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HARYANA VIDHAN SABHA
PUBLIC ACCOUNTS COMMITTEE

(2011-2012)

(SIXTY SEVENTH REPORT)

REPORT

ON THE

REPORTS OF THE

**Comptroller and Auditor General
of India for the year ended
(i) 31st March, 2008 (Civil)
(ii) 31st March, 2006 (Revenue Receipts)**



(Presented to the House on 7th March, 2012)

**HARYANA VIDHAN SABHA SECRETARIAT,
CHANDIGARH
2012**

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2011 2012)**

CHAIRPERSON

- 1 Prof Sampat Singh MLA

MEMBERS

- 2 Shri Ashok Kumar Arora MLA
- 3 Shri Anil Vij MLA
- 4 Shri Krishan Lal Panwar MLA
- 5 Smt Sumita Singh MLA
- 6 Shri Rajinder Singh Joon MLA
- 7 Shri Bharat Bhushan Batra MLA
- 8 Shri Jai Tirath MLA
- 9 Shri Parminder Singh Dhull MLA

SECRETARIAT

- 1 Shri Sumit Kumar Secretary
- 2 Shri Kuldip Singh Additional Secretary

INTRODUCTION

1 I the Chairperson of the Public Accounts Committee having been authorized by the Committee in this behalf present this Sixty Seventh Report on the Reports of the Comptroller and Auditor General of India for the year ended 31st March 2008 (Civil) & 31st March 2006 (Revenue Receipts)

2 The Reports of the Comptroller and Auditor General of India for the year ended 31st March 2008 (Civil) & 31st March 2006 (Revenue Receipts) were laid on the Table of the House on 10th February 2009 and 9th March 2007 respectively

3 The Committee examined the Reports of the Comptroller and Auditor General of India for the year ended 31st March 2008 (Civil) & 31st March 2006 (Revenue Receipts) and also conducted the oral examination of the representatives of the concerned departments

4 The Committee considered and approved this Report at their sitting held on 21st February 2012

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

6 The Committee place on record their appreciation of the assistance rendered to them by the Principal Accountant General (Audit) Haryana and his officers. The Committee would like to express their thanks to Financial Commissioner and Principal Secretary to Government Haryana Finance Department and other officers of Finance Department and the representatives of the various departments who appeared for oral evidence before them for the co operation in giving information to the Committee

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

Chandigarh
The 21st February 2012

Prof SAMPAT SINGH
CHAIRPERSON

REPORT

GENERAL

1 The Committee for the year 2011 2012 was nominated on 28th April 2011 by the Hon ble Speaker in pursuance of motion moved and passed by the Haryana Vidhan Sabha in its sitting held on 7th March 2011 authorizing him to nominate the Members of the Committee on Public Accounts for the year 2011 2012

2 The Committee held 77 meetings in all at Chandigarh and other places upto 21st February 2012

PART-I 2007-2008
(Civil)

FOREST DEPARTMENT

[3] 1 6 Misappropriation losses, defalcations, etc

The State Government reported 220 cases of misappropriations defalcations etc involving Government money amounting to Rs 1 99 crore up to the period March 2008 on which final action was pending at the end of June 2008 The department-wise break up of pending cases is given in **Appendix XI (A&B)**

1 6 1 Write off of losses, etc

As reported to Audit losses due to theft fire and irrecoverable revenue etc in respect of one case of Forest Department amounting to Rs 2 47 lakh was written off during 2007-08 by competent authority

The department in its written reply stated as under —

Misappropriation Losses defalcation etc

The State Govt report 20 case of misappropriation defalcation etc involving Govt money amounting of Rs 13 96 lakh upto the period March 2008 on which final action was pending at the end of June 2008

Upto 5 Yrs	5 to 10 Yrs	10 to 15 Yrs	15 to 20 Yrs	20 to 25 Yrs	25 Yrs to more	Total
4	7	2	6	1		20
(10 59)	(11 40)	(0 70)	(1 12)	(0 15)	—	(13 96)
Theft cases		Misappropriation Loss of Govt Materials		Fire/Accident		Total
No of cases	Amt (Rs in Lakh)	No of cases	Amt (Rs in Lakh)	No of cases	Amt (Rs in Lakh)	
3	4 70	1	0 15	16	9 11	20=13 95

The Committee desired that the department should make CDs of the entire programme relating to forestry and plantation of trees and the department should also put this on the Website The Committee also desired that the department should make friendly relationship with the people for the success of departments various programmes

The Committee further desired that the department should conduct surprise visit to the sites of their projects to minimize the irregularities and losses

Audit findings

[4] 3 1 6 Financial management

The project was launched with financial assistance from European Union. The total project cost was estimated at Euro 30.10 Million (Rs 141.47 crore) of which the European Commission (EC) grant consisted of Euro 23.30³ million (Rs 109.51 crore) and the financial commitment of State Government amounted to Euro 6.80 million (Rs 31.96 crore). Year-wise details of budget provision, expenditure and receipt of grants from EC for the period 1998-2008 were as under:

(Rupees in crore)				
Year	Budget provision	Expenditure	Savings	Receipt of EC Share
1998-99	1.49	0.44	1.05	-
1999-2000	9.31	3.64	5.67	-
2000-01	15.06	8.72	6.34	6.54
2001-02	16.13	12.57	3.56	9.13
2002-03	19.82	15.48	4.34	11.35
2003-04	24.48	20.33	4.15	13.51
2004-05	26.50	22.41	4.09	17.2
2005-06	23.04	18.19	4.85	5.29
2006-07	17.34	14.90	2.44	15.34
2007-08	16.87	13.39	3.48	7.34
Total	170.04	130.07	39.97	85.70

The Department failed to utilise about 24 *per cent* of funds during the project period because of weak project management. Grants from EC could not be obtained in the initial years of project due to non-opening of interest bearing project capital account and project current expenses account. The Project Director stated (July 2008) that most of the project funds had been utilised, hence the progress of the project was not slow and that utmost efforts were made for opening the project capital account at the earliest but the account could be opened only in May 2000. The reply was not tenable as overall 24 *per cent* savings in all the project years was quite high and it took about two years in opening the project capital account which was not justified.

The department in its written reply stated as under —

This observation is totally incorrect. Out of total project cost (30.10 Million Euro) the EU share, State Govt. share, Expenditure to be incurred by Project Management Unit (PMU) constituted under the project (on project components

and local staff etc) Expenditure to be incurred directly by EU (on technical assistance external monitoring & evaluation and information) and the Contingency kept by EU are as given below in table 1

Table 1

(Amount in Million Euro)

Share	Funds with		Total
	PMU	EU	
		Direct	Contingency
EU	17 39	2 91	3 00
State	6 80	0 00	0 00
Total	24 19	2 94	3 00

Against 24 19 Million Euro the detail of expenditure incurred by the MPU is as given below in talbe 2

Table 2

(Amount in million Euro)

Share	Budget	Expenditure	%
EU	17 39	16 91	97 24
State	6 80	8 69	127 79
Total	24 19	25 60	105 83

It is evident from table 2 that the PMU has incurred an expenditure of 25 60 Million Euro (Rs 131 59 Million) which was 105 83% of the allotted budget

The EU has incurred expenditure directly on technical assistance external monitoring & evaluation and information etc But this information is not available with the PMU

The contingency was to be utilized if any need arises but such need has never arisen

Extract copy of Overall Work Plan showing Budget and Financing Plan is enclosed as Annexure VII

For opening the bank account the AG Haryana granted permission on 5-4 2000 letter was received on 19 5-2000 and bank account was opened on 23-5 2000 Hence there was no delay on the part of PMU

The Committee desired that the department should fix a meeting with A G. Office at the earliest to settle these paras

[5] 3 1 7 Selection of villages

As laid down in the overall work plan of the project the first step in the implementation of the project was to identify villages that had sufficient common land or were affected by wind erosion from sand dunes or were suitable for water harvesting dams or poplar plantations. Selected villages were to be further screened for being socially and economically backward measured by two proxy indicators of poverty namely the percentage of scheduled castes and agriculture labourers to total population. Villages that met these criteria were to be put to a rapid appraisal (RA) to confirm the preliminary findings and to assess the willingness of the community to participate in the project. Community Entry Point Activities (EPA) were to be initiated through participatory assessment (PA) and micro-planning and VRMCs were to be formulated for smooth working. After following these criteria the work of plantation was to be carried out in the selected villages. Scrutiny of records revealed that the criteria were not followed in the following cases

Hisar Division carried out plantation over 349.5 hectare land in village Khedar Hisar during 2003-07 at a cost of Rs 1.06 crore under village wood lots and sand dune fixation components. The land belonged to Haryana Vidyut Prasaran Nigam

Limited (HVPNL) and was earmarked for construction of coal based Thermal Power Plant (TPP). With the commencement of work of construction of TPP in August 2007 the plantations on this land were uprooted. As a result of this the expenditure of Rs 1.06 crore was rendered wasteful. The Project Director stated (July 2008) that selection criteria were applicable to the community land and not to the Institutional land and that the plantation on the said land was carried out on the request of Chief Engineer of HVPNL. The reply was not tenable as selection criteria was applicable for all kind of lands. Further the department had not ensured that the plantation would be maintained upto maturity of plants to achieve the project objectives as the land was earmarked for construction of coal based TPP.

Similarly plantations over seven hectare area under village woodlots component were carried out during 2004-07 at a cost of Rs 3.60 lakh on the land belonging to Kurukshetra University and Railway workshop at Jagadhari. The area was however not selected under the project. The Project Director stated (July 2008) that the plantation over the Institutional land was envisaged in the overall work plan to improve the natural environment. The reply was not tenable as this area was not selected as per project guidelines and no community participation was possible in the case.

The department in its written reply stated as under —

This observation is also not correct. The selection criteria were applicable to community land and not to Institutional land. Extract copy of para 3.7.2 of Overall Work Plan is enclosed as Annexure II. A detailed procedure was followed in the selection of all the villages having community lands.

The provision of taking institutional lands for project activities is made in para 5.2 of Overall Work Plan. Extract copy of para 5.2 Overall Work Plan is enclosed as Annexure-III.

The land of Haryana Vidhut Parsaran Nigam (HVPN) is the institutional land. The Chief Engineer (Commercial & Planning) of HVPN Panchkula vide his letter Ch 50/CE/C/T III/245/336 dated 23.6.2003 requested the project to take up the work of plantations on the land acquired for Hisar Thermal Power Plant in village Khedar as the Nigam was interested in developing these plantations for environmental reasons. After detailed discussion with HVPN it was agreed by the project to plant an area of 349.5 ha. This land was developed as a woodlot in the year 2003-04 and 2004-05. The project continued maintaining this plantation till the year 2006. Setting up of a Coal Based Thermal Power Plant at village Khedar became a priority of the State Govt. in the year 2006 and Haryana Power Generation Corporation vide their letter No. Ch 14/CE/TD-W 9/ Site dated 9.5.2006 requested that since the commencement of work has been postponed permission was required to allow the clearance of the proposed project site by removing plantations to facilitate early construction work. A detailed case was sent to the Government for approval. The State Govt. vide letter No. 1032-Ft 2-2007/Spl. Dated 26.3.2007 No. 3228-Ft 2-2007 dated 7.4.2008 permitted the Haryana Power Generation Corporation to clear the area of the planted trees in a phased manner to facilitate construction of the Thermal Plant. However, the HPGC has retained a large number of trees on this land as a green belt.

Similarly plantations were raised on the institutional land belonging to Kurukshetra University and Railways workshop at Jagadhari on the request of concerned authorities.

During the course of oral examination, the departmental representatives informed the Committee that cutting of trees by HVPNL in the premises of Khedar Power Plant was done with prior permission of the Forests department and income received thereon has been retained by the HVPNL.

The Committee desired that plantation be done in outside the vacant premises of the Khedar Power Plant to improve the environmental conditions.

[6] 3.1.8 Implementation of project components

3.1.8.1 Physical targets and achievements

Against the targets of plantation over 7400 hectare under Village Wood Lots 5300 hectare under Farm Forestry 5000 hectare under Sand Dune Fixation 5000 hectare under poplar 47500 plants under Tree Groves and 36000 house holds under Kitchen Garden set under Overall Work Plan (OWP) the department fixed annual targets separately which did not match with that of OWP as detailed below

Year	Village Wood Lots		Farm Forestry		Sand Dune fixation ⁴		Poplar		Tree Groves/ Linear Tree Groves		Kitchen Garden	
	(Land in hectares)						(Number of plants)				(House holds)	
	T	A	T	A	T	A	T	A	T	A	T	A
2000 01	600	419 60	500	315 13	600	131 50	400	414	3 800	3 876	2 800	5 105
2001 02	1 300	1 120 52	1 000	860 01	1 100	389 80	900	890 05	8 740	8 588	16 000	13 872
2002 03	1 550	1 475 70	1 825	1 872 20	1 460	775 15	2 000	1 851 83	16 800	31 235	15 000	14 369
2003 04	2 100	2 035 30	2 000	2 106 36	2 130	1 533 15	1 500	1 441 60	47 858	37 149	15 000	20 468
2004-05	2 100	1 910 75	1 900	1 938 70	1 785	1 417 75	1 200	1 179 15	87 510	76 574	20 000	22 567
2005-06	1 500	1 376 55	1 750	1 888 20	1 000	791 5	600	552 93	84 900	69 130	20 000	17 312
2006 07			1 500	1 544 90			600	614 88	84 900	93 366	20 000	13 860
Total	9 150	8 338 42	10 475	10 525 5	8 075	5 038 85	7 200	6 944 44	3 34 508	3 19 918	1 08 800	1 07 553
OWP	7 400		5 300		5 0005		5 000		47 500		36 000	

T Targets**A Achievements**

Targets fixed under OWP were not realistic as these had no bearing to the actual potential under the various components. The achievements under most of the components were much higher than those fixed under OWP. The target of plantation under Sand Dune Fixation was reduced with the introduction of Modified Sand Dune Fixation scheme as discussed in subsequent paragraphs. However, no corresponding increase was made in the targets for other components to utilise the resources released due to the reduction of target under this component.

An analysis of the data revealed that there was a shortfall in the achievements of annual targets fixed by the department by 38 per cent in respect of sand dune fixation component. Although the targets of plantation were by and large achieved in respect of other components, the survival of plants in some components was not up to the mark as discussed below.

Village wood lots

Village wood lots (VWL) were to be established on land belonging to Panchayat and common land of the village to meet immediate requirement of the community like providing grass, fuel wood, small timber, etc. Of the plantation of 83.17 lakh plants during 2000-06, 67.23 lakh plants were registered as survived, showing an average survival rate of 80.83 per cent.

Kurukshetra Division spent (2002-05) Rs 0.62 lakh for plantations of village wood lots in village Antheri (Block Ladwa) on 2.5 hectare land without preparing Micro Plan and constituting VRMC. The Project Director while admitting the facts stated (July 2008) that the plantation was carried out on a small piece of land, therefore, normal procedure was not followed. The reply was not tenable as plantation was required to be carried out according to the prescribed procedure.

Farm forestry

Farm Forestry was aimed to involve privately owned farmland owners to augment wood supplies and to reduce pressure on Government forests. Seedling of suitable fuel wood fodder fruit and small timber species were to be provided to the farmers for planting on the field boundaries or in blocks.

In three⁶ divisions of Hisar circle survival rate of plants under this component was only 17.53 per cent as compared to the norm of 70 per cent fixed by Principal Chief Conservator of Forest in July 1993. Year wise details of survival of plants are given in Appendix XIX. An expenditure of Rs 1.06 crore was incurred on plantation during 2000-06. Low survival rate of plants was indicative of ineffective implementation of the scheme rendering the proportionate expenditure of Rs 79.45 lakh as wasteful.

In Bhiwani Division out of total plantation of 7.26 lakh plants on which expenditure of Rs 12.39 lakh was incurred only 0.64 lakh plants survived registering a very low average survival rate of 8.84 per cent during 2000-07. The year-wise survival rate was only 0.51, 2.06 and 4.55 per cent in 2000-01, 2001-02 and 2002-03 respectively (Appendix XX).

Further detailed analysis of records relating to 7,784 farmers of Hisar and Ambala divisions revealed that survival rate of plants was zero per cent in respect of 2,048 farmers during the years 2003-04 and 2004-05 as detailed in Appendix XXI. Expenditure of Rs 5.31 lakh incurred on these plants thus went waste.

The PCCF stated (July 2008) that low survival of plants under this component was due to the area being arid and severely affected by natural calamities (droughts and frosts). In spite of best efforts the survival of plants remained low. Further the norm of 70 per cent survival of plants was not applicable in the cases where the plants were supplied to farmers/beneficiaries. The plea of the department that norm of 70 per cent survival was not applicable in these cases was not convincing as the department was responsible to ensure high survival rate of plants to make the project successful.

Sand dune fixation

Sand Dune Fixation (SDF) component was aimed at stabilizing the moving sand dunes and improving the productivity on community and private lands in 160 villages of seven⁷ western project districts. Suitable species of fuel wood fodder oilseed and fruit were to be planted at a spacing of 4 x 2.5 metres to cover 1,000 plants per hectare. Due to non availability of sand dune land a modified SDF model with lower plant density (500 plants per hectare) was proposed in 2001-02 so that the farmers could use the land for agricultural purpose also. Thereafter SDF and modified SDF were implemented simultaneously according to availability of land.

Survival survey report brought out (March 2008) that overall survival rate under SDF was 76.10 per cent during 2000-06 (Appendix XXII) whereas it was only 49.13 per cent under modified SDF during 2001-06 (Appendix XXIII) which showed that the modified SDF had not been successful. During 2001-05 survival rates of plants ranged between 31.3 and 49.9 per cent in Jatusana Division while it was between 39.10 and 53 per cent in Bhiwani Division in comparison to the norm of 70 per cent. Low survival rate of plants under modified SDF rendered the proportionate expenditure of Rs 58.35 lakh wasteful and also indicated that the department failed in creating awareness among community about the benefits of plantation. Reasons for

low survival rate under modified SDF were attributed mainly to ploughing by the farmers in order to accommodate the agricultural crops plantation damaged by farmers blue bull (Neelgai) menace etc These common factors in plantation should have been taken care of by the department

Poplar plantation

The objective of the poplar plantation was to generate additional income and also to provide fuel wood to farmers Under this component improved clones of poplar for raising plantation on prime agricultural land were to be provided to the farmers An expenditure of Rs 2 64 crore was incurred on the component during 2000 07 Out of 32 56 lakh poplar plants supplied to the farmers during 2000 07 only 10 97 lakh plants (33 69 per cent against the norm of 70 per cent) survived as detailed in Appendix XXIV

Due to low survival of plants proportionate expenditure of Rs 1 37 crore was rendered wasteful and objective of generating additional income to farmers could not be achieved Low survival of plants was mainly due to plant damage during agricultural operations diseases insect attacks etc

Tree groves

Tree groves were to be planted on panchayat and community lands near the ponds at bus shelters on the chetna kendra compounds on village peripheries etc to provide shade This component was intended as a community entry point towards creating awareness and winning confidence Groves of 0 08 hectare with 19 tall plants of important indigenous species were to be planted Tree survival survey report indicated (March 2008) that survival rate under tree groves were 85 38 per cent

Kitchen gardens

Kitchen gardens/homestead plots were intended to create awareness on tree planting and other benefits to individual households and also to improve living and nutritional standards of the villagers The approach was to provide five plants of grafted fruits trees per homestead An expenditure of Rs 1 03 crore was incurred under this component during 2000 07 Out of total 4 78 lakh plants distributed during 2000 07 only 0 67 lakh plants survived and survival rate of plants under this component was only 13 98 per cent against the norm of 70 per cent as indicated in Appendix XXV

Such low survival of plants was indicative of failure of the scheme and rendered the proportionate expenditure of Rs 82 43 lakh as wasteful According to the report of Monitoring and Evaluation Division low survival rate of plants was due to lack of proper space in the backyard lack of care by householders delay in supply of plants and supply of damaged and dried plants by the department to householders Thus the low survival was apparently due to failure of the department to provide fresh and good quality plants and to make the households aware of the benefits of plantation

Out of the six forestry components three components namely village woodlots sand dune fixation and tree groves which were handled by the department itself and had no direct community participation performed well However the results under the other three components namely farm forestry poplar plantation and kitchen gardens which had direct community participation were poor Even under SDF the modified SDF which was implemented

on agricultural land and required farmers involvement for its success lagged in comparison. It was therefore debatable whether the key objective of the project of creating awareness and winning the confidence of the community was achieved.

The department in its written reply stated as under —

The Financing Agreement states that the project will stabilize and improve the productivity of 9300 ha of moving sand dunes on community or private land in five districts on the western border of Haryana.

By the year 2003 the project had achieved only 30% of the OWP targets and it was an area of under achievement. This was mainly due to the non-availability of sand dunes for afforestation because since the appraisal of the project in the year 1995 many of these areas were brought under cultivation through sprinkler or drip irrigation.

Being satisfied that the land for this component would not be available and in order to avoid embarrassment due to non-achievement of target under this component the project proposed a very substantial decrease in targets for sand dune stabilization from 9300 ha to 5000 ha and money so saved was proposed for expansion of project activities from 300 to 330 villages. This proposal was approved by the European Union vide Addendum No. 3 dated 14.5.2005. Copy enclosed as Annexure VIII.

Against a revised target of 5000 ha the project has achieved a target of 5038 ha under sand dunes fixation.

The survival of plants in Sand Dune Fixation (SDF) which was the second major component of the project was very high (76.10%) for Village Wood Lot 80.83% and for Tree Groves 85.38% as indicated in the observations made by the Audit party. This survival is very high by any standards and has been lauded by all visitors to the Projects.

Therefore it is not correct to say that although the targets of the plantation were by and large achieved in respect of other components the survival of plants was not up to the mark.

The survival of 80.83% under this component as indicated in the para above is very high and even exceeds by 11 percentage points fixed by the Principal Chief Conservator of Forests.

Kurukshetra District Administration had allotted 2.5 ha of land for raising plantation as a small woodlot in village Aneri in Ladwa block. Since the plantation in this village was limited only to this small area it was decided to bypass the normal procedure of village entry participatory assessment and micro planning (decision taken by PMU in its 56th meeting held on September 3, 2002). Copy enclosed as Annexure IX.

PCCF has not fixed any norms of survival of plants supplied to farmers/beneficiaries under the Farm Forestry component. The norms of 70% survival of plants fixed by the PCCF are for plantations raised by the Department. In all those components (Sand Dunes fixation, Village Wood Lot and Tree Groves) in which plantations were raised by the Department, the success of plantations is quite good and much above the standard fixed by the Principal Chief Conservator of Forest in July 1993. For example, the survival of plants was 76.10% under Sand Dunes Fixation, 80.83% percent under Village Wood Lots and 85.38% under Tree Groves.

In addition to augment wood supplies and to reduce pressure on Govt. forests, the Farm Forestry component was included in the Project to encourage people to plant trees on their lands for purpose cutting down the solar radiation and ill effects of desiccating winds and to bring about changes in the rural landscape. It would be appropriate to mention that the area falling under the Hisar Circle is and is severely affected by natural calamities (droughts and frosts). These natural calamities are beyond the control of human beings but in spite of this, the farmers who were to plant trees for the first time, tried again and again to establish tree plantation on their farmland because they were sensitized about the benefits which they can get from the trees. In spite of their best efforts, the percentage of survival under this component remained low.

On the contrary, the area falling under the Ambala Circle gets relatively higher rainfall and is almost free from frost. The farmers in this circle are also great enthusiasts of trees. Due to this, the survival of plants under Farm Forestry Component in Ambala Circle is high (54%).

The Project observed that where the farmers solely manage the model, there is an extremely high variation in survival both between villages and within villages. This is due to highly variable attitude of farmers. There are farmers who have experienced a tree planting culture over the past 20 years or more and when good tree management results in high survival rates. This is especially the case in Yamuna district where farmers have access to markets and timber, pulp and wood processing industries are fully operational. On the other hand, there are farmers in market less districts who though keen in tree planting have managed to maintain good survival rates even in arid agro-climatic zone.

The project during its lifetime was always concerned about low survival for farm forestry, kitchen garden and poplar component, and this concern has been repeatedly shown in the Chapter on Issues & Concerns of various Annual Progress Reports. The project also studied its implications and proposed actions to be taken for improvement.

Forestry activities play a major role in using sand dune fixation; the main purpose is to fix the movement of sand and to improve the environment progressively. Tree cover on the sand dune has the potential to hold the sand on the ground and prevent the shifting of dunes, thus giving protection to the area. It provides a wind break thereby rendering a more acceptable and enjoyable ambience of village.

The final Evaluation Mission fielded by European Commission in its report of April 2008 has concluded that stabilization of shifting sand dunes through tree plantations has substantially reduced the occurrence of dust storms and loss of

agricultural land Tree cover has helped retain soil moisture and thereby increased the productivity of land and has also provided habitat for several bird species Copy of final Evaluation Mission is enclosed as Annexure X

Though the overall survival of plants under SDF and modified SDF components was 76 10% but the survival under modified SDF was low mainly due to ploughing/harrowing by the farmers during night hours and the blue bull (Neelgai) menace etc

Poplar Plantation

The poplar survival after one year was very satisfactory for the first two plantation seasons but there was a dramatic decline in survival for the subsequent two seasons caused by a sudden slump in the market which impelled farmers to prematurely fell their trees for panic sale or fuel wood use or simply neglect/uproot the transplants Poplar prices have since recovered and there is a renewed interest in poplar and its survival- 65% survival rate after one year is the highest ever recorded This shows the crucial importance of the market in determining farmers motivation for agroforestry

Tree Groves

The tree survival survey reports brought out in March 2008 contains information about survival rates under all plantation components but audit has only reported the survival rate for Tree Grove component as 85 38% The survival rate for Village Woodlots and Sand Dune Fixation (which was very high) has not been reported for reasons known to audit This high rate of survival would not have been possible without active participation of the local communities The logical framework envisages village woodlot survival for all plantation years combined of minimum 80% in Ambala Circle and 60% in Hisar Circle in 75% of the villages where such plantations have been raised Woodlots in 88% of the plantations have reached or surpassed these survival levels Therefore there is no question of any debate about the objective of creating awareness and winning the confidence of the community In fact people are much aware and more confident than what they were at the time of village entry by the project

Kitchen Garden

Kitchen garden survival was low due to heavy biotic pressure of man and animals Nevertheless the socio economic and the environment benefits are considerable for those farmers who managed to ensure proper care and better survival of plant supplied under this component A change in strategy when plants under this component were distributed with the involvement of Self Help Groups resulted in improved survival The work under this component was continued because of its potential value to develop a good working relationship between people and the Project a relationship built on trust and mutual collaboration rather than on suspicion and partition

The Committee desired that all out efforts be made to achieve the targets of the ongoing projects of the Forest Department The Committee also desired that the list of ongoing projects of the Forests Departments be supplied to the Committee at the earliest

(7) 3 1 8 2 Fire protection measures not taken

To guard against fire hazard it was envisaged in the project that a strip of about 2.5 metres width and fire line of one two metres width should be laid to clear the inflammable material around the plantation area. It was however noticed that the department had not taken such fire protection measures in any plantation under the project.

It was noticed in Kurukshetra Division that a plantation of over 56.5 hectare area carried out at a cost of Rs. 13.84 lakh in seven villages was destroyed by fire during 2000-05 due to electric sparking and throwing of burning *beedies* by some persons. Had the fire protection measures been taken, loss due to fire could have been minimised. The Project Director stated (July 2008) that although protection measures were provided in the manual provision for this activity was not made.

The department in its written reply stated as under —

Although the Plantation Manual provides for a 2.5 meter wide strip around Plantation area and a fireline of 1.2 meter width there was no provision for this activity in the norms for raising plantations.

The protection measure instead provided for a Watchman for all plantations having an area of 10 ha.

Fire in the plantations was as a result of extension of fire in agricultural fields surrounding these plantations. It is a common practice with the farmers in spite of ban imposed by the State Government to set their agricultural fields to fire immediately after harvest of wheat and paddy. It is these fires which move onto nearby plantation areas where inflammable material is always available in plenty particularly during summer months. At times it becomes difficult to control such fires and invariably cause loss of the property.

Plantations have been raised in 318 villages totally and out of these it was only in 7 villages where fire incidents have happened. It is not that the entire plantation was burnt but some plants were damaged. Out of these 7 villages, by modifying the technique plantations were done again in 3 villages of Kurukshetra Division with an average survival >80%.

The Committee desired that fire protection measures be taken to minimize the fire cases in the plantation area and to avoid loss to the Forests Department caused due to fire.

The Committee further desired that a departmental Committee be constituted to ensure that newly started projects are going well and also to watch that proper raw material is being used so that plantation could be matured well in time.

3 1 9 Community institution strengthening process

[8] 3 1 9 1 Village Resource Management Committees

The Village Resource Management Committees (VRMCs) were to be constituted with an executive committee of 11-13 members of which at least four were to be women and three from Scheduled castes and landless households. It was however noticed that out of a total of 328 VRMCs formed in the State, 62 were formed with less than the prescribed number of

executive members and 68⁸ VRMCs had less than four women as executive members. Thus VRMCs were not formed with adequate executive members and women were also not given adequate representation.

The community was to be encouraged and enabled to assume responsibility for the management of planted tree resources. Each VRMC was to be provided initial incentive with a fund of Rs 30 000. Release of this money was conditional to the community agreeing for a mechanism for future community contribution to the funds. It was noticed that out of 328 VRMCs in the State funds for this purpose were not provided to 37 VRMCs. Further funds of Rs 87.30 lakh provided to 291 VRMCs could not be utilised for maintenance of plantations as no plantation was transferred to them and the funds provided were kept in term deposits. The Project Director stated (July 2008) that funds to 37 VRMCs were not provided as these VRMCs could not provide 10 hectare land or their 50 *per cent* members did not contribute to the fund as envisaged in the project guidelines. The reply showed that the department failed to motivate the community to contribute to the fund.

As per project guidelines the plantations raised on common panchayat land were to be maintained for three years by the department and thereafter handed over to VRMCs. The plantations in 7 880.70 *hectares* under village wood lots and sand dune fixation and 0.81 lakh plants under tree groves carried out during 2001-02 to 2003-04 which were required to be handed over to VRMCs were yet to be handed over.

Non handing over of plants to VRMCs resulted in extra expenditure on operations like pruning, thinning, watch and ward etc. and failed to make the community responsible for management of plants. This indicated failure of the objective of sustainable management of natural resources through community participation. The community was also deprived of the benefits which were to accrue to them from these plantations. The Project Director stated (July 2008) that the plantations were not handed over to the VRMCs as it was decided (July 2004) by the Government that Forests Department would maintain the plantation till their maturity. The decision of the Government was against the basic objective of the project as a result of which community participation on this aspect was missing. **The plantations carried out had various tree species and some of them like Shisham (10.46 lakh plants), Kikar (16.47 lakh plants), Eucalyptus (81.40 lakh plants), Poplar (34.75 lakh plants) had maturity periods of 60 years, 15-20 years, 10 years and 8 years respectively. This meant that these plantations would continue to be under the care of the Forests Department for long periods instead of their transfer to the village communities. Thus, even those plantations which had no direct community participation to start with, would also remain out of the community's ambit for its entire lifetime.**

The department in its written reply stated as under —

The number of women to be represented in the VRMC is actually one third of the members of the executive body (four women assumed on an average of 12 members). However some VRMCs have fewer executive members, sometimes nine and occasionally even less, with corresponding requirement of three women representatives. Only 3 VRMCs of villages, namely Gani Khera, Rupana and Babrauli had representation of women on the executive body less than three.

Originally it was envisaged that the plantations would be established and maintained for three years after their planting and handed over for further management to the

communities This was to be done after assessing the naturnty of the plantations which the project did year after year Wheereas three was a steady increase in the capacity of the communities to undertake the responsibility for further management of tree resources the project was preparing to handover the responsibility of management of first batch of plantation raised in the year 2000 01 to the local communitieis

Meanwhile in the meeting of the State Land Use Board held on 6 7 2004 under the Chairmanship of the Hon ble Chief Minister Haryana it was decided that for the sustainability of plntations under various Government founded projects the Forests Department will retain and maintain the plantations of Panchayat lands till their maturity and have their proper upkeep

Due to above mentrond reasons the plantations could not be handed over though VRMCs have assumed full financial responsibility for their maintenance

To engage and enable the communities to assume responsibility for the management of plantations an initial incentive was provided by the project in the form of seed money for a Resource Management Fund (RMF) Each village community was provided Rs 30 000 subject to the condition that the area available for plantations will be got less than 10 ha Another condition for a village to be eligible for this fund was that 50% of the households later increased to 75% would contribute to the fund as membership fee All those villages where the village community could not provide an area of 10 ha or did not contribute to the fund were denied the required RMF This fund was initially kept in a fixed deposit for three years on the assumption that management of plantations would be transferred to the village communities after three years Since this transfer did not take place for the reasons explained above this money is yet to be utilized income generating activities have no link with RMF

Rules for utilization of RMF have been decided in consultation with the village communities during the formulation of exit strategy This money is to be utilized not only for maintenance of plantations but also for some common needs of the village So far a few proposals for the utilization of this moeny have been received and the VRMCs have been allowed to use this money for payment to teh Chowkidar who looks after the plantations

After hearing the departmental representatives, the Committee recommends that due representation may be given to the villagers in Village Resource Management Committees and 30% of funds received from the Government be allocated to such Committees

The Committee further desired that a copy of rules governing the allocation of funds be provided to the office of Accountant General (Audit) Haryana

[9] 3 1 11 Expenditure in violation of project guidelines

As per project guidelines funds were not to be spent on (i) construction of coffer dams (ii) labour charges on development of *johads* (village ponds) and construction of *chetna kendras* (iii) plantation after seventh year of project (iv) plantation on the land blocks less

than the prescribed size and (v) construction of buildings at the fag end of the project During audit scrutiny it was observed that funds amounting to Rs 1 96 crore were spent on these items in violation of project guidelines as discussed below

The department in its written reply stated as under —

Now fund was spent on any project activity which did not form a part of the Overall Work Plan or the Annual Work Plans Every activity was taken up only after it was approved by the State Steering Committee of the project and the Delegation of the European Commission in India The project guidelines were never violated

The Committee desired that the proceedings/documents of the meeting of the Committee in which approval to spend ₹ 1 96 crore was obtained be supplied to the office of Accountant General (Audit) Haryana for verification

3 1 11 Expenditure in violation of project guidelines

[10] 3 1 11 1 Wasteful expenditure on construction of coffer dam

To save Bunga bandh from silt Ambala Division constructed a coffer dam 800 metre up stream of the bandh in June 2004 at a cost of Rs 4 25 lakh A six inch wide plastic pipe used on the work was not fixed with any pillars as a result of which the joints of this pipe opened and due to leakage of water the coffer dam got damaged

Similarly to avoid silt in a dam constructed in village Bharauli a coffer dam was constructed at a cost of Rs 3 21 lakh in May 2004 Likewise this coffer dam was also damaged in August 2004 due to heavy rains rendering the expenditure wasteful The Project Director stated (July 2008) that the work of coffer dams was taken up on demand of the community on an experimental basis and that action had been initiated against the defaulters The reply was not convincing as there was no provision for construction of coffer dams under the project

The department in its written reply stated as under —

Some of the dams earlier constructed by the Forests Department had become non functional due to their siltation after their use for a number of year On the recommendation of the Mid Term Mission in the year 2003 and a great demand from rural community for desiltation to get the irrigation benefits back the project decided to desilt some of these reservoirs The project included this work under the component Water Harvesting Dams in the Work Plan for the year 2004 05 and the same was approved by the Steering Committee and the European Union

Two such dams at village Bunga and Bharauli were taken up for desiltation on an experimental basis to understand whether and to what extent desiltation could be done The project was obtained to increase the water storage of these dams by desilting to a depth of about 0 5 metres and raise the height of the embankment by two metres Thus an additional storage for water was created to the advantage of the local community

The coffer dam at village Bunga was constructed to arrest the flow of silt into the pondage area but due to heavy rains and inadequate compaction of the soil the

coffer dam got partly damaged resulting in a financial loss of Rs 38 000/- DFO Ambala has already taken action to recover this amount from the concerned staff While 75% of this amount is to be recovered from the Forest Guard & Forester the remaining 25% is to be recovered from SDO Panchkula Similar action was taken against the defaulting staff by DFO Ambala for lapses in construction of coffer dam at village Bharauli which also was partly damaged due to heavy rains Since the two dams are now functional there is no question of any wasteful expenditure

The Committee is not satisfied with the reply of the department The Committee desired that the approved work plan to construct the Coffor Dam and all relevant information in this regard be supplied to the Committee

[11] 3 1 11 2 Expenditure on labour on construction works

According to project guidelines villagers were to contribute voluntary labour for development of *johads* and construction of *Chetna Kendra* Out of total expenditure of Rs 3 52 crore incurred on these works Rs 1 06 crore⁹ was incurred on labour component which was against the project guidelines The Project Director stated (July 2008) that villagers were not required to contribute voluntary labour on these works The reply was not acceptable as provision of the para 3 2 5 9 of OWP envisaged community participation in the form of labour for these constructions

The department in its written reply stated as under —

In the Overall Work Plan (OWP) of the Haryana Community Forestry Project it is nowhere mentioned that the villages would contribute voluntary labour for the rehabilitation of Johads as this component was not initially proposed in the project After an environment study was conducted in the year 2001 need for rehabilitation of Johads arose as this was a serious common problem in most of the villages surveyed This activity was included for the first time in the Annual Work Plan for year 4 (April 2003 to March 2004) Para 3 2 2 15 Environment component – Rehabilitation of Johads states that the cost of rehabilitation of Johad which includes cost of retaining wall earthen bund all around the johad excavation work inlet cattle gallery for livestock watering and embankment plantation will be funded by the project It was assumed that in addition to the European Union funds the villagers will contribute voluntary labour for excavation work Since the johads got completed withing EU funds there was no necessity for the people to contribute voluntary labour However local villages contributed in the shape of providing assistance in moving material from place to place and also in construction of water channels to carry water to the rehabilitated johads from the nearby irrigation canals

Similarly for construction of Chetna Kendras (read para 5 9 1) it is stated that the funds for construction will be provided by the project and the community will have to supervise the construction contribute labour provide furniture etc The contribution of labour here means local labour from within the village This was

emphatically written so that money spent on all project activities will remain within the village. Had this rider not been imposed the project would not fulfill its mandate of helping the poor and needy as there was always a chance of this money going away from the village.

Similar objection was raised by audit on the account of Hisar Division for the year 2004-05. This objection was replied with a satisfactory explanation and Accountant General Haryana vide his letter No. RAW/Sales Tax/Forests Deptt /2005 06/ 1555 dated 24.1.06 was pleased to file this objection.

The Committee is not satisfied with the reply of the department and observed that department failed to take action against the alleged encroachers. The Committee desired that the matter be perused and expedite the action in the cases which are pending in courts.

The Committee also desired that action taken report in this regard be sent to the Committee.

The Committee is not satisfied with the facts of Violation Report supplied by the department. The Committee desired that factual report/position in this regard be intimated to the Committee.

RURAL DEVELOPMENT DEPARTMENT

3 2 10 Execution of works

[12] 3 2 10 1 Works undertaken

An expenditure of Rs 86.19 crore was incurred on execution of 4,456 works during 2005-08 in the State. In test checked GPs, 416 works were executed at a cost of Rs 7.86 crore. Though these works provided employment but the secondary objective of creating durable assets beneficial for community was not fully achieved as discussed below.

An expenditure of Rs 8.37 crore²⁶ was incurred during 2006-08 on digging and desilting of 458 ponds in Mahendragarh district though the ponds dug up prior to implementation of NREGS in the same locality were without water. The Engineer in Chief, Irrigation Department intimated (February 2006) the Revenue Department that since the area was undulating and sandy, construction of *pucca* watercourses with RCC pipe would be required for filling up these ponds with water for which additional financial assistance was needed, which was not provided. In these circumstances, proposal for digging up 458 ponds mooted by *Gram Panchayats* and approved by District Programme Coordinators without ascertaining the source of recharging of these ponds was not justifiable and rendered the expenditure of Rs 8.37 crore on these works infructuous. BDPOs of Mahendragarh and Ateli Nangal Blocks admitted (September 2007) the above facts.

Detailed analysis of execution of these works in test checked districts revealed that while approving the works of digging of ponds, factors like necessity, catchments area, source of water, etc. of these ponds were not conceptualised as detailed in **Appendix XXX** as a result of which ponds dug up in 10 villages at a cost of Rs 67.77 lakh were lying without water and rendered the expenditure wasteful. A sum of Rs 1.73 crore was spent on digging and desilting of distributaries during 2007-08 in Mewat district. Though NREGS guidelines provided for association of line departments, the works were executed by GPs in patches without associating line departments having expertise in the field. The works were not executed in a systematic manner and resulted in non-consolidation of embankments and digging of distributaries at irregular depths, which would hamper contiguity and regular flow of water at tail end.

In Sirsa district, works relating to desilting of canals, consolidation of embankments and digging at Ottu weir was executed without involving the EE, Panchayat Raj. The work relating to strengthening the embankments of Ghaggar River was executed by GP Panihari at a cost of Rs 24.01 lakh. It was noticed that instead of bringing sand from other place, it was managed by cutting the *bundh* nearby with the result that the *bundh* weakened.

A sum of Rs 18.13 crore²⁷ had been spent on earth filling works on rural roads in Mahendragarh and Mewat districts. Compaction of earth was, however, not done with the result that these roads were not able to provide all-weather access. In selected Panchayats, a sum of Rs 19.44 lakh (2006-07: Rs 10.98 lakh and 2007-08: Rs 8.46 lakh) was paid to camel cart owners for carrying out earthwork. This was against the provisions of the scheme and resulted in generation of less person days.

A sum of Rs 5.06 crore was spent on plantation during 2006-08. Out of 95 GPs, test checked plantation was carried out in 5 GPs at a cost of Rs 3.87 lakh. The percentage of

survival of plants ranged between zero and fifty in these GPs as detailed in **Appendix XXXI**. Concerned GPs attributed (April 2008) low survival of plants to non maintenance of plants due to non receipt of funds for the purpose. Thus the expenditure on this component by and large was rendered unfruitful.

Under the scheme funds were also to be used for making provision of irrigation facilities to farmers of scheduled caste families. A meagre sum of Rs 11 lakh was spent in 2007-08 on this component in Sirsa district. In the remaining districts no expenditure was incurred for providing irrigation facilities to farmers belonging to scheduled caste families.

The department in its written reply stated as under —

As per the provisions the Shelf of Projects is to be recommended by the Gram Sabha concerned and the Gram Panchayats are to recommend the works for execution under MGNREGS. Therefore in order to provide the employment to the applicant households the work of digging of pond was provided by the Gram Panchayats Ganga Jhoranali Talwarakhurd Jhoriyan and Rupawas of Sirsa district. The works have also been approved by the concerned Gram Panchayats and are the part of shelf of projects. There is no such condition that no other pond adjoining to the existing ponds can not be dug out.

In district Mahendergarh the ponds were dug for storage of rain water and recharging of ground water as well as for drinking purposes of cattle. But due to scarcity of rain in this district the ponds were not filled up with the rain water. It was therefore decided to connect these ponds with canal for which an amount of RS 395.08 lacs was released under MGNREGA to connect 89 ponds with the canal for filling up the ponds with water during the year 2008-09. A similar proposal for 26 ponds to lay down the pipeline from canal to ponds with an estimated cost of RS 151.85 lacs was prepared under BRGF for the year 2009-10. However the requisite funds could not be released due to late receipt of funds from the Ministry during 2009-10. However the unconnected ponds are proposed to be covered either under MGNREGS or BRGF.

In Mahendergarh district the work of pond in village Madhogarh has been executed keeping in View the conditions of site and the desired ratio of 60:40 has been maintained by the gram Panchayat. The work executed is pond and not a swimming pool. After completion of the pond the necessity of construction of retaining wall to avoid the soil erosion in the surroundings of the pond was felt. Accordingly the estimate for Retaining walls was prepared. The pond was dug for storage of rain water and recharging of ground water as well as drinking purpose for cattle. Technical sanction was also obtained from the competent authority.

In the case of Chandaka village of FP Jhirka block it is mentioned that this work was executed on the Panchayat land near the village. There was no other pond in the village to provide drinking water to the cattle.

In Mewat district the expenditure incurred on excavation on the leased portion of Bangladok pond of GP Nagina it is mentioned that the pond was actually dug out and the boundary of the pond was made by digging of soil from outside of the

pond In this way the area of leased pond is not extended and no profit has been accrued to any individual or leaseholder from this work

In district Sirsa the work on digging of pond was provided by the GPs Ganga Jhor Nali Panjuana Rupawas Jhoriyan and Talwara Khurd The works have also been approved by the concerned Gram Sabhas and are the part of shelf of project There is no such condition given in the act that no other pond adjoining to existing ponds can be dug out

In Mewat district all the work of cleaning/ de silting and digging of distributaries/ canals and nallas have been done under the guidance of irrigation department

The estimates of these works have been prepared by the technical person of irrigation department and the work was done by GP s labour

In district Sirsa desilting of Ottu lake had been done under MGNREGA and estimate of this work has been prepared by the Irrigation department Discrepancies pointed out in the inspection report of the strengthening of the berms of Ghaghar river has been rectified The works are being taken up from the shelf of projects approved by the respective Gram Sabhas / Gram Panchayats The Land owned by SC farmers and assignees of Surplus Land is also being taken up

In district Mahendergarh compaction work is being done by P W D authorities as per requirements As there were payments made to camel cart owners for carrying sand on work site the payment has been shown against the material component

In Mewat district in the beginning most of the rural roads were not compacted due to non-availability of road rollers But after audit review proper compaction of soil of all the roads under MGNREGA is being done under the guidance of PWD (B&R) and district Marketing Board

Mahendergarh is a drought prone district and due to scarcity of water mortality rate of plants is on higher side During the financial year of 2007 08 the monsoon season was of very short duration However the availability of water should have been made to ensure the survival of the plants

It is admitted that the benefit to provide irrigation facility to the SC farmers was not extended to the eligible farmers for which provisions have been made in the guidelines of MGNREGS The districts have now been advised to draw the Action Plans for SC BPL SF and MF farmers to provide them the facility of irrigation land development and horticulture plantation as per requirement and due justification within the parameters of the scheme In district Mewat the Scheduled Castes families have no land to irrigate therefore such facility could not be provided in the district

The Committee desired that work of digging of ponds be executed at the places where the availability of water is sufficient The Committee also desired that coordination be maintained with Irrigation Department in respect of works done under MGNREGA

[13] 3 2 10 2 Execution of works without technical sanctions and splitting of works

As per instructions of State Government technical sanction was to be obtained for all works at Junior Engineer (JE) Sub Division Engineer (SDE) and Executive Engineer (EE) level for the works up to Rs 3 lakh Rs 5 lakh and Rs 10 lakh respectively Similarly Administrative Approvals were to be accorded by *Gram Panchayat Panchayat samiti* and *Zila Parishad* for the works up to Rs 3 lakh Rs 5 lakh and Rs 10 lakh respectively

Test check of GPs revealed that an expenditure of Rs 1 90 crore was incurred on 141 works in which either expenditure exceeding Rs 3 lakh was split up or works were executed without obtaining technical and administrative sanctions as per details given in **Appendix XXXII** The ADC Sirsa stated (April 2008) that all the BDPOs had been directed to get the approval of higher authorities and to avoid splitting of works

The department in its written reply stated as under —

In district Mahendergarh at present the technical and administrative approvals are being accorded by the competent authorities However in case of Kanina Block the ex-post facto sanction from Xen Panchayat Raj Narnaul is to be confirmed No other such instances have come to the notice of the District Administration

In district Mewat all the required technical sanctions have been obtained from the SDEs and Panchayat Samities in 3 GPs of Nagina block as mentioned in the Appendix XXXII

Similarly In GP Kolgaon of block FP Jhirka it has been informed by the BDPO FP Jhirka that GP Kolgaon was of the opinion that the work was multi beneficial for which the additional demand for work was received from the workers and the Gram Panchayat again passed a resolution to execute work as 2nd part and fresh estimate was prepared accordingly and approved by the competent authorities

In district Sirsa Administrative approval and technical sanctions have been obtained from the competent authority

After hearing the departmental representatives the Committee observed that there is need to check misuse of money/funds received under MGNREGA

The Committee desired that details of project where maximum amount is spent be supplied to the Committee

[14] 4 2 2 Wasteful expenditure on Below Poverty Line census

Omissions in conducting the Below Poverty Line survey in the year 2004, forced the State Government to scrap the survey, which resulted in wasteful expenditure of Rs 86 45 lakh

Government of India (GOI) Ministry of Rural Development directed (September 2002) the State Government to identify families who were living Below the Poverty Line (BPL) for the Tenth Five Year Plan 2002 07 and who could be assisted under various anti-poverty

programmes The GOI issued guidelines and released (January March 2003) funds of Rs 1 80 crore for conducting BPL census 2002

Scrutiny of records (February-December 2007) of six3 District Rural Development Agencies (DRDAs) and subsequent information collected from Director Rural Development Department revealed that a door to door survey was conducted by staff of various Government Departments during the year 2003 04 for identification of BPL families However the publishing of BPL data was held up as per directions (May 2005) received from GOI due to stay orders issued (5 May 2003) by the Supreme Court In order to address the complaints received regarding non inclusion of eligible families in BPL list the State Government directed (August 2005) all the Deputy Commissioners (DCs) in the State to ensure that no family is left out from the purview of BPL survey The GOI consequent on vacation the stay by the Apex Court vide orders dated 14 February 2006 directed the State Government to finalise the BPL lists as per original guidelines The State Government directed (April 2006) all the DCs to display the collected BPL data in all the *Gram Panchayats* for correction and updation of the data based on the objections received from all *Gram Panchayats* An expenditure of Rs 86 45 lakh was incurred on the BPL survey during the years 2003 04 to 2006 07

However in view of innumerable complaints received from almost all the districts that many eligible families had been left out and large number of ineligible families found place in the BPL lists the State Government decided (14 February 2007) to scrap the BPL survey conducted during the year 2004 and issued instructions (19 February 2007) for conducting a fresh rural house hold survey through Haryana Ex Servicemen League Expenditure of Rs 2 45 crore had been incurred upto August 2008 on conducting the fresh BPL survey the data of which was yet to be finalised

Director and Special Secretary Rural Development Department stated (April 2008) that the scrapping of the earlier survey conducted by the DRDAs through the Government functionaries was not a wasteful expenditure as there were some omissions noticed in the survey and to ensure that the benefits of various rural development schemes reached the target groups the State Government decided to conduct the fresh survey in public interest The reply was an admission of the fact that a fresh survey had to be ordered due to Government's failure in conducting the survey of BPL families accurately and finalising the list of BPL families without any omission Even the second chance given by the GOI/Supreme Court could not help in finalising an accurate list of BPL families A proper mechanism to verify the correctness of survey data was not evolved by the department Action to fix responsibility on the Officers/Officials who were responsible for the inaccurate first survey had not been taken by the Government

Thus omissions noticed in conducting the BPL survey in the year 2004 forced the State Government to scrap the survey and resulted in wasteful expenditure of Rs 86 45 lakh The State Government could not finalise the BPL data although the Tenth Five Year Plan had expired resulting in denial of benefits to the deserving families who were entitled for inclusion in the BPL lists as per guidelines

The matter was demi officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana Rural Development Department in July 2008 reply had not been received (August 2008)

The department in its written reply stated as under —

The survey to identify the families living below the poverty line was got conducted by the DRDAs by engaging staff of various Govt departments. The state Govt during Jan 2007 issued instructions to finalize the BPL lists as per criteria prescribed by the Rural Development Department. The DRDAs were further advised to widely publicize the lists and place the same before the Gram Sabhas. In case genuine persons were left out from the BPL lists, the same should be added after due process prescribed in this regard. In the meantime, it was observed by the State Govt that the names of eligible families had been left out whereas a large number of ineligible families found place in the BPL lists. Therefore, there was strong resentment among the rural masses in many districts and there was general demand that the survey got conducted by the Govt functionaries should be scrapped. In view of large scale complaints, the matter was reviewed by the State Govt and it was found that the complaints of the public were genuine and the number of left out families were actually very large. Therefore, the BPL lists were not found genuine. An accurate survey is the basis for proper implementation of various rural development programmes as it ensures that the target group gets the benefits of these programmes.

In view of the facts stated above, the State Govt during the month of Feb 2007 decided to scrap the earlier survey and also ordered for a fresh survey in all the villages independently through an agency known as Haryana Ex-services League (HESL). Prior to undertaking fresh survey, each and every household was assigned a unique number and digital cameras were also used to photograph all the surveyed households. Based on the survey conducted by the said organization, draft BPL lists were prepared and sent to all the DRDAs on 3/12/07 with the instructions to display the same at all Panchayat headquarters and also to place the same before each Gram Sabha between 7th-19th December 2007. After the process of Gram Sabha meetings, the aggrieved households were advised by this department to file appeals before the 1st Appellate Authorities nominated by the Deputy Commissioners. The appeals/objections were collected and their contents were got verified through the officials deputed by the 1st Appellate Authorities. All the districts disposed off the 1st stage appeals and the names of eligible families were recommended for inclusion in the BPL lists. People still having any grievances could file 2nd stage appeals before the Deputy Commissioners. This way the BPL lists had been finalized by this department.

From the above, it would be observed that the scrapping of the earlier survey conducted by the DRDAs through the Govt functionaries was not a wasteful expenditure as it was with a view to ensure that any left out eligible households were included in the survey so that the benefits of various Rural Development Schemes could reach the genuine target group and thus, this step had been taken up by the State Govt in the public interest.

Keeping in view of these facts, it is requested that the para may kindly be settled.

The Committee is not satisfied with the reply of the Department. The Committee took a serious note that large number of families who were eligible for B P L cards were not included in the list of eligible applicants.

The Committee is of the view that there is need to improve the procedure/parameters to issue and withdraw the B P L cards.

The Committee recommends that strict action against the erring Officers/Officials be taken who conducted the survey in the year 2002 for issuance of B P L cards and responsibility be fixed under intimation to the Committee.

The Committee also desired that necessary instruction should be issued to all the Deputy Commissioners to avoid mistakes in the list of eligible persons for B P L cards.

HOUSING DEPARTMENT

Audit findings

[15] 3 3 6 Financial and physical performance

3 3 6 1 Profitability and working results

Housing Board Haryana is a profit making Board. Its profitability stems from the fact that it conducts its business on a cost plus basis. All costs incurred in construction of houses are passed on to the customers. The profitability of the Board is therefore not necessarily an indicator of its operational efficiency. The overall profit of the Board and its profit from construction of houses during the last five years is tabulated below.

	(Rupees in crore)				
	2003 04	2004 05	2005 06	2006 07	2007 08
Profit on sale of houses	5.99	3.55	4.91	8.26	Accounts
Overall excess of income over expenditure	13.13	13.88	22.10	25.74	not prepared

Besides the profit on sale of houses, the other major sources of income for the Board were the interest from allottees and from its investments and auction of houses and booths. As a result of consistent profits, the Capital Fund of the Board had increased from Rs 131.14 crore as on 31st March 2003 to Rs 202.90 crore as on 31st March 2007, registering an all time high profit growth of 54 per cent mainly due to a boom in the real estate market.

In spite of making profit on construction and sale of houses on an overall basis, the Gurgaon and Faridabad Divisions of the Board incurred losses of Rs 21.10 lakh (Faridabad) Rs 22.99 lakh and Rs 117.06 lakh (Gurgaon) during the years 2003-04, 2004-05 and 2005-06 respectively, as discussed in paragraph 3.3.8.2 below.

The department in its written reply stated as under —

Needs no comments. The reply to the observations in the last para in regard to the losses in Gurgaon and Faridabad Divisions is indicated in Para 3.3.8.2.

During the course of oral examination, the Committee observed that quality of construction material used for houses constructed by the Housing Board was very poor.

The Committee desired that a meeting with HUDA Officers be held regarding poor condition of Housing Board Colonies. The Committee also desired that steps taken in this regard be intimated to the Committee.

[16] 3 3 6 3 Loss of interest due to delay in transfer of funds to head office

Funds collected by the Estate Managers through banks on account of instalments of houses and other receipts were kept in current account on which no interest was earned. Funds from branches were being transferred to the head office account and surplus funds out of this account were being invested in Fixed Deposits by the head office.

The Chief Accounts Officer of the Board after receiving the bank statements from the concerned Estate Managers issued cheques after the 10th of the following month to respective banks for transfer of funds to the head office account. It was noticed that HUDA had made arrangements with banks for automatic transfer of funds from its branch offices to head office on weekly basis but no such arrangement was made by the Board. A few cases scrutinised by audit revealed that due to absence of such an arrangement of automatic transfer of funds from branch offices to head office, delays ranging between 1 to 34 days occurred in transfer of funds during this period. As a result of this, the Board suffered a loss of interest of Rs 17.05 lakh.

The Chief Administrator of the Board issued (April 2007) instructions to make arrangement for automatic transfer of funds from branch offices to head office but no action had been taken in this regard so far (March 2008).

The department in its written reply stated as under —

It is a fact that the instructions issued in April 2007 for automatic transfer of funds from the branch offices to Head-office on weekly basis, but some difficulties came in the way in implementing the instructions as there was no CBS system in the rural branches of the banks where the allottees of the Board deposit the money. It is only when the CBS system got fully established, these instructions issued in April 2007 were got enforced fully in April 2009. Hence para may be dropped.

The Committee recommends that action against the erring officers/official who were involved in the delaying tactics be taken under intimation to the Committee

[17] 3.3.6.6 Avoidable loss due to delay in deposit of advance tax

As per the provisions of Income Tax Act, every person is liable to pay advance tax if tax payable amounts to Rs 5,000 or more. In case of default, interest/penalty is leviable. The Board did not deposit the advance income tax on due dates and consequently had to pay interest/penalty of Rs 42.04 lakh as detailed below.

Sr No	Financial Year	Assessment Year	Amount of penalty (Rupees in lakh)
1	2003-04	2004-05	18.40
2	2004-05	2005-06	9.66
3	2005-06	2006-07	8.24
4	2006-07	2007-08	5.74
Total			42.04

Chief Administrator of the Board stated (July 2008) that the matter regarding registration of the Board as a charitable institution was pending with the Income Tax Department and as such advance tax was not deposited on the advice of tax consultant. Reply was not tenable.

as advance payment of the tax was mandatory irrespective of the pendency of the case under the Income Tax Act. Moreover, the Board was penalised year after year but still did not take any action to avoid payment of penalty during the coming years.

The department in its written reply stated as under —

It is submitted that on deletion of section 10(20A) Of Income Tax Act 1961 Housing Board Haryana was made liable to pay Income Tax on its income w e f 1 4 2002 and as such the Board has started paying the Income Tax. In the meantime the Board was advised that if any application U/S 12M of the Income Tax Act 1961 is filed it may succeed in getting registration as a Charitable Institution and if succeeded no income tax will be applicable. Accordingly an application for registration as a Charitable Institution was filed on 4 3 2004. Thereafter the Board was advised that if Income Tax is deposited in advance it may weaken its case for registration as a Charitable Institution. Acting on the advice of Tax consultants the Board in its meeting held on 12 3 2004 vide agenda item No. 169 22 has decided not to pay any Income Tax till the disposal of its application of Charitable Institution. When the application was rejected by the CIT (Panchkula) the Board deposited the income tax due as estimated on 15 3 2004 with interest as per the provisions of Income Tax Act 1961. Board has also earned interest on the income tax payable by keeping them in fixed deposits with the banks which has not been considered by the audit. The Board has filed an appeal before IT AT Chandigarh against rejection of the application of Charitable Institution which is still pending for decision. Further no penalty has been paid by the Board at any stage due to any lapse. Only interest Under Section 234 C has been paid by the Board.

As regards payment of interest for the remaining three years i.e. 2004 05 2005 06 2006 07 it is clarified that estimated tax liability was being deposited in time on the basis of estimates received from the filed offices/concerned quarters. The increase in profit was due to market fluctuation in Housing rates which has resulted in increase in profit and Income Tax liability accordingly. The interest is a consequential payment which could not be avoided in spite of every effort even by field offices. There was no intention even to hold payment of Income Tax by the Board. As no penalty has been paid by the Board and there was no avoidable loss of Rs. 4204485/- to the Board, the para may kindly be dropped.

After hearing the department representatives the Committee desired to know the names of the concerned officers and the Chartered Accountant who mooted the idea for getting declared the Housing Board as a charitable institution for the purpose of getting exemption in income tax rebates and the Committee also desired to see the full fact of the case.

The department representatives promise to do so, but no reply has been received till the drafting of the report. Therefore, the Committee desired that the information alongwith the decision of the Tribunal may also be intimated to the Committee.

[18] 3 3 8 1 Non achievement of financial and physical targets of construction of houses

The year wise position of financial and physical targets set in annual housing programme of the Board and achievements in respect of houses constructed during 2003 08 was as under

(Rupees in crore)

(Number of houses)

Year	Financial			Physical		
	Budget provision	Expenditure	Shortfall	Target for taking up construction of houses	Taken up during the year	Shortfall
2003 04	19 49	13 84	5 65	3 750	794	2 956
2004 05	17 03	14 79	2 24	3 226	566	2 660
2005 06	26 38	25 28	1 10	4 104	2 328	1 776
2006 07	54 52	51 39	3 13	6 338	743	5 595
2007 08	54 65	63 50	() 8 85	8 886	1 838	7 048
Total	172 07	168 80	3 27	26 304	6 269	20 035

There was shortfall in achievement of targets to the extent of 20 035 houses (76 per cent). Audit observed that there was no co relation between the targets and achievements in any of the years and thus the process of setting the targets and preparing the action plan for their achievement was ineffective. Since the Board depended mainly on HUDA for purchase of land, shortfall in achievement of targets of construction of houses was to an extent attributable to availability of land by HUDA. There was also an imbalance between the achievement of financial targets vis à vis physical targets as the shortfall in financial targets (1.90 per cent) was much lower than the shortfall in physical targets.

The expenditure incurred per dwelling unit taken up for construction during the year and the rate of completion of houses with reference to the houses under construction at the start of the year is shown below

Years	Expenditure	Under progress at the start of the year	Taken up during the year	Under construction during the year	Completed during the year	In progress at the close of year	Expenditure per house under construction (2/5)
	(Rupees in crore)			(Number of houses)			(Rupees in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2003 04	13 84	452	794	1 246	513	733	1 11
2004-05	14 79	733	566	1 299	477	822	1 14
2005-06	25 28	822	2 328	3 150	633	2 517	0 80
2006 07	51 39	2 517	743	3 260	714	2 546	1 58
2007-08	63 50	2 546	1 838	4 384	1 162	3 222	1 45

The above analysis indicated that while the construction expenditure incurred on each house during the year had increased the physical pace of construction had decreased as the houses completed during the year as compared to the houses in progress at the start of the year had gone down over the five years

The Chief Administrator stated (August 2008) that since the Board depended mainly on HUDA for purchase of land shortfall in achievement of targets for construction of houses was due to non availability of land in adequate quantity The reply indicated lack of co-ordination between the Board and HUDA which was necessary for successful implementation of housing schemes

The department in its written reply stated as under —

While framing the budget a very broad physical targets of construction of houses are indicated As the Board depends upon other agencies such as HUDA for the procurement of land the achievements of targets solely depends upon getting the land in time Therefore the audit observations of non achievement of financial & physical targets are not applicable as the targets are fixed by the Board at its own and not by any other agency Hence para may be dropped

The Committee desired that reasons for shortfall of 20,000 houses which were to be constructed by the department be intimated to the Committee

[19] 3 3 8 2 Construction of houses without demand survey

Any housing project has to be preceded by a demand survey to determine the extent of demand for houses in the area Failure to do so could result in houses not being sold

Out of 140 houses constructed (1996) at Taoru 51 LIG and 69 MIG built up houses had to be allotted (2003-06) at a price of Rs 2.43 crore against the actual cost of Rs 3.99 crore due to low demand of houses in the area Construction of houses without carrying out a demand survey thus resulted in loss of Rs 1.56 crore to the Board

The Executive Engineer HBH Division Gurgaon attributed (March 2008) the loss to fall of rates of property in the market Reply was not convincing as the price of houses fixed by the Board was not based on the market price/fluctuation at all

Similarly in another case the Board without specific demand constructed 3,033 houses in 1980 at 44 places under Rural Housing Scheme at a cost of Rs 1.85 crore out of which only 1,797 houses were sold The remaining 1,236 houses were dismantled and the loss of Rs 57.10 lakh was written off by the Board in March 2006

The department in its written reply stated as under —

Audit observations that the construction of houses at Taoru was not taken up with demand survey is not correct The demand survey had been carried out and 80% of the houses were as per demand survey Board prepares the layout plan on the basis of land available and it was not possible for the Board to leave 20% houses in between Hence the construction was done for 100% houses anticipating that by the time the houses are completed there will not be any problem for the rest of 20% houses However no loss whatsoever has occurred as indicated by the

audit rather Board has realized an amount of RS 442 30 lacs as against expenditure of RS 206 66 lacs Thus it is infact a profit of RS 236 00 lacs instead of loss of Rs 156 00 lacs as indicated by the audit Hence para may be dropped

The Committee desired the department to hold a meeting with Accountant General (Audit) regarding figures of losses to the Board and thereafter a report be sent to the Committee

[20] 3 3 8 3 Utilisation of land meant for EWS houses towards LIG houses

Haryana Urban Development Authority allotted (January February 2002) land for 1 636 plots of one two and three *marla* size at Faridabad (1 227 plots) and Hisar (409 plots) for construction of houses for EWS category at a concessional rate of Rs 3 85 crore The land was utilised by the Board for construction of LIG houses Alternate site for EWS houses had not been identified Thus not only were the people of EWS deprived of housing the benefit of subsidised land was also diverted away from the weaker section of the society

The department in its written reply stated as under —

It is a fact that HUDA had allotted land for the construction of houses for Economically Sections of Society (EWS) While working out the cost it was felt that the Board will only be in a position to construct LIG houses which are also meant for poor people In the EWS category monthly income range of an individual should be Rs 3300/- or less whereas for LIG category it is Rs 3300/ to Rs 7500/ As per HUDCO norms an allottee should not be charged more than 25% of the total income towards monthly installment and the installment did not fit in the EWS category Hence para may be dropped

The Committee desired that a list of houses which are being constructed for EWS & BPL families be supplied to the Committee

The Committee also desired that complete information regarding occupancy of those houses be provided to the Committee

The Committee further desired that detailed information regarding allotment of LIG flats be also supplied to the Committee

[21] 3 3 10 1 Extra expenditure due to allotment of work at higher rates

Construction Division Rohtak invited tenders (December 2005) for construction of 298 various types of houses in Sector 7 Bahadurgarh and cost of construction was worked out to Rs 10 89 crore on the basis of rates of lowest tenderer The lowest tenderer M/s Sai Constructions however refused (March 2006) to execute the work at these rates and also did not deposit the balance earnest money of Rs 19 20 lakh Consequently earnest money of Rupees five lakh deposited by the contractor was forfeited The Board did not consider the allotment of work to the second lowest tenderer who had quoted Rs 12 18 crore and invited fresh tenders and finally the work was allotted (October 2006) to a fresh contractor at a cost of Rs 14 02 crore Had the work been allotted to the second lowest tenderer in the first instance an extra expenditure of Rs 1 84 crore could have been avoided During the exit conference the Chief Administrator agreed with the audit contention

The department in its written reply stated as under —

The Executive Engineer Housing Board Haryana Rohtak had invited tenders for the construction of 298 houses of different categories at Sector-7 Bahadurgarh by giving wide publicity through press and following due procedure as per Codal provisions and following due process of law. In response to tenders invited 5 nos tenders were received. The lowest rates were quoted by M/s Sai Construction Co. at an overall excess of 2.70% above on sanctioned ceiling premium as applicable on 05.08.2003. Approval to allot the work in favour of the lowest tenderer was conveyed to Executive Engineer Housing Board Haryana Rohtak vide Chief Engineer Housing Board Haryana letter No 1003 dated 21.02.2006. As per condition No 3 & 4 of the tender notice/DNIT the Contractor participating in the tenders were to deposit Rs. 5.00 Lacs alongwith the tender and in whose favour allotment of work is approved was required to deposit the remaining amount to make 2% of the estimated cost of work within 7 days from the date of intimation from the project in charge before issued allotment letter of the work. In case agency fails to deposit the remaining amount by the stipulated date intimated by the project in charge then Rs. 5.00 Lacs deposited by the agency towards earnest money were to be forfeited. In terms of condition No. 3 & 4 of the DNIT before issue of allotment letter the project in charge Rohtak vide his letter No 1218 dated 27.02.2006 had written to M/s Sai Construction Co. Delhi to deposit RS 19,20,000/- (Rs 24,20,000/- minus 5,00,000/- = RS 19,20,000/-) towards remaining amount of earnest money to make 2% of the estimated cost of work of RS 12.10 Crore. The Contractor however did not deposit the earnest money and finally the Executive Engineer Rohtak vide his letter No 1609 dated 14.03.2006 had forfeited the amount of RS 5.00 Lacs deposited by the firm towards earnest money as they failed to deposit the remaining amount of earnest money in terms of Condition No 3 & 4 of the DNIT/Tender Notice. It has already been brought out that once the tender case is decided by the Competent Authority in favour of the lowest tenderer the earnest money deposited by the other tenderer are released. There is no such provision in the rule/procedure to consider the allotment of work to the second lowest tenderer afterwards i.e. after approval of tender.

In view of above the proper procedure has been followed and the earnest money of the defaulting tenderer was forfeited and the firm was also debarred from further tendering for this project in Housing Board Haryana in future. Generally the negotiation is barred and the negotiation with the second lowest tenderer is only considered provided the rates quoted by the lowest tenderer are not considered reasonable. In this case approval was accorded in favour of lowest tenderer and accordingly there was no scope left to call the second lowest tenderer at that stage.

Therefore the action in the matter was taken rightly by the Board as per rules/procedure. No other action was required to be taken in such cases. The cost at which work will be got executed will be charged to the project cost and it is therefore again requested that the Para may be dropped being no loss to the Board.

After hearing the departmental representatives, the Committee took a serious view that there was no transparency in allotment of work

The Committee desired that, the firms who were not fulfilling the terms and conditions of the contract should be black listed

The Committee also desired that transparency should be maintained in inviting tenders and further desired to initiate action against those officers/officials of Housing Board who were involved in these irregularities

[22] 3 3 10 5 Non recovery of compensation from contractors

As per the provisions contained in clause 2 of the contract agreement compensation at the rate of 10 *per cent* of the agreement amount was recoverable from the contractor for not completing the work within the scheduled time

It was noticed in 10 cases in two divisions (Faridabad four and Gurgaon six) that the contractors did not complete the works within the scheduled time/extended time limit. Further time extension had also not been granted by the competent authority. A period ranging between 6 and 17 months had elapsed but compensation amounting to Rs 3 64 crore had not been recovered so far (March 2008). Non-recovery of compensation amounted to grant of undue favour to the contractors

The department in its written reply stated as under —

As per provision of Clause 2 of the Contract Agreement the Contractor is required to execute the work within the time limit specified in the Contract Agreement. Due to any hindrance what so ever either on the part of contractor/department the remedy available with the agency is to apply extension in time limit under Clause 5 of the Contract Agreement. In case the Contractor fails to complete the work within the stipulated time period /contract agreement / extended time period Executive Engineer in terms of powers vested in him proceed under Clause 2 i.e. levy of maximum of 10% as compensation amount. Against the levy of 10% compensation the Contractor may make his representation to Chief Engineer Housing Board Haryana Panchkula to waive off compensation amount levied by the Executive Engineer under clause 2 of the Contract Agreement. The decision of the hearing under Clause-2 given by the Chief Engineer is final and binding on the parties. Accordingly as per decision/order of appellant authority recovery of compensation has been recovered. Hence para may be dropped

The Committee desired that reasons of waiving off the amount be intimated to the Committee, the Committee also desired that full recovery of the amount be effected under intimation to the Committee

[23] 3 3 10 6 Fire fighting systems remaining non functional

The work for providing fire fighting systems in Housing Board Colony Sector 14 and Awasthawan Sector 6 Panchkula were allotted (November 1994) to M/s Fire Guard Engineers Chandigarh without calling tenders. An expenditure of Rs 91 99 lakh (Rs 53 59 lakh and Rs 38 40 lakh) was incurred on both the works which were completed in 1995 and 1997 respectively

The Fire Officer Urban Development Haryana during inspection pointed out (April 2002) that the fire extinguishers were never tested/refilled delivery hose pipes had turned unserviceable branch pipes were not provided in the hose cabinet surrounding of buildings were not cleared for the movement of fire vehicles and pressure switches and pressure gauge were out of order The Board prepared (September 2002 and May 2002) two estimates for Rs 26 75 lakh and Rs 1 55 lakh respectively to make the systems functional

However the systems remained non functional as these estimates had not yet been approved (March 2008) The Executive Engineer Construction Division Panchkula while admitting stated (December 2007) that the system requires repairs Thus the fire fighting infrastructure created at a cost of Rs 91 99 lakh was lying idle in the absence of which the buildings had no protection against fire hazard

The department in its written reply stated as under —

No doubt an expenditure of Rs 91 99 lac was incurred on the installation of fire safety system in Housing Board Residential Complex at Sector 14 as well as in Head Office at Sector-6 Panchkula Though it was not mandatory yet it was felt that installation of fire safety system would be an additional precaution against the fire hazards The Fire Officer after inspection pointed out some irregularities in the installation of system for which disciplinary action against the erring employees is under process The matter regarding making the system functional will be reviewed in depth vis a vis financial implication and its recovery Hence para may be dropped

During the course of oral examination of the departmental representatives stated that the services of the concerned Executive Engineer have been terminated and notice for recovery of Rs 508058/ from the concerned Chief Engineer was issued but he got stay from Hon'ble Punjab & Haryana High Court moreover he has also retired However, the department contemplating to utilize this amount at some other place The Committee was not satisfied with the slow action of the department and desired that the matter of utilization of the amount may be got expedited and report in this regard be intimated to the Committee

EDUCATION DEPARTMENT

[24] 1 6 Misappropriation losses, defalcations etc

The State Government reported 220 cases of misappropriations defalcations etc involving Government money amounting to Rs 1 99 crore up to the period March 2008 on which final action was pending at the end of June 2008 The department-wise break up of pending cases is given in **Appendix XI (A&B)**

1 6 1 Write off of losses, etc

As reported to Audit losses due to theft fire and irrecoverable revenue etc in respect of one case of Forest Department amounting to Rs 2 47 lakh was written off during 2007 08 by competent authority

The department in its written reply stated as under —

Out of 36 cases shown in the report 23 cases upto 2002 03 amounting to Rs 13 87 lacs have been dropped by PAG in its meeting held on 03 03 08 and further 9 cases upto 2005 06 amounting to Rs 3 21 lacs have also been dropped in PAC meeting held on 03 06 08 The latest position of remaining 5 cases is attached at Annexure A

The Committee desired that recovery of pending amount be effected at the earliest The Committee was also of the view that process of writing off the amounts should not be delayed and be initiated at the earliest

The Committee also desired that list of schools where computers are installed be provided to the Committee for perusal

TOWN AND COUNTRY PLANNING DEPARTMENT

[25] 4 1 2 Estate Officer HUDA Faridabad

Audit scrutiny (January 2008) of the records of EO HUDA revealed that the EO allotted (August 1992) two residential plots in Sector 21 C III and Sector 48 for Rs 3 44 lakh and Rs 1 39 lakh respectively but failed to give their physical possession due to non completion of development works. The allottees approached DCDRF which awarded (April/May 2002) an interest compensation at the rate of 12 per cent per annum on the ammount deposited from the date of deposit till realisation. Appeals filed by HUDA in the SCDRC/NCDRC against the decision were dismissed between June 2004 and February 2005. HUDA paid interest of Rs 2 47 lakh in July 2005 and Rs 2 03 lakh in June 2006 to the allottees for the period from 20 January 1992 to 22 March 2001 and 15 September 1992 to 5 June 2006 respectively.

These points were demi officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana Town and Country Planning Department in April/May 2008. Reply to sub para (a) (ii) and (b) had not been received (August 2008).

The department in its written reply stated as under —

Originally plot No 960 Sector 48 Faridabad was allotted to Smt. Aarti Handu on 19 08 1992. But due to encroachments on the area in question where the above plot was situated the possession could not be delivered despite best efforts made by HUDA authority. Thus as per HUDA policy a plot bearing NO 339 was allotted in exchange in the same sector vide letter NO 20309 dated 09 06 2006. However on the recommendations of local commissioner appointed by District Consumer Forum Faridabad vide order dated 28 02 2002 the DCF ordered to allot another plot to the complainant and after exhausting all legal options finally an alternate plot No 1756D Sector 7 Faridabad was allotted. As per facts mentioned above the possession of the original plot NO 960 Sector 48 Faridabad could not be handed over due to encroachments and HUDA had to pay interest amounting to Rs 2 03 396/ as per orders of DCF Faridabad after getting approval from Head Quarters on dated 15 06 2006.

After hearing the departmental representatives, the Committee observed that there was some discrepancy/connivance in allotting the plot to the allottee in sector 7, Faridabad instead of sector-48. The Committee desired that details regarding vacant plots in sector -48 Faridabad be supplied to the Committee

PWD (B&R) DEPARTMENT

[26] 1 6 Misappropriation losses defalcations, etc

The State Government reported 220 cases of misappropriations defalcations etc involving Government money amounting to Rs 1 99 crore up to the period March 2008 on which final action was pending at the end of June 2008 The department-wise break up of pending cases is given in **Appendix XI (A&B)**

1 6 1 Write off of losses etc

As reported to Audit losses due to theft fire and irrecoverable revenue etc in respect of one case of Forest Department amounting to Rs 2 47 lakh was written off during 2007 08 by competent authority

The department in its written reply stated as under —

Under this para of misappropriations defalcation and losses 5 case were reported by the Audit which are as under

- 1 Theft of 76 Iron grills of Rs 70691/- P P Panipat
- 2 Loss of MB No 33272 and Muster Roll no 43 in ADB Division Fardabad
- 3 Loss of MB No 217/809I of PD Rohtak
- 4 Theft of 2 Nos motors in M L N Sports School Rai
- 5 Theft of Fire instruments Electric Division Hisar

The items from Sr NO 1 to Sr No 4 have been dropped by the PAC in its meeting held on 5 8 2008

The Amount of Rs 70691/- in item no 1 have also been written off by the Government vide memo no 44/22/05 5 B&R(W) dated 9 10 2009

Item No 5

This sub para dealt with the removal of 90 Nos detectors of fire alarm system at Mini Secretariat Fatehabad costing Rs 90 000/ The amount involved in this para

has not been mentioned by the Audit. The work of installing fire alarm system at Mini Secretariat Fatehabad was allotted to M/s Suraksha Fire Tech Allahabad. This work was got completed by the said firm on 29.11.2001. The agency was to do the free maintenance service of the system for one year after completion of work and thereafter the agency was to maintain the work for five years at a cost of Rs. 10000/- per year under annual maintenance contract. The detectors of the system were removed by some persons on 18.04.2003. On the report of Chowkidar it was taken that the detector might have been removed by the aforesaid firm. Accordingly the said firm was requested to reinstall the removed parts but the agency failed to do so. The matter of theft was reported to Deputy Commissioner Fatehabad and requested to lodge the FIR as district administration was the custodian of the installations. But the Deputy Commissioner directed Sub Divisional Engineer (Elect.) Fatehabad to lodge FIR at his level. Ultimately the FIR was lodged in Police Station Fatehabad during 2005. Police Department Fatehabad sent report of non traceable of theft material vide memo no. 780/5A/PS/City/IFM/3 of 7/2008. In the mean time arbitrator was appointed to decide the case of recovery from security of the agency M/s Suraksha Fire Tech Allahabad. Arbitrator dismissed the case of the Department. So case was filed in the District Court Hisar against the Award passed by the Arbitrator. This case was dismissed on 29.09.2010 by the court of Sh. Baljit Singh Hon'ble Addl. District Judge Hisar. The Law Secretary-cum Legal Remembrancer to Govt. Haryana vide letter No. 68044 dated 18.11.2010 has opined that this case is not a fit case for filing of revisions or appeals.

The PAC in its meeting held on 5.8.2008 has ordered that the responsible officers be charge sheeted in this case for releasing the security of the contractor. In this connection it is intimated that action for charge sheeting the responsible officers was initiated by the department against Sh. Satish Chander SDE and Sh. O. N. Malik Executive Engineer. Both the officers could not be charge sheeted as the SDE had expired and the XEN had retired on 28.02.2005 from Govt. Service. Now this amount is required to be written off.

The Committee desired that the department may proceed in the matter administratively and the final outcome be intimated to the Committee.

[27] 4 3 Violation of contractual obligations/undue favour to contractors /avoidable expenditure

4 3 1 Inadmissible payment of interest to the entrepreneur

Executive Engineer, Provincial Division II, Public Works Department, Buildings and Roads Branch, Kurukshetra made inadmissible payment of Rs 1 31 crore to the entrepreneur in violation of provisions of the agreement

The work Construction of Additional two lane Road Over Bridge (ROB) including its approaches at level crossing Number 95 B on Delhi Ambala Railway line at Kurukshetra was allotted (August 2002) to an entrepreneur on Build Operate and Transfer (BOT) basis vide concession agreement dated 12 September 2002 Besides other conditions it was also mentioned in the agreement that approval of designs and drawings of bridge proper in Railway portion would be issued by the Railways and the entrepreneur would be personally responsible for arranging approval of the same from Railways and that the Railway's decision regarding approval of designs/drawings would not be a matter of dispute

The cost of the project was Rs 13 86 crore and the work was to be completed within 15 months from 10 January 2003 The Government authorised the entrepreneur to collect and retain the cost of project during the concession period of 7 years 10 months and 16 days including construction period of 15 months which was to expire on 25 November 2010 The work was started on 11 January 2003 and completed on 10 March 2007

Scrutiny of records (July 2007) of the Executive Engineer Provincial Division II Public Works Department Buildings and Roads Branch Kurukshetra revealed that in view of resentment of general public against toll collection the Government decided (May 2007) to make ROB toll free in public interest The Steering Group while exercising the power Rs under clause 3 12 of the concession agreement decided (February 2007) to take over the ROB and to pay a sum of Rs 15 17 crore to the entrepreneur on account of buy back of the project Accordingly an agreement to buy back the ROB was executed with the entrepreneur on 10 May 2007 and a sum of Rs 14 16 crore was paid (May 2007) after deducting sales tax income tax etc This payment included Rs 1 31 crore on account of interest at the rate of nine per cent for 15 months the period for which finalisation of drawings was delayed whereas as per agreement the entrepreneur was personally responsible for arranging the approval of drawings of bridge over Railway portion

On being pointed out Engineer in-Chief Public Works Department Buildings and Roads Branch (EIC) stated (February 2008) that bridge over Railway portion was to be constructed by the agency as per directions of Railway authorities The work was delayed due to non-receipt of permission on account of technical problems and as such the agency could not be held responsible The Financial Commissioner and Principal Secretary to Government Haryana Public Works Department Buildings and Roads Branch in his reply (June 2008) reiterated the reply given by the EIC The reply was not acceptable because as per agreement the entrepreneur was personally responsible for arranging the approval of drawings and it was irregular on the part of the Department to bear the burden for delay in getting the drawings approved from Railways Moreover in a Public Private Partnership (PPP) project of this nature there is an equitable distribution of risks and the construction risks are

allocated to the concessionaire. Even in the normal course, the delay caused in the approval of the drawings would have been on concessionaire's account as it would have eaten into the concession period since the agreement provided for a fixed concession period including the construction time. Hence, the payment of interest to the concessionaire for the period of delay in the finalization of drawings, which was his responsibility according to the allocation of risks in a PPP project and which in this case was formalized by the insertion of a specific clause in the agreement to that effect, was irregular. Thus, the Department made inadmissible payment of Rs. 1.31 crore to the entrepreneur in violation of provisions of the agreement.

The department in its written reply stated as under —

The work of construction of Additional Two lane road over Bridge (including its approaches) at Level Crossing No. 95 B on Delhi Ambala Railway Line at Kurukshetra on Pipli Pehowa road (Shahranpur Kurukshetra road) on Build Operate & Transfer (BOT) basis was allotted to M/S Zoom Developers (P) Ltd Mumbai vide EIC Haryana PWD B&R Branch Chandigarh No. HHUP I/695/dated 16.08.02 with a concession period of 7 years, 10 months, 16 days including construction period of 15 months to be reckoned from the date of execution of Agreement. Accordingly, an agreement was executed on 12.9.2002 between the Governor of Haryana through Chief Engineer HHUP Haryana PWD & R Br Chandigarh on One part and M/S Zoom Developer on other part.

The work was actually started on 11.1.03 & completed on 10.3.2007 whereas the work was to be started on 10.01.2003 & to be completed on 9.4.04 as per agreement executed.

As per facts, the Agreement was based on BOT basis with the Private company who was to invest in the project & recover the invested amount & other charges by way of collection of toll as per notice inviting Bids issued. The Department was not to incur any expenditure on the construction of Bridge. After completion of work, bridge was to put on use for the Public & expenditure incurred by the Agency was to be made good from Public by way of toll collection. The estimated cost of project was projected for Rs. 1386.25 lakh.

The general public of the city made representations for making bridge toll free as the bridge is located in heart of the city and is used by local residents of the city and pilgrims very frequently being religious place. The collection of the toll will further result in congestion. Keeping in view of all these aspects, anticipated law & order problem, the Govt. decided in public interest to make the facility toll free & take over the same by paying lump sum amount as compensation to the entrepreneur as provided in clause 3.11.6.2 of the concession agreement which is reproduced as under —

Clause 3.11.6.2

The Government reserves absolute right to take over the facility at any time after compensating the Entrepreneur to the extent of his unrecovered investments including cost of fee collection, repair and maintenance cost etc. up to that period. The compensation to be paid shall be worked out by working out the cost of the work done and adding interest on investment at the rate of 18 per cent per annum.

and expected profit during the concession period. The cost of the work will be worked out on the basis of schedule of rates attached to the proposal of the Entrepreneur.

As per clause 3.12 of the concession agreement decision in respect of clause 3.10 & 3.11 will be taken by a STEERING GROUP. The above decision of the Govt. to take over the facility is covered under clause 3.11.6.2 as mentioned above. Hence the matter was taken by STEERING GROUP in meetings held on various dates i.e. 19.01.07, 31.01.07, 01.02.07, 22.02.07 & 23.02.07. Both the parties agreed upon to take over the facility by the Govt. of Haryana.

After due consideration fresh agreement was prepared to be executed as per calculation made as per Annexure A appended to the fresh Agreement the detail of which is reproduced as under —

Annexure A

CALCULATION OF AMOUNT PAYABLE TO ENTREPRENEUR AS PER PAGE, 18 AND CL. 3.11.6.2 OF CONTRACT AGREEMENT

Sr No	Item	Cost (Rs. in lacs)
1	Estimated cost of construction of (ROB) facility Toll Plaza etc including overhead and administrative expenditure etc	1425.13
2	Less interest during construction period	136.75
3	Less cost of toll collection	21.78
4	Balance	1266.60
5	Less amount of work yet to be done	98.73
6	Balance	1167.87 (A)
7	Add interest @ 9% (average) on A For the period of original construction period i.e. 15 months + period between approval of drawings by Railway and completion of work by concessionaire after getting blockages from Railways in Nov. 05 and April 06 i.e. 15 months (Feb 05 to May 06) = 30 months	262.77
8	Add profit @ 10% on amount (A)	116.78
	Total	1547.42 (B)
9	Less liquidated damages	() 30.00
	Less 4% sales tax on B	() 61.90
	Less 2% Income Tax on B	(-) 30.95
	Less 12% surcharge on C	() 03.71
		126.56
10	Net Total (B-D) lacs	1420.86

Sd/
Chief Engineer (Bridges)
Haryana PWD B&R

The amount of compensation was worked out for Rs 1517.42 lacs after deducting the liquidated damages amounting to Rs 30.00 lacs levied by S E Ambala Circle PWD B&R Br Ambala Cantt vide letter No 3844 46/R dated 24 11 2006

From the perusal of calculations as given above Annexure A it is evident that construction cost was taken as Rs 1425.13 lacs as given in Form 6 of old Agreement. Cost of interest during construction period for Rs 136.35 lacs toll collection for Rs 21.78 lacs was deducted. Amount of work to be done & other charges etc. were also deducted while preparing the compensation cost of fresh Agreement contractual profit @ 10% on amount of Rs 1167.87 lacs after due deductions as mentioned above & interest @ 9% on Rs 1167.07 lacs for Rs 262.77 lacs was only added.

Rs 38.88 lacs includes toll collection for Rs 21.78 lacs. Routine maintenance Rs 3.60 lacs & Periodical renewals Rs 13.50 lacs. Out of which Rs 21.78 lacs stands deducted while preparing calculation as per Annexure A as mentioned above. Rs 3.40 lacs of routine maintenance and Rs 13.50 lacs of periodical renewals done by the Agency during construction period was not deducted. Hence there is nothing which may result for any excess payment.

It is further submitted that Audit has pointed out extra payments of Rs 1.31 crore on account of interest @ 9% P A for 15 months of the time taken by the Railways to approve the drawings whereas as per Agreement the entrepreneur was personally responsible for approval of the same from Railways which is not correct. In this connection it is made clear that bridge over Railway portion was to be constructed by the agency as per direction of the Railway authorities as per contract Condition No 3.13. The work in Railway portion was delayed due to non receipt of permission on a/c of technical problem and as per clause of agreement No 3.13(1)(d) for ROB in Railway portion that no work shall be allowed to be started in Railway land unless the necessary payments are deposited with Railway which were decided and considered and accepted as toto during 09/2004. As such the agency cannot be held responsible at all. It is further brought out that it was a project of the State Govt. and not of Railways.

Bridge (ROB) in Railway portion was to be constructed by the entrepreneur under the supervision of Railways with the condition to follow Railway specification Indian Road Corporation codes (MOST) specifications and other Railway instructions i.e. for preparation of drawing and designs of the bridge proper as well as temporary works. These drawings shall be prepared and checked by expert consultants/Proof consultant before the same are submitted to Railway for approval. Railway decisions regarding modification to the designs/drawing etc. shall be final and binding on the entrepreneur/consultant and shall not be a matter of dispute as per clause 3.21 of the concession agreement. In this way Railway cannot be held responsible for approval of drawings late as the payments was worked out by steering Group after considering all aspects of payments as per decision taken during the minutes of meetings of Steering Group held under the Chairmanship of Sh. Dharam Vir IAS Financial Commissioner & Project Secretary PWD B&R Haryana.

The interest was paid only for 30 (Months) i.e. from 10.01.2003 to 10.04.2004 and 10.02.05 to 10.05.06 @ 9% per annum instead of 18% per annum as provided in Agreement under clause 3.11.6.2

The interest for the period of 10.4.2004 to 10.2.2005 was neither worked out nor paid to entrepreneur by Steering Group committee

The meeting was also attended by the following —

- (a) Sh. H. S. Chahal Engineer in Chief Haryana PWD B&R Br. Chandigarh
- (b) Sh. Hardeep Kumar IAS Special Secretary Finance Department Haryana
- (c) Sh. A. K. Jain Chief Engineer (Bridges) Haryana PWD B&R Br. Chandigarh
- (d) Sh. M. R. Bansal Superintending Engineer Ambala Circle Haryana PWD B&R Ambala Cantt. as Project Director
- (e) Sh. Minoo Pardiwala Vice President Zoom Developers Pvt. Ltd. As representative of the Entrepreneur

The liquidated charges imposed by Deptt. for delay if any worth Rs. 30.00 lacs on the part of Entrepreneur were deducted while drawing Agreement on Buy Back basis & at the time of releasing payment vide Vr. No. 30 dated 13.05.2007

From the above it is crystal clear that Entrepreneur was paid nothing extra. Interest was paid @ 9% instead of 18% as provided in Agreement. As pointed out by Audit that interest for 15 months was to be paid then the same would have to be paid @ 18% but as per decision taken by the steering Group the interest was paid @ 9% for 30 months which can be termed as 18% for 15 months. This shows that no interest was paid in excess & hence there is no loss to the State Exchequer.

In view of above the para may be dropped

During the course of oral examination the department representatives tried to justify the inadmissible payment of interest to entrepreneur with which the Committee was not satisfied. After decision of the Committee desired that the matter may again be stayed examined by the Financial Commissioner and Principal Secretary to Government, Haryana, (B&R) Department and the Committee may be informed of the exact factual position but till the drafting of report, no communication has been received, therefore, the Committee desired that the needful may be done at the earliest, but not later than by two months

[28] 4.5.2.2 Analysis of outstanding balances

As laid down in paragraph 10.23 of the Manual of Orders of PWD B&R the Divisional Officer is required to take effective steps to clear the outstanding items under MPW A within

reasonable time. However, it was noticed that Rs 7.42 crore (1,051 items) were outstanding for more than 10 years in the test checked divisions including 124 items of Rs 0.31 crore outstanding since November 1966 or earlier years.

Persistent increases in outstanding balances and delay in their clearance were attributable mainly to non-availability of details of items with the concerned divisions, non-adjustment of advances released to suppliers/contractors, advance payments made to other divisions/departments, shortage/non-accountal of material, non-recovery of amounts against non/short supply of material by firms/contractors, etc. Effective steps to clear these balances were thus not taken by the divisions test checked. Some of the significant cases are discussed below.

Insufficient details of items

An amount of Rs 29.34 lakh was outstanding since 1965-66 in WSS Division I Rohtak and another amount of Rs 7.85 lakh was outstanding in Provincial Division I Ambala since 1997-98 and earlier years. This was also pointed out vide para 4.18.5 (A) of the Report of the Comptroller and Auditor General of India for the year ended March 1997 (Civil). Government of Haryana. The Public Accounts Committee (PAC) in its 52nd report (March 2002) desired that the detailed report about recoveries of the balance amount in each case be intimated to them within six months, but the Government has not been able to respond to PAC recommendations even after six years.

The Engineer in Chief (EIC) WSS stated (August 2008) that efforts were being made to recover the outstanding amount from concerned departments/parties. The EIC PWD B&R stated (August 2008) that the details of the outstanding amount were not available with the divisions as old record was destroyed in fire. The reply was not acceptable as no adequate efforts had been taken by the divisions to trace out the details of persons/departments/parties from whom these amounts were recoverable.

Embezzlement/misappropriation of Government money

In WSS Division II Bhiwani, a sum of Rs 3.28 lakh was outstanding against an official (fitter coolie) on account of fraudulent collection of water bills. Though the fraud came to the notice of the department in July 2003, First Information Report was lodged (July 2005) with the police (Bhiwani) and charge sheet under Rule 7 of the Haryana Civil Services (Punishment and Appeal) Rules, 1987 was issued in January 2006. Neither any inquiry nor any action had been taken and the amount was placed in MPW-A in May 2006. The official was on duty in the same circle but recovery had not been started so far (June 2008).

Non adjustment of advance payment to firms

In 33 divisions, 197 items amounting to Rs 12.66 crore were outstanding against various firms/suppliers for want of receipt of material or due to non-adjustment of material. The branch-wise position was as under:

(Rupees In crore)

Branch	Number of Divisions	Number of items	Amount outstanding
Irrigation	6	19	0 10
B&R	17	105	7 70
WSS	10	73	4 86
Total	33	197	12 66

Some cases of delay in clearance of outstanding balances were as under —

(Rupees in crore)

Name of division	Amount of advance	Date of payment	Name of firm	Purpose	Amount adjusted	Balance outstanding
Provincial Division III (NH) Rohtak	1 50	During 1999 2001	Indian Oil Corporation Limited (IOCL) Kamal	Supply of bitumen	0 82 (between September 2004 and July 2006)	0 68
Provincial Division II Hisar	0 06	December 2002	IOCL Panipat	Do		0 06
WSS Division Charkhi Dadri	0 13	March 2002	Shree Cement	Supply of cement		0 13
	1 15	March 2004	J K Cement	Do		1 15
WSS Division Panchkula	0 04	June 2001	Gujrat Ambuja Cement Limited	Do		0 04
	0 03	March 2004	Shree Cement	Do		0 03

No efforts were made by these divisions to obtain the material or to adjust the outstanding advances

Non recovery for shortages/non accountal of material from departmental officers / officials/suppliers and contractors

Rupees 10 62 crore were outstanding against 1 216 items on account of shortages/ non accountal of stores/non handing over charge of stores etc by the departmental Officers / officials non-recovery from suppliers and contractors Reasons for outstanding balances in some of the cases were as under —

Number of divisions	Number of items	Amount outstanding (Rupees in lakh)	Reasons
20	243	19 27 ¹³	Whereabouts of the officers /officials were not known to the divisions
27	124	44 33 ¹⁴	Officers /officials who stood retired/dismissed or expired
8	49	10 63 ¹⁵	Shortage of stores detected during physical verification or at the time of transfer of officers / officials and outstanding for over five years
25	342	128 73 ¹⁶	Short/non supply of material/defective supply of material excess payment etc
23	191	821 07 ¹⁷	Works got done under risk and cost clause of the agreements damages levied for delay in execution of works etc

Although these cases were brought to notice of the department through inspection reports but no concrete actions to clear them were taken

Outstanding balances against other divisions/departments/corporations

One hundred and seventy six items of Rs 23 62 crore¹⁸ were outstanding on account of advances made to Haryana Vidyut Prasaran Nigam Limited (HVPNL) Haryana State Electronics Development Corporation Limited (HARTRON) Railways Public Works Divisions and other departments for supply of stores adjustment of energy charges etc Some of the cases are discussed below

Public Health Division Panchkula made advance payment of Rs 20 15 crore to Haryana State Electricity Board (HSEB) during April 1992 to July 1993 on account of energy charges for clearance of part dues of maintenance of Rural Water Supply Scheme in the State Of this Rs 14 85 crore were adjusted and balance Rs 5 30 crore were outstanding The PAC in its 52nd report (March 2002) had desired that the recoveries of the balance amount in each case be settled at the earliest and detailed report be intimated to them within six months Further WSS Division Panchkula made advance payment of Rs 25 crore in March 2002 on account of outstanding arrears of energy charges on behalf of all WSS Divisions in Haryana to HVPNL Out of this an amount of Rs 8 88 crore in respect of 18 sub divisions of 11 divisions was adjusted during September 2002 October 2004 and balance amount of Rs 16 12 crore was still outstanding (March 2008) The EIC WSS stated (August 2008) that the balance amount of Rs 5 30 crore could not be adjusted due to non availability of exact figures of energy charges This showed that inspite of recommendations of the Committee no efforts were made by the department to adjust the balance amount

The WSS Division Ambala advanced Rs 7 90 lakh in February 2005 for installation of tubewell to Mechanical WSS Division Ambala The advance was not adjusted/recovered even after lapse of a period of three years

Construction Division 21 Rohtak paid advance of Rs 27 88 lakh during May 1997 to April 1999 for construction of bridge on Lakhan Majra link drain at km 86 7 of National Highway 10 to Provincial Division III Rohtak which was completed and expenditure of Rs 17 57 lakh incurred was adjusted in March 2008 But no action had been taken to get the balance amount of Rs 10 31 lakh refunded

The department in its written reply stated as under —

Name of Divn	Upto Nov 1966		Outstanding for the period from Nov 1966 to 3/97		Remarks
	Items	Amount	Items	Amount	
1	2	3	4	5	6
					(Rs In Lacs)
Hisar	9	0 07	54	3 30	
Karnal II			2	0 36	
Rohtak			3	3 00	

1	2	3	4	5	6
Ambala I			31	12 87	
Rohtak	2	0 01	21	4 13	
Charkhi Dadri	3	0 03	40	3 41	
Kamal I				0 44	
Rohtak III			25	1 80	
Karnal III			38	5 37	
Hisar II			4	0 56	
Bhiwani			63	4 24	
Rohtak TV			1	0 26	
Mohindargarh			25	2 20	
Total	14	0 11	308	41 94	

In this para 14 items of Rs 0 11 Lacs pertain to the period upto Nov 1966 and 308 items of Rs 41 94 Lacs pertain to the period from Nov 1966 to 3/1997

Out of 308 items of Rs 41 94 Lacs 20 items of Rs 2 Lacs have been cleared and rest of the items are still outstanding

The department in its written reply stated as under —

Insufficient details of items

SE Ambala has intimated that record of detail of Rs 7 85 lac is not available in the record of the division as the old record was destroyed in fire. The matter was also taken up with the office of A G (A&E) Haryana Chandigarh. SE Ambala has been directed to take up the matter with A G (A&E) to obtain the necessary information/record and to clear the balances at earliest.

Embezzlement/appropriation

Not relates to P W D (B&R) Deptt

Provincial Divn No III N H Rohtak

An Amount of Rs 81 98 Lacs were adjusted during July 2004 to July 2006 and remaining amount of Rs 67 76 Lacs have been cleared by T E No 1 dated 14 10 2009

Provincial Division No II, Hisar

The item of this division is still in arrear

Non adjustment of Advance payment to firms

The detail of non adjustment of advance payment to firms /suppliers for want of receipt of material or due to non adjustment of material of 17 divisions of PWD B&R are as under

Sr No	Name of Divn	Outstanding		Adjusted upto date		Balance	
		No of items	Amt	No of items	Amt	No of items	Amt
1	Karnal I	9	60 75	6	60 09	3	0 66
2	Karnal II	10	230 16		162 66	10	67 50
3	Karnal Mech	7	6 27			7	6 27
4	Bhiwani	6	92 39	6	92 39	-	
5	Charkhi Dadri	6	87 35	4	58 35	4	29 00
6	Hisar I	4	-3 26	4	3 26		
7	Hisar II	2	6 38			2	6 38
8	Hisar III	4	8 49	4	8 49		
9	Rohtak I	4	26 47	3	24 63	1	1 84
10	Rohtak II	7	0 33	7	0 33	-	
11	Rohtak II	2	29 70	2	29 70		
12	Rohtak IV	12	101 94	9	100 90	3	1 04
13	Ambala I	6	8 80			6	8 80
14	Ambala II	11	100 08	4	87 21	7	12 87
15	Ambala Mech	4	5 04	4	5 04		
16	C D (NH) PKL	4	7 37	4	7 25		0 12
17	Pkl	7	1 53	-		7	1 53
		105	769 79	53	633 78	50	136 01

Thus out of 105 items of Rs 769 79 Lacs 53 items of Rs 633 78 Lacs have been cleared and now 50 items of Rs 136 01 Lacs are in balance

1 Whereabouts of the officeRs /officials were not known to the divisions

Rs In lacs

Sr No	Name of Division	Balance as on 31 3 08		Adjusted		Balance	
		Nos of cases	Amount	Nos of cases	Amount	Nos of cases	Amount
1	Pravl Divn Narainarh	9	0 28	9	0 28	—	—
2	Provl Divn Bhiwari	45	2 16	—	—	45	2 16
3	Provl Divn III Kamal	7	1 53	—	—	7	1 53
4	Provl Divn II Rohtak	4	0 20	—	—	4	0 20
5	Provl Divn III Rohtak	5	0 06	—	—	5	0 06
		70	4 23	9	0 28	61	3 95

Thus only 9 items of Rs 0 28 lacs have been adjusted

2 Officers/officials who stood retired/dismissed or expired

Sr No	Name of Division	Balance as on 31 3 08		Adjusted		Balance	
		Nos of cases	Amount	Nos of cases	Amount	Nos of cases	Amount
1	Provl Divn Naraingarh	5	0 09	5	0 09	—	—
2	Provl Divn Bhiwari	3	1 15	1	0 75	2	0 40
3	Provl Divn (Mech) Kamal	1	0 02	1	0 02	—	—
4	Provl Divn III Kamal (Now PD NH Jind)	4	0 09	—	—	4	0 09
5	Provl Divn I Ambala	10	0 29	—	—	10	0 29
6	Provl Divn III Rohtak	1	0 14	—	—	1	0 14
7	Provl Divn Charkhi Dadri	17	2 10	—	—	17	2 10
		41	3 88	7	0 86	34	3 02

Thus out of 41 items of Rs 3 88 lacs 7 items of Rs 0 86 lacs have been adjusted

3 Shortage of stores detected during physical verification or at the time of transfer of officers/officials and outstanding for over five years

Items more than five years old

1 Mech Divn Karnal 3 items Rs 0 34 lacs Still outstanding

Items more than 10 years old

2 PD Charkhi Dadri 8 items Rs 0 31 lacs still outstanding

4 Short/non supply of material/defective supply of material, excess payment etc

Sr No	Name of Division	Balance as on 31 3 08		Adjusted		Balance	
		Nos of cases	Amount	Nos of cases	Amount	Nos of cases	Amount
1	Provl Divn II Ambala	2	0 10	2	0 10		
2	Provl Divn Naraingarh	3	1 35			3	1 35
3	Provl Divn III Karnal	6	2 30			6	2 30
4	Provl Divn I Rohtak	5	0 71	1	0 06	4	0 65
5	Provl Divn II Karnal	3	5 56	1	5 52	2	0 04
6	Provl Divn I Hisar	19	2 72	1	0 22	18	2 50
7	Provl Divn I Ambala	12	0 30			12	0 30
8	Provl Divn II Hisar	2	3 15			2	3 15
9	Provl Divn III Rohtak	8	1 32	1	1 68	7	0 36
10	Provl Divn Charkhi Dadri	6	0 07			6	0 07
		66	14 74	6	4 12	60	10 62

Thus out of 66 items of Rs 14 74 lacs 6 items of Rs 4 12 lacs have been cleared

5 Works got done under risk and cost clause of the agreements, damages levied for delay in execution of works etc

Sr No	Name of Division	Balance as on 31 3 08		Adjusted		Balance	
		Nos of cases	Amount	Nos of cases	Amount	Nos of cases	Amount
1	Provl Divn Naraingarh	11	0 50			11	0 50
2	Provl Divn I Rohtak	9	9 27	2	2 68	7	6 59
3	Provl Divn II Rohtak	4	3 00			4	3 00
4	Constn Divn Chandigarh	2	9 59			2	9 59
5	Provl Divn Bhiwani	15	1 28			15	1 28
6	Provl Divn II Hisar	4	0 48			4	0 48
7	Provl Divn III Rohtak	5	1 60			5	1 60
8	Constn Divn (NH) Panchkula	6	604 10	3	3 50	3	600 6
9	Provl Divn Charkhi Dadri	6	0 67			6	0 67
		62	630 49	5	6 18	57	624 31

Thus out of 62 items of Rs 630.49 lacs 5 items of Rs 6.18 lacs have been adjusted and 57 items of Rs 624.31 lacs are in arrear. Out of which there is a Arbitration case of Rs 600.60 lacs of Construction Division N H Panchkula and next date of hearing fixed for 11.07.2011

Detailed reply has been given in para 4.5.2.1

Not relates to P W D (B&R) Deptt

On reconciliation of accounts of both the divisions it has been found that actually Water Services C D 21 Rohtak has deposited Rs 22.88 lacs only as one cheque of Rs 5.00 lacs was inadvertently shown twice by Treasury Rohtak and it has also been admitted by the Irrigation division and thus only a sum of Rs 5.31 lacs are under adjustment. It will be adjusted shortly

After hearing the departmental representative, the Committee desired that the department should expedite the cases under arbitration. The Committee also desired that department should make efforts for the early settlement of pending amount

The Committee further desired that reconciliation with A.G. Office be done in respect of old pending cases under intimation to the Committee

IRRIGATION DEPARTMENT

[29] 1 6 Misappropriation, losses defalcations etc

The State Government reported 220 cases of Misappropriations defalcations etc involving Government money amounting to Rs 1 99 crore up to the period March 2008 on which final action was pending at the end of June 2008 The department wise break up of pending cases is given in **Appendix XI (A&B)**

1 6 1 Write off of losses, etc

As reported to Audit losses due to theft fire and irrecoverable revenue etc in respect of one case of Forest Department amounting to Rs 2 47 lakh was written off during 2007 08 by competent authority

The department in its written reply stated as under —

The State Government reported 220 cases of Misappropriations defalcations etc involving Government money amounting to Rs 1 99 crore up to the period March 2008 on which final action was pending at the end of June 2008

Out of 220 cases of Rs 1 99 crores 99 cases of Misappropriation and Defalcation amounting to Rs 36 38 lakhs relates to Irrigation Department The department has taken final action on 55 cases of Rs 25 45 lakh leaving a balance of 44 No cases of Rs 10 93 lakh (Annexures Attached)

Not required

Not required

Not required

Not required

Not required

Not required

Not required

Not required

Not required

Not required

Not required

During the course of oral examination, the departmental representatives stated that there were 99 cases of misappropriation and defalcations involving an amount of Rs 36 38 lac They further stated that out of 99 cases, 66 cases have been settled

After hearing the departmental representative, the Committee desired that efforts should be made to recover the pending amount and where sanction is accorded to write off the amount a copy thereof of sanction be supplied to the office of Accountant General (Audit) Haryana under intimation to the Committee

4 2 9 Extra/avoidable expenditure on land acquisition

[30] Delay in announcement of awards resulted in extra expenditure of Rs 3 46 crore and lack of title of the land in revenue records resulted in avoidable expenditure of Rs 1 20 crore

Government issued a notification for acquiring 26 94 acres land for construction of Sultanpur link drain under Section 4 in May 1999. The Land Acquisition Collector (LAC) Bhiwani demanded (March 2000) a sum of Rs 1 05 crore for awarding land compensation. The amount was deposited (March 2001) by the Executive Engineer Mewat Water Services Division Nuh. Instead of making the full award, the LAC made a payment of Rs 22 67 lakh to the landowners who approached the court for land compensation, as a result of which the notification lapsed. Notifications under Section 4 6 and 7 were issued *de novo* in July 2004 and January 2005 respectively. The Department deposited (September November 2006) an additional amount of Rs 3 28 crore on account of land compensation. The LAC announced (December 2006) three awards for 17 54 acre land only and made payment of Rs 4 14 crore to land owners. Thus, delay in announcement of awards resulted in extra expenditure of Rs 3 46 crore. Meanwhile notifications under Sections 4 6 and 7 had lapsed again and 9 40 acre land still remained to be acquired (May 2008).

Similarly, in Mewat Water Service Division Nuh, the villagers of Mankrola offered their land free of cost for construction of Sultanpur Link drain provided the alignment of the drain was according to their proposal. The alignment of the drain was changed (November 1982) and the land was provided free of cost by the landowners through written undertakings. The Department constructed the drain but did not get the title of the land formally transferred in favour of Government. The land owners subsequently demanded land compensation and since in the absence of a clear title, the department could not establish its title to the land, it had to pay a sum of Rs 1 20 crore (December 2006) towards land compensation. Had the title of land been transferred in the revenue records, this expenditure could have been avoided. Thus, avoidable expenditure of Rs 1 20 crore was incurred.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Irrigation Department in June 2008. Reply had not been received (August 2008).

The department in its written reply stated as under —

Delay in announcement of awards resulted in extra expenditure of Rs 3 46 Crore and Lack of title of the land in revenue records results in avoidable expenditure of Rs 1 20 Crore.

Government issued a notification for acquiring 26 94 acres land for construction of Sultanpur link drain under Section 4 in May 1999. The Land Acquisition Collector (LAC) Bhiwani demanded (March 2000) a sum of Rs 1 05 crore for awarding land compensation. The amount was deposited (March 2001) by the executive Engineer Mewat Water Services Division Nuh. Instead of making

the full award the LAC made a payment of Rs 22.67 lakh to the landowners who approached the court of land compensation as a result of which the notification lapsed. Notification under Section 4, 6 and 7 were issued *de novo* in July 2004 and January 2005 respectively. The Department deposited (September-November 2006) an additional amount of Rs 3.28 Crore on account of land compensation. The LAC announced (December 2006) three awards for 17.54 acre land only and payment made of Rs 4.14 crore to land owners. Thus delay in announcement of awards resulted in extra expenditure of Rs 3.46 crore. Meanwhile notifications under Section 4, 6 and 7 had lapsed and 9.40 acre land still remained to be acquired (May 2008). Similarly in Mewat Water Services Division Nuh, the villagers of Mankrola offered their land free of cost for construction of Sultanpur Link drain provided the alignment of the drain was according to their proposal. The alignment of the drain was changed (November 1982) and the land was provided free of cost by the land owners through written undertakings. The Department constructed the drain but did not get the title of the land formally transferred in favour of Government. The land owners subsequently demanded land compensation and since in the absence of a clear title the Department could not establish its title to the land, it had to pay a sum of Rs 1.20 crore (December 2006) towards land compensation. Had the title of land been transferred in the revenue records, this expenditure could have been avoided. Thus avoidable expenditure of Rs 1.20 crore was incurred.

In this connection it is submitted that the L Section and alignment for construction of Sultanpur Link Drain was approved by the Superintending Engineer Ujjain Diversion Drain Circle No 2 Gurgaon vide his office No 3532/3W dated 17/03/81. The land Acquisition Officer started process of land acquisition in year August 1982. Meanwhile the villagers of village Mankrola proposed in writing the change of alignment with a submission to give land free of cost. The drain was constructed by the Department without having possession of the land in the name of the Government. The changed alignment was approved in November 1982. Later on villagers of Mankrola moved the case for compensation of land in the Civil Court (Additional Civil Judge Sr Division Gurgaon) dated 20.08.88. The department could not prove the possession of land in the name of Government in the Court and lost the case. The Court held the construction of the drain invalid and ordered on 25.10.96 that compensation may be paid to the villagers of Mankrola and move a fresh case for acquisition of land. Land acquisition proceedings for construction of Sultanpur Link Drain (in district Jhajjar and Gurgaon) were started in May 1999 and notification u/s 4 was published on 07/05/99 and u/s 6 was published on 13/09/99 consequent to the orders dated 25.10.96 of Court of Additional Civil Judge Senior Division Gurgaon. An amount of Rs 1.05 crore for 26.94 acre was deposited by the XEN Mewat Water Services Division Nuh in March 2001 for announcement of awards by LAO Bhiwani. LAO Bhiwani announced part award for Rs 22.67 Lac on 18/01/2002 in favour of those villagers only who had gone to the Civil Court and made payment as per Courts orders of

25/10/96 assuming that the balance land had been free of cost by the farmers. The notification of u/s 4 of 7/5/1999 and u/s 6 of 13/09/99 lapsed on 12/9/01. In the mean time people approached the Hon ble Chief Minister Haryana Chandigarh and Hon ble Chief Minister directed the LAO Bhiwani on 5 09 2003 to settle the grievances of petitioner. Thereafter LAO Bhiwani *vide* his letter No LAC/1 Spl dated 22 09 2003 asked Executive Engineer Mewat W/S Nuh for re notification of Land paper for making the payment of land required for Sultanpur link.

As per direction of Hon ble Chief Minister Haryana Chandigarh re notification was processed and Section 4 was Issued on 28 07 2004 and Section 6 was published on 07 01-2005. An amount of Rs 432 82 lac (105 lacs on 30/03/2001 74 82 lacs on 26/09/2006 & 253 lacs on 21/11/2006) was deposited with LAO Bhiwani for making the awards as per availability of Letter of Credit. Only 17 54 acre of land in village Sultanpur Mankrola and Katiawas was awarded because floor rate of land had been revised on April 2005 and full award of Sultanpur link drain could not be made due to non-availability of funds.

Prima facie in this case the delay in announcement of award has occurred as LAO Bhiwani did not make any payment to the shareholders who had not gone to the Court presuming that the land was provided free of cost. But later on on the Court directions as well as Hon ble Chief Minister direction payment were made after due land acquisition process (on the rates applicable at that time i.e Rs 12 50 lakh per Acre + other land acquisition charges). The office of LAO Bhiwani previously remained dormant and the concerned Irrigation officers i.e Shri R K Pahuja and Shri J S Phogat Executive Engineer of Mewat W/S Nuh have also retired from Government Service. Regarding balance amount of 9 40 acre land where the construction of drain could not be completed in village Iqbalpur Jhanjrola and Barsa a fresh under Section 4 notification for 8 66 acres stands approved by the Government and published on 29 06 2010 and land is being acquired. The flood relief drain to drain out the flood water was constructed during year 1982 but the drain was filled up by the cultivators at many places and it is non functional now. The drain will be constructed after the acquisition of land in village Iqbalpur Jhanjrola and Barsa.

After hearing the departmental representatives, the Committee observed that there was lapse on the part of the officers/officials of the deptt who had initiated the construction of drain without fully acquiring the land.

The Committee desired that responsibility of the erring officers/officials be fixed under intimation to the Committee. The Committee also desired that all efforts be made in future to avoid loss to the State Exchequer due to negligence of the department.

4 4 2 Blocking of funds due to tardy implementation of Hisar Ghaggar drain project

[31] A portion of the Hisar Ghaggar Drain constructed at a cost of Rs 12 33 crore could not be put to use due to non-completion of the other portion

Construction of Hisar Ghaggar drain from RD 0 to 360000 envisaged as a comprehensive drainage scheme to cover the Ghaggar and Internal Drainage tracts was approved (November 2002) by the Government at a project cost of Rs 164 crore with the financial assistance of National Bank of Agriculture and Rural Development (NABARD). The project targeted to be completed by March 2005 envisaged to carry flood water and sewage water of towns falling on route of Hansi Bhiwani Hisar etc and to meet the demand of water for irrigation. The department however failed to complete the project within the stipulated period despite timely sanction of loan by NABARD in March 2003.

Scrutiny of records of the Executive Engineers Construction Division No. 6 and 7 Hisar (EE) revealed that Hisar Ghaggar Drain was to be constructed from RD 0 to 360000 out of which a portion RD 0 to 109000 was completed in October 2007 at a cost of Rs 12 33 crore. However the drain could not be made functional due to non completion of the remaining portion of drain from RD 109000 to 360000 by Construction Circle Hisar.

On being pointed out in audit (June 2008) the Superintendent Engineer Construction Circle Hisar stated (August 2008) that the remaining portion of the drain could not be completed as the work of construction of village road bridges and foot bridges were still in progress. The reply indicates that the implementation of the project was delayed due to non synchronisation of various components of the work.

Thus non completion of a portion of the Hisar Ghaggar drain resulted in blocking of funds of Rs 12 33 crore.

The matter was demerit officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana Irrigation Department in June 2008. Reply had not been received (August 2008).

The department in its written reply stated as under —

A portion of the Hisar Ghaggar Drain constructed at a cost of Rs 12 33 crore could not be put to use due to non completion of the other portion.

Construction of Hisar Ghaggar drain from RD 0 to 360000 envisaged as a comprehensive drainage scheme to cover the Ghaggar and Internal Drainage tracts was approved (November 2002) by the Government at a project cost of Rs 164 crore with the financial assistance of National Bank of Agriculture and Rural Development (NABARD). The project targeted to be completed by March 2005 envisaged to carry flood water and sewage water of towns falling on route of Hansi Bhiwani Hisar etc and to meet the demand of water for irrigation. The department ever failed to complete project within the stipulated period despite timely sanction of loan by NABARD in March 2003.

Scrutiny of records of Executive Engineers construction Division No. 6 and 7 Hisar (EE) revealed that Hisar Ghaggar Drain was to be constructed from RD 0 to 360000 out

of which a portion RD 0 to 109000 was completed in October 2007 at a cost of Rs 12.33 crore. However, the drain could not be made functional due to non-completion of the remaining portion of the drain from RD 109000 to 360000 by Construction Circle, Hisar.

On being pointed out in audit (June 2008) the Superintending Engineer, Construction Circle, Hisar, stated (August 2008) that the remaining portion of the drain could not be completed as the work of construction of village road bridges and foot bridges were still in progress. The reply indicates that the implementation of the project was delayed due to non-synchronization of various components of the work.

Thus, non-completion of a portion of the Hisar Ghaggar drain resulted in blocking of funds of Rs 12.33 crore.

The project estimate for the drainage schemes as sanctioned by NABARD under RIDF VIII (Part I) vide their letter dated 31/03/2003 with total estimated cost of Rs 165.04 crores covered 6 Nos. schemes which included the scheme of construction of Hisar Ghaggar Multipurpose channel (HGMP) from RD 0 to 360000 with an estimated cost of Rs 88.14 crores.

The work of construction of HGMP in reach RD 0 to 109000 was taken up in the first phase during June 2004 along the already approved alignment of Darba Ghaggar drain for which some land had also been already acquired and which was later made part of the enlarged scheme of HGMP sanctioned under RIDF VIII and the drain in this reach was accordingly completed in December 2005 at a cost of Rs 12.52 crores. The work of construction of HGMP, the remaining reach from RD 109000 to 360000 (Actual RD 398600) was taken up later during March 2005 after approval of alignment and L-Section and the same was completed during March 2009 at a cost of Rs 59.84 crore. The work in the entire reach from RD 0 to 360000 (Actual RD 398600) was thus completed during March 2009 at actual cost of Rs 72.36 crores against the estimated project cost of Rs 88.14 crores without any cost over run.

So far as the audit observation regarding blockade of funds of Rs 12.33 crores incurred on construction of HGMP in reach RD 0 to 109000 is concerned, it is stated that this portion of the drain falls on the outfall side and is therefore being used continuously since its completion in December 2005 to drain out the rain waters and the seepage water from the waterlogged land along RD 109000 to 68350 of the drain. Besides, whenever water is available in river Ghaggar, it is released in HGMP from outfall side i.e. RD 0 and it reaches upto RD 60000 which is utilized by the farmers for irrigation and therefore this part of the HGMP is already being used as a multipurpose channel since its construction. Thus, delay in completion of the HGMP from RD 109000 to 398600 did not result in blockade of funds of Rs 12.23 crore as the drain from RD 0 to 109000 has been functional since its completion in December 2005.

The para is therefore requested to be dropped.

The Committee was of the opinion that original project should be reviewed and expenditure should be done keeping in view the interests of public in general and of farmers in particular under intimation to the Committee.

4 5 2 Miscellaneous Public Works Advances

[32] 4 5 2 1 Introduction

Miscellaneous Public Works Advances (MPWA) is a suspense head under Major Head 2059 Public Works which is intended to record (i) transactions relating to sales on credit (ii) expenditure incurred on deposit works in excess of deposits received (iii) losses retrenchments errors etc and (iv) other items of expenditure the allocation of which is not known and which can not immediately be adjusted to the final head of account Records relating to unclassified transactions sales on credit losses other items of expenditure etc placed under MPWA during the year 2003 08 in 47 out of 19010 divisions {Irrigation 15 divisions Buildings and Roads (B&R) 20 divisions and Water Supply and Sanitation (WSS) 12 divisions} were test checked during January March 2008

In 190 divisions in the State a sum of Rs 180 85 crore was outstanding under MPWA as on 31 March 2008 as shown below

Sr No	Description	Irrigation	B&R	WSS	Total
(Rupees in crore)					
1	Sales on credit	—	0 01	0 06	0 07
2	Expenditure on deposit works in excess of deposits received	0 17	—	1 44	1 61
3	Losses retrenchments errors etc	0 21	0 13	0 45	0 79
4	Other items ¹¹	94 36	41 81	42 21	178 38
Total		94 74	41 95	44 16	180 85

As per MPWA registers maintained by the divisions test checked 1 658 items involving Rs 50 17 crore are outstanding as of 31 March 2008 Category wise outstanding items are given in **Appendix XXXV**

Addition to and clearance from the outstanding balances as per Form PWA 32 during 2003 08 in divisions test checked is as under

Year	Opening balance as on 1 April	Addition during the year	Clearance during the year	Closing balance as on 31 March
(Rupees in crore)				
2003 04	37 63	14 29	12 57	39 35
2004 05	39 35	5 50	12 11	32 74
2005 06	32 74	22 40	13 13	42 01
2006-07	42 01	38 09	28 55	51 55
2007 08	51 55	49 10	50 63	50 02

The above table showed that balances under this head increased from Rs 37 63 crore to Rs 50 02 crore during 2003 08 an increase of nearly 33 per cent

The outstanding balances reported through monthly account (Form PWA 32) for March 2008 did not agree with those shown in the MPWA register in 19 out of 47 test

checked divisions as detailed below

Number of divisions	Outstanding balances per monthly account	Outstanding balances per MPWA register	Difference excess (+)/ less ()
(Rupees in crore)			
8	27 82	27 03	(+) 0 79
11	3 56	3 93	() 0 37

Similarly in 10 divisions the balances of MPWA had not been carried over correctly resulting in difference in the balances of miscellaneous advances as per monthly accounts for March 2008 as indicated below

Number of divisions	Outstanding balances ¹²	Outstanding balances monthly account	Difference excess (+)/ less ()
(Rupees in crore)			
5	1 14	2 02	() 0 88
5	2 76	2 45	(+) 0 31

Thus there was a net difference of Rs 0 15 crore due to improper maintenance of MPWA registers and non reconciliation of balances with Form PWA- 32 and 41

The department in its written reply stated as under —

Miscellaneous Public Works Advances (MPWA) is a suspense head under Major Head 2059 Public Works which is intended to record (i) transactions relating to sales on credit (ii) expenditure incurred in deposit works in excess of deposits received (iii) losses retrenchments errors etc and (iv) other items of expenditure the allocation of which is not known and which can not immediately be adjusted to the final head of account Records relating to unclassified transactions sales on credit losses other items of expenditure etc placed under MPWA during the year 2003 08 in 47 out of 190¹⁰ divisions {Irrigation 15 divisions Buildings and Roads (B&R) 20 divisions and Water Supply and Sanitation (WSS) 12 divisions} were rest checked during January March 2008 In 190 divisions in the State a sum of Rs 180 85 crore was outstanding under MPWA as on 31 March 2008 as shown below

Sr No	Description	Irrigation	B & R	WSS	Total
(Rupees in crore)					
1	Sales on credit	—	0 01	0 06	0 07
2	Expenditure on	0 17	—	1 44	1 61
3	Losses retrenchments errors etc	0 21	0 13	0 45	0 79
4	Other items ¹¹	94 36	41 81	42 21	178 38
Total		94 74	41 95	44 16	180 85

10 Irrigation 89 divisions B&R 57 divisions and WSS 44 divisions

11 Other items include debits the classification of which could not be determined at once recoverable debits not pertaining to the accounts of a work and recoverable outstanding pertaining to works accounts of which were closed

As per MPWA registers maintained by the divisions test checked 1 658 items involving Rs 50 17 crore are outstanding as of 31 March 2008. Category wise outstanding items are given in **Appendix XXXV**

Addition to and clearance from the outstanding balances as per Form PWA 32 during 2003 08 in divisions test checked is as under —

Year	Opening balance as on 1 April	Addition during the year	Clearance during the year	Closing balance as on 31 March
(Rupees in crore)				
2003-04	37 63	14 29	12 57	39 35
2004 05	39 35	5 50	12 11	32 74
2005-06	32 74	22 40	13 13	42 01
2006 07	42 01	38 09	28 55	51 55
2007 08	51 55	49 10	50 63	50 02

The above table showed that balances under this head increased from Rs 37 63 crore to Rs 50 02 crore during 2003 08 an increase of nearly 33 per cent

The outstanding balances reported through monthly account (Form PWA 32) for March 2008 did not agree with those shown in the MPWA register in 19 out of 47 test checked divisions as detailed below —

Number of divisions	Outstanding balances as per monthly account	Outstanding balances as per MPWA register	Difference excess (+)/Less ()
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8	27 82	27 03	(+) 0 79
11	3 56	3 93	() 0 37

Similarly in 10 divisions the balances of MPWA had not been carried over correctly resulting in difference in the balances of miscellaneous advances as per monthly accounts for March 2008 as indicated below —

Number of divisions	Outstanding balances ¹²	Outstanding balances as per monthly account	Difference excess (+)/Less ()
(Rupees in crore)			
5	1 14	2 02	(+) 0 88
5	2 76	2 45	() 0 31

- 12 Worked out by taking opening balances as on 1 April 2003 and total additions and clearances during 2003 04 to 2007-08 (as depicted in Form PWA 41)

Thus there was a net difference of Rs 0 15 crore due to Improper maintenance of MPWA registers and non reconciliation of balances with Form PWA 32 and 41

Analysis of outstanding balances

As laid down in paragraph 10 23 of the Manual of Orders of PWD (B&R) the Divisional Officer is required to take effective steps to clear the outstanding items under MPWA within reasonable time. However it was noticed that Rs 7 42 crore (1 051 items) were outstanding for more than 10 years in the test checked divisions including 124 items of Rs 0 31 crore outstanding since November 1966 or earlier years.

Persistent increases in outstanding balances and delay in their clearance were attributable mainly to non availability of details of items with the concerned divisions non adjustment of advances released to suppliers/contractors advance payments made to other divisions/departments shortage/non-accountal of material non recovery of amounts against non short supply of material by firms/contractors etc. Effective steps to clear these balances were thus not taken by the divisions test checked. Some of the significant cases are discussed below —

Insufficient details of items

An amount of Rs 29 34 lakh was outstanding since 1965-66 in WSS Division I Rohtak and another amount of Rs 7 85 lakh was outstanding in Provincial Development I Ambala since 1997 98 and earlier years. This was also pointed out vide para 4 18 5 (A) of the Report of the Comptroller & Auditor General of India for the year ended March 1997 (Civil) Government of Haryana. The Public Accounts Committee (PAC) in its 52nd report (March 2002) desired that the detailed report about recoveries of the balance amount in each case be intimated to them within six months but the Government has not been able to respond to PAC recommendations even after six years.

The Engineer In Chief (EIC) WSS stated (August 2008) that efforts were being made to recover the outstanding amount from concerned departments/parties. The Engineer In Chief PWD (B&R) stated (August 2008) that the details of the outstanding amount were not available with the divisions as old record was destroyed in fire. The reply was not acceptable as no adequate efforts had been taken by the divisions to trace out the details of persons/departments/parties from whom these amounts were recoverable.

Embezzlement/misappropriation of Government money

In WSS Division II Bhiwani a sum of Rs 3 28 lakh was outstanding against an official (fitter coolie) on account of fraudulent collection of water bills. Though the fraud came to the notice of the department in July 2003 First Information Report was lodged (July 2005) with the police (Bhiwani) and charge sheet under Rule 7 of the Haryana Civil Services (Punishment and Appeal) Rules 1987 was issued in January 2006. Neither any inquiry nor any action had been taken and the amount was placed in MPWA in May 2006. The official was on duty in the same circle but recovery had not been started so far (June 2008).

Non adjustment of advance payment to firms

In 33 divisions 197 items amounting to Rs 12 66 crore were outstanding against various firms/suppliers for want of receipt of material or due to non adjustment of material

The branch wise position was as under —

(Rupees in crore)

Branch	Number of Divisions	Number of items	Amount outstanding
Irrigation	6	19	0 10
B&R	17	105	7 70
WSS	10	73	4 86
Total	33	197	12 66

Some cases of delay in clearance of outstanding balances were as under —

(Rupees in crore)

Name of division	Amount of advance	Date of payment	Name of Firm	Purpose	Amount adjusted	Balance outstanding
Provincial Division III (NH) Rohtak	1 50	During 1999 2001	Indian Oil Corporation Limited (IOCL) Karnal	Supply of bitumen	0 82 (between September 2004 and July 2006)	0 68
Provincial Division II Hisar	0 06	December 2002	IOCL Panipat	Do	—	0 06
WSS Division Charkı Dadri	0 06	March 2004	Shree Cement	Supply of Cement	—	0 13
	0 13	March 2002	J K Cement	Do	—	1 1
WSS Division Panchkula	0 04	June 2001	Gujrat Ambuja Cement Limited	Do	—	0 04
	0 03	March 2004	Shree Cement	Do	—	0 03

No efforts were made by these divisions to obtain the material or to adjust the outstanding advances

Non recovery for shortages/non accountal of material from departmental officers/officials/supplieRs and contractors

Rupees 10 62 crore were outstanding against 1 216 items on account of shortages/ non accountal of stores/non handling over charge of stores etc by the departmental officers/

officials non recovery from suppliers and contractors Reasons for outstanding balances in some of the cases were as under —

Number of divisions	Number of items	Amount Outstanding (Rupees in lakh)	Reasons
20	243	19.27 ¹³	Whereabouts of the officers/officials were not known to the divisions
27	124	44.33 ¹⁴	Officers/officials who stood retired/9ismissed or expired
8	49	128.73 ¹⁵	Shortage of stores detected during physical verification or at the time of transfer of officers/officials and outstanding for over five years
25	342	128.73 ¹⁶	Short/non supply of material/defective supply of material excess payment etc
23	191	821.07 ¹⁷	Works got done under risk and cost clause of the agreements damages levied for delay in execution of works etc

- 13 Buildings and Roads Branch 5 divisions 70 items Rs 4.23 lakh Irrigation 10 divisions 150 items Rs 13.77 lakh and WSS 5 divisions 23 items Rs 1.27 lakh
- 14 Buildings and Roads Branch 7 divisions 41 cases Rs 3.88 lakh Irrigation 13 divisions 61 cases Rs 39.29 lakh and WSS 7 divisions 22 cases Rs 1.16 lakh
- 15 Buildings and Roads Branch 2 divisions 11 cases Rs 0.65 lakh Irrigation 4 divisions 34 cases Rs 8.90 lakh and WSS 2 divisions 4 cases Rs 1.08 lakh
- 16 Irrigation 103 items Rs 24.46 lakh B&R 66 items Rs 14.74 lakh and WSS 173 items Rs 89.53 lakh
- 17 Irrigation 24 items Rs 44.20 lakh B&R 62 items Rs 630.49 lakh and WSS 105 items Rs 146.38 lakh

Although these cases were brought to notice of the department through inspection reports but no concrete actions to clear them were taken

• Outstanding balances against other divisions/departments/corporations

One hundred and seventy six items of Rs 23.62 crore¹⁸ were outstanding on account of advances made to Haryana Vidyut Prasaran Nigam Limited (HVPNL) Haryana State Electronics Development Corporation Limited (HARTRON) Railways Public Works Divisions and other departments for supply of stores adjustment of energy charges etc Some of the cases are discussed below —

- Public Health Division Panchkula made advance payment of Rs 20.15 crore to Haryana State Electricity Board (HSEB) during April 1992 to July 1993 on account of energy

charges for clearance of part dues of maintenance of Rural Water Supply Scheme in the State. Of this Rs 14.85 crore were adjusted and balance Rs 5.30 crore were outstanding. The PAC in its 52nd report (March 2002) had desired that the recoveries of the balance amount in each case be settled at the earliest and detailed report be intimated to them within six months. Further WSS Division Panchkula made advance payment of Rs 25 crore in March 2002 on account of outstanding arrears of energy charges on behalf of all WSS Divisions in Haryana to HVPNL. Out of this an amount of Rs 8.88 crore in respect of 18 sub-divisions of 11 divisions was adjusted during September 2002. October 2004 and balance amount of Rs 16.12 crore was still outstanding (March 2008). The EIC WSS stated (August 2008) that the balance amount of Rs 5.30 crore could not be adjusted due to non availability of exact figures of energy charges. This showed that inspite of recommendations of the Committee no efforts were made by the department to adjust the balance amount.

- The WSS Division Ambala advanced Rs 7.90 lakh in February 2005 for installation of tubewell to Mechanical WSS Division Ambala. The advance was not adjusted/recovered even after lapse of a period of three years.
 - Construction Division 21 Rohtak paid advance of Rs 27.88 lakh during May 1997 to April 1999 for construction of bridge on Lakhan Majra link drain at k 86.7 of National Highway 10 to Provincial Division III Rohtak which was completed and expenditure of Rs 17.57 lakh incurred was adjusted in March 2008. But no action had been taken to get the balance amount of Rs 10.31 lakh refunded.
- ¹⁸ Irrigation 48 items Rs 1.30 lakh B&R 69 items Rs 0.18 crore and WSS 59 items Rs 22.14 crore

Other points of interest

- The WSS Division III Hisar was shifted in February 2006 to Nuh (Mewat) and the works/records were transferred to WSS Division-I and II Hisar. MPWA of Rs 24.80 lakh (as per form PWA 32 in monthly account of January 2006) was required to be transferred to concerned WSS Divisions at Hisar through proforma accounts. A perusal of records revealed that the balance was neither carried over by the Division at Nuh nor transferred to Hisar Division. As a result of this an amount of Rs 24.80 lakh was left unaccounted for without affecting any recovery since February 2006.
- Construction Division VII Hisar deposited (March 2002) Rs 10 lakh with District Revenue Officer cum Land Acquisition Officer Hisar for acquisition of land for Sidhmukh Nohar irrigation project and Rs 3.61 lakh was utilized in 2003 for payment of compensation for land. The balance amount of Rs 6.39 lakh was not recovered even after lapse of more than four years.

Monitoring

As laid down under Article 196 of Account Code Volume III the Executive Engineer (EE) is required to review the register of MPWA every month to ensure speedy clearance of items placed therein. It was however noticed that MPWA registers were not maintained properly in 20 out of 47 divisions as monthly abstracts were not prepared and submitted to the EE every month. As such registers were not reviewed by concerned EE/

Divisional Accounts Officer in these divisions to take effective steps for clearance of old outstanding items

The position of outstanding items under the suspense head MPWA was reported by the concerned Divisions to the respective Superintending Engineers through quarterly progress returns for onward transmission to the Engineer-In Chief (EIC) of WSS Irrigation and B&R branches indication increase and decrease in balances. However the monitoring for the clearance of items was not being done either at circle level or at EICs level. Old items involving substantial amounts were not analysed and adequate efforts were not made to locate the officers/officials responsible for such long outstanding items.

There was rising trend in the accumulation under MPWA during 2003-08. The increase was primarily due to lack of follow up action by the concerned Divisional Officers. Some divisions had not ever maintained MPWA registers properly as a result of which the Divisional Officers could not review those registers. Monitoring to clear the items of MPWA was weak at all levels including that of EIC as no effective steps were taken by them to clear the outstanding items. There were variations between the figures shown in monthly accounts and those included in MPWA registers. There were heavy outstanding against firms supplies and contractors on various accounts and also against officials whose whereabouts were not known and who stood retired/dismissed and expired.

With a view to reduce the accumulation MPWA following recommendations are made:

- The Department should review the accounts of suppliers and pursue with them to settle the accounts.
- Inquiry against officers /officials for shortage of material or unauthorized expenditure should be conducted speedily and recoveries made.
- Matter regarding recovery of dues from other Government Departments/Corporations should be taken up at Government level.
- Money paid in advance to contractors / suppliers before delivery of supplies or executing of works should be backed by adequate security/bond guarantee to protect the interests of the Government.
- Monitoring system should be made effective at all levels to reduce the outstanding items.

The above observations were duly officially referred to the Financial Commissioner & Principal Secretary to Government of Haryana Public Works Department (Irrigation, Buildings and Roads and Water Supply and Sanitation Branches) in June 2008. Reply had not received (August 2008).

After hearing the departmental representatives the Committee desired that efforts should be made to adjust the advances given in two cases at the earliest under intimation to the Committee.

[33] 4.5.2.2 Analysis of outstanding balances

As laid down in paragraph 10.23 of the Manual of Orders of PWD (B&R) the Divisional Officer is required to take effective steps to clear the outstanding items under MPWA within reasonable time. However it was noticed that Rs. 7.42 crore (1,051 items) were outstanding.

for more than 10 years in the test checked divisions including 124 items of Rs 0 31 crore outstanding since November 1966 or earlier years

Persistent increases in outstanding balances and delay in their clearance were attributable mainly to non availability of details of items with the concerned divisions non adjustment of advances released to suppliers /contractors advance payments made to other divisions/departments shortage/non accountal of material non recovery of amounts against non/short supply of material by firms/contractors etc Effective steps to clear these balances were thus not taken by the divisions test checked Some of the significant cases are discussed below

- **Insufficient details of items**

An amount of Rs 29 34 lakh was outstanding since 1965-66 in WSS Division I Rohtak and another amount of Rs 7 85 lakh was outstanding in Provincial Division I Ambala since 1997 98 and earlier years This was also pointed out *vide* para 4 18 5 (A) of the Report of the Comptroller and Auditor General of India for the year ended March 1997 (Civil) Government of Haryana The Public Accounts Committee (PAC) in its 52nd report (March 2002) desired that the detailed report about recoveries of the balance amount in each case be intimated to them within six months but the Government has not been able to respond to PAC recommendations even after six years

The Engineer-in Chief (EIC) WSS stated (August 2008) that efforts were being made to recover the outstanding amount from concerned departments/parties The EIC PWD (B&R) stated (August 2008) that the details of the outstanding amount were not available with the divisions as old record was destroyed in fire The reply was not acceptable as no adequate efforts had been taken by the divisions to trace out the details of persons/ departments/parties from whom these amounts were recoverable

- **Embezzlement/misappropriation of Government money**

In WSS Division II Bhiwani a sum of Rs 3 28 lakh was outstanding against an official (fitter coolie) on account of fraudulent collection of water bills Though the fraud came to the notice of the department in July 2003 First Information Report was lodged (July 2005) with the police (Bhiwani) and charge sheet under Rule 7 of the Haryana Civil Services (Punishment and Appeal) Rules 1987 was issued in January 2006 Neither any inquiry nor any action had been taken and the amount was placed in MPWA in May 2006 The official was on duty in the same circle but recovery had not been started so far (June 2008)

- **Non adjustment of advance payment to firms**

In 33 divisions 197 items amounting to Rs 12 66 crore were outstanding against various firms/suppliers for want of receipt of material or due to non adjustment of material The branch wise position was as under

(Rupees in crore)

Branch	Number of Divisions	Number of items	Amount outstanding
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Provincial Division III (NH) Rohtak	1 50	During 1999 2001	Indian Oil Corporation Limited (IOCL) Kamal	Supply of bitumen	0 82 (between September 2004 and July 2006)	0 68
Provincial Division II Hisar	0 06	December 2002	IOCL Panipat	Do	—	0 06
WSS Division Charkhi Dadri	0 13	March 2002	Shree Cement	Supply of Cement	—	0 13
WSS Division Panchkula	1 15 0 04	March 2004 June 2001	J K Cement Gujrat Ambuja Cement Limited	Do Do	— —	1 15 0 04
	0 03	March 2004	Shree Cement	Do	—	0 03

No efforts were made by these divisions to obtain the material or to adjust the outstanding advances

- ***Non recovery for shortages/non accountal of materal from departmental officers/ officials/suppliers and contractors***

Rupees 10 62 crore were outstanding against 1 216 items on account of shortages/ Non accountal of stores/non handing over charge of stores etc by the departmental officers/ officials non recovery from suppliers and contractors Reasons for outstanding balances in some of the cases were as under —

Number of divisions	Number of items	Amount Outstanding (Rupees in lakh)	Reasons
20	243	19 27 ¹³	Whereabouts of the officeRs /officials were not known to the divisions
27	124	44 33 ¹⁴	Officers/officials who stood retired/dismissed or expired
8	49	10 63 ¹⁵	Shortage of stores detected during physical verification or at the time of transfer of officers/officials and outstanding for over five years
25	342	128 73 ¹⁶	Short/non-supply of material/defective supply of material excess payment etc
23	191	821 07 ¹⁷	Works got done under risk and cost clause of the agreements damages levied for delay in execution of works etc

Although these cases were brought to notice of the department through inspection reports but no concrete actions to clear them were taken

• ***Outstanding balances against other divisions/departments/corporations***

One hundred and seventy six items of Rs 23 62 crore¹⁸ were outstanding on account of advances made to Haryana Vidyut Prasaran Nigam Limited (HVPNL) Haryana State Electronics Development Corporation Limited (HARTRON) Railways Public Works Divisions and other departments for supply of stores adjustment of energy charges etc Some of the cases are discussed below —

- Public Health Division Panchkula made advance payment of Rs 20 15 crore to Haryana State Electricity Board (HSEB) during April 1992 to July 1993 on account of energy charges for clearance of part dues of maintenance of Rural Water Supply Scheme in the State Of this Rs 14 85 crore were adjusted and balance Rs 5 30 crore were outstanding The PAC in its 52nd report (March 2002) had desired that the recoveries of the balance amount in each case be settled at the earliest and detailed report be intimated to them within six months Further WSS Division Panchkula made advance payment of Rs 25 crore in March 2002 on account of outstanding arrears of energy charges on behalf of all WSS Divisions in Haryana to HVPNL Out of this an amount of Rs 8 88 crore in respect of 18 sub-divisions of 11 divisions was adjusted during September 2002–October 2004 and balance amount of Rs 16 12 crore was still outstanding (March 2008) The EIC WSS stated (August 2008) that the balance amount of Rs 5 30 crore could not be adjusted due to non availability of exact figures of energy charges This showed that inspite of recommendations of the Committee no efforts were made by the department to adjust the balance amount
- The WSS Division Ambala advanced Rs 7 90 lakh in February 2005 for installation of tubewell to Mechanical WSS Division Ambala The advance was not adjusted/ recovered even after lapse of a period of three years
- Construction Division 21 Rohtak paid advance of Rs 27 88 lakh during May 1997 to April 1999 for construction of bridge on Lakhan Majra link drain at km 86 7 of National Highway 10 to Provincial Division III Rohtak which was completed and expenditure of Rs 17 57 lakh incurred was adjusted in March 2008 But no action had been taken to get the balance amount of Rs 10 31 lakh refunded

The department in its written reply stated as under —

Audit has pointed out that 1051 items amounting to Rs 7 42 crore were pending in all the departments In the Irrigation Departments 454 items amounting to Rs 98 75 Lacs were pending up to March 97 Out of this 303 items amounting to 33 85 Lacs have been cleared and 151 items were amounting to Rs 64 90 Lacs are pending Out of total 124 items pending since November 1966 84 items amounting to Rs 1 09 Lacs pertains to Irrigation Department Out of these 83 items amounting to Rs 1 03 Lacs have been cleared and one item amounting to Rs 0 06 Lac is pending The detail is given in Annexure-VI

Insufficient details of items

Para does not relate to Irrigation Department

Embezzlement/misappropriation of Government money

Para does not relate to Irrigation Department

Non adjustment of advance payment to firms

- In six divisions 19 items amounting to Rs 9 94 Lacs were outstanding against various Firms/Suppliers for want of receipt of material or due to non adjustment of material Out of 19 items 9 items amounting to Rs 2 25 Lacs have been cleared and the balance 10 items amounting to Rs 7 24 Lacs are pending The latest position is given at Annexure II
- **Non recovery for shortages/non accountaf of material from departmental officers/officials/suppliers and contractors**
Rs 10 62 Crore were outstanding against 1 216 items on account of shortages /non Accountal of store /non handing over charge of store etc by the departmental officers/ officials non recovery from suppliers and contractors
Out of this 372 items amounting to Rs 30 62 lacs pertains to Irrigation Department 222 items amounting to Rs 73 61 lacs have been cleared and 150 items amounting to Rs 57 01 lacs are pending Detail is given in Annexure -VII Efforts are been made to clear the outstanding balances

Outstanding balance against other Divisions/Departments/Corporations

- Out of total 176 Items amounting to Rs 23 62 Crore 48 items amounting to Rs 1 30 Crore pertains to Irrigation Department Out of these 16 items amounting to Rs 0 81 Crore have been cleared and 32 items amounting to Rs 0 49 Crore are pending The detail is given in Annexure II
Construction Division 21 Rohtak paid advance of Rs 27 88 Lacs during May 97 to April 99 for construction of bridge of Lakhanmajra Link Drain Expenditure of Rs 17 57 Lacs was incurred upto March 2008 but no action was taken to get the balance amount of Rs 10 31 Lacs refunded
In this connection it is intimated that 22 60 Lacs out of total 27 88 Lacs have been adjusted Rs 5 28 Lacs are outstanding for which efforts are being made to recover it from PWD (B & R)

The Committee desired that efforts should be made to adjust/settle the outstanding balance relating to Irrigation Department at the earliest

[34] 4 5 2 3 Other points of interest

- The WSS Division III Hisar was shifted in February 2006 to Nuh (Mewat) and the works/records were transferred to WSS Division I and II Hisar MPWA of Rs 24 80 lakh (as per form PWA-32 in monthly account of January 2006) was required to be transferred to concerned WSS Divisions at Hisar through proforma accounts A perusal of records revealed that the balance was neither carried over by the Division at Nuh nor

transferred to Hisar Division. As a result of this, an amount of Rs. 24.80 lakh was left unaccounted for without affecting any recovery since February 2006.

- Construction Division-VII Hisar deposited (March 2002) Rs. 10 lakh with District Revenue Officer-cum Land Acquisition Officer Hisar for acquisition of land for Sidhmukh-Nohar irrigation project and Rs. 3.61 lakh was utilised in 2003 for payment of compensation for land. The balance amount of Rs. 6.39 lakh was not recovered even after lapse of more than four years.

The department in its written reply stated as under —

Construction Division VIII Hisar deposited (March 2002) Rs. 10 lakh with District Revenue Officer-cum-Land Acquisition Officer Hisar for acquisition of land for Sidhmukh-Nohar irrigation project and Rs. 3.61 lakh was utilised in 2003 for payment of compensation for land. The balance amount of Rs. 6.39 lakh was not recovered even after lapse of more than four years.

Now Executive Engineer, Construction Division VII Hisar has reported that Rs. 6.39 Lakh pending in DRO cum LAO shall be utilised towards land annuity payment.

As regard unaccounted amount due to shifting of WSS division-3 from Hisar to Nuh, the Committee observed that the department has not sent any reply without which the Committee is unable to make its observations, therefore, the Committee desired that reply to this para may be sent to the Committee within three months positively.

So far as recovery of Rs. 6.69 lac is concerned, The Committee desired that the A.G. office should look into the matter and report whether this amount can be utilized towards land annuity payment within three months.

TRANSPORT DEPARTMENT

[35] 4 2 4 Extra financial burden on State exchequer

Non disclosure of the fact regarding pendency of the court case in respect of enhancement of cost of land compensation while transferring the land to Uttar Haryana Bijli Vitran Nigam Limited (the transferee company) resulted in an extra financial burden of Rs 23 04 lakh on the Transport Department

The Transport Department acquired (May 1981) 16 kanal land at Kurukshetra at a cost of Rs 0 78 lakh to set up a bus stand. The land owner filed a case for enhanced land compensation in 1986 in the court of Additional District Judge Kurukshetra (ADJ). Not satisfied with the decision (August 1986) of ADJ, the land owner filed revision appeal in 1986 in Punjab and Haryana High Court (the court) for further enhancement of land compensation. While the case was pending in the court, Government of Haryana on the request (April 2003) of Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) approved (April 2004) the transfer of the land on its initial cost for setting up of a 33 KW sub station. The title of the land was transferred (August 2004) to UHBVNL on receipt of a demand draft of Rs 0 78 lakh (the initial cost of the land).

Scrutiny of records (May 2007) of Haryana Roadways Kurukshetra revealed that the court announced (March 2004) enhancement of land compensation to the land owner. General Manager Haryana Roadways Kurukshetra (GM) asked (May 2005) UHBVNL for the payment of enhanced land compensation to the land owner which was refused (August 2005) on the plea that the Transport Department had not provided any information regarding pendency of litigation for enhanced land compensation at the time of depositing the initial cost of land and also at the time of transfer of land though the court case was decided in favour of the land owner in March 2004 much before the transfer of land. On the execution petition filed by the land owner, the ADJ decided (September 2005) that the Transport Department was liable to make the payment. Accordingly, the Transport Department paid Rs 23 04 lakh (between January 2006 and May 2007) to the land owner on account of enhanced land compensation and interest.

Thus, non disclosure of the fact regarding pendency of the court case in respect of enhancement of cost of land compensation while transferring the land to UHBVNL resulted in an extra financial burden of Rs 23 04 lakh on the Transport Department.

Transport Commissioner Haryana stated (May 2008) that department was not aware about the court case relating to this land. The reply was not acceptable as the matter regarding filing of appeal by the land owner in the court was brought to notice of GM Kaithal on 5 February 1987 by the Land Acquisition Collector Thanesar and thus the Transport Department had full knowledge about the pending court case. Besides, while transferring the land (April 2004) to UHBVNL, a clause to the effect that liabilities, if any, arising in future relating to the land would be borne by UHBVNL, should have been incorporated in the transfer deed.

The matter was demeritally referred to the Financial Commissioner and Principal Secretary to Government of Haryana Transport Department in February 2008, reply had not been received (August 2008).

The department in its written reply stated as under —

Transport Department has acquired about 16 kanal land in village Dara Khurad Jhansa Road Kurukshetra in 1981 for the purpose of creating temporary Bus stand for parking of vehicle at the time of religious fairs organized at Kurukshetra. Total cost of this land was paid Rs 78113/ including interest in the year 1982. The above said land was transferred to UHBVN on their request for the installation of 33 KV sub station after getting the from Govt on file dated 30.5.2003 @ of purchase cost in public interest. The land owners of the above said land filed LA case in the Court of Sh. R. P. Bhardwaj ADJ Kurukshetra in the year 1986 for enhancement of land compensation in which State of Haryana was made a party (copy enclosed). The Transport department was not aware about this LA case as it was neither conveyed nor made a party in this case. Further land owners went to High Court for regular first appeal against the order of the court of LD AD for further enhancement of land compensation. In this RFA Transport Department was also not made a party. Only State of Haryana through the land acquisition collector SDO (Civil) Thanesar Distt Kurukshetra was made a party (copy enclosed). This RFA was decided in favour of land owners by Hon ble Punjab & Haryana High Court on 24.3.2004. The Transport Department came to know about the decision of RFA for first time on 8.10.2004 when SDO (Civil) Thanesar Distt Kurukshetra Memo No. 221/8/pesh dated 7.10.2004 in execution Bishan Chand V/s State of Haryana was received (copy enclosed). As such Transport Department was not aware about the land enhancement case at the time of transfer of land to the UHBVN / e 30.5.2003.

However after receiving the information from SDO (Civil) Thanesar Distt Kurukshetra Transport Department wrote to UHBVN Panchkula to deposit the enhanced compensation of the above said land. The Learned ADJ

The Committee desired that the matter may be resolved at Financial Commissioner level of both the departments and report may sent to the Committee with in period of six months

PUBLIC HEALTH DEPARTMENT

4 4 Idle investments/idle establishment/blocking of funds

Public Works Department (Water Supply and Sanitation Branch)

[36] 4 4 1 Unfruitful expenditure incurred on Electrodialysis based Desalination Plants

Due to non conducting of survey and pre feasibility study to ensure the sufficient quantity and quality of surface and ground water sources by the Department expenditure of Rs 80 63 lakh incurred on installation of Electrodialysis based Desalination plants and connected civil works was rendered unfruitful

Manual on Water Supply and Treatment provides that projects should be identified and prepared in adequate detail in order to enable timely and proper implementation Pre feasibility study should be carried out to ensure quantity and quality of surface and ground water resources actual and potential in the project area and vicinity

To provide potable drinking water to the inhabitants of the villages having deficient water sources in Mewat area Mewat Development Agency (MDA) administratively approved two estimates amounting to Rs 79 50 lakh and Rs 20 34 lakh for installation of Electrodialysis based Desalination Plants (ED plants) and tube wells in four villages in March 2001 and September 2001 respectively The brackish raw water generated by tube wells was to be treated by ED plants for making the water potable Provision was made in the estimates for the installation of three ED plants of 2 000 litres per hour (LPH) capacity in villages Salamba Salaheri Jaivant and one ED plant of 1 000 LPH capacity in village Madhi tube wells generating sets and construction of underground feed storage tanks chambers for installation of plants and generating sets The civil works in respect of village Madhi were allotted to the agency (July 2001) The work of designing supplying installation testing and commissioning of three ED plants was allotted (September 2001) to an agency for Rs 40 lakh The civil works in respect of villages Salaheri and Jaivant were allotted to different contracting agencies between October 2001 and January 2002 Total expenditure of Rs 80 63 lakh was incurred on these works

Scrutiny of records (June 2007) of the Executive Engineer Water Supply and Sanitation Division I Nuh revealed that the division did not conduct any survey pre feasibility study to ensure the availability of sufficient quantity of water required to operate the ED plants notwithstanding the fact that the Department was aware of the shortage of water in this area Though the ED plants were installed between November 2001 and March 2002 the raw water to be treated by these plants was not available As a result ED plants installed in these villages could not be made operational due to non availability of raw water and thus the objective of the scheme to provide potable water to the villagers was not achieved

On being pointed out in audit the Engineer in Chief PWD Water Supply and Sanitation Branch stated (August 2008) that though preliminary survey appears to have been conducted to ensure the availability of water but the fact remains that plant at Madhi was non functional since its installation and plants at Salaheri and Jaivant had remained operational for a short

period i.e. less than one year and thereafter remained non-functional. He further stated that disciplinary action was also being taken against officers at fault. Reply was not acceptable because required quantity of raw water to operate these plants was not ensured before installation of these plants and no proper/detailed survey and pre feasibility study was carried out.

Thus due to non conducting of survey and pre feasibility study to ensure the quantity and quality of surface and ground water sources by the Department expenditure of Rs. 80.63 lakh incurred on installation of ED plants and connected civil works was rendered unfruitful as the potable water could not be supplied to the inhabitants of the villages because of non functioning of ED plants.

The matter was duly officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana Water Supply and Sanitation Branch in June 2008 reply had not been received (August 2008).

The department in its written reply stated as under —

It is intimated that the Mewat Area is located on the Southern tip of the State. It is an area with poor socio economic background, high rate of illiteracy and water scarce and hard hit area. There is no Canal network for the water supply schemes to be based on and availability of potable water follows peculiar pattern and it is available only along foothills of the Aravli range.

On account of scanty rainfall over the years there has been a sharp decline in spring level all round which adversely affected the yield of tube wells and its quality as Central portion of the Mewat acts as a bowl where each year's runoff gets accumulated and thereby raising not only the spring level there but the salinity as well. In view of above life of deep tube wells is also limited. It is on this account of restricted availability of potable water the tube wells are located in far-flung foothills and through long distance pipeline potable water is made available to villages in the central bowl area. Alternately shallow tube wells were the sources of drinking water in central area but these tubewells are unsuitable. Percent potability sources in the Mewat area is barely 30-35% which is also declining.

Therefore all these aspects of quality and quantity of underground water is restricted availability topography hydrology and climatic uncertainty together with population growth required immediate redressal for the sustenance of Public Mewat Development Agency selected some 32 hardhit & water scarce villages for installation of Electro Dialysis based desalination plants during 2001 which was short listed to 8 Nos. and as the technology was new it was decided to install only 3 such plants in the first phase as PILOT PROJECT and based upon its efficiency this could be replicated in balance villages. In light of this backdrop three pilot plants were installed on an experimental basis. These plants were erected under International funds for Agriculture Development Assistance Programme and as International funds for Agriculture development programme was to close down no new work was taken for execution.

However the enquiry has also been got conducted through Superintending Engineer Head Office. In his report he has mentioned that preliminary survey seems to have been conducted to ensure the availability of water as all the sites are near ponds. It may be due to drought conditions prevalent in Nuh area from 2000 to 2004 that recharging of underground strata may not have occurred and spring level lowered in upper aquifer upto which the tubewells

has been installed. The Village wise status of plants installed as per enquiry report is as under —

1 Salaheri

The desalination plant for 2000 LPH capacity was installed in village Salaheri. The plant was put into operation and remained in operation for one year. After this, this plant is not functioning due to abnormal increase in total dissolved solids.

2 Salamba

The desalination plant of 2000 LPH capacity was purposed to be installed in village Salamba but it was shifted to village Jaiwant under proper authority of Superintending Engineer Gurgaon vide No 12272-75 dated 2/11/2001.

3 Jaiwant

The plant installed in village Jaiwant was operational for full month in July 2003 and thereafter from January 2004 to 17/11/04. Since then, the plant is lying dysfunctional though the quality of water is within parameters.

4 Madhi

One more plant having capacity of 1000 LPH which was proposed at Madhi village was installed in village Neemka with complete civil structure. This plant and borewell are not functional since their installation.

The above enquiry report has also conveyed to A G Haryana vide this office letter No 1430 dated 28/08/2008. Disciplinary action is being taken against the defaulting officers.

In view of the position explained the para may be dropped.

After hearing the departmental representatives, the Committee observed that proper surveys were not conducted about the availability of water, where the Desalination Plants were installed.

The Committee also desired that enquiry be conducted in this matter and report be submitted to the Committee within stipulated period.

FINANCE DEPARTMENT

[37] 4 2 8 Overpayment of pensionary benefits

Failure of Treasury Officers/Banks in exercising proper checks as required under financial and treasury rules and orders resulted in overpayment of pensionary benefits amounting to Rs 15 27 lakh

As per Punjab Treasury Rules/Financial Rules applicable to Haryana and the scheme for pension payment by Public Sector Banks the Treasury Officers (TOs) and the Banks are responsible for ensuring the correctness of the payments made with reference to the records maintained by them before incorporating the transactions in their accounts

Inspection of 21 District Treasuries including Sub Treasuries conducted by Accountant General (Accounts and Entitlement) Haryana and 34 branches of nationalised banks conducted by Accountant General (Audit) Haryana during April 2007 to May 2008 revealed an overpayment of pensionary benefits of Rs 15 27 lakh to 166 pensioners/family pensioners in 15 Districts Treasuries including Sub Treasuries and 11 branches of nationalised banks as discussed below

- According to State Civil Service Rules higher rate of family pension is payable from the date following the date of death of employee/pensioner for a period of seven years or till the date on which he would have attained the age of 65 years had he survived whichever was earlier Thereafter normal rate of family pension is payable to them However 41 family pensioners were paid family pension at higher rate beyond the periods prescribed under the rules which resulted in overpayment of Rs 4 09 lakh to them
- According to State Civil Service Rules the amount of commutation is to be reduced from the amount of pension from the date of payment of the commuted value of the pension to the pensioners or three months after the issue of authority asking the pensioner to collect the commuted value of pension whichever is earlier Contrary to this full pension was paid to 18 pensioners without reducing the amount of commutation after the payment of commuted value of pension which resulted in overpayment of Rs 1 79 lakh
- Overpayment amounting to Rs 8 87 lakh was made to 101 pensioners due to wrong calculation of the amount of pension
- An overpayment of gratuity of Rs 0 50 lakh made in five cases was not recovered from the pensioners Besides medical allowance of Rs 0 02 lakh was paid to a pensioner who was employed on compassionate grounds The medical allowance was however not admissible to such pensioners

The matter was reported to Financial Commissioner and Principal Secretary to Government of Haryana Finance Department in June 2008 reply had not been received (August 2008)

The department in its written reply stated as under —

It is intimated that out of the total amount of overpayment of Rs 15 27 lacs of pensionary benefits a sum of Rs 4 19 lacs were made by various treasuries / sub treasuries and Rs 11 08 lacs were made by public sector banks to the pensioners / family pensioners

Against the overpayment of Rs 4 19 lacs a sum of Rs 2 88 lacs have been recovered by treasuries and sub treasuries leaving a balance of Rs 1 31 lacs as outstanding as per details shown in the enclosed Annexure A The banks have also recovered overpayment of Rs 2 56 lacs against the overpayment of Rs 11 08 lacs leaving a balance of Rs 8 52 lacs as outstanding as per detailed shown in the enclosed Annexure B Necessary direction has since been issued to the treasury officers and banks to recover the balance outstanding amount of overpayment of pensionary benefits at earliest in the light of Government letter No 4/34/2009-2 Pension Dated 15/1/2010 Efforts are also being made to recover the overpayment of pensionary benefits from the pensioners/family pensioners

During the course of oral examination the departmental representative stated that out of total amount of Rs 15 27 lacs of pensionary benefits a sum of Rs 4 19 lac relates to different Treasuries /Sub Treasuries and the balance amount of Rs 11 8 lacs has been disbursed by the Public Sector Banks Out of Rs 4 19 lac only an amount of Rs 23371/ is to be recovered As regards over payment made by the banks, a centralize distribution system has been introduced and thereafter no over payment will be made

The Committee desired that after recovering the remammng balance amount, the Committee be informed accordingly

HOME DEPARTMENT

[38] 4 3 6 Inadmissible payment of conveyance allowance to the newly recruited constables during basic training period

The Department made inadmissible payment of Rs 25 41 lakh on account of conveyance allowance to the newly recruited constables in violation of the provisions of State Civil Services Rules

Travelling Allowance Rules provide that a competent authority may grant on such conditions as it may think fit to impose a monthly conveyance allowance to any Government employee who is required to travel extensively at or within a short distance from his Headquarters under conditions which do not render him eligible for daily allowance Punjab Civil Services Rules as applicable in Haryana further provide that no conveyance allowance should be drawn for the period of absence on leave or training

Scrutiny of records (October November 2007) of Commandants I II IV and V Battalion of Haryana Armed Police stationed at Ambala and Madhuban and subsequent information collected between November 2007 and July 2008 revealed that 4 714^a constables were recruited between January 2004 and December 2007 and provided basic training for nine months The Pay Bills prepared by all these Commandants showed that sum of Rs 25 41 lakh on account of conveyance allowance as detailed below was paid to the constables during basic training period between January 2004 and June 2008 in contravention of the above rules This had resulted in an inadmissible payment of conveyance allowance of Rs 25 41 lakh

Sr No	Name of office	Number of constables on training	Amount of conveyance allowance (Rupees in lakh)
1	Commandant I Battalion HAP Ambala	1 168	6 29
2	Commandant II Battalion HAP Madhuban	1 062	5 73
3	Commandant IV Battalion HAP Madhuban	1 106	5 97
4	Commandant V Battalion HAP Madhuban	1 378	7 42
Total		4,714	25 41

On being pointed out in audit the Director General of Police stated (June 2008) that conveyance allowance had been allowed to the newly recruited constables keeping in view extensive travelling by them during field training and rapid deployment during emergent situation for which they have to travel extensively within short distance The reply was not acceptable as basic training of nine months duration was provided at the basic training centre only Moreover no conveyance allowance was paid by the 3rd Battalion during basic training period which substantiated the audit view point that conveyance allowance was not payable during basic training period

Thus due to non following the provisions of *ibid* Rules inadmissible payment of Rs 25 41 lakh on account of conveyance allowance to the newly recruited constables was made

The matter was demr officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana Home Department in April 2008 reply had not been received (August 2008)

The department in its written reply stated as under —

The Tentative draft para was received from Accountant General Audit (H) Chandigarh vide letter No Report OAD(Civil)/DP Cell/TDP 237/07 08/3-4 dated 9 4 2008 regarding Inadmissible payment of conveyance allowance to the newly recruited constables during basic training and the reply was sent to Accountant General (Audit) with a copy to Govt vide this office memo No 9836/ Accts 3 dated 12 6 2008(Copy enclosed)

Conveyance allowance has been allowed to the newly recruited constables in view of their extensive travelling during field training at respective training HQ/campuses which are stretched over vast areas Distance covered by each recruits every day during training is quite justified as short distance within the sentiments of Rule 2 11 of CSR Vol III Moreover for efficient control over law and order situations these recruits are called out for rapid deployment during emergent situations for which they have to extensively travel within short distances at local places of deployment/ temporary duties Since these recruits are not paid TA/DA for such deployment and current duties at local places during their training period payment of Conveyance Allowance is fully justified to meet their local travelling expenses

Hence para may kindly be dropped

During the course of oral examination, the departmental representatives submitted that A G. had pointed out inadmissible payment of Rs 25 41 lac on account of Conveyance Allowance The department clarified that this had been a type of little extra incentive The departmental representatives also stated that there was need to formulate a policy by the Government in this regard

The Committee desired that the matter may be examined so that Conveyance Allowance could be admissible during the basic training period

The Committee also desired that if needed an amendment be made in the rules at the Government level, with retrospective effect

The Committee also desired that efforts should be made to get the spent amount regularized from the Government

COOPERATION DEPARTMENT

4 5 Regulatory issues and others

[39] 4 5 1 *Injudicious payment on account of training and managerial subsidies to Self Help Groups*

Injudicious payment of Rs 15 90 lakh was made to Self Help Groups on account of training and managerial subsidies

The State Government decided to organise Self Help Groups (SHGs) in the rural areas with the aim to generate additional employment. Each SHG was to engage in homogenous activities like carpentry *zari jooti* making shoe making *masala* and pickle making rosary beads of *tuls* and sandal wood quality earthen wares *moodha* making etc. Each SHG was to get Rs 10 000 as training subsidy Rs 25 000 as managerial subsidy and Rs 65 000 as interest subsidy on the loans borrowed by them from the financial institutions/co operative banks. As stipulated in the sanction orders of subsidy Haryana Co operative Development Federation (HARCOFED) was to organise training programmes for the workers/members of SHGs.

Scrutiny of records (July 2006 April and May 2007) of Registrar Co operative Societies Haryana Panchkula (the Registrar) revealed that the department constituted 75 SHGs in 2005 06 and 42 SHGs in 2006 07. Out of these training and managerial subsidies Rs 11 60 lakhs and Rs 28 21 lakhs were released to 116 and 113 SHGs respectively during 2005 07. Training subsidy amounting to Rs 11 60 lakh was not deposited with HARCOFED after recovering from the SHGs. Even HARCOFED was not requested to chalk out any training programme as of May 2008 and as such no training was provided to workers/members of SHGs.

Scrutiny of applications submitted by SHGs for release of managerial subsidy revealed that in 23 cases the SHGs had clearly indicated monthly salary payable to manager (managerial subsidy) less than Rs 25 000 per annum but the Registrar released Rs 25 000 to each group which resulted in excess release of subsidy of Rs 1 50 lakh. Similarly in 16 cases the SHGs had not demanded any amount of managerial subsidy whereas the Registrar released the subsidy to them at the rate of Rs 25 000 which amounted to Rupees four lakh. Thus the Registrar released excess subsidy Rs 5 50 lakh on account of managerial subsidy.

On being pointed out in audit the Registrar stated (between September 2007 and June 2008) that efforts were being made to get the training imparted from HARCOFED by recovering the amount from SHGs. As regards managerial subsidy orders for recovery of the amount had been issued (December 2007).

However the fact remains that even if the recovery is made and training is imparted the purpose of training at this belated stage would not be served as the SHGs had been working for the last one to two years. As regards recovery of amount from SHGs training subsidy of Rs 1 20 lakh only had been recovered (between April 2007 and June 2008) from 12 SHGs and Rupees one lakh deposited into Government treasury and Rs 0 20 lakh with HARCOFED. The balance amount of Rs 15 90 lakh was yet to be recovered (June 2008).

Thus training and managerial subsidies amounting to Rs 15 90 lakh was released injudiciously to SHGs.

The matter was demi officially reported to Financial Commissioner and Principal Secretary to Government of Haryana Co-operation Department in December 2007 reply had not been received (August 2008)

The department in its written reply stated as under —

In compliance with the objection raised by the Accountant General Haryana on the amount of Rs 15 90 lacs relating to training & Managerial subsidy under Self Help Groups Scheme the recovery and utilisation status is given as under —

Sr No	Assistant Registrar Circle	Training Subsidy	Managerial	Total Subsidy	Recovery	Utilisation Certificate	Balance
1	Ambala	60 000	—	60 000	60 000	—	Nil
2	Naraingarh	60 000	1 000	61 000	61 000	—	Nil
3	Nuh	50 000	1 00 000	1 50 000	35 000	1 15 000	Nil
4	Safidon	50 000	25 000	75 000	—	—	75 000
5	Hisar	20 000	—	20 000	20 000	—	Nil
6	Fatehabad	2 00 000	1 00 000	3 00 000	3 00 000	—	Nil
7	Karnal	2 00 000	1 01 000	3 01 000	1 08 000	25 000	1 68 000
8	Sonapat	60 000	—	60 000	30 000	30 000	Nil
9	Panipat	1 00 000	50 000	1 50 000	90 000	—	60 000
10	Loharu	20 000	—	20 000	20 000	—	Nil
11	Mohindergharh	20 000	—	20 000	20 000	—	Nil
12	Rewari	20 000	25 000	45 000	45 000	—	Nil
13	Parwal	20 000	44 600	64 600	24 600	35 000	5 000
14	Gurgaon	20 000	52 000	72 000	42 580	—	29 420
15	Ferozpur Jhirka	—	50 000	50 000	—	50 000	Nil
16	Yamunanagar	10 000	—	10 000	10 000	—	Nil
17	Hansi	60 000	—	60 000	60 000	—	Nil
18	Fardabad	10 000	—	10 000	10 000	—	Nil
19	Rohtak	20 000	—	20 000	20 000	—	Nil
20	Jind	10 000	—	10 000	10 000	—	Nil
21	Karthal	—	1000	1 000	1 000	—	Nil
22	Gohana	10 000	—	10 000	10 000	—	Nil
23	Jhajjar	20 000	—	20 000	20 000	—	Nil
Total		10 40 000	5 49 600	15 89 600	9 97 180	2 55 000	3 37 42 0

Note —

- 5 Some of the Self Help Groups in different Assistant Registrar Coop Societies circles have already utilized the amounts of training & Managerial Subsidy They have submitted the utilization Certificate of that amount
- 6 The sincere efforts are being made for the recovery of balance amounts

The Committee desired the pending amount may be recovered at earliest under intimation to the Committee and the A G. Office

PART-II 2005-2006
Revenue Receipts

EXCISE AND TAXATION DEPARTMENT

[40] 1.7 The Arrears of revenue

The arrear of revenue as on 31 March 2006 in respect of some principal heads of revenue amounted to Rs 1 432 38 crore of which Rs 278 92 crore were outstanding for more than five years as detailed in the following table

(Rupees in crore)				
SI No	Head of revenue receipts	Amount outstanding as on 31st March 2006	Amount outstanding for more than 5 years as on 31st March 2006	Remarks
1	Taxes on sales trade etc	1 142 15	191 47	Demand for Rs 334 59 crore was stayed by High Court and other judicial authorities Rs 61 33 crore were held up due to dealers becoming insolvent Rs 16 90 crore were proposed to be written off Rs 18 02 crore were held up due to rectification/review appeal Specific action to recover the remaining amount of Rs 111 31 crore was not intimated
2	Satate excise	39 56	21 84	emands of Rs 3 69 crore were stayed by High Court and other judicial authorities Rs 0 32 crore were proposed to be written off Rs 0 03 crore were held up due to rectification/review Specific action taken to recover the remaining amount of Rs 35 52 crore was not intimated by the department

1	2	3	4	5
3	Taxes on goods and passengers	36 000	2 99	Demands of Rs 0 51 crore were covered under recovery certificates and recovery of Rs 0 27 crore was stayed by High Court and other judicial authorities Demands of Rs 4 04 crore were recoverable as inter State arrears Action to recover the remaining amount of Rs 31 18 crore was not intimated
	Tax on entry of goods into local areas (L ADT)	110 01	Nil	Recovery of Rs 46 55 crore had been stayed by High Court judicial and departmental authorities and Rs 4 70 crore was held up due to rectification review and appeal Demand of Rs 0 04 crore was outstanding as dealers had become insolvent Balance amount of Rs 58 72 crore was at different stages of action
6	Receipts under entertainment duty and show tax	1 34	1 25	Recovery of Rs 1 23 crore had been stayed by High Court and other judicial authorities and Rs 0 02 crore was likely to be written off Specific reasons to recover the remaining amount of Rs 0 09 crore were not intimated by the department

Off these sales tax arrears of Rs 1 142 15 crore and the arrears outstanding for more than five years constituted 80 *per cent* and 19 per cent of the total arrears respectively Substantial accumulation of arrears of taxes shows that the State Government did not tackle the problem vigorously It is recommended that effective steps for collecting these arrears be taken to augment Government Revenue

The department in its written reply stated as under —

The arrears of revenue as on 31 03 2006 in respect of heads of revenue related to Excise and Taxation Department was amounting to Rs 1329 06 Out of this amount Rs 633 83 crore have been recovered till 31 12 2011 Out of the outstanding amount of Rs 695 23 crore Rs 247 68 crore are under stay Rs 108 26 crore are under liquidation Rs 77 41 crore are *inter-state* arrears Rs 36 76 crore are to be written off Rs 56 43 crore are in case where property is attached and Rs 1 16 crore are in cases in which instalments have been fixed Accordingly net recoverable amount is Rs 167 53 crore as per detail given below

Sales Tax

This para is based on information supplied by the department to the A G (Audit) Haryana Out of total arrear in revenue of Rs 1142 15 crore Rs 595 38 crore stands recovered up to 31 12 2011 leaving a balance of Rs 546 77 crore The reason wise details of balance arrear are given below —

	(Amount in Lacs)
1 Under Stay	14930 59
2 Under Liquidation	10800 43
3 Interstate arrear	6797 20
4 For writing off	3643 25
5 Property attached	4692 36
6 Under installments	62 92
7 Net recoverable	13750 05
Total	54676 80

It may seen from the above reply that out of sales tax arrears of Rs 1142 15 crore as on 31 03 2006 595 38 crore have been recovered till 31 12 2011 Further it may be seen that out of the balance arrears net recoverable arrears are only 137 50 crore which is just 0 371 % of the total sales tax collection upto 31 3 2006 The State Government is vigorously pressing the recovery of arrears

State Excise

Out of total arrear in revenue of Rs 39 56 crores Rs 9 94 crore have been recovered upto 31 12 2011 leaving a balance of Rs 30 12 crores The reasons wise breakup of balance arrear are as under —

	(Amount in Lacs)
1 Under Stay	1224 56
2 Interstate arrear	481 59
3 For writing off	33 25
4 Property attached	951 12
5 Under installments	15 17
6 Under Liquidation	21 10
7 Net recoverable	284 77
Total	3011 56

PGT

Out of total arrear in revenue of Rs 36 00 crores Rs 24 79 crore have been recovered upto 31 12 2011 leaving a balance of Rs 11 21 crore The reason wise balance arrear are as under —

		(Amount in Lacs)
1	Inter State arrear	461 29
2	Net recoverable	659 72
Total		1121 01

LADT

Out of total arrear in revenue of Rs 110 01 crores Rs 3 33 crore have been recovered upto 31 12 2011 leaving a balance of Rs 106 68 crore The breakup of balance arrear are as under —

		(Amount in Lacs)
1	Under Stay	8577 61
2	Under Liquidation	4 47
3	Under installments	38 33
5	Net recoverable	2047 37
Total		10667 78

Entertainment Duty

Out of total arrear in revenue of Rs 1 34 crores Rs 0 89 crore have been recovered upto 31 12 2011 leaving a balance of Rs 0 45 crore The reason-wise balance arrear are as under —

		(Amount in Lacs)
1	Under Stay	33 55
2	Inter State	0 35
3	Net recoverable	10 96
Total		44 86

The Committee desired that all out efforts be made to recover the balance amount under intimation to the Committee

The Committee further desired that vigorous and sincere efforts be made in respect of the cases which are under stay/liquidation

[41] 18 Arrears in assessments

The details of cases pending assessment at the beginning of the year cases becoming due for assessment during the year cases disposed of during the year and number of cases pending finalisation at the end of each year during 2001-02 to 2005-06 as furnished by the Excise and Taxation Department in respect of taxes on sales trade etc (ST) and taxes goods and passengers (PGT) are as follows —

Year	Head of revenue receipts	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
2002-03	ST	1 62 618	1 59 063	3 21 681	1 14 003	2 07 678	35
	PGT	1 002	693	1 695	555	1 140	33
2002-03	ST	2 07 678	1 79 265	3 86 943	1 53 08	2 33 865	40
	PGT	1 140	673	1 813	711	1 102	39
2003-04	ST	2 33 865	1 64 386	3 98 251	1 92 321	2 05 930	48
	PGT	1 102	667	1 769	457	1 312	36
2004-05	ST	2 05 930	1 59 740	3 65 670	1 42 901	2 22 769	39
	PGT	1 312	704	2 016	536	1 480	27
2005-06	ST	2 22 769	1 63 789	3 86 558	1 86 761	1 99 797	48
	PGT	1 480	618	2 098	433	1 665	21

The above table shows that pending cases in respect of taxes on sales trade etc at the beginning of 2001-02 were 1 62 618 which increased to 1 99 7 at the end of 2005-06 i.e. 23 per cent while the percentage of cases finalised increased from 35 per cent in 2001-02 to 48 per cent in 2005-06 52 per cent of total cases (3 86 558) were pending assessment (1 99 797 cases) As on 31 March 2006 Similarly pending cases in respect of PGT increased from 1 002 at the beginning of 2001-02 to 1 665 at the end of 2005-06 i.e. by 66 per cent The percentage of cases finalised decreased from 39 per cent in 2002-03 to 21 per cent in 2005-06 79 per cent of total cases (2 098) were pending assessments (1 665 cases) as on 31 March 2006

The department in its written reply stated as under —

In the CAG report for the year 2005-06 there were 201462 (199797 ST + 1665 PGT) cases shown pending for assessment Out of which 201190 cases (199576 ST + 1614 PGT) have been disposed of upto 31-12-2011 leaving a balance of 272 cases (221 ST + 51 PGT) Efforts are being made to clear the balance cases at the earliest

The Committee desired that latest position under both the Heads (221 cases of ST and 51 cases of PGT) be intimated to the Committee Quarterly Progress Report be sent to the Committee accordingly

[42] 1 10 Evasion of tax

The details of evasion of tax detected by Excise and Taxation Department cases finalized and the demands for additional tax as raised by the department during 2005 06 are given below

Sl No	Head of revenue receipts	Cases pending as on 31 March 2004	Cases detected during the year 2004 2005	Total (3+4)	Number of cases in which assessments/ investigations completed and additional demand including penalty etc raised		Number of cases pending finalisation as on 31 March 2005
					No of cases	Amount of demand (Rupees in crore)	
1	2	3	4	5	6	7	8
1	Taxes on sales Trade etc	95	878	973	921	1 56	52
2	State excise	72	1 648	1 720	1 603	68 91	117
3	Taxes on goods and passengers tax	764	17 848	18 612	13 129	7 37	5 483

The department in its written reply stated as under —

Sales Tax

All the 52 Cases have been disposed off by creating an additional demand of Rs 348 39 lacs out of which Rs 81 37 lacs stands recovered leaving a balance of Rs 267 02 lacs and concerned DETCs have been directed to recover the amount at the earliest

Excise

Out of 117 Cases 77 Cases have been disposed off by creating demand of Rs 70 39 lacs out of which Rs 18 73 lacs stands recovered leaving a balance of Rs 51 66 lacs Out of remaining 40 cases 39 cases are pending in courts only 1 case is still under process and concerned DETC has been directed to dispose off the case at the earliest

PGT

Out of 5483 Cases 4693 Cases have been disposed off by creating an additional demand of Rs 273 16 lacs which stands recovered Remaining 790 cases are still under process and concerned DETC s have been directed to dispose off these cases at the earliest

The Committee desired sincere and vigorous efforts be made in respect of recovering the balance/pending amount relating to Taxes on Sales, Trade etc State Excise and Taxes on goods and passenger tax under intimation to the Committee

[43] 1 11 Write off and waiver of revenue

During the year 2005 06 demands for Rs 16 90 crore in 285 cases and Rs 0 32 crore in 25 cases relating to sales tax and state excise respectively were written off by the Excise and Taxation Department as irrecoverable Reasons for the [write off as reported by the department were as follows

Sr No	Reasons	Sales Tax		State Excise	
		No of cases	Amount (Rupees in lakh)	No of cases	Amount (Rupees in lakh)
1	Whereabouts of defaulters not known	122	747 70	10	12 50
2	Defaulters no longer alive	17	126 65	7	8 71
3	Defaulters not having any property	105	413 34	6	10 23
4	Defaulters adjudged insolvent	5	24 19	2	1 03
5	Other reasons	36	378 42	Nil	Nil
Total		285	1 690 30	25	32 47

The department in its written reply stated as under —

The decision regarding writing off is taken in cases where all possibilities for the recovery of the arrears are exhausted and the chances for the recovery are Nil All such Cases are referred to the committee constituted under the Chairmanship of the Chief Minister or the Excise & Taxation Minister as per norms fixed

The Committee desired that department should expedite the writting off of amount involved on top priority only in such cases in which recovery is not possible under intimation to the Committee

[44] 1 12 Refunds

The number of refund cases pending at the beginning of the year 2005 06 claims received during the year refunds allowed during the year and cases pending at the close of the year 2005 06 as reported by the Excise and Taxation Department and Chief Electrical Inspector Haryana are given below

Sr	Particulars	Sales tax		State Excise			
		No of cases	Amount Rs in lakhs	No of cases	Amount Rs in lakhs		
	Claims out standing at the beginning of the year	525	2 669 13	5	3 91	Nil	Nil
	Claims received during the year	2 252	5 665 32	16	18 86	12	18 55
	Refunds made during the year	2 419	4 539 95	20	22 67	12	18 55
	Balance outstanding at the end of the year	358	3 794 50	1	0 10	Nil	Nil

Refunds of Rs 45 63 crore and Rs 0 19 crore had been made by the Excise and Taxation Department and Chief Electrical Inspector Haryana to 2 439 and 12 claimants respectively during the year 2005 06

The department in its written reply stated as under —

Sales Tax

Out of 358 cases 357 have been disposed off by allowing the refund of Rs 3793 43 lacs thereby only 1 cases are in balance involving an amount of Rs 1 07 lacs Efforts are being made to finalise the balance cases as early as possible

Excise

Only one case was pending which has been disposed off by finalising the payment of Rs 10 000/ Hence the para may please be dropped

The Committee desired that efforts be made to finalise one case relating to sales tax and one case relating to excise under intimation to the Committee

[45] 2.1 Results of Audit

Test check of sales tax assessments refund cases and other connected records conducted during the year 2005-06 revealed under assessments of sales tax amounting to Rs 241.06 crore in 960 cases which broadly fall under the following categories

Sr No	Particulars	Number of cases	Amount (Rupees in crore)
1	Under assessment of turnover under CST Act	224	34.15
2	Application of incorrect rates of tax	105	5.28
3	Incorrect computation of turnover	10	3.41
4	Non levy of interest	35	1.29
5	Non levy of penalty	11	0.19
6	Other irregularities	574	45.65
7	Review on Evasion in sales tax	1	151.09
Total		960	241.06

During the year 2005-06 the Excise and Taxation Department accepted under assessments of tax of Rs 1.07 crore involved in 95 cases of which 67 cases involving Rs 0.33 crore had been pointed out in audit during 2005-06 and the rest in earlier years. An amount of Rs 0.95 crore had been recovered in 60 cases during the year 2005-06 of which Rs 0.71 crore recovered in 21 cases related to earlier years.

A few illustrative cases involving Rs 5.74 crore and a review on Evasion in sales tax involving Rs 151.09 crore highlighting important cases are mentioned in this chapter.

The department in its written reply stated as under —

Out of total 959 cases involving an amount of Rs 89.97 crore have been reviewed with the following results —

Number of Cases	Amount pointed out by audit (Rs in lacs)	Result of review
65	4.05	Settled with demand
425	32.86	Settled without demand
469	53.06	Cases are under review with AG Audit
959	89.97	Total

As regards the remaining one case involving an amount of Rs 151.09 crores as per Sr No 7 of the table reply is given in succeeding para 2.2.8 to 2.2.15.

The Committee desired that sincere efforts be made to settle the cases under review with Accountant General (Audit), Haryana under intimation to the Committee

Evasion of tax by unregistered dealers

[46] 2 2 8 Non levy of tax on contractees

2 2 8 1 Under the HGST Act sale means any transfer of property in goods and includes transfer of right to use any goods (whether as goods or in some other form) for cash deferred payment or other valuable consideration

Department clarified in December 1996 that material supplied by contractees to the contractors constitute an independent sale for which they are required to be registered and pay tax Further where a dealer liable to pay tax wilfully failed to apply for registration he shall be liable to pay penalty in addition to the amount of tax a sum equal to twice the amount of tax so assessed

Audit scrutiny of the records and information received/collected from 10 divisions/units revealed that cement valued at Rs 31 46 crore was procured by HUDA HSAMB and HPHC (contractees) during the years 2000 01 to 2004 05 from outside the State and supplied to contractors for use in the execution of works Scrutiny of contractors bills and other related records however revealed that contractees neither recovered sales tax from the contractors nor was it deposited in Government account This resulted in evasion of tax of RS 11 32 crore (including penalty of Rs 7 55 crore)

The matter was brought to the notice of eight DETCs between December 2005 and March 2006 DETC Panchkula State in May 2006 that notices were being issued to HUDA and HPHC DETC Hisar stated in June 2006 that notices had been issued to HSAMB Hisar ETC stated in June 2006 that the department had intimated action against the contractees for non payment of tax Further progress was awaited (August 2006)

The department in its written reply stated as under —

M/s Haryana Police Housing Corporation, Panchkula

In regard to H P H C notice was issued to M D Haryana Police Housing Corp Ltd and reply in this regard has been received from the Managing Director H P H C

Further it is submitted that Haryana Police Housing Corpn is an autonomous body incorporated to formulate execute and undertake construction of building of residential/non residential building of Police Deptt Jail etc H is admitted that the goods are purchased by HPHC as per rates fixed by % Director Supplies and Disposal and such goods are supplied to the contractors

The H P H C is an unregistered body under H G S T Act 1973 (since repealed) and Haryana Value Added Tax Act 2003 and exist and functions as a Contractee The liability for the Contractee and the contractor both under Haryana General Sales Tax Act 1973 (since repealed) and Haryana Value Added Tax Act 2003 is defined under section 25B and Section 24 respectively

H P H C being a contractee deducts Tax deduction at source on the Gross value of the work done which includes cost of cement consumed on the work also from the payment of contractor and deposit the same to this department

The corporation however did not collect Sales Tax on the sale of cement to contractor other than T D S separately as the same would tantamount to double taxation as levying tax twice on the same material in the single transaction would be against Principals of Natural Justice

It is hence requested that para may be dropped

M/s XEN Haryana State Agricultural Marketing Board Division, Karnal

In this para it is submitted that a notice issued to the Board for supply of statement showing purchases of cement etc during the year 2002-03 the HSAMB has not shown any purchases from outside the state Whereas audit has pointed out purchase of 19270 bags worth Rs 2510688/- The audit has not pointed out source of purchases In view of the statement given by HSAMB the purchase of 19270 bags if from within the State end as such audit objection deserves to be settled

The Committee desired that recovery of the amount may be effected as and when the matters are decided by the court and Committee be informed accordingly

[47] 2 2 10 3 Under the HGST Act no sale of tax paid goods at a subsequent stage shall be exempt from tax unless the dealer effecting the sale at such subsequent stage furnishes to the assessing authority in the prescribed form (ST 14) a certificate duly filled in and signed by the dealer from whom the goods were purchased to the effect that the tax on such goods has been paid at the first stage of sale The department issued instructions in September 1985 that the assessing authorities should not accept incomplete/wrongly or vaguely filled in declaration forms (ST 14) as such forms besides being invalid gave on considerable scope of evasion of tax

Outing test check of records of four DETCs it was noticed between February and December 2005 that the assessing authorities while finalising the assessments between June 2002 and March 2005 allowed deductions amounting to Rs 83.47 crore involving tax of Rs 4.25 crore 10 nine dealers in 15 cases during 2000-01 to 2002-03 on account of tax paid purchases against declarations in form ST 14 Audit scrutiny of forms revealed that these forms did not contain particulars of tax deposited by the first seller In the absence of complete particulars in the declaration forms tax paid by the first seller on such goods could not be verified in audit

After this was pointed out the department stated in June 2006 that incomplete declarations as pointed out by audit were being got completed

The department in its written reply stated as under —

M/s Food Corporation of India, Karnal, R C No 09679 A Y 2000 01

In reply to objection raised by the audit it is stated that the FCI has either purchased foodgrains directly by paying sales tax or has purchased goods through various procurement agencies of the State like HAFED DFSC CONFED etc These firms have paid tax on the purchases at the first stage In the given circumstances there are no scope of evasion of tax in the hands of these agencies However FCI has been directed to furnish detail of the agencies who paid the tax during the year

Mahavir Enterprises, Panipat, R C No 11322, A V 2001 02

In reply to audit para it is submitted that in the light of Audit objection the file was sent to the Revisional Authority cum DETC Panipat who vide his orders dated 19 06 2009 decided the case and the forms ST 14B were rejected creating an additional demand of Rs 2873358/ The R A also directed Assessing Authority to take action u/s 48 of the HGST Act Complying the directions of Revisional Authority penal action u/ s 48 has been taken and penalty at Rs 86 20 074/ has been imposed ETO AA orders dated 8 7 2011 (disposal No 194 A)

The dealer is not available in Panipat and thus as per record available TDN copy of order and challan has been sent to the DETC Faridabad alongwith recovery certificate as the residential address of the prop and both the sureties are shown of Faridabad A letter to the Tehsildar Panipat has also been written to know about the immovable property in the name of prop in Panipat district

M/s Food Corporation of India, Karnal, R C No 09679 A Y 2000 01

The Committee desired that details of Agencies who paid the tax be supplied to the Committee

Mahavir Enterprises Panipat, R C No 11322, A Y 2001 02

The Committee desired that sincere and vigorous efforts be made to trace out the whereabouts/immovable properties of the firm/societies under intimation to the Committee

[48] 2 2 10 4 Under the CST Act benefit of indirect export sale shall not be admissible unless the dealer selling the goods furnishes to the prescribed authority in the prescribed manner a declaration duly filled in and signed by the exporter to whom the goods are sold in a prescribed form H/ST 15 A obtained from the prescribed authority Production of original form H is mandatory with effect from 11 May 2002

During test check of records of DETC Karnal it was notice in November 2005 that a dealer exported Wheat and rice value at Rs 1 032 70 crore against form HJST 15 A during 2002 03 Out of this he furnished duplicate photocopies of original/duplicate and counterfoils of forms H/ST 15 A for Rs 106 33 crore While finalising assessment in August 2004 the assessing authority accepted these forms which was irregular As such the possibility of evasion of tax of Rs 4 25 crore cannot be ruled out

After this was pointed out the department stated in June 2006 that the case was under examination

The department in its written reply stated as under —

M/s Food Corporation of India, Karnal, R C No 9679, A Y 2002 03

The dealer has been directed to procure and produce ST 15A from the respective exporting dealers of state in place of H forms The progress will be intimated once the requisite is done

The Committee desired that latest position in this regard be intimated to the Committee

Non compliance of departmental instructions regarding cross verification

[49] 2 2 12 In order to ensure genuineness of the transactions and detect evasion of tax by dealers the ETC 10 August 1988 emphasised the need of cross verification of sale and purchase transactions exceeding Rs 10 000 in the case of ETO and Rs 5 000 in the case of AETO

During test check of records of seven DETCs it was noticed that cross verification of 1 399 transactions (each exceeding Rs 50 000) aggregating to sale value of Rs 39 75 crore involving tax of Rs 3 32 crore during 1999 2000 to 2002-03 was not done and assessments were finalised. However cross verification of 802 transactions (including 604 out of 1 399) by audit revealed Irregularities as discussed below

2 2 12 1 Under the HGST Act if a dealer has maintained false or incorrect accounts or documents with a view to suppress his sales purchases or stock of goods or has concealed any particulars of his sales or purchases or has furnished to or produced before any authority any accounts return document of information which is false or incorrect he shall be liable to pay penalty in addition to the tax to which he is assessed or is liable to be assessed a sum not less than twice and not more than three times the amount of tax which could have been avoided. Further every dealer is required to submit to the assessing authority a monthly or quarterly return and pay tax due as per returns within the prescribed period

During test check of records of five DETCs it was noticed that 10 dealers were allowed deduction of Rs 6 89 crore on account of sales made to 14 dealers during the year 2002 03 on the strength of registration certificate without payment of tax. Cross verification of records of these offices revealed that 10 dealers did not account for purchases of Rs 5 crore two dealers did not file returns for purchases of Rs 66 50 lakh and two dealers to whom sales of Rs 1 23 crore were made had closed down their business. Failure on the part of assessing authorities to cross verify the transactions and monitor the submission of returns resulted in evasion of tax of Rs 73 81 lakh besides minimum penalty of Rs 1 48 crore

After this was pointed out the department stated in June 2006 that the matter in all these cases was under examination

The department in its written reply stated as under —

M/s Sachdeva Exports Karnal, R C No 27864 A Y 2002 2003

In this para it is submitted that the enquiry made from Assessing Authority Kaithal has revealed that M/s Sheetal Rice (India) Kaithal has shown R D Sales of Rs 1 94 578/- to M/s Sachdeva Exports Karnal during the year 2002 2003. These purchases do not find place in the file of Karnal dealer. The Karnal dealer has given in writing that he did not make any purchases from this firm of Kaithal. It seems that Kaithal dealer issued paper bill in the name of Karnal dealer in order to shift liability to pay purchase tax on paddy as the stage of tax on paddy is last purchase. It is pointed out that M/s Sachdeva Exports is well reputed exporter of rice and the evasion if any seems to be on the part of the selling dealer at Kaithal. The Assessing Authority Kaithal has referred the case of M/s Sheetal Rice (India) Kaithal for *Suo Moto* action

M/s Manku Trader (PI Ltd , Faridabad (W) RC No 1319845 AY 2002 03

In reply to this audit note it is submitted that the case for the year 2002 03 of this dealer was re assessed under section 31 of H G S T Act 1973 and the Assessing Authority has levied tax of Rs 1896926/ by disallowing the R D Sale to the tune of Rs 158007720 00 vide order dated 25 09 2007 which was served upon the dealer by registered AD No 2375/ dated 08 10 2007 and proceedings for the penal action under section 48 were started by giving notice to the dealer Penalty under section 48 of the said Act to the tune of Rs 5690778/ was levied vide assessing authority orders dated 11 8 2008 which was served upon the dealer by registered post vide No 2180/dated 28 08 2008 The dealer has filed an appeal before the Joint Excise & Taxation Commissioner (Appeal) Faridabad which was dismissed vide order dated 17 06 2008 Further the dealer went in appeal before the Sales Tax Tribunal Haryana Chandigarh which was also dismissed by the Hon ble Tribunal vide order dated 28 05 2009 The dealer was served upon a writ/notice of demand for invoking the provision of Punjab Land Revenue Act by registered post vide No 2822/dated 18 09 2009 and the said arrears was declared recoverable under the Punjab Land Revenue Act vide Asstt Collector 1st Grade order dated 28 01 2010 and the recovery certificate was sent vide Collector Cum Dy Excise & Taxation Commissioner Faridabad(West) vide R C No 4670/ W 5/dated 02 02 2010 Surety amount to the extent of Rs 1 00 000/ have been recovered from both the sureties and Rs 1 00 000/ against personal surety bond of the Director has also been recovered

M/s Megha Enterprises, Faridabad (West) R C No 1313538 A Y 2002 2003

As a result of audit objection the re assessment proceedings in this were initiated by issuing notice in form ST 25 on 25 4 2007 The dealer had failed to show his purchases in the return so it was re assessed to tax and penalty under section 31 of HGST Act The re assessment was framed exparte vide order dated 10 6 2008 thereby creating an additional demand of Rs 13 20 226 00 The recovery of Rs 50 000 00 was made from one of the surety (Surety amount) Further a recovery of Rs 45000-00 has been made from the dealer The firm is lying closed There exists no property in the name of the owner of the firm However efforts are being made to recovery the balance amount of Rs 12 25 226 00

M/s Sachdeva Exports Karnal, R C No 27864, A Y 2002 03

The Committee desired that thorough check up be made in respect of purchase tax given by the firms and action taken against M/s Sheetal Rice (India) Kaithal be intimated to the Committee

M/s Manku Traders (P) Ltd Exports, Karnal, R C No 27864, A Y 2002 03

The Committee desired that recovery of the remaining amount may be effected as and when the matter is finally dispose off by the Tribunal and the Committee be informed accordingly

M/s Megha enterprises, Faridabad (West), R C No 1313538, A Y 2002 03

The Committee desired that sincere efforts be made to recover the balance amount of Rs 12 25,226/ under intimation to the Committee

[50] 2 2 12 2 Test check of records of DETC Hisar revealed that a dealer sold goods (iron and steel) valued at Rs 7 18 crore to a dealer of Panipat during movement of goods from Rourkela against declaration in form C during 2001 02. These goods were liable to be taxed in the state at the first point of sale. Cross verification of records of DETC Panipat revealed that the dealer of Panipat had accounted for these goods as tax paid goods in State sup supported by declaration (ST 14) furnished to him by the dealer or Hisar. While finalising the assessment in June 2003 the assessing authority could not detect the suppression of facts from the accounts submitted by the dealer and excluded the turnover from levy of tax. Failure of DETC Panipat to cross verify the transaction with DETC Hisar resulted in evasion of tax of Rs 28 73 lakh besides minimum penalty of Rs 57 47 lakh.

The department in its written reply stated as under —

M/s Mahavir Enterprises Panipat, R C No 11322, A Y 2001 02, D No 73

In reply to audit para it is submitted that in the light of Audit objection the file was sent to the Revisional Authority cum DETC Panipat who vide his orders dated 19 06 2009 decided the case creating an additional demand of Rs 2873358/.

The R A also directed Assessing Authority to take action u/ s 48 of the HGST Act. Complying the directions of Revisional Authority penal action u/ s 48 has been taken and penalty at Rs 86 20 074/ has been imposed vide ETO AA orders dated 8 7 2011 (disposal No 194-A). Now the action stands complete and TDN for tax amount of Rs 2873358/- and penalty amount of Rs 8620074/ stands issued. The total amount due against dealer is Rs 1 14 93 432/-.

The dealer is not available in Panipat and thus as per record available TDN copy of order and challan has been sent to the DETC Faridabad alongwith recovery certificate as the residential address of the prop and both the sureties are shown of Faridabad. A letter to the Tehsildar Panipat has also been written to know about the immovable property in the name of prop in Panipat district.

The Committee desired that all out efforts be made to recover the amount of Rs 1,14,93,732/ due against the Dealer under intimation to the Committee

The Committee further desired that whereabouts of dealer and sureties be traced and inform the Committee accordingly

[51] 2 2 12 3 As per HGST Act no time limit for finalization of returns has been prescribed. However ETC issued instructions in January 1982 to finalise the assessments within three year.

Cross verification of records of DETC Faridabad (East) with that DETC Hisar revealed that a dealer purchased iron and steel of Rs 1 05 crore (Rs 14 97 lakh in 2001 02 and Rs 90 07 lakh in 2002 03) from a dealer of Hisar during movement of goods from outside the State against form C. The dealer of Faridabad did not account for the goods in his return for the year 2001 02 and had not submitted return for the year 2002 03 (the return for 2001 02 has not been finalised so far). Thereafter he closed down his business without intimation to the department. Non monitoring of submission of returns and non conducting of cross verification of transactions by DETC Faridabad resulted in evasion of tax of Rs 4 20 lakh besides penalty of Rs 8 40 lakh.

After this was pointed out DETC Faridabad (East) stated in June 2006 that the matter had been taken up with District Magistrate Jhunjhunu for locating the dealer in December 2005 and also with all DETCs for disallowing the benefit of suspected misuse of declaration forms. The department however further stated in June 2006 that the matter was under examination.

The department in its written reply stated as under —

M/s Radhika Enterprises, Faridabad (E) RC No 1212973, Assessment Year 2001-02 and 2002

In reply to audit objection it is submitted that M/s Radhika Enterprises bearing TIN 1212973 was a proprietorship firm. The firm stands closed. The cases pertaining to A.Y. 2001-02 and 2002-03 have been assessed ex parte on the basis of record available on the file and on the basis of information available regarding suppression of sales made by the firm. The assessment for the assessment year 2001-02 was framed ex parte dated 31-07-2006 creating an additional demand of Rs. 11138692/- including the tax and penalty under the HGST Act and Rs. 995/- under the CST Act. The assessment for A.Y. 2002-03 was framed on 17-03-2008 creating an additional demand of Rs. 1080864/- under the HGST Act including the tax and penalty.

These arrears were declared as the arrear recoverable under the Land Revenue Act. The proprietor of the firm Sh. Bhairon Singh is now residing at village Sultana District Jhunjhunu, Rajasthan. Recovery Certificate No. 108 dated 13-11-06 vide office memo No. 1118 to 1119/TI/W-2 dt. 13-11-06 and 115 dt. 08-09-10 was sent vide letter No. 1774 dt. 08-09-2010 to the Collector District Jhunjhuna District Rajasthan for effecting the recovery. Thereafter reminders were issued several times. No property is in the name of Sh. Bhairon Singh, Proprietor of the firm in Faridabad.

The SDM Chidawa District Jhunjhunu, Rajasthan vide letter No. 1239 dated 01-08-11 has returned the recovery certificate back to the Dy. Excise & Taxation Commissioner, Faridabad (East) and was informed that Sh. Bhairon Singh S/o Sh. Jagat Singh, Proprietor of M/s Radhika Entt. owns 0.37 Hectares of land in Vill. Sultana, Teh. Chidawa, District Jhunjhunu. After following the due procedure the land was set for auction for many times but none made a bid for the auction. The assets of 0.37 hectare are all that Sh. Jagat Singh owns. Therefore the SDM Chidawa has exhausted all means of recovery and returned the recovery certificate in original. The surety Sh. Prakash Nagar prop. M/s Pankaj Enterprises is not traceable but the second surety Sh. Sushil Gupta Prop. of M/s Ambika Steel has been traced out. Notice and summons have been issued to him. No recovery has been made so far.

The Committee desired that recovery of tax and penalty be made and Committee be informed accordingly.

[52] 2 2 12 4 In 10 cases verification of 149 transactions having sale value of Rs 3 07 crore involving tax effect of Rs 30 33 lakh could not be verified in audit as the relevant records/ files were not made available to audit in five DETC offices Evasion in the remaining cases could not be ruled out

The department in its written reply stated as under —

M/s J B Foods, Karnal, A Y 2002 2003

In this para it is submitted that the perusal of the M/s J B Foods Karnal for the year 2002 2003 reveals that no purchases have been made by this dealer from M/s Jagdhamba Rice and General Mills Kaithal Therefore necessary action as warranted under the Law against the Kaithal firm needs to be taken by the Assessing Authority of Kaithal Same have also been intimated to AA Kaithal also

The Committee desired that appropriate legal action may be taken against the firms under intimation to the Committee

[53] 2 2 13 3 Under the CST Act where any dealer claims that he is not liable to pay tax in respect of any goods transferred to any other place of his business or to his agent or principal he may furnish a declaration in form F duly filled in and signed by the principal officer of other place of business along with evidence of despatch of such goods Production of form F is mandatory for claiming exemption from payment of tax with effect from 11 May 2002

Test check of records of four DETCs revealed that while finalising the assessments for the year 2002 03 between January 2004 and March 2005 the assessing authorities allowed deduction of Rs 36 64 crore in 22 cases Therefore deductions were not supported by forms C which was mandatory for claiming exemption This resulted in non levy of tax of Rs 2 75 crore besides interest and penalty

After this was pointed out DETC Kaithal stated in June 2006 that form F valued at Rs 2 85 crore had been obtained in four cases Reply from remaining DETCs had not been received (August 2006) The matter needs to be pursued by the Department

The department in its written reply stated as under —

M/s Subhash Chand & Bros , Karnal, R C No 11486 A Y 2002 03

The assessment case for the year 2002 03 has been remanded by the Sales Tax Tribunal vide order dt 31 8 2010 directing to afford opportunity to the dealer before deciding the case Accordingly the DETC cum Assessing Authority vide his order dt 7 9 2011 after affording the opportunities being heard to the dealer assessed the case by creating additional demand of Rs 12434/- under Vat Act and under the CST Act demand of Rs 14263/- has been created Efforts are being made to recover the amount

The Committee desired that efforts be made to recover the amount under intimation to the Committee

Non levy of interest and penalty

[54] 2 2 14 Under HGST Rules exemption/entitlement certificate granted to an eligible industrial unit shall be liable to be cancelled by the DETC concerned either in the case of discontinuance of its business by the unit any time for a period exceeding six months or its closing down during the period of exemption/deferment Further on cancellation of eligibility certificate or exemption/entitlement certificate the entire amount of tax exempted/deferred shall become payable immediately in lumpsum alongwith interest and penalty

During test check of records of DETCs Hisar and Jhajjar it was noticed that five units after availing exemption of Rs 1 09 crore during 1993 94 to 1999 2000 discontinued their manufacturing processes during the currency period of exemption/deferment Though the DETCs cancelled the exemption certificated between March 2001 and March 2003 and issued demand notices for the amount of exemption availed of Rs 1 09 core but interest and penalty was not levied This resulted in non levy of interest of Rs 1 11 crore and penalty of Rs 2 85 crore

After this was pointed out in March 2005 DETC Hisar stated in June that recovery proceedings were under process in the case of two 4nit as arrears of land revenue and third unit had been declared sick DET Jhajjar raised a demand of interest of Rs 17 27 lakh in the case of one unit

The department in its written reply stated as under —

M/s Jagdish Cotton, Village Talwadni Rana, Hisar, R C No 27232 (Period 8 12 93 to 7 12 2002)

Copy of order and TDN s stand served upon to the partner of the company on 28 08 2002 Notice issued and served on 23 09 2002 Arrear declared as an arrear to be recovered under land revenue act vide order dated 10 06 2003 All partners left the Hisar and closed down his business Enquiries were conducted which reveals that Sh Parveen Kumar came back nowadays So summons issued and served for 23 09 2004 Letters issued to the Tehsildar Estate officer HUDA Hisar and E O Municipal Committee Hisar for stopping the sales of property and also requested for obtaining detail of properties owned by the firm and its partners vide this office letter No 862 and 864 dated 15 09 2004 Notices issued to the sureties As result sureties appeared and submitted written replies and proceeding are in progress Again summon issued to the partners and sureties to deposit the amount for 08 11 2005 and 15 12 2005 and summons of remaining two partners Sh Purshotam and Sh Jagdish Rai pasted on business premises Copy of jamabandi for the year 2000 2001 received from Tehsildar Hisar vide his office memo no 198 dated 22 02 2006 and with reference Tehsil vide memo no 2092 dated 27 02 06 and latest memo no 1464 dated 05 04 2006 to the Tehsildar Hisar Property of attached Collector cum DETC order dated 28 02 2006 and let4ter issued to Tehsildar Hansi vide memo no 2092 dated 27 02 2006 that the said property is not transferred to any other hand without clearance from this department However the land already stand mortgage with Financial Corp Haryana Chandigarh and notices issued to the sureties for 29 09 2007 and 31 10 2007 to deposit the outstanding amount Summons and proceedings for recovery upto writ of demand notice of demand issued to the dealers and sureties on dated

15 12 2009 reminders issued to the sureties and dealer on 16 06 2011 04 07 11 08 08 11 and 17 08 2011

M/s Hisar Cement (P) Ltd , R C No 26530 (Period 18 9 93 to 17 9 02)

In this reply the assessment for the year 1997 98 was decided by the Assessing Authority and Additional Demand of Rs 444754/ under the HGST Act and 2700/ under the CST Act vide order dated 18 10 2005 The dealer has deposited Rs 2700/ under the CST Act Assessment order and TDN was pasted in the front Gate of the business premises on 01 06 2006 The company closed down his business but is now doing the business in the name and style M/s Parkash Industry F D NCD I-0 Najabgarh Road Biswasan Delhi The dealer has filed an appeal against the order of ETO Assessing Authority vide order dated 18 10 2005 the appeal is dismissed by the Joint ETC (Appeal) order dated 24 05 2007 The notice was issued to the dealer for depositing the outstanding amount for 18 06 2007 The notice was pasted on 20 06 2007 of the business premises The notice issued to the sureties for 28 08 2007 to deposit the outstanding arrear and notice was again issued for 27 09 2007 and 15 10 2007 which was served upon to the dealer and letter issued to Tehsildar Hisar to detail the property and stop the sale of property of company vide letter No 2680/TI(LNK) dated 18 10 2007 and Notice issued to M/s Parkash Industry F D NCD I-0 Najabgarh Road Biswasan Delhi by Regd Post vide this office memo No 3135/TI(LNK) dated 06 12 2007 The company has filed a Civil Writ Petition NO 15120 of 2007 before the Hon ble Punjab & Haryana High Court at Chandigarh The Hon ble Punjab & Haryana High Court has decided case on 22 11 2007 and quash the Impugned orders dated 12 03 2003 and 28 04 2006 as well as consequential proceedings for recovery of the amount

M/s Raizo Plasto (P) Ltd , Hansi, R C No 27657 (Period 2 11 94 to 2 11 03)

The copy of Assessment order and TDN was issued to the dealer on dated 29 06 2004 to deposit the said amount within 15 days from the receipt of this order The company filed an appeal before the JETC(A) Hisar against the order of the AA as such the appeal was dismissed in default by the JETC (A) Hisar vide his Endst No 3722/Reader dated 31 08 2005 and 01 12 2005 for 20 10 2005 and 15 12 2005 which were duly served upon Sh Surender Raizada Director of the company by 11 12 2005 to deposit the outstanding amount upto 15 12 2005 but nobody appear nor produce any proof of payment and also notice was issued on 20 10 2005 to the sureties for 30 12 2005 to no avail Now the arrear stands declared under the Land Revenue Act 1887 and summons were issued to the dealer on 20 12 2005 for 30 12 2005 Letter were issued to Tehsildar Hansi to stopping to sale of property However a copy of jamanbadi for the year 1997 98 was received from Tehsildar Hansi vide his office memo No SPL I dated 22 02 2006 and property stands attach by Collector cum DETC Hisar dated 27 02 2006 However the Land already stand mortgaged with the HFC Chandigarh Notice issued to the sureties 16 09 2007 to deposit the outstanding amount The surety Sh Madhur Gupta M/s Franklin Ceramix Ltd Deposited Rs 50000/ on dated 26 09 2007 now the balance amount of Rs 4054599/ The sureties have again issued notice for 29 07 2011 Efforts are being made to recover the balance amount

M/s Citizen Polymers (P) Ltd , 674, MIE, Bahadurgarh, R C No 1163

It is informed that consequent upon the withdrawal of eligibility certificate by the LLSC vide order dated 03 10 2002 the Dy Excise & Taxation Commissioner(ST) Jhajjar directed the Assessing Authority to recover the entire tax benefits availed of by the unit alongwith interest/penalty. The Dy Excise & Taxation Commissioner (ST) withdraw the exemption certificate vide order dated 07 11 2002. The dealer preferred an appeal before The Joint Excise & Taxation Commissioner(A) Rohtak against the order of withdrawal of exemption certificate the Dy Excise & Taxation Commissioner(ST). The dealer contended that its appeal against the withdrawal of eligibility certificate by the LLSC is pending before the HLSC. The Appellate Authority vide order dated 03 11-2003 directed the Assessing Authority not to proceed with the recovery of entire tax benefits availed of by the Unit until the appeal of the unit is decided by the HLSC. Assessing Authority vide order dated 30 12-2004 determined the tax liability and interest amounting to Rs 17 36 201/- for the period the unit has availed the tax benefit. The dealer again went in appeal before The Joint Excise & Taxation Commissioner (A) Rohtak against the order of Assessing Authority dated 30 12 2004. The appellate authority vide order dated 14 06 2005 has quashed the orders of the Assessing Authority for the reasons that Assessing Authority acted in contravention of the directions issued by the appellate authority vide its order dated 03 11 2003.

The unit has closed its business and the assets have been disposed off. The appeal against the order of LLSC has been dismissed by the HLSC in its meeting dated 22 04 2006. The unit has also opted for liquidation and is under liquidation. Letter has been written to Sh Anil Singla liquidator to ascertain the current status of the liquidation proceedings.

M/s Agni Wire Industries 1672, 73 M I E B , Bahadurgarh R C No 1479

The dealer company was engaged in Mfg of wire and cable. The company was granted tax exemption for an amount of Rs 64 48 Lacs for the period 24 04-1996 to 23 04 2005 and Eligibility Certificate No 272 was issued by the D E T C (ST) Rohtak. Observing the unit being closed for a period of more than six month the case for withdrawal of E C from the date of its grant was recommended by the D E T C. Vide order dated 27 06 2000 and the case was sent to the L L S C. L L S C finally withdraw E C vide order 26 03 2001 w e f first day of its validity. Assessing Authority was directed to recover the entire tax benefit availed by the unit alongwith interest. Assessing Authority calculated the tax and interest amounting to Rs 23 93 433/- as per details given below —

A Y	Date of Assessment	HGST	CST
1996 97	26 05 2004	1606	343645
1997 98	26 07 2004	21069	407266
1998 99	26 07 2002		1642522
Total		22675	2393433

Dealer company stands closed. Fixed assets i.e. Land, Building and Plant & Machinery have already been auctioned by Haryana Financial Corporation. Director of the company were residing in Delhi so recovery certificate bearing Memo No. 1878 dated 19.10.2005 was issued. Aggrieved from the RC Sh. Om Parkash Valecha director the company filed a writ petition No. 7489 of 2007 in Hon'ble Punjab and Haryana High Court. Hon'ble court awarded the cost of Rs. 10,000/- in favour of the petitioner director and quashed the recovery certificate. Copy of order of the Hon'ble High Court is enclosed herewith dated 14-12-2007. However the recovery of Rs. 50,000/- & Rs. 45,000/- have been made from M/s Aerola Automotive & M/s Parkash Petroleum upto the extent of surety amount respectively. Case will be moved for writing off.

The Committee desired that action taken against the dealer and sureties be intimated to the Committee

The Committee desired that in light of the decision of the Hon'ble Punjab and Haryana High Court, appropriate action be taken for recovery of amount under intimation to the Committee

The Committee desired that all out efforts be made to recover the amount under intimation to the Committee

The Committee desired that intimation be sent to the Committee after finalization of the liquidation proceedings

The Committee desired that intimation be sent to the Committee after writing off the amount in question

Incorrect allowance of concessional rate

[55] 2.2.15.1 Under the CST Act, tax on inter state sale (ISS) of declared goods shall be calculated at twice the rate applicable to the sale of such goods inside the appropriate State and in the case of goods other than declared goods at the rate of 10 per cent or at the rate applicable to the sale whichever is higher when such sales are not supported by form C. Production of declaration in form C is mandatory with effect from 11 May 2002 for claiming concessional rate of tax even though the rate of tax is below four per cent.

During test check of records of nine DETCs, it was noticed that 36 dealers made ISS of goods valued at Rs. 97.51 crore during 2002-03 without furnishing declaration form C. While finalising the assessments between April 2003 and April 2004, the assessing authorities levied tax at lower rate instead of correct rates. This resulted in short levy of tax of Rs. 5.97 crore.

After this was pointed out, six DETCs stated between April 2005 and June 2006 that C forms valued at Rs. 2.25 crore were obtained in five cases and additional demand of Rs. 11.98 lakh was raised in four cases. Notices for furnishing C forms were issued in 13 cases and C forms were not required in nine cases as the assessments were framed under self assessment/deemed scheme. The contention of the DETCs was not tenable in view of amendment in CST Act with effect from 11 May 2002 which made furnishing of declaration form C mandatory. Replies from remaining DETCs had not been received.

The department in its written reply stated as under —

M/s Hindustan Insecticides Ltd Karnal RC No 229096, AY 2002 03

In view of audit objection the case file was referred to Revisional Authority for taking Revisional Action and D E T C cum Revisional Authority vide his order dt 16 7 2010 created an additional demand of Rs 21084/ @ 10% in the absence of F forms Out of above demand the dealer have deposited Rs 11084/- vide TR No 2 dt 16 8 2011 remaining demand will be recovered during the end of this month as promised by the dealer

The Committee desired that all efforts be made to recover the remaining amount and inform the Committee accordingly

[56] 2 2 15 2 During test check of records of four*** DETCs it was notice that six dealers made ISS of brass/copper sheets sunflower oil and mustard oil valued at Rs 49 21 crore without furnishing declaration form C during 1995 96 to 1999 2000 While finalising the assessments between December 2001 and September 2004 the assessing authorities however levied tax at lower rate of one and two per cent instead of correct rate of 10 per cent This resulted in evasion of tax of Rs 4 11 crore

After this was pointed out between May 2004 and March 2006 the department admitted in June 2006 that C forms are mandatory under the Act The details of the additional demand raised and recovered may be intimated to audit

The department in its written reply stated as under —

M/s Sadhaura Extraction (P) Ltd , Sadhaura (Jagadhri), R C No 7881, A Y 1995 96, 1996 97, 1997 98

(a) In reply to the Audit objection it is stated that the assessed was framed exparte on merit being closed firm but due to clerical mistake tax on rice bran oil was assessed to tax @2% instead of 10% in absence of C forms during the year 1996 97 and 1997-98 The order passed on 29 02 2003 and 20 03 2003 was rectified to this extent vide order dated 02 08 03 and created an additional demand of Rs 422858/ and Rs 122871 respectively

(b) Regarding 2nd point of the para it is stated that the tax on mustard oil sold in Inter-state has rightly been assessed @1 % as the rate of tax on mustered oil on local sale is 1% during these period vide entry no 7 of rate list dated 29 03 96 As the local rate of tax is less then 4% thus no C form is required

(c) Regarding 3rd point of the para clerical mistake has been rectified and tax of Rs 19892/ has been levied

Since the firm is lying closed recoveries could not be effected till date Immovable assets of the company have been disposed off by H F C Chandigarh for a sum of Rs 28 00 Lacs on 19 04 2001 and Rs 66 53 Lacs is till outstanding as per letter notice/ recovery/ 3000/ 28870 dated 31 01 2003 The claimed lodged by the department has been declined by the H F C Chandigarh Now efforts are being made to recover the arrears from the sureties

Letter was issued to the Naib Tehsildar Sadhaura for recovery from sureties vide memo no 1385/TI(RKS) dated 17 06 2009 and vide memo no 2875/RKS/ dated 19 01 2010 Reminder was issued to Naib Teh Sadhaura on 19 08 2011 The Taxation Inspector of the circle visited the office of the Naib Tehsildaar Sadhaura personally on 15 09 2011 and again on 27 09 2011 but information regarding immoveable assets of the sureties is still awaited Summons to the sureties were also issued for 05 10 2011 Efforts are being made to recover the amount

M/s Sadhaura Extraction (P) Ltd , Sadhaura (Jagadhri), R C No 7881, A Y 1995 96 1997-98

During the course of oral examination the Committee observed that there is need to recover the balance amount of Rs 66 53 lac from the Firm and sureties

The Committee desired that sincere efforts to be made to recover the outstanding amount and the Committee be informed accordingly

[57] 2 3 2 As per HGST Act tax on rice bran de oiled cake is leviable from 1 April 1996 Under the CST Act ISS of goods other than declared goods shall be taxable at the rate of 10 per cent or at the rate applicable to the sale or purchase of such goods in the State whichever is higher if such goods are not supported by form C The Punjab and Haryana High Court also held in February 2002 that rice bran de oiled cake is taxable at four per cent from 1 April 1996 and not exempt under entry 67 of Schedule B appended HGST Act

During test check of records of DETC Kaithal it was noticed in June 2005 that a dealer sold rice bran de oiled cake valued at Rs 8 66 crore during 2000 01 and 2001 02 The assessing authority while finalising the assessments between December 2003 and November 2004 erroneously allowed deduction of Rs 8 66 crore treating the sale as tax free goods This resulted in under assessment of tax of Rs 61 27 lakh

After this was pointed out in June 2005 the Assessing Authority stated in June 2005 that purchase tax on rice bran used in the manufacturing of tax free rice bran de oiled cake and oil had been levied Double taxation could not be made as raw material of the finished products had already suffered tax The reply is not tenable as the Assessing Authority had allowed set off of entire purchase tax for the material used in the manufacturing of rice bran oil and rice bran de oiled cake during 2000 01 and 2001 02 Hence there was no double taxation Further reply was awaited (August 2006)

The matter was referred to Government in January 2006 reply had not been received (August 2006)

The department in its written reply stated as under —

M/s Kaithal Solvent (P) Ltd , Cheeka RC No 5540, A Y 2000 2001

The dealer sales RBD OC worth Rs 39330576/ was allowed was tax free but the A A levied purchase tax on rice bran for the entire year Appeal was filed before Jt ETC (A) Ambala & pleaded that no purchase tax can be levied on rice bran at its purchase value up to 18/10/2000 as the prorata format for levy of purchase tax was inserted w e f 19/10/2000 & the appeal was admitted to this effect and case remanded for re calculation of tax The remand case was decided by way levy purchase tax on rice bran used manufactory of tax free RBD OC The A A levied

tax worth Rs 510870/ Vide order dated 25/10/04 from 19/10/2000 to 31/03/2001

The Committee desired that latest position regarding purchase tax levied and recovered till date be intimate to the Committee

[58] 2 5 4 As per HGST Act tax on iron and steel (declared goods) is leviable at the first stage of sale at the rate of three per cent up to 3 March 2000

During test check of records of DETC Panchkula it was noticed in May 2005 that the Assessing Authority while finalising the assessment of a dealer of iron and steel for the year 1999 2000 in July 2004 applied incorrect rate of tax of two per cent instead of correct rate of three per cent on the sale of iron scrap valued at Rs 5 13 crore This resulted in under assessment of sales tax of Rs 5 13 lakh

After this was pointed out in May 2005 the Assessing Authority stated in August 2005 that the case had been remanded by the appellate authority and the omission as pointed out by audit would be rectified at the time of disposal of remand case Further progress had not been received (August 2006)

The matter was referred to Government in June 2005 reply had not been received (August 2006)

The department in its written reply stated as under —

M/s Uttar Haryana Bijli Vitran Nigam Ltd , Panchkula, R C No 10539, A Y 1999 2000

In this case the original assessment was framed by the Assessing Authority order dated 09 07 2004 by creating a demand of Rs 932429 00 under Local Act and Rs 40785 00 under CST Act The dealer aggrieved with the order dated 09 07 2004 went in appeal before Jt Excise & Taxation Commissioner (A) Ambala remanded the case to the assessing authority with the directions that fresh notice to be given to the appellate keeping in view his contention In accordance to the directions issued by the Jt Excise & Taxation Commissioner (A) Ambala the case was re-assessed vide demand No 355/99 2K dated 18 10 2007 and additional demand of Rs 656310/ under the Haryana General Sales Tax Act 1973 and Rs 49005/- was created The dealer aggrieved with the order dated 18 10 2007 and again went in appeal before Jt Excise & Taxation Commissioner (A) Ambala again remanded the case to the assessing authority vide order dated 08 01 2009 released on 15 04 2009 Now the remand case has been decided by the Assessing Authority on 30 09 2011 by creating demand of Rs 5 68 763/ under VAT Act 2003 and Rs 1072/ under CST Act 1956 Recovery proceedings are under process

The Committee desired that latest position of the recovery proceedings be intimated to the Committee

[59] 2 5 5 Under the CST Act sales made in the course of ISS of ferro alloys are taxable at the rate of one per cent against form C under notification issued on 31 March 1999 which was rescinded vide notification dated 17 July 2000

During test check of records of DETC Sonapat it was noticed in August 2005 that a dealer sold ferro alloy of Rs 2 79 crore (including Rs 1 49 crore after 17 July 2000) during the

year 2000 01 While finalising the assessment the assessing authority levied tax at the rate of one per cent instead of four per cent on turnover of Rs 1 49 crore This resulted in under assessment of tax of Rs 4 48 lakh

The matter was referred to department in August 2005 and Government in December 2005 reply had not been received (August 2006)

The department in its written reply stated as under —

M/s Hemani Alloys Ltd , Bahalgarh (Sonapat), RC No 9904, AY 2000 01

It is intimated that the original assessment was framed by the then Assessing Authority vide order dated 31 01 2005 treating sales under CST Act taxable @ 1% but it was taxable @ 4% The Jt Excise & Taxation Commissioner revised the orders as the original Assessing Authority was the then Dy Excise & Taxation Commissioner (ST) vide order dated 14 03 2008 creating a demand of Rs 4 48 199/ and for interest the matter was remitted back to Assessing Authority who vide order dated 09 05 2008 charged interest of Rs 6 34 551/ on the demand

The dealer aggrieved off the orders preferred an appeal before the Hon ble Haryana Tax Tribunal In a similar case of M/s Hindustan Construction Co Yamuna Nagar the Hon ble Punjab & Haryana High Court delivered a judgement in favour of assessee and the Government has gone to Supreme Court The case is lying pending with Supreme Court So the Hon ble Tribunal has adjourned the cases sine die till the decision of Supreme Court

After hearing the department representatives, the Committee desired that the matter be pursued in the Hon'ble Supreme Court of the India and latest position in this regard be intimated to the Committee

[60] 4 1 Results of Audit

Test check of records in departmental offices relating to revenues received from State excise duty conducted in audit during the year 2005 06 revealed under assessments of taxes and duties and loss of revenue amounting to Rs 13 56 crore in 14 cases as depicted below

Sr No	Head of Revenue	Number of cases	Amount (Rupees in crore)
1	Review on Receipts from Excise duty	1	4 77
2	Other irregularities	13	8 79
Total		14	13 56

During the year 2005 06 under assessments of Rs 13 56 crore in 14 cases were pointed out Out of these Rs 1 44 crore pertains to the year 2005 06 and the remaining pertains to the earlier years

A review on Receipts from State Excise Duty involving Rs 4 77 crore highlighting important cases are mentioned in this chapter

The department in its written reply as under —

Number of Cases	Amount pointed out by audit (Rs in Crores)	Result of review
4	0 46	Settled with demand
2	0 95	Settled without demand
7	7 38	Cases are under review with AG Audit
13	8 79	Total

As regards remaining one case involving amount to Rs 4 77 crore as per Sr No 1 of the table reply is given in succeeding paras 4 2 9 to 4 2 14

The Committee desired that latest position in remaining one case involving an amount of Rs 4 77 crore be intimated to the Committee

Uncollected excise revenue

[61] 4 2 7 ETC Haryana intimated that uncollected excise revenue as on 31 March 2005 was Rs 35 83 crore Year wise break up of uncollected excise revenue as intimated by ETC and as compiled by audit on the basis of monthly returns of arrears submitted by field offices for the month of March 2005 was as under

(Rupees in crore)

Year	As intimated by ETC	As worked out by audit	Difference
Upto 2000 01	21 42	21 68	0 26
2001 02	2 13	3 11	0 98
2002 03	7 99	8 13	0 14
2003 04	0 99	1 16	0 17
2004 05	3 30	3 79	0 49
Total	35 83	37 87	2 04

Thus uncollected excise revenue for the whole State was shown less by Rs 2 04 crore This shows that arrears compiled by the department were not correct and require reconciliation Reasons called for less reporting of arrears were not intimated (August 2006)

Arrears of Rs 21 68 crore (out of Rs 37 87 crore) were outstanding for more than five years which constituted 57 per cent of the total arrears Substantial accumulation of arrears shows that department did not tackle the problem vigorously Further audit scrutiny revealed that the oldest amount of Rs 2 34 lakh and Rs 0 50 lakh pertained to DETC Faridabad and Panchkula for the year 1967-68 Arrears amounted to Rs 76 31 lakh Rs 1 92 crore and Rs 4 34 crore remained uncollected for a period more than 30 years 20 years and 10 years respectively

Uncollected excise revenue was at the following stages

(Rupees in crore)

Sl No	Stage of action	Amount
1	Under stay by Court	3 06
2	Property attached	2 95
3	Inter district arrears	2 88
4	Inter State arrears	0 95
5	Moved for writing off	0 40
6	Recoveries being effected in instalments	0 11
7	Recoverable arrear	15 22
8	Other stages	12 30
Total		37 87

The department in its written reply stated as under —

Uncollected Excise Revenue as on 31 03 2005 as intimated by this office has been reconciled with the office of A G Haryana and the total arrear amount of Rs 35 83 crore is in order. The same figures of arrear has also been pointed out by the CAG in its Audit Report for the subsequent years i.e. CAG Report for the year 2009 10.

Out of the total arrear amount as on 31 03 2006 amounting to Rs 39 56 crores Rs 9 44 crore have been recovered upto 31 12 2011 leaving a balance of Rs 30 12 crores. The reason-wise breakup of balance arrear are as under —

(Amount in Lacs)

1	Under Stay	1224 56
2	Interstate arrear	481 59
3	For writing off	33 25
4	Property attached	951 12
5	Under installments	15 17
6	Under Liquidation	21 10
7	Net recoverable	284 77
Total		3011 56

After hearing the departmental representatives, the Committee desired that sincere efforts be made to recover the balance arrears of ₹ 30 12 crore and the Committee be informed accordingly with in a period of three months.

Short recovery of licence fee and interest

[62] 4 2 9 The HLL Rules read with clause 6 of the State excise policy for the year 2002-03 provide for payment of monthly instalment of licence fee by 20th of each month by the licensee holding licence for selling country liquor (CL) and Indian made foreign liquor (IMFL) through vends in group failing which he would be liable to pay interest at the rate of two *per cent* per month for the period from the first day of the month to the date of payment of the instalment or any part thereof. If the licensee fails to deposit the monthly instalment in full by the end of month the operation of the liquor vend will cease. Further the Punjab Excise Act 1914 provides that all excise revenue may be recovered from the person liable to pay the same or from his surety as arrears of land revenue.

During test check of records of DETC Kaithal for the year 2002-03 it was noticed that licence for sale of CL/IMFL in Azamgarh group was allotted to a licensee for Rs 1 60 crore from 12 July 2002 to 31 March 2003. The licensee failed to pay the monthly instalments of licence fee in full by the due date from July to October 2002 and did not pay the instalments thereafter. DETC did not take any action to cease the vend. Against Rs 1 60 crore the licensee had paid licence fee of Rs 48 51 lakh only. This resulted in short recovery of licence fee of Rs 1 11 crore besides interest of Rs 67 13* lakh. DETC had not initiated steps to recover the amount due as arrears of land revenue.

After this was pointed out DETC Kaithal stated in September 2005 that proceedings to recover the amount due under Land Revenue Act were being initiated. Further progress of recovery had not been received (August 2006).

The department in its written reply stated as under —

In reply to this para it is intimated that an amount of Rs 1 26 24 684/ is pending as licence fee and interest against M/s Virender & Co Azamgarh for the year 2002-03. In order to recover this amount a recovery certificate has been issued to Collector-cum Dy Excise & Taxation Commissioner (Excise) Jind vide this office letter No 993 Ex dated 1 07 2004 and Collector-cum Dy Excise & Taxation Commissioner Panipat vide office letter No 468/Ex dated 22 09 2005. Further fresh reminder vide memo No 1378 dated 23 06 2011 has been sent to Dy Excise & Taxation Commissioner (Excise) Panipat for recovery.

The Committee desired that sincere and vigorous efforts be made to recover the balance of licence fee and interest involving an amount of Rs 1,26,24,684/ under intimation to the Committee

Non recovery of additional licence fee for lifting of short/additional quota

[63] 4 2 10 1 The HLL Rules read with State excise policy for the year 2002-03 provide that the total annual quota in proof litres (PLs) of liquor shall be announced for each district before each district is put to auction. The licensee shall lift the quota fixed for the year failing which he would be liable to pay 105 *per cent* of the original licence fee.

Test check of records of DETC Kaithal for the year 2002-03 revealed that licences for sale of liquor were allotted to two licensees for Rs 24 50 crore and Rs 1 60 crore and they

were required to lift the combined quota of CL and IMFL of 3 45 lakh and 0 40 lakh PLs respectively. However the licensees lifted CL 1 62 lakh and IMFL 0 22 lakh PLs out of prescribed combined liquor quota resulting in short lifting of 1 83 lakh and 0 18 lakh PLs respectively. For this they were liable to pay additional licence fee of Rs 1 31 crore (five per cent of Rs 26 10 crore). DETC neither initiated any action to recover additional fee for short lifting of the quota nor did the licensee pay the same. This was also not monitored by headquarters though monthly statements showing details of quota lifted by each licensee was sent by DETC office. This resulted in non recovery of additional licensee fee of Rs 1 31 crore.

The department in its written reply stated as under —

M/s Satpal & Co , AY 2002 03 Rs 122 50 lacs

M/s Virender & Co , Azeemgarh, Rs 8 00 lacs

In reply to this para it is intimated that no amount has been recovered out of said amount of Rs 130 50 lacs. However the property of Sh. Satpal has already been attached for recovery of license fee of Rs 6 29 crore and for the recovery of Rs 126 00 lacs on amount of license fee of M/s Virender & Co. a reminder vide mem No 1378/Ex dated 23 06 2011 has been sent to DETC (Excise) Panipat.

The Committee desired that all out efforts be made to recover the pending amount under intimation to the Committee

Non imposition/recovery of compounding fee

[64] 4 2 11 Punjab Excise Act provides that compounding fee not less than Rs 50 and not more than Rs 500 per bottle of 750 ml is leviable on illicit liquor confiscated. The Act further provides that if penalty is not paid within seven days the collector or the DETC shall pass orders for confiscation of means of transport seized along with the liquor which shall be put to auction within 30 days from the date of order of confiscation. The auction amount shall be adjusted towards the payment of penalty. The unrecovered amount of penalty if any shall be recovered as arrears of land revenue.

4 2 11 1 Scrutiny of the records of seven*** DETCs revealed that in 100 cases 59 874**** bottles of illicit liquor were confiscated/seized alongwith the vehicles during 2001 02 to 2004 05 by the department. The department neither imposed penalty nor initiated any action to recover the amount by auctioning the impounded vehicles used by the offenders. The omission resulted in non levy/recovery of minimum penalty of Rs 29 94 lakh. After this was pointed out DETC Faridabad stated in May 2006 that recovery of Rs 2 13 lakh was effected in 13 cases in December 2005 and final position in the remaining three cases was awaited. DETC Narnaul stated in July 2005 that recovery proceedings were in progress. DETC Rewari stated in August 2005 that the cases are pending because of investigation and are under process. Further progress and reply from other DETCs had not been received (August 2006).

The Committee desired that sincere and vigorous efforts be made to recover the balance amount of Rs 17 02 lacs under intimation to the Committee

[65] 4 2 11 2 During test check of records of 15* DETCs it was noticed between April 2004 and March 2005 that 151 vehicles carrying illicit liquor were detained and penalty of Rs 3 45 crore was imposed during the period 2001-02 to 2004-05. The department had not detained vehicles in 74 cases. However, the vehicles detained in other cases were not put to auction even after lapse of period of 11 to 59 months and consequently no adjustment against penalty recoverable could be done. Besides, no action was taken to recover the dues as arrears of land revenue. This resulted in non recovery of Government revenue of Rs 3 45 crore.

After this was pointed out, DETC Faridabad stated in May 2006 that a sum of Rs 13 56 lakh was recovered in December 2005. Five** DETCs stated between July 2005 and February 2006 that recovery proceedings were in progress. Further progress of recovery and reply from the remaining DETCs had not been received (August 2006).

The department in its written reply stated as under —

Out of total 225 cases involving amount of Rs 345 31 lacs, Rs 156 75 lacs have been recovered and efforts are being made to recover the balance amount.

The Committee desired that all efforts be made to recover the balance amount under intimation to the Committee.

[66] 5 1 Results of Audit

Test check of records of departmental offices relating to revenue received from taxes on motor vehicles, electricity duty, purchase tax (agriculture), entertainment duty and passengers and goods tax conducted during the year 2005-06 revealed under assessments of tax and duties and loss of revenue amounting to Rs 109 19 crore in 75 150 cases as depicted below.

Sl No	Nature of irregularity	Number of cases	Amount (Rupees in crore)
D Entertainment duty			
	Non/short recovery of entertainment duty	2	0 01
	Total	2	0 01
E Passengers and goods tax			
	Review on Receipts from passengers and goods tax	1	11 10
	Other irregularities	28	0 27
	Total	29	11 37
Grand Total		75,150	109 19

During the year 2005-06 the departments accepted under assessments of Rs 25.04 crore in 75,003 cases and recovered Rs 5.02 crore in 22 cases which pertain to earlier years.

A few illustrative cases highlighting irregularities involving financial effect of Rs 18.69 crore and a review on 'Receipts from passengers and goods tax' involving Rs 11.10 crore are mentioned in this chapter.

The department in its written reply stated as under —

Entt Duty

All the 2 cases involving an amount of Rs 0.82 lacs have been reviewed with the following results -

- (i) 1 cases involving an amount of Rs 0.57 lacs have been settled with demand
- (ii) 1 cases involving an amount of Rs 0.25 lacs are still under review with AG Audit

PGT

All the 28 cases involving an amount of Rs 27.01 lacs have been reviewed with the following results -

- (i) 6 cases involving an amount of Rs 0.59 lacs have been settled with demand
- (ii) 22 cases involving an amount of Rs 26.42 lacs are under review with AG Audit

As regards remaining 1 case involving amount of Rs 11.10 crore shown at Sr No (a) in the table, reply is given in succeeding paras 5.2.9.1 to 5.2.13.

The Committee desired that action in the cases under review pertaining to E D/PGT be taken up with the A.G. and latest position in this regard be intimated to the Committee.

Arrears of revenue

[67] 5.2.7 The arrears of revenue as on 31 March 2005 under the revenue head PGT amounted to Rs 52.06 crore. Year wise break up of arrears of tax for the years from 2000-01 to 2004-05 is as under:

(Rupees in crore)					
Year	Opening balance	Addition during the year	Total arrears the year	Recovery during	Closing Balance
2000-01	14.64	NA	NA	NA	23.82
2001-02	23.82	13.96	37.78	5.45	32.33
2002-03	32.33	9.48	41.81	12.47	29.34
2003-04	29.34	14.38	43.72	13.85	29.87
2004-05	29.87	31.14	61.01	8.95	52.06

It would be seen from the above table that there was an increase in arrears during the years 2000-01 2001-02 and 2004 05 The arrears substantially increased from Rs 14 64 crore during 2000 01 to Rs 52 06 crore (255 6 *per cent*) at the end of March 2005 As intimated by the department

Rs 80 70 lakh was covered under recovery certificates Rs 20 23 lakh was stayed by the Courts and other judicial authorities and Rs 0 37 lakh was proposed to be written off Effective steps are required to recover the arrears which are increasing every year

The department in its written reply stated as under —

Out of the total recoverable amount of Rs 52 06 crore as on 31 03 2005 vigoures efforts were made to make the recovery system more effective and due to this the arrear of recoverable amount decreased to Rs 36 crore as on 31 03 2006

Out of total arrear in revenue of Rs 36 00 crores Rs 24 79 crore have been recovered upto 31 12 2011 leaving a balance of Rs 11 21 crore The detail of balance arrear are as under

		(Amount in Lacs)
1	Interstate arrear	461 29
2	Net recoverable	659 72
Total		1121 01

The Committee desired that sincere efforts be made to recover the arrears of Rs 11 21 crore and the Committee be informed accordingly

Non/short realisation of passengers tax

Transport co operative societies

[68] 5 2 9 1 To provide employment to educated unemployed youth and to augment public transport in Haryana the State Government formulated a scheme for grant of stage carriage permits to the co-operative societies of unemployed youth on certain routes in the State in 1993 As per PPGT Act permit holders plying buses on link roads of the State are required to pay passengers tax in lumpsum on monthly basis by 20th of each month based on seating capacity of the bus at the rate prescribed from time to time In the event of default the owner of the motor vehicle is liable to pay interest at the rate of two *per cent* per month on the amount of tax remaining unpaid for a period not exceeding three months and at the rate of four *per cent* per month thereafter

During test check of records of the offices of DTOs it was noticed that in 17* offices of DTOs 211 transport co operative societies either did not pay or paid short passengers tax during the years from 2000 01 to 2004 05 The department did not review the DCR to demand tax from the defaulting societies This resulted in non/short realisation of tax of Rs 2 32 crore Besides interest of Rs 1 99 crore was also leviable

After this was pointed out 12** DETCs intimated between March and June 2006 that a sum of Rs 39 91 lakh had been recovered and efforts were being made to recover the balance amount Reply from the remaining five DETCs had not been received (August 2006)

The department in its written reply stated as under —

Out of total 211 cases pointed out by AG Haryana involving amount of Rs 330 20 lacs including interest 176 cases have been disposed off and amount of Rs 279 75 lacs have been recovered leaving a balance of 35 cases involving an amount of Rs 50 45 lacs Efforts are being made to dispose off the same at the earliest

The Committee desired that vigorous efforts be made to recover the balance amount of Rs 50 45 lac pertaining to 35 cases and the Committee be informed accordingly

Maxi cabs taxis and auto rickshaws

[69] 5 2 9 2 Passengers tax is levied and charged on all fares and freights in respect of passengers and goods carried by motor vehicles under PPGT Act and Rules Passengers tax in respect of maxi cabs taxis and auto rickshaws is payable in lumpsum at the rate of Rs 10 800 Rs 3 000 and Rs 1 800 per annum respectively which is to be paid in equal quarterly instalments within 30 days of the commencement of the quarter to which the payment relates

During test check of records of the offices of DTOs for the years 2000 01 to 2004-05 it was noticed that in 17*** offices of DTOs the owners of 1 898 vehicles (maxi cabs 497 taxis 80 auto rickshaws 1 321) who were granted permits for carrying passengers did not deposit passengers tax The department also did not review the DCR to raise the demand of tax from defaulters This resulted in non recovery of passengers tax of Rs 75 57 lakh and interest of Rs 56 54 lakh

After this was pointed out eight* DETCs intimated between March and June 2006 that a sum of Rs 8 66 lakh had been recovered and efforts were being made to recover the balance amount Reply from the remaining nine DETCs had not been received (August 2006)

The department in its written reply stated as under —

Out of total 1898 cases as pointed out by AG Haryana 1038 cases have been disposed off and an amount of Rs 48 09 lacs has been recovered All the concerned DETC have been directed to dispose off the remaining cases and to recover the balance amount at the earliest

The Committee desired that all out efforts be made to recover the balance amount and inform the Committee accordingly

City bus service

[70] 5 2 9 3 As per PPGT (Haryana Amendment) Rules 2004 holders of permit for plying buses on roads within municipal corporation limit in Faridabad and Gurgaon districts are required to pay passengers tax at the rates prescribed for ordinary half body ordinary full body and air conditioned full body buses at Rs 4 200 Rs 7 000 and Rs 12 000 per month respectively with effect from 23 February 2004 Passengers tax shall be payable by 20th of the month

During scrutiny of records of the offices of DTO Faridabad and Gurgaon for the year 2004-05 it was noticed that 44 private bus operators granted permits for plying buses in city

areas had neither deposited the monthly passengers tax nor was it demanded by the department. This resulted in non realisation of tax of Rs 9.44 lakh. Besides interest of Rs 5.44 lakh though leviable was also not levied.

After this was pointed out DETCs Gurgaon and Faridabad intimated in May and June 2006 that a sum of Rs 3.88 lakh had been recovered and efforts were being made to recover the balance amount. Further progress of recovery had not been received (August 2006).

The department in its written reply stated as under —

Faridabad

In this para it is submitted that out of Rs 1.66 lacs as pointed by Audit Party a sum of Rs 1.27 lacs has been recovered. All the remaining vehicles have been identified and efforts to recover to balance amount of Rs 0.39 lacs are being made.

The Committee desired that efforts be made to recover the balance amount of Rs 39000/ under intimation to the committee

Non levy of interest

[71] 5.2.10 Under the PPGT Act and Rules passengers tax is levied and charged on fares or freights in respect of passengers and goods carried by a motor vehicle. The Act further provides that when passengers and goods are carried by a motor vehicle on joint** route (inter State) tax shall be leviable in respect of fare or freight for the distance covered within the State. In Haryana passengers tax is levied and charged at the rate of 60 *per cent* of the value of fares or freights from 20 July 1973. In case of non payment of tax on due date interest at the prescribed rate is leviable and recovery of tax and interest is recoverable as arrears of land revenue.

Test check of records of DTO Kaithal, Narnaul and Sirsa for the years 2000-01 to 2004-05 revealed that 91 inter State private transporters plying buses on joint routes were required to pay passengers tax of Rs 2.21 crore.

The assessing authorities while finalising the assessments for the years 1996-97 to 2004-05 between January 2004 and March 2005 assessed tax of Rs 6.13 crore including penalty of Rs 3.85 crore and interest of Rs 0.07 crore and adjusted Rs 1.19 crore already deposited by the owners of buses. Additional demand of Rs 4.94 crore was raised which was neither deposited by the transport operators nor any recovery proceedings as arrears of land revenue started. This resulted in non recovery of additional demand of Rs 4.94 crore. In addition interest of Rs 4.36 crore was also leviable.

After this was pointed out DETCs Narnaul and Sirsa intimated between March and May 2006 that a sum of Rs 2.40 lakh had been recovered and efforts were being made to recover the balance amount. Further progress of recovery and reply from DETC Kaithal had not been received (August 2006).

The department in its written reply stated as under —

The District wise reply of this para is as under -

Narnaul

In twenty seven cases Rs 1165200/- was outstanding out of which Rs 1146200/- have been recovered Efforts are being made to recover the balance amount of Rs 19000/-

Kaithal

As far as the amounts Rs 4 57 79 012/- is concerned the DETC Kaithal has informed that this amount does not relate to Kaithal District and the private bus operator involved in this case relate to Ambala District The DETC Ambala has been directed to locate this case and final reply in this regard will be submitted later on

Sirsa

Out of total amount to Rs 3 09 800/- Rs 2 12 480/- have already been recovered and efforts are being made to recover the balance amount at the earliest

The Committee desired that efforts be made to recover the balance amount under intimation to the Committee

Non realisation of goods tax and additional tax

[72] 5 2 11 Goods tax is leviable on public or private carriers used for carrying goods in or through the State of Haryana at the prescribed rates between Rs 3 500 and Rs 10 000 per annum on the basis of the gross laden weight of the vehicle under the provisions of the Act and Rules Goods tax is recoverable in advance in equal quarterly instalments In addition additional tax at the rate of 10 *per cent* of the tax is also leviable Failure to pay tax by due dates attracts interest and penalty at prescribed rates

During the audit of records of the offices of 19 DTOs it was noticed that goods tax was either not deposited or deposited short by the owners of 5 301 vehicles used for carrying goods in or through the State during the period from 2000 01 to 2004 05 The department neither demanded nor recovered goods tax amounting to Rs 2 38 crore for various quarters between April 2000 and March 2005 and interest of Rs 1 80 crore was leviable for non payment of tax due This resulted in non recovery of goods tax amounting to Rs 4 18 crore including interest

After this was pointed out 10 DETCs intimated between March and June 2006 that a sum of Rs 37 24 lakh had been recovered and efforts were being made to recover the balance amount Reply from the remaining nine DETCs had not been received (August 2006)

The department in its written reply stated as under —

Out of total 5301 cases involving amount of Rs 3 04 crore 3592 cases have been decided and amount of Rs 1 30 crores has been recovered The concerned DETCs have been directed to recover the remaining amount at the earliest

The Committee desired that strenuous efforts be made to recover the balance amount of 1 74 crore pertaining to about 1700 cases under intimation to the Committee

Non registration of maxi cabs

[73] 5 2 12 As per Motor Vehicles Act 1988 read with the Punjab Motor Vehicles Act 1924 the owners of stage/contract carriage and goods carriers are required to register their vehicles with the concerned AETOs under the Act and pay PGT at the prescribed rates on all fares and freights in respect of passengers carried and goods transported by motor vehicles. For failure to apply for registration penalty not exceeding five times the amount of tax so assessed is also leviable. Further under the Punjab Motor Vehicles Act 1924 regional transport authority (RTA)/DTO is required to ensure before issue of permits that the vehicle has been got registered with AETO under PPGT Act and PGT at the prescribed rates has been paid by the owner.

Cross check of records of registration of vehicles by seven* offices of RTAs/DTOs with the records of concerned AETO (PGT) for the years from 2000 01 to 2004 05 revealed that 174 maxi cabs were issued permits between May 2000 and December 2003 by the RTAs/DTOs. But the owners of these maxi cabs had not got their vehicles registered with AETOs and paid passengers tax under the PPGT Act. Thus lack of co-ordination between the motor vehicles registration branch and the PGT branch in the office of DTO resulted in evasion of passengers tax of Rs 20 64 lakh. Besides penalty is also leviable.

The department in its written reply stated as under —

An amount of Rs 3 97 lakh have been recovered out of total amount of Rs 20 64 lakh. Efforts are being made to recover the balance amount at the earliest.

The Committee desired that all out efforts be made to recover the balance amount and the Committee be informed accordingly

Non disposal of challans

[74] 5 2 13 Under PPGT Act the prescribed authority may seize the licence of a driver/conductor or the registration certificate of the vehicle in case the driver or conductor has contravened any provision of Act/Rules. He may detain such vehicle which is plying in the State without payment of tax or penalty if any. Where the owner refuses to pay the tax or penalty if any or fails to produce any proof regarding the payment thereof the prescribed authority shall issue challan as acknowledgement of documents or detaining vehicle with a direction to report for release of documents/vehicle within the period specified therein. The Act further provides that a penalty not exceeding Rs 2 000 upto 30 September 2003 and not exceeding Rs 5 000 thereafter shall be imposed for the above contravention.

During test check of records of the offices of 13** DTOs it was noticed that 2 026 vehicles were challaned for various offences under the Act/Rules during the period between 2000 01 and 2004 05 and the owners of the vehicles against whom offences were booked were required to report to the DTO/DETC office concerned within 7 to 10 days as stipulated in the challan for release of documents seized and vehicles detained. Year wise pendency of challans was as under

Year	Number of challans
2000 01	Nil
2001 02	25
2002 03	44
2003 04	790
2004-05	1 167
Total	2,026

Neither the offenders reported to the DTOs for deciding the challans nor any AETO issued notices after reviewing the challan register periodically for disposal of these pending cases (delay ranged between 12 and 54 months)

This resulted in non levy/realisation of penalty of Rs 92 66 lakh After this was pointed out six* DTOs intimated in March and June 2006 that 180 (out of 1 467) challans had been disposed off and efforts were being made to dispose of remaining challans But revenue realised in 180 challans disposed off was not intimated Reply from remaining DETC offices had not been received (August 2006)

The department in its written reply stated as under —

Out of total 2026 challans 1482 challan have been disposed off and the balance 544 challans will be finalised very shortly

The Committee desired that pending 544 challans be finalised at the earliest and the Committee be informed accordingly

MINES AND GEOLOGY DEPARTMENT

[75] 6 4 *Non recovery of royalty and interest*

The Punjab Minor Minerals Concession Rules 1964 provide that brick kiln owners (BKO)s shall pay royalty at the prescribed rate in advance by 30th April every year. In case of default, interest at the rate of 24 *per cent* per annum is chargeable for the period of default. BKO)s register is maintained at each mining office for levy and collection of royalty. The permits of such BKO)s were required to be cancelled by the department in case royalty was not paid by them and sum due from the permit holders on account of royalty and interest thereon was recoverable as arrears of land revenue. No internal audit system exists in the department but the Assistant Mining Engineers (AME)s/Mining Officers (MO)s are responsible for monitoring internal control mechanism in the field to watch the recovery of outstanding dues. Further they have been delegated the powers of Assistant Collector Grade I for initiating recovery proceeding against defaulter as per provisions of Land Revenue Act.

During test check of the records of the offices of AME Faridabad and three* MO)s for the years 2003-04 and 2004-05, it was noticed between November 2004 and July 2005 that 78 BKO)s were issued permits between August 1998 and April 2004. The BKO)s were required to pay royalty before 30 April every year but royalty of Rs 7.82 lakh for the years 2003-04 and 2004-05 was neither paid by the BKO)s nor was it demanded by the AME/MO)s. No action was taken either to cancel the permits or to recover the dues as arrears of land revenue. Lack of action on the part of the department resulted in non realisation of revenue of Rs 11.14 lakh including interest amounting to Rs 3.32 lakh.

After this was pointed out between November 2004 and July 2005, the department intimated in February 2006 that royalty amounting to Rs 2.62 lakh and interest of Rs 0.77 lakh in 26 cases had been recovered. Further progress of recovery of balance amount had not been received (August 2006).

The matter was referred to Government in January and December 2005, reply had not been received (August 2006).

The department in its written reply state as under —

Out of Rs 11.14 lacs (Rs 7.82 lacs as royalty and Rs 3.32 lacs as interest) was recoverable from 78 BKO)s, a sum of Rs 6.11 lacs as royalty and Rs 1.41 lacs as interest has already been recovered from 66 BKO)s. Now only Rs 1.71 lacs on account of royalty and Rs 1.92 lacs on account of interest is balance/recoverable from the BKO)s. However most of these BKO)s are lying closed and owners are not traceable. Efforts are being made to trace them to recover the Government dues.

The Committee desired that strenuous efforts be made to recover the balance amount for the BKO)s and the Committee may be informed accordingly

TECHNICAL EDUCATION DEPARTMENT

[76] **6 2 1** State Government nominated Regional Engineering College now National Institute of Technology (NIT) Kurukshetra as nodal agency in February 2002 for conducting entrance examination and imparting counselling for different professional courses viz undergraduate programmes in engineering and technology including architecture combined engineering entrance test (CEET) 2002 and Master in Computer Application in Haryana. The State Government further decided that 50 *per cent* of net income from conducting various tests/admissions in case of post graduate and graduate professional courses should be deposited in Government account.

Audit scrutiny of the records of NIT for the year 2003 04 revealed in March 2005 that NIT received fee of Rs 2 20* crore and incurred an expenditure of Rs 51 13** lakh for conducting various entrance tests during the year 2002 03 and 2003 04. Thus NIT earned net income of Rs 1 68 crore and deposited the entire receipts in College Development Fund in their saving bank account in State Bank of India instead of depositing 50 *per cent* of net income amounting to Rs 84 22 lakh in Government account.

After this was pointed out in March 2005 NIT intimated in May 2006 that the issue was placed before the Board of Governors in its meeting held on 28th April 2006 and the decision is still awaited. Retention of 50 *per cent* share of State Government without the prior approval/sanction of State Legislature was unauthorised.

The matter was referred to Government in May 2005 reply had not been received (August 2006).

The department in its written reply state as under —

Reply to Para No 6 2 1 of the report of the Comptroller and Auditor General of India (Revenue Receipts) for the year 2005 06 – Govt of Haryana
Unauthorized retention of receipts

On receipt of above Draft Para Director/Principal NIT Kurukshetra was requested through D O letter from Financial Commissioner & Principal Secy to Govt Haryana Technical Education Department to deposit the amount of Rs 84 22 lacs as pointed out in the Draft Para with the Haryana Govt under receipt head of the Technical Education Department. The Director/Principal of the said Institute vide his D O No 18 dated 2 1 2007 (copy enclosed as Annexure A) has informed that matter regarding deposit of 50% share of State Govt was placed before the BOG of the Institute in its 10th meeting held on 28 4 2006 in which it was decided that keeping in view the deficit of Rs 115 79 lacs against the State Govt as on 31 3 2003 in respect of Non Plan funds 50% share of State Govt amounting to RS 84 22 lacs should not be transferred and the same may be utilized for the development activities of the Institute. Therefore he has requested that in view of the facts explained by him the draft para may be got dropped.

In this connection it is intimated that the State Govt vide their memo No 40/912001-4TE dated 2 4 2002 (copy enclosed as Annexure B) addressed to Secretary Ministry of Human Resource Development Bureau of Technical Education Department of Secondary & Higher Education Shastri Bhawan New Delhi had informed that the Hon ble Chief Minister Haryana and Chairman Board of Governors has accorded approval of item 94 23 as decision of BOG for declaring

Regional Engg College Kurukshetra as National Institute of Technology Kurukshetra with Deemed University status. While taking this decision, the board has noted that there will be nomination of State Govt. at the Finance Committee and the Building Works Committee of the Institute and also students of Haryana will continue to have 50% reservation in the Institute as per existing pattern. The Govt. of Haryana has also approved the case of Regional Engg College Kurukshetra to be declared as National Institute of Technology Kurukshetra with Deemed University status with the provision of providing Financial Assistance to the proposed National Institute of Technology Kurukshetra with Deemed University status at the level of year 1998-99 i.e. 238.05 lacs per annum.

The Govt. of India vide their notification No. F.9-10/2002-U3 dated 26th June 2002 (copy enclosed as Annexure C) in exercise of powers conferred by section-3 of the UGC Act 1956 (3 of 1956) has declared the National Institute of Technology Kurukshetra, Haryana (formerly known as Regional Engg College Kurukshetra) as Deemed to be University for the purpose of aforesaid Act.

However, the Govt. of India vide their letter No. 32/1/99-TSIII dated 26th June 2002 (copy enclosed as Annexure D) has converted the REC Kurukshetra as NIT Kurukshetra with the following conditions:

1. System of admission including reservation policy/domicile requirements and eligibility criteria etc. shall not change as a result of this conversation.
2. Funding pattern including share of the Central Govt. and the State Govt. both under Plan and Non-Plan shall remain the same.

It is further intimated that the Revised Budget for the year 2002-03 of REC Kurukshetra was approved by the F.D./Govt. to the tune of Rs. 350.50 lacs as 50% share of the State Govt. However, on the basis of directions received from the State Govt. vide their letter No. 35/33/98-3TE dated 31.12.2002 (copy enclosed as Annexure E), Grant to the tune of Rs. 238.05 lacs was released to the said institute on the basis of the level of grant released during 1998-99.

Thereafter, the Govt. of India vide their notification No. F.35/1/2002-TSIII dated 14.5.2003 has taken over the full administrative and financial control of NIT Kurukshetra with immediate effect and the Plan and Non-Plan expenditure of the said Institute would be borne entirely by the Central Govt. from the financial year 2003-04 onward.

From the above position, it is clear that in case the decision of Central Govt. regarding sharing pattern of the Grant-in-aid at the time of conversion of REC Kurukshetra to NIT Kurukshetra prevails, the plea advanced by the Director/Principal NIT Kurukshetra that the deficit of Rs. 115.79 lacs against the State Govt. of Haryana as on 31.3.2003 in respect of Non-Plan funds, 50% share of State Govt. amounting to Rs. 84.22 lacs has been adjusted, is tenable.

Hence, in view of the decision taken by the BOG of NIT Kurukshetra and the position explained above, PAC is requested to kindly drop the above para.

The Committee desired that the department may get the approval from government to adjust 50% share of State Government amounting to Rs 84.22/ lac and the Committee may be informed accordingly

TRANSPORT DEPARMENT

[77] 5.1 Results of Audit

Test check of records of departmental offices relating to revenue received from taxes on motor vehicles electricity duty purchase tax (agriculture) entertainment duty and passengers and goods tax conducted during the year 2005-06 revealed under assessments of tax and duties and loss of revenue amounting to Rs 109.19 crore in 75,150 cases as depicted below

(Rupees in crore)

Sl No	Nature of irregularity	Number of cases	Amount
1	2	3	4
A Taxes on motor vehicles			
1	Non/short recovery of permit/countersignature fee	39,646	18.13
2	Non/short recovery of bid money	38	0.69
3	Short recovery of token tax	472	0.67
4	Non/short recovery of token tax and registration fee	730	0.44
5	Non recovery of trade certificate fee	20,853	0.15
6	Miscellaneous irregularities	9,792	0.64
	Total	71,531	20.72
B Electricity duty			
1	Non/short recovery of electricity duty	1	71.91
2	Loss of interest due to non deposit of electricity duty in Government account	1	1.06
3	Miscellaneous irregularities	3,581	3.34
	Total	3,583	76.31
C Purchase tax (Agriculture)			
1	Non/short recovery of purchase tax on sugar cane	2	0.77
2	Non recovery of interest on delayed payments of purchase tax	3	0.01
	Total	5	0.78
D Entertainment duty			
	Non/short recovery of entertainment duty	2	0.01
	Total	2	0.01

1	2	3	4
E Passengers and goods tax			
	Review on Receipts from passengers and goods tax	1	11 10
	Other irregularities	28	0 27
	Total	29	11 37
	Grand Total	75,150	109 19

During the year 2005 06 the departments accepted under assessments of Rs 25 04 crore in 75 003 cases and recovered Rs 5 02 crore in 22 cases which pertain to earlier years

A few illustrative cases highlighting irregularities involving financial effect of Rs 18 69 crore and a review on 'Receipts from passengers and goods tax' involving Rs 11 10 crore are mentioned in this chapter

The department in its written reply state as under —

In reply to this para it is submitted that out of total amount of Rs 20 72 crore an amount of Rs 18 13 crore relates to the recovery of Permit/Counter signature fees and this amount is non recoverable in view of Notification No 1345/2006 6T-11 dated 03 01 2007 issued by this department. Similar paras have been dropped by PAC in its meeting held on 26 02 2007 and 31 07 2007. An amount of Rs 0 15 lacs relates to trade certificate fee which is also non recoverable.

Out of balance amount of Rs 2 44 crore an amount of Rs 87 79 lakhs has been recovered. Efforts are being made to recover the balance amount of Rs 1 56 crore.

The Committee desired that strenuous efforts be made to recover the balance amount under intimation to the Committee. The Committee further desired that the amount which is not recoverable be get written off from Finance Department and the decision taken in this regard be intimated to the Committee.

Taxes on Motor Vehicles

[78] 5 3 Short realisation of permit and countersignature fee

Under the Punjab Motor Vehicles Rules 1940 as applicable to Haryana DTOs are to issue permits after charging permit fee and countersignature fee at the rates prescribed for the regions under their jurisdiction and countersignature fee for each additional region of the State. The amount of fee is payable on the basis of number of regions included in the permit in the State. Government increased the number of regions from six to 10 in March 1999 and to 19 in February 2001. The permit and countersignature fee for heavy/light motor vehicles was payable at the rate of Rs 2 625/Rs 1 750 upto March 1999 and Rs 4 125/Rs 2 750 upto

February 2001 and thereafter at the rate of Rs 7 500/Rs 5 000 respectively for each block of five years Further in similar cases the Public Accounts Committee (PAC) in its 44th Report relating to Audit Report 1991-92 presented to the State legislature on 21 March 1997 directed the department to effect recoveries on the basis of number of regions included in the permits But no action has been taken so far

During test check of records of 19* DTOs it was noticed between March 2004 and January 2006 that permits were granted for plying vehicles in 19 regions of the State However permit fee/countersignature fee in respect of 40 421 vehicles was recovered on the basis of six regions only The fee was recovered at the rate of Rs 2 625/Rs 1 750 for each heavy/light motor vehicle instead of at the rate of Rs 7 500/Rs 5 000 for permits issued during the year 2003-04 and 2004-05 In spite of observations of the PAC the department did not effect recoveries on the basis of number of regions included in the permit This resulted in short realisation of permit fee/countersignature fee of Rs 18.45 crore

After this was pointed out between March 2004 and January 2006 nine** DTOs stated between October and December 2005 that the matter is under consideration of the headquarters (Transport Commissioner Haryana Chandigarh) and permit fee would be charged on new rates on receipt of instructions from headquarters/Government The reply was not tenable as no separate orders of Government/department were required to charge permit/countersignature fee at enhanced rates DTOs Jind and Rohtak stated in September and October 2005 that permit fee is being charged on the basis of six regions This reply was also not tenable as permit/countersignature fee was required to be charged on the basis of number of regions included in the permit for plying vehicles in the State DTO Panipat stated in October 2005 that the notices of recovery will be issued Further report and reply from remaining DTOs*** had not been received (August 2006)

The matter was referred to Government between May 2004 and February 2006 reply had not been received (August 2006)

The department in its written reply state as under —

The amount of Rs 18.45 crore under objection raised by the Accountant General Haryana is non recoverable in view of Notification No. 13/45/2006-6T II dated 3.1.07 issued by this department Similar paras have been dropped by PAC in its meeting held on 26.2.07 and 31.7.07 Hence this para may also be dropped

The Committee desired that latest position in regard to the recovery of balance amount be intimated to the Committee

[79] 5.4 Non realisation of token tax from private service vehicles

Under Motor Vehicles Act 1988 motor vehicle having seating capacity between six and twelve (excluding driver) registered in the name of firms/companies are to be treated as private service vehicles and are required to be registered with RTA/DTO Token tax at the rate of Rs 400 per seat per annum is chargeable instead of one time token tax chargeable for personal vehicles

During test check of records of three registering authorities (RAs)* for the year 2004 05 it was noticed in July and August 2005 that 118 private services vehicles were registered in the name of firms/companies and one time token tax was charged by the RAs irregularly instead of charging Rs 400 per seat per annum. This resulted in non realisation of token tax amounting to Rs 14 01 lakh.

After this was pointed out in July and August 2005 RAs Karnal and Hisar intimated in January 2006 that efforts were being made to recover the token tax due from the firms/companies. Further RA Panipat intimated in January 2006 that all the cases in which token tax was recoverable annually have been sent to DTO Panipat to effect recovery of tax from the defaulters. Further progress of recovery had not been received (August 2006).

The matter was referred to Government in September 2005. Reply had not been received (August 2006).

The department in its written reply state as under —

The objection raised by AG(Audit) for non realization of token tax from private service vehicles amounting to Rs 14 01 lakhs relates to Regional Transport Authority Karnal Panipat & Hisar. Concerned authorities have been directed to recover the said amount through DO letter.

The Committee desired that latest position in regard to the recovery of balance amount be intimated to the Committee

[80] 5 5 Short realisation of bid money on stage carriage permits

Under Motor Vehicles Act 1988 Private Bus Service Scheme in Haryana – Year 2001 was introduced for the grant of stage carriage permits to the existing co operative societies under 1993 scheme. General public and new transport co operative societies of unemployed youth on certain routes. The permits and rights of operation were to be given to the operators on lease for a period of five years by inviting bids and the route was to be allotted to the highest bidder. The bid money was required to be deposited before 10th of each month. In case of non payment of bid money the authority may initiate action for suspension/cancellation of permit/imposition of penalty.

During test check of records of three DTOs** for the years 2002 03 and 2004 05 it was noticed between March 2004 and December 2005 that 15 transport co operative societies were issued permits between February 2001 and May 2003 for a period of five years. These co operative societies were required to deposit bid money in equal monthly instalments which was not deposited regularly. No action was taken either to suspend/cancel the permit or to levy penalty. This resulted in short realisation of bid money of Rs 10 19 lakh for the period between August 2002 and March 2005 besides penalty leviable.

After this was pointed out between March 2004 and December 2005 DTO Karnal intimated in February 2006 that recovery of Rs 52 800 had been made in one case and efforts were being made to recover the balance bid money. Further progress of recovery and replies from other DTOs had not been received (August 2006).

The matter was referred to Government between May 2004 and January 2006 reply had not been received (August 2006)

The department in its written reply state as under —

Out of total amount of Rs 10 19 lakhs an amount of Rs 3 20 lakhs has been recovered and balance amount of Rs 7 25 lakhs relates to R T A Karnal & Jind Efforts are being made to recover the balance amount

The Committee desired that latest position in regard to the recovery of balance amount be intimated to the Committee

AGRICULTURE DEPARTMENT

[81] 6 3 Non recovery of purchase tax and interest

Under the Punjab Sugarcane (Regulation of Purchase and Supply) Act 1953 and the Rules framed thereunder as applicable to Haryana a sugar factory is required to pay tax of Rs 1 50 per quintal on purchase of sugarcane latest by 14th of the following month In the event of default in payment interest at 15 *per cent* per annum shall be charged for the period of default The Act further provides that all sums payable to Government but not paid by the due date shall be recoverable as arrears of land revenue

During test check of records of Assistant Cane Development Officer (ACDO) Yamunanagar for the year 2002-03 it was noticed in December 2003 that Naraingarh Sugar Mills Limited Naraingarh purchased 14 50 811 quintals of sugarcane between March and May 2003 Purchase tax and interest of Rs 30 43 lakh though payable was neither demanded nor deposited by the mill

After this was pointed out in December 2003 the Project Officer (cane) Yamunanagar intimated in November 2005 that efforts were being made to recover the purchase tax from Naraingarh Sugar Mill Further reply had not been received (August 2006)

The matter was referred to Government in January 2004 and November 2005 reply had not been received (August 2006)

The department in its written reply state as under —

Para 6 3 pertains to outstanding Cane Purchase Tax to the tune of R3 30 43 lakhs recoverable from Naraingarh Sugar Mill Naraingarh

It is submitted that the amount as mentioned in the Para is yet to be deposited by the Mills despite the following efforts made by the Department

EFFORTS MADE

- 1 A meeting was held on 29 3 2004 under the Chairmanship of Principal Secretary to Chief Minister Haryana It was decided that all the Cooperative Sugar Mills and Private Sugar Mills will deposit the cane purchase tax and interest accrued thereon The private sugar mills were directed to submit their time schedule for depositing cane purchase tax & interest thereon A reminder was also issued vide this office letter No 1732 dated 29 4 2004 As a follow up of the decisions taken in the ibid meeting another meeting was called on 15 4 2004 by the Additional Cane Commissioner Haryana for reviewing the progress The representatives of the concerned Sugar Mills were directed to deposit the purchase tax and interest thereon immediately
- 2 A meeting was convened under the Chairmanship of Cane Commissioner Haryana on 2 6 2004 wherein the representatives of all the sugar mills were directed to submit their deposit plans failing which serious action will be initiated against them
- 3 Requisite certificates have been issued to the concerned Collectors for effecting the recovery as arrears of land revenue vide this office memo No CC/Acct/4584 dated 14 10 2004 and No 4356 dated 13 12 2005

- 4 All the Heads of the sugar factories have been asked by the Director of Agriculture Cane Commissioner Haryana through demi official letters 5237-51 dated 13 12 2004 to deposit the outstanding dues
- 5 In the meeting of Sugarcane Control Board held under the Chairmanship of Hon ble Chief Minister Haryana on 10 11 2005 it was decided to pursue these cases vigorously and send the details to the Govt
- 6 The matter was discussed in the DCs Conference held on 12 2 2006 under the Chairmanship of Hon ble Chief Minister It was directed to recover the Cane Purchase Tax payable by the Sugar Mills
- 7 A meeting was held on 23 7 2008 under the Chairmanship of the Cane Commissioner The Managing Director Sugarfed and MDs/GMs of concerned Sugar Mills attended the meeting and necessary directions were issued to deposit the purchase tax and interest thereon immediately
- 8 A meeting was held on 15 1 2009 under the Chairmanship of the Financial Commissioner & Principal Secretary to Govt of Haryana Agriculture wherein it was impressed upon to deposit the amount payable to the Govt
- 9 A meeting was convened on 17 9 2009 under the chairmanship of Cane Commissioner Managing Director Sugarfed and all the Cane Managers of the concerned Sugar Mills attended the meeting It was directed to deposit the payable purchase tax and interest thereon
- 10 On the direction of the Cane Commissioner a meeting was convened on 25 03 2010 under the Chairmanship of the Addl Cane Commissioner with all the Cane Managers of the concerned Sugar Mills wherein the status of Cane Purchase Tax payable by various Sugar Mills including the Naraingarh Sugar Mills was discussed and reviewed
- 11 Addl Cane Commissioner wrote a D O letter No 1909 dated 12 5 2010 to General Manager Naraingarh Sugar Mills to deposit the arrears of Cane Purchase Tax immediately
- 12 Cane Commissioner wrote D O letter No 3495 dated 6 10 2010 to General Manager Naraingarh Sugar Mills to deposit the arrears of Purchase Tax and interest thereon
- 13 A D O letter No 2139 dated 3 08 2011 has been written to Deputy Commissioner Ambala for effecting the cane purchase tax from Naraingarh Sugar Mill Naraingarh

The Committee desired that strenuous efforts be made to recover the balance amount as the amount is pending since long time and Committee may be informed accordingly

REVENUE DEPARTMENT

[82] 3 1 Results of audit

Test check of records of various registration offices conducted in audit during the year 2005 06 revealed non/short levy of stamp duty and registration fee amounting to Rs 22 10 crore in 8 349 cases which broadly fall under the following categories

(Rupees in crore)

Sl No	Nature of irregularity	Number of cases	Amount
1	Short levy of stamp duty due to under valuation of property	701	7 72
2	Short levy of stamp duty due to misclassification of deeds	1 788	4 13
3	Irregular exemption of stamp duty and registration fee on mortgage deeds	3 266	0 40
4	Miscellaneous irregularities	2 594	9 85
Total		8,349	22 10

During the year 2005 06 the department accepted under assessments of Rs 13 19 crore involved in 5 878 cases. An amount of Rs 0 07 crore in 108 cases had been recovered of which Rs 0 06 crore in 91 cases pertains to earlier years

A few illustrative cases highlighting irregularities involving financial effect of Rs 7 25 crore are mentioned in this chapter

The department in its written reply state as under —

The para relates to short levy of stamp duty due to under valuation of property

The latest position of para No 3 1 1 is as under —

	Number of cases	Amount (in lacs)
1 Amount Recovered by the department	84	13 60
2 Amount dropped by D Cs/Collectors	99	68 70
3 Amount dropped by A G	76	585 63
4 Pending in various courts of Collectors	390	91 81
5 Balance for recovery	52	12 37
Total	701	772 11

This para relates to short levy of Stamp Duty due to undervaluation of property on the basis of Collector Rate and agreement to sell etc. All the Deputy Commissioners of the State are being impressed upon by the Govt. from time to time to look into the matter at personal level and to instruct the authorities concerned to pay special heed to decide these expeditiously and make strenuous efforts to recover the balance amount in a time bound manner and not to treat such cases in a casual manner as a matter of routine. They have also been impressed upon to hold special campaigns to dispose of the Court cases pending for decision under section 47 A of the Indian Stamp Act 1899 and to affect recovery in revenue as well as in public interest.

The Committee desired that sincere and vigorous efforts may be made to effect the recovery at the earliest and the cases pending in the collectors Courts may also be perused vigorously and outcome be intimated to the Committee within a period of three months.

[83] 3 1 2 The para relates to short levy of stamp duty due to misclassification of deeds

The latest position of para No. 3 1 2 is as under —

	Number of cases	Amount (in lacs)
1 Amount Recovered by the department	103	18 54
2 Amount dropped by D Cs/Collectors	126	32 13
3 Amount dropped by A G	1122	253 20
4 Pending in various courts of Collectors	424	105 35
5 Balance for recovery	13	3 60
Total	1788	412 82

This para relates to misclassification of instruments of Gift and Release. In the matter the interpretation of gift and release was involved. In this regard clarifications dated 22-9-05 and 29 12 05 have been issued by the Government to all the Collectors of the State. They have been directed to decide these cases keeping in view the above clarifications U/S 47 of the Indian Stamp Act 1899. Accountant General Haryana was also requested accordingly to settle the said cases during their review.

In view of above clarification an amount of Rs. 253 20 lacs in 1122 cases have been dropped by the Accountant General Audit after verification of the facts and an amount of Rs. 32 13 lacs in 126 cases have been dropped by the collectors of the state. Strenuous efforts are being made by the collectors to decide the remaining cases.

The Committee desired that suitable steps be taken to effect the recovery at the earliest and the case pending in collectors Courts may also be perused vigorously and outcome may be intimated to the Committee.

[84] 3 1 3 The para relates to irregular exemption of stamp duty & Registration Fee on mortgage deeds executed & registered by the agriculturists

The latest position of para No 3 1 3 is as under —

	Number of cases	Amount (in lacs)
1 Amount Recovered by the department	77	1 45
2 Amount dropped by D Cs/Collectors	6	0 14
3 Amount dropped by A G	1941	19 66
4 Pending in various courts of Collectors	191	5 12
5 Balance for recovery	1051	13 24
Total	3266	39 61

Efforts are being made to recover the balance amount of Rs 13 24 lacs in 1051 cases

The Committee desired that sincere efforts may be made to effect the recovery at the earliest and the cases pending in collectors Courts may also be perused vigorously and outcome may be intimated to the Committee

[85] 3 1 4 The para relates to miscellaneous irregularities, in the detail of stamp papers issued by Treasury Office was not mentioned on the office copies of the instruments registered

The latest position of para No 3 1 4 is as under —

	Number of cases	Amount (in lacs)
1 Amount Recovered by the department	7	0 77
2 Amount dropped by D Cs/Collectors	0	0
3 Amount dropped by A G	2236	840 54
4 Proposed to be dropped	11	15 10
5 Pending in various courts of Collectors	82	14 91
6 Balance for recovery	258	113 29
Total	2594	984 61

In 11 case of Rs 15 10 lacs stamp papers have been verified from T O Sonapat and are found correct Therefore this amount may kindly be dropped Efforts are

being made to recover/settle the balance amount of Rs 113.29 lacs in 258 cases
82 case amounting to Rs 14.91 lacs are being pursued in the court of collectors

The Committee desired that sincere efforts may be made to effect the recovery at the earliest and the cases pending in collectors Courts may also be perused vigorously and outcome may be intimated to the Committee

[86] 3.2 Evasion of stamp duty due to non execution of conveyance deeds

3.2.1 Under the Indian Registration Act 1908 all instruments relating to sale or lease of immovable property for any term of one year or more are required to be registered compulsorily. As per the Indian Stamp Act 1899 (IS Act) conveyance includes conveyance on sale and every instrument by which property whether movable or immovable is transferred. Thus instruments of transfer of immovable property are required to be registered compulsorily and are leviable to stamp duty on the consideration enumerated in the instrument. Besides registration fee is also chargeable. Haryana Urban Development (Disposal of Land and Buildings) Regulations 1978 and condition 13 of allotment letter by HUDA to allottees provide that on payment of 100 *per cent* of the tentative price of the land/building the transferee shall execute a conveyance deed in the prescribed form. In case conveyance deed is not executed HUDA can resume the allotted plots/commercial sites and forfeit the whole or any part of the money if any paid in respect thereof but not exceeding 10 *per cent* of the total consideration money. Stamp duty at the rate of six *per cent* is leviable from 2004-05.

Test check of records of six* Estate Offices of HUDA revealed between October 2005 and January 2006 that HUDA allotted 4,592 plots/commercial sites and handed over possession during the period between May 1972 and May 2002. Of these 2,155 allottees had paid full consideration of Rs 50.18 crore to HUDA but conveyance deeds were not got registered with the registering authorities (RAs). Government has not evolved any mechanism to ensure that conveyance deeds in such cases where full payment on account of sale of plots have been received by HUDA are got registered by the transferees with the registration department to check the evasion of stamp duty. Non execution of conveyance deeds deprived State Government of revenue of Rs 4.01 crore in the shape of stamp duty. Besides registration fee of Rs 9.79 lakh is also chargeable.

After this was pointed out between October 2005 and January 2006 three** Estate Officers stated in June 2006 that conveyance deeds had been got executed by 44 (out of 1,489) allottees by making payment of stamp duty of Rs 7.24 lakh (including registration fee) and notices issued to remaining 1,445 allottees. Remaining three*** Estate Officers stated in February and June 2006 that efforts were being made for execution of conveyance deeds in 666 cases. The matter was referred to Government in January 2006 their reply had not been received (August 2006).

The department in its written reply state as under —

As per provision of section 17 of the Indian Stamp Act 1899 stamp duty is payable at the time or before the execution of any instrument and registration fee is payable under section 80 of Registration Act-1908 on the presentation of document for registration. Under Section 2(10) of the Indian Stamp Act ownership cannot be transferred provided that stamp duty is not paid by the allottee as per

provision of entry No. 23 of Schedule 1 (a) of the Indian Stamp Act 1899. Therefore the allottee even after full payment cannot be compelled for getting the deed executed and registered. In all such cases the ownership will lie with HUDA. Therefore keeping in view the provision above the para may kindly be dropped. However the matter is being pursued with Chief Administrator HUDA for getting the remaining conveyance deeds executed.

After hearing the departmental representatives the Committee desired that all out efforts may be made to settle the matter with HUDA and outcome may be intimated to the Committee

[87] 3.2.2 As per hire purchase tenancy agreement of the Housing Board Haryana (Allotment Management and Sale of Tenements) Regulations 1972 (HPTA) the owner of property after the expiry of the hire purchase period shall execute a conveyance deed to transfer the said property to the hirer in the prescribed form provided that the hirer has paid all the dues to the owner/the public bodies if any prior to such execution. In case the conveyance deed is not executed the Housing Board Haryana (HB) can resume the property.

During test check of records of the offices of nine* estate managers HB it was noticed between October 2005 and January 2006 that 5,036 built up houses/commercial buildings were allotted under hire purchase arrangements and the possession was handed to the allottees between December 1973 and April 2005. Of these 2,961 allottees had paid full consideration of Rs 35.26 crore to HB but conveyance deeds were not got registered with the RAs under the Act though registration of these documents was compulsory. Non execution of conveyance deeds deprived the State Government of revenue of Rs 2.82 crore in the shape of stamp duty. Besides registration fee of Rs 12.75 lakh is also leviable.

After this was pointed out Estate Manager HB Jind stated in February 2006 that the allottees who had made full payments were being asked for executing conveyance deeds of the houses/flats allotted to them. The Chief Administrator HB Panchkula stated in June 2006 that the estate managers had been directed to pursue the matter with the allottees to get conveyance deeds executed where hire purchase period had already expired and all the dues had been paid. Three** estate managers HB stated in June 2006 that conveyance deeds had been executed by 34 (out of 934) allottees by making payment of stamp duty of Rs 4.01 lakh and registration fee of Rs 16,505 and efforts were being made for the execution of conveyance deed in the remaining cases. Further progress from remaining four estate managers has not been received (August 2006).

The matter was referred to Government in January 2006. Reply had not been received (August 2006).

The department in its written reply state as under —

The Housing Board Haryana has stated that it cannot force the allottees to get the conveyance deed executed. As per Hire Purchase Tenancy Agreement the Board remains the lawful owner of the unit till the conveyance deed is executed in favour of allottee. The agreement between allottee and the Board is as under

The owner hereby agrees after the expiry of hire purchase period to transfer the said property to the hirer by executing conveyance deed with him in the prescribed

from provided that he has paid all the due of the owner and of the public bodie if any prior to such execution The hirer there after shall cease to be a tenant and become the owner of property subject to the provisions of the said Conveyance Deed

The Government agrees to the above contention and requests to drop the para however ownership cannot be transferred in the absence of registered instrument of conveyance in view of provision of section 17 & 49 of Registration Act 1908 and Section 2(10) of the Indian Stamp Act 1899. It is also pertinent to mention here that out of total 2961 units in Haryana 540 units have been got registered in Kurukshetra and Karnal alone. The matter is being persuaded by the Department with the Chief Administrator Housing Board Haryana for expediting the matter.

After hearing the departmental representatives the Committee desired that all out efforts may be made to settle the matter with Housing Board Department under intimation to the Committee

[88] 3.3 Misclassification of documents

Under the provisions of the IS Act separate rates have been prescribed for different type of instruments. The classification of an instrument depends upon the nature of the transaction recorded therein. In case possession of the property is handed over after receipt of full amount of consideration the instrument becomes a conveyance deed and stamp duty becomes leviable under the IS Act.

During test check of records of the joint sub registrars (JSR) Rajound and Pundri it was noticed in January 2005 that two instruments conveying possession and transfer of a property valued at Rs 56.06 lakh to the vendee were executed in November 2003. In both the cases the vendors received full amount in lieu of the property sold. The deeds were liable to be treated as conveyance deed and stamp duty of Rs 8.09 lakh was leviable. However the RA misclassified these documents and registered the deeds as agreement to sell charging a stamp duty of Rs 9 which was incorrect. This resulted in short realisation of stamp duty of Rs 8.09 lakh.

After this was pointed out in January 2005 JSR Pundri admitted the facts and stated in January 2006 that efforts were being made to effect the recovery. JSR Rajaund stated in January 2006 that the case had been referred to the collector for determination of value of the property. Further progress had not been received (August 2006).

The matter was referred to Government in April 2005 reply had not been received (August 2006).

The department in its written reply state as under —

One case amounting to Rs 7.50 lacs has been dropped by the Accountant General Audit and One case amounting to Rs 0.59 lacs is being pursued in the Court of Collector Kaithal.

The Committee desired that sincere efforts may be made to effect the recovery at the earliest and the cases pending in collectors Courts may also be pursued vigorously and outcome may be intimated to the Committee

[89] 3 4 Short levy of stamp duty due to under valuation of properties

With a view to check malpractice of under valuation of properties in registration of sale deeds and consequent deprivation of revenue to the State Government decided (September 1986 February 1988 November 1990 May 1998 and August 2005) that the collector may issue suitable instructions/guidelines to the RAs regarding the valuation of different categories of land in rural as well as urban areas. For this purpose they were required to constitute a committee. In case RAs have reason to believe that the prevailing rate of land is higher than the rate recommended by the committee for the said area they shall take into account such higher valuation. However if the rates in the deeds are lower than recommended by the committee RAs should refer the matter to the collector under section 47 A of the IS Act.

3 4 1 During test check of records of sub registrar (SR) Sirsa for the year 2004 05 it was noticed in June 2005 that a vendee purchased commercial land measuring 165 kanal 11 marla (99 330 square yards) in Khairpur (Sirsa) for a consideration of Rs 3 crore. While executing the deed in July 2004 the RA levied stamp duty of Rs 24 lakh. However it was noticed that the collector had fixed the rate of Rs 400 per square yard for the land of village Khairpur for the year 2004 05. Thus the value of the said land worked out to Rs 3 97 crore. The RA did not work out the value of land at the rates fixed by collector. This resulted in under valuation of immovable property amounting to Rs 97 32 lakh on which stamp duty of Rs 7 79 lakh was short realised.

After this was pointed out in June 2005 SR Sirsa intimated in November 2005 that the case was referred to the collector Sirsa in August 2005 for decision. Further report on action taken had not been received (August 2006).

The matter was referred to Government in August 2005. The Financial Commissioner and Principal Secretary Revenue Department stated in April 2006 that the matter was pending in the Court of Collector Sirsa for decision.

The department in its written reply state as under —

Only one case amounting to Rs 7 79 lacs is pending and is being pursued in the court of collector Sirsa.

The Committee desired that sincere efforts may be made to effect the recovery at the earliest and the cases pending in collectors Courts may also be pursued vigorously and outcome may be intimated to the Committee

[90] 3 4 2 During test check of records of SR Narnaul for the year 2003 04 it was noticed in March 2005 that three sale deeds of plots were registered between April and July 2003. These deeds were liable to be assessed for consideration of Rs 26 71 lakh based on the rates fixed by collector for residential plots within municipal limits during 2003 04 and stamp duty of Rs 4 14 lakh was chargeable. However the RA incorrectly assessed the deeds for consideration of Rs 6 19 lakh on the rate fixed for agricultural land and levied stamp duty of Rs 1 17 lakh. This resulted in short levy of stamp duty of Rs 2 97 lakh.

After this was pointed out in March 2005 the department stated in December 2005 that the cases had been referred to the collector for assessment of correct value of property mentioned in sale deeds. Final reply had not been received (August 2006).

The matter was referred to Government between May and November 2005 reply had not been received (August 2006)

The department in its written reply state as under —

Only three cases amounting to Rs 2 97 lacs are pending and are being pursued in the court of collector Narnaul

The Committee desired that sincere efforts may be made to effect the recovery at the earliest and the cases pending in collectors Courts may also be pursued vigorously and outcome may be intimated to the Committee

[91] 6 2 3 During test check of records of the Deputy Commissioner (DC) Hisar for the period April 2003 to March 2005 it was noticed in May 2005 that auction money amounting to Rs 26 34 lakh received from the public auction of space allotted to private contractors for cycle/scooter stands stationery and printed official forms shop and telephone/public call office (PCO) booth in the premises of mini secretariat and judicial complex (Government land) at Hisar on annual lease basis for the years 2001 02 to 2004-05 between March 2001 and March 2005 was deposited with the District Red Cross Society Hisar (DRCS) instead of crediting these receipts into Government account As such transfer of Government receipts of Rs 26 34 lakh to DRCS by the DC Hisar without prior approval of the State Legislature was against the financial rules

After this was pointed out in May 2005 Government directed in January 2006 the DC Hisar to recover the amount from DRCS and deposit the same into Government receipt head and also desired that reasons for deviation may be intimated

The department in its written reply state as under —

Out of total amount of Rs 26 33 600/- the Red Cross Society has deposited Rs 22 12 216/- with D C Office Hisar Remaining Rs 4 21 384/- have not been deposited with the Deputy Commissioner as this amount has been spent by the Red Cross Society in construction of boundary wall and flooring in Mini Secretariat/ Judicial Complex Audit party in its letter No OAD Special/09 10/AM 4 dt 15 7 09 has desired to get the matter settled with mutual understanding After this D C Hisar vide letter No 1071/D N dt /29-10 09 has recommended to get the matter settled by adjusting this amount to which Government agrees

It is therefore requested that para may be dropped

The Committee desired that strenuous efforts be made to recover the balance amount under intimation to the Committee

Appendix VII

(Refer paragraph 1 5 5, page 21)

Details of utilisation certificates required received and outstanding

Sr No	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
1	2	3	4	5	6	7	8	9
1	Housing	2006 07	8	26 77	0	0 00	8	26 77
2	Urban Development	1998 99	15	569 21	11	309 22	4	259 99
		1999 2000	115	631 77	38	118 10	77	513 67
		2000 01	132	1 094 00	19	78 90	113	1 015 10
		2001 02	457	1 478 26	5	111 03	452	1 367 23
		2002 03	293	3 432 58	17	67 64	276	3 364 94
		2003 04	186	3 219 02	34	549 61	152	2 669 41
		2004 05	117	4 291 53	111	3 298 20	6	993 33
		2005 06	420	9 233 80	286	3 694 83	134	5 538 97
3	Irrigation	2006 07	201	11 914 72	79	1 792 08	122	10 122 64
		2003 04	2	2 139 62	0	0 00	2	2 139 62
		2004 05	6	2 418 86	0	0 00	6	2 418 86
		2005 06	9	4 469 83	0	0 00	9	4 469 83
		2006 07	13	5 627 37	0	0 00	13	5 627 37
4	Power	2001 02	5	2 537 36	5	2 537 36	0	0 00
		2002 03	5	1 880 30	5	1 880 30	0	0 00
		2003 04	8	5 392 87	8	5 392 87	0	0 00
		2004 05	60	995 38	60	995 38	0	0 00
		2005 06	2	1 873 50	2	1 873 50	0	0 00
5	Agriculture	2006 07	11	10 865 67	0	0 00	11	10 865 67
6	Rural Development	2001 02	1	13 53	0	0 00	1	13 53
		2002 03	1	1 69	0	0 00	1	1 69
		2004 05	7	1 120 65	0	0 00	7	1 120 65
		2005 06	127	2 919 17	0	0 00	127	2 919 17
		2006 07	47	6 812 89	0	0 00	47	6 812 89
7	Development and Panchayat	2002 03	3	502 06	0	0 00	3	502 06
		2003 04	16	10 095 18	0	0 00	16	10 095 18
		2004 05	13	6 884 90	0	0 00	13	6 884 90
		2005 06	41	15 710 98	0	0 00	41	15 710 98
		2006 07	11	14 150 03	0	0 00	11	14 150 03
8	Economical and Statistical Advisor	2004 05	11	2 00	5	0 96	6	1 04
		2005 06	49	11 99	15	10 82	34	1 17
		2006 07	20	2 000 00	6	1 639 35	14	360 65
9	Medical	2002 03	1	100 00	0	0 00	1	100 00
		2003 04	2	8 31	0	0 00	2	8 31
		2004 05	1	56 48	1	56 48	0	0 00
		2005 06	5	211 61	0	0 00	5	211 61
		2006 07	11	495 79	11	495 79	0	0 00

1	2	3	4	5	6	7	8	9
10	Education	2003 04	6	52 34	6	52 34	0	0 00
		2004 05	3	45 75	3	45 75	0	0 00
		2005 06	30	7 730 37	25	7 178 86	5	551 51
		2006 07	296	21 476 00	102	2 705 35	194	18 770 65
11	Revenue	2006 07	3	184 41	3	184 41	0	0 00
12	Social Security and Welfare	2000 01	10	653 86	0	0 00	10	653 86
		2001 02	6	606 55	0	0 00	6	606 55
		2002 03	11	280 81	0	0 00	11	280 81
		2003 04	21	525 38	0	0 00	21	525 38
		2004 05	18	1 574 96	1	31 00	17	1 543 96
		2005 06	73	1 439 99	31	269 92	42	1 170 07
		2006 07	53	1 536 08	0	0 00	53	1 536 08
13	Technical Education	2004 05	1	875 00	0	0 00	1	875 00
		2006 07	41	2 935 69	36	2 389 04	5	546 65
14	Sports	2004 05	2	30 99	1	25 00	1	5 99
		2005 06	4	38 50	1	17 00	3	21 50
		2006 07	10	326 54	0	0 00	10	326 54
15	Science and Technology	2003 04	4	376 20	4	376 20	0	0 00
		2004 05	6	248 85	6	248 85	0	0 00
		2005 06	7	224 14	7	224 14	0	0 00
		2006 07	8	240 00	5	203 68	3	36 32
16	Ecology and Environment	2004 05	5	15 74	5	15 74	0	0 00
		2006 07	2	7 16	0	0 00	2	7 16
17	Tourism	2006 07	4	21 00	0	0 00	4	21 00
18	Water Supply and Sanitation	2001 02	3	329 34	3	329 34	0	0 00
		2002 03	4	1 696 53	4	1 696 53	0	0 00
		2003 04	193	9 175 92	168	7 896 30	25	1 279 62
		2004 05	358	14 263 28	334	12 810 69	24	1 452 59
19	Art and Culture	2005 06	3	15 00	0	0 00	1	15 00
		2006 07	1	15 00	0	0 00	1	15 00
20	Animal Husbandry	2006 07	13	488 50	13	488 50	0	0 00
21	Fisheries	2002 03	1	0 28	1	0 28	0	0 00
		2004 05	20	49 39	19	43 38	1	6 01
		2005 06	54	352 59	48	328 01	6	24 58
		2006 07	41	228 29	18	144 22	23	84 07
22	Non Conventional Sources of Energy	1993 94	1	1 99	0	0 00	1	1 99
		2004 05	3	14 64	0	0 00	3	14 64
		2005 06	9	70 86	2	3 24	7	67 62
		2006 07	22	391 99	8	46 00	14	345 99
23	Village and Small Scale Industries	2000 01	1	0 14	0	0 00	1	0 14
		2005 06	14	7 152 90	0	0 00	14	7 152 90
		2006 07	26	12 409 40	5	395 00	21	12 014 40
24	Civil Aviation	2006 07	13	41 00	13	41 00	0	0 00
Total Say			3 836	2 23 333 03	1 590	63 092 19	2 246	1 60 240 84
				Rs 2 233 33		Rs 630 92		Rs 1 602 41
				crore		crore		crore

Appendix XI B

(Refer paragraph 1 6, page 22)

Department-wise details in respect of cases relating to theft, misappropriation/loss of Government material and fire/accident at the end of June 2008

Name of the Department	Theft cases		Misappropriation/loss of Government material		Fire/Accident	
	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)
Animal Husbandry	2	2 93	4	7 33	—	—
Education	27	15 37	8	5 51	1	0 07
Fisheries	—	—	—	—	1	8 06
Forest	3	4 70	10 15	16	9 11	
Irrigation	64	15 85	29	8 58	6	11 95
Labour and Employment	2	0 16	—	—	—	—
Medical and Public Health	2	2 04	3	1 50	2	11 92
Police	—	—	—	—	1	3 79
Public Relations	3	4 32	—	—	1	0 08
Public Works (B&R)	3	0 71	2	—	—	—
Revenue	—	—	2	10 52	—	—
Social Welfare	—	—	1	—	—	—
Sports and Youth Welfare	2	0 87	—	—	—	—
Technical Education	16	52 32	3	11 82	—	—
Women and Child welfare	1	0 12	—	—	—	—
Total	125	99 39	53	45 41	27	44 98

Appendix VII

(Refer paragraph 1 7 7)

Department-wise details in respect of cases relating to theft, misappropriations/ loss of Government material and fire/accident at the end of June, 2005

Name of the Department	Theft cases		Misappropriations/ loss of Government material		Fire/Accident	
	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)
Animal Husbandry	2	2 93	3	0 83	—	—
Education	25	13 28	7	4 21	1	0 07
Finance	1	2 79	—	—	—	—
Fisheries	—	—	—	—	1	8 06
Food and Supplies	—	—	—	—	4	6 24
Forest	3	4 70	—	—	14	11 13
Irrigation	72	9 65	31	8 72	8	11 95
Labour and Employment	2	0 16	—	—	—	—
Medical and Public Health	2	2 04	1	1 50	2	11 92
Public Health	26	4 49	8	1 20	2	0 66
Public Relations	—	—	—	—	1	0 08
Public Works (B&R)	5	1 15	3	2 34	—	—
Revenue	—	—	2	10 52	—	—
Social Welfare	—	—	1	—	—	—
Sports and Youth Welfare	1	0 87	—	—	—	—
Technical Education	13	21 19	2	11 58	1	0 29
Transport	5	13 30	7	4 98	1	0 60
Total	157	76 55	65	45 88	35	51 00

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
1	2	3	4
7th Report			
1	PWD (B&R)	33	Payment of work done
9th Report			
2	Industries	5(2)	Credit facilities for development of small industries
14th Report			
3	Industries	16	Purchase of Cotton Yarn
16th Report			
4	Industries	2(a) and 2(d)	Subsidy of setting up industries Units in selected Backward areas (Cases of M/s B K Steel Rolling Mill) Tohana and M/s Modern Industries Charkhi Dadri
18th Report			
5	Co operation	39	Co operative Consumer Stores
19th Report			
6	Public Relations	8	Setting up of an open air theatre in village Kaul (District Kurukshetra)
7	Excise and Taxation	40	Loss of duty on excess wastage
21st Report			
8	PWD (Public Health)	12	Outstanding Recoveries against contractor
22nd Report			
9	Industries	10(ii)	Industrial Estate
10	Irrigation	20	Penal recovery of cost of coal issued to Kiln Contractors in excess requirement
11	Revenue	40	Non levy of registration fee
12	Excise and Taxation	52	Loss of duty on excess wastage in bottling operation
13	Excise and Taxation	53	Loss of duty on excess storage wastage
14	Excise and Taxation	54	Shrotfall in duty
15	Excise and Taxation	56	Recovery due from contractor

1	2	3	4
23rd Report			
16	Food and Supplies	35	Haryana State Federation of Consumer Co operative Wholesale Stores Limited Chandigarh
17	Excise and Taxation	47	Uncollected Revenue
18	Excise and Taxation	55	Result of test audit in general
19	Excise and Taxation	57	Failure to initiate action to recover the licence fee
20	Excise and Taxation	58	Loss of duty on excess storage wastage
21	Excise and Taxation	59	Loss of duty on excess wastage in bottling operation
25th Report			
22	Colonization	9	Encroachment of Land
23	Colonization	11	Recoveries from plot holders
24	Fisheries	31	Development of Fisheries
25	Excise and Taxation	54	Un collected revenue
26	Excise and Taxation	58	Incorrect computation of tax on interstate sales
27	Excise and Taxation	67	Irregular allowance for wastage
28	Excise and Taxation	69	Failure to enforce licence conditions
26th Report			
29	Revenue	10	Gratuitous relief for crops/houses damaged
30	Irrigation	22	Faulty measurement of work resulting in over payment
31	Excise and Taxation	49	Uncollected revenue
32	Excise and Taxation	61	Duty not recovered on spirit loss in bottling operation in excess of norms
33	Excise and Taxation	63	Non recovery of licence fee and interest
28th Report			
34	PWD (B&R)	14	Shortage of Steel
35	Excise and Taxation	41	Registration of dealers under Sale Tax Act
36	Excise and Taxation	44	Non recovery of licence fee and interest
29th Report			
37	Forest	8	Afforestation Social Forestry & including Rural fuel wood plantation and farm forestry
38	Irrigation	17	Excess issue of coal
39	Development	32	Forestry sector
40	Excise and Taxation	47	Non levy of penalty
41	Excise and Taxation	50	Non levy of penalty

1	2	3	4
42	Excise and Taxation	51	Non levy of penalty
43	Excise and Taxation	53	Interest not charged
44	Excise and Taxation	55	Non levy of duty on spirit lost in redistillation or conversion
45	Revenue	62	Results of Audit
46	Revenue	63	Under valuation of immovable property
47	Mines and Geology	71	Results of Audit
32nd Report			
48	Industries	4	Development of small Industries
49	Industries	6	Outstanding recoveries of loan
50	Irrigation	12	Misappropriation
51	Irrigation	20	Shortage of Stores
52	Revenue	25	Inadmissible payment
53	Town and Country Planning (HUDA)	36	Loss due to defective storage of cement
54	Public Health	42	Commencement of work without sanction
55	Mines and Geology	47	Uncollected revenue
56	Mines and Geology	48	Results of Audit
57	Agriculture	56	Embezzlement of licence fee money
58	Excise and Taxation	61	Uncollected revenue
59	Excise and Taxation	69	Irregular levy of tax at concessional rate
34th Report			
60	Development and Panchayats	8	Irregular and wasteful expenditure on books
61	Revenue	29	Land reforms
62	Revenue	30	Compensation to landowner
63	Revenue	31	Consolidation of holdings
64	Food and Supplies	47	Under Storage of wheat
65	Mines and Geology	55	Uncollected revenue
66	Excise and Taxation	63	Uncollected revenue
67	Excise and Taxation	66	Short levy/non levy of purchase tax
68	Excise and Taxation	69	Non levy of penalty
69	Excise and Taxation	70	Non filling the quarterly returns
70	Irrigation	72	Arrears of revenue
71	Irrigation	74	Non raising of demand
72	Chief Electrical Inspector	78	Uncollected revenue
73	Chief Electrical Inspector	80	Arrears of electricity duty

1	2	3	4
74	Public Health	82	Results of Audit
75	Revenue	83	Results of Audit
76	Revenue	84	Under valuation of immovable property
36th Report			
77	Local Self Government	3	Non recovery of Government dues
78	Food and Supplies	7	Loss due to storage of wheat
79	Transport	9	Irregular payment of overtime allowance
80	Industries	13	Non utilization of loan
81	Revenue	18	Inadmissible gratuitous relief
82	Public Health	23	Consturction of a water tank
83	Haryana State Lotteries	25	Suspended misappropriation of Government money
84	PWD (B&R)	29	Excess measurement
85	PWD (B&R)	31	Misappropriation of stores
86	Revenue	43	Results of Audit
87	Revenue	46	Misclassification of instruments
88	PWD (B&R)	51	Results of Audit
89	Excise and Taxation	53	Uncollected Revenue (P G T)
90	Excise and Taxation	54	Uncollected Revenue (State Excise)
91	Excise and Taxation	58	Results of Audit (Sales Tax)
92	Excise and Taxation	59	Short leavy/Non levy of purchase Tax
38th Report			
93	Science and Technology	16	Evaluation and monitoring
94	Medical and Health	18	Stores and Stock
95	Irriagation	32	Surplus material
96	Irriagation	34	Other point of interest
97	Irrigation	36	Shortage of tiles
98	Public Health	41	Excess payment to the contractor
99	Public Health	42	Excess Payment
100	Mines and Geology	50	Results of Audit
101	Mines and Geology	51	Receipts from Mines and Minerals
102	Agriculture	56	Interest not charged on belated payments
103	PWD (B&R)	61	Arrears of rent
104	PWD (B&R)	62	Sale of empty bitumens drum
105	Revenue	64	Results of Audit
106	Revenue	68	Misclassification of Instrument

1	2	3	4
107	Excise and Taxation	70	Assessments in arrears
108	Excise and Taxation	71	Uncollected revenue
109	Excise and Taxation	76	Stay of Sales Tax demands against bank guarantee by the High Court/Supreme Court
110	Excise and Taxation	79	Suppression of purchases
111	Excise and Taxation	81	Irregular stay of tax and interest
112	Excise and Taxation	87	Recovery at the instance of Audit
40th Report			
113	Town and Country Planning	19	Delay in land acquisition cases
114	Public Health	33	Stores and stock
115	Public Health	34	Injudicious purchases
116	PWD (B&R)	37	Extra payment due to incorrect entries in Measurement Books
117	PWD (B&R)	38	Avoidable extra expenditure due to retendering
118	Co operation	41	Embezzlement
119	Food and Supplies	47	Damage caused to wheat in Storage
120	Supplies and Disposals	49	Extra expenditure due to retendering
121	Excise and Taxation	50	Assessment in arrears
122	Excise and Taxation	51	Uncollected Revenue (Sales Tax)
123	Excise and Taxation	52	Uncollected Revenue (State Excise)
124	Excise and Taxation	54	Results of Audit
125	Excise and Taxation	55	Delay in re assessment of remand cases
126	Excise and Taxation	57	Appeals entertained without deposit of tax
127	Excise and Taxation	60	Loss of revenue due to delays in assessment and demand of tax
128	Excise and Taxation	61	Application of incorrect rate to tax
129	Excise and Taxation	62	Non levy of tax
130	Excise and Taxation	66	Incorrect deduction on account of sales to registered dealers
131	Excise and Taxation	68	Non levy of penalty
132	Excise and Taxation	69	Interest not charged
133	Excise and Taxation	74	Non recovery of duty on wastage in excess norms
134	Excise and Taxation	75	Interest not charged
135	Revenue	79	Outstanding Inspection Reports
136	Revenue	80	Results of Audit
137	Revenue	81	Under valuation of immovable property

1	2	3	4
138	Revenue	82	Misclassifications of instruments
139	Revenue	83	Irregular grant of exemption
140	Revenue	84	Non/Short levy of stamp duty
141	Revenue	85	Irregular registration of supplementary deeds
142	Revenue	87	Evasion of stamp duty and registration fee through power of attorney
143	Revenue	89	Embezzlement of Government revenue
144	Mines and Geology	93	Outstanding Inspection Reports
145	Mines and Geology	94	Results of Audit
42nd Report			
146	Irrigation	13	Jawahar Lal Nehru Lift Irrigation Scheme
147	Irrigation	17	Defective execution of work
148	Irrigation	18	Avoidable payment of interest
149	Food and Supplies	42	Loss due to negligence
150	Public Health	53	Targets and achievements
151	Public Health	55	Other points
152	Public Health	60	Inflated/Fictitious measurement
153	Public Health	63	Infructuous expenditure on abandoned work
154	PWD (B&R)	71	Shortage of Tools and Plant
155	Revenue	101	Outstanding Inspection Reports
156	Revenue	103	Results of Audit
157	Revenue	104	Irregular exemption of stamp duty
159	Excise and Taxation	108	Uncollected Revenue
159	Excise and Taxation	109	Frauds and evasion of taxes
160	Excise and Taxation	111	Results of Audit
161	Excise and Taxation	112	Details of appeals pending on 31 3 90
162	Excise and Taxation	113	Delay in taking up of appeal cases
163	Excise and Taxation	115	Stay of Sales Tax demands by the Appellate Authorities
164	Excise and Taxation	116	Recovery of Demands in arrears under Sales Tax
165	Excise and Taxation	118	Non recovery of arrears due to delay in assessment
166	Excise and Taxation	119	Failure to verify the genuineness of dealers/sureties
167	Excise and Taxation	120	Irregular grant of exemption certificate
168	Excise and Taxation	121	Delay in initiating/non pursuance of recovery proceedings

1	2	3	4
169	Excise and Taxation	122	Other interesting cases
170	Excise and Taxation	125	Application of incorrect rate of tax
171	Excise and Taxation	126	Non/Short levy of interest
172	Excise and Taxation	127	Results of Audit
173	Excise and Taxation	128	State Excise Duty
174	Excise and Taxation	129	Loss of revenue due to re auction of vends
175	Excise and Taxation	130	Short recovery of composite fee
176	Excise and Taxation	131	Non recovery of license fee and interest
177	Excise and Taxation	132	Loss due to non observance of prescribed procedure regarding auction of vends
178	Excise and Taxation	133	Interest not recovered
179	Excise and Taxation	134	Non recovery of penalties
180	Excise and Taxation	136	Uncollected Revenue
181	Excise and Taxation	138	Results of Audit
182	Excise and Taxation	139	Under assessment due to irregular grant of exemption to non manufacturers
183	Excise and Taxation	142	Under assessment due to short levy of purchase tax and incorrect deduction
184	Excise and Taxation	144	Short levy of penalty
185	Excise and Taxation	145	Results of Audit
44th Report			
186	Public Health	3	Sub Standard execution of work
187	Irrigation	12	Surplus materials
188	Irrigation	17	Shortage of T&P articles
189	Labour and Employment	20	Cost of sub standard medicines not recovered
190	Social Welfare	23	Payment of pension to ineligible persons
191	Social Welfare	26	Liberation of scavengers
192	Rural Development	36	Integrated Rural Development Programme
193	Town and Country Planning	38	Unfruitful Expenditure
194	Town and Country Planning	41	Functioning of State Planning Cell
195	Town and Country Planning	42	Idle investment
196	Town and Country Planning	43	Avoidable payment of interest
197	Revenue	46	Mewat Development Board
198	Mines and Geology	48	Uncollected Revenue
199	Mines and Geology	50	Results of Audit
200	Mines and Geology	53	Short Calculation of interest
201	Mines and Geology	54	Uncollected Revenue

1	2	3	4
202	Mines and Geology	56	Results of Audit
203	Mines and Geology	57	Non realisation of contract money and interest
204	Mines and Geology	58	Non recovery of dead rent and interest thereon
205	Mines and Geology	59	Interest not charged on delayed payments
206	Mines and Geology	60	Uncollected revenue
207	Mines and Geology	61	Results of Audit
208	Mines and Geology	62	Non recovery of contract money and interest
209	Mines and Geology	63	Non recovery/Short recovery of royalty
210	Mines and Geology	64	Interest not charged
211	Revenue	66	Uncollected Revenue (Land Revenue)
212	Revenue	67	Result of Audit
213	Revenue	68	Short levy of Stamp duty
214	Revenue	69	Under valuation of immovable property
215	Revenue	70	Evasion of Stamp duty and registration fee through power of attorney
216	Revenue	71	Irregular exemption of Stamp duty and registration fee
217	Revenue	72	Misclassification of instruments
218	Revenue	73	Uncollected Revenue
219	Revenue	76	Results of Audit
220	Revenue	78	Irregular exemption of stamp duty
221	Revenue	79	Short realisation of stamp duty due to under valuation of immovable property
222	Revenue	80	Misclassification of instruments
223	Prohibition Excise and Taxation	92	Uncollected Revenue (Sales Tax)
224	Prohibition Excise and Taxation	94	Results of Audit
225	Prohibition Excise and Taxation	95	Non registration of dealers liable to registration
226	Prohibition Excise and Taxation	96	Grant of Certificates of registration without following proper procedure
227	Prohibition Excise and Taxation	97	Non observance of departmental instructions regarding cross verifications
228	Prohibition Excise and Taxation	98	Non observance of prescribed procedures for receipt and issue of declaration forms
229	Prohibition Excise and Taxation	99	Non observance of prescribed procedures for receipt and issue of declaration forms
230	Prohibition Excise and Taxation	100	Irregular deduction allowed against stolen forms

1	2	3	4
231	Prohibition Excise and Taxation	101	Incorrect deduction from turnover
232	Prohibition Excise and Taxation	102	Incorrect levy of Concessional rate of Tax
233	Prohibition Excise and Taxation	103	Other points of interest
234	Prohibition Excise and Taxation	106	Results of Audit
235	Prohibition Excise and Taxation	107	Interest not charged
236	Agriculture	108	Non recovery of purchases tax and interest
237	Agriculture	109	Non recovery of purchase tax and interest
238	Irrigation	116	Under assessment of water charges
46th Report			
239	Housing	6	Loss owing to construction of houses on unapproved layout plan
240	PW D (B & R)	25	Short receipt of material
241	PW D (B & R)	27	Procurement of sub standard cement
242	Irrigation	34	Procurement of sub standard cement
243	Haryana State Lotteries	36	Appointment of main stockists
244	Haryana State Lotteries	37	Loss due to excess claims of Prize winning tickets
245	Haryana State Lotteries	40	Other points of interest
246	Prohibition and Excise	41	Arrears in revenue
247	Prohibition and Excise	42	Results of Audit
248	Commercial Taxes	43	Arrears in revenue
249	Commercial Taxes	46	Outstanding inspection reports and audit observations
250	Commercial Taxes	47	Results of Audit
251	Commercial Taxes	48	Sales Tax Check Barriers
252	Commercial Taxes	50	Short levy of Purchases Tax
253	Commercial Taxes	51	Non/Short levy of interest and penalty
254	Commercial Taxes	52	Results of Audit
48th Report			
255	Agriculture	4	Arrears in revenue
256	Animal Husbandry	8	Frauds and evasion of taxes/duties
257	Mines and Geology	14	Arrears in revenue
258	Mines and Geology	15	Outstanding inspection reports and audit observations
259	Transport	20	Outstanding audit objections in Internal Audit
260	Housing	27	Avoidable liability of interest

1	2	3	4
261	Education	29	Purchases without assessment of requirement
262	PWD (B&R)	31	Irregular/Excess expenditure on execution of works
263	Excise and Taxation	33	Arrears in revenue
264	Excise and Taxation	37	Results of Audit
265	Excise and Taxation	43	Irregular deduction allowed against invalid declaration forms
266	Excise and Taxation	44	Loss of revenue due to defray in finalisation of assessment
267	Excise and Taxation	45	Non levy of interest and penalty
50th Report			
268	Finance (Lotteries)	3	Printing of lottery tickets
269	Industries	5	Capital investment subsidy
270	Industries	6	Irregular release/ non recovery of assistance
271	Social Welfare	8	Panjiri Plants
272	Home (Jail)	9	Injudicious purchase
273	Public Health	13	Recovery due from contractor
274	Irrigation	18	Stores and Stock
275	Irrigation	21	Physical verification
276	Irrigation	22	Surplus materials
277	Town and Country Planning	24	Construction of Building and Roads by HUDA
278	Town and Country Planning	25	Construction of Building
279	Town and Country Planning	26	Test check of records relating to construction of roads
280	Town and Country Planning	27	Other points of interest
281	Town and Country Planning	28	Non recovery of compounding fee
282	Town and Country Planning	29	Avoidable payment of interest
283	Transport	32	Purchase of Sub standard tubes of butyl rubber
284	Forest	36	Generation of employment
285	Forest	38	Alkali/saline land plantation
286	PWD (B&R)	47	Construction of Major Building including Staff Quarters
287	PWD (B&R)	49	Execution of works without technical sanction of cost estimates
288	PWD (B&R)	52	Undue financial favour to the contractors
289	PWD (B&R)	57	Reimbursement claims
290	PWD (B&R)	58	World Bank and Asian Development bank loan

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291	PWD (B&R)	60	Execution
292	PWD (B&R)	61	Release of advances not covered by agreement
293	PWD (B&R)	63	Excess payment of price increase on diesel
294	PWD (B&R)	65	Irregular adjustment of expenditure
295	Rural Development	77	Other points
296	Rural Development	78	Non recovery/non adjustment of advances to Ex Sarpanches
297	Rural Development	79	Non recovery of misutilised subsidy
298	Town and Country Planning	80	Non levy of Penalty
299	Town and Country Planning	81	Non recovery of auction money
230	Town and Country Planning	82	Non transfer of developed sectors
301	Transport	87	Avoidable payment of compensation due to incorrect filing of affidavit before the tribunal
302	Revenue	92	Arrears in revenue
303	Revenue	93	Frauds and evasion of taxes/duties
304	Revenue	94	Results of Audit
305	Revenue	95	Internal Audit
306	Revenue	96	Results of Audit
307	Revenue	97	Stamp duty and Registration Fees
308	Revenue	98	High Pendency of cases of undervaluation with Collectors
309	Revenue	99	Misclassification of instruments
310	Revenue	100	Short levy of stamp duty
311	Revenue	101	Pre audit of registrable documents
312	Revenue	102	Arrears in Revenue
313	Revenue	103	Frauds and evasion of taxes/duties
314	Revenue	104	Results of Audit
315	Revenue	105	Outstanding audit objections in Internal Audit
316	Revenue	106	Results of Audit
317	Revenue	107	Short recovery of stamp duty on mortgage deed
318	Revenue	108	Evasion of stamp and registration fees through power of attorney
319	Revenue	109	Evasion of Stamp Duty
320	Chief Electrical Inspector	110	Arrears in revenue
321	Mines and Geology	112	Results of Audit
322	Animal Husbandry	115	Frauds and evasion of taxes/duties

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323	Excise and Taxation	116	Arrears in revenue
324	Excise and Taxation	118	Under assessment due to inadmissible deduction from turnover
325	Excise and Taxation	120	Under assessment due to irregular deduction allowed against invalid declaration forms and non/short levy of purchase/sales tax
326	Excise and Taxation	121	Under assessment
327	Excise and Taxation	122	Under assessment
328	Excise and Taxation	124	Under assessment due to application of incorrect rates of tax
329	Excise and Taxation	125	Non/short levy of purchase tax
330	Excise and Taxation	126	Results of Audit
331	Excise and Taxation	127	Internal control mechanism of receipts from distilleries and breweries
332	Excise and Taxation	128	Low yield of spirit
333	Excise and Taxation	129	Loss of spirit due to re distillation
334	Excise and Taxation	133	Interest short charged
335	Excise and Taxation	134	Short realisation of composite fee
336	Revenue	135	Results of Audit
337	Revenue	137	Arrears in revenue
338	Mines and Geology	139	Arrears in revenue
339	Agriculture	141	Arrears in revenue
340	Agriculture	142	Results of Audit
341	Agriculture	143	Non recovery of purchase tax and Interest
342	Finance (Lotteries)	146	Results of Audit

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343	Education	6	Extra expenditure on purchase of paper
344	Agriculture	15	Non recovery of principal and interest from Sugar Mills
345	Transport	25	Miscellaneous irregularities and avoidable expenditure
346	Irrigation	39	Miscellaneous Public Works Advances
347	PWD (B&R)	43	Miscellaneous Public Works Advances
348	PWD (B&R)	44	Stores and Stock
349	PWD (B&R)	45	Purchase without sanctions
350	PWD (B&R)	46	Short receipt of material
351	Town & Country Planning	51	Excess payment of land compensation due to partial implementation of Supreme Court's Judgement

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352	Town & Country Planning	52	Avoidable payment of interest due to abnormal delay in processing of land award cases
353	Town & Country Planning	53	Non recovery of rent from the lessees due to non observance of conditions of lease deed
354	Town & Country Planning	54	Recovery due from Junior Engineer owing to mis appropriation of material
355	Housing	56	Delayed disbursement of loan to the beneficiaries led to avoidable liability of interest
356	Housing	58	Infructuous expenditure due to construction of retaining wall without requirement
357	Social Welfare	60	Embezzlement of Rs 3 99 lakh
358	Food and Supplies	63	Possibility of pilferage of four thousand quintals of wheat
359	General	65	Write off of losses etc
360	Animal Husbandry	67	Arrears in revenue
361	Revenue	69	Results of Audit
362	Revenue	71	Evasion of Stamp Duty due to under valuation of immovable property
363	Power (Chief Electrical Inspector)	74	Levy and collection of Electricity Duty
364	Power (Chief Electrical Inspector)	76	Non charging of electricity duty on extended load
365	Power (Chief Electrical Inspector)	77	Short realisation of electricity duty due to application of incorrect rates
366	Power (Chief Electrical Inspector)	78	Electricity duty not charged after expiry of exemption period
367	Transport	79	Results of Audit
368	Haryana State Lotteries	86	Results of Audit
369	Haryana State Lotteries	87	Short deposit of sale proceeds of lottery tickets
370	Agriculture	88	Arrears in revenue
371	Agriculture	89	Results of Audit
372	Excise and Taxation	94	Arrears in revenue
373	Excise and Taxation	95	Arrears in assessment
374	Excise and Taxation	96	Frauds and evasions of taxes/duties
375	Excise and Taxation	97	Results of Audit
376	Excise and Taxation	101	Under assessment due to non levy of tax on branch transfers/consignment sale
377	Excise and Taxation	102	Under assessment due to non-submission of declaration forms

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378	Excise and Taxation	104	Arrears in assessments
379	Excise and Taxation	105	Evasion of tax due to suppression of purchases
380	Excise and Taxation	106	Under assessment due to incorrect deduction allowed against invalid declaration forms
381	Excise and Taxation	107	Incorrect levy of concessional rate of tax
382	Excise and Taxation	108	Inadmissible deduction from turnover
383	Excise and Taxation	109	Non levy of purchase tax
384	Excise and Taxation	111	Application of incorrect rate of tax
385	Excise and Taxation	112	Non levy of tax
386	Excise and Taxation	114	Under assessment due to excess rebate
387	Excise and Taxation	115	Non levy of penalty
388	Excise and Taxation	116	Non reconciliation of revenue deposits into treasury
389	Excise and Taxation	117	Results of Audit
390	Excise and Taxation	118	Short/non recovery of passenger tax

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391	Revenue	17	Inadmissible payment of cash compensation to manufacturing units/industry owners
392	Revenue	18	Fictitious payment of gratuitous relief
393	Revenue	19	Drawal of funds without requirement
394	PWD (B&R)	22	Avoidable payment of interest
395	Irrigation	24	Failure of the Sprinkler Irrigation Scheme and wastage of Government funds
396	Agriculture	29	Unfruitful expenditure due to non acquisition of land and execution of work without transfer of land
397	Agriculture	30	General
398	Education	31	Nugatory expenditure due to payment of idle wages
399	Town and Country Planning	32	Land Acquisition transfer of land and utility thereof
400	Town and Country Planning	33	Non allotment and non handing over of land
401	Town and Country Planning	34	Non utilisation of land
402	Town and Country Planning	35	Loss due to non recovery of rebate
403	Printing and Stationery	36	Pilferage of Paper
404	Animal Husbandry	47	Frauds and evasions of taxes/duties
405	Chief Electrical Inspector	48	Arrears in revenue

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406	Revenue	49	Arrears in revenue
407	Revenue	50	Results of Audit
408	Revenue	51	Results of Audit
409	Revenue	52	Non/Short recovery of stamp duty
410	Revenue	53	Incorrect exemption of stamp duty
411	Revenue	54	Evasion of stamp duty due to undervaluation of immovable property
412	Revenue	55	Short levy of stamp duty due to misclassification of instruments
413	Revenue	56	Incorrect refund of stamp duty
414	Revenue	57	Evasion of stamp duty and registration fees through power of attorney
415	Revenue	58	Short recovery of stamp duty on exchange deeds
416	Revenue	59	Results of Audit
417	Revenue	60	Internal Controls in Land Revenue Department for recovery of dues treated as arrears of land revenue
418	Revenue	61	Procedure for receipt and disposal of revenue recovery cases
419	Revenue	62	Return of RRCs
420	Excise and Taxation	64	Arrears in revenue
421	Excise and Taxation	65	Arrears in assessment
422	Excise and Taxation	67	Results of Audit
423	Excise and Taxation	68	Disposal of appeal cases
424	Excise and Taxation	69	Delay in finalising assessments
425	Excise and Taxation	70	Delay in finalisation of remand cases
426	Excise and Taxation	72	Recovery certification cases
427	Excise and Taxation	73	Incorrect levy of concessional rate of tax
428	Excise and Taxation	74	Incorrect deduction allowed against invalid declaration forms
429	Excise and Taxation	75	Inadmissible deduction from turnover
430	Excise and Taxation	76	Short levy of tax on sales to Non-government bodies
431	Excise and Taxation	77	Excess refund due to incorrect exemption from payment of tax
432	Excise and Taxation	78	Under assessment due to excess rebate
433	Excise and Taxation	79	Results of Audit
434	Excise and Taxation	80	Incorrect levy of entertainments duty

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435	Transport	81	Results of Audit
436	Irrigation	84	Recovery of Water rates from canal water
437	Irrigation	85	Arrears of revenue
438	Irrigation	86	Less measurement of area Irrigated
439	Irrigation	88	Excess credit to an industrial unit
440	Irrigation	90	Short recovery of lease rent
441	Agriculture	91	Arrears in revenue
442	Agriculture	92	Results of Audit
443	Agriculture	93	Non recovery of purchase tax and interest
444	Mines and Geology	97	Arrears in revenue
445	Mines and Geology	98	Results of Audit
446	Mines and Geology	99	Short recovery of contract money and interest

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447	Education	4	Nutritional Support to Primary Education
448	Forest	5	Rehabilitation of common lands in Aravalli Hills
449	Medical and Health	6	Working of Medical and Health Department including Manpower Management
450	Medical and Health	7	Hospitals and dispensaries
451	Medical and Health	9	Hospital Waste Management
452	Medical and Health	11	Outstanding Inspection Reports
453	Finance	14	Overpayment of pensionary benefits
454	Home	18	Stores and Stock
455	Prohibition Excise and Taxation	20	Fraudulent drawals and embezzlement of Government money
456	Revenue	21	Loss of interest due to delayed refund of unspent amount
457	Revenue	22	Excess payment of Gratuitous Relief
458	Irrigation	28	Wasteful expenditure
459	Irrigation	34	Undue retention of heavy Cash Balances
460	Co operation	37	Loss due to negligence and improper maintenance of cold storage plant
461	Town and Country Planning	38	Payment of loan to Sugar Mill from the funds of H U D A
462	Supplies and Disposals	42	Extra expenditure due to finalisation of tenders after validity period

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58th Report			
463	Forest	3	Rehabilitation of common lands in Aravalli Hills
464	Excise and Taxation	4	Arrears in revenue
465	Excise and Taxation	5	Arrears in assessment
466	Excise and Taxation	6	Frauds and evasions of taxes/duties
467	Excise and Taxation	8	Results of Audit
468	Excise and Taxation	9	Cross verification by Audit
469	Excise and Taxation	10	Incorrect deduction from turnover
470	Excise and Taxation	12	Non levy of Purchase tax
471	Excise and Taxation	13	Non recovery of tax
472	Excise and Taxation	15	Non/Short levy of purchase tax
473	Excise and Taxation	16	Non levy of tax
474	Excise and Taxation	17	Results of Audit
475	Excise and Taxation	18	Short realization of passenger tax
476	Mines and Geology	19	Arrears in revenue
477	Mines and Geology	20	Result of Audit
478	Mines and Geology	21	Receipts from Mines and Minerals
479	Mines and Geology	22	Non/Short recovery of dead rent royalty and interest
480	Mines and Geology	23	Non/Short recovery of royalty from Brick Kiln Owners
481	Mines and Geology	24	Non recovery of lease fee on short term permits
482	Mines and Geology	25	Non recovery of interest on belated payments
483	Animal Husbandry	27	Frauds and evasions of taxes/duties
484	Revenue	29	Results of Audit
485	Revenue	30	Stamp Duty and Registration Fees
486	Agriculture	31	Arrears in revenue
487	Agriculture	32	Result of Audit
488	Transport	33	Results of Audit
489	Transport	34	Non deposit of token tax
490	Irrigation	36	Results of Audit
491	Co operative	38	Results of Audit
492	Finance	39	Non charging of interest and penal interest
493	Finance	40	Loans to Municipal Councils/Municipal Committees

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494	Forest	41	Short recovery of royalty on forest produce
495	Power	43	Arrears in revenue
496	General	44	Results of Audit
497	Education	46	Working of Education Department (Primary Education Wing) including Manpower Management
498	Education	47	Incentives to scheduled castes and weaker section students
499	Education	48	Pass percentage in class V
500	Education	49	Literacy rate
501	Education	50	Internal Audit
502	Education	51	Sanctioned posts and actual strength
503	Education	52	Deployment of teachers beyond norms
504	Education	53	Outstanding inspection reports
505	Education	54	Monitoring and Evaluation
506	Education	55	Distinct Primary Education Programme
507	Education	56	Management cost in excess of norms
508	Education	57	Programme management
509	Education	58	Civil Works
510	Education	59	Appointment of teachers/instructors/staff
511	Education	60	Training
512	Education	61	Monitoring and Evaluation
513	Medical and Health	66	Manpower position
514	Medical and Health	68	Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences Rohtak
515	Medical and Health	69	Implementation of Prevention of Food Adulteration Act
516	Co operative	71	Storage gain on account of moisture in wheat stocks below norms
517	Finance	72	Overpayment of pensionary benefits
518	Irrigation	76	Unauthorised excess execution of work in post tender stage
519	Irrigation	77	Hathnikund Barrage
520	Irrigation	78	Avoidable expenditure due to incorrect sanction of estimates
521	Irrigation	79	Unfruitful expenditure on extension of existing channel
522	Public Health	80	Non responsiveness to Audit findings and observation resulting in erosion of accountability

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523	Printing and Stationery	81	Excess payment due to failure in internal control system
524	Printing and Stationery	82	Excess issue of paper to private printers
525	Environment	83	Implementation of Environmental Acts and Rules relating to Water Pollution
526	Environment	84	Status of water pollution
527	Environment	85	Treatment of Industrial effluent
528	Environment	86	Domestic sewage treatment plants
529	Environment	88	Environment training education and awareness
530	Environment	89	Monitoring and Evaluation
531	Urban Development	90	Urban Employment Generation Programme
532	Rural Development	91	Loss of Central assistance under Integrated Rural Development Programme
533	Town and Country Planning	93	Non recovery of enhanced compensation of land
534	Food and Supplies	94	Pilferage of large quantity of wheat due to manipulation of weight
535	General	97	Write off of losses etc
536	Excise and Taxation	101	Arrears in revenue
537	Excise and Taxation	102	Arrears in assessment
538	Excise and Taxation	103	Frauds and evasions of taxes/duties
539	Excise and Taxation	105	Results of Audit
540	Excise and Taxation	106	Evasion in sales tax
541	Excise and Taxation	107	Non compliance of departmental instructions regarding cross verification
542	Excise and Taxation	108	Under assessment of notional sales tax liability computed on taxable turnover
543	Excise and Taxation	109	Non levy of purchase tax
544	Excise and Taxation	110	Non recovery of tax
545	Excise and Taxation	111	Non levy of interest
546	Excise and Taxation	112	Under assessment due to excess rebate
547	Excise and Taxation	113	Results of Audit
548	Excise and Taxation	114	Short realization of passengers tax towards expenditure
549	Excise and Taxation	115	Non recovery of licence fee
550	Revenue	116	Results of Audit
551	Revenue	117	Short levy of stamp duty on exchange of property

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552	Revenue	118	Evasion of stamp duty due to undervaluation of immovable property
553	Revenue	119	Evasion of stamp duty
554	Revenue	120	Short levy of stamp duty
555	Transport	121	Taxes on Motor Vehicles
556	Transport	123	Short realization of permit/countersignature fee
557	Transport	124	Lack of co ordination between Transport and Excise and Taxation Departments
558	Transport	125	Non recovery of token tax in respect of Stage Carriage buses
559	Finance	126	Results of Audit
560	Forest	129	Results of Audit
561	Forest	130	Loss due to delay in harvesting of poplar trees
562	Forest	132	Absence of physical verification of timer
563	Forest	133	Loss due to excess unit cost
564	Irrigation	135	Results of Audit
565	PWD (B&R)	136	Utilization of departmental receipts towards expenditure
566	Co operative	137	Non charging of interest and penal interest
60th Report			
567	Medical and Health	3	Prevention and Control of Diseases
568	Architecture	14	Fraudulent drawals and embezzlement of Govt money by a Cashier
569	Animal Husbandry	16	Non recovery of cost of land
570	Co operative	17	Non responsiveness to Audit findings and observations resulting in erosion of accountability
571	Education	18	Unutilized girls hostel
572	Revenue	24	Fraudulent drawal and embezzlement of Government money
573	Revenue	25	Drawal of funds in advance of requirement
574	Social Welfare	26	Fraudulent payment of Old Age Pension
575	Town and Country Planning	27	Non collection of External Development Charges (EDCs)
576	Town and Country Planning	29	Less recovery of plan scrutiny fee
577	Town and Country Planning	30	Avoidable loss due to delay in handing over possession of plots

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578	Irrigation	34	Formulation of Schemes
579	Irrigation	36	Implementation of Schemes
580	Irrigation	39	Land under unauthorized possessions
581	Irrigation	41	Recoverable Amount
582	Irrigation	42	Store Management
583	Irrigation	43	Complaint Cases
584	Irrigation	44	Introduction of selection grade of Engineers
585	Irrigation	46	Recoverable amount from HUDA
586	Irrigation	51	Monitoring
587	Irrigation	54	Wasteful expenditure on construction of Irrigation channels
588	Public Health	59	Huge payments made for unexecuted items of work
589	PWD (B&R)	63	Extra expenditure
690	PWD (B&R)	64	Non responsiveness to Audit findings and observations resulting in erosion of accountability
691	Environment	65	Implementation of Environmental Acts and Rules in regard to Air Pollution and Waste Management
692	Environment	66	Environment laboratories grossly underutilized
693	Environment	67	Status of industrial pollution
694	Environment	68	Stone crushing units
695	Environment	69	Rice shelling units/solvent extraction plants
696	Environment	70	Vehicular pollution
697	Environment	71	Training/mass education programme
698	Environment	72	Waste management
699	Environment	73	Prosecution under Air Act
610	Agriculture	74	Non recovery of extension fee from allottees
601	Transport	88	General lack of accountability for the use of public funds in departmental commercial undertakings
602	Food and Supplies	90	Loss due to delay in supply of wheat to Food Corporation of India
603	Printing and Stationery	90A	Overpayment to private printer
604	Excise and Taxation	95	Arrears in revenue
605	Excise and Taxation	99	Outstanding inspection reports and audit observations

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606	Excise and Taxation	101	Results of Audit
607	Excise and Taxation	102	Recovery of sales tax in arrears
608	Excise and Taxation	103	Non recovery due to delay in assessment
609	Excise and Taxation	104	Non delay in raising of demands for the assessed dues
610	Excise and Taxation	105	Failure to initiate follow up action for recovery of arrears
611	Excise and Taxation	106	Disposal of recovery certificates
612	Excise and Taxation	107	Demands under stay
613	Excise and Taxation	108	Non inclusion of interest in the demand sent to the liquidator
614	Excise and Taxation	109	Under assessment of notional sales tax liability
615	Excise and Taxation	110	Application of incorrect rate of tax
616	Excise and Taxation	111	Non levy of purchase tax
617	Excise and Taxation	112	Non recovery of tax
618	Excise and Taxation	113	Results of audit
619	Revenue	114	Results of audit
620	Revenue	115	Outstanding inspection reports and audit observations
621	Revenue	116	Results of Audit
622	Revenue	117	Short levy of stamp duty on exchange of property
623	Revenue	118	Short levy of stamp duty on plant and machinery
624	Revenue	119	Short levy of stamp duty on lease deed
625	Revenue	120	Embezzlement/evasion of stamp duty
626	Revenue	121	Incorrect exemption of stamp duty
627	Agriculture	122	Results of Audit
628	Agriculture	123	outstanding inspection reports and audit observations
629	Agriculture	124	Results of Audit
630	Agriculture	125	Non/short recovery of purchase tax and interest
631	Agriculture	126	Non realization of lease money
632	Agriculture	127	Results of Audit
633	Transport	128	Results of Audit
634	Transport	129	Non/short charging of fitness fee (passing fee)

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635	Transport	130	Non realisation of fees
636	Home	131	Arrears in revenue
637	Home	134	Arrears of revenue
638	Co operative	136	Results of Audit
639	Co operative	137	Non redemption of Government share capital
640	Forest	139	Outstanding inspection reports and audit observations
641	Forest	140	Result of Audit
61st Report			
642	Development and Panchayat	3	Non responsiveness to audit findings and observations resulting in erosion of accountability
643	PWD (B&R)	8	Execution of Works
644	Water Supply and Sanitation	9	Tool and plant returns
645	Water Supply and Sanitation	12	Shortage of material
646	Rural Development	15	Allotment of houses to ineligible families
647	Rural Development	16	Other irregularities
648	Rural Development	22	Reclamation work not taken up for 2 ½ years
649	Animal Husbandry	24	Non recovery of lease money
650	Town and Country Planning	26	Non recovery of external development charges
651	Food and Supplies	27	Avoidable loss due to delay in disposal of rice
652	General	28	Misappropriations defalcations etc
653	General	31	Lack of accountability
62nd Report			
654	Excise and Taxation	3	Arrears in revenue
655	Excise and Taxation	4	Arrears in assessment
656	Excise and Taxation	5	Frauds and evasions of taxes/duties
657	Excise and Taxation	6	Results of Audit
658	Excise and Taxation	7	Assessments in arrear
659	Excise and Taxation	8	Irregularities in the grant of eligibility certificates
660	Excise and Taxation	9	Incorrect acceptance of applications
661	Excise and Taxation	10	Incorrect determination of zones
662	Excise and Taxation	11	Implementation of the Scheme by Sales Tax Department
663	Excise and Taxation	12	Excess availing of tax deferment

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664	Excise and Taxation	13	Irregularities in assessments of exempted/deferred units
665	Excise and Taxation	14	Under assessment due to application of concessional rate of tax
666	Excise and Taxation	15	Under assessment tax of due to irregular deduction
667	Excise and Taxation	16	Under assessment of notional sales tax liability
668	Excise and Taxation	17	Non monitoring of exempted/deferred units
669	Excise and Taxation	18	Non levy of purchase tax
670	Excise and Taxation	19	Non levy of tax on lease rent
671	Excise and Taxation	20	Non levy/under assessment of purchase tax due to application of incorrect rate of tax
672	Excise and Taxation	21	Irregular deduction allowed against invalid declaration forms
673	Excise and Taxation	22	Non levy of interest and penalty
674	Excise and Taxation	23	Non raising of demands for interest
675	Excise and Taxation	24	Non realization of tax
676	Excise and Taxation	25	Results of Audit
677	Excise and Taxation	26	Receipts of excise duty from auction of venders
678	Excise and Taxation	27	Short recovery of licence fee and interest
679	Excise and Taxation	28	Loss of revenue due to re auction of vends
680	Excise and Taxation	29	Non recovery due to incorrect adjustment of security
681	Excise and Taxation	30	Loss due to late credit/realization of demand drafts
682	Excise and Taxation	31	Improper fixation of minimum license fee/ reserve bid money
683	Excise and Taxation	32	Short levy of excise duty on excess lifting of additional quota of IMFL
684	Excise and Taxation	33	Results of Audit
685	Excise and Taxation	34	Non/short realization of passengers tax
686	Excise and Taxation	35	Non recovery of entertainment duty
687	Revenue	36	Results of Audit
688	Revenue	37	Results of Audit
689	Revenue	38	Evasion of stamp duty due to under valuation of immovable property
690	Revenue	39	Non levy of stamp duty on exchange of property

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691	Revenue	40	Evasion of stamp duty
692	Revenue	41	Short levy of stamp duty
693	Revenue	42	Inadmissible exemption of stamp duty
694	Transport	43	Non realization of token tax
695	Agriculture	44	Arrears in revenue
696	Agriculture	45	Results of Audit
697	Agriculture	46	Outstanding inspection reports and audit observations
698	Agriculture	47	Non/short recovery of purchase tax and interest
699	Cooperation	49	Non redemption of Government share capital
700	Agriculture	50	Recovery from Patedars
701	Agriculture	54	Internal audit
702	Medical & Health	56	Manpower
703	Medical & Health	57	Manufacturing and selling units
704	Medical & Health	59	Statistics of prosecutions vis a vis cases filed
705	Social Justice and Empowerment	60	Facilities to handicapped persons
706	Social Justice and Empowerment	61	Budget provision and expenditure
707	Social Justice and Empowerment	62	Identification of persons with disabilities
708	Social Justice and Empowerment	63	Non maintenance of record
709	Social Justice and Empowerment	64	Monitoring
710	Urban Development	66	Non collection of fire tax
711	Education	67	CBI inquiry
712	Finance and Justice	68	Recovery regarding appointment of daily wage workers
713	Forest	69	Felling of Trees
714	Town and Country Planning	70	Exemption of Sales Tax
715	Irrigation	72	Non responsiveness to Audit findings and observations resulting in erosion of accountability
716	Food and Supplies	73	Recovery of amount from the Millers
717	Sports	74	Construction of Stadiums
718	Public Works (Buildings and Roads)	75	Stores and stock accounts
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