 0.43 lakh of interest) was outstanding

The Committee desire that the balance outstanding amount be also recovered at the earliest and the Committee may be apprised of the progress made

[10(a)] *Outstanding rent*

The rent due and penal interest recoverable thereon from the allottees as on 31st March 1980 was Rs. 36.20 lakhs as per details given below :—

	Rent	Interest
Urban	19.88	12.36
Rural	2.50	1.46
Total	22.38	13.82

The department stated (December 1980) that proceedings for the recovery of an amount of Rs. 16.64 lakhs from 40 defaulters of 2 urban estates have been instituted in courts.

\* \* \* \* \*

In regard to this para the department in their written reply stated :—

“Amount of Rs. 4,24,426 (Rs. 3,42,745 as rent and Rs. 81,681 as interest) has been recovered against the outstanding rent. Cases for recovery of rent of Rs. 23,496 are in the Courts which are being followed. Regarding recovery of the remaining amount of Rs. 8,41,751 vigorous efforts are being made to recover the amount.”

The Committee desire that the recovery of the balance amount of Rs. 8,41,751 and the cases of recovery of rent of Rs. 23,54,496 pending in the courts, be pursued vigorously and the progress made intimated to them.

*Paragraph 3.7 Design centre for fancy leather goods, Rewari*

[11] A Design Centre for fancy leather goods was set up at Rewari in January 1972 to promote manufacture of leather goods of latest designs in Zari and Tilla embroidery to cater to the export market. The Centre was to be equipped with modern machines and tools and a designer assisted by a technician was to be employed for developing new designs. Between 1974-75 and 1979-80, expenditure of Rs. 1.76

lakhs (establishment : Rs. 1.04 lakhs; contingencies including material : Rs. 0.66 lakh and machinery : Rs. 0.06 lakh) was incurred.

During test-check (June 1980), the following points were noticed :—

- (i) A designer was in position from January 1972 to June 1973 (when there was no technician) and from May 1974 to March 1975 only, but no designing work was done during this period. The Principal of the Centre, however, stated that the technician prepared 138 samples from April 1975 to March 1980 even though there was no designer. During inspection in June 1977, the Development Officer observed that the technician neither knew designing nor possessed minimum qualification for the post of designer and that the designs were got prepared on payment.
- (ii) No targets for training of artisans and for production were fixed. Only one batch of artisans has so far been trained at the Centre for four months. During 1975-76 to 1979-80, 669 items valuing Rs. 0.18 lakh were manufactured of which 316 valuing Rs. 0.08 lakh were lying unsold (March 1980).

The matter was reported to Government in August 1980; reply is awaited (March 1981).

In reply to a question from the Committee, as to why the designer was appointed when no designing work was done by him, the department, explained the position, in regard to sub para (i) above, as under :—

“(a) The main objective of the centre was to develop designs and provide them to the artisans. Hence, a post of designer was created in the Centre. An instructor, of the Government Footwear Institutes, Rewari, who had necessary qualification of a designer was appointed as Designer on adhoc basis during January 1972 in addition to his duties as Instructor. This arrangement continued till June 73 when the incumbent sought reversion as Instructor, Government Footwear Institute, Rewari. The post of Designer was again filled on adhoc basis in the month of May 74 who remained in position as such upto 3/75. It is not correct to say that no designs were made during the period from 1/72 to 6/73 and from May 74 to 3/75. The Designer prepared 11 designs of following items :—

1. Ladies purses
2. Coin purses
3. Car Flack cover
4. Tea Cozi cover
5. Diary cover
6. Various Designs of belts.

7. Wall decoration
8. Purses (Ladies & Gents)
9. Belts
10. Modified Designs on Punjabi juti
11. Modified Designs on Khussa Juti

In addition to preparation of above designs, the designer carried out survey of artisans and also made arrangements for purchase of machinery tools & equipments and raw material for running of Centre.

- (b) A technician was appointed on adhoc basis on 24-4-74 and his services were regularised by the S.S.S. Board during June/74 after considering his qualification and experience as required under the rules. It is not correct that the Technician did not know the design work and did not fulfil the qualification prescribed for the post.

No. of designs prepared year-wise are given as under :—

1975-76	29
1976-77	24
1977-78	26
1978-79	20
1979-80	39
1980-81	28
1981-82	34
1982-83	29
1983 to Dec. 83	30

- (c) It is not correct that the designs were got prepared on payment. In fact designs were prepared by the Technician/ Designer as the case may be, but the embroidery work (zari) was got done on payment from the market as there was no staff in the Design Centre to do this job. During the year 1974-75 an amount of Rs. 311.40 was spent on account of payment of embroidery work got done from outside.

- (d) The Technician whose services, were regularised by S.S.S. Board as stated above was promoted as Designer w.e.f. 10-7-80. He is still continuing, as such and the post of Technician is lying vacant.

As regards functioning of Design Centre, it is, stated that the Centre was converted into Production Centre from 1978-79."

In regard to sub para (ii) above the department in their written reply, explained the position as under :—

(a) "This Centre aims at providing designs to artisans. There is no provision to impart training under the scheme. Moreover, this centre has also started production from 1978-79. This is a fact that no targets were fixed for production for 1978-79 onwards. But in the year 1982-83 following targets were fixed :—

(i) No. of new designs to be given to artisans 50

(ii) No. of artisans to be given technical guidance. 200

(b) The year-wise sale is given as under :—

<i>Year</i>	<i>Sale</i>
1979-80	Rs. 3097.53
1980-81	Rs. 5459.81
1981-82	Rs. 7077.20
1982-83...	Rs 5993.27
1983 to Dec. 16, 1983	Rs 28679.15

The above figures lead to the conclusion that the sales have increased except in the year 1982-83."

During oral evidence on 12-2-1984, the Committee pointed out that the development officer of the department had informed the audit during inspection in 1977, that the technician neither knew desinging nor possessed the minimum qualification for the post of a designer and that the designs were got prepared on payment. The Departmental representative stated that the information sent by the Development Officer to the audit was not correct and that the designs were prepared by the technician/designer of the department appointed for the purpose. He also admitted that the department should have contradicted the version of the Development Officer when the draft audit para was sent to them by the Audit. He, however, offered to submit the whole record again to the audit to show that the designs were actually prepared by the technician/designer of the department.

When further questioned as to what action had been taken against the Development Officer for sending a wrong report/information to the audit, the departmental representative stated that the action would be taken against him.

In view of the above position, the Committee desired that the whole record be shown to the audit for verification so as to enable the Accountant General to submit a detailed report to them.

Verification of the departmental reply by audit revealed that the position stated by the department before the Committee was correct except that relating to sub para 11(b) of their reply namely that the total amount of sales during the period from April 1983 to December 1983 shown as Rs 28,679.15 p. in their reply was found to be Rs. 16,300 40 p. and the remaining amount pertained to recovery of sales on credit during the previous years.

In the light of the position brought out by the Accountant General, Haryana, the Committee would like to impress upon the department the need of bringing full facts before the audit so as to obviate the necessity of rechecking of the transactions at a later stage.

The Committee further desire that action taken against the development officer for sending wrong report/incorrect information to the Audit be intimated to them at the earliest

*Paragraph 3.8. Supply of sub-standard material*

[12] In February, 1977, the Controller of Stores placed an order on a firm for supply of three items of country medicines to the Animal Husbandry Department.

According to the terms of supply, 90 per cent payment was to be made against railway receipt duly supported by inspection note. Inspection was to be conducted by the indenting department at the premises of the firm.

Supplies duly inspected (March 1977) by the departmental representative were despatched by the firm to various consignees of Animal Husbandry Department. Ninety per cent payment amounting to Rs. 0.35 lakh was released by the department on 4th April 1977 through bank, against which material worth Rs. 0 31 lakh was received. Subsequently (12th April 1977), the supplies were found to be of sub-standard quality when compared with counter samples. Material worth Rs. 0 27 lakh was, therefore, returned to the firm for replacement (December 1977). The firm did not replace the sub-standard material and sent a crossed cheque for Rs. 0.10 lakh to the Director, Animal Husbandry. Neither could the cheque be encashed as the department was not operating any account in the name of Director, nor was it substituted by the firm

The matter was reported by the indenting department to the Police who, however, refused to register the case (December 1979) on the ground that as the material was pre-inspected, no case of cheating against the firm was established. The Government intimated (February 1981) that the case was registered with the Police at Hissar on 10th February 1981.

The department in their written reply stated as under :—

“In terms of supply order No. GL/Hosp./399/76-77/98 dated 14-2-1977, placed with M/s. Pee Kay Herbal Drugs Company, Hissar the inspection was to be carried out direct by the Indenting Officer or Consignee and the goods were



to be accepted only if those were found to be strictly conforming to the samples submitted by the firm and approved by the office of Director Supplies & Disposals. The supplies were accordingly inspected by an inspecting officer of the Indenting Department (Animal Husbandry, Haryana) at the premises of the said firm. He took random samples out of the bulk supply offered for inspection. These samples were comparable to the approved samples and were further sent to different consignees by the inspection officer to facilitate comparison of the goods to be received by them from the firm. On receipt of goods from the firm some consignees pointed out that the quality of goods received by them was not according to the random samples which had been sent to them by the Inspecting Officer. The firm thus did not despatch the material actually inspected by the Inspecting Officer but some other sub-standard material, and acted fraudulently.

The inspection was carried out by Dr. O.P. Gupta, the then District Animal Husbandry Officer, Hissar (now working as Deputy Director, Woolgrading Hissar). The explanation of the Inspecting Officer was called for by the Indenting Department. The Inspecting Officer explained that he had inspected the bulk supply and took counter samples comparable to the approved samples. He sent the counter samples to each consignee with his inspection note. He got the supply packed in respect of all consignees separately in his presence. He alleged that the firm had replaced the inspected goods with sub-standard material while despatching the same to different consignees. A copy of the explanation submitted by the officer concerned is at Annexure I (See page 40).

The firm had not been acting with clean hands. They kept on promising the Indenting Department that they would replace the sub-standard material. The Indenting Department released the sub-standard material worth Rs. 29,795.52 (retaining 10% payment with him) to the said firm for replacement on the basis of the assurance given by the firm that they would replace the same by the correct material. But the firm acted malafide and instead of supplying the correct material sent crossed cheque of Rs. 10,000 to the Indenting Officer as a part of refund of the payment already received by them and assured the Indenting Department for remitting the balance payment but they failed to send the same. This cheque could not be encashed because it was a crossed one and the Director Animal Husbandry had no official bank account to which it could be credited. Thus this payment was practically a mere gimmick but not intended to be actually made.

As per conditions of the contract, the material could be rejected after arrival at destination if same was not found according to the approved specifications/samples. The contractors were required to remove such supplies at their

expense and could not charge or be paid for such rejected supply. It obviously follows that the contractors were bound to supply the correct material after removing the rejected supplies particularly when they had already received 90% payment in that behalf. The firm was, therefore, under contractual obligation to supply the material as per approved samples/specifications and in case they had initially not done so, they were bound to replace the sub-standard material. The basis for sending the cheque of Rs 10,000 as against Rs 26,815.97 (i.e. Rs. 29,795.52 minus 10% payment retained by Indenting Officer) by the firm was to refund the cost in piecemeal instead of replacement of sub-standard material. The cheque has not been substituted by the firm so far nor has it been encashed.

The short supply has not been made good by the firm despite repeated requests.

The Director Animal Husbandry, Haryana informed that on 23-2-1982 the Police at Hissar reported the case as untraceable. The Indenting Department again approached the Police authorities for taking action against the firm and also demi-officially requested the Senior Superintendent of Police, Hissar, on 16-9-1983, for taking expeditious action in the matter."

During oral evidence the departmental representative admitted the mistake of the department in not initiating action against the firm which had supplied material short worth Rs 5,252.00.

The Committee was also informed that the matter of non-replacement of sub standard material and non-payment of amount worth that material by the firm was referred to the Legal Remembrancer who had advised that the issue of the recovery of Rs 25,427.48 from the defaulting firm should be referred to the arbitration as provided in the agreement.

In reply to a question of the Committee as to why the department had not referred the matter regarding recovery of the said amount to the arbitration for such a long time, the departmental representative admitted the lapse for delay and assured the Committee during evidence on 13-2-84 that arbitration proceedings would be initiated against the firm and that the firm would also be black-listed within a month. The departmental representative also assured the Committee that an enquiry would be held and action against the guilty officials who had failed to initiate arbitration proceedings as also action for blacklisting the firm would be taken.

The Committee are, however, constrained to observe that despite categorical assurance to the Committee the department failed to apprise the Committee of the action, if any taken by them in this regard, till the drafting of this report.

The Committee desire that the result of the arbitration proceedings, if any, initiated against the firm for the recovery of Rs 25,427 as also the action taken for black-listing the firm, be intimated to them expeditiously.

The Committee further desire that action should also be taken against the officials who failed to initiate any action against the firm for short supply of material worth Rs 5,252 as also against the officials who are found guilty of not starting arbitration proceedings and for not blacklisting the firm for such a long time and a detailed report be submitted to them

*Paragraph 7.9. Excess grants*

[13.] (i) For the setting up of a Testing-cum-Developing Centre for electronics at Gurgaon, grants totalling Rs. 37.63 lakhs were paid between 1975-76 and 1979-80 to Haryana State Industrial Development Corporation by the State Government and Government of India. Unspent balance with the Corporation as on 31st March 1980 was Rs. 20.99 lakhs, as indicated below :—

Year	Grants paid by			Grants utilised	Unspent balance at the end of the year (progressive)
	Govern-ment of India	Govern-ment of Haryana	Total		
	(in lakhs of rupees)				
1975-76	6.25	6.00	12.25	1.12	11.13
1976-77	2.74	6.00	8.74	6.96	12.91
1977-78	—	5.64	5.64	1.57	16.98
1978-79	—	6.00	6.00	2.37	20.61
1979-80	—	5.00	5.00	4.62	20.99
Total	8.99	28.64	37.63	16.64	20.99

(ii) Similarly, for the establishment of Rural Industries Promotional Centres, grants totalling Rs. 53.65 lakhs were released to Haryana Small Industries and Export Corporation in March 1979 (Rs. 8.35 lakhs) and August 1979 (Rs 45.30 lakhs). Grants not utilised up to 31st March 1980 amounted to Rs. 39.14 lakhs.

Scrutiny of the records of the sanctioning authority (November-December 1979) in these two cases revealed the following :—

(a) Under the financial rules, the sanctioning authority should keep a watch over the utilisation of assistance given by obtaining progress reports and audited accounts and through verification by departmental officers. The sanctioning authority had not maintained any record to watch the utilisation of grants released or evolved any other procedure for ascertaining the progress of the schemes.

(b) While unsigned statements of expenditure in lieu of proper accounts and utilisation certificates furnished by Haryana State Industrial Development Corporation were accepted, utilisation certificates due from the Haryana Small Industries and Export Corporation for the entire amount of Rs. 53.65 lakhs were still awaited (June 1980).

(c) Grants were to be released only to the extent these were likely to be utilised during the same financial year. Grants were, however, released far in excess of the yearly requirements

(d) It was not ensured that unspent grants were refunded into the treasury at the end of the year.

(e) Record of assets created out of grants was not maintained.

The matter was reported to Government in September 1980; reply is awaited (March 1981)

The department in their written reply stated as under :—

“The Corporation was entrusted with the job of setting up of an Electronics Test & Development Centre (ETDC) by the State Government. The cost of the project as worked out by the consultants was of the order of Rs. 48.28 lakhs to be financed from the grants of the Government of India and State Government to the extent of Rs. 25 lakhs and Rs. 23.28 lakhs respectively. In addition, recurring cost is to be met by the State Government grants. The break-up of the project cost is :—

(i) Land & building	Rs. 18.00 Lakhs
(ii) Equipment & Machinery	Rs. 25.00 Lakhs
(iii) Fixtures & Furniture	Rs. 1.50 Lakhs
(iv) Conveyance	Rs. 1.00 Lakhs
(v) Training of Staff	Rs. 0.50 Lakhs
(vi) Contingencies	Rs. 2.28 Lakhs
Total :	Rs. 48.28 Lakhs

Annual Recurring Expenditure

Rs. 5.50 Lakhs

It is not correct that the sanctioning authority i.e. State Govt. has not maintained any record to watch the utilisation of grants released. In fact proper register is being maintained to watch the utilisation of funds and further full details of work done & liabilities committed are always obtained from the Corporation before releasing the subsequent grant. The submission of proper utilisation of funds certificates before releasing the subsequent grants is not possible nor is the requirements of rules, because the utilisation certificate is required to be furnished within 18 months from the date of release of grant whereas the grants were released on yearly basis. The actual utilisation of funds was further watched through periodical progress reports. It would not be out of place to mention here that the the Financial Commissioner & Secretary to Government Haryana, Industries Department is the Ex-officio Chairman of the Corporation and thus the State was fully exercising its control on the State Exchequer and its interest was fully watched.

As regards the utilisation certificates for Rs. 37.63 lacs in respect of Electronic Test & Development Centre, Gurgaon, the position is as under —

An amount of Rs. 28.64 lacs as mentioned in the Audit observations was released as State Share. Out of this amount, the utilisation certificates for Rs. 14.94 lacs submitted by Corporation have been sent to the A.G. through State Government. The balance amount of Rs. 13.70 lacs has been utilised by the Corporation and utilisation certificates have already been received and are being sent to A.G. Haryana.

As regards the grant-in-aid received from Government of India it is stated that an amount of Rs. 10.49 lacs was actually received. Out of this amount, a sum of Rs. 7.19 lacs has been spent by the Corporation. The utilisation certificates for Rs. 1.50 lacs as received from the Corporation have already been sent to the A.G. Haryana through State Government. The remaining utilisation certificates for Rs. 8.99 lacs are still awaited from the Corporation and the Corporation is being asked to submit the same at the earliest after the statutory audit

The scheme for the setting up of Electronics Test & Development Centre in Haryana State was principally approved by the State Government/Government of India, in 1975-76. The State Government approved to give grant in aid to meet the expenditure on Land, building and in addition other recurring charges of Rs. 5.50 lacs per annum to meet the salary, Engineering Stores, Library and other contingent expenses of the Corporation. The Project originally proposed at Ballabgarh, was subsequently changed to Gurgaon due to setting up of Electronics Complex at Gurgaon by the State Government. The land for the project was to be given by H.S.I.D.C., out of the land already acquired by them and thus the adjustment of cost of land was possible at any time which was subsequently deferred by the Corporation due to one reason or the other and ultimately necessary adjustment was carried out during 1979-80. Similarly the work of construction of building was to be taken in hand after finalisation of acquisition of land Architectural Design, Structural Design which was got done from the professional, Structural Designer as the P.W.D. (B & R) Department showed its inability in this job. After finalisation of terms and conditions of agreement on labour rate basis, the building material was to be supplied by the Corporation itself and there occurred hinderances in making regular supply due to shortage of cement, Steel etc. in the market.

Simultaneously the work was started in rented accommodation which continued to provide testing facilities to various industries. The building was completed during January, 1982 and the centre shifted after installation of machinery.

From the above it would be clear that the grants were not released in excess but were actually released after taking into account

the actual expenditure incurred, committed liability and forecasting the future requirement of capital expenditure as well as recurring expenses. The question of claiming the refund of unspent amount at the close of financial year did not arise.

The Haryana State Electronics Development Corporation has maintained the proper record of assets created out of grants released in its favour."

In regard to Excess Grants the department, in their written reply explained the position as under :—

"Earlier progress of the scheme was ascertained from periodical reports received from the Corporation. However, now a register has been maintained to watch this expenditure.

Out of Rs 53.65 lakhs released in favour of the Corporation, Utilisation Certificate for the amount of Rs. 44.40 lacs has since been received and sent to A G. Haryana for adjustment. As regards the balance amount of Rs. 9.25 lacs the amount has already been spent by the Corporation. The submission of Utilisation Certificate is held up for want of statutory audit of Corporation's accounts

The funds were released to the Corporation after taking into account the anticipated committed liabilities of the Corporation during the years

In view of the above stated reply to sub-para (c) it was not considered necessary to ask for the refund of amount.

The Corporation has maintained the register showing the assets created out of grants released by the Department

Efforts are now being made to keep in mind the financial norms laid down in this regard."

The Committee do not feel convinced with the reply of the department, insofar as maintenance of records to watch the utilisation of grants released, evolution of the procedure for ascertaining the progress of the scheme, releasing of grants in excess of the yearly requirement and refunding of unspent grants into the treasury, are concerned. The Committee observe that apparently the department had neither maintained proper record to watch the utilisation of grants released nor evolved an effective procedure for ascertaining the progress of the scheme. Again the verification of the utilisation of the grants was not made even after lapse of 18 months and further grants were released, as is evident from the balances lying unspent at the end of each year, as indicated in the para of the Audit Report. The Committee are constrained to record that the reply furnished by the department was not factual.

The Committee, therefore, recommend that the department should ensure to keep an effective watch over the utilisation of assistance by obtaining progress reports and audited accounts from the recipient bodies, to make thorough verification of their records by the departmental officers and to evolve suitable procedure for regulating the release of grants keeping in view the pace of utilisation.

During oral evidence the Accountant General further brought to the notice of the Committee that although there was a specific provision in the P.F.R., that the department would frame rules regarding the utilisation of the grants and for the submission of utilisation certificates yet the department had not taken any steps in that direction despite number of reminders on the subject

The departmental representative, assured the Committee that expeditious action would be taken for framing those rules.

Subsequently, the department, informed, vide their letter No. 20/1/80/3/IBT, dated the 7th May, 1984, that necessary steps had been initiated to frame the rules regarding the release of grants/subsidies in favour of various Corporations/Autonomous Bodies.

The Committee desire that the rules regarding the release of grant/subsidy, in favour of Corporations/Autonomous Bodies be framed and finalised at the earliest and they be informed of the progress made in this regard.

The Committee also recommend that registers showing the assets created by the various Corporations/Autonomous Bodies, out of the grants released to them, should be maintained at the level of the Sanctioning Authority (Head of Department) to watch proper utilisation of grants/subsidies.

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## ANNEXURE—I

(See page 33)

क्रमांक 708

जी-2/दिनांक 16-8-77

प्रेषित

निदेशक पशुपालन विभाग,

विषय : सप्लाई आफ लिक्वोरिस तथा कामन साल्ट/सप्लाई आर्डर नं० 2475

सन्दर्भ : आपका पत्र क्रमांक 2787 पी० सी०, -21 प्रचेज दिनांक 5-8-77

यादी :

उपरोक्त विषय एवं सन्दर्भ के अन्तर्गत आपको सूचित किया जाता है कि मै० पी० के० हरबलडकल कम्पनी, हिसार का दिनांक 14-3-77 को निम्नलिखित दवाईयो का निरीक्षण किया गया था।

क्र० सं० दवाई का नाम	कुल सप्लाई जो होनी थी	जितनी मात्रा निरीक्षण के समय दिखाई गई	जितनी मात्रा पास की गई
1. लिक्वोरिसा	6,000 कि० ग्राम०	6,475 कि० ग्राम०	6,000 कि० ग्राम०
2. कामन साल्ट	10,000	10,000	10,000
3. न्कसा मिका निरीक्षण के लिये प्रस्तुत नहीं की गई।			

उपरोक्त दोनों दवाईयो के सैम्पल सम्बन्धित पशु सहायक चिकित्सको को इस कार्यालय के पत्र क्रमांक 1683-93 जी-2/दिनांक 20-4-77 द्वारा भेज दिये गये थे, जिसकी एक प्रतिलिपि आपको भी इस कार्यालय के पृ० क्रमांक 1694 दिनांक 20-4-77 द्वारा प्रेषित की थी। परत्येक पशु सहायक चिकित्सक को जो माल जाना था वह अलग-अलग पैककर दिया था। निरीक्षण नोट की एक प्रति भी समस्त पशु सहायक चिकित्सको को इस कार्यालय के पृ० क्रमांक 998-1008 दिनांक 14-3-77 द्वारा भेज दी गई थी। जिसकी सूचना आपको इस कार्यालय के पत्र, क्रमांक 177 दिनांक 14-3-77 द्वारा भेजी गई है। जैसा कि रिपोर्ट प्राप्त हुई है कि दवाईयों की क्वालिटी ठीक नहीं है यह प्रतीत हो कि फर्म ने माल भेजते समय अदला बदली की है, जिस के लिये फर्म स्वयं ही जिम्मेवार है। इनके अतिरिक्त आपको यह भी सूचित किया जाता है कि फर्म ने अभी तक हिसार की सप्लाई भी नहीं की है।

अतः आपसे अनुरोध किया जाता है कि फर्म के विरुद्ध ही कार्यवाही की जाय, जिसने माल भेजते समय ही अदला बदली की है।

हस्ता :-

जिला पशुपालन अधिकारी,  
हिसार



## CO-OPERATION

*Paragraph. 7.14. Financial assistance to co-operative societies*

[14] Investment by the Government in the share capital and debentures of co-operative societies at the close of 1977-78, 1978-79 and 1979-80 and the return thereon were as under :—

<i>Year</i>	<i>Number of Societies</i>	<i>Amount invested as at the end of the year</i>	<i>Dividend/ interest received during the year</i>	<i>Percentage</i>
<i>(in crores of rupees)</i>				
1977-78	2,402	26.62	0.63 (a)	2.4
1978-79	2,461	29.03	0.76 (b)	2.7
1979-80	2,633	34.23	0.82 (c)	2.4

According to the department, the loan and subsidies/grants paid by the Government to various co-operative societies other than industrial co-operative societies (for which information was not available) during 1977-78, 1978-79 and 1979-80 were as under :—

<i>Year</i>	<i>Loans</i>				<i>*Subsidies/ grants paid during the year</i>
	<i>Balance at the end of the previous year</i>	<i>Disbursed during the year</i>	<i>Repaid during the year</i>	<i>Balance at the end of the year</i>	
<i>(in lakhs of rupees)</i>					
1977-78	76.31	20.00	6.30	90.01	40.16
1978-79	90.01	3,01.50	6.31	3,85.20	25.72
1979-80	3,85.20	2,31.00	5.49	6,10.71	90.12

According to the information furnished by the department, the principal and interest overdue for recovery as on 31st March 1980 amounted to Rs. 22.56 lakhs and Rs. 37.78 lakhs respectively. The break-up of these amounts was not available.

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

\* \* \* \* \*

“The present position of recovery of Principal and interest (yearwise) from various cooperative Institutions is attached at Annexure ‘A’. (See page 59 and 61). The statement indicates that mainly Consumer Stores, Dairy Cooperatives and Sugar Mills are in default in the repayment of Government loan (Principal and interest). Their cases have been examined/analysed and found that the default is due to financial constraints. However, efforts are being made to effect maximum recovery from these institutions.

The break up of Rs. 22.56 lakhs and Rs. 37.78 lakhs on account overdue Principal and interest is given at Annexure ‘B’ (See page 62 and 63).

- 
- (a) From 27 societies
  - (b) From 38 societies
  - (c) From 32 societies.
  - (\*) Departmental gures.

The Committee desire that concerted efforts be made to ensure that the principal and interest are paid by the co-operative institutions regularly.

The Committee would also like to be informed about the progress made in effecting recovery of Rs. 22.56 lakhs and 37.78 lakhs from the co-operative institutions on account of over-due amount of the principal and interest respectively.

*Paragraph 7.15 Co-operative banks*

[15] As on 30th June 1979, there were 12 Central Co-operative Banks in the State acting as financing bodies for primary societies. Besides, there were two apex institutions, namely, the Haryana State Co-operative Bank Limited and the Haryana State Co-operative Land Development Bank Limited. The former provides medium and short term finance to the co-operative institutions while the latter provides long term finance to agriculturists. According to their audited accounts, the Government investment in these institutions as on 30th June 1978 and 30th June 1979 and other financial data as on these dates were as under :—

Serial number	Institutions	Number	Paid-up capital		Government investment in share capital	
			30th June 1978	30th June 1979	30th June 1978	30th June 1979
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	Central Co-operative Banks	12	9,70.38	10,52.84	3,68.29	4,24.10
2.	Haryana State Co-operative Bank Limited	1	2,67.57	2,67.57	1,12.90	1,12.90
3.	Haryana State Co-operative Land Development Bank Limited	1	3,34.47	3,56.23	69.78	69.78

  

Loans by the Government		*Net profit		Reserves	
1977-78	1978-79	1977-78	1978-79	30th June 1978	30th June 1979
(8)	(9)	(10)	(11)	(12)	(13)
(in lakhs of rupees)					
0.33	0.03	5,10.33	6,72.49	5,02.87	5,37.32
0.38	Nil	2,36.94	2,56.82	3,31.23	4,14.84
Nil	Nil	2,78.93	2,44.20	1,31.94	2,53.84

\*Including undistributed profit of previous years.

The amounts of overdue loans and interest as on 30th June 1979 of the 12 Central Co-operative Banks was Rs. 26,67.97 lakhs and Rs. 1,35.87 lakhs respectively. Out of these, Rs. 1,44.24 lakhs (9 banks) and Rs. 24.55 lakhs (5 banks) were outstanding for more than 3 years.

In respect of the 11 Central Co-operative Banks (except Sirsa Central Co-operative Bank for which information was not available in the departmental audit reports) there were 4,700 indebted co-operative societies as on 30th June 1979. Out of these 3,079 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 4,31.93 lakhs (principal : Rs. 3,14.49 lakhs and interest : Rs. 1,17.44 lakhs) against which there was a reserve of Rs. 1,65.27 lakhs only.

A perusal of the audited accounts of all these banks for the year ended 30th June 1979 disclosed the following :—

- (i) Sirsa Central Co-operatives Bank Limited had 61 notes of 1000 rupee denomination even after they were demonetised. Responsibility for this loss had not been fixed (August 1980).
- (ii) An amount of Rs. 31.20 lakhs had been embezzled in five Central Co-operative Banks (Ambala, Bhiwani, Karnal, Kurukshetra and Rohtak).
- (iii) In Karnal Central Co-operative Bank Limited, mutilated currency notes worth Rs. 0.70 lakh were found at the time of physical verification of cash balance.

The department in their written reply to the questionnaire of the Committee, gave the latest position as given at pages 44—45.

<i>Sr. No</i>	<i>Name of Coop. Bank</i>	<i>Position as on 31-3-79</i>	1979-80	1980-81	1981-82
(1)	(2)	(3)	(4)	(5)	(6)
1	Ambala	3907200	300000	1000000	—
2.	Karnal	5950200	1500000	—	—
3.	Gurgaon	4591650	—	—	—
4.	Rohtak	3807650	400000	—	—
5.	Hissar	5425961	2000000	—	—
6.	Jind	1842600	1000000	300000	350000
7.	Mohindergarh	1967000	—	—	500000
8.	Rewari	2500000	—	—	400000
9.	Sirsa	3174489	—	500000	—
10.	Bhiwani	2898801	—	500000	500000
11.	Kurukshetra	3505400	—	500000	—
12.	Sonepat	3646500	500000	—	—
13.	Fāridābad	—	—	1000000	—
Total :		43217451	5700000	3800000	1750000

<i>1982-83</i>	<i>Retirement up to 31-3-83</i>	<i>Present position.</i>
7	8	9
—	—	5207200/-
—	—	7450200/-
—	—	4591650/-
350000	—	4557650/-
—	—	7425961/-
350000	—	3842600/-
500000	—	2967000/-
—	—	2900000/-
1000000	—	4674489/-
1500000	480000	4918801/-
1000000	—	5005400/-
—	—	4146500/-
1000000	—	2000000/-
5700000	480000	59687451/-

The Bankwise position of over-due was given as under :—

Sr. No.	Name of Coop. Bank	Overdue as on 30-6-1983	
		Principal	Interest
1.	Ambala	1043.18	23.62
2.	Rewari	331.09	7.75
3.	Bhiwani	415.76	26.95
4.	Faridabad	388.35	23.95
5.	Gurgaon	544.53	34.02
6.	Hissar	867.16	71.14
7.	Jind	599.17	9.89
8.	Karnal	1014.33	36.46
9.	Kurukshetra	1056.10	18.33
10.	Mohindergarh	217.29	10.35
11.	Rohtak	491.72	31.31
12.	Sirsa	890.75	21.83
13.	Sonepat	251.16	26.56

The department, in their written reply, further stated as under :—

“Special campaigns for recovery of overdue are launched at the time of harvesting of Rabi and Kharif crops. Departmental staff is also involved for this job during these campaigns. Legal action is taken against defaulters where outstanding for more than three years exists. Special cell for execution of awards has been created in each Bank.

The main reason for default in repayment of loans by the bulk of indebted societies is non repayment of loan by the members to the societies. The members do not repay their loan in time due to failure of their crops on account of natural calamities such as droughts and floods.

Special campaigns for recovery of loan are launched at the time of harvesting of Rabi and Kharif crops. Departmental Staff is also involved for this job during these campaigns. Legal action is taken against wilful defaulters where outstanding for more than three years exists.

Assessment of bad and doubtful debts is done by the Audit every year. The bankwise position of bad & doubtful

debts as on 30-6-83 is as under :—

Sr. No.	Name of C.B.	Bad & doubtful debts as on 30-6-83	Provision of bad & doubtful debt reserve as on 30-6-83	Recovery during the year	Bad & doubtful debts at the end of year
(in lakhs of rupees).					
1.	Ambala	80.64	31.60	0.72	79.92
2.	Rewari	6.51	10.31	0.13	6.38
3.	Bhiwani	30.07	52.06	0.83	35.24
4.	Faridabad	71.69	14.46	0.32	71.37
5.	Gurgaon	45.38	36.44	0.39	44.99
6.	Hissar	84.64	31.19	—	84.64
7.	Jind	12.76	25.38	0.02	12.74
8.	Karnal	58.25	73.34	0.21	58.04
9.	Kurukshetra	52.07	56.19	—	52.07
10.	Mohindergarh	21.90	17.44	—	21.90
11.	Rohtak	85.11	22.70	0.72	84.39
12.	Sirsa	17.50	26.14	1.12	16.38
13.	Sonepat	110.45	11.34	0.52	109.93
Total :		682.97	408.59	4.98	677.99

The field functionaries have already been directed to start execution proceedings against the wilful defaulting loanees. They have also been asked to review the recovery position of bad & doubtful debts at the end of each month."

In regard to the points at (i), (ii) and (iii) of audit para the department explained the position in their written reply as under :—

- (i) "Notes in question were deposited with S.B.I., Sirsa which were stated to have been duly verified by the R.B.I. to accept these high denomination notes. But later on the S.B.I., Sirsa vide letter dated 19-10-78 informed that they had accepted the notes in contravention of the ordinance as intimated to them by the Currency Officer vide letter No. Del. Cy. No. 150/HDBN/2.78-79, dated 13-10-78. They directed the S.B.I. Sirsa to refuse the payment of the said notes. The amount of Rs. 61,000 was thus debited to C.B. Sirsa Account by S.B.I.

So far as the fixation of responsibility is concerned, it has been stated by the Bank that Sarvshri Khem Singh, Branch Manager, Damdama, Kapil Dev, Branch Manager and Bhagwan Dass Clerk-cum-Cashier, Suchan were charge sheeted and the Inquiry Officer held them responsible for this misdeed. The case was put to the Board for final decision which was referred to Sub-Committee. But no decision was taken. The case is being put up to the Board for further action.

- (ii) The embezzled amount of Rs. 31.20 lakhs was investigated. The bankwise position alongwith the results is as under :—

<i>Sr. No.</i>	<i>Name of Coop. Bank</i>	<i>Amt. of embezzlement</i>	<i>Amt. recovered</i>	<i>Balance</i>	<i>Present position</i>
1	2	3	4	5	6
1.	Ambala	21300 14300	10452 4950	10848 8350	A civil case is going on in the court of D.M., Ambala. Last date of hearing in the said court was 14-1-84. On this date, no other date was fixed. The Bank is persuing the case with the court. Reg. embezzlement of Rs. 14300 a case has since been filed in Civil Court at Ambala. Bank is also making efforts to recover the balance amount.
2.	Kurukshetra	1870707	3.34	15.37 lacs	The embezzled amount does not relate to the funds of the Bank. However the amount of Rs. 1870707 was embezzled in 61 different Primary Agricultural Societies. Legal action in all cases except 2 societies involving Rs. 0.31 lacs has been initiated. Efforts are, however, being made to recover the balance amount. The action taken in these cases is as under :—

(Rs. in lacs)

No. [ Amt.

1. Total cases 61 18.71





Sr. No.	Name of Coop. Bank	Amt. of embezzlement	Amt recovered	Balance	Present Position
1	2	3	4	5	6
					Sh. K.K. Chhabra on 30-11-81 which is pending for execution with the Bank. The services of Sh. K.K. Chhabra who embezzled the amount has been terminated.
4.	Bhiwani	98200 793113 23519	128878	713084	All the cases of embezzlement pertains to the period 1967-68 which came into light of audit during 1972-73. These are already included in the 14th Report of P.A.C.
5.	Rohtak	248750	32500	216250	This is a case regarding facititious withdrawals by a Bank employee namely Sh. Dharam Singh. It relates to Branch Bahadurgarh of C B. Rohtak.  An award of Rs. 277037 41 was given against Sh. Dharam Singh, Clerk on 10-8-81 by arbitrator (Rs. 248750 principal and Rs. 28287.41 as interest). Then Sh. Dharam Singh filed an appeal with the Govt. against the said orders of the Arbitrators decision. The Govt. dismissed this appeal on 11-3-82. The Bank then started the execution proceedings in the Court of Asstt. Registrar, Coop. Societies, Rohtak on 26-3-82. After the decision of the Govt. Sh. Dharam Singh filed a Civil suit on 18-10-82 in the court of Sub-Judge, Rohtak. This court stayed the recovery proceedings against Sh. Dharam Singh. This suit was also dis-

1	2	3	4	5	6
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missed by the Sub-Judge, Rohtak on 7-4-83. Then Sh. Dharam Singh filed an appeal on 18-4-83 against the orders dated 7-4-83 of Sub-Judge, Rohtak in the court of District Judge, Rohtak. This court stayed the proceedings of the recovery. Now next date of hearing has been fixed for 6-2-84 for arguments.

(iii) Out of Rs. 0.70 lakh, a sum of Rs. 19700 has been got exchanged. Steps are being taken to exchange the remaining amount.

The issue regarding fixing responsibility is still under investigation."

During oral evidence on 19-6-1984, the Committee pointed out to the department that the loan advanced to the farmers by the Co-operative Societies was not being given in cash but they were also made to purchase a certain quantity of fertilizer out of the loan money from the Co-operative Societies compulsorily. It was generally found that the fertilizer which farmers were insisted upon to purchase was much in excess of their actual requirement and that they had to sell the surplus fertiliser at a discount of Rs. 10/- to Rs. 15/- per bag which was causing great hardship to them. The departmental representative informed the Committee that it was being done on the instructions of the Reserve Bank of India which stipulated that some percentage of the loan should be given to the farmers in the shape of fertilisers to guard against misutilisation of money. He, however, made it clear that it was no longer compulsory for the farmers to purchase the fertilisers from the Co-operative Societies only and added that they could purchase the fixed quantity of fertiliser from the private dealers also. The Committee was also informed that the quantity of fertiliser a farmer was required to purchase, out of the loan, had been fixed as per the norms prescribed by the Agriculture Department. He, however, assured the Committee that the whole matter regarding apportionment of the components of cash and fertiliser of the loan would again be examined in consultation with the Agriculture Department.

(1) The Committee desire that the outcome of the examination made regarding apportionment of the components of the cash and fertiliser of the loan as promised during oral evidence be intimated to them at the earliest.

(2) The Committee recommend that vigorous efforts be made to recover the outstanding loan from the defaulting Central Co-operative Banks and progress made in this regard be intimated to them at regular intervals.

(3) The Committee observe with dismay that against the provision of Rs 165 27 lakhs, bad and doubtful debts had risen to Rs. 431.93 lakhs. The Committee, therefore, desire that vigorous efforts be made to liquidate the bad and doubtful debts and progress made in this regard reported to them.

(4) The Committee are distressed to note that even after a lapse of a period of six years, no action had been taken against the officials held responsible for not depositing 61 currency notes of the denomination of Rs 1000/- with the Reserve Bank of India at the proper time. The Committee, therefore, desire that the matter regarding fixing of responsibility against the officials for not depositing the devalued currency notes with the Reserve Bank of India be pursued with the Board and their decision obtained and intimated to the Committee without any further delay.

(5) The Committee also desire that the final action taken against Sarvshri Khem Singh, Kapil Dev and Bhagwan Dass be intimated to them.

(6) The Committee recommend that embezzlement cases amounting to Rs 31 20 lakhs relating to five Central Co-operative Banks of Ambala, Bhiwani, Karnal, Kurukshetra and Rohtak, which are at various stages, be vigorously pursued and finalised at the earliest and the Committee be informed about the progress made in the finalisation of each case at regular interval.

(7) The Committee recommend that action taken for the exchange of the remaining mutilated currency notes worth Rs. 50,300/- be intimated to them.

(8) The Committee also desire that the action taken against the officials/officers held responsible for the accumulation of mutilated currency notes be intimated to them.

(9) The Committee, further recommend that Government should go into the causes of large scale cases of embezzlements and misappropriation by the employees of the cooperative banks, particularly analysing the factors responsible for such malpractices in the coop. banks where a modern well set system of banking all over the country is in vogue. The Committee would like to have a detailed report of the Government in this regard within six months.

#### *Paragraph 7 16 Co-operative consumers stores*

[16] There were 22 Central Co-operative consumers stores in the State as on 30th June 1979 (out of these 4 were registered in June 1979). Besides, there was one apex institution, namely, the Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh.

According to the audited accounts, the financial data of the Central Co-operative Stores for the years 1976-77, 1977-78 and 1978-79 were as under :—

Year	Number of stores	Paid-up capital	Government investment in share capital	Loans obtained from Government and outstanding	Net profit	Reserves	Turnover
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(in lakhs of rupees)

1976-77	16(a)	38.78	30.95	11.90	0.73	10.46	7,82.58
1977-78	18(b)	25.53	19.98	11.66	(—)0.11	9.71	3,70.64
1978-79	22(c)	14.53	11.12	7.13	(—)1.98	5.39	1,01.44

During 1978-79, out of three Central co-operative consumers stores, one store (Rohtak) earned profit of Rs. 0.17 lakh while the other two stores (Panipat and Yamunanagar) sustained a loss of Rs. 2.15 lakhs

A perusal of the audited accounts of these stores for the year ended 30th June 1979 disclosed the following :—

- (i) In case of Panipat and Rohtak Central Co-operative Stores, debts to the extent of Rs. 3.73 lakhs were considered bad and doubtful against which there was a provision for bad debt of Rs. 0.99 lakh only.
- (ii) In three stores, the closing stock valuing Rs. 14.90 lakhs included dead/damaged stock valuing Rs. 0.67 lakh
- (iii) Out of total shortages of Rs. 3.18 lakhs in two stores recoverable from staff (including ex-employees), shortages amounting to Rs. 1.93 lakhs had been assessed as bad and doubtful of recovery by the departmental auditors.

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

“The accounts of the stores mentioned in the questionnaires were not made available as these had not been audited because of paucity of audit staff. Now the accounts of all the central cooperative consumers' stores for the year 1976-77, 1977-78 & 1978-79 have been audited. The financial data in respect of these stores is as under :—

- (a) The financial data is in respect of 8 stores.
- (b) The financial data is in respect of 6 stores.
- (c) The financial data is in respect of 3 stores; the audited accounts of the remaining stores were not made available (August 1980).

Year	No. of stores	Paid up share capital	Govt. Invest- ment in Share capital	Loans obtained from Govt. & Out- standing	(Amount in lakhs of rupees)		
					Profit/ Loss	Reserves	Turnover
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1976-77	16	62 57	62.87	22.46	(+ ) 2 62	17.75	1017 25
1977-78	18	*64 70	54.10	23.38	(—) 2.20	15.05	970.24
1978-79	22	**70 10	59.40	24.56	(—) 4.78	18.76	692.15

(\*) Financial data is in respect of 17 stores. Remaining one store is under liquidation.

(\*\*) Financial data is in respect of 17 stores. Remaining four stores registered in June 1979 started business in the subsequent year and one store under liquidation.

2. The main reasons for the losses of Rs 2 15 lakhs in 1978-79 in the store at Panipat & Yamunanagar were as under :—

- (i) Embezzlement and stock shortages
- (ii) High rate of interest on bank borrowings for working capital
- (iii) Increase in establishment expenses as a result of enhancement of D.A /A.D.A etc.
- (iv) Decrease in sale of high revenue earning items of confiscated goods.

The following remedial measures have been adopted by the stores to avoid recurrence of loss :—

- (a) Credit sale to Govt. offices/agencies have been stopped now.
- (b) Stock system have been introduced.
- (c) Purchases are made through Confed as per requirements.
- (d) Financial assistance is being provided to re-habilitate these stores under Centrally Sponsored Scheme.
- (e) Staffing pattern has been introduced according to sale/turnover.
- (f) Surprising stock checking is being done to check stock shortages/embezzlement etc

The working results of Panipat & Yamunanagar stores for the later years are as under :—

Year	(Amount in Lakhs of Rupees)	
	Panipat Store	Yamunagar store
1979-80	(—)0.22	(—)3.75
1980-81	(—)0.86	(—)3.43
1981-82	(—)1.03	(—)1.55

3. Following are the reasons for the accumulation of bad and doubtful debts :—

- (i) Credit sale to Govt. Deptts/agencies.
- (ii) Non recovery of shortages from the defaulting salesmen.

To liquidate these debts following steps has been taken :—

- (a) Various Govt. Deptts./agencies have been approached to clear pending dues against them.
- (b) Arbitration cases as well as Court Cases have been initiated against the defaulting salesmen/store-keepers who committed shortages/embezzlement.

Most of these bad and doubtful debts are recoverable from Govt. Deptts./agencies and Ex-employees of these stores for the past 6-7 years. The then General Managers of the stores were responsible for carelessness on this account.

Out of the total dead and damaged stock of Rs. 0.67 lakh in Panipat and Yamuna Nagar, Cooperative Consumer Stores, the stocks of Rs. 0.32 lakh have so far been disposed of Rs. 0.17 lakh by giving a rebate of Rs. 0.15 lakh. Efforts to dispose of the balance stocks of Rs. 0.35 lakh are being made."

The Committee recommend that cases involving loss amounting to Rs. 2.15 lakhs in the Cooperative Consumer Stores at Panipat and Yamunanagar, which occurred more than six years ago, should be thoroughly investigated without any further loss of time and action against the officials/officers found responsible for the loss be taken expeditiously under intimation to them.

The Committee recommend that responsibility for bad and doubtful debts relating to Co-operative Consumer Stores at Rohtak and Panipat be fixed and action taken against the defaulting officials be intimated to them.

The Committee also desire that the progress of recovery of bad and doubtful debts in the said stores be intimated to them.

The Committee further desire that immediate steps be taken to dispose of the dead and damaged stock amounting to Rs. 0 35 lakh.

The Committee also observe that there is quite a large number of cases of losses and embezzlement in the Cooperative Consumer Stores and such cases are of common occurrence. The Committee, therefore, recommend that Government should undertake an extensive review of the whole position in this behalf and devise ways and means to obviate, as far as possible, these embezzlements and loss in the stores. Results of the investigations in this regard be communicated to the Committee within three months.

*Paragraph 7.17. Haryana State Federation of Consumers Co-operative Wholesale Stores, Limited, Chandigarh.*

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

According to its audited, accounts the financial data of the Federation for the three years ending 30th June 1978 was as under :—

Year	Paid-up share capital	Govern- ment in- vestment in share capital	Profit during the year	Reserves and funds	Turnover
(in lakhs of rupees)					
1975-76	7.97	6.77	3.84	4.49	30.34
1976-77	8.42	6.77	2.32	5.22	24.13
1977-78	8.52	6.77	1.23	5.63	19.27
1978-79*					

The percentage of profit to capital employed during 1977-78 was 8.7 per cent as against 17.01 per cent in 1976-77 and 30.81 per cent in 1975-76

A perusal of the audited accounts for 1977-78 revealed the following :—

- As per the estimate of departmental auditors, bad and doubtful debts amounted to Rs. 2.04 lakhs as against which there was a reserve for bad and doubtful debts of Rs. 1.71 lakhs only.
- There were shortage of stores of value Rs. 1.55 lakhs. No concrete steps had been taken by the Management for their recovery.

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\*Audit for the year 1978-79 has not been conducted by the departmental auditors (August 1980).



The department in reply to the questionnaire of the Committee stated as under :—

- “1. Confed earned profit only during 1978-79 and percentage of profit to capital employed was 1.25. The losses for subsequent years were as follows :—

<i>Year</i>	<i>Amount</i>
1979-80	(—)0.48 lacs
1980-81	(—)4.79 lacs
1981-82	(—)102.00 lacs
1982-83	(—)117.00 lacs

2. Prior to 1977-78, the main sources of income of the Federation was from the sale of confiscated goods on which profit margin ranged between 15 to 20 percent. After August/September 1977 the sale of confiscated goods through cooperative institutions was stopped by the Govt. of India.

3. Out of Rs. 2.04 lakhs of bad & doubtful debts an amount of Rs. 0.21 lakhs has since been recovered leaving behind a recoverable balance of Rs. 1.83 lakhs. Efforts are under way to recover maximum amount out of outstanding balance. Moreover, additional funds have been allotted to this fund out of the profits of 1973-74 to 1978-79 and this fund stands at Rs. 3.71 lakhs.

4. A sum of Rs. 0.22 lakhs has since been recovered leaving amount of Rs. 1.33 lakhs, which is recoverable from the following employees :—

- (i) A sum of Rs. 0.81 lakhs regarding shortages is outstanding against Shri Mohan Chand Joshi S.M. He was placed under suspension vide this office letter No. 585-87 dated 15-1-1976. F.I.R. was lodged with the police on 30-6-1976. Police has filed the challan in the Court and the case is pending in the Distt. Court, Chandigarh.
- (ii) An amount of Rs. 0.42 lakhs is outstanding against Shri Bansilal Ex-S.M. The case was registered against him with the Police vide F.I.R. No. 179 dated 13-3-1970. After investigation Police has put up the challan in the Chandigarh Court and the case is pending for decision. Besides, the case was also referred to the Registrar, Coop. Socs. Haryana, Chandigarh. Award was obtained against Shri Bansilal on 12-3-1982 which is being executed.
- (iii) A sum of Rs. .05 lakhs is outstanding against Shri Thakur Dass Ex-Storekeeper. Award was obtained against him which could not be executed for want of his whereabouts.

- (iv) A sum of Rs. 0 03 lakhs is outstanding against Shri Ram Lal, General Manager, Confed. He has already been directed to deposit this amount.
- (v) An amount of Rs. 0 02 lakhs stands recoverable from Shri Ramesh Dogra Ex. S.M. Efforts are being made to effect the recovery from him also."

The Committee are distressed to observe that the losses in the Confed are increasing every year. While the loss suffered by the Confed in 1979-80, was 0 48 lakhs, it increased to Rs. 117.00 lakhs during the year 1982-83. This indicates a rather dismal picture of its working. The Committee, therefore, desire that special efforts be made not only to wipe out the losses but also to put this organisation on profitable footings.

The Committee desire that immediate steps be taken to liquidate the recoverable balance of Rs. 1.83 lakhs on account of bad and doubtful debts and the outcome thereof be intimated to them.

The Committee desire that the cases of shortages of stores worth Rs. 1 33 lakhs, as referred to above, be vigorously pursued in the courts and the Committee apprised of the progress made in this regard.

The Committee further suggest that Govt. should go into the genesis of these losses and take action against the delinquent officers/officials promptly so that with the afflux of time such cases do not lose their significance and the defaulting/guilty officials do not go scot free.

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**ANNEXURES—A & B**

**( As referred to at page 41 supra )**

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## ANNEXURE—A

## Recovery position of Government loan from Cooperative Societies/

Sr. No.	Name of the Institution	Total Loan	1980-81		Recovery		
			Total Demand		PL	Intt.	Total Loan
			PL	Interest			
1.	Agri. Credit Societies	47.07	39.29	17.65	37.09	16.35	47.07
2.	Harco Bank	142.99	1.07	8.25	1.07	8.25	158.00
3.	Housing Apex	0.91	0.91	0.51	0.91	0.51	4.91
4.	L/C Societies	2.95	0.45	0.07	0.45	0.07	5.95
5.	Farming Societies	16.46	16.43	5.50	14.29	4.56	16.46
6.	Hafed	127.23	123.18	10.55	123.18	10.55	173.23
7.	Marketing Societies	17.65	14.32	6.34	13.86	5.88	17.65
8.	Cold Stores	4.50	4.50	0.95	4.23	0.93	4.50
9.	Dairy Cooperatives	76.65	16.65	1.37	16.65	1.37	113.83
10.	Consumers Stores	28.42	21.14	10.00	3.61	2.79	37.02
11.	Cons. Federation	0.15	0.15	0.03	0.15	0.03	1.15
12.	Sugar Mills	732.93	49.41	68.04	49.40	6.41	732.93
13.	Rickshaw Puller	0.60	0.60	0.15	0.37	0.03	0.60
14.	Coop. Union Press	1.50	1.10	0.73	1.00	0.20	1.50
		1200.01	289.20	130.14	286.26	57.93	1314.80

## Institutions for the year 1980-81, 1981-82 and 1982-83 (Figures in lacs)

		1981-82			1982-83				Re-
Total Demand		Recovery		Total Loan	Demand				coveries
PL	Intt.	PL	Interest		PL	Interest	PL	INTT	
43.16	20.18	38.86	17.24	47.07	44.46	20.90	41.60	18.77	
1.83	10.01	1.83	10.01	391.74	75.78	24.18	75.77	24.18	
0.91	0.51	0.91	0.51	8.91	0.91	0.67	0.91	0.67	
0.45	0.21	0.45	0.21	8.45	0.45	0.93	0.45	0.21	
16.24	5.52	14.56	4.64	16.46	16.46	5.63	14.66	4.69	
123.99	10.91	123.99	10.90	248.08	124.78	15.33	124.79	15.33	
14.81	6.61	14.23	6.05	17.65	15.71	6.92	14.99	6.36	
4.50	0.95	4.37	0.94	4.50	4.50	0.95	4.50	0.95	
46.65	1.37	46.65	1.37	233.83	133.44	18.02	56.65	1.37	
23.81	11.77	4.27	3.16	37.57	22.34	13.11	4.37	3.33	
0.15	0.03	0.15	0.03	1.15	0.28	0.20	0.24	0.11	
96.45	82.45	50.74	7.31	792.93	190.43	190.01	110.74	11.05	
0.60	0.15	0.42	0.03	8.00	0.60	0.15	0.42	0.03	
1.20	0.23	1.00	0.30	1.50	1.30	0.75	1.30	0.45	
374.75	151.50	302.43	62.70	1810.44	631.44	297.76	451.39	87.50	

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## ANNEXURE 'B'

Recovery of Loans due but not affected information for the year  
1979-80 outstanding yearwise.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
1961-62	133.34	85.00
1962-63	133.34	79.69
1963-64	133.34	73.69
1964-65	133.34	68.02
1965-66	1140.00	2922.48
1966-67	2239.00	4085.92
1967-68	16424.45	17716.18
1968-69	29042.23	87277.42
1969-70	117010.00	81319.51
1970-71	139148.50	100065.93
1971-72	152748.00	99462.47
1972-73	198127.84	105112.04
1973-74	218041.17	107105.30
1974-75	241294.89	93826.11
1975-76	232372.61	97310.10
1976-77	224728.51	69811.81
1977-78	205092.79	59068.26
1978-79	273451.40	93103.32
1979-80	204801.87	2759715.53
Total :	2256196.85	3778208.55

<u>S.No.</u>	<u>Type of Societies</u>	<u>Principal</u>	<u>Interest</u>
1.	Agriculture Credit Societies	265633.19	134530.76
2.	Marketing Societies	53271.36	45669.69
3.	Farming Societies	2,02,736.79	96018.41

<u>S. No.</u>	<u>Type of Societies</u>	<u>Principal</u>	<u>Interest</u>
4.	Cold Stores	39909.98	30408.07
5.	Rickshaw Pullars	26733.38	111637.93
6.	Consumers Stores	16,67,667.50	7,20,493.06
7.	Sugar Mills	—	2,698,200.00
8.	Harco Federation	—	68250.00
<b>Total :</b>		<b>22,56,196.85</b>	<b>3,77,8208.55</b>

## IRRIGATION

### *Paragraph 4.1. Remodelling and lining of Hansi Branch*

[18.] 4.1 0 As a part of the decision taken in 1972 to remodel and sideline the Hansi Branch, the work of sidelining of Hansi Branch from RD 0 to 5000 and remodelling of head regulator was executed during 1972-73 to 1973-74 at a cost of Rs. 8 72 lakhs.

In December 1973, the department decided to shift the site of the head regulator from the Western Jamuna Canal to the newly constructed Munak complex resulting in abandonment of works executed earlier. The Department initiated action (March 1974) to remove the serviceable concrete blocks from the abandoned portion for use in other reaches, but the proposal was dropped after removing 3,590 blocks at a cost of Rs. 0 05 lakh as it was considered uneconomical.

The Executive Engineer stated (May 1980) that the structures of existing head regulator were found unsuitable for remodelling and that it was decided by the Department to shift the regulator to a new site about 1,100 feet away which resulted in abandonment of existing Hansi Branch from RD 0 to 3000 and the existing head regulator.

Thus, the expenditure incurred on the remodelling of Hansi Branch (RD 0 to 3000) and head regulator to the extent of Rs. 6.75 lakhs on proportionate basis was rendered wasteful as a result of failure to select a proper site before taking up the remodelling work.

The abandoned portion was levelled at a cost of Rs. 0.59 lakh with the idea of either leasing it to agriculturists or selling it. But no action had been taken (June 1980) in this direction resulting in loss of revenue.

In reply to a question from the Committee, as to what was the position about the utilization or otherwise of the abandoned portion of land and whether it was leased out or sold and if so, when and at what rate or cost, the department, stated as under :—

“The land in question has not been leased out or sold and is being utilised by the Forest Department for growing nursery and plantation. Forest Department of the Govt. must be getting benefit on account of sale of wood and Nursery plant.”

During oral evidence on 29-8-1984, the departmental representative could not explain to the satisfaction of the Committee as to why the unsuitability of the site of existing head regulator for remodelling and lining of Hansi Branch was not visualised in the first instance and the department had to shift the regulator to a new site which resulted in abandonment of the existing Hansi Branch from RD 0 to 3000 and shifting of the existing head regulator.

The Committee observe that it was certainly a failure of the department to select a proper site before taking up the remodelling work which resulted in a wasteful expenditure of Rs. 6.75 lakhs.



The Committee would, therefore, like the Government to investigate the whole matter afresh and fix the responsibility on the officers/officials for defective planning and construction which cost the State Exchequer a wasteful expenditure of Rs. 6.75 lakh. The final outcome of the investigation so made be intimated to the Committee within six months.

The Committee observe that the abandoned portion of land was levelled at a cost of Rs. 0.59 lakh with the idea of either leasing it to agriculturists or selling it but no action to that effect was taken by the department. More so the department was not able to supply any specific information about the utilisation of land.

The Committee are constrained to observe that the department did not have a clear cut idea about the manner of utilization of the abandoned land in the beginning and were also not aware about the information regarding any benefit being derived from that land. The Committee feel dissatisfied at the casual approach of the department in giving replies to the Committee.

The Committee would like to impress upon the department the need for exercising greater amount of care in sending complete and adequate replies in future so that the Committee's time is not wasted in eliciting factual details at a later stage during oral examination.

The Committee further desire that the information as to the date on which the abandoned land was put to use by the Forest Department together with income, if any being derived therefrom and the reasons for delay in utilising this land be furnished to them urgently.

[18(a)] Paragraph 4.1.1. There was a breach in the Hansi Branch on 10th June 1976 at RD 235700. According to the Executive Engineer, Remodelling Division No. 1, Jind, the cause of the breach was a *dhak* tree standing on the site at a distance of about 18 feet from the born of the channel. Water rushed through the roots of the tree uncontrolably and the bank gave way. A sum of Rs. 0.63 lakh was spent on the closure of the breach and on compensation paid to cultivators whose crops were damaged.

The Magistrate, Jind, who conducted an enquiry in June 1976 noted that in the process of widening the channel the inside of the bank was being cut before the outside had been compacted completely. There was a hole in the old bank through which water seeped into the roots of the *dhak* tree which fell down resulting in the cutting of the bank. The tree should have been cut and it should have been ensured that there was no hole, etc., before taking up the remodelling work and cutting of the old bank. A copy of magisterial enquiry report was sent (February 1977) by the Chief Secretary to the Administrative Secretary for fixing responsibility but no action had been taken thereon (July 1980).

In reply to the questionnaire of the Committee, the department

stated as under :—

"The matter was further investigated by the then Addl. C.E. (P) who conducted the enquiry at site and had full technical knowledge of the occurrence of breach in Hansi Branch. He was satisfied with the proper compaction of the channel being in quite good condition. He concluded that the breach occurred due to leakage through a burrow/fox hole which could not be controlled and developed into a breach. There was no defect in the execution of work. He held the breach as incidental and not due to fault of any body. The Govt. was satisfied with the finding of Addl. C.E.(P). However, as per suggestion in the Magistrate enquiry report, the concerned staff were instructed to follow them and, in future, time of occurrence of breach/cut must be given while reporting the event to the high ups. It was also decided to utilise the existing drains as escape in case of any future mishap for the release of water due to breach of cut."

\* \* \* \* \*

During oral evidence on 29-5-84, the Committee pointed out to departmental representative that according to the Executive Engineer, Division No. 1, Jind, who was a responsible officer of the Irrigation Department, the breach had occurred due to the water having seeped into the roots of the *dhak* tree standing near the site and that that fact was also corroborated by the Magisterial enquiry whereas the department had taken quite a contradictory stand in their written reply submitted to the Committee wherein it had been stated that the breach occurred due to leakage through a burrow/fox hole. The Engineer-in-Chief explained that the matter was investigated by the Additional Chief Engineer (P) who, after conducting enquiry at site, concluded that the cause of breach was not seepage of water into the roots of the *Dhak* tree but it was due to a leakage through a burrow/fox hole. He further added that the view of the Additional Chief Engineer should be given more reliance than the finding of the Magisterial enquiry because the former was a technical expert. When asked by the Committee as to why a second investigation was done when the Magisterial enquiry had established that the cause of the breach was a *Dhak* tree standing on the site which fell down due to seepage of canal water into its roots through a hole in old bank resulting in the cutting of the bank, the departmental representative explained that when the magisterial enquiry report went up to the Chief Secretary he passed on the same to the Administrative Secretary for administrative action in the matter. The Administrative Secretary passed it on the Head of the Department to fix the responsibility on the basis of the magisterial enquiry because the magisterial enquiry did not fix any responsibility on any body. It simply said that the breach was due to somebody's negligence and, therefore, responsibility for the negligence was to be fixed and action taken.

In order to find out who should be punished for the negligence the Add. Chief Engineer (P) investigated the matter at the site to fix responsibility and concluded that the breach had occurred due to leakage through a burrow/fox hole which could not be controlled and developed into a breach and that no body could be held responsible therefor. The departmental representative, however, could not satisfy the Committee as to why the version of the Executive Engineer who was also a technical expert and a local senior officer of the department, which was also corroborated by the Magistrate who held the enquiry and arrived at the same conclusion after looking into the circumstances and recording evidence at the site, could be disbelieved at a much later stage. The departmental representative also could not explain to the Committee as to why technical expert of the department could not convince the Magistrate at the time of Magisterial enquiry that the breach was not due to the *Dhak* tree but was the result of burrow/fox hole. The Committee was thus not satisfied with the explanation given by the department during oral evidence, and directed that all the relevant files relating to the case be submitted to the Accountant General, who after going through them would submit a report to the Committee.

In his report submitted to the Committee the Accountant General observed, inter-alia, as under. —

“There was nothing on record to show that the additional Chief Engineer (P) conducted any investigation at site of breach and that the files simply showed that a letter received from the Government, asking the department to take action in the matter, was marked to the concerned branch. One, therefore, fails to understand as to how the Additional Chief Engineer could visit the site, further investigate the matter and give his comments on the same day the file had been sent up to him for his comments”.

On the basis of the report of the Accountant General the Committee again examined the departmental representative on 25-6-85. During oral evidence the Chief Engineer stated that the reply under reference was submitted to the Committee on the basis of the facts told to them by the Superintending Engineer. In reply to the Committee's observations that the department should have given the reply on the basis of record available in the office rather than merely on hear-say the departmental representative explained that the Magisterial enquiry was ordered by the Chief Minister in the year 1976 and that the report of that enquiry was sent by the Chief Secretary to the department in January, 1977, because further action on the report was to be taken by the department. He added further that the department had only obtained comments from the Additional Chief Engineer and that on that basis the reply under reference was sent to the Committee. He apologised for making a wrong statement before the Committee that the matter was further investigated by the then Additional Chief Engineer (P) who conducted the enquiry at site. He also stated that the Magisterial enquiry was not an enquiry in the strict legal terms and that it was just a civil administrative enquiry report on which the Chief Secretary had desired the department to fix the responsibility. The Additional Chief Engineer, who had visited the site earlier and had questioned all the people around present at the time of occurrence came to the conclusion that the breach was not caused by the *Dhak* tree as stated in the magisterial enquiry but it was due to

a burrow/fox hole through which water seeped causing a breach. He also informed the Committee that the report of the Additional Chief Engineer was submitted to the Government but the file was untraceable and that from the record available with them it was evident that it was sent to the Chief Minister from where it did not come back. He, however, assured that they would locate the file.

The Committee express their displeasure at the apathy of the department in sending their reply to the Committee without verification of the facts although they had sufficient time to sift the facts and explain the correct position to the Committee. The Committee strongly deplore this tendency, which is tantamount to suppression and distortion of facts.

The Committee observe that the departmental Secretary, being the principal witness before the Committee, is personally responsible for placing correct and factual evidence before them. Needless to mention, that written replies sent by the departments assume greater significance, as the Committee have sometime to draw appropriate conclusions from these replies without requiring the department to appear before them for oral evidence.

The Committee would, therefore, like to impress upon the departmental secretaries the need for placing factual position before the Committee wherein the view of the Government on the Audit points is clearly stated.

The Committee would also like the Finance Department to issue suitable instructions to all the departments in this regard.

The Committee further desire that the relevant missing files on the case of "Breach in the Hansi Branch" should be located expeditiously and the final action taken on the report of Additional Chief Engineer be intimated to them.

[18 (b)] *Paragraph 4 1.3.* A Sectional Officer of Construction Division No. III, Panipat, did not hand over charge of stores in his custody on his transfer in January 1979. The Executive Engineer ordered (March 1979) physical verification of the stores by two Sub-divisional Officers. Physical verification of stores conducted in March 1979 revealed that 36,000 cft. of Kota stone valuing Rs 0 41 lakh was found short. The amount was placed under Miscellaneous Public Works Advances as recoverable from the Sectional Officer.

The Executive Engineer stated (May 1980) that the Superintending Engineer had been requested (March 1980) to entrust the enquiry to two Executive Engineers. Further development is awaited (July 1980).

The matter was reported to Government in September 1980; reply is awaited (March 1981).

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

"The factual position is that the J.E. had not refused to hand over the charge of the store at the time of his transfer. He wanted full signature for the materials from his successor

but his successor was apprehending some shortage in the Kota Stone. On his request, the Executive Engineer Construction Division No. 3 deputed two S.D.Os for carrying out physical verifications.

Before issuing the chargesheet, it was obligatory on the Deptt. to find out the actual quantities of shortage because in the subsequent physical verification conducted by two other S.D.Os. there was a possibility of an overall saving of 10395 sft. of Kota Stone. Further verification has been done now and the J.E. Sh. Birbal Singh has been served with a Show Cause Notice on 14-3-84.

Physical verification was conducted in 7/81 by another Sub Divisional Officer and again in June 1983. Shortage of 36002 sft. stand accepted for which Show Cause Notice is being served upon him Sh. S.C. Garg S.D.O. incharge is also being asked to explain the circumstances under which he found surplus stone of 10395 sft. while carrying out the physical verification with other S.D.O.

On the basis of physical verification report which was accepted the cost of shortage of Kota Stone has been placed in P.W. Misc. advance of Sh. Birbal Singh J.E. and will be recovered after the receipt of his reply to the Show Cause Notice."

During oral evidence on 29-5-1984, the Committee observed that it was a sad commentry on the working of the department that except writing letters and giving reminders leisurely during the period of five years the department had not taken any action against the guilty officers/officials. The departmental representative, while agreeing to the observations of the Committee, had assured them that a special enquiry into this matter would be conducted in a month's time and that the erring officials/officers would be suspended. The Committee, however, regret to observe that the result of the enquiry, as promised during oral evidence on 29-5-84 had not been sent to the Committee till the drafting of this report.

The Committee are distressed to note that although the department had promised to take action against the erring officials/officers after conducting a special enquiry within one month, no compliance report was sent to them even after the lapse of six months. The Committee, therefore, desire that responsibility for not complying with the assurance held out to the Committee be fixed and report in this regard sent to them within a period of three months.

The Committee further desire that the action taken on the basis the enquiry conducted into the case together with disciplinary action, if any, taken against the officials/officers found responsible/guilty be intimated to them expeditiously.

#### *Paragraph 4.2. Construction of Sewana Majra Minor*

[19.] With a view to providing irrigation facilities to the villages situated at the tail of Kahnaur distributary, an estimate of Rs. 3.52 lakhs

was sanctioned for constructing Sewana Majra Minor branching at RD 2450 R of Dubaldhan Minor and linking the same with Kahnaur distributary. The project envisaged irrigation of 2,874 acres against 529 acres irrigated on an average and was to be a productive one. On completion of the work (except masonry works) in December 1978 at a cost of Rs. 2.20 lakhs, it was noticed that the newly constructed Sewana Majra Minor would be in a position to carry only 7 to 8 cusecs against the expected discharge of 15 cusecs. The area irrigated in 1979-80, was 930 acres. Lower discharge through the channel was attributed to non-construction of head regulator of Bakra Minor and aqueduct across Loharu Feeder for which provision was not made in the original estimate.

While rejecting revised estimate of Rs. 6.02 lakhs incorporating these items of work, the Chief Engineer observed (June and July 1979) that (i) the area could be served adequately from the lift installed on Kahnaur distributary and there was no advantage in transferring it from one lift scheme to another, (ii) the entire expenditure was infructuous, and (iii) responsibility for misleading the Government as a result of which avoidable expenditure was incurred would have to be fixed.

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

“On the completion of Earth Works the supply in the Siwana Majra Minor should have been 15 Cs., but it was found that the supply was 7 to 8 Cs. in this minor. This was due to the reason that there was a Tibba reach with a length of 1 KM channel and naturally there was absorption losses on higher side than if compared with the other reaches. The matter was again investigated on receipt of the observations by the Chief Engineer and it was proposed to instal Head Regulator of Bhakra Minor, aqueduct across Loharu Feeder & Additional pump there. A revised estimate for Rs. 6.02 lacs was prepared for constructing Head Regulator etc. etc. which was sanctioned by the Govt. on 15-4-82. In view of this sanction, the matter stand regularised and no responsibility on any officer/officials can be fixed. The work has not been taken up due to shortage of L.O.C. This work will now be completed by April 1984 when more L.O.C. is expected.”

During oral evidence on 29-5-1984, when asked to explain the justification for the preparation of revised estimate of Rs. 6.02 lakhs, particularly when the Chief Engineer while rejecting it had observed inter-alia that the entire area could be served adequately by the existing infrastructure and that the entire expenditure was infructuous, the departmental representative stated that it was the decision and opinion of the then Chief Engineer and that the other Chief Engineer approved of the proposals for revised estimate which was sanctioned subsequently.

The Committee observe that in view of the divergent opinion of the two Chief Engineers it was incumbent upon the Government to have looked into the proposals of the revised estimates carefully to arrive at the conclusion as to opinion of which of the two Chief Engineers was correct with respect to these proposals.

The Committee, therefore, recommend that the Government should now thrash out the whole case in the light of the foregoing observations of the Committee and fix responsibility on the concerned Chief Engineer who gave technically wrong opinion on the case and send a report in this behalf to the Committee within six months.

Paragraph 4.3. Penal recovery of cost of coal issued to kiln contractors in excess of requirements D/- 07/09/22

[20.] (i) As per the procedure in vogue in the Irrigation Department, contract for supply of bricks is awarded to kiln contractors and slack coal for burning of bricks is supplied by the department on a prescribed scale which is 25 M.T. per lakh of accepted type of first class bricks and cost of coal consumed in excess of the prescribed scale is recovered at penal rate. It was, however, noticed (July 1979) that Sutlej Yamuna Link Division No. 2, Ambala, placed four supply orders on a kiln contractor during June 1978 to November 1978 for supply of 6.5 lakh bricks without including the penal clause, reasons for this being not known. Out of these, one supply order for 2 lakh bricks was cancelled on 21st February 1979. 162.50 M.T. of coal as per the prescribed scale which included the requirement of coal for 2 lakh bricks, order for which was cancelled, was offered by the Division between September 1978 and February 1979 without taking safeguards for recovering the cost of the same.

During June 1978 to December 1979, the kiln contractor supplied 2.07 lakh bricks for the manufacture of which only 51.68 M.T. of coal was required. Balance quantity of coal, i.e. 110.82 M.T. (value at penal rate Rs. 0.44 lakh) was not returned by the contractor. Using this coal, the contractor could have manufactured 4.43 lakh bricks and sold them elsewhere.

Due to non-inclusion of penal clause in the work order as required under departmental rules, penal recovery amounting to Rs. 0.44 lakh could not be made.

Against the recoverable amount of Rs. 0.44 lakh, only Rs. 0.05 lakh (Rs. 0.01 lakh as security deposit and Rs. 0.04 lakh pending dues) was available with the department. The Division stated (July 1980) that 122.46 M.T. of coal lying at kiln site was issued to avoid rehandling charges.

The matter was reported to Government in August 1980; reply is awaited (March 1981).

(ii) A sum of Rs. 0.47 lakh on account of cost of coal (at penal rate) used in excess was recoverable from a contractor in Sutlej Yamuna Link Division No. 6, Ambala. Against this, a sum of Rs. 0.11 lakh representing security deposit (Rs. 0.04 lakh) and contractor's assets lying at kiln site (Rs. 0.07 lakh) was stated to be available with the department for adjustment. The department proposed (March 1979) to recover the outstanding dues from the contractor through arbitration. However, no arbitrator has been appointed by the department so far (December 1980). Further developments are awaited.

The matter was reported to Government in July 1980; reply is awaited (March 1981).

In reply to the questionnaire of the Committee the department, explained the position as under :—

“No penal clause was required to be inserted in the agreement or the work order as in this case, the supply of coal to the Contractor was only required to be made when the bricks were actually received by the department representatives i.e. SDOs or the JEs.

In view of above no one can be held responsible for the non inclusion of penal clause in the work order.

Factual position is that the coal on transportation from Kurukshetra was kept at Kiln site in order to avoid unnecessary carriage charges. A Chowkidar was employed at the store i.e. at place of Kiln to keep proper watch of the coal. S/Sh. D.K. Verma, SDO and Ashwani Kumar, J.E. were considered responsible for lifting of coal by the Contractor without supplying the Bricks to the Deptt. Since the matter was referred to the Arbitrator, no action could be taken against these two officials by the deptt. The award of the Arbitrator has now been received in December 1983 and these officials will be asked to explain as to why cost of coal supplied for 2 lacs bricks order which was cancelled on 21-2-1979 was not recovered from the Kiln Contractor. Further action against these two officials will be taken after examination of their explanations. The Arbitrator has awarded in favour of the Deptt. and the recovery of the cost of the coal, according to the awarded price, will be effected as and when the award is made a rule of the court for which the department is taking appropriate action.”

During evidence on 24-7-1984, the departmental representative admitted that an F.I.R. of theft of coal should have been registered with the police immediately after the matter of lifting of coal by the contractors from the dump came to their notice and that it was a lapse on their part. He, however, added that the matter was referred for arbitration and the award, which was in their favour, had been referred to the court, for making a rule of the court, whose decision was awaited. He also assured the Committee that action against the officials/officers found responsible would be taken after the award was made the rule of the court.

The Committee desire that the matter of getting the award made a rule of the court be pursued in the court vigorously and progress intimated to them.

The Committee also desire that the action taken against the concerned officials/officers be intimated to them within three months.

The Committee further observe that the existing procedure for dealing with the delinquent contractors is not only defective but also cumbersome. According to the existing procedure, followed by the department, the cases of disputes are referred to the arbitrators and the awards given by them in these cases are referred to the courts for making them



the rule of the court. In the process it takes years together to finalise the cases of recoveries against the contractors who, in many cases, become untraceable.

The Committee, therefore, recommend that the whole procedure should be examined and rationalised so as to achieve speedier settlement of such disputes and decision taken in this behalf be reported to them.

*Paragraph 5.1. Synopsis of important stores accounts*

[21.] A synopsis of stores and stock accounts in respect of Irrigation Department for the latest years for which accounts have been rendered by them is given below :—

Serial Number	Department/ Stores	Year of account	Opening balance	Receipts	Issues	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(in lakhs of rupees)</i>						

**Irrigation—**

<b>(a) Bhakra Canals—</b>						
Building materials, timber, fuel, lubricants, paints electrical goods, etc.		1979-80	4.84	44.98	35.58	14.24
<b>(b) Other than Bhakra Canals—</b>						
Cement, iron, bricks and miscellaneous stores		1979-80	3,30.86	37,92.57	34,05.48	7,17.95

The department in reply to the questionnaire of the Committee, stated as follows :—

“During the year 1979-80 re-organisation of Circles was made as a result thereto certain divisions were opened and certain closed and merged with other divisions. Moreover due to non timely adjustment of A.G.’s Memos the closing balances of stores are on the higher side. The main specific reason for this can be attributed to deficiency of account knowing staff and increase in the accounts work load without corresponding increase in the staff.

The purchases were made judiciously and generally the closing balances had been within the sanctioned Reserve Stock Limit. However, where the closing balances have exceeded the reserve stock limit, it is either due to non adjustment of A.G.’s memos or due to merger of defunct divisions with another divisions. However, instructions have separately been issued to all field offices to get the Reserve Stock Limit fixed immediately, if not already done. A strict watch on the purchases of stores is kept through the Reserve Stock limit.

"No noticeable excessive purchase of stores has come to light during the subsequent years."

During oral evidence on 24-7-84, the departmental representative in reply to a question of the Committee stated that the reasons for increase of stocks from 4 84 lakhs to Rs. 14 24 lakhs were due to the fact that cement and other material had been purchased during 1979-80 for completing lining works under the World Bank Scheme. He also added that some increase might have been due to purchase of machinery worth Rs. 1.50 crores made in connection with Hathni Kund Barrage which has now been given to the Punjab Government for completing the S.Y.L. project and that in connection with these purchases the department had suspended a number of officers/officials even upto the level of Superintending Engineers against whom there were complaints of corruption and malpractices. There are cases of wrong information about stock position having been given by the concerned staff.

In reply to a question of the Committee as to what action did the department propose to take for settling such cases as also taking action against the persons who were responsible for delaying such cases, the departmental representative admitted that there was failure at various levels in the supply of the information pre-requisite to the settlement of these cases and certain records were not forthcoming. The departmental representative, however, assured the Committee that they would search the record that was not forthcoming and call for the explanation of the concerned persons who had given wrong information initially and would also take action against them. He further informed the Committee that they were launching a weeding-out operation in the Irrigation department to take stringent action against such officers/officials, as were found guilty of corrupt practices.

The Committee, therefore, desire the department to implement their own assurance held out to the Committee during oral evidence as stated above expeditiously and intimate the result of their efforts to them.

*Paragraph 5.3. Physical verification of stores*

[22] The stores are required to be physically verified periodically by responsible officers independent of the stock-holders. The results of physical verification of stores during 1979-80 were not received by Audit (December 1980) from 106 out of 199 Public Works divisions as shown below :—

1. Irrigation—	
(a) Bhakra Canals	6
(b) Other than Bhakra Canals	66
2. Buildings and Roads	13
3. Public Health	21
Total :	<hr/> 106 <hr/>

In reply to the questionnaire from the Committee, the department

submitted as under :—

“The total No. in which physical verification was not done is 70.- Physical verification in the case of 62 divisions has since been done and necessary reports have been sent to the Audit by the respective S.Es/Executive Engineers concerned. In the remaining 8 divisions i.e. 4 divisions of Bhakra Canals, and 4 divisions of other than Bhakra Canals, necessary instructions have been issued to get the store physically checked by appointing the independent agency.

In one case of Faridabad division of WJC Feeder Circle shortage worth Rs. 71273/- in the store of Sh. N.K. Tayal J.E. was noticed which was reported to the Police. The Chief Judicial Magistrate Faridabad, has sentenced this J.E. to two years simple imprisonment and fine of Rs. 1000/-.

The Physical verification of the remaining 8 Divisions, as mentioned above, was conducted in subsequent year i.e. 1980-81.”

In reply to a question of the Committee as to what steps had been taken for the recovery of Rs. 71,273 on account of shortages in the store of Shri R.K. Tayal, former Junior Engineer, Faridabad, the departmental representative stated that according to a letter received from the Superintending Engineer on 19-6-1984, the Executive Engineer, Faridabad Division, was being directed to file a civil suit against Shri R.K. Tayal, in consultation with Legal Assistant.

The Committee desire that the steps taken and progress made to effect the recovery of Rs. 71,273 from the Junior Engineer, be intimated.

#### *Paragraoh 5.6. Shortages*

[23.] Four cases of shortages of material valuing Rs. 1.37 lakhs were noticed in three divisions mentioned below :—

<i>Name of the division</i>	<i>Nature of material</i>	<i>Value of shortages (in lakhs of rupees)</i>	<i>When noticed</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)
(i) Augmentation Mechanical Division No. 2, Karnal (defunct)	Electric motor, engine, concrete mixer and accessories	0.53	December 1974	Shortages of material valuing Rs. 0.55 lakh were noticed by the departmental authorities in December 1974 against a Sectional Officer (appointed on <i>ad-hoc</i> basis) after termination of his services in May 1973. The Sectional Officer left with out handing over charge. A police case could not be registered. The Sectional Officer cleared shortages valuing Rs. 0.02 lakh in January 1977. His whereabouts were not known.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

(iii)	(11) Tiles, empty cement bags, tools and plant articles	0.22	December 1975	Shortages of materials valuing Rs. 0.30 lakh were noticed in December 1975 against a Sectional Officer. After reconciliation of accounts, the division intimated (January 1977) that shortages to the extent of Rs. 0.22 lakh stood against the Sectional Officer who reportedly tampered with the records and showed fictitious issues of stores. Reports were lodged with the Police in December 1977 and January 1978. Results are awaited (December 1980).
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The department in reply to various questions from the Committee, stated as under .—

“(i) The J.E. was on adhoc basis and on arrival of regular J.E. his services were terminated. Sh. P K. Mittal, the then S.D.O. is being asked as to why he failed to order the adjoining J.E. to take over charge from Sh. Ranjit Singh J.E. whose services were terminated on 31-5-73.

The security is always got deposited from the J.E. who is incharge of the store, whereas in this case the Sectional Officer now J.E. was not incharge of the store except a few items of machinery which was being used on works under his charge. In view of this, no-body can be held responsible for not obtaining security from this J.E. as he was appointed on three month basis in the 1st instance and that period was extended upto 31-5-73 from time to time.

The department approached the Police Authority for Registration of F.I.R. of the Department, but the Police Authority did not accept the request of the department. The Police Authority finally on 8-7-82 demanded documents before registering F.I.R. against the J.E. The documents have been supplied to the Superintendent Police, Karnal by the S.E./Remodelling Circle on 9-12-83. The whereabouts of the J.E are known to the Deptt.

The present position of the case is the same as reported above and no shortage has been made good so far. The position will be reviewed after the receipt of the explanation of Sh. B.K. Mittal and the action of the Police Department."

(ii) \*

\*

\*

\*

(iii) "The F.I.R. was lodged by the then S.D.O. Siwani Canal Sub Divn. I Bhiwani through a registered letter sent in the name of S.H.O. Police station, Tosham. It was presumed that the police must be investigating the matter, but on personal contact made on 17-12-82, it revealed that no F.I.R. was actually lodged by the Police authorities and no investigation was/is going on against the J.E Sh. S.C. Sharma. The S.D.O. incharge at that time was Sh R.L. Chawla. His explanation for not pursuing the matter with the police authorities well in time are being called for. As stated above further responsibility on the supervisory staff will be fixed on receipt of explanation of Sh. R.L. Chawla S.D.O. The J.E. Sh. S C Sharma is no more with the department."

(i) During oral evidence when asked as to why an adhoc employee without any stake in the department was made incharge of the store having huge stocks and why some responsible official/officer of the department was not entrusted the charge of the stores before he was relieved from the service and what steps were proposed to be taken by the department to prevent recurrence of such cases, the departmental representative stated that he was himself not satisfied with the existing system of the working of the department i.e. when some body was relieved/retired from service, only then some material was shown short against him and follow up action initiated to make good the losses. He further stated that the existing system was required to be streamlined and improved to avoid the recurrence of such cases.

(i) The Committee recommend that immediate steps be taken to improve and streamline the existing system of handing/taking over of the charge of the stocks/stores to avoid recurrence of such cases in future.

The Committee desire that the progress made to make good the shortages of stores worth Rs 0.53 lakh be intimated to them at regular intervals.

The Committee also desire that the action taken against Shri B.K. Mittal the then S.D.O. for his failure to order the adjoining Junior Engineer to take over charge from Shri Ranjit Singh, Junior Engineer, whose services were terminated, be intimated to them.

(iii) The Committee desire that the action taken against Shri R.L. Chawla, the then S.D.O. for his failure to pursue the matter with the police authorities well in time be intimated within six months.

The Committee also desire that responsibility fixed on the supervisory staff together with the action taken against them be intimated within six months.

The Committee further desire that the progress made to make good the shortages of stores worth Rs. 0.22 lakh, be intimated to them.

## MEDICAL AND HEALTH

*Paragraph 3.11. Drugs control in Haryana**3.11.1. Introductory*

[24.] With a view to ensuring prescribed standard and quality of drugs and cosmetics manufactured, sold and distributed, the "Drugs and Cosmetics Act, 1940" was passed and Government of India framed the "Drugs and Cosmetics Rules, 1945". In Haryana State, the administration and enforcement of the Act has been entrusted to the Director of Health Services as State Drugs Controller. The State Drugs Controller is the licensing authority for issue and renewal of wholesale licences and licences for manufacturing drugs whereas the Chief Medical Officers are the licensing authorities for issue and renewal of retail drugs licences. The samples (biological and non-biological products) are tested/analysed at the State owned Drugs Laboratory at Chandigarh.

3.11.2	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*

3.11.3. Following points were noticed in test-check (May 1980) of the records of State Drugs Laboratory and the Drugs Inspectors of 4 District Headquarters (Ambala, Karnal, Gurgaon and Rohtak) for the years 1975-76 to 1979-80.

(a)

(i) and (ii)	*	*	*	*	*	*	*
*	*	*	*	*	*	*	*

(iii) *Sub-standard drugs*

The position of samples received from Drugs Inspectors for analysis and found sub-standard is indicated below :—

Year	Number of samples analysed	Number of samples declared sub-standard	Percentage of sub-standard drugs
1975-76	1,182	359	30
1976-77	1,458	391	27
1977-78	1,414	410	29
1978-79	1,125	296	26
1979-80	1,322	395	30

In spite of an increase in the number of manufacturing and wholesale selling units, the number of samples analysed during 1978-79 and 1979-80 actually showed a downward trend in comparison with the figures for 1976-77 and 1977-78

The department in reply to the questionnaire of the Committee, explained the position as under :—

"The results of analysis of different samples tested during different years cannot be the same. Slight variations in the

percentages of results of tested samples is bound to occur depending upon the improvement or deterioration of the quality of sampled drugs. The slight variation in the results of tested samples indicates that the quality of drugs manufactured in the State did not deteriorate remarkably

In the case of sub-standard drugs manufactured outside Haryana State the Drug Controller of the State in which the manufacturing unit was located was informed about the failure in test of the sampled product, giving complete information. Similar information was sent also to the Deputy Drugs Controller (I) North Zone Ghaziabad. The concerned Drug Inspector who had seized the sample was also directed to check the movement of the drug in question in the market and seize its stock, wherever available. In the case of Drug Manufacturing Units in Haryana State whose sampled products were found to be not of standard quality on test/analysis in Drug Laboratory, directives were issued to the concerned firms to withdraw the sub-standard drugs from the market. Copies of these directives were endorsed to the concerned Drug Inspectors to ensure that the unsold stocks of Sub-standard drugs are not sold.

As mentioned above on receipt of information regarding the declaring of a sample as not of standard quality, the manufacturer of which is located outside Haryana, the Drug Controller of the State in whose jurisdiction the manufacturer is located was informed about the failure of the sample giving necessary details. It was for the Drug Controllers of the concerned States to take action against their Drug Manufacturing Units 524 samples out of the 698 declared sub-standard had been manufactured outside the State. The remaining 174 cases, the manufacturers of drugs not of standard quality were called upon to recall the unsold stocks of their sub-standard drugs besides being asked to explain why action should not be taken against them, the following further action was taken :—

Licences for the manufacture of particular items cancelled	8
Licences suspended for defective manufacturing	1
Strict warnings issued	14
Units closed down	4

It may be added that out of the 174 cases referred to above, 100 cases were regarding manufacture of surgical dressings. No specifications of surgical dressings have so far been prescribed by Government of India. Policy regarding taking action against manufacturers of surgical bandages not of standard quality has also not been framed by Government of India. Moreover, the surgical bandages are mostly

manufactured by rural small scale industries. Therefore, they are being warned from time to time to improve their manufacturing techniques and no strict action is taken against them."

The Committee observe that the procedure adopted for taking action against the drug manufacturing firms located outside the State of Haryana is unsatisfactory apart from being lengthy and cumbersome. Under this system it takes pretty a long time to obtain the result of the sample of the drug and by the time the result is received and the drug found substandard, the damage is already done because by that time bulk of such substandard drug is sold in the market. The Committee, therefore, feel that unless the results of the samples of suspected sub-standard drugs are obtained within a shortest possible period of a week or ten days and the sale thereof is immediately banned in the State irrespective of whether such drug has been manufactured within the State or outside the State, the problem of circulation and manufacture of substandard drugs would continue to persist. The Committee think that the evil of manufacture and circulation of substandard drugs can be eradicated only if sustained and determined efforts are made and deterrent action against the guilty firms is taken with due promptitude.

The Committee, therefore, recommend that the existing system be streamlined, within the frame work of the Drug and cosmetics Act 1940, and Drugs and Cosmetics Rules, 1945, so as to ensure speedy implementation of the administration and enforcement of the said Act/Rules.

*Paragraph 5.4. Shortages in stores*

[25] (i) During the course of audit (April 1979) of accounts of District Malaria Officer, Hissar, it was noticed that the balance quantity of an insecticide (B.H.C. 50 per cent) as on 1st July 1977 was worked out as 1,334 drums of 50 Kgs capacity each instead of 1,337 drums, and on 2nd September 1977, the balance of this insecticide was worked out as 73 drums. In a new register opened subsequently this balance was not carried over. There was thus misappropriation of 76 drums (value : Rs. 0.23 lakh). The District Malaria Officer, Hissar, considered (January 1980) the store keeper to be responsible for the misappropriation. The case was reported to the Police (January 1981).

(ii) \* \* \* \* \*

The matter was reported to the Government in August, 1980, reply is awaited (March 1981).

During oral, evidence the Committee was informed that in the instant case 76 B.H.C. drums which were in the custody of Shri Raj Kumar, Store-Keeper of District Malaria Officer, Hissar had been misappropriated and that a charge-sheet against the Store Keeper had been prepared which would be served on him within a week or so. Subsequently, the department, vide their letter No. 59/7/83-6HB-II, dated 4-7-84, stated that charge-sheet under rule 7 of P & A Rules, 1932, had been served upon Shri Raj Kumar, Store-Keeper vide letter No. 198/R(14) 6EI-84/7693 dated 8-6-1984.

The Committee desire that action against Shri Raj Kumar, Store-Keeper, be finalised expeditiously and the final outcome intimated to them.



*Paragraph 3.12. Mobile dispensaries in Haryana*

3.12.1. *Introductory*

[26.] With a view to providing medical, surgical and other specialized services to the rural population, two mobile dispensaries and one specialized mobile dispensary were set up in January 1971 in three districts, Bhiwani, Gurgaon and Rohtak. In March 1973, the mobile dispensary at Rohtak was transferred to Narnaul.

An expenditure of Rs 13.87 lakhs was incurred on the dispensaries during 1970-71 to 1979-80.

3.12.2 Test-check (May 1980) of the records of Chief Medical Officers in the three districts of Bhiwani, Gurgaon and Narnaul revealed the following :—

(i) to (iv) \* \* \* \*

(v) *Activities of specialized mobile dispensary*

(a) \* \* \* \*

(b) A mention was made in Paragraph 3.14 of Audit Report 1976-77 that the sanctioned staff for a mobile X-Ray van, except for the dark-room attendant, which was ready for use in March 1973 had not been appointed and that no X-Rays were taken. Subsequent examination has revealed that the X-Ray plant went out of order in September 1976. Although it had not been repaired (May 1980), one driver and one radiographer were appointed in April 1978 and October 1979 respectively. Expenditure of Rs 0.26 lakh incurred on the pay and allowances of the staff (dark-room attendant, driver, radiographer) up to April 1980 has proved infructuous. Government accorded approval in April 1980 for the repair of the plant at a cost of Rs 0.19 lakh but it remained unrepaired (December 1980).

In reply to the questionnaire of the Committee, the department explained as under :—

“The sanction for repair of X-ray machine of Mobile Dispensary, Bhiwani received during April, 1980 was for Rs. 19,000, but the firm resubmitted the revised estimate for Rs 19,900 and the sanction was granted for Rs 19,900 vide letter dated 8-7-80. This sanction was valid for the year 1980-81. Accordingly the firm was requested to repair the 5 O-M A X-ray plant but the firm did not execute the work. Since the X-ray Plant in the mobile van was not proving useful and there was also persistent demand for such X-ray plants in other institutions, it was decided to dismentall this plant from mobile dispensary van and to instal it at P.H.C. Jhoggu Kalan. The firm submitted the estimate for dismentalling charges Rs. 6,000 vide their letter dated 7-1-81. The firm was requested to take up the dismentalling/shifting and repair of the machine at the earliest but in spite of the repeated reminders, the firm informed only on 15-12-81 that a Tube-head replacement was available and the firm was requested to complete the work before 24th December 1981/ during first week of January 1982. The firm demanded Rs.

26,900 for the above works (repair charges Rs 19,900 including cost of Tube-head, dismantling and reinstallation charges Rs 6,000 and Transportation charges Rs. 1,000) and the revised sanction was applied for. The revised sanction was accorded vide D.H.S. letter dated 30-11-82. The firm was requested to repair the X-ray Machine but they informed vide their letter dated 18-11-82 to collect Tube Head/Control from their workshop against payment of Rs. 21,236 in advance. The firm was requested by the Chief Medical Officer vide their letter dated 21-1-83 to send their engineer alongwith the Tube-Head and to arrange for the repair of the X-ray Plant, but the firm did not send their engineer. The Chief Medical Officer deputed his Radiographer to collect the Tube Head against the payment of Rs. 21,236 which was received in his office on 7-3-1983. The firm was requested to send their engineer vide telegram dated 27-6-83, 1-7-83, letter dated 9-6-83, telegram dated 25-7-83, but without any response from the firm. The Chief Medical Officer, Bhiwani vide his letter dated 26-7-83 deputed an official of his office to bring the Engineer. The Engineer of the firm visited the Civil Hospital, Bhiwani and after inspection of the plant declared that the X-ray Plant will involve heavy expenditure on repairs. The firm has now been given a final notice that since the Tube-Head has already been brought after paying Rs 21,236 as per their requirement, they must repair and install this plant in complete working order in accordance with their earlier estimate within one month of the receipt of this notice failing which the Health Department will be constrained to take legal action against them. Present position of the X-ray Plant at Bhiwani is the same as stated in para 2 above."

During oral evidence on 22-5-1984, the Committee was informed that a notice to the effect that the X-ray plant be repaired within a period of one month otherwise legal action would be initiated against them, had been served on the firm on 16-5-1984.

The Committee do not feel satisfied either with the written reply or the explanation given to them by the departmental representative during oral evidence. The Committee observe that the department has dealt with this case in a lackadaisical manner. They did not effectively deal with the firm, which had been putting off the department on one pretext or the other, for the last four years while the department had been believing them guilibly without taking any tangible action in the matter. It is only after waiting for more than five years that the firm had been served with a notice to set the plant right within one month failing which legal action would be taken against them.

The Committee desire that the responsibility should be fixed on the officer/official who did not initiate prompt and proper action against the firm which had been putting off the department on the issue of setting the plant in order for four years.

The Committee further desire that the final outcome of the notice served on the firm on 16-5-1984 be intimated to them in due course, specifically mentioning whether the X-ray plant is now in working order in case it has been set right by the firm after the service of the notice.

## AGRICULTURE

### Paragraph 3.2. Intensive Oil Seeds Development Programme

#### 3.2.1. Introductory

[27.] Intensive Oil Seeds Development programme, a Centrally sponsored scheme, was launched in 1974 with the object of increasing production in potential areas in selected States through (i) raising productivity of existing oil seeds crop by adopting improved agronomic techniques, (ii) increasing the acreage by popularising multiple cropping patterns, including oil seeds, and (iii) introduction of non-traditional oil seeds with least disturbance to other oil seeds crop. The entire expenditure on the scheme, during the Fifth Five Year Plan (1974-75 to 1978-79), was borne by the Government of India. From 1979-80, the expenditure is to be shared equally between the Central and State Governments.

The scheme envisaged :— (a) adequate supply of improved varieties of oil seeds, (b) making available the inputs on time to every farmer, (c) organising plant protection measures on a campaign basis, (d) laying out problem oriented demonstrations and (e) providing technical advice and service particularly in locating factors hampering high productivity. It was taken up in Gurgaon, Mohindergarh and Hissar Districts from 1974-75, 1976-77 and 1979-80 respectively. Reasons for not taking up the scheme in Mohindergarh in 1974-75 itself even though it was intended to be launched simultaneously in Gurgaon and Mohindergarh districts are not known.

3.2.2. Points noticed in test-check (June 1980) of the accounts and other records of implementation of the scheme during 1974-75 to 1979-80 at the offices of the Deputy Director of Agriculture, Gurgaon, and Project Officer, Narnaul, are detailed in the succeeding paragraphs :—

#### 3.2.3. Financial Outlay

Against the approved outlay of Rs. 57.36 lakhs from 1974-75 to 1979-80, the actual expenditure was Rs. 19.90 lakhs (Rs. 18.59 lakhs to be borne by Government of India) and the amount released by the Government of India was Rs. 23.09 lakhs which was Rs. 4.50 lakhs more than the share of the Central Government under the scheme.

Reasons for non implementation of the programme as per approved outlay and for excess release of assistance from Government of India are awaited (July 1980).

#### 3.2.4. Targets and achievements

Particulars of the area covered and production reported by the department are given below :—

Targets.	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
Additional area (in thousand hectares)	10	20	30	40	50	57
Additional production (in thousand tonnes)	3	6	9	12	15	Not specified

Achievements	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
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(a) Total area covered under the scheme (in thousand hectares)

Gurgaon	22	33	18	15	16	13	16(*)
Mohindergarh	27	37	16	16	27	16	13
	49	70	34	31	43	29	31

Hissar (base year 1978-79 with area 33,000 hectares)							27
							58

(b) Additional area covered under the scheme (base year 1973-74/1978-79)	21	(—)15	(—)18	(—)6	(—)20	(—)24	
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(c) (+) Increase/ (—) decrease with reference to target	(+)11	(—)35	(—)48	(—)46	(—)70	(—)81	
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	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
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(d) Total production (in thousand tonnes)

Gurgaon	7	25	9	6	7	11	11(*)
Mohindergarh	8	31	8	11	12	13	8
	15	56	17	17	19	24	19

Hissar (base year 1978-79 production 22,000 tonnes)							18
							37

(e) Additional production (base year 1973-74/1978-79)	41	2	2	4	9	Nil	
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(f) Total increase (+)/decrease (—) with reference to target	(+)38	(—)4	(—)7	(—)8	(—)6	—	
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The area covered under oil seeds crop using improved seeds decreased from 70,000 hectares (1974-75) to 31,000 hectare (1979-80) in Gurgaon and Mohindergarh districts, and the total production in these areas also decreased from 56,000 tonnes to 19,000 tonnes. In Hissar district, the acreage decreased from 33,000 hectares (1978-79) to 27,000 hectares (1979-80) and the production from 22,000 to 18,000 tonnes. The average yield per hectare ranged from 0.44 tonne (1977-78) to 0.83 tonne (1978-79).

(\*) Includes area in Faridabad district.

The decrease in acreage under oil seeds crop and production of oil seeds was reported by the department to be due to the rainfall pattern, adverse agroclimatic conditions, unfavourable market price and the oil seeds crop being risky due to aphid attack and frost. The supply of improved variety was limited by availability from seed producing agencies and this also affected the production.

### 3.2.5. *Demonstration plots*

With a view to educating farmers in production technology for realising higher yields, large sized demonstration plots were to be laid out at the rate of one hectare for every 100 hectares of additional area taken up each year. The demonstration plots were to be problem oriented and were to be planned after taking into account the findings of diagnostic team with a view to suggesting corrective measures. An assistance of Rs. 125 per hectare was provided for this purpose.

An expenditure of Rs. 1.94 lakhs (Mohindergarh : Rs. 0.81 lakh; Gurgaon : Rs. 1.13 lakhs) was incurred on laying out 4,068 (Mohindergarh : 1,713 and Gurgaon : 2,355) demonstration plots (0.4 hectare each) between 1974-75 to 1979-80.

Neither was any diagnostic team constituted nor was there any record to show that plots were inspected by an expert. From 1974-75 to 1976-77, in the absence of improved variety of seeds, the assistance for demonstration plots was given in the form of subsidy on the cost of fertilizer purchased by the farmers. From 1977-78, 2 Kgs. of seed and fertilizers were supplied upto the ceiling of Rs. 50 per plot of one acre. The results of demonstration plots in case of Gurgaon for the years 1974-75 to 1978-79, were not made available to Audit.

In reply to the questionnaire of the Committee, the department explained as under :—

“The objectives of the scheme have been achieved. No objections/observations have been raised by the Govt. of India which shows that the Govt. is satisfied with the achievements under the programme.

The scheme was started in Gurgaon district in 1974-75 as there was compact area under rape seed and mustard. It could not be started in Mohindergarh district simultaneously as rape seed and mustard did not cover compact areas in that district. The scheme was extended to Mohindergarh district during 1976-77 as the compact area under rape seed and mustard increased.”

Reasons for non implementation of the scheme as per approved outlay are given below :—

- “(i) Due to change in area of the scheme from Hissar to Gurgaon District and late receipt of sanction from the Govt. of India, funds could not be utilised in full during 1974-75.
- (ii) Sufficient quantity of improved seeds of oilseeds was not available from the HSDC or H.A.U. due to which Minikit trials could not be laid out.

- (iii) Adverse agro-climatic conditions viz. heavy wind velocity, unusual rains and hail storms at the time of maturity of the crop affected the crop. Unusual rains, hail storms particularly in the year 1977-78 in the month of March affected the crop. Due to early sowing in 1978-79 the tender seedling withered due to high day temperature resulting in overall decrease in the area as well as production. The crop stand was patchy. Attack of aphid also affected the crop. During the year 1979-80, South West Haryana faced severe drought conditions due to failure of monsoon. Hence loss coverage of area and achievement less than the targets. The attack of aphid affects the crop every year inspite of taking appropriate measures. Generally the oilseed crops are grown under rainfed conditions. Therefore, area coverage and production show marked fluctuations year to year. Regarding excess release by the Govt. of India (4 49 lakhs) the release was made on the basis of anticipated utilisation which could not materialise due to above mentioned facts and the excess amount has been adjusted. The drought affected the State severely during 1979-80, particularly South Western districts. This ultimately affected the coverage of area as well as production as rape seed and mustard are being grown in the South-Western districts. Generally, the rape seed and mustard are grown under rainfed conditions and therefore the area coverage and production show marked fluctuations year to year depending upon the climatic conditions. Every efforts were taken to provide more plant protection umbrella to these crops against aphids which is the main damaging pest of the crop. More area was covered under aerial spraying on the crop which increased from 7128 Hects. during 1979-80 to 27937 Hects during 1982-83 and it is estimated to cross more than 30,000 Hects. during the current year (1983-84). In addition to this, Sirsa, Bhiwani and Faridabad districts have been covered under the programme since 1982-83 to boost up the oilseeds production. The area and production in these districts after 1979-80 is as under :—

A—000 Hects.  
P—000 Tonnes

Sr. Districts No.	1980-81		1981-82		1982-83	
	A	P	A	P	A	P
1. M. Garh	23	20	29	28	30	21
2. Gurgaon	18	16	25	20	19	13
3. Hissar	97	55	47	32	44	33

During 1980-81, there were good rains in the month of December and the farmer sowed maximum area under Taramira in the rainfed fields in Hissar district. That is why the area in Hissar district jumped up during this year.

Demonstration plots were to be laid on problem oriented basis. It was aimed that the farmers should be demonstrated new technology for tackling the problems being faced in raising of identified crops. The norm of laying of demonstration plots was that on every additional 100 hectares area under oilseeds, the demonstration plots were to be laid on 1 hectare by providing assistance to the extent of Rs. 125 per hectare. However, it does not mean that the size of each demonstration was necessarily to be 1 hectare. Depending upon the availability of funds under the scheme, demonstration plots were laid and average size of such demonstration plots was kept at 0.4 hectares (1 acre) each. It was also thought that the size of 1 acre for each demonstration plot was sufficient enough to demonstrate the efficacy of new technology. Since the reluctance of farmers to use fertilizer and improved seeds for oilseed crops were identified as two major problems, the efficacy of these inputs was demonstrated through large number of demonstration plots, and in all 4068 demonstration plots, were laid out from 1974-75 to 1978-79 in Gurgaon and Mohindergarh districts

Problems and bottlenecks, if any, faced in the production of oilseed crops and laying of demonstration plots of such crops, were discussed with the HAU scientists by the concerned officers of the Deptt. in the Agricultural Officers Workshop and other meetings, and also in the State & District Level meetings of the departmental officers held from time to time. Supervisory officers from the headquarters and also in the field inspected the demonstration plots and timely corrective steps were accordingly taken on the spot. In view of these circumstances, no necessity was felt for constituting diagnostic teams as it would have been nothing but duplication of efforts.

No subsidy was given to the farmers on whose fields demonstration plots were laid. Under the scheme, there was a provision of supply of free inputs for laying of demonstration plots, subject to a maximum expenditure of Rs. 125 per hectare. However, due to non availability of improved varieties of seeds in certain years, only fertilizer was distributed free of cost for laying of such demonstration plots. As and when seed of improved varieties was available, the seed was also supplied free of cost besides fertilizer to make it a full package for laying out a demonstration plot.

"The results could not be traced in the old files at the time of audit."

During oral evidence on 24-1-1984, the departmental representative explained that the assessment of success achieved, under the intensive Oil Seeds Development Programme, was made by the Government of India and that their observation was that there was a scope for improvement in the objectives achieved. When asked as to why a copy of the Report of the Government of India had not been made available to the Committee, the Departmental Representative stated that since the Committee had not specifically asked for the same it was not supplied earlier

and added that copy of the relevant portions of the report would now be made available to the Committee. He further informed the Committee that per hectare yield in Haryana (Gurgaon) was 7.5 quintals while in Bihar it was 2.7 quintals, in Madhya Pradesh 11.5 quintals, in Rajasthan (Alwar) 8 quintals, Uttar Pradesh (Agra) 13.3 quintals and (Nainital) 9.9 quintals and in Punjab 7.1 quintals. When asked as to why the average per hectare yield in Haryana was not as good as in some other States, the Departmental Representative explained that the comparison with other States would not be meaningful because the weather conditions varied from State to State. When pressed further to elaborate if the rate of increase in yield in Haryana was commensurate with the expenditure incurred under the programme, the departmental representative stated that *the major factor for relatively poor performance was the lack of suitable variety of seeds and added that they had not been able to evolve suitable variety of seeds.* He conceded that there was no technological break-through in those crops.

The Committee consider it unfortunate that the department failed to furnish to them a copy of the relevant portions of the Survey Report of the Government of India, as promised during oral evidence, even till the time of drafting of this report. Obviously, the Committee are unable to assess the real success of the scheme. However, during oral evidence, the departmental representative had admitted of relatively poor performance owing to their failure to evolve a suitable variety of seeds, the Committee observe that the department did not make desired efforts to make this scheme a success.

The Committee would, therefore, urge that the department should make sustained efforts, with the help of Haryana Agricultural University Scientists, to achieve technological break-through for evolving a suitable variety of seeds so that the State of Haryana does not lag behind other States in India in such programmes.

The Committee further recommend that the relevant portions of Survey Report of the Government of India should be carefully examined by the department so as to ascertain precisely the nature and extent of deficiency, if any, pointed out therein with a view to taking remedial measures. The Committee would also like the department to report to them results of the studies so made and the action taken thereon together with a copy of the relevant extracts from the Survey Report of the Government of India.

### *Paragraph 3.3. Loss due to leakage of pesticides*

[28.] Pesticides are stored in various places in districts for distribution/sale. The records of the Plant Protection Inspectors Ambala, Barara, Naraingarh, Yamunanagar and Pinjore showed that as compared with the stock of 5,669 litres (value : Rs. 2.05 lakhs) in March 1978, 676 litres (value : Rs. 0.30 lakh) leaked out from containers during March 1972 to May 1977. The value of the pesticides/insecticides which had leaked increased to Rs. 0.40 lakh on physical verification conducted in March 1978 by the Assistant Plant Protection Officer, Ambala, on the suggestion of Audit. Further scrutiny in July 1980 revealed that the leakage upto June 1980 increased to 1,348 litres (value : Rs. 0.59



lakh) compared with stock of 8,256 litres (value : Rs. 3.47 lakhs). The department stated (November 1980) that the net cost of these pesticides worked out to Rs. 0.47 lakh (details not supplied). No permissible evaporation/leakage limit had been fixed by the department. The shortages were not investigated (November 1980).

The department attributed (November 1980) the leakage to natural factors and longer duration of storage.

The matter was referred to Government in September 1978; reply is awaited (March 1981).

The department, in reply to the questionnaire of the Committee stated as under :—

“District-wise committees, each headed by a class II officer, were constituted in February, 1980 to look into the matter in respect of each centre. This para relates to district Ambala only and the reports of the committee reveal that this leakage/shortage was due to natural causes and no officer/official was responsible for it. In fact in Ambala district the purchases from 1966 to 1979-80 were worth Rs. 49.00 lakhs. The leakage against this purchase in a span of 14 years was only Rs. 0.47 lakhs. This means that the leakage in 14 years was 0.09%. It may be pointed out that enquiries made from other States have revealed that they have prescribed the norms of leakage in pesticides exceeding 1% per annum.

It is simple accumulation of quantity of leakage which has to be shown in accounts as shortages until written off after obtaining sanction of the competent authority.

A case of fixing the norms of permissible leakage on pesticides and delegation of powers for writing off leakage/shortage in pesticides is under consideration of the State Govt.

It was only in 1980 that ISI prescribed certain specifications for packing of pesticides. Since then the Department has been purchasing goods having packing material which are duly ISI marked. The department is effecting purchases only of these pesticides which are needed for bulk consumption. Thus the storage period has been restricted considerably which has minimised the leakage. The leakage after June, 1980 is in the order of Rs. 19682.17, which is nominal.”

The Committee desire that the decision regarding fixing the norms for permissible evaporation/leakage of pesticides and delegation of power for writing off the leakage/shortage etc be expedited and intimated to them.

#### SEED DEPOT SCHEME

*Paragraph 6.27. Alleged mis-appropriation of cash and stores*

2.10.1981 [29] The Agriculture Development Officer incharge of Bapora Centre

(Bhiwani block) on his promotion as District Agriculture Officer (May 1976) did not hand over charge of the stores in his custody. After repeated reminders, the charge was ultimately made over in December 1979. On a report from the Director of Agriculture (March 1980) regarding misappropriation of Rs. 10,313 the said officer was placed under suspension (April 1980).

A test-check in audit (July 1980) of the records of the Centre for the period September 1973 to May 1976 (during which the officer was posted at the Centre) revealed misappropriations aggregating Rs. 0.51 lakh :

- sale proceeds of seeds for Rs 0.40 lakh had not been accounted for;
- seeds valuing Rs. 0.07 lakh received were not taken into stock; and
- Rs. 0.04 lakh drawn from the cash chest was not accounted for.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

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

“Sh. Banwari Lal was posted as Agricultural Inspector in the month of August, 1973 at Bapora Centre, district Bhiwani. He remained there as A.I upto 5-5-1976. He was promoted to the post of S.D.A.O. Bhiwani where he joined on 6-5-1976. This officer was asked to hand over the complete charge of A.I Bapora vide this office letter No. 3160 dated 3-3-1977. He was a gazetted Government officer and should have handed over the complete charge of his previous post before joining this new assignment in class-II, but he did not do so. At the time of preparation of proforma account of Seed Depot Scheme.

Sh. Nand Lal, Head Clerk and Dhan Singh, Accountant reported that Sh. Banwari Lal had not handed over the complete charge of Bapora Centre. A shortage of seed valuing Rs. 26,420 was reported against this officer on 27-12-1980.

In the first instance the shortage of various seed came to the notice of Department in the month of July, 1979 and from that date onwards every possible efforts were made to press the officer concerned to hand over the complete charge.

It is further added that according to the Seed Depot rules, physical verification is required to be done at the close

of each financial year but in this case, no verification was ever made during 1973 to 1976 for the reasons not available in the record. During this period, Sh. K.P. Singh was the Deputy Director of Agriculture, Bhiwani. The case of shortage against Sh. Banwari Lal is now being enquired into by the Vigilance Department. It is, however, confirmed that the seed in question is not available in any of the stores of the Bapora Centre.

The physical verification of all the stores in the control of Deputy Director of Agriculture, Bhiwani is now being carried out in accordance with the relevant rules.

As reported in paragraph 2, it was at the instance of the Department that the test audit was conducted by the A.G. Haryana. In fact these shortages came to the notice of the Deputy Director of Agriculture, Bhiwani at the time of preparation of proforma account. No responsibility has yet been fixed by the department as the matter stands reported to Vigilance Department.

Against Rs. 0.51 lakh, a sum of Rs. 4395.66 has been got deposited from Sh. Banwari Lal with the utmost efforts made by the Department. This amount however, relates to the advances taken by Sh. Banwari Lal. No payment in respect of cost of seed valuing Rs. 36,420/- has yet been made by Sh. Banwari Lal because it is being enquired into by the Vigilance Department."

During oral evidence on 24-1-1984 the departmental representative further informed the Committee that stock of seed worth Rs. 36000/- was not forthcoming from the store which Shri Banwari Lal should have accounted for in his charge report, but he did not do so. He further informed the Committee that some stock of seeds was reportedly lying in Shri Banwari Lal's house and in case it was discovered there, the department would retrieve it from him. On a further question of the Committee whether the act of the official in keeping the stock of seed in his house was covered by rules, the departmental representative admitted that it was not.

The departmental representative also could not explain to the satisfaction of the committee as to why the official who was suspended on 7-5-1980 for not handing over the charge was reinstated on 3-6-1981. The department's plea that he was reinstated on the basis of the vigilance department report is also not tenable.

The Committee are constrained to observe that the whole episode of misappropriation of cash and stores explains away gross failure of the department in-as-much as on the eve of the transfer of the official neither was any substitute, who should have taken charge from him, posted nor were any orders issued to enable him to hand over the charge to any other person and consequently the vigilance department accepted the plea of the official that there was none to take over the charge from him so he did not hand over.

The Committee further observe that even when the official had himself confessed to the department that some stock of seed was lying

in his house, no concrete steps were taken either to retrieve the stock from his house or effect the recovery from him for it. In the circumstances the Committee are impelled to observe that there has been lack of proper action on the part of the department and the matter was left exclusively to the care of the vigilance department alone. The Committee take a serious view of this apathy on the part of the department in handling the whole case effectively.

The Committee would, therefore, recommend that government should examine the whole matter in the light of foregoing observations of the Committee and report the results of their investigation to them within six months.

The Committee further desire that the case of shortage against the official, which is stated to be under enquiry with the Vigilance, be got expedited and the final outcome intimated to them in due course.

The Committee also regret to observe that although physical verification of the stocks is required to be done at the close of each financial year under the Seed Depot Rules yet in this case no verification was ever made for three years.

The Committee desire that responsibility for not making the physical verification, as a result of which misappropriation of cash/stores was facilitated, be fixed and they be informed about its outcome.

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

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## CO-OPERATION

*Paragraph 5.2. Incorrect exemption from payment of audit fee*

[30] In May 1972 Government issued an order exempting Khadi and Village Industries Societies from the payment of audit fee for a period of three years from the date of their registration. Specific rates of audit fee have, however, been prescribed for brick kiln societies.

In the course of audit of the records in the offices of Industrial Assistant Registrars, Co-operative Societies, Hissar and Gurgaon, it was noticed (November 1979) that 61 brick kiln societies were exempted from the payment of audit fee for the first three years of their registration as the said societies were being financed by the Khadi and Village industries Board. Since separate rates of audit fee were prescribed for brick kiln societies and they are not covered by exemption orders, and therefore exemption allowed was irregular and resulted in loss of revenue of Rs. 51,000.

When this was pointed out in audit (January 1980), the Registrar, Co-operative Societies, agreed (June 1980) that brick kiln societies did not fall under Khadi and Village Industries Societies Particulars of recovery are awaited (January 1981)

The matter was reported to Government in September 1980; reply is awaited (January 1981).

In reply to the questionnaire of the Committee, the department explained as under —

“The audit fee was not charged due to misinterpretation of schedule of rate of audit fee by the Assessing Authorities (Industrial Asstt. Registrar Gurgaon and Indl. Asstt. Registrar, Hissar) who took the Brick Kiln Societies being financed by the Village & Khadi Industries Board under item No. 20 of schedule of audit fee scale then in force where societies falling under Khadi and Village Industries are exempted from the payment of Audit fee for the first three years of their registration. In this behalf, the advice of the State Govt. was sought and the State Govt. upheld the objection of the Accountant General vide their memo No. 4382 dated 5-2-82 and clarified that brick kiln Societies are covered vide Item No. 24 of Schedule of Audit Fee scales whereby no such exemption of audit fee in the first three years of registration is allowed. Thereafter, Govt. advice has consistently been followed.

No clarification was sought as the department was of the view that Brick Kiln Societies are covered vide Item No. 20 of the Schedule of Audit Fee scales which provided exemption for the Khadi and Village Industrial Societies from the payment of audit fee for the first three years. But on the advice of the Govt. the Brick Kiln Societies were considered as a separate class from the Khadi and village industries societies. The question of seeking clarification would have arisen only if there had been doubt. The assessing authorities had interpreted item No. 20 of the

schedule of audit fee scales to mean that it covered the Khadi and Village Industries Societies.

There is regular system to conduct the review of assessment and recovery of audit fee under para No. 4.17 of the consolidated circulars of the Cooperative Department for all kinds of societies. No such case of short-realisation/exemption has been reported by them to this office. However, as a precautionary measure, all the Assistant Registrars, who are the assessing authorities, have been asked to certify the correct assessment of audit fee in respect of the Brick Kiln Societies as per the advice of the Govt. No case of short realisation/exemption from audit fee has been reported so far.

Recovery of Rs. 2,500/- had been effected upto 9/83. Latest position is being ascertained and efforts are also being made to recover the remaining amount of Rs. 17,000/-. This amount relates to Industrial Asstt. Registrar, Hissar. In view of the reply of Govt. dated 27-9-83, the demand in respect of Industrial Assistant Registrar, Gurgaon stood settled."

During oral evidence on 11-9-1984, the Committee was informed that the matter regarding recovery from the societies of district Gurgaon stood settled. As regards the societies of districts Hissar, Bhiwani and Sirsa falling under the jurisdiction of Industrial Assistant Registrar, Hissar, out of a recoverable sum of Rs. 19,500/- and amount of Rs. 5,500 had been recovered and the balance amount of Rs. 14,000 would have to be written off because the concerned societies being defunct at that time were to be wound up/liquidated shortly. The Committee was also informed that a decision to write off the balance amount of Rs. 14,000 had been taken and that the entire process of winding up of the defunct societies and the writing off the balance amount would be completed within six months.

The Committee desire that the final action taken regarding the liquidation of the societies and writing off the outstanding amount of Rs 14,000 be intimated to them at the earliest.

The Committee further desire that the department should evolve some procedure whereby a constant watch is kept over such societies as are likely to become defunct or go under liquidation so that the recovery of audit fee is made and Government dues do not remain outstanding

#### *Paragraph 5.3. Short realisation of audit fee*

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

(a) In the course of audit of records in the offices of the five Assistant Registrars, Co-operative Societies (Rohtak, Gurgaon, Yamunagar, Mohindergarh and Kurukshetra), it was noticed (March 1978, November 1978 and April 1979) that audit fee was recovered on the basis of net profits/losses as worked out by the respective societies instead of on the basis of profits/losses shown in the audited accounts. This resulted in short realisation of audit fee amounting to Rs. 98,677 in 342 cases for the co-operative years 1974-75 to 1977-78.

On this being pointed out in audit (March 1978, November 1978 and April 1979), the department stated (December 1980) that Rs. 51,675 had been recovered and action in respect of other cases is being taken. Report regarding balance recovery is awaited (January 1981).

The matter was reported to Government between May 1978 and October 1979; reply is awaited (January 1981).

(b) In the course of audit of records in the offices of the Assistant Registrars, Co-operative Societies, Sirsa and Mohindergarh, It was noticed (April 1978 and June 1979) that audit of Central Co-operative Banks located at Sirsa and Mohindergarh for the co-operative years 1974-75 and 1975-76; and 1975-76 and 1976-77, respectively, was conducted on concurrent basis. However, as against an audit fee of Rs. 1,33,342 calculated at the rates applicable to the Co-operative Banks, a fee of Rs. 1,00,000 only was charged. The incorrect application of rates thus resulted in short levy of audit fee amounting to Rs. 33,342.

On this being pointed out in audit, the department recovered Rs. 15,240. Report regarding recovery of balance amount is awaited (January 1981).

The matter was reported to Government in May 1978 and July 1979; reply is awaited (January 1981).

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

"It is stated that in the first instance audit fee is assessed and recovered tentatively on the basis of annual statements which are prepared by the societies from their account books after close of the cooperative year. This work of assessment is completed before September and thereafter recovery is effected by the end of January of the following year according to the instructions contained in paras 4.5, 4.10 and 4.11 of the consolidated circular of the Coop. Department. Thus audit fee for a particular year is recovered by the Assistant Registrars during the following year.

The audit of Coop Societies is taken up after the close of the year and it is completed by the end of next Coop. year. In case audit fee is assessed on the basis of the net profits/losses, as per the audited account, delay would occur both in assessment and recovery of audit fee.

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



So in switching over to assessment of Audit fee on the basis of audited accounts, delay will be caused and that will not be in the public interest

It is further submitted that as and when it comes to the notice of the department that there is difference in the profits shown in the annual statements and in the audited accounts, the audit fee is revised by the Assistant Registrar where necessary on the basis of the audited profits/losses as per departmental instructions issued vide memo No. Audit/AFC/1611/39498-524, dated 9-9-80

In view of the position explained above, there was no violation of any provision of law

There were no lapses as explained above. However, detailed instructions by way of a directive under Rule 45 of the Punjab Coop Societies Rules, 1963 (as applicable to Haryana) have been issued vide departmental memo No. Audit/42344-98 dated 4-8-83 providing *inter alia* that cases of short realisation of audit fee may be sorted out monthly by the Inspectors/Assistant Registrars and recovery effected. The above directive further envisages quarterly review of such cases at Head-office level.

The above said procedure is being followed. Recovery of Rs. 87,413 has been effected out of Rs 98,677 upto 12/83. The latest position in this behalf is being ascertained.

There are two rates of audit fee for the Central Coop. Banks. One is for the annual audit and the other is for concurrent audit. Though, concurrent audit of these banks was conducted, the Assistant Registrar took it as annual audit and charged audit fee at annual rate. Responsibility is being fixed for this lapse. Necessary action will be taken against the defaulters on receipt of reply from Assistant Registrar Mohindergarh and Sirsa.

There is regular system to review the assessment and recovery of audit fee under standing order 4 17 for all kind of societies. No such case has been reported by them to this office. However, the position is being checked."

(a) During oral evidence on 11-9-1984, the departmental representative informed the Committee that out of the balance recoverable amount of Rs. 11,264 an amount of Rs 100 only could be recovered and that the balance would have to be written off because the concerned societies were under the process of being wound up. In reply to a question of the Committee as to what steps had been taken by the department to avoid the repetition of such mistakes in future, the Committee was informed that they had issued instructions to the effect that audit fee assessed/recovered on the basis of net profits/losses as worked out by the concerned societies be treated as provisional till the figures were worked out on the basis of audited accounts. He undertook to supply a copy of those instructions to the Committee but the same was not received till the writing of this report.

The Committee was not satisfied with the working of the department in-so-far as realisation of audit fee is concerned and desire that effective procedure be evolved to effect recoveries expeditiously.

The Committee also, desire, that final action taken to liquidate the balance recoverable amount of Rs. 11,164 be intimated to them.

The Committee further desire that a copy of the instructions stated to have been issued be supplied to them without any further delay.

(b) The Committee desire that action taken against the officials/officers found responsible for the incorrect application of rates resulting in short levy of audit fee amounting to Rs. 33,342 together with the progress of recovery of the said amount be intimated to them.

*Paragraph 5.4. Non-recovery / short recovery of audit fee from cinema societies*

[32]. Under the Punjab Co-operative Societies Rules, 1963, as applicable to Haryana, every co-operative society is liable to pay to Government a fee for the audit of its annual accounts by the auditors of the Co-operative Department. Audit fee at the rate of 12½ per cent of net profit subject to minimum of Rs. 10,000 and maximum of Rs. 30,000 is recoverable from the cinema societies for their annual audit.

In the course of audit of records in the office of the Assistant Registrar, Co-operative Societies, Sonapat, it was noticed (January 1979), that a co-operative society of film producers, exhibitors and distributors, registered in January 1975, came under winding up process in October 1978 but audit fee recoverable at the minimum rate of Rs. 10,000 for each of the co-operative\* year 1975-76, 1976-77 and 1977-78 was not assessed. In respect of another such society, registered in February 1975, audit fee for the co-operative year 1975-76 was assessed at Rs. 50 (rate applicable to Industrial Co-operative Societies) against the minimum leviable amount of Rs. 10,000. This resulted in non-recovery/short recovery of audit fee of Rs. 39,950 in the aggregate.

On this being pointed out in audit (July 1979), the department accepted (December 1980) the objection and stated that cases regarding recovery were being finalised. Further report is awaited (January 1981).

The matter was reported to Government in July, 1979; reply is awaited (January 1981).

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

“Every society is assessed audit fee as per standing orders. Explanation of Assistant Registrar Societies, Sonapat has been called for the omission of non-assessment of audit fee in case of one Cinema Society. His reply is awaited.

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

The Assistant Registrar, Sonepat had reported that the chances of recovery are bleak and the amount may be written off. The matter is still under consideration with the Assistant Registrar and a final decision is yet to be taken.

The Assistant Registrar, Sonepat has been asked to explain his position in this regard.

Information is awaited from the Assistant Registrar, Coop. Societies, Sonepat."

During oral evidence the Committee was informed that action against those officers/officials who did not make the assessment correctly would be taken. The Committee was also informed that the outstanding amount would have to be written off because there were no chances of its being recovered, as the concerned societies had since been wound up.

The Committee deplore the casual manner in which cases of serious lapses involving heavy loss of revenue to Govt. are being dealt with by the department. The Committee, therefore, desire that action against the officials/officers responsible for incorrect assessment of audit fee may be finalised within three months and the Committee be informed.

The Committee also desire that the progress made in the liquidation of the said outstanding amount be intimated to them at the earliest and the list of members of these societies may also be supplied to them. The Committee further desire that suitable safeguards be taken to arrest recurrence of such cases in future.

## TRANSPORT

*Paragraph 1.12. Outstanding inspection reports*

[33]. Audit observations on financial irregularities, defects in initial accounts and under-assessments of tax noticed during local audit and not settled on spot, are communicated to the Heads of Offices and to the next higher departmental authorities through local audit inspection reports. The more important irregularities are reported to the Heads of Departments and Government. The Government has prescribed that the first replies to inspection reports should be sent within six weeks. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

At the end of November 1980, seven hundred and seventy five inspection reports issued upto March 1980 with number of paragraphs therein remaining unsettled are as shown below

Figures for the preceding years are also given

	As at the end of		
	November 1978	November 1979	November 1980
Number of inspection reports with unsettled paragraphs	507	573	775
Number of paragraphs	5,357	5,762	7,271

Yearwise break-up of the outstanding inspection reports is given below :—

Year	Number of inspection reports	Number of paragraphs
1975-76 and earlier years	221	2,081
1976-77	95	1,110
1977-78	173	1,487
1978-79	76	597
1979-80	210	1,996
Total	775	7,271

These included 120 inspection reports in which even the first replies had not been received (November 1980). Receipt-wise outstanding inspection reports and paragraphs are given in Appendix II. (Page 69 of the Report of the Comptroller & Auditor General of India for the year 1979-80 R.R.). Comparatively heavy outstanding inspection

reports related to the following :—

\* \* \* \* \*

2. *Taxes on Vehicles*

Year	Number of inspection reports	Number of paragraph
1975-76 and earlier years	34	631
1976-77	15	202
1977-78	12	175
1978-79	—	—
1979-80	29	415
Total	90	1,423

The more important types of irregularities noticed during inspection and local audit of taxes on vehicles are summarised below :—

Serial Number	Nature of irregularity	Number of cases	Amount involved (In lakhs of rupees)
1.	Short assessment of tax on vehicles owned by Haryana Roadways	59	86.73
2.	Non/short levy of tax on tractors	95	64.35
3.	Non/short assessment of tax on vehicles owned by private individuals	342	15.21
4.	Short recovery of permit fee and authorisation fee	35	12.62
5.	Under-assessment of token tax	120	8.54
6.	Non-realisation of trade certificate fee	47	1.49

Token tax amounting to Rs. 89.23 lakhs was short assessed on Haryana Roadways buses due to grant of irregular rebate of 5 per cent admissible for advance payment of tax.

In reply to the questionnaire of the Committee the department explained as under :—

“Out of 1423 outstanding paras as at the end of March, 1980 395 paras have so far been got settled and the number has thus been reduced to 1028.

The detailed position of outstanding paras is obtained from the Accountant General office and conveyed to the Registering Authorities. The Registering Authorities are regularly reminded for the settlement of audit paras.

The replies to draft paras from Govt. are held up for want of timely reply from Registering Authorities. It has generally been seen that replies are being delayed/not sent as the compliance of relevant para could not be made by

them. The paras mostly involved recoveries and main reasons for not effecting the recoveries are that the owners of vehicles like car, scooter and taxis do not remain in the area of the same Registering Authority by the time the audit objection is received or the vehicle in question is sold to persons outside the area concerned and token tax/road tax is paid in the other Registering areas. Frequent transfers of officers (R.As) and other staff also affect the position."

During oral evidence on 10-9-1984, the departmental representative stated that one of the reasons for the accumulation of outstanding inspection reports/paras was the wrong interpretation of rules by the Assistants and Clerks etc working under the Registering and Licencing Authorities who, being Sub Divisional Magistrates, were under the administrative control of Divisional Commissioners and were not under the administrative control of the Transport Department. He further stated that in order to bring smooth functioning and have better administrative control of the departments, many of the States had appointed District Transport Officers, under the administrative control of the Transport Department, who perform the duties of licencing and registering authorities. The Committee was also informed that a proposal for the appointment of District Transport Officers on the same pattern had been sent to the Government but the same was still under their consideration and added that it was hoped that a decision thereon would be taken by the Government shortly.

The Committee observe that the Sub Divisional Magistrates were entrusted with multifarious duties and being over-burdened had very little time to supervise the work of the subordinate staff entrusted with the registration and licencing work relating to vehicles. As a result thereof, this important work remains neglected.

The Committee views with concern the lack of co-ordination between the two wings of the Government resulting in heavy loss of revenue. The Committee recommend that immediate steps be taken to streamline the work of registering and licencing of vehicles, so that it does not remain neglected for want of proper control/supervision.

The Committee also desire that final decision on the proposal for the appointment of District Transport Officers, stated to be under consideration of the Government, be taken at the earliest and intimated to them.

The Committee are also not satisfied with the pace of clearance of outstanding paras of Inspection Reports and desire that strenuous efforts be made to clear the remaining paras/reports as these have already become more than 5 year old. The Committee further desire that some definite procedure be evolved for speedy settlement of objections.

### TAXES ON VEHICLES

#### *Paragraph 3.1. Results of test audit*

[34]. During the period April 1979 to March 1980, test check of documents of the departmental officers revealed under-assessment

of tax to the extent of Rs 20 68 lakhs in 5,070 cases. The under-assessments were due to mistakes which may be broadly categorised under the following heads :—

	Number of cases	Amount (In lakhs of rupees)
1. Non/short recovery of motor vehicles tax	4,158	11.29
2. Non/short assessment of token tax	200	4.64
3. Irregular rebate	236	2 66
4. Non-levy of trade certificate fee	118	0 63
5. Other reasons	358	1 46
Total	5,070	20.68

Some of the important irregularities noticed in test audit are mentioned in the next paragraphs.

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

“No detailed review has been conducted by the department so far. The department does not have any internal audit cell through which the desired audit could be conducted regularly. To comply with the requirements, the case has been sent for the creation of Internal Audit Cell vide letter No. 9(131)/83-84/ACC/759-60 dated 17-1-1984. The A.G.'s audit of these accounts had been fairly representative and most of discrepancies get pointed out compliance of which is ensured by the respective Registering Authorities.

In the absence of the Internal Audit Cell, it has recently been decided to get the record of Registering Authorities checked from the Accounts Officer of Haryana Roadways so that re-currence of short / non-levy of taxes is avoided in future.”

During oral examination, the Committee was informed that as per latest figures the outstanding recoveries were to the tune of Rs. 18,34,000.

The Committee observe with regret that the performance of the department in the matter of recovery of outstanding amount was utterly dismal as only a paltry sum of Rs. 2,33,495 had been recovered during the last more than four years. The Committee, therefore, desire that vigorous efforts be made to effect these huge recoveries at the earliest and progress made be intimated to them.

The Committee also desire that the decision taken on the proposal of the department to the creation of Internal Audit Cell, stated to be under consideration of the Government, be communicated to them.

*Paragraph 3 2 Irregular grant of rebate of token tax*

[35]. Under the Punjab Motor Vehicles Taxation (Haryana Amendment) Act, 1970, a deduction of five per cent on the amount of annual tax is allowable when tax in respect of a motor vehicle is paid for the whole of the financial year (i.e., for all the four quarterly periods) in advance which means by 31st March of the preceding financial year of latest by the date up to which tax for the first quarterly period is payable, i.e., 30th April

In the course of audit of the accounts of the four Registering Authorities (Hissar, Bhiwani, Rohtak and Ambala), it was noticed (January 1975 to February 1979) that Haryana Roadways were allowed rebate on account of token tax for various years from 1973-74 to 1977-78 even though the tax for the whole of the respective financial years had not been paid in advance, i.e., before 30th April of each year. Incorrect grant of rebate without verifying the correct position resulted in loss of revenue amounting to Rs. 14.77 lakhs.

The matter was reported to Government between February 1975 and April 1979, reply is awaited (January 1981).

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

“The rebate was claimed by the Haryana Roadways at the time of depositing taxes. Arrears to the extent of rebate, claimed came to be pointed out later on.

The General Managers of Haryana Roadways have given justification for the claim of rebate in some cases, as pointed out by the audit, these have however not been accepted so far. Suitable directions to General Managers/Registering Authorities have been issued to ensure that these lapses do not re-occur.

No such review was conducted due to paucity of staff.

The record of the Registering Authorities is being got checked from the departmental officers (Accounts Officers) of Haryana Roadways as no independent agency has been set up so far.

General Managers are being asked to fix the responsibility and deposit the amount where due.”

The Committee are not satisfied with the reply of the department that due to paucity of staff no review was conducted in districts other than the districts test checked viz; Hissar, Bhiwani, Rohtak and Ambala to ascertain the position regarding grant of irregular rebate in similar cases. The Committee have reasons to believe that the loss of revenue in the remaining districts might also be enormous in view of the fact that loss of revenue in the aforementioned four districts alone amounted to Rs. 14.77 lakhs as per Audit Report.

The Committee, therefore, desire that the review of the districts other than those referred to above be conducted and the result thereof communicated to them within six months of the receipt of this Report.



The Committee also desire that action taken against the officials/officers held responsible for the grant of incorrect rebate be intimated to them.

*Paragraph 34 Non-levy of token tax on vehicles owned by autonomous bodies*

[36]. The Punjab Motor Vehicles Taxation Act, 1924 and the rules made thereunder provide for exemption from the liability to pay tax in respect of motor vehicles owned and kept for use by departments of Central or State Government. Thus, this exemption is not *inter alia* admissible to Government undertakings and autonomous bodies.

(a). In the course of audit of the office of the Registering Authority, Kurukshetra, it was noticed (August 1978) that tax amounting to Rs. 31,946 for the period 1974-75 to 1978-79 was not levied in respect of 12 vehicles belonging to the Beas Construction Board and Regional Engineering College, Kurukshetra—the two autonomous bodies.

On this being pointed out in audit, the department recovered Rs. 14,719 from the Engineering College. Report of action taken against the Beas Construction Board is awaited (January 1981).

The matter was reported to Government in November 1978; reply is awaited (January 1981).

(b). In the office of the Registering Authority, Ballabgarh, it was noticed (August 1979) that tax amounting to Rs. 39,574 in respect of 4 vehicles for the years 1969-70 to 1978-79 belonging to Bhakra Beas Management Board was not levied.

On this being pointed out in audit (September 1979), the Government directed (November 1979) the Deputy Commissioner to arrange for recovery from the Bhakra Beas Management Board. Particulars of recovery are awaited (January 1981).

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

“The exemption was granted by Registering Authorities Kurukshetra and Ballabgarh as if the vehicles belonging to Regional Engineering College, Kurukshetra, Beas Construction Board and Bhakra Beas Management Board belonged to Central/State Govt.

The Registering Authorities considered these autonomous bodies as Govt departments on the basis of their constitution under the Act of Parliament/State Legislature.

The Deputy Commissioners have been informed that no exemption is to be granted to autonomous bodies in future.

(a) As regards Regional Engineering College, Kurukshetra, the recovery has been effected.

- (b) As regards Beas Construction Board the Govt. has held vide memo No. 22/1/84-4T dated 4-7-1984 that the said Board is a department of Govt. and as such token tax is not recoverable from the Board.
- (c) As regards Bhakra Beas Management Board, the recovery has not been made so far and the matter is under correspondence."

During the course of oral examination, in reply to a question of the Committee as to whether token tax is being realised now in respect of these vehicles, the departmental representative stated that the position will have to be checked up as he was not very sure in this regard. It was further stated that instructions for effecting recovery of tax in respect of vehicles belonging to Bhakra Beas Management Board were issued to the concerned registering authority and the amount will be recovered shortly.

The Committee re-iterate their earlier recommendations made in para 14 of their seventeenth report and desire that these may be followed in letter and spirit and further desire that details of irregular exemptions allowed in respect of the vehicles owned by Corporations, Autonomous bodies etc. in the subsequent years be furnished to them.

The Committee was further constrained to observe that recovery of tax due for the years 1969-70 to 1978-79 was still outstanding and desire that the pace of recovery be accelerated and progress of recovery be intimated to them.

The Committee are also unhappy to observe that the department was not sure whether or not the token tax was being charged correctly even after four years. They, therefore, desire that the departmental representatives should come well prepared in future. The position be checked up in this regard and Committee be informed.

#### *Paragraph 3.5. Short levy of road tax*

[37]. Under the Punjab Motor Vehicles Taxation Rules, 1925, as applicable to Haryana, 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 of records of the Registering Authorities, Sirsa, Ambala and Hissar, it was noticed (April, May and October 1976) that 20 vehicles covered by private carrier permits used solely in the course of trade and industry for the transport of goods were charged token tax at the rate applicable to vehicles covered under public carrier permits which was lower. This resulted in short recovery of token tax amounting to Rs. 21,309 for various periods between July 1969 and March 1977.

On this being pointed out in audit (April 1976, August 1976 and April 1977), the Registering Authority, Sirsa, intimated (February 1980) that orders for recovery of the amount of Rs. 10,928 as arrears of land revenue have been obtained from the Collector and the Tehsildar, Sirsa, was being requested to take further action. Reply from other Registering Authorities is awaited.

The matter was reported to Government in September 1980: reply is awaited (January 1981).

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

"The vehicles covered with private carrier permits were charged for vehicles covered under the Public carriers permits due to clerical errors.

The position in this regard in other districts could not be reviewed as the Department has no separate agency for this purpose.

The accounts of Registering Authority are now being checked by the Accounts Officers of Haryana Roadways on behalf of Transport Commissioner who has been declared Head of Department for the head 041 Taxes on vehicles, vide notification dated 4-4-1984.

The recovery has been reported by R.A. Sirsa, out of Rs. 10928, Rs. 2489.70 have been recovered. The position of recovery in respect of Ambala and Hissar is being verified."

When questioned during oral evidence whether or not the said clerical errors were malafide, the departmental representative stated that he could not rule out that possibility and added that they would write to the Sub-Divisional Magistrates to find out whether those arrears were malafide and that if so, action should be taken against the defaulting officers/officials.

The Committee desire that the result of the investigation so made by the Sub Divisional Magistrates in this regard together with the action taken as a result of the said inquiry, be intimated to them within three months.

The Committee also desire that strenuous efforts be made to effect the recoveries and progress thereof be intimated to them.

The Committee further desire that effective arrangements for internal checking be made so as to eliminate chances of such mistakes in future.

*Paragraph 3 6. Short levy of tax due to incorrect application of tax*

[38] The Punjab Motor Vehicles Taxation Act, 1924 and the notifications issued thereunder by the State Government from time to time, prescribed the rates of token tax in respect of vehicles (excluding stage carriages and motor cars) according to their unladen weight.

In the course of audit of the offices of two Registering Authorities (Ballabgarh and Gurgaon), it was noticed (November-1978) that token tax for the years 1969-70 to 1978-79 in respect of 17 vehicles covered by private carrier permits had been recovered at the rates ranging between Rs. 125 and Rs. 1,128.32 per annum instead of at

the correct rates ranging between Rs. 656.25 and Rs. 1,312.50 per annum, i.e., rates leviable according to their unladen weight. Owing to application of incorrect rates, there was short realisation of tax amounting to Rs. 20,339.

On this being pointed out in audit (February 1979), the Registering Authority, Gurgaon, intimated (January 1980) that owners of the vehicles had been asked to pay the deficient amount of tax. Reply from the other Registering Authority is awaited (January 1981).

The matter was reported to Government in August 1980: reply is awaited (January 1981).

In their written reply, to the 'questionnaire' of the Committee, the department explained the position as under :—

"The tax was charged at lesser rates due to clerical error. The Registering Authorities are now recovering the amount of arrears. Registering Authorities have been asked to fix the responsibility.

The department has ordered a test check of accounts of all Registering Authorities through the Accounts Officers of Haryana Roadways to detect such short levy of taxes so that such irregularities are not committed in future.

Out of Rs. 15399/85 the Registering Authority, Ballabgarh has recovered Rs. 276/30. The balance amount Rs. 15123/55 is being recovered as arrear of land revenue as intimated by Registering Authority, Ballabgarh vide his endst. No. 1804/TC SB dated 21-5-1984. The position of recovery of Rs. 4939/25 is being verified from Registering Authority, Gurgaon."

The Committee desire that action taken against the officers/officials held responsible for the incorrect application of tax be intimated to them.

The Committee also desire that case for recovery of the balance amount of Rs 20,062 be pursued vigorously and the progress made in this regard by the Registering Authorities, Ballabgarh and Gurgaon respectively be intimated to them.

## REVENUE

*Paragraph 4.1. Land holdings Tax*(1) *Introductory*

[39]. To augment receipts under "Land revenue" the Government levied different charges under various Acts, some of which are as under :—

- (1) surcharge under the Punjab Land Revenue (Surcharge) Act, 1954;
- (2) special surcharge under the Punjab Land Revenue (Special Surcharge) Act, 1958;
- (3) additional surcharge under the Haryana Land Revenue (Additional Surcharge) Act, 1969; and
- (4) cess on commercial crops under the Punjab Commercial Crops Cess Act, 1963.

With the passage of time it was felt that the collection of all these charges alongwith land revenue was not only difficult for the revenue agency but it was equally cumbersome for the cultivator in making payments of these different taxes. These difficulties were removed with the coming into force, the Haryana Land Holdings Tax Act, 1973 with effect from 16th June 1973 under which all such levies were consolidated into a single tax known as "Land Holdings Tax".

Land holdings tax is levied and charged at the prescribed rates on land holdings of various classes of land classified under the Act. The tax is payable within a period of 30 days in half-yearly instalments due on 15th May and 15th November. Tax is collected and deposited by headman of the village.

With effect from June 1979, the Government also levied surcharge on each land holding exceeding 4.80 hectares.

The table below indicates the gross collection of Land revenue and expenditure on its collection during the last five years ending 1979-80.

Year	Gross collection	Expenditure	Percentage of expenditure on gross collection
(In crores of rupees)			
1975-76	6.54	1.84	28.13
1976-77	5.76	1.89	32.81
1977-78	5.02	2.02	40.24
1978-79	4.75	2.01	42.32
1979-80	3.15	2.08	66.03

The above table would indicate that whereas there was sharp decline in gross collection of tax during the years 1975-76 to 1979-80, the percentage of expenditure on the collection of land revenue was steadily increasing. The reasons for steady increase in expenditure in collecting the tax called for from Government in September 1980 are awaited (January 1981).

(2) *Arrears or land holding tax.*

\* \* \* \* \*

(3) *Under-assessment or land tax.*

\* \* \* \* \*

(4) *Non-assessment of tax*

Under the Land Holdings Tax Act, 1973, lands owned by departments of Government, autonomous bodies and Government companies are also subject to tax.

(i) In the course of audit of Tehsil Offices of Hissar, Sirsa, Ambala, Gurgaon and Rohtak districts, it was noticed (between April 1973 and July 1980) that land holdings tax amounting to Rs. 2.00 lakhs on 18,276 acres of land owned by the various departments of Government was not recovered as no demand for the amount was raised by the Revenue Department.

(ii) \* \* \* \* \*

(5) *Non-recovery of capitalised value of land revenue*

\* \* \* \* \*

(6) *Non-recovery of rent of Nazool land*

Under the Punjab Tenancy Act, 1887, as extended to Haryana, any person in unauthorised possession of land shall be liable to pay for the use or occupation of that land at the rate of rent payable in the preceding agricultural year, or if rent was not payable in that year, at such rate as the court may determine to be fair and equitable.

In the course of audit of revenue records in Ballabgarh Tehsil, it was observed that *Nazool* land measuring 340 acres 9 *marlas* in four villages remained under unauthorised occupation of individual cultivators for the period between 1969-70 and 1973-74 (these lands were allotted on permanent basis thereafter) but rent for the period of unauthorised occupation had not been charged. This resulted in loss of revenue amounting to Rs. 40,427 (calculated on the basis of previous year's rent).

On this being pointed out in audit (November, 1973), the Tehsildar, Ballabgarh, recovered Rs. 22,180. Report regarding recovery of the balance amount is awaited (January 1981).

(ii) Similarly, in Rohtak and Bhiwani districts, *Nazool* land remained under unauthorised possession during the period from 1971-72 to 1974-75 but rent/lease money amounting to Rs. 1.37 lakhs had not been realised.

On this being pointed out in audit (between July 1974 and April 1977), Rs. 0.29 lakh were recovered and demand of Rs. 0.52 lakh was raised. Progress of recovery of the balance amount (Rs. 0.56 lakh) is awaited (January 1981).

**(7) Overpayment of cess on land holdings tax**

Under the Land Holding Tax Act, 1973 and the rule made thereunder, as amended from time to time, cess at the rate of 3 per cent of the land tax is leviable in respect of each land holding. The cess is payable a remuneration to the headman or any other agency entrusted with collection of land tax as under :—

If the land holdings tax is collected and deposited into treasury—

- |  |   |
|--|---|
| (i) Within one month of the due date—                            | full amount of cess due on such land holding tax.                         |
| (ii) Within next one month of the period specified at (i) above— | fifty per cent of the amount of cess collected on such land holdings tax. |

If the land holdings tax is not collected and deposited within two months of the due date, headman shall not be entitled to any remuneration and he shall deposit the whole of the amount of cess collected by him in the Treasury alongwith the land holdings tax. The amount of cess deposited in the treasury shall be treated as forfeited to Government unless on a request made by the headman, the Sub-Divisional Officer (Civil) of the area concerned, for reasons to be recorded in writing, considers it just to pay him the whole or a part of the forfeited amount of the cess and orders accordingly.

In the course of audit of records of Revenue Department in Ambala, Gurgaon, Rohtak, Sonapat and Karnal districts, it was noticed that during the period from August 1974 to April 1980 the headmen in certain cases retained the full amount of cess without proper orders even in cases where the land holdings tax was not collected and deposited within one month of the due date. This resulted in loss of revenue of Rs. 3.54 lakhs.

**(8) Non-completion/distribution of pass-books**

In January 1970, the Haryana Government introduced a system of preparation and distribution of pass-books to the land owners/tenants on payment of Rs. 3 per pass-book. The pass-book contained a copy of *Jamabandi*, *Sijra Kistwar* and details regarding payment of Land Holdings Tax and *takavi* loans, etc., and also provided the farmer with documentary proof of his entitlement to his land. These pass-books were to be prepared and distributed afresh after every five years. It is obligatory for the cultivators to purchase the pass-books.

A test-check of records of four Tehsils (Jhajjar, Sonapat, Panipat and Karnal) revealed that out of 2,17,355 pass-books to be prepared, 1,30,890 pass-books were actually prepared upto July 1980, of which

1,10,056 pass-books were distributed to the cultivators. 20,834 pass-books which were prepared, had not been distributed so far (July 1980). This resulted in non-recovery of Rs. 62,502.

Further, the Government could not realise an additional amount of Rs. 2.59 lakhs as 86,465 printed pass-books were not prepared for distribution to the individual cultivators.

The matter was reported to Government in October 1980: reply is awaited (January 1981).

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

- (1) "The main factors responsible for the decrease in revenue were frequent bifurcation of holdings within the family, exemption of Land Tax on 6½ acres of land, remission of Land Tax due to various Natural Calamities. On the other hand, the expenditure on collection of tax increased due to expansion of staff responsible for the collection of Land Holdings Tax, increase of Pachotra on Land Holdings Tax from 5% to 5%, formation of new Patwar/Kanungo circles/Sub Tehsils and Sub Divisions, supplying of jeeps to the Tehsildars and expenditure on P.O.L.

- (2) *Arrears of land holding tax.*

- (3) *Under assessment of land tax.*

- (4) *Non-assessment of tax*

- (i) All the Deputy Commissioners except D.C. Gurgaon have stated that lands owned by Govt. Deptt./autonomous bodies have been/are being assessed to Land Holdings Tax according to the provisions of law. However, the D.C. Gurgaon has stated that in the enactment of Haryana Land Holdings Tax Act, no corresponding provision was made in this Act, hence no tax was levied on such land owned by Govt. Deptts./autonomous bodies.

All such cases have been reviewed and tax has been imposed.

All Deputy Commissioners (except Gurgaon) have stated that now such lands are being levied tax according to provisions of law.

The latest position of the balances of Haryana state is as under :—

	(in lacs)			
	Hissar	Sirsa	Narnaul	Rohtak
	0.88	0.40	0.01	0.09

Efforts are being made to recover these amounts from the concerned departments.



(ii) \* \* \* \*

\* \* \* \*

- (5) *Non recovery of capitalised value of land revenue.*

\* \* \* \*

(6) (i) *Non-recovery of rent of Nazool Land*

(i) This para relates to Faridabad Distt. only. The Commissioner, Ambala has stated that Nazool land measuring 340 acres and 9 marlas situated in four villages of B. Garh Tehsil, was in Khadar area of Jamuna river which changed its course frequently. The land was once leased out in the year 1968-69. There-after it could not be leased out for the reasons that the Jamuna river changed its course frequently pushing the land once in U.P. side and the next in Haryana side. Therefore, it remained under unauthorised occupation of certain persons who belong to U.P. for the period from 1969-70 to 1973-74. Unauthorised possession i.e. from 1969-70 to 1973-74 was assessed to Rs 40,427 on the basis of previous years rent.

Also Deputy Commissioner Ambala has stated that in Village Batrohan had bast no. 294 land measuring 55 Kanals 18 marlas is in unauthorised possession due to stay granted by Supreme Court not to dispossess and recover rent till the decision by that Court.

The D.C. Faridabad has stated that the unauthorised occupants belonged to U.P. Therefore, the rent could not be recovered earlier. However, the major portion has since been recovered.

Monthly reports in respect of such lands are received from the Deputy Commissioners.

It has been intimated by the D.C. Faridabad that out of total rent of Rs. 40,427 a sum of Rs. 35,012 has been recovered so far and steps are being taken to recover the balance amount early. No rent is recoverable in any other distt.

(ii) So far as Nazool land in the district of Faridabad is concerned the detailed position has already been indicated in Sub para (6)(i).

However in case of escheated land in Rohtak and Bhiwani Distts. the lands came in unauthorised possession during the period intervening, between actual dates of deaths of land-owners and transfer of land in favour of Government.

Regarding non-escheated Nazool land in Bhiwani Distt, the position is that the land was leased out only once, but it was not cultivated by the lessees. The lease money for that period was recovered from the lessees, but the land being un-cultivable, it was not leased out subsequently. As indicated above, the land in some cases was not leased out,

but the audit party has required to recover the similar lease money from the previous lessee even though the land was not auctioned nor cultivated according to the revenue record. In other cases, the persons in un-authorised possession of land have filed suits in Civil Courts and obtained stay orders. Therefore, the recovery of lease money cannot be realised till the decision of the Civil Suits.

So far as Faridabad Distt. is concerned, the position has already been explained in para 6(i)(ii) above.

However, in other cases recovery pointed out by the Audit is only possible on decision of the pending suits in the Civil Courts.

*(7) Overpayment of Cess on land holding tax.*

The cess on land holdings tax is being allowed in accordance with the provision of law. In case the headman does not collect and deposit the land holding tax due to suspension/deferment etc. within the prescribed period, the amount of cases is allowed to him only after obtaining order of the competent authority on his application on genuine grounds.

The headman gets the dhakhla prepared from the office on due date but in certain cases they do not deposit the amount in the Treasury on the same date and due to this fact, the field officers could not generally detect the fault. To overcome this, the excess amount of Cess has now been forfeited. Where this fact was in the knowledge of Revenue Officers, the retention of Cess was regularised after obtaining the orders of the competent authority.

As stated by the D.Cs. in cases where refund of cess payable on tax has been given, orders of competent authority were obtained. However D.C. Sonapat has stated that out of Rs. 3.54 lakhs, an amount of Rs. 53,180 of loss relates to his distt. and the same has been recovered. In most of the cases, the headman came on the last date of the due date and in some other cases the headman got prepared the challan forms within due date and deposited the amount after the lapse of some time.

The Commissioner Hissar has stated that Cess is paid to the head man by Book transfer. Commissioner Ambala has intimated that cess after prescribed period is paid to the Lambardars only after obtaining necessary orders of the competent authority.

In some Tehsils Cess was not realised on tax collected beyond the prescribed period for which concerned Tehsildars have been held responsible. Now proper implementation of the provisions of law is being ensured.

*(8) Non-completion/distribution of Pass-books*

Some of the Deputy Commissioners have intimated that most of the pass-books prepared by them have been distributed.

Some have intimated that the land-owners/tenants etc. have not shown their interest in purchasing these pass-books as they have no evidential value. Hence this work has been dropped.

Since most of the Land owners are not willing to accept the pass-books, the question of issuing new pass-books after five years is not feasible as stated by most of the Deputy Commissioners."

(4) During the course of oral examination on 17-9-1984 the departmental representative stated that views of the Deputy Commissioner, Gurgaon regarding levy of tax in respect of lands owned by Government departments/Autonomous bodies were not correct and informed the Committee that necessary instructions for levy of tax in respect of such lands and effecting recoveries thereof were issued to the Deputy Commissioner Gurgaon in the first week of September, 1984. Such instructions were already being followed in other districts.

The Committee are constrained to observe that there was inordinate delay on the part of the department in issuing instructions to the Deputy Commissioner, Gurgaon for making recovery of land holdings tax. The Committee, therefore, desire that such delays should be avoided in future and land holding tax in respect of lands owned by Government departments/autonomous bodies in Gurgaon district be assessed and recoveries effected expeditiously.

The Committee further desire that pace of recovery of tax imposed in respect of such lands in other districts be accelerated and progress intimated to them.

(6) (i) The Committee desire that strenuous efforts be made to recover the balance amount of Rs. 5,000 in respect of land, stated to be under unauthorised possession in Ambala district and final outcome be intimated to them.

(6) (ii) The Committee desire that the cases pending in the Civil Courts in connection with the recovery of lease money from unauthorised occupants of land be pursued vigorously and final outcome reported to them.

The Committee also desire that details of Nazool land under unauthorised possession be supplied to them alongwith list of cases pending in the Civil Courts for recovery. The number of cases got settled from Civil Courts be also intimated.

(7) The Committee desire that expeditious steps be taken to effect recoveries and progress of recovery of balance outstanding amount of Rs. 3,00,820 be intimated to them.

The Committee also desire that district-wise details of recoveries effected, cess regularised/written off or being written off be furnished to them.

The Committee are constrained to observe that there was failure on the part of the departmental authorities to comply with the requirement of the provisions of the Act and desire that action taken against the Tehsildars held responsible for allowing retention of cess by Lambardars on tax collected after the prescribed period be intimated to them.

(8). During oral evidence the departmental representative informed the Committee that an amount of Rs. 62,502 which could not be recovered due to non-distribution of 20,834 pass books to the cultivators would be got written off. He further added that although the provision in the Act regarding the distribution of pass books to the land owners/tenants was obligatory yet it was found impracticable and unworkable when implemented. It was further stated that the system was in-operative for the last ten years as the pass books did not have evidential values. In reply to a question of the Committee it was further stated that it would be examined as to whether the relevant Act needed amendment to that extent

The Committee observe that the recovery of Rs 62,502 related to only four tehsils and the amount of loss on this account, when taken for the State as a whole, will be quite heavy. The Committee desire that the position in respect of the remaining tehsils be assessed and the amount awaiting recovery be intimated to them

The Committee are unhappy to observe that the system of issue of pass books was introduced without examining all the pros and cons as it was later found impracticable. The Committee also view with concern the attitude of the department in not taking any action to review the system when it had not been found workable and was in-operative for the last ten years.

The Committee accordingly desire that immediate action be taken to examine the provisions of the Act, relating to the preparation/distribution of pass books to the land owners/tenants, stated to be unworkable being impracticable, and final outcome intimated to them at the earliest. In the alternate the provisions of the Act be enforced faithfully and recovery effected,

#### STAMP DUTIES AND REGISTRATION FEES

##### *Paragraph 4 9 Non-levy of registration fee*

26-10-2021

[40] Under the Indian Stamp Act, 1899 and the Indian Registration Act, 1908, stamp duty and registration fee are leviable on the basis of value of consideration set forth in the document presented for registration.

In the course of audit in the office of the Sub-Registrar, Sirsa, it was noticed (March and April 1980) that loan of Rs. 24 lakhs was secured by a private firm from the State Bank of India to construct a building in accordance with the specifications and plans prescribed by the Food Corporation of India by deposit of title deed. Though the stamp duty prescribed under the Stamp Act, 1899, was levied on the title deed, presented in January 1979, the registration fee amounting to Rs. 24,011 leviable on the deed was not charged.

The matter was reported to Government in May 1980; reply is awaited (January 1981).

In reply to the questionnaire of the Committee, the department explained the position as under :—

“It was an omission on the part of Sub-Registrar, Sirsa not to have charged the registration fee at the time of registration of document.

When the deficiency was pointed out by Audit in 1980, notices were issued to the party twice in that year for depositing the deficient amount but the party pleaded that according to the nature of the deed in question it was covered under the provisions of Section 17(2)(v) of the Indian Registration Act and hence no registration fee was chargeable on it. Accepting this plea, the Sub-Registrar came to the conclusion that the registration fee leviable on the memorandum of agreement should be Rs. 40 00 and not Rs. 24,011 as determined by the Audit. The Deputy Commissioner, Sirsa, also agreed with this view. The matter accordingly remained under correspondence between the Sub-Registrar, Deputy Commissioner and Accountant General for dropping this para but the Accountant General did not agree with their views. Fresh notice has, therefore, been issued to the party for the depositing the deficient amount

Though the Act is clear on the subject, even then instructions are issued to the registering authorities from time to time for charging correct rates on the instruments. Also, guidance is given to them by the Internal Audit Agency of the Revenue Department posted in the districts."

During oral evidence the departmental representative stated that the case was pending with the Collector for decision.

The Committee desire that the case pending with the Collector be pursued vigorously and final outcome intimated to them.

The Committee further desire that the matter regarding charging of registration fee be sorted out with the Accountant General (Audit) Haryana and clear instructions be issued to all Registrars/Sub-Registrars at the earliest under intimation to them.

## INDUSTRIES

*Paragraph 5.6. Short realisation of royalty on brick earth*

[41] Under the Punjab Minor Minerals Concession Rules, 1964, as applicable to Haryana, a lessee shall pay royalty on minor minerals despatched from the leased area at specified rates. It further provides that the lessee shall submit half-yearly returns and pay the royalty accordingly. Under the Punjab Minor Minerals Concession Rules, as adopted by Haryana State, the department is required to maintain accounts of sale of bricks by each kiln. The Government by a notification issued on 2nd April 1974 prescribed royalty of Rs. one per tonne of brick earth or Rs. 3 per 1,000 *pucca* bricks sold.

In the course of audit of records of the office of the District Industries Centre, Ambala, it was noticed (February-March 1980) that the prescribed returns showing the bricks sold were not being submitted by the brick kiln owners nor the department was maintaining any account regarding the sale of bricks by each kiln. The department was receiving royalty on the sale of bricks from the brick kiln owners on the basis of figures collected from the records of the Food and Supplies Department maintained for the purpose of verification of consumption of coal. A cross check in audit revealed that as per records of the office of the District Food and Supplies Controller, Ambala, 54.31 crore bricks had been sold by 52 bricks kilns of Ambala district during the years 1975-76 to 1978-79 on which royalty amounting to Rs. 16.29 lakhs was recoverable. However, royalty of Rs. 6.70 lakhs only was recovered by the department. This resulted in short realisation of royalty to the tune of Rs. 9.59 lakhs.

On this being pointed out in audit (May 1980), the department stated (August 1980) that notices for the recovery of Rs. 1.25 lakhs had been issued and action to recover Rs. 5.64 lakhs was being initiated. As regards the balance recovery of Rs. 2.70 lakhs representing royalty on bricks sold during 1st April 1976 to 4th August 1976, it was stated that the amount could not be recovered as the control price of bricks determined by the Civil Supplies Department had been fixed without taking into account the element of royalty.

The contention of department is not correct as the Civil Supplies Department fixes only the basic rate of bricks and the royalty was to be levied separately under the provisions of the Act.

The matter was reported to Government in May 1980; reply is awaited (January 1981).

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

“Before giving replies to the questionnaire, background of this case is given in brief so that replies to the questionnaire can be appreciated in right perspective.

A full bench of Punjab and Haryana High Court while delivering the judgement of CW No. 2004 of 1971 Amar Singh Modi versus State of Haryana held that the mineral rights

to brick earth did not vest with the State Government, and State Govt. was not competent to charge royalty. In order to vest the Mineral rights in the State Government, Haryana Mineral (Vesting of Rights) Act, 1973 was enacted in November, 1973 by the State Legislature. The Mineral Rights of the various revenue estates where brick kilns had been installed were acquired on 10-4-1974. Before the acquired rights could be exercised, the Act was struck down as ultra vires of Mines and Mineral (Regulation and Development) Act, 1957 by the High Court on 7-5-1974, when challenged by number of saltpetre contractors. On an appeal by the State, the Act was upheld by the Hon'ble Supreme Court of India, on 18-3-1976. In the Judgement/Hon'ble Supreme Court, had protected the rights of the existing lessees who had obtained the mining leases in accordance with the above mentioned Central Act. After obtaining the certified copy of the judgement this issue was got examined legally and matter was taken up with the Director, Food and Supplies Department to once again include the element of royalty while fixing the ceiling price of the bricks under the Haryana Brick Control order 1972 which was excluded in November 1971. The Director Food & Supplies Department issued instructions to all the District Magistrates in August, 1976 to include element of royalty while fixing the ceiling price. Accordingly Instructions were issued by the Industries Deptt. to the District Industries Officers to start collecting royalty from the BKO's with effect from 5-8-76. Prior to August 1976 the brick kiln owners were not authorised to collect royalty from the consumers. In this way no royalty accrued to the Deptt. As it was not due, the question of recovering it from BKO's did not arise.

In October 1976 BKO Association represented to the State Government that the royalty should be merged with the sales tax because computation of royalty on the basis of brick earth removed will involve large number of formalities. A high level meeting was held on 28-10-1976 and it was decided that the BKO's shall pay royalty quarterly on self assessment basis like sales tax and assessment orders passed by the assessing authorities of sale Tax Department shall be taken as basis for the calculation of final royalty. Because of this reason no separate accounts were maintained by the Industries Department.

From the year 1978 onwards, the brick kiln owners started avoiding the payment of royalty on one pretext or the other and challenged the levy of royalty in the High Court, and also directly in the Supreme Court of India and the long protracted litigation started by the BKO's came to an end in February, 1981.

With this background each point of the questionnaire is replied as under :—

- (1) As per decision taken by the State Government on 28-10-1976 the BKO's were to pay royalty quarterly on self assessment basis and final calculation of the royalty was to be made by the Industries Department on the basis of assessment orders

of Assessing Authorities of Sales-Tax Department. For this reason no separate accounts were maintained by the Department.

- (2) As has been explained in (1) above the final calculation of annual royalty was to be made on the basis of assessment orders of the Assessing Authorities of Sales Tax Department. The figures are obtained from the Food & Supplies Deptt. also as a cross check etc.
- (3) As has been explained in (1) and (2) above Co-ordination is maintained with the sales tax as well Food & Supplies Deptt. to get the figures of the bricks sold by the BKO's for arriving at the final figures of royalty chargeable from the BKO's.
- (4) As has been explained above, because of protracted litigation started by the BKO's the royalty could not be recovered regularly because of stays granted by different courts from time to time. For this reason, the recovery of royalty was not complete at the time of audit.
- (5) The royalty on the bricks sold is being recovered from the BKO's on the basis of the figures of sales obtained from the Excise and Taxation Deptt. and Food and Supplies Deptt. In fact, audit party also collected the figures from the Food and Supplies Deptt.
- (6) The cross checking of figures from the sales tax as well as from Food & Supplies Deptt. provide ample safeguards for proper assessment of royalty in all cases.
- (7) As has been explained above department does not make any independent assessment of bricks manufactured/sold by the BKO's. The Brick kiln owners pay royalty every quarter on self assessment basis like sales tax to the deptt. Thus no separate returns are received from them. The total royalty amounting to Rs. 16.29 lacs has been shown recoverable for the period 1975-76 to 1978-79. This amount also includes 2.70 lacs the royalty for the period from 1st April, 1976 to 4-8-1976. As has been explained above element of royalty was not included in the price of bricks fixed by the Food & Supplies Deptt. as such brick kiln owners were not authorised to charge royalty from the consumers. Thus this amount did not accrue to the deptt. so it was not recoverable. Out of the balance amount of Rs. 13.59 lacs an amount of Rs. 12.23 lacs has already been recovered leaving a balance of only Rs. 1.36 lacs for which vigorous efforts are being made."

The Committee are not satisfied with the reply given by the department for non-charging of royalty on brick earth. The Committee feel that the decision, allowing the Brick Kiln Owners to pay royalty quarterly on self assessment basis, was in the nature of a concession after the Brick Kiln Owners Association had lost their case in the Supreme Court.



The department should have taken more stringent measures to ensure recovery of royalty in 1978 itself when the Brick Kiln Owners had started avoiding payment of royalty. The contention of the department that figures of sale of bricks as per records of Food and Supplies Department were available with them during all these years and the royalty was assessed finally on the basis of Sales Tax assessments is also not tenable. Had it been so, notices for recovery for short payment of royalty would have been issued by the department much before it was pointed out by Audit in May 1980. The Committee, therefore, recommend that the departmental officers should act more carefully to safeguard the recovery of Government dues.

The Committee further observe that one of the main reasons for accumulation of arrears was that there was no provision in the Act/Rules for imposition of penalty/interest for delayed submission of returns or for non-payment of rent/royalty/tax within the specified period. The Committee feel it imperative that suitable provisions for imposing penalty/interest, if made in the relevant Act/Rules would go a long way in ensuring timely submission of the prescribed returns and speedy recoveries. The Committee, therefore, recommend that desirability of introducing necessary amendment to the Act/Rules be considered and action taken under intimation to them.

*Paragraph 5.8 Non-realisation of dues*

[42]. Under the Punjab Minor Minerals Concession Rules, 1964, as applicable to Haryana, mining lease in respect of a quarry is granted by auction or by tender and the lessee is required to deposit 25 per cent of bid for one year as security, and another 25 per cent as advance payment immediately on the allotment of the contract. The balance amount is payable in advance in quarterly instalments. In the event of default, penal interest at the rate of 12 per cent per annum is recoverable during the period the default continues. In case of default in the due observance of terms and conditions of the contracts the competent authority may, by giving a notice, terminate the contract with forfeiture of security as also the instalments already paid.

(a) Two contracts for the extraction of boulders, *bajri* and sand from Kainihwala and Ramgarh (district Ambala) quarries were granted (April 1979) upto 31st March 1980 to two contractors. As the contractors did not pay the regular instalments of the contract, these were terminated in May 1978 and April 1979, respectively and possession of quarries was taken over by the Government in June 1979 and April 1979, respectively. Contract money amounting to Rs. 7,330 and Rs. 28,702, respectively, was recoverable upto the date the possession of the quarries was taken over but no steps for effecting such recovery had been taken.

When this was pointed out in audit (May 1980), the department intimated (July 1980) that the amounts have been declared recoverable as arrears of land revenue and the Collectors concerned had been requested to recover the amount. Further report is awaited (January 1981).

The matter was reported to Government in October 1980; reply is awaited (January 1981).

(b) In the course of audit in the office of the District Industries Centre, Ambala, it was noticed (February 1980) that a contract for

extraction of minor minerals in respect of Babyal quarry for the period from 25th September 1978 to 31st March 1981 was granted to a contractor. The contractor failed to pay quarterly instalments due during the period from December 1978 to December 1979 and thus Rs. 12,500 became outstanding.

On this being pointed out in audit (May 1980), the department terminated the contract on 9th July 1980 and intimated (July 1980) that security of Rs. 2,500 had been forfeited and recovery certificate to recover the amount as arrears of land revenue was being issued. Further report is awaited (January 1981).

(c) Contracts for extraction of sand from Sarsheri, Khojkipur and Nagal Kardhan and Darwa quarries were granted to two contractors for the periods from 21st April 1977 to 31st March 1980 and 16th May 1977 to 31st March 1980, respectively. The contractors informed (January 1978 and June 1977) the department that the Forest Department was not allowing them to extract the sand from Khojkipur and Darwa quarries and therefore, their contracts be terminated. However, according to reports of the mining guards, the contractors continued to extract sand from the said quarries regularly. Contract money of Rs. 14,957 (excluding interest leviable on non-payment of instalments) was outstanding against the contractors.

The Department intimated (July 80) that the amounts would be recovered as arrears of land revenue.

The above cases were reported to Government in May, 1980; reply is awaited (January, 1981).

In reply to the questionnaire of the Committee, the department in their written reply submitted as under

- (a) "The recovery is still pending with the Revenue Department and they are being reminded regularly to liquidate the arrears. The main problem in these cases is that the defaulters are staying in the neighbouring State of Punjab and Union Territory of Chandigarh and recovery is being made through their Revenue Departments.

Rules and the contract agreement have been amended to provide for a solvent surety. Now in case the amount is not recovered from the contractor, it can be recovered from the surety of the contractor.

\* \* \* \* \*

- (b) Against the recovery certificate issued against him, Cap. Jagjit Singh contractor had obtained an injunction order from Sub-Judge Ambala restraining the Department from recovering Rs. 18104 from him. The case is still pending in the court and the next date of hearing is 8-10-1984. The amount shall be recovered as and when the stay is vacated by the court.

- (c) The matter was taken up by the General Manager, District Industries Centre Ambala with the Forest Department but they informed that they cannot allow the extraction of the mineral from the areas which are reserved under section 4 of the Land Preservation Act. The prohibition was only for one village whereas the contractor was given contract of 4 villages

Clause 10 and 12 of the contract agreement enjoins on the contractors not to work in a reserved or protected forest without permission from the Forest Department.

The contractor has obtained an injunction order from the sub-judge Ambala restraining the Department from recovering an amount of Rs. 6,251 from him. Next date of hearing is 8-10-1984

An amount of Rs. 7895 as contract money and Rs. 2108.75 as interest totaling to Rs. 10003.75 was recovered from Shri Hira Lal contractor of Darwa quarry on 2-5-1981. In this way complete arrears have been recovered.

(a) The Committee desire that strenuous efforts be made to recover the amount outstanding against the two contractors, one of whom is stated to be domicile of Punjab State, while the other of Union Territory Chandigarh. The progress so made be reported to the Committee.

(b) The Committee desire that the case of recovery of Rs. 18104.00 stated to be pending in the Court be vigorously pursued and progress made in effecting the recovery be reported to them.

(c) The Committee desire that the case of recovery of Rs. 6251.00, stated to be pending in the Court, be vigorously pursued and progress made in the recovery thereof be reported to them.

## IRRIGATION

*Paragraph 5.5. Non-recovery of royalty*

[43]. Rights for extraction of sand and *bajri* from canals were auctioned for each year by the Irrigation Department upto December 1975 (thereafter the work was transferred to Industries Department). According to the terms of auction, the successful bidder was required to pay an amount equivalent to one fourth of the bid money at the fall of hammer and the balance three fourth before the start of work.

In the course of audit in the office of the Executive Engineer, Western Jamuna Canal Division, Dadupur, it was noticed (August 1976) that during the years 1971 to 1975 rights of extraction of sand and *bajri* were granted to certain contractors without recovering the full amounts of bid. This resulted in non-recovery of Rs. 22,170 from ten contractors.

When this was pointed out in audit (June 1977), the department intimated (November 1978 and April 1980) that Rs. 9,920 had been recovered and the balance amount (Rs. 12,250) had been placed under "Miscellaneous Public Works Advances" pending recovery from the officials at fault. Report regarding recovery is awaited (January 1981).

The matter was reported to Government in October 1980; reply is awaited (January 1981).

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

"S.D.O. has explained that M/s Cosmos Const. Co. did not take up the extraction work.

The other contractor Sh Som Nath deposited Rs. 3800 leaving a balance of Rs. 900 out of the total amount of Rs. 4700.

Sh. Lakshman Dass, deposited Rs. 11375 against bid amount of Rs. 19600 leaving Rs. 8225.

No penal action was taken against the Contractors as there was no such clause in the N.I. Bids.

S/Shri P.L. Mittal & K.K. Sethi are responsible for the accumulation of arrears.

Necessary recommendation for the issue of recovery orders of Rs. 9875 against S/Sh. P.L. Mittal and K.K. Sethi have since been sent to Govt. for issue. Recovery will be started immediately after the issue of the orders. Details of Rs. 9875 is as under :—

Sh. P.L. Mittal Rs. 2700

Sh. K.K. Sethi Rs. 7175."

During oral evidence the Committee was informed that the system of auction of Bajri and sand had since been stopped by the Irrigation Department and that it had been entrusted to the Industries Department.

The Committee are constrained to observe that even after fixing the responsibility the amount has not been recovered from the officials at fault. The Committee urge that the recovery be effected immediately and compliance reported to them

## PUBLIC WORKS DEPARTMENT

(Buildings and Roads)

*Paragraph 5.1. Receipts from residential buildings*(1) *Introductory*

[44]. With a view to mitigate the acute shortage of residential accommodation for Government employees the Government has constructed different types of residential buildings at various places in the State. The buildings are allotted according to the status of the officer/official and rent thereof is charged at the rate of 10 per cent of the pay of the officer/official from their salaries. The allotment of the buildings is made by the Deputy Commissioners of the respective districts and recovery of rent is watched by Public Works Department authorities.

Table below indicates the revenue receipts from residential buildings during the five years ending 1979-80 :—

Year	Amount (In lakhs of rupees)
1975-76	10.15
1976-77	10.57
1977-78	8.14
1978-79	8.84
1979-80	9.83

The total number of residential buildings available for allotment as at the end of 1974-75, buildings constructed between 1975-76 and 1979-80 and total number of buildings available for allotment as at the end of 1979-80 in respect of five districts of Ambala, Karnal, Faridabad, Rohtak and Hissar, where accounts were test-checked in audit are as under :—

Station or District	Number of quarters at the end of 1974-75	Number of quarters constructed from 1975- 76 to 1979-80	Total num- ber of quarters available for allot- ment
Ambala	110	19	129
Karnal	212	—	212
Faridabad	144	—	144
Rohtak	132	25	157
Hissar	1,108	4	1,112
Total	1,706	48	1,754

(2) *Arrears of rent*

The Divisional offices of the Public Works Department prepare every month a demand statement (rent roll) of rent recoverable from Government servants occupying Government accommodation and send the same in duplicate to the respective drawing and disbursing officers for verification and effecting recoveries. After recovering the amount a copy of the rent roll (showing the amount recovered) is sent by the drawing and disbursing officers back to the divisional offices. Further, any change in the emoluments of the Government servant from time to time is also required to be indicated in the rent roll so as to enable the latter to revise the rent roll wherever necessary.

The table below indicates the position of rent assessed, realised and remaining uncollected during the three years ending 31st March 1980 :—

Station	Year	Opening balance	Rent assessed	Rent realised	Rent in arrears
(In rupees)					
Ambala	1977-78	24,820	75,473	57,925	42,368
	1978-79	42,368	88,522	63,398	67,492
	1979-80	67,492	70,572	30,493	107,571
Karnal	1977-78	2,01,470	1,03,524	14,609	2,90,385
	1978-79	2,90,385	88,368	41,434	3,37,319
	1979-80	3,37,319	80,486	25,147	3,92,658
Faridabad	1977-78	24,709	36,777	30,045	31,441
	1978-79	31,441	39,404	31,301	39,544
	1979-80	39,544	45,321	51,643	33,222
Rohtak	1977-78	Nil	1,00,928	91,731	9,197
	1978-79	9,197	90,583	81,511	18,269
	1979-80	18,269	94,407	88,109	24,567
Hissar	1977-78	55,432	277,810	2,50,233	83,009
	1978-79	83,009	2,56,310	2,42,710	96,609
	1979-80	96,609	1,08,648	77,766	1,27,491

It will be observed from the above that the yearwise outstanding balances of rent were on the increase. The accumulation of arrears was attributed (June 1980) by the department to (a) non-receipt of information regarding recovery of rent from civil offices, (b) non-receipt of transfer orders of Government servants and issue of last pay certi-

ificate without obtaining no demand certificate from the Public Works Department authorities by the civil offices and (c) non-receipt of full particulars of change in emoluments of Government servants from time to time.

### (3) *Un-authorised retention of Government residences*

On transfer/retirement of an official occupying Government accommodation, the drawing and disbursing officer is required to send an intimation to this effect to the Public Works Offices concerned. The Government accommodation can be retained by such Government servants for 21 days from the date of transfer/retirement on payment of normal rent, i.e., 10 per cent of his pay. If the accommodation is not vacated within this period penal rent is recoverable at the following rates:—

- |  |                    |
|--|--------------------|
| (a) Upto one month after 21st day                            | 20 per cent of pay |
| (b) For one month thereafter                                 | 30 per cent of pay |
| (c) After that, till the employees vacates the accommodation | 40 per cent of pay |

After lapse of 21 days, the concerned Public Works Office is required to issue rent rolls for recoveries at penal rate in respect of the accommodation not vacated and send the same to the drawing and disbursing officers under whose control the official was working at the time of transfer.

During the course of audit it was noticed that during the period from January 1975 to June 1980 penal rent had not been charged for various periods in a number of cases where the employees had been transferred but had not vacated the government accommodation within a period of 21 days. This resulted in short realisation of Rs. 68,244 in 48 cases in Ambala, Karnal, Faridabad, Rohtak and Hissar.

Non-recovery of rent at penal rate was due to ;

- (i) non-receipt of intimations regarding transfer from the drawing and disbursing officers;
- (ii) non-issue of rent rolls at penal rates by the Public Works Offices; and
- (iii) non-recoveries of rent at penal rates by the drawing and disbursing officers where revised rent rolls were issued.

No steps have been taken to recover the above amount so far (July 1980).

### (4) *Retention of Government residences by employees on foreign service*

The Haryana Government issued instructions in June 1974 to the effect that Government employees who are on deputation to corporations,



municipal committees, small farmers' development agencies, etc., and retain Government accommodation will be required to pay rent at the rate of 10 per cent of their pay and the difference between this amount and the rent charges fixed by the Government shall be paid by the foreign employer.

During test-check of departmental records it was, however, noticed that Government accommodation was continued to be retained by certain employees on foreign service but rent at 10 per cent of their pay only has been recovered instead of market rent. In some of the cases market rent had been fixed by the Public Works Department authorities and revised rent rolls had been issued but the recovery on account of difference of the rent so fixed and the rent already paid had not been made so far. The arrears on this account for various periods during the years 1974-75 to 1979-80 amounted to Rs. 1,10,240 as detailed below :—

Name of district	Number of cases in which market rent had been fixed	Amount recoverable on account of difference between market rent and rent at 10 per cent (In rupees)
Karnal	4	89,936
Faridabad	4	20,304
Total		1,10,240

There were 34 more cases where market rent had not been fixed by the Public Works Department authorities and recoveries had not been made accordingly. The break-up of these cases is as under :—

Name of district	Number of cases
Karnal	4
Faridabad	1
Hissar	29
Total	34

The department has not taken any steps to fix the chargeable rent and make good the short recoveries.

The matter was reported to Government in October 1980, reply is awaited (January 1981).

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

“The decline in revenue is attributed to the following facts :—

- (1) After 1975-76 a number of categories of officials/officers of various departments like Police and Judiciary were allowed rent free accommodation, affecting the rent receipts adversely. However, it may kindly be observed from the table that after 1977-78, the recoveries on account of rent increased.

In the year 1975-76 the revenue receipt from residential buildings included water charges also which are now being collected by the Public Health Department separately. The above factor in Provincial Division No. 1 Karnal alone resulted in reduction of revenue approximately to the tune of Rs. 20,000 per annum.

In Rohtak circle a few hundred quarters worth rental value of Rs. 13,500 were transferred to Rohtak University with the attachment of Medical College with them.

12 SCF and 2 residential buildings at Gurgaon were transferred to HUDA.

All the quarters available for allotment stood allotted throughout and rent realised in respect thereof.

No quarter remained unallotted. As soon as a quarter is vacated, it is allotted to another applicant by the competent authority within a reasonable period.

In view of the position explained above no revenue was foregone on this account.

- (2) The rent rolls after recovery are received late from the DDO/Treasury Officer resulting in late posting of recoveries and hence in accumulation of arrears. However, the arrears have been substantially reduced by the end of 3/84.

These arrears are mostly due to late receipt of rent rolls after recoveries from the different DDO's/T.O.'s. A special campaign is being started shortly to assess the exact arrears on this account and take steps to reduce them to the minimum.

Rent rolls are issued regularly as per rules. The main reason is the decline in efficiency due to late receipts of rent rolls from DDO/TO.

The latest position of arrears, circle-wise, as per rent register maintained by the Divisional offices, is as under :—

Ambala Rs. 1,65,005 upto 31-3-84.

Karnal Rs. 1,57,466 as on 31-3-84.

Bhiwani Rs. 28,200 upto 31-3-84.

Jind Rs 97,500 upto 31-3-84.

Chandigarh Rs 6,007 —Do—

Rohtak Rs. 5,553 (as on 31-3-84) relating to the period prior to 31-3-80.

Gurgaon Rs 1,32,558 (as on 31-12-83).

Hissar Rs. 87,356 (upto 31-5-84)

- (3) So far as this deptt. is concerned Govt. accommodation is not allowed to be retained by the Govt. employees after retirement/ transfer beyond the prescribed time limit, but the deptt has got certain limitations. The powers of allotment lie with other different departments and on many occasions they do not intimate in time the facts of retirement/transfer. As and when such cases of late vacation come to notice, the deptt adopts the normal procedure for vacation and issue rent rolls at prescribed enhanced rates and in case of failure the concerned deptt. is to launch eviction proceedings.

As a matter of course the clause of penal rent is implemented in all such cases and revised rent rolls are issued and sent to the DDO's for recovery.

Whenever any case comes to notice where vacation is abnormally delayed the matter is referred to higher authorities. The department has, however, met with partial success in this regard. Two houses at Bhiwani one in Karnal circle and two in Chandigarh circle were got vacated through higher authorities. In view of heavy rate of penal rent such cases, though existing, are very few

Actually the deptt. under whose administrative control the buildings fall is required to take action to initiate-eviction proceedings.

As per information received from the S.E's. of the Department the following is the position of such recoveries due from occupants at penal rates :—

Name of circle	Penal Rent assessed	Penal rent recovered	Balance
Bhiwani	9,904 45	9,904 45	Nil
Karnal	23,036.05	Nil	23,036.05
Gurgaon	13,213 46	Nil	13,213.46
Chandigarh	10,234 00	5,700.00	4,534.00
Hissar	23,862.00	14,730.00	9,132.00
Jind & Rohtak	Nil		
Ambala	36,658 67	19,976.42	16,682.25

(4). Demand in four such cases at Karnal two at Faridabad has already been raised against the foreign employer viz. in M. C. Karnal, R. D.A. Tourism Corporation and Land reclamation Corporation. The recoveries are yet awaited. Cases are being pursued by the Divisional Officers with the foreign employers. Demand for Rs. 2,72,404 was raised at Karnal and Faridabad upto 1983-84 out of which a sum of Rs. 31,206.55 only has been recovered so far.

At Karnal out of Rs. 1,32,516.60 upto 1983-84 recoverable, a sum of Rs. 1,367 only has been recovered. In Gurgaon circle a sum of Rs 1,09,547.45 is still recoverable from Tourism Corporation out of Rs 1,39,887. The matter for recovery of rent at penal rates is being pursued with the concerned authorities viz. Local Govt. and the Tourism Corporation RDA and the Land Reclamation Corporation by the Divisional officers. In Hissar circle recovery due upto 1979-80 in all cases is reported to have been made. There are now at the end of 1983-84, 8 cases involving a recovery of Rs. 20,185 which are being pursued."

The Committee did not feel satisfied either with the written replies furnished by the department or with the elucidation given by the departmental representatives during oral evidence on 18-9-1984, in regard to the existing system of preparation of the rent rolls, recovery of rent by the Public Works Department and through various agencies in respect of the government buildings on rent with them. The Committee, therefore asked the representative of the Finance Department, present in the meeting, to enlighten them as to what could be done to streamline the existing system of recovery of rents in the interest of State Finances. The representative of the Finance Department agreed with the Committee that the existing system of recovery of rent was not satisfactory and that it needed reconsideration. He further stated that the Finance Department was already thinking over the matter as to how that system could be streamlined and made foolproof. He assured the Committee that they would have a meeting with the representative of P.W.D. (B&R) to devise ways and means so that recoveries of rent could be effected without any delay. He assured that the Committee would be informed about the outcome thereof within three months. No information about the action taken to streamline the existing system has, however, been received by the Committee upto the writing of this report.

The Committee are unhappy to note the accumulation of arrears of rent which, according to department's own estimate, stood at Rs. 6,79,645 on 31-3-1984. This is an alarming situation and is indicative of sheer lack of co-ordination between the Public Works Department and Civil Departments as recovery of rent is normally made from the salary of employees occupying government residential buildings. The Committee, accordingly recommend that reconciliation of rent realised, as per books of the civil departments and as assessed by Public Works Department, be taken up immediately so as to bring out the factual position of outstanding arrears.

The Committee further recommend that more concreted efforts be made to effect recovery of Government dues and progress made be reported to them.

The Committee are also constrained to observe that no effective steps were taken by the department to revise and streamline the system of recovery of rent when it was found to be un-satisfactory. Even the Finance Department failed to send the report promised during the oral examination. The Committee deplore this tendency of delaying the things and recommend that the whole position be reviewed in consultation with Finance Department immediately so as to formulate a more workable system for ensuring expeditious recovery of rents of Government buildings. A report in this regard be submitted to the Committee within six months.

The Committee also desire that categorywise total amount of rent outstanding as on 31-3-1984, together with progress made in the recovery thereof, be intimated to them.

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## EXCISE AND TAXATION

*Paragraph 2.1 Results of test audit in general*

[45]. The test audit of sales tax assessment and other records in twelve districts conducted between April 1979 and March 1980, revealed under-assessment of tax of Rs. 59.38 lakhs in 1,259 cases which are broadly categorised as under :—

Nature of irregularity	Number of cases	Amount (In lakhs of rupees)
1. Under-assessment under the Central Sales Tax Act	176	13.60
2. Incorrect computation of turnover	193	16.69
3. Non-levy / short levy of penalty	186	16.49
4. Non-levy of interest	307	6.27
5. Application of incorrect rates of tax	137	4.49
6. Others	260	1.84
<b>Total</b>	<b>1,259</b>	<b>59.38</b>

Some of the important irregularities noticed in test audit are mentioned in paragraphs 2.2 to 2.11.

In reply to the questionnaire of the Committee, the department explained as under :—

"The Department is conducting internal audit of sales tax assessments finalised by the assessing authorities through the Excise and Taxation Officers (Inspection). During the year 1983-84 in ten districts, such Inspecting Officers remained posted. They inspected 6137 assessment cases during the year and found under assessments or short/escaped assessments in 448 cases. The likely revenue which may accrue to the State as a result of rectifying these detected cases may amount to Rs. 4,54,79,876.

Apart from internal audit training both theoretical as well as practical is also being imparted to the Assessing Authorities in the Training School alongwith training about the administration and working of taxation statutes.

The cent per cent audit is not possible. During 1979-80 there were only 2 officers in Internal audit which has been further strengthened and at present there are 10 officers posted in Internal Audit Wing. In order to avoid duplicacy of audit, the Internal Audit Wing officers generally check the cases which have not been audited by the Accountant General's Audit party. However, efforts are

being made to further strengthen Internal Audit Wing and the matter is under consideration of the State Government.

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

Out of 1259 cases involving Rs. 59.38 lacs, 884 cases amounting to Rs. 29.59 lacs have been got settled from Accountant General's parties at the time of subsequent inspection of district offices and review. Out of the remaining 375 cases involving Rs. 29.70 lacs 74 cases are pending with appellate authority for suo moto action and remaining 299 cases involving Rs. 18.55 lacs are pending for decision with various Assessing Authorities. Two cases amounting to Rs. 25,000 are pending with sales Tax Tribunal.

In order to ensure proper assessment of sales tax assessment cases, more posts of Excise and Taxation Officers and Assistant Excise and Taxation Officers have been got sanctioned. Emphasis is also laid on disposal of old pending cases on priority basis to ensure better and proper assessment. Working of the Assessing Authorities is also being reviewed quarterly by the officers at the headquarters. Deputy Excise and Taxation Commissioners incharge of districts also review monthly the working of all the assessing authorities working under them."

During oral evidence on 22nd October, 1984, the Committee was informed that out of 6,137 cases of assessment checked by the internal audit wing of the department in ten districts, under assessment/short/escaped assessment detected in 448 cases may yield a revenue of about Rs. 4.55 crores when these cases are finalised. The departmental representative assured the Committee that strict action would be taken against the defaulting officers/officials found involved in these cases because the amount involved was very huge.

The Committee are constrained to observe that the department failed to initiate action to call for explanations of the assessing authorities found responsible for framing incorrect assessments reported by Audit in 1980-81. The Committee urge that action against the assessing authorities responsible for incorrect assessments be expedited and final outcome intimated to them.

The Committee are unhappy to note the large number of incorrect assessments being made by the assessing authorities involving under assessment of huge amount of Rs. 4.55 crores. This shows lack of initiative on the part of the assessing authorities at the time of assessments. The Committee desire that these cases be finalised expeditiously and reasons for incorrect assessments be analysed and suitable remedial measures adopted to eliminate the chances of incorrect assessments in future. The amount of demand raised in these cases alongwith the progress of recovery be also intimated to them.

The Committee further desire that action against the officers/officials found responsible for incorrect assessments in 448 cases detected by internal auditors be initiated without further delay and results intimated to them, as promised during oral evidence.

The Committee are also not satisfied with the pace of recovery of arrears of tax as an amount of Rs. 29.71 lakhs still remains outstanding for recovery out of Rs. 59.38 lakhs and desire that the cases pending with appellate authorities be pursued vigorously and got settled.

*Paragraph 2.2. Arrears in assessment of sales tax*

(1) *Introductory*

[46] No tax can be levied without determination and quantification of the amount payable under the Act. Assessment is the computation of the tax liability of the assessee. An assessment becomes effective from the date of issue of order and from its communication and as such expeditious completion of assessment is absolutely essential for the efficient administration of the Act. Each assessment year is a self contained unit and should be assessed to tax separately. Assessment may be provisional or regular. An *ex parte* assessment is also a regular assessment.

The table below indicates the number of assessments finalised by the department and the assessments pending finalisation at the end of 31st March 1980 and the preceding year as reported by the department :—

(a) Number of assessments due for completion during the year	1978-79	1979-80
(i) Arrear cases	36,185	31,646
(ii) Current cases	75,995	86,264
(iii) Remand cases	856	850
Total	1,13,036	1,18,760

(b) Number of assessments completed during the year		
(i) Arrear cases	24,695	20,774
(ii) Current cases	55,861	60,771
(iii) Remand cases	834	764
Total	81,390	82,309

(c) Number of assessments pending finalisation as on 31st March 1980	31,646	36,451
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(2) \* \* \* \* \*



### (3) *Delay in commencement of assessment proceedings*

Under the Haryana General Sales Tax Act, 1973, the assessing authority must proceed to make the assessment within five years after the expiry of the assessment year. By virtue of an amendment to the Act, effective from 9th April 1979, the assessing authority must complete the assessment within three years after the expiry of the assessment year.

(i) In the course of audit it was noticed (June 1980) that in three cases relating to two dealers of Sonapat district the assessment proceedings for the assessment years 1973-74 and 1974-75 were not initiated at any stage during the entire limitation period of five years; these were initiated only in May 1979 and June 1980, respectively. The gross turnover in these cases was Rs. 1,46.49 lakhs for the year 1973-74 and Rs. 1,18.23 lakhs for the year 1974-75. The belated action to initiate assessment proceedings beyond the time limit prescribed in the Act in these cases would render the tax demand, if any, not legally enforceable.

(ii) In the case of a firm of Hissar for the year 1967-68 assessment proceedings were initiated for the first time on 12th May 1975, i.e., much after the expiry of statutory period of five years. The case was decided *ex parte* on the same date and additional demand of Rs. 44,302 was created. The additional demand could not be recovered as the firm had closed down its business in 1967-68. The claim was reported to have been lodged in the Court. Further report is awaited (January 1981).

(iii) In the course of audit it was noticed that in 7 cases relating to 3 dealers of Gurgaon (1), Narnaul (5) and Ambala (1) relating to the years 1967-68 to 1975-76, the assessment proceedings were initiated after three years or more from the closing of relevant assessment year. A demand of Rs. 20.33 lakhs was raised, the recovery of which is awaited (December 1980). Out of these 7 cases, one dealer had already gone into liquidation before the finalisation of assessment proceedings and demand of Rs. 2.02 lakhs was outstanding against him.

(iv) In the course of audit it was noticed (June 1980) that in 14 cases relating to 14 dealers of Ambala (6), Sonapat (1) and Jind (7) relating to the years 1975-76 and 1976-77, assessment proceedings had not been initiated even though a period of 3 years had elapsed since the closing of accounts. The gross turnover of these dealers was Rs. 5.15 crores.

Further, in 27 cases relating to 21 dealers of Ambala (6), Sirsa (5), Sonapat (9), Karnal (5) and Jind (2) for the years 1970-71 to 1976-77, assessment proceedings had been initiated after three years of the closing of accounts but cases had not been finalised so far (December 1980). The gross turnover involved in these cases was Rs. 49.40 crores.

Delay in commencement/finalisation of assessment proceedings may adversely affect the chances of recovery of additional demand if the firms close down their business in the meantime.

(4) *Remand cases*

Orders passed by the assessing authority determining quantum of tax are subject to appeal and revision. The cases of appeal/revision or review are sometimes remanded back by the Appellate Authority/ Revisional Authority for *de novo* assessment/examination of points involved in appeals. No time limit for disposal/finalisation of remand cases had been prescribed under the Act. Delay in finalisation of remand cases may in certain cases adversely affect the chances of recovery.

Test-check in audit revealed that 16 cases of Bhiwani (9), Gurgaon (6) and Narnaul (1) relating to the years 1970-71 to 1976-77 remanded back to the assessing authorities during the year 1976-77 or earlier were pending finalisation (December 1980).

The foregoing cases were reported to Government in October 1980; reply is awaited (January 1981).

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

“2.2 (3) The position of the specific cases giving replies to points raised in questionnaire mentioned by the Audit in para 2.2(3)(i), (ii), (iii) & (iv) is given in Annexure ‘A’. (See at pages 160 to 164)

- (i) The limitation of three years fixed for completion of assessment has been revised. Now the assessing authority is required to initiate proceedings within five years. The Assessing Authorities have been asked to invariably initiate assessment proceedings within the time limitation period of five years. The position of pendency of cases is also reviewed by the Deputy Excise and Taxation Commissioner during the course of Departmental Officers meeting every month to ensure that no case is allowed to become barred by time limitation

In respect of 3 cases pointed out by the Audit in para 2.2(3)(i) the additional demand of Rs. 7,18,223 was raised in respect of the 2 cases pertaining to M/s Hindustan Everest Tools, Jatheri (Sonepat) for the assessment years 1973-74 and 1974-75. The demand of Rs. 1,37,004 pertaining to the year 1973-74 has since been deposited by the party during August and October, 1983. As regards 1974-75, demand of Rs. 8567 under G.S.T. and Rs. 5,72,652 under C.S.T. was created. According to the orders of Jt. Excise and Taxation Commissioner (A) the amount was to be recovered in 10 instalments but the dealer went for appeal to the Sales Tax Tribunal. The Tribunal vide its orders dated 22-5-84 directed that the dealer will pay the 1st instalment before 1st June, 1984 and 11th instalment before 1st July, 1984. Thereafter, the Jt. Excise and Taxation Commissioner (A) was to hear the case. The surety for the rest of the amount was also to be furnished by the assessee. The party has deposited 1st instalment of Rs. 857 under G.S.T. and Rs. 57266 under C.S.T.

Sh. N.S. Bedi Assessing Authority was responsible for delaying the assessment proceedings, who has since retired on 30-4-1981.

The third case pertaining to M/s Well Pack & Co, Kundli is pending with Sales Tax Tribunal who has adjourned it sinedie on the date of last hearing on 22-5-84.

Emphasis is being laid for the disposal of old cases and the assessing authorities have been asked not to give unnecessary adjournments in the assessment cases. Additional posts of the assessing authorities have already been created for finalisation of the pending cases.

The detailed position is given in Annexure A (*See at pages 160 to 164*).

- (ii). Firm had closed its business in 1967-68. Steps are being taken for recovery of the amount from the sureties as per Civil Court's order dated 28-7-83.
  - (iii). There are 7 cases pertaining to 3 firms as shown in Annexure A (see at page 161). Out of these two firms viz. Maruti Ltd, Gurgaon and M/s Dalmia Dadri Cement Factory, have gone under liquidation. Claims of the department have already been filed with the official liquidators. As regards 3rd case of M/s Eastern Commercial Corporation, Pinjore (Ambala), it may be stated that the firm has already pledged its property with the Bank Authorities against the loan taken by them from the Bank. The Bank's case is still pending with the court.
  - (iv). Out of 14 cases pointed out, the amount stands recovered in 12 cases. Additional demand which have been recovered in these cases works out Rs. 204049. In one case of M/s Haryana Rice and General Mills, Gohana for 1975-76, it may be stated that after enquiry from the field officers, it has been revealed that R.C. of the dealer was cancelled on 31-3-73 as the dealer had already closed his business and as such no assessment for the year 1975-76 was to be done. In another case of M/s Udmi Ram Hargobind Dass, Jind, no additional demand was created.
- Out of 27 cases pointed out by the Audit, additional demand in respect of 22 cases amounting to 1303229 stand deposited. In one case of M/s Bharat Steel Tubes, Ganaur (Sonipat) for the years 1970-71 and 1971-72, it may be stated that assessment proceedings have been stayed by the Hon'ble Supreme Court for these two assessment years. As regard assessment of this very firm 76-77, the dealer deposited Rs. 4,26,982 out of the demand created for this year and the case has now been remanded by the Jt. Excise and Taxation Commissioner (A), vide orders dated 22-4-84 which is under examination with Assessing Authority for re-framing the assessment. In case of M/s Shree Metal Pvt. Ltd. Kundli (Sonipat) for assessment year 1975-76, the case was remanded back by Appellate Authority and is under finalisation under Assessing Authority. In one case

of M/s Hindustan Everest Tools, for the year 1975-76, the dealer filed an appeal with Sales Tax Tribunal against the orders of Joint Excise and Taxation Commissioner (Appeals), Ambala, Sales Tax Tribunal *vide* its orders dated 22-5-84 had directed that the dealer should pay one instalment before 1st June 1984 and 2nd before 1st July 1984 thereafter Jt. Excise and Taxation Commissioner (A) will hear this case. The dealer has deposited Rs. 41,023 as the 1st instalment in this case.

- 2.2(4). The position of 16 remand cases pointed out by the Audit is given in Annexure B (See pages 165-66). Reply of the points raised in the questionnaire is as under :—

No statutory time limit is laid down. However, in each district office, separate registers have been maintained for the remand cases. Disposal of such cases is reviewed by the district officers as well as by the officers from the Headquarters.

Position is given in Annexure B (see pages 165-66)

Cases are remanded by the appellate authorities if it is found that the additional demand created by the assessing authorities are illegal and not sustainable under the law. Some time the cases are also remanded where the appellate authority feels that the appellant should have been given more opportunity for production of declaration forms or production of accounts etc."

(1) The Committee are unhappy to note that 36,451 assessments were pending finalisation as on 31st March 1980 out of which 639 assessments were still pending even on 31st March 1984. The Committee desire that effective steps be taken to clear the back log and suggest that some definite procedure be evolved to avoid accumulation of such cases in future.

(2)

\* \* \* \* \*

(3) The Committee are constrained to observe that action against defaulting assessing authorities involved in repeated incorrect assessments was not initiated immediately after the omissions came to notice. Some of them have retired and the department is finding itself helpless in taking action against them. The Committee desire that responsibility for incorrect assessments be fixed immediately and action taken against the officials at fault. The Committee also recommend that such cases be finalised within a reasonable period in future. Reasons for non-finalisation of case pertaining to Shri P.N. Dewan, assessing authority involved in four cases of under-assessment be investigated and findings reported to the Committee.

The Committee are further pained to know that in three cases, the department failed to initiate assessment proceedings within the stipulated period of five years and the cases became time-barred. The Committee, therefore, desire to know the amount of loss of tax involved in these cases and the action taken against the officials/officers responsible for not initiating the cases within the stipulated period.

The Committee also desire that the cases pending with the assessing authorities for rectificatory action or with the tribunals be pursued vigorously and final outcome be reported to them

(4) During oral evidence on 23-10-84, the Committee was informed that out of the 15 remand cases, 12 had been finalised. In reply to a question of the Committee as to why the remaining cases could not be finalised, the departmental representative promised to supply a detailed report in regard to the remaining three cases but till the writing of this report the same had not been received

The Committee desire that the remaining three cases be finalised at the earliest and the reasons for not finalising the same be intimated to them, as promised during oral evidence

*Paragraph 2 4. Under-assessment of Central Sales tax*

[47]. Under the Central Sales Tax Act, 1956, inter-state sales are taxable at the rate of 4 per cent provided such sales are supported by declarations in the prescribed form from the purchasing dealers. Government, however, by a notification, issued on 14th January 1972, allowed levy of tax at concessional rate of 1 per cent on the sales of oil produced from Sarson, Toria, Til and Taramira

It was noticed in audit of records in the office of the Excise and Taxation Officer, Kurukshetra (October 1979) that a dealer in the course of inter-State trade or commerce made sales aggregating Rs 18.85 lakhs (included in the total inter-State sales of Rs 34 72 lakhs) of oil produced from groundnut and washed cotton seeds during the year 1976-77. These sales were taxed at the concessional rate of one per cent instead of at the normal rate of 4 per cent. Consequently there was under-assessment of tax amounting to Rs 56,550

On this being pointed out in audit (October 1979), the department collected (November 1980) the additional demand of Rs. 56,550.

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

“Additional demand of Rs. 56,550 already stands deposited. The assessment in this case was framed by Sh. B.R. Sahnewal, who has been asked to explain the circumstances under which under assessment was made by him His explanation is still awaited

To ensure that the Assessing Authorities apply correct rates of taxes when finalising assessments, all amending notifications about rates of taxes and amendments in Sales Tax Act/ Rules are invariably made available to all the assessing authorities. The Sales Tax Act /Rules made upto date are also provided to all of them periodically. Guidelines and instructions on this subject are also issued from head office from time to time. Training on this score is also imparted to the T.Is/AETOs in the Training School being run by the department at Chandigarh.

No Excise and Taxation Officer (I) was posted in Kurukshetra Distt.

Now the internal audit organisation has been strengthened.”

During oral examination on 23-10-84 the departmental representative informed the Committee that the explanation of the assessing authority, Shri B.R. Sahnewal had been called for more than twice by the E.T.C. but he did not send reply thereto and that thereafter the D.E.T.C. wrote to the Govt. that action against him be taken by the Government because he was not caring to furnish the explanation. He further stated that from the record it had been found out that the letter written by the D.E.T.C. had not reached the Government. Obviously either the letter was not despatched from the D.E.T.C. office or it was not placed on record in the Government. He also added that the officer had already retired but the terminal benefits which a retiree is entitled to had not been released and they were examining as to what further action could be taken against him.

The Committee are not satisfied with the above reply of the department as it shows laxity on their part in finalising action against the defaulting assessing authority even after five years. The Committee deplore this tendency and recommend that such disciplinary cases should be decided more promptly in future. The Committee, further desire that action against the assessing authority at fault in the instant case be finalised at the earliest and report sent to them.

#### *Paragraph 2.5. Incorrect deductions*

[48] Under the Haryana General Sales Tax Act, 1973, tax on declared goods shall be leviable and payable at the stage of sale or purchase as specified in Schedule D to the Act. Prior to amendment of Schedule D to the Act, with effect from July 1976, iron and steel goods as enumerated in Central Sales Tax Act being declared goods, the first sale in the State by a dealer is taxable. The tax is leviable at the rate of 3 per cent (4 per cent with effect from 1st July 1975).

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

(b) In the course of audit of records in the office of the Excise and Taxation Officer, Yamunanagar, it was noticed (May 1979) that a dealer during the year 1975-76 was allowed deduction of Rs. 5.16 lakhs from his gross turnover on account of sale of declared goods (M.S. rounds, M.S. plates, M.S. angles, etc.) which resulted in under-assessment of tax of Rs. 17.154.

On this being pointed out in audit (May 1979), the assessing authority referred (August 1979) the case to the Revisional Authority for *suo motu* action. Further report is awaited (January 1981).

The above cases were reported to Government in August 1980; reply is awaited (January 1981).

In reply to the questionnaire of the Committee, the department explained the position as under :—

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

“(b) *M/s Chanderpur Works Yamuna Nagar (1975-76).*”

The case was referred to Jt. Excise and Taxation Commissioner (A), Ambala for *suo-moto* action on 1-8-79. The case was remanded back to the Assessing Authority by the Jt. Excise and Taxation Commissioner (A), Ambala vide his order dated 11-1-1983. The remand case was decided by the assessing authority vide his order dated 21-9-83, creating an addl. demand of Rs. 42,037. A sum. of Rs. 28,037 has since been got deposited leaving a balance of Rs. 14,000. The dealer again filed an appeal against the orders of the Assessing Authority dated 21-9-83 before Appellate Authority which was again remanded back to Assessing Authority on 16-1-84. The assessment is under finalisation with Dy. Excise and Taxation Commissioner, Jagadhri.

It was allowed by Sh. K.L. Bhola, the then Assessing Authority, who has since retired on 31-10-1978 and as such no action can be taken against the retiree at this stage.”

During oral evidence the Committee was informed that only an amount of Rs. 16,723 remained to be recovered from M/s Chanderpur Works, Yamunanagar, which was being recovered in instalments

The Committee desire that the progress of recovery of the balance amount be intimated to them.

*Paragraph 2.6. Short levy of purchase tax*

[49] 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 by giving the prescribed declaration. 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. Government, however, allowed the levy of tax at 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

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

             \*           \*           \*           \*           \*           \*           \*

(b) In the course of audit of records in the offices of the District Excise and Taxation Officers, Faridabad and Rohtak, it was noticed (November 1976 and August 1978) that during the year 1973-74 two dealers, one each of Faridabad and Rohtak, transferred goods, manufactured out of tax free purchases, to their branches outside the State. As the goods had been transferred prior to 19th July 1974, tax was leviable on their purchase value of Rs. 4.13 lakhs at the rate of six or eight per cent as the case may be instead of at the concessional rate of 3 per cent assessed by the assessing authorities.

When the omission was pointed out in audit (November 1976 and August 1978), the department realised additional demand of Rs. 14,765 in July 1978 and July 1979.

The matter was reported to Government in August 1980; reply is awaited (January 1981).

The department in the reply to various questions of the Committee, explained as under :—

- (a) \* \* \* \* \*
- (b) "M/s. Bonny Products, Bahadurgarh (Rohtak) Assessment year 1973-74.

The tax was assessed at lower rates by the Assessing Authority. After the error came to notice the additional demand was created and recovered on 28-7-78. The explanation of Sh. M.L. Sharma Assessing Authority who was responsible is under examination.

To avoid short assessments in future the department is conducting internal audit. It is also imparting training to its officers in the Training School being run at Chandigarh. The amendments made from time to time are also circulated to all the Assessing Authorities. Annual Sales Tax Circulars are also printed by the department every year. In these circulars, the instructions/guidelines issued amendments made in the law and various judicial pronouncements circulated in the year are compiled and are provided to the assessing authorities for guidance and ready reference."

During oral evidence on 23-10-1984, the Committee was informed that the D.E.T.C. had called for explanation of the defaulting assessing authority Shri M.L. Sharma, for not applying the correct rate of tax which was found unsatisfactory. The case had thus, been sent to the Government for further action which was stated to be under examination.

**The Committee desire that disciplinary action against assessing authority be finalised expeditiously and report sent to them.**

*Paragraph 2.7. Short levy of tax on consignment sales*

[50] Under the Haryana General Sales Tax Act, 1973, a dealer, who purchases goods without payment of tax within the State on the authority of his certificate of registration and exports them outside the State for sale on consignment, is liable to pay tax on the purchase price of the goods at the rate leviable on their sale. Government, however, allowed levy of tax on such sales at the concessional rate of 3 per cent with effect from 19th July 1974.

In the course of audit of records in the office of the District Excise and Taxation Officer, Jind, it was noticed (March 1979) that eight dealers purchased 'Gur' on the authority of their certificates of registration and sold the same on consignment basis outside the State during 5th May 1973 to 18th July 1974. The assessing authority levied tax on the same (value Rs. 5.05 lakhs) at the concessional rate of 3 per cent instead of at 6 per cent even though the goods were sold prior to 19th July 1974. On this being pointed out in audit (March 1979), additional demand of Rs. 15,339 was realised between May 1979 and December 1979.



The matter was reported to Government in July 1980; reply is awaited (January 1981).

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

“In this case short levy of tax on consignment sales with regard to the following firms is involved.

Sr. No.	Name of dealer	A.Y.	Assessing Authority	Remarks
1	2	3	4	5
1.	M/s Mahabir Dall & Ginning Factory, Jind	1973-74 and 1974-75	Sh. Inder Singh	Retired 30-1-1980.
2.	M/s Mool Chand Sat Narain, Julana	1973-74 and 1974-75	Sh. N.S. Bedi	Retired 30-4-81.
3.	M/s Sita Ram Hari Ram, Pilu Khera	1973-74 and 1974-75	Sh. N.S. Bedi	Retired on 30-4-81.
4.	M/s Sheo Chand Rai Roshan Lal, Jind	1973-74 and 1974-75	Sh. Jai Singh Rao Sh. N.S. Bedi	Retired on 11-6-74 Retired on 30-4-81.
5.	M/s Mahavir Parshad Ram Karan, Safidon	1973-74 and 1974-75	Sh. Karan Singh Sh. N.S. Bedi	Expired on 12-9-78 Retired 30-4-81.
6.	M/s Khub Ram Devi Dayal, Jind	1973-74 and 1974-75	Sh. Jai Singh Rao Sh. N.S. Bedi	Retired 11-6-74 Retired 30-4-81.
7.	M/s Harnam Dass Prem Chand, Jullana	1973-74	Sh. Karan Singh	Expired on 12-9-78.
8.	M/s Ruli Ram Ram Narain, Jind	1973-74 and 1974-75	Sh. Jai Singh Rao Sh. N.S. Bedi	Retired 11-6-74 Retired 30-4-81.

It was an error on the part of Assessing Authorities during their respective periods as pointed out above. The omissions were rectified in due course in each case and the additional demand realised. No action at this stage is possible in view of their retirement/expiry as detailed above.

Concessional rate of tax was imposed, it appears, by the Assessing Authority due to mis-understanding. This misunder-

standing arose on account of the fact that under the Punjab General Sales Tax Act, 1948 which was in force prior to introduction of Haryana General Sales Tax Act, 1973 on 5-5-1973, tax, at the concessional rate, was applicable in similar circumstances. With the issue of a new notification on 19-7-74 there is no further scope for any misunderstanding".

During oral evidence the departmental representative informed the Committee that the omissions had been rectified and the amounts of additional demand of tax realised in all the eight cases. In reply to a question of the Committee the departmental representative agreed to furnish an account of irregularities committed by each assessing authority while framing assessments during the last two years and action taken against them together with the particulars of the erring parties. The said information had not been received till the writing of this report.

The Committee point out with regret that information regarding incorrect assessments framed by the various assessing authorities during the last two years has not been supplied as promised during oral examination. The Committee desire that this information be supplied to them without further delay.

The Committee further recommend that a roster indicating incorrect assessments made by each assessing authority be maintained and compliance reported to them.

*Paragraph 2.10. Non-levy of penalty for delay in furnishing the returns.*

[51]. Under the Haryana General Sales Tax Act, 1973 and Central Sales Tax (Amendment) Act, 1976 (applicable retrospectively with effect from 5th January 1957), a dealer is required to furnish the return to the assessing authority within 30 days of the expiry of each quarter. In the event of default, the assessing authority may, after giving him a reasonable opportunity, direct the dealer to pay penalty at a rate which shall not be less than five rupees or more than ten rupees for every day during which the default continues.

In the course of audit of records in the office of the District Excise and Taxation Officer, Faridabad, it was noticed (June 1978 to August 1978) that three dealers of Faridabad did not file the quarterly returns for the year 1973-74 by the prescribed dates. The assessing authorities while assessing the cases (July 1977 and March 1978) passed orders that penal action for delay in furnishing the returns would be taken separately. In one case notice for levy of penalty was issued in July 1977 but the same was not pursued. In the other two cases no action was taken.

On this being pointed out in audit (June 1978 to August 1978), proceedings were initiated (September 1978 and November 1979) by the department and penalty aggregating Rs. 35,620 was levied in October 1978 and January 1980. The department intimated (September 1980) that Rs. 10,550 had been recovered (March 1979) and recovery of the remaining amount was in process.

The matter was reported to Government in August 1980; reply is awaited (January 1981).

The department in their written reply to the questionnaire of the Committee, stated as follows :—

- (i) *M/s Banwari Lal Purshotam Dass Faridabad (E) Assessment year 1973-74.*

In this case penalty of Rs. 17,284 was imposed on 3-10-78 under both the Acts. Recovery certificate was issued to Collector Calcutta on 12-5-83 whose reply is awaited. Assessment was framed by Sh. M.L. Malhotra. He expired on 12-7-82 and no action can be taken against him.

- (ii) *M/s Iron Master Pvt. Ltd., Faridabad Assessment year 1973-74.*

Penalty and interest amounting to Rs. 9,709 under GST Act and Rs. 12,677 under CST Act was levied on 3-10-78 by the Assessing Authority. This amount was recovered on 18-3-79 and 29-3-79 respectively. However, Sh. M.L. Malhotra had framed original assessment in this case who had mentioned in his order that action for imposing penalty and interest will be taken later on. Sh. M.L. Malhotra has been expired on 12-7-82.

- (iii) *M/s Inspi Auto Industries Pvt. Ltd., Faridabad (E) A/Y 1973-74.*

In this case a penalty of Rs. 7,260 under Haryana General Sales Tax Act, 7,260 under Central Sales Tax was imposed by the Assessing Authority on appeal, the Appellate Authority has reduced it to Rs. 7,260 under both Acts on 20-2-82. As per decision of Delhi High Court, the dealer has to pay 40% of adjudicated claim which has been recovered in 4 annual instalments. Sh. P.N. Dewan, Assessing Authority was responsible, whose explanation is being called.

The cases of non-filing of returns and nonpayment of voluntary tax where penal action is required to be taken are reviewed every quarter by the Deputy Excise & Taxation Commissioners incharge of districts and also by the officers from the head office. As a result of such reviews the total annual collection of sales tax for the year 1983-84 is of the order of Rs. 168.50 crores which represents about 96% of the total amount due under Sales Tax Acts.

The normal procedure for finalising penal action in cases of non-filing of returns and non-payment of voluntary tax is that the assessing authorities initiate such action within a month of the close of the quarter concerned. Initially notice is issued to the concerned defaulting dealer. After the proper service, the dealer concerned is afforded an opportunity of being heard in person. Penalty under section 46 or section 47, as applicable, is imposed wherever called for. By and large, the assessing authorities are complying with these instructions properly."

The Committee desire that the progress made in the recovery of Rs. 17,984 from M/s Banwari Lal Purshotam Dass, Faridabad (E), be reported to them.

The Committee also desire that action taken against the Assessing Authority Sh. P.N. Dewan in connection with assessment case of M/s Inspi Auto Industries Private Ltd. Faridabad be intimated to them.

*Paragraph 4.2. Loss of duty on excess wastage in bottling operation*

[52] Under the Punjab Distillery Rules, 1932, as applicable to Haryana, excise duty on each kind of spirit wasted in excess of the prescribed limits is chargeable to duty from the distilleries. The scale of wastage allowance for spirit in bottling operations has been prescribed as 1.5 per cent.

In the course of audit of a distillery at Karnal, it was noticed (June 1979) that the distillery was issued 13,62,398.2 proof litres of country spirit for bottling during the year 1978-79. As against an admissible wastage of 20,436 proof litres wastage of 27,157.6 proof litres was allowed, resulting in excess wastage of 6,721.6 proof litres. No excise duty on the excess wastage of spirit had been charged from the distillery. This resulted in loss of excise duty to the extent of Rs. 1.14 lakhs. The department intimated (November 1980) that notice for the recovery of excise duty on excess wastage had been issued (August 1980) to the distillery. Further report is awaited (January 1981).

The matter was reported to Government in September 1980; reply is awaited (January 1981).

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

"The wastage was not allowed by any one in excess of the prescribed limit. Duty on excess wastage is charged at prescribed rate under Rule 101/A of the Punjab Distillery Rules, 1932. Accordingly, a notice was issued to the management of M/s Panipat Cooperative Distillery, Panipat as to why Excise Duty on the excess wastage to the tune of 6,721.06 Proof Litres be not charged from them. After taking into consideration the written arguments and oral submission, the Department passed orders for recovery of duty on the said excess wastage amounting to Rs. 1,14,260.20. The orders have been served on the management through Dy. Excise & Taxation Commissioner, Karnal, for depositing the said amount within 7 days of the receipt of these orders. Deputy Excise and Taxation Commissioner has already been advised if the management fails to deposit the said amount, the same should be recovered as arrears of Land Revenue.

It is for the concerned department (Management of the concerned to take action for keeping the wastage within the prescribed limit).

Notice has been served recently. The total arrears including the one indicated above is quite heavy. It would take some time before recovery was affected."

The Committee are unhappy to observe that recovery proceedings for duty recoverable for the years 1974-75 to 1980-81 had not been finalised and sums recoverable were under stay granted by the Financial Commissioner.

The Committee, therefore, desire that the stay granted by the Financial Commissioner be got vacated and recovery proceedings pursued vigorously. Final outcome be also intimated to them.

*Paragraph 4.3. Loss of duty on excess storage wastage*

✓[53] Under the Punjab Distillery Rules, 1932, as applicable to Haryana, ceiling limit prescribed for wastage of both country spirit and Indian-Made Foreign Liquor in store (spirit store room) is 2 per cent. Excised duty on spirit wastage in excess of the prescribed limit is recoverable from the distillery.

In the course of audit of records of the distillery at Yamunanagar, it was noticed (April 1979) that the total quantity stored (including balance at the beginning of the year) during 1978-79 was 10,00,183 proof litres against which the wastage allowed was 27,109 proof litres which was in excess of the prescribed ceiling limit (2 per cent) by 7,106 proof litres. Excised duty amounting to Rs. 56,848 (at the rate of Rs. 8 per proof litre) chargeable on the excess wastage was not levied and collected from the distillery.

The matter was reported to Government in July 1979; reply is awaited (January 1981).

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

“In this case the audit party calculated the excess wastage in respect of double distilled plain spirit alone. Paragraph 11:52 of the Punjab Excise Manual, Volume-III interalia provides that for calculating duty on wastage of spirit in store room rectified spirit is treated as plain country spirit and wastage of spirit both in spirit store and in bottling is taken into account. It also provides that separate calculations should be made for each kind of spirit. In view of this, double distilled spirit, which is known as plain spirit, is also to be taken into account, alongwith single distilled spirit (rectified spirit) for calculating excess wastage. As per information received from Assistant Excise and Taxation Officer, Haryana Distillery, Yamuna Nagar, the position of storage of spirit in the spirit store room of Haryana Distillery during the year 1978-79, was as under :—

	Balance as on 1-4-78	Prod. during the year 1978-79	Total
[1. Double distilled plain spirit in Proof Litre	28,902.5	9,74,281.00	10,03,183.5
[2. Single distilled plain spirit in Proof Litres	65,665.5	10,69,635.6	11,35,301.1
	-94,568.0	20,43,916.6	21,38,484.6

According to the above data, a quantity of 21,38,484.6 P.L. remained under storage in the spirit store-room during the year 1978-79. The permissible wastage of spirit at the rates of 2% of the above quantity comes to about 42,768 Proof Litres as against the actual wastage of 35,160 P.L. Thus, there has been no excess wastage in this case as calculated by the Audit Party of the Accountant General, Haryana. The position was explained to the Accountant General, Haryana vide this office letter No. 10401/X.II, dated 5-11-1980 requesting that the objection be dropped.

In view of the facts explained above no recovery is involved."

During oral evidence when questioned as to under what circumstances the department had allowed the wastage by combining the single and double distilled spirit on the same scale, the departmental representative stated that both kinds of spirits were classified as plain spirits and the wastage thereof was prescribed @ 2% on the entire lot under the rules under the head "Wastage and losses". The Committee was not satisfied with the reply of the department and directed the department to settle the controversial matter regarding allowance of wastage on spirit with the Accountant General and to send a detailed note to them within a period of one month. The departmental representative agreed to it but the report in the matter was not received till the writing of this report.

The Committee, therefore, desire that the matter be sorted out expeditiously with the Accountant General and final outcome be reported to them without further loss of time.

The Committee further desire that some definite procedure be evolved to cut short delays in such cases and system of allowing wastage be streamlined so that Government dues do not remain un-realised for years together.

#### *Paragraph 4.4. Shortfall in duty*

[54] Under the Punjab Brewery Rules, 1956 and the Punjab Fiscal Orders, 1932, as applicable in Haryana, the duty on beer, at the prescribed rate, shall be charged on the total quantity actually brewed as entered in the brewing book by the licensee or as ascertained by the Inspector of the Excise Department whichever is higher, and after deducting the quantity of beer in bond, less an allowance of 10 per cent for wastage on the balance.

(a) In the course of audit of records of a brewery at Faridabad, it was noticed (July 1978) that duty on beer was being recovered on the quantity actually issued against duty paid permits instead of on the quantity actually brewed less quantity of beer issued in bond and after giving allowance of 10 per cent for wastage on the balance. As on 31st March 1976, 1.28 lakh bulk litres of beer was in stock with the brewery when the rate of excise duty was reduced from Re. 1 per bottle to fifty paise per bottle with effect from 1st April 1976. This resulted in shortfall of revenue of Rs. 98,712 as the duty on beer lying in stock on 31st March 1976 but issued thereafter, was levied at lower rate.

On this being pointed out in audit (October 1978), the assessing authority intimated (November 1980) that the case regarding recovery of duty had been referred (July 1979) to the Excise and Taxation Commissioner. Further report is awaited (January 1981).

The matter was reported to Government in October 1978; reply is awaited (January 1981).

(b) In the course of audit it was noticed (August 1979) that a brewery at Murthal had been allowed wastage allowance on the total quantity of beer brewed without deducting 17.96 lakh bulk litres of beer issued in bond during the year 1978-79. Owing to excess wastage allowance of 1.80 lakh bulk litres of beer, there was short levy of duty amounting to Rs. 1.38 lakhs.

The matter was reported to Government in November 1979; reply is awaited (January 1981).

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

(a) "The stand taken earlier by the department was that there was some in-consistency between Rule 35 of the Punjab Breweries Rules, 1956 and Order 5 of the Punjab Excise Fiscal orders, 1932. Accordingly, amendment of the rules was contemplated. It looks that two provisions get re-conciled if it is taken as under :—

- (i) That the quantity brewed becomes liable to excise duty; and
- (ii) That the actual realisation of Excise Duty is at the time of issue.

So there is no short fall in revenue because the relevant Excise Duty rate would be the one prevalent on at the time of issue.

(b) The Audit para pertains to the year 1978-79. In view of this para the wastage was worked out as under :—

	B.L.
(i) Production during the year	58,34,000
(ii) Issues in bond	17,96,301
(iii) Balance	40,37,699
(iv) Permissible wastage	40,03,770
(v) Balance.	36,33,929
(iv) Balance from the previous year	7,92,680
(vii) Total (v+vi)	44,26,609
(viii) Issues	35,18,304.21
(ix) Book balance as at the close of the year	9,08,304.8
(x) Actual balance at the close of the year	6,80,467
(xi) Excess wastage chargeable to duty	2,27,837
	or
	3,50,520
	bottles
Amount of excess duty recoverable on excess wastage @ 0.50-P. per bottle	Rs. 1,75,260

Accordingly, notice was issued to the brewery management for the recovery of Rs. 1,75,260. After considering the reply of the management orders for the recovery of the said amount have been passed and sent to the Deputy Excise & Taxation Commissioner, Sonapat. The audit party has calculated the recovery of Rs. 1,38,177 whereas actual recovery works out to Rs. 1,75,260 as explained above.

Recovery orders are being served on the party. The total recovery including the one indicated above is quite heavy. It would take some time before recovery was effected."

(a) During oral evidence the departmental representative stated that as per existing provisions for charging of duty on beer the stage at which the duty is chargeable has not been laid down. He further informed the Committee that proposal for carrying out amendment in the rules was made to the Government and the same was under their consideration.

The Committee are constrained to observe that the department had given a similar reply to para 4.1 of Audit Report for the year 1977-78 but the amendment which was sought to be made in 1979 is still pending. The Committee re-iterate their earlier recommendations contained in para 39 of their Nineteenth Report and urge that the matter regarding amendment in the rules be expedited and final outcome reported to them.

(b) During oral evidence the departmental representative informed the Committee that assessment was finalised and demand for Rs. 1,75,260 was raised but the management of the Brewery had filed an appeal with the Financial Commissioner Revenue. Decision on the appeal was yet to be taken.

The Committee are unhappy to note the delay in initiating timely action for assessment/recovery and view with concern the delay in taking decision in the appeal filed by the management of the Brewery. The Committee further desire that the grounds of appeal by the management be intimated to them as the provisions of the Act/Rules are very clear in this case. The Committee also urge that final decision be taken without any further loss of time.

The Committee further desire that the progress of recovery of Rs. 1,75,260 from the Brewery at Murthal be reported to them.

#### *Paragraph 4.5. Loss of revenue due to delay in re-auction of vends*

[55] Under the Haryana Liquor Licence Rules, 1970, a country liquor vend is liable to be sealed and the licence cancelled in the event of the licensee's failure to pay the monthly instalments equivalent to one eleventh of the annual licence fee by the due dates. When a licence is cancelled, the vend is re-sold by public auction and the deficiency in the licence fee, if any, is required to be made good by the original (defaulting) licensee.

In the course of test-check of the records of District Excise and Taxation Office, Jind it was noticed (November 1978) that three country liquor vends in Jind district for the year 1976-77 were auctioned (February 1976) for Rs. 3.58 lakhs. The licensees deposited security amounting to Rs. 0.36 lakh and paid three instalments (due in April, May and June



1976) amounting to Rs. 0.98 lakh, but did not pay the instalment in July 1976. Accordingly, the vends were sealed on the 2nd August 1976 and the licences were cancelled on the 7th September 1976.

The three vends were re-auctioned on 20th October 1976 (the re-auctions fixed for 21st September 1976 and 5th October 1976 could not be held due to one reason or the other) for Rs. 61,000, Rs. 41,000 and Rs. 15,000. The re-sale of the vends resulted in shortfall of Rs. 1.07 lakhs to be recovered from the defaulting licensees.

The appellate authority, however, reduced (March 1978) the recovery by Rs. 40,214 due to delay in the re-auction of the vend. Recovery of the balance amount Rs. 67,306 is still to be made (July 1980).

The matter was reported to Government in December 1978; reply is awaited (January 1981).

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

“Under rule 36(26) of the Haryana Liquor Licence Rules, 1970, the licensees were obliged to pay the monthly instalment of license fee by 20th of each month and upto the last pay of that month with interest @ Rs. 15% per annum on the unpaid amount of monthly instalment of license fee, failing which the vend could be sealed and put to re-auction. In all these cases the vends were sealed for default of payment of license fee for the month of July, 1976 and later on the vends were cancelled.

The district excise staff certified that the financial position of all the successful bidders who secured licenses at the time of annual auction, was sound.

After sealing the vend on 2-8-76 the formalities for cancellation of the licenses were started immediately, which were completed by 6-9-1976 when the re-auction of these licenses was fixed for 14-9-1976. So there was no delay in between sealing of the vends and cancellation of the licenses.

No time limit for arranging reauction of a licensee after its cancellation has been laid down in the rules. However, the re-auction in the normal course is fixed as early as possible after observing all the formalities.

It is not considered worthwhile to fix any time limit for reauction of vends due to certain procedural difficulties. However, efforts are always made by the department to re-auction the vends at the earliest.

The vends in question were sealed on 2-8-1976. The licenses were cancelled on 6-9-76 after observing all the necessary formalities. The reauction of the vends was fixed for 14-9-79 but it could not be held on that day because of late receipt of intimation by the Dy. Excise & Taxation Commissioner, Jind to that effect. However, the Deptt. fixed the re-auction of these vends for 21-9-76 and 5-10-76 but the same could not be held for the reasons that the Government of India

vide note 2-10-1975 announced twelve point prohibition programme. In pursuance of this the Gram Panchayats started campaign of Nasha Bandi. They started imposing fine on the persons who took liquor or even manhandled them. Due to interference of Gram Panchayat the bidders did not come forwards at the time of re-auction of these vends held on 21-9-76 and 5-10-76.

Thus the delay in re-auctioning of these vends was beyond the control of the Department and the licensees were given relief by the appellate authority for re-auctioning the vends late.

Sh. Sajjan Kumar s/o Sh. Banarsi Lal of Khanauli, defaulter for the year 1976-77 is now residing at Kannuri Mandi distt. Sangrur (Punjab). The collector Sangrur was requested to make the recovery. Out of total amounting of Rs. 67,306 an amount of Rs. 59,306 has since been recovered upto 3/84, leaving total amount of Rs. 8,000, as informed by Deputy Excise and Taxation Commissioner, Jind, vide his letter No. 2763/IESC, dated 15-6-84."

During oral evidence on 30-10-1984, the Committee was informed that out of the balance recoverable amount of Rs. 8,000 an amount of Rs. 2,000 had been recovered and that for the remaining amount of Rs. 6,000 recovery certificate had been issued and Collector Sangrur requested to make the recovery.

The Committee desire that the progress made in the recovery of balance amount of Rs. 6,000 be intimated to them.

*Paragraph 4.6 (Recovery due from contractors)*

1-12-2021

[56] Under the Haryana Liquor license Rules, 1970, license for country liquor vend is granted by auction and the licensee is required to deposit an amount equivalent to one tenth of annual licence fee within a period of seven days of the date of auction by way of security (adjustable against the last instalment) and to pay the balance licence fee in monthly instalments. In the event of default in the payment of monthly instalment, the vend is liable to be sealed and reauctioned at the risk and cost of original licensee. Deficiency in the licence fee shall be recovered by revenue recovery proceedings as arrears of land revenue.

Verification of financial solvency of the bidders and obtaining certificates in support thereof is not in vogue under the existing procedure in the department.

(a) In the course of audit of the records of the office of the District Excise and Taxation Officer, Kurukshetra, it was noticed (March 1977) that two country liquor vends at Pai and Karora for the year 1976-77, were auctioned (February 1976) for Rs. 1.90 lakhs and Rs. 0.85 lakh, respectively. The licensees failed to pay the monthly instalment for the month of June 1976. The licences of both these vends were cancelled in August 1976 and were re-auctioned (September 1976) for Rs 0.65 lakh and Rs. 0.47 lakh, respectively. The re-auction of vends resulted in loss of revenue to the extent of Rs. 0.71 lakh and Rs. 0.09 lakh (after adjusting security), respectively, which is yet to be recovered from the original licensees.

On this being pointed out in audit (November 1977), the department intimated (May 1980) that recovery certificates under the Land Revenue Act had been issued to the Collectors concerned. Further report is awaited.

The matter was reported to Government in November 1978, reply is awaited (January 1981)

(b) In the course of audit of the office of the District Excise and Taxation Officer, Bhiwani, it was noticed (September 1978) that a country liquor vend in Bhiwani district was auctioned for Rs 2.32 lakhs for the year 1977-78. The licensee failed to pay the monthly instalment of licence fee for the month of July 1977. The vend was cancelled in October 1977 and re-auctioned for Rs. 70,000 (October 1977) resulting in a loss of revenue amounting to Rs. 75,519.

The ex-licensee, from whom the deficient amount of Rs 75,519 was recoverable, preferred an appeal before the Financial Commissioner who granted (October 1977) stay orders for the recovery of the amount. The stay orders are yet to be vacated (August 1980).

In February 1978, the District Excise and Taxation Officer, Bhiwani informed the Excise and Taxation Commissioner, Haryana, that one of the partners in whose name the vend was originally auctioned had got transferred the whole of his ancestral immovable property in the names of his sons and that stay orders might be got vacated to avoid loss to the State revenues. Further developments are awaited (January 1981)

The matter was reported to Government in March 1979; reply is awaited (January 1981).

In reply to the questionnaire of the committee, the department, explained as under :—

- “(a) The requisite conditions prescribed under the rules that bidder was not a blacklisted person and he was not a defaulter of excise revenue and has deposited earnest money etc. were fulfilled. However, the distt. excise staff has to point out if any successful bidder is of unsound financial position for which certificate was arranged.

A sum of Rs. 80,502 (Rs. 71,556 in respect of Pa1 and Rs. 9,046 in respect of Karora) for the year 1976-77. is outstanding against Sh. Surinder Singh S/o Sh. Hartan Singh of Amritsar & Shri Hans Raj S/o Sh. Gurdita Mal of Amritsar. A recovery certificate has already been issued to the Collector, Amritsar, as the defaulters are residing there, to recover this amount as arrears of Land Revenue and matter is being pursued with him.

- (b) The Deputy Excise and Taxation Commissioner, Bhiwani informed vide his memo. No. 1913/EX., dated 31-8-1977 that the Country Liquor Licensees, Kairon and Sandhwan have not so far deposited the instalments of license fee for the month of July, 1977 though under the law they were required to deposit the same by the 20th of the month and with interest

upto the 31st of that month. The Deputy Excise and Taxation Commissioner, Bhiwani informed late as he might have been persuading the licensees to deposit the fee and interest.

On receipt of the information about non-payment of instalment for the month of July, 1977 notices was issued to the licensees on 9-9-77 to show cause as to why their licenses be not cancelled under section 36(b) of the Punjab Excise Act. But these notices could not be served upon the licensees personally inspite of the attempts made on 13-9-77, 16-9-77 and 18-9-77 as licensees were not available. Notices were also sent to the partners of the country liquor vends by Registered Acknowledgement due. These were also returned by the postal authorities with the remarks that "Addressee is not in the village" on 28-9-77. Again efforts were made to serve the notice on the licensees but they were again not found as reported by Dy. Excise & Taxation Commissioner, Bhiwani. Lastly the substitute service was done by pasting the notices on the main door of the residence of the licensees on 28-9-77. The Deputy Excise and Taxation Commissioner, Bhiwani informed about the services of notices by substituted service of this office on 30-9-77 and that communication was received in this office on 3-10-77. The license in form L-14-A at Kairon and Sandhwan were cancelled on 7-10-77. Inview of the position explained above there is no delay.

M/s Man Singh Partap Singh were sanctioned license in form L-14-A for the year 1977-78 for a sum of Rs. 2.32 lacs for the country liquor vend Kaion and Sandwan. They failed to pay the monthly instalment for the month of July, 1977. Consequently the vends were sealed on 1-8-77 and the licenses were cancelled vide order dated 7-10-77. The vends were reauctioned on 15-10-77 for Rs. 70,000. There was a Net loss amounting to Rs. 75,519. He preferred an appeal against, the recovery with the commissioner and with the Financial Commissioner Revenue. The Financial Commissioner Revenue reduced amount of recovery Rs. 53,272 vide his orders dated 19-5-81. Then he filed a civil suit in the Court of Sub Judge 1st class Bhiwani. The stay was granted by the Court which has subsequently been vacated in April, 82. Since then the department is trying to apprehend the defaulter but he has gone underground. The Sub-Judge Bhiwani has now fixed 15-7-84 as next date of hearing in the case."

(a) The Committee desire that the progress made in the recovery of Rs. 80,502 from the two contractors of Amritsar be intimated to them.

(b) The Committee also desire that the progress made in recovering Rs. 75,519 from M/s Man Singh & Partap Singh, contractors be intimated to them.

#### PASSENGERS AND GOODS TAX

*Paragraph 4.7. Short levy of passengers tax*

[57] Under the Punjab Passengers and Goods Tax Act, 1952 and the rules made thereunder, tax is levied on fare and freight in respect of

passengers and goods carried by motor vehicles and with effect from 18th April 1973 such tax is charged at 50 per cent of the amount of fare/freight. By a notification issued in April 1976, the rates of fare and freight were revised from 20th April 1976 and the tax was leviable at the revised rates.

In the course of audit of records of the District Excise and Taxation Officer, Narnaul, it was noticed (September 1978) that in respect of two buses plying on Kotputli-Narnaul route, the assessing authority calculated the tax for the period from 20th April 1976 to 31st March 1978 at pre-revised rates instead of at the enhanced rates of fare from 20th April 1976. This resulted in short recovery of tax of Rs. 14,564.

On this being pointed out in audit (December 1978), the cases were re-assessed and tax of Rs. 14,564 recovered in August 1979 and September 1979.

The matter was reported to Government in June 1980; reply is awaited (January 1981).

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

“Under assessment admitted. The reassessment was framed and the demand created amounting to Rs. 14565 was deposited in the Govt., Treasury in the months of Aug. and Sept. 1979.

Assessment at pre-revised rates was framed by Sh. J.L. Sabharwal and Sh. R.K. Dhindwal assessing authorities previously posted at Narnaul. Action against the defaulting Officers is being taken.”

The Committee desire that action against the defaulting assessing authorities be finalised at the earliest as it had already been much delayed. The action taken be intimated to the Committee at the earliest.

## ENTERTAINMENT DUTY

### *Paragraph 4.8. Non-recovery of entertainment duty*

[58]. Under the Punjab Entertainment Duty Act, 1955 and the notification issued on 3rd April 1956, as applicable to Haryana, entertainments organised by the Deputy Commissioners, the net proceeds whereof are intended to be utilised for Red Cross Fund, were exempted from the levy of entertainment duty. Government, however, clarified (March 1979) that such entertainments if organised through contractors would not be entitled to the exemption from levy of duty.

In the course of audit it was noticed (September 1979) that a *mela* (from 30th April 1978 to 8th June 1978) organised by the District Red Cross Society, Gurgaon, through a contractor was wrongly exempted from the payment of entertainment duty. The entertainment duty leviable in this case was Rs. 48,389.

When this was pointed out (September 1979) in audit, the department issued (February 1980) notice to the Society for the production of relevant documents/books. Further report is awaited (January 1981).

The matter was reported to Government in November 1979; reply is awaited (January 1981).

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

“The Govt. vide its letter No. 5108 ET(8) 78/112284 dated 1-3-79 disallowed exemption of Entertainment Duty on Red Cross fairs organised through contractors with effect from March, 1979. The Mela in question was organised during the period from 30-4-78 to 8th June, 1978. As such the above amendment is not applicable to this ‘Mela’.

Application for grant of exemption of entertainment duty on this ‘Mela’ was submitted by D.C. Gurgaon who was also president of the Indian Red Cross Society, Gurgaon. In this application, it was nowhere mentioned that ‘Mela’ would be organised through a contractor. As such exemption was allowed by the Deptt. at that time. The amount of Entertainment Duty recoverable from Indian Red Cross Society works out to Rs. 1,08,067.10 (and not 48389 as mentioned in the questionnaire). This is based on the accounts produced by the Indian Red Cross Society to D.E.T.C., Gurgaon and the assessment framed by the D.E.T.C. The amount has not been recovered so far. The matter is being pursued by the Deptt. with the D.C., Gurgaon, who is president of the society. The last reference in this respect was made by D.E.T.C., Gurgaon to D.C. vide his memo No. 2058, dated 1-5-84.”

The Committee are unhappy to observe that recovery pointed out in September, 1979 remains outstanding even after five years and urge that the matter regarding recovery of entertainment duty of Rs. 1,08,067.10 from the Indian Red Cross Society, Gurgaon be pursued vigorously with the President, Indian Red Cross Society, Gurgaon and progress be reported to them within two months.

## ANNEXURE 'A'

(See pages 139 and 140)

Para 2.2(3)(i) to (iv)(b)

Name of the dealer	Assessment year	First notice served on	Assessment on	Demand created under	Date of deposit	Remarks
1	2	3	4	5	6	7
(i)				GST	CST	
1. M/s Hindustan Everest Tools Jathari(Sonipat)	1973-74	5-6-80	31-1-83	1378	135626	28-7-83 30-10-83
2. Do	1974-75	5-6-80	30-9-83	8567	572652	
<p>Amount was to be recovered in 10 instalments, as per orders of the Jt. E.T.C(A), Ambala. The dealer went in appeal before Sales Tax Tribunal Haryana against the order of Jt. ETC(A). The Sales Tax Tribunal vide his order dated 22-5-84 directed the dealer to pay the first instalment before, 1st June, 1984 and 2nd instalment before 1st July, 1984 and thereafter the Jt. ETC(A) will hear the appeal. The surety for the rest of the amount is to be furnished by the assessee. In accordance with the orders of the Sales Tax Tribunal Haryana the dealer has deposited a sum of Rs 857 under GST and Rs. 57266 under CST Act in respect of the year 1974-75.</p> <p>The files of the dealer for both assessment year remained unattended upto 4-6-80 with Sh. N.S. Bedi, the then Assessing Authority who retired on 30-4-81. At this stage action against the retiree is not possible</p> <p>The case is pending with Sales Tax Tribunal Haryana. The case was last fixed for 22-5-84 before the Sale Tax Tribunal, Haryana but has been adjourned sine-die.</p> <p>Firm closed its business in 1967-68. The amount is being recovered from sureties as per order's dated 28-7-83 of the Civil Court.</p>						
3. M/s Well Pack and Co. Kundli(Sonipat)	1973-74	—	—	—	—	—
(ii)						
1. M/s H P. Brothers Hansi(Hissar)	1967-68	21-2-69	12-5-75	44302	—	—

1	2	3	4	5	6	7
				GST	CST	
(iii)						
1.	M/s Maruti Ltd. Gurgaon	1973-74	4-4-77	8-6-77	76377	147671
						Firm went into liquidation and claim was lodged with the official liquidator.
2.	M/s Dalmia Dadr Cement Factory, Dadr(Bhiwani)	1967-68 1970-71 1971-72 1973-74 1975-76	—	—	7371207 3570376	2262431 1269339
			Interest	—		The firm went under liquidation and the case regarding recovery of dues has been referred by the D.E.T.C. Bhiwani to Commissioner of Payments, Department of Industrial Development, Ministry of Industries, Govt. of India, New Delhi.
			Total Demand	14473353	upto 30-4-83	
3.	M/s Eastern Commercial Corp. Pinjore (Ambala)	1973-74 to 1976-77	—	—	364286	—
						The property of the firm is already pledged with the bank authorities against loan taken by the firm Bank's case is pending in the court.
(iv)(a)						
1.	M/s Mannohan Auto Stores, Ambala Cantt.	1976-77	—	26-3-81	182	—
2.	M/s Amar Trading Co. Ambala Cantt.	Do	—	28-2-81	9013	—
3.	M/s Banwari Lal & Sons, A/Cantt.	Do	—	6-10-80	41	—
4.	M/s Dhari Shah Di Hatti, A/Cantt.	1976-77	—	31-12-80	897	—
5.	M/s Dara India Ltd. Ambala Cantt.	Do	—	21-9-81	176626	—
6.	M/s Goel Foundry Works, A/Cantt.	Do	—	30-9-83	1205	—
7.	M/s Haryana Rice & General Mills, Gohana(Sonipat)	1975-76	—	—	—	—
						The registration certificate of the dealer was cancelled w.e.f. 31-3-1973 after enquiries. As the dealer has closed business the assessment for the year 1975-76 was not required.



1	2	3	4	5	6	7
				GST	CST	
				6966 7400	against Stand deposited	
8.	M/s Arjan Lal Ram Kishan, Jind	1975-76	—	31-8-81	—	—
9.	M/s Udami Ram Hargovind Dass, Jind	Do	—	21-5-81	—	No demand.
10.	M/s Banwari Lal Dalip Chand, Narwana(Jind)	Do	—	7-10-80	665	29-1-81
11.	M/s Kirpa Ram Madan Lal, Safidon (Jind)	Do	—	16-9-80	5	30 19-9-80 19-9-81
12.	M/s Ganesh Trading, Co. Safidon(Jind)	Do	—	27-11-81	99	10-12-81
13.	M/s Shiv Narain Nand Kishore, Jind	Do	—	20-8-80	115	72 25-8-80
14.	M/s Rura Mal Uggar Saun, Jind	Do	—	7-10-80	7931	202 29-11-80 5-11-80
(iv)(b)						
1.	M/s Manmohan Auto Store, A. Cantt.	1975-76	—	10-12-80	165	— 14-1-81
2.	M/s Banwari Lal & Sons, A/Cantt.	Do	—	4-7-80	50	55 11-7-80
3	M/s Bata India Ltd. Ambala Cantt.	Do	—	16-12-80	181925	— 21-1-81
4.	M/s Des Raj Nanak Chand, Ambala	1975-76 1976-77	—	29-7-80	460	48 Stands deposited
5.	M/s Jarnail Singh Lachman Singh Kalka(Ambala)	1975-76	—	27-12-83	1480	— 19-1-84

1	2	3	4	5	6	7
				GST	CST	
6.	M/s Bharat Steel Tubes, Ganaur (Sonipat)	1970-71 1971-72	—	—	—	Assessment proceedings have been stayed by Hon'ble Supreme Court of India for the assessment year 1970-71 and 1971-72.
		1976-77	—	22-7-82	151736	742215
						As regards 1976-77 the dealer deposited Rs. 426982 out of the demand created for this year and the case has now been remanded by the Jt. E.T.C.(A) vide his orders dated 22-4-1983 and the case is under examination with Assessing Authority.
7.	M/s Shree Metals Pvt. Ltd., Kundli (Sonipat)	1975-76	—	—	—	The original assessment was framed by the Assessing Authority on 27-3-1981. The dealer went in appeal against the orders of Assessing Authority. The case was remanded back to Assessing Authority on 4-11-81 and the case is under examination with Assessing Authority.
8.	M/s J.B. General Store, Sonipat	1976-77	—	7-12-81	18579	—
9.	M/s Hindustan Everest Tools Jather(Sonipat)	1975-76	5-6-80	29-12-83	—	410230
					—	March, 82
						The amount has been ordered to be recovered by the Appellate Authority, Ambala in 10 instalments vide his order dated 5-4-84. The dealer has filed an appeal against the order of Jt. ETC(A) and Sales Tax Tribunal, Haryana vide his order dated 22-5-84 has directed that the dealer should pay two instalments and thereafter the case will be heard by the Jt. ETC(A) Ambala. The dealer has deposited a sum of Rs. 41023 being the first instalment and the next instalment is due on 1st July, 1984.
10.	M/s Organ Chemical Industry, Sonipat	1974-75 1975-76	28-5-79	28-11-80 3-12-80	3682 —	20179 28718
11.	M/s E.C.F. Sonipat	1975-76	12-5-79	31-3-81	5531	54512
12.	M/s Goel Engg. & Wollen Works Sonipat	1975-76 1976-77	13-3-79 16-6-80	10-12-81 29-5-82	11432 6436	— 3007
					—	30-11-81 28-6-82

1	2	3	4	5	6	7
				GST	CST	
13.	M/s Paper Sales Corp. Karnal	1975-76	23-6-79	26-9-80	2064	— 28-2-81
14.	M/s Sadhu Ram Ishwar Chand, Karnal	1975-76	6-2-80	24-9-80	2260	— 5-12-80
15.	M/s Haryana State Small Scale Industry & Export Corp. Karnal	1975-76	2-8-79	24-3-81	5765	25380 31-3-81
16.	M/s Sanwal Dass Anil Kumar, Dabwali, (Sirsa)	1974-75	—	30-7-80	—	— No additional demand created.
17.	M/s Chandu Lal Raunak Ram, Ding Sirsa	1974-75	—	12-6-80	1117	— 20-6-80
18.	M/s Asha Ram Tek Chand, Sirsa	1974-75	—	9-7-80	32028	729 Deposited Rs. 10729 on 25-9-81
19.	M/s Bawa Crushing & Fertilising Dabwali (Sirsa)	1974-75	—	19-3-81	—	15 24-3-81
20.	M/s Bhagwan Dass Ramesh Chand, Sirsa	1974-75	—	14-7-80	—	8979 Stands deposited
21.	M/s Haryana Dairy Development Corp Jind	1974-75 1975-76	— —	28-1-82 25-3-82	136 443	2878 15-3-82 6941 30-3-82

The assessee went in appeal and his case was remanded back to Assessing Authority who decided the remand case on 30-11-81 and fresh assessment framed was for Rs. 184 (Rs. 26 under GST and Rs. 158 under CST). The dealer had already deposited Rs. 10729 and as such refund of Rs. 10545 was allowed to the dealer in view of the remand case.

# ANNEXURE 'B'

(See, Page 141)

## 2.2(4) Remand cases

Name of the Firms	Assessment	Date of remand year	Date of decision of remand case	Amount of additional demand	Date of deposit	Remarks
1	2	3	4	5	6	7
1. M/s Goel Dall Mills Bhiwani	1970-71	14-11-77	—	GST —	—	Under examination with the Assessing Authority.
2. —do—	1971-72	Do	—	—	—	—do—
3. M/s Aggarwal Dal & Cotton Factory Bhiwani	1974-75	7-3-77	—	—	—	—do—
4. M/s Jamait Rai Tej Bhan, Bhiwani	1972-73	5-2-76	9-2-83	Field	—	Due to default of the dealer the case was filed and previous assessment orders were held good. The dealer had already deposited tax amounting to Rs. 3084.
5. M/s Goel Vanaspati Bhandar, Bhiwani	1970-71	4-2-76	—	—	—	Under examination with the Assessing Authority.
6. M/s Dalmia Dadri Cement Ltd. Factory Charkhi-Dadri	1972-73	10-1-77	5-10-81	1980 185031	—	As in para 2.2(3)(iii)
7. —do—	1974-75	12-2-77	28-9-81	929588 113743	—	Under examination with the Assessing Authority.
8. M/s Chhote Lal Chajju Ram, Bhiwani	1970-71	19-3-77	—	—	—	Under finalisation with the Assessing Authority.
9. M/s Megh Raj Chaman Lal, Dadri	1974-75	14-3-77	—	—	—	Decided and a refund of Rs. 105 was allowed by the Assessing Authority.
10. M/s Moti Ram Jagan Nath, Nuh	1973-74	22-2-77	22-7-80	—	—	—
11. M/s Sohana Stone Crushing Co-op. Society, Sohna	1971-72 1972-73	12-8-77 12-8-77	24-7-80 —Do—	—	—	—

1	2	3	4	5	6	7
				GST	CST	
12.	M/s Viman Engg. Gurgaon	1976-77	—	—	—	The case was not remanded but the appeal of the dealer was rejected by the appellate authority on 10-1-1978 and no further action was required.
13.	M/s Nibro Ltd., Gurgaon	1976-77	21-7-78	2-11-78	—	A refund of Rs. 513 was allowed by the Assessing Authority.
14.	M/s Prempal & Premier Ltd., Gurgaon	1976-77	12-7-78	19-12-78	1528 19-2-79	The recovery of additional demand was adjusted against the refund to the dealer.
15.	M/s Khan Chand Dew Sahai, Rewari	1973-74	23-10-75	—	—	Reply awaited.

## 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	2	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.	P.W.D. (Buildings & Roads)	33	Payment of work done
9th Report			
8.	Industries	5	Credit facilities for development of Small Scale Industries.
11th Report			
9.	P.W.D.(Buildings & Roads)	37	Recoveries due from a contractor
13th Report			
10.	Revenue	3	Expenditure on Relief
11.	Do	9	Test Relief Works
12.	Do	11	Construction of Bamla Water Course
13.	Do	15	Relief Works
14th Report			
14.	Agriculture	11	Non-recovery of discount
15.	Industriss	16	Purchase of Cotton Yarn

1	2	3	4
16.	Medical & Health	17	Embezzlement
17.	Transport	27	Extra expenditure
18.	Printing & Stationery	29	Nationalised Text Books Scheme
19.	Colonization	32	Development of Mandis
20.	P.W.D. (Buildings & Roads)	33.	Construction of staff quarters for Haryana Polytechnic, Nilo-keri.
21.	Do	34.	Construction Division Tosham
22.	Irrigation	35	Loharu Lift Irrigation Project (Indira Gandhi Canal).
23.	Do	36	Link Drain
24.	Co-operation	41	Co-operative Banks
25.	Do	44	Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh.

## 15th Report

26.	General	4	Excess over Voted Grants/Charged Appropriations.
27.	Agriculture	5	Aerial spraying
28.	Do	6	Distribution of taccavi loan in the form of chemical fertilizers.
29.	Civil Aviation	15	Aviation Clubs Hissar and Karnal
30.	Fisheries	17	Development of inland Fish culture.
31.	Development & Panchayats	18	Unspent Balances of Grants paid to Local bodies etc.
32.	P.W.D. (Buildings & Roads)	21	Delay in issue of posting orders.
33.	Irrigation	23	Payment for earthwork.
34.	P.W.D. (Public Health)	26	Recovery due from a contractor
35.	Co-operation	30	Co-operative Consumer Stores.

1

2

3

4

## 16th Report

- |                |   |
|----------------|---|
| 36. Industries | 2 Subsidy for setting up Industrial Units in selected backward areas. |
| 37. Do         | 3 Industrial Development Colonies.                                    |

## 17th Report

- |   |  |
|---|--|
| 38. Transport                                 | 12 Results of Audit.   |
| 39. Do  | 16 Non-relisation of trade certificate fee.                              |
| 40. Revenue                                   | 17 Non-execution of conveyance deeds                                     |
| 41. Do  | 18 Non-recovery of stamp duty.   |
| 42. Do  | 19 Under valuation of property.  |
| 43. Chief Electrical Inspector (Power Deptt.) | 20 Taxes and duties on Electricity<br>Non-realisation of inspection fees |
| 44. Excise & Taxation                         | 21 Arears in assessment.   |
| 45. Do  | 27 Loss of spirit in storage/bottling operation.                         |
| 46. Do  | 28 Short levy of excise duty.  |
| 47. Irrigation                                | 31 Construction and lining of Water Courses.                             |
| 48. Do  | 32 Revenue and Financial Return.   |
| 49. Do  | 34 Rewari Lift Irrigation Scheme<br>Command Area Development.            |

## 18th Report

- |                 |  |
|-----------------|--|
| 50. Agriculture | 11 Other points of interest.   |
| 51. Do          | 12 Integrated dry land agriculture programme.                        |
| 52. Do          | 13 Gobar gas plants.   |
| 53. Do          | 14 Distribution of taccavi loans in the form of chemical fertilizer. |
| 54. Do          | 15 Purchase of levellers.  |
| 55. Do          | 16 Extra Expenditure.  |



1	2	3	4
56	Agriculture	17	Non utilisation of land acquired
57.	Do	18	Purchase of hybrid bajra seed.
58.	Medical and Health	19	Utilisation certificates.
59.	Do	20.	District and Tehsil headquarters hospitals.
60.	Do	21	Irregularities in the medical institutions.
61.	Lotteries	22	Extra expenditure.
62.	Revenue	23	Embezzlement.
63.	Irrigation	24	Siwani Lift Irrigation Scheme.
64.	Do	25	Construction of bunds and tanks.
65.	Do	26	Defective concrete mixers.
66.	Do	27	Recoveries due from a contractor.
67.	P.W.D. (Buildings and Roads)	28	Do
68.	Do	29	Wasteful expenditure.
69.	Do	30	Construction of a dispensary.
70.	P.W.D. (Public Health)	31	Recoveries due from contractors.
71.	Do	32	Irregular purchase of stores.
72.	Do	33	Over payment to a contractor.
73.	Industrial Training	34	Shortages.
74.	Food and Supplies	35	Other topics of interest
75.	Transport	36	Purchase of aluminium sheets.
76.	Co-operation	37	Financial assistance to co-operative societies.
77.	Do	38	Co-operative banks.
78.	Do	39	Co-operative consumers stores.
79.	Do	40.	Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh.
80.	Do	41	Haryana State Co-operative Industrial Federation Limited, Chandigarh.

1	2	3	4
81.	Co-operation	42	Co-operative sugar mills
82	Revenue	43	Rules for determining market value of lands and property.
83.	Do	44	Under - valuation of immovable property
84.	Do	45	Non recovery of stamp duty on certificates of sale issued under the Displaced Persons Compensation and Rehabilitation Act, 1954
85.	Do	46	Non-levy of stamp duty and registration fee
86.	Do	47	Incorrect application of rates of stamp duty and registration fee.
87	Do	48	Non levy of stamp duty
88	Do	49	Short levy of stamp duty and registration fee on lease deeds.
89.	Co-operation	50	Short realisation of audit fee.
90	Transport	51	Results of audit
91	Do	52	Short recovery of road tax
92.	Do	53	Incorrect application of rates
93	Do	54	Short recovery of token tax
94	Excise and Taxation	55	Incorrect deduction of export sales.
95	Do	56	Incorrect application of concessional rate of Central sales tax.
96	Do	57	Non-levy of penalty for concealment
97.	Do	58	Grant of registration certificate without obtaining bond.
98.	Do	59	Loss on re-auction of vends.

## 19th Report

99.	P.W.D. (Buildings and Roads)	5	Purchase of coal.
100.	Do	6	Recoveries due from a contractor.

1	2	3	4
101.	Social Welfare	7	Interest free loan to students
102.	Public Relations	8	Setting up of an open air theatre in village Kaul (District Kurukshetra)
103.	Revenue	9	Allotment of house sites to rural landless harijans and backward classes.
104.	Education	10	Grants paid to educational institutions
105.	Public Health	11	Rural water supply schemes in Ambala district.
106.	Do	12	Recoveries due from a contractor
107.	Do	13	Synopsis of important stores accounts
108.	Do	14	Stores accounts of public works divisions.
109	Housing	15	Middle income group Housing scheme
110	Do	16	Outstanding inspection reports.
111	Transport	17	Alleged misappropriation of uniform cloth
112	Do	18	Outstanding audit observations
113	Animal Husbandry	19	Information cum Mobile veterinary clinics
114.	Irrigation	20	Physical verification of stores.
115.	Do	21	Shortages
116.	Command Area Development Authority	22	Command Area Development Authority.
117.	Co-operation	23	Financial assistance to co-operative societies.
118.	Do	24	Co-operative banks.
119.	Do	25	Co-operative consumers stores.
120.	Do	26	Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh.

1	2	3	4
121.	Co-operation	27	Haryana State Co-operative Supply and Marketing Federation Limited Chandigarh.
122.	Agriculture	28	Social conservation and water management works.
123	Do	29	Small/Marginal Farmers and Agricultural Labourers Development Agency
124.	Do	30	Drought Prone Area Programme (DPAP) Agencies.
125.	Excise and Taxation	31	Result of test audit in general.
126.	Do	32	Inter-state sales treated as intra State sales.
127.	Do	33	Inter State sales treated as transfers.
128.	Do	34	Incorrect deduction of export sales.
129.	Do	35	Non-levy of tax on packing material
130.	Do	36	Non-payment of tax.
131.	Do	37.	Non-levy of penalty for concealment of sales and non-levy of minimum penalty.
132..	Do	38	Non-levy of interest.
133.	Do	39	Shortfall of excise duty and loss in excess of the ceiling limit.
134.	Do	40	Loss of duty on excess wastage.
135.	Do	41	Unintended financial aid to licensees.
136.	Transport	42	Results of test audit.
137.	Do	43	Non-realisation of trade certificate fee.
138.	Do	44	Short levy of tax due to incorrect application of rates.
139.	Do	45	Short levy of token tax due to incorrect classification of vehicles.
140.	Co-operation	46	Under assessment of audit fee.

1	2	3	4
141.	Revenue	47	Non-recovery of stamp duty on certificates of sale
142.	Do	48	Short levy of registration fee
143.	Do	49	Short levy of stamp duty
144.	Do	50	Short levy of stamp duty and registration fee on lease deeds.
145.	Irrigation	51	Revenue foregone owing to undue delay in issuing notification.

## 20th Report

146.	Finance	1	Excess over voted grants/charged appropriation for the year 1979-80 and 1980-81.
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## 21st Report

147.	Food & Supplies	3	Loss of Rs 2.85 lakhs.
148.	Medical & Health	4	Medical care facilities in rural area.
149.	Do	5	Idle Machinery and equipment.
150.	P.W.D (Building & Roads)	6	Outstanding recoveries against contractors.
151.	Housing	7	Low Income Group Housing Scheme.
152.	Education	8	Establishment of book banks in schools.
153.	P.W.D.(Public Health)	9	Shortages.
154.	Printing & Stationery	10	Excess consumption of papers
155.	Agriculture	11	Drought Prone Area Development Agency, Narnaul
156.	P.W.D.(Public Health)	12	Outstanding recoveries against contractors.
157.	Irrigation ]	13	Gurgaon Canal Project.
158.	Do	14	Excess payment to contractors
159.	Do	15	Outstanding recoveries against tractors.
160.	Do	16	Gates and gearing for head regulator.

1	2	3	4
161.	Transport	17	Haryana Roadways-Workshop facilities.
162.	Do	18	Purchase of lands.
163.	Local Government	19	Grants/Loans paid to local bodies.
164.	Co-operation	20	Co-operative consumers stores.
165.	Do	21	Haryana State Co-operative Supply and Marketing Federation Ltd., Chandigarh.
166.	Transport	22	Short levy of roads tax.
167	Irrigation	23	Ariars of water rates for supply of water for Irrigation/non-irrigation purposes
168.	Do	24	Non-utilisation/disposal of surplus land of abandoned canal.
169.	Revenue	25	Result of Audit.
170.	Do	26	Short levy of stamp duty and registration fee on lease deed
171.	Do	27	Incorrect classification of settlement deed as deed of declaration of trust.
172.	Excise & Taxation	28	Results of test audit in general
173.	Do	29	Incorrect deductions.
174.	Do	30	Short levy of purchase tax.
175.	Do	31	Non levy of penalty for misuse of certificates of registration
176	Do	32	Non levy of minimum penalty.
177.	Do	33	Non levy of interest.
178.	Do	34	Collection of sales tax.

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