



# HARYANA VIDHAN SABHA

# **PUBLIC ACCOUNTS COMMITTEE**

# (2000-2001)

(FIFTIETH REPORT)

# REPORT

ON THE

**REPORT OF THE** 

Comptroller and Auditor General of India for the year ended 31st March, 1994 and 31st March, 1995

(REMAINING PARAGRAPHS)

and

31st March, 1996

(CIVIL AND REVENUE RECEIPTS)



Presented to the House on 13th March, 2001

HARYANA VIDHAN SABHA SECRETARIAT CHANDIGARH 2001

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# COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

## CHAIRPERSON

1 Shri Bhagi Ram

#### MEMBERS

- 2 Shri Chander Bhatia
- 3 Shri Lachhman Dass Arora
- 4 Rao Dharampal
- 5 Shri Anil Vij

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- 6 Shri Suraj Mal
- 7 Shri Banta Ram
- 8 Shri Nafe Singh Rathi
- 9 Shri Jagjit Singh

## SECRETARIAT

- 1 Shri Sumit Kumar
- 2 Shri Kuldip Singh

Secretary Joint Secretary

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### INTRODUCTION

1 The Chairperson of the Public Accounts Committee having been authorised by the Committee in this behalf present this Fiftieth Report on the Report of the Comptroller and Auditor General of India for the years ended 31st March 1994 31st March 1995 and 31st March 1996 (Civil and Revenue Receipts)

2 The Report of the Comptroller and Auditor General of India for the year ended 31st March 1994 Revenue Receipts was laid on the Table of the House on 6th March 1995 and Civil on 26th September 1995 The Report of the Comptroller and Auditor General of India for the year ended 31st March 1995 (Civit and Revenue Receipts) were laid on the Table of the House on 26th February 1996 The Report of the Comptroller and Auditor General of India for the year ended 31st March 1996 Civil was laid on the Table of the House on 5th March 1997 and Revenue Receipts on 18th November 1996

3 The Public Accounts Committee for the year 1999 2000 consisting of nine members including the Chairperson was nominated by the Speaker Haryana Vidhan Sabha on 5th April 1999 vide notification No PAC 1/99/33 dated 5 4 1999 on having been authorised by a motion moved and passed by Haryana Vidhan Sabha in its sitting held on 10th February 1999 to nominate the members of the Committee on Public Accounts for the year 1999 2000 Shn Sat Pal Sangwan was appointed Chairperson of the Committee The Committee held 48 sittings during its tenure The Committee examined partly the Report of the Comptroller and Auditor General of India for the year 1993 94 and 1994 95 (Revenue Receipts) and 1994-95 (Civil) and also conducted the oral examination of the Representatives of the various departments The Committee for want of time as the Haryana Legislative Assembly was dissolved by the Governor of Haryana under Article 174 (2)(b) of the Constitution of India vide notification No HVS LA 128/99/120 dated the 14th December 1999 Therefore the Committee could not present any Report

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4 The Committee for the year 2000 2001 during its tenure examined the Reports of the Comptroller and Auditor General of India for the year ended 31st March 1994 (Civil) partly and 31st March 1995 (Revenue Receipts) partly and for the year ended 31st March 1996 Civil and Revenue Receipts and also conducted the oral examination of the representatives of the concerned departments The Committee made on the Spot Study in order to make an assessment of the actual working of various schemes/projects of the incustries Department and the Forest Department The Committee also undertook the unfinished work of the previous Committee and partly drafted and finalised the report on the basis of observations made and examination conducted by the previous Committee

5 The Committee considered and approved this Report at their sittings held on 1st 6th 7th and 20th February 2001

6 A brief record of the proceedings of the meeting of the Committee has been kept in the Haryana Vidhan Sabha Secretariat

7 The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit) Haryana and his officers The Committee would like to express their thanks to Seccretary to Government Haryana Finance Department and the representatives of the various departments who appeared for oral evidence before them for the co operaton in giving information to the Committee

8 The Committee is also thankful to the Secretary Joint Secretary and officials of the Haryana Vidhan Sabha for the whole hearted co-operation and assistance given by them to the Committee

Chandigarh The 20th February 2001

BHAGI RAM CHAIRPERSON ĩ

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#### REPORT

1 The present Public Accounts Committee was nominated by the Hon ble Speaker vide Notification No PAC 1/2000/23 dated the 23rd March 2000

2 The Committee held 83 meetings in all at Chandigarh and other places upto 20 2 2001

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# 1993-94 (Civil) FINANCE (LOTTERIES)

## [3] 317 Printing of lottery tickets

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# (c) Defective tender valuation leading to extra expenditure

In pursuance of an indent received (January 1990) from the Director State Lotteries the Controller Printing and Stationery Haryana invited in February 1990 tenders for printing of approximately one crore lottery tickets per week during 1990 91 The tenderers were required to quote their rates for printing both with and without paper. The paper was to be of 70 grams per square metre offset paper/Map litho conforming to IS specifications. Of the five offers received the rates of Rs 1 350 per lakh tickets without paper of firm A of New Delhi and Rs 3 148 per lakh tickets with paper of firm B of Chandigarh were the lowest

The Printing and Stationery Department did not however analyse and include in the agenda not put up to the High Powered Committee (HPC) the comparative costs involved in the two rates one with paper and the other without paper. The HPC was as such not afforded an opportunity to determine as to which of the two rates was more economical After negotiating with the firms the HPC decided (12 April 1990) to allot the work of printing with paper at the rate of Rs 3148 per lakh tickets to Firms 'B of Chandigarh (1 scheme) and C of New Delhi (2 schemes) two other Firms D (2 schemes) and E (1 scheme added subsequently) of New Delhi were also allotted work at the same rate in view of their past performance although they had not participated in the tendering process.

103 36 crore tickets were printed accordingly during 1990 91 The rate of firm A' of New Delhi for printing without paper at Rs 1 350 per lakh tickets was not considered on the ground that the firm was not willing to take up the work at Rs 3 148 per lakh tickets with paper

It was noticed (September 1992) in audit that the rate of paper specified and used in lottery tickets by the firm (B' to 'E) was Rs 18 075 per tonne (inclusive of all charges) With this rate of paper and the lowest rate of printing of Rs 1 350 per takh tickets without paper quoted by firm 'A the total cost of printing per lakh tickets would have worked out to Rs 2 693 as against Rs 3 148 at which the work was awarded to the firms 'B to E

By not making the correct choice in the given context the Department incurred extra expendiure of Rs 47 03 lakhs on the printing of 103 36 crore tickets

The department in their written reply explained the position as under

The printing and Stationery Department has Stated that an indent for the printing of 2 crore lottery ticket was received from the Director Haryana State Lotteries and Joint Secretary to Government Haryana Finance vide their letter No 695 dated 15 01 90 As per Clause 4 A of the terms & conditions sent by the Lottery Department alongwith the above mentioned indent the tenders were to be invited from the Printing Presses with the conditions that they may arrange the paper by themselves of the required quantity with the 70 GSM Maplitho Paper as per ISI Specification No 1848 1981 The five printers quoted their rates with paper and without paper on usual

terms and conditions of the Department in response to Tenders Invited on 21 02 90 the terms & Conditions regarding the printing of lottery tickets were again revised by the department keeping in view the requirements of the lottery department and sent to Government vide their letter no P&SH 90/02/op dated 04 04 90 for approval Clause 4 A of these terms & conditions clearly shows that the requirement of the lottery department was that the printing rates of lottery tickets should be with paper which was to be arranged by the respective printers at their own level

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Accordingly the Comparative Statement of the rates quoted in the five offers/ tenders received on 21 02 90 was placed before the High Powered Committee in its meeting held on 12 04 90 After considering all the aspects the committee approved the printing rates of Rs 3148/ per lac lottery tickets with paper in public interest. The Lottery Department got executed the printing work on the above approved rates It is also stated that the High Powered Committee in its meeting held on 12 04 1990 approved the lowest rate of Rs 3148 per lac tickets including all taxes of M/s Drickgraphen India Ltd Chandigarh Tenders of other two firms M/s H M Brothers and M/s Khurana Brothers were not considered due to inadequate arrangements for the printings of lottery tickets Further the tenders of M/s Bhagwati printers were also not considered because this press was not ready to print the tickets at the lowest rates of Rs 3148/ per lac tickets By accepting the similar rates by M/s Capital Business Systems Delhi it was considered by the High Powered Committee that the work of printing of lottery tickets would not be coped with by these printing presses Therefore it was decided by the committee that the older printers i e M/s Mayar printers Delhi and M/s Pioneer printers Lucknow may also be allotted the work of printing of lottery tickets keeping in view of their past performance and to cope with the printing of lottery tickets inspite of the fact that they could not submit their tenders as they agreed to work at the lowest rates of Rs 3148/ per lac tickets The committee did not consider it feasible to invite fresh tenders due to apprehension of receipt of higher rates of retender Therefore the work was allotted to M/s Mayor printers Delhi and M/s Pioneer Printers Lucknow by the August Committee without the recipt of formal tenders from them In view of the facts explained above no loss has been sustained to Government in this deal it is therefore requested this para may kindly be dropped

The Committee is not satisfied with the reply gloven by the departmental representatives of Printing & Stationery Department and Lotteries Department The Committee, therefore, desire that the Chief Secretary may be requested to get the above said matter thoroughly enquired on the following points raised by the Committee during the course of oral examination

- 1 Prior to the instant case, the paper was being arranged by the Lotteries Department what were the reasons that the indent was sent with the conditions that the paper will be arranged by the printers themselves ?
- 2 Under what circumstances the rates were invited with paper and without paper and why the re tendering was not done as per indent ?

- 3 If the rates of the firm quoting rates without paper were not to be considered what was the need to call tenders both with paper and without paper in Februyary, 1990 ?
- 4 When the indent was for the printing of two crore lottery tickets per week, under what circumstances the tender was invited for approximately one crore lottery tickets per week ?
  - 5 Under what circumstances the two firms of Delhi who did not submit their tenders were allotted the work of printing of lottery tickets?

The Committee further desire that the said enquiry be completed within a period of three months and report be sent to the Committee for its consideration

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# Part - II 1994-95 (Civil)

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#### INDUSTRIES

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[4] 3 1 Incentives to industrial units

## 3 1 6 Non conducting of survey

Specific targets were not fixed in respect of the incentives offered However the industrial position of the State in March 1985 March 1990 and January 1995 in terms of industrial units registered employment generated investments made and production in respect of small scale units and medium and large scale units as intimated (February 1995) by the DOI were as depicted in succeeding table

			Position as on	
		March 1985	March 1990	January 1995
	8	Small Scale Units		
(1)	Units registered (In numbers)	56 732	92 405	1 23 132
(#)	Employment generated (In numbers)	3 40 392	5 54 430	7 38 792
(111)	Investments (Rupees in crores)	992 81	1 617 09	2 154 81
(IV)	Production (Rupees in crores)	1 701 96	2 772 15	3 693 96
	b Mediu	m and Large scale	units	
(1)	Units registered (In numbers)	307	391	680
(11)	Employment generated (In numbers)	NA	1 34 936	1 67 753
(111)	Investments (Rupees in crores)	NA	3247 66	4363 93
(IV)	Production (Rupees in crores)	NA	NA	5807 32
	Not available			

No survey was found to have been conducted by the Department to assess the impact of the schemes on investment employment generation etc. It would however be

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seen that as of March 1985 March 1990 and January 1995 the number of small scale units were multiplied by a fixed factor of 6 1 75 and 3 respectively to arrive at the figures of employment investment and production in these units. The Department did not have any base/formula for the fixed factors followed to work out the figures of employment investment and production. The information computed and supplied by the Department was thus not realistic

In the medium and large scale sector the Department did not have any information about employment investment and production for the periods ended march 1985 The Department had also no information about actual production upto the period ended March 1990 The information made available by the Department indicated that while the number of units increased by 74 per cent from 391 (March 1990) to 680 (January 1995) and investment increased by 34 per cent (from Rs 3247 66 crores to Rs 4363 93 crores) employment increased by only 24 per cent (from 1 35 lakhs to 1 68 lakhs) during this period

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Beneficiary units did not submit the annual progress reports though these reports were required to be received at the offices of GMDICS for a period of 5 years from the date of commencement of production

The Department set up a monitoring cell as late as in July 1994 to monitor employment generation and to assess the socio economic benefits accuring through the units financed by the State Government. It was however noticed that the cell was engaged only in the compilation of data from the field offices.

The department in their written reply explained the position as under

It is submitted that the figure of Small Scale units set up in the State (1 23 lacs) is based on the actual figure taken from the registration registers maintained in the offices of General Manager DICs The SSI units de registered by the GM DICs are not included in this figure. It may also be observed that the permanent registeration is granted to Small Scale units after due physical verification by the field functionaries and periodical inspection is carried out thereafter. Regarding the figures of the investment (Rs 2154 81 crores) employment (7 39 lacs) and productioon (Rs 3693 76 crores) these are calculated on the basis of data available in the report on the second All. India Census of all Small Scale industrial Units conducted by the Dev Commissioner SSI. Govt of India published in August 1992.

Regarding the figure of employment for Large and Medium Sector it is observed that the employment could not be directly proportionate to the number of units set up as the number of employees in one unit may be as small as 20 or as large as 5000 or even more. The figures are taken from the information sent regularly by the concerned units to this office.

It is submitted that a 100% survey of Small Scale units was carried out by this office under the instructions of Dev Commissioners SSI Govt of India during 1987-88 and the multipliers mentioned in the draft para have been taken from the results of the said survey

As regards submission of reports by the beneficiaries for a period of 5 years from the date of commencement of production to the GM DIC concerned it may be pointed out that the main purpose of calling annual reports is to see whether the units

is functioning or not and the subsidy amount has been properly utilised GM DIC himself and his inspectorate staff keep on visiting these units from time to time to watch their progress and even collect the progress report also Moreover at the time of release of document pledged by the unit with the Govt at the time of disbursement annual progress report for all the 5 years is called for and scrutinised at head office before issuing NOC for release of documents

After hearing the departmental representative, the Committee recommend that the figures in this regard be reconciled with the Accountant General and after reconciliation, report be sent to the Committee within a period of three months

[5] 3 1 7 Capital Investment Subsidy

(ni) Inadmissible/irregular payment of subsidy

(c) A shoe manufacturing unit of Balana (Ambala district) set up in February 1988 commenced production in the same month and was expanded (April 1989 November 1990) with capital investment of Rs 46 13 lakhs on which subsidy of Rs 11 53 lakhs was paid in March 1992 Under the Industrial Policy of April 1988 units set up prior to April 1988 and expanded afterwards were eligible to only 15 *per cent* subsidy The unit was thus entitled to subsidy of Rs 6 92 lakhs only and not Rs 11 53 lakhs the resultant inadmissible payment being Rs 4 61 lakhs The HFC stated (March 1995) that the unit set up in February 1988 was engaged on a different line of production and had started production of footwears only from June 1988 and therefore was eligible for 25 per cent subsidy Since the date of setting up of the unit was the determining factor for subsidy and not the line of production the reply of HFC was not tenable

(e) Electronic units which went into production on or after 1st April 1988 were eligible for subsidy at the rate of 25 per cent of capital investment limited to Rs 30 lakhs if the unit was located in the declared backward area and 15 per cent limited to Rs 15 lakhs in the non backward areas Up to April 1992 Bahadurgarh (Rohtak district) was not a declared backward area An electronic unit of that town with capital investment of Rs 8 48 lakhs (March 1992) was paid (April 1993) subsidy of Rs 2 12 lakhs at the rate of 25 per cent instead of Rs 1 27 lakhs at the rate of 15 per cent which resulted in an owerpayment of Rs 0 85 lakh

(g) According to the guidelines for sanctioning subsidy capital investment was defined as investments in land, buildings plants and machinery which for the purpose of subsidy were to be assessed to the extent needed for the Industrial unit Tenunits (Ambala 2 and Rohtak 8) were paid (January June 1993) subsidy Rs 1 39 lakhs onineligible expenses of Rs 5 56 lakhs (pre oprative Rs 3 72 lakhs extension fee raw material etc Rs 1 84 lakhs) Further subsidy of Rs 2 46 lakhs was paid to 14 units in Anbala (units 12 Rs 2 25 lakhs) and Sonepat (units 2 Rs 0 21 lakh) on capital investment of Rs 9 82 lakhs on ineligible items such as kitchen roads dining hall labour quarters etc Similarly an agro based unit at Bawal (Rewari district) was paid subsidy of Rs 3 13 lakhs in advances paid to suppliers and pre operative expenses of Rs 15 50 lakhs between Februar 1994 and January 1995

(h) Under the guidelines investments made after 31st March 193 were not be computed for any subsidy if the area of the unit's location lost the status of ping industrially backward. In Ambala block, which ceases to be backward under these regulations 3 units were paid subsidy of Rs 2 97 lakhs during 1994 95 on Rs 11 87 lakhs shown in the balance sheet (March 1993) against sundry creditors. In 5 other cases of Ambala (, units subsidy Rs 1 27 lakhs) and Rohtak (2 units subsidy. Rs 0 27 lakh) subsidy of Rs 1 54 lakhs was paid (1993 95) without verifying that the items had been actually paid for and no credit remained against the books of the units as on 31st March 1993.

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# (IV) Non recovery of subsidy from closed units

Under the instruction isued (October 1992) by the Department the subsidy paid was required to be recovered if the unit went out of production within 5 ears from the date of commencement and if the same was prior to october 1992 from thirdate of disbursement In the district test checked 13 units\* which had received subsidiesaggregating Rs 32 25 lakhs between July 1987 and July 1994 closed down their busitess within 5 years of commencement of production. No recovery had been made in an of these cases HFC stated (March 1995) that notices for recoveries were being issued.

# 3 1 8 Subsidy for the purchase of generating sets

In order to meet the situation created by frequent power cuts the State Government introduced (1 November 1983) a scheme of payment of subsidy to nitustrial units for the purchase of generating sets Under the norms and the rates in force from April 1988 industrial units which purchased generating sets on or after 1st April 1988 were eigible to a subsidy of Rs 1 200 per KVA (small scale industrial units) and Rs 600 per KV/ (medium and large scale industrial units) subject to the condition that the units would be eligible for subsidy upto 150 per cent of its connected load limited to the maximum of Is 15 lakhs in May 1991 ceiling limit of the subsidy was fixed at 50 per cent of the total cut of the generating set the other conditions remaining the same 2 791 units\*\* were sancticed subsidy during 1988 95 (upto November 1994)

The following points emerged as a result of a test check

# (a) Non recovery of subsidy from closed units

According to the agreement bonds executed with the benecifiaries urts generating sets purchased with the help of subsidy were not to be sold mortgaged let ut disposed

Ambala 7 Rs 28 60 lakhs Gurgaon 2 Rs 0 56 lakh Rohtak 1 Rs 1 25 lakhs and Sonepit 3 Rs 1 84 lakhs

1988 89 571 1989-90 707 1990 91 339 1991-92 295 1991 93 480 1993 94 270 and (994 95 129

of or transferred before the expiry of a period of 5 years from the date of disbursement of subsidy upto 17 March 1991 and thereafter from the date of commissioning of generating set Five units of Gurgaon (2) and Rohtak (3) districts to whom subsidy of Rs 1 68 lakhs was disbursed between November 1986 and September 1992 had closed down their business within 5 years. No recovery had however been made GMDIC Gurgaon stated (October 1994) that recovery notices had been issued further developments were awaited (June 1995).

Similarly a unit of Shahzadpur (Ambala) was paid subsidy of Rs 0 72 lakh in August 1991 As per the records oof HFC the unit had closed down its business in September 1993 No action for recovery of the subsidy had been taken by GMDIC Ambala (June 1995)

After going through the additional reply sent by the department of each para in respect of each industrial unit as indicated in the CAG para 3 1 7 and 3 1 8, prepared on the basis of recommendations of the Committee consisted of the officers of the department and A G office, the Committee recommend that wherever any recovery is to be effected from the concerned units, the same may be recovered within a period of three months under intimation to the Committee

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#### Industries Department

#### Haryana Khadı and Village Industries Board

### [6] 6 3 Irregular release/non recovery of assistance

Under the scheme Village Pottery Industry financial assistance (loan) is provided to individual potters for setting up Maidani Bhattis for manufacturing of bricks and sale thereof for which a licence is required to be obtained from the Food and Civil Supplies Department under the provisions of Haryana Control of Bricks Supplies Order 1972 Section 21 (1) of the Air (Prevention and Control of Pollution) Act 1981 also lays down that no person shall without the previous consent of the State Pollution Control Board operate any industrial plant for the purpose of any industry specified in the schedule in an air pollution control area

Haryana Khadi and Village Industries Board (KVIB) sanctioned loans aggregating Rs 15 lakhs at the rate of Rs 0 15 lakh each to 100 beneficiaries in 13 districts<sup>1</sup> between November 1991 and January 1992 for manufacturing bricks by setting up 'Maidani Bhatties According to the terms and conditions of the loan the amount was to be utilised within six months of the release thereof failing which the entire amount was to be recovered with 4 per cent interest along with 5 per cent penal interest. Though obtaining of licence was a prerequisite for the sale of bricks the loans were released to all the beneficiaries between November 1991 and February 1992 by circumventing the procedure and obtaining simpleundertaking to the effect that the loanees would produce the required licence if so directed by the Food and Supplies Department. Also no clearance was obtained by the loanees from the State Pollution Control Board though whole of the Haryana State had been declared (April 1985) as an air pollution control area

On this being pointed out in audit (October November 1992) the KVIB intimated (February 1993) that a case for seeking exemption from obtaining licence in the case of Maidani Bhatties was referred to the State Government in November 1990 and approval thereto was awaited as of August 1995

Of the 100 units financed 77 units were functioning without the requisite licence from the Food and Supplies Department and without approval of the Pollution Control Board The remaining 23 units with aggregate loan amount of Rs 3 45 lakhs neither established the brick kilns nor refunded the money with penal interest. The KVIB stated (January 1995) that out of 23 units which did not set up 'Maidani Bhatties in one case Rs 0 15 lakh has been received back and recovery of Rs 0 04 lakh had been made from another unit. Thus the amount of Rs 4 16 lakhs inclusive of interest (Rs 0 37 lakh) and penal interest (Rs 0 53 lakh) was lying un recovered (August 1995)

The first instalment of the recovery of loan from 77 units was due between November 1994 and March 1995 Of 65 cases in the 7 districts <sup>2</sup> reviewed (August 1995) Rs 1 13 lakhs had not been recovered in 25 cases (July 1995)

The matter was referred to Government in February 1995 reply has not been received (August 1995)

<sup>1</sup> Ambala Bhiwani Faridabad Gurgaon Hisar Jind Karnal Kaithal Kurukshetra Mohindergarh Rohak Sirsa and Sonepat

The department in their written reply explained the position as under

22 Units who have not established the Maidani Bhatta a sum of Rs 1 16 Lakh as Principal & Rs 0 32 Lakh as interest (Normal & Penal) has been received from them For recovery of Balance amount 3 00 Lakh principal & interest efforts are being made please

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77 Units from whom 1st instalment was due in Nov 94 + March 95 Rs 4 12 Lakh principal & Rs 1 10 Lakh as interest has been recovered upto 12/96 Efforts are being made please to recover the balance amount

After hearing the departmental representative the Committee observe that it was the responsibility of the Board and also of field staff who failed to check whether units were established or not for the purpose for which loan was granted The Committee recommend that the matter be investigated and action be taken against the officers/officials for the lapse

The Committee also observe that the promised information regarding 100 beneficiaries was not supplied to the Committee till the drafting of the report and desire that list of those 100 beneficiaries including 23 persons who have not utilised loan be supplied to the Committee within two months

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#### Social Welfare

#### (Women and Child Development)

#### [7] 3 2 Supplementary Nutrition Programme

#### 3 2 8 Diet specifications

The guiding principle for the preparation of recipe was that it would be based on locally available food be palatable easily digestible inexpensive and with minimum number of ingredients Raw ingredients were purchased by a district level purchase committee headed by the Deputy Commissioner the suppliers despatched the material to the CDPOs for on ward distribution among the anganwadis The recipes included dalla khichdi boiled chana soyabean loabla gurpatti and panjiri which were prepared at the anganwadis daily or as required (except panjiri which wa supplied by the Panjiri Plants) This continued upto November 1993 whereafter due to arduous and dilatory procedures involved in the procurement of raw material the Department decided to switch over to ready to eat (RTE) food to be procured direct from the manufactures The RTE food consisted of (i) Sweet Ready Mix (SRM) made of wheat floor groundnut floor sugar and milk powder intended to be served to children in the age group of 6 months to 1 year (69 gms per day) and (ii) wheat puff soya nuts backed peanuts etc for children in the age group of 1 6 years (40 47 gms per day) and expectant/ nursing mothers (53 62 gms per day)

The following points were noticed

Without inviting tenders and merely on the basis of a visit of Commissioner (a)and Secretary to Government of Harvana (Social Welfare Department) in September 1993 to a State Government undertaking of Andhra Pradesh an order for the supply of 5 770 58 quintals of SRM (in powder form) at the cost of Rs 64 92 lakhs was placed (3 November 1993) by the Department on the said undertaking against their quotation dated 3 November 1993 The entire quantity with shelr line or 60 days was received by the CDPOs between 17 November 1993 and 13 January 1994 and the payment released to the undertaking The supply order stipulated that samples of the supplies would be got tested in the State Government laboratory however no such test was conducted After the receipt of two consignments (4 363 quintals) the Department informed (21 December 1993) the undertaking that the stuff was neither well roasted nor adequately sweetened and requested for the removal of these defects The undertaking however despatched the remaining quantity of 1 407 58 quintals without removing these defects According to the reports received (November/December 1994) from the Programme Officers Panipat Ambala and Rohtak the stuff was not liked/accepted by the beneficiaries and the mothers reported cases of Dysentry in children In 6 CDPOs test checked it was noticed that 17 478 kgs valued at Rs 1 96 lakhs was served between March 1994 and June 1994 to children after 60 to 180 days of its shelf life due to the failure of the Department to intimate the shelf life of the SRM to CDPOs The expenditure of Rs 64 92 lakhs on ready to eat food procured without sample testing either before or after placing orderss thus did not serve the intended purpose

(b) In 3 districts <sup>3</sup>, feeding was provided for only 240 days against the prescribed 300 days during 1994 95 due to late receipt of RTE food

(c) After switching over to the RTE food from November 1993 the Department no longer required utensils for cooking purposes However 913 patilas costing Rs 3 16 lakhs

were purchased (June 1994) from a trading firm of Hisar engaged in the business of printing and publishing 135 patilas (Rs 0 47 lakh) were lying idle in the office of the Programme Officer Faridabad as of 31 December 1994 Information regarding the remaining patilas costing Rs 2 69 lakhs was not available

(d) In 159 anganwadis of 4 districts<sup>4</sup> baked soyanuts valued at Rs 1 99 lakhs meant for children above the age of 1 year and nursing/expectant mothers were shown issued (January December 1994) for the consumption of infants under the age of 1 year

3 Faridabad Panipat and Rohtak

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4 Ambala Faridabad Hisar and Rohtak

The department in their written reply explained the position as under

The Directorate has decided to switch over to RTE Food and therefore tenders were floated in the leading newspapers during August 1993 A few firms offered their rates but there was no suitable offer of food product for the children between 6 months to one year except Shishu Ahar' Which had protein and calories of only 2.5 grams and 121 respectively Since this product did not meet the norm of 10 to 12 gms of proteins and 300 calories it was not accepted

In the meantime the Secy Social Welfare Deptt Govt of Haryana visited Hyderabad in September 1993 She also visited extruded food plant in Hyderabad (A P Foods) which is a public sector undertaking The Andhra Pradesh Govt are supplying RTE food to ICDS projects of Andhra Pradesh Commissioner & Secy to Govt Haryana Social Welfare Deptt brought some samples of SRM and extruded food from Hyderabad They were sent to the Govt s lab in sector 11 Chandigarh for testing the proteins and calories

It was found that SRM contains 13 70 proteins and 401 calories per 100 gms This was within out noi m The SRM was also tested in field which showed that it has little less sweet and so the A P Foods Hyderabad was advised to send us two more samples in cardomon and cashew flavours after adding more sugar and milk powder

The A P Foods sent us fresh sample of the two flavours mentioned above in October 1993 Once again the samples were tested in the lab and since that met out protein and calories norms orders were placed with the Andhra Pradesh Food Hyderabad for 5770 58 quintals of Sweet Ready Mix vide orders dated 3 11 93

It is clarified that the A P Foods is a public sector undertaking of Andhra Pradesh Govt and in that respect is an approved source. There is nothing objectionable in placing orders with the A P Foods especially of its being a public sector undertaking and moreover we were in dire need for food product suitable for the children between 6 months to one year

Regarding lab test it may be mentioned that individual consignments of SRM were not lab tested Since A P Food is a public sector undertaking situated in Hyderabad and it was not possible to send an inspection team to Hyderabad for collecting samples before each consignment is despatched. It was also not considered to be necessary since it was a public sector undertaking

Regarding the non acceptability/not being liked by the beneficiaries it may be mentioned that letters of Programme Officers, Panipat Ambala and Rohtak are not available at headquarters On receipt of firld back of not much liking the product it was discontinued

The Directorate had issued instructions to all the Programme Officers that the SRM should be consumed before the expiry of the shelf life vide its letter dated 31 12 93

In order to appreciate points raised in this para it may be mentioned that switching over from cooked food to RTE Food was difficult process and like all changes was reserved at any levels. Some teaching problems did arise which the Department was able to tackle in due course of time. The supply and consumption of Ready to Eat Food has now been streamlined and in view of this para may likely be dropped

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#### 3 28(b)

As mentioned above the Deptt has recently switched over to Ready to Eat Food and some interruption in the supply of RTE food is therefore understandable Things have now been streamlined and there is no interruption

#### 3 28(c)

The indent for providing utensils was sent to Director Supplies and Disposal Hr vide this office letter No 45823/WCD/CD 5/93 dated 9 9 93 before switching over to RTE Food by this Deptt The supply order was placed by Director Supplies and Disposal Hr with M/s Manju Trading Com Hissar vide his office supply No 752/HR/ GI/93 94 454 dated 30-3-94 The firm had supplied 913 patilas with lid out of which only 752 patilas with lid were found as per specification which were accepted by the Deptt and payment of Rs 2 60 lacs was made to the firm as per advice of Director Supply and Disposal Hr Rest of the utensils have not yet been supplied by the firm so the letter is under consideration in the office of Director Supplies & Disposal Haryana Chandigarh for taking necesary action against the firm However the utensils are still required in Anganwari Centres for drinking water and eating RTE food as well as for storing of RTE food in patilas before distributing the same to the beneficiaries Patilas are also required for storing drinking water for beneficiaries Hence requirement of utensils still exists and this cannot be termed as a wasteful expenditure This para may kindly be dropped

#### 3 28(d)

In this connection it is stated that the soyanut baked was given to the beneficiaries under the age of one year though it was not meant for them. As per reporting from the field functionaries the baked soyanut was given to the beneficiaries below one year after grinding because the Sweet Ready Mix was not available in these districts. It is pertinent to state here that when a beneficiary comes to the Anganwadi centre with the hope that he or she will certainly get something to eat. In this way grinded powder from baked soyanut issued the beneficiaries below the age of one year was in no way harmful for these beneficiaries and it has not been misutilised Hence this para may kindly be dropped.

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While submitting the additional reply to the para, the department stated that the delinquent ten programme officers/CDPO who allowed to utilise SRM after shelf life have been charge-sheeted and two CDPOs found responsible for irregularly accepting and keeping sub-standard patilas were also issued charge-sheets. The Committee desire that the action against the defaulting officials be finalised within stipulated period and final action taken be intimated to the Committee within three months.

The Committee further desire that the department should also examine whether it affected the health of children to whom SRM was given after shelf life and responsibility be fixed for such a lapse

#### [8] 3 2 9 Panjiri plants

There were 2 Panjiri plants one each at Gurgaon and Gharaunda The Gurgaon plant was set up in January 1983 at the cost of Rs 23 37 lakhs (land Rs 6 29 lakhs buildings Rs 9 76 lakhs and machinery Rs 7 32 lakhs) The Gharaunda plant originally installed (1977 78) by the Education Department was transferred (March 1991) to the Social Welfare (Women and Child Development) Department The production capacity of the Gurgaon plant was 5 850 quintals per year and that of the Gharaunda plant 5 520 quintals per year

The following points were noticed

#### (i) Loss due to fire and injudicious purchases

Due to leakage of an oil pipeline, fire broke out in the Gurgaon plant on 14 December 1992 damaging the building boiler electric motor etc Repairs were taken up from November 1993 and expenditure of Rs 1 65 lakhs was incurred on repair of the building (Rs 0 90 lakh) and repair/replacement of machinery (Rs 0 75 lakh) The plant re-started from 29 March 1994 For this fire and the consequential loss the Department held (March 1995) the manager the mechanical supervisor and the electrical supervisor responsible and out of the total loss of Rs 1 65 lakhs Rs 0 33 lakh were ordered for recovery from the electrical supervisor Further developments about the actual recovery from the electrical supervisor were awaited (May 1995)

Meanwhile 2 90 593 kgs of wheat purchased at the cost of Rs 9 23 lakhs in March 1992 (Rs 3 23 lakhs) and March 1993 (Rs 6 00 lakhs) and 6 827 kgs gram pulse (Rs 0 54 lakh) purchased in July 1992 for preparing panjin remained in the godowns as of October 1994 and became unfit for human consumption There was no justification for the purchase of wheat in March 1993 (Rs 6 00 lakhs) when wheat worth Rs 3 23 lakhs was already lying unused in the godowns and the plant was not working in November December 1994 the Haryana Supply and Marketing Federation (HAFED) lifted 2 78 238 kgs wheat (Rs 8 35 lakhs) and 6 171 kgs gram pulse (Rs 0 34 lakh) against payment received in January March 1995 Unnecessary purchase of wheat at the cost of Rs 6 00 lakhs in March 1993 resulted in blocking up of funds for 20 months (April 1993 to November 1994) on which Government lost Rs 1 35 lakhs by way of interest. The balance wheat and gram pulse valued at Rs 0 88 lakh and Rs 0 20 lakh respectively was stated (December 1994) by the Manager Panjin plant as having perished due to prolonged storage and was proposed to be written off

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#### (II) Shortage of stores

Physical verification of stores and stocks of the Gharaunda plant conducted by the internal audit cell of the Department in September November 1991 revealed shortage of wheat sugar and gram pulses valued at Rs 2 63 lakhs The Manager informed (October 1994) that the matter was receiving attention of the Department to whom these shortages had been reported in August 1992 and July 1993 The Department stated in May 1995 that the enquiry was being conducted Thus the Department had not finalised action even after more than 3 years of the occurrence of the event

#### (III) Consumption of panjiri beyond shelf life

The shelf life of panjin is 90 days from the date of manufacture Three CDPOs received 17 633 kgs panjin valued at Rs 1 87 lakhs from Panjin Plant Gurgaon between February 1989 and October 1991 These were supplied late to beneficiaries and were consumed after a gap of 90 to 270 days during July 1989 May 1992 The harm caused to the children/ expectant or nursing mothers due to consumption of panjin after expiry of shelf life was not ascertainable in audit

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#### (IV) Loss due to long storage

Ghauranda panjiri plant purchased between October 1992 and March 1993 393 quintals gram pulses at the cost of Rs 3 92 lakhs Of this 46 quintals (Rs 0 52 lakh) remained unprocessed for panjiri In October 1993 a sample of the unprocessed material was got chemically tested in the Government laboratory and was found unfit for human consumption. The Manager stated (October 1994) that the matter for write off had been referred to the Department and further action would be taken on receipot of reply Further developments were not made available (May 1995)

#### (VI) Idle wages

The services of 7 daily labourers who had rendered 16 months of services in the Panjiri Plant Gurgaon were terminated between June 1986 and July 1988 due to non availability of work. At the time of retrenchment they were given neither any notice nor pay in lieu thereof nor retrenchment compensation. All the labourers filed (1989) suits in the Industrial Tribunal cum Labour court. Gurgaon which held (July 1993) the retrenchment they are given neither as all of them had rendered 240 days of continuous service. The award of the Labour Court was got implemented by the petitioners through the Hon ble High Court of Punjab and Haryana and all the 7 labourers had to be taken back in service (December 1993) and arrears of back wages aggregating Rs 1.94 lakhs were paid. Due to injudicious action in retrenching the staff against the procedure the Department had to bear the expenses for the period during which the labourers were not working.

The department in their written reply explained the position as under

(i) In this connection it is stated that the orders for recovery from both the Supervisors have already been passed. The Supervisors have appealed to the Commissioner and Secretary to Govt Haryana. Social Welfare against the orders passed by Director Women & Child Development Deptt. The case is under review.

On 14 December 1992 when the fire suddenly broke out in the Panjiri Plant at that time there was a balance stock of wheat 1 12 593 5 Kgs The yearly requirement of wheat for preparing Panjiri was 2 92 500 Kg On the expectation that the Panjiri Plant would be got repaired at the earliest and will start funcioning the allocated wheat was purchased and there by quantity of wheat stock was increased to 2 90 593 Kg

The Panjiri Plant was inspected by the then Director Social Welfare and she ordered to carry out overhauling of the Plant After sanctioning the estimate an order was placed on 18 3 93 to M/s ECO Therms Engg Pvt Ltd Faridabad to repair the said plant The plant started working in March 1994

As explained above the wheat was purchased for the manufacturing of Panjiri and the stock could not be consumed due to sudden occurrence of fire and also along time taken to overhaul repair of Plant Regarding purchase of excess stock responsibility is being fixed for which action against the then Manager Panjiri Plant has been initiated

In this connection it is stated that the orders for recovery have already been passed by the Director Women & Child Development Haryana

(II) In this Physical verification of stores & stock of Panjiri Plant Gharaunda was conducted by the Audit Cell of the Department in September and November 1991 These shortages relates to the period when late Sh B S Gupta was the Manager of the Plant who has expired during the year 1992

However the matter is being booked into by the Department

(iii) Normally the Panjiri supplied by Panjiri Plant Gurgaon to the concerned three CDPOs should have been so consumed within stipulation time But due to posting of new staff and appointment of new supervisors the Panjiri was not supplied in the Anganwari Centres in time However no complaint/harm has been caused to the children expectant and nursing mothers due to consumption of said Panjiri Hence the para may be dropped

(IV) In this connection it is stated that the HAFED Haryana has given his consent to purchase Dal Chana lying in Panjiri Plant Gharaunda @ per Rs 200/ per Qtl vide this memo No 1819 20 dated 16 8 96 The Deptt after examining the matter has accepted the offer made by HAFED and necessary instruction in this regard have already been issued by this department to HAFED and Manager Panjiri Plant Gharaunda vide this office endst No 49405/WCW/A 4/96 dated 11 9 96 Hence para may kindly be dropped

(IV) The daily wages labourers whose services were terminated by the Manager Panjiri Plant Gurgaon between 1986 and July 1988 due to non availability of work filed the suit in the Industrial Tribunal cum Labour Court Gurgaon It was held by the Labour Court that the retrenchment of these labourers was illegal and ultra vires to the provision of the Industrial Dispute Act 1947 due to the fact that all the labourers had rendered 240 days of continued service Thereafter award of the labour Court was got implemented by the petitioners through the Hon ble Punjab and Haryana High Court Keeping in view the directions of Hon'ble Punjab and Haryana High Court all the seven labourers have to take back in service. In view of the above this para may kindly be dropped

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The Committee observe that the department initiated action only at the instance of audit/PAC and responsibility should be fixed on taking such a delayed action. The Committee further desire that recovery be affected from the delinquent officers under intimation to the Committee

The Committee also recommend that efforts be made to get the stay vacated and progress made in this case be intimated to the Committee accordingly

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#### Jail Department (Home)

#### [9] 3 11 Injudicious purchase

Financial rules provided that stores should be purchased in accordance with definite requirement and that care should be taken not to purchase stores much in advance of actual requirement

The Jail Manual inter alia provides that jail factories may manufacture articles to meet their own requirements and those of other departments and also for sale to public Assessment of requirements/demand was therefore pre requisite for purchase of raw material/manufacture of an article

It was noticed (February 1995) in audit that in District Jail Bhiwani which could manufacture 19 000 20 000 meters of tat patti\* in a month consuming 100 quintals of sutli 1 518 76 quintals of sutli was available in stores at the end of 31 March 1993 Average consumption of sutli per year during 1990 93 was 426 quintals the maximum consumption being 561 quintals in 1990 91 Based on this average the stock of sutli at the end of March 1993 was sufficient to meet the requirement for the next 3 years Yet order for the supply of 1 300 quintals more of sutli was placed (September 1993) on a Calcutta based firm against which 822 85 quintals valued at Rs 14 12 lakhs was received in June-July 1994 and accepted after prior inspection in October 1993 Order for the remaining quantity was cancelled (August 1994) as the firm failed to make further supply according to the approved specification Between April 1993 and January 1995 only 488 15 quintals valued at Rs 31 81 lakhs sufficient for manufacturing over 3 lakh metres tat patti at the end of January 1995

Superintendent District Jail Bhiwani intimated (March July 1995) that production of tat patti had been held up since no order for supply was pending with the jail and that there was no other Government manufacturing unit where this raw material could be distributed Purchase of 822 85 quintals of sutil was thus without requirement and was injudicious thereby resulting in blocking or Government funds or Rs 14 12 lakhs

The matter was referred to Government in June 1995 reply has not been received (August 1995)

\*Tat patti is a type of floor mat woven out of sutli

The department in their written reply explained the position as under

The circumstances for purchasing 822 85 Qtl *sutli* in June /July 1994 for Distt Jail Bhiwani for manufacturing *Tat Patti/Durri patti* for Pry Education Deptt Haryana were fully explained to the Accountant General Haryana (Audit) vide this office D O letter No 19685 88 Gl/ FI dated 22 8 95

2 The detailed facts narrated in this office D O dated 22 8 95 clearly indicate that the purchase of 822 85 Qtls for District Jail Bhiwani was not in any way injudicious as it was purchased for the executing the orders of *Tat Patti Durri Patti* placed by the Director Primary Education Deptt vide his letter No 63 89 A(Pry I) dated 15 3 91 and No 6/1/91/A (Pry 1) dated 30 3 92 (Annexure o(Page 1 to 9) However Director Pry Education backed out to accept the balance supply of 1 16 665 meters of *Tatpatti*  and 1 36 836 meters of Durn Patti and as a result of which about 1000 Qtls Sutli could not been consumed when the Sutli was purchased exclusively to meet with the demand of Tat Patti/Durn Patti of Primary Education Department Haryana

In order to consume raw material and to avoid any loss to Govt the Director 3 Supplies & Disposals Haryana Director Social Welfare Department Haryana and Director Women & Child Development Haryana including the Director Primary Education Department were requested repeatedly to place their valued orders for the Supply of Tat Patti/Durri Patti to the Superintendent Distt Jail Bhiwani But despite prolonged correspondence none of the departments mentioned above placed any order for the Supply of Tat Patti/Durri Patti Ultimately there was no alternative left with this department except to approach Harvana Govt in the Jails Department ei ther to get orders for the supply of Tat Patti/Durri Patti from the Director Primary Education Department Haryana through the Financial Commissioner & Secy to Govt Haryana Education Department or to acord sanction for the disposal of Sutli/Cotton Yarn lying at Distt Jail Bhiwani since 1994 through the Director Supplies & Disposals Haryana at the earliest However decision of Govt in the Jails Department in this regard is still awaited with reference to this office letter No 6947 GI/F2 dated 1 5 97 No 10157/58 GI/F 2 dated 21 5 97 & No 13763/64 GI/F 2 dated 9 7 97 Further action in this regard will be taken on receipt of reply from the Govt Immediately

During the course of oral examination the departmental representatives informed the Committee that delinquent Superintendent has been charge-sheeted and enquiry in the matter was under process The Committee recommend that efforts be made to obtain orders for the supply of *Tat-patti/Durri patti* or the material be disposed off at the earliest and the action against the delinquent official be finalised within stipulated period under intimation to the Committee

#### Lotteries Department

#### [10] 3 12 Delayed transfer of receipts to Government account

In order to facilitate the transfer of money collected on sale of lottery tickets by sales offices located outside the State to head office at Chandigarh the Director of Lotteries with the approval of Government opened (September 1993) two bank accounts at Lucknow (Punjab National Bank) and Varanasi (Oriental Bank of Commerce) According to the instructions issued (October 1993) by the Director of Lotteries the Manager of bank at Lucknow was required to transfer the money deposited by sales officers to its branch at Chandigarh on every Tuesday upto 15 November 1993 and thereafter as and when the balance exceeded Rs 0 10 lakh On 3 December 1994 the Department opened two more accounts with Central Bank of India at Lucknow with directions to transfer the accumulated balances to its branch at Chandigarh at the end of each week leaving a minimum balance of Rs 100

Notwithstanding these instructions issued by the Department for prompt transfer of money it was noticed (March 1995) in audit that the banks at Lucknow besides retaining huge balances upto Rs 348 68 lakhs in the account during the period September 1993 to March 1995 took considerable time 4 to 42 days beyond the period /days specified as per directions of the Director for the transfer of amounts to their branches at Chandigarh Further the bank branches at Chandigarh also considerably delayed (2 to 19 days) the accountal of the transferred amounts in their books. The matter regarding delay ion remittance of money and retaining huge amounts by the banks at Lucknow and late accountal by Chandigarh banks was never taken up with the banks by the Director. The delays had resulted in undue benefit of interest to the banks and consequential interest loss to Government which worked out to Rs 36 66 lakhs for the period September 1993 to March 1995 calculated at the rate of 13 5 per cent for 1993 94 and 12 5 per cent for 1994 95.

It was further noticed that Director of Lotteries had issued cheques after 1 to 216 days of the accountal of transferred money by the Chandigarh branches of the respective banks for depositing the money in Government accounts Delay in issuing cheques for depositing the amount of Rs 2359 49 lakhs in Government account for varying periods between December 1993 and March 1995 resulted in loss of interest of Rs 21 19 lakhs calulated at the rates ibid

The records relating to deposits made by the sales officer Varanasi with the Oriental Bank of Commerce and further transfer thereof to its branch at Chandigarh were not made available to audit

The matter was referred to Government in June 1935 reply has not been received (August 1995)

The department in their written reply explained the position as under

It is stated that before the openming of two current accounts with the Punjab National Bank Aminabad Branch Lucknow on 07 10 1993 the sale proceeds of lottery tickets used to be sent by the Sale Officers through Bank Drafts to the Head quarters for adjustment into their accounts. However, the sale proceeds increased manifold due to popularity of new schemes launched by Government from 01 04 93

with the result that heavy cash used to be received by the Sale Officers The Banks refused to prepare the drafts for heavy amount without the opening of account of Government with them

Therefore two Current Accounts at PNB Sector 17 B Chandigarh were opened on 06 10 93 (Copy enclosed P 1) for collection of funds from Lucknow and for further remittance into Govt Treasury Simultaneously two Current Accounts with the Punjab National Bank Aminabad Branch Lucknow were opened on 07 10-93 (Copy enclosed P 2) for transfer of funds to Chandigarh with the instructions to transfer the money so deposited by our Sale Officers on every Tuesday under intimation to Lotteries Department as well as to the Sale Officer Lucknow Camp Further the Manager of the said Bank was instructed on 16 11 93 (Copy enclosed p 3) to transfer the amount to Punjab National Bank Chandigarh as and when the amount in our account exceeds Rs 10 000/ at a time

Thereafter One Current Account at Oriental Bank of Commerce Chandigarh and one Current Account at Oriental Bank of Commerce Varanasi was opened on 03 08 94 and 18 08 1994 respectively (copies enclosed P 4 & P 5) for collection of funds from Varanasi Camp and to further remit into Govt Treasury The Managing Director Oriental Bank of Commerce Varanasi was also instructed to transfer the money deposited by the Sale Officer on every Tuesday under intimation to this office and as well as to Sale Officer Varanasi

Two more accounts each were opened by the Department at Central Bank of India Lucknow and Chandigarh on 03 12 94 and 13 12 94 respectively (copies en closed p 6 & P 7) as PNB Aminabad Branch was not providing services as per com mitments made by them

Initially current accounts at PNB Lucknow and Oriental Bank of Commerce Varanasi were opened on account of following reasons

- (a) There was increased sale and boom in the sale of Haryana State Lottery tickets in U P during the year 1993 94 and 1994 95 respectively On an average the sale per day increased to 74 60 lac tickets during 01/95 as compared to sale of 45 02 lac tickets during 03/94
- (b) Due to increased sale the cash receipts also increased to Rs 18 00 20 00 lac per day from Rs 10 00 12 00 lac per day during the period mentioned above The cash receipts contained atleast 30 40% notes of lower denominations
- (c) The Banks were not ready to accept huge cash particularly containing notes of lower denominations for the preparation of Bank Drafts from Lucknow/Varanasi for Chandigarh
- (d) As no Government outlet (Treasury Branch) was situated at Lucknow and Varanasi so keeping huge cash in the sale offices was unduly risky in private rented buildings particularly when the cash was being handled by each Sale Officer with the assistants of Daily Wagers for want of regular staff
- (e) To secure Govt funds specially because the law and order situation in U P particularly in Lucknow was not very good and there were frequent occurances of theft robbery larceny etc

(f) To minimise the chances of robbery in transit the Accounts were opened with these branches of the banks which were situated at safe places and near to our Camp Offices

As regards delay in remittance of money and retaining huge amounts by the banks at Lucknow and late accountal by Chandigarh banks not taking up the matter by the Department with them resulting undue benefit to Banks and loss to Govt amounting to Rs 36 66 lacs as per details given below the position is discussed in the succeding paragraphs

Sr	No Name of Bank			Interest worked out	ut	
		Retained	Late	Delay in	Delay in	Total
		Amount by	remit	accountal	clearance	
		the Banks	tance	at Chd	of cheques	
				Banks		
1	PNB Lucknow	8 35	5 01	5 28	4 61	36 15
		7 60	5 30			
2	OBC Varanasi	0 02	0 07			0 09
3	CBI Lucknow	0 19	0 23			0 42
	Total	16 16	10 61	5 28	4 61	36 66

In this connection it is stated that after opening the current Accounts with PNB Aminabad Branch the Department had been exploring the possibilities to open accounts in other Nationalized Banks as instructions were not being adhered to by this Bank. But no Bank agreed for this purpose So the themn DOL also made personal visits to various Banks and their Zonal Offices at Lucknow during December 1994 for changing the accounts from PNB branch to receive better facilities. No other Bank came forward except the Central Bank of India only on the condition that they will not accept the cash below the denomination of Rs 50/ They will transact only two transactions in a week and will charge the collection charges as well

At the time of visits to various banks for changing Accounts from PNB Aminabad to any other Nationalized Banks they attributed the following reasons for not responding for opening of accounts of Lotteries Department at Lucknow

- (i) That there was shortage of adequate staff to count heavy cash sale proceeds available with the Sale Officers for remittance
- (II) that the receipts deposited were required to be transferred to Chandigarh and were not available for use by them for a longer period
- (iii) that the Collection of receipts were more than the demand of advances at Lucknow which is not an industrial and Commercial town to utilize the collected funds
- (IV) that the additional receipts collected by them used to remain idle with them on account of non transfer of same to the Reserve Bank Chest immediatly

Since there had been no option with the Department to arrange transfer of funds immediately from any other Schedule Bank at Lucknow it continued business with Punjab National Bank Aminabad Branch Lucknow and PNB Sector 17 for transfer of funds from Lucknow to Chandigarh upto 03/12/94 This system also continued after 03/12/94 as Central Bank of India did not agree to accept the cash daily but twice a week They made partial and delayed remittances

In order to avoid the practice of retaining the substantial amount by PNB for a long time despite specific instructions this Department lodged a claim of interest amounting to Rs 29 00 984 on 15 5 95 (copy enclosed P 8) with the PNB Aminabad Branch Lucknow with a copy to their Regional Office at Lucknow Necessary clarifications were given to the Zonal Office Lucknow on 28 08 95 (copy enclosed P 9) with reference to their leter dated 09 06 1995 (copy enclosed P 10) Thereafter they were reminded on 12 06 95 and 12 12 95 but they did not reply Rather they stopped the dealings with this Department

The Central bank of India also did not fully a here to our instructions and made late and partial remittances. During short period of transactions with Oriental Bank of Varanasi same practice was found at their level

Sr No	Name of Bank Account of Retention of funds	Interest on Account of late remittance of funds	Interest on (Rs in lac)	Total
1	PNB Lucknow	8 35	5 01	13 36
2	PNB Lucknow	7 00	5 30	12 90
3	C B <sup>1</sup> Lucknow	0 19	0 23	0 42
4	OBC Varansı	0 02	0 08	0 10
	Total	16 16	10 62	26 78

Thus the following loss as per details Annexure A B C D E F G and H has been beyond control of the Department

In case the Department had created strained relations with them it would have been very difficult to secure the Govt funds. As such this part of para may kindly be dropped

With regard to loss of interest amounting to Rs 5 27 lacs as shown by Audit as per details (Annexure I) on account of transit delay involved for the transfer of funds from PNB Lucknow to PNB Chandigarh it is stated that as gathered from the banks the period upto 15 days is involved for transfer of fund through TPO (Transactions by Post) Therefore the funds have been transferred within this period except one transaction at Sr No 17 only where a period of 19 days has been involved On an average there has been delay of 6 days Hence this part of the objection may kindly be droppwed

As regards loss of interest of Rs 4 81 lacs pointed out by audit as per details (Annexure J) it is stated that the calculations of interest appear to have been made on the assumption that the cheques should be cleared on next day from the date of presentation in the Bank However in actual practice this assumption does not ap pear to be true Normally it is expected that the bank should make clearance on the next day of presentation of Cheques and credit of amount on 3rd day into the account but this system has not/is not being adopted strictly by the Banks As gathered from SBI (Treasury Bank) it has been told that actually 5 days are involved from the date of presentation of cheques to the date of credit of the account of the Govt with them This period further increases in case of Gazetted holidays Therefore keeping in view the time above actually required for clearance and accountal of amount into Govt account and by taking into account the gazetted holidays during these days there has been delay in two cases at Sr No 14 & 15 on the part of Treasury Branch Chandigarh In other cases reasonable time appears to have been taken by them On an average there has been delay of 5 days Thus this part of para may kindly be dropped

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With regards to loss of interest for Rs 21 19 lac (Rs 14 48+6 22+0 49) pointed out by audit for late issue of cheques from PNB Chandigarh Central Bank Chandigarh and Oriental Bank Chandigarh respectively to Treasury it is stated that the loss of interest amounting to Rs 14 48 lacs as shown by Audit (Annexure K) has been on account of two reasons One reason is for late issue of cheques for transfer of funds from PNB Chandigarh to SBI Treasury Bank Haryana Chandigarh The other reason has been for not issuance of cheques of full amount standing on a particular date The delay for issuing of late cheques has been attributed to non receipt of intimation of funds from PNB Chandigarh The cheques were used to be issued after collecting information from the bank at personal level On an average there has been delayed of 15 days and 49 days in issuing of cheques and not issuing cheques of full amount

Sr No		Date of receipt of draft at Headquartes	Date of deposit of Challan into Bank	Date of clearance
1	57 98 780	26 12 94	2-1 95	6 1 95
2	2 36 55 405	2 1 95	2 1 95	6 1 95
3	9 65 000	11-4 95	17-1 95	24 1 95
4	8 08 775	24 1-95	24 1 95	10 2 95
5	44 45 000	24 1 95	24 1-95	10 2 95

As regards loss of interest amopunting to Rs 6 22 lacs pointed out by Audit as per detail (Annexure L) the Challans for following transactions were deposited immediately on receipt of drafts direct from CBI Lucknow to this office

Thereafter they did not send any draft nor any intimation regarding transfer of funds by TT to CB1 Chandigarh on our account was intimated Further CBI Chandigarh did not inform this office the receipt of funds from Lucknow On personal

Sr No	Amount	Date of receipt of TT in CBI Chandigarh	Date of issue of Cheque by Headquarter	Date of clearance by SBI Treasury Branch
1	12 00 000	17 1-95	23 3 95	3Ò 3 95
2	16 00 000	24-1-95	23 3-95	30 3 95
3	8 75 000	31 1-95	23 3-95	30 3 95
4	8 00 000	14-2-95	23 3 95	30 3-95
5	15 00 000	21-2-95	23 3 95	30 3 95

enquiries when it came to the notice of this Department the following amount was deposited through Cheque on 23 3 95 into SBI Treasury Branch Chandigarh which was cleared on 30 3 95

As regards delay for transfer of funds from O B C Varanasi to S B I Treasury Branch Haryana Chandigarh as pointed out by Audit (Annexure L) it is stated that wereas account was opened on 18 8 84 Sh Shyam Sunder Ex Sales officer was transferred on 19 8 94 from Varanasi and was placed under suspension The camp was closed Thereafter no funds were required to be deposited by him but he did so and did not disclose the sale proceeds deposited by him at Varanasi after transfer When he was asked to square up his accounts he revealed this fact Thereafter the amount was credited into treasury by issuing cheque on 30 11 94 which was cleared on 12 12 94 The Department did not like to close the accounts at Varanasi as the department was contemplating to open Camp Office again due to some problems of sale Camp Office Lucknow So a sum of Rs 600 were got transferred lateron

It is also stated that during the yar 1993 94 and 1994 95 there has been sale of Rs 84015 83 lac and Rs 256275 78 lac respectively resulting profit of Rs 3023 73 and rs 7008 01 respectively There was increase of 2507 07% and 7647 39% as compared to sale proceeds of Rs 3351 15 lacs during the year 1992 93 The additional work load had been handled by the Department without any additional staff

Since the objective to secure the Govt funds has been served by conducting transactions with Punjab National Bank Aminabad Branch Lucknow CBI branch Lucknow and O B C Varanasi therefore the loss of interest has been notional only In view of this para may kindly be dropped

Now the position relating to transactions conducted with Oriental Bank of Commerce Varanasi has been explained above for the kind perusal of Committee

During the course of oral examination the Committee desire that the opinion of the law department be obtained in regard to claim of interest lodged by the department against the bank concerned, but the required informatioph has not been sent by the department till the drafting of the report. The Committee recommend that final outcome on the basis of the proposed legal advice in the matter be intimated to the Committee within three months.

#### PUBLIC HEALTH DEPARTMENT

#### [11] 4 1 Rural Water Supply Schemes

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#### 4 1 6 Targets and achievements

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According to the State Government (June 1993) safe drinking water had been provided to all the problem and non problem villages by March 1992 There were however 2 486 villages as of March 1993 where the average daily water supply per person was less than 40 litres To improve the water supply in these villages the Department fixed a target of 1 400 villages for 1993 94 (700) and 1994 95 (700) against which the achievement was shown as 1 420 villages (1993 94 700 1994 95 720) covering a population of 27 85 lakhs Thus there were only 1 066 villages left over for augmentation of water supply as of March 1995

It was however seen in audit from the quarterly progress reports ended March 1995 submitted by the Executive Engineers to the Engineer in Chief Haryana PWD (Public Health Branch) that 1 637 villages were actually due for augmentation. The Department intimated (August 1995) that the increase in number of villages by 571 was due to depression of spring level and failure of underground source

#### 4 1 7 Delay in completion of schemes

Individual water supply schemes were targeted for completion within a period of 1 to 2 years in 3 districts<sup>1</sup> test-checked 19 schemes sanctioned between March 1979 and March 1991 (estimated cost Rs 402 49 lakhs) were lying incomplete (March 1995) even after incurring expenditure of Rs 478 05 lakhs the excess over original estimate in each scheme ranging between 6 per cent and 107 per cent The delays were attributed (April 1995) by the Department to paucity of funds

#### 4 1 8 Cost over run

In 3 Public Health Divisions<sup>2</sup> 18 schemes sanctioned (estimated cost Rs 348 83 lakhs) between July 1973 and June 1993 were completed between March 1990 and March 1995 at the cost of Rs 470 16 lakhs The cost over run of Rs 121 33 lakhs due mainly to delays in completion of works varied from 11 per cent to 92 per cent which was attributed (April 1995) by the Department to paucity of funds The Department had not sanctioned the revised estimates as of May 1995

#### 4 1 9 Non-preparation of completion reports

Reports regarding completion of schemes are required to be submitted by the Execu tive Engineers to the next higher authority immediately after completion of the works In 9 Public Health Divisions<sup>3</sup> of 4 districts<sup>4</sup> 52 water supply schemes were reported to have

<sup>1</sup> Hisar Jind and Panipat

<sup>2</sup> Hisar Jind and Mohindergarh

<sup>3</sup> Fatehabad Hansi Hisar I Hisar II Hisar III Jind Narnaul Narwana and Panipat.

<sup>4</sup> Hisar Jind Mohindergarh and Panipat

been completed between December 1989 and March 1995 but completion reports were found not prepared and submitted to the next higher authority

The department in their written reply explained the position as under

**416** The State Government provided water supply facility to all the habitated villages in the State by 31 3 92 and at the begining of the 8th Five Year Plan 2723 deficient villages which were proposed to be saugmented to a level of 40 L PC D by the end of the 8th Five Year Plan i e 31 3 97 the department achieved the following target during the 1st four years of the 8th Five Year Plan

Year	Upto 4o LPCD	Upto 70 LPCD	Total
1992 93	242	92	334
1993 94	526	174	700
1994 95	634	86	720
1995 96	595	88	683
	1997	440	2437

The achievement indicated above includes the figures of 70 LPCD as well as which is financed under D D P Out of 2723 villages 1997 villages stand actually covered and 726 villages were left & are targetted for 1996 97

The W/S status depends upon the availability of under ground strata As the population in rural areas is increasing annually whereas under ground water strata is depliting annually due to improper recharging of acquifer and accordingly the figures go on changing time to time. At the end of 8th Five Year Plan, it is expected that 900 newly identified deficit villages will still to be left for augmentation.

**417** The practice for preparing and approving the scheme by the State Sanitary Board were as under

The estimates were prepared after obtaining resolution from the Panchayat indicating that they will provide land free of cost for construction of water works The estimates were prepared by the Executive Engineer and then through Superintending Engineer received in Head Office After checking the same were forwarded to Block Development and Panchayat Officer for accepting and forwarded the same to the State Sanitary Board through Director of Panchayat This procedure generally takes one and half year to two years for arranging administrative approval and funds in the first instant token funds were issued for taking steps for executing of works i e obtaining of land from Panchayat preparation of D N i T and approval of tenders Generally actual execution in such cases were possible after a period of two to three years and generally for completing another three years period were required as the funds are to be alocated by the State Sanitary Board considering the physical and actual progress of the work The over all increase comes to 18 77% as indicated in the para is not much and the same is due to increase in prices cost between prepa ration of estimate and actual execution. Later on for avoiding delay in approval and
execution of work from 1990 onwards the estimates are being directly forward by the Engineer in Chief Haryana PWD Public Health Branch Chandigarh to the State Sani tary Board

**418** The excess on 18 schemes is mainly due to the reasons explained in Para 417 above The revised approval is only accorded after preparation of the detailed estimates which is being got prepared by field offices and revised approval will be arranged in due course of time

**4 1 9** Field officers have been requested for preparing the completion reports/ plans and submitting to the higher authorities

The Committee is not satisfied with the explanation of the department and observe that a considerable delay has been committed by the department between the preparation of estimates and actual execution of work. The Committee desire that detailed information in regard to delay be supplied to the Committee. The Committee also recommends that while preparing and approving the scheme all factors should be ganged and judged before hand and the work should be completed within the scheduled period to avoid unnecessary expenditure and delay in the work

The Committee also desire that the pending completion reports be prepared and submitted to higher authorities within three months under intimation to the Committee

[12] 4110 Other points

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(III) In April 1987 the Sanitary Board approved extension of water supply scheme from Madora covered under Nahra group of villages to Turakpur village Tenders for laying pipeline construction of tank and pump chambers at an estimated cost of Rs 0 75 lakh were invited in December 1987 The work was alloted to the lowest bidder in January 1988 and was to be completed within three months from the date of allotment. Up to September 1991 Rs 1 53 lakhs had been spent on laying of 7 216 feet pipeline and part construction of the tank Meanwhile on persistent demand of the residents of Turakpur village for inde pendent water works a separate estimate of Rs 2 84 lakhs for instaliation of a tubewell was framed. This estimate was approved (November 1991) by the Engineer in Chief subject however to the Executive Engineer justifying retention of the pipeline already laid. No such justification had been given by the Executive Engineer as of May 1995. In the meantime, the tubewell was installed and commissioned in July 1992 at the cost of Rs 1 58 lakhs render ing the expenditure of Rs 1 53 lakhs earlier incurred on laying the pipeline/part construction of the tank infructuous

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(v) A canal based scheme for water supply to Mattan and Kherman group of villages in Bahadurgarh tehsil of Rohtak district was administratively approved (August 1978) by the Sanitary Board for Rs 11 18 lakhs subsequently revised to Rs 30 64 lakhs in May 1987

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The scheme was commissioned (March 1985) at the cost of Rs 39 07 lakhs However owing to defective site selection for water works and the inlet channel not being capable of carrying the requisite 1 66 cusecs of water the storage and sedimentation tank was not getting filled up to full supply level. The Chief Engineer conducted (May 1989) an enquiry into the matter and held the Executive Engineer responsible for the lapse of construction of defective inlet channel (Rs 3 lakhs) and defective selection of site. The chargesheet framed (May 1993) against the Executive Engineer concerned was not however served as of May 1995. In the meantime to overcome the water shortage problem a tubewell was installed in August 1993 at the cost of Rs 2 19 lakhs.

(vi) A RCC in the pipeline of 12 inch internal diameter and a storage tank for water supply scheme to Banwasa village was completed in November 1986 at the cost of Rs 2 47 lakhs In October 1991 it was noticed by the Sub Divisional Engineer that the pipeline was not running properly due to negligible slope in the laying of the pipeline. The Executive Engineer after examining the matter (January-June 1992) found that the pipeline had choked due to accumulation of silt and negligence of the field staff in not clearing it. To overcome the problem or choking the pipeline at RD 0 600 was raised on 75 pillars and an open prick channel was constructed from RD 601 to 3 400 at the cost of Rs 1 98 lakhs with the approval (November 1992) of the Superintending Engineer.

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Due to initial defects in the laying of the RCC pipeline without proper slope and negligence of the filed staff in not clearing silt from the pipeline the Department had to incur extra expenditure of Rs 1 98 lakhs on the removal of these defects

The department in their written reply explained the position as under

**4 1 10 (III)** Though initially water supply scheme to village Turakpur was proposed to be extended from village Mandora (Nehra group of villages water supply) but on the parsistant demand of residents an independent water works and a tubewell giving a discharge of 3500 gph was constructed in village Turakpur and the pipeline already laid was proposed to be utilised to feed Mandora village with surplus water from Turakpur tubewell. The yield of the tubewell is only 3500 gph and is just sufficient for Turakpur village itself. Though 7216' pipe line laid from Mandora to Turakpur could have been taken out giving a credit to the scheme but it has been retained so that the essential water supply to this village can be ensured from village Mandora in case of crisis or the under ground water becoming brakish or water supply is disrrupted due to any other reason.

Efforts are also being made so that adequate raw water is available at water works Nahra

In view of the above it is requested that this para may be dropped

**4 1 10 (v)** The scheme was designed to have raw water partially by gravity i e upto 8 17 feet depth and partially pumping i e another 6 83 feet depth i e a total of 15 feet depth. As per enquiry conducted in 5/89 it was concluded that

- (I) Site of S S Tank was selected on a tibba at higher level
- (ii) Inlet channel constructed was defective i e instead of 2x1 size (i e 1 66 cusecs) actual size constructed is 1¼ x1 (1 10 cusecs) from RD 300 4500 Rd

(iii) Outlet level at take off was kept higher i e at 705 84 instead of 704 52 due to which full water does not reach inlet channel

Subsequently as sufficient raw water was not available an estimate for tubewell was approved in 9/92 (3 30 lakhs) and tubewell installed at a cost of Rs 2 40 lakhs in village Mattan Tubewell for village Kharman was also approved for Rs 2 40 lakhs in 1997 98 and yet to be installed Because raw water is not available for the last about two years the canal based schemes stands abandoned since 1993

Entire expenditure of Rs 39 07 lakhs was not infructous because the scheme had been running upto 1993 but later did not due to non availability of raw water from Irrigation Department Now the instructions have been issued and efforts are on to make the scheme functional with the minimum cost to be incurred in reparing the inlet channel water works structure and by pumping the raw water at intake point with the diesel engine set Work was executed by Shri D.R. Chaudhry Executive Engineer and a chargesheet is under process to be served on Shri D.R. Chaudhry Executive Engineer who executed the v ork but nov has been compulsarily retired in 8/98

In view of the above it is requested to drop the para

4 1 10 (vi) The scheme was completed in 1986 and under ground RCC pipe inlet channel which was supplying raw water to the water works gradually got silted in 1992 and an expenditure of Rs 0 85 lakh was required to be incurred on cleaning the silt every year. As such economics were worked out and it was found economical to relay the inlet channel at a nominal extra amount of Rs 0 23 lakh with the saving as under —

(I)	Annual saving of mtc cost in removing the silt from RCC pipe inletchannel	Rs 85 000
(11)	Credit of RCC pipe which were dismantled (vide T E No 2 of $9/94$ )	Rs 90 000
	Total saving	Rs 1,75,000
	Thus the evenes expendeture of Dr. 0.02 lokh (108.1	75 - 0.23 is vev nominate

Thus the excess expenditure of Rs 0.23 lakh (198 175 = 0.23) is vey nominate to prevant the silting of inlet channel

In view of the above it is requested to drop the para

#### **1** Public Health Division Sonepat

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During the course of oral examination the departmental representative informed the Committee that adequate drinking water will also be suplied to Turakpur village immediately after the adequate raw water is available at water works Nahara The Committee desire that the progress made in this regard be intimated to the Committee

## 2 Public Health Division Bahadurgarh

The Committee is not satisfied with the explanation of the department as it shows laxity on their part in the matter of finalising action against the defaulting officer even till his retirement in 8/98 The Committee recommend that the responsibility be fixed for the delay in finalising action against the officer for lapse

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of construction of defective inlet channel and defective selection of site. The Committee also recommend that the action against the defaulting Executive Engineer be finalised within a period of three months under intimation to the Committee

### 3 Public Health Division Sonepat

After hearing the departmental representatives the Committee observe that the slope of the pipeline was not properly checked by the department while laying it and due to this an extra expenditure of Rs 1 98 lacs had been incurred to overcome the problem of choking The Committee recommend that the matter be enquired and exact position in this regard be supplied to the Committee with in a period of one month

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#### [13] 4.2 Recovery due from contractor

In Public Health Division Narwana construction of 32' internal diameter reinforced cement concrete circular sewer and all other work contingent thereto (approximate cost Rs 7 50 lakhs) was allotted in October 1990 to a contractor on agreement basis after inviting tenders. The work was to be completed by 15 May 1991. Secured advance of Rs 1 53 lakhs being 75 per cent cost of 2 48 lakh bricks brought to site for use in the work was paid (Spetember 1991) to the contractor. The contractor left (February 1992) the work incomplete and compensation of Rs 0 75 lakh under clause 2 of the agreement for not completing the work in time was levied (August 1993) against the contractor. The work was withdrawn in December 1993 for getting the balance work executed at the risk and cost of the contractor as per clause 3(c) of the agreement. The work has however not been allotted as of February 1995. According to the final measurements work amounting to Rs 2 99 lakhs was executed by the contractor against which on account payment of Rs 2 83 lakhs was made up to September 1992 to the contractor. The payment included adjustment of secured advance of Ps 0 40 lakh for 0 65 lakh bricks consumed on the work.

After conducting (April 1995) physical verification by the committee constituted in November 1994 0 55 lakh bricks were taken over by the Department and the remaining 1 28 lakh bricks were not found at the site of work A sum of Rs 0 32 lakh (up to February 1995) on account of interest at the rate of 12 per cent per annum on the balance amount of secured advance of Rs 0 80 lakh had also become due from the contractor as per condition for secured advance pending accountal of the balance 1 28 lakhs bricks unconsumed in addition recovery of balance material at penal rate issued to the contractor for use on work but not consumed amounted to Rs 1 25 lakhs

Thus due to failure of the Department to take any action against the contractor Rs 3 12 lakhs (secured advance - Rs 0 80 lakh interest Rs 0 32 lakh cost of material Rs 1 25 lakhs and compensation Rs 0 75 lakh) could not be recovered besides further liability to be borne by the Department due to execution of the balance work However an amount of Rs 0 31 lakh was only available with the Department on account of security deposit (Rs 0 15 lakh) and value of work done but not paid to the contractor (Rs 0 16 lakh)

The Executive Enginer stated (July 1995) that action against the concerned officer/ official was under process

The matter was referred to Government in May 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under

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The work was alloted to Shri Sat Narain contractor in 10/90 who left the work in 2/92 He was given 75 percent secured advance against 2 48 lakhs bricks and the latest position is as under

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Secured advance given for 2 48 lakhs bricks	1 53 lakhs
Secured advance recovered in the bill for 65000 bricks	( ) 0 40 lakh
Bricks taken over by department at site 55 000 bricks	( ) 0 33 lakh
Balance secured advance yet to be recovered for 1 28 lakhs bricks	0 80 lakh
Interest at 12% recoverable on balance secured advance 0 32 now increased	0 93 lakh
Cost of material at penal rate	1 25 lakhs
Consumption under clause 2 \	0 75 lakh
Total amount recoverable from Shri Sat Narain contra	actor 3 73 lakhs
Total amount recoverable from Shri Sat Narain contra Amount Recovered	actor 3 73 lakhs
	actor <b>3 73 lakhs</b> 0 17 lakh ( ) 0 32 ( lakhs)
Amount Recovered	
Amount Recovered Balance work done Secured advance Amount recovered from the contractor through E E PH Divn No 3 Hissar where the contractor is working and	0 17 lakh ( ) 0 32 ( lakhs)
Amount Recovered Balance work done Secured advance Amount recovered from the contractor through E E PH	0 17 lakh ( ) 0 32 ( lakhs)
Amount Recovered Balance work done Secured advance Amount recovered from the contractor through E E PH Divn No 3 Hissar where the contractor is working and	0 17 lakh ( ) 0 32 ( lakhs) 0 15 lakh

After hearing the departmental representatives the Committee recommend that act on be taken against the officer/officials who were responsible for delaying this work and action should also be taken against the officer who made the payment without verifying the bricks at the site and the Committee be informed accordingly within a period of three months

## [14] 45 Outstanding audit observations

Audit observations on financial transactions are reported to Government so that appropriate action can be taken by the concerned departmental authorities to rectify defects and omissions Half yearly reports of such audit observations outstanding for more than six months are also sent to Government to get their final settlement expedited

Audit observations in respect of Public Health Department involving an amount of Rs 94 93 lakhs issued up to December 1994 were outstanding as of June 1995

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Period		r want of reement	For v of vou		Total		
	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)		Amount lupees in lakhs)	
1984-85	_	_	2	0 05	2	0 05	
1992 93			2	0 02	2	0 02	
1993 94	13	9 69	2	1 90	15	11 59	
1994 95	44	83 27	—		44	83 27	
Total	57	92 96	6	1 97	63	94 93	

The category wise and year wise break up of the outstanding items was as under

An analysis of the system and procedure for monitoring and pursuance and final settlement of outstanding audit observations by the Finance Department revealed (January 1992) that checks prescribed by them requiring the Administrative Departments to maintain registers containing the substance of all outstanding audit observations and details of action taken thereon the reference made to subordinate offices replies received from them etc were not exercised Not satisfied with the pace of progress of settlement of audit observations the Finance Department issued (January 1992) instructions to the Administrative Departments *inter alia* for arranging Audit Committee meetings and submission of progress reports to the former in the prescribed *pro forma* every quarter regarding action taken towards settlement of outstanding audit observations However it was noticed that despite instructions of the Finance Department neither such meetings were arranged by the Administrative Department after 13 July 1993 nor were any progress reports submitted after the quarter ending September 1994

The matter was referred to Government in April 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under

The latest position is as under

Period	Cleared						Balance				Total	
	For want of agreement		For want of vouchers		Total		For want of agreement		For want of vouchers			
<u> </u>	No	Am ount	No	Am ount	No	Am ount	No	Am- ount	No	Am ount	No	Am ount
1984 85			_	_	_	_	_		2	0 05	2	0 05
1992 93	-	_	2	0 02	2	0 02		—		—	<u>~</u>	
1993 94	10	8 36	2	1 90	12	10 26	з	1 33			3	1 33
1994-95	33	63 <del>96</del>	_		33	63 96	11	19 31	—		11	19 31
Total	43	72.32	4	1 92	47	74 24	14	20 64	2	0 05	16	20 69

The Committee desire that the outstanding audit observations be settled within six months after arranging meetings with the Audit and progress report be sent to the Committee accordingly

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#### IRRIGATION

# [15] 4 13 Avoidable extra payment of land compensation

For acquisition of land for public purposes the State Government is required to issue a preliminary notification under Section 4 of the Land Acquisition Act 1894 showing its intention to acquire the land After hearing and settling objections if any received from the public or the interested parties a final gazette notification for acquiring land is required to be published under Section 6 The notifications stand lapsed if the award is not announced within the period of two years from the date of issue of notification under Section 6 Section 23 further stipulates that the amount of compensation payable to landowners shall be determined with reference to the market value of land prevailing on the date of notification published under Section 4

For acquisition of 28 66 acres of land for the construction of new parallel Mammer Khera distributary from RD 10 900 52 000 by the Construction Division No II Sirsa notific cation under Sectons 4 and 6 of the Land Acquisition Act were issued in September 1987 and August 1988 respectively The Land Acquisition Collector (LAC) informed (June 1990) the Executive Engineer that the Department had not deposited the cost of land and the validity of notifications would expire on 30th August 1990 The payment was however not made within the validity period and the notifications lapsed The Executive Engineer stated (December 1990) that the compensation was not paid due to non receipt of funds for the work

Fresh notifications under Sections 4 and 6 of the Act *ibid* were again issued in February 1991 and September 1991 respectively for acquisition of 21 99 acres of land reduction in area being due to utilisation of part of the existing distributary from RD 10 900 to RD 19 400 The Department deposited (May 1993) Rs 30 62 lakhs with the LAC and the awards were announced in September 1993 The payment of compensation was made at the rates prevalent in February/September 1991 for 21 2 acres and worked out to Rs 19 42 lakhs against Rs 9 97 lakhs payable at the market rate prevaiing at the time of issue of notification in September 1987 There was thus extra payment of Rs 9 45 lakhs The remaining amount of Rs 11 20 lakhs was refunded to the Department in September 1993. It was noticed (December 1994) in audit that out of the total funds of Rs 252 25 lakhs provided by the Superintending Engineer Canal Lining Circle Sirsa during the period September 1988 to June 1990 Rs 168 75 lakhs (1988 89 Rs 19 50 lakhs 1989 90 Rs 123 75 lakhs and 1990 91 Rs 25 50 lakhs) were not earmarked for any specific purposes The amount of Rs 30 62 lakhs deposited for land compensation in May 1993 was therefore available in June 1990

Thus failure to make payments for land compensation within the validity period even though sufficient funds were available resulted in an avoidable extra payment of Rs 9 45 lakhs

The matter was referred to Government in June 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under ----

Yes to the extent that then notification under Section 4 & 6 of the Land Acquisition

Act were issued in September 1987 and August 1988 respectively for acquisition of 28 66 acres of land required for the construction of New Parallel Mimmer Khera Distributary falling in Villages as Phaggu Jhorar Rohi Bhadra Kuangawali and Sukhchain The Department had to deposit Rs 18 26 lacs with the Land Acquisition Collector for making the award There was heavy paucity of funds durin these years and consequently payment of land compensation could not be deposed with the L A C within the validity period The position of allotment of letters of cedit to the Construction Divn No II Sirsa is given in the attached statement The validity period expired due to non availability of funds and for this none can be held re-ponsible Only when sufficient funds have been received the then Executive Engineer Construction Divn No II Sirsa had deposited the funds with the L A C in May 1993

The failure to follow the system is attributed to paucity of funds which r be yond control of the Department

After going through the explanation given by the department, the Committee observe that the funds were very much available with the department and funds could be diverted with the approval of the Finance Department for the payment for land compensation within the validity period. The Committee desire that the information be sent to it that how much funds were available and why the timely action was not taken to avoid the extra payment of Rs 9 45 lakhs

#### [16] 4 14 Defective lining

With a view to providing irrigation facilities to 12 538 hectares of culturable command ara (CCA) with designed irrigation intensity of 5 266 hectares (42 per cent of CCA) Uttawar distributary (length 0 to 1 04 107 feet) starting at RD 1 47 100 on left side of Gurgaon Canal was lined during 1981 86 at the cost of Rs 65 09 lakhs The work was completed in March 1986 by Lining Division Gurgaon Canal Faridabad merged with Faridabad Gurgaon Canal Drysion Faridabad and renamed as Water Services Division Faridabad in July 1994

The distributary did not function properly since completion of lining work in 1986 and there were complaints from the beneficiaries of non availability of water beyond RD 80 000 The portion of the distributary from RD 80 000 to tail end remained non functional as water did not cross RD 80 000 due to defective lining Further the portion from RD 95 000 to tail end in fact remained abandoned since completion of lining with the lining work done not in existence The hydraulic data/bed levels were got checked by the Superintending Engineer who observed (April 1987) that there were vairations in the levels ranging from 0 50 to 1 25 feet at numerous sites in the entire reach due to which the distributary did not function efficiently

An estimate for rectification of defects for Rs 37 00 lakhs was submitted (October 1993) to the Chief Engineer which envisaged raising of the existing top of lining/bank in a length of 38 000 feet and lowering of bed in a length of 44 000 feet after dismantling of existing lining. The repair work had not been taken up pending approval of estimate by the Chief Engineer (February 1995)

As against the annual irrigation of 5 266 hectares envisaged under the project the actual area irrigated ranged from 1 323 to 2 159 hectares during the period 1987 88 to 1993 94 The shortfall thus ranged between 3 107 hectares and 3 943 hectares or 59 per

cent and 74 88 per cent The Executive Engineer Water Services Division Faridabad stated (February 1995) that the shortfall was mainly due to non functioning of the distributary beyond RD 80 000 to tail end

Thus due to defective execution of lining work expenditure of Rs 14 39 lakhs in curred on lining from RD 80 000 to tail end as worked out by the Department had been rendered unfruitful Of that expenditure of Rs 4 51 lakhs incurred on lining from RD 95 000 to tail end had gone waste No action for fixing responsibility had been initiated as of Janurary 1995

The matter was referred to Government in March 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under

Uttarwar Disty is a lift irrigation channel from head. It was lined at a cost of Rs 65 09 lacs during 1981 86 There were some minor defects in its lining in reach RD 0 80000 However as per hydraulic data observed by two S D Os there were some major defects in its lining from RD 80000 104100 and due to which the tail of disty could not be fed Defective lining has been considered owing to lapse on the part of the then SDOs/JEs who had constructed defective lining No disciplinary ac tion is possible against the then SDOs at this stage as they have since retired/died However S/Sh Dewan Singh and R C Sharma JEs are still in service and have been considered responsible for the defective lining and accordingly disciplinary proceedings against them under punishment and Appeal Rules have been initiated

Now the work of rehabilitation of Uttawar Disty has since been taken up at site under World Bank aided WRCP which also includes the removal of defects of lining

Reasons for non improvement of irrigation of this channel are attributed to (i) defective lining (ii) fluctuation/frequent breakdown in power supply required for opera tion of Pump Houses (iii) non availability of sufficient canal water due to non receipt of full share from Ravi Beas waters it is assured that after completion of rehabilita tion work of above channel its tail would be fed and irrigation of this channel would also improve

After hearing the departmental representative the Committee observe that there were also the other reasons behind it in addition to the defective lining and shortage of water etc. The Committee recommend that the department should get it properly checked as to what were the other reasons for it and responsibility be fixed and also to evolve a system that it should not be repeated in future. The action taken in the matter be intimated to the Committee with in two months.

## [17] 415 Extra expenditure

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In Irrigation Department a consolidated rate for each item of work (comprising all elements) known as Departmental Through Rate (DTR) based on Haryana Schedule of Rates (HSR) 1988 plus sanctioned premium is prepared for working out the estimated cost of work and to assess the reasonability of contractor's tendered rates at the time of acceptance of tenders

In Western Jamuna Canal (WJC) Division Dadupur (renamed as Water Services Division Dadupur) the DTR for the digging/collection of boulders from its conrolled quarry up to 1991 92 for the work Repairing damaged forcing bunds after floods 191 were pre pared by adopting the basic rate of Rs 11 per cubic metre (cum) as approvedby the Super intending Engineer in December 1988 for controlled quarry plus carriage charges (as per HSR 1988) Accordingly the DTR for the year 1991 92 was worked out to its 47 11 per cum for both sides of the bund against which the lowest tendered/accepted rates were Rs 52 80 and Rs 59 60 per cum for left and right sides of the bund respectively

It was however noticed (May 1994) in audit that for 1992 93 the basi rate of Rs 49 40 per cum as applicable to private quarries as against Rs 11 per cum approved by Superintending Engineer for controlled quarry was adopted After adding the element or carriage Rs 24 60 per cum (left side for a lead of one kilometre) and Rs 27 59 (right side for a lead of two kilometres) the DTRs for Rs 74 00 per cum (left side) and Rs 76 99 per cum ~ (right side) were worked out The estimate for repair of damaged forcing bund based on the above DTRs for 1992 93 was sanctioned by Superintending Engineer in September 1992 for Rs 8 65 lakhs The lowest tendered rates of Rs 88 80 per cum for left side and Rs 94 20 per cum for right side were approved by the Superintending Engineer in September 1992 and the work was executed during October 1992 March 1993 at the cost of Rs 3 85 lakhs

The Executive Engineer Inspection and Control Division Karnal in another similar work providing apron of loose boulders forcing bund had pointed out (December 1992) that adoption of the basic rate at Rs 49 40 as applicable to private quarries in the DTR was incorrect On the directions of the Chief Engineer (Canals) (April 1993) DTRs for 1993 94 were prepared as Rs 40 88 per cum for left side and Rs 44 40 per cum for right side by adopting the rate of Rs 14 25 per cum as applicable to controlled quarry The lowest tendered rates being considered unworkable the work was executed departmentally (September 1992 93 revealed that the Department had incurred extra expenditure of Rs 1 36 lakhs which was facilitated by the adoption of higher basic rate of Rs 49 40 per cum insted of the rate of Rs 11 per cum as approved by the Superintending Engineer in December 1988 for controlled quarry

The Engineer in Chief intimated (May 1995) that the case had been examined and action against the defaulters involved was being contemplated

The matter was referred to Government in June 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under --

S/Sh S K Punchhi the then S E (now CE/Retd) Kunj Vasishat Xen and PV Sangwan SDO (now Xen) have been charge sheeted by the Govt Under Rule 7 of P&A Rules 1987 on this account Reply to Charge Sheet has been received from each officer The Government before taking final decision on the Charge Sheet have appointed on Inquiry officer of the Vigilance Department The report of the Inquiry officer is yet awaited

The Committee recommend that action against the persons responsible for the lapse be expedited under intimation to the Committee

[18] 51 Stores and Stock

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## 512 Minus balances

Minus balance in the stock account which is worked out by adding/subtracting the value of stroes received/issued during the month is indicative of errors in account which may lead to concealment of frauds and misappropriations. Unless such balances are reconciled and adjusted the correctness of stock accounts cannot be ensured. Minus balances of Rs 628 17 lakhs had accumulated in 45 divisions at the end of March 1995. The minus balances were mainly due to (i) non adjustment of suspense slips issued by Accountant General for material received through DGS&D (Rs 264 07 lakhs) (ii) non adjustment of profit/loss on stock (Rs 50 39 lakhs) (iii) non adjustment of cost of material transferred to other divisions (Rs 41 48 lakhs) and (iv) reasons not investigated/intimated (Rs 272 23 lakhs). Delay in adjustment of transactions and non-clearance of minus balances were indicative of non-observance of prescribed procedures in maintenance of store accounts.

The department in their written reply explained the position as under ---

Out of the minus balances amounting to Rs 628 17 lacs minus balances of Rs 499 60 lacs has since been cleared. For the clearance of the remaining amount of Rs 128 57 lacs necessary directions has been issued to the concerned officers.

## After hearing the departmental representatives the Committee desire that all the remaining minus balances be cleared within one month and progress report be intimated to the Committee accordingly

## [19] 5 1 4 Non fixation/non sanction of Reserve Stock Limit

With a view to having a proper inventory control it is necessary to prescribe a monetary limit known as Reserve Stock Limit (RSL) for individual divisions annually before the commencement of financial year These limits are worked out by the Executive Engineers on the basis of work load in their divisions and are sanctioned by Government on the recommen dations of the Engineer in Chief In 45 of the 67 divisions test checked the RSL for 1994 95 had either not been worked out (18 divisions<sup>3</sup>) or had been worked out but not sanctioned by Government (27 divisions<sup>4</sup>) as of May 1995

<sup>3</sup> Loharu Water Services Division Bhiwani YWS Mechanical Division Faridabad Construction Division No 33 Faridbad Adampur Water Services Division Hisar Hisar Water Services Mechanical Division Hisar Sidhmukh Construction Division No 1 Hisar Hansl Water Services Division Hansi Construction Division No 25 Jind Construction Division No 10 Kalthal Mewat Water Services Division Nuh Construction Division No 20 Rohtak Water Services Mechanical Division Rohtak Water Services Mechanical Division Rewari Construction Division No 2 Sirsa Nehrana Water Services Division Sirsa Construction Division No 29 Sonepat Construction Division No sion No 1 Tohana and Water Services Division Tohana

<sup>4</sup> Water Services Division Dadupur Construction Division No 4 Fatehabad Fatehabad Water Services Division Gohana Construction Division No 7 Hisar Sidmukh Construction Division No 1 Hisar Hisar Water Services Division Hisar Water Services Division Jagadhri Construction Division No 25 Jind Construction Division No 26 Jind Water Services Division Jind Construction Division No 13 Kurukshetra Construction Division No 14 Kurukshetra Construction Division 17 Karnal Mohindergarh Canal Water Services Division Narnaul Construction Division No 19 Rohtak Water Services Division Rohtak Construction Division No 21 Rohtak Sampla Water Services Division Rohtak Rohtak Water Services Division No 29 Sonepat Construction Division Yamunanagar

The department in their written reply explained the position as under

Due to re organisation of the Deptt in 1994 95 the nomeclature and working sphere of each Division has been changed. This change has affected the R.S.L. of each Division and requires fresh sanction for the fixation of R.S.L. from the Govt (in Finance Deptt.) Necessary action in this direction has already been initiated

After hearing the departmental representatives the Committee desire that all these pending cases be cleared within three months and report be sent to the Committee

# [20] 516 Tools and Plant returns

The numerical account of articles of Tools and Plant both ordinary and spe cial is kept in a separate register Every year ending September a yearly tools and plant return is to be prepared for each Sub Division and consolidated in Divisional Office Non preparation of Tools and Plant returns may lead to shortages and frauds remaining undetec ted However in 16<sup>7</sup> of the divisions test checked the preparation of Tools and Plant returns was in arrears and the delay ranged from 1 to 32 years Reasons for non preparation of returns were attributed (May 1995) by the Executive Engineers to frequent changes of staff/ non availability of old balances

The department in their written reply explained the position as under --

Out of 16 Divisions mentioned in the Para 3 Divisions have got audited the T&P Returns In 2 Divisions these returns have been prepared and will be got audited at the time of next inspection

For the clearance of remaining arrears of T&P returns instructions have been issued to the field officers to clear the back log through special efforts and final position reported after compliance

# During the course of oral examination the departmental representatives sought six months time to clear the remaining T&P returns after constituting a special committee for the purpose The Committee desire that it should be cleared within six months as a period of five years had already lapsed and progress report be sent to the Committee accordingly

## [21] 517 Physical verification

Physical verification of stores is required to be conducted once in a year by an officer other than the incharge of the stores it was however noticed in test check that out of 67 divisions physical verification had not been conducted in 19 dividions 8 (2 from 1986 87 1 from 1990 91 4 from 1992 93 12 from 1993 94) as of March 1995

- 7 Fatehabad Water Services Division Fatehabad Hisar Water Services Division Hisar Adampur Water Services Division Hisar Construction Division No 6 Hisar Construction Division No 7 Hisar Jind Water Services Division Jind Construction Division No 16 Karnal Nardak Water Services Division Karnal Project Division No 1 Manimara Procurement and Disposal Division No 1 Manimara Rohtak Water Services Division Rohtak Water Services Mechanical Division Rohtak Sampla Water Services Mechanical Division Rohtak Construction Division No 19 Rohtak Construction Division No 21 Rohtak and Sonepat Water Services Division Sonepat
- 8 Water Services Division Dadupur Fatehabad Water Services Division Fatehabad Water Services Division Gohana Water Services Division Jagadhri Water Services Division Jind Construction Division No 25 Jind Construction Division No 26 Jind Construction Division No 13 Kurukshetra Construction Division No 14 Kurukshetra Construction Division No 17 Karnal Mohindergarh Canal Water Services Division Mohindergarh Construction Division No 19 Rohtak Construction Division No 20 Rohtak Rohtak Water Services Division Rohtak Water Services Mechanical Division Rohtak Ghaggar Water Services Division Sirsa Sirsa Water Services Division Sirsa Construction Division No 29 Sonepat and Water Services Division Yamuna Nagar

The department in their written reply explained the position as under

Physical verification of stores has been conducted as per Rules in the Divisions pointed out in the Para The Department has already directed the Superintending Engineer Vigilance Circle Manimazra to conduct physical verification of stores of each Division in the Department as per recommendations of the Public Accounts Committee Haryana in 38th PAC Report under Para 30

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The Committee would like to have the report of Vigilance Cell in this regard During the oral evidence, the Departmental representative promised to supply the report but the same was awaited till the drafting of the report

## [22] 518 Surplus materials

Rules provide that stores should not be held in excess of requirement and stores remaining in stock for more than one year should be declared surplus unless there were sufficient reasons to hold the same beyond that period. In 11 of the divisions test checked materials valued at Rs 373 65 lakhs had been lying unutilised for the last 1 to over 20 years as detailed below.

S No	Name of Division	Amount	Since when lying in stores
		(Rupees in lakhs)	<u> </u>
(1)	Loharu Water Services Mechanical Division Charkhi Dadri	53 31	1984
(II)	Fatehabad Water Services Division Fatehabad	1 50	1980
(111)	Construction Division No 25 Jind	49 32	1985
(IV)	Construction Division No 26 Jind	1 28	1987
(v)	Water Services Division Jagadhari	8 <del>9</del> 5	1985
		3 55	1992
(VI)	Construction Division Jagadhari	12 81	1976
		12 00	1991
(vu)	Construction Division No 17 Karnal	69 73	1974
		18 60	1994
(viii)	Nardak Water Services Division Karnal	10 40	1977
		21 73	1981
(IX)	Construction Division No 20 Rohtak	52 22	1994
(X)	Construction Division No 3 Sirsa	24 82	1994
(XI)	Construction Division No 29 Sonepat	33 43	- 1972
	Total	373 65	

The department in their written reply explained the position as under ---

The provision of the rules are being followed strictly by the department. All the Field Officers have already been directed that the only material which is urgently required and that is too after having non availability certificate from the centerlised Agency i e Procurement & Disposal Circle Haryana Chandigarh be purchased

With the implementation of the World Bank aided Water Resources Consolida tion Project the execution of works of Const Units are being done by the Contractors with their own machinery/material components Thus most of machinery/stores have become surplus

The department has already constituted a Committee under the Chairmanship of Chief Engineer to determine the requirement of mahcinery/spares required under W R C P Surplus machinery/stores valuing Rs 4 779 Crores have since been auc tioned and cost thereof realised Further action to dispose off the surplus machinery/ stores valuing Rs 11 10 Crores is under cosideration of the department

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After hearing the departmental representatives the Committee desire that suitable steps be taken to dispose off the surplus material and intimate the Committee within one month

## **REVENUE DEPARTMENT**

#### (Mewat Development Agency)

#### [23] 6 6 Excess payment of grant

According to a decision taken by the Mewat Development Agency (M D A) in October 1985 deficit if any in the running of schools managed by Mewat Model School Society Gurgaon in the area was to be met by the Agency

It was noticed (Septimeber 1994) in audit that financial assistance to the schools was being released on the basis of tentative outlay received from the schools. No check was exercised after receipt of final accounts/balance sheets from the schools to regulate the financial assistance in accordance with actual deficit in the schools.

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During 1990 91 to 1994 95 financial assistance aggregating Rs 104 39 lakhs was released to 6 model schools\* on the basis of tentative financial outlays submitted by the schools to M D A On the basis of final accounts/balance sheets prepared by 5 schools during 1990 94 and one out of 6 schools during 1994 95 but not submitted to MDA the actual deficit in these 6 schools during the period was Rs 59 95 lakhs only No accounts had been prepared by the remaining 5 schools during 1994 95 relating to grants aggregating Rs 22 85 lakhs This resulted in excess release of financial aid of Rs 21 59 lakhs during 1990 95

The Chief Executive Officer Mewat Development Agency Gurgaon stated (May 1995) that the excess payments made would be taken into account as and when the funds for the year 1995 96 were released to these institutions. However, the funds for the year 1995 96 have not been released by the Agency and no adjustment/recoveries have been made as of August 1995.

The matter was referred to Government in May 1995 reply has not been received (July 1995)

The department in their written reply explained the position as under

For smooth functioning of the Mewat Model Schools being run by the Schools Society annual grant was usually released to each school by the Mewat Develop ment Agency Gurgaon to the extent of financial deficit to the concerned school on the basis of tentative financial outlay submitted to the M D A

A total grant of Rs 104 49 lacs was made to the 6 schools under the jurisdic tion of M D A Gurgaon during the year 1990 91 to 1994 95 if taken together Simi larly the total payment of grand made to these schools over and above financial deficit during the year 1990 95 works out to Rs 21 72 lacs on the basis of record available in the office of the Agency It is admitted that the grant amounting to Rs 21 72 lacs was released over and above actual requirement. This discrepancy occured not because of any negligence carelessness or malafide intention on the part of officials of the Agency Office but actually due to reason that while submitting the details of requirement of funds by the respective schools the balance amount in hand was not indicated in their annual statement. Consequently the irrigularity re mained overlooked. The Principal/Head Teacher of the schools have been reprimanded for this lapse and are being advised to present exect statements while procuring grant in future. Had the schools shown cash balance in hand on the closing day of each financial year during 1990.95 the irregularity would have not occured. The annual accounts for the year 1994.95 in respect of 5 schools were in fact prepared in time but these were pending for detailed audit by the Chartered Accountant.

In order to set the things right it has been decided to adjust the outstanding payment of Rs 21 72 lacs in reasonable instalments in the form of grant to be re leased to the schools during the year 1996 97 onwards The progress in this regard will be reported to the Audit at the time of its inspections in future. No grant to any of the schools for the year 1996 97 has yet been released. It is however assured that occurance of this type of irregularity shall not be allowed to be repeated in future and strict watch will be kept while releasing the grant in aid that the amount is equivalent to the actual deficit of each school.

During the course of oral examination the Committee was informed that the excess amount is being adjusted in instalments and more than Rs 12 lacs have already been adjusted leaving a balance of approximately Rs 9 lacs which will be adjusted finally during the financial year 1999-2000 The Committee was not satisfied with the explanation of the department and observe that the whole matter require investigation The Committee, therefore, recommend that a fresh inquiry in the matter be made and a comprehensive report be sent to the Committee within three months

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## Town and Country Planning Department

#### Haryana Urban Development Authority (HUDA)

#### [24] 67 Construction of Buildings and Roads by HUDA

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#### 677 Construction of buildings

Urban areas are developed in the form of sectors The area of a sector normally consists of 250 acres of which 43 *per cent* is developed by residential purposes 22 *per cent* for roads/streets/paths 12 *per cent* for schools 12 *per cent* for public open spaces 5 *per cent* for commercial and institutional purposes 4 *per cent* for shopping complex and 2 *per cent* for special and religious institutions Each sector has internal and external facilities like community buildings police posts post offices telephone exchange grid sub station fire station etc After construction the buildings are put under the control of Estate Officers for maintenance sale through auction letting out and transfer to other departments for public purposes

The following points were noticed in audit

### (a) Avoidable extra expenditure due to delay in issue of supply order of cement

Tenders for the supply of 6 000 tonnes of ordinary portland cement were invited and opened on 7 June 1990 by the Chief Engineer HUDA Three firms quoted their rates of which only one firm of Gurgaon submitted the earnest money The rates quoted by this firm were valid for 90 days ended 4 September 1990 The Higher Purchase Committee (HPC) of HUDA recommended (2 August 1990) placement of supply orders with the firm but the case was submitted to the Chairman HUDA for approval on 1 November 1990 when the validity period of the offer had expired The Chairman accorded his approval on 8 November 1990 with the observation that approval should have been obtained before the expiry of the validity of tenders However a supply order was placed with the firm on 13 November 1990 for supply of 5 990 tonnes of cement at their quoted rates ranging from Rs 1 560 to Rs 1 620 per tonne depending upon distance involved in destination No supply of cement was made and the firm declined in writing on 15 August 1991 to make any supply due to expiry of validity period of their offer

Meanwhile to meet its requirement HUDA had re invited tenders in november 1990 and purchased 8 732 tonnes of cement during January February 1991 at higher rates ranging between Rs 1 860 and Rs 1 940 per tonne Compared to the earlier quoted rates of the Gurgaon based dealer HUDA had to incur avoidable extra expenditure of Rs 18 67 lakhs on 5 990 tonnes in spite of orders to that effect by the Superintending Engineer in November 1991 the responsibility for the omission in obtaining sanction in time had not been fixed as of April 1995

#### (b) Loss due to non-receipt of security deposit

An order for supply of 5 895 tonnes of ordinary portland cement at rates ranging from Rs 1 540 to Rs 1 590 per tonne (including excise duty freight and all taxes but excluding

unloading charges) for various stations in Haryana was placed on 13 July 1990 by the Chief Engineer HUDA with a firm of Gurgaon Under the conditions attached to supply order the firm was required to deposit security of Rs 1 74 lakhs within 15 days from the date of receipt of order

According to the agreement the entire quantity of cement was to be supplied within a period of three months i e by 12 October 1990 subsequently extended up to 31 December 1990 failing which the amount of earnest money and security was to be forfeited besides which penal action including risk purchase proceedings was to be taken against the firm

The firm did not deposit the required security amount and against the quantity of 5 895 tonnes or cement ordewred only 2 085 tonnes were supplied by july 1991 The balance quantity of 3 810 tonnes of cement was not supplied by the firm and was purchased subsequently (January February 1991) at higher rates involving extra expenditure of Rs 10 29 lakhs Though the firm failed in the performance of the contract HUDA released the full payment for the part supply without adjusting the security amount payable by the firm (Rs 1 74 lakhs) HUDA also did not enforce the risk purchase clause Thus HUDA had to incur loss of Rs 12 03 lakhs due to non enforcement of the conditions of agreement for supply order

The department in their written reply explained the position as under ----

# Reply of Para 6 7 7 (a)

It is submitted that the tenders for the supply of 6000 M T cement were invited and opened on 5 6 90 by the Chief Engineer HUDA 4 Nos firms submitted the tenders out of which only one No firm i e M/s J K Cement Works submited their offer alongwith the requisite earnest money Thus only single tender was Valid First time the case was put up before the Higher Purchase Committee on dated 13 6 90 and subsequently on dated 20-6 90 & 27 6 90 On 27 6 90 Higher Purchase commit tee opened the remaining three Nos tenders which were without earnest money and it was desired by the Higher Purchase Committee to resubmit the case before the Higher Purchase committee after preparing revised agenda note and comprehensive statement etc The case was again put up before the Higher Purchase Committee on dated 5 7 90 & it was desired by the Higher Purchase Committee to call the firm for negotiations & giving some clarifications i e copy of Power of Attorney & ISI Licence schedule of delivery and also for the signature on the tender documents as the firm I e J K Cement Works has quoted their rates on the letter head & tender documents was not signed. The Committee desired that the firm should be called for negotiation on 18 7 90 but the firm did not attend In the meeting of Higher Purchase Committee on 18 7 90 it was informed that the firm did not attended and the next date was given by the Higher Purchase Committee 1 8 90

On 1 8 90 the firm did not attend the office for giving the clarification as earlier requested Next meeting was convened on 2 8 90 when the HPC recommended that the supply order may be placed with the firm with his quoted rates and terms & conditions

In view of the recommendations of the Higher Purchase Committee the case was put up to the then Chief Administrator HUDA on 10 8 90 for approval from the

Competent Authority I e Chairman HUDA The C A HUDA sent the file to the Con troller of Finance for discussion on 24 8 90 Discussion was held on 30 8 90 and the case was submitted to C A on 3-9 90 Thereafter this case file remained under dis cussion/observations between C A and C E HUDA from 3 9 90 to 24 10 90 The matter was discussed by the C A HUDA with C E HUDA and the case was submit ted to the Chairman on 1 11 90 for according the approval even after the expiry of the validity of the offer due to following reasons

- 1 At that time there was acute shortage of cement as the last supply order was placed with the firm in July 1989
- 2 It was also apprehended that there is likelihood if the fresh tender was called the rates will be on higher side
- 3 It was also the views of the officers that if firm accepts the order we will get the supply and if firm does not accept the order we will loose nothing

The Chief Administrator HUDA has recommended the case to Chairman HUDA for according the approval which was accorded on 8 11 90 As the firm has not accepted the supply order placed by this office after the expiry of validity period Thus no action can be taken against the firm as the validity period have already been expired However the earnest money as deposited by the firm i e Rs 10 000 is lying with this office

From the above it is clear that there was only single tender of M/s J K Cement Works who had deposited the earnest money but not submitted the tender documents complete in all respects and even not signed the tender documents as explained above The firm was called by the Higher Purchase Committee on dated 18 7 90 and 1 8 90 but firm did not come up before the Committee intentionally as the firm knew that the market rate of cement was going to be increased Thus it is very much clear that the firm did not submit the tender documents complete in all respects in the beginning and even did not turn up before the Committee for completion of tender documents as desired as the firm knew that the market rate of the cement was on a higher side than his quoted rates Under these circumstances the best alternative left with HUDA to place the supply order with firm even after expiry of validity of tender as there was only single firm who had deposited the earnest money The earnesi money of the firm lying in this off ce i e amounting to Rs 10 000 will not be released

Keeping in view the circumstances as explained above it is requested that the para may kindly be dropped

#### Reply of Para 677 (b)

The supply of 5895 M T cement at various destination was placed by this office to M/s J K Cement Works Kothi No 830 Sector 4 Urban Estate Gurgaon It – is true that as per the condition No 9 of the supply order the firm shall have to deposit security @ 2% of the amount of supply order in the shape of Bank Draft or Bank Guarantee However the firm failed to do so and commenced the supply at various destinations. The latest supply position as reported by the consignee are 3955 30

SN	o Station	Qty Ordered	Qty Received	Balance
1	Panchkula	1980 M T	- 1000 M T	980 M T
2	Kurukshetra	90 M T		90 M T
3	Panipat	450 M T		450 M T
4	Kaithal	72 M T		72 M T
5	Gurgaon	1485 M T	1484 85 M T	0 15 M T
6	Faridabad	1485 M T	1470 45 M T	14 55 M T
7	Sonepat	45 M T		45 M T
8	Rohtak	54 M T		54 M T
9	B Garh	90 M T		90 M T
10	Bhiwani	144 M T		144 M T
		5895 M T	3955 30 M T	1939 70 M T

#### M T as per the detail given below

From the above it is clear that the firm has failed to supply the 1939 70 M T cement only not 3810 M T as pointed out by the audit

As per the procedure laid down in the Director Supplies & Disposal Haryana Chandigarh in first instance the letter of acceptance is to be issued to the successful firm with the request to deposit the security @2% of the value of supply order if the firm fail to do so the supply order is not placed to him and the earnest money depos ited by the firm is forfeited by the Director Supplies & Disposals Haryana Chandigarh

The Cement is such item for which the rates varies frequently in the market from time to time depending upon the demand and supply The rate of cement was on higher side in the market at that time as it is evident from the tenders allotted by HUDA in the month of 2/91 to M/s C C I @ 1860 to 1890 per MT at different station In these circumstances if we forfeit the earnest money as per the procedure laid down by Director Supplies & Disposals Haryana Chandigarh as explained above HUDA may not get the material as has been received now Then the loss to the HUDA would have been on higher side as HUDA have to arrange the cement at higher rates keeping in view the price trend at that time

In view of the above circumstances it is submitted that as the firm had supplied the 3955 M T Cement against the ordered quantity of 5895 M T even without depositing the security Thus there is no loss to HUDA. Hence the para may kindly be dropped

However it is also mentioned here that the earnest money i.e. 10 000 as deposited by the firm lying in this office and the same will not be released

After hearing the departmental representatives and going through the enquiry report sent by the department, the Committee made the following observations -

- (I) The unsigned tender papers of M/s J K Cement were considered on the plea that these were accompanying with the Earnest money while the tender papers of Cement Corporation of India were rejected which was exempted for the payment of earnest money The grounds on which these were rejected needs probing when the tender papers of M/s J K Cement were not properly signed by authorised person, how these were considered by the department and High Powered Committee Was it not undue favour to a particular firm ?
- (II) M/s J K Cement was given chances time and again till the validity of the tender lapsed A firm whose tender papers were not signed was given repeated chances This needs probing The firm did not pay heed to the rejoininders of the department What was the compulsion to give the order to the same firm even after the lapse of validity period Responsibility needs to be fixed The next firm Cement Corporation of India who was fulfilling all conditions should have been given oppurtunity and that firm could have supplied the cement within validity period to avoid a escalation in prices in case of retendering The case needs further probing by an independent authority
- (III) The enquiry committee have itself concluded that the department should have forfeited the earnest money deposited by the firm and recall the tenders since the firm failed to deposit the security and had not signed
  - the documents in spite of various reminders it is also felt by the Com mittee that letter of intent should have been issued inspite of supply order Supply order should have been issued after deposit of security This needs to be investigated as to why the retendering was not done Responsibility of the official concerned may be fixed keeping in view the report of enquiry committee

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The Committee recommends that the whole case be re-investigated and responsibility of the officers/officials concerned be fixed for the lapses under intimation to the Committee

[25] 6 7 7 \* \* \* \*

# (e) Construction and furnishing of Gymkhana Club

HUDA provides educational medical, social and recreational amenities to the allottees from whom internal and external development charges are recovered at the time of allotment of plots Under the HUDA Act 1977 amenity includes roads water supply street lighting drainage sewerage public works tourist spots open spaces parks land scaping play fields and such other conveniences as the State Government may by notification specify to be an amenity A plot of land (2 4 acres) originally valued at Rs 1 13 lakhs in 1970 71 in Sector 6 Panchkula was earmarked by HUDA for the construction of a Club building though its provision was not covered under the Act nor was any separate Government notification issued to specify it as an amenity in February 1991 the rough cost estimate for Rs 32 17 lakhs (subsequently revised to Rs 47 58 lakhs in April 1993) for the building was approved by the Chief Administrator Construction works which commenced in June 1991 were completed in January 1994 at the cost of Rs 49 69 lakhs in May 1994 the building was transferred by HUDA to a registered society Gymkhana Club The Chief Administrator HUDA is the ex officio president of the Club and the Estate Officer (HUDA Panchkula) its General Secretary The Club has a liquor bar builliard room squash court besides the usual amenities of dining hall kitchen indoor sports spacious lawns etc

Though furnishing a building was not part of it's activity HUDA furnished the Club (December 1993 January 1994) at the cost of Rs 1 80 lakhs and also shifted from its hostel at Gurgaon to the Club a billiard table with accessories sofa sets television and a music system worth Rs 1 78 lakhs

Further though HUDA had declared the membership of the Club as open to all (above 21 years of age) living in a radius of 20 kilometres of Panchkula the membership was restricted by imposing a fee of Rs 10 000 (Rs 4 000 for Class I officers of the State Gov ernment) Besides a monthly subscription of Rs 50 was collected quarterly The amenity of the Club building provided by HUDA at the cost of Rs 53 27 lakhs was thus serving only a small section of the community of Panchkula and not the allottees also HUDA was not charging any rent for this building from the society

# (f) Non-realisation of bid money and rent

Two shop-cum flats (SCFs) No 3 and 4 in Sector 4 Gurgaon constructed by Urban Estate Department Haryana in 1968 69 for sale were let out in February 1973 to the District Employment Officer Gurgaon for office purpose without entering into any agreement/ rent deed No reason for non execution of agreement/rent deed were on record The assets of Urban Estate Department were later transferred to HUDA on its formation in April 1977

In order to provide market facilities to the residents of Sector 4 both these SCFs were put to auction on 21 December 1988 by HUDA without getting these vacated by the tenant The highest bid was received from a New Delhi bidder for Rs 10 59 lakhs and both the SCFs were allotted to him on 3 February 1989 In accordance with the terms and conditions of the auction notice the bidder deposited Rs 1 06 lakhs (10 per cent) on 21 December 1988 and Rs 1 59 lakhs (15 per cent) on 3 March 1989 Allotment letter was issued on 3 February 1989 in terms of which possession was to be handed over within 90 days of its issue However the balance amount of Rs 7 94 lakhs being 75 per cent of the bid money was not paid by the allottee in lump sum (without interest) nor in 8 half-yearly equal instalments (with interest at 10 per cent per annum) due to the possession of these SCFs not being handed over to him by HUDA The SCFs were vacated by the District Employment Officer Gurgaon on 11 August 1994 but no rent for the period February 1973 to August 1994 had been demanded or recovered from him HUDA however had not still handed over possession of these SCFs to the allottee as of April 1995 due to which the allottee filed a court case demanding interest on the amount of Rs 2 65 lakhs deposited by him in 1988 89

Thus puting these SCFs to auction without getting these vacated first resulted in non realisation of the balance bid money of Rs 7 94 lakhs

## (g) Non-realisation of rent

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In the cases shown in the table below recovery of rent amounting to Rs 73 17 lakhs relating to the period October 1977 to March 1995 in respect of various buildings of HUDA let out on rent or illegally occupied by other departments had not been made as of April 1995

	Description of the building	Name of the Department to whom let out	Date of letting out	Period for which rent due	Rate of monthly rent (in rupees)	Amount of rent (Rupees in lakhs)
(1)	Higher Secondary School Sector 4 & 7 Gurgaon	Education Department Haryana	October 1977	October 1977 to March 1995	25 450 5	53 45
(11)	Two SCFs in Urban Estate Kurukshetra	District Town and Country Planning Officer	July 1988	July 1988 to March 1995	6 620	5 36
(111)	Ground Floors of SCF 2&3 In Sector 16 Faridabad	Haryana State Electricity Board	August 1987	August 1987 to March 1995	2 300 (each SCF)	4 23
(17)	Six rooms of a school building Sector-4 Gurgaon	Rotary Service Trust Gurgaon	June 1981	June 1981 to May 1985	9867	4 74
(v)	First moors of SCF Nos 84 87 and 88 Sector 17 Fandabad	Police Department	September 1990	September 1990 to March 1995	2 300 (each SCF)	3 80
(vi)(a	) 2 booths ın Sector 13 Karnal	Do	Janua <b>ry</b> 1980	January 1980 to March 199	380) ) 5 )	1 59
(b)	6 booths in Sector 6 Karnal	Do	August 1988	August 1988 to March 199	1120) 5	
	Total					73 17

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Rent in respect of buildings at serial No (iii) and (v) had not been fixed by HUDA. The calculation of rent of these buildings is based on rent charged by HUDA for similar buildings in the same sectors during the same period.

## (h) Blockade of funds due to construction without assessing public response

In Transport Nagar Sector 25 Panipat 14 showrooms and 21 shops constructed during September 1989 to June 1992 at the cost of Rs 65 31 lakhs (showrooms Rs 55 98 lakhs shops Rs 9 33 lakhs) were put to auction after periods ranging between 2 and 6 years All these commercial buildings were lying undisposed off as there was poor public response on account of high reserve price Although Estate Officer HUDA Panipat had requested (May 1994) the Administrator HUDA Panchkula for reducing the reserve price reasonably in order to atract public response the same had not been reduced (April 1995) resulting in non auctioning of the showrooms constructed at the cost of Rs 65 31 lakhs and resultant loss of revenue to the HUDA

The department in their written reply explained the position as under

#### Reply of Para 6 7 7 (e)

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The audit during the inspection has observed that construction of club building was against the aims and objects of HUDA which was created to take up the develop ment works amenities and services for the class of people/societies mentioned in section 13 of HUDA Act 1977

The rough cost estimate amounting to Rs 32 17 lacs was administratively approved by the CA in February 1991 for construction of Gymkhana Club in Sector 6 Panchkula During the course of execution the scope of building work increased from Rs 32 17 lacs to Rs 47 58 lacs for which proper Administrative Approval was accorded by the Competent Authority The club building has been completed as per approved Architectural Drawings and it mainly comprising of squash room billiard room card room table tennis room carrom room bar kitchen dinning room and some sitting/party room After completion the club building was inaugurated In January 1994 by the then Chief Secretary Govt of Haryana Sh B S Olha After the inauguration the building was handed over to the Gymkhana Club by the Estate Officer HUDA Panchkula The expenditure of Rs 7 91 203 on account of furnishing of Gymkhana Club has been deposited with HUDA by Gymkhana Club vide cheque No 342011 dated 31 3 95 The role of HUDA in Urban Estate Panchkula is different from role in other Urban Estates At other places HUDA is developing a part of the area of town only and HUDA is a secondary agency taking part in development of such towns whereas the main agencies are local self Govt PWD B&R Public Health etc. The responsibility of the over all development of the town lies with self Govt i e Municipal Committees wherein Panchkula HUDA is the only agency responsible for over all development of the town There is no other agency like Municipal Committee PWD B&R Public Health Improvement Trust and Private Colonizer to share with HUDA So HUDA is to plan execute works for the over all development of the city And for over all development apart from basic services of W/S roads SWD sewerage Plantation Electricity raising the other infrastructure is equally important i e to provide other activities in the field of education sports culture commercial health i e

construction of School/Colleges Open Air Theatres Play Grounds Community Centres Club Shopping Complex Hospital Parks recreation area for children etc becomes a necessity These are no where mentioned by name in Section 13 of HUDA Act 1977 A platform for social meeting where special attention has been paid to sports could not be considered as a luxury

As regards the restricted access to club is concerned the entry is not re stricted to particular class of the society. In this connection it is submitted that vide publicity was given till that 16.2.94 for the membership of Gymkhana Club and till that date 2033 applications were received against this advertisement. All the applications were given the status of visitors and were allowed to use the facility of the club. Thus adequate opportunity was given to all the people of Panchkula for the membership of the Gymkhana Club.

However the number of membership is required to be restricted keeping in view the capacity of the club for proper up keep. The admission charges/regular charges are kept for maintenance of the building and not for any profit motive. Since the overall development of the Panchkula is the responsibility of HUDA and construction of club building is very much classified under amenities of public services as explained above so utilisation of funds collected from plot holders for this purpose is in very much in order and reasonable therefore the para may be dropped

# Reply of para 6 7 7 (f)

The SCF No 3 & 4 Sector 4 Gurgaon was given on rent to the Distt Employment Officer Gurgaon by the Urban Estate Deptt Faridabad vide letter No 6431 dated 15 2 73 The possession was handed over on 23 2 73 As per record it appears that building was given without agreement and there was no practice of rent agreement at that time in the Year 1973 there was no development in Sector 4 and some limited houses were built up by the some allottees

There was no demand of commercial buildings as well as of residential plots at that time Therefore a few commercial buildings were given on rent and residential plots were allotted on first come first basis Sector 4 7 14 and Sector 17 of Urban Estate Gurgaon were partly developed sectors therefore in the Year 1988 the commercial sites of these sectors were put to auction There was a few sites and buildings available for auction so it was decided that all built up SCFs in Sector 4 may also be sold by auction to maintain the pressure for vacation of these SCFs Keeping in view the above said built up SCF No 3 & 4 were also decided to be sold by open auction and notice for vacation to the Employment Exchange were also issued vide leter memo No 292 dated 11 1 89 before the issue of allotment letter to the allottee Further letters were issued vide memo No 1516 dated 8 3 89 4550 dated 26-7 89 8701 dated 9 8 90 12223 dated 7-10 90 1764 dated 18 2 91 5506 dated 28 5-91 and also legal notices issued vide letter memo No 1323 dated 28 1 92 1052 dated 29 1 93

The Director Employment was also requested vide letter No 1053 dated 29 1 93 to direct the Distt Employment Officer Gurgaon to vacate the building After issue of number of regular reminders the Distt Employment Officer vacated the SCFs on 8 94

The building and the record of the Employment Exchange was put on fire by the mob during the ABKSHAN ANDOLAN The possession of the building was to be given after the repair of building Therefore the Executive Engineer HUDA division No 1 Gurgaon was requested vide letters dated 10 7 95 28 7 95 & 24 8 95 to re pair the building so that possession may be given to the allottee The allottee went to the court and the case is still pending in the court of Sh Randhir Singh A D J Gurgaon The next date has been fixed for 18 11 98 for argument

The complete rent with effect from 15 2 73 to 11 8 93 (@ Rs 919/ PM) Rs 2 37 102 has been recovered and no rent is pending which is to be recovered from the Employment Exchange 25% of the cost of SCF No 3 & 4 have already been recovered from the allottees but 75% are still to be recovered which has not been deposited by the allottee due to case pending in the court

Keeping in view the above facts it is requested to drop the para

# Reply of Para 6 7 7 (g)

# (1) Higher Secondary School, Sector 4 & 7, Gurgaon

The Higher Secondary School building in Sector 4 & 7 Gurgaon was constructed and completed in March 1976 for Education Deptt for running of Higher Secondary School

The Director Public Instruction Haryana shifted Science Institute for Education from Karnal to Gurgaon in the said building The Finance Committee of HUDA in its meeting held on 4 4 77 assessed the rent on PWD pattern and fixed rent of the buildings @ Rs 25450/ PM The Estate Officer HUDA Gurgaon vide his letter No 4381/13 5 81 requested Director Education Deptt Haryana Chandigarh to deposit Rs 10 94 350/ as rent of building wef 1 10-77 to 30 4 81 @ Rs 25450/ PM which was subsequent increased to an amount of Rs 21 12 350/ for the period from 1 10 77 to 31 8 84 for which Director Public Instruction Haryana was again requested vide E O HUDA No 8529 dated 26 9 93 with a copy to C A HUDA to deposit the overdue rent The Education Deptt has taken a plea that rent assessed @ Rs 25450/ PM is on higher side which may be reduced Besides the above Eduaction Deptt has taken a plea that the building was constructed for Education Deptt and more over the Institute of Scinence (Vigyan Parishad) is a wing of Education Deptt So the question for the payment of rent does not arise The matter was examined by the Finance Committee in its meeting held on 2 7 82 and the plea taken by the Education Deptt were not accepted It was decided that rent of Rs 25 450/ PM be charged

At present Education Deptt is running a school in the said building. The matter regarding recovery of rent is being pursued with the Education Deptt

# (II) Two SCF's in U/Estate Kurukshetra

The adjustment of rent payable by the Town & Country Planning Deptt Haryana on account of rent of SCFs from July 1988 to March 1995 Rs 5 36 lacs (@ Rs 6620/ PM) are to be adjusted towards the Departmental Charges payable by HUDA to Town & Country Planning Deptt Haryana as decided by the Director Town & Country Planning cum Chief Administrator HUDA by letter No 14415 28 dated 4 8 88 The action to adjust the above rent is under process in the Headquarter

## (iii) Ground Floor of SCF 2 & 3 in Sec 16, Faridabad

The ground floor of SCF 2 & 3 in Sector 16 Faridabad are occupied by the SDE H S E B Faridabad since 1 9 87 @ Rs 2300/ each and Rs 4 96 000/ was outstanding Efforts are being made to recover the above amount from H S E B

## (IV) SIX roms of a School building Sec -4, Gurgaon

The accommodation was allotted on rent to Rotary Public School and possession was handed over on 1 6 81 The rent was assessed @ Rs 9867/ PM The Rotary Public School had vacated the above accommodation in the month of May 1985 for which total amount Rs 6 78 710/ only is to be recovered Notices were sent vide this office memo No 20514 dated 30 11 97 and Administrator HUDA Gurgaon memo No 1329 dated 4 11 97 Rotary Public School had deposited Rs 50000/ only under plotest vide receipt No 99/1187 dated 30 11 87 The balance amount yet to be deposited The court has also decided the case on 11 12 93 that the rent should be recovered Notices to recover the rent have been issued vide this office memo No 7399 dated 9 12 97 and 7493 dated 6 5 98 But rent has not been deposited by the School till todate Action has also been taken against the concerned Assistant for not taking the action in time Hence the para may please be dropped

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# (v) First Floors of SCF Nos 84, 87 & 88 Sector -17, Faridabad

The lst floor of SCF 84 87 & 88 are allotted to the Lecturer Asstt Employment Officer and Employment Officer Faridabad and the regular rent is being received from the concerned but the ground floor of these SCFs are occupied by the DSP CID Faridabad Inspectors of Police CID Faridabad inunauthorised way The matter was referred for unauthorised occupation to the Police Deptt was taken up with the SSP Faridabad for taking necessary action Efforts are being made to re cover the rent amount and get the unauthorised occupation vacated

## (vi) 2 Booths in Sector -13, Karnal

The booths of Sector 13 & Sector 6 Karnal was given to Police Department as per direction of the local Administration. It was decided that Police Deptt being a public utility no rent is to be charged. The arrangements were purely stop gap till the time suitable accommodation was available with the Police Deptt. The booths in Sector 6 have been vacated by the Police Deptt.

In Sector 13 Karnal land has been earmarked to the Police Deptt for the construction of police post and the booth in sector 13 are still in possession of Police Deptt for which Superintendent of Police Karnal has been requested to get these booths vacated and shift the police post in the land earmarked for this purpose

## Reply of Para 6 7 7 (h)

In Transport Nagar Sector 25 Panipat five No built up shops and six show rooms have been sold by auction and HUDA has fetched Rs 125 67 lacs which is more than the amount spent on the above buildings More amount is expected on the remaining property

from the next aution which is fixed at regular intervals. It is therefore requested that the para may be dropped as no loss has been accrued to HUDA in this case.

After hearing the departmental representatives and going through the additional infromation sent by the department, the Committe observed that construction of club building is not covered under HUDA Act and as such it is clear violation of the provisions of the Act The Committee desire to know that under what circumstances provisions of club building was made in Project Report when it did not cover the definition of amenity provided in the HUDA Act The Committee further observe that necessity of construction of club building by HUDA and handing over it to club needs elucidation Responsibility needs to be fixed for this lapse

The Committee also desire that the action taken on the said observations be intimated to the Committee within three months

- (II) The Committee desire that the case pending in the Court be pursued and final out come be intimated to the Committee accordingly
- (III) The Committee recommends that the cases of rent be pursued and balance recovery be effected under intimation to the Committee The Committee further desire that efforts be made to get the SCF/booths vacated from Police Department and progress made be intimated to the Committee
- (iv) The Committee recommended that the remaining buildings be auctioned at the earliest possible period and report be sent to the Committee accordingly

# [26] 6 7 8 Test-check of records relating to construction of roads revealed as under

# (c) Loss of interest due to non-recovery of advances

Bitumen for the construction of roads is procured by HUDA from Indian Oil Corpora tion (IOC) Bharat Petroleum Corporation (BPC) and Hindustan Petroleum Corporation (HPC) In 3 Divisions 11 supply orders for the purchase of 8 020 tonnes of bitumen were issued to these Corporations during the period from August 1988 to August 1993 against which advance payments amounting to Rs 320 64 lakhs were made Against 8,020 tonnes ordered only 7 204 15 tonnes of bitumen worth Rs 299 27 lakhs were received up to December 1994 The balance of 815 85 tonnes was neither supplied by the oil companies nor was the balance amount of advance of Rs 21 37 lakhs (IOC Rs 13 78 lakhs BPC Rs 4 41 lakhs HPC Rs 3 18 lakhs) refunded (March 1995) Non recovery of the amount of advance had resulted in blockade of funds of Rs 21 37 lakhs for a period ranging between 1½ to 6½ years involving loss of interest of HUDA amounting to Rs 10 78 lakhs (March 1995)

The department in their written reply explained the position as under --

# Reply of Para 6 7 8 (c)

The supply order for the supply of bitumen are being placed by Chief Engineer HUDA and as per the condition of supply order the bitumen is to be supplied by the oil companies at prevailing rates as approved by the Govt of India at that time of supply against the advace payment by the consignees it is also submitted that in the ab sence of advance payment to the oil companies it is not possible to arrange the bitument for meeting day to day requirement for smoothly execution of development works special repair of roads and maintenance works etc. Advance payments are being made to the oil companies in instalments as per the requirement from time to time and not for the full quantity of supply order. However, the balance outstanding advances are being utilised by the consignee in the next demand being a revolving feature. Since bitumen is a controlled item and some time there is an acute shortage of bitumen if there is some outstanding advace with the oil companies then the con signee are able to get the material on immediate basis even during the shortage period. However, efforts are being made by the consignee to keep the minimum balance with the oil companies.

Advances are being made to the oil companies which are Govt of India under takings for supply of bitumen for achieving the target. An outstanding advance of Rs 21 37 lacs is not a major amount i e 6 66% only of total value of supply order of Rs 320 64 lacs for 8020 tonnes of bitumen. As the bitumen is to be supplied by the oil companies against advace payment there is no loss on account of interest.

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After hearing the departmental representative the Committee recommend that the matter may be settled with the Oil Companies and report be sent to the Committee within three months

## [27] 6 7 9 Other points of interest

#### (a) Irregular enhancement in scope of work

Under the provision of departmental financial rules relating to departments of Public Works and Forest (adopted for execution of various works by HUDA) works up to Rs 20 000 were to be allotted on work order basis and those exceeding Rs 20 000 were to be allotted by calling open tenders on competitive rates

The Chief Engineer HUDA issued (December 1993) instructions that no work order should be converted into an agreement and enhanced of work under no circumstances should exceed 25 per cent of the agreemental amount without his prior approval

Test check of records of HUDA divisions revealed that works on 31 buildings and 45 roads relating to the years 1991 92 to 1993 94 with estimated cost up to Rs 0 20 lakh each (total cost Rs 15 14 lakhs) in respect of 3 divisions were initially allotted on work order basis but subsequently converted into agreements as the scope of works were enhanced to Rs 86 53 lakhs (buildings Rs 30 19 lakhs roads Rs 56 34 lakhs) This extended undue advantage to the contractors as works were allotted without inviting competitive rates through open tenders The enhancement ranged from 36 per cent to 2 387 per cent in road works and 66 per cent to 895 per cent in building works

In none of these cases of enhancements in the scope of work had approval of the Chief Engineer been applied for/obtained (April 1995)

# (b) Unauthorised payment of contractors bills

HUDA is required to execute all its works on the pattern of Public Works Department (PWD) and in accordance with the Haryana Schedule of Rates Under the PWD Rules whenever a work is taken up a rough cost estimate is prepared by the PWD for administrative approval After administrative approval detailed estimate is prepared and submitted to the Chief Engineer for technical sanction and only thereafter tenders are invited Contrary to this in HUDA administrative approvals were being accorded on the condition that estimates would be got technically sanctioned within two months failing which the administrative approval would lapse. But even this condition was not being observed as brought out in the following

(i) In 41 cases in 4 HUDA Divisions<sup>1</sup> payment of final bills amounting to Rs 233 38 lakhs for construction of roads (Rs 171 38 lakhs) and buildings (Rs 62 00 lakhs) was released to contractors during 1993 95 without getting the detailed estimates technically sanctioned Of these payment of Rs 117 38 lakhs for 24 final bills for roads (Rs 81 15 lakhs) and buildings (Rs 36 23 lakhs) was made merely on the basis of the instruc tions issued (January 1994) by the Administrator that final bills be released on the basis of a certificate from the Executive Engineer that the work was executed as per the approved DNIT and was technically correct

(1) In 43 other cases in 4 Divisions<sup>2</sup> Rs 970 24 lakhs were spent on construction of roads (Rs 599 29 lakhs) and buildings (Rs 370 95 lakhs) during 1990 94 without technical sanction and the works were executed only on the basis of rough cost estimates

The department in their written reply explained the position as under ---

# Reply of Para 6 7 9 (a)

Chief Engineer HUDA issued the instructions as mentioned in the para in Dec 1993 As per para 5 of the instructions no work was to be converted into agreement and no enhancement of work order was to exceed more than 25% without the approval of Superintending Engineer/Chief Engineer

After going through the records it has been observed that all the cases where work orders have been enhanced are prior to these instructions

In all cases of enhancements the approvals have been given by XENs upto Rs 2 00 lacs and SEs beyond Rs 2 00 lacs upto Rs 5 00 lacs

XENs and SEs are delegated full powers to decide tenders upto the limit of Rs 2.00 lacs and beyond Rs 2.00 lacs upto 5.00 lacs respectively

In the cases of enhancement of work agreements were duly executed in all the cases

As far as rates are concerned in all these cases the rates are at par or below the ceiling rates prevailing at that time

However the details have been sought from the various divisions if any such enhancement has been done after issue of instructions and does not have the proper

approval of SE/CE as required under the instructions issued again vide CE memo No 8992 93 dated 4 9 95

## Reply of Para 6 7 9 (b)

The proceedure as mentioned in the para is correct and needs no comments

In this audit 41 cases pointed out by audit in 4 HUDA divisions i e Karnal Faridabad I Gurgaon II and Panipat were scrutinised The payments to the contractors were released in accordance with the terms and conditions of the contracts as per the laid down financial rules. However, the requirement of sanctioning of detailed estimates is an essential thing as laid down in PWD manual of orders para 6.9 Out of 41 cases the technical sanction has already been issued in more than 75% cases (i e 32 cases out of 41 noticed) Cases where the expenditure/expected expenditure is more than 10 25% of administratively approved amount, they are being scrutinized for the revised administratively approval as required under para 6.5 of the manual of order

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As regard 43 other cases in 4 divisions i e Panchkula II Gurgaon II Panipat & Karnal the estimates have been technically approved in about 50% cases (i e 23 cases out of 43) in some of the cases technical schemes have been approved

However it is also made clear that the rough cost estimate being framed by HUDA with regard to the roads are not the rough cost estimate but provide for all technical detail like L section X section for the earth work alongwith the detailed section of the metalled portions of the roads etc and provides for all the necessary details as required under the detailed estimates

(a) The Committee recommend that the responsibility be fixed against the official, who has made such an enhancement and the Committee be informed accordingly, especially in the cases where the enhancement was made upto 2,387 per cent

(b) The Committee observe that in these cases the amount was released without getting the technical sanction. The Committee, therefore, recommends that the remedial measures should be taken to avoid such lapses in future

## [28] 68 Non recovery of compounding fee

Under the Haryana Development Authority (HUDA) (Erection of Buildings) Regulations 1979 the owner of new buildings constructed on plots allotted by HUDA shall neither occupy the building themselves not allow any other person to occupy the building until such building has been certified by HUDA as having been completed in accordance with the sanctioned plan. In the case of minor violations in construction plan with reference to the prescribed specifications where the allottee is not in a position to rectify the same he has to submit an application in this regard to the Estate Officer who levies compounding fee for regularising such deviation. After the compounding fee is deposited by the owner the occupation certificate is issued by the Estate Officer or a provisional occupation certificate is granted for a period of six months against the security of such an amount which may cover the amount of compounding fee Besides a lump sum amount of Rs 5 000 is also chargeable on account of unauthorised occupation of a house During test check of records of compounding fee in the office of Estate Officer Karnal it was noticed (August 1994) that in 48 cases in which compounding fee of Rs 5 46 lakhs had been levied between July 1984 and May 1994 the owners had already occupied the houses without depositing the amounts of compounding fee and without obtaining occupation certificate or even provisional certificates for occupation However in the casses of one house occupied in November 1991 compounding fee of Rs 0 04 lakh was recovered in March 1992

On this being pointed out in audit the Estate Officer Karnal reported (June 1995) recovery of Rs 0 27 lakh in other five cases between September 1994 and February 1995 Out of these six cases occupation certificates in two cases were issued after recovery of the amounts of compounding fee The balance amount of Rs 5 15 lakhs was still recoverable (May 1995) Further Rs 2 40 lakhs were also recoverable from these cases for violation on account of unauthorised occupation of their houses Thus Rs 7 55 lakhs was recoverable from the defaulters for which no effective steps had been taken by HUDA as of May 1995

The Estate Officer Karnal stated (May 1995) that three to four notices had been issued to each plot holder for recovery of compounding fee and departmental action against the concerned Junior Engineer was being contemplated However no action for recovery of charges for violations by way of unauthorised occupation of houses had been initiated (May 1995)

The matter was referred to Government in June 1995 reply has not been received (August 1995)

Department in their written reply explained the position as under

The matter is under correspondence with the defaulting allottees The comple tion certificate is issued when the compounding fees are finalised provisional certificates are issued only for a period of not exceeding six months pending sanction from the competent Authority The list of such defaulters has been sent to the concerned XEN for taking action as per HUDA bye laws and dis connection of sewer facility

So far as the recovery on account of compounding fee of Rs 5 45 lacs is concerned a sum of Rs 2 26 lacs has been recovered from the defaulters so far The concerned Junior Engineer have been advised to give notices to the defaulters for effecting the recovery of the balance amount including penalty of un authorised occupation Disciplinary action against the defaulting J E is also being taken

After hearing the departmental representative and going through the additional information sent by the department the Committee recommends that the Committee may be intimated after taking disciplinary action against the defaulting officials

The Committee further desire that information regarding unauthorised sewerage connections from the remaining urban estates be sent to the Committee

# [29] 69 Avoidable payment of interest

Under the general scheme for alienation of surplus Government land and properties to Haryana Urban Development Authority (HUDA) the Government decided (February 1988) to transfer 111 4 acres of land along with building thereon of old Police Lines Hisar to HUDA

for developing the same for commercial and residential use Of the 788 plots arrived at on the basis of the proposed layout plan 470 plots were auctioned and allotted to different persons between February 1988 and August 1992 for a total price of Rs 8 80 crores As per terms and conditions of sale by public auction possession of the sites was to be delivered on payment of 25 per cent of sale price (10 per cent on the spot and 15 per cent within 30 days from the date of acceptance of bid) after which the purchasers were to enjoy the right of possession so long as they continued paying the balance of the price in fixed instalments on due dates Physical possession of the plots was however to be offered within one year of the date of allotment on completion of development works in the area

Though the plots were auctioned between February 1988 and August 1992 and 25 per cent sale price received the Estate Officer HUDA Hisar could not hand over posses sion of plots to the allottees as even possession of the land had not been taken from the Police Department as of March 1994 Further developments were awaited (March 1995) Three allottees of 1988 and 1989 filed complaints in August 1992 September 1992 and March 1993 before the District Consumer Disputes Redressal Forum Hisar against delay in getting possession of the plots The case was decided (February/March 1993) in favour of the allottees as a case of negligence of the highest magnitude where without any develop ment and demarcation plots were auctioned and huge amounts collected with grant of possession being unduly delayed HUDA was asked to pay interest at the rate of 10 per cent on the amounts deposited till offer of possession HUDA filed petition in the State Con sumer Disputes Redressal Commission Haryana Chandigarh on the plea that there was no provision for payment of interest on the deposited amount where possession of plots was delayed and the possession was to be offered after completion of development works in the area The petition was rejected and the rate of interest was enhanced (June 1993) to 18 per cent by the State Consumer Disputes Redressal Commission Haryana Chandigarh Sub sequently the revision petitions filed by HUDA with the National Consumer Disputes Redressal Commission New Delhi and in the Supreme Court of India were also dismissed in Septem ber 1993 and April 1994 respectively interest amounting to Rs 1 39 lakhs for the period from February/March 1993 (the date of announcement of judgement) to the dates of offer of possessions (November 1993 May 1994 and September 1994) was paid to the three allottees in September 1994

Of the 470 plots offer of possession had been made (August 1994) for 135 plots without approval of the zoning plan thereof and completing development works. Up to June 1994 111 plot holders had filed cases in courts decisions in these cases were pending (September 1994) On the total deposited amount of Rs 8 80 crores there was interest liability of Rs 5 49 crores up to June 1994 as calculated by HUDA on the basis of the average interest paid in the 3 cases

Thus by not exercising due caution before putting the plots to auction and by not ensuring possession of land even after allotment of plots up to January 1993 HUDA had to pay interest of Rs 1 39 lakhs to three allottees it also incurred the interest liability of Rs 5 49 crores besides subjecting itself to uncalled for litigations

The Estate Officer HUDA Hisar confirmed (April 1995) facts of the case and stated that in 181 cases decision for making payment to the allottees of 18 per cent rate of interest had been received from the District Consumer Disputes Redressal Forum of which 91 cases

had been decided by the Supreme Court of India also as far as the liability of HUDA was concerned Further developments were awaited (April 1995)

The matter was referred to Government in March 1995 reply has not been received (August 1995)

The department in their written reply explained the postion as under

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513 plots have been sold out of 828 plots in police line area Hisar through auction Rs 1 73 crores have been paid to the allottees of police line area Hisar @ 18% as interest on deposited amount from the date of deposit as per order of the consumer court This amount will be adjusted from the amount to be paid to the Govt The offer of possession of 43 Nos plots out of 263 plots in zone III and 13 Nos plots out of 124 plots in zone I have been withdrawn due to passing of electric line on the above plots Action is being taken to remove the line from the area

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After hearing the departmental representatives the Committee recommend that the whole case be re examined and report be sent to the Committee

## TRANSPORT DEPARTMENT

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#### (Haryana Roadways)

## [30] 7.2 Material Management and Inventory control

Haryana Roadways has 19 Depots and annual expenditure on purchase of stores and stock for the running and maintenance of 3 498 buses was Rs 5970 77 lakhs during 1989 90 While the number of buses increased by 301 (9 percent) the expenditure on this account increased by Rs 5260 04 lakhs (88 09 per cent) to Rs 11 230 81 lakhs by 1993 94 i e over a period of 4 years Purchases were made by the Department from the firms on rate contract with the Association of State Road Transport Undertakings (ASRTU) Director General of Supplies and Disposals (DGS&D) and Director of Supplies and Disposals Haryana (DS&D) Items for which there was no rate contract with any of them were however being purchased direct from the manufacturers/suppliers for which the procedure of inviting tenders etc as prescribed in the financial rules was required to be followed Supply orders were placed by the Transport Commissioner but the deliveries were received by the Depots which were also responsible for making the payments

Test check conducted between October 1994 and April 1995 covering the period from 1989 90 to 1993 94 of the records of the Department disclosed irregularities as dis cussed in the succeeding paragraphs

## (I) Excess inventory

Haryana Roadways had 19 Depots and each Depot had a workshop and a store of its own The norms for holding inventory of Rs 0 10 lakhs per bus for repair and maintenance was increased in August 1990 by the Transport Commissioner to Rs 0 12 lakhs per bus it was however observed that the inventory held by each depot during 1989 94 ranged between Rs 0 16 lakh and Rs 0 25 lakh per bus

The inventory held in excess of the prescribed norms ranged between Rs 200 29 lakhs (1989 90) and Rs 484 63 lakhs (1993 94)

Year	Number of Buses	Due as per the norms	Actually held	Excess
	(F	Rupees in lakhs)		
1989 90	3 498	349 80	550 09	200 29
1990 91	3 556	426 72	732 12	305 40
1991 92	3 452	414 24	790 68	376 44
1992 93	3 758	450 96	743 40	292 44
1993 94	3 799	455 88	940 51	484 63

#### Quantum of inventory

The following further points were noticed

(a) To reduce maintenance cost the entire fleet of Delhi depot comprising Ashok Leyland buses was replaced (April 1993) by a fleet of Tata make buses Spare parts valued
at Rs 5 88 lakhs for Ashok Leyland buses which became surplus however had not been transferred to other depots with Ashok Leyland buses as on 31 July 1995

(b) Tools were issued to drivers for emergent repairs and as of 31 March 1994 their value aggregated Rs 94 16 lakhs These were required to be physically verified daily at the time of outshedding of buses but no such physical verification had been carried out by the Department during 1989 94

The department in their written reply explained the position as under

The norm of the Store Inventory of Rs 10 000/- per vehicle was revised to 2 5% of the capital cost of the vehicle Which comes to Rs 18 000/ appro per vehicle due to increase in rates of store items vide letter 4642 50/SPO/HQ dated 8 6 95 The other reasons in increase in store inventory is due to change of model of vehicle from time to time thereby becoming some of the parts obsolete. In such a condition it is not possible to maintain the inventory norm even at Rs 16 000/ per vehicle However the department is making all out efforts to keep the inventory minimum possible. Inspection of store is frequently conducted by the Senior Officers of Head Office and action is taken against the defaulters. It is further pointed out that the Deptt has managed to lower down the inventory as on 30-6-97 in comparision with 30-6 96 to the extent of Rs 300 lakhs. The inventory as on 30-6-96 was to the tune of Rs 1365 69 lacs whereas it is to the tune of Rs 1048 69 lackhs as on 30 6-97.

The para may therefore be settled

It is submitted that the parts which were useable have been transferred to other depots (leyand) and the remaining parts which are lying with Delhi depot are being lifted by leyand depots instructions in this regard have already been issued vide this office memo no 6024 32/SPO/HQ dated 7 3 97

The instructions regarding regular annual physical checking of tools issued to drivers have already been issued to depots vide memo No 9507 26/SPO I/HQ dated 25 4 95 5194 5212/SPO/HQ dated 3 2 97

During the course of oral examination the Committee was informed that total dead stock valuing Rs 179 lacs was balance with the department and stock valuing Rs 2 38 lacs was in Delhi Depot The Committee observe that while transferred the buses to other depots, the spare parts were not transferred according to the norms fixed for each vehicle The Committee also observe that the norms of inventory fixed for each vehicle was not adhered to by the department which resulted excess inventory lying dead with the department

The Committee recommend that action be taken against the officers/officials who failed to adhere to the norms under intimation to the Committee and latest position of the old stock disposed off be also intimated to the Committee within three months The Committee further recommends that the tools issued to the drivers for emergent repair be physically checked regularly and fresh instructions in this regard be issued to all concerned under intimation to the Committee •\_ •

#### [31] 7 2 (iii) Loss on wreckers

In September 1989 the Department placed an indent on the DGS&D for the supply of 5 wreckers (recovery vans) duly mounted on Tata make chasis Five chassis were purchased (November 1990) for Rs 18 49 lakhs and the job for fabrication of bodies on 2 of these chassis was allotted (March 1990) by the DGS&D to a Delhi based firm 'E at the rate of Rs 1 22 lakhs each Firm E to whom the chassis were delivered in November 1990 and March 1991 completed the job and the chassis duly mounted with recovery equipment were delivered to the Department in February and May 1991

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The work of fabrication of bodies on the remaining 3 chassis was allotted (September 1989) by the DGS&D to another Delhi based firm F' at the rate of Rs 1 35 lakhs each with the stipulated date of completion as April 1991 but the firm had a lock out on their premises from July 1990 and as suci- all the 3 chassis remained parked in the Delhi depot of the Department On the basis of request from firm F on 23 April 1991 DGS&D requested the Department for extension of time by two months which was granted without verifying whether the lock out was over or not the Department also ignored the offer of firm E' (18 April 1991) to fabricate the bodies of these chassis at the rate of Rs 1 85 lakhs each The Department did not initiate any action for getting the chassis fabricated even after the expiry of extended period in June 1991 In August 1992 when firm F' went into liquidation and after inviting (October 1992) fresh tenders the job was allotted (February 1993) to firm 'E' at the rate of Rs 2 25 lakhs per chassis Firm E completed the work in April 1993

Thus by giving extension to firm 'F' without ascertaining the position of its lock out the Department suffered loss of Rs 1 20 lakhs on 3 chassis apart from delaying the work by two years

The department in their written reply explained the position as under ---

Three Tata chassis were purchased against DGS&D Supply order No AM 2/ 218/0144/25 09 89/72/827 dated 26 10 89 and were further allotted to Usha Automobiles Engg Ltd 94 Nehru Place New Delhi vide DGS&D reference nil dated 4-4-90 The DGS&D vide their references dated 20-12 90 had-confirmed that there was a lock out in the factory of M/s Usha Automobiles Engg Ltd and there is no relevancy to release these chassis to the firm till further instructions. Then the DGS&D vide their memo no AM 2/225/0457/14 3 89/72/Usha/Coad/88 dated 12 4 91 confirmed that lock out has been lifted in the company and delivery period may be extended Accordingly this office vide its reference dated 25-4-91 extended the delivery period and vide its reference dated 31 5 91 informed the DGS&D that chassis are ready for despatch in the workshop of Haryana Roadways Delhi for mounting as M/s Usha Automobile Engo Ltd again informed vide their reference dated 13 5 91 that the firm is still under lock out the DGS&D was requested to hand over the work to M/s Babbar Wreckers to avoid delay vide reference dated 10 6 91 followed with reminders dated 27 6 91 and 9 7 91 and D O letter No 20301/dated 16 10 91 and 17 1 92 3 8 92 & 28 8 92 to en trust the work to some alternate firm At last DGS&D informed this office that as there is no other way out and this work has to be undertaken by this office itself Consequently fresh tenders were invited and opened on 26 10 92 and the balance work was allotted to M/s Babbar Wreckers (17 2 95) Thus this office has left no stone unturned for avoiding the delay and blockage of a capital

Hence this para may please be dropped

After hearing the departmental representative the Committee recommend that the whole matter be enquired into and the responsibility be fixed for the delay as well as for loss which the Haryana Roadways had sufferred on this account and intimate the Committee accordingly

#### [32] 7 2 (IV) Purchase of Sub standard tubes of butyl rubber

In November 1992 the Transport Commissioner invited 13 firms to quote their rates for the supply of 30 000 tubes of butyl rubber All these firms were on rate contract or on trial rate contract with the ASRTU The lowest quoted rate was of firm G with the basic price of Rs 334 per piece which worked out to Rs 466 26 per piece after taking excise duty Central sales tax and cash discount into account The next lowest rate after negotiations was of firm 'H with basic rate of Rs 339 per piece which after the duty tax and cash discount finally worked out to Rs 486 46 per piece Both firms 'G' and 'H' were medium scale industries and on trial rate contract with ASRTU and firm G whose rates were lower by Rs 20 20 per piece was also duly registered with DGS&D The Department however placed (December 1992) supply order for 30 000 tubes on firm 'H' ignoring the special discount offered and the lower basic price of firm 'G After receipt of the consignment complaints about cracks and leakages in the joints and nozzles of the tubes started coming in from the Depots Samples of the material were sent (May 1993) to the Central Institute of Road Transport Pune which opined (September 1993) that bulge test be included in the specifications to ensure quality No such test was however prescribed and the Department placed repeat orders on the same firm for 17 000 tubes (January 1994) and 6 000 tubes (May 1994) Complaints from the Depots however, continued and the supply order was cancelled by the Department in September 1994 but by that time 47 000 tubes had already been supplied by firm H

Thus by not placing supply order on firm 'G whose rates were lower by Rs 20 20 per piece the Department suffered loss of Rs 9 49 lakhs Besides owing to defective tubes the Department suffered commercial loss of Rs 29 88 lakhs as intimated by General Managers of various depots to Transport Commissioner

The department in their written reply explained the position as under --

13 firms on ASRTU rate contract were called for negotiations for the supply of butyl tube size 900X20 on dated 11 11 92 out of 13 firms called for negotiation only 5 firms mentioned below attended the negotations ---

- 1 M/s Triputi Tubes Pvt Varanasi
- 2 M/s Pee Jay Rubber Inds Kochin
- 3 M/s Aggarwal Rubber Pvt Ltd Hyderabad
- 4 M/s Norton Rubbers Pvt Ltd Madras
- 5 M/s Delta Tubes Pvt Ltd Rajamundary

The decision for the purchase of butyl tubes was taken on the basis of negotia tions held on dated 11 11 92 by the Transport Commissioner Haryana Audit has pointed out in the para that M/s Duropolyprene Pvt Ltd Calcutta offered 1 5% dis count telegraphically on dated 11 11 92 It is pointed out here that no such telegram was received in this office However a letter dated 31 12 92 was received in this office after placement of order No 15400/SPA 2/Tech dated 8 12 92 Hence it is incorrect to say that the discount offered by the firm M/s Duropolyprene Pvt Ltd Calcutta was not considered

It is further pointed out that the firm had not attended the negotations. It is the duty of the firm to participate as certain terms are fixed at the time of negotiations after discussions across the table for supplies of a particular item. Thus as the firm did not participate in the negotiations, they were not considered.

Regarding purchase of an other 17 000 number of tubes from M/s Delta Tubes Pvt Ltd against order No 154/SPO/HQ dated 5 1 94 it is submitted that the order of second lowest firm M/s Delta Tubes Pvt Ltd Rajamundry @ Rs 469/ per tube was placed as first lowest firm M/s Durpolyprene Pvt Ltd Culcutta whose rates were Rs 457 25 per Tube had offered to supply only 4000 numbers of tubes against the requirement of 21 000 no of Tubes keeping in view the fact That firm may not be in a position to supply full requirement they were ignored

Regarding commercial loss suffered by the department aggregating to Rs 29 88 lakhs as pointed out in the Audit para it is submitted that in August 94 the department asked the General Managers of the depots to intimate the amount of estimated commercial loss due to defective tubes supplied by firm

On the basis of information of this loss received from the depots, the depart ment cancelled the order of 6000 number of tubes placed in the month of May 94 The department issued notice for invoking of Bank guarantee of the firm amounting to Rs 10 00 lakhs only) On the basis of notice of invoking the Bank Guarantee the firm filed a suit in the Distt Munsiff Rajamundary Court of Addl Distt Munsiff Rajamundary The bank vide their letter dated 23 2 95 intimated that an interim injec tion has been awarded by Addl Distt Munsiff Rajamundary before the receipt of invoking letter restraining us for making payment. On this the then Transport Com missioner called the representative of the firm for settlement of claim following offer of the firm in the settlement of claim was accepted

- 1 The firm will supply 400 Nos of tubes on free of cost basis
- 2 The firm will submit a demand draft of total penalty of Rs 1 50 lakhs
- 3 The firm will withdraw the court case

The firm as per the agreement supplies 400 tubes to G M H R Chandigarh and sent Demand Draft amounting to Rs 1 50 lakhs to this office and also withdrawl the court case Apart from this pending payment of the firm to the tune of about Rs 5 60 lakhs has also been with held

Of the above the para may please be dropped

After going through the written reply and oral evidence of the department the Committee observe that the department placed the order for 30000 tubes in Decem ber, 1992 whereas the firm having lower rates had telegraphically informed the department in November 1992 regarding offer of special discount. The department started receiving complints about the poor quality of tubes in May, 1993. But still the department again placed the order to the same firm in January, 1994 and May, 1994 for supply of 17000 tubes and 6000 tubes which were subsequently cancelled only in September, 1994, but by that time 47000 tubes had already been supplied which the department suffered a loss aggregating to Rs 29.88 lakhs

The Committee recommend that the department should investigate the whole matter and fix responsibility for the lapse and report be furnished to the Committee within six months

# [33] 7 2 (VIII) Excess consumption of tyre retreading material

As per the norms 8 9 kilograms of tread rubber were to be used per tyre for retread ing of tyres through hot process Test check of three retreading plants for the period 1989 90 to 1993 94 revealed excess consumption of rubber amounting to Rs 2 41 lakhs as tabulated below

	Number of tyres	_	Quantity of	f rubber	Value of excess
	retreaded (Size 9 00X20)	to be used as per the norms (In kılograms)	actually used	excess consumption	consumption at Rs 40 25 per kg (Rupees in lakhs)
Ambala	20 012	1,78 106	1 79 686	1 580	0 64
Chandigarh	15 184	1 35 137	1 37 005	1 868	0 75
Karnal	22 881	2 03 641	2 06 184	2 543	1 02
Total					2 41

Avarage of consumption rates for the years 1989-94

Excess consumption was due to sub standard rubber (uneven thickness and dry cushion) purchased during the period covered under test check from non tyre manufactur ing firms as reported by respective General Managers to Transport Commissioner. No ac tion was taken by the Department against the concerned firms (April 1995)

These points were referred to Government in June 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under ----

There are 8 companies who manufacture tyres of Dia 900 x 20 as per ISI specifications But due to difference in diameter the consumption of resoling material

varies from company to company The diameter of tyre of companies whom tyre supply is allotted is 10' to 10 ¼ and as such the material is consumed accordingly

The norms of 8 9 Kg pointed out by the Audit for resoling is not correct be cause as per guidelines of manufacturers weight of one roll is 27 kg out of which the resoling of 3 tyres can only be done Thus the average consumption of tread rubber for resoling comes to 9 Kg per tyre. In addition, it is also pointed out that tyre cuts have to be repaired before resoling for which some tread rubber is also consumed. As such the norm of 8 9 pointed out by the Audit is incorrect and practically unworkable.

Therefore the loss calculated by the A G Audit is not justified

On the basis of complaint loged by G M H R Karnal to M/s Regent Rubbers vide telegram endst No 1066/PMA dated 18 5 92 regarding on catching of less rubber during resoling of tyres representative of the firm visited that depot on 26 5 92 in inspection report jointly carried out by Works Managers Chief Store Keeper Tyre Incharge and representative of the firm reported that out of 159 rolls lying in the store 81 rolls jointly inspected round derective due to rubber dried up and defective cusion Balance 78 rolls required new cusions which was to be supplied by the firm free of cost therefore the above 81 rolls were replaced by the firm on 22 6 92 and cusions of 15 rolls were also replaced by the firm

Keeping in view the position explained above the para may please be dropped

During oral evidance the Committee was informed that the penalty was imposed on the firm for supplying the sub-standard rubber and the departmental representatives promised to supply the information regarding amount of penalty and recovery thereof, but the same was awaited till the drafting of the report

The Committee recommend that the promised information be sent to the Committee within one month

#### [34] 7.4 Avoidable payment of compensation

Haryana Roadways gets its passenger carrying vehicles insured from the insurance companies under Motor Vehicle Act 1988 In accordance with the provisions of the insur ance policy the company would indemnify the insured in the event of accident against all sums which the insured shall legally be liable to pay in the case of death of any perosn provided the insured or any other person authorised by the insured to drive holds an effec tive driving licence under the Act

A Haryana Roadways bus of Sonepat depot which was insured with an insurance company met with an accident in August 1991 with a Maruti van resulting in death of two persons and injury to four others A case was filed (December 1991) by the parties in Motor Accident Claims Tribunal (MACT) The MACT in its decision of January 1994 held the driver of the bus responsible for the accident on account of negligent driving and awarded Rs 4 52 lakhs as compensation to the aggrieved parties with interest at 12 *per cent* which was payable jointly by the Haryana Roadways and the driver Haryana Roadways filed (March 1994) an appeal with Punjab and haryana High Court contesting the decision of the MACT on the grounds that the Roadways not being a party in the claim petitions was not liable for payment of compensation which was dismissed (May 1994) As a result Rs 5 96 lakhs

(including interest Rs 1 42 lakhs and costs Rs 0 02 lakh) was deposited (July 1994) by the Haryana Roadways with the MACT

The insurance company could not be held liable to reimburse to Haryana Roadways the amount of compensation in terms of provisions of the insurance policy as the driver of the bus was not holding a valid driving licence at the time of accident Consequently the Roadways issued (November 1994) recovery order to the concerned driver which could not be enforced on account of interim general stay obtained (January 1995) by Workers Union of the Roadways in such cases

Failure of the Roadways to evolve a suitable system ensuring that its drivers held valid licence at the time of driving in terms of the provisions of the insurance policy thus resulted in loss of Rs 5 96 lakhs Potentially this also puts lives of members of the public in jeopardy

The matter was referred to Government in May 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under --

As per record Haryana Roadways Sonipat bus No HR10 4516 was insured with M/s New India Insurance Co Ltd had met with an accident on 31 8 91 with a Maruti Van bearing No DID 5316 and MACT case filed in the MACT Tribunal on 18 12 91 was decided on 8 1 94 The Tribunal awarded Rs 4 52 lakhs as compensa tion with interest & 12% PA Haryana Roadways Sonepat filed an appeal in March 1994 with Punjab & Haryana High Court Chandigarh which was dismissed in May 94 as a result Rs 1 42 lakhs as interest and Rs 0 02 lakhs as cost

G M H R Sonepat order No 5720/ECD dated 15 11 94 issued for recovery of full amount Rs 5 95 640/ from Shri Rajinder Singh D No 101 Interim general stay order against recovery received from Punjab & Haryana High Court

It is further intimated that strict instructions have been issued to all General Managers in the CO's meeting held on 19 11 97 that they should ensure that Drivers are holding valid Driving Licenses Strict action may be taken against defaulters

#### The Committee recommend that the departmental action which stated to be under process be finalised expenditiously and inform the Committee accordingly

#### [35] 75 Avoidable payment of compensation and interest thereon

According to conditions of the insurance cover the insurance company is liable to indemnify the insured against all sums including claimants cost and expenses which the insured shall become legally liable to pay in respect of death or bodily injury to any person caused by or arising out of the use of the motor vehicle. A notice was required to be given in writing to the company immediately upon the occurrence of any incident and in the event of any claim every letter claim/writ summons were to be forwarded to the company immediately on receipt by the insured

Test check of records of Chandigarh depot revealed (July 1994) that a bus hit a man in January 1990 near Sonepat resulting in his death. The bus stood insured with an insur ance company for the period from June 1989 to May 1990. Despite this the Haryana Road ways in its written statement on the petition filed by the family members of the deceased in July 1990 before the Motor Accident Claims Tribunal Sonepat mentioned (January 1992) that the bus had not been insured As a result the insurance company was not made a party to the claim. The tribunal held (October 1992) the driver responsible for the accident and awarded compensation of Rs 0.96 lakh with interest at the rate of 12 per cent per annum from date of petition till realisation. Payment of Rs 1.38 lakhs including interest of Rs 0.42 lakh due to delayed initiation of action (December 1993) by the General Manager was accordingly made in January 1994.

Notwithstanding the fact that the insurance company was liable to pay the compensa tion awarded by the Tribunal it was observed (July 1994) in audit that after the occurrence of the incident the Roadways had not given the required notice nor forwarded writ summons and claim petition to the insurance company

On this being pointed out (July 1994) in audit the matter was taken up with the insurance company in August 1994 Further developments were awaited (August 1995)

Thus the Roadways had incurred expenditure of Rs 1 38 lakhs which could have been avoided had they taken up the matter in January 1990 itself with the insurance com pany as required immediately after the occurrence of the incident

The matter was referred to Government in May 1995 reply has not been received (August 1995)

The department in their written reply explained the position as under ---

it is intimated that on perusal of the record it has been revealed that the bus was insured with M/s National Insurance Co Ltd for the period from 1-6 89 to 31 5 90 and premium of Rs 868/ was paid as third party This aspect could not be ascertained at that very moment with the result the National Insurance Company could not be made party of this claim. The main reason for non making reference to M/s National Insurance Co was due to the shifting of some branches of this depot from Chandigarh to Panchkula and back to Chandigarh again In the process of shifting the papers with regard of insurance could not be linked up and as such the payment of this award had been made by H R Chandigarh After making the payment a reference was made to the Insurance Co on 30 8 94 alongwith the details of this case with a request to reimburse the amount of Rs 1 37 830/ The Insurance Co have been reminded time and again and at last they have shown their inability to make the payment in the situation referred to above LR Harvana was approached by A D A H R Chandigarh vide their letter No 23386/dated 6 9 96 with a copy to the Transport Commissioner Haryana with a request to issue direction to the Distt Attorney Sonepat to file Civil Suit against the Insurance Co The action from L R Haryana is still awaited upto the last reminder issued on 4 6 97 Further progress in the matter will be informed as soon as reply is received from L R

During the course of oral examination the committee was informed that a Civil Suit has been filed against the Insurance Company for the reimbursement to the amount of claim The Committee observe that there was a considerable delay in taking such action in the matter and no responsibility was fixed for the lapse

The Committee recommend that responsibility be fixed for the delayed action for such a long period and action should be taken against the officers/officials found responsible for the lapse and intimate the Committee accordingly within three months

# Part - III 1995-96 (Civil)

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#### FOREST

# [36] 316 (II) Generation of employment

# 46 27 lakh mandays employment generated against 97 28 lakh mandays targetted during 1991 92 to 1994 95 Shortfall 52 per cent

(a) As per figures supplied by the office of the Chief Conservator of Forests (CCF) Panchkula 46 27 lakh mandays employment were generated during 1991 92 to 1994 95 in the State against the target of 97 28 lakh mandays for the same period resulting in a short fall of 52 per cent in two circle offices (Ambala and Rohtak) and four divisions (Ambala Faridabad Hisar and Rohtak) it was observed in audit that neither records indicating em ployment generation were maintained nor any report in this regard prepared/submitted by them to the office of the CCF Figures of mandays of employment were worked out by dividing the amount of labour component i e 70 per cent of the works expenditure by labour rate prevailing from time to time Thus the figures of employment generation were not realistic

(b) The figures of employment generation reported by the CCF's office in respect of following four divisions for the period from 1991 92 to 1994 95 differed from those worked out in audit by calculating the mandays employment through the muster rolls as indicated below

Name of Division	Employment	generated	Reported
	reported by the CCF	as per Muster rolls	excess(+)/ - shortfall()
		(Mandays in lakhs)	
Ambala	7 18	8 23	()105
Faridabad	7 25	8 02	
Hisar	5 76	5 57	()077
Rohtak	5 45		(+) 0 19
		3 45	(+) 2 00

Reasons for difference in the employment generation figures were intimated as of March 1996 However it was noticed in audit that the expenditure figures reported by CCF (SF) were based on an area covered under plantation which was much more than the actual area available Thus the figures were not realistic

The department in their written reply explained the position as under

The target of generating 97 28 lakh mandays can not be taken as the fixed target as this Project Document was never approved/sanctioned. A total of 48 10 lakh mandays were generated as per the availability of the budget and the prevailing wage rate from time to time.

It is wrong to point out that the records indicating employment generation were not maintained. Monthly reports about employment generation are regularly sent by DFOs to the CFs and are available at circle level. (Annexure 6)

The Division wise employment generation from 1991 92 to 1994 95 under the scheme is as under ---

Name of Division	Mandays Generated
Ambala	10 45 lakh
	7 25 lakh
Fandabad	5 57lakh
Hısar	
Rohtak	5 83 lakh
Panipat	5 55 lakh
KKR	、 6 05 lakh
Bhiwani	7 40 lakh
Dillaactin	

In Ambala SFD Division a total of 10 45 lakh mandays were generated from the year 1991 92 to 1994 95 These figures have been extracted from the cashbooks of the Ranges of Ambala Division taking into consideration all the Muster Rolls and the Bills DFO (SFP) Ambala vide his office letter no 129 dt 24-4 97 has conveyed this figure in Faridabad SFP division a total of 8 02 lakh mandays were generated Under IWDP scheme 0 70 lakhs mandays were generated rest 7 25 lakh mandays were generated under the scheme under review There is no discrepancy in the fig ures reported by CCF office and as per the detail from M Rolls in Faridabad division

In Hisar and Rohtak divisions a total of 5 57 lakh mandays and 5 83 lakh mandays were generated respectively from 1991 92 to 1994 95 These figures have been extracted from the Muster Rolls and are correct While tabulating the details of mandays created figures about hiring of tractors/carts for carriage of plants FYM silt etc were ignored Employment is generated through these activities also There fore the minor differences between the figures can be covered by the mandays gen erated in these activities

The Committee is not satisfied with the explanation of the department and the Committee would like to see the musterolls and also would like to have a list of persons who worked more than two months The departmental representative prom ised to furnish the desired information for the last two years The desired information was still awaited till the drafting of the report

The Committee recommend that the desired information be sent to the Committee within one month for its consideration

## [37] 318 Village wood lots

The main objective of this component was to provide fuel fodder fruits and employ ment to the community The plantation was to be done on Panchayat community and other

Government waste lands The plantation was to be maintained for first 3 years by the department employing labour from the adjoining villages whereafter it was to be protected/ maintained by the owner of the land

(i) No survey to identify the waste lands of Panchayat/ community was conducted before taking up the land for plantation Reasons for non conducting of detailed survey before commencement of the project were stated (July 1995) by CCF (SF) Panchkula to be high cost for such surveys

(II) The targets and achievements for the State as a whole under this component during 1991 92 to 1995 96 were as below

Year	Finan	cial outlay		Physical ta	rgets	Achiev ements
	as per project document	as per annual Action Plan	Expendı ture	as per Project document	as per annual Action Plan	
		(Rupees	ın lakhs)		(In hect	ares)
1991 92	135 00	90 30	99 11	2 000	1 290	1 615
1992 93	165 00	300 00	330 20	2 000	3 100	3 530
1993 94	180 00	325 00	339 71	2 000	3 065	<sup>-</sup> 3 545
1994 95	180 00	143 00	77 14	2 000	2 150	
1995 96	180 00	202 54	200 85	2 000	2 600	2 600
<b>Fotai</b>	840 00	1,060 84	1,047 01	10,000	12,205	12,451

# Against 284 9 hectares waste land available with 22 village Panchayats, plantation was shown on 968 7 hectares in Ambaia and Rohtak divisions under the component village wood lots

Reasons for excess coverage during 1992 93 1993 94 and 1995 96 and less cover age during 1991 92 and 1994 95 with reference to project targets were awaited (August 1996)

(III) During scrutiny of Panchayat records in the block offices it was seen that in 22 Panchayats in 6 forest ranges although area of Panchayat waste land as per revenue records was 284 9 hectares the plantation was shown to have been done on 968 7 hect ares in Ambala and Rohtak divisions Thus in an area of 683 8 hectares in excess of the actual available waste land plantantion was shown to have been done involving and expen diture of Rs 39 42 lakhs

(iv) Actual survival of plantation under this component was not watched by the department as no record existed in this regard. Records indicating the extent of fuel fodder or timber provided to the community were also not maintained.

(v) Further in Rohtak and Bhiwani divisions as against 1 430 hectare plantations (Rohtak 450 hectares Bhiwani 980 hectares) raised during 1991 92 and 1992 93 at the cost of Rs 94 86 lakhs due for handing over during 1994 95 and 1995 96 to 167 Panchayats ihe handing over reports only for 54 hectares pertaining to 14 Panchayats were shown and for the remaining 1 376 hectares involving and expenditure of Rs 90 41 lakhs handing over reports were not available

Year	Fina	ncial (Rs in	iakhs)		Physical (in	ha)
	Outlay as per project documer	Annual Action Plan nt	Expendi ture	Targets per Pro Docum	ject Action	Achiev ements
1991 92	135 00	90 30	99 11	2 000	1 615	1 615
1992 93	165 00	300 00	330 00	2 000	3 680	3 680
1993 94	180 00	325 0 <b>0</b>	339 71	2 000	3 550	3 545
1994 95	180 00	143 00	77 14	2 000	1 160	1 161
1995 96	180 00	202 54	200 85	2 000	2 600	2 600
<b>Total</b>	840 00	1,060 84	1,046 81	10,000	12,605	12,601

The department in their written reply explained the position as under ---

Under this component a target of 12601 ha was achieved against a proposed target of 12605 ha during the years 1991 92 to 1995 96 The difference is only of 4 ha which is negligible

The wasteland in Haryana has already been surveyed and identified by the Haryana State Remote Sensing Application Centre Hisar by their remote sensing techniques In addition to this records are available in offices of Revenue Deptt Village & Town Census Deptt at District level Moreover as the SFP was already being implemented throughout the state since 1982 The staff of the Forest Deptt posted in the Field is well aware of the availability of waste lands in the villages Therefore keeping in view these facts the necessity of carrying out a fresh survey was not felt

It is not correct that the survival of the plantations under VWL component was not watched The survival of the plantations was regularly monitored by the con cerned Forest Guards Foresters and RFOs DFOs CF CCFs and PCCF&A also checked the success percentage of the plantations during their field visit and the success was duly recorded in their inspection notes (Annex 010) Apart from this staff of the M&E Cell Karnal also visited the plantations from time to time and the survival of the plantation on spot was reported to the concerned division CFs CCF etc Checkings were also done by Forest Experts deputed by G O I and reports are available in records As far as the records indicating the production of fuel fodder and timber is concerned it is made clear that the plantation raised from 1991 92 to

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1995 96 are only one to five years old and no species in Haryana planted under VWL component can give fuel or timber in such a short span. Therefore, such records have not been maintained, it is agreed that charge reports for handing over of the planta tions were prepared on plain papers. The suggestion that the charge reports should be made on standard proformal is well taken.

The objection raised under this para has been framed on the basis of D O letter No ECPA/95 96/Review/1413 dt 13 2 96 of Sh Amrit Gupta Dy Acctt Gen eral As per this D O letter there were 27 such Panchayat areas on which the planta tions have been done in excess to the total panchayat area available in the village As per review teams report received earlier 988 7 ha of plantation has been shown in these 27 villages against the actual available waste land of 293 4 hectare In the present complied report instead of 27 villages 32 villages have been pointed out This might have been due to some typing error

Out of these 27 Panchayats 16 Panchayats fall in the Rohtak SFP division and 11 Panchayat in the Ambala SFP division the factual position division wise is as under ---

#### **Rohtak SFP Division**

On the basis of revenue records obtained from the revenue patwaris actual Panchayat/Community land available in16 villages was 1224 ha and out of this an area of 510 ha was planted Hence no planting was done without the availability of waste lands

This is a matter of surprise that according to review team only 28 00 ha of Panchayat land is available in village Mattanhail According to the revenue reports this village is the richest village of Rohtak distt as far as the Panchayat land is con cerned A total 640 ha of Panchayat waste land is available just adjacent to the office of BDPO Mattanhail

On the basis of revenue record obtained from the Revenue Patwaris and the record of the Division the factual Position is as under ----

ა გ	Village	Panchayats & Community	rats & hty	Resolution/appli cation of Panchayal & community 1 and	Jappli Panchayat	Year	Target e and Cor	achleved mmunity	Target achieved on Panchayat and Community Land (Ha )	hayat a )	Target achieved on pvt. Land (Ha	Target achieved on pvt. Land (Ha )		Success % of Plants at the Time of	of Plants of
		(Ha)	]	(Ha )		-	VWL	EAS	SDF	Total	Aikalı	SDF	Inspection	Inspection Checking	Handling
		As per revenue		Taken as Per audit	Available In the			JRY & RLEGP	۵.				by Senior Officer	by M&E Division	over to benefi
<	æ	record C	Party D	Party E	records F	J	Ŧ	-		¥	Ļ	Σ	z	о	ciaries P
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						89-90	00	60	00	60		00	%06	1	709/
						06-68	00	00	00	20	00	00	I	I	70%
						<b>06 68</b>	60	00	00	68 0		00	ł	1	7221
						90 91		60 0	00	600		00	809	t	82%
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						90-91	00	00	10 0	10 0		00	1	ļ	84%
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						90 91	40 0	00	00	40 0	00	00	1	82%	75%
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ø	Farmana	37.2	37.9					F	<b>)</b>	4 2	0	00	80%	75%	Due in 97 98
		ı İ	5	5	0	93-94 94 95	000	00	000	50 60	000	000	80% 80%	50% 84%	60% Due in
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9	Muradpur	152	152	00	00	92 93	65	00	00	9 9 9 9			1	I	60%
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4	NA Not Available					'		2	=	\$/0.2	2	ଷ			

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The above table shows that

- 1 1224 hectares wasteland belonging to 16 panchayats and communities was available for planting (photocopies of Revenue record obtained from Revenue Patwaries are enclosed as Annexure 11)
- 2 Out of this 1224 hectares an area of 510 hectares of panchayat/community land was planted
- 3 Out of 16 villages resolution/application for 13 village panchayat/communities are also available in the record
- During 1991 92 to 1995 96 planting was done in 17 areas out of these 13 areas have been checked by Monitoring & Evaluation Div Karnal and as per their checking reports the success per centage is 20 to 50% in 2 areas 50% to 75% in 3 areas and 75% in 8 areas (Photocopies of reports are enclosed as annexure 12) Inspection notes were also issued by the senior officers and as per their inspection notes the success percentage is between 80 to 90% (Photocopies of inspection notes are enclosed as annexure 13)

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5 Barring 2 areas which will be due for handing over during 1997 98 all the balanced 41 areas have been handed over to the beneficiaries On these handing over charge reports surpanches have put on their official stamps As per the charge reports the success of plantation is between 60 to 90% (Photocopies of charge reports are enclosed as annexure 13 b) From the above narrated factual position it is very well clear that plantations were actually carried out on the sites and no plantation is shown as carried out without availability of wasteland

### AMBALA SFP DIVISION

As per the D O letter of Shri Amrit Gupta in the 11 panchayats of Ambala SFP Division 473 75 ha plantation was done againt the total availability of 147 3 ha of wasteland As per the revenue record obtained for the revenue patwaries a total of 1177 45 ha wasteland 117 25 ha area was afforested from the year 1991 92 to the year 1994 95 in the villages Nagal Sodian Hangola Madlai Manglore and Tharwa 356 5 ha plantation has been done on the community land/pvt land and not on the panchayat lands As is clear from these figures the plantations have actually been done on the wasteland These plantations were inspected regularly by the senior officers of the department and Monitoring and Evaluation Unit Karnal Most of these plantations have already been handed over to the concerned panchayats and the charge reports are enclosed in the Annexure 13 d

The factual position of these 11 panchayats is as under ----

Ū.	r Villano	Total DI										
52		and Shamlat Land	amiat	Hesolul cation o Commu	Hesolution/appll cation of the PL or Community Lands	Үөаг	Tar	Targets achl <del>o</del> ved (Ha )		Success	Success % age of the plantation at the Time of	plantation e of
		(Ha)					1 2	с Г Па	Pvt	Inspection	M&E	Handling
		As per revenue records	As per review team	As per review team	Available			Å RLEGP		oy Senior Office	Division	over to benefi
<	£	0	1	ш	ш	J	т	-	7	¥	_	ciaries M
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£	Hangola	Mandla	Bichparl	Manglore	Kakrali	Jaıdpur/ Jandheri	Tharwa	
- ح	ы	Q	2	ø	9	10	ŧ	

The Committee compared the figures as submitted by the concerned D C s of Jhajjar, Rohtak and Ambala districts as well as indicated by the A G Audit party and the figures shown by the Forest Department in respect of various villages of the districts After going through the figures, the Committee find variation in the figures as given by the D C s and as originally submitted by the Department at the time of the Audit The Committee therefore desired that all the figures be re conciled with the A G office and thereafter a detailed report be submitted to the Committee for the consideration of the Committee

# [38] 3 1 9 Alkali/soline land plantation

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(II) Protection of plantation under various components of the project was the responsibility of the Foiest Department as well as the beneficiaries During test check of records of SFD Faridabad it was noticed that plantation done (1992 93) on 25 hectares at the cost of Rs 2 97 lakhs was destroyed/uprooted without the approval of the Forest Department by the concerned village Panchayats or the villagers as per details indicated below —

Village	Component	Area (in Hectares)	Expenditure on plantation (Rupees in lakhs)	Year of destruction uprooting
Gahalab	Aikalı/saline land	10		
	Village wood lots	5	1 39	1994
Lulwarı	Alkli/saline land	10	1 58	1995
Total		25	2 97	

Recovery of the plantation cost had not been made (July 1996) For plantation de stroyed at Lulwari village the department initiated (March 1995) action against the default ing officials posted for guarding the plantation but final outcome was awaited (August 1996)

The department in their written reply explained the position as under

(v) 15ha plantation (10ha Alkali & 5 ha VWL) done in Gehlab P and during 1992 93 was destroyed in Sep 1994 The matter was reported to Dy Commissioner Faridabad and the enquiry was marked to ADC Faridabad. He had conducted the enquiry in this regard and submitted the enquiry report to the Govt of Haryana The DFO SFP Faridabad did not agree with the enquiry report to the Govt of Haryana The DFO SFP Faridabad did not agree with the enquiry report and sent a letter of dissent vide letter No 299 dt 24 5 96 to Conservator of Forests SFP Ambala (Annexure 17c) Presently the matter is under enquiry ordered by the Govt & Jt Secy Forests is conducting the enquiry

The Committee feels that this matter was of 1996 and about 4.5 years have elapsed but the enquiry has not yet been completed in this case. The Committee therefore, desired that the Commissioner Forest Department should complete the enquiry with three months and the report be submitted to the Committee for its consideration

#### On the Spot-Study/Inspection

The Committee made the following observation in regard to on the spot in spection conducted by them

- (I) The Committee desired that the Government may be approached by the Department that the scheme sent by the Forest Department for preparing the colonel plants may be approved after reviewing the same so that it can be implemented in most parts of the State
- (II) The Committee appreciated the Sub Surface Dam at Bhagpat (Yamunanagar) and, therefore, desired that possibility may be explored, where such type of Sub Surface Dams are possible and the same may be get constructed so that the people of the remote areas could be benefitted

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- (III) The Committee was very much impressed by the research work done by Shri Surinder Singh Hara The Committee feels that such type of work is in the interest of farmers of Haryana and it should be fully encouraged Shri Surinder Singh Hara has done a very outstanding work for the ben efit of the farming community Therefore, the Committee recommends to the Government that he may be suitable honoured by the State Govt
- (IV) The Committee feels that the amount which is being provided for the plantation work at present is not sufficient, therefore, the Government should enhance this amount to cover more areas under plantation
- (v) The Committee also observed that most of the condemned vehicles of the department are being utilised, therefore, the Committee desired that the department may approach the Government for the replacement of such vehicles so as to improve the efficiency of the department
- (vi)<sup>--</sup> The Committee also recommends that S N E of the Forest Department should be approved/allocated before the plantation season, i e upto the month of June

#### **Revenue Department**

[39] 32 Calamity Relief Fund

#### 3 2 4 Investment pattern

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#### (I) Non adherence to the prescribed investment pattern

The SLC did not follow the prescribed pattern of investments All investments from 1991 92 to 1994 95 were made with the Public Sector banks against the prescribed limit of only 25 per cent. Investments in GOI securities. Treasury bills. State Government securities. Co operatives banks and Public Sector bonds/units were not made.

# Pattern prescribed for investment of fund with public sector banks, Co-operative banks, Government securities and Public Sector bonds/units not followed

The Harvana State Co operative Apex Bank Limited Chandigarh offered (July 1993 and May 1994) interest on deposits 1/4 per cent 1/2 per cent higher than other banks but no amount was invested with the Co-operative Banks despite a provision for the investment of 15 per cent of the Fund as per the scheme The department stated (July 1996) that invest ment pattern in the scheme was found to be not only cumbersome but also would have blocked the relief amount for a longer period whereas the State required this amount off and on to meet the contingency created by natural calamities. It was also stated that 50 per cent of the amount was to be invested in the Securities/Treasury bills as per the scheme and the maturity period for Central and State Government securities was more than 10 years and funds would have been blocked for such a long period Further the investment in Treasury bills and encashment thereof could be made only at Bombay or Delhi which would have delayed the encashment and the rate of interest in these Securities/Treasury bill was much less as compared to the rates of interest on investment under certificate of deposit with the State Bank of India The reply was not tenable as premature payment of Treasury bills was available at 2 days notice and Government securities were available for different periods and investments could have been made for reasonable short periods. However, even after investing 35 per cent of the amount in Government securities (both State and Central) and Public Sector Bonds and units as provided for in the scheme the remaining 65 per cent if invested in 182 days Treasury bills (25 per cent) and Public Sector and Co operative Banks (25 per cent +15 per cent) could have been encashed in case of emergent requirements for relief measures according to the procedure laid down in paragraph 8 13 of the scheme

The department in their written reply explained the position as under ---

It is admitted that the SLC did not follow the prescribed pattern of invest ment. In this connection, it is stated that on receipt of scheme from Government of India, the matter was examined at the State level and it was felt that the investment pattern suggested by Government of India was a cumbersome and investment in securities etc. may create problem in ready availability of cash for meeting emergent requirement at the time of natural calamities. Accordingly, the matter was brought to the notice of Ministry of Finance to review the investment pattern and guidance in the mater vide D.O. letter No. FD (REC Cell) 91/1033 dated 26.9.91. As such the State Government decided that the Calamity Relief Fund should be invested in the Nationalised Banks However there was no objection/response from the Govern ment of India to the D O letter dated 26 9 91 and the investment continued to be made in the Nationalised Banks Now a Committee of officers comprising Special Secretary Finance/Director Institutional Finance & Credit Control and Special /Joint Secretary Revenue has been constituted to assist the SLC for investment according to the procedure laid down in para 8 3 of the Government of India guidelines

No doubt the scheme provided that 15% of the corpus of the fund was to be deposited in the State Co operative Bank but in the beginning when we started de positing the amount in Banks the Co operative Bank was not able to accept the de posits in certificates of deposit and accordingly the State Government did not de posit any amount in the Co operative Bank because there was wide variation in the rate of interest in terms deposits and rate of interest on deposits in CDS it is correct that the State Co operative Bank offered quarter percent higher rate of interest if the amount was deposited in term deposits However now 15% fines have been deposited with Co operative Banks

The Committee do not feel satisfied with the explanation of the department and recommend that the whole matter be re investigated and final out come of the enquiry be intimated to the Committee and also intimate within one month as how much loss of interest caused due to non-depositing the amount in Co-operative Banks

(a) During 1991 92	receipt o	f contribution	to the	Fund from	GOI and t	the State
Government was as under						

[40] 3 2 4 (II) Delayed/In/Injudicious Investments

Period			ount ın lakhs)	
Balance as on 31 March 1991				897 14
GOI and State contribution credited in				
	GOI	State	Total	
May 1991	318 75	106 25	425 00	
September 1991	318 75	106 25	425 00	
December 1991	318 75	106 25	425 00	
February 1992	318 75	106 25	425 00	
TOTAL	1,275 00	425 00	1 700 00	1,700 00

It was noticed that no investment was made upto 19 September 1991 Investments between 20 September 1991 and 4 January 1992 were made with the State Bank of India (SBI) Chandigarh in certificates of deposites for 90 days on the following dates

Amount invested (Rupees in lakhs)	Dated on which invested with SBI	Rate of interest
400 00	20 September 1991	15 1 per cent to 15 5 per cent
1 000 00	31 October 1991	com
250 00	25 November 1991	
430 00	4 January 1992	

# Unplanned, delayed and injudicious investments resulted in interest loss of Rs 185 80 lakhs

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The United Commercial Bank Chandigarh offered (May 1991) an interest rate of 15.5 per cent on certificates of deposits Had the investment of available funds been made with this Bank from June 1991 an interest of Rs 196.03 lakhs would have accrued against Rs 76.73 lakhs actually earned during 1991.92 Thus delay in investment of funds in hand resulted in a loss of interest of Rs 119.30 lakhs The department stated (July 1996) that the amounts could not be invested prior to 20 September 1991 owing to the fact that many meetings were held with Finance Department State Bank of India etc for discussing the modalities of the investment Reply of the department was not tenable as the mode of investment was clearly specified in the guidelines issued by GOI Ministry of Finance in January 1991 and the department actually acted on the basis of these guidelines only in September 1991

The department in their written reply explained the position as under

It is correct that the United Commercial Bank offered a rate of interest 15 5% in September 91 (and not in May 1991) as mentioned in the draft para but it was not considered desirable to invest the funds in UCO Bank because SBI was the Bank which carried put State Government transactions and had offered the next best rate of interest. It may be further added here that para 8 2 of the scheme envisaged that the investment of the funds shall be carried out by the branch of RBI (having a bank ing deptt.) at the headquarters of the State. In the case of States in which there was not such branch of RBI in 1997 at the headquarters, the investment was to be carried out by the branch of SBI of its subsidiary or a Nationalised Bank which coducted State Governmen business. The RBI branch at Chandigarh was not having banking department and the State Government business was being conducted by State Bank of India at Chandicarh and accordingly the investment was made in the SBI and the same was in confirmity with the provision of para 8.2 of the scheme. Hence there was no loss of interest as worked out in the draft para

Moreover the SBI has been declared as banker for the Calamity Relief Fund by the SLC in its meeting held on 31 7 91

The Committee do not feel satisfied with the explanation of the department and desire that the whole matter be re-investigated and final out come of the enquiry be intimated to the Committee and also intimate within one month as how much loss of interest caused due to non depositing the amount in United Commercial Bank who offered higher rate of interest [41] 3 2 4 (II) (b) Two investments of Rs 430 34 lakhs and Rs 446 17 lakhs made with SBI at the rates of interest 15 1 per cent and 15 25 per cent respectively which ma tured on 17 March 1992 and 2 April 1992 were renewed with the same bank for 90 days at 13 per cent without ascertaining the prevailing rate of interest A further amount of Rs 407 98 lakhs was also invested in certificates of deposits (CDs) for 90 days at 13 per cent on 31 March 1992 with SBI However it was noticed that the bank had agreed to pay interest of 15 per cent to 16 per cent on CDs for 90 days This resulted in a loss of Rs 6 33 lakhs being the difference in rate of interest of minimum 2 per cent The department took up the matter in April 1992 and April 1993 with the bank pointing out the payment at lower rate of interest but the difference was not paid as of March 1996 The department confirmed (July 1996) that though Government requested SBI for renewing the certificates of deposit at the rate of 15 per cent the bank paid interest at the rate of 13 per cent only

The department in their written reply explained the position as under -

(b) It is correct that the Government requested the State Bank of India for renewing the certificates of deposit at the rate of 15% but the bank paid the intertest at therate 13% only This matter was taken up with Bank authorities and they stated that the rate of interest on C D on the date the C Ds were renewed was actually 13% and not 15% and there was no provision for paying differential rate withrestropective effect. It is also pointed out that the rates of C Ds vary from day to day However in further deposits they renewed C Ds on higher rate of interest.

After hearing the departmental representatives the Committee observe that the department did not take the matter seriously with the Bank which resulted a loss of Rs 6 33 lakhs The Committee, therefore, recommends that the whole matter be re-investigated and final out come of the enquiry be intimated to the committee within a period of three months

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#### **Animal Husbandry Department**

## [42] 3 3 Unfruitful expenditure on poultry marketing

## Non implementation of scheme resulted in payment of idle wages of Rs 13 70 hks

A scheme for marketing of eggs and broilers aimed at providing marketing facilities to poultry farmers by arranging vehicles and crates at cheaper rates to held them to take their produce of eggs and broilers to the remunerative markets like Delhi was being implemented in Bhiwani district by District Rural Development Agency (DRDA) up to August 1989. It was thereafter transferred to Animal Husbandry Department alongwith two officials designated as eggs collector and driver with 40 egg crates and furniture etc. However, no record/ document related to the scheme was made available to the Animal Husbandry Department by the DRDA on its transfer. In February 1991, one Poultry Marketing Officer alongwith supporting staff consisting of an accountant and clerk cum typits were also posted to over see the marketing work. In August 1993 Director Animal Husbandry pointed out to Poultry Marketing Officer that no progress reports on marketing of eggs were being received in the Directorate which meant that no marketing work was being done. Poultry Marketing Officer reported (September 1993) that the scheme could not be carried out because requisite size of vehicles and sufficient number of crates were not made available to the farmers at cheaper rates.

It was noticed (August 1994) in audit that a light goods vehicle though purchased for this scheme in July 1990 at the cost of Rs 1 33 lakhs could not be utilised up to January 1991 as no marketing work was carried out because of non posting of Poultry Marketing Officer During this period the vehicle was being used by Deputy Director Intensive Cattle Development Project (ICDP) Bhiwani for flood relief activities

Meanwhile the vehicle remained off road from January 1991 to March 1995 because it met with an accident in January 1991 Accountant employed under the scheme was work ing in the office of Sub Divisional Officer (Animal Husbandary) since January 1995 clerk was entrusted with the work of preparation of pay bills etc of staff and the egg collector was holding charge of egg crates furniture and stationery transferred by DRDA Bhiwani to Animal Husbandry Department in August 1989

Poultry Marketing Officer confirmed in October 1995 that there had been no poultry marketing activities under the scheme Poultry Marketing Officer was transferred from the scheme in December 1995 and additional charge of the scheme was given to Assistant Director Hatchery farm Bhiwani Thus entire expenditure of Rs 13 73 lakhs up to August 1995 mainly on pay and allowances of staff under the scheme from the period it was transferred (August 1989) to Animal Husbandry Department had been unfruitful because of scheme remaining non functional The matter was reffered to Government in January 1996 reply had not been received (August 1996)

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

To provide subsidiary occupation and to supplement that income the living in rural areas were financially assisted by DRDAs for establishing small units of 100/200/500 poultry birds To provide marketing to three to these poultry units aranging vehicles and crates at cheaper rates for taking their produce of eggs and to remu

nerative markets this scheme was being implemented in district Bhiwani through DRDA in August 1989 this scheme was transferred from the DRDA to the Animal Husbandary Department alongwith one vehicle and 40 crates and staff consisting of two officials viz Egg Collector and Driver However the original record of the purchase of vehicle and appointment of staff was retained by DRDA. The scheme being implemented by DRDA was not successful as in the belt comprising of district of Bhiwani and Mahendergarh politry was not being taken up seriously by the people because the agro climatic conditions were not favourable to the growth of poultry units. However, after the scheme was transferred to the Animal Husbandry Depart ment attempts were made to give a fillip to the scheme and for this purpose, the Department from its own resources appointed a Poultry Marketing Officer in the scale of Rs 8000 13500 to supervise this work. The Department implemented the programme successfully A regular Poultry marketing Officer was also appointed by the Department and the year wise progress made since 1989 90 is shown as under

(Figs	IN	lacs)
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	88 89	89 90	90 91	91 92	92 93	93 94	94-95	95 96	96 97	97 98	98-99	99-00	Total
Eggs	0 17	0 12	0 26	0 30	0 28	0 14	0 26	0 33	0 22	0 09	0 06	0 24	2 27
Sold Chicks Sold	0 39	0 44	0 54	0 44	C 39	0 27	0 39	0 26	0 24	0 28	0 04	0 24	3 92

During Feb 1992 the vehicle met with an accident To utilize the services of the related staff it was assigned additionally and not exclusively work in the office of S D O (Animal Husbandary) under Deputy Director Intensive Cattle Development Project Bhiwani who has integrated functions of development of livestock and politry in this district. In the meanwhile Politry beneficiaries found small units economically some of them extended their units into Poultry farms. The department continued providing technical guidance and services such as vaccination deworming debeaking In view of this it cannot be said that there had been any financial loss to the Govt on account of salary of the staff as stated under para 3.3 of the report. The vehicle that had met with accident was received from the Police in 1995 on Supurdari and was got repaired and put to use by the Assistant Director. Poultry Hatchery Bhiwani who also held the charge of Poultry Marketing Officer additionally.

After hearing the departmental representives the Committee observe that the vehicle which met with an accident remained in the custody of police station for the period from 1991-1995 and no timely action was taken to get its release from police custody till 1995 the Committee recommend that responsibility be fixed as to why the timely action was not taken to get the vehicle released and action so taken be intimated to the Committee within a period of three months

#### Home Department

#### [43] 35 Non recovery of cost of police supplied to Railways

Financial Rules require departmental controlling officers to ensure that all sums due to Government are regularly and promptly assessed realised and credited into treasury

Cost incurr in deployment of police in Railways for their operation in the State of Haryana is shared between the State Government and the Railways in the ratio of 50 50 Cost for this purpose included pay and allowances office expenses and leave salary pensionary charges in respect of police personnel deployed and expenditure on its office establishment provided that the strength was determined by the department with the approval of Railways Certificate about the correctness of the charges raised against the Railways was to be obtained from the Accountant General (Accounts and Entitlements) of the State

Scrutiny of records by audit for the period from October 1989 to March 1995 conducted during May July 1995 in the office of the Superintendent of Police Railways Haryana Ambala Cantt revealed the following lapses

(i) Against the claim of Rs 1 707 71 lakhs (Northern Railways Rs 1 650 72 lakhs Central Railways Rs 43 42 lakhs Western Railways Rs 13 57 lakhs) lodged between March 1990 and January 1996 with the different Railways Rs 862 40 lakhs (Northern Railways Rs 805 41 lakhs Central Railways Rs 43 42 lakhs and Western Railwasy Rs 13 57 lakhs) pertaining to the period October 1989 to June 1995 were still outstanding (March 1996)

Of the above a claim for Rs 128 60 lakhs on account of leave salary and pensionary charges pertaining to Northern Railways for the period April 1989 to March 1994 was lodged in December 1995 after being pointed out in Audit in July 1995

(ii) Claims of reimbursement of the cost on account of pay and allowances and other expenses were generally preferred late Of the total 46 claims (Northern Railways 17 Central Railways 15 and Western Railways 14) the delay in preferring claims in 39 cases (Northern Railways 15 Central Railways 13 and Western Railways 11) ranged between 2 months and 8 months The department could not produce any instructions/procedure for fixing the schedule for submission of claims to the Railways

(III) Though the claims against Northern Railways were partly settled the Central and Western Railways had not entertained the claims as the certificates of correctness of amounts claimed from the Accountant General were not furnished by the department as required

Thus in the absence of laid down instructions/procedure for preferring the claims the undue delay and lack of further follow up action with the Railways resulted in an amount of Rs 862 40 lakhs lying unrecovered (March 1996)

The matter was referred to Government in June 1996 reply had no been received (August 1996)

The department in their written reply explained the position as under ---

It is submitted that Northern Railways has re-imbursed the whole amount upto 30.9.99 and the amount received and deposited in Govt. Treasury after June 1995 is shown as under —

Amount
8 46 00 817 00
4 19 43 825 00
4 39 43 918 00
2 33 08 214 00
3 48 36 096 00
50 612 00
56 45 759 00

Central Railways has re-imbursed Rs 6 00 lac and amount has been deposited in the Govt treasury

"Western Railways which covers only police post Narnaul has not re-imbursed the amount so far and all the bills upto 31 3 2000 have been submitted to Western Railways Mumbai duly verified by A G Haryana Efforts are being made to recover the amount

After going through the written reply of the department and hearing the departmental representatives the Committee recommends that the figures of the amount whatsoever recovered be got re conciled from the A G The Committee also desire that the intimation be sent to it after effecting the full recovery from the Central Railways

#### [44] 36 Unauthorised expenditure

Under the financial rules no money can be spent from Government account untill appropriation of funds for the purpose by an authority competent to appropriate has been made and sanction to incur the expenditure has been issued by the competent authority Police personnel in various police stations/police posts in the State run their mess on co operatives basis Expenditure on cooking of meals etc and maintenance of mess is met on co operative basis by the police personnel and from the welfare grant provided by Government

In seven district offices for 180 meses run on co operative basis by police personnel and expenditure of Rs 4 92 lakhs was incurred between March 1993 and January 1995 on providing liquified petroleum gas (LPG) connections including Rs 0 72 lakh on stoves and Chapatti puffers and Rs 0 93 lakhs on installation charges without sanction by the competent authority from the budget grant appropriated by the Legislature for meeting contingent expenses of the offices Neither any appropriation of funds for the purpose existed nor any sanction therefor had been obtained from the competent authority. The expenditure of Rs 4 92 lakhs on a non government activity by the department was thus unauthorised On this being pointed out (February 1994 to February 1995) in audit recoveries of Rs 0 24 lakh and Rs 0 16 lakh were effected by Yamunanagar and Narnaul police officers from mess accounts in June 1995 and March 1996 respectively

Meanwhile Director General of Police submitted (May 1995) the case to Government for regularisation of expenditure of Rs 3 78 lakhs for purchase of LPG connections in respect of six districts including Yamunanagar and Narnaul but excluding Kaithal (Rs 1 14 lakhs) Sanction of Government had however not been received (August 1996)

The matter was referred to Government in June 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under --

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The Finance Department has not concurred the amount and has again been requested on 7 9 2000 to accord concurrence so that necessary sanction is issued

After hearing the departmental representatives the Committee recommends that ex-post-facto sanction be obtained from the Finance Department, thereafter intimation be sent to the Committee for its information



## MEDICAL AND HEALTH DEPARTMENT

# [45] 39 Unfruitful expenditure on TB ward

On the basis of rough cost estimate submitted (May 1980) by the department the State Government accorded (August 1980) administrative approval for construction of double storey 20 beds TB Centre cum Isolation Ward (TB ward) in General Hospital Kurukshetra for Rs 8 07 lakhs

The work was started during 1985 86 Construction of the building without service ramp for the first floor was completed by the Public Works Department (PWD) in September 1987 at the cost of Rs 11 08 lakhs (ground floor Rs 6 47 lakhs first floor Rs 4 61 lakhs) Though estimate included provision for service ramp it had not been constructed as of January 1996 Possession of the building was taken over by the department in February 1988 without taking any action for the completion of work as per estimate

It was noticed (1994) in audit that while the out Patient Department (OPD) had started functioning on the ground floor the TB ward could not be set up on the first floor due to non construction of service ramp and non posting of staff even after 7 years of taking posses sion of the building District TB Medical Officer Kurukshetra took up the matter regarding provision of necessary staff for the TB ward with Director General health Services (DGHS) in June 1988 but no decision had been taken due to reasons that norms for filling the posts were not supplied by Government of India However further scrutiny revealed (August 1996) that the matter regarding norms of staff for TB ward was taken up with Government of India by DGHS in June 1996 Meanwhile at the instance of audit DGHS directed (July 1996) hospital authorities for early functioning of TB ward with the existing staff

Thus by taking possession of the building without the construction of ramp and non posting of staff rendered the expenditure of Rs 4 61 lakhs incurred on the construction of TB ward (1st floor) unfruitful but also deprived the medical facility to the TB patients of the area

The matter was referred to Government in March 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under ---

It is true that an administrative approval for the construction of 20 bedded TB ward for Kurukshetra at a cost of Rs 8 07 lakhs was received vide letter dated 22 5 80 The construction of the building included the ground floor 1st floor for wards alongwith the ramp as per the architectural design supplied by the Chief Architect Haryana The work by the PWD Department was completed in Sep 1987 at the cost of Rs 11 08 lakhs This included groung floor for Rs 6 47 lakhs and first floor for Rs 4 61 lakhs though the estimate included a provision of service ramp however the same could not be constructed because of the lack of funds The possession of the building was taken by the department in Feb 1988

Keeping in view the meeting to put the constructed infrastructure to use out Patient department for TB patients installation of TB Laboratory installation of X Ray facilities and the odelka camera were started. The dispensary for the TB patients rooms for the TB organisers and the TB Officers were also made functional at the ground floor.

Regarding the staff for the TB ward the necessary correspondence was un der taken by the department with the Government of India However the provision for the indoor patients of TB was made in general hospital Kurukshetra in fact two isolation rooms one for the males and one for females were earmarked in the main hospital building The staff of the hospital was also directed to lookafter these pa tients of TB

The case for the sanction of posts of two TB Medical Officers two Pharma cists one Nursing Sister four Staff Nurses one Radiographer one Laboratory Assis tant 12 Class IV including sweeper one Typist cum Clerk and two TB Health Visitors is under the consideration of the Govt However two Medical Officers including one Distt TB Officer one TB Health Organiser one Radiographer one Laboratory Technician one Clerk and 2 3 Class IV have been posted by redeploying them from the general sanctioned posts in the district

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It is pertinent to mention that the first floor of the TB ward is being utilized as stores for medicines materials and equipment of the district Kurukshetra. The ques tion of construction of the ramp is being taken up once again with the PWD depart ment

The Committee is constrained to note that the department had taken the possession of the Building when the construction was not according to the provisions of the estimates and further without ensuring the availability of ramp which hampered in the functioning of TB Ward The Committee, therefore, recommends that the department should take up the matter with PWD (B&R) for the early construction of the ramp and inform the Committee accordingly Responsibility needs to be fixed for lapse

#### [46] 3 12 Outstanding inspection reports

Audit observations on financial irregularities and defects in the initial accounts and records noticed during local audit and not settled on the spot are communicated to the concerned Heads of Offices and next higher authotrities through inspection reports so that appropriate action can be taken to rectify the defects and omissions. More important irregualrities are also reported to the Heads of Departments and Government. Half yearly reports of audit observations outstanding for more than six months are also sent to Govern ment to get their settlement expedited.

A review of the inspection reports relating to Social Welfare Department revealed that action was pending (June 1996) in respect of 802 paragraphs contained in 313 inspection reports issued up to December 1995 as detailed below

Year	Number of Inspection reports	Number of Paragraphs
Upto 1990 91	77	174
1991 92	31	71
1992 93	65	177
1993 94	49	130
1994-95	43	106
1995 96	48	144
Total	313	802

Of these 313 inspection reports issued upto December 1995 even the first replies were not received in audit as of June 1996 to 120 inspection reports containing 529 para graphs. These replies were required to be submitted within 6 weeks. First replies were not received in 63 cases involving delay between six months and one year in 34 cases between one year and two years and more than two years in 23 cases.

Important irregularities commented upon in these inspection reports pending settlement fall under the following categories

Sr No	Nature of irregularities	Number of Paragraphs
1	Irregular purchase of stores/expenditure	91
2	Excess/overpayments	39
3	Non-disposal of Unserviceable/surplus store articles	61
4	Amount held under objection for want of actual payees' receipts	41
5	Irregularities in accounting of stores	55
6	Losses/defalcations/misappropriations/theft of cash/store	45
7	Irregular/excess and wasteful expenditure of wages/salar travelling allowance and leave travel concession	154

Sr No	Nature of irregularities	Number of Paragraphs
8	Amount recoverable	
9	Non receipt of utilisation certificates	26
10	Miscellaneous irregularities	252
	Total	802

Finance Department issued (June 1990) instructions for formation of Audit Commit tees at various levels for each department for prompt disposal/settlement of audit objections audit paragraphs. These committees were to meet once in three months to review the progress of settlement of outstanding objections/paragraphs and to monitor the work in this behalf 140 paragraphs relating to 52 inspection reports were settled during 1995 96 through Audit Committee meetings at the district level. Despite pursuance made between December 1994 and April 1996 the Audit Committee meetings at higher level could not be convened.

The matter was referred to Government in June 1996 reply had not been received (August 1996)

The department in their written reply, explained the position as under ----

The department made strenuous efforts to get the pending audit paras settled by conducting joint meeting with A G staff The department has achieved great suc cess out of total 163 paras of 67 IRs 119 No Paras of 43 IRs have been got settled leaving a balance of 44 No paras relating to 24 IRs The nature of irregularities of the remaining 44 paras is given below —

Sr No	Nature of irregulanties	Number of Paragraphs
1	Irregular purchases of stores/expenditure	3
2	Excess/overpayments	1
3	Non disposal of Unserviceable/surplus store articles	3
4	Amount held under objection for want of actual payees' receipts	2
5	Irregularities in accounting of stores	—
6	Losses/defalcations/misappropriations/theft of cash/store	ə 1
7	Irregular/excess and wasteful expenditure of wages/ salaries/travelling allowance and leave travel concession	2
8	Amount recoverable	4
9	Non receipt of utilisation certificates	16
10	Miscellaneous irregularities	12
	Total	44

Out of the total 802 paragraphs/173 audit reports 346 Nos paras concering with 147 audit reports pertained to social Welfare Department now further renamed as Social Justice & Empowerment Department Haryana which were pending for settlement as on 31 3 1996 However the department after getting the special meetings arranged with the A G s Audit parties has got 304 paras dropped finally settling 119 nos audit reports At present there are 42 paras/28 audit reports pending for settlement pertaining to the period upto 31 3 96 The details of pending audit reports/paras yearwise are given as under —

Year of Audit Reports	No of audit reports	No of pending audit paras
Upto the year		
1990 91	14	22
1991 92		
1992 93	1	3
1993 94	3	3
1994 95	5	5
1995 96	5	9
Total	28	42

The above 42 paras which remained to be settled contained the irregularities of the following descriptions —

Sr No	Nature of irregularities	Number of Paragraphs
 1	Irregular purchase of stores/expenditure	2
2	irregular/excess/double payment of Old Age pension	9
3	Non disposal of Unserviceable stores	1
4	Theft of Cash (OAP money) given to Sh Gurnam Singn Patwari	1
5	Injudicious payment of pay allowances to idle staff	1
6	Amounts recoverable	7
7	Non Production of Utilization Certificate of the advance given to PWD (B&R) Haryana	2
8	Other Misc discrepancires/irregularities in maintenance of cash Books	e 14
9	Mis appropriation of funds	3
10	Mis utilization of Budget grant in aid/Budget grant	2
	Total	42

As far as reasons as to why these outstanding paras could not be settled till date is concerned it is stated that --

- (a) There are 11 paras pertaining to various Govt institutions pertain to the period 87 91 in which the audit has pointed payment/irregular purchase of stores/ recoveries outstanding from various departments in which either the concerned officials have retired/whereabouts of departments/offices from whom the re coveries are to be made are not known. However, the efforts are on to recover/ regularise the expenditure, and best efforts are being made to get the paras dropped.
- (b) In 9 paras the excess payments/double payments/irregular payment of Old Age Pension have been pointed out but in most of the cases either the pen sioners have expired or left their residents or are very poor that their recoveries have found to be very difficult However best efforts are still going on to make good the excess payments and as soon as any of the beneficiary is identified as having paid excess the recovery is being made by withholding further pay ments of OAP
- (c) (i) A recovery of Rs 25 74 076/ was pointed out in seven paras out of which a sum of Rs 17 12 230/ stands recovered and efforts are being made to make good the balance amount from postal authorities and excess payments of Spl disbursement allowance for Rs 7 20 000/ stand regularised and the paras will be got settled in the next special meeting being arranged in the near future It is further added that there is no such cases in which 1st reply to the audit reports has not been sent. The report of CAG was received on 19 5 99 and the reply to para No 3 12 was sent vide Social Welfare Department memo No 1095 SW(3) 99 dated 16 7 99

During the course of oral examination the Committee was informed that out of 802 paras, only 151 paras were remained outstanding for settlement. The Committee recomments that all these outstanding paras be reconciled with the A G for its settlement and final report be sent to the Committee
#### PUBLIC WORKS DEPARTMENT

#### **Buildings and Roads Branch**

## [47] 4 1 Construction of Major Buildings including Staff Quarters

#### 415 Physical progress

At the end of 1990 91 construction of 21 majour buildings where administrative approval/estimated cost/actual expenditure for each building exceeded Rs 50 lakhs was in progress Construction of 69 major buildings was also taken up during the years 1991 92 to 1995 96 Of these 90 major works 39 works were incomplete as of March 1996

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#### 416 Cost overrun

Of 90 major buildings taken up for construction actual expenditure on 32 completed buildings was Rs 3 525 95 lakhs against their estimated cost of Rs 2 480 06 lakhs result ing in cost overrun of Rs 1 045 89 lakhs i e increase by 42 per cent. It would be seen from the details indicated in Appendix VII that of the 24 building works test checked expendi ture of Rs 727 61 lakhs was incurred on 9\* works in 7 divisions<sup>3</sup> against the original administrative aproval of Rs 493 87 lakhs resulting in cost overrun of Rs 233 74 lakhs i e increaseby 47 per cent. In 3 of these works the cost overrun was unusually high between 59 per cent and 185 per cent. The department attributed reasons mainly to delay in completion of works increase in the scope of work and increase in cost of material. Excess expenditure of Rs 222 10 lakhs (total expenditure Rs 670 17 lakhs) over the administratively approved provisions of Rs 448 07 lakhs for 8 works had not been regularised by obtaining the revised administrative approvals of the competent authorities as of December 1995

The Department in their witten reply explained the position as under ---

The main reason for cost overrun is the escalation in the rates of material and labour due to time gap between preparation of estimates and actual execution of work and less budget allocation

The concerned divisions are taking steps to get the excess expenditure regularised by arranging revised approval of the competent authority

After hearing the departmental representatives, the Committee desire to know in how many schemes the excess expenditure was incurred and whether the approval of the competent authority was obtained in this regard or not ? The departmental representatives promised to suply the required information. The Committee further desire that immediate steps be taken by the department to get the excess expenditure regularised after taking revised approval of the competent authority and a final report be sent to the Committee for its information.

#### [48] 417 Time overrun

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Of 90 major buildings delay in construction of 40 completed and 21 incomplete build ings (as of March 1996) ranged from 1 month to 43 months and 2 months to 114 months respectively Of 24 buildings in respect of which records had been test checked in audit there was delay ranging from 2 months to 111 months in construction of 17 buildings Of these 10 buildings were completed and remaining 7 were in complete as of December 1995 Delay in 2 of the 10 completed buildings and 6 of the 7 incomplete buildings was inordinate as indicated below

Sr No	Name of the building	Date of commen cement of work	Date of completion of work		Period of delay (in months) as on Decem ber 1995
	·····		Due	Actual	
1	Out patient department (OPD) and emergency block in Maharaja Agrasen institute of Medical Research and Education (MAIMRE) at Agroha	September 1990	July 1991	February 1995	43
2	Emergency parking adjoining O PD block in MAIMRE at Agroha	February 1992	November 1992	Work held up	37
3	Community Health Centre at Shahbad Markanda	July 1992	January 1994	November 1995	22
4	Sub Jail Kaithal	January 1984	July 1987	In progress	101
5	Extension of Civil Hospital from 30 beds to 60 beds at Tohana	May 1992	Aprıl 1994	ìn progress	20
6		Work not allotted Adminis trative approval accorded in November	Maın work not started		
7	District Jail Sonepat	1990 March 1990	March 1991	in progress	57
}		Not commenced	Septem ber 1986	_	111

Reasons attributed to the delay by the department were late/non receipt of revised administrative approvals from the client departments late receipt of approved drawings land encroachment by unauthorised persons and abandonment of works by the contractual agencies Specific reasons for abnormal delay in three caes were as follows

(i) Possession of land for construction of a Community Health Centre-cum 30 beds hospital with residential accommodation at Ellenabad was taken in December 1989 Ad ministrative approval for works for Rs 80 17 lakhs was accorded by Government in Novem ber 1990 which included a provision of Rs 9 41 lakhs for land development As the area was low lying the Provincial Division II Sirsa incurred an expenditure of Rs 12 62 lakhs up to June 1992 on earth filling from 6 feet to 10 feet and constructing a retaining wall

The Health Department (client department) did not approve the expenditure as there was no such provision in the rough cost estimate Construction of the main structure was not initiated as according to the results of soil tests conducted by the Research Laboratory B&R Hisar in September 1995 the settlement of the structure could not be controlled on filled up earth The laboratory advised to take the foundations to the original ground level i e 10 deet which the Health Department felt would be uneconomical. In the meantime, the land was also encroached upon by unauthorised persons Because of unsuitable piece of land (low lying) and non coducting survey of the site before preparation of rough cost estimates wherein earth filling was not provided the construction work of the main structure could not be started as of December 1995 and Rs 15 54 lakhs (Rs 12 62 lakhs for earth filling and retaining wall paid to the contractors and Rs 2 92 lakhs pro rata and other miscel laneous charges) were blocked without any tangible benefits.

(ii) Construction of emergency parking in the campus of Maharaja Agarsen Institute of Medical Research and Education (MAIMRE) belonging to Maharaja Agarsen Medical Education and Scientific Research Society at Agroha administratively approved at Rs 54 88 lakhs in March 1991 was awarded to a contractor in February 1992 by Provincial Division V (renamed as Provincial Division III) Hisar at an agreemental cost of Rs 42 lakhs with completion time limit of 9 months (extended up to June 1994) An expenditure of Rs 69 33 lakhs (Rs 64 33 lakhs paid to the contractor) had been incurred up to June 1993 but the work was incomplete. The work was held up since June 1993 because the client Society did not accord approval for the excess expenditure already incurred and also non availability of i unds required for completion of the balance work. Thus due to non obtaining of revised administrative approval in time from the Society the department incurred an expenditrure of Rs 14 45 lakhs irregularly

(III) a plot measuring 1 619 10 square metres (0 40 acre) was allotted to Haryana Government in May 1983 by Government of India (GOI) Ministry of Works and Housing New Delhi for construction of State Guest House in Chanakyapuri at New Delhi Payment of Rs 48 56 lakhs as security deposit for land was made in June 1983 by Construction Divi sion (renamed as Provincial Division II) Gurgaon In addition an annual licence fee at the rate of 2 5 per cent of the security deposit was being paid

The Construction Division Gurgaon took possession of the plot in September 1984 The Guest House was required to be constructed by September 1986 i.e. within two years of the date of taking possession. For this purpose, the State Government accorded admin istrative approval in September 1985 for Rs 86 21 lakhs subsequently revised to Rs 88 05 lakhs in January 1986 Chief Engineer PWD B&R submitted guest house build ing plans in December 1989 to New Delhi Municipal Corporation (NDMC) which were not approved (January 1990) mainly due to the following reasons

- non submission of lease deed agreement document
- dimension of the plot in the proposed plans being different from what was in the lay out plan of the Ministry of Urban Development New Delhi and
- non submission of other required documents like No Objection Certificate from the Chief Fire Officer Delhi and Indemnity Bond/Affidavit etc

Before these plans could be got approved GOI Ministry of Urban Development New Delhi revised (July 1992) lay out plans As a result of revision of layout plans GOI increased the area of the plot to 1 650 22 square metres for which an additional payment of Rs 4 97 lakhs was made as security deposit in August 1992 plus 2 5 per cent of the security deposit amount as licence fee annually The department submitted revised plans for the Guest House building in December 1992 to NDMC The Plans were rejected (January 1993) mainly because of (a) non furnishing of ownership documents (b) proposed height of the building (7 storeyed) being higher than the permissible height and (c) non furnishing of structural stability certificate As of December 1995 Rs 70 30 lakhs had been spent (Rs 53 53 lakhs security deposit for land Rs 14 37 lakhs licence fee and Rs 2 40 lakhs on construction of boundary wall etc ) but construction of the Guest House had not started The department attributed the delay to (a) encroachment of land and (b) non approval of layout plan and drawings by NDMC The reply was not tenable as the State Government was reaquired to construct the building within two years from the date of handing over or offer of handing over of the plot The plot was handed over on 10 September 1984 but the department failed to get the plans approved from NDMC and could not secure approval for change of use of land from recreation zone to Guest House use The additional piece of land measuring 31 12 square metres allotted by Government of India in July 1992 was already under unauthorised encroachment and the department should not have agreed to take possession of this piece of land without getting the encroachment vacated

The department in their written reply explained the position as under

The main reason for delay in completion was late/non receipt of revised Ad ministrative approval from the client department

The reply to this point is being given against para 4 1 7 (ii)

The delay in completion of building is due to increase of scope of work. The agreement was executed for Rs 30 80 lakhs whereas scope of works increased to Rs 66 66 lakhs Moreover the building was to be constructed by demolition the old building of Female Ward & some residential quarters etc i e site for construction of New building was not ready available.

The main reason for delay in completion was late/non receipt of revised Ad ministrative approval from the Client Department

The reply to this point is being given against para 4 1 7(i)

The delay in this case was caused by the Public Health Department for the Public Works amenities

The reply to this point is being given against para 4 1 7(iii)

In regard to the reply of this point it is submitted that the site for construction of C H C at Ellenabad was inspected by the sites Selecting Committee on 26 12 88 & the site was declared unsuitable for construction of C H C Building being a low lying area but on persistent request of the Director Health Services Haryana Chandigarh The Foundation Store of C H C Ellenabad was held by the Hon ble Chief Minister Haryana on 20 3 89 at the same site

About half portion of the low laying site was filled up by incurring an expenditure of Rs 10 31 lakhs against the Administrative Approval of Rs 7 20 700/ which was conveyed by the Govt vide Commissioner & Secy No 20/90/87 5 HB III dated 9 7 90 for earth filling The work could not be completed within the Administrative Approval due to higher allotted rates. In view of the market rent as such the revised rough cost estimate of Rs 12 69 800/ was submitted to the Director Health Services Haryana vide this office. No 18 W 74/Wi dated 19 7 91 The function of so called retaining wall in two fold is e when the half of portion of the site of CHC was filled up with soil the necessity of retaining wall arisen to retain the earth. If the retaining wall had not been constructed all the earth work would have gone in vain. Secondly the provision of Rs 9 41 lakhs under sub head Land Development was exist in the Administrative Approval to provide the foundation of boundary wall for the construction of main building of Rs 80 17 lakhs therefore the expenditure incurred Rs 4 09 lakhs on retaining wall is justified and within the provisions of Administrative Approval

However the despute of site has been settled in review meeting held on 5-12 96 with Director Health Services Haryana & the construction work will be taken up shortly The work of emergency parking has been completed by the Maharaja Aggarsain institute of Medical Research & Education Agroha at his own level The Administra tive Approval has been obtained vide this office memo No 14 WI 88/2094/WI dated 12 3 91

A plot measuring 1619 10 S M was allotted for Rs 48 56 lacs and a security deposit for land was made by PD II Gurgaon Division in 6/83 and possession of this land was taken in 9/84 As a result of revision of lay out plan the Govt of India increased the area of plot to 1650 22 SM in 7/92 for which Rs 4 97 lakhs was paid in addition as security deposits The Administrative approval of work was accorded by the Govt in 1/86 for the construction of Guest House due to non finalisation of lay out plan of this area and drawing could not be submitted to NDMC for approval as Intimated by Chief Architect Haryana Chandigarh No 4757 dated 26 3 91 The zon ing and lay out plan of the area remained under consideration with Govt of India and was finalised by NDMC/ Urban Art Commission as intimated by Govt of India Ministery of Urban Development Land and Development vide their No 367 dated 27 8 92 The final possession of complete area of land was taken from Govt of India on 15 9 92 The drawings were under process with Chief Architect Haryana Further as per Minutes of Meeting held under the chairmanship of hon ble Chief Minister Haryana on 23 7 94 in which Hon ble Chief Minister Haryana desired for construction of proper Guest House with appropriate suites for Hon ble Governor & Chief Minister alongwith Modern facilities of holding conference and meeting etc. Ultimately after a long pro

cess of finalisation of drawing the Chief Architect Harvana vide his No 8476 dated 11 9 96 has now sent the modified plan of proposed State Guest House at Chankyapuri Dehi to Haryana Government for approval duly incorporated upon the observation made in earlier meeting etc. As soon as the same is approved by Harvana Govt the said approved plan shall be sent to Govt of India for according their final approval and then to take up the construction work by this office

In view of the position explained above it will reveal that the matter remained under action and the delay cannot be attributed on a particular office and was un avoicable

During the course of oral examination, the Committee observed as under -

- **(I)** When the possession of plot was taken in September, 1984 and the State Government accorded the administrative approval in September, 1985. whythe building plan was submitted so late i e December, 1989 to NDMC Insute of the fact that it was in the knowledge of the department that work is to be completed within two years of taking of possession ? Who is esponsible for such delay ?
- <del>(</del>11) Why building plan was submitted to NDMC without all required docu mints such as lease deed, dimension of the plot and NOC from the Chief з
  - Fin Officer etc Responsibility needed to be fixed as it has delayed the
- s construction of Guest House even after investing huge amount by the ۳ Government ?
- When the additional land (31 12 Sq (mts ) was already under encroach-(iii) ment why the department accepted the land without getting it vacated and why department paid security deposits for such a land ?-

The Committee, therefore, desire that the matter may be enquired into these above stated observations and a report be sent to the Committee with in a period of three months for its consideration

#### [49] 4 1 9 Execution of works without technical sanction of cost estimates

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Rules provide that execution of works shall not commence before technical sanction of the competent authority to the detailed cost estimates has been obtained. Of the 90 major buildings construction of 65 buildings was taken up without obtaining technical sanc tion to the detailed cost estimates against which Rs 6 889 11 lakhs had been incurred as of March 1996 It was however observed in test check that construction without technical sanction to the detailed cost estimates had been undertaken in respect of 19 buildings (out of 24 buildings) which had either been completed or their construction was in progress Thus Rs 1 699 27 lakhs as detailed vide Appendix VII was incurred on these works up to December 1995 in contravention to the codal requirements Enginer in Chief stated (August 1996) that these estimates were under preparation in his office and would be sanctioned within threa months. The delay in preparation and sanction of estimates was attributed by the department to lot of spade work involved for buildings pertaining to different designs of buildings like Polytechnics Engineering colleges Denti colleges Medical colleges Jail build ings etc The reply was not tenable as some of the works were taken up way back in 1984 and 12 works had since been completed also The delay was abnormal and according technical sanction at this stage would be more of a formality rather than serving the in tended purpose

The department in their written reply explained the position as under

The delay in preparation and sanction or estimates was due to a lot of spade work involved in buildings pertaining to different design of buildings. Action to get the expost facto technical sanction is being taken by the circle ofice

During the course of oral examination, it was brought to the notice of the Committee that the construction works on the most of the major buildings were started by the department without obtaining the technical administrative approval from the competent authority The Committee took a serious view of this lapse because as per rule no work should be started prior to its sanction. The committee therefore, desire that the details of on going/completed projects undertaken witout obtaining technical/administrative sanction during the last 5 years be submitted to the Committee for its information. The Committee further recommends that the action should be initiated against those officers who initiated the construction of such buildings without obtaining the technical sanction during the last 5 years and the action taken report to this effect be sent to the Committee for its information.

## [50] 4 1 11 Work progress control mechanism

After the detailed cost estimates of a work are approved entries are made in various control registers like Regets of Major Works and Works Abstracts. These are used to monitor progress of works unit wise cost during the execution of the work and for prepara tion of completion report once the work is completed. It was noticed in audit that these registers were incomplete in all the 12 divisions test checked as detailed cost estimates in respect of 19 works out of 24 works test checked had not been prepared (August 1996). This resulted in non preparation of completion reports in respect of 12 completed works in 7 divisions<sup>4</sup>.

The department in their written reply explained the position as under

The required registers like register of major works and works abstracts has been prepared All subordinate offices are being directed to keep the all register upto date

After hearing the departmental representatives, the Committee observed that in the absence of maintenance of the requisite record, completion reports can not be prepared The Committee therefore, recommends that incomplete registers be maintained upto date and a periodic check be made by the Officers of the Depart ment with a view to have an effective control mechanism in the Department

#### [51] 4 1 12 Quality Control

#### (I) Failure to conduct the prescribed checks

Engineer in Chief Buildings and Roads Branch PWD issued instructions in June 1988 that where the administrative approval of a building was more than Rs 15 lakhs the Executive Engineers should check and record in the measurement book *inter alia* at least 25 per cent of the Excavations and 10 per cent each of Frames of joinery and Re inforcement of foundations/slabs/beams/girder system besides personally approving at site the layout and plinth/concrete levels of the buildings The results of such checks were to be recorded in the Quality Control Register' to be maintained by each division However these checks were not conducted in 12 divisions test-checked (except Provincial division II Ambala)

#### (II) Fictitious record entries and sub-standard works

#### (a) Fictitious record entries

Original administrative approval of Rs 25 73 lakhs accorded in january 1990 for the work Construction of District Jail Sirsa was revised to Rs 42 72 lakhs in July 1991 by Government against which actual expenditure of Rs 35 62 lakhs was incurred till March 1992 by Provincial Division II Sirsa on completion of boundary wall alone The construction of boundary wall (brick masonary) with concrete foundations was taken up with 4 feet 9 inches width in January 1991 without prior approval of the design/drawing from the compe tent authority The division submitted the drawing to the Superintending Engineer in Febru ary 1991 for obtaining approval of the Chief Engineer Later on in May 1991 the design of the foundations was approved by the Chief Engineer (buildings) wherein the width was specified as 5 feet 6 inches After completion of the brick wall up to plinth level a record entry was made on 1 August 1991 in the measurement book by the junior engineer indicat ing construction of additional 4.5 foundation wall on both sides Record entries were not check-measured as required under rules by the Sub Divisional Engineer/Executive Engi neer concerned Since the wall and sides of foundations were completed the record entries for the extension of width of foundations were not genuine and payment of Rs 0 76 lakh against this item of work was undue and irregular

#### (b) Sub standard works

(I) Provincial Division III Hisar awarded the work of construction of out patient de partment and emergency block' of Maharaja Agrasen Institute of Medical Research and Education at Agroha to a Contractor in September 1990 Brick walls were required to be reinforced at every fourth course with hoop iron of 25 mm width and 1 25 cum thickness. The hoop iron actually used were of 23mm width 0 9 cum thickness and less in weight by 31 per cent as per the report submitted (September 1992) by Director Research Laboratory Hisar to Chief Engineer Buildings Chief Engineer instructed (October 1992) the Superintending Engineer and Executive Engineer concerned that no sub standard work be allowed at site and called for detailed report which was not submitted as of July 1996 The Executive Engineer stated (October 1995) that all other defects except hoop iron work were got ie moved and the fact was brought to the notice of the Superintending Engineer verbally and hence no further report was sent to the Superintending Engineer. The department made (March 1995) irregular payment of Rs 9 74 lakhs to the contractor for sub standard work

(II) For designing the foundations of the work 'Construction of ten 1 220 sq ft area double storey houses' in the campus of Government Institute of Engineering at Sonepat bearing capacity of the soil was tested first from the Research Laboratory Bhiwani in Janu ary 1992 by Provincial Division II Sonepat and then from the Regional Engineering Col lege Kurukshetra in June 1994 The depth of foundations was to be kept at 4 feet as per reports of both these laboratories However while approving the drawings in December 1991 Chief Engineer instructed that the foundation design might be determined in accor dance with the gross bearing capacity of the soil Despite the gross bearing capacity re maining the same as determined through laboratory tests foundation depth of two houses was kept at 3 feet and for the other four at 3 feet 6 inches The work was thus executed in deviation to the soil test results

The department in their written reply explained the position as under

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All S Es are being directed to maintain such register and to keep it upto-date

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The Administrative block and boundary wall with 4 Nos watch Towers as provided in the Architectural drawings was constructed by incurring expenditure of Rs 57 82 lakhs against the Administrative Approval received from Financial Commissioner & Secy Jail Department Haryana & memo No 31/25/88 4 JJ (ii) dated 29 7 91 the excess expenditure of Rs 15 10 lakhs incurred due to higher allotted rates & increased in the cost of labour and material As such revised rough cost estimate amounting to Rs 68 46 lakhs is under consideration

The extension of foundation from 49' to 56 is as per approved drawings of buildings & the construction is quite ganuine and technically sound. As regards check measurements by SDE Public E E the checking of work has been done in the mea surement book. Therefore, the record entries for these extensions of width of foundation is quite genuine and the payment of Rs 0.76 lakhs incurred on extension cannot be termed as irregular expenditure.

As already stated that all other defects except hoop iron work were got re moved and for variation for 31 per cent less in height of hoop iron has been recovered from the agency concerned in the bills. Thus no loss to the Govt

It is submitted that the Research Lab had proposed the depth on the basis of not bearing capacity strictly as per norms whereas the Chief Engineer after taking into account the site condition and technical aspect had advised that the foundation design might be determined in accordance with the gross bearing capacity of soil Thus the foundation design was kept as per technical advice of the Competent Au thority which was economical as well as in the public interest. Thus keeping in view the above position the para may be dropped

The Committee recommends that quality control registers be maintained upto date by each division of the Department and periodic checks be recorded in such registers by the senior officers of the Department in future

## [52] 4 1 13 Undue financial favour to the contractors

(I) Against three works in three divisions mobilisation advance of Rs 39 03 lakhs granted to three contractors was to be recovered before completion of 80 per cent of the work or on expiry of three fourth of the completion period whichever occured earlier Though three fourth of the completion period was over in June 1995 and July 1995 Rs 4 lakhs were due for recovery as of Decembver 1995 from a contractor in Provincial Division Palwal because of non recovery of advances from the running bills of the contractor by the con cerned Executive Engineer

The department in their written reply explained the position as under

The mobilisation advance of Rs 4 lakhs had been recovered from the agency vide Vr No 35/DW dated 31 7 96 Now nothing is outstanding in any case on this account

The Committee observed that mobilizatgion advance of Rs 4 lacs has been recovered late from the contractor due to which there is a loss of interest of one year to the department. The committee, therefore, recommends that recovery of interest be made from the contractor under intimation to the Committee

[53] 4 1 14 Other points of interest

#### (I) Wasteful expenditure

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(a) The work of constructing electric sub station/generator room in the campus of Maharaja Agrasen Institute of Medical Research and Education (MAIMRE) at Agroha (be longing to MAIMRE Society) with the expenditure agreed to be shared on 50 50 basis between the Society and the State Government was awarded to a contractor in February 1992 by the Executive Engineer Provincial Division IV (renamed Provincial Division III) Hisar The layout plans were approved in September 1992 by the Chief Architect Haryana but approval of the Society was not obtained for the selected site After the work was executed up to 'lintel level and an expenditure of Rs 1 62 lakhs incurred up to November 1993 the Society objected to the location/site of the work as the same obstructed the front view of the 'out patient department block. The structure was demolished in March 1994 at the cost of Rs 0 08 lakh The value of material retrieved was Rs 0 24 lakh This resulted in wasteful expenditure of Rs 1 46 lakhs

(b) According to the instructions issued in January 1985 by the Engineer in Chief (EIC) the anti termite treatment was to be considered as a specialised job and was not to be included in the main building work and was to be awarded to a specialised agency after inviting tenders. The EIC issued further instructions in September 1993 that no anti termite treatment should be given without the specific approval from his office. However, under the orders of the Executive Engineer. Provincial Division 1. Kurukshetra, anti termite treatment was carried out between June 1993 and November 1993 by an agency in Community Health Centre. Shahabad at the cost of Rs 1 39 lakhs on work order basis without inviting tenders and without obtaining specific approval from the EIC. This was however disapproved in March 1994 by the Engineer in Chief. Building and Roads branch of the PWD The department in their written reply explained the position as Under

The work of construction of Electrical Sub station/Generator room was started on the basis of drawings supplied by Chief Architect Initially the site was selected in front of OPD block A later on the site was not considered appropriate by the society as the O PD Block A would not vizible from front view of the building Therefore on the request of the society to the Architect Department the site was changed as per decision of the society & drawings were issued by Chief Architect vide his letter No 7702 dated 31 8 94 Further the society has already agreed to bear the entire cost vide their letter No MAMBRS/BI/II/93 dated 28 12 93

The site for construction of building of C H C Shahbad was to be obtained by demolishing the old female ward some residential quareters. Maternity Wards etc During demolition the old building and execution of foundation work it was found that the site is not free from white ants & the new building requires anti termite treatment. The main building work was in full swing and there was no sufficient time left with the department to call for tenders for anti termite treatment. Since the work of construction of CHC was started bay wise due to restriction of space in the complex of Civil Hospital at Shahbad (M) it was circumstantial that the work of anti termite treatment had to be taken in hand by calling quotations by giving vide publicity as and when necessity arise during the construction of CHC buildings. The action of the Divisional Office was in the interest of work.

#### (a) Wasteful expenditure,

During the course of oral examination, the Committee feels that the approval of the Society was not obtained before starting the work and further lay out plans were got approved without getting the consent of the Society for selection of site for the work, this resulted in wasteful expenditure of Rs 1 46 lakh The Committee therefore, recommends that the above said facts may be got verified and responsibility be fixed for the lapse under intimation to the Committee

#### (b) Community Health Centre Shahabad

After hearing the departmental representative, the Committee observed that when the work was disapproved by the EIC in March, 1994, how the department justified the Anti termite treatment made by Divisional Office and further how the payment of Anti-termite was made specially under the circumstances that it was disapproved by the EIC The Committee, therefore, desire that the facts of this case be verified, if anybody is held responsible, a suitable action be initiated against him under intimation to the Committee

#### [54] 4 1 14 (III) Excess payment

As laid down in Haryana Schedule of Rates (HSR) 1988 a recovery of 0 50 per cent of the total cost of work executed by a contractor would be recovered if water was supplied by the department free of cost in four cases of building constructions on which an expen diture of Rs 302 18 lakhs was incured by Provincial Division 1 Kurukshetra water charges were not recovered from the concerned contractors from running/final bills though water was used from the Public Health distribution system This resulted in excess payment of Rs 1 51 lakhs

The department in their written reply explained the postion as under

It is submitted that water is being arranged by the contractors at their own expenses by making necessary arrangements such as installation of pump set etc at site of work. The water is not being supplied departmentally hence there is no ques tion for deduction of charges at the rate 0.5% of the value of work done

After hearing the departmental representative, the Committee recommends that this fact may be got verified afresh whether water was arranged by the Contractor through installation of pumps or was used from the Public Health distribution system, and a report in this regard be sent to the Committee for its information

#### [55] 4 1 14 Fictitious debit to work

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In order to avoid lapse of funds Provincial Division IV Rohtak debited Rs 17 16 lakhs to the work 'Special repair to 192 beds ward in Medical College and Hospital Rohtak' representing the cost of cement and steel shown as issued in March 1995 to the work which had not even been started as of December 1995

The department in their written reply explained the position as under -

The material was booked as per actual requirement in anticipation of immediate start of work but the work could not be started till 2/96 due to non finalisation of tenders had the work been started in time the material would have been consumed

During the course of oral examination, the committee observed that the material should have been debited after the actual start of work. How the department justify the issue of cement/steel to work in March, 1995 which could not be started till February, 1996 The Committee further feels that action needs to be taken against the erring officials who booked the fictituous expenditure in the absence of MAS accounts of the work which was not started, the misappropriation of funds/material can not be ruled out The Committee therefore, desire that a detailed list of the material used/waste be supplied to the Committee within a period of one month

#### [56] 4 1 15 Monitoring

With a view to monitor the progress of major building works and for giving proper instructions/guidelines to the Superintending Engineers and the Executive Engineers the EIC office was notiding three meetings on an average every year. However, it was noticed during audit that effective monitoring of the quality and progress aspects of the works was not done which resulted in inordinate delay in the completion of several works execution of sub standard works in some cases expenditure in excess of administrative approval in many cases and delay in handing over of the completed buildings to the client departments

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The matter was referred to Government in May 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

Instructions has been issued to all the Superintending Engineer and Chief Engineer that works costing more than Rs 50 00 lacs will be inspected by Chief Engineer once in two months & works costing more than Rs 25 00 lacs will be veri fied by the Superintending Engineer once in each month & Inspection Report will be sent to Head Office for consideration These instructions has been issued vide this office memo No 851 80/PA/DRD dated 16 9 98

During the course of oral examination, it was noticed by the Committee that effective monitoring of the quality and progress aspects of works was not done which resulted in inordinate delay in the completion of several works. The Committee therefore, recommends that fresh instructions in this regard be issued immediately so that inspection of the on going works be carried out by the Senior Officers of the department regularly under intimation to the Committee The Committee further recommends that if any officer is found at fault, strict disciplinary action be initiated against him as per rules

#### [57] 4 2 5 (II) Reimbursement claims

During the period from 1991 92 to 1995 96 against claims for reimbursement of expenditure aggregating Rs 199 15 crores preferred by State Government (reported by Accountant general (A&E) Haryana Chandigarh) Rs 183 36 crores were only reimbursed by MOST leaving a balance of Rs 15 79 crores (withheld Rs 14 34 crores desallowed Rs 1 45 crores) Year wise detailed position was as under

Year Reimbursement claimed by State Government				Reimbursement made by MOST			Amount with held	Amount disall owed	
*····	(Rupees in crores)								
	Original works	Mainte nance works	Total	Original works	Mainte nance works	Total		1	
upto 1990 91							1 46	-	
1991 92	10 51	4 08	14 59	8 37	3 96	12 33	2 25	0 01	
1992 93	19 41	4 03	23 44	18 67	3 79	22 46	0 92	0 06	
1993 94	33 14	7 47	40 61	29 83	7 30	37 13	3 46	0 02	
1994 95	52 87	7 00	59 87	50 42	696	57 38	2 35	014	
1995 96	52 63	8 01	60 64	46 66	7 40	54 06	5 36	1 22	
Total	168 56	30 59	199 15	153 95	29 41	183 3	6 15 80	1 45	

Disallowed amount of Rs 1 45 crores related to expenditure on office expenses which was a part of the 9 per cent agency charges claimed separately along with works expenditure booked to the States final head of accounts Of Rs 15 80 crores amount withheld up to 1995 96 Rs 4 44 crores had been reimbursed by MOST between April 1996 and Septem ber 1996 leaving a balance of Rs 11 36 crores mainly for want or sanctions from MOST regularisation of excess expenditure over sanctioned estimates and original/complete vouch ers etc Of Rs 11 36 crores Rs 3 31 crores (42 items) were outstanding for want of sanctions from MOST

The department in their written reply explained the position as under

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On original works & maintenance owkrs the with held amount was Rs 11 36 crores at the time of audit and now this figure has been reduced to Rs 6 76 crores with circle-wise detail as under

Name of Circle	Original Work (Rs in lacs)	Maintenance Work (Rs in lacs)	Total
(a) NH Faridabad	313 14	109 63	422 77
(b) ADB Fandabad	5 15		5 15
(c) WBPI Chandigarh	244 86		244 86
(d) W B D II PKL	16 77		_ 1677
(e) NH Karnal	37 74	<b>93</b> 90	131 64
	617 66	203 53	821 19
	Less di	sallowed amount	145 00
	Ν	/ithheld amount	676 1 <del>9</del>

Say Rs 6 76 crores

Out of this withheld amount the major amount of Rs 2 35 crores pertains to adhoc advance/special advance which was given to M/s C C L

Since M/s CCL gave notice of frustration under clause 66 of the agreement and the department expelled the agency from site on 16 4 96 a dispute arose be tween the Govt of Haryana and M/s CCL to decide the following issues

a) Frustration clause	and	claims of M/s CCL
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(b) Explussion clause and counter claims of the state of Haryana

To settle the dispute the matter stands referred to the following arbitrators

1 Sh	A G Borker	Arbitrator-cum Chairman	Nominee of the MOST
2 Sh	GS Tandon	Arbitrator	Nominee of State of Haryana
3 Sh	Mahesh Chand	Arbitrator	Nominee of CCL

The amount of advance has been put up before the Committee of Arbitrators in the counter claims of the Department and the matter thus depends upon the out come of the arbitration. For the remaining withheld amount of Rs 4.41 crores the main reasons for non re-imbursement are as under

(i) Out turn of vehicles

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- (II) Payment to B T Bills to Mech wing and cost of H S D
- (iii) Expenditure incurred on Stationery Electricity bill of office etc
- (IV) Due to enhanced land compensation due to Court orders of Rohad by pass

Continuous efforts are being made for getting re-imbursement of balance with held amount

Regarding disallowed amount of Rs 1 45 crores the MOST Govt of India insists that this expenditure on office expences be met out of 9% agency charges provided in the estimates Moreover in order to run the office work, such expenditure are unavoidable Therefore the amount already spent out of State funds and not reim bursed by MOST is a valid charge to State Govt and there is no loss to State on this account

The Committee is constraint to note that when the matter regarding withholding of amount of Rs 2 35 crore against M/s C C L was referred to arbitrators then why the case has not been decided by the arbitrator after a lapse of so much time The Committee feels that reasons for the delay should be examined The Committee therefore, recommends that the facts finding inquiry in the matter be made and a report be submitted to the Committee within a period of 4 months

#### [58] 4 2 5 (III) World Bank and Asian Development bank Loan

MOST is responsible for release of funds received from International funding agen cies viz World Bank and Asian Development Bank (ADB) in the form of technical and loan assistances

During 1993 94 to 1995 96 against allocation of World Bank Loan of Rs 84 95 crores actual expenditure was Rs 79 97 crores resulting in non utilisation of allocation of Rs 4 98 crores Reasons for non utilisation of the World Bank Loan allocation were not intimated (June 1996) However scrutiny of records revealed that non utilisation of loan allocation was due to ślow progress of works

The department in their written reply explained the position as under

The main reason for non utilisation of loan were attributed to slow progress in respect of world Bank I Project and N H I from Km 50 00 to Km 130 00 For the work of "widening of four lanes and strengthening of existing two lanes weak pave ments from Km 50 to 130' the work was devided into four following reaches/agree ments

(a) from Km	50 00 to 74 80	Murthal to Samalkha
(b) from Km	74 80 to 92 80	Samalkha to Panipat

(c) from Km	52 80 to 114 00	Panipat to Madhuban
(d) from Km	114 to 130	Madhuban to Karnal

Pre qualification of agencies was done by MOST in respect of all above four contracts and thereafter work was allotted to M/s NBCC for contract I and to M/s CCL and BBL (Joint Venture) for contract II III and IV during March 1987 Both the agencies did not function well to show good progress and therefore were expelled from the sile of work on 5 10 89 (M/s NBCC) and on 16 4 96 (M/s CCL) respectively Later on balance works were allotted at their risk and cost after getting approval from World Bank and MOST which resulted in slow progress during 1993 94 to 1995 96 It is therefore absolutely clear that slow progress of the work was beyond the control of the State Govt even though the established and specified procedure were fol lowed in the allotment of works However the agencies failed to maintain the progress of works and consequently action under the various clauses of agreement was taken against the oefaulting agencies

During the course or oral examination, the Committee was informed that the proceedings are going on before the judicial court and arbitration and the matter is sub-judice. Any observation and finding of the Committee on the subject may be pre-judice to the out-come of these proceedings.

The Committee therefore, desire that since the matter is sub judice and the para may be kept pending till the finalisation of judicial arbitration proceedings

#### [59] 4 2 6 Physical targets and achievements

The targets fixed as per approved plans and achievements made there against dur ing 1990 91 and 1991 92 and eighth five year plan (1992 93 to 1996 97) as reported by the department were as under

∦r No	Scheme	Unit	1990-91 Target	and 1991 92 Achievement	VIII Pla Target	in (1992 97) Achievement
1	Strengthening existing weak 2 lanes	КМ	126 00	131 97	100 00	5 70
2	Widening to 4/6 lanes	KM	199 85		126 00	
3	Construction of by passes	No	3	1	4	1
4	Construction of major bridges	No			2	
5	Construction of minor bridges	No			4	
6	Improvement of low grade section	KM	270	2 70	3 75	3 75

Against the target of constructing 199 85 km roads under the scheme Widening to 4/ 6 lanes during 1990 91 and 1991 92 work in the length of 124 85 kms was in progress (March 1996) The detailed project reports for the balance 75 kms were not got approved from MOST and therefore included in the targets (126 kms) for eighth five year plan (1992 97) Against the target of 126 kms work in a length of 2 kms only was in progress and the balance work had not been taken up The department stated (July 1996) that out of target of 126 kms project reports for works in 53 kms submitted in May 1992 (36 kms) and Novem ber 1994 (17 kms) for approval by MOST had not been sanctioned (September 1996) The works in the remaining length of 71 kms were being proposed to be entrusted to the Na tional Highways Authority for execution Against the target of 100 kms achievement during first four years of the eighth five year plan (1992 97) in regard to 'strengthening existing weak 2 lanes' was only 5 70 per cent The work in furher length of 30 kms was stated (July 1996) by the department to be in progress. Cost estimates for another 20 kms were sanc tioned in February 1996 by MOST but the work had been started (August 1996) Cost estimates for the remaining length of 44 30 kms had not been submitted to MOST for sanc tion (August 1996)

The department in their written reply explained the psoition as under

The details of targets as brought out by the Audit are not available with the department From the budget allocations vis a vis the expenditure during 1990 91 and 1992 93 to 96-97, it will be seen, that the budget has been fully utilised/meaning thereby that there is no shortfall in Financial achievement

Year	Allotment (Rs in lacs)	Expenditure (Rs in lacs)
1991 92	1060 00	1066 69
192 93	1870 00	1938 50
1993 94	3200 00	3318 26
1994 95	5160 00	5284 42
1995 96	5555 00	5257 17
	16845 00	16865 04

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Year wise allotment and expenditure in respect of National Highways World Bank and Asian Development Bank Projects are as under

Since the full budget has been utilised therefore more physical achievements than achieved could not be possible in any case

It is a fact that the work of surengthening Km 170 to 200 of NH 10 was in progress in July 1996 This work has since been completed in 10/98 The work was approved by the MOST in 3/93 the main reason of delay was shortage of bitumen and change in specifications Therefore revised estimate was sanctioned by MOST in March 1998

The work of strengthening of km 29 295 to 50 00 on NH I (Old Carriage Way) was sanctioned by Ministry of Surface Transport vide No NH/12014/925/95/N/H dated

28 2 96 for an amount of 430 06 lacs This work was allotted on 23 10 96 and commenced immediately therearter on 31 10 96 The work since siands completed

It is further brought out that the persue of Annual Plans prepared by M O S T for the year 1994 95 1995 96 and 1996 97 includes the following schemes of strengthenings in the State of Haryana

<u>Sr No</u>	<u>NH No</u>	<u>Pages</u>	<u>Length</u>	<b>Remarks</b>
<u>1994 95</u>				
1	10	200-220	20 Km	
2	10	53 60	7 Km	
<u>1995 96</u>				
3	1	40 50	10 Km	
4	10	31 35	4 30 Km	
<u>1996 97</u>				
5	10	31 35 30	4 30 Km	Repeat work
6	10	200-220	20 Km	Repeat work
			45 30 Km	

The persual of the afore mentioned factual position reveals that at the time of Audit the department was required to submit estimates of strengthening of 45 30 Km<sup>-</sup> in the State The estimates for all these Schemes except the scheme mentioned at Sr No 2 has sionce has submitted and approved by Ministry of Surface Transport The estimate at Sr No 2 was subsequently deleted by the Ministry of Surface Transport from Annual Plan

After hearing the departmental representative, the Committee desire that the break up of the 126 K M road under the scheme widening to 4/6 lanes' be submitted to the Committee for its information

#### [60] 427 Execution

#### A Four laning of Sher Shah Sun Marg (NH-I)

#### (I) Delay in completion of project

MOST approved in March 1986 the project 'Four laning of Sher Shah Suri Marg (NH I) km 50 to 130 at the estimated cost of Rs 40 16 crores The project was sub divided in four sections for execution through contractual agencies Contract for section I was awarded to a Government of India undertaking whereas sections II to IV were awarded to a team of two contractors as a joint venture as shown below

Section	Estima ted cost	Value of contract	Date of commen- cement	Due date of completior
		(Rupees i	n crorəs)	
i Km 50 to km 74 80	9 90	9 44	November 1987	April 1991
II Km 74 80 to km 92 80	9 32	7 79	May 1987	October 1990
III Km 92 80 to km 114	10 68	9 14	May 1987	October 1990
IV Km 114 to km 130	10 26	9 47	May 1987	October 1990
Total	40 16	35 84		

#### (II) Cost overrun and time overrun

# Slow progress, reallotment of work, change in specifications and increase in scope of work would result in cost overrun of Rs 87 76 crores

Original estimates of Rs 40 16 crores for the project sanctioned (March 1986) by MOST were revised to Rs 127 92 crores (March 1995 and January 1996) by the department for which sanction of MOST was awaited (March 1996) The project remained incom plete even after spending Rs 39 90 crores (99 35 per cent of original estimated cost) and resulted in time overrun of 59 months to 65 months as of March 1996 and a likely cost overrun of Rs 87 76 crores (218 per cent) due to slow progress of work re allotment of work change in specifications and increase in scope of work Following points were noticed in audit

#### (a) Section I (km 50 to km 74 80)

The contractor executing the work in this section was paid (November 1987) Rs 0 94 crore as mobilisation advance but the funds were not mobilised for the work up to October 1989 Accounts in support of utilisation of this advance towards acquisition of constructional plant/machinery were not submitted to the department. Even after lapse of 23 months out of 42 months completion time for the work the physical progress was merely 6 48 per cent against targetted 53 85 per cent. The factors which affected the progress of work were *interalia* delay in mobilising resources by the contractor delay by the department in arrang ing borrow area for bringing earth for embankment construction and in release of working drawings. The department expelled the contractor from site in October 1989 to get the remaining work completed at his risk and cost. At the time of expulsion mobilisation ad vance of Rs 0 71 crore was recoverable Bank guarantee furnished by the contractor against mobilisation advance could not be invoked due to stay orders (November 1989) obtained from the court by the contractor. No reasons for stay were available in the records

To recover the outstanding dues the department went for arbitration and an arbitration committee was constituted in October 1990 Claims for recovery of outstanding dues of

Rs 10 78 crores<sup>3</sup> from the defaulting contractor were filed by the department in July 1991/ August 1995 However the contractor field (October 1991) counter claims for Rs 4 34 crores before the arbitration committee mainly on account of unsettled claims against the works executed plant and machinery rendered idle staff overheads and setting up of infra structure/labour hutments etc

Liquidated damages amounting to Rs 0 94 crore levied (November 1991) on the contractor for having failed to adhere to the work completion time schedule were however not included in the claim field with the arbitrator as of March 1996 Award by the arbitration committee was awaited (March 1996)

The balance work was put to tender in April 1990 and was allotted after the approval from MOST and World Bank to another contractor at the contract value of Rs 15 26 crores in April 1992 after 29 months The balance work was to be completed in 39 months begin ning from 13 August 1992 Time limit was extended by six months i e upto 6 May 1996 Physical progress was 81 10 per cent as of July 1996 Thus the work started in November 1987 remained incomplete even after a lapse of more than eight years

## (b) Section II, III and IV (km 74 80 to km 130 of NH-I)

As of January 1989 while half of the period of completion (21 out of 42 months) had elapsed physical progress in Sections II III and IV by the joint venture was 10 per cent 16 per cent and 5 per cent respectively The resident partner informed (January 1989) the department that his overseas partner had withdrawn from the work and he alone undertook to complete the work at the existing agreement rates assuming full reponsibility The Work remained suspended till August 1991 as no decision was taken by the Government In March 1991 liquidated damages of Rs 2 64 crores were levied on the contractor The offer of the resident partner was accepted and supplementary agreements at the same old rates in each case were signed on 16 August 1991 The supplementary agreements provided for completion of work by June 1994

In terms of the supplementary agreements liquidated damages of Rs 2 64 crores (contract II Rs 0 78 crore contract III Rs 0 91 crore and contract IV Rs 0 95 crore) against the contractor were withdrawn in January 1992 In June 1994 target date of comple tion of works against the three contracts was extended upto December 1994 as a special case

Apart from time extension for six months following concessions were granted with the approval of MOST to the contractor

- non levy of liquidated damages for non-completion of work by the date of completion
- release of retention money (maximum of 5 per cent of the contract value) deducted from the running payments against bank guarantees
- ex gratia payment of amount equal to price escalation and variation of price up to June 1995 (as if time extension had been granted)
- deferment of recovery of advances and interest and
- not to implement the condition of engaging the services of highway construction experts by the contractor

However overall cumulative progress afgainst the stipulated milestones was not achieved as detailed below

Period	Targetted cumulative progress	Percentage o	al progress		
	progrees	Contract II	Contract III	Contract IV	
	35 per cent	10 65	19 44	5 87	
June 1992	•	13 82	23 39	6 26	
December	50 per cent	13 02	2000		
1992			30 28	6 96	
Ju∽ə 1993	75 per cent	17 24	30 20		
December	85 per cent	25 69	37 30	7 25	
1993		00.00	42 60	7 29	
June 1994	100 per cent	38 98		40.04	
		39 93	45 43	12 34	
March 1996				anteo on	

The contractor represented in 1992 to the department for increase in rates on the plea that the rates offered in 1986 were not workable. Considering the request of the con tractor MOST constituted (May 1993) a committee to examine the contractor's case for upward revision of rates The committee recommended (June 1993) upward revision of rates with effect from 1 June 1993 MOST did not accept (June 1994) the recommended revised rates and asked the department in October 1994 Octobver 1995 and February 1996 to terminate the contract immediately and to take action towards getting the balance work completed The department however issued notices (in case of each contract) to terminate the contracts only in April 1996 However the contractor was expelled from the site on 3 May 1996 The liquidated damages and liabilities on the contractor had not been assessed (August 1996)

Thus delay in completion of works was due to indecisiveness of the department in taking a final decision to allow the resident partner to execute the work and failure of con tractor to complete the works despite various concessions. The works scheduled to be completed in October 1990 remained incomplete even after incurring an expenditure of Rs 20 08 crore (upto March 1996) and are likely to entail extra expenditure on completion of the same

### (c) Price adjustment

Due to inbuilt clause in the contracts regarding adjustment of rise or fall in the cost of labour material and other inputs with reference to basic rates adopted in the contracts Rs 6 35 crores were paid (up to March 1996) as price adjustment as a result of delay in completion of the aforesaid four works This worked out to 30 per cent of the value of work done (Rs 21 20 crores) at basic contract rates as of March 1996

Further as per contract if the contractor failed to complete the works within the time for completion (including extension granted if any) adjustment of prices thereafter until the date of completion of the works was to be made using either indices or prices relating to the time for completion or the current indices or prices whichever were more favourable to the department provided that if any extension of time was granted the above provision should

apply only to the adjustments made after the expiry of such extension in time. In case of contracts II III and IV extension beyond December 1994 was not granted. However, Rs 7 62 lakhs equivalent to the price adjustment of material and increase in wages were paid for the period from January 1995 to March 1996 as an exigratia payment under the decision (March 1995) of MOST for the period for which extension for the work was not granted.

The department in their written reply explained the position as under

The project of four laning of S S S Marg N H I from Km 50 00 to Km 130 00 was sanctioned by MOST at the cost of Rs 40 16 crores in 1986 The works were allotted by MOST after pre qualification of the agencies Contract I for Km 50 00 to Km 74 00 was allotted to M/s National Building Construction Company and Con tract II (Km 74 80) to Km 92 80 Contract III (KM 92 8 to Km 114) and Contract IV Km (114 0 to Km 130 0) were allotted to M/s C C L and BBL (Joint Venture) Both the contractual agencies could not accelerate the progress of work despite best efforts by the department

Subsequently M/s NBCC was expelled from the site on account of poor perfor mance on 5 10 89 and similarly M/s CCL was also expelled from the site on 16 4 96 from all the three contracts i e contract II III & IV The balance works were allotted at risk and cost of these expelled agencies

#### (II) Cost overrun and time overrun

The defaulting agency i e M/s NBC was expelled from contract I on 5 10 89 on account of its poor performance & similarly M/s CCL were also expelled from con tracts II III & IV on 16-4 96 on similar grounds at balance works were allotted to the new agencies at the risk and cost of defaulting agencies i e on 7 4 92 in respect of contract I and on 3 7 98 in respect of contract II III & IV the extra expenditure in curred is recoverable from defaulting agencies Moreover keeping this aspect in view the competent authority i e MOST in the instant case had sanctioned the revised estimates on 9 12 96 in respect of contract I and on 6 7 99 in respect of contract II & IV with amounts as under —

Contract No	Amount of revised estimate	Sanctioned under Head
Contract I	Rs 2732 00 lacs	5054 FD (EAS)
Contract II	Rs 2683 00 lacs	5054 FD (OW)
Contract III	Rs 2611 00 lacs	5054 FD (OW)
Contract IV	Rs 3623 00 lacs	5054 FD (OW)

The work was allotted to M/s N B C C New Delhi in November 1987 and Rs 0 94 crores on account of mobilisation advance were paid to the agency as per con tract provision against the Bank Guarantee From the very early stage M/s N B C C failed to comply with the terms & conditions of the contract provisions resulting in their expulsion and the demand was raised with the bank to encash the bank guaran tee make good the mobilisation advance but the Court intervened in the matter and injunction has been granted by the Court and the case of encashment of bank



guarantee is the subject matter of court further action is entirely dependent upon the decision of the Court and linked with Arbitration proceedings The factors which affected the progress was not due to the delay on the part of department in arranging borrow area and delay in issue of drawings but the reason was the non planning and mis management on the part of the executing agency which resulted into the expulsion of the contractor from the contract From the very first day the contract was much behind the schedule of work programme submitted by him and always tried to put blame on the department Department provided every facility to the contractor as per provisions of the contract and the contractor was entirely depending on his sub contractors The main reason in the delayed execution of work was the disputes between the contractor and the sub contractor which resulted in delay at later stage The case came up before Arbitration Committee Arbitration Committee concluded its Arbitration proceedings on 1 2 1999 and have awarded Rs 75 84 021/ in favour of State of Haryana against claim of Rs 14 56 57 635 95 and Rs 46 00 305 00 to M/s N B C C against their 25 counter claims of Rs 4 55 72 101 75 Not being satisfied with the award announced by the Arbitration Committee the department filed the case in the Court of Civil Judge Sonepat on 26 2 99 which was subsequently transferred to Chief Judicial Magistrate Sonepat on 22 4 99 Decision of the Court is still awaited

The claim of liquidated damages of Rs 0 94 crore is being referred to Govern ment for referring to 2nd Arbitral Tribunal

The balance work was put to tender in April 1990 but the MOST as well as the World Bank took 29 months to allot the work to the other agency at the risk and cost of the first Contractor In this matter PWD (B&R) Haryana functions entirely on the advice and direction of the funding agency i e MOST and World Bank The balance work was to be completed in 39 months but due to the unavoidable circumstances unprecedented rains and non availability of bitumen at Mathura Refinery could not be completed within the stipulated time. The up to-date progress is now about 91% Now M/s Nangia Const. Co has also been expelled in January 2000 and action to allot the balance work at risk and cost of the dafaulting/expelled agency was taken The work has now been allotted to M/s Mehta Construction Company at risk and cost of M/s Nangia Construction Company

The works in respect of contract II (km 74 80 to Km 92 80) Contract III (92 80 to 114 80) and Contract IV (114 to 130 00) of NH I were allotted to M/s Continantal Construction Balfour Betty (Joint Venture) in March 1987 work was commenced by the agency in May 1987 From the very beginning the agency could not achieve the desired progress and when the progress achieved was just about 10% some dispute arose between the partners of Joint Venture and the work was stalled Then overseas partner is B B L withdraw from the Joint Venture On offer of the resident partner i e M/s C C L a supplementary agreement was drawn on 16 8 91 between the depart ment and M/s C C L to execute the balance work on the same rates terms and conditions as per original agreement of J V This was done after having obtained the approval of the MOST Extension in time limit of six months was allowed to M/s C C L

As per condition stipulated in supplementary agreement the liquidated dam ages levied against contract II (0 78 crores) contract III (0 91 crore) and contract IV (0 95 crore) were deferred

This was as per agreement provision of Class 60 (4)(c)

In addition to above exgratia payment of amount equal to price escalation and variation of price upto 6/95 was allowed. This was also done in accordance with the stipulated condition in supplementary agreement.

Recovery of advance was also deferred

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This condition was also agreed by the MOST in its meeting held on 30 12 92 and it was decided that since the work is not being funded out of World Bank Loan requirement of obtaining services of ex patriate highway construction experts may not be implemented

Still the progress of work remained slow and the agency M/s C C L represented to the department in 1992 for increase in rates on the plea that the rates offered in 1986 were not workable MOST did not agree for increase in rates. The agency i e M/s C C L was expelled from site of work on 3 5 96 as per clause 63 of the contract agreement from all the three contracts i e contract II III & IV The liquidated damages were levied as under

Contract No Liquidated damages levied by the Employer Le Financial Commissioner PWD(B&R)

			Amount		
Contract II	3 6 85 2 B&R(W)	С II	Rs 77 85 940 22		
	dated 12 3 97				
Contract III	3 6-85 2 B&R(W)	C III	Rs 91 43 033 70		
	dated 12 3 97				
Contract IV	3 6 85 2 B&R(W)	CIV	Rs 94 75 689 65		
	dated 12 3 97				

Amount of the liquidated damages have been incorporated in the counter claims of the department put before the following three arbitrators who are conduct ing the arbitration proceeding of the case

1	Shri A G Borker	Chairman cum Arbitrator appointed by MOST

- 2 Shri G S Tandon Arbitrator (departmental nominee)
- 3 Shri Mahesh Chand Arbitrator (M/s C C L nominee)

The department had to take concurrence of MOST (which is the funding agency) and thus it is procedural delay Now after expulsion of M/s C C L on 3 5 1996 the balance work have been allotted at their risk and cost on 6 7 1998 to new agencies in respect of contract II III and IV and the extra cost being incurred has also been included in the counter claims of the department before the above Arbitral tribunal

It is further submitted that best eforts have been made by the department to safeguard the Government interest

Price adjustment of rise or fall in the cost of labour material and other inputs with reference to basic rates adopted in the contract were paid as per terms and conditions of the contract

The variation of price in local labour is to be worked out as per clause 70 (2) (a) of the agreement and is payable to the agency Similarly general variation price is payable under clause 70(2) (b) of the agreement and similarly for variation of price of petrol oil & lubricants (POL) is payable under clause 70 (2) (c) of the agreement Thus the payment has been correctly made as per provisions of the contract and is not related with the basic contract value

The payment of Rs 7 62 lacs equivalent to the price adjustment of material and increase in wages were paid as an exgratia payment under the decision vide Engineer i e Chief Engineer (NH) Haryana No 35 WB 86/661 65 dated 29 3 95 un der intimation to MOST wherein agency was allowed to fulfil their targets upto 6/95 The above concession was granted to M/s CCL as a special case in order to get the progresss of work accelerated under intimation to Financial Commissioner & Secy to Govt Haryana Public Works (B&R) Deptt as well as MOST

During the course of oral examination, the Committee was informed that the matter is pending with the Chief Judicial Magistrate, Sonepat and the decision of the Court is still awaited. The Committee, therefore, desire that the intimation be sent to the Committee after the decision of the Court.

#### [61] 4 2 9(a) Release of advances not covered by agreement

Mobilisation advances admissible under agreements for contracts I to IV of the project 'Four laning of Sher Shah Suri Marg (NH 1) km 50 to km 130 were released to the contrac tors from time to time. In addition additional mobilisation advances for Rs 416 35 lakhs were released to help the contractor to maintain the cash flow during the years 1992 93 and 1993 94 which were not covered by the provisions of agreements. The works still remained incomplete

Special advances aggregating Rs 92 lakhs and ad hoc advances aggregating Rs 200 lakhs were released under contracts II to IV during the years 1992 93 to 1994 95 which were not admissible/covered under the provisions of the agreements. Of the total ad hoc and special advance of Rs 292 lakhs Rs 92 lakhs were released with the approval of MOST Payment of advance of Rs 292 lakhs was in contravention of the provisions of the agreements and constituted undue financial favour to the contractor

#### (b) Delayed/non recovery of advances and interest thereon

(i) Contracts I to IV for the works Four laning of Sher Shah Suri Marg (NH 1) km 50 to km 130 provided payment of interest free loan (mobilisation advance) to the contractors linked to performance security Repayment of the advance was to commence six months after commencement of work and be completed during subsequent 24 months or till 80 per cent of the work was completed whichever was earlier However on the request of contract tors to maintain cash flow it was decided (in May 1993 for contract I and November 1992 for contracts II III and IV) by the department /MOST that the recovery be made on pro rata basis with reference to the value of the work done and paid from time to time Further in March 1995 recovery of advances and interest thereon in case of contracts II III and IV were deferred by MOST on the advice of the department/State Government The outstanding

advances of Rs 699 60 lakhs (principal Rs 586 13 lakhs interest Rs 113 47 lakhs) which included interest free mobilisation advance as well as interest bearing advances (10 75 per cent interest per annum) against hypothecation of machinery were still to be recovered as of March 1996 as in Appendix VIII

The contractor executing the work against contracts II III and IV from whom Rs 605 29 lakhs (principal Rs 515 34 lakhs interest Rs 89 95 lakhs) were recoverable (March 1996) was expelled on 3 May 1996 due to non completion of work as per contract time frame Bank guarantees furnished against the mobilisation advances could not be encashed due to stay obtained from the court by the contractor In case of other advances the pro cess of taking over of hypothecated machinery started on 12 June 1996 and up to 14 June 1996 machinery (27 numbers) valuing Rs 189 25 lakhs could only be taken over The department could not take over whole of the machinery on 12 and 13 June 1996 as they had discontinued the process of taking over in the evening for lack of lighting arrangement. On 14 June 1996 (evening) the Hon ble High Court stayed the taking over process.

(ii) Similarly in case of the work Four laning of Delhi Mathura road section of NH 2 from km 37 30 to km 93 83 allotted to a contractor (a Government of India undertaking) mobilisation advance of Rs 585 03 lakhs was paid in march 1991 As per contract recovery was to be made in 24 equal instalments from each interim payment certificate (IPC) follow ing the IPC in which value of work had reached 10 per cent of the contract amount or from the time of the next IPC subsequent to the completion of one third of the period of comple tion (48 months) after the commencement of work (5 April 1991) The contractor was granted an extension of 8 months mainly on account of shifting of crusher under the orders of the Hon ble Supreme Court As such recovery of mobilisation advance was to start from the IPC to be submitted by contractor after 4 April 1993 However on the request of the contraction tor recovery of mobilisation advance was agreed (May 1994) to be deferred by MOST till 10 per cent progress of contract value was achieved subject to the condition that simple inter est at the rate of 10 75 per cent would be charged for the deferred period Actual recovery was however started in December 1993 i.e. seven months after the scheduled date. The interest amounting to Rs 35 16 lakhs due for belated recovery was not recovered from the contractor as of April 1996

#### (c) Advance against inadequate hypothecation of machinery

The contractor executing the work Four laning of Sher Shah Suri Marg in km 92 80 to km 114 (contract III) and in km 114 to km 30 (contract IV) was paid (December 1992) additional mobilisation advances of Rs 91 43 lakhs and Rs 94 76 lakhs respectively against hypothecation of machinery required to be of value equal to double the amount of advance List of machinery appended with the two hypothecation deeds included the same machin ery (bearing same engine/chasis number or make) valuing Rs 29 lakhs and therefore advance amounting to Rs 14 50 lakhs was paid in excess

Further the contractor was paid (January May 1994) ad hoc advance (bearing inter est at rate of 10 75 per cent) amounting to Rs 200 lakhs against the works Four laning of Sher Shah Suri Marg in km 74 80 to km 92 80 (contract II) and km 92 80 to km 114 (con tract III) against hypothecation of machinery valuing Rs 278 50 lakhs However machinery valuing Rs 202 lakhs was damaged in fire and in lieu of this machinery valuing Rs 157 lakhs only was re hypothecated in October 1994 thus not fully safeguarding the interest of Government

The department in their written reply explained the position as under

Additional mobilisation advances were given to agencies in respect of Con tract I II III & IV as per details given below

Contract No	Date	Amount	Rate of interest	Approval
1	2/93	76 30 lacs	10 75%	MOST approval 2/93
I	8/93	76 00 lacs	10 75%	MOST approval 8/93
11	7/92	77 86 lacs	10 75%	MOST approval 7/92
III	7/92	91 43 lacs	10 75%	MOST approval 7/92
IV	7/92	94 76 lacs	10 75%	MOST approval 7/92
	Total	416 35 lacs		

These additional mobilisation advances were given to agencies after getting approval of MOST in order to expedite the progress of work

Special advances of 92 00 lacs was given to agencies as under

Contract No	Date	Amount	Rate of interest	Approval
н	3/93	35 00 lacs	10 75%	MOST approval 3/93
<b>{</b> ]]	3/93	35 00 lacs	10 75%	MOS [ approval 3/93
IV	3/93	22 00 lacs	10 75%	MOST approval 3/93
	Total	92 00 lacs		

Adhoc advances of Rs 200 00 lacs were given to agencies as under

Contract No	Date	Amount	Rate of interest
II	1/94	100 00 lacs	10 75%
HI -	1/94	100 00 lacs	10 75%
	Total	200 00 laus	

All these advances which were beyond the agreemental provisions were given to agencies for early completion of work

The recovery of advances was made in the instalments as provided in the contract agreement. In meeting held on 1 11 92 under the Chairmanship of Secre tary (SPT) Govt of India it was agreed as a special case that the recovery of the mobilisation advance will be made on pro rata basis i e proporationate to the work done. The advances were however interest bearing which were given beyond the agreemental provision. Moreover, the decision taken was to got the work completed early.

The advances were paid against the hypotecation of the machinery only as sessed by the Mechanical wing of the department

After expulsion of agency some hypothecated machinery (27 nos) have been taken over by the department. The valuation of these 27 nos machinery has been done by the committee of 7 officers constituted by Govt & on 3 5 99 and the same has been sent to MOST for approval. The machinery will be auctioned on receipt of sanction from MOST after following the proper procedure. The rest of the hypoth ecated machinery are also lying at the camp site of M/s C C L.

The explanations of the defaulting officers have been called by the Chief Engineer (NH) on account of lapses on their part

The Department had tried to encash the bank guarantees of M/s CCL but the agency got stay orders from Hon ble Punjab & Haryana High Court on 7 10 96 & then from the Hon ble Supreme Court of India on 17 2 98 The department is making efforts to get the same listed for hearing at the earliest

As per contract agreement complete recovery of mobilisation advance was to be made when 80% work is completed but in the present case full recovery was effected when only 35 54% work was completed As such the agency requested to review the decision of charging interest for delayed start of recovery of mobilisation advance The case was again referred to MOST by State Chief Engineer and matter remained under correspondence with them However it was finally decided by MOST on 4 11 1997 that interest should be recovered from the agency and accordingly interest amount of Rs 35 15 794 was recovered from the next bill of the agency during 2/98

Matter remained under consideration in MOST Various quarries were raised by MOST from time to time and the reply was sent by the department. Ultimately MOST did not agree to waive off the interest. As soon as their decision was received recovery of interest was effected from the agency i.e. M/s IRCON (Govt of India Undertakings)

The advances were paid to the agency against the hypothecation of the ma chinery and the value of machinery was assessed by the Mechanical Wing of the deptt Similarly the adhoc advances were paid against the hypothecation of machin ery and the value was got assessed from mechanical wing of the department

As per MOST letter No 12037 dated 16 3 93 the advances was to be allowed at the rate of 75% of the asessed value of the machinery and not at the rate of 50% as observed by the Audit The details of evaluation of hypothecated machinery its 75% and amount of additional mobilisation advance given to the agency are tabu lated as under

Contract No	Evaluation of Hypothecated Machinery (Rs in lacs)	75% of evaluated Hypothecated Machinery (Rs in lacs)	Amount of additional mobilisation advance given to the agency (Rs in lacs)
10	184 00	138 00	91 43
IV	190 85	143 14	94 76

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Even after taking into account common machineries in both the contracts i e Pugmill and Mechanical Paver (with evaluated amount as 18 40 lacs and 10 60 lacs respectively) i e total Rs 29 lacs the amount of required machinery is much more than the additional mobilisation advance given to the agency

The detailed position at the time of giving ad hoc advances of Rs 200 lacs viz a viz total machinery hypothecated was as under

(I)	Evaluated hypothecated Machinery	278 50 lacs
(11)	75% of (į) above	208 80 lacs
(111)	Amount of Advance given	208 04 lacs

Thus the ad hoc advances were given with the specified norms

After one machinery with evaluated amount of Rs 202 00 lacs was damaged due to fire the position was as under

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(I)	Amount of total advances	Rs	208 00 lacs	
(II)	Amount of advances recovered	Rs	36 34 lacs	
(III)	Net ad hoc advances	Rs	161 66 lacs	
(IV)	Evaluation of Mchinery	Rs	278 50 lacs	
(v)	Cost of damaged Machinery	Rs	201 00 lacs	
(VI)	Cost of balance Machinery	Rs	076 50 lacs	
(VII)	Evaluation of additional 6 Nos Machinery hypothecated	Rs	157 00 lacs	
(viii)	Total amount of Machinery hypothecated	Rs	233 50 lacs	
(IX)	75% of (viii) above	mo req	5 13 lacs (which is re than the juired value of 163 66 lacs)	i

Thus the interest of the Govt was fully safeguarded on both the occasions by the department

# During the course of oral examination, the Committee was informed that the case is pending with the arbitrator, the Committee, therefore, desire that the department should persue the matter with the arbitrator for its early decision and the decision given by the arbitrator be intimated to the Committee

# [62] 4 2 10 Non deduction of un conditional rebate and irregular payment to compensate income tax/sales tax deductions at source

The contractor to whom the work 'Four laning of Sher Shah Suri Marg (NH 1) from km 50 to km 74 80 was allotted (April 1992) offered 4 11 per cent unconditional rebate on

the quoted rates While making payment for the scheduled items of work at the quoted rates price escalation of different components i e labour diesel material (other than ce ment steel bitumen etc the basic rates of which were specifically mentioned in the con tract) was worked out on the net value of work done after deducting the rebate But in case of payment of price adjustment for material such as cement steel bitumen etc unconditional rebate was not deducted resulting in excess payment of Rs 5 95 lakhs to the contractor

The department made at source deductions aggregating Rs 6 13 lakhs on account of Income tax (2 per cent) sales tax (2 per cent) and surcharge (0 24 per cent) from the contractor's various running account bills paid upto March 1996 for the price escalation of cement steel bitumen etc Through 77th running account bill (March 1996) this amount was paid back by adding 4 24 per cent on account of aforesaid deductions Since the de duction of taxes at source was mandatory refund of such deductions was irregular

The department in their written reply explained the position as under

The contractor in respect of contract I (Km 50 0 to 74 80) offered 4 11% un conditional rebate on the quoted rates and the rebates is availed regularly on the BQQ item and rebate itself becomes applicable on the due amount payable to the contractor after deducting 4 11% of BQQ

As per clause 70 (4) of the contract agreement price escalation of material such as cement steel bitumen is to be fully compensated and 4 11% unconditional rebate cannot be deducted from the amount of price escalation of materials

Rs 6 13 lacs on account of income tax and sales tax and surcharge were wrongly refunded but the same amount was deducted in the 78th R A Bill vide Vr no 1 of 6 5 96

During the course of oral examinationation, the Committee was informed that the case is pending with the arbitrator, the Committee, therefore, desire that the department should persue the matter with the arbitrator for its early decision and the same may be intimated to the Committee

# [63] 4 2 11 Excess payment of price increase on diesel

Contracts II III and IV pertaining to the work Four laning of Sher Shah Suri Marg (NH 1) from km 74 80 to km 130 provided payment of price variation for POL as per formula in which component was treated as 0 03 of contract price However as per decision (July 1993) of the committee of arbitrators price variation up to March 1996 for diesel consumed on work amounting to Rs 56 05 lakhs (contract II Rs 20 86 lakhs contract III Rs 30 07 lakhs contract IV Rs 5 12 lakhs) was paid on actual basis of increase in prices instead of following the formula As per arbitration award (May 1995) the variation of price on diesel having been treated separately the 0 03 factor of POL in clause 70 of the agreement was to be reduced after excluding the element of diesel fuel therefrom However price variation for POL as per the existing agreement formula was also paid without revising the factor 0 03 of the contract agreement in the absence of revised factor actual excess payment on this account could not be worked out

The department in their written reply explained the position as under

The VOP (V3) was paid to the contractor provisionally and the amount is being adjusted while calculating the final VOP due to the contractor and the amount is being adjusted separately However a sum of Rs 493149 in contract III and Rs 126667 in contract IV have been recovered from the contractor against POL on ac count of reducing the factor by the Mechanical wing of the Department

During the course of oral examination, the departmental representative informed that the case is pending with the arbitrator, the Committee, therefore, desire that the department should persue the matter with the arbitrator for its early decision and the decision given by the arbitrator be intimated to the Committee

# [64] 4 2 12 Under utilisation/idle machinery

One mobile workshop lorry (capital cost Rs 3 05 lakhs) purchased out of central fund was allocated to the department in 1981 for execution of National Highway works Against the working life of 3 20 000 kms the machinery worked for 6 236 kms only up to 1992 93 and was lying idle for the last 3 years Department stated (April 1996) that there was no such type of work on which this mobile workshop lorry could be utilised

Further 3 hot mix plants (capital cost Rs 17 38 lakhs) 2 paver finishers (capital cost Rs 6 25 lakhs) 12 tippers (capital cost Rs 12 35 lakhs) and 2 generating sets (capital cost Rs 8 lakhs), purchased out of central funds were allocated to the depart ment There was a shortfall in utilisation of the same when compared with the working norms fixed for each machine Under utilisation during 1991 92 to 1995 96 ranged from 5 per cent to 38 per cent in case of 3 hot mix plants 13 per cent to 63 per cent in case of 2 per cent to 25 per cent in case of 12 tippers and 6 per cent to 57 per cent in case of 2 generating sets Non utilisation of machinery up to the optimum capacity was stated (April 1996) by the department to be for want of work

The department in their written reply explained the position as under

1 The Mobile workshop Lorry is less utilised due to the reason that well established net work of workshops throughout the State of Haryana is available Yearly utilisation is being reported to the MOST and they have never raised any observation for less utilisation They have also not taken any steps for transfer of this machine to other State The machine is surplus for our requirement

There was no demand for Workshop Lorry from Haryana State Department to MOST But it was given to the department for using the same

The lorry worked for over 6000 Kms upto 1992 93 and there after the same was parked as it was not found useful Machine has not been surrendered to the Ministry so far

The hot mix plants have on average worked for 97 65% of estimated working which is adequate

- 3 The paver finishers have worked for 82 23% of estimated working which is quite satisfactory
- 4 The Generators have worked for 99 30% of estimated working which is ad equate
- 5 The tippers on average have worked for 82 37% which is guite satisfactory

However it is commented that utilisation of machinery depends upon requirement of Civil Wing based on their work load which varies from time to time depending upon availabil ity of funds etc

After hearing the departmental representatives, the Committee desire that a complete details of the machinery received from the Government of India alongwith the details of machinery utilized in various works of the department during the last five years be supplied to the Committee within a period of one month

#### [65] 4 2 14 Irregular adjustment of expenditure

In Provincial Division II (NH) Faridabad expenditure amounting Rs 126 31 lakhs incurred on original and annual repair works during 1992 93 was written back in March 1993 and charged to the sub head Stock' due to non availability of funds/budget under the rel evant heads Expenditure irregularly charged to the head 'Stock' was not debited to the concerned works till March 1996

The department in their written reply explained the position as under -

Some important works approved by MOST were under execution during 1992-93 These works were required to be completed on utmost priority to ensure safe and interrupted flow of traffic However in this process the actual expenditure incurred was in excess by Rs 126 31 lacs The budget to this extent was not avail able and accordingly under these circumstances the expenditure incurred beyond the budget allotment was wrongly charged to stock However efforts are being made to complete the formalities such as revision of estimates and allotment of budget and the expenditure so charged to stock will be written back to the respective works

The Committee is not satisfied with the reply given by the Department and therefore, feels that a responsibility must be fixed for making a wrong entry due to which it was not debited to the concerned work. The Committee also desire that full facts of this case be submitted to the Committee for its information. The committee further desire that the department should take up this matter with the Ministry of Surface and Transport for early reimbursement of the amount in question.

#### [66] 4 3 Unfruitful expenditure due to rejection of proposal for metalling service road

Meondkalan and Chandpura villages were already connected with separate pucca metalled roads but there was no direct link between Meondkalan and Chandpura In the absence of this direct link villagers of these two villages and nearby villages were feeling great difficulty in reaching and bringing their agricultural produce to the nearest mandis specially during rainy season. To complete this missing link an administrative approval for construction of road (length km 5 37) from village Meondkalan to Chandpura (Hisar district) was accorded in January 1981 by Government for Rs 15 31 lakhs. The alignment of the road passed from km 4 32 to km 5 37 on the service road and crossed the existing syphon at km 4 5 (RD 64 050) of Bhakhra Main Branch (BMB). The detailed estimates sanctioned in July 1983 for Rs 14 24 lakhs contained a technical note by the Chief Engineer that no objection certificate be obtained from the Irrigation Branch before constructing the road.

Construction Division Hisar commenced the work in July 1983 without obtaining concurrence from the irrigation Branch and incurred an expenditure of Rs 8 28 lakhs be tween July 1983 and December 1991 In the meantime the Executive Engineer sought permission in June 1987 from the irrigation Branch for construction of road over the service road of BMB from km 4 32 to km 5 37 (Ghaggar Syphon to Sidhan Chandpura) This was rejected in April 1988 by Irrigation Branch on the ground that service road of BMB could not be allowed for construction of pucca road due to obstruction to gauge well hut and blind turn at regulator RD 67 500 (km 5 37) It was further clarified in October 1990 by Irrigation Branch Movement of heavy traffic on the left bank of main canal could cause danger to the safety of channel The work on the road was executed upto km 4 30 for which no change of alignment was required The contract entered with the contractor was closed (October 1992) as no decision about the change in alignment was taken by the department No action had been taken by the department to complete the road as align ment alongwith BMB service road had not been approved (April 1996)

Thus failure on the part of the Buildings and Roads Branch in taking up the work without prior approval of the Irrigation Branch had rendered an expenditure of Rs 8 28 lakhs unfruitful

The matter was referred to Government in May 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

In regards to the reply of the para it is submitted that on the receipt of necesary sanction of Administrative approval and revised estimates from the Govt for con structing the road the department had written to Irrigation authorities for necessary permission for use of service road alongwith syphon on BMB before starting the work and the Executive Engineer Irrigation Branch Tohana also allowed for constructing for pucca road on existing village road at N S L alongwith BMB RD 64050 to 67500 vide his memo No 2755/28 W dated 7 4 88 Accordingly it is again clarified that no work has been done on service road and whatever the work was done on the road was prior to the start of the service road Secondly there was mounting pressure from the villagers of Meond Kalan and Chandpura by submitting the representations to the VI P/higher authorities for the starting of the work. It is absolutely wrong and con trary on the part of Irrigation authorities to issue refusal after three years i e on 1/90 vide their memo No 7022/56W dated 17 10 90 even ignoring his first permission dated 7 4 88 while the work was done upto 4 5 km by that time incurring expenditure of Rs 5 13 lacs by the department

The plea taken by the Irrigation authorities that it will not serve the purpose by plying heavy traffic and endanger the safety of syphon at RD 64 050 is wrong as it is evident that two Nos syphon i e of RD 35000 and RD 430000 already existing on B M B which were constructed by the Irrigation authorities with the drawings design bearing capacity width and thickness of slab of the same type and constructed as per design of syphon as per CDO (A class bridge) and I R C specification and these syphons were already under use for heavy vehicles as well as light vehicles. Hence there was nothing to endanger the safety of syphon at RD 64050 even if the service road of the village road at N S L level along BMB at RD 64050 to 77500 was used in both the cases the syphon at RD 64050 was to be used as a bridge Hence the work was started On further persuation with the Irrigation authorities the Executive Engl neer Tohana Water Services Division Tohana has agreed after review and accorded the permission to ply the normal vehicle over the symphon RD 64050 B M B as per his office memo No 7126 27/56W dated 22 11 96 The normal vehicle include Truck and Buses except stratagic traffic as the same are already plying on syphon of Jaya Nallah & Rangoi Nallah Now the road from Meond Kalan to Chandpura will be com pleted on allotment of the funds by the Govt for this work

As alreacy explained the road is being used by the villagers to bring their produce in the Maraket and the expenditure already incurred is not infructiuous. The agency in question i e. Sh. Ashok Kumar Gupta Contractor had gone into arbitration for the work of constg. Meond kalan to Chandpura Km 3 00 to 5 37 Group II and the Arbitrator gave the award in favour of the agency on dated 14 10 92. The agency was paid the amount of award of Rs 2080/ vide Vr No 7/00 dated 2 1 95. By the payment of the amount of the award to the Agency the agreement automatically concluded

In view of the above reply the para may be got settled

The Committee is constrained to note that the work was started without getting No Objection Certificate from the Irrigation Department, inspite of clear cut instructions from the Chief Engineer, in this regard, which resulted in unfruitful expenditure of Rs 8 28 lakhs The Committee, therefore, recommends that the matter may be enquired and responsibility be fixed for not taking up the matter immediately for obtaining the NOC before the start of the work.

# The Committee further desires that report may be completed within a period of one month, under intimation to the committee

#### [67] 4 4 Infructuous expenditure on construction of swimming pool

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With a view to promote sports and imparting training in swimming to the learners administrative approval for construction of a swimming pool at Kurukshetra was accorded (October 1989) by the Sports Department for Rs 20 41 lakhs The administrative approval contained a provision of Rs 2 25 lakhs for Public Health amenities The Executive Engineer Public Health Division I Kurukshetra intimated (April 1991) that this provision was insufficient and also did not include the provision of filtration plant A rough cost estimate containing the provision of filtration plant etc was therefore prepared by the Public Health Branch for Rs 14 94 lakhs for inclusion in the revised estimates by the Buildings and Roads Branch As per drawing approved (September 1989) by the Chief Architect (Government of Haryana)

and accepted by Sports Department depth of the swimming pool was initially proposed as 3 6 on one side and 4'6' on other side with centre depth of 6 6' with a provision for con struction of a boundary wall Based on the administrative approval the construction of the swimming pool was meanwhile taken up by the Executive Engineer Provincial Division I Kurukshetra in April 1990 and was completed (March 1992) with depth of 4'6 on one side and 6'6 on other side with 8' a centre depth of the cost of Rs 21 06 lakhs without obtaining acceptance from Sports Department for change in dimensions The Sports Department had meanwhile deposited Rs 8 lakhs during 1989 90 On being asked (December 1992) by Buildings and Roads Branch to take possession of the completed building the Sports Department pointed out (July 1993) the following shortcomings

(i) Swimming pool was not constructed according to approved drawing as initially depth on one side of swimming pool was kept as 4.6 instead of 3.6 as provided for in the original plan which was not safe for learners and could cause mishaps

(ii) The Filtration plant for cleaning the water had not been constructed

(III) Boundary wall around the swimming pool was not constructed in the absence of which it would be difficult to enforce check on the untrained/unauthorised people who could come to take bath in the night or on holidays which could lead to accidents

Revised rough cost estimate for Rs 36 90 lakhs containing provision for filtration plant and boundary wall as submitted by the Superintending Engineer Buildings and Roads Ambala circle to the Engineer in Chief in January 1994 had not been approved (August 1996) The boundary wall around the swimming pool was proposed to be constructed through the Executive Enginer Panchayati Raj Kurukshetra Swimming pool constructed at the cost of Rs 21 06 lakhs was lying abandoned since its completion in March 1992 The watch and ward provided for the building atthe cost of Rs 00 23 lakh during the period April 1992 to February 1994 had to be withdrwn due to continued abandonment of work. No remedial measures had been taken by the department to make the swimming pool functional (August 1996) resulting in infructuous expenditure of Rs 21 29 lakhs

On this being pointed out (November 1995) in audit the Superintending Engineer Buildings and Roads Public Works branch Ambaia intimated (April 1996) that the depth on one side of the swimming pool was kept at 4.6 as per revised drawing approved by the Chief Architect during July 1990 to October 1990 after consultation with Sports Depart ment The reply was not tenable as the consent of Sports Department was not actually obtained before the execution of the work as per revised drawing

The matter was referred to Government in January 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

In this connection it is submitted that the work of construction of Swimming Pool was executed after approval of drawings from Chief Architect Haryana Chandigarh i e the authority to approve the drawings for execution of construction works of build ings and sanction of detailed estimate from Engineer in Chief Haryana Chandigarh The drawings were approved by the Chief Architect Haryana as under

- 1 Drawing No 10/R/Job Std 1 of 90 vide No 1112 dated 26 7 90
- 2 Drawing No 10/Ri/Job STD 1 of 90 vide No 4125 dated 31 8 90
- 3 Drawing No 9/RI/Job STD 1 of 90 vide No 1854 dated 17 10 90

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The detailed estimate was technically sanction for Rs 14 13 200 by Engineer in Chief Hr Chandigarh memo No 17/W 11 81/1267 dated 11 8 92

The scheme was administeratively approved for Rs 20 40 lacs for 25 metre long swimming pool by President Distt Council of Sports cum Deputy Commissioner Kurukshetra vide No 5582 dated 30 10 89 and Director Sports & Youth Welfare Haryana No 16460 dtd 13 6 90 The work has taken in hand on 1 10 90 after allot ment of work by Executive Engineer ProvI Divn No I Kurukshetra letter No 2281 84 dated 17 4 90

In PWD the building works are executed only with the approval of drawings from Chief Architect Harvana who is the final authority for approval of drawings As far as approval of drawings for a depth of 8 swimming pool is concerned it is intimated that the drawings were finally suggested as 4'6" and 6 0' at the ends and 8 in the centre The working drawings No Ri was sent to all concerned including Director Sports and Deputy Commissioner Kurukshetra for information and necessary action vide Chief Architect Haryana letter No Arch 90/SAIII/1723 dated 21 11 90 It is further intimated that Sh VN Shah Chief Architect Hr Chandigarh had also clari fied in his D.O. letter No. 8346 dated 3.8.93 addressed to Sh.T.D. Jogpal. IAS. Com. missioner & Secy to Govt Harvana Chandigarh Sports & Youth Welfare Deptt Chandigarh that the drawing prepared in his office were duly approved by the Director Sports before execution at site The depth of the pool was also clarified in his D.O. letter by inviting the intention to playing Field Mannual Published by NIS Patiala (Standard reference book) page 1 read with no diving & water polo instalation and according to which the depth of the polo depends on its shape. For a saucer shape the depth could be minimum 1.8 meter at the end walls and slight slope in the centre of the pool increasing the deapth to 2.5 metre. From the persual of the correspondece of the Chief Architect Hr Chandigarh it will be evident that the drawings were ap proved by his office after getting consent of Sports Department vide Director Sports and Yuth Welfare Deptt Harvana No 97/2862 dated 5 2 97 addressed to Chief Architrect Hr It is further pointed out that after approval of drawings and during execution of work a number of inspection were conducted by Sports Authorities and there was no objection for the change of depth The work was executed at site strictly according to the depth approved by the Chief Architect Harvana and the same is existing at site The sports Department had only deposited Rs 8 00 lacs and balance funds are still to be deposited against the total expenditure of Rs 21 06 lacs sub para wise reply is given as under ---

(i) The Swimming pool was constructed according to revised drawings No 9 Ri as approved by Chief Architect Haryana which is 4 6 on one side 6 6 on the other side with a depth of 8 in the centre A copy of which was sent to all concerned including Director Sports & Deputy Commissioner Kurukshetra vide Chief Architect
Hr letter No Arch 90/SAIII/1723 dated 21 11 90 The depth of the pool is as per playing Field mannual Published by N I S Patiala (Standard reference book) page 1 read with no diving & water polo instalation. The Swiing pool has been constructed strictly as per approved drawings by Chief Architect. Haryana and with the consent of Director Sports Haryana vide memo No 97/2862 dt 5 2 97 addressed to Chief Ar chitect. Haryana Chandigarh. It is lying unused as some Public health amenities are still to be provided and the same are pending due to non deposit of funds by the Client Deptt. In case the funds are deposited in full as per revised estimate for Rs 36 90 lacs the Swimming pool can be put into use at the earliest.

The filtration plant is still to be constructed with a cost of Rs 14 82 lakhs The provision for the same stands made in the Revised Rough Cost Estimate for Rs 3690 lacs which stands submitted to Superintending Engineer Ambala Circle vide this office letter No 778 dated 16 3 93 and the same is under sanction The scheme will be made functional after sanction of R/R/C/E and deposit of funds

The provision for boundary wall is worth Rs 2 64 lacs & is to be constructed by Executive Engineer Panchyati Raj As and when the Swimming Pool is made func tional boundary wall around the Swimming pool will also be constructed to avoid any accident etc

The R/R/C/E with a cost of Rs 36 90 lacs containing the Provision for filtration plant is under sanction. The work to the extent of Rs 21 06 lacs stands executed for the construction of Swimming Pool The Expenditure incurred so far cannot be said to be intructuous as the expenditure has been incurred as per approved drawings as per terms and condition of the agreement agreed upon to execute the work Had the work been left incomplete after incurring on expenditure to the extent of Rs 8 00 lakhs there would have been a lost of financial implications The balance work could have to be got executed after calling fresh tenders after receipt of balance funds which are still be to deposited and the same would have been on much higherside as compared to the rates already given and accepted through the agreement Moreover the contractors would not have waited for further directions from the department to execute the work after execution of work to the extent of Rs 8 00 lakhs In order to avoid financial implications or litigation etc at the belated stage it was necessary to complete the work of civil portion of the pool as per terms and conditions of the agreement and as drawings The balance work which has been left as incomplete will further be got executed as and when R/R/C/E is sanctioned and balance funds are deposited by the Client Deptt The expenditure incurred for the watch and ward worht Rs 23 000/ was incurred to avoid and damage to the pool and to avoid pilferage etc of the Deptt material lying at site This much expenditure so incurred is in the interest of the security of Govt material & cannot be said to be wasteful expenditure

It is further submitted that under the provision of rule 7 130 of D F R when a deposit works is carried out the local body or other party concerned should advance the gross estimated expenditure which is payable by it to the Divisional officer in one lumpsum or instalments

In the present case the funds of Rs 8 00 lacs were deposited by the Sports Deptt in 9/89 the scheme was approved for Rs 20 40 lacs for 25 metre long

Swimming Pool by President of District Council of Sports Kurukshetra cum Deputy Commissioner Kurukshetra letter No 5582 dated 30 10 89 and Director Sports & Youth Welfare Harvana Chandigarh no 16460 dated 13 5 90 The work was taken in hand on 1 10 90 after allotment of work by Executive Engineer Provi Divn No 1 PWD B&R Br Kurukshetra letter No 2281 84 dated 17 4 90 After the start of work the Sports Deptt was being persued from time to time by issuing a series of remind ers and contracting at personal level to deposit the balance funds but it was being assured by the Sports Deptt regularly that the balance funds are being deposited at the earliest To establish this fact a copy of this office letter No 993 dated 18 2 93 addressed to Director Sports & Youth Welfare Harvana Chandigarh with a copy to Deputy Commissioner Kurukshetra and Distt Sports Officer Kurukshetra and as surance given by the Director Sports and Youth Welfare Harvana Chandigarh memo No 5575 dated 11 3 93 and Distt Sports Officer Kurukshetra memo No 379 dated 12 2 93 is attached. It is also added that when there are assurances from the Client Deptt of the same Govt then there was no harm in executing the work without receipt of funds The work has in active progress and was to be completed within the stipulated period and in case the work had been stopped in between in absence of funds the State Exchequer would have suffered a financial loss due to inflation in prices with the passage of time

It is further added that the Sports Deptt has given wrong statement of not having concent before execution of work The work was being executed with the consent of Sports Deptt and as per drawings approved from the Chief Architect Hr Chandigarh as already explained under para I A copy of D O letter No 8346 dated 3 8 93 written by Shri V K Shah Chief Architect Haryana Chandigarh to Sh TD Jogpai IAS Commissioner & Secy to Govt Haryana Sports & Youth Wel fare Deptt Chandigarh is itself a proof which proves that drawings were prepared in the office of Chief Architect Hr after approval from Director Sports before execution of work at site

The work was taken in hand on 1 10 90 and completed on 29 3 92 The assur ance were being given by the Sports Deptt for deposite of balance funds regularly at different intervals & during meeting with Sports authorities during execution and even after completion of work It is not understood as to what competed in the mind of Sports Officer at Kurukshetra to give Statement vide his letter dated 9 11 95 that the Pool is not as per depth specified by Sports Department and as such the same is purposeless In fact the letter was written by Sports Officer without consulting the correspondence on this issue or with same motive behind it The Audit has given importance to the letter written by District Sports officer Kurukshetra The audit has not given due regard to the correspondence made by B&R Department of Chief Architect Harvana with Sports Authorities at various levels it is only a lapse on the part of Sports Deptt that they could not arrange funds for the work already executed and further execution of works to make the pool functional Had the Sports Deptt been able to arrange/deposit funds the scheme would have been made functional and the very purpose for which swimming pool was constructed must have been allowed by the Sports Authorities

In view of the above it is requested to not rely upon the matter written by Distt Sports Officer Kurukshetra in 11/95 which is after thought & is just to prolong the issue for deposit of balance funds as the works was executed after the approval of drawings by the Chief Architect Hr Chandigarh and consent of Director Sports & Youth Welfare Hr Chandigarh as already explained in the forgoing paras

From the perusal of above it reveals that the Swimming Pool was constructed as per drawings approved by Chief Architect Haryana with a depth of 8 and the work of civil portion was completed keeping in view of the financial implication to be in volved at the belated stage The action taken by the Deptt to complete the Swimming pool as per drawings approved by the Chief Architect Haryana is in the interest of Govt work and as such it is requested that the para may kindly be dropped from here please

After hearing trhe departmental representatives of PWD (B&R), Architect Department and Sports Department, the Committee is not satisfied with the explanation given by the Department as to why no remedial measures had been taken by the department to make the swimming pool functional till date. The Committee also surprised to know that the original drawings of the Swimming Pool were changed without the prior approval of the client department. The Committee, therefore, rec ommends that the Chief Secretary to Govt, Haryana may be requested to get the whole matter re-investigated and responsibility be fixed against the delinquent of ficer/officials so that remedial measures may be taken to prevent such type of lapses. The Committee further desired that the reports of the enquiry be sent to the Committee within a period of three months for its consideration.

The matter was referred to the Chief Secretary to Govt, Haryana on 7-11-2000 and the report of the enquiry was still awaited till the drafting of the report. The Committee desire that the report be sent to the Committee at the earliest for its consideration

# [68] 45 Avoidable expenditure due to non observance of codal provisions

Financial Rules *inter alia* provide that no work should be commenced until the estimate is financially/technically sanctioned by the competent authority. In contravention of these rules the work for raising of Dadri Loharu Road State Highway No 20 (length 51 40 kms) which was to be completed by December 1995 was awarded (October 1995) to the different contractors in four reaches km 0 60 to 1 50 km 2 45 to 3 14 km 10 475 to 11 65 and km 12 40 to 13 09 by Provincial Division. Charkhi Dadri (Bhiwani district) in anticipation of approval of detailed estimate by the Engineer in Chief (EIC). The work in reaches km 0 60 to 1 50 was completed on 21 November 1995 and payment of Rs 2 25 lakhs was made to the contractor in November 1995 for the item of work 'Built up spray grout (BUSG).

The Executive Engineer prepared and submitted (October 1995) detailed estimates amounting to Rs 51 70 lakhs to EIC for sanction which include a provision of Rs 11 43 lakhs for providing BUSG in all the four reaches EIC in January 1996 disapproved the provision for the item of work BUSG for three reaches (out of four) but aproved the provi sion for the fourth reach (Km 0 60 to 1 50) because the work in this reach had already been taken up An expenditure of Rs 3 90 lakhs (payment to contractor Rs 2 25 lakhs and cost of bitumen Rs 1 65 lakhs) was incurred on reach km 0 60 to 1 50 Thus failure to follow financial rules in obtaining prior sanction of competent author ity to the estimates resulting in avoidable expenditure of Rs 3 90 lakhs

The matter was referred to Government in May 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under --

Dadri Loharu Road is State highway No 20 and the reach km 0 60 to 1 50 passes through the city portion where traffic intensity is much higher. The road crust was completely damaged due to heavy flood and Charkhi Dadri was totally cut of from the remaining part of the country and as per orders of Govt the road was required to be repaired on war footing so that people may feel relief from flood. It was decided that three inch compacted thickness of BUSG be provided on the soiling and metal layers to give more strength to road crust where raising was done. As such the work was taken up in hand by the E E PD Ch. Dadri for raising the RD 0 60 to 1 50 in anticipation of technical sanction. The work was got done as per estimates. The detail estimate was submitted by S E. Bhiwani vide his memo No. 3632 dated 31 10-95. The same was sanctioned vide this office memo. No. 9/plg dated 5.1.96. total length 3.455 km for Rs. 41.02.200/---. Proposal was also sent by S E. Bhiwani in cluding the work of built up spray grout (BUSG) in RD.2.45 to 3.14. 10.475 to 11.650 & 12.40 to 13.00 which was not approved due to lack of funds.

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It is wrong to say that the work BUSG was not essential in this work. The provision of BUSG in the estimate was quite reasonable to provide the strength or road crust in the reaches but the same could not be approved due to lack of funds The expenditure made for the work BUSG in RD 0 60 to 1 50 was essential & un avoidable hence keeping in view the above Committee is requested to drop the para

The Committee is not satisfied with the reply given by the department, and therefore, recommends that the matter may be re-examined and responsibility be fixed for allowing the item of works (BUSG) without the sanction of competent authority The Committee, further, desires that the report to this effect may be submitted within a period of three months

#### [69] 46 Loss due to defect in enforcement of the agreement

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In public Works divisions the contract agreement for works covered under World bank Aided Schemes is executed under the Local Competitive Bidding (LCB) system and iter other works general agreement is executed. The clauses 47 and 46 of the LCB agreement *inter alia* provided for (i) levy of liquidated damages subject to a maximum of ten per cent of contract value for delay in completion of work and (ii) resumption of work in whole or part and its completion through other agencies at the risk and cost of the contractor in the event of his failure to complete the work within the stipulated period. These clauses were similar to clauses 2 and 3 of the general agreement. In case of dispute the matter was to be referred to the arbitrator within six months of completion of work by the alternative agency otherwise all the rights/claims of any party were to be deemed to have been forfeited and absolutely time barred even for civil litigation.

In Provincial Division Karthal an administrative approval for construction of road with a length of 2 30 km from Pehowa Dhand to Delhi farm (Kaithal district) was accorded by Government in March 1985 for Rs 7 43 lakhs As the work was covered under the World Bank Aided Scheme an agreement under the LCB system was executed with the contrac tor Tenders for the construction of bridge and culvert collection and carriage of road mate rial including laying and consolidation (estimated cost Rs 2 50 lakhs) were invited and opened in October 1986 The work awarded (December 1986) at the cost of RS 2 54 lakhs to a contractor was to be completed within 6 months to be reckoned from 29 December 1986 An amount of Rs 0 73 lakh was paid to the contractor in July 1987 for the supply of road material in March 1987 On being unable to complete the work within the stipulated time limit due to difficult site conditions the contractor applied for extension of time limit on ten occasions between June 1987 and december 1989 but no action was taken by the Executive Engineer Extension upto December 1990 was suo motu accorded (October 1990) by the Superintending Engineer Buildings and Roads circle Jind but the contractor did not take up the balance work Under clauses 47 and 46 of the LCB agreement the contractor became liable to pay liquidated damages and the cost of completion of balance work at his risk and cost Though clauses 2 and 3 of the LCB agreement were not punitive clauses compensation instead of the liquidated damages of Rs 0 26 lakh was levied (October 1990) under clause 2 of the general agreement instead of clause 47 of the LCB agreement and action to complete the balance work at the risk and cost of the contractor was taken (De cember 1990) under clause 3 of the general agreement instead of clause 46 of the LCB agreement

The work was completed (July 1993) through another agency at an extra cost of Rs 1 56 lakhs Arbitration proceeding for realisation of Government claims aggregating Rs 1 82 lakhs (compensation Rs 0 26 lakh extra cost Rs 1 56 lakhs) were instituted in April 1994 the department pleaded before the Arbitrator for considering clauses 2 and 3 of LCB agreement as clause 47 and 46 respectively but the plea was not accepted The Arbitrator rejected (July 1994) the claim on the grounds that action of the Executive Engineer was taken under clause 2 and 3 of the general agreement which were not applicabel as the work was covered under LCB agreement

In another case relating to Provincial Division Palwal the construction of sub health centre at village Saroli (Faridabad district) was awarded to a contractor in March 1990 at the estimated cost of Rs 1 58 lakhs The contractor did not start the work (reasons not on record) and consequently compensation Rs 0 16 lakh was levied under clause 2 of the agreement in November 1991 As the contractor did not respond to the letters/notices is sued by the department during the period September 1990 to August 1991 for starting the work the work was withdrawn and action under clause 3 of the contract was taken in December 1991 After inviting fresh tenders the work was awarded (March 1992) to another contractor at the risk and cost of the original contractor The work was completed (JUly 1992) at the cost of Rs 3 05 lakhs involving an extra expenditure of Rs 1 24 lakhs as worked out by the department in comparison to the rate payable to the original contractor The Executive Engineer requested (October 1994) the Engineer in Chief for appointment of arbitrator for the recovery of Rs 1 40 lakhs (compensation Rs 0 16 lakh and amount of risk and cost Rs 1 24 lakhs) However the Engineer in Chief rejected (November 1994) the proposal of the plea that final payment was made in December 1992 whereas request for appointment of an arbitrator had been made (October 1994) which was time barred

Thus Government suffered a loss of Rs 3 22 lakhs due to defect in enforcement of the agreement and failure of department to get the arbitrator appointed within stipulated period

The matter was refferred to Government in January/February 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under ---

Superintending Engineer Jind has submitted his reply with remarks that the work for construction of Pehowa Dhand road to Delhi Farm was allotted to Sh Nank Singh Contractor by Provi Divn Kaithal on 29 12-86 vide Agreement NO 59/86 87 for Rs 2 54 lakhs under LCB system with a time limit of six months ending 28 6 1987 Details of funds provided for this work is given below

Thus no funds were provided during 1988 89 & 89 90 the contractor applied for time extension for supply of material upto 30 9 87 31 12 87 31 3 88 30 6 88 31 12 88 31 3 89 31 7 89 31 12 89 31 3 90 and 31 7 90 and reason for delay in supply was given that there was Irrigation Minor on side of the road therefore full quantity of material cannot be supplied and there is shortage of L O C No action was taken by division officer on first 10 applications of time limit extension for which responsibility has been fixed vide S E No R/2220 dated 20 12 96 and draft charge sheet of Sh S C Girotra EE Shri M K Midha EE & Shri A C Gupta EE have been sent to the Engineer in Chief vide this office No ACC/1145 dated 8 7 97 Eleventh application for extansion was considered & time extension upto 31 12 90 in favour of Deptt was granted

The agency did not complete the work Hence puctive action for levying com pensation @ 10% amounting to Rs 25400/ was taken by Shri A C Gupta EE vide letter No 10910 dated 30 10 90 under clause II of genral agreement instead of clause 47 of agreement under LCB sysystem Further punitive action to resume the work was also taken by Sh A C Gupta EE vide letter No 12814 dated 11 12 90 under clause III of general agreement instead of clause 45 of agreement under LCB system to get the work completed at the risk & cost of Sh Nanak Singh Contractor Balance work was got executed through Phool Singh contractor for Rs 2 93 978/ Total amout for risk & cost was worked out to Rs 1 56 166 The claim of Rs 1 81 566 (25400 1 56 166) was preferred before the arbitrator The agency Sh Nanak Singh pre ferred counter claim of Rs 257977/ before the arbitrator The arbitrator rejected Loth the claims of the deptt for compensation & risk & cost on the ground that clause II & III are not relevent to the actual agreement & allowed claim of agency for Rs 22366/

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on 18 7 98 (Rs 7303 for security + 15063 for work done The agency file an appeal in the court at Kathal for making the award a rule of court on 18 8 94 The division office did not challenged the award in the court of the claim of compensation & risk & cost of the deptt

Only written reply of the petition filed by the agency was filed initially and no one appeared in the Court Kater on & exparte evidence was closed While deciding the petition the Court has observed in para 5 since there is no objection on the part of the respondent & award was made rule of court on 2 2 96 for Rs 22366/ Shri O P Gupta SDE Shri A C Gupta EE Shri Mihan Singh Dy Supdt & Shri Amar Nath REtd Dy Superintendent are also responsible for defective enforcement of contract Departmental Inquiry is being conducted against the defaulting officers/ officials The final decision will be intimated to the Govt after finalisation of the inquiry

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In this connection it is submitted that Account General (Audit) Haryana While conducting the audit of this deptt during the year 1995 pointed out that in ProvI Divn Palwal the construction of Sub Health Centre at Village Saroli (Faridabad Distt) was awarded to a contractor in March 1990 at the estimated cost of Rs 1 58 lakhs The contractor did not start the work (reasons not on record) and consequently compen sation Rs 0 16 lakhs was levied under clause 2 of the agreement in November 1991 As the contractor did not respond to the letter/notices issued by the deptt during the period September 1990 to August 1991 for starting the work the work was with drawn and action under clause 3 of the contractor was taken in December 1991

After inviting fresh tenders the work was awarded (March 1992) to another contractor at the risk and cost of original contractor The work was completed (July 1992) as the cost of Rs 3 05 lacs involving an extra expenditure of Rs 1 24 lakhs as worked out by the department in compensation to the rate payable to the original contractor The Executive Engineer requested (October 1994) the Engineer-in Chief for appointment of arbitrator for the recovery of Rs 1 40 lakhs compensation Rs 0 16 lakhs amount of risk and cost Rs 1 24 lakhs However the Engineer in Chief rejected (November 1994) which was time barred

In this case Superintendening Engineer Gurgaon & Jind are involved and in response Superintending Engineer Gurgaon has intimated that the work of constg sub health centre at Saroli was awarded to Shri Parveen Kumar Govt Contr vide Agreement No 51 of 89 90 The contractor did not start the work even after issue of several notices The action under clause II and III were taken against the agency The work was then let out to another agency at the risk and cost of Sh Parveen Kumar Contr and was completed on 4 7 91 The following amounts becomes recoverable from Sh Parveen Kumar Contractor

1	10% of agreement amount levied as compensation vide E E (P) Palwal letter No 2851 53 dated 19 11 91	Rs 15800 00
2	Amount recoverable at risk and cost of Sh Parveen Kumar	Rs 129519 00
3	Total	Rs 145319 00
0	Less Earnest money lying with Deptt	Rs 1600-00
	Not recoverable	143719 00
	This office order No. 9/WI dt. 27.6.96	

This office order No 9/WI dt 27 6 96

The arbitrator after hearing both the parties and documents placed before him and after applying his mind has announced his award dated 5 10-96 The arbitrator awarded Nil amount in favour of the Deptt & contractor As such earnest money of the contractor stood forfeited

On going through the award announced by the Arbitrator it is clear that the arbitrator have declared the action under clause II & III as utravires due to delay in action against the contractor. The claims of the Department was basically disallowed on account of the delay in taking action under clause II & III. The main responsibility for this delay lies with Executive Engineer and Dy Superintendent. The following officials/officers were responsible for not taking necessary action under clause II & III reference in the following officials officers were responsible for not taking necessary action under clause II & III reference in the following officials officers were responsible for not taking necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under clause II & III reference in the following necessary action under f

1	Sh K K Aggarwal EE	24 8 87 to 12 7 91
2	Sh Amir Singh Dy Supdt	Since retired
3	Sh J R Singla SDE	Missing since 23 7 90
4	Sh VC Jaın SDE	Since retired
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So action against Sh K K Aggarwal EE is being initiated for the lapse

(I) The Department in its additional reply stated that the main defaulters in causing loss to Government are Shri A C Gupta, XEN and Shri Mihan Singh, Superintendent, who have taken action under wrong clauses of the agreement with the result Arbitrator gave the award against the claim of the department. The Department further stated that explanation of Shri G C Singhal, S E for delay in submiss sion of supporting documents has also been called The Committee after hearing the version of the department recommends that disciplinary action against the delinquent officers/officials be completed within a period of three months and final decision taken in the matter be intimated to the Committee

(ii) The Committee, after hearing the departmental representatives, recommends that disciplinary action against the concerned XEN be finalised within a period of three months and the report be sent to the Committee

#### IRRIGATION

# [70] 4.7 Loss and avoidable extra expenditure due to non fulfilment of contractual obligations

In Canal Lining Division 4 (renamed as Construction Division 4) Fatehabad earth work and single layer brick lining (40 449 square metres) of parallel Baruwali Distributary RD 40 000 to RD 55 000 (estimated cost Rs 29 29 lakhs) was awarded in July 1988 to an agency against an agreement executed on 18th August 1988 The work was to be com pleted within a period of one year to be reckoned with effect from 18 August 1998 As per agreement the department was to provide machinery for compaction of earth work bricks and cement to the agency and to make regular monthly payments for the work done the agreement inter alia provided that in case of default by the agency liquidated damages equal to the amount of security for performance were to be levied besides execution of balance work at the risk and cost of the agency

The work was started by the agency in August 1988 The department made running payments of Rs 1 04 lakhs (October 1988 Rs 0 33 lakh July 1989 Rs 0 47 lakh and January 1990 Rs 0 24 lakh) for the work done (Rs 1 44 lakhs) by the agency during August 1988 to November 1989 Regular monthly payments were therefore not made to the agency despite repeated reminders though funds to the extent of Rs 75 93 lakhs were available with the division during the perioo for the execution of works Against the requirement of 16 11 lakh bricks 0 52 lakh bricks only were issued to the agency which were consumed on the execution of 1 204 25 square metres lining The department did not also supply the machinery for compaction of earth work. The agency applied for time extension (August 1989) for completion of the work which was *n* granted The agency therefore stopped the work in November 1989 and went into arbitration in May 1991 A claim of Rs 17 93 lakhs was filed against the department for refund of security deposits balance payment for work done and compensation for loss of profit alongwith interest thereon.

- The lining was only possible in case the earth work stood compacted in 9 layers through the machinery to be supplied by the department. The Executive Engineer failed to supply the machinery for compaction of earth work and bricks due to which progress of work could not be achieved.
- Due to change in brick kiln during the contract period the required quantities of bricks could not be made available at site
- The department failed to make timely payment to the contractor for the work executed by the contractor

The department refused to sanction the time extension applied by the agency beyond August 1989 The work was withdrawn without proper notices or levy of liquidated damages as per terms and conditions of the contract agreement. The arbitrator therefore awarded Rs 2 36 lakhs in favour of the agency with interest thereon till the date of its payment. The department paid (May 1995) the decretal amount of Rs 2 36 lakhs (security Rs 0 66 lakhs work done Rs 0 40 lakh and compensation for profit Rs 1 30 lakhs) and interest of Rs 0 91 lakh on principal amount of security (Rs 0 38 lakh) work done (Rs 0 22 lakh) and compensation for profits (Rs 0 31 lakh). In the meantime the work RD 50 000 55 000 was transferred (March 1994) to construction Division 2 Sirsa

Balance work in RD 40 000 50 000 and RD 50 000 55 000 awarded to different con tractor in March/July 1995 was nearing completion as of August 1996 after a delay of seven years A sum of Rs 24 09 lakhs was payable if the entire work would have been done by the agency Against this expenditure of Rs 65 43 lakhs was incurred for getting the balance work executed through different contractors. This resulted in avoidable extra expenditure of Rs 41 34 lakhs besides loss of Rs 2 21 lakhs paid to the agency. The matter was referred to Government in June 1996 reply had not been received (August 1996).

The department in their written reply explained the position as under ----

A concerned Executive Engineer/Sub Divisional Officer/Junior Engineer/Divisional Accountant and other allied staff has been considered responsible who did not bother to invoke the provisions of the agreement to save public money They are being chargesheeted for this lapse

During the course of oral evidence the departmental representatives assured the Committee that they will also take action against the erring supervisory officers within a period of one month The information in this regard was awaited till the drafting of the report

The Committee recommend that final action taken against the delinquent Executive Engineer as well as supervisory staff be intimated to the Committee within three months alongwith the progress of revovery

### [71] 410 Outstanding inspection reports

Audit observations on financial irregularities and defects noticed in the initial accounts and records during local audit and not settled on the spot are communicated to the concerned Heads of Offices and next higher authorities through inspection reports so that appropriate action can be taken to rectify the defects and omissions. More important irregularities are also reported to the Heads of Departments and Government. Half yearly reports of audit observations outstanding for more than six months are also sent to Government to get their settlement expedited.

A review of inspection reports issued upto December 1995 pertaining to 109 divisions of the Irrigation Branch disclosed that 1 585 paragraphs relating to 675 inspection reports remained outstanding at the end of June 1996 These included 106 inspection reports containing 137 paragraphs which had remained unsettled for more than 10 years

Period during which issued	Number of inspection reports	Number of paragraphs
upto 1985 86	106	137
1986 87	36	51
1987 88	27	38
1988 89	45	86
1989 90	46	78
1990 91	44	72
1991 92	63	107
1992 93	73	188
1993 94	85	230
1994 95	85	273
1995 96	65	325
Total	675	1,585

The year wise position of unsettled inspection reports/paragraphs was as under

Of 65 inspection reports consisting of 325 paragraphs were issued between April 1995 and December 1995 Even the initial replies in respect of 56 inspection reports consisting of 299 paragraphs which were required to be furnished within nine weeks were not received as of June 1996 In the case of remaining 9 inspection reports consisting of 26 paragraphs delay in submission of initial replies ranged between 4 weeks and 22 weeks irregularities commented upon in the inspection reports which had not been settled as of June 1996 were of the following categories

Sr No	Nature of Irregularities	Number of paragraphs
1	Loss due to theft miappropriation and embezzlement	49
2	Recoverable amount from contractors/agencies on account of excess payment excess issue of material cost of work done at their risk and cost and non recovery of sales tax income tax	67
3	Recoverable amount on account of shortage/excess payment to Government officials	289
4	Non observance of rules relating to custody and handling of cash reconciliation of withdrawal from treasury maintenance of cash books and irregular utilisation of department receipts	125
5	Extra and avoidable expenditure excess expenditure incurred on deposit works injudicious purchases irregular unauthorised and infructuous expenditure	d 848

Sr No	Nature of Irregularities	Number of paragraphs
6	Undue financial aid to contractors	3
7	Execution of sub standard works	37
8	Blockade of funds	56
9	Non accountal/Short receipt of material	45
10	Loss of measurement books	14
11	Non preparation of Tools and Plant (T&P) returns non closing of manufacturing accounts and under utilisation of machinery	; 33
2	Unsanctioned estimates	19
	Total	1,585

Of 1 585 outstanding paragraphs 14 cases for the period 1980 81 to 1993 94 were pending with courts and arbitrators 65 cases pertaining to the period 1986 87 to December 1995 were pending with Government/Engineer in Chief/Superintending Engineer for their comments The remaining 1 506 paragraphs rested with the divisional offices

An analysis of the system and procedure for monitoring pursuance and final settle ment of inspection reports and paragraphs by Finance Department revealed that check prescribed by them requiring the administrative departments to maintain registers contain ing the substance of all outstanding objections and details of action taken thereon the reference made to the subordinate offices replies received from them etc were not exer cised Not satisfied with the pace of progress of settlement of audit objections Finance Department issued (January 1992) instructions *inter alia* for constitution of Departmental Audit Committees and their meetings to review and settle old audit objections/paragraphs No such meetings, were held after November 1993 despite requests made by audit in August 1995 and April 1996 It was also decided by Finance Department that the depart ments should submit regular progress reports to Finance Department on quarterly basis but no such quarterly progress reports had been sent to Finance Department after September 1995

The matter was referred to Government in June 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under ----

A committee was constituted under the chairmanship of the Commissioner & Secretary to Govt Haryana Irrigation Department to monitor the clearance of the outstanding Audit objections in compliance to the decision taken by the Audit Committee in its meeting held on 11 3 99 a review of the all the outstanding I R Paras in the Irrigation Divisions was got conducted during 1999 2000 by the Special Review Party of the Audit and as a result the Department could got settled 1022 I R Paras

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The year wise position of un settled Insp	ection Reports/Paras is now as under
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Period of Report	Number of Insp Reports		
Prior to 1985 86	73	96	
1986 87	15	20	
1987 88	13	16	
1988 89	24	40	
1989 90	21	26	
1990 91	18	26	
1991 92	35	45	
1992 93	39	63	
1993 94	34	60	
1994 95	40	75	
1995 96	51	96	
Total	363	563	

Strenuous efforts have also been made to finalize the remaining outstanding Inspection Report paragraphs Field officers have been directed to hold fortnightly meetings to decide action as deemed fit to ensure settlement of each Paragraph The Chief Engineers will also monitor the progress in settlement of the paragraphs per taining to their administration in the monthly meetings with the field Superintending Engineers

Initial replies to all the inspection Reports have since been sent to Audit and got reviewed during special review of the Audit party

The position of outstanding Inspection Reports paras category wise is given as under ---

Sr No	Nature of Irregularities	Number of paras
1	Loss due to theft misappropriation and embezzlement	45
2	Recoverable amount from contractors/agencies on account of excess payment excess issue of material cost of work done at their risk and cost and non recovery of sales tax income tax	30
3	Recoverable amount on account of shortage/excess payment to Government officials	110
4	Non observance of rules relating to custody and handling of cash reconcilation of withdrawal from treasury maintenance of cash books and irregular utilisation of departmental receipts	45

Sr No	Nature of Irregularities	Number of paras
5	Extra and avoidable expenditure excess expenditure incurred on deposit work injudicious purchases irregular unauthorised and infructuous expenditure	240
6	Undue financial aid to contractors	3
7	Execution of sub standard work	30
8	Blockade of funds	15
9	Non accountal/Short receipt of material	20
10	Loss of measurement books	10
11	Non preparation of Tools and Plants (T&P) returns non closing of manufacturing accounts under utilisation of machinery	10
12	Unsanctioned estimates	12
		3
<u> </u>	Total	563

Chief Engineers of the respective line units have already been directed to hold periodically meeting with the field officers to monitor the progress in settlement of outstanding Inspection Report Paras and results thereof be reported to the Engineer in Chief Irrigation Department Haryana However the Engineer in Chief would also hold such meetings with the Chief Engineers to review the position of outstanding I R Paras concerning to their administration

During the course or oral examination the Committee was informed that 499 Inspection Reports and 762 paras were still pending for settlement. The Committee recommend that all the outstanding Inspection Reports/paras be settled with the A G expeditiously under intimation to the Committee

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#### PUBLIC WORKS DEPARTMENT

#### **Public Health Branch**

#### [72] 51 Stores and Stock

#### 5 1 10 Non moving stores

As required under Rule 15 18 of Punjab Financial Rules Volume I stores should not be purchased much in excess of actual requirements. However, stores valuing Rs 19 12 lakhs in Public Health Division Faridabad (Rs 16 83 lakhs) and in Public Health Division Kurukshetra (Rs 2 29 lakhs) were lying unutilised since their purchase during 1990-91 to 1993-94. The department stated (August 1996) that idle investment was due to excessive purchase of material

The department in their written reply explained the position as under

Faridabad	16 83 lakhs	Efforts are being made
Kurukshetra	2 29 lakhs	to dispose off the material

While submitting the additional information containing latest position, the department stated that material worth Rs 12 11 lakhs out of Rs 19 12 lakhs in Public Health Division, Faridabad and Rs 0 75 lakh out of Rs 2 25 lakh in public Health Division, Kurukshetra was still laying and instructions were issued to S E concerned to utilise the balance material by issuing it to other divisions. The Committee desire that efforts be made to dispose off the balance material and final report be sent to the Committee within a period of three months.

#### [73] 5 1 11(v) Blocking of Government Funds

Director Supplies and Disposals Haryana placed a supply order (June 1984) for supply of 45 belt head attachments The material was received by the mechanical Public Health Division Ambala in August 1985 Of these only 4 belt head attachments were con sumed in March 1986 and the balance 41 attachments valuing Rs 1 15 lakhs were lying in the divisional store even after a lapse of 12 years The Executive Engineer concerned stated (August 1996) that the purchase was very old and the reasons for non-utilisation were being investigated

The department in their written reply explained the position as under ---

	Purchased	Consumed	Balance	
Mech Ambala	45	4	41	
		Valu	ue Rs 1 15 lak	ths

The Committee was also informed that the belt head attachements were in use in VT pumps which dis-continued and the SE has been directed to use the balance on old scheme of VT pumps or dispose off old material immediately The Committee desire that final position be intimated to the Committee within a period of three months A junior engineer of Public Health Division II Kaithal posted in the division from 1 may 1990 was transferred to Public Health Division Ambala Cantt on 28 August 1992 and relieved in the same month He did not hand over the charge of stores issued to him against three works of providing water supply schemes at Pai Bhana and Kukar Kand The value of stores not handed over (Rs 4 70 lakhs) had not been recovered from the concerned junior engineer

The Executive Engineer stated (April 1996) that chargesheet was issued in August 1995 to which reply of the official was awaited (August 1996)

The matter was referred to Government in July 1996 reply had not been received (August 1996)

The department in his written reply explained the position as under ----

Sh Yash Pal Gupta Junior Engluneer was responsible inspection report re ceived but Sh YP Gupta J E expired on 9 3 97

The department further informed the Committee that since Shri Yash Pal Gupta, J E responsible for the lapse expired on 9-3-97 and the case to write off the loss of Rs 23743/- was sent to the Government Moreover, his gratuity has also been withheld and case was moved to the Govt for granting permission to made recovery from his gratuity The Committee desired that final out come of the case be intimated to the Committee

#### RURAL DEVELOPMENT

### [75] 6 2 11 Payment of wages

Wages to the unskilled labourers were required to be paid at the rate notified by the State Government form time to time under Minimum Wages Act Wages were to be paid at the work site in the presence of the Sarpanches Panches and block level committee mem bers on a fixed day of the week and the payments were not to be delayed for more than fifteen days The following irregularities were noticed in respect of payment of wages

### (a) Less payment to labourers

The State Government revised minimum wages rate for the unskilled labourers from Rs 39 77 to Rs 42 65 and from Rs 42 65 to Rs 45 60 from 5 April 1994 and 1 January 1995 respectively Workers engaged by six<sup>5</sup> implementing agencies in three district<sup>6</sup> were paid at lower rates during 1993 94 and 1994 95 instead of revised rates resulting in short payment by Rs 20 82 lakhs Divisional Forest Officer (DFO) Territorial Sirsa and DFO Bhiwani stated (March 1996) that the wages were paid to labourers at the rates fixed by the Principal Conservator of Forests Haryana Reply was not tenable as the wages were re quired to be paid at rates fixed by the State Government (under the Minimum Wages Act) Replies from other DFOs/BDPOs were awaited (July 1996)

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(c) Rs 544 74 lakhs were disbursed as wages by twelve<sup>7</sup> implementing agencies in five<sup>8</sup> districts to labourers but signatures of concerned village Sarpanches/Panches in token of verification of payments were not on record DFO (T) Sirsa stated (March 1996) that relevant instructions were not to his knowledge and it was very difficult in practice to make payment in the presence of Sarpanches etc However reply of other agencies had not been received (August 1996)

The department in their written reply explained the position as under ---

(a) A sum of Rs 19 33 lakhs was paid less by DFO(T) and (SFO) by paying labourers @ of Rs 40 00 per day instead of Rs 42 65/45 60 The reason for less payment is that PCF Haryana has approved Rs 40 00 for the year 1994 95 vide letter No 11271 dated 2 9 94 Hence indentical rates for wages were paid to the labourers engaged for the execution for the forestry works under EAS and State scheme to avoid labour unrest Moreover DFO's cannot pay wages beyond the rates prescribed by PCCF So far as Block Development & Panchayats Officer Odhan is concerned

<sup>5</sup> District Forest Officer (DFO) Territorial (T) Sirsa, Social Forestry (SF) Sirsa BDPO Odhan DFO (T) Fatehabad DFO(SF) Bhrwani and DFO(T) Mohindergarh

<sup>6</sup> Bhiwani Mohindergarh and Sirsa

<sup>7</sup> ASCOs Bhiwani Dadri DFOs(SF) Bhiwani Rohtak DFOs(T) Bhiwani Mohindergarh Sirsa Executive Engineer Panchayati Raj Bhiwani Marketing Board Bhiwani EE B&R Dadri EE PH II Sirsa and EE Rori Division Sirsa.

<sup>8</sup> Bhiwani Mohindergarh Rewari Rohtak and Sirsa.

Rs 1 49 lakhs were paid less on the basis of D C rates which were comparatively less BDPO further stated that now the payment is being made as per Govt norms

(c) The payment of wages to the labourers by Forest Department is being made according to their departmental Rules

After considering the additional reply received from the department, the Committee recommends that the enquiry report be obtained from the A D C Sirsa at the earliest and the same may be sent to the Committee for its consideration

[76] 6 2 12 Quality controls

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### (II) Wasteful expenditure on Agro-Horticulture

Agro Horticulture activity was one of the activities included under water and soil con servation Plantation period of Ber fruit was July-September

In Hisar district 13<sup>9</sup> BDPOs incurred Rs 3 09 lakhs on plantation and Rs 15 16 lakhs on fencing with barbed wire around the area of plantation during 1993 94 Plantation by 3 BDPOs (Hansi 1 II and Tohana) was done in October and December 1994 which was off season for plantation of Ber This resulted in survival rate of plants between 3 per cent and 9 per cent in these blocks Besides the Sub Divisional Officer (Civil) Hisar in his in spection report dated 10 May 1995 had observed that about 80 per cent of the plantation carried out in 1993 94 in five10 blocks was destroyed by animals and due to other reasons Reasons for off season plantation were not intimated (July 1996)

The department in their written reply explained the position as under ----

(II) DRDA Hisar intimated that plantation was done in consultation of District Horticulture Officer The plants were destroyed by Neel Cows after jumping over fencing Less rate of survival is not due to lack of maintenance As per latest report of Agri University Hisar as conveyed by District Horticulture Hisar suitable period for planta tion of Ber in October to January As such plantation of Ber was not off season

During the course of oral examination the departmental representatives stated that the facts finding enquiry in the matter is under process and assured that the same will be finalised within one month The Committee, therefore, desire that the enquiry report be sent to the Committee for its consideration

#### [77] 6 2 13 Other points

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#### (III) Excess payment against execution of less work

During 1994 95 Rs 42 lakhs were allocated to Assistant Soil Conservation Officer Bhiwani for digging of ponds and other soil conservation works. It was seen during the course of audit that all the entries of the works executed were duly made in the measure ment books (MB) and physical verification of the work made by the concerned Agricultural Development Officer Assistant Soil Conservation Officer (ASCO) and Head Draftsman of District Rural Development Agency Additional Deputy Commissioner Bhiwani constituted (1995) a monitoring team for checking of these works As per the report of this team work had not been done on ponds correctly and Rs 6 65 lakhs were paid in excess against digging of 29 ponds as detailed below

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Number of ponds	Quantity executed as shown in MB (In cum)	Amount paid	Actual quantity executed (In cum)	Amount to be paid	Excess paid
	. ,	(Rupees in lakhs)	. ,	(Rupees II	<b>n lakhs)</b>
29	2 60 220 08	24 71	1 90 237 35	18 06	6 65

The table does not include figures for Tosham block whose measurement book was not produced to the monitoring team

The ASCO Bhiwani was directed to refund the excess amount paid to which no reply had been furnished and no recovery had been made (July 1996) Final report on tracing the measurement book pertaining to Tosham block had not been received (July 1996)

#### (IV) Excess expenditure on purchases

Director Supplies and Disposals Haryana entered into rate contract with the ap proved firms for supply of RCC pipes of various sizes during 1993 94 In 5 blocks of Bhiwani district RCC pipes of 250 mm to 450 mm diameter of different sizes at the cost of Rs 31 82 lakhs were purchased at higher rates locally from firms not borne on rate contract This resulted in excess expenditure of Rs 10 40 lakhs The matter was referred to DRDA Bhiwani in March 1996 reply was awaited (July 1996)

#### (v) Extra expenditure on plantation

The cost norms for 'afforestation' and 'sand dune fixation' were fixed at Rs 7 590 and Rs 7 935 per hectare respectively at a wage rate of Rs 40 per day After deducting the cost of nursery at the rate Rs 1 210 per hectare (which was only admissible during 1993 94) the cost norms for afforestation and sand dune fixation worked out to Rs 6 380 and Rs 6 725 per hectare respectively However Rs 85 73 lakhs were spent during 1994 95 on affores tation (433 5 hectares) and sand dune fixation (271 hectares) in Social Forestry Division Bhiwani against the expected expenditure of Rs 45 88 lakhs as per norms resulting in extra expenditure of Rs 39 85 lakhs DFO (SF) Bhiwani stated (September 1995) that responsi bility for extra expenditure was on the then DFO and the matter was under correspondence with the higher authorities

The department in their written reply explained the position as under

(III) DRDA Bhiwani intimated that FIR was lodged vide FIR No 655 dated 27 8 98 U S 409 IPC with SHO Civil Line Bhiwani against Sh R K Divedi DSCO Bhiwani late Sh H K Tukral ASCO Bhiwani Sh Mahabvir Singh ADO Sh Balbir Singh ADO Sh Dharamvir Singh ADO Sh Suraj Bhan ADO Sh A C Kakreja A I Sh Sish Ram A I Sh Suresh Kumar A I & Sh Randhir Singh Surveyer Sh Sukh Ram A I all from ASCO office Bhiwani & Sh Jai Singh ADM CADA Bhiwani SHO Civil Line Bhiwani on 29 5 97 has lodged a case in the Court CGM Bhiwani

(iv) DRDA Bhiwani stated that agency was in the intension that RCC pipe are non DGSD rate contract item Hence purchase committee under the Chairmanship of SDM was constituted who after obtaining quotations approved the rates of District The quality and quantity has been verified by the Technical Officer i e SDO and J E

(v) DRDA Bhiwani intimated that the case for recovery is under consideration with PCCF Haryana

(a) After hearing the departmental representative, the Committee recommends that the case pending in Court be pursued and final out come be intimated to the Committee

(b) During the course of oral examination the departmental representatives admitted that in this case recovery should be made. Acordingly, the Director has been asked to initiate the process of recovery The Committee also desire that final out come in the matter of recovery be intimated to the Committee within a period of three months

(c) During the course of oral examination the Committee was informed that on the basis of enquiry conducted by the Chief Conservator an amount of Rs 7 50 lakh is to be recovered from the concerned D F O The Committee desired that the said recovery be effected under intimation to the Committee

# [78] 6 4 Non recovery/non adjustment of advances to ex Sarpanches

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Jawahar Rozgar Yojna a Centrally sponsored programme launched by Government of India in April 1989 aims at generating additonal gainful employment for the rural unem ployed and under employed both mer and women by undertaking various development/ construction works through gram panchayats District Rural Development Agencies (DRDAs) on receipt of funds from the State Government release them to the concerned gram panchayats for execution of works The gram panchayats have to furnish utilisation certific cates and render accounts to DRDAs on completion of works According to instructions in force and the provisions of Haryana Panchayati Raj Act 1994 the gram panchayats within a period of seven days prior to the publication of election programme were required to hand over the records registers and other property as held by them to the Panchayat Officer or gram sachiv till the constitution of new gram panchayats after election When an ex Sarpanch fails to hand over the prescribed records etc. he is liable to be punished with imprisonment upto 6 months or with a fine determined by the District Judge or with both as per Section 18(3)(4) and (5) of the Act *ibid* 

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The State Government on the expiry of the tenure of gram panchayats in the State held the general elections of Sarpanches in January 1992 and December 1994 Accord ingly ex Sarpanches were required to render accounts and return the unspent balances of funds received by them for various development works However in case of 256 gram panchayats of 12 DRDAs advances of Rs 12 96 lakhs released by the DRDAs for various development works between 1989 90 and 1994 95 were still lying as unspent with the ex Sarpanches as tabulated below

Sr N	o Name of DRDA	Numberof gram panchayats	Amount of advance (Rupees in lakhs)
1	Bhiwani	15	1 13
2	Faridabad	22	0 93
3	Gurgaon	67	3 98
4	Jind	4	0 18
5	Kaithal	22	0 81
6	Karnal	17	1 50
7	Narnaul	21	0 59
8	Panipat	11	0 47
9	Rewarı	13	0 46
10	Sirsa	21	0 98
11	Sonepat	11	0 58
12	Yamunanagar	32	1 35
	Total	256	12 96

On this being pointed out (July 1996) in audit concerned Additional Deputy Commis sioner cum Chief Executive Officers (ADCs) except ADC of Jind stated (August and Sep tember 1996) that notices/orders for the recovery of outstanding amount against ex Sarpanches had been issued But no action under Section 18(3)(4) and (5) of the Act *ibid* was initiated

The matter was referred to Government in May 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

It is clear from the report of the C&AG of India for the year ending 31st March 1996 in para 6 4 that the amount of 12 96 lacs was shown balance with ex sarpanches of various twelve districts But with the stern efforts by the State Government Rs 4 76 lacs only have been deposited by the ex sarpanches the detail is given as under

Sr No Name of DRDA		Amt Advance (Rupses in lakhs)	Amt recovered
1	Bhiwani	1 13	905 13
2	Faridabad	0 93	19034 65
3	Gurgaon	3 98	130000 00
4	Jind	0 18	17886 70
5	Kaithai	0 81	5531 21
6	Karnal	1 50	110247 00
7	Narnaul	0 59	21636 66
8	Panipat	0 47	29712 07
9	Rewari	0 46	
10	Sirsa	0 98	76196 13
11	Sonepat	0 58	10598 41
12	Yamunanagar	1 35	54384 51
	Total	12 96 S	<b>476131 77</b> ays 4 76 lacs

The above table would indicates that only Rs 8 20 lacs are outstanding balances with ex sarpanches Strenuous efforts are being made to recover the balances amount from ex sarpanches However the notices/cases under Land Revenue Act have been is sued/initiated against the defaulting ex sarpanches. It is therefore requested that this para may kindly be dropped

The Committee was informed that Rs 2 65 lakh were to be recovered from defaulter ex-sarpanches out of total amount of Rs 12 96 lakh and action against the said defaulter ex-sarpanches to effect the recovery has been initiated under the Land Revenue Act The Committee desire that intimation be sent to it after effecting the full recovery

## [79] 6 6 Non recovery of misutilised subsidy

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Under the Integrated Rural Development Programme (IRDP) assistance is provided to identified families for various economic activities for which subsidy ranging from 25 per cent to 66 6 per cent is provided. An agreement deed is executed with each beneficiary which provides that (i) the beneficiary will maintain the assets at least for three years and will not sell or replace the same without prior approval of District Rural Development Agency (DRDA) and (ii) in case of breach of agreement the beneficiary will be liable to refund the amount of subsidy with interest at the rate of 18 per cent. The agreement deed executed with the beneficiary also provides that in case of dispute the matter would be decided through arbitration. Further DRDA is required to conduct annual physical Verification of assets on a compaign basis at the end of every year and results of such verification are to be incorporated in the annual plan of the next year. It was however noticed (October 1995) in audit from the records of DRDA Narnaul that assistance for creation of various types of assets was provided by the Agency to 2 294 beneficiaries in 1993 94 (1 230) and 1994 95 (1 064) of which physical verification of as sets of 484 cases conducted during 1994 95 and 1995 96 brought out misutilisation of subsidy by 174 beneficiaries involving an amount of Rs 5 06 lakhs as under

Sr No		Cases	Amount (Rupees in lakhs)
(1)	Assets created but disposed of	89	2 80
(8)	Assets not created	53	1 33
(III)	Assets not found intact	32	0 93
	Total	174	5 06

Of these cases no agreement deeds had been executed in 40 cases Neither any recovery was effected from the defaulting beneficiaries nor any action was taken by the department as provided in the agreement. For the remaining 1 810 beneficiaries verification of assets was not conducted by the Agency.

The Agency stated (November 1995) that there were little chances of recovery of subsidy from the defaulter beneficiaries as they had no power to recover the amount of subsidy under land Revenue Act

The matter was referred to Government in June 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

It is brought to the kind notice of the Committee that physical verification of assets was got done by the Distt Rural Dev Agency in all the 2294 cases Out of this assets round intact in 2098 cases Subsidy was found misutilised only in 196 cases 174 cases have been referred to Arbitrator for effecting recovery Notices are being issued in balance 22 cases It is however intimated that all out efforts are being made to settle these cases

It is also brough to the kind notice of the Committee that the following steps have already been taken to control the misutilisation of subsidy in future by the ben eficiaries

- 1 Back and subsidy system has been introduced under IRDP from 1996 97 in case of misutilisation of loan subsidy will be forfeited
- 2 Vigilance & Monitoring Committees have been set up These Committees would also look into the complaints of mis utilisation funds if any under such programme
- 3 Physical verification/checking of assets should be done by the Assistant Project Officer of the adjoining district instead of APO of the same DRDA. The DRDAs have started compliance of these instructions.

Keeping in view the position explained above it is requested that para may kindly be dropped

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During the course of oral examination the departmental representatives stated that balance recovery is not possible. The Committee, therefore, desire that legal opinion may be sought from Law Department and inform the Committee accordingly.

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### Town and Country Planning Department

### (Haryana Urban Development Authority)

#### [80] 6 8 Non levy of penalty

Under the Haryana Urban Development Authority (HUDA) (Erection of Buildings) Regulations 1979 the owners of new buildings constructed on plots allotted by HUDA should neither occupy the building themselves nor allow any other person to occupy the building until such building has been certified by HUDA as having been completed in accor dance with the sanctioned plan. In case of minor violations in construction plan with refer ence to the prescribed specifications where the allottee is not in a position to rectify the same he has to submit an application in this regard to the Estate Officer who levies com pounding fee for regularising such deviation. After compounding fee is deposited by the owner sewer connection is released and the occupation certificate is issued by the Estate Officer. In cases where unauthorised sewer connections had been taken by the owners penalty at the rate of Rs 500 per connection of sewer was leviable. Besides a lumpsum amount of Rs 5 000 was also chargeable on account of unauthorised occupation of house

It was noticed (March 1992) in audit that on the basis of survey conducted to check unauthorised sewer connections in Faridabad HUDA prepared a list of 392 unauthorised sewer connections out of total 537 industrial units in Sector 24 (270) and Sector 25 (122) In most of the cases the owners had not even got their building plans sanctioned Efforts made by HUDA to persuade the owners to get their sewer connections regularised by sub mitting prescribed documents did not bear results as most of the units had made zoning violations and had covered excessive areas No action was however taken by HUDA to levy compounding fee after assessing the minor violations made by the plot holders and impose penalty for unauthorised sewer connection/occupation of house as required under the rules on each case of default. In the meanwhile both these sectors were transferred to Faridabad Complex Administration (now Municipal Corporation Faridabad) from 1 April 1992 and HUDA was not exercising any control after their transfer Delay in taking timely action to impose/recover penalties had resulted in loss of Rs 21 56 lakhs on 392 unauthorised connections @ Rs 5 500 in each case) besides levy of compounding fee

The Superintending Engineer HUDA Circle Fandabad stated (October 1992) that since these sectors had been transferred to Fandabad Complex Administration (FCA) with effect from 1 April 1992 further action would be taken by the latter. The reply was not tenable because action to levy penalty charges as per terms and conditions was to be taken by HUDA itself where the completion certificates were yet to be issued even after transferring the developed sectors to FCA

The matter was referred to Government in May 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

A meeting regarding sewer connection for un authorised construction on Industrial plots in Faridabad Urban Estate was discussed in the meeting held under the Chairmanship of Chief Secretary Govt of Haryana on 23-11 90 and it was decided

that all factory owners who have raised construction without getting their building plans sanctioned must submit their building plans. The issue of regularising their sewer connection was to be considered thereafter Delay in regularisation of building plans and violation of HUDA building bye laws was also to be considered sympathetically Accordingly the president Faridabad Small Industries Association Faridabad was requested by the Administrator HUDA Faridabad vide his letter No 4899 4901 dated 30-11 90 to direct all the factory owners to submit their building plans by 15 1 91 It was also mentioned that in the meeting with the Association in the month of July 1990 the same matter was discussed and he had assured that the building plans will be submitted in a short time. It was also made clear that this should be considered as a last opportunity and thereafter strict action will be taken against each factory owner and their sewer connection will be disconnected. But none of the factory owners had applied for the completion certificate of the buildings in apprehension of imposition of compounding fees as they had made zoning violations at the time of construction of their buildings Thereafter a meeting was again held on 18-7 96 with the Faridabad Complex Authorities and representative of factory owners and it was agreed that all the factory owners will submit their building plans within 30 davs and HUDA will issue completion certificate after taking a lenient view regarding imposition of compounding fee It was also decided that decision of disconnecting the unauthorised sewer connection will be taken by the Superintending Engineer Municipal Corporation Faridabad In spite of issuing of repeated requests and conduction meetings with the Industrial Association no fruitful results have been achieved. The Administrator HUDA Faridabad has again requested to SE HUDA Faridabad on 5 11 97 to fix another meeting with the representative of Industrial units MCF Au thorities and Estate Officer Faridabad for taking immediate and effective steps to set right the matter

During the course of oral examination of the departmental representatives, it was admitted that 249 industrial Units have still unauthorised connections and the owners have been asked to get their sewer connections regularised otherwise their connections will be disconnected The Committee, therefore, recommends that effective steps be taken either to regularise the connections or to disconnect these with the co-ordination of Municipal Corporation, Faridabad and Estate Officer and final outcome be intimated to the Committee accordingly

#### [81] 6 9 Non recovery of auction money

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The land for agriculture purposes was being auctioned by the Estate Officer HUDA Faridabad every year in the month of June and July on annual lease basis As per terms and conditions of the auction the highest bidder was required to deposit 25 per cent of the auction money on the spot and balance 75 per cent within a period of 15 days failing which the initial deposit of 25 per cent was to be forfeited and the land re auctioned

In 1992 40 acres of land was given on lease to three persons at a bid of Rs 3 81 lakhs for the period upto April 1993 The bidders paid Rs 2 lakhs only Rs 1 81 lakhs had not been recovered by the Estate Officer as of March 1996 Similarly in July 1994 the same land was given on lease to 4 bidders for Rs 4 63 lakhs upto July 1995 While the bidders deposited Rs 1 16 lakhs as 25 per cent initial deposit the balance amount of Rs 3 47 lakhs

required to be paid within 15 days from the date of auction had not been recovered as of march 1996. Neither the initial payment was forfeited nor the re auction was held as per terms and conditions of the auction

Thus failure in enforcing the terms and conditions of the auction not only resulted in non forfeiture of the initial deposit of Rs 2 11 lakhs but also non recovery of Rs 5 28 lakhs since July 1992 (Rs 1 81 lakhs) and July 1994 (Rs 3 47 Lakhs)

Estate Officer HUDA Faridabad stated (March 1996) that notices for recovery had been issued and the cases were being referred to the Collector for recovering the amount as arrears of land revenue

The matter was referred to Government in May 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

As reported by the Estate Officer HUDA Faridabad the auction of 40 acre land was conducted on 15 5 92 Out of the total bid money of Rs 4 19 lacs only 25% was received on the same day In spite of issue of recovery notices for the balance pay ment the same had not been received Again in the year 1994 the auction was con ducted on 12-7 94 for Rs 4 75 lacs and only 25% of bid money was deposited by the bidders on the same day The balance 75% amount in both the cases could not be recovered inspite of issue of reminders and best efforts Now the matter has been referred to collector Faridabad on 28 11 97 to recover the balance amount from the bidders as arrears of land revenue through Tehsildar Ballabgarh

The Committee is not satisfied with the explanation of the department and recommend that responsibility be fixed for the lapse of non-recovering the balance of 75 per cent amount of the bid money and action taken be intimated to the Committee within a period of three months

The Committee further recommends that strenuous efforts be made to recover the balance amount from the bidders under intimation to the Committee

#### [82] 6 10 Non transfer of developed sectors

Under the Haryana Urban Development Authority (HUDA) Act 1977 where any area had been developed its maintenance was required to be transferred by HUDA to the Mu nicipal Committee (MC) within whose local limits the area so developed was situated on terms and conditions agreed upon between HUDA and the MC In September 1988 it was decided by Government to transfer such sectors to the MCs in various urban estates which had been fully developed for more that 5 years and where 25 *per cent* or more houses had been constructed as HUDA was recovering maintenance charges included at the time of price fixation of plots from the plot holders for the first five years only HUDA had identified (September 1988) 19 sectors in 8 urban estates\* of the State which were ripe for transfer to the MCs Of these only 7 sectors relating to Faridabad were transferred to Municipal Cor poration Faridabad in April 1992 Reasons for non transfer of other 12 sectors to respective MCs had not been intimated

Meanwhile it was observed (August 1994) in audit that

(a) In Kurukshetra Sector 13 the land was purchased in July 1975 allotment of plots made in April 1977 and possession was offered in July 1977 Of the total 1 153 plots 1 147 plots were allotted and houses constructed on 1 017 plots up to August 1994 622 houses being more than 25 *per cent* of the total 1 147 plots had been constructed by September 1988 However this developed Sector had not been transferred to the MC Kurukshetra (May 1996) During 1989 96 HUDA incurred an expenditure of Rs 113 19 lakhs on account of maintenance charges in respect of this Sector which otherwise would have been borne by the MC Kurukshetra after its transfer to the MC besides recurring annual liability of Rs 16 17 lakhs on further maintenance

(b) Similarly in Karnal Sectors 13 13 (extension) and 14 had been developed as out of total 3 150 plots allotted houses on 2 481 plots had been constructed by September 1988 These sectors were required to be tranferred to MC Karnal but no such transfer had been made as of May 1996 HUDA had incurred an expenditure of Rs 313 27 lakhs on account of maintenance charges during the period 1989 96 besides recurring liability of Rs 44 75 lakhs per annum on further **maintenance** 

A copy of agreement deed sent to MC Kurukshetra in April 1995 for transfer of HUDA sectors had not been executed (August 1996) The matter in the case of Estate Officer Karnal was also under correspondence (March 1996)

Thus the maintenance of these sectors was still being carried out by HUDA despite decision of Government taken in September 1988 and provisions of HUDA Act 1977 Inor dinate delay of more than seven years in the transfer of sectors had caused unnecessary financial burden to the tune of Rs 426 46 lakhs during the period 1989 90 to 1995 96 on the resources of HUDA besides creating liability of Rs 60 92 lakhs per annum on further main tenance till the transfer of the sectors to the respective MCs though both these MCs had been charging local taxes from the residents of HUDA sectors The matter was referred to Government in June 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

(a) As intimated by the Asstt Estate Officer Kurukshetra the draft agreement regarding transfer of developed Sector 13 Urban Estate Kurukshetra for future maintenance of public roads Parks Electrification and transfer of staff employed for its maintenance was sent to the Municipal Committee Thanesar The Municipal Committee intimated that if the sector is fully developed and completed and HUDA is ready to transfer the full assetts and liabilities of sector 13 Urban Estate Kurukshetra than the committee is ready to take the charge This condition of Municipal Commit tee Thanesar is contrary to the policy decision of HUDA under provision of section 29 of HUDA Act 1977 The maintenance of public amenities of developed sector can be transferred to the Municipal Committees who are charging the House tax from own ers and arrangements of all assets and liabilities are to be maintained by HUDA and the overall ownership of Sector land under un determined use space of shopping area will also be retained by HUDA all building plans will also be approved by HUDA All these facts have been communicated to the Municipal Committee Thanesar and the matter is still under correspondence

(b) The matter is under correspondence between the concerned Estate Of ficer and Municipal Committee concerned As intimated by the Estate Officer Karnal despite issue of repeated letters the Municipal Committee Karnal is not coming for ward to take the possession of developed Sector 13 13 (Extension) and 14 of Urban Estate Karnal where as the Committee is collecting the House tax from the house owners of these sectors regularly

The Administrator HUDA Panchkula has also taken up the matter with the Deputy Commissioner Karnal & Kurukshetra The matter regarding transfer of all developed sectors of various Urban Estates of HUDA to the concerned Municipal Authority has also been discussed by C A HUDA with the Director Local Bodies Haryana Chandigarh and the case is still active consideration between both the Department

After hearing the departmental representatives the Committee recommends that matter regarding transfer of all the developed sectors to the concerned Municipal Committees be settled with the co ordination of the Local Bodies department and Municipal Committees concerned and progress made be intimated to the Committee within a period of three months

#### Transport Department

#### (Haryana Roadways)

# [83] 7.2 Infructuous expenditure on printing of tickets

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With a view to improve upon the quality of tickets the department decided in Febru ary 1993 to punch hole on the top of the ticket to enable the conductors to fix the tickets of different denominations on a plate fitted with a pouch

An agreement was entered into (April 1993) with a New Delhi firm for printing of tickets for a period of five years Besides printing cost it was agreed to pay 50 paise per thousand tickets for punching hole on the tickets Steel plates purchased at the cost of Rs 0 34 lakh for fixing the punched tickets were also provided to the conductors and these were to be hung round their neck. However, due to inconvenience in handling of these plates the conductors did not switch over to this system. The department without verifying the use of these plates continued to get the holes punched on the tickets from the firm during the period April 1993 to December 1995 by paying additional charges of Rs 7 35 lakhs on 147 crore tickets.

By getting holes punched on the tickets without visualising practical problem in han dling of plates fitted with a pouch by the conductors and continuation thereof despite non use of the said board by the conductors the department incurred an infructuous expendi ture of Rs 7 69 lakhs

The matter was referred to Govenment in April 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

An agreement was entered into in April 1993 with a New Delhi firm M/s Capital Business System Pvt Ltd for printing of Tickets for a quantity of 500 crores tickets

These bus tickets were to be printed and supplied in acordance with the size design cclour and other specifications provided by the Transport Commission Haryana The rates for printing of tickets were inclusive of cost of paper composing/ designing and cost of negative/positive printing binding & forwarding etc in the size of 4x7 cms with paper of 55 to 60 cms cream move were decided @ Rs 9 70 Ps per thousand tickets and sale tax against form "D

The size of the tickets designed in 4x7 cms as compared to previous prevailing size of 5x8 cms was less which resulted in 30% less cost of tickets. As such the expenditure of consumption of paper for printing of tickets was cut down @ 30% and in other way we may say that the expenditure on the cost of printing was reduced by 30% of the total cost.

Every prototype scheme introduced by the department in order to reduce the expenditure does not begin to show its good/bad results and merits/demerits imme diately and as such it has to be kept under observations for a sufficient considerable period. The size of the newly designed bus tickets was considered to be economical but it was too small in size.

To avoid the risk of loss of tickets from the conductors while discharging their duties these were got punched at the top so that these may be fixed with the steel plates with the help of a nut bolt. But at the later stage some practicle difficulties were pointed out by the conductors as well as checking staff and as a result of that punch ing of tickets as its top was stopped hence forth

There was no ulterior motive or malafide intention behind this scheme. As such no officer/official behind to be held responsible for this negligible loss. Moreover the department has reduced the expenditure on the cost of printing paper many fold than that of this minor loss pointed out by the audit

Under the circumstances explained above para may be dropped

During the course of oral examination the Committee observed that the main reasons for the failure of this new punching system of tickets was attributed that the Conductors did not respond favourable to this punching system. The Committee also feels that before its introduction, this aspect was not throughly examined and the department also did not made serious efforts for its implementation by the staff due to which it has sufferred a huge loss. The Committee therefore, desire to know that how much period this punching system was remained in operation and how much loss/profit earned by the department during that period and why the strenuous efforts were not made to implement this system. The desired information be sent to the Committee within three months for its consideration.

## [84] 7 4 Avoidable payment of compensation and interest thereon

As per conditions of insurance cover the insurance company is liable to indemnify the insured against all sums including claimant's cost and expenses which the insured shall become legally liable to pay in respect of death or bodily injury to any person caused by or arising out of the use of the motor vehicle

A bus belonging to Yamunanagar depot of Haryana Roadways his a cyclist in October 1991 resulting in his death (December 1991) The Motor Accident Claims Tribunal (Tribunal) held (April 1995) the driver responsible for accident and awarded compensation of Rs 1 50 lakhs with interest at the rate of 12 per cent per annum with effect from 22 January 1994 till the date of payment The payment of Rs 1 80 lakhs including interest of Rs 0 30 lakh was accordingly made (September 1995)

The bus stood insured with an insurance Company for the period from January 1991 to January 1992 The Insurance Company was therefore liable to pay the compensation awarded by the Tribunal It was observed (November 1995) in audit that though the depart ment had a copy of the insurance policy taken for the vehicle which was valid during the relevant period it failed to refuse before the Tribunal the misstatement made by the Insur ance Company that the bus was not insured As a result the insurance Company was discharged (April 1995) by the Tribunal of the liability to pay compensation On this being pointed out by audit the department field (February 1996) an application before the Tribunal for recovery from the Insurance Company Further developments were awaited (July 1996)

Thus the department incurred an expenditure of Rs 1 80 lakhs which could have been avoided had it refuted the misstatement of the Insurance Company and placed the insurance policy before the Tribunal The matter was referred to Government in February 1996 reply had not been re ceived (August 1996)

The department in their written reply explained the position as under

The brief facts of the case are that on 14 10 91 bus No HNE 2315 was on its route from Naraingarh to Ambala The Claimant got registered an FIR on dated 4 12 91 almost after a gap of 2 months The claimant did not mention in the FIR the Regn No of bus and the name of Driver which met with an accident But in the claim petition dt 1 4 92 and amended claim petition dt 31 7-92 the Claimant through his lawyer stated that bus No HYE 2315 had met with an accident In reply to the claim petition the office submitted that bus No HYE 2315 was on its route from Naraingarh to Ambala being driven by Mohan Singh driver had met with an accident But it is pertinent to mention here that there was no bus with registration No HYE 2315 in the fleet of this depot at the time of the accident. The bus that had met with an accident on 14 10 91 was HNE 2315 & not HYE 2315 and the Bus No HNE 2315 was insured The court in its order mentioning HYE 2315 in the tide whereas in para 2 of the judgement order the Bus No HNE 2315 was mentioned similarly para No 5 which deals with framing of issues reported HNE 2315 and not HYE 2315 The Hon ble Trial Court also erred in mentioing different bus No at different places i e in paras of judgement dt 24 4 95 It is necessary to mention here that Bus No HNE 2315 was involved in the accident as the driver of the Bus Sh Mohan Singh disclosed that he was plying Bus No HNE 2315 at the time of accident The Bus No HNE 2315 was infact involved in the accident which was insured at the time of accident. The fault lies with the then A D A who did not exercise reasonable care while submitting reply to the claim petition and D.A. Ambala while placing arguments before the court The court while framing the issues made it clear that Bus No HNE 2315 was responsible for causing accident so the office should have placed the insurance policy of the bus before the court The Insurance Company also erred as it has denied the insurance of the bus after framing of the issues which goes to show that the intention was malafide on the part of the insurance company The case of the Department is likely to succeed against the Insurance Company as they misled the court by denying the insurance of bus Although the Insurance Company was fully aware that bus No HNE 2315 was insured at the time of Accident yet they had misled the court to avoid payment of conmpensation to the victims The then ADA of General Manager Haryana Roadways Yamuna Nagar and the D A Ambala also did not show reasonable care to pursue the case before trial court after framing of the issues The office is taking all precautions to recover the amount from the Insurance Company now by exploiting legal provisions under the Act The case is in the court Had the case been pursued properly before the trial court by the then A D A & D A Ambala the court would have not asked the office to make payment of compensation to the victims. Even after the judgement the DA Ambala did not recommend to file an appeal against the order but wrote that it is a death case and the compensation is not on higher side A certified copy of order 24 4 95 was received from the L R Haryana vide memo No 43277 dt 6 9 95 alongwith the opinion that this department agreed with the views of District Attorney Ambala that no further action is called for in this case. In view of the opinion of the DA Ambala & the LR Haryana appeal was not filed in the High court and the

payment of compensation was made as per requirement of section 171 of the Motor Vehicle Act So this office was not at fault in making the payment of compensation amounting to Rs 1 80 lakhs alongwith interest. The matter regarding recovery of this amount from the Insurance Company is being persued vigorously. The case stands filed in the Session Court for the recovery from the Insurance Company who made a wrong statement before the trial court

# After hearing the departmental representatives the Committee recommends that the case pending in the Court be pursued so that recovery from the Insurance Company be made and final out come be intimated to the Committee accordingly

# [85] 7 5 Avoidable payment of compensation

Haryana Roadways gets its passenger carrying vehicles insured from the Insurance companies under Motor Vehicle Act 1988 In accordance with the provisions of the insur ance policy the company would indemnify the insured in the event of accident against all sums which the insured shall legally be liable to pay in the case of death of any person provided the insured or any other person authorised by the insured to drive holds an effec tive driving licence under the Act

A bus belonging to Yamunanagar depot of Haryana Roadways which was insured with an Insurance Company for the period 24 October 1989 to 23 October 1990 met with an accident in February 1990 with another vehicle resulting in death of three persons and injury to many others The appeal filed by Haryana Roadways against the award of the motor Accident Claims Tribunal (Tribunal) (April 1993) was dismissed (February 1994) by the High Court Haryana Roadways was required to pay compensation of Rs 8 30 lakhs to the ag grieved parties The Insurance Company could not be held liable to reimburse to Haryana Roadways the amount of compensation in terms of provisions of insurance policy as the driver of the bus was not holding a valid driving licence at the time of accident. The amount of Rs 8 30 lakhs (compensation Rs 5 81 lakhs and interest Rs 2 49 lakhs) was deposited by the Haryana Roadways with the Tribunal in September 1993 (Rs 1 61 lakhs) and May 1994 (Rs 6 69 lakhs) The Transport Commissioner observed (January 1994) that most of the drivers of Haryana Roadways were not holding driving licences to drive heavy passen ger motor vehicles Directions were therefore issued to all the General Managers for sub mission of reports by various depots after checking all the licences of drivers. In response to this order General Manager Yamunanagar depot intimated in May 1994 that out of 63 drivers who had made available the photo copies of their driving licences only seven had valid driving licences and confirmed (August 1996) that there was no regular system for verification/renewal of driving licences The irregularly was persisting though pointed out in paragraph 7 4 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1995 Government of Haryana

Failure of Haryana Roadways to evolve a suitable system ensuring that its drivers held valid driving licence at the time of driving in terms of the provisions of the insurance policy had resulted in loss of Rs 8 30 lakhs

The matter was referred to Government in March 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

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It is admitted that Haryana Roadways bus of Yamunanagar depot bearing No HNA 4993 was insured with National Insurance Co Ltd New Fountain Chowk Yamuna Nagar for the period 24 10 89 to 23 10 90 and this bus met with an accident on 6 2 90 with a Matador resulting in death of 3 persons and injury to 5 6 persons The claim petition were filed by the claimants in the year 1990 before the MACT Sonepat

The written statements of these claim petitions were filed stating that on 6 2 90 Bus No 4993 was on its rout from Nagina to Yamuna Nagar and was being driven By Basart Singh S/o Jai Ram Singh driver of this depot When the bus reached just ahead of village Murthal a Maruti Van was coming from opposite direction followed by a Matador At the time of accident the bus was being driven by the driver of bus cautiously on a normal speed on his left side in the meanwhile all of sudden the driver of the Matador unmindful of the bus tried to over take the Maruti Van On seeing it the driver of the bus applied the brakes and took his bus on the road but since the distance between the Matador and the bus was very small so the driver of the Matador could not overtake the Maruti Van and on becoming nervous he could not control his vehicle and struck it into the bus of this depot As such this accident took place due to the rash and negligent driving by the driver of Matador The case was defended properly but the learned court vide judgement dt 9 4 93 held that the driver of the bus was not at all holding driving license of heavy passenger vehicle instead he was holding/driving license of heavy goods vehicle. Result of this was that the Insurance Company is not liable to pay any compensation for the liability incurred by Haryana Roadways on account of negligence of its driver Basant Singh and award a compensation of Rs 5 81 lakhs to the aggrieved party with interest @ 12% from the date of filling the claim petition The LR Haryana gave the opinion that these MACT cases are fit for filing an appeal in the High Court vide Endst No 3402 dt 17 6-93 Appeals in these MACT cases were filed in the Hon ble High Court of Punjab & Haryana at Chandigarh but the same were dismissed on 1 2 94 by the Division Bench consisting of Justice N C Jain & Justice Amarieet Singh Chaudhary with the following orders

for the reason stated in the application the delay in filing and refiling in the appeal is condoned Heard. No Merit in these appeals Dismissed

The execution proceeding of these MACT cases were filed by the claimant before th∉MACT Sonepat & since the appeal filed by this depot in the High Court was dismissed so the payment of awarded compensation in these MACT cases were made in compliance of the order dt 9 4 93 because the Head Account No 3055 & 1055 being operated by General Manager Sonepat were attached/seized. In the narrated circumstances there was no other alternative but to make unavoidable pay ment of compensation amount to Rs 8 30 lakhs in compliance of the order of the court

The concluding points of the para has been noted for future compliance and steps are being taken to stream line system for ensuring that the driver of the bus holds valid driving license in future Keeping in view the circumstances of these MACT cases this para may kindly be dropped as payment of compensation was unavoidable in view of the order of MACT Sonepat and order of Hon ble High Court passed in appeal

After hearing the departmental representatives and gone through the addi tional information submitted by the department, the Committee observe that the department failed to ensure that its drivers held valid driving licence at the time of driving The Committee, therefore, recommends that a suitable system should be evolved in future that before sending the bus on route the driver of the bus should hold a valid driving licence and a regular system be adopped for verification and timely renewal of driving licences in future

# [86] 7 6 Avoidable payment of compensation due to delay in renewal of insurance policy

Section 146 of Motor Vehicle Act 1988 requires all vehicles to be insured against third party risks unless exempted under sub section (3) of the Act ibid by Government of Haryana The Transport Commissioner issued instructions to all the General Managers in October 1988 to get all the Haryana Roadways buses insured so as to render the Insurance Company liable in the event of any accident to the vehicle For timely renewal of the insur ance policy the matter was to be taken up with the Insurance Company one month before the expiry of insurance policy

A bus belonging to Sirsa depot of Haryana Roadways was insured for the period from 19 February 1990 to 18 February 1991 The insurance was renewed from 20 March 1991 and it remained without insurance coverage from 19 February 1991 to 19 March 1991 The bus met with an accident on 16 March 1991 resulting in death of four persons The Department paid compensation amounting to Rs 11 51 lakhs in April 1994 and October 1994 to the legal heirs of the deceased as per award (December 1993) of Motor Accident Claims Tribunal The insurance company could not be held liable to reimburse the amount of compensation as the bus was not insured on the date of accident

The General Manager Haryana Raodways Sirsa depot stated (December 1995) that the notice from Insurance Company for insurance coverage of 202 buses was received on 27 February 1991 and further time was taken in preparation and payment of the bill The reply was not tenable as the matter was to be taken up in advance by one month before the expiry of the insurance policy Thus due to delay in renewal of insurance policy in violation of the existing instructions the department incurred an avoidable expenditure of Rs 11 51 lakhs

The matter was referred to Government in April 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

It is admitted that the buses belonging to H R depot Sirsa remained un in sured from 19 2 91 to 19 3 91 and during this period the bus met with an accident on 16 3 91 resulting death of four persons the petition was decided by the MACT Sirsa on 14 12 93 in favour of petitioners The Tribunal held the driver named Sh Sant Lal responsible for rash and negligent driving The defaulting driver was chargesheeted and his services have since been terminated in another case However General Manager Haryana Roadways Sirsa has been directed vide this office letter No 44/ SAO(A) dated 12 1 98 to fix the responsibility of the defaulting officers/officials for keeping the bus un insured from 19 2 91 to 19 3 91 resulting loss of Rs 11 51 lakhs to the State Exchequer

In view of the above reply para may kindly be dropped

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The Committee observe that due to delay in renewal of insurance Policy the department sufferred a loss of Rs 11 51 lacs and even after a lapse of eight years the reponsibility was not fixed for the lapse and now only at the instance of Audit/PAC, the department stated that action is being taken against the then G M Sirsa for the lapse. The Committee, therefore, recommends that action taken against the officers/ officials at fault be intimated to the Committee within a period of three months.

The Committee further recommends that a regular system be adopted to en sure the timely renewal of the insurance Policies in future

# [87] 7 7 Avoidable payment of compensation due to incorrect filing to affidavit before the tribunal

According to conditions of the insurance cover the insurance Company is liable to indemnify the insured against all sums including claimant's cost and expenses which the insured shall become legally liable to pay in respect of death or bodily injury to any person caused by or arising out of the use of the motor vehicle. A notice is required to be given in writing to the company immediately upon the occurrence of any accident and in the event of any claim every letter claim/writ summons are to be forwarded to the company immedia ately on receipt by the insured

A bus belonging to Chandigarh depot of Haryana Roadways hit (July 1992) a cyclist on Kiratpur Sahib Bilaspur road resulting in his death The bus stood insured with an Insur ance Company for the period from November 1991 to November 1992 Despite this the department in its written statement on the petition filed by the family members of the de ceased in September 1992 before the Motor Accident Claims Tribunal (Tribunal) Ropar mentioned (November 1993) that the bus was not insured As a result the Insurance Com pany was not made a party to the claim The Tribunal held (May 1994) the driver responsible for accident and awarded compensation of Rs 1 92 lakhs with interest at the rate of 12 per cent per annum from date of petition till realisation Payment of Rs 2 38 lakhs was accord ingly made in November 1994

It was also observed (June 1995) in audit that after the occurrence of the accident neither the department had given the required notice nor forwarded writ summons and claim petition to the Insurance Company

On this being pointed out (August 1995) in audit the department took up the matter with the Insurance Company in March 1996 The claim had not been settled as of May 1996 Failure to file a factually correct affidavit and non observance of the conditions of the insurance cover resulted in avoidable expenditure of Rs 2 38 lakhs

The matter was referred to Government in April 1996 reply had not been received (August 1996)
The department in their written reply explained the position as under

It is submitted that the then A D A of Haryana Roadways Chandigarh stated in the reply that the particular bus involved in an accident was not insured at the time of accident whereas the said bus was duly insured and he failed to make the Insurance Company a party The MACT Ropar delivered its decision on 2.5.94 in favour of deceased and the driver was held responsible for accident and awarded compensa tion of Rs 1.92 lakh with interest @ 12% per annum As per general instructions recovery was to be effected from the driver but Haryana Roadways Workers Union got & stay order from Hon ble Punjab & Haryana Court in such cases on 4.1.1995

The office preferred a claim on dated 22 5 96 to National Insurance Company Ltd Chandigarh to pay the awarded amount of Rs 238080/ but no reply has been received till date

Action against Sh Anil Kumar Bhardwaj the then A D A for not filing correct affidavit in the court and not making the Insurance Co a party is being initiated However a suit of recovery against the Insurance Co after obtaining the opinion from L R Haryana will be filled in the court

While sending, the additional information the department stated that Shri Anil Bhardway ADA Chandigarh at that time did not file correct affidavit and the court awarded the compensation against the Depot holding the driver of the bus responsible for the accident It was also stated that the matter has been referred to the Prosecution Department for taking action against the ADA on 3-3 2000 The Committee desire that final action taken in the matter be intimated to the Committee

#### FOOD AND SUPPLIES DEPARTMENT

## [88] 7 9 Loss due to wrong charging of cost of gunny bags

Due to jute mill strike in Calcutta the supply of gunnies to Haryana Government did not materialise in time to pack foodgrains during *rabi*-1984. To tide over the difficult situation and to avoid diseruption in procurement, it was decided (April 1984) by the Food Corpora tion of India (Corporation) to provide on loan to the State Government the surplus stock of gunnies available with Corporation Accordingly Director Food and Supplies Haryana took on loan gunny bags from Corporation during *rabi*-1984 on the terms and conditions that Corporation would not pay the cost of gunnies included in the incidental charges fixed by Government of India while taking delivery of wheat stock from the Food and Supplies De partment Haryana to the extent of gunnies supplied Since this transaction was not to be treated as sale but considered as return of gunnies with packed grains by the department the cost of gunny bags returned was not to be charged from Corporation

District Food and Supplies Controller Ambala took 900 gunny bales (2 70 lakh bags) on loan from Corporation during rabi-1984 The Department delivered 4 33 lakh quintals of wheat to Corporation during 1984 85 packed in the gunny bags taken on loan and charged during 1984 85 the cost of 900 gunny bales at Rs 9 58 per bag amounting to Rs 25 87 lakhs As the cost of bags was not to be recovered as per terms and conditions finalised in April 1984 Corporation deducted Rs 25 87 lakhs from the sale bills of District Food and Supplies Controller Ambaia for the years 1985 86 and 1986 87 Government of India re vised (February 1987) the rates of gunny bags from Rs 9 58 to Rs 15 84 per bag with effect from 1 April 1985 Taking the plea that the date of recovery of cost by Corporation was deemed to be the date of return of gunnies Corporation further deducted (August 1991) Rs 16 90 lakhs at the rate of Rs 6 26 per bag being the difference of the sale price of Rs 15 84 for 1985 86 and Rs 9 58 for 1984 85 The department pointed out (August 1991) that the bags in question were used for wheat procurement during 1984 85 and delivered to Corporation alongwith the wheat It was therefore insisted that the deduction should not be made Corporation rejected the plea and stated (February 1993) that the recovery was justified and no refund could be made

It was thus incorrect on the part of District Food and Supplies Controller Ambala to have charged the cost of gunny bags from Corporation Failure to take action according to the terms and conditions finalised in April 1984 resulted in irregular recovery of Rs 16 90 lakhs by Corporation and consequential loss of interest amounting to Rs 12 56 lakhs (up to December 1995) calculated at interest rate applicable on drawals made by the department from the bank for financing the purchase of food grains under the cash credit arrangement

The recovery had not been made and responsibility for not following the stipulated terms and conditions had also not been fixed on the erring officials (March 1996)

The matter was referred to Government in April 1996 reply had not been received (August 1996)

The department in their written reply explained the position as under

In this regard it is stated that copy of letter No E2(2)/84 Std 1 dated 8 4 84 was not available with the DFSC Ambala due to non availability of the instructions

the DFCS Ambala claimed the cost of 2700 gunny bags in sales bills and FCI also made the payment These instructions were readily with FCI and it was also the duty of the FCI staff not to make the payment of cost of bags But FCI wrongly made the payment of bags alongwith the cost of grains and other incidentials inspite of the fact that they should have made the payment of sales bills after deducting the cost of bags From the above it is clear that the officials/staff of office of DFSC Ambala was not at fault

The deduction of an amount of Rs 16 90 lacs has been made by the FCI on basis of audit observation made by the CAG audit party to the effect that amount of costs of gunny bags has been deducted by FCI in the year 1985 86 and 1986 87 from the sles bills of DFSC Ambala hence the deduction of costs of these bags shall be considered as return of gunny bags and above said amount has been deducted by the FCI during the year 1985 86 and 1986 87 therefore the cost of bags should have been recovered @ Rs 15 84 per bag as costs of bags as fixed by Govt of India during the period

However in such disputed case no future interest is liable to be charged as there is no Govt instruction to effect nor any such agreement between the depart ment and FCI that the interest shall be given/charged by any party on the dispute of amount Hence the dispute is only Principal amount Rs 16 90 lacs I.

The present controversy/dispute was arose only on account of different point of view taken by two different audit party of A G Haryana who conducted audit of FCI and that of DFSC Ambala

This para has been included in the CAG report without consideration the reply submitted by this department vide his letter No SFA I (1984 85) 96/10 dated 25 5 96

Hence the above para may kindly be dropped

After going through the detailed reply as submitted by the department the committee recommends that the strenuous efforts be made to get the amount of Rs 16 90 lakh refunded from the FCI at the earliest under intimation to the Committee

#### GENERAL

## [89] 3 14 Misappropriation defalcations etc

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Cases of misappropriation defalcation etc of Government money reported to Audit up to the end of March 1996 on which final action was pending at the end of June 1996 were as under

	Number	Amount (Rupees in lakhs)
Cases reported up to the end of March 1995 and outstanding on 31 May 1995	304	110 77
Cases reported between April 1995 and March 1996	21	16 98
Total	325	127 75
Cases disposed of between June 1995 and June 1996	21	4 18
Cases outstanding as on 30 June 1996	304	123 57

The department wise break up of the cases in which final action was pending at the end of June 1996 is indicated in Appendix VI

Of these 234 cases (Rs 79 67 lakhs) were outstanding for more than 5 years 233 cases involving Rs 82 64 lakhs were outstanding with Education Forest Irrigation Public Health Buildings and Roads and Transport departments

The matter was referred to Government in June 1996 reply had not been received (August 1996)

## Appendix-VI

## (Refer paragraph 3 14, Page 97)

## Statement showing cases of misappropriation defalcation, etc under investigation

Sr No	Department	•	artmental inve uning to	estigation	I Cases	Criminal Prus	secution pe	ntaining	g to	Grand	Total
			91 and 1 97 years	991 92 t	0 1995 96	1990 91 and earlier years		91 92 to	1995 96		
		Num ber	Amount (Rupee in lakhs	s ber	Amount (Rupees in lakhs)	Num ber	Amount (Rupees in lakhs)	Num ber	Amour (Ruped In lakh	es ber	Amount (Rupees in lakhs)
1	Agriculture	1	0 12	1		2	0 38	1	0 45	5	0 95
	Animal Husbandry	8	1 49	1	0 10		-	2	3 11	11	4 70
3	District Administration	1				1	0 15			2	0 15
4	Education	15	4 62	2	1 15	8	5 89	8	3 27	33	14 93
5	Election	1	0 05	1	0 23					2	0 28
6	Fisheries	3	0 55	1						4	0 55
7	Food and Supplies	6	5 04					1	0 27	7	5 31
8	Forest	16	4 02	3	0 75	1	0 07	4	10 52	24	15 36
9	Industries	3	1 60							3	1 60
10	irrigation	46	7 32	21	5 11	25	3 30			92	15 73
11	Labour and Employment	4	0 47	1	0 02			2	0 56	7	1 05
12	Medical and Health	7	13 44	4	0 36	2	4 54	3	0.28	16	18 62
13	Panchayat	1	3 82							1	3 82
14	Police	1	0 25							1	0 25
15	Printing and Stationery	1	0 36	1	0 10					2	0 46
16	Public Health	28	4 93	2	0 62	4	1 15			34	6 70
17	Public Works (Buildings and Roads)	22 	5 99	2	0 85	2	0 41			26	7 25
18	Social Welfare	5	2 92							5	2 92
19	Town and Country										<b>A A B</b>
	Planning	1	0 02					_		1	0 02
20	Transport	15	5 25	3	3 04	3	1 51	3	12 87	24	22 67
21	Treasury and Accounts	1	0 01	1				1	0 24	3	0 25
22	Excise							1		1	
	Total	186	62 27	44	12 33	48	17 40	26	31 57	304	123 57

After going through the statement, the Committee observe that huge number of cases of misappropriation, defalcation etc were pending for investigation/ finalisation The Committee would like to know the progress made in disposing off these cases alongwith the department wise break up of latest position through the Finance Department but the required information was still awaited till the drafting of the report

The Committee recommends that Finance Department may issue instructions to the concerned authorities to dispose off the cases concerning their department within three months and latest position be intimated to the Committee accordingly

The Commitee further recommend that such cases of misappropriation, defalcation etc be also investigated and decided at the earliest to avoid financial irregularities in future

[90] 3 15 Write off of losses etc

During 1995 96 Rs 1 58 lakhs representing losses due to fire etc were written off in 2 cases by competent authorities as reported to Audit by Government The relevant details are given below

Department	Number of cases	Amount (In rupees)
Social Welfare	1	3 081
Forest	1	1 55 000
Total	2	1,58,081

The Committee desire that the detailed report regarding written off losses etc in one case of Social Welfare Department (Rs 3081/-) and in one case of Forest Department (Rs 155000/-) be sent to the Committee within a period of three months for its consideration

## FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### [91] 6 1 General

(a) Autonomous bodies and authorities are set up to discharge generally non com mercial functions of public utility services These bodies/authorities by and large receive substantial financial assistance from Government Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co operative Societies Act Companies Act 1956 etc to implement certain programmes of the State Government The grants were intended essentially for maintenance of educational institutions hospitals charitable institutions construction and maintenance of schools and hospital buildings improvement of roads and other communication facilities under municipalities and local bodies

During 1995 96 financial assistance of Rs 296 26 crores was paid to various au tonomous bodies and others broadly grouped as under

Sr I	No Name of institutions	Amount of assistance paid (Rupees in crores)
1	Universities and Educational Institutions	90 25
2	Municipal Corporations and Municipalities	13 68
3	Zila Parishads and Panchayati Raj Institutions	31 71
4	Development Agencies	Nil
5	Hospitals and other Charitable Institutions	Nit
6	Other institutions (including Statutory bodies)	160 62
	Total	296 26

## (b) Delay in furnishing utilisation certificates

The financial rules of Government require that where grants are given for specific purposes certificates of utilisation should be obtained by the departmental officers from the grantees and after verification these should be forwarded to Accountant General within 15 months from the date of sanction unless specified otherwise

Of 3 193 utilisation certificates due in respect of grants and loans aggregating Rs 535 79 crores paid during the period 1986 87 to 1994 95 only 529 utilisation certificates for Rs 277 80 crores had been furnished by 30 June 1996 and 2 664 certificates for an aggre gate amount of Rs 257 99 crores were in arrears Department wise break up of outstand ing utilisation certificate was as follows

Department	Number of certificates Amount (Rupees in crores)			
Education	29	26 99		
Medical	37	5 37		
Urban Development	182	11 44		

	2,664	257 99
Total	92	48 97
Others	2	2 92
Technical Education	83	29 27
Secretariat Economic Services		22 28
Command Area Development Programme	50	
Social Security and Welfare	89	4 50
Sports	116	4 55
Other Administrative Services	32	7 44
Rural Development	1 251	43 33
Panchayats	701	50 93

## (c) Delay in submission of accounts

In order to identify the institutions which attract audit under Section 14/15 of the Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act 1971 Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions the purpose for which assistance was sanctioned and the total expenditure of the institutions Information for the years 1991 96 called for between May 1992 and June 1996 was awaited from 15 Heads of Departments as of August 1996 Of the defaulting departments the following had not furnished information for a number of years as indicated below

	No Name of the Department	Year from which information had not been furnished
1	Housing Department Haryana Chandigarh	1991 92
2	Public Relations Department Haryana Chandigarh	1991 92
3	Medical Department Haryana Chandigarh	1991 92
4	Public Works Department (Public Health) Sanitary Board Haryana Chandigarh	
5	-	1995 96
	Social Welfare Department Haryana Chandigarh	1991 92
6	Technical Education Department Haryana Chandigarh	1995 96
7	Agriculture Department Haryana Chandigarh	1991 92
8	Animal Husbandry Department Haryana Chandigarh	1991 92
9	Industries Department Haryana Chandigarh	1991 92
10	Sports Department Haryana Chandigarh	1995 96
1	Local Government Department Haryana Chandigarh	1995 96
2	Rural Development Department Haryana Chandigarh	1992 93
3	Civil Aviation Department Haryana Chandigarh	1995 96
4	Education Department Haryana Chandigarh	1991 92
5	Science and Technology Department Haryana Chandigarh	

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Sr	No	Name of body	Year upto which accounts due	Year upto which accounts submitted	Year upto which Audit Reports issued	Reasons for non finalisation of Audit Report
	1	Haryana Khadi and Village Industries Board Mani Majra Chandigarh	1995 96	1994 95	1994 95	_
:	2	Haryana Labour Welfare Board Chandıgarh	1995 96	1994 95	1994 95	
:	3	Haryana Urban Development Authority Panchkula	1995 96	1989 90	1989 90	Accounts 1990 91 and onwards not submitted
	4	Housing Board, Haryana Chandigarh	1995 96	1991 92	1991 92	Accounts 1992 93 and onwards not submitted

The status of submission of accounts by autonomous bodies and submission of Audit Reports thereon to the State Legislature as of August 1996 is given below

The audit of accounts of the following bodies has been entrusted to the Comptroller and Auditor General of India for a period of 5 years as detailed below

Sr N	o Name of body	Period of entrustment	Date of entrustment
1	Haryana Khadı and Village Industries Board Mani Majra Chandigarh	1992 93 to 1996 97	19 April 1993
2	Haryana Labour Welfare Board Chandigarh	1993 94 to 1997 98	12 October 1994
3	Haryana Urban Development Authority Panchkula	1992 93 to 1996 97	
4	Housing Board Haryana Chandigarh	1994 95 to 1998 99	28 February 1996

### (d) Audıt arrangement

The primary audit of local bodies (*Zila Parishads Nagar Palikas* Town area/Notified Area Committees) Educational Institutions Panchayati Raj institutions and others is con ducted by Director Local Audit Haryana Chandigarh Audit of Co operative Societies is conducted by the Register Co operative Societies Haryana Chandigarh 70 bodies/authorities whose accounts for 1994 95 were received attracted audit Of these 57 bodies/authorities were audited during 1995 96 The audit of the remaining 13 bodies/authorities had not been conducted due to biennial/triennial periodicity of audit

20 annual accounts for 10 bodies and authorities for 1995 96 and earlier years had not been received as of August 1996 by the Accountant General (Audit)

Having gone through the above statement, the Committee observe that huge number of utilisation certificates for an aggregate amount of Rs 257 99 crorers were in arrears as on 30 June, 1996 and detailed information about the financial assistance given to various institutions were also not furnished to the Accountant General (Audit) by 15 Heads of Departments

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The Committee recommend that the Finance Department may issue instructions to the concerned authorities to furnish the outstanding utilisation certificates and Accounts/information to the Accountant General (Audit) without further delay within a period of three months and report be sent to the Committee accordingly

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#### **REVENUE DEPARTMENT**

### [92] 1 4 Arrears in revenue

As on 31 March 1994 arrears of revenue under the principal heads of revenue as reported by the departments were as under

Heads of revenue	Total arrears	Arrears more than five years old	Remarks
<u> </u>	(In lakhs of	rupees)	
Stamp Duty and Registration Fees	306 63	37 83	Out of Rs 306 63 lakhs Rs 5 03 lakhs were covered under certificate recovery process The recovery of Rs 12 09 lakhs and Rs 48 59 lakhs had been stayed by the courts/judicial authorities and departmental appellate authori ties respectively and Rs 4 48 lakhs were proposed to be written off
			Specific action taken in respect of the remaining arrears of Rs 236 44 lakhs has not been intimated by the Department (August 1994)

The department in their written reply explained the position as under

Latest position of arrears in revenue (Rs 306 63 lacs) is given below -

		Total arrears (Rs in lacs)	Arrears more than five years old
1	Amount dropped by DCs/Collectors	8 35	
2	Amount recovered by the Deptt	162 47	31 14
3	Cases pending in various courts	68 33	
4	Balance amount	67 48	6 69
	Total	306 63	37 83

The main reasons for non settlement of the arrears are non traceability of defaulters due to incomplete/changed addresses and pendency of cases with Collector U/S 47 A of the Indian Stamp Act 1899 Since April 1994 Govt have issued

instructions to all the Deputy Commisioners for directing the deed writers to enter each & every "Agreement to Sell' in their register with complete addresses of the parties so that parties could be traced out at the later stage in case of any violation

The Committee observed that cases pending in judicial process be pursued The Committee further recommend that the balance amount be recovered expeditiously under intimation to the Committee

## [93] 1 6 Frauds and evasion of taxes/duties

The details of cases of frauds and evasion of taxes and duties pending at the begin ning of the year number of cases detected by the departmental authorities number of cases in which assessments/investigations were completed and additional demand (includ ing penalties etc.) of taxes/duties raised against the dealers during the year and the number of cases pending finalisation at the end of March 1994 as supplied (June and July 1994) by the respective departments are given as under

Serial number	Name of tax/duty	Cases pending as on 31 March 1993	Cases detected during the year 1993-94	Number of cases in which assessment investigation completed and addi tional demand including penaity raised	Amount of demand	Number of cases pending finalisa- tion as on 31 March 1994
	Stamp Duty and Registration					
	Fees	690	872	1061	63 53	501

The department in ther written reply explained the position as under

Latest position in respect of 501 cases of frauds and evasion of taxes/duties is under

	No of Cases	Amount (Rs_in lacs)
Amount racovered by the Govt	315	41 09
Cases in courts	174	21 89
Balance amount	12	0 55
	501	63 55
Total	501	63 55

Efforts are being made to recover the balance of Rs 0 55 lacs on priority basis Deputy Commissioners have been asked to bring down the number of cases pending in the Courts of Collectors and get the decisions expedited

#### [94] 1 7 Results of Audit

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Test check of the records of Sales Tax Stamp Duty and Registration Fees State Excise Taxes on motor Vehicles Entertainments Duty and Show tax and Agriculture (sug arcane) and Co-operation departments conducted during the year 1993 94 revealed under assessments/short levy/loss of revenue amounting to Rs 1635 lakhs in 3024 cases During the course of the year 1993 94 the concerned departments accepted under assessments etc of Rs 294 59 lakhs involved in 1183 cases of which 679 cases involving Rs 89 38 lakhs had been pointed out in audit during 1993 94 and the rest in earlier years An amount of Rs 62 07 lakhs in 406 cases had already been recovered

The Report contains 17 paragraphs including one review relating to non levy short levy of tax duty interest penalty etc involving Rs 576 29 lakhs The Departments have accepted audit observations involving Rs 386 28 lakhs of which Rs 19 07 lakhs had been recovered up to August 1994. No reply has been received in other cases

The department in their written reply explained the position as under

Out of 3024 cases involving Rs 1635 lacs 653 cases involving Rs. 114 72 lacs relate to stamp duty & Regn fee Latest position of these Cases is as under

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		<b>No of Cases</b>	Amount (Rs in lacs)
1	Amount already recovered in CAG report	59	4 56
2	Amount dropped by A G in the Subsequent auc	lit - 40	10 05
3	Amount dropped by D Cs/Collectors	187	<b>3</b> 2 11
4	Amount recovered by the Deptt	170	23 40
5	Cases in various courts	65	18 44
6	Balance amount	132	26 16
		653	114 72

Efforts are being made to recover the balance amount of Rs 26 16 lacs on priority basis Deputy Commissioners have been directed to bring down the number of cases pending in the Courts of Collectors and get the decisions expedited so that more recovery could be made

During the course of oral examination the departmental representatives assured the Committee that the balance amount will be recovered on priority basis The Committee would like to know the latest position of recovery of the outstanding amount within three months

#### [95] 1 9 Internal audit

An internal audit system exists in (i) the Excise and Taxation Department which ad ministers the Acts relating to Sales Tax State Excise Duty Passengers and Goods Tax and Show Tax (ii) Revenue Department which administers Land Revenue and Stamp Duty and Registration Fees and (iii) the Transport Department which deals with Taxes on Motor Ve hicles The internal audit in the Excise and Taxation Department however is confined to audit of expenditure and has not assigned duties for lookling into maintenance of registers reporting to Excise and Taxation Commissioner verification of assessment cases of Sales tax, State Excise Duty Passengers and Goods Tax and Show Tax as intimated (August 1994) by the Department

On the basis of information supplied by the departments the position of audit con ducted and objections raised with money value thereof and objections cleared in respect of some of the heads of revenue is mentioned in the succeeding sub paragraphs

## 1 9 2 Outstanding audit objections in Internal Audit

Year		Audit reports/ objections issued vis-a vis units audited		Audit repor objections cleared up March 1994		ared up to 31		Audit rep objection outstand at the en the year	ns ling
	Audit reports	Objec- tions	Money value	Audit reports	Objec- tions	Money value	Audit reporte	Objec- tions	Money value
			(Mone	y Value ii	i lakhs o	rupees)		<u> </u>	
1991 92	292	26327	274 18	69	7712	64 0	223	18615	210 18
1992 93	239	11198	244 01	97	655	69 06	142	10543	174 95
1993 94	254	16335	326 03	124	447	66 67	130	15888	259 36
 Total	785	53860	844 22	290	8814	199 73	495	45046	644 49

The number of internal audit reports issued objections raised and amount of revenue involved therein objections cleared during the years 1991 92 to 1993 94 and those pending at the end of the year 1993 94 were as follows

The clearance of 8814 objections during 3 years from 1991-92 to 1993 94 was much less than even the number of fresh objections raised in a single year during this period. The department had thus not taken any effective steps to contain the increasing trend in arrears

The department in their written reply explained the position as under

Out of 495 audit reports containing 45046 objections 205 audit reports con taining 2124 objections pertain to stamp duty & regn fee Latest position of 205 audit reports and 2124 objections is as under

Includes figures relating to Stamp Duty and Registration Fees

	No of audit report	No of objections	Money value (Amount) (Rs in lacs)
Pending	205	2124	328 44
Settled/recovered	114	1287	237 04
Balance	91	837	91 40

The efforts are being made to recover the balance amount of Rs 91 40 lacs on priority basis

The Committee recommend that the balance amount be recovered expeditiously under intimation to the Committee The Committee further recommends that effective steps be taken to contain the increasing trend in arrears and steps taken in this direction be intimated to the Committee within three months

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#### STAMP DUTY AND REGISTRATION FEES

#### [96] 3 1 Results of Audit

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Test check of records in departmental offices conducted in audit during the year 1993 94 revealed short levy and non levy etc of stamp duty and registration fee amount ing to Rs 114 72 lakhs in 653 cases which broadly fall under the following categories

		Number of cases	Amount (in lakhs of rupees)
1	Loss of stamp duty due to under valuation of properties	383	52 67
2	Evasion of stamp duty and registration fees	101	23 32
3	Irregular exemption of stamp duty and registration fees	88	21 93
4	Non/Short levy of stamp duty and registration fees	45	11 23
5	Loss of stamp duty due to misclassification of deeds	7	4 05
6	Other irregularities	29	1 52
	Total	653	114 72

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During the course of the year 1993 94 the department accepted under assessment of Rs 62 93 lakhs involved in 356 cases of which 117 cases involving Rs 19 57 lakhs had been pointed out in audit during 1993 94 and the rest in earlier years. Of these an amount of Rs 3 66 lakhs in 77 cases had been recovered

The department in their written reply explained the position as under

Latest position of 653 cases involving Rs 114 72 lacs category wise is as under

1	Loss of Stamp	o duty due to	under-valuation of	properties
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		No of cases	Amount (Rs in lacs)
1	Recovery already mentioned in CAG's report	32	1 71
2	Amount dropped by A G in the subsequent audit	15	1 85
3	Amount dropped by D Cs/Collectors	140	24 10
4	Amount recovered by the Department	87	9 03
5	Cases in various Courts	44	7 97
6	Balance Amount	65	8 01
	Total	383	52 67

	No of cases	Amount (Rs in lacs)
1 Recovery already mentioned in CAGs report	3	1 15
2 Amount dropped by A G in the subsequent audit	2	0 07
3 Amount dropped by D Cs/Collectors	10	2 41
4 Amount recovered by the Department	35	5 11
5 Cases in various courts	16	4 00
6 Balance amount	35	10 58
Total	101	23 32
3 irregular exemption of Stamp duty & Regn fee		
1 Recovery already mentioned in CAG's report	15	1 50
2 Amount dropped by A G in the subsequent audit	19	4 61
3 Amount dropped by D Cs/Collectors	16	4 01
4 Amount recovered by the Department	22	5 66
5 Cases in various courts	2	5 05
6 Balance amount	14	1 10
Total	88	21 93
4 Non/Short levy of Stamp outy & Regn fee		
1 Recovery already mentioned in CAG s report	7	0 12
2 Amount dropped by A G in the subsequent audit	3	0 90
3 Amount dropped by D Cs/Collectors	2	0 <del>3</del> 0 0 48
Amount recovered by the Department	15	2 95
Cases in various courts	2	2 95
Balance amount	16	6 18
Total		
Loss of Stamp due to misclassification of deeds		11 23
Recovery already mentioned in CAG s report	0	0.00
Amount dropped by A G in the subsequent audit	2	0 08
Amount dropped by D Cs/Collectors	I	2 62
Amount recovered by the Department	2	0 40

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## 2 Evasion of Stamp duty & Registration fee

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	No of case	s Amount (Rs in lacs)
5 Cases in various courts	1	0 82
6 Balance amount	1	0 13
Total	7	4 05
6 Other irregularities		
1 Recovery already mentione	d in CAG s report	
2 Amount dropped by A G in	the subsequent audit	
3 Amount dropped by D Cs/C	collectors 19	1 11
4 Amount recovered by the D	epartment 9	0 25
5 Cases in various courts		
6 Balance amount	1	0 16
Total	29	1 52

The efforts are being made to recover the balance amount of Rs 26 16 lacs on priority basis The Deputy Commissioners have been asked to bring down the number of cases pending in the courts of collectors and get the decision expedited so that more recovery could be possible

The Committee recommend that the cases pending in various Courts be pursued and the Committee be apprised of the progress made in recovery of the outstanding amount within three months

[97] 3 2 Stamp Duty and Registration Fees

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### 3 2 6 Undervaluation of immovable property

The Indian Stamp Act 1899 as applicable to Haryana provides that the consider ation and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of duty with which it is chargeable should be fully and truly set forth therein Under Section 47 A of the Act if the registering officer while registering any instrument relating to transfer of any property has reasons to believe that the value of the property or the consideration has not been truly set forth in the instrument he may after registering such instrument refer the same to the Collector for determination of the value of the consideration and the proper duty payable which will thereafter be decided by the Collector after giving an opportunity to the registering party Further Section 64 of the Indian Stamp Act 1899 provides *inter alia* that any person who with intent to defraud the Government executes any instrument in which all the facts and circumstances required to be set forth in such instrument under the Act are not fully and truly set forth is punishable with a fine which may extend to five thousand rupees (i) In 128 sale deeds registered in 12\* registering offices during the period from May 1991 to December 1993 the value of properties set forth in the deeds of conveyance were shown less than those shown in the agreements to sell executed by the executants earlier and recorded with the document writers This resulted in short realisation of stamp duty of Rs 41 23 lakhs

The department recovered Rs 2 12 lakhs in 17 cases issued notices for recovery in 37 cases involving duty of Rs 9 72 lakhs and referred (between January 1992 and February 1994) 62 cases involving Rs 24 86 lakhs to the Collectors for determination of the value of the properties and proper duty payable Reply in respect of remaining 12 cases involving Rs 4 53 lakhs has not been received Out of 62 cases referred to Collectors only three cases were decided two with nil amount (against Rs 17 625) and the third with Rs 1500 (against Rs 32 487) The action taken by the department to refer the cases to Collector under Section 47 A was not correct as agreements to sell in these cases already stood executed for specified amounts between both the parties The Government stated (July 1993) that such cases should not have been referred to Collector under Section 47 A and these cases would be taken back and recoveries effected at the earliest In addition no action had been taken under Section 64 of the Act *ibid* in any of the cases Further progress in the matter has not been intimated (October 1994)

(ii) In order to check undervaluation of properties at the time of registration Valuation Committees constituted under the directions of Government issued from time to time ap proved rates relating to sale of properties in various areas of the State In addition to enable the registering officers to decide whether the consideration set forth in an instrument is based on the market value of that property as determined by the Valuation Committees lists indicating market values of different types of lands house-sites etc are supplied to them by the department after evaluation of different categories and blocks of land in rural/ urban ares by the Valuation Committee constituted by the Deputy Commissioner of the district

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Test check in audit (between June 1991 and December 1993) revealed that in 363 cases registered (between April 1990 and March 1993) in 10\*\* registering officers the values set forth in the deeds of conveyance were much less than those fixed by the Valua tion Committees constituted for the purpose This resulted in short realisation of stamp duty and registration fees amounting to Rs 70 89 lakhs

The department referred (between October 1991 and January 1994) all the cases to the Collectors concerned Follow up action taken as on 31 March 1994 is tabulated below

(-)			Amount of short levy involved (Rupees)
(a)	Number of cases referred to the respective Collectors	363	70 88 945
(b)	Number of cases decided by the respective Collectors	213	42 71 661

Ambala Fandabad Gurgaon Hisar Jind Kathal Karnal Mohindergarh Panipat Rohtak Sirsa and Sonepat Dabwali Hodel Kathal Mohindergarh Narnaul Palwal Panipat Pehowa Samalkha and Thanesar

(c)	Number of cases out of (b) where recovery was ordered	153	7 57 330
(d)	Number of cases Out of (b) where no recovery was ordered	60	9 71 379
(e)	Number of cases out of (a) which were still pending for decision	150	28 17 284

(III) In 20 sale deeds exrecuted (between April 1991 and March 1993) in registering offices at Mohindergarh and Raipur Rani the values of immovable properties (agricultural land) set forth in the deeds were lower than the average values of similar properties regis tered during the previous five years in the same areas. This resulted in short realisation of stamp duty of Rs 2 44 lakhs

The department recovered Rs 1 440 in one case issued notices for recovery in 13 cases while 6 cases were proposed to be referred to Collector under section 47 A for deter mination of the value of property and proper stamp duty payable Further report has not been received (October 1994)

(iv) Under the Income Tax Act 1961 where any document required to be registered under the Registration Act 1908 purports to transfer assign limit or extinguish the right title or the interest of any person to any property valued at more than Rs 2 lakhs no Registering Officer appointed under the said Act shall register any such document unless a certificate to the effect that Such person or persons have paid or made satisfactory provi sions for payment of all existing liabilities of income tax gift tax and wealth tax' has been obtained by the assessee from the Income Tax Officer

On 14 instruments of sale registered between April 1990 and March 1993 in the registering offices at Jind Ambala Kurukshetra Yamunanagar and Hisar districts the con siderations of the immovable properties set forth in the sale documents were lower as compared to the values shown in the Income Tax Clearance Certificates issued by the Income Tax Department Failure of the department to link the two resulted in short levy of stamp duty of Rs 1 41 lakhs

The department recovered Rs 39 698 in 6 cases issued (between July 1993 and April 1994) notices for recovery in 4 cases involving Rs 32 393 and referred (between January 1993 and February 1994) the remaining 4 cases involving Rs 69 122 to the Collector for decision Reply on recovery of the balance amount has not been received (October 1994)

The department in their written reply explained the position as under

(I) It was a lapse on the part of Registering Authorities for not verifying the value set forth in the sale deeds with those mentioned in the Agreement to Sell entered in the register of document writers

Government have issued the instructions directing the deed writers to enter the agree ments in their register and supply the complete details to the respective Sub Registrars to enable them to compare the value of property at the time of registration

## Latest position of 128 cases is as under

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	No of cases	Amount (Rs in lacs)
(I) Amount dropped by Collector	32	9 39
(II) Amount recovered by Department	29	5 99
(III) Cases pending in various courts	13	4 51
(IV) Balance amount	54	21 34
Total	128	41 23

Deputy Commissioner are being impressed upon to direct the Sub-Registers to re cover the balance amount of Rs 21 34 lacs in order to settle the CAG para

(II) Latest position of 363 cases involving Rs 70 89 lacs is as under

		No of cases	Amount (Rs in lacs)
(I) Amount dropp	ed by A G	20	1 46
(II) Amount dropp	ed by Collectors	99	33 84
(III) Amount recov	ered by Deptt	148	23 89
(IV) Cases pending	-	49	3 45
(v) Balance amou	int	47	8 25
Total		363	70 89

Deputy Commissioners a e being impressed upon to direct the concerned Sub Reg istrar to recover the balance amount of Rs 8 25 lacs in order to settle the CAG para

(III) Latest position of 20 sale deeds involving Rs 2 44 lacs is as under

		No of cases	Amount (Rs in lacs)
(1)	Amount dropped by A G	1	0 29
(11)	pending in civil courts	7	1 64
(III)	Recovery made by Department	4	0 16
(1V)	Pending in collectors court	- 8	0 35
	Total	20	2 44

	No of cases	Amount (Rs in lacs)
(i) Amount dropped by Collector	1	0 13
(ii) Pending in Collector's Counts	5	0 53
(iii) Amount recovered by Department	7	0 43
	1	0 32
(IV) Balance Amount	14	
Total		

(iv) Latest position of 14 instruments involving Rs 1 41 lacs is as under

(I) During the course of oral examination the Committee observed that it was lapse on the part of the Registering Authorities concerned in this regard, the department informed the Committee that six Tehsildars/Sup Tehsildars were charge sheeted under Rule 7 and action against the defaulting officers was under process The Committee recommend that the cases of disciplinary proceedings be dec ded within stipulated period and action taken be intimated to the Committee within three months The Committee further recommend that recovery of balance amount be effected expeditiously under intimation to the Committee

(II) The Committee also recommend that the cases involved lower valuation of properties as shown in audit sub para (I) to (IV) be expedited and the balance amount be recovered at the earliest. The progress made be intimated to the Committee within three months

## [98] 3 2 7 High pendency of cases of undervaluation with Collectors

By notification dated 2 November 1978 State Government have framed the Haryana Stamp (Prevention of Under valuation of Instruments) rules 1978 The rules inter alia lay down (I) the procedure to be followed by the Collector on receipt of reference under section 47 A of Indian Stamp Act 1899 (ii) the procedure for recovery of duty and (iii) maintenance of registers etc. On receipt of a reference from the registering officer under Sub Section (i) of Section 47 A the Collector after taking such evidence as the person or persons may produce and after making such enquiry as he may deem proper shall determine the value of property or consideration as the case may be and assess the amount of deficit duty recoverble from the persons concerned After the market value of the properties is deter mined the Collector is to issue notices to the parties in From 2 directing them to pay into Government Treasury the full amount of the deficient amount of duty The date of payment specified in the notice shall not be less than thirty days from the date of service of such notice The deficient amount of stamp duty which remains unpaid after the date specified in the notice issued or on the expiry of the date extended subsequently shall be recoverable under Section 48 by distress and sale of moveable property of the pesons from whom the same are due or in the manner as provided for recovery of arrears of land revenue

The registering officers referred a number of cases to the Collectors for determina tion of values Pendency of the cases referred to Collectors in 31 units test checked in audit is indicated below

	1987-88	1988-89	198 <del>9</del> -90	1990-9 <b>1</b>	1991-92	1992 93	Total
Cases referred	36	378	392	332	428	192	1758*
Cases Desided		163	217	140	129	12	661**
Cases pending	36	215	175	192	299	180 '	1097

The department stated (April 1994) that the proceedings were underway in these cases in the courts of Colectors Details or disposal/pendency of these cases are analysed as under

Out of 1758 cases of undervaluation of properties involving stamp duty of Rs 265 80 lakhs referred to Collectors (i) 189 cases involving duty of Rs 29 lakhs had not been taken into the records (registers) which were required to be maintained in the Collectors offices under Rule 6 of the Haryana Stamp (Prevention of Undervaluation of Instruments) Rules 1978 (ii) in 173 cases involving stamp duty of Rs 22 26 lakhs notices could not be served on the concerned parties in the absence of their complete addresses with the Collectors/ Sub Registrars (iii) 661 cases had been decided by the Collectors as detailed below

(a)	Cases decided by Collectors without any additional value	372
(b)	Cases decided by Collectors with some additional value	289
(c)	Out of (b) cases where recovery had been made	162

Out of 661 cases referred to above 145 cases involving stamp duty of Rs 13 39 lakhs were closed as having become time barred (104 cases in Collectors offices and 41 cases were referred by the Sub Registrars after these had already become time barred with them) Inordinate delay in disposal of cases contributed to their becoming time barred This indicates that out of 1758 cases referred to Collectors only 516 (29 per cent) cases had been actually decided by them. It was noticed in audit that Sub Registrars had taken 1 to 47 months to refer the cases to the Collectors it was further noticed that no reconciliation was done in respect of cases referred to the Collectors by the Sub-Registrars with the result that neither of them could correctly determine the number of cases actually received/sent. As a result 34 cases involving stamp duty of Rs 3 62 lakhs were not found to have been referred to the Collectors.

Includes 363 cases referred in paragraph 3 2 6(ii)

\*\* Including 145 cases that had become time barred

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The department in their written reply explained the position as under

The Deputy Commissioners have been asked to bring down the number of cases pending in the courts of Collectors & get the decisions expedited so that more recovery could be possible

145 cases involving Rs 13 39 lacs were become time barred due to negligence of the Sub Registrar Jind Karnal and Sirsa for non referring the cases to the Collectors to determine the value of the property in time

Notice could not served to the concerned parties due to incomplete changed ad dresses in 173 cases However an amount of Rs 3 15 lacs has been recovered in 30 cases by Deputy Commissioner Hisar after tracing the whereabouts of the parties. The Deputy Commissioner have been asked in April 1994 for directing the deed writers to enter each and every Agreement to sell' in their register alongwith complete adresses of the parties.

No reconciliation had been made with the office of Collector in 34 cases The Sub registrar Jind was responsible for this lapse

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		No of cases	Amount (Rs_in lacs)
1	Amount dropped by Collectors	456	74 96
2	Amount recovered by Department	525	86 57
З	Amount pending in various courts	692	95 51
4	Balance amount	85	8 76
<u> </u>	Total	1758	265 80

The latest position of 1758 involving Rs 265 00 lacs cases is as under

The Committee was informed about the details of 145 time barred cases (88 cases involving Rs 4,17,171 of Jind, 22 cases involving Rs 3,79,627 of Karnal and 35 cases involving Rs 5,42,118 of Sirsa) the Committee was assured that action taken against the defaulting Sub Registrars will be supplied after obtaining information from the D C Jind, Karnal and Sirsa The Committee constraint to note that the promised information was not supplied to the Committee till the drafting of the report

The Committee recommend that action be taken against the defaulting officers under intimation to the Committee The Committee further recommend that cases pending in various Courts be pursued and get the decisions expedited The Committee also desired that the balance amount of 8 76 lakhs be recovered within three months under intimation to the Committee

#### [99] 3 2 8 Misclassification of instruments

(a) Under the Indian Stamp Act 1899 as applicable to Haryana mortgage deed includes every instrument whereby for the purpose of securing money advanced or to be advanced by way of loan or an existing or future debt or the performance of an engagement one person transfers or creates to or in favour of another a right over or in respect of specified property In case where possession of property is not given stamp duty is chargeable at one and a half per cent of the amount of loan secured by such instrument. The Government furether clarified in November 1986 that tripartite agreement executed alongwith the deposit of title deeds as security for loan is a mortgage deed requiring compulsory registration and stamp duty thereon is payable in terms of Article 40 of the Schedule 1 A of the Act *ibid* 

(i) In the registering office at Sirsa a mortgage deed was executed in March 1993 through a tripartite agreement between a firm the Haryana Financial Corporation and a Bank as joint mortgage for securing a loan of Rs 55 lakhs by the firm from the Bank by re deposit of title deed The instrument, creating a further charge of Rs 55 lakhs on the prop erty already mortgaged through a regular deed in favour of Haryana Financial corporation for securing a loan of Rs 22 lakhs was incorrectly viewed as Memorandom of Agreement instead of as mortgage deed and was charged with stamp duty of only Rs 20 instead of Rs 82 500

The department accepted the objection and issued (February 1994) notice for recovery The case was also referred (March 1994) to the Collector for declaring the recovery as arrears of land revenue Report on recovery is awaited (October 1994)

(II) In the office of Sub Registrar Rohtak two mortgage deeds were executed by two recipients of bank guarantees for the sum of Rs 27 40 lakhs from a Scheduled Bank creat ing rights in favour of the Bank to sell the mortgaged property for settlement of claims as per terms of the mortgage deeds inspite of such provisions in the documents these were classified as surety Bonds and stamp duty of Rs 15 in one case only was levied instead of treating the documents as mortgage deeds without possession for which stamp duty of Rs 41 100 was leviable in both cases put together The incorrect classification resulted in loss of stamp duty of Rs 41 085

The department issued (February 1993) notices for recovery Report on recovery has not been received (October 1994)

(III) At Panipat four instruments were got registered in December 1992 and March 1993 by a construction company by hypethecating its construction plant and equipment in favour of the Government for securing the advances aggregating Rs 3 40 crores The in struments also contained the clause empowering the mortgagee to seize or sell the assets in the event of default in the repayment of the money advanced The instruments therefore fell under the category of mortgage deeds without possession attracting stamp duty amount ing to Rs 5 10 517 whereas stamp duty of Rs 160 only was levied This resulted in stamp duty being levied short by Rs 5 10 357

The department raised (August 1993) the demand for recovery which was followed up by reminder in January 1994 Report on recovery has not been received (October 1994)

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**328** (b) the Indian Stamp Act (1899) and the Indian Registration Act 1908 as applicable to Haryana require that where power of attorney is given for consideration and it authorises the attorney to sell any immoveable property the deed is liable to stamp duty and registration fee as if it is an instrument of conveyance for the amount of consideration set forth therein Government instructed (October 1976) that where a person purchasing an immoveable property for further sale did not get the conveyance deed executed in his favour and instead on payment of sale consideration obtained a power of attorney from the vendor authorising him to sell the property further to any party at his discretion on behalf of the vendor the power of attorney shall be subjected to stamp duty and registration fee for the sale condieration in terms of Article 48 (f) read with Article 23 of Schedule 1 A to the Indian Stamp Act 1899

In five Registry offices seven venders executed general powers of attorney between November 1990 and November 1992 empowering the vendees to transfer all rights of sale lease or mortgage of the properties in 5 cases and in remaining two cases possession of the property was also handed over The stamp duty in these cases was levied at Rs 3 and Rs 15 as leviable in the case of power of attorneys it was noticed (between February 1992 and February 1993) that in all these cases the vendors had received full consideration of Rs 42 19 lakhs as per agreements executed with document writers Since the transactions contained all essential ingredients of conveyance amounting to sale under the Act non registration of these documents as conveyance deeds resulted in non levy of stamp duty and registration fees aggregating Rs 5 39 lakhs as per details given below

and regionano				•		
Name of registering office		Instrument executed	When executed	1	Conside ration (in lai	Stamp duty and regis tration fees not levied khs of rupees)
1 Palwal	(I)	General power of attorney	August 1992	Possession of property handed over	1 30	0 20
~	(ıi)	General power of attorney	January 1992	Empowering the vendee to sell the landed property	1 72	0 22
2 Bahadur garh		General power of attorney	November 1990	Transfer of all rights of sale lease or mortgage of property Attorney also sold property to a third party		1 63
3 Ratia		General power of attorney	July 1991	Conferring all rights to sell lease or mortgage of urba property	1 30 In	0 21
4 Fatehabad		General power of attorney	June 1991	Transfer of all rights to sell lease or mortgage of land property	1 99 led	0 26
5 Hansi	()	) General power of attorney	January 1992	Empowering the purchaser to sell lease or mortgage the property	12 38	1 55
	(II	) General power of attorney	November 1992	Possession of the property handed over	10 50	1 32
					42 19	5 39

The department issued notices (between July 1992 and April 1994) for recovery in all cases Besides the Sub Registrar Palwal referred (May 1993) one case to Collector for recovery under Section 48 of the Indian Stamp Act 1899 Further report has not been received (October 1994)

The department in their written reply explained the position as under

(a) (i) The latest position in respect of Rs 82 480/ is that on receipt of the notice of recovery the concerned party has filed a case in the month of May 1995 in the Civil Court Sirsa As such further action will be taken after the court's decision

(II) The latest position in respect of these two mortgage deeds involving Rs 41085/ is as under

	No of cases	Amount (In Rupees)
Amount recovered by Department	1	36000
Balance Amount	1	5085
Total	2	41085

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(III) The latest position in respect of recovery of Rs 5 10 357/ is that the recovery is till pending Efforts are being made to recover this outstanding amount by Sub Registrar Panipat

(b) It was s lapse on the part of sub Registrar Palwal Bhahadurgarh Ratia Fatehabad and Hansi for not verifying the value set forth in the sale deeds with those mentioned in the register of deed writer

The govt have issued the instructions directing the deed writers to enter the agreement in their register and supply the complete details to the respective Sub Registrars to enable them to compare the value of property set forth therein with the sale deeds at the time of registration

Latest position of recovery of stamp duty in respect of seven instruments involving Rs 5 39 lacs is as under

	No of cases	Amount (Rs in lacs)
Amount recovered by the Department	1	0 22
Pending in various courts	3	2 10
Balance amount	3	3 07
Total	7	5 39

Concerned Deputy Commissioners are being asked to recover the balance amount in order to settle the CAG s para

(a) The committee recommend that the case involving an amount of Rs 82480/- pending in the Civil Court, Sirsa be pursued and get the decision expedited

The Committee also recommend that the disciplinary action may be taken against the officer/officials who were responsible for this lapse. The Committee further recommend that the efforts be made to recover the balance amount also in other cases of Rs 5085/- and Rs 5,10,357/- The Committee be apprised the progress made in this direction

(b) The Committee was not satisfied with explanation given by the Department and therefore, recommend that the disciplinary action against the defaulting registering authorities, sub-registrar, Palwal, Bahadurgarh, Ratia, Fatehabad and Hansi for the lapse on their part be taken and the Committee be apprised accordingly The Committee further recommend that the balance amount be recovered expeditiously under intimation to the Committee

[100] 3 2 10 Short levy of stamp duty

(iv) Under the Indian stamp Act 1899 mortgage deed includes every instrument whereby for the purpose of securing money advanced or to be advanced by way of loan or an existing or future debt or the performance of an engagement one person transfers to or in favour of another a right over or in respect of specified property in cases of mortgage deeds where possession of the property is not given or agreed to be given stamp duty is chargeable under Article 40(b) of the Schedule 1 A of the Act

In the Sub Registry office Palwal a mortgage deed was executed in November 1992 by a builders firm of Delhi after mortgaging agricultural land situated in the revenue Estate of Palwal tehsil in favour of a scheduled bank which granted credit facilities of Rs 3 crores to the firm Stamp duty amounting to Rs 9000 was charged incorrectly instead of the charge able amount of Rs 4 50 lakhs

The department served notice (November 1993) for recovery Report on recovery has not been received (October 1994)

The department in their written reply explained the position is as under

This case is pending for dicision in the court of Collector U/S 31 of Indian Stamp Act 1899 After decision of the Collector appropriate action will be taken in the matter

## The Committee recommend that the case pending in the Court of Collector be persued and get the decision expedited under intimation to the Committee

## [101] 3 2 11 Pre audit of registrable documents

The Haryana Government vide their orders issued in August 1988 posted stamp auditors in each of the four circles of Ambala Karnal Gurgaon and Faridabad to pre audit all the documents registered in the sub registry offices before these are returned to the persons presenting the documents for registration

Test check in audit revealed that in respect of 145 cases (Ambala 42 Karnal 25 Gurgaon 34 and Faridabad 44) the stamp auditors failed to detect short levy of stamp duty

and registration fee amounting to Rs 32 89 lakhs during the years 1989 90 to 1992 93

The above cases were reported to Government between July 1992 and February 1994 their replies have not been received (October 1994)

The department in their written reply explained the position as under

Pre audit system has proved to be most successful because amount is recovered in the instant of audit prior to delivery of document. However, it was a lapse on the part of stamp auditor Ambala. Karnal Gurgaon & Faridabad for non-detecting the documents during pre-audit.

Latest position of 145 cases is as under

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13	2 72
73	9 11
23	12 51
36	8 55
145	32 89
	23 36

Efforts are being made to recover the balance amount of Rs 8 55 lacs in order to settle the CAG para

The Committee recommends that all out efforts be made to recover the balance amount of Rs 8 55 lakhs at the earliest under intimation to the Committee

## PART-V

# 1994-95 (Revenue Receipts)

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#### Revenue

### [102] 1 4 Arrears in revenue

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As on 31 march 1995 arrears of revenue under the principal heads of revenue as reported by the Departments were as under

S N	o Heads of revenue	Totai arrears	Arrears more than five years old	Remarks
		(in lak	ths of rupees)	
7	Stamp duty and Registration Fees	376 60		Out of Rs 376 60 lakhs Rs 32 24 lakhs were covered under certificate recovery process The recovery of Rs 31 88 lakhs had been stayed by the courts/judicial authorities and Departmental Appellate Authorities and Rs 32 70 lakhs were proposed to be written off Specific action taken in respect of the remaining arrears of Rs 279 78 lakhs has not been inti mated by the Department (July 1995)
9	Land Revenue	10 57	0 41	Out of Rs 10 57 lakhs recovery of Rs 0 17 lakh had been stayed by courts/ Appellate Authorities and Rs 0 85 lakh were proposed to be written off Remain ing recovery of Rs 9 55 lakhs was under other stages of action

The department in their written reply explained the position as under

Latest position of arrrears in revenue (Rs 376 60 lacs) is given below

	Total arrears (Rs in lacs)
1 Amount recovered by the department	256 84
2 Amount dropped by DCs/Collectors	15 75
3 Amount dropped by A G	0 35
4 Amount pending in various courts	49 82
5 Balance amount	53 84
Total	376 60

The main reasons for non settlement of the arrears are non traceability of defaulters due to incomplete/changed addresses and pendency of cases in various courts Since April 1994 Govt have issued instructions to all Deputy Commissioners and same have been reiterated for directing the deed writers to enter each and every Agreement to Sell in their register with complete addresses of the parties so that parties could be traced out at the later stage in case of any violation

	Total arrears (Rs in lakhs)	Arrear more than 5 years old
1 Amount recovered by Department	6 79 033	15 538
2 Cases pending in various Courts	1 02 000	
3 Balance amount	2 75 967	25 462
Total	10,57,000	41,000

Latest position of arrear in Land Revenue is given below

The balance amount of recovery relate to Deputy Commissioners Kaithal Jhajjar Ambala Rohtak Kurukshetra and Bhiwani These Deputy Commissioners are being stressed upon to recover the balance amount

The Committee recommend that cases pending in various Courts be pursued and recovery of balance amount be expedited under intimation to the Committee The committee further recommend that action taken against the defaulting document writers and the defulting Registering Authorities for the lapses be intimated to the Committee within three months

## [103] 1 6 Frauds and evasion of taxes/duties

The details of cases of frauds and evasion of taxes and duties pending at the begin ning of the year number of cases detected by the departmental authorities number of cases in which assessments/investigations were completed and additional demand (includ ing penalties etc.) of taxes/duties raised against the dealers during the year and the number of cases pending finalisation at the end of March 1995 as supplied (July 1995) by the respective Departments are given as under —

S No	Name of tax/duty	Cases pending as on 31 March 1994	Cases detected during the year 1994-95	Number of cases in which assessments investigations completed an additional demand including penalty raised	8	Number nd of cases pending finalisation as on 31 March 1995
1	2	3	4	5	6 (in lakhs of rupe <del>es</del> )	7
 5	Stamp Duty and Regis	501	1802	1585	50 30	718

#### tration fees

The department in their written reply explained the position as under

Latest posiction in respect of 718 cases of frauds and evasion of Stamp duty involving Rs 50 30 lacs is as under

	No of cases	Amount (Rs in lacs
1 Amount recovered by the Govt	461	26 42
2 Amount dropped by Collectors	80	6 08
3 Cases in courts	63	12 47
4 Balance cases/amounts	114	5 33
Total	718	50 30

Efforts are being made to recover the balance amount of Rs 5 33 lacs on prioriry basis For prompt disposal of frauds and evasion of stamp duty cases all the Deputy Commissioners have been asked that every Collector (SDO(C) & DRO) will decide cases within six months from the date of reference made to them by the Sub Registrars and Joint Sub Registrars and review such cases in the monthly meetings of Revenue Officers

In their additional reply the department stated that 45 cases involving Rs 11 26 lacs are pending in the Courts and 114 cases involving Rs 5 33 lacs of frauds and evasion of taxes, stamp duties are outstanding for finalisation. It was also informed by the department that no new case regarding frauds and evasion of taxes/duties is detected by audit till March, 1999 The Committee recommend that all the cases pending for finalisation be expedited and balance amount be recovered under intimation to the Committee within three months.

#### [104] 1 7 Results of Audit

Test check of the records of Sales Tax Stamp Duty and Registration Fees State Excise Taxes on Motor Vehicles Entertainments Duty and Show tax Passengers and Goods Tax Mines and Geology and Co operation Departments conducted during the year 1994 95 revealed under assessments/short levy/loss of revenue amounting to Rs 2765 lakhs in 4599 cases During the course of the year 1994 95 the concerned Departments accepted under assessments etc of Rs 184 22 lakhs involved in 1050 cases of which 911 cases involving Rs 113 71 lakhs had been pointed out in audit during 1994 95 and the rest in earlier years An amount of Rs 55 45 lakhs was recovered in 387 cases pointed out during 1994 95 and Rs 11 05 lakhs recovered in 172 cases pointed out in earlier years

The Report contains 27 paragraphs including 2 reviews relating to **Internal controls** on disposal of remanded cases and receipts under **National Permit Scheme** involving Rs 645 28 lakhs The Departments accepted audit observations involving Rs 538 58 lakhs of which Rs 12 56 lakhs had been recovered up to July 1995 No reply has been received in other cases The department in their written reply explained the position as under

Out of 4599 cases involving Rs 2765 lacs 677 cases involving Rs 88 61 lacs relate to Stamp Duty & Registration fee Latest position of these cases is as under -

	No of cases	Amount (Rs in lacs)
1 Amount recovered by the department	296	22 88
2 Amount dropped by DCs/Collectors	74	9 02
3 Amount dropped by A G in subsequent audit	49	14 49
4 Cases in various courts	89	19 92
5 Balance	169	22 30
Total	677	88 61

Efforts are being made to recover the balance amount of Rs 22 30 lacs on priority basis Deputy Commissioners have been directed to bring down the number of cases pending in the courts of Collectors and get the decision expedited. In this connection for prompt disposal of such cases all the Deputy Commissioners have again been asked that every Collector (SDO(C) & DRO) will decide cases within six months from the date of reference made to him by the Sub Registrars/Joint Sub Registrars and review such cases in the monthly meetings of Revenue Officers

During the course of oral examination the Committee was informed that six more cases have also been decided leaving a balance of 163 cases and the departmental representatives assured the Committee that balance cases will be pursued for complete settlement The Committee recommend that the cases pending in the Courts be pursued and balance amount pending in 163 cases be recovered at the earliest under intimation to the Committee

## [105] 1 9 2 Outstanding audit objections in Internal Audit

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The number of internal audit reports issued observations raised and amount of rev enue involved therein objections cleared during the years 1992 93 to 1994 95 and those pending at the end of the year 1994 95 were as follows

Year	Audit reports/ objections/issued vis-a-vis units audited		•	Audit /reports objections/cleared upto 31 March 1995		Audit /reports			
	Audit reports (Money	Objec tions value in l	Money value akhs of rup	Aŭdit reports rees)	Objec- tions	Money value	Audit reports	Objec tions	Money value
1992 93	239	11198	244 01	72	9244	70 43	167	1954	173 58
993-94	254	16335	326 03	131	8648	63 82	123	7687	262 21
994-95	213	11583	320 73	<b>42</b> ;	3016	114 53	171	8567	~206 20
lotal	706	39116	890 77	245	20908	248 78	461	18208	641 99

The Departments cleared 20908 objections out of 39116 objections (July 1995)

The department in their written reply explained the position as under -

Out of 461 audit reports containing 18208 objections 415 audit reports con taining 2442 objections pertains to Stamp Duty & Registration fee Latest position of 415 audit reports and 2442 objections is as under -

	No of audit , reports	No of objection	Money value Amount (Rs in lacs)
Pending	415	2442	535 69
Settled/recovered	230	1880	385 25
Balance	185	562	150 44

The efforts are being made by the Deputy Commissioners, Sub Registrars and Joint Sub Registrars to settle the balance audit objections of internal audit on priority basis

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The Committee recommend that the balance objections be settled within three months under intimation to the Committee The Committee further recommend that action taken against the Registering Authority involved in the under valuation cases be intimated to the Committee
### STAMP DUTY AND REGISTRATION FEES

#### [106] 3 1 Results of Audit

Test check of records in departmental offices conducted in audit during the year 1994 95 revealed short levy and non levy of stamp duty and registration fees amounting to Rs 88 61 lakhs in 677 cases which broadly fall under the following categories

No	Nature of irregularities	Number of cases	Amount (in lakhs of rupees)
1	Loss of stamp duty due to under valuation of properties	344	50 25
2	Evasion of stamp duty and registration fees	91	13 89
3	Irreguiar exemption of stamp duty and registration fees	57	10 72
4	Non/short levy of stamp duty and registration fees	90	7 49
5	Loss of stamp duty due to misclassification of deeds	4	4 19
6	Other irregularities	91	2 07
	Total	677	88 61

During the course of the year 1994 95 the Department accepted under assessment of Rs 17 32 lakhs involved in 83 cases which were pointed out in audit during 1994 95 out of which Department recovered Rs 68 935 in one case Besides the Department recov ered an amount of Rs 4 93 lakhs in 73 cases pertaining to the earlier years

The department in their written reply explained the position as under

Latest position of 677 cases involving Rs 88 61 lacs categorywise is as under

1 Loss of stamp duty due to under valuation of properties

		No of cases	Amount (Rs in lacs)
1	Amount recovered by the Deptt	104	12 96
2	Amount dropped by D Cs /Collectors	44	6 38
3	Amount dropped by A G in subsequent audit	32	7 16
4	Cases in various courts	63	12 13
5	Balance cases/amount	101	11 62
<u> </u>	Total	344	50 25

				No of	Amount
				cases	(Rs in lacs
	1	Amount recovered	· ·	45	5 59
	2	Amount dropped b		7	0 93
	3	Amount dropped b	y AG in subsequent audit	1	0 88
	4	Cases in various c	ourts	13	1 7 <b>1</b>
	5	Balance cases/am	ount	25	4 78
		Total		91	13 89
3	irre	egular exemption of a	stamp duty and registratio	n fees	
-	1	Amount recovered		27	1 78
	2	Amount dropped by		7	0 83
	З	Amount dropped by	AG in subsequent audit	15	- 315
	4	Cases in various co		<b>4</b>	
	5	Balance cases/amo	punt	<b>4</b>	<u>م</u> 0 82
		Total		57	10 72
L.	Noi	n/short levy of stamp	duty & registration fee		
	1	Amount recovered t	1	37	- 1 14
	2	Amount dropped by		15	0 45
	3		AG in subsequent audit		
	4	Cases in various co	1	8	1 82
	5	Balance cases/amo	unt	30	4 08
		Total		90	7 49
	Los	s of stamp duty due	to misclassification of de		1 40
		Amount recovered b		1	0.06
	2	Amount dropped by	_	1	0 26 0 43
	3		AG in subsequent audit	1	0 43 3 30
	4	Cases in various cou			
	5	Balance cases/amou	Int	1	- <u> </u>

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#### 6 Other irregularities

		No of cases	Amount (Rs in lacs)
1	Amount recovered by the Department	82	1 15
2	Amount dropped by DCs/Collectors	<u></u>	—
3	Amount dropped by AG in subsequent audit		-
4	Cases in various courts	1	0 12
5	Balance cases/amount	8	080
	Total	91	2.07

Note Efforts are being made to recover the balance amount of Rs 22 30 lacs on priority basis in order to check misclassification of instruments like GPA etc under valuation of immovable property and prompt disposal of cases pending u/s 47 A in the court of Collectors necessary instructions have been issued on 19 3 99

The Committee noted that the progress in finalising the cases is very slow The Committee, therefore, recommend that all the balance cases be settled expeditiously and recover the balance amount within three months under intimation to the Committee The action taken against the officers who were involved in the cases of levy and non-levy of stamp duty and registration fee be also intimated to the Committee within three months

## [107] 3 2 Short recovery of stamp duty on mortgage deed

Under the Indian Stamp Act 1899 as applicable to Haryana mortgage deed in cludes every instrument whereby for the purpose of securing money advanced or to be advanced by way of loan or an existing or future debt or the performance of an engage ment one person transfers or creates to or in favour of another a right over or in respect of specified property in cases where possession of property is not given stamp duty is charge-able at one and a half per cent of the amount of I can secured by such instrument Govern ment vide notification issued in October 1983 under the Act remitted levy of stamp duty on the deeds of mortgage without possession which are executed by agriculturists in favour of Commercial Banks for securing loans up to the amount of rupees one lakh for specified purposes

(i) During the audit of the records of Sub Registrar Karnal it was noticed (January 1995) that a mortgage deed was executed in January 1994 by a construction company of New Delhi after mortgaging its plant and machinery in favour of the Government of Haryana for securing a loan of Rs 2 crores Stamp duty of Rs 3 lakhs was chargeable on this instrument However on the plea of the party that the case for exemption from levy of stamp duty on this instrument was under consideration with the Government the registering au thority instead of impounding the document and referring the case of short levy of stamp duty to Collector/Government in Revenue Department irregularly registered this document with a stamp duty of Rs 40 only against the provisions of the Act resulting in short levy of stamp duty of Rs 2 99 960

On the omission being pointed out (January 1995) in audit the Sub Registrar Karnal intimated (May 1995) that the Government has rejected the case for exemption of stamp duty and ordered to recover the difference of stamp duty short charged. The recovery or ders were issued by the Department in March 1995 but no recovery has been made so far (July 1995).

The case was reported to Government in March 1995 their reply has not been re ceived (July 1995)

(II) During the course of audit of the records of Sub Registrar Fatehabad (Hisar) it was noticed (March 1994) that a firm dealing in seeds and chemicals which is not covered under the specified purposes of the aforesaid notification secured various cash credit facilities of Rs 13 50 lakhs from a scheduled commercial bank by mortgaging the agricultural land of an agriculturist who stood surety for repayment of principal interest and other charges due under various cash credit facilities availed of by the firm The deed was got registered (March 1993) as a Security Bond in favour of the bank on a non judicial stamp paper of Rs 15 only instead of as a mortgage deed Stamp duty levied short as a result of this misclassification amounted to Rs 20 235

On the omission being pointed out (March 1994) in audit the Department issued notice for recovery in March 1995 Report on recovery has not been received (July 1995)

The case was reported to Government in September 1994 their reply has not been received (July 1995)

The department in their written reply explained the position as under

(I) The amount of Rs 2,99 960/ is being recovered as arrears of land revenue though the collector Delhi because the concerned construction company (Continen tal Construction Company) situates in the jurisdiction of Delhi State

(II) Necessary steps are being taken to recover the deficient amount of Rs 20 235/

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During the course of oral examination, the Committee was informed that the officials responsible for the lapses have been charge sheeted The Committee, therefore, recommend that the disciplinary proceedings be decided within a stipulated time. The Committee also brought to the notice of the Department that the property of the defaulter company is also at Faridabad and the Department may recover the arrear as land revenue through the Deputy Commissioner, Faridabad instead of pursued the matter with the Collector, Delhi. The Committee further recommend that the earliest and progress made in this regard be intimated to the Committee.

[108] 3 4 Evasion of stamp and registration fees through power of attorney

(II) In Registration office Kalka it was noticed (October 1993) that an agreement to sell a rsidential property was executed (April 1991) and possession of the property was handed over to the purchaser after full consideration of Rs 1 50 lakhs was received by the seller A power of attorney authorising the purchaser to dispose off the property in any

manner and sign the deed of conveyance was also given to the purchaser. As the agree ment involved all the essential ingredients of a conveyance deed non execution thereof resulted in stamp duty of Rs 23 732 and registration fees of Rs 500 being evaded.

On the omission being pointed out (October 1993) in audit the Department issued (February 1994) notice for recovery Further report has not been received (July 1995)

The matter was reported to government in January 1994 their reply has not been received (July 1995)

The department in their written reply explained the position as under

This case is pending for decision in the court of Collector Kalka U/S 47-A of the Indian Stamp Act 1899 For quick disposal of such cases instructions have been issued to all DCs that every Collector (SDO(C) & DRO) will decide cases within six months from the date of reference made to him by Sub Registrars/Joint Sub-Registrars and review such cases in the monthly meetings of Revenue Officers

After hearing the Departmental representatives, the Committee recommend that this point may be got examined whether recovery can be effected where the registration has not been made and the transactions were made only on power of attorney The Committee further desires that decision taken in this regard be intimated to the Committee

[109] 3 5 Evasion of Stamp Duty

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(iii) In the office of the Sub Registrar Jind a deed of conveyance was executed (April 1991) on account of sale of property The value of the property set forth in the instrument was Rs 1 80 lakhs whereas in the agreement executed earlier between the parties (Sep tember 1990) the value of the property recorded with the document writer was Rs 4 41 lakhs The deed of conveyance having been executed and registered at a lesser consider ation resulted in Evasion of stamp duty of Rs 32 594 Besides penalty not exceeding Rupees five thousand for under valuation of property done with intent to defraud Govern ment was also leviable but was not levied

On the omission being pointed out (June 1992) in audit the Department issued no tice for recovery (June 1992) Further report has not been received (July 1995)

The case was reported to Government in August 1992 Government has intimated (August 1994 and October 1994) that the reasons why the recovery could not be effected are being obtained from the Department Final reply has not been received (July 1995)

The department in their written reply explained the position as under

The deficient amount of Rs 32 594/ is being recovered as arrears of land revenue by Collector Jind Deputy Commissioner Jind is being stressed time and again to effect this recovery as early as possible

The Committee recommend that Deputy Commissioner, Jind may be asked to decide the case alongwith the recovery within a period of three months. The report in this respect be sent to the Committee for its information.

### **Chief Electrical Inspector**

### [110] 1 4 Arrears in revenue

As on 31 March 1995 arrears of revenue under the principal heads of revenue as reported by the Departments were as under

S No	Heads of revenue	Total arrears (In lakhs c	Arrears more than Five years old of rupees)	Remarks
4	Taxes and Duties on Electricity	2 354 42	1 454 88	Out of Rs 2 354 42 lakhs demands for Rs 16 00 lakhs were pending in the civil courts The deferred re covery of duty of Rs 38 34 lakhs was being pursued for recovery and amount of Rs 130 00 lakhs was likely to be written off Action taken to recover the remaining amount of Rs 2170 08 lakhs has not been intimated (July 1995)

The department, in their written reply explained the position as under ----

This para pertains to the arrear of electricity duty amounting to Rs 2354 42 lacs upto 31 3-1995 The arrear of electricity duty is based on the statements submitted by the field offices of HSEB to this department. Since HSEB levies and collects electricity duty with the energy bills as required under section 4 of the Punjab Elec tricity (Duty) Act 1950 HSEB is also responsible to maintain the record properly. The balance shown in the monthly electricity duty statements by the field offices vary from the balance of ledgers. The Chief Engineer/Commercial and Chief Accounts Officer HSEB Shakti Bhawan Panchkula were asked to send reply in questionnaire in the PA C. Paras for the year 1990 91 vide this department. Memo No ED/PAC/90 91/ 9300 dated 10 8 95 The Chief Accounts Officer. HSEB has intimated the arrear of electricity duty as Rs 10 37 crores as on 31 3 95 instead of Rs 2354 42 lacs which was intimated to PA C. However, the figures are being reconciled with the HSEB and efforts are also being made to effect the recovery with the coordination of Board

While submitting the additional information, the department stated that recovery of outstanding amount is to be made by HVPNL or its constituent distribution companies and strenous efforts are being made to reduce the arrear of Electricity Duty with HVPNL. The Committee recommends that strenous efforts be made by the department to effect the balance recovery at the earliest with the co-ordination of the HSEB/HVPNL and progress report be sent to the Committee within three months ~~

#### Transport

#### [111] 4 1 Results of Audit

Test check of records in departmental offices conducted in audit during the year 1994 95 revealed short/non recovery of excise duty taxes on vehicles and entertainments duty amounting to Rs 1 656 46 lakhs in 2015 cases as indicated below

	Heads of revenue	Number of cases	Amount (In lakhs of rupees)
A	Taxes on Motor Vehicles	935	15 35
В	State Excise	452	1438 09
С	Entertainments duty and show tax	15	8 60
D	Passengers and Goods Tax	613	194 42
	Total	2015	1656 46

(a) In the case of Taxes on Motor Vehicles the Department accepted under assess ments etc of Rs 2 30 lakhs in 74 cases which were pointed out in audit during 1994 95 Of these the Department recovered Rs 0 81 lakh in 21 cases Besides an amount of Rs 0 90 lakh has also been recovered in 42 cases pointed out in earlier years

The department in their written reply explained the position as under -

Out of total amount 15 35 lakhs in 935 cases an amount of Rs 1 80 lakhs in 44 cases has been recovered Continuous efforts are being made to recover the balance amount Further progress will be intimated from time to time

During the course of oral examination the Committee was informed that out of total amount of Rs 15 35 lakhs amount of Rs 3 94 lakhs have been recovered leaving a balance of Rs 11 41 lakhs, out of which Rs 7 41 lakhs is to be recovered from S D M offices and Rs 4 00 lakhs from R T A offices The Committee recommends that a senior officer be assigned the work to pursue the recovery cases and progress report be sent to the Committee within three months

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#### Mines and Geology

#### [112] 51 Results of Audit

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Test check of records of departmental offices dealing with collection and realisation of non tax receipts conducted in audit during the year 1994 95 revealed non recovery of loss of revenue amounting to Rs 464 16 lakhs in 1209 cases as follows

	Heads revenue	Number of cases	Amount (In lakhs of Rupees)
А	Mines and Geology	774	452 66
В	Co operation	435	452 00
	Total	1209	464 16

(a) In the case of Mines and Geology Department under assessment etc of Rs 52 52 lakhs in 198 cases were accepted of which 197 cases involving Rs 49 78 lakhs were pointed out during 1994 95 and one case in 1992 93 Out of which an amount of Rs 28 95 lakhs in 28 cases has been recovered during 1994 95 Besides an amount of Rs 0 12 lakh in two cases has also been recovered relating to earlier years

The department in their written reply explained the position as under ----

Out of total amount of Rs 452 66 lacs shown as outstanding a sum of Rs 337 74 lacs are not recoverable and explanation on individual paras were sent to A G (Audit) Haryana for dropping these paras

# The Committee recommends that the department may fix the meeting for settlement of these cases with the A G (Audit) and progress report be sent to the Committee

# [113] 5 3 Non recovery of interest for late deposit of contract money

Under the Punjab Minor Mineral Concession Rules 1964 as applicable to Haryana a mining contract for quarrying is granted by auction or by inviting tenders to the highest bidder. The contractor is required to deposit 25 per cent of the annual bid money as security and another 25 per cent (one twelfth of the bid money where value of contract exceeds Rs 5 lakhs) as advance payment immediately on the allotment of the contract. The balance of the contract money is payable in advance in monthly/quarterly instalments. In the event of default in payment, the competent authority may by giving a notice terminate the contract and forfert the security and the instalments paid in advance if any Interest at the rate of 15 per cent (24 per cent from 20 March 1992) is also recoverable for the period of default

In Ambala a contract for extraction of boulder gravel and sand was granted to a contractor through auction for the period from 11 February 1991 to 31 January 1994 for an amount of Rs 18 52 lakhs per annum The contractor paid monthly instalments late for the period from 11 February 1992 to 11 October 1993 Interest chargeable on belated pay ments amounted to Rs 2 75 lakhs was not demanded

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On the omission being pointed out (February 1994) in audit the Department intimated (February 1995) that efforts were being made to recover the interest. Further report on recovery has not been received (July 1995)

The case was reported to Government in March 1994 their reply has not been received (July 1995)

The department in their written reply explained the position as under ----

A sum of Rs 2 44 779/ have been shown recoverable from M/s Rajinder Kumar Chadda and Co who held the contract of minor mineral quarry of Fatehpur Dewanwala for the period from 11 5 91 to 31 3 1994 as interest on delayed payment A sum of Rs 4 176/ has been recovered from the contractor on 9 1 1995 leaving a balance of Rs 2 42 300/ Assistant Geologist Panchkula is making efforts to recover the amount from the contractor

During the course of oral examination the departmental representatives informed the Committee that an amount of Rs 1 24 lakhs has been recovered and assured the Committee that balance amount will be recovered within three months The Committee desired that the progress made in recovering the balance amount be intimated to the Committee within three months

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# PART-VI

# 1995-96 (Revenue Receipts)

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#### Co operation

#### [114] 1 4 Arrears in revenue

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As on 31 March 1996 arrears of revenue under the principal heads of revenue as reported by the departments were as under —

S No	Heads of revenue	Total arrears (In lakhs o	Arrears more than 5 years old	Remarks
6 (	Co operation	721 94	148 96	Out of Rs 721 94 lakhs a sum of Rs 403 42 lakhs was due from HAFED on account of audit fee The case has been pending with the State Government for decision The remaining amount of Rs 318 52 lakhs was outstanding against vari ous Co operative Societies

Haryana State Co operative Supply and Marketing Federation

The department in their written reply explained the position as under ----

The registered cooperative societies are liable to pay audit tee till brought un der winding up process Recovery from defunct societies is difficult it is possible only when these societies start functioning or are finally wound up The position of recovery is as under —

Balance	50 84 lacs	Balance	12 64 lacs
Amount recovered		Recovered	136 32 lacs
Total outstanding 31 3 96	721 94 lacs	More than 5 years	148 96 lacs

As regards recovery of audit fee from HAFED is concerned full amount of Rs 403 42 lacs has been recovered

Efforts are being made to recover the remaining balance of Rs 50 84 lacs Hence it is requested that this para may be dropped

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During the course of oral examination the departmental representatives in formed the Committee that out of Rs 721 90 lakhs an amount of Rs 671 10 lakhs have been recovered leaving a balance of Rs 50 84 lakhs The Committee was also informed that the financial position of defunct societies against whom the amount is outstanding is not good to pay the amount and the department is pursuing the matter of amount to be written off The Committee desire that final decision taken in the matter be intimated to the Committee

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### ANIMAL HUSBANDRY

## [115] 16 Frauds and evasion of taxes/duties

The details of cases of frauds and evasion of taxes and duties pending at the begin ning of the year number of cases detected by the departmental authorities number of cases in which assessments/investigations were completed and additional demand (includ ing penalties etc.) of taxes/duties raised against the dealers during the year and the number of cases pending finalisation at the end of March 1996 as supplied (July 1996) by the respective Departments are given as under —

Sr No	Name of tax/duty	Cases pend ing as on 31 March 1995	Cases detec ted during the year 1995 96	Number of cases in which assess ments/investiga tions completed and additional demand includ ing penalty raised	Amount of Demand (In lakhs of rupees)	Number of cases pending finalisa tion as on 31 March 1996
4	Animal Husbandry	1	—		0 65	1

The department in their written reply explained the position as under

There was a case of fraud of Rs 0 65 lacs by an employee of the department The trial court sentenced the accused employee for 18 months imprisonment alongwith fine of Rs 500/ on 24 9 99 The accused filed and appeal against the judgement of the trial court in the court of Addi Session Judge Hisar Hon ble court accepted the application and released the accused on bail Hon ble Addi Session Judge Hisar vide his decision dated 21 4 2000 has acquitted the accused of the charges framed against him Consequently Finance Department has been requested to write off the amount of Rs 0 65 lakh

In view of the above it is requested that the para may please be dropped

At the time of oral examination the departmental representatives assured to supply the complete facts of this case to the Committee within 15 days after getting enquiry from the District Attorney, Hisar The Committee constrained to note that the information was not supplied by the department till the drafting of the report The Committee observed that the complete facts of this case be sent to the Committee within 15 days

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### Excise and Taxation

### [116] 1 4 Arrears in revenue

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As on 31 March 1996 arrears of revenue under the principal heads of revenue as reported by the departments were as under

S No	Heads of - revenue	Total arrears	Arrears more than Five years old	Remarks
	(In lakhs of rupees)			
	2	3	4	5
1	Taxes on Sales Trade etc	-	5047 34	Out of Rs 19 644 52 lakhs demar for Rs 1850 89 lakhs had been ce tified for recovery as arrears of lar revenue Rs 12 458 83 lakhs ha been stayed by the Courts and othe Appellate Authorities Rs 1661 4 lakhs were held up due to dealer becoming insolvent and demands for Rs 1123 62 lakhs were proposed to be written off Specific action take to recover the remaining amount of Rs 2549 77 lakhs though called for has not been intimated (July 1996
2	Taxes on Goods and Passengers	<b>1240 45</b>	165 40	Out of arrears of Rs 1240 45 lakks demands for Rs 25 91 lakhs ha been certified for recovery as arrear of land revenue Rs 26 99 lakhs ha been stayed by the Courts and othe Appellate Authorities Rs 5 40 lakh were held up due to dealers becom ing insolvent and demand for Rs 0 61 lakh was proposed to b written off Specific action taken in respect of the remaining arrears of Rs 1181 56 lakhs has not been int mated (July 1996)
3_	State Excise	1753 20	640 <b>35</b>	Out of arrears of Rs 1753 20 lakes demands amounting to Rs 158 8 lakhs had been certified for recovery ery as arrears of land revenue Rs 896 75 lakhs and Rs 1 31 lakh

1	2	3	4	5
				had been stayed by the Courts and other Appellate Authorities respec tively Rs 38 00 lakhs wer- held up due to dealers becoming insolvent and demand for Rs 653 29 lakhs was proposed to be written off
(II)	Receipts under the Punjab Entertainments (Cinematograph Shows) Act	38 00	10 06	Out of Rs 38 00 lakhs recovery of Rs 16 86 lakhs had been stayed by the Courts and Rs 7 75 lakhs were proposed to be written off Action taken to recover the remaining amount of Rs 13 39 lakhs has not been intimated by the department (July 1996)

The department in their written reply explained the position as under --

This para is based on information supplied by this department to A G (A) Haryana Out of total revenue of Rs 19644 52 lakhs Rs 8750 44 lakhs stand recov ered/deleted upto 30 6 97 leaving a balance of Rs 10894 08 lakhs The reasonwise detail of balance arrears of Rs 10894 08 lakhs are given below — U

	٩)	mount in lakhs)
1	Under Stay	5634 58
2	Inter State defaulters	1901 86
з	Inter Distt Defaulters	87 81
4	To be written off	785 39
5	Property attached	345 52
6	Recovery by instalments	281 63
7	Relating to companies under Liquidati	on 846 56
8	Net recoverable	1010 73
	Total	10894 08

This para is based on information supplied by this department to A G (A) Haryana Out of Rs 1240 45 lakhs Rs 477 52 lakhs stand recovered upto 31 7 97 leaving a balance of Rs 762 93 lakhs and reasonwise break up of this amount is as under —

		(Amount in lakhs)
1	Under Stay	27 40
2	Inter State defaulters	26 61
3	Inter District defaulters	0 02

4	To be written off	0 61
5	Net recoverable	708 29
	Total	762 93

Out of total arrears of Rs 1753 20 lakhs an amount of Rs 1115 92 lacs has been recovered upto 30 11 2000 leaving a balance of Rs 637 28 lakhs The reasonwise details of balance arrears of Rs 637 28 lakhs are given below —

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		(In lakhs of Rs
1	Under Stay	183 17
2	Inter State defaulters	34 12
3	Inter Distt defaulters	87 58
4	To be Written off	40 53
5	Property attached	55 58
6	Recovery by Instalment	29 45
7	Relating to Companies under liquidatio	n 1451
8	Net recoverable	192 34
	Total	637 28

This para is based on the information supplied by the Department to A G (A) Haryana Out of total Rs 38 00 lakhs an amount of Rs 11 45 lakhs stand recovered and Rs 6 49 lakhs have been written of leaving a balance of Rs 20 06 lakhs The reasonwise detail of balance arrear are as under —

		(Rs in lakhs)
1	Under Stay	16 86
2	Net recoverable	3 20
	Total	20 06

During the course of oral examination the Committee was informed that Rs 8448 lakhs in Sales/Trade Tax, Rs 455 75 lakh in PGT, Rs 1 06 lakhs in entertainment tax and Rs 637 28 lakhs in Excise side are balance as arrear The main reasons of the arrear was attributed due to Court cases and other defaulters shifted to Inter State/Inter Districts The Committee desire that effective steps be taken to recover the balance amount and suggest that some fool-proof procedure be evolved to avoid accumulation of such huge arrears in future The steps taken in this regard be intimated to the Committee within three months

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#### [117] 1 5 Arrears in assessment

The details of assessment cases of taxes on sales trade etc and passengers and goods tax pending at the beginning of the year cases becoming due for assessment during the year cases disposed of during the year and the number of cases pending finalisation at the end of each year during 1991 92 to 1995 96 as furnished by the department are given below

Year		Opening Balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of Col 5 to Col 4
(1)		(2)	(3)	(4)	(5)	(6)	(7)
1991 92	TST	99150	159966	259116	148946	110170	57
	PGT	309	575	884	505	379	57
1992 93	TST	110170	129510	239680	158640	81040	66
	PGT	379	322	701	່ 501	200	71
1993 94	TST	81040	136358	217398	126973	90425	58
	PGT	200	135	335	262	73	78
1994-95	TST	90425	261613	352038	161998	190113	46
	PGT	73	191	264	74	117	28
1995 96	TST	190113	269783	459896	158443	301453	34
	PGT	117	509	626	391	235	62

The above table shows that the number of pending cases in respect of Taxes on Sales Trade etc at the beginning of 1991 92 was 99 150 which went up to 3 01 453 at the end of 1995 96 registering an increase of 204 *per cent* while the percentage of finalisation of assessment cases which had gone up to 58 *per cent* during 1993 94 declined to 34 *per cent* in 1995 96 The department had however taken no effective steps to check the in creasing trend in arrears in assessment cases

The department in their written reply explained the position as under ----

This para is based on the information supplied by the department for Chapter I to the A G (A) Haryana In the CAG Report for the year 1995 96 301688 (301453 TST+235 PGT) cases were shown pending for assessment under Sales Tax and Passenger and Goods Tax Act at the end of 1995 96 out of which 273864 cases (273794 TST and 70 PGT) have benn disposed off upto 30 4 1997 leaving a balance of 27824 cases (27659 TST +165 PGT) Instructions have been issued to all Deputy Excise and Taxation Commissioners to get these cases disposed off early and the compliance thereof will be watched

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The Committee are unhappy to note that 3,01,453 cases of assessment were pending at the end of 1995-96 and 6700 cases of assessment were also stated to be

pending for finalisation at the time of oral examination. The Committee desire that effective steps be taken to clear the balance cases and remedial measures be adopted to dispose off the assessment cases within reasonable time to avoid accumulation of arrears in future. The progress made in this regard be intimated to the Committee within three months.

### [118] 2.2 Under assessment due to inadmissible deduction from turnover

(a) (II) During the course of audit of Deputy Excise and Taxation Commissioner Gurgaon it was noticed (November 1995) that in the case of a dealer of Gurgaon the assessing authority while finalising (May 1994 and march 1995) the assessments for the years 1990 91 and 1991 92 erroneously allowed deduction amounting to Rs 5 16 lakhs from the gross turnover of the dealer on account of sale of liquid soap to the registered dealers The inadmissible deduction resulted in short assessment of tax of Rs 45 437 Besides penalty interest of Rs 28 420 was also leviable for non payment of tax alongwith the returns

On this peing pointed out (November 1995) in audit the department referred (November 1995) the cases to the revisional authority for *suo motu action* Further report has not been received (June 1996)

The above cases were reported to Government in December 1995 their reply has not been received (June 1996)

The department in their written reply explained the position as under

#### M/s Agro Chem Fertilizer, Gurgaon A Y 1990-91

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The Audit had raised objection in this case in November 1995

The case was referred to the Revisional Authority for suo motu action in view of the audit objection who vide his orders dated 24 6 96 created an additional de mand of Rs 24 222/ Recovery proceedings are underway as the firm stood closed by the time the decision in the case was finalised

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#### The Committee observed that the recovery be settled expeditiously under intimation to the Committee

[119] 2.2 (b) Under the Haryana General Sales Tax Act 1973 transfer of property in goods involved in the execution of a works contract is sale and tax is leviable on the sale value of goods transferred Further a registered dealer may deduct from his gross turnover sale value of goods sold to other registered dealers after furnishing the prescribed declaration forms (ST 15) No deduction against declaration forms is however admissible where the work executed is not meant for subsequent disposal of the goods Further besides penality the dealer is liable to pay interest on the amount of tax due at one per cent per month for the first month and at one and a half per cent per month thereafter so long as the default continues During the audit of the records of the Deputy Excise and Taxation Commissioner Jagadhari it was noticed (July 1993) that a dealer of Yamuna Nagar used paints valued at Rs 7 19 lakhs in job work (works contract) of painting the machinery of other registered dealer during the year 1991 92 The assessing authority while finalising (February 1993) the assessment for the year 1991 92 allowed deduction from gross turnover against declaration forms (ST 15) In audit it was pointed out (July 1993) that no deduction against declaration was admissible as the job work was not meant for subsequent disposal of the goods The mistake resulted in under assessment of tax of Rs 63 233 and interest of Rs 14 852

On the mistake being pointed out (July 1993) in audit the department raised (De cember 1995) additional demand for tax of Rs 63 233 and stated (February 1996) that assessing authority has initiated proceedings for levying of interest and penalty Further report on levy of interest and penalty and on recovery of the additional demand so raised has not been received (June 1996)

The case was reported to Government in February 1996 their reply has not been received (June 1996)

The department in their written reply explained the position as under ----

# M/s Karam Chand Thapper and Brothers Y/Nagar A Y 1991 92

The audit had raised objection in this case in July 1993

The Dy Excise and Taxation Commissioner (I) cum Revisional Authority vide his orders dated 20 12 95 created an additional demand of Rs 63 233/ The dealer aggrieved with the orders preferred an appeal before the Hon ble Sales Tax Tribunal Haryana The Tribunal vide his orders dated 28 5 96 remanded the case for fresh assessment The department filed the review application under section 41 of Haryana General Sales Tax Act 1973 on 12 6 1996 on the grounds that under the law the dealer is not entitled to use goods purchased on the strength of R C in the job work of painting Machinery and maintenance of buildings etc The review application is still pending before the Tribunal

# The Committee desire that the case pending with the Tribunal be pursued and final outcome be reported to the Committee

# [120] 23 Under assessment due to irregular deduction allowed against invalid declaration forms and non/short levy of purchase/sales tax

(i) During the course of audit of the records of Deputy Excise and Taxation Commissioner Jind it was noticed (June and July 1994) that in three cases relating to two dealers of Safidon (Jind district) deductions of Rs 127 62 lakhs were allowed (December 1992 and August 1993) on account of sales to registered dealers against declaration forms (ST 15) during the years 1991 92 and 1992 93 respectively. In audit it was found that declaration forms involving sales valued at Rs 91 48 lakhs were those which had been stolen/lost from the office store of Deputy Excise and Taxation Commissioner. Bhiwani and had been declared (May 1993) invalid by district office and declarations involving sales valued at Rs 18 19 lakhs were those where the purchasing dealer was non existent and not regis tered under the Act. Thus out of the total deduction of Rs 127 62 lakhs deduction of Rs 109 67 lakhs was allowed incorrectly against invalid forms. This resulted in under assess ment of tax of Rs 4 39 lakhs Besides penalty amounting to Rs 8 78 lakhs is also leviable.

On this being pointed out (June and July 1994) in audit the Deputy Excise and Taxa tion Commissioner Jind referred (August 1994) the case to revisional authority for taking

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suo motu action The revisional authority while taking suo motu action set aside the assess ment orders of the assessing authority and remanded (December 1994) the cases for fresh assessment. On appeal by the dealers, the Haryana Sales Tax Tribunal held (May 1995) that the revisional authority could not leave the matter to be decided by the lower authority and accordingly set aside the orders of the revisional authority and remanded the matter to be decided by revisional authority himself. However, the same revisional authority again reminded (July 1995) the cases to assessing authority for fresh assessment. Action of the revisional authority was not in order in view of the decision of Haryana Sales Tax Tribunal The matter was taken up with the Excise and Taxation Commissioner (May 1996). The reply has not been received (June 1996).

The department in their written reply explained the position as under ----

- 1 M/s Bansal Trading Co , Safidon, A Y 1992 93
- 2 M/s Parma Nand Jai Dev, Safidon (Jind) A Y 1992-93
- 3 M/s Parma Nand Jai Dev, Safidon (Jind) A Y 1991 92

The Audit had raised this objection in June and July 1994

These three cases were referred to the Revisional Authority for taking suo motu action wherein Jt Excise and Taxation Commissioner(A) cum Revisional Au thority in revision No 111 112 113/SM remanded the case to the concerned assess ing authority for fresh decision. The dealer preferred the appeal against the order of Revisional Authority before the Sales Tax Tribunal Haryana who vide its order dt 3 5 1995 in STA No 906 to 908 of 1994 95 remanded the case back to the Jt ETC(A) Hisar for deciding the case himself afresh on merits after giving the opportu nity to the delaler However Jt ETC(A) Hisar vide his order dated 6 7 1995 in appeal No 157 158 and 159/SM remanded the cases to the concerned Assessing Authority and not followed the direction of the Hon ble Sales Tax Tribunal In view of the same the case has again been referred to him for review u/s 41 of the HGST Act 1973 vide DETC Office memo No 16 1 96 All the three cases have been accepted for review u/s 41 of the HGST Act 1973 by the Jt ETC(A) Hisar vide his order dated 15 4 96 Now these cases are pending with him for fresh decision for which he has been requested vide this office No 2479/AA I dt 12 8 97 to decide all the cases on Top Priority

# The Committee desire that amount be recovered from the dealers within a stipulated time under intimation to the Committee

[121] 2 3 (II) During the audit of the records of Deputy Excise and Taxation Commissioner Hisar it was noticed (November 1995) that a dealer was allowed (November 1994) deduc tion of Rs 337 32 lakhs during the year 1988 89 on account of sale of goods made to other registered dealers of Faridabad district against declaration forms (ST 15) which had been declared (January 1991) invalid by the Deputy Excise and Taxation Commissioner Faridabad (East) and for which an FIR was also lodged with the Police This resulted in under assess ment of tax amounting to Rs 44 53 lakhs As the dealer had furnished invalid declaration forms minimum penalty of Rs 89 05 lakhs was also leviable Further goods valued at Rs 44 61 lakhs purchased from within the State without payment of tax were used in the manufacture of goods sent outside the State on consignment basis/branch transfers on which the assessing authority omitted to levy purchase tax of Rs 1 96 lakhs and interest of Rs 1 96 lakhs Further on inter State sale of PVC pipes valued at Rs 8 75 lakhs tax was levied at the rate of 12 *per cent* instead of correct rate 13 20 *per cent* (including surcharge) by ignoring the element of surcharge This resulted in short assessment of tax of Rs 10 501 and interest of Rs 10 500 The mistakes on all the three counts resulted in under assess ment of Rs 137 71 lakhs (tax Rs 46 59 lakhs interest Rs 2 07 lakhs Penalty Rs 89 05 lakhs)

On this being pointed out (November 1995) in audit the department referred (December 1995) the case to the revisional authority for taking suo motu action Further report has not been received (June 1996)

The department in their written reply explained the position as under

# M/s Parkash Pipe Industries, Hisar A Y 1988-89

The audit had raised the objection in this case in November 1995

The case was referred to the Revisional Authority for *suo motu* action and the same is pending before him. He has been asked to finalise it early

## After hearing the departmental representatives, the Committee recommends that responsibility be fixed for the delay in this case and desire that sincere efforts be made to recover the balance amount within a stipulated time. The progress made in this regard be intimated to the Committee

[122] 2.3 (III) During the audit of records of Deputy Excise and Taxation Commissioner Kaithal it was noticed (April 1995 to June 1995) that in Kaithal ten dealers in twelve cases (2 cases of 1991 92 4 cases of 1992 93 and 6 cases of 1993 94) were allowed (between April 1994 and March 1995) deductions of Rs 354 33 lakhs during the years 1991 92 to 1993 94 on account of sales to other registered dealers against declaration forms (ST 15) In audit it was found that declaration forms (furnished by 9 dealers in 11 cases) involving sales valued at Rs 71 31 lakhs were those which had been stolen/lost from the office stores of Deputy Excise and Taxation Commissioners Faridabad and Bhiwani and had been de clared (January 1991 May 1993 and November 1993) invalid by district offices

It was also noticed that declaration forms (furnished by 5 dealers in 6 cases) involving sales valued at Rs 49 81 lakhs were those issued by purchasing dealers who were non existent and declaration forms (furnished by 6 dealers in 6 cases) involving sales valued at Rs 60 52 lakhs were those of the purchasing dealers whose registration certificates had been cancelled from the dates prior to the dates of sales and declaration forms (furnished by 1 dealer in 1 case) involving sale of Rs 1 36 lakhs were those wherein purchasing dealer was not registered under the Act Thus out of total deduction of Rs 354 33 lakhs deduction of Rs 183 lakhs was incorrectly allowed against invalid declaration forms resulting in under assessment of tax of Rs 8 67 lakhs Besides penalty interest was also chargeable for non/short payment of tax due alongwith the returns

On this being pointed out (April 1995 to June 1995) in audit the department raised (June 1995 and July 1995) additional demands of tax of Rs 8 67 lakhs in addition the department also raised demands of Rs 3 16 lakhs on account of interest and penalty

(interest Rs 2 70 lakhs penalty Rs 45 620 in 9 cases relating to seven dealers) Matter for levy of interest and penalty in remaining 3 cases of 3 dealers had been taken up again with the department Reports on recovery have not been received (June 1996)

The department in their written reply explained the position as under

### Admission of R D Sales against Stolen Forms

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The Audit had raised the objection during April to June 1995

There were 15 cases involved in this para as against 12 cases pointed out by the Audit These cases were taken up in suo motu and the casewise position is as under

Sr No	Name of the firm	ΑY	Addl Demand Tax/Interest Penalty	Tax/ Penalty recovered	Balance	Remarks
1	Sushil Oil Co Kti	91 92	4904		4904	Recovery proceedings is under progress
2	do-	92 93	143500		143500	do
3	Nıray Trading Kti	92 93	354858	50000	304858	Case remanded by Jt ETC(A) on 16 5-96 and case is pending with A A
4	Sant Machinery Store Ktl	92 93	37901	37901		
5	do-	93 94	49428	29428	20000	
6	RK Enterprise Ktl	92 93	10228		10228	The dealer has filed an appeal which is pending before MSTT
7	do-	93 94	11920		11920	do-
8	Bindlis Mill Store Ktl	93 94	20726	20726		
9	Bharat Timber Store Kti	93 94	29502	<b>1472</b> 1	14781	The dealer has filed an appeal which is pending before MSTT
10	Arora Trading Co Ktl	91 92	33038	10810	22228	do-
11	Narwana Timber Store Ktl	92 93	18187	18167	20	
12	Gupta Machinery	92 93	28883	28883		
13	Anil Mohan Tractor Kti	91 92	31264	8000	23264	The dealer went in a appeal and appeal is Pending
14	Singla Plywood and Glass Ktl	92 93	22664	2264		
15	do	93 94	20402	20402		

After hearing the departmental representative the Committee desire that the cases be settled within three months under intimation to the Committee

[123] 2 3 (IV) During the audit of the records of the Deputy Excise and Taation Com missioner Gurgaon it was noticed (November 1995) that a dealer of Gurgaon was allowed (September 1994) duduction of Rs 6 43 lakhs during the year 1990 91 on account of sale of goods made on 31 March 1991 to another dealer of Gurgaon whose registration certificate was valid only from 2 April 1991. The deduction allowed was thus not admissible as the purchasing dealer was not a registered dealer on the date of sale made to him. Acceptance of invalid declaration forms resulted in non levy of tax of Rs 56 553. Besides penalty inter est of Rs 34 526 (calculated upto the month of original assessment) for non payment of tax alongwith the returns was also leviable.

On this being pointed out (November 1995) in audit the department referred the case to the revisional authority for taking *suo motu* action who created (December 1995) additional demand of Rs 1 04 lakhs (tax Rs 56 553 and interest of Rs 47 261 calculated upto December 1995) Action to impose penalty was to be taken up separately Further report on levy of penalty and on recovery of the additional demand so raised by the department has not been received (June 1996)

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The above cases were reported to Government between September 1994 and Feb ruary 1996 their reply has not been received (June 1996)

The department in their written replt explained the position as under

## M/s Lal Chand Timber Merchants, Badshapur Gurgaon A Y 1990 91

The Audit had raised objection in this case in November 1995 The case was sent to the DETC (I) cum Revisional Authority for suo motu action who created an additional demand of Rs 103814/ including interest on 21 12 95 Further the dealer has preferred an appeal before the Sales Tax Tribunal Haryana Chandigarh who stayed the recovery on 24 7 1996 As regards levy of penalty the same was kept pending The case is still pending before the Tribunal

# The Committee observe that the case pending before the Tribunal be pursued and final outcome be intimated to the Committee

## [124] 2 8 under assessment due to application of incorrect rates of tax

The rates of tax leviable on different categories of commodities have been prescribed and notified by the Government from time to time under the Haryana General Sales Tax Act 1973 and Central Sales Tax Act 1956

During the audit of the records of Deputy Excise and Taxation Commissioner Gurgaon Karnal Hisar Sonepat Panchkula and Faridabad (West) it was noticed between March 1992 and February 1996 that the various assessing authorities levied (between July 1991 and March 1995) tax at lower rates instead of at the correct rates applicable to the com modifies resulting in short levy of tax by Rs 8 14 lakhs and interest of Rs 4 32 lakhs besides penalties as per details given in the following table

S No	o Offi		A Y	Commodity	Value	Tax leviable	Tax levied	Short assess- ment	Remarks
						(Ru	pees in la	khs)	
1	DET( Gurgad	-	1988 89 1989- 90	Loud speakers Electrical appli ances (12 / +SC <sup>2</sup> )	7 19	0 95	0 32+ (4 / SC)	Tax 3 25 Intt	Additional demand of Rs 674 lakhs
		X		General goods (Copper Cables Diesel Engine Conductors etc.) (8 / +SC)	59 76	\5 <b>26</b>	263+ (4% SC)	2 62 Plus penality	created in 3/94 Department y intimated (3/96) that recovery proceeedings
				iron and Steel (4 / declared	3 75	0 15			stayed by Tribunal
				goods)			0 16+ (4 / SC)		
		<u></u>			Total	6 36	3 11		
2	DETC		1989- 90	Rice Bran oil (8% plus SC	138 17	12 16	9 12+	Tax	Revisional
	Karnai		1990 91	upto 30-4-90)	-		(6% SC)	plus penalty	authority remanded the case to AA <sup>3</sup> with the directions to levy tax @ 8 / plus SC Deptt intimated (6/96) that further proceedings stayed by Tribunal
	1	AY	A	ssessment Year					
	2	SC	S	urcharge					
	-								

3 A A Assessing Authority

The department in their written reply explained the position as under

The audit had raised this objection between March 1992 and Feb 1996 The latest position of each case (dealerwise) is given as under

# 1 M/s Zodiac Power Controls (P) Ltd , Gurgaon A Y 1989 90

The recovery proceedings in this case is still under stay since 21 9 94 Last hearing on this case took place in the month of August 1997 Member Sales Tax Tribunal (I) reserved his judgement which is likely to be released shortly

# 2 M/s Mahabir Solvent Oil Mills Taraori (Karnal) A Y 1989-90 to 1990-91

The case was sent to the Jt ETC(A) cum Revisional Authority on 16 10 95 to take appropriate action The Revisional Authority vide order dated 2 2 96 remanded

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the case back to the Assessing Authority for recalculation of Tax The dealer filed an appeal before Sales Tax Tribunal against the orders of the Revisional Authority who stayed the assessment proceedings till the decision of the appeals The hearing on the case was fixed for 13 8 96 The case is still pending before the Tribunal

# The Committee desire that the cases pending before the Tribunal be pursued and final outcome be intimated to the Committee

# [125] 2 9 Non Short levy of purchase tax

Under the Haryana General Sales Tax Act 1973 a dealer is liable to pay tax on the purchase of goods (other than those specified in schedule B) which are purchased from within the State without payment of tax and used in the manufacture of other goods which are disposed of otherwise than by way of sale Tax on paddy when purchased within the State is leviable at the stage of last purchase in the State Further for non payment of tax alongwith the retruns interest is also chargeable on the amount of tax due at **one** *per cent* per month for the first month and at **one and a half** *per cent* per month thereafter so long as the default continues

(ii) During the audit of the records of Deputy Excise and Taxation Commissioner Gurgaon it was noticed (November 1995) that a dealer purchasd goods valued at Rs 27 85 lakhs from within the State without payment of tax during the year 1990 91. Out of the goods so purchased goods valued at Rs 6 97 lakhs were carried over to 1991 92 and used in the manufacture of other goods a part of these manufactured goods was transferred outside the State as stock transfers. While finalising assessment (October 1994) for the year 1991 92 the assessing authority did not levy purchase tax but stated in his assess ment order that proportionate value of purchases made in the year 1990-91 was taxed in the same year. On verification (November 1995) in audit, it was found that no such tax on goods carried over to the year 1991 92 was levied. The omission resulted in non levy of purchase tax of Rs 28 328 and interest of Rs 20 659.

On this being pointed out (November 1995) in audit the department admitted (December 1995) the omission and referred (February 1996) the case to revisional author ity for taking *suo motu* action. Further report on action taken has not been received (June 1996).

The above cases were reported to Government between October 1995 and February 1996 their reply has not been received (June 1996)

The department in their written reply explained the position as under

# M/s Manju Plywood Industries Gurgaon A Y 1990 91

The Audit had raised the objection in this case in November 1995

The case is still pending with the Jt ETC (A) cum Revisional Authority Rohtak who has been directed to disposed off the case early

The Committee observe that the case be decided within stipulated time under intimation to the Committee within three months

#### [126] 4 1 Results of Audit

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Text check of records in departmental offices conducted in audit during the year 1995 96 revaled short/non recovery of excise duty import duty interest short recovery of token tax and composite fee on vehicles and short realisation of passengers tax amounting to Rs 1764 72 lakhs in 3758 cases as indicated below —

	Heads of revenue	Number of cases	Amount (In lakhs of Rupees)
Α	State Excise	155	1678 98
В	Taxes on Motor vehicles	1833	13 87
С	Passengers and Goods Tax	1770	71 87
	Total	3758	1764 72

(a) In the case of State Excise the Excise Department accepted under assessment of Rs 404 90 lakhs in 69 cases which were pointed out in audit during 1995 96 Out of which the department recovered an amount of Rs 12 78 lakhs in 63 cases Besides an amount of Rs 0 75 lakh in 5 cases had also been recovered during 1995 96 relating to earlier years

(b) In the case of Taxes on Motor Vehicles the Transoport Department accepted under assessment etc of Rs 1 09 lakhs in 419 cases which were pointed out in audit during 1995 96 Of these the department recovered Rs 0 15 lakh in 16 cases Besides an amount of Rs 0 34 lakh has also been recovered during 1995 96 in 29 cases pointed out in earlier years

(c) In the case of Passengers and Goods tax the department accepted under as sessment etc of Rs 141 90 lakhs in 417 cases out of which 245 cases involving Rs 19 40 lakhs were pointed out in audit during 1995 96 and 172 cases involving Rs 122 50 lakhs were pointed out in earlier years The department recovered Rs 1 57 lakhs in 13 cases which were pointed out in 1995 96 Besides an amount of Rs 0 32 lakh in 33 cases relating to earlier years had also been recovered during 1995 96

A few illustrative cases arising out of a review on Internal Control Mechanism on Receipts from distilleries and breweries and other important observations involving an amount of Rs 32 54 crores are given in the following paragraphs

The department in their written reply explained the position as under

Out of 155 cases involving an amount of Rs 1678 98 lakhs 87 cases have been reviewed with the fiollowing results

No of cases	Amount pointed out by Audit (In Lakhs of Rs )	Result of review
26	1000 92	Settled without demand
61	13 19	Settled with demand
68	661 87	Cases are under review
155	1678 98	

### Passenger and Goods Tax

Out of 1770 cases involving the amount of Rs 71 87 lakhs 205 cases have been reviewed with the following results

No of cases	Amount pointed out by Audit (Rs in lakhs)	Result of review
6	6 74	Settled without demand
199	11 59	Settled with demand
1565	53 54	Cases are under review
1770	71 87	

During the course of oral examination the Committee was informed that 1376 cases of PGT and 68 cases of State Excise were pending for finalisation TheCommittee desire that the matter be sorted out expeditiously with A G (Audit) and final out come be reported to the Committee

## [127] 4 2 Internal control mechanism on receipts from distilleries and breweries 4 2 6 Loss of molasses

#### (I) Loss of molasses in transit

The Punjab Molasses (Control) Rules 1962 provide that the ownership of all molas ses allotted to a distillery shall continue to vest in the occupier or manager of a sugar mill until it is actually delivered at the distillery and losses occuring from any cause other than the wilful omission on the part of the allottee if so determined by the Controller s<sup>L</sup> all be borne by the sugar mill As an internal control measure every distillery is required to furnish to the Controller of molasses a weekly return in form MC 7 showing the receipt consump tion and transit losses to enable him to enquire and determine the reasons of losses of molasses in transit if any and to take suitable action against the parties responsible for these losses

Under Section 6(I)(I) of the East Punjab Molasses (Control) Act 1948 where any person fails to explain the shortage of molasses to the satisfaction of Controller of molasses or disposes them of otherwise than in accordance with the directions of the Controller the Controller after affording such person an opportunity of being heard may direct him to pay by way of penalty a sum not less than twenty rupees and not more than fifty rupees per quintal

in MC-7 returns submitted by three distilleries during the years 1990 91 to 1994 95 transit wastage of 18 341 02 quintals of molasses was shown Though an investigation into the causes of the transit wastage was required to be conducted neither any action was taken by the department to investigate or to fix responsibility for these wastages of molas ses nor any penalty was levied Failure of the department to take proper cognizance of and to investigate shortages reported through these returns led to non levy of penalty amount ing to Rs 3 67 lakhs

This was referred to the department (between July 1991 and January 1996) who amended (January 1996) the Punjab Molasses (Control) Rules 1962 providing norms for maximum wastage of molasses in transit to be 0.5 *per cent*. However, no action to recover the amount of Rs 3.67 lakhs mentioned above in respect of cases pertaining to the period prior to intoduction of these norms was initiated.

## (II) Wastage of Molasses in the process of distillation

Punjab Distillery Rules 1932 do not provide for any wastage of molasses in the process of distillation As an internal control measure the Punjab Molasses (Control) Rules 1962 provide that every distillery shall furnish to the Controller of molasses a weekly return showing receipt consumption and closing balances of molasses in Form MC 7 and penalty is also leviable in case of failure to explain shortages

In a distillery at Panipat 10 058 07 quintals of molasses were shown as process wastage in the returns (in form MC 7) submitted during the years 1993 94 and 1994-95 by the distillery to the Controller The department did not take any action to investigate the process wastage of molasses and the distillery continued to claim process wastage of molasses which was not admissible On this quantity of wasted molasses minimum penalty amounting to Rs 2 01 lakhs was leviable which was not levied

Further had the department taken timely remedial action the unauthorised claim of process wastage of molasses could have been avoided and the department could have earned revenue in the shape of excise duty amounting to Rs 39 45 lakhs on 3 68 225 94 proof litres of rectified spirit that could have been manufactured from wasted molasses

The mistake was pointed out between December 1994 and July 1995 Excise and Taxation Officer at Panipat stated (May 1995) that wastage to the extent of *two per cent* is allowed in U P and other States The reply is not tenable as there is no such provision in the distillery rules applicable to Haryana Further other three distilleries in private sector are not claiming any such wastage and in the case of distillery at Hathin such penalty has been imposed (July 1990)

The department in their written reply explained the position as under

(1) Rule 3 sub rule (10) of the Punjab Molasses (Control) Rules 1962 prior to its amendment in January 96 reads as under

10 The ownership of all molasses allotted to a distillery shall continue to vest in the occupie or Manager of sugar factory until it is actually delivered at the distillery and all losses occuring from any cause other than wilful omission on the part of the allottee if so determined by the Controller shall be borne by the sugar factory

This rule was amended by notification No GSR PA 11/48/S 13/AMD 96 dated 11 1 96 and was substituted as under

(10)(a) The ownership of all molasses despatched in railway tank wagons to distillery shall continue to vest in the occupier of the sugar factory concerned until it is actually delivered at the distillery and all losses occuring from any cause other than a wilful omission on the part of the distillery shall be borne by the occupier of the sugar factory. The ownership of molasses transported by road shall pass on to the allottee as soon as the molasses are taken out of the factory premises with gate pass and such allottee shall be responsible for its safe arrival at the destination and for loss in transit if any

It is just clear that upto 11 1-96 the distillenes are liable to account for the quantity of molasses received at the distillenes and loss in transit if any is the responsibility of the occupier of the sugar factory Loss in transit is natural and part of the commercial activity Prior to 11 1 96 no yardstick of wastage of molasses in transit were prescribed However w ef 11 1 96 the same has been prescribed at 0 5%. The wastage of molasses in transit during the year 1991 92 to 1994 95 has been as under

S No Name of the Distillery	Molasses Purchased	Wastage in transit	Percentage wastage in transit
	(ın Qts )	(ın Qts )	
1 ADCPL Hathin	772322 10	1596 10	0 21%
2 ADL Hisar	1718570 30	14597 73	0 85%
3 Panipat Co op Distillery Panipat	784561 79	1182 56	0 15%

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In all these cases the losses are within the prescribed limit which is 0 5% in transit and 0 5% in respect of storage Figures in respect of ADL. Hisar are inclusive of storage loss In view of these facts the para may please be dropped

(ii) The plant of Panipat Distillery is very old and can not be compared with the plants being run by the private sector Loss of molasses in the process is natural for an old plant. The excise duty is leviable on actual production of Rectified Spirit at the time of its issue from distillery/bonded warehouse. In the present case, no rectified spirit was produced out of alleged loss of molasses in manufacturing process. Such process loss is natural during the course of storage transportation from pits to fer mentation tanks.

It has been held by Hon ble Supreme Court of India in the case of State of U P Vs Modi Distillery etc reported as JT 1995 (6) SC 523 that no duty is leviable on the raw material wasted during transit and manufacturing process. In view of the judge ment of the Hon ble Supreme Court no duty is leviable in such cases

Audit has converted the molasses lost in manufacturing process into Rectified Spirit and calculated the excise duty at Rs 39 45 lacs It has been held by the Com missioner and Secretary to Govt Haryana Prohibition Excise and Taxation Depart ment vide judgement Dt 22 9 98 in excise appeal No 6 that no duty is leviable on goods which did not come into existence In case of M/s Panipat Co operative Distill ery Panipat it was Pointed out by the audit that spirit prepared in 1990 91 was less to the tune of 3621829 6 PL made from 323791 Qtls of molasses when compared with the yield required by rule 35 of the Punjab Distillery Rules 1932 Corresponding loss of excise duty was worked out at Rs 25352807 20 The distillery went in appeal before the PETC who accepted the appeal vide his order dt 29 3 2000 in excise appeal No Sp 3/9 92 following the judgement dt 22 9 98 of the CPET It is submitted that in view of the judgement of the Hon ble Supreme Court and that of the CPET no duty is leviable Hence the para may kindly be dropped

# After hearing the departmental representatives, the Committee observe that department investigate the matter after issuing the proper notices and the report be sent to the Committee within three months

#### [128] 427 Low yield of spirit

Under the Punjab Distillery Rules 1932 yield per quintal of molasses has been pre scribed as 36 61 proof litres of rectified spirit against the All India norms of 37 35 proof litres Further department while granting permission (March 1993) to the management of distilleries for the purchase/use of Khandsari molasses for preparation of spirit imposed a condition that it would be incumbent upon the distillery management to arrange for separate storage and accountal of molasses and alcohol obtained therefrom. To keep a watch on the yield of spirit from the molasses the department has prescribed a monthly statement indicating the quantity of molasses used and the yield of spirit as per the norms provided in the rules.

(a) During the years 1990 91 to 1994 95 in 4 distilleries 1693 72 lakh proof litres of spirit was manufactured from 54 lakh quintals of sugar mill molasses as against 1977 30 lakh proof litres spirit recoverable as per norms laid down in the Distillery Rules

The shortfall in production of spirit during these years worked out to 283 58 lakh proof litres of spirit involving excise duty of Rs 2 843 03 lakhs

(b) During the years 1993 94 and 1994 95 a distillery at Hisar manufactured 50 46 lakh proof litres spirit from 1 57 lakh quintals of Khandsari molasses as against 57 40 lakh proof litres recoverable as per norms mentioned above Shortfall in production of spirit worked out to 6 94 lakh proof litres of spirit involving excise duty of Rs 70 17 lakhs

Had the department examined the monthly statements the trend of shortfall in pro duction could have been noticed in time and excise duty amounting to Rs 2 913 20 lakhs levied

The department stated (July 1995) that the low yield was mainly due to low sugar contents in molasses because with advancement in technology maximum sugar contents are extracted from molasses. The reply of the department is not tenable as the rules do not base the yield of spirit on gradation of molasses. Further the Excise and Taxation Commis sioner Haryana had also held (April 1990) in the case of distillery at Hathin that recovery of 36 61 proof litres of spirit from one quintal of molasses as provided in the rules was in order.

The department in their written reply explained the position as under

(a) In the Punjab Distillery Rules 1932 a yield of 36 6 PL per qts of molasses has been prescribed. These rules were made in 1932 when molasses produced by sugar mills were having sugar contents at 55% Since about seven decade the sugar mills have applied the highest and modern technology to extract every gram of extractable sugar Molasses produced by sugar mills these days contain sugar contents from 35% to 42% In the distillery rules the yield was not linked to sugar contents of molasses and flat yield had been prescribed Production of Rectified Spirit is directly linked with the sugar contents of molasses Therefore rule 35 of the Punjab Distillery Rules 1932 has been amended vide notification No GSR 95 PA 1/14 SS 21 and 59/ 95 dated 24 11 95 and recovery of alcohol has been linked with the fermentable sugar present in molasses. In similar cases the distilleries were directed by PETC to compensate for the loss of excise duty due to low yield The distilleries went in appeal and it was held by the Commissioner and Secretary to Govt Haryana Prohibition Excise and Taxation Department vide order dated 22 9 98 in excise appeal No 6 that no excise duty can be imposed unless goods come into existence. As in all the cases under reference the Rectified Spirit said to have not been produced to the extent of difference in the yield no excise duty can be imposed as the goods never came into existence It is therefore submitted that the para may please be dropped

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(b) The norms prescribed under rule 35 of the Punjab Distillery Rules 1932 pertain to production of plain and spiced country spirit Khandsari molasses is pur chased by the distilleries from the open market at market rates. The rectified spirit produced therefrom is either sold as such or as denatured spirit or used for manufac ture of IMFS Duty is charged on actual production of rectified spirit IMFS Recovery of alcohol has been linked with fermentable sugar present in molasses vide notifica tion no GSR 95 PA 1/4 SS 21 and 59/95 dated 24 11 95 Therefore excise duty can be levied only on the actual yield of rectified spirit.

Commissioner and Secretary Prohibition Excise and Taxation Department in his judgement dated 22 9 98 in excise appeal no 6 The para may kindly be dropped

# The Committee recommends that complete facts of the matter be intimated to the Committee after investigating it within three months

### [129] 4 2 8 Loss of spirit due to re distillation

Mention was made in the Audit Report Revenue Receipts 1989 90 vide para 4 2 12 regarding loss of excise duty due to wastages during re distillation the PAC in its Fortieth Report on the CAG s Audit Report (Revenue Receipts) 1989 90 had recommended that in the absence of any provision for wastage of rectified spirit on account of re distillation the distilleries responsible for faulty distillation are accountable for wastage in re distillation and duty on such wastage should be recovered Keeping in view these recommendations of PAC the Excise Department amended (November 1995) the Distillery Rules providing al lowance of 1 5 *per cent* for wastage in re distillation. The notification is however silent regarding old cases

It was noticed in audit that the percentage of wastage of rectified spirit in three distill eries ranged between 0 95 per cent to 3 26 per cent as shown below

Name of Distillery	1990 91	1991-92	1992-93	1993-94	1994-95
Panipat	2 87	3 26	2 00	2 26	1 45
Jagadhri	1 17	′ <b>1</b> 19	1 00	0 95	1 06
Hısar	1 69	1 10	1 97	1 97	1 99

It was further noticed that out of 1229 83 lakh proof litres of rectified spirit issued for the preparation of spiced spirit 1210 21 lakh proof litres spiced spirit only was obtained in the above three distilleries in the years from 1990 91 to 1994 95 after re distillation. Thus 19 62 lakh proof litres of rectified spirit were shown to have been lost in the process of re distillation. The unrealised excise duty on account of not taking action to revise the norms and to check re distillation losses amounted to Rs 176 99 lakhs. Even if the norms fixed by the Department in November 1995 are applied the loss on this account would be Rs 34 08 lakhs.

The department in their written reply explained the position as under

Provision for loss on account of re distillation has been made at 1 5% we f 12 12 95 vide notification No GSR 95 PA 1/14 SS 21 and 59/95 dated 24 11 95 This notification is valid from the date of publication in the gazette i e 12 12 95 and is not retrospective Therefore it covers cases of wastage due to re distillation we f 12 12 95 and cases pertaining to the period prior to this are not covered by this notification in old cases no such provision was there in the Punjab Distillery Rules 1932 The audit has pointed out that the unrealised excise duty on account of not taking action to revise the norms and to check re distillation losses amounted to Rs 176 99 lacs and even if norms fixed by the department in November 95 are applied the loss on this account would be Rs 34 08 lacs

Excise duty is leviable on the actual production of rectified spirit at the time of its issue from distillery/bonded warehouse. In the present case the rectified spirit lost In the process of re distillation did not come into existence and was never issued As such threre is no loss of excise duty Para may kindly be dropped

## The Committee observe that the whole matter be investigated after issuing proper notices and complete facts be reported to the Committee within a period of three months

# [130] 4 2 11 Non recovery of excise duty where verification reports are not received

Under the Punjab Excise Act 1914 and Rules made thereunder duty in the shape of export fee is leviable on liquor exported outside the state but within India Export fee is much less than the duty paid for issues within the State According to Punjab Permit and Pass Rules 1932 and instructions issued thereunder in cases where reports of verification of consignments are not received from the importing States within the stipulated time frame the distillery (Exporter) shall be liable to pay the differential excise duty involved As an internal control measure the rules provide that the exporting distillery shall execute a bond with the importer in form L 37 to ensure either receipt of acknowledgements or payment of excise duty The bond among other conditions also stipulates that in case the acknowledgement (in Form L 38) from the importer is not received within the stipulated time frame frame the exporting distilleries shall deposit the excise duty involved in the treasury

In respect of one distillery at Hisar and one brewery at Murthal during 1990-91 to 1994 95 acknowledgements/verification reports (in form L 38) were not received in 76 cases from importing States even after 10 to 67 months beyond the stipulated time frame Fresh consignments were issued to the same parties without recovery of differential duty from exporters in contravention of departmental insturctions Differential duties not recovered amounted to Rs 28 09 lakhs

This was pointed out in audit between September 1991 and December 1995 Reply of the department has not been received (June 1996)

The department in their written reply explained the position as under

It is submitted that generally the L 38 passes are received in time after verifica tion from various destination. However in some cases the passes are received late due to some unavoidable circumstances. As far as ADL. Hisar is concerned all the passes have been received after verification upto the year in question and hence no action is required at this stage.

In respect of Haryana Brewery Murthal nine excise verification certificate are pending from 1990 91 to 1995 96 The matter is already under consideration for initiating action as per rules

The Committee recommends that remaining verification certificate in respect of brewery at Murthal be collected at the earliest under intimation to the Committee

# [131] 4 2 12 Non recovery of cost of supervisory excise staff

Under the Punjab Excise Bonded Warehouse Rules 1957 the cost (including pen sion and leave salary contributions) of supervisory excise staff required for supervision of bonded warehouse is charged to the licensee

It was noticed in audit that in two bottling plants at Gurgaon and Murthal a sum of Rs 2 16 lakhs representing such cost was not recovered

On this being pointed out (November and December 1995) Department replied (June 1996) that the license fee had been raised from Rs 35 000 to Rs 2 00 000 and there was no justification for recovery of the cost of supervisory staff Reply of the department is not tenable in view of the fact that recovery of cost of the supervisory excise staff is independent of the charging of license fee

The department in their written reply explained the position as under

Rule 16 of the Punjab Distillery Rules 1932 reads as under

16 The licensee shall if required by the Financial Commissioner make into Govt treasury such payment as may be demanded on account of the salaries of the Govt excise establishment posted to the distillery but he shall not make any direct payment to any member of such establishment

It is clear from the above said rule that it is not mandatory for a bottling plant to pay the salary of supervisory excise staff. It is not the policy of the Govt to charge such expenses from the bottlers. Rule 16 is only an enabling provision which empow ers the Financial Commissioner to charge payment on account of salary of excise staff if the Govt decides to do so

The Committee recommends that the Government may decide a clear policy in the matter of salary of excise staff posted at the distillery and decision taken in the matter be intimated to the Committee

[132] 4 2 13 Other points of interest

#### (c) Revenue Locks

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The Punjab Distillery Rules 1932 provide for the fixing of revenue locks at each outlet of spirit to prevent any misuse or leakage of spirit in the distillery it was however noticed in audit that in four distilleries and one bottling plant 336 locks only were provided against the requirement of 458 locks Further in the breweries locks were not provided even in the rooms in which beer bottles were stored

The department in their written reply explained the position as under

Revenue locks are provided by the Deptt But in some cases locks get out of order The repair facility of such locks is available only in Aligarh (UP) All such locks are sent to Aligarh for repairs Such repair does take some time which results in not providing revenue locks at some places As per requirement of various distilleries 70 revenue locks have been purchased and provided to them Repair of revenue locks have been purchased and provided to them Repair of revenue locks is a regular feature

The Committee is not satisfied with the reply of the department and recom mends that the Revenue Locks be provided as per provisions of the Distillery Rules The Committee also desire to know the complete detail in regard to purchase of 70 locks in the year 1999 as the promised information was not supplied by the department till the drafting of the report

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The Haryana Liquor Licence Rules 1970 read with State's Excise Policy announced for the year 1994 95 provide for payment of monthly instalment of licence fee by 15th of each month by the licensee holding licence for vending country liquor or IMFL Failure to do so renders him liable to pay interest at the rate of *18 per cent per annum* for the period of delay from 15th of the month up to the end of the month. In case the instalment or any part thereof along with interest is not paid up to the end of the month apart from closure of vend interest shall be recoverable for the whole month. If the vend is not closed and allowed to operate then the interest shall be charged up to the date of payment of licence fee of a particular month.

During the audit of Deputy Excise and Taxation Commissioners Bhiwani Faridabad (West) and Hisar it was noticed (between July 1995 and October 1995) that three licens ees one each of Bhiwani Faridabad (West) and Hisar districts failed to pay the monthly instalments of licence fee by the prescribed dates during the year 1994 95 On belated payment of licence fee interest of Rs 1 21 lakhs was short charged

This was pointed out (between July 1995 and October 1995) in audit the reply of the department has not been received (June 1996)

The cases were reported to Government between August 1995 and December 1995 their reply has not been received (June 1996)

The department in their written reply explained the position as under

Out of a sum of Rs 1 21 lacs recoverable due to short charging of interest a sum of Rs 10559/ is not admitted to be recoverable due to difference in calculation of the interest by the Deptt and the audit A sum of Rs 71491/ has been recovered There is a recoverable amount of Rs 39342/ which has been declared as an arrear of land revenue Efforts are being made to recover this amount Full particulars are as under

Name of district	Amount due	Recovered	Not admitted	Arrear
Faridabad(W)	22876	20698		2178
Bhiwani	43794		6630	37164
Hissar	54722	50793	3929	
Total	121392	71491	10559	39342

# The Committee recommends that the balance amount be recovered within a period of three months under intimation to the Committee

## [134] 4 7 Short realisation of composite fee

Inter State vehicular traffic of goods between one State and other States is regulated under National Permit Scheme under the provisions of the Motor Vehicles Act 1939 as modified by Motor Vehicles Act 1988 The owners of public carriers for carriage of goods are required to pay composite fee at the prescribed rates Composite fee under the

National Permit Scheme for the home State is realised by other States and is remitted by means of bank drafts by the collecting States in the prescribed manner Haryana State increased the rates of composite fee for plying of vehicles in the State of Haryana from Rs 1 500 to Rs 5 000 per annum w ef 1 September 1993 as a result of decision taken in the meeting of Transport Development Council under the Minstry of Surface Transport (Trans port wing) held in October 1993 and also intimated the increased rates of composite fee to other States in October 1993

During the audit of the records of Deputy Excise and Taxation Commissioner Faridabad (East) it was noticed (September 1995) in audit that Composite fee at the rate of Rs 3 000 per annum in 33 cases and at pre revised rate of Rs 1 500 per annum in 2 cases was charged by the Regional Transport Officer Vellore and Dharampuri (Tamil Nadu) while authorising playing of vehicles in the State of Haryana for the period between April 1994 and March 1995 The rates charged by these R T Os were those which were applicable in the State of Tamil Nadu instead of Haryana The incorrect charging and collection of composite fee resulted in short realisation of revenue amounting to Rs 37 250

On this being pointed out (September 1995) in audit the department raised demand to recover the balance amount short realised earlier Further progress of the recovery has not been received (June 1996) despite remainder issued in May 1996

The case was reported to Government in November 1995 their reply has not been received (June 1996) despite remainders issued in May 1996

The department in their written reply explained the position as under

Out of total amount of Rs 37250/ involved in this para an amount of Rs 16000/ stands recovered and efforts are being made to recover the balance amount of Rs 21250/

The Comm ttee recommends that the balance amount be recovered within a period of three months under intimation to the Committee
#### **Revenue Department**

#### [135] 3 1 Results of Audit

Test check of records in departmental offices conducted in audit during the year 1995 96 revealed short levy and non levy of stamp duty and registration fees amounting to Rs 86 61 lakhs in 683 cases which broadly fall under the following categories

SN	o Nature of irregularities	Number of cases (in	Amount lakhs of rup <del>30</del> 8)
1	Loss of stamp duty due to under valuation of properties	328	52 36
2	Evasion of stamp duty and registration fees	117	15 57
3	Irregular exemption of stamp duty and registration fees	82	8 69
4	Non/short levy of stamp duty and registration fees	131	5 63
5	Loss of stamp duty due to misclassification of deeds	12	2 62
6	Other irregularities	13	1 74
	Total	683	86 61

During the course of the year 1995 96 the Department accepted under asessment of Rs 48 26 lakhs involved in 263 cases out of which 219 cases involving Rs 33 58 lakhs were pointed out in audit during 1995 96 and 44 cases involving Rs 14 68 lakhs were pointed out in earlier years The Department recovered Rs 0 57 lakh in 6 cases pointed out during 1995 96 Besides the Department recovered an amount of Rs 3 67 lakhs in 62 cases pertaining to earlier years

A few illustrative cases involving Rs 2 12 lakhs highlighting important observations are given in the following paragraphs

The department in their written reply explained the position as under

Latest position of 683 cases involving Rs 86 61 lakhs (category wise) is as under ----

# 1 Loss of Stamp duty due to under valuation of properties

		No of cases	Amount (Rs ın lakhs)
1	Amount recovered by the Department	99	5 76
2	Amount dropped by DCs/Collectors	50	11 05
3	Amount dropped by AG in subsequent audit	2	0 26
4	Cases in various courts	116	25 73
5	Balance cases/amount	61	9 56
	Total	328	52 36

		No of cases	Amount (Rs in lakhs)
1	Amount recovered by the Deptt	42	3 43
2	Amount dropped by DCs/Collectors	38	3 64
3	Amount dropped by AG in subsequent audit	3	0 24
4	Cases in various courts	4	1 13
5	Balance cases/amount	30	7 13
	Total	117	15 57

### 2 Evasion of Stamp duty and Registration fees

# 3 Irregular examption of Stamp duty & Registration fees

		No of cases	Amoun (Rs ın lakhş)
1	Amount recovered by the Department	28	1 41
2	Amount dropped by DCs/Collectors	4	1 01
3	Amount dropped by AG in subsequent audit	10	1 21
4	Cases in various courts	28	3 61
5	Balance cases/amount	12	1 45
	Total	82	8 69

# 4 Non/Short levy of Stamp duty & Registration fees

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		No of cases	Amount (Rs in lakhs)
1	Amount recovered by the Department	43	1 36
2	Amount dropped by DCs/Collectors	2	0 66
3	Amount dropped by AG in subsequent audit	10	0 57
4	Cases in various courts	1	0 25
5	Balance cases/amount	75	2 79
	Total	131	5 63

### 5 Loss of Stamp duty due to misclassification of deeds

_		No of cases	Amount (Rs in lakhs)
1	Amount recovered by the Department	2	0 32
2	Amount dropped by DCs/Collectors	2	0 01
3	Amount dropped by AG in subsequent audit		
4	Cases in various courts	4	1 51
5	Balance cases/amount	4	0 78
	Total	12	2 62

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#### 6 Other irregularities

 		No of cases	Amount (Rs ın lakhs)
 	Amount recovered by the Department	5	0 44
1		1	0 77
2	Amount dropped by DCs/Collectors		0 02
3	Amount dropped by AG in subsequent audit	1	0.02
4	Cases in various courts	-	0.51
5	Balance cases/Amount	6	0 51
 	Total	13	1 74

- Efforts are being made to recover the balance amount of Rs 22 22 lakhs on priority basis Deputy Commissioners were directed to bring down the number of cases pending in the courts of Collectors and get the decision expedited For prompt disposal of such cases all theDeputy Commissioners have again been asked that every Collector (SDO(C) and DRO) will decide cases within six months from the date of reference made to him by the Sub Registrars/Joint Sub Registrars and review such cases in the monthly meetings or Revenue Officers

After hearing the departmental representatives the Committee desire that the cases pending in various Courts be pursued and balance recovery be effected expeditiously

During oral evidence the Committee desired to have the information as to how much registeries were impounded and out of which how many irregularities pointed out by the Audit and how many detacted by the department itself but the desired information is still awaited till the drafting of the report

# [136] 3.4 Short levy or stamp duty due to misclassification of instruments

Under the Indian Stamp Act 1899 as applicable to the State of Haryana mortgage deed includes every instrument whereby for the purpose of securing money advanced or to be advanced by way of loan or an existing or future debt or the performance of an engagement one person transfers or creates to or in favour of another a right over or in respect of specified property Subject to the exemptions contained in Scheduled I A of the Act *ibid* every instrument in chargeable with duty at the rates prescribed therein. The cor rect classification of instrument keeping in view the nature of transaction is therefore essential with a view to avoid loss of stamp duty etc. In case where possession of property is not given stamp duty is chargeable at **one and a half** percent of the amount of loan secured by such instrument. Government vide notification issued in October 1983 under the Act remitted the levy of stamp duty on the deeds or mortgage without possession which are executed by agriculturists in favour of Commercial Banks for securing loans upto the amount of rupees one lakh for specified purposes.

(i) During the audit of the records of Sub Registrar Sirsa it was noticed (May 1995) that one Private Limited Company (represented by its director and his two

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brothers) having its place of business at Bangalore (Karnataka State) secured a loan of Rs 48 45 lakhs from Karnataka State Financial Corporation Bangalore and created a collateral security thereon by way of deposit of title deeds in respect of their landed property situated in Sirsa Haryana Stae in favour of the said Financial Corporation. The borrower company got executed the registration of memorandum of deposit of title deeds of its property worth Rs 38 lakhs in the office of Sub Registrar Sirsa by paying stamp duty of Rs 9300. As the instrument was executed with consideration for securing loan against security of immovable property it was correctly classifiable as mortgage deed without possession and was chargeable with stamp duty at the rate of **one and a half** per cent of the value of the property mortgaged. The misclassification of instrument as memorandum of deposit of title deeds instead of mortgage deed resulted in short levy of stamp duty of Rs 47 700 (Rs 57000 Rs 9300)

On this being pointed out (May 1995) in audit the department accepted (June 1995) the objection and issued notice to the concerned party for effecting recovery Report on recovery has been received (June 1996)

The case was reported to Government in June 1995 their reply has not been re ceived (June 1996)

The department in their written reply explained the position as under ---

The deficient amount of Rs 47 700/ in one deed is pending in the court of Senior Sub Judge Sirsa for decision Necessary action will be initiated after the court decision

The Committee recommends that the cases pending in the Court be persued and decision of the Court be intimated to the Committee accordingly

#### [137] 1.4 Arrears in revenue

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As on 31 March 1996 arrears of revenue under the principal heads of revenue as reported by the departments were as under —

Sr No	Heads of Revenue	Total arrears (ın lakhs	Arrears more than 5 years old of rupees)	Remarks
7	Land Revenue	19 20	10 61	Out of Rs 19 20 lakhs recovery of Rs 0 43 lakh had been stayed by courts/Appeallate Authorities and Rs 0 97 lakhs was proposed to be written off Remaining recovery of Rs 17 80 lakhs was under other stages of action

The department in their written reply explained the position as under --

As per information received from the Deputy Commissioners an amount of Rs 14 80 362/ has been recovered out of Rs 19 20 000/ Leaving a balance of Rs 4 39 638/ Similarly out of the arrear of Rs 10 61 000/ was outstanding for the last five years An amount of Rs 9 82 210/ has been recovered thus leaving a balance of Rs 78 990/ These balance amount of recovery relates to Deputy Com missioners Ambala Hisar, Jind Bhiwani Kurukshetre Kaithal Karnal and Faridabad These Deputy Commissioners are being stressed upon to recover the balance amount

At the time of oral examination, the departmental representatives informed the Committee that out of Rs 19 20 lakhs an amount of Rs 14,80,362/- have been recovered leaving a balance of Rs 4,39,638/- out of which Rs 78,990 is of more than five years The Committee recommends that the recovery of balance amount be effected expeditiously under intimation to the Committee The Committee also desire to know whether these recoveries were detected by internal Audit or by A G Audit party and what action has been taken against the officer responsible for short revenue

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#### TRANSPORT

#### [138] 41 Results of Audit

Test check of records in departmental offices conducted in audit during the year 1995 96 revealed short/non recovery of excise duty import duty interest short recovery of token tax and composite fee on vehicles and short realisation of passengers tax amount ing to Rs 1764 72 lakhs in 3758 cases as indicated below —

	Heads of revenue	Number of cases	Amount (In lakhs of Rupees)
А	State Excise	155	1678 98
В	Taxes on Motor vehicles	1833	13 87
С	Passengers and Goods Tax	1770	71 87
	Total	3758	1764 72

(b) In the case of Taxes on Motor Vehicles the Transport Department accepted under assessments etc of Rs 1 09 lakhs in 419 cases which were pointed out in audit during 1995 96 Of these the department recovered Rs 0 15 lakhs in 16 cases Besides an amount of Rs 0 34 lakh has also been recovered during 1995 96 in 29 cases pointed out in earlier years

The department in their written reply explained the position as under ----

Out of Rs 13 87 lakhs in 1833 cases an amount of Rs 2 70 lakhs in 724 cases has been recovered. It is submitted that 899 number of cases regarding short recovery pertains to the offices of Registering Authorities i.e. S D O s (Crvil) 210 number of cases pertains to Secretary RTAs and 20 number of cases pertains to the office of Transport Commissioner Haryana These cases pertain to the year 1994 95 Reminders have been issued from time to time to concerned Authorities for effecting recovery

It is submitted that in view of the forgoing facts the para may be dropped

During the course of oral examination the departmental representatives in formed tha Committee that 1109 cases are pending for finalisation and assured the Committee that these will be settled within a period of six months. The Committee recommends that all the remaining cases be finalised within a period of six months and report be sent to the Committee accordingly.

#### MINES AND GEOLOGY

#### [139] 1 4 Arrears in revenue

As on 31st March 1996 arrears of revenue under the principal heads of revenue as reported by the departments were as under ----

Sr No	Heads of Revenue	Total arrears	Arrears more than 5 years old	Remarks
5	Non ferrous mining and Metallurgical Industries	318 08	108 49	Out of Rs 318 08 lakhs Rs 153 53 lakhs were recovered under certificate recovery process and recovery of Rs 91 24 lakhs had been stayed by courts Action taken to recover the re maining amount of Rs 73 31 lakhs has not been intimated by the department (July 1996)

The department in their written reply explained the position as under -

The total arrears as on 31 3 1996 amounting to Rs 318 08 lakhs which also include the arrears right from the formation of Haryana State in Nov 1966 After 31 3 1996 a sum of Rs 94 38 lakhs have been recovered Recoveries amounting to Rs 100 64 lakhs have been stayed by different courts From the balance of Rs 122 06 lakhs a sum of Rs 45 64 lakhs is recoverable from the defaulters staying outside the State For recovering the balance of Rs 76 42 lakhss MOs have been delegated powers of Assistant Collectors (Grade I) who are making efforts to recover the same as arrears of land revenue

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A sum of Rs 108 48 lakhs are arrears which are more than five years old out of which an amount of Rs 15 38 lakhs have been recovered Recovery of Rs 33 79 lakhs has been stayed by the courts Rs 26 75 lakhs are to be recovered from the defaulters who are staying outside the State leaving a balance of Rs 32 56 lakhs for which efforts are being made by the MOs to recover the same as arrears of land revenue

The Committee desire that efforts be made to get the stay vacated from respective Courts and decision of the Courts be intimated to the Committee accordingly The Committee further observed that strenuous efforts be made to effect the recovery from the defaulters staying out side the State and progress so made be intimated to the Committee

#### [140] 51 Results of Audit

Test check of records of departmental offices dealing with assessment collection and realisation of non tax receipts conducted in audit during the year 1995 96 revealed under assessments of royalty dead rent non/short levy of interest and other losses of revenue amounting to Rs 1028 65 lakhs in 2574 cases as follows

Heads of revenue		Number of cases	Amount (In lakhs of Rupees)
A	Mines and Geology	533	353 13

(a) In the case of Mines and Geology department under assessment etc of Rs 34 41 lakhs in 287 cases pointed out in audit during 1995 96 were accepted Out of which an amount of Rs 8 32 lakhs in 82 cases has been recovered during 1995 96 Be sides an amount of Rs 11 01 lakhs in 62 cases had also been recovered during 1995 96 relating to earlier years

As per para 5 1 of the Report of CAG of India for the year 1995 96 a sum of Rs 353 13 lakhs have been shown against 533 cases of the department of Mines and Geology This para has further been sub divided into following categories

1	Non recovery of contract mone	ey and interest
	Number of cases	122
	Amount involved	Rs 292 34 lakhs
2	Short recovery of royalty from	BKOs
	Number of cases	330
	Amount involved	Rs 16 97 lakhs
3	Non recovery of royalty and inter	est on the expired/terminated Mining leases
	Number of cases	28
	Amount involved	Rs 21 82 lakhs
4	Non/Short levy of Stamp duty	
	Number of cases	7
	Amount involved	Rs 0 88 lakhs
5	Other irregularities	
	Number of cases	38
	Amount involved	Rs 21 10 lakhs
	Each category has been explained	i in detail as under

### 1 Non recovery of contract money and interest

It may be mentioned here that under this Head not only the contract money in case of mining contracts but also royalty due in case of mining lease have been pointed out. There are two types of minerals i e major as well as minor minerals Major Minerals are given on mining leases according to provision of Mines and Mineral (R&D) Act 1957 and rules framed there under. The lessee is required to pay either roalty per tonne on the minaral despatched or dead rent calculated on the basis of the area leased out which ever is more. The royalty per tonne and dead rent per hectare of the land leased out are fixed by the Central Govt. Minor Minerals except which are associated with major minerals are given on contract by public auction. At the time of auction, highest bidder is required to deposit 50% of the bid amount in case his bid is

upto Rs 5 lakhs per annum and 33 % in case of bids higher than Rs 5 lakhs per annum at the time of auction The contractor is required to pay monthly instalment in advance in case the contract money is more than Rs 5 lakhs and in other cases guarterly instalments are required to be deposited

In case of minor minerals like stone sand which are associated with major minerals like Silica Sand China Clay etc and are given on mining leases under the principle of "One area one lessee as laid down by the Central Government and adopted by the State Government At the time of grant of mining leases in year 1991 minimum guarantees were fixed for the leases of Stone and ordinary sand. In case of lease of ordinary sand the lessee was required to extract atleast 300 tonnes of ordi nary sand per hectare per annum meaning thereby they were required to pay atleast Rs 3600/ per hectare per annum as rate of royalty on ordinary sand is 12/ per tonne irrespective of the fact whether 300 tones hectares are extracted Similarly minimum guarantees for stone leases were also fixed M/s Rajdhani Minerals who holds the mining leases for silica/ordinary sand and stone in village Anangpur in Faridabad challenged the levy of minimum guarantee before the FCMG under rule 47 of Minor Mineral Concession Rules 1964 The appellant authority relying upon vari ous judgements of Supreme Court and advice of Law department held that State Government can only charge royalty or the dead rent which ever is more and set aside the demand of minimum guarantee amounts and ordered that only royalty or the dead rent which ever is more should be recovered. In these circumstances de mand of minimum gurantees which amount to Rs 191 49 lakkhs in the five cases of Faridabad and Gurgaon are not recoverable whereas royalty on the mineral actually despatched have been recovered

(II) M/s ACC Ltd Surajpur were granted mining lease for a period of 30 years by the erstwhile State of Pepsu on 24 11 1937 The lease deed contained condition to the effect that after the expiry of the mining lease State Government shall have right to purchase the plant and machinery installed on the leased land. At the time of renewal of the Mining lease for a period of 20 years on 4 12 1970 company agreed to pay Rs 20 lakhs to the State Government in lieu of the waiver of right of the State Govt to purchase the plant and machinery Similarly at the time of second renewal of the Mining lease company agreed to pay Rs 40/ lakhs in lieu of the Waiver of right of the State Govt to purchase the plant and machinery Rs 20 lakhs each were baid in lumpsum and remaining Rs 20 lakhs in 10 years instalments of Rs 2 lakhs each The company used to pay the yearly instalment in the month of Nov every year The instalment due for the period from 27 11 1991 to 26 11 92 was paid on 16 9 93 in stead of 27-11 92 The audit has pointed out that an interest of Rs 38 710/ should have been recovered from the company @ 24% per annum as per rule 64A of Min eral Concession Rules 1960 readwith clause 3 part III of the lease deed As per this rule and clause of the lease deed interest can be charged on the delayed payment of royalty/dead rent and not on payment mutually agreed to be paid by the Company

(iii) Schedule II of Mines and Minerals (R&D) Act 1957 a central Act pre scribes the rate of royalties of different minerals At Sr No 23 following rate of royalty for lime stone were prescribed

Name of Mineral	Rate of royalty per tonne
Limestone	(a) ID Orada (lass the state of the

Limestone	(a) LD Grade (less than 1 5% Silica contents)	Rs 50/
	(b) Others	Rs 25/

The limestone at (a) is very high grade limestone with impurity of silica less than 1 5% such type of limestone is not available/State of Haryana not to speak of tehsil Narnaul district Mahendergarh where average silica contents is more than 3 to 4% thus rate of royalty of Rs 25% per tone was leviable and which had been recov ered Thus a sum of Rs 6 39 444/ as shown are not recoverable

(iv) Para relating to three cases for an amount of Rs 1 61 666/ relating to district Faridabad has already been settled as per AG memo no RAW/S/OA95 96/ 339 dated 30 8 1996 Excluding the amounts mentioned in sub paras no (i) (ii) (iii) and (IV) a balance of Rs 92 23 lakhs is recoverable out of which Rs 63 44 has already been recovered leaving a balance of Rs 18 79 lakhs for which efforts are being made

A para releating to 3 cases for an amount of RS 1 61 666/ relating to district Faridabad has been settled as per A G memo no RAW/S/OA/95 96/339 dated 30 8 1996 Another sum of Rs 6 39 444/ relating to two cases of district Narnaul sum is not recoverable in fact now only Rs 5 97 000/ is recoverable for which efforts are being made to recover the same

### Para 2 Short recovery of royalty from BKOs

The BKOs are given quarrying permits for a period of two years on a flat rate of royalty depending upon the size of the brick kiln. The brick Kilns have been divided into four categories. The amount of royalty payable by them are also mentioned against each

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#### Category of the Brick Kiln

1

Ca	tegory of the Br <sup>,</sup> ck Kıln	Annual rates of rovalty (in Rupees)
Α	Brick kiln of capacity of 28 ghoris or more of kachi bricks	9 400
В	Bricks Kiln of capacity of 22 to 27 ghoris of kachi bricks	7 850
С	Brick Kiln of capacity below 22 ghoris of Kachi bricks	6 250
D	Not covered by way of the above category	1 750

A sum of Rs 16 97 475/ has been shown outstanding relating to 39 cases out of which a sum of Rs 8 23 517/ has been recovered leaving a balance of Rs 8 73 959/ out of which a sum of Rs 18 750/ relating to Panipat district in two cases is not recoverable as Brick Kilns had closed earlier and no sale of bricks was effected

# Para-3 Non recovery of royalty/interest on expired/terminated mining lease

The sub head relates to non recovery of royalty/contract money and interest on terminated mining contracts/leases In all there are 4 paras with 28 cases which amount to Rs 21 82 lakhs Out of this Rs 7 18 lakhs have already been recovered leaving a balance of Rs 11 11 lakhs for which recovery certificates have been issued by the Mining Officers concerned who are making efforts to recover this amount

#### Para-4 Short/nonlevy of stamp duty

Prior to the amendment of Mines & Mineral (R&D) Act 1957 on 24th Jan 1994 the mining leases used to be given for a period of 10 years with the amendment of Section 8 of the Act the minimum period for which a mining lease for major mineral could be given was fixed 20 years stamp duties were calculated on the basis of earlier formula relating to 10 years. However, from seven lessees a sum of Rs 33 228/ have already been recovered. In these cases stamp duty has not been/ correctly calculated by audit as they had based the calculation of mining gurantee as royalty chargeable. In this way extra amount of Rs 33 228 have already been recovered.

#### Para-5 Other irregularities

In other irregularities in 38 cases a sum of Rs 21 10 817 has been shown recoverable Para relating to 34 cases amounting to Rs 12 57 000/ relating to non auctioning of 34 vacant quarries has been settled by the A G vide his memo no RAW/S/OR/95 96/125 28 dated NIL leaving a balance of Rs 8 53 817/- out of which a sum of Rs 5 40 695/ is not recoverable as minimum guarantee or dead rent be cause mining within 1 Km of Surajkund Tourist Complex was prohibited on 8 4 94 Because of this reason M/s K C Ahuja and Co could not operate his mining leases of Anangpur and Sarai Khawaja which fell in the prohibited zone thus Rs 5 40 695/ was not recoverable leaving a balance of Rs 3 13 122/ for which efforts are being made to recover the same

During the course of oral examination the departmental representatives stated that out of the amount of Rs 353 13 lakhs as shown in Audit report an amount of Rs 218 50 lakhs is not recoverable. The Committee recommends that all such cases be settled by the department after fixing the meeting with A G. Audit and report be sent to the Committee. The Committee further observed that efforts be made to effect the recovery wherever due from the defaulters under intimation to the Commit tee within three months.

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#### AGRICULTURE

#### [141] 1 4 Arrears in revenue

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As on 31st March 1996 arrears of revenue under the principal heads of revenue as reported by the departments were as under

Sr No	Heads of Revenue	Total arrears (In lakhs	Arrears more than 5 years old of rupees)	Remarks
4	Other Taxes and Duties on Commodities and Services			
(1)	Receipts under the Sugarcane (Regulation of Purchase and Supply Act)	387 32	97 48	The arrears of Rs 387 32 lakhs was due to non deposit of purchase tax by four Sugar Mills of Karnal (84 13 lakhs) Rohtak (129 30 lakhs) Panipat (166 83 lakhs) and Palwal (7 06 lakhs) The de partment stated in June 1996 that the sugarcane mill owners had been asked to deposit the arrears

The department in their written reply explained the position as under ----

An amount of Rs 84 13 lakhs was to be recovered from the Coop Sugar Mill Karnal and the entire amount has been deposited by the concerned mill vide challan No 53 dated 30 10 96 and challan No 7 dated 31 10 96

An amount or Rs 129 30 lakh was to be recovered from the Coop Sugar Mill Rohtak The Deptt have written the following letters to M D Coop Sugar Mill Rohtak to deposit the purchase tax and interest

Letter No	Dated	Letter No	Dated	Letter No	Dated
380	21 4 92	409	30 4 92	496	2 5 <del>9</del> 2
503	23 5 92	625	5892	936	<b>4 1</b> 1 92
1016	24 11 92	1144	17 12 92	97	5 2 93
141	11 2 93	165	18 2 93	210	10 3 93
277	29 3 93	324	20-4 93	379	8 5 93
437	22 5 93	467	1 6 93	492	10 6 93
613	10 7 93	49	17 1 94	97	1 2 94
388	11 4 94	426	18 4 94	463	17 5 94

Letter No	Dated	Letter No	Dated	Letter No	Dated
597	27 6 94	787	13 9 94	839	7 10 94
2022	20 12 94	228	18 3 95	336	3695
267	21 5 96	396	2896	642	19 8 96
688	19 9 96				

The Asstt Cane Development Officer Rohtak has also written to Deputy Commis sioner Rohtak vide his letter No 823 dated 22 11 95 to recover the amount under arrears of Land Revenue Act

An amount of Rs 166 83 lakhs was to be recovered from the Coop Sugar Mills Panipat The department have written the following letters to deposit the balance purchase tax and interest

Letter No	Dated	Letter No	Dated	Letter No	Dated
901	30 1 92	143	12 2 93	281	6493
388	27-4 93	468	18 5 93	462	26 6 93
618	30 6 93	769	12 8 93	4	4194
58	17 1 94	306	7 2 94	629	9 2 94
540	9794	6321	6994	947	15 9 94
1038	6 10 94	3209	24 10 94	1107	25 10 94
279	24 3 95	20	9 1 95	400	30 12 94
547	6 7 95	25	10 3 95	885	31 10 95
984	13 12 95	734	<b>31</b> 7 95	8	1 1 96
22	17 1 96	4990	11 12 95	532	28 6 96
532	28 6 96	436	30 5 96	1031	5 12 96
722	22 8 96	921	8 11 96		
23	3 1 97	156	3 2 97		

The Asstt cane Development Officer Panipat has also written to Deputy Com missioner panipat vide his letter No 370 dated 20 5 94 and subsequent No 539 dated 26 7 94 to recover the amount under arrear of Land Revenue Act In addition to this a D O letter from Commissioner Agriculture to Commissioner Cooperation vide No 4101 dated 12 8 96 was sent to deposit the amount but to no avail As stated above the department has made strenuous efforts to recover the purchase tax from these sugar mills

An amount of Rs 7 06 lakhs was to be recovered from Cooperative Sugar Mill Palwal and the entire amount has been deposited by the concerned mill on dated 25 4 96 At the time of oral examination, the Committee was informed that due to weak financial position of these Sugar Mills only an amount of Rs 84 13 lakhs from Sugar Mill, Karnal and 7 06 lakhs from Sugar Mills Palwal have been recovered a balance of Rs 129 30 lakhs against Sugar Mill, Rohtak and Rs 166 83 lakh against Sugar Mill, Panipat

The Committee recommends that the matter be settled with the Government by the department by fixing a meeting at higher level and the Committee be apprised of the decision taken in the matter

### [142] 51 Results of Audit

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Test check of records of departmental offices dealing with assessment collection and realisation of non tax receipts conducted in audit during the year 1995 96 revealed under assessments of royalty dead rent, non/short levy of interest and other losses of revenue amounting to Rs 1028 65 lakhs in 2574 cases as follows

Heads of revenue	Number of cases	Amount
D Agriculture	3	(In lakhs of Rupees) 41 90

The department in their written reply explained the position as under ---

As per detail received from A G Haryana, the department involved in three cases for Rs 41 90 lakhs The case wise details given as under ----

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Name of Office	Year	Para No	No of cases	Amoun in iakh				·
ACDO Rohtak	1994 95	1	1	15 85	The follow Suga	ving letter ur Mill Roh nase tax mill has	s to M ntak to and in	ritten the A D Coop deposit the iterest but eposit the
					Letter No	Dated	Letter No	Dated
-					228	18 3 95	336	3695
					267	21 5 96	396	2896
					642	19 8 96	688	19 9-96
					727	3 10 96	5380	18 11 96
					811	22 11 96	857	11 12 96
					945	14 1 97	1041	6 2 97
					1326	18 2 97		

Name of Office	Year	Pai No	a	No of cases	Amount in lakh c	of Rs			
					T h P 2	he Asstt as also lohtak vi 2 11 95	Cane Dew written to E de his lett to recover Land Rever	)y Com er No 8 the amo	missioner 323 dated
ACDO Panipat	1994-9	95 1	I	1	26 00	letters	eptt have w s to M D C at to depos rest	ροορ Si	igar Mills
						Letter No	Dated	Letter No	Dated
						547	6 7 95	722	22 8 96
						734	31 8 95	921	8 11 96
						885	31 10 95	1031	5 12 96
						4990	11 12 95	1076	16 12 96
						984	13 12 95	23	3 197
						8	1 1 96	156	3 2 97
						22	17 1 96		
						329	15 4 96		
						436	23 5 96		
						532	28 6 96		
						D C Pani arrears of from Col missione 12 8 96 The dep recover t	D O Panipa ipat to recov of Land Reve mmissioner er Coop Vi was sent to tt has made he purchase o Sugar mill	er the ar enue Ac Agriculti de No deposit strenuo tax and	nount under t DO letter ure to Com 4101 datec the amount us efforts to
ACDO Yamun	a 1994	4 95	1	1	0 05	The	para has al	ready be	en dropped
nagar				3	41 90	the	ne A G Hary r letter No F 97/654 56 da	RAW/S/o	ther receipt

The Committee re-iterates it earlier observations made in para 141 of this report

### [143] 5 10 Non recovery of purchase tax and interest

As per the notification issued (October 1977) under the Punjab Sugarcane (Regula tion of purchase and supply) Act 1953 and the Rules made thereunder as applicable to Haryana an occupier or agent of a factory is required to pay tax at Rs 1 50 per quintal on sugarcane purchased by him by the 14th of the following month. In the event of default interest at the rate of **fifteen** per cent per annum shall be charged for the period of default.

During the audit of the records of Assistant Cane Development Officer Panipat it was noticed (August 1995) that a sugar mill had purchased 16 16 462 quintals of sugarcane between October 1994 and March 1995 but did not deposit purchase tax amounting to Rs 24 25 lakhs which was due to be paid by 14th of the month following the purchase Interest amounting to Rs 1 77 lakhs (upto July 1995) was also required to be charged thereon for non payment of tax

On this being pointed out (August 1995) in audit the department intimated (October 1995) that they have issue notice for recovery Further report on recovery of purchase tax and interest has not been received (December 1995)

The case was reported to Government in September 1995 their reply has not been received (June 1996)

The department in their written reply, explained the position as under ----

The department have written the following letters to M D Coop Sugar Mills Panipat to deposit the purchase tax and interest

5

Letter No	Dated	Letter No	Dated
547	6 7 95	722	22 8 96
734	31 8 95	921	8 11 96
885	31 10 95	1031	5 12 96
4990	11 12 95	1076	16 12 96
984	13 12 95	23	3197
8	1196	156	3-2 97
22	17 1 96		
329	15 4 96		
436	23 5 96		
532	28 6 96		

The A C D O Panipat has also written to D C Panipat to recover the amount under arrears of Land Revenue Act A D O letter from Commissioner Agriculture to Commissioner Coop vide 4101 dated 12 8 96 was sent to deposit the amount but to no avial The deptt has made strenuous efforts to recover the purchase tax and interest from the Coop Sugar Mill Panipat

The Committee re-iterates its earlier observations made in para 141 of this report

#### Irrigation

#### [144] 51 Results of Audit

Test check of records of departmental offices dealing with assessment collection and realisation of non tax receipts conducted in audit during the year 1995 96 revealed under assessments of royalty dead rent non/short levy of interest and other losses of revenue amounting to Rs 1028 65 lakhs in 2574 cases as follows ---

	Heads revenue	Number of cases	Amount (in lakhs of Rupees)
E	Public Works (irrigation)	1757	190 84

(d) In the case of Public Works (Irrigation) Department under assessments of Rs 9 97 lakhs in 22 cases pointed out during the year 1995 96 were accepted Out of which an amount of Rs 2 81 lakhs in 3 cases has been recovered during 1995 96

The department in their written reply explained the position as under ----

Out of 1757 No cases amounting to Rs 190 84 lakhs the department has got cleared 812 No cases amounting to Rs 131 95 lakhs leaving balance 945 No cases amounting to Rs 58 88 lakhs only

All the field Superintending Engineers have already been directed to monitor clearance of these items by holding periodical meetings with the field Officers and even the Chief Engineers are also holding meeting with the field SEs for speedly clearance

The Committee recommends that the recovery in balance cases amounting to Rs 58 88 lakhs be made expeditiously under intimation to the Committee

### [145] 5 11 Short recovery of water charges

Haryana Canal and Drainage Act 1974 provides for charging water rates for the canal water supplied for various purposes Under the Haryana Canal and Drainage Rules 1976 charges for Canal water supplied in bulk to industries and power plants are recover able at the rate of rupees 5 per 2500 cubic feet As per Government notification issued in December 1994 (effective from 2 December 1994) these rates were revised to Rs 50

(1) During the audit of the records of the office of the Executive Engineer Water Service Division Tohana it was noticed (October 1995) that 12 64 lakhs cubic feet of canal water was supplied by the Irrigation Department to a fisheries farm in village Sahu (Tohana) for the development of pisciculture during the period from December 1994 to June 1995 The department charged the water rates at the pre revised rates instead of at enhanced rates of Rs 50 per 2500 cubic feet This resulted in short recovery of water charges amounting to Rs 22 753

On this being pointed out (October 1995) in audit the department issued (October 1995) revised bill for recovery Report on recovery of the additional demand so raised has not been received (June 1996)

The above case were reported to Government between December 1995 and january 1996 their reply has not been received (June 1996)

The department in their written reply explained the position as under --

On pointing out by the Audit revised water bills were raised against the owner of the Fisheries Farm The owner of the Farm filed a civil writ petition in the High Court in 1997 The Hon ble High Court have decided the case on 15 10 1997 and directed the Department to conduct survey whether the petitioner has been running an industry or not On the direction of the Court the owner of the Fish Farm has deposited Rs 38617/ (Half of the total recoverable amount) on 15 5 1997 Survey was got conducted by an Sub Divisional Officer of Irrigation Department who brought out that Fish Farms/Ponds does not fall under the category of Industry' and as such rates may be charged for Other Bulk Supplies The matter was further taken up with the Fisheries Department Haryana who opined that Fish Farming and Pisciculture is one and the same The Fish Farming is commonly named by Fish Farmers For the growth of Fish all the nutrients are being taken from the soil through water as in Agriculture to increase the productions It has been made amply clear that Fish Farming/Pisciculture is an Agricultural activities and as such the Irrigation Depart ment should consider the levying of water charges under appropriate head which should be equal to Agricultural activities This issue was further discussed in the meeting of the Board of Chief Engineers held on 15-5 2000 The Board of Chief Engineers have decided that where breeding is being done may be treated as "In dustry' otherwise of Agricultural activities The Department had already charged water rate for Other Bulk Supplies from the Fish Farmer as notified by Harvana Govt from time to time

The Committee recommends that the department may take effective steps to decide the rates of supply of canal water to the fisheries farms and the decisions taken be intimated to the Committee within three months

#### FINANCE (LOTTERIES)

#### [146] 51 Results of Audit

Test check of records of departmental officers dealing with assessment collection and realisation of non tax receipts conducted in audit during the year 1995 96 revealed under assessments of royalty dead rent non/short levy of interest and other losses of revenue amounting to Rs 1028 65 lakhs in 2574 cases as follows

	Heads of revenue	Number of cases	Amount (In lakhs of Rupees)
С	Finance (State Lotteries)	130	120 76

(C) In the case of Finance Department (State Lotteries) under assessment of Rs 4 95 lakhs in 12 cases was accepted. Out of which 10 cases involving Rs 1 77 lakhs were pointed out in audit during the year 1995 96 and 2 cases involving Rs 3 18 lakhs were pointed out in earlier years. The department recovered Rs 0 34 lakhs in 3 cases pointed out in 1995 96 Besides an amount of Rs 3 83 lakhs in 3 cases had also been recovered pertaining to earlier years.

The department in their written reply explained the position as under --

Year	Inspection	Reports	Audıt Para	Observations cases	Amount (Rs ın lakhs)
1994 95	Outstanding	1	13	130	120 76
	Disposed off		05	23	6 13
	Balarce	1	08	107	114 63

After hearing the departmental representatives the Committee made the following recommendations —

1 Loss of interest on Government 1994-95 money worth Rs 68446/- may be recovered

Temporary Misappropriation/Embezzlement of Government money worth Rs 61 89 lakh be probed ٢

The case pending in the Court be pursued and final out come be intimated to the Committee accordingly

2 Embezzlement of Government money worth Rs 35 82 lakh

The case pending in the Court be pursued to get the stay vacated and the recovery and other action against the defaulting official be settled accordingly under intimation to the Committee

The Committee also observed that said embezzlement/ losses occured due to lack of proper checking on the part of the supervisory offic<sup>rs</sup>. The Committee, therefore, recommend that responsibility be fixed for the lapse and action also be taken against such officers who did not conduct the timely checking of these sales officers

The Committee also recommend that a fool proof system be evolved to ensure that such type of financial irrigularities may not occur in future

#### **GENERAL PARAGRAPHS**

#### [147] 1.8 Outstanding inspection reports and audit observations

(i) Audit observations on incorrect assessments short levy of taxes duties fees as also defects in initial records noticed during audit and not settled on the spot are communicated to the Heads of Officers and other departmental authorities through inspection reports Serious financial irregularities are reported to the heads of Departments and Govern ment. The Heads of Offices are required to furnish replies to the inspection reports through the respective Heads of Departments within a period of two months

(II) The number of inspection reports and audit observations relating to revenue receipts issued upto 31 December 1995 and which were pending settlement by the depart ments as on 30 June 1994 1995 and 1996 are given below

Particulars	At the end of June		
	1994	1995	1996
Number of inspection reports pending settlement	1650	1918	2165
Number of outstanding audit observations	3898	4305	4982
Amount of revenue involved (in crore of rupees)	51 83	74 34	106 23

(III) Year wise breakup of the outstanding inspection reports and audit observation as on 30 June 1996 is given below

Year	Number of o	Amount of receipts involved	
	Inspection reports	Audit observations	(In crores of rupees)
upto			
1990 91	401	647	0 80
1991 92	414	767	1 55
1992 93	165	502	6 08
1993 94	482	953	32 36
1994 95	408	1065	25 23
1995 96	295	1048	40 21
Total	2165	4982	106 23

(IV) Department wise break up of the inspection reports and audit observations relating to the years 1988 89 to 1995 96 (upto December 1995) and outstanding as on 30th June 1996 is as follows

Department	<u>Number of or</u> Inspection reports	<u>utstanding</u> Audit observations	Amount of receipts involved (in crores of rupees)	Number of Inspection reports to which even first replies had not been received
Revenue Department	539	903	4 63	
Excise and Taxation	484	1984	62 38	28
Transport	264	388	0 88	32
Forest	148	370	8 12	8
Other Departments**	730	1337	30 22	63
Total	2165	4982	106 23	131

The matter was brought to the notice of Government in June 1996 replies regarding steps taken to settle the outstanding inspection reports and Audit observations have not been received (June 1996)

This includes Stamp Duty and Registration Fees and Land Revenue

Agriculture (Cane Commissioner) Animal Husbandry Co operation Electricity Food and Supply Horticulture Industries Lotteries Medical Mines and Geology PWD(B&R) PWD (Irrightion) PWD (Public Health)

Having gone through the above statement and the latest position sent by the departments concerned the Committee observe that huge number of inspection re ports and Audit observations were still pending for settlement by the departments concerned and the Committee is not satisfied with the pace of settlement and clear ance of outstansing paras

The Committee recommend that the Finance Department may issue fresh in structions to the concerned authorities to dispose off/settle all these pending audit objections/paras concerning them after arranging meetings with the A G Audit within three months and latest position be intimated to the Committee accordingly

### [148] 5 9 Recoveries of Interest of Loans and Advances

The State Government with a view to achieving various objectives of State Policies grants loans and advances to its local bodies/public sector undertaking and co operative societies

The proposals for sanction of loans and advances are processed by heads of depart ments and are recommended to administrative departments. Sanctions of loans and ad vances are issued by the Administrative departments with the concurrence of Finance De partment and recoveries of loans and advances alongwith interest are watched by adminis trative heads of departments concerned according to the instructions of the Finance De partment The CAG of India in its report for the year 1995 96 (RR) pointed out that during test check of the records in various departments viz Co operation Industries Local Gov ernment and Power (HSEB) a long outstanding loans and interest/penal interest against Cooperative societies Industrial units/HSIDC Municipal committees and Haryana State Electricity Board was due

The State Government laid down guidelines for watching recoveries of Government loans with interest from State Public Sector undertakings and prescribed a loan register to be maintained by each head of department to keep watch on loans disbursed and their timely repayment togetherwith interest and penal interest. In order to ensure compliance of the orders the investment cell in Finance Department was to scrutinise the registers/records from time to time. The audit also pointed out that loan ledgers were not maintained by the administrative heads of these departments and no checks were exercised by the Adminis trative/Finance Department for watching the recoveries of loans and interest.

After hearing the departmental representatives and going through the written reply sent by various departments concerned, the Committee recommend that the Finance Department may issue fresh instructions to the concerned authorities for compliance of the guidelines/instructions of the Government/Finance Department already issued and recover the outstanding loans and interest/penal interest wher ever due against the concerned public sector undertakings under intimation to the Committee

### 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 decisions

Sr No	Name of Department	Paragraph	Brief Subject
<u></u>	2	3	4
			6th Report
1	Industries	8 (sub para 1 to 6 12 13)	Investments
			7th Report
-		33	Payment of work done
2	PWD(B&R)		9th Report
3	Industries	5(2)	Credit facilities for development of small industries
			11th Report
		26	Loan for Social Welfare
4	Welfare of SC & BC	Lu	14th Report
		16	Purchase of Cotton Yarn
5	Industries	10	15th Report
6	Agriculture	6	Distribution of taccavi loan in the form of chemical fertilizers
			16th Report
7	Industries	2(a) and 2(d)	Subsidy of setting up industries Units in selected backyard areas (Cases of M/s B K Steel Rolling Mill) Tohana and M/s Modern Industries Charkhi Dadri
			18th Report
		39	Co operative Consumer Stores
8	3 Co operation	00	19th Report
Ş	9 Public Relations	8	Setting up of an open air theatre village Kaul (District Kurukshetra
		25(II)	Co operative Consumer Store
1(	•	28	Social conservation and water
1	1 Agriculture		management works
1	2 Excise and Taxation	40	Loss of duty on excess wastage
			21st Report
1	3 PWD (Public Health)	12	Outstanding Recoveries agains contractor
4	4 Irrigation	14	Excess payment to Contractor
	5 Excise and Taxation	30	Short levy of Purchase Tax
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ImageBranch19Irrigation20Penal recovery of cost of coal issued to Kin Contractors in excess requirement20Revenue39(6 ii) 8)Land holding tax21Revenue40Non levy of registration fee22Excise and Taxation52Loss of duty on excess wastag bottling operation23Excise and Taxation53Loss of duty on excess storage wastage24Excise and Taxation54Shortfall in duty25Excise and Taxation56Recovery due from contractor Users and Taxation26Irrigation31Shortages27Co-operation34Co operative Consumer Stores28Food and Supplies35Haryana State Federation of Consumer Co operative Whole sale Stores Limited Chandigar29Excise and Taxation57Result of test audit in general31Excise and Taxation57Result of test audit in general32Excise and Taxation57Result of test audit in general33Excise and Taxation58Loss of duty on excess storage wastage33Excise and Taxation59Co operative Consumer Stores34Co operation58Loss of duty on excess storage wastage33Excise and Taxation59Co operative Consumer Stores34Co operation58Loss of duty on excess storage wastage35Colonization59Loss of duty on excess storage wastage36Colonization<		2	3	4	
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	42 Excise	and Taxation	54	Un collected revenue	

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45	Excise and Taxation	68	Interest not recovered
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48	irrigation	21	Defective Execution of earth work
49	Irrigation	22	Faulty measurement of work resulting in over payments
50	Excise and Taxation	49	Uncollected revenue
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52	Excise and Taxation	61	Duty not recovered on spirit loss in bottling operation in excess of norms
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55	Irrigation	10	Masani Barrage Project
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58	Police	26	Over payment of daily allowance
59	Development	30	Selection of works
60	Excise and Taxation	41	Registration of dealers under Sak Tax Act
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9	Irrigation	14	Recovery due from contractors
0	Irrigation	15	Remodelling of Chandeni Drain
1	Irrigation	19	Misappropriation of lime
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5	Town and Country Planning (HUDA)	36	Loss due to defective
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7	Public Health	42	scheme Commencement of work without
3	Public Health	43	sanction Extra expenditure due to defective
)	Mines and Geology	47	work Uncollected revenue

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101	Mines and Geology	-0	royalty on bricks
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102	Agriculture		money
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110	Development and Panchayats	*	Irregular and wasteful expenditure
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132	Irrigation	74	Non raising of demand
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225	Industrial Training	9	Monitoring
226	Home	15	Non recovery of telephone calls
227	Home	16	Outstanding Inspection Reports
228	Town and Country Planning	18	Non realization of service charges
229	Town and Country Planning	19	Delay in land acquisition cases
230	Town and Country Planning	20	Extra contractual payment
231	Hospitality	21	Government dues on account of credit sales
232	Irrigation	23	Extra expenditure
233	Irrigation	25	Injudicious purchases
234	Irrigation	30	Shortage of material
235	Public Health	32	Irreguiar expenditure
236	Public Health	33	Stores and stock
237	Public Health	34	Injudicious purchases
238	Public Health	35	Shortage of material
239	PWD (B&R)	37	Extra payment due to incorrect entries in Measurement Books
240	PWD (B&R)	38	Avoidable extra expenditure due to retendering
241	PWD (B&R)	39	Extra expenditure due to sputting up of work
242	Co-operation	41	Embezzlement
243	Printing and Stationery	42	Loss on purchase of paper
°44	Food and Supplies	47	Damage caused to wheat in Storage
45	Supplies and Disposals	49	Extra expenditure due to retendering
46	Excise and Taxation	50	Assessment in arrears
47	Excise and Taxation	51	Uncollected Revenue (Sales Tax)
18	Excise and Taxation	52	Uncollected Revenue (State Excise)
'9	Excise and Taxation	54	Results of Audit
0	Excise and TAxation	55	Delay in re asessment of remand cases
1	Excise and Taxation	57	Appeals entertained without deposit of tax
2	Excise and Taxation	59	Other intersting cases
3		60	Loss of revenue due to delays in assessment and demand of tax
ł	Excise and Taxation	61	Application of incorrect rate to tax

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255	Excise and Taxation	62	Non levy of tax
256	Excise and Taxation	63	Incorrect computation of taxable turnover
257	Excise and Taxation	64	Irregular grant of exemption
258	Excise and Taxation	65	Loss of revenue due to deficiency in Sales Tax Law
259	Excise and Taxation	66	Incorrect deduction on account c sales to registered dealers
260	Excise and Taxation	66	Suppression of purchases
261	Excise and Taxation	68	Non levy of penalty
262	Excise and Taxation	69	Interest not charged
263	Excise and Taxation	70	Results of Audit (State Excise)
264	Excise and Taxation	71	Results of Audit (Entertainment duty of show tax)
265	Excise and Taxation	72	Working of distilleries and Breweries
266	Excise and Taxation	73	Loss of excise duty due to redistillation
267	EXcise and Taxation	74	Non recovery of duty on wast 10 in excess norms
268	Excise and Taxation	75	Interest not charged
269	Revenue	79	Outstanding Inspection Report
270	Revenue	80	Results of Audit
271	Revenue	81	Under valuation of immovable property
272	Revenue	82	Misclassifications of instrumen s
273	Revenue	83	Irregular grant of exemption
74	Revenue	84	Non/Short levy of stamp duty
75	Revenue	85	Irregular registration of supplementaty deeds
76	Revenue	86	Short levy of stamp duty on lease deeds
77	Revenue	87	Evasion of stamp duty and registration fee through power of attorney
78	Revenue	88	Arrears of stamp duty and Registration fee
79	Revenue	89	Embezzlement of Governmen revenue
B0	Mines and Geology	93	Outstanding Inspection Report
81	Mines and Geology	94	Results of Audit
32	Cooperation	95	Results of Audit

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283		9	Excess payment of earth work
284	Irrigation	11	Excess payment due to inflated/ fictitious measurements
285	Irrigation	13	Jawahar Lal Nehru Lift Irrigation Scheme
286	Irrigation	16	Unfruitful expenditure due to non energisation of pumps
287	Irrigation	17	Defective execution of work
287 288	Irrigation Irrigation	18	Avoidable payment of interest
289 289	Irrigation	19	Unfruitful expenditure on a incomplete work
290	Transport	26	Performance of minibuses
290	Local Bodies	29	Utilisation Certificates
291	Local Bodies	31	Bodies and Authorities substan tially financed by Government grants and loans
293	Local Bodies	32	Financial Assistance to Local Bodies and Others
294	Local Bodies	33	Unspent balances of grants paid Local Bodies
295	Local Bodies	34	Financial Assistance to Local Bodies and Others
296	Agriculture	38	Unfruitful expenditure on idle equipment
297	Food and Supplies	42	Loss due to negligence
298 298		48	Nagatory expenditure due to no working of computers
299	Home	49	Unfruitful expenditure
300		52	Funding Pattern
301		53	Targets and achievements
302		54	Arrears due from municipalities
302		55	Other points
303		57	Unfruitful expenditure
304		60	Inflated/Fictitious measurement
306		61	Outstanding Inspection Reports and Paragraphs
307	Public Health	62	Wasteful expenditure on purcha and repair of rig
308	B Public Health	63	Infructuous expenditure on abandoned work
309	9 PWD (B&R)	64	Extra liability/expenditure due to defective allotment of work
31(	0 PWD (B&R)	68	Reserve Stock Limit

314PW D (B&R)74Sub standard execution of wor315Education82Fraudulent drawal of Leave Tra Concession316Education84Operation Blackboard317Medical and Health93Misappropriation of stores318Cooperation94Irregular release of subsidy319Cooperation95Outstanding Inspection Report Paragraphs320Cooperation98Outstanding Inspection Report Paragraphs321Cooperation99Results of Audt322Cooperation99Results of Audt323Revenue101Outstanding Inspection Report Paragraphs324Revenue102Land Revenue325Revenue103Results of Audt326Revenue104Irregular exemption of stamp duty on lea deed327Revenue105Short levy of stamp duty on lea deed328Revenue106Recovery at the instance of Aud329Excise and Taxation109Frauds and evasion of taxes331Excise and Taxation110Outstanding Inspection Reports333Excise and Taxation111Results of Audt334Excise and Taxation113Delay in trialisation of taxes335Excise and Taxation114Delay in trialisation of taxes336Excise and Taxation113Delay in trialisation of toliow up action on cases remanded by tr Appellate Authorities337Excise and Taxa	1	2	3	4
313 PW D (B&R) 73 Irregular purchase of material in higher rates   314 PW D (B&R) 74 Sub standard execution of word standard execution of word standard execution of word standard execution of stores   315 Education 82 Fraudulent drawal of Leave Tracon Elackboard   316 Education 84 Operation Blackboard   317 Medical and Health 93 Misappropriation of stores   318 Cooperation 94 Irregular release of subsidy   319 Cooperation 95 Outstanding Inspection Report Paragraphs   320 Cooperation 99 Results of Audit   321 Cooperation 99 Results of Audit   322 Cooperation 100 Short recovery of audit fee   323 Revenue 102 Land Revenue   324 Revenue 102 Land Revenue   325 Revenue 103 Results of Audit   326 Revenue 104 Irregular exemption of stamp di eave   327 Revenue 105 Short levy of stamp duty on leave   328 Revenue 106 <	311	• •	70	Pilferage of material
10 Integrate point p	312	PWD (B&R)	71	Shortage of Tools and Plant
315Education82Fraudulent drawal of Leave Tra Concession316Education84Operation Blackboard317Medical and Health93Misappropriation of stores318Cooperation94Irregular release of subsidy319Cooperation95Outstanding Inspection Report Paragraphs320Cooperation98Outstanding Inspection Report Paragraphs321Cooperation99Results of Audit322Cooperation90Short recovery of audit fee323Revenue101Outstanding Inspection Report324Revenue102Land Revenue325Revenue103Results of Audit326Revenue104Irregular exemption of stamp di327Revenue105Short levy of stamp duty on lea deed328Revenue106Recovery at the instance of Au deed329Excise and Taxation107Assessments in arrears331Excise and Taxation108Uncollected Revenue332Excise and Taxation110Outstanding Inspection Reports333Excise and Taxation111Results of Audit344Excise and Taxation112Details of appeals pending on 31 3 90335Excise and Taxation114Delay in taking up of appeal cas Appellate Authorities336Excise and Taxation115Stay of Sales Tax demands by t Appellate Authorities337Excise and Taxation11	313	PWD (B&R)	73	Irregular purchase of material at higher rates
316Education84Operation Blackboard317Medical and Health93Misappropriation of stores318Cooperation94Irregular release of subsidy319Cooperation95Outstanding Inspection Report320Cooperation98Outstanding Inspection Report321Cooperation99Results of Audit322Cooperation99Results of Audit323Revenue101Outstanding Inspection Report324Revenue102Land Revenue325Revenue102Land Revenue326Revenue102Land Revenue327Revenue103Results of Audit328Revenue104Irregular exemption of stamp duty on leaded329Excise and Taxation107Assessments in arrears330Excise and Taxation109Frauds and evasion of taxes331Excise and Taxation110Outstanding Inspection Reports332Excise and Taxation110Outstanding Inspection Feports333Excise and Taxation107Assessments in arrears334Excise and Taxation110Outstanding Inspection Reports335Excise and Taxation110Outstanding Inspection Reports336Excise and Taxation110Outstanding Inspection Reports337Excise and Taxation111Results of Audit338Excise and Taxation111Results of Audit339<	314	PWD (B&R)	74	Sub standard execution of work
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11121313131313131 <td>316</td> <td>Education</td> <td>84</td> <td>Operation Blackboard</td>	316	Education	84	Operation Blackboard
319Cooperation95Outstanding inspection Report Paragraphs320Cooperation98Outstanding inspection Report321Cooperation99Results of Audit322Cooperation100Short recovery of audit fee323Revenue101Outstanding inspection Report324Revenue102Land Revenue325Revenue103Results of Audit326Revenue104Irregular exemption of stamp di327Revenue105Short levy of stamp duty on lea328Revenue106Recovery at the instance of Audit329Excise and Taxation107Assessments in arrears330Excise and Taxation108Uncollected Revenue331Excise and Taxation110Outstanding inspection Reports333Excise and Taxation110Outstanding inspection Reports334Excise and Taxation111Results of Audit335Excise and Taxation112Details of appeals pending on 31 3 90336Excise and Taxation113Delay in taking up of appeal cas appeliate Authorities338Excise and Taxation116Recovery of Demands in arrears 	317	Medical and Health	93	Misappropriation of stores
320Cooperation98Outstanding Inspection Report321Cooperation99Results of Audit322Cooperation100Short recovery of audit fee323Revenue101Outstanding Inspection Report324Revenue102Land Revenue325Revenue103Results of Audit326Revenue103Results of Audit327Revenue104Irregular exemption of stamp di328Revenue105Short levy of stamp duty on lea deed329Excise and Taxation107Assessments in arrears330Excise and Taxation108Uncollected Revenue331Excise and Taxation110Outstanding Inspection Reports333Excise and Taxation110Outstanding Inspection Reports334Excise and Taxation110Outstanding Inspection Reports335Excise and Taxation111Results of Audit336Excise and Taxation112Details of appeals pending on 31 3 90335Excise and Taxation113Delay in thalisation of follow up action on cases remanded by tr Appellate Authorities338Excise and Taxation116Recovery of arears due to delay in assessment339Excise and Taxation118Non recovery of arears due to delay in assessment339Excise and Taxation118Non recovery of arears due to delay in assessment339Excise and Taxation119Failure to verify the g	318	Cooperation	94	Irregular release of subsidy
321Cooperation99Results of Audit322Cooperation100Short recovery of audit fee323Revenue101Outstanding Inspection Report324Revenue102Land Revenue325Revenue103Results of Audit326Revenue104Irregular exemption of stamp di327Revenue105Short levy of stamp duty on leadeed328Revenue106Recovery at the instance of Audit329Excise and Taxation107Assessments in arrears330Excise and Taxation108Uncollected Revenue331Excise and Taxation110Outstanding Inspection Reports332Excise and Taxation111Results of Audit334Excise and Taxation112Details of appeals pending on 31 3 90335Excise and Taxation113Delay in taking up of appeal case Appellate Authorities336Excise and Taxation115Stay of Sales Tax demands by tr Appellate Authorities337Excise and Taxation116Recovery of Demands in arrears under Salex Tax338Excise and Taxation118Non recovery of arrears due to delay in assessment339Excise and Taxation119Fallure to verify the genuineness delay in assessment340Excise and Taxation118Non recovery of arrears due to delay in assessment341Excise and Taxation119Fallure to verify the genuineness delay in assessment <td>319</td> <td>Cooperation</td> <td>95</td> <td>Outstanding Inspection Reports Paragraphs</td>	319	Cooperation	95	Outstanding Inspection Reports Paragraphs
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323Revenue101Outstanding Inspection Reports324Revenue102Land Revenue325Revenue103Results of Audit326Revenue104Irregular exemption of stamp duty on lea deed327Revenue105Short levy of stamp duty on lea deed328Revenue106Recovery at the instance of Au deed329Excise and Taxation107Assessments in arrears 	321	Cooperation	99	
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331Excise and Taxation109Frauds and evasion of taxes332Excise and Taxation110Outstanding Inspection Reports333Excise and Taxation111Results of Audit334Excise and Taxation112Details of appeals pending on 31 3 90335Excise and Taxation113Delay in taking up of appeal cas action on cases remanded by the Appellate Authorities337Excise and Taxation115Stay of Sales Tax demands by the Appellate Authorities338Excise and Taxation116Recovery of Demands in arrears under Salex Tax339Excise and Taxation118Non recovery of arrears due to delay in assessment340Excise and Taxation119Fallure to verify the genuineness dealers/sureties341Excise and Taxation120Irregular grant of exemption	329	Excise and Taxation	107	Assessments in arrears
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333Excise and Taxation111Results of Audit334Excise and Taxation112Details of appeals pending on 31 3 90335Excise and Taxation113Delay in taking up of appeal cas Delay in tinalisation of follow up action on cases remanded by the Appellate Authorities337Excise and Taxation115338Excise and Taxation116339Excise and Taxation116339Excise and Taxation117339Excise and Taxation118340Excise and Taxation118341Excise and Taxation119341Excise and Taxation120341Excise and Taxation120	331	Excise and Taxation	109	Frauds and evasion of taxes
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336Excise and Taxation114Delay in finalisation of follow up action on cases remanded by th Appellate Authorities337Excise and Taxation115Stay of Sales Tax demands by t Appellate Authorities338Excise and Taxation116Recovery of Demands in arrears under Salex Tax339Excise and taxation118Non recovery of arrears due to delay in assessment340Excise and Taxation119Failure to verify the genuineness dealers/sureties341Excise and Taxation120Irregular grant of exemption	334	Excise and Taxation	112	
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338Excise and Taxation116Appellate Authorities339Excise and taxation118Non recovery of Demands in arrears under Salex Tax340Excise and Taxation119Failure to verify the genuineness dealers/sureties341Excise and Taxation120Irregular grant of exemption	336	Excise and Taxation	114	Delay in finalisation of follow up action on cases remanded by the Appellate Authorities
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40 Excise and Taxation 119 Failure to verify the genuineness dealers/sureties   41 Excise and Taxation 120 Irregular grant of exemption	38	Excise and Taxation	116	Recovery of Demands in arrears
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inogenal grant of exemption	40	Excise and Taxation	119	Failure to verify the genuineness dealers/sureties
	41	Excise and Taxation	120	

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342	Excise and Taxation	121	Delay in initiating/non pursuance of recovery proceedings
343	Excise and Taxation	122	Other interesting cases
344	Excise and Taxation	123	Evasion of tax
345	Excise and Taxation	124	Non levy of lax on incidental charges
346	Excise and Taxation	125	Application of incorrect rate of tax
347	Excise and Taxation	126	Non/Short levy of interest
348	Excise and Taxation	127	Results of Audit
349	Excise and Taxation	128	State Excise Duty
350	Excise and Taxation	129	Loss of revenue due to re auction vends
351	Excise and Taxation	130	Short recovery of composite fee
352	Excise and Taxation	131	Non recovery of license fee and interest
353	Excise and Taxation	132	Loss due to non observance of prescribed procedure regarding auction of vends
354	Excise and Taxation	133	Interest not recovered
355	Excise and Taxation	134	Non recovery of penalties
356	Excise and Taxation	1 <b>3</b> 5	Assessments in arrears
357	Excise and Taxation	136	Uncollected Revenue
358	Excise and Taxation	138	Results of Audit
359	Excise and Taxation	139	Under assessment due to irregul grant of exemption to non manufacturers
360	Excise and Taxation	140	Under assessment due to short/ non levy of purchase tax
361	Excise and Taxation	142	Under assessment due to short levy of purchase tax and incorrec deduction
362	Excise and Taxation	144	Short levy of penalty
363	Excise and Taxation	145	Results of Audit
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364	Public Health	3	Sub Standard execution of work
365	Public Health	4	Recovery due from contractor
366	Public Health	5	Stores and Stock
367		6	Surplus materials
368	Public Health	7	Injudicious purchase
369	Public Health	8	Excess issue of materials
370	Irrigation	11	Extra expenditure due to defective lining

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371	Irrigation	12	Surplus materials
372	Irrigation	14	Unnecessary purchase
373	Irrigation	16	Loss due to excess procurement of cement
374	Irrigation	17	Shortage of T & P articles
375	Irrigation	18	Extra expenditure due to change design
376	Labour and Employment	20	Cost of sub standard medicines not recovered
377	Social Welfare	21	Old Age Pension
378	Social Welfare	22	Targets and achievements
379	Social Welfare	23	Payment of pension to ineligible persons
380	Social Welfare	24	Outstanding amount of undelivered money orders with postal authorities
381	Social Welfare	25	Evaluation
382	Social Welfare	26	Liberation of scavengers
383	medical and Health	27	Family Welfare programme ~ including India Population Project
384	Local Government and Housing	32	Financial outlay and expenditure
385	Local Government and Housing	33	Scheme of Employment through Housing and Shelter Upgradation (SHASU)
386	Rural Development	35	Non recovery of subsidy misutilised
887	Rural Development	36	Integrated Rural Development Programme
888	Town and Country Planning	38	Unfruitful Expenditure
89	Town and Country Planning	41	Functioning of State Planning Cell
	Town and Country Planning	42	Idle investment
	Town and Country Planning	43	Avoidable payment of interest
	Printing and Stationery	44	Avoidable extra expenditure of bus tickets
	Printing and Stationery	45	Extra expenditure
	Revenue	46	Mewat Development Board
	Sports and Youth Welfare	47	Embezzlement of funds
	Mines and Geology	48	Uncollected Revenue
	Mines and Geology	49	Outstanding Inspection Reports
	Mines and Geology	50	Results of Audit
99 <b> </b>	Mines and Geology	51	Short recovery of royalty and interest

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400	Mines and Geology	52	Loss of revenue due to defective execution of lease deed
404	Mines and Geology	53	Short Calculation of interest
401	Mines and Geology	54	Uncollected Revenue
402	Mines and Geology	55	Outstanding Inspection Reports
403	Mines and Geology	56	Results of Audit
404 405	Mines and Geology	57	Non realisation of contract money and interest
406	Mines and Geology	58	Non recovery of dead rent and interest thereon
407	Mines and Geology	59	Interest not charged on delayed payments
400	Mines and Geology	60	Uncollected revenue
408 409	Mines and Geology	61	Results of Audit
409 410	Mines and Geology	62	Non recovery of contract money and interest
411	Mines and Geology	63	Non recovery/Short recovery of royalty
412	Mines and Geology	64	interest not charged
412		65	Uncollected Revenue
413	• • • • •	66	Uncollected Revenue (Land Revenue)
445	Revenue	67	Results of Audit
415		68	Short levy of Stamp duty
416 417		69	Under valuation of immovable property
418	3 Revenue	70	Evasion of Stamp duty and registration fee through power of attorney
419	9 Revenue	71	Irregular exemption of Stamp duty and registration fee
40		72	Misclassification of instruments
42		73	Uncollected Revenue
42 42	a Decembra	74	Uncollected Revenue (Land Revenue)
42	3 Revenue	75	Fraud and evasion of taxes
42		76	Results of Audit Short recovery of stamp duty on
42		77	morgage deed
42	26 Revenue	78	Irregular exemption of stamp dut Short realisation of stamp duty
42		79	due to under valuation of Immov able Property
42	28 Revenue	80	Misclassification of instruments

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