

HARYANA VIDHAN SABHA
PUBLIC ACCOUNTS COMMITTEE

(2015–20116)

(SEVENTY SECOND REPORT)

REPORT

ON THE

REPORTS OF THE

Comptroller and Auditor General of India
For the year ended
31st March, 2010 (Civil)
31st March, 2011
(Civil and Revenue Receipts)



(Presented to the House on 31st March, 2016)

HARYANA VIDHAN SABHA SECRETARIAT,
CHANDIGARH
2016

TABLE OF CONTENTS

	Paragraphs	Page(s)
Composition of Public Accounts Committee		(iii)
Introduction		(v)
Report on the Reports of the Comptroller and Auditor General of India for the year ended		
(i) 31st March, 2010 (Civil)		
(ii) 31st March, 2011 (Civil)		
(iii) 31st March, 2011 (Revenue Receipts)		
Part-I 2009-2010 (Civil)		
1. Health (Red Crose)	3-4	5-6
Part-II 2010-2011 (Civil)		
1. Higher Education	5-13	9-23
2. Forest	14-18	24-29
3. Commissioner Hisar Division	19-35	30-48
4. Irrigation	36-38	49-58
5. PWD (B&R)	39-40	59-63
6. Agriculture	41	64-66
7. Public Health Engineering	42-43	67-71
8. Town & Country Planning	44-46	72-77
9. Food and Supplies	47	78-80
10. Labour and Employment	48	81-86
11. Animal Husbandary and Dairying	49-62	87-106
Part-III 2010-2011 (Revenue Receipts)		
1. Excise & Taxation	63-82	109-169
2. Transport	83-109	170-190
3. Revenue	110-115	191-198
4. Industries	116-119	199-206
5. Power	120	207-209
6. Mines & Geology	121	210
Appendix showing outstanding Observations/recommendations of the Public Accounts Committee on which the Government is yet to take final decision.		211-254

(ii)

(iii)

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

CHAIPERSON

- | | | |
|----|-----------------------------|-------------|
| 1. | Shri Gian Chand Gupta, MLA. | Chairperson |
|----|-----------------------------|-------------|

MEMBERS

- | | | |
|-------|-------------------------------|--------|
| 2. | Shri Abhay Singh Chautala MLA | Member |
| 3. | Shri Ranbir Singh Gangwa, MLA | Member |
| 4. | Smt. Kiran Choudhry, MLA | Member |
| 5. | Smt. Shakuntla Khatak, MLA | Member |
| 6. | Shri Subhash Barala, MLA | Member |
| *7. | Dr. Kamal Gupta, MLA | Member |
| 8. | Shri Harvinder Kalyan, MLA | Member |
| 9. | Shri Umesh Aggarwal, MLA | Member |
| **10. | Dr. Pawan Saini, MLA | Member |

SECRETARIAT

- | | |
|----|---------------------------------------|
| 1. | Shri Sumit Kumar, Principal Secretary |
| 2. | Dr. Purushottam Dutt, Under Secretary |

* Dr. Kamal Gupta, MLA, resigned from the membership of the Public Accounts Committee of Haryana Vidhan Sabha w.e.f. 24th July, 2015 vide this Secretariat notification No. PAC-1/2015/50, dated 27th July, 2015 on being appointed as the Chief Parliamentary Secretary.

** Dr. Pawan Saini, MLA, nominated as Member of the Public Accounts Committee in place of Dr. Kamal Gupta, MLA w.e.f. 4th August, 2015 vide this Office notification No. PAC-1/2015/63, dated 4th August, 2015.

INTRODUCTION

1. I, the Chairperson of the Public Accounts Committee, having been authorized by the Committee in this behalf, present this Seventy second Report on the Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2010 (Civil) & Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2011 (Civil & Revenue Receipts)
2. The Reports of the Comptroller and Auditor General of India for the years ended 31st March, 2010 (Civil) were laid on the Table of the House on 4th March, 2011 and The Reports of the Comptroller and Auditor General of India for the years ended 31st March, 2011 (Civil & Revenue Receipts) were laid on the Table of the House on 23rd February, 2012
3. The Committee examined the Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2010 (Civil) and Report for the year ended 31st March, 2011 (Civil & Revenue Receipts) and also conducted the oral examination of the representatives of the concerned departments.
4. The Committee considered and approved this Report in its sitting held on 10th March, 2016.
5. A brief record of the proceedings of the meetings of the Committee has been kept in the Haryana Vidhan Sabha Secretariat.
6. I as Chairperson of the Committee place on record the appreciation for the Members of the Committee for their cooperation and valuable suggestions for the consideration of CAG Paras.
7. 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 its thanks to the 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.
8. The Committee is also thankful to the Principal Secretary, Under Secretary and officials of the Haryana Vidhan Sabha for the whole hearted co-operation and assistance given by them to the Committee.

CHANDIGARH
THE 10th March, 2016

GIAN CHAND GUPTA
CHAIRPERSON

REPORT

GENERAL

1. The Committee for the year 2015-2016 was nominated on 28th April, 2015 by the Hon'ble Speaker in pursuance of motion moved and passed by the Haryana Vidhan Sabha in its sitting held on 18th March, 2015, authorizing him to nominate the Members of the Committee on Public Accounts for the year 2015-2016.

2. The Committee held 61 meetings in all at Chandigarh and other places upto 10th March, 2016 till the finalization of the Report.

PART-I 2009-2010
(Civil)

HEALTH DEPARTMENT (Red Cross Society)

[3] 2.5.1.3 Activities not covered under the objectives of Red Cross Society

The Government decided (October 2000) to implement HARIS through the District Red Cross Societies (DRCS) with a view to streamline the system of registration and to provide facilities to the general public under one roof. Accordingly, the work of issue of registration certificates of vehicles and renewal of driving and conductor's licences under the system was entrusted to DRCS and service charges for providing such services were fixed. It was noticed in audit that the work assigned to the DRCS was not provided in the constitution of the IRC and the service charges fixed were in addition to fees fixed by the Government for the same services through the Revenue Department. Thus, the decision of the Government to implement HARIS through the DRCS was not only against the aims and objections of the Red Cross Societies but also burdened the general public with extra charges.

The department in its written reply stated as under :-

As regards Para No. 2.5.1.3 regarding activities not under the objective of Red Cross Societies, the orders of the Hon'ble Punjab & Haryana High Court dated 02-09-2010 alongwith the inquiry report were forwarded vide this office letter No. Adm/Audit-180/Common/2010/4965-85 dated 10-11-10 to all Deputy Commissioner-cum-President,, District Red Cross Branches in Haryana for compliance. The recommendations of the Inquiry Committee constituted by the Hon'ble High Court under CWP No. 18396 of 2007 are being complied with. Copy of as letter No. dated is enclosures. (Annexure "E")

The committee desired that the responsibility of the erring officers/officials involved in the remaining five districts be fixed and the action taken against them be intimated to the committee.

The committee further desired the department to submit the detailed inquiry report about the amount spent on different items.

The committee also desired that a detailed report about the sources of income, the total amount of income accrued as well as spent by the Red Cross Societies during the years 2013-2014 be submitted at the earliest.

[4] 2.5.1.4 Outstanding loans and advances

The Punjab Financial Rules, as applicable to Haryana, provide that loans and advances given to various institutions /projects and individuals should be recovered in a prescribed timeframe. It was noticed that 19 DRCSs advanced interest-free loans of ~ 2.97 crore (as detailed in Annexure 2.4) to various institutions/projects, schemes and individuals but no efforts to recover the - amounts were made although these were outstanding for periods ranging between one and 10 years. The payment of interest-free loans was against the provisions of the Financial Rules and non-recovery thereof would result in loss. Secretaries of five DRCS, (Rohtak, Bhiwani, Sirsa, Kamal and Faridabad), while admitting the facts stated (April-July 2010) that these loans and advances would be recovered shortly. Replies from the other DRCS were awaited (August 2010).

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Social Justice and Empowerment Department (District Red Cross Society, Haryana) in June 2010. Reply had not been received (August 2010).

The department in its written reply stated as under :-

It was informed that as regards Para No. 2.5.1.4 regarding outstanding loan and advances, the District Red Cross Branches are complying with the recommendation of the Inquiry Committee constituted by the Hon'ble High Court under CWP No. 18396 of 2007 and the recovery is under process. The maximum loan and advances have been recovered.

However, this office has also asked for present status report on the paras in question from the concerned. District Red Cross Branches in Haryana vide this office letter No. Adm./2014/2106-47 dated 11-07-2014.

Statements of 15 districts have been received. Total amount of advance was Rs. 2,86,80,123/- against which Rs. 1,65,48,956/- have been received and the balance amount Rs. 1,21,31,167/- is under process to be recovered.

Amended and updated reply as under :-

Now it is informed that the Statements of 19 districts have been received Total amount of advance given was Rs. 3,33,71,035.10 against which Rs. 2,01,10,526/- have been received and the balance amount Rs. 1,32,60,509.10 is under process to be recovered Annexure ("F")

The committee desired to know the district-wise details of loans and advances given, recovered and outstanding against the various institutions/projects and individuals separately.

The committee further desired that the balance outstanding amount be recovered at the earliest and the committee be informed accordingly.

PART-II 2010-2011

(CIVIL)

HIGHER EDUCATION DEPARTMENT

[5] 2.1.7. Financial Management

The University is financed through grants (Plan and Non-Plan) from the State Government, UGC and other Central Government Organizations like AICTE, Council for Scientific and Industrial Research (CSIR), Indian Council of Historical Research (ICHR), Department of Science and Technology (DST), etc. The University also generates its own income by way of fees and fines from the students, sale of publications and study material, lease rent, etc. The details of income and expenditure for the period 2006-11 are given below in Table-1:

Table 1: Statement showing details of receipts and expenditure

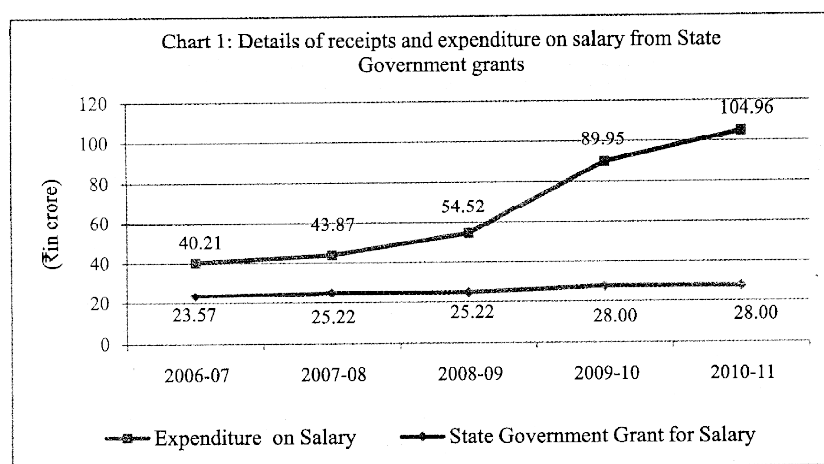
(₹ in crore)

Year	Opening balance	Income	Expenditure	Closing balance
2006-07	53.07	114.55	110.30	57.32
2007-08	57.32	170.23	129.41	98.14
2008-09	98.14	159.80	154.75	103.19
2009-10	103.19	193.97	197.72	99.44
2010-11	99.44	194.70	227.29	66.85

Source : Income and expenditure account of the University.

Note : Figures for 2010-11 are tentative.

The Government provides grants under Non-Plan for salaries. It was observed that the Government had not been releasing funds for this purpose as per the University requirement. The salary expenditure was much higher than the grants released by the Government, as depicted in the following chart :-



It would be seen from the above chart that grants from the Government had increased from Rs. 23.57 crore in 2006-07 to only Rs. 28 crore in 2010-11, whereas the expenditure on salaries had increased from Rs. 40.21 crore to Rs.104.96 crore during this period. The deficit was met by the University from the income from Distance Education and courses under self-financing schemes. The University could not create adequate infrastructure for laboratories, libraries, computer facilities, hostel accommodation, etc. (refer paragraph 2.1.11.3 and 2.1.12.4) which would have otherwise been created out of the income from the Distance Education programme and the self-financing scheme.

Further, the income from internal receipts rose from Rs. 36.91 crore in 2006-07 to Rs. 70.70 crore in 2010-11 (92 per cent) while the expenditure on salaries increased from Rs. 40.21 crore to Rs. 104.96 crore (161 per cent) during this period.

The Registrar of the University replied (August 2011) that the Government was requested to provide grant-in-aid of Rs.94.44 crore on account of pay revision with effect from January 2006 but it had not acceded to the request.

The department in its written reply stated as under :-

The State Government is providing insufficient grant under Non-Plan to meet out the expenditure of Salaries (**Annexure- III . (page No. 49-62) Chart of Plan/Non Plan etc.**) The State Government had merely increased Non-Plan grant from Rs.22.00crore in 2006-07 to Rs. 28.00 crore in 2010-11 which was not sufficient to meet out the expenditure on Salary. As during this period the expenditure increased from Rs 40.21 crore to Rs.89.01 crore so it had to be met out from the income of Distance Education and Courses under Self Financing Schemes. Since the operations of the University has increased manifold and the burden of salary is increasing day by day so, the State Govt. be requested to provide non-plan grant up to 95% of the salary expenditure of the year as is being done in the case of Govt. Aided Private Colleges.

The State Govt. had asked the University to meet out the excess expenditure by mobilizing additional resources or internal adjustments and also creating own resources. The matter had also been discussed in the meeting of Finance Committee held on 27.3.12. It is pertinent to mention that the State Govt. had been requested to provide grant-in-aid of Rs.84.00 crore on account of Grade revision w.e.f January 2006 besides Rs. 10.44 crore for LTC and further grant on account of Education Allowance. But nothing has been heard from the State Govt. so far. A reminder dated 18.4.12 has also been sent to the Govt. in this regard. Further the necessary steps are also being taken to pursue the case.

Time and again the State Govt. through Director General Higher Education Haryana, Panchakula is being requested to provide 100% funds to meet the expenditure on account of Salary and Pension to the University employees. But no reply has been received. Last reminder was sent on 8.5.15 (Annexure- IV (page No. 63), a letter No A-1A/cs/ 12399/ dated 11.8.14 has also been written to the State Government for providing sufficient additional grant-in-aid Rs. 17 .67 (96.06 +21.61) to enable the University to meet expenditure for smooth functioning. The reply is still awaited.

The matter is under consideration with the Govt. There is no lapse on the part of the University. As per Chart shown (Income & Expenditure), the expenditure is being managed & controlled by the University sensibly/thoughtfully. Hence, the Para may kindly be dropped.

The Committee desired that a Committee for revising the fee structure of the student of the University be constituted wherein student's representatives should also be included.

The Committee recommends that the recruitment process in the University be made transparent and all type of vacancies be filled up through the open recruitment. The committee further recommends that the number of members being nominated by His Excellency the Governor be increased as well as members of the Director, Higher Education Department be also included in it and thereby the strength of the members nominated by His Excellency the Governor as well as the Government representatives should be at least 50% of the total number of members in the selection committee.

[6] 2.1.7.2 *Compilation of annual accounts*

Section 26(1) of the Kurukshetra University Act 1986 provides that the University should prepare Annual Accounts and Balance Sheets under the directions of the Executive Council every year.

It was observed that the University was preparing only Income and Expenditure Accounts but was not preparing Balance Sheets. In the absence of Balance Sheets, the state of affairs i.e. assets, liabilities, loans and advances, cumulative excess of income over expenditure or vice-versa could not be ascertained.

The Registrar of the University stated (August 2011) that prior to April 2009, it was exempted from preparing Balance Sheets and that Balance Sheets for the years 2009-10 and 2010-11 were under finalisation. The reply regarding exemption from preparing Balance Sheets is not sustainable because the Director, Higher Education was not competent to give exemption from preparing Balance Sheets as the requirement was provided for in the Kurukshetra University Act. Only the legislature was competent to give exemption through amendment of the Act.

The department in its written reply stated as under :

The University was exempted from preparing of balance -sheet as per Director, Higher education Haryana, vide letter No. 16124·83 UNP (2) dated 22.5.98(Annexure- V) (Page No.6S).

Now the University is preparing the Balance sheet. The Balance Sheet for the financial year 2012-13 & 2013-14 which has been approved by the Finance Committee in its meeting held on 24.03.2014 & 28.3.15 (Annexure -VI). (Page No. 67)

Hence, the Para may kindly be dropped.

The Committee desired the department to fix the responsibility of the defaulting/erring officers/officials together with strict disciplinary action be taken against them and detailed report in this regard be sent to the committee accordingly.

The Committee further desired the department to reconcile the matter with the office of the Principal Accountant General (Audit), Haryana under intimation to the committee.

[7] 2.1.7.5 *Submission of false utilisation certificate*

In view of the increasing demand for trained manpower in the area of Bio-informatics, the Director, Distance Education of the University submitted (June 2006) a proposal for financial assistance of Rs. 81.70 lakh to the Director, Distance Education Council, Indira Gandhi National Open University

(IGNOU) for starting a Post-M.Sc Diploma in Bio-informatics and a PG Diploma in Bio-Informatics from 2006-07. IGNOU provided (June 2006) Rs. 40 lakh for starting these courses. The University submitted (April 2008) a utilisation certificate (UC) for Rs. 26.26 lakh and refunded (September 2007) the balance amount of Rs. 13.74 lakh to IGNOU. It was, however, observed that the University had not started these new courses as yet but had spent Rs. 26.26 lakh on the ongoing courses. Thus, the UC submitted to IGNOU was false as the expenditure had not been incurred for the purpose for which the funds were provided. Further, these new courses had not started, as a result of which the students were deprived of the benefit of these courses.

The University replied (August 2011) that the Distance Education Council, IGNOU did not raise any objection on the UC. The reply is not convincing as the UC furnished by the University did not indicate diversion of funds.

The department in its written reply stated as under :

It is not true that false certificate has been issued to the funding agency. The grant was requested for updating of existing courses being run by the Director Distance education and for introduction of new courses. As the grant of 40.00 lac was received for the updating of existing courses as clearly mentioned in the sanction letter (para No. 2.2 of the Annexure). An amount of Rs. 26,26,000/- spent and unspent of Rs.13,73,891/- was refunded to the funding agency with a proper Utilization certificate was sent duly audited/ signed by the then Director, Distance Education, Assistant Registrar (Accounts), Finance Officer, Registrar, Joint Director, Local audit Haryana of the University and duly counter signed by the Director, Local Audit Haryana, Chandigarh. to the funding agency (Distance Education Council, New Delhi) and no objection of the funding agency has been received upto now.

However the proposal was sent for Rs 81.70 crore out of which Rs 40.00 lac was sanctioned for existing course and not new courses.

The Directorate of Distance Education submitted the proposal for financial assistance in the tune of Rs.81.70 lacs as development grant from the Distance Education Council for:

	Rs. in lac
1. Development of course material (launch of New programmes and revision programmes and revision of existing courses)	27.70
2. Student Support services	16.00
3. Staff Training & Development	4.00
4. Application of new Technology	15.00
5. Computerization	5.00
6. Library	2.00
7. Research and Development	4.00
8. Quality Assurance Measures	2.00
9. Networking of Distance Education System	5.00
10. Others	1.00
Total	81.70 lac

The Distance Education Council, IGNOU, Maidan Garhi, New Delhi, sanctioned Rs.40.00 lac as development grant against the above proposal (Annexure- VIII- Page No. 76) for the financial year 2006-07 keeping in view innovativeness of the proposal, size of enrolment and growth rate of University, number of programmes on offer and regular faculty in place, revision and up-dation of existing Self-Instructional Materials (SIMs), facilities for use of interactive Communication Technology, status of Utilization of grants sanctioned in previous years and financial health of the University. As per Distance Education Council guidelines, the sanctioned grant was to be utilized under the following head of expenditure- The detail of grant of # 40.00 lac received & expenditure made is as under:

Sr. No.	Detailed Head of Accounts	Rs. In lacs	Expenditure	Balance
1.	Development of SIM 146 (i) and 152-a (i) 2007-08 (i) Remuneration to course writer as (ii) Editors (iii) Translators etc. (iv) DTP work etc.	*15,00,000 - 3,00,000 12,00,000/-	9,78,000/-	2,21,376/-
2.	Students Support Services 146 (ii) (i) Purchase of audio/video/ Cassettes, CDs, VCDs (ii) Purchase of Books and journals (iii) Computerization etc.	5,00,000/-	2,37,500/-	2,62,500/-
3.	Staff Training and Development	3,00,000/-	Nil	3,00,000/-
4.	Application of new Technologies 146 (iv) 152-a (iv) 2007-08	**5,00,000/- +3,00,000/- 8,00,000/-	4,24,041/-	3,75,595/-
5.	Computerization and modernization 146 (v) 152-a (v) 2007-08	7,00,000/-	6,86,085/-	13,915/-
6.	Library (146 (vi))	3,00,000/-	2,99,859/-	141/-
7.	Quality Assurance Measures (146 (vii))	2,00,000/-	Nil	2,00,000/-
Total		40,00,000/-	26,26,000/-	13,73,891/-

* 20% of Development Grant of Rs. 15.00 lac under the Head "Development of SIM" re-appropriated to Head of Account "Application of New Technology vide DEC letter 4.7.2007.

** Rs. 3 lac re-appropriated in this Head from the Head "Development of SIM" vide DEC letter dated 4.7.2007.

The grant was received in two installment of Rs. 20.00 lac each, Rs. 26.26 lac was utilized under various Heads permitted by the Distance Education Council, IGNOU, New Delhi in

their sanctioned letter and a sum of Rs. 13.74 lac was refunded to the Distance Education Council, IGNOU, New Delhi as unutilized amount.

The grant received only for existing courses not for introduction of new courses. Hence, above Para may kindly be dropped.

The Committee desired the department to reconcile the matter with the office of the Principal Accountant General (Audit), Haryana under intimation to the committee.

[8] 2. 1. 8. 1 Planning for courses

Academic courses of the University are regulated with the approval of the Academic Council. The Board of Studies frames the regulations, curricula and the syllabi for various undergraduate (UG) and postgraduate (PG) courses and gets them approved by the Academic Council and the Syndicate.

One of the objectives of the University is to devise and conduct courses, which are relevant to the current needs of the society. It was observed that enrolment in regular courses of the University indicated the increasing trend but certain courses offered by the University through distance education showed a decreasing trend as detailed in the table below:

Table 4: Trend of enrolment of students in Directorate of Distance Education

Course	Enrolment (in numbers)					Percentage decrease in 2010-11 with reference to 2006-07
	2006-07	2007-08	2008-09	2009-10	2010-11	
MA	4,599	3,124	3,109	3,915	3,097	33
MS	1,251	1,016	1,007	1,044	859	31
PG Diploma	4,967	4,613	3,843	2,314	1,268	74
MCA	890	795	814	805	539	39
MBA	985	983	798	579	378	62

Source: Records of the Directorate of Distance Education.

As is evident from the above table, the decrease in the enrolment of students in these courses ranged between 31 and 74 per cent.

The Director (Distance Education) attributed (January 2011) the decrease in enrolment of students in these courses to developing interest of students towards technical/professional courses, competition among universities for providing distance education, etc.

The Department in its written reply stated as under :-

Reply of Para

The UG/PG Board of studies in the concerned subjects consider and review the continuation of various courses and introduction of new courses from time to time keeping

in view the emerging fields of knowledge and technology and demand in the industry and society. No doubt sometimes for some of the courses tendency of admissions seekers is less, but the courses cannot be discontinued at a stretch, so there are some courses of basic nature which are to be run without taking into consideration the enrolment and financial gain. The UG/PG Board of studies considers revision/updating of syllabi for various courses from time to time. The University has recently directed all the Chairpersons of the Departments to review/update/revise the various syllabi after every three years by consulting UGC curriculum Centre.

Further there was no financial burden on account of non-continuation of courses in question.

It is informed that there is change in global trend which ultimately creates demand for certain courses and under the present circumstances students are taking interest in getting admission in Technical Courses, like B.Tech, JBT and after that M.Tech and Technical/ Professional Courses like LLM where there are more scope in jobs instead of seeking admission in Traditional Courses. On the other hand now-a-days, there is stiff competition in Distance Education as there are more Universities where such courses are being run. With the proliferation of various instructions in the regular mode, more students are seeking admission in MA/MSc/MCA/MBA/PG Diplomas. However, in total, the trend of enrolment of students during the last five academic sessions is encouraging as the total enrolment of students during the session 2006-07 was 34395 and during the session 2009-10, it was 39440.

Therefore, this cannot be termed as low enrolment. It may be mentioned here due to creation of more universities in the neighboring area the strength of the students has also more or less affected the strength of the Kurukshetra University

Following table shows the enrolment of students during 2006-07 to 2014-15

Sr.No	Years	Total enrolment
1.	2006-07	34395
2.	2007-08	35999
3.	2008-09	37989
4.	2009-10	39440
5.	2010-11	35042
6.	2011-12	28881
7.	2012-13	26209
8.	2013-14	24142
9.	2014-15	24252 (upto 2/2015)

Hence it is requested that the Para may kindly be dropped.

The Committee desired the department to constitute a five Members committee comprising of three MLAs, one Educationist and one Administrator to detect the reasons of day-by-day declining of the standard of education in the University which will suggest the measures to improve the education standard in the University. In addition, the PAC will also give some points in this regard.

The committee further desired that committee so constituted will submit its report within three months for consideration the PAC.

[9] 2.1.8.7 Under-utilisation of earmarked funds

The Commissioner and Secretary to the Government of Haryana, Higher Education Department released (March 2008) a special grant of Rs. 30 crore for enhancing intake capacity, equipment, laboratories, etc. of different courses. However, even after three years, funds amounting to Rs. 19.66 crore were lying unutilised (Appendix 2.2). There was slackness and lack of planning on the part of the University for execution of works and purchase of equipment. It was observed that the intake capacity of courses was increased without providing adequate infrastructure such as equipments, laboratories, etc. Scrutiny of records of test-checked department revealed that the earmarked funds were diverted as detailed below:

- The Chemistry Department spent Rs. 37.32 lakh on purchases of consumable items like chemicals, filter papers, glassware, etc.
- The Electronic Science Department spent Rs. 7.93 lakh on purchase of a sofa set, chairs for rooms of faculty members, payment of remuneration for teaching, traveling allowance/ daily allowance of guest faculty, etc.

The Registrar of the University replied (August 2011) that the process of procurement of equipments, etc. was lengthy, involving calling of tenders/ quotations, holding negotiations, arranging for imports, etc. and the Government had been approached to extend the time to utilise the unspent balances. It was further stated that the Chemistry and Electronics Science departments would be advised to incur expenditure on items for which the funds were provided.

The Department in its written reply stated as under :-

It is submitted that special grant of Rs.30.00 crore which was allocated among the 20 Departments for enhancing intake capacity, equipment's, laboratories etc. of different courses. The carry forwarding permission to utilization of unspent balance out specific grant was received late in the last financial year as such full grant could not be utilized within stipulated period. Some of the Departments have requested to allow to utilize the unspent balances during the financial year 2011-12. The State Govt. allowed the carry forward permission for the financial year 2012-13 on 3.8.12, but deducted an amount of Rs. 216.70 + 5.80 from Plan/Non-Plan grant. As per minutes of Finance Committee 2015-16 the deduction on account of interest would not be released and it was desired that the Education Department may forward the case to the Finance Department for release of balance grant of Rs.216.70 Crore. Accordingly a letter has been written to the Addl. Chief Secretary to the Govt. of Haryana, Higher Education vide letter No. Accounts/A-1/16396 dated 1.5.15 to release the grant in aid Rs. 216.70 crore on Non-Plan side,

(Annexure- XV at page No. 118). Since the matter is under consideration with the State govt. the paras may dropped.

The Committee recommends that the inquiry against the responsible officers involved in this case, be conducted and the action taken report be submitted to the committee within a period of three months.

[10] 2.1.11.2 Inadequacy of infrastructure in Instructional area

As per AICTE norms, the sizes of instructional areas for classrooms, laboratories/workshops and libraries/reading rooms should be 66, 200 and 400 sq mtr. respectively.

It was observed that in UIET, the actual sizes of classrooms, laboratories and the library/reading room were 57.01, 57.81 and 184.32 sq mtr. respectively. Thus, the students were forced to work in a congested environment.

The Registrar of the University replied (August 2011) that the norms of AICTE came into force in UIET in the year 2010 and the construction of its building had been planned in the year 2003. The reply is not acceptable as the AICTE Act came into force in 1987 and the sizes of classrooms, laboratories/workshops, etc. should have been adhered to the norms of AICTE.

The Department in its written reply stated as under :-

The All India Council for Technical Education Committee conducted the inspection and conveyed the approval for the year 2011-12 vide its letter No. North-west/2011/1-480694091 dated Aug, 22, 2011, (Annexure-XVIII at page No. 144) and no deficiency in infrastructure in instructional area has been pointed out. The Building is in order as per requirement of the courses and norms of the AICTE.

As per decision of AICTE council dated 20.12.12, 10% reduction in intake in all courses to accommodate students for the academic session 2013-14 made & also conveyed the approval.

A Separate building for mechanical engineering students is almost completed as per requirement of norms of AICTE and handed over shortly Hence, it is requested that the Para may kindly be dropped.

After hearing the departmental representatives, the committee desired that the matter be clarified and sorted out with the PAG office as to whether the newly constructed building is ready as per AICTE norms to impart education and other related works under intimation to the committee.

[11] 2.1.11.6 Avoidable expenditure on Customs Duty

GOI notified (July 1996) that if an institution registered with the Department of Scientific and Industrial Research (DSIR) produces a certificate to this effect, it can avail of the exemption of customs duty on scientific and technical equipment and instruments. The University was registered with DSIR.

Scrutiny of records of four departments revealed (January and February 2011) that these departments imported scientific and technical equipment and instruments and paid customs duty

amounting to Rs. 12.41 lakh. This showed lack of awareness and thus, resulted in avoidable expenditure of Rs. 12.41 lakh. The Registrar of the University replied (August 2011) that refund of customs duty would be sought from the Customs Department after enquiry.

The Department in its written reply stated as under :

The University is registered with the Department of Scientific and Industrial Research (DSIR) for customs duty exemption on the imported equipment's etc. Though the University has been given exemption from custom duty in the case of purchase of equipment's and other items. Latest instructions in this regard have been issued to the Departments of the University on 10.10.11 received from the DSIR which is valid up to 31.8.16. (Annexure- XX at page No, 158) There is no question for refund of fee.

Statement showing the year-wise value of consumables/equipments on which the University availed custom duty exemption/excise duty exemption during the last five years

Value of custom duty availed			Value of Excise duty availed	
Year	Consumables	Equipment	Consumables	Equipment
2009	Nil	26,43,015/-	32,000/-	26,64,739/-
2010	31,67,021/-	6,99,663/-	83,200/-	25,30,999/-
2011	2,11,647/-	66,80,488/-	Nil	11,35,222/-
2012	6400/-	77,04,974/-	Nil	25,26,503/-
2013	Nil	11,86,336/-	Nil	44,71,871/-
2014 (upto June)	Nil	Nil	Nil	5,58,500/-
Total	33,85,068	1,89,14,476/-	1,15,200/-	1,38,87,834/-

For example: Custom duty in purchase of one machine of physics Department (200 KV insulated positive heavy Ion Accelerator system with all major components all accessories) from Netherlands for the purpose of Research is availed amounting to Rs. 79,93,933/- approx.) of the total cost of machine of Rs. 8,38,32,671/-

Hence, it is requested that the Para may kindly be dropped.

The committee desired the department to reconcile the matter with the office of the Principal Accountant General (Audit), Haryana under intimation to the committee.

[12] 2.1.12.4 Performance evaluation

A monitoring cell was required to be established in the University for addressing the grievances of the students and collecting feedback to assess the problems being faced by the students. It was, however, noticed that no proper mechanism had been evolved to take feedback from students for the redressal of their grievances in a phased manner. During performance audit, feedback of 153 students of 14 test-checked departments was taken through the questionnaire method in the presence of

authorities of University in order to assess their satisfaction level. The sample size of 153 students constituting 83 girls and 70 boys were asked to rate the University on various parameters. Analysis of the data revealed as under :

Activities	Percentage of students who rated the facilities			
	Poor	Average	Good	Excellent
Faculty	7	25	42	26
Food	36	33	25	6
Hostel	14	32	41	13
Library	57	22	17	4
Laboratory	20	34	37	9
Syllabus covered	19	29	40	13
Course content	8	26	48	19
Behaviour of administrative staff	13	12	47	28
Computer facility	23	17	32	27

- * Overall 68 per cent students were satisfied with the faculty while 32 per cent of the interviewed students expressed dissatisfaction. Dissatisfaction was more pronounced in self-financing courses, particularly in UIET (76 per cent); computer sciences (64 per cent) and MBA (70 per cent). It was also observed during audit that there was a shortage of faculty members in these streams which could be one of the factors for dissatisfaction of the students in these streams as discussed in paragraph 2.1.10.2.
 - * Sixty nine per cent of students were not happy with mess facilities and wanted improvement in the quality of food.
 - * Overall, 59 per cent of the students were satisfied with the computer facilities. However, these facilities were rated as deficient by students belonging to Political Science (100 per cent); Physics (78 per cent); Chemistry (75 per cent); Commerce (60 per cent) and Psychology (59 per cent) streams.
 - * Thirty four per cent of the interviewed students wanted changes in their course content and rated the course content as 'poor' or 'average'. Majority of the students (50 per cent) of this category belonged to the science stream.
 - * Fifty four per cent of the students were not satisfied with the infrastructure provided in laboratories.
 - * Forty six per cent students were not satisfied with hostel facilities. It was also observed during audit that there was overcrowding in the hostels as the occupancy was more than the intake capacity as discussed in paragraph 2.1.11.3.
 - * Girl students expressed dissatisfaction with the security situation prevailing in the campus.
- It may also be seen from the above that only 16 per cent of the students rated the facilities available in the University as excellent. The Registrar of the University replied (August 2011)

that the University administration had considered the observations of the survey and would take appropriate action.

The Department in its written reply stated as under :-

The land of Mahabharata and Srimadbhagavadgita witnessed the birth of Kurukshetra University in 1956, Situated on the plains of the river saraswati on the western bank of the famous Brahm sarover, the foundation stone of the University was laid on 11th Jan, 1957 by late Sh. Rajendra Prasad, the first President of India. The University which started with focus on Sanskrit and Indic studies too a big leap forward in 1961 by transforming its initial unitary character into a multi-faculty University, Today the University has 46 Post graduate Teaching Departments and Institutes that offer 175 courses besides offering Ph.d programmes. Presently there are 366 colleges from 9 districts of Haryana affiliated to the University.

Accredited with an 'A' grade by National Assessment and Accreditation council Bangalore, the University today enjoys a sound reputation and is eagerly sought by the seekers of quality education in conformity with international standards The University offer students from throughout the region state and nation a world class education by providing learning experience designed to develop intellectual abilities, as well as social moral and ethical values. The major focus of the University's goal and objectives is on achieving academic excellence through generation and dissemination of new knowledge without losing sight of the disadvantaged section of the society. Critical thinking and free exchange of ideas have been identified as key ingredients toward intellectual growth and nation development.

The University administration has considered the observations of the findings of the General Survey and will take appropriate action as per suggestions. The present position is given as under:

Food: Good quality of food is prepared in the hostel mess. The Food Purchase Committee of the hostels includes resident students and purchases the food materials like Atta, Dal, Rice, Ghee, Vegetables, dishes etc. from the reputed General Stores in the Market.

Library: Every Teaching Department of the University has its own library where the students can get the books issued. The central library contains a large number of books on each subject/course. Photocopy facility is also available in the main Library to get the required papers zeroxed from the books. The Central library is fully A.C. with arrangement of study tables, news papers, journals, text books or Research material, thesis and dissertations. The reading hall of the Library remains open for 24 hours. Regarding extension of the library, a five storied building has also been completed in which students can avail the modern facility and extra space. Suggestion Books are also available.

Laboratories: Labs upgradation is a continuous process. The Colleges/UTDs have their own laboratories which are used by the students and teachers. The Govt. of Haryana has also provided special funds to improve the quality of labs.

Faculty: Admitted that the University is facing shortage of the staff in the various Teaching Departments/College due to retirement/non-recruitments of the posts. To cope of the work of teaching, the University has recently advertised 343 posts of Assistant Professor on contract basis in different disciplines. The qualifications will be same as prescribed by

the UGC/State Govt./AICTE/University norms. The interviews of the said posts have been almost completed. The University is in process of filling vacant posts of Assistant Professors on regular basis resulting into 250 posts of Assistant Professors have been filled up. In 2011-12, the number of Assistant Professors on contract basis was 298.

Course Content : The reply has already been given at Para No.8.1.

Computer facility: Computers have already been provided to all the University Teaching Departments as per their requirements. Large numbers of Departments, have well established computer labs for use by students/teachers/non-teaching staff.

Security situation of the Campus: There is a full fledged Security department in the University which provides round the clock security in the University. In addition to 151 security-men of the Security Department, the University has also engaged a private security firm which has provided 83 security personnel to guard strategic points. There are 106 CC TV Cameras as well as 06 high resolution cameras have also been installed in the Hostels of Boys and Girls, 2nd Gate, 3rd Gate and other sensitive places of the University and Security Control Room keeps a tight vigil on the movements continuously. The data captured by the CC TV Cameras has been very much helpful in detecting the causes of incidents and is relied upon by the police also. It is also mentioned here that recently the University has issued own registration slip for pasting at the front of the vehicles. The students and employees have been issued identity Cards. These helps in improving security and safety of the University and for others entry by showing identity proofs at the Gates be strict.

Hence, it is requested that the Para may kindly be dropped.

The Committee desired the department to constitute a special committee to observe about the functioning of the aided and non-aided private colleges affiliated with the University and will also investigate all the matters of the last 3 years related to the appointments of Lecturers, admissions of the students and checking of the examinations etc.

The committee further desired to check the relevant record of the last 3 years of the monthly attendance of the students of these aided and non-aided colleges.

The committee also desired the department to submit the detailed report of the said special committee to the PAC committee for its consideration.

[13] 3.5 Misappropriations, losses, defalcations, etc.

Rule 2.33 of the Punjab Financial Rules, as applicable to Haryana, stipulates that every Government employee should realize that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per rule 2.34 *ibid*, cases of defalcations and losses are required to be reported to the Principal Accountant General.

The State Government reported 153 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs. 1.58 crore on which final action was pending as of June 2011. The department-wise break up of pending cases and age-wise analysis is given in *Appendix 3.5* and the nature of these cases is given in *Appendix 3.6*. The age-profile of the pending cases and

the number of cases pending in each category-theft and misappropriation/loss is summarized in **Table 3.4.**

Table 3.4 : Profile of misappropriations, losses, defalcations, etc.

Age profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (Rs. in lakh)	Nature/ characteristics of the cases	Number of cases	Amount involved (Rs. in lakh)
0-5	29	29.58	Theft	131	86.49
5-10	49	77.99			
10-15	24	24.67	Misappropriation/loss of material	82	98.81
15-20	16	6.95			
20-25	20	15.70	Total	213	185.30
25 and above	15	3.25	Cases of losses written off during the year	60	27.16
Total	153	158.14	Total pending cases	153	158.14

Reasons for pendency of cases are listed in Tables. 3.5

Table 3.5 : Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Reasons for the delay/outstanding pending cases	Number of cases	Amount (Rs.in lakh)
i) Awaiting departmental and criminal investigation	2	8.05
ii) Departmental action initiated but not finalized	76	56.11
iii) Criminal proceedings finalized but recovery of amount pending	14	8.85
iv) Awaiting orders for recovery or write off	46	46.49
v) Pending in the courts of law	15	38.64
Total	153	158.14

Out of the total loss cases, 65 *percent* cases related to theft of Government money and stores which indicates that appropriate steps for the safety of Government property/cash, etc., as prescribed in the rules, had not been taken by the concerned departments. Further, in respect of 50 *percent* cases, departmental action had not been finalized and 30 *percent* cases were outstanding simply for want of orders of the competent authority for recovery or write-off of losses. It was further noticed that out of 153 cases of losses due to theft/misappropriation etc., 124 cases were more than five years old, of which, 15 cases were more than 25 years old. The lackadaisical approach of the departments in finalization of these cases had not only caused losses to the State exchequer but also failure to take timely action against the officers/officials at fault.

The Depart 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 dropped by PAC 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. Moreover the para No. 1.6 of CAG Report ended upto 313.2007, comprising all the pending 5 cases of misappropriation/ losses and defalcation has been dropped by PAC in its meeting held on 10.07.12. So far as the total 28 pending cases as shown in the AG Books are concerned the same are being reconciled with Principal Accountant General Office as well as Finance Department for doing the necessary action. Para may be dropped.

The committee desired that the department may fix a meeting for settlement of the pending cases with the Principal Accountant General (Audit), Haryana office within a period of three months under intimation to the committee.

FOREST DEPARTMENT

[14] 2.2.7.1 Budget and expenditure control

The budget is an important tool for ensuring financial discipline. Monitoring the progress of expenditure against well-formulated budget targets is an important management function. Poor budgetary control not only results in inefficient use of scarce financial resources but also hampers the progress in achieving the organisational objectives. As laid down in paragraph 5.3 of the Punjab Budget Manual, as adopted by Haryana, the budget estimates of ordinary expenditure should be framed as accurately as possible. All items of expenditure that can be foreseen should be provided for and included under the proper sub-heads. The disbursing officers are required to forward the details of proposals in the prescribed form to the controlling officer, who further scrutinises them for preparation of budget estimates.

The budget provisions under Plan, Non-Plan, expenditure incurred there against and actual receipts during 2006-11 were as under:

Table 2: Budget provisions and expenditure

(Rs. in crore)

Year	Original Budget allocation			Final Budget allocation			Expenditure			Excess (+)/ saving (-) against the Original Budget	Actual receipts
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total		
2006-07	99.95	49.37	149.32	91.14	49.51	140.65	124.79	49.45	174.24	(+) 24.92	38.62
2007-08	103.54	35.05	138.59	98.96	34.00	132.96	102.07	34.02	136.09	(-) 2.50	33.79
2008-09	117.15	37.52	154.67	118.25	38.23	156.48	120.87	39.32	160.19	(+) 5.52	40.74
2009-10	101.40	93.75	195.15	95.79	91.49	187.28	94.95	91.87	186.82	(-) 8.33	56.13
2010-11	128.53	66.56	195.09	130.91	75.30	206.21	119.41	86.68	206.09	(+) 11.00	33.56
Total	550.57	282.25	832.82	535.05	288.53	823.58	562.09	301.34	863.43	(+) 30.61	202.84

Source: Detailed Appropriation Accounts of the respective years.

As is evident from the above table, there was excess over the original budget allocations during 2006-07, 2008-09 and 2010-11 and savings during 2007-08 and 2009-10. Wide variations between the original budget estimates and the actual expenditure without any justification indicated faulty budgeting. Out of total excess of Rs. 24.92 crore in 2006-07, Rs. 23.46 crore was in respect of the Haryana Community Forestry Project. The issue was pointed out in paragraph 2.3.8 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil) Government of Haryana. However, recommendations of the Public Accounts Committee were awaited. It was further observed that though the department prepared budget estimates in respect of Non-Plan expenditure by obtaining details from disbursing officers, no such exercise was being carried out in respect of Plan estimates.

The PCCF stated (May 2011) that excesses under the various schemes were due to increase in wage rates and maintenance of buildings while the savings were due to vacant posts and less

expenditure on implementation of schemes. The reply indicates that the budgets were not prepared as per the provisions of the Budget Manual as increase in wage rates, maintenance of buildings, vacant posts, etc. were foreseeable and the estimates should have been prepared after taking these items of expenditure into account.

Scrutiny of records revealed the following deficiencies:

- In four schemes (Appendix 2.4), no expenditure was incurred against allotment of Rs. 1.55 crore during 2006-10 and the amount had to be surrendered on the last day of the financial year. The PCCF stated (June 2011) that schemes could not be executed because of inadequate provision of funds provided for these schemes. Thus, the provisions in the budget for these schemes were not made properly.

According to the Haryana Forest Manual, savings from salaries were not be re-appropriated towards other standard objects of expenditure. Excess expenditure of Rs. 25.13 lakh incurred on two schemes (Appendix 2.5) was re-appropriated out of savings from salaries on the last day of the financial year, which was not only contrary to the provisions of the Forest Manual, but also indicated poor budgetary control.

The Department in its written reply stated as under :

The reply on the items mentioned in appendix 2.4, are given below:

1. I.T. Plan Scheme:- There was a provision of Rs. 40.00 lakh during the year 2006-07 in this scheme but funds could not be spent due to non sanction of the scheme by the state Govt. (I.T.- PRISM).

During the year 2007-08, there was provision of Rs. 40.00 lakh in this scheme instead of 20.00 lakh, out of which Rs. 10.00 lakh were spent during 2007-08 in this scheme and rest of funds were spent in Herbal Nature Park (Copy of approved re-appropriation by Govt. is enclosed herewith) (**Annexure-2.2.7.1(i)**).

2. State Resource Management Livelihood Project: A provision of Rs. 5.00 lakh was made in this scheme during the year 2008-09. But related donar agency did not sanction this project and similarly during 2009-10 again a provision of Rs. 5.00 lakh was made but donar agency did not again sanction the project. Hence funds could not be utilized.

3. Survey & Utilization of Forest Resources: A provision of Rs. 50.00 lakh was made in this scheme during the year 2009-2010. Because working plans of various districts could not be prepared, so the funds could not be utilized in this scheme.

4. Development of Agro-forestry clonal and non-clonal: A provision of Rs. 35.00 lakh was made in this scheme during 2007-08 but due to non availability of land, these funds could not be utilized.

The reply on the items mentioned in appendix 2.5 are given below:

1. Forestry-91-community forestry 01-salary:- There was a saving of Rs. 18.69 lakh in this scheme during the year 2008-09 due to vacant posts in cadre. This amount was spent in 2406-102-70 INRDP Social & Farm Forestry Scheme (Copy of approved re-appropriation from Govt. is attached herewith) (**Annexure- 2.2.7.1(ii)**).

2. 2402-Soil Conservation (Non Plan):- There was a saving of Rs. 189.21 lakh in this scheme during the year 2009-10 due to vacant posts in cadre. Rs. 1.00 lakh was spent on payment of PTS wages and 5.44 lakh was spent on LTC and rest of the funds i.e. Rs. 182.77 lakh were surrendered (Copy of approved re-appropriation from Govt. is attached herewith) (**Annexure-2.2.7.1(iii)**).

Hence, keeping in view the above facts, para may please be dropped.

The Committee is of the view that figures in all parts of this para may be got reconciled with the PAG office and report in this regard be sent to the committee as and when it is done.

[15] 2.2.7.7 Non-realization of compensation for use of forest land for non-forest purposes

As per provisions contained in the Forest (Conservation) Act 1980 and the Rules framed thereunder, user agencies in whose favour, diversion of forest land is allowed for non-forest use, are required to deposit charges for compensatory afforestation, additional compensatory afforestation, penal compensatory, catchment area treatment, diversion of protected areas, etc. As per MOEF guidelines (September 2003), net present value (NPV) of land has to be realized from user agencies before according final approval for diversion of forest land.

In seven out of 20 territorial divisions, it was noticed that the user agencies applied (November 2006 — April 2011) for diversion of 26.34 hectares of land for carrying out construction works in 14 cases. GOI accorded approvals in these cases, subject to the condition that an amount of Rs. 4.60 crore would be paid by the user agencies on account of the said compensation. The user agencies had deposited Rs. 2.61 crore but the balance amounting to Rs. 1.99 crore was not deposited as of March 2011, despite the lapse of one to four years of the grant of in-principle approval of GOI. Though the user agencies had executed the works, the department had taken no action against them to recover the balance amount during the execution of works. The department should not have allowed the user agencies to carry on the work without the deposit of NPV.

The Department in its written reply stated as under :

Out of seven divisions mentioned in the para, money for compensatory afforestation has been realized in four divisions namely, Ambala, Hisar, Morni-Pinjore and Gurgaon (Annexure 2.2.7.7(i)). In case of Ambala, a sum of Rs. 22,27,574/- as felling charge was deposited in revenue head as per the prevalent guidelines. The amount of NPV is pending, in three divisions whose details are as follows:

Sr. No.	Division	User agency	No. of cases	Total amount to be realized (Rs. Lacs)	Amount realized (Rs. Lacs)	Balance (Rs. Lacs)
1.	Fatehabad	PWD	1	43.01	0	43.01
2.	Jind	PWD	3	97.46	65.03	32.43
3.	Sirsa	PWD	1	53.64	49.38	4.26
Total			5	194.11	114.41	79.70

The issue of realizing the balance amount is under correspondence with the User Agencies and the amount will be realized soon. Hence para may please be dropped.

The committee desired that the department should make sincere and vigorous efforts to recover the balance amount under intimation to the committee.

[16] 2.2. 7. 9 Haryana Wood-Based Industries Revolving Corpus Fund

The Forest Department notified (March 2006, September 2009) the provision of licence fees for the grant of licences to wood-based industries and framed rules, viz the Haryana Forest Management of Wood-Based Industries Revolving Corpus Fund Rules 2009 for management of funds created through licence fees. The funds collected were to be utilised for acquisition of land, conservation of natural resources viz. soil, water, plants and animals and any other activity approved by the committee to promote forestry. As per Government instructions issued in June 1997, the surplus funds were to be invested in debt instruments floated by Central/State Governments, fixed deposits with nationalised/cooperative banks, etc.

A sum of Rs.26.18 crore was realized by the department on account of licence fees, during the period from March 2007 to June 2010. The entire amount was kept in a saving bank account, instead of utilising it for the objectives set out in the Rules. The department neither spent the amount on promotion of forestry nor invested the amount in fixed deposits at regular intervals though the minimum balances in the saving bank account ranged from Rs. 71.99 lakh to Rs. 16.41 crore during 2007-2011. The department would have earned interest of ₹ 63.31 lakh, had the surplus money been invested in fixed deposits. Further, the purpose of creating of this fund to promote the cause of forestry was not served.

The Department in its written reply stated as under :

First list from Central Empowerment Committee regarding Wood based Industries was approved in the meeting on 15.02.2007 and as per the approved list the action was initiated in March 2007. The Chief Conservator of Forests, Haryana, Panchkula started to deposit the amount of license fees in his Account No. 65017145377 in State Bank of Patiala, Panchkula on 15.03.2007. As soon as the complete amount was received upto 03.11.2007, approximately after 7 months 16 crore were transferred to fixed deposit in two Nationalized Banks (8 crore each) @ 9%. Similarly, on 06.12.2008, crore were deposited as FD in Canara Bank @ 10% interest and 4 crore in State Bank of Patiala, Panchkula on 09.02.2010 @ 6.75%. It is submitted that no delay has been done on the part of this department.

To utilize the funds recovered from wood based industries. a meeting was held with Central Empowered Committee of Hon'ble Supreme Court on 16th November, 2010 and the scheme was submitted vide letter no. 4460 dated 12-11- 2010 by Chief Conservator of Forests (P-1) cum-Chairman (SLC) Wood-based Industries, Haryana (Annexure 2.2.7.9 (i). The action will be taken after the sanction of project Hon'ble Supreme Court.

Following amount has been revolved mainly for raising poplar nurseries during last 4 years.

Year	Amount in Lac Rs.
2010-11	181.46
2011-12	108.54
2012-13	125.42
2013-14	141.62

It is requested that para may kindly be dropped.

The Committee desired that strenuous efforts may be made to settle this para as early as possible by holding the meeting with PAG (Audit) Haryana and its progress be reported to the committee.

[17] 2.2.17. Internal controls

To improve the overall quality of work, reduce errors/omissions and irregularities, there should be an internal audit system in all Government departments. It was observed that there was no internal audit system in the department.

After periodical inspections, the Principal Accountant General (Audit) issues Inspection Reports (IRs) to the heads of the offices audited, with copies to the next higher authorities. The executive is expected to promptly rectify the defects and omissions pointed out and report compliance to the Principal Accountant General (Audit) within six weeks. A half-yearly report of the IRs pending for more than six months is also sent to the concerned Administrative Secretary of the department to facilitate, monitoring and finalise audit observations in the pending IRs.

A review of IRs issued up to 31 March 2011 of various offices of the department in the State disclosed that 395 paragraphs of 134 IRs with money value of ₹ 126.16 crore (Appendix 2.9) remained outstanding at the end of 31 March 2011. Of these, 43 IRs containing 87 paragraphs with money value of ₹ 10.53 crore were more than five years old. Category-wise details of irregularities pointed out through these IRs which were outstanding as of March 2011 are given in Appendix 2.10.

The Department in its written reply stated as under :

The progress report of the disposal of inspection reports and paragraphs mentioned in Appendix mentioned Appendix 2.9 is as follow:

Appendix 2.9

Year	Pending	Disposal
1990-91	1	0
1991-92	1	1
1994-95	2	0
1996-97	1	0
1997-98	1	0
1998-99	2	2
1999-00	1	0
2000-01	1	0
2001-02	12	0
2002-03	14	0
2003-04	16	0
2004-05	35	3
2005-06	35	0
2006-07	30	11
2007-08	34	15
2008-09	58	39
2009-10	151	107
Total	395	178

Out of 395 audit paras 178 have been settled. Efforts are being done to settle the remaining paras.

The Department should make sincere and vigorous efforts to settle the remaining paras at an early date and the progress made in this regard be intimated to the committee accordingly.

[18] 2.2.19 Conclusion

The department could not achieve the goal set under the Forest Policy 2006 of increasing the area under forest and tree cover in the State from the existing 6.63 to 10 per cent by 2010 as the increase in forest and tree cover was only 0.16 per cent of the total geographical area during this period. As observed during audit, the performance of the department was marred by deficiencies in several areas such as non-preparation of a long-term Perspective Plan, non-demarcation of forest land to prevent use of forest land for non-forest purposes and encroachments, non-development of sites for eco-tourism, illegal mining in Aravalli hills, diversion of funds, tardy implementation of income generating activities, low survival of plants, overlapping of areas under different schemes, etc. Huge amounts were accumulating with CAMPA and in Haryana Wood-Based Industries Revolving Corpus Fund but no proper planning was done for their utilisation in forestry and wild life preservation.

The Department in its written reply stated as under :

The details of action taken on the observations raised by CAG have already been provided in previous paras. The pending actions will be taken accordingly.

The committee desired the department to take serious action in the pending case as early as possible and progress made in this regard be intimated to the committee accordingly.

COMMISSIONER HISAR DIVISION

[19] 2.3.87 National Programme for Control of Blindness

The National Programme for Control of Blindness (NPCB) was launched in 1976-77. As per the Status Reports of NRHM, Haryana (2005-10), the prevalence rate of blindness in Haryana was 1.13 per cent against the national rate of 1.49 per cent. The salient features of the programme in the district were as under:

Under NPCB, the prevalence rate of blindness was to be brought down to 0.50 per cent by 2010 through increased cataract surgeries, eye screening of school children, collection of donated eyes, creation of donation centers and eye banks, strengthening of infrastructure, etc.

During 2006-11, no targets for cataract surgeries and eye screening of school children were fixed. In the district, 24,951 cataract surgeries and eye screening of 1,29,768 school children were done and 6,107 spectacles were provided to the children. The prevalence of blindness in the district in 2009-10 was 1.70 per cent in comparison to NPCB targets of 0.50 per cent. It was also higher than the State average (1.13 per cent) and the national average (1.49 per cent).

The Civil Surgeon stated (August 2011) that due to shortage of eye surgeons, targets for cataract surgeries could not be fixed which contributed to the prevalence of the high rate of blindness in the district. He, however, assured that with the posting of five eye surgeons in the district now, adequate targets for cataract surgery would be fixed and achieved.

The Department in its written reply stated as under :

Before the month of May 2011, there was only one Eye Surgeon at District Jind due to which desired targets could not be achieved. During 2009-10 against the target of 5258 cataract surgeries, there was achievement of 8426 cataract surgeries as five Eye surgeons were posted in Jind District at that time. During 2010-11 and 2011-12 against the target of 7051 and 8932, 4607 and 4587 respectively cataract surgeries were performed due to shortage of the Eye Surgeons posting in Jind District.

During 2012, there were three Eye Surgeons at District Jind and 1753 cases were operated for cataract surgery in the 1st quarter of year 2012-13. In 2015-16 two eye surgeons posted in distt. Jind but Lady Eye Surgeon remained on child care leave for six months. The cataract surgeries carried out during 2015-16 upto November are 2813. With sincere efforts it is expected to achieve the given targets in the best possible way.

The Committee expresses his deep concern about the prevalence rate of blindness in Haryana.

The Committee has recommended that DGHS be written to provide additional staff and budget and vigorous efforts be made to bring down the rate of blindness in the State.

[20] 2.3.8.8 Accredited Social Health Activists

One of the strategies envisaged by NRHM for achievement of the goal of reduction in IMR, MMR and TFR was appointment of accredited female community health workers called Accredited Social Health Activists (ASHA). One ASHA was to be appointed for every thousand people and had to act as an interface between the community and the health care system.

As per information supplied by the department, 960 ASHAs were required to be engaged in the district as per the 2011 population. However, only 880 ASHAs were selected, out of which 25 ASHAs left their job. Thus, there was a shortage of 105 ASHAs. Shortage of ASHAs deprived the community from the information on determinants of health such as nutrition, basic sanitation and hygienic practices apart from counseling to women on birth preparedness, importance of safe delivery, breast-feeding, etc.

The Civil Surgeon stated (August 2011) that ASHAs would be selected very shortly to overcome the shortage so that health services could be provided at doorsteps.

The Department in its written reply stated as under :

It is true that there was shortage of 105 ASHAs during 2011. Now the target for Jind District is 1097 against which 1097 ASHA are recruited and providing door step services.

The Committee has recommended that ASHA workers may be got involved in identifying Pre-Natal Tests so that responsibility of concerned ASHA worker may be fixed in such type of cases.

[21] 2.3.11.1 Quality of education

Quality education can only be imparted when there is an adequate availability of teachers in schools. It can be judged from Board results of examinations conducted by the Haryana School Education Board.

The category-wise position of vacant posts of teachers in the district as on February 2011 is given in Appendix 2.12. An analysis of the data in the appendix showed that 23 per cent of sanctioned posts of teaching staff and 54 per cent of sanctioned posts of Principals and Headmasters were vacant. However, the department deployed guest teaching staff to the extent of 17 percent of the sanctioned strength. The shortage of Principals, Headmasters and teachers adversely affected the quality of education. The pass percentage of students was 80 but the percentage of students who secured more than 60 per cent marks in class 10 was around 28 (Boys: 27.41; Girls: 28.03).

Scrutiny of records also revealed the following :-

- * Out of 207 high/senior secondary schools in the district, only 22 schools (11 per cent) had science laboratories.
- * All the above mentioned 207 schools had toilets with water connections, but only 40 schools had storage facilities for water for use in the toilet.

The Department in its written reply stated as under :

To improve the quality education and in order to increase the pass percentage of the student, the positive efforts have been made. However, the promotion/appointment of principals/Head Master and lect etc. have been made by the competent higher authority from time to time. The DEO has/had no power to fill up the vacancies of principals/Head Master and lect etc. However, in order to improve the quality of education the arrangement of guest faculty were made according to departmental instructions. It is also clarified that during the years 2011 to onward, the post of Principals/Head Master and lect etc. have been filled up through promotion and fresh appointment. Due to continues and constant

efforts, there is improvement in the result of the Board classes. The details of improved result of the year 2014-15 is as under.

Sr. No.	Class	Board result	Distt. Jind result	Remarks
1	10+2	53.96	59.02	(+5.24 Third position in State)
2	10	41.28	46.1	(+4.82 Seventh position in State)

1. All the Senior Secondary/High Schools in District Jind have the Science Laboratories and the expenditure made from time to time. Details is as under :-

Sr. No.	Year	Budget Allotted	Expenditure	Number of beneficiaries schools
1.	2007-08	3549508	3549508	194
2.	2008-09	3837621	3837621	217
3.	2009-10	2400000	2400000	207
4.	2010-11	15184400	15184400	34
5.	2011-12	6319600	6319600	14
6.	2012-13	-	-	-
7.	2013-14	4700000	1700000	17

2. The sufficient storage arrangement of wate tank has been made in all the toilets of 40 Schools in District Jind.

The Committee has desired to know the reasons of less number of Science Laboratories in the schools and list of such schools be prepared and also be provided to the Committee at the earliest/possible.

[22] 2.3.12 Water supply

Provision of adequate and safe drinking water to all citizens has been a priority area for both the Central and State Governments. In Jind district, various Centrally sponsored schemes and State Plan schemes were implemented for providing drinking water through two divisions (Public Health Engineering Divisions, Jind and Narwana). An expenditure of ₹ 186.14 crore was incurred during 2006-11 on water supply schemes in the district.

The Department in its written reply stated as under :-

Under the jurisdiction of Public Health Engineering Circle, Jind (District Jind), the status of wather supply in all villages is from 40 to 70 LPCD except only 3 No. water supply schemes i.e. Kila-Zafargarh, Anchra-Kalan & Kasoon covering 6 No. villages, namely Kila-Zafargarh, Brahmanwas, Anchra-Kalan, Kasoon, Kalta & Bhonsla is below 40 LPCD due to shortage of raw water. A rough cost estimate for arrangement of raw water by lifting for water- works Kila-Zafargarh from Bhiwani branch amounting to Rs.295.00 lacs has been prepared and submitted to the Head Office vide this office memo No. 8424 dated 29-12-2015. An estimate amounting to Rs. 2104.40 lacs for arranging raw water from Sirsa Branch by lifting, system for 9 No. water-works covering 14 No. villages has been

sanctioned, in which water supply scheme Kasoon group of 3 No. villages has been included and the DNIT is under preparation against this estimate and the work will be got commissioned upto 31-12-2016. The DNIT for providing & installing 1 No. deep TW in village Anchra-Kalan has been approved for Rs. 9.39 lacs and tenders for the same have been invited and opened. The water supply status of the above mentioned 6 No. villages shall also be improved to 55 LPCD after completion of the above mentioned works.

The Committee has desired that the Department should make sincere and vigorous efforts for providing adequate and safe drinking water to the citizens of District Jind.

[23] 2.3.12.2 Excess expenditure over estimates

Financial Rules provide that no expenditure should be incurred without technical sanction for estimates. Excess expenditure over estimates should be got approved from the competent authority. Test check of records of Public Health Divisions in the district revealed that a total amount of ₹ 2.03 crore was spent in excess over estimates in 17 cases, without approval of the competent authorities.

The Executive Engineer (EE), Public Health Engineering Division (PHED), Jind stated (August 2011) that the excess expenditure was due to increase in the cost of material and labour between the period of preparation of the estimates and allotment of work. EE, PHED, Narwana stated (August 2011) that the records would be scrutinised and excess expenditure would be got regularised after preparing revised estimates.

During the exit conference, the SE stated (September 2011) that excess expenditure in eight cases had since been regularised and excess expenditure in the remaining cases would be got regularised from the competent authority. Excess expenditure incurred by the departmental authorities without the approval of the competent authorities was in violation of the financial rules and should not have been allowed to happen as such a tendency on the part of the departmental officers may have serious financial consequences.

The Department in its written reply stated as under :

The Supplementary estimates were got approved from competent authority amounting to Rs.213.20 lacs in which the expenditure was excess due to increase in rate of labour and material. The detail is given as under :-

Sr. No.	Name of work	Sanction No. & Date	Amount (Rs. In lacs)
1.	Aug. W/S Scheme Thuha	Spl. SSB dt. 22-01-2010	17.35
2.	Aug. W/S Scheme Daryawal	Spl. SSB dt. 22-01-2010	7.40
3.	Aug. W/S Scheme Dehola	SSB No. 2847 dt. 29-03-2011	34.65
4.	Aug. W/S Scheme Hatt	EIC No. PHE/P dt. 14-9-2010	34.65
5.	Aug. W/S Scheme Bibipur	Spl. SSB dt. 08-02-2011	78.75
6.	Aug. W/S Scheme Alewa	Spl. SSB dt. 16.03.2011	21.00
7.	Aug. W/S Scheme Kurar	SSB Resolution No. 13 dt. 07-05-2010	19.40
Total			213.20

However as per para 9.3.10 of PWD code (Photo copy attached) the revised estimate is not required if expenditure is within 10% of the estimated cost. The estimate for the remaining works is not required to be revised as the expenditure is within the permissible limit. Hence the sub para may please be dropped.

The Committee has observed that the matter of giving connection during the period of 2006 and the audit party has raised the objection in 2011. Even then bills have not been raised so far.

The Committee has therefore, recommended that responsibility be fixed of the officers/ officials in the matter and strict disciplinary action be taken against them under intimation to the Committee within a period of 15 days.

[24] 2.3.12.3 Non-recovery of water and sewerage charges

The Government prescribed rates of water fees chargeable for supply of water and providing sewerage facilities. Water fees of ₹ 1.42 crore (Jind Division: ₹ 0.77 crore and Narwana Division: ₹ 0.65 crore) were outstanding against residents up to March 2011.

A total of 56,715 connections were given under the Indira Gandhi Drinking Water Scheme to Scheduled Caste households during 2006-11. These cases were not added to consumer ledgers and bills were not raised against them, which resulted in loss of revenue amounting to ₹ 1.47 crore to the State exchequer as detailed below:

Table 14: Outstanding water charges from SC households

Number of connections	Period	Months	Rate per month (in Rs)	Amount (Rs. in lakh)
285	April 2007 to June 2011	51	10	1.45
21,555	April 2008 to June 2011	39	10	84.06
13,329	April 2009 to June 2011	27	10	35.99
16,169	April 2010 to June 2011	15	10	24.25
5,377	April 2011 to June 2011	3	10	1.61
Total				147.36

Source : Amount worked out by Audit.

In addition to the above, neither were the details of water connections provided to general category households in rural areas maintained nor were any bills raised for water supply.

EE, PHED, Jind stated (August 2011) that ledgers were being prepared and after completion of this work, the bills would be raised.

The Department in its written reply stated as under :

Sincere efforts are being made for the recovery of water supply and sewerage charges from the residents / consumers. The recovery of water supply & sewerage Charges in the towns is very encouraging, but, the recovery of water charges under the IGDWS to Scheduled Caste households is very dismal, despite being the efforts made by the department because, the villagers are taking little interest in paying their water bills

The water bills for general category households have been raised but the villagers are taking little interest in paying their water bills. However, the efforts are still on by the department.

The committee has desired that all possible efforts be made to recover the outstanding water and sewerage charge bills and responsibility of the officers/officials be fixed for not taking action in the matter under intimation to the Committee.

[25] 2.3.12.4 Water quality

The provision of clean drinking water has been given priority in the Constitution of India, with Article 47 conferring the duty of providing clean drinking water and improving public health standards to the State. Government fixed norms of 2,400 samples for testing water samples for each laboratory. As per instructions issued (April 2010) by the Department of Drinking Water Supply, GOI, a laboratory can test 300 samples in a month and 3500-4000 in a year. It was also stressed that water from each source should be subjected once in a year to chemical testing and two to four times a year to bacteriological testing. On the basis of this, the Government increased (May 2010) the target of a year to water samples to 3500 per year.

Records of the Public Health laboratory at Jind revealed that against the target of 2400/3500 tests, only 1,455 to 2,117 tests were conducted during 2006-11. It showed that the desired number of tests was not carried out regularly. Results of 851 out of 8,969 samples showed bacteriological contamination. Further, as per information supplied by the Health Department, 40,641 cases of waterborne diseases (Diarrhea: 39,935 and Jaundice/Viral Hepatitis: 706) were noticed in the district during 2006-10.

EE, PHED, Narwana stated (April, 2011) that after using bleaching powder, water samples were again taken and tested and thereafter the quality of water was found to be satisfactory. The reply showed that bleaching powder was not being used regularly to avoid bacterial contamination.

During the exit conference, the DC took the matter of bacteriological contamination seriously and advised the department to avoid such lapses so that the people did not suffer from various waterborne ailments. The DC and the SE concerned also suggested that in future, the panchayats should be made aware about the quality of potable water and be involved in the collection of water samples for testing.

The Department in its written reply stated as under :

The target of water samples testing could not be achieved due to shortage of field staff as well as the laboratory staff. Chlorine gas, hypochlorite solution and bleaching powder are being regularly used to avoid bacterial contamination. To ensure this water samples are being got tested regularly in PH Deptt. Labs. Hence, the para may kindly be dropped.

The Committee has desired to know how many peoples fell ill due to contaminated water for last five years. A latest report be sought from the CMO and be submitted to the Committee at the earliest/possible

[26] 2.3.15.1 Silt clearance of canals and drains not done under Mahatma Gandhi National Rural Employment Guarantee Act

GOI enacted the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to provide employment to rural people. Under this scheme, the entire cost of wages for unskilled manual workers is provided by GOI. The scheme was implemented in the district from April

2008. The Government decided (March 2007) to undertake the work of silt clearance of drains and minors under MGNREGA.

Test check of records of these divisions revealed that an amount of Rs. 5.02 crore (Jind Division: ₹ 2.69 crore, Safidon Division: ₹ 2.19 crore and Narwana Division: ₹ 0.14 crore) was spent on silt clearance of drains and minors through contractors during 2008-11. Audit observed that the water services division, Narwana had got the work of silt clearance done under MGNREGA during 2010-11. However, other divisions had not got the silt clearance done under MGNREGA. Had these works been executed under MGNREGA, an amount of ₹ 4.88 crore could have been saved.

EE, Water Services Division, Safidon stated (April 2011) that the silt clearance of minors/ drains was to be done within a short period due to the urgent nature of the work. The reply is not acceptable as there was sufficient time for silt clearance in view of the 24 day closure period of minors.

The Department in its written reply stated as under :

Jind Division :

During the period 2008-11 the works of silt clearance of drains and minors were executed departmentally through contractor, as at that point of time it was clarified by the Addl. Deputy Commissioner that the works of silt clearance cannot be taken up under this scheme being the work not of permanent nature. Besides this, it is intimated that silt clearance was emergently required to increase the capacity of minor / canal.

It is pertinent to mention that after certain clarification it was decided to take up the silt clearance works under MGNREGS and expenditure of Rs. 49.88 lacs was made during the year 2011-12. Subsequently the works of silt clearance is being done through the funds provided under MGNREGS. Total Rs 1.45 crore was spent on silt clearance of minor, distributaries and channels through the funds provided under MGNREGS in the subsequent years upto 14.7.2014.

Administrative approval of Rs. 2.90 crore was also received for silt clearance during the year 2015-16. The works of silt clearance in the minors/channels/distributaries are, In progress.

Safidon Division.

Likewise the works under MGNREGA scheme are being executed in Safidon Division also from 2011-12 The year wise detail of payment made by this office is as under :-

Upto 31.03.2012-56.54 Lacs

Upto 31.03.2013-44.32 Lacs

Upto 31.03.2014-22.33 Lacs

The Committee has observed that as per the policy/instructions of the Government, the work of silt clearance should have been got done under MGNREGA. But the then Additional Deputy Commissioner has decided not to get this work under MGNREGA. He is not above the Government Policy and Instructions. The Committee has recommended that the responsibility of the erring officer be fixed and strict disciplinary action against him be initiated/taken under the intimation to the Committee.

[27] 2.3.15.2 Non-payment of annuity under Rehabilitation and Resettlement policy

The policy for Rehabilitation and Resettlement (RR) of land owners/land acquisition oustees provided for payment of annuity to those whose land had been acquired by the Government. The eligible land owners were to be paid annuity at the rate of Rs. 15,000 per acre per annum for 33 years. The annuity was to be increased by Rs. 500 every year. The amount of annuity was revised to Rs. 21,000 per year with an increase of ₹ 750 every year from September, 2010.

It was noticed that 140.69 acres of land was acquired by the Water Services Division, Jind for construction of minors and drains during 2006-11 but annuity amounting to 82.63 lakh, due for payment up to December 2010 to farmers had not been paid. EE, Water Services Division, Jind stated (August 2011) that payment could not be made due to non-availability of funds.

Audit observed that the Government had failed to make the said payments to the farmers concerned and to implement the RR policy of the Government. The delays in payments may result in forcing the land owners to take recourse to judicial intervention for payment of interest on such outstanding dues and cause loss to the Government.

The Department in its written reply stated as under :

Due to non-availability of funds, payment could not be released to the farmers well in time. Upto 31.12.2015 total amount of annuity to be paid to the farmers is Rs. 2.66 Crore. Demand of funds has been raised with the Govt. time to time. Rs. 50.00 Lac was received during the current financial year out of which Rs. 10.00 lac has been released to the farmers during this month. Farmers have been requested to provide their Bank accounts, Aadhar, PAN Nos. Unique Code, ID Proof etc. so that the amount could be credited to their accounts. This amount will immediately be released after receiving the same from the concerned farmers. The projection of the remaining funds will be made to the Govt. shortly.

The Committee desired that annuity amount be released to the concerned farmers at an earliest.

[28] 2.3.16.1 District Plan Scheme

The District Plan scheme was introduced in the district by the Government from April 2008 to execute developmental works, specifically covering construction of roads and streets, school buildings, health institutions, chaupals, etc. The works under this scheme were to be approved by the DPC. During 2008-11, an amount of ₹ 29.03 crore was released to the executing agencies, out of which only ₹ 16.95 crore was spent. It was observed that a new DPC was formed in February 2011 after the Assembly and Panchayat elections. The meeting of the DPC was held in March 2011. As there was a delay in formation of the DPC, the entire funds amounting to ₹8.35 crore for 2010-11 remained unutilised and the people were deprived of timely benefits.

Scrutiny of records of the implementing agencies revealed the following:

- * The Government allocated (May 2010) funds amounting to ₹ 12.65 crore for 2010-11 for the District Plan scheme. This allocation was reduced (March 2011) to ₹ 8.35 crore due to the very slow progress of works.
- * As per the Monthly Progress Report for November 2010 submitted by the BDPO, Jind to the ADC, Jind, out of ₹ 2.39 crore received during 2009-10, funds amounting to ₹ 2.18 crore were shown as having been utilised. Eighty-six out of 128 works were

completed. However, the checking of cash books (General and SC component) disclosed that funds amounting to ₹ 1.05 crore were lying unspent with the BDPO (March 2011). Thus, the progress report submitted by BDPO was incorrect.

The Department in its written reply stated as under :

Out of unspent amount of Rs. 12.08 crore (Rs 29.03 crore - Rs. 16.95 crore = Rs. 12.08 crore), a sum of Rs. 10.37 crore was utilized on the works duly approved in DPC meetings held during the year 2008-11. Due to panchayat elections on account of operation of Model Code of Conduct, new works could not be taken up at the appropriate time. However, after the elections the works were taken up and expenditure of Rs. 10.37 Crores was made from the available funds during the year 2011-12 Rs. 1,70,70,751/- were deposited in Govt. Head of Economic & Statistical Analysis Department, Haryana through Treasury Challan on dated 19/03/2013(Rs 6097746/-), 17/05/2013(Rs. 431900/-) 10/09/2014 (Rs. 7126067/-)& 29/12/2015(Rs.34,15,038/-) being the amount of savings and estimated amount of non-feasible works.

Hence para may be dropped

Govt. allocated funds amounting Rs. 12.65 crore for the year 2010-11 in May, 2010 & Model Code of Conduct came in force from June 14, 2010 to July 12, 2010 due to Panchayat Elections. Out of 25 members of DPC, Jind, 16 members were to be included from Zila Parishad members. Therefore, the process of formation of new DPC was started from 03/09/2010 after the completion of ZP elections & finally DPC, Jind was notified on 24/02/2011 by Urban Local Bodies Department, Haryana Government. This allocation was reduced to Rs. 8.35 crore at the state level due to PRIs elections & late formation/notification of DPC.

In this regard, BDPO Jind has reported that the construction material amounting Rs. 1.05 crore was purchased & dropped at the sites, but payments for these bills were pending at that time & progress report was prepared by including purchased materials expenditure. All pending entries were made in cash book & ledger subsequently and all works were completed by March 2013. Hence para, may be dropped.

After hearing the departmental representative the committee desired to check again all facts of this case so that entries in cash book and utilization certificate be matched

[29] 2.3.16.6 Common irregularities in Panchayati Raj institutions

The following common irregularities were noticed in the Panchayati Raj institutions:

As per provisions of Section 26 of the Haryana Panchayati Raj Act, 1994, (the Act), a GP should prepare a map of abadi deh in the Sabha area showing therein, the boundaries of buildings, public streets and other public open spaces. No such map had been prepared by any of the GPs selected for test check.

- * As per provisions contained in Section 12 (iv) of the Act, a GP should maintain a complete register for all developmental works undertaken by it or by any other Government department specifying the costs, date of completion of work, name of assets, etc. No such register was maintained by any of the test-checked GPs.
- * As per Rule 12 of the Haryana Panchayati Raj Rules, 1995, every GP was required to maintain works registers, measurement books, receipt book issue registers, muster roll issue registers,

register of immovable properties in the prescribed form, etc. to substantiate that works had really been executed. No such records were found to be maintained in any of the test-checked GPs.

- * As per the guidelines issued (August 2006) by the Government, all works up to three lakh were required to be compulsorily inspected by the SDO (Panchayati Raj), and above three lakh to 20 lakh by the EE (PR) during execution and after execution of works. Inspection reports were required to be sent to the concerned DC. However, no such inspection reports were sent to the DC.
- * As per Government instructions (August 2006), block level and village level vigilance committees were to be constituted for keeping vigil over the execution of works. No such committees were constituted in the test-checked blocks/GP s.
- * As per Government guidelines (September 2007), third party inspection of development works executed by the GPs was to be got conducted. No such inspection was, however, got conducted by any of the GPs test-checked.

Due to non-compliance of above-mentioned provisions of the Panchayati Raj Act and Rules and Government instructions, serious financial irregularities could take place. BDPOs (Alewa, Jind, Pilukhera and Uchana) while admitting the facts stated (August 2011) that efforts would be made to comply with the above mentioned provisions of Panchayati Raj Act and Rules and Government instructions.

The irregularities noticed in the execution of works in GPs were as follows:

Sr. No.	Name of GPs	Amount involved (in Rs)	Nature of irregularities
1.	Radhana	2,000	Payment of ₹ 18,864 was shown in the cash book against the muster roll of ₹ 16,864 in March 2010.
		42,296	Muster roll payments in three cases were made (February-April 2010) without mentioning names and addresses of the labourers.
		17,976	Labourers were engaged on a work from 21 to 31 May 2009 for construction of a drain, whereas construction material was purchased in July 2009.
2.	Pandu Pindara	96,000	Bricks purchased in January 2010 were neither entered in the stock register nor were consumed on any work.
		97,000	Damaged drain near the holy pond of the village indicated execution (December 2006) of sub-standard work.
3.	Bhairon Khera	82,650	Bricks shown issued (November 2006 and May 2007) in excess of the actual consumption.
		10,715	Muster roll payment was made (February-April 2008 and June 2008) without obtaining signature/thumb impression of labourers.
4.	Kheri Masania	16,840	Muster roll payments in two cases were made (March 2009 and March 2010) without signatures/thumb impressions of labourers.

Similarly, BDPO, Alewa made (May 2010) payment of ₹ 8,827 to labourers without obtaining signatures/thumb impressions from them.

During the exit conference, the DC viewed the matter seriously and assured that appropriate action would be taken against defaulters after proper inquiries.

The Department in its written reply stated as under :-

1. The matter will be brought to the notice of the Director Panchayats for grant of funds for the said purposes and issuing general guidelines for preparation of the maps of abadi deh.
2. The audit observations is valid and will be complied with. Presently the entry of the works taken up in the Panchayats and its costs and specification are entered in the MB.
3. Necessary directions were issued vide letter No. 1892-1925 dated 3-12-15 to maintain the work register. However, Measurement books, Receipt book, Issue registers, Muster roll issue registers, Registers of immovable properties etc. are being maintained in the Gram Panchayats.
4. All the works up to 20.00 lacs are being inspected by the Sub Divisional , Officer(Panchayati Raj). They verify the entry in the MB. However, process for obtaining the inspection report from the concerned would be enforced.
5. The observations are valid. Block and village level vigilance committees will be constituted after formation of New Gram Panchayats as per rules.
6. M/s Spectro Analytical Labs Ltd., New Delhi has been approved as 3rd Party inspecting agency by the Chief Engineer, Panchayati Raj Public Works, Haryana, Chandigarh for inspecting dev. Works costing Rs. 20.00 lacs and above.

Action taken by concerned Block

In village Radhana an amount of of Rs. 16864/- has been entered in place of Rs. 18864/- Ex. Sarpanch Sh. Ajit Singh had deposited an amount of Rs. 2000/- in the Gram Panchayat Bank A/c 20644116946 on dated 21-01-2011. Para may be dropped.

The observation may be valid. The copy of the mustrol was perused. Presently it contains the names and father names of the labourers. Works stands entered in the MB No. 448 and 449 and Mustrol also stands entered in the MB No. 448 P 94-95 and 136 to 138 and in MB No. 449 131 to 135. However, BDPO, Jind has been asked to fix the responsibility of erring officials and Sarpanch for this lapse so that necessary disciplinary / legal action could be initiated against the concerned.

Observations seem to be valid. However, BDPO, Jind has reported that Gram Panchayat record was inspected which revealed that in May 2009 work had been completed, but Sarpanch fell ill, and due to illness of Sarpanch payment was done in July-09. Work exists on site. The BDPO, Jind has been asked to fix the responsibility of the erring sarpanch as well as officials so that necessary disciplinary / legal action could be initiated against the concerned Gram Sachiv, JE and the SDE for this lapse.

Observations are valid. Ex. Sarpanch Naresh Kumar was found guilty of embezzlement of Rs.96000/-. Recovery notice has been issued to Ex. Sarpanch on 25.12.2015. Recovery

process is in progress. BDPO, Jind has been asked to lodge FIR against the sarpanch and other erring official if any.

Observations may be valid. Drain was constructed by Xen PR, Jind amounting Rs.97000/- for supplying water to Holy Pond. The DDPO, Jind has been asked to enquire into the matter and fix the responsibility of the concerned officials for lapses, if any.

In village Bhairon Khera bricks were purchased for dev. Works. But as per Measurement Book Bricks in excess shown in Stock Register. Ex. Sarpanch was found guilty of embezzlement of Rs. 82650/-. Recovery notice has been issued to Ex. Sarpanch on 5.1.2016. BDPO, Jind has also been asked to get the FIR lodged against the Ex Sarpanch and erring official, if any. Recovery process is in progress.

The then Sarpanch Gram Panchayat, Bhairon Khera was found guilty of payment without obtaining signature/thumb impression of labourers on Muster Roll during the period Feb-Apr 2008 & June 2008. Ex Sarpanch deposited this amount in Panchayat funds on 30-12-2015. Hence para may be dropped.

In village Kheri Masania Payments were made during the period of March-2009 to March-2010. Signatures/Thumb impressions are found on Muster Roll and Muster Roll also stands entered in MB Page No. 11 of the Gram Panchayat. However, the matter is being investigating by the BDPO, Jind to fix the responsibility for this lapse.

During the payment of Rs. 8827/- thumb impressions/Signatures were not obtained by mistake. Thumb impressions / signatures were found on the musterol. The musterol stands entered in MB No. 3381 page No. 138-139 and MB No. 3350 page No. 39-44. DDPO, Jind has been asked to enquire into the matter and fix the responsibility of the erring officials.

The committee has recommended that action taken report in this regard be submitted to the committee within the period of four months.

[30] 2.3.16.7 Swarnjayanti Gram Swarojgar Yojna

The Swarnjayanti Gram Swarojgar Yojna (SGSY) was launched (April 1999) with the aim of converting all aspects of self-employment such as organization of the poor into self-help groups (SHG) for training, credit mobilization, technology improvement, infrastructure development and market linkage. The following deficiencies were noticed in the implementation of this scheme in the district:

*** Non-achievement of scheme objectives**

The main objective of this scheme was to bring poor families (Swarojgaries) above the poverty line in three years by providing them bank credit and Government subsidy for creating income generating assets. However, as per reports submitted by ADC, Jind to Government during 2006-11, none of the BPL families assisted under SGSY had crossed the poverty line since inception of the scheme in April 1999. ADC, Jind stated that standards of living of assisted families had improved to some extent.

*** Physical verification and monitoring**

An annual physical verification of assets created by Swarojgaries was required to be undertaken on a drive basis at the end of every year and the results of such verification were to be

incorporated in the Annual Plan for the next year. DRDA, Jind had not conducted physical verification of the assets of Swarojgaris. As such, the status of assets could not be incorporated in the annual plan.

The Department in its written reply stated as under :

Audit observations are admitted.

However, subsidized loan was granted to 9667 BPL families for carrying on the income generating activity. No survey was conducted about the benefit derived from the scheme by the BPL Families, therefore, it cannot be said as to whether after availing the benefits under the scheme some families were upgraded from BPL to APL.

During the implementation of the scheme, the necessary instructions were given to the concerned officers/officials regarding the monitoring of physical verification of assets according to the parameters of scheme. The following officials were handling the scheme. Except Ms. Asha Kharbanda all other have retired. An explanation of the said. official will be called who is presently posted in DRDA Kaithal.

LIST OF ASSISTANT PROJECT OFFICER (APOs) UPTO 2006-07 TO 2010-11

Sr. No.	Name of APOs	Date of promotion as APO	Date of Retirement	Block Allotted	No. of assets physically verified
1.	Sh. J.P. Goyal APO (Industries)	27-4-1979	31-12-2006	Jind	Nil
2.	Sh. R.K. Sharma APO (General)	5-5-1990	31-10-2009	Julana, Uchana	Nil
3.	Sh. R.S. Sahu, APO (Monitoring)	5-5-1990	30-04-2011	Jind & Alewa	Nil
4.	Sh. Satnam Chand, Project Ecumenist	5-5-1990	30-06-2012	Safidon & Pillukhera	Nil
5.	Smt. Asha Kharbanda, APO (Women Dev.)	04-10-1998	—	Narwana	Nil
6.	Sh. Mahavir Singh, APO	10-01-2012	31-07-2015	Safidon & Pillukhera	Nil

The Committee has desired that the responsibility be fixed in this case of the officers under intimation to the Committee.

The Committee also desired that a letter may be written to the Chief Secretary to Government, Haryana for taking action against the Officers who are responsible in the matter.

[31] 2.3.18.1 Bogus ration cards in TPDS

On the basis of independent evaluation of TPDS in the States by the Programme Evaluation Organisation of the Planning Commission and ORG-MARG, a nine-point Action Plan was evolved by GOI to weed out bogus ration cards, which was to be implemented by the State Governments from July 2006.

The Directorate of Food and Supplies intimated (October 2008) the District Food and Supply Controller (DFSC), Jind that as per a survey conducted by the DRDA/District Urban Development Agency (DUDA), there were only 2,47,524 families in the district, but the DFSC office had already issued 2,56,465 ration cards to Above Poverty Line (APL), BPL and Antodaya Anna Yojna (AAY) families in the district. Hence, there were 8,941 bogus ration cards in the district. DFSC, Jind was directed (October 2008) to weed out the bogus ration cards. However, not a single bogus ration card was detected as of April 2010.

During the exit conference, the Commissioner, Hisar Division advised that the matter should be seriously taken up by the District Food and Supplies Controller and a proper exercise should be conducted to weed out bogus ration cards.

The Department in its written reply stated as under :

Survey of families is conducted by the DRDA/DUDA and their data is updated from time to time and the ration cards are issued and deleted every month and figure of ration cards is conveyed to the headquarter also. There is no difference in the number of BPL families between DRDA/DUDA and this department.

The difference of 8941 ration cards is due to the division of the family, therefore, more ration cards are issued under the APL category. Moreover, a new category of Priority Households has been created from APL families under the National Food Security Act, 2013. Presently ordinary APL category ration card holders are not getting any benefit. Now, all beneficiaries' data of the district has been digitized and verified and efforts are on to link with Aadhar Cards. 74% ration cards are already completed online.

The committee has recommended that ration cards of liver colony and slums may be got checked and a compliance report in this regard be submitted to the committee accordingly upto 15.02.2016.

[32] 2.3.18.3 Other irregularities

The Government was required to get the lists of BPL and AAY families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. However, the lists of BPL/AAY beneficiaries had not been revised after September 2008. As per the survey conducted (October 2008) by GOI, the number of BPL families including AAY was 0.37 lakh in the district whereas DRDA and DUDA had identified 0.72 lakh BPL families in the district during their survey conducted in September 2008. Since there was a wide variation, a fresh review and checking of the households of beneficiaries was required to be done as this involved a subsidy of Rs. 2.86 crore from September 2008 to March 2010 as detailed below:

Table 19: Financial implication of subsidy under BPL and AAY

Year	Quantity of wheat (in MT)	Provision made in State Budget (Rs. in lakh)	Expenditure Incurred (Rs. in lakh)
2008-09 (September 2008 to March 2009)	7,380	14.91	14.98
2009-10	13,429	271.22	271.22
Total	20,809	286.13	286.20

Source: Data obtained from DFSC, Jind.

In accordance with the guidelines issued by the Director, Food and Supplies Department, it was to be ensured that foodgrains were made available to the Fair Price Shops (FPSs) by the fifth of the each month. Out of 611 FPSs in six blocks of the district, 40 FPSs of four blocks were selected for test check. The results of the test check of selected FPSs are given below:

- * Haryana State Federation of Consumers Cooperative Wholesale Stores Limited (CONFED) is the wholesale nodal agency for lifting of foodgrains. Sixteen complaints were received from FPSs that doorstep delivery of sugar was not made by CONFED.
- * All the FPSs received foodgrains and kerosene oil from CONFED between the eighth and 20th of the month, which was not in consonance with instructions,
- * The stock boards were not updated daily by 38 per cent FPSs (15), Out of 495 beneficiaries called for interaction with Audit, 417 beneficiaries could be contacted and their comments on PDS in the district were as under:
- * Forty per cent beneficiaries (174) stated that FPSs did not open regularly.
- * Seventy per cent beneficiaries (311) stated that PDS items were not provided to them on first visit.
- * Sixty six per cent beneficiaries (276) stated that availability of stock was not displayed on board.
- * The Directorate of Food and Supplied directed (October 2008) the DFSC to constitute required committees at the State, district, block and village levels. It was, however, observed that district and block level committees were not constituted for monitoring PDS and redressal of public grievances as of July 2010.
- * As per PDS (Control) Order 2001, the Government was required to ensure monitoring of the functioning of PDS at FPSs level through the computer network of National Informatics Centre (NIC) installed in the districts. For this purpose, computerized codes were also issued to each FPS. It was observed that four computer networking kits at PR-Centres (Safidon, Uchana, Alewa and Pilukhera) costing Rs. 9.25 lakh received in September 2010, were not functional. No steps had been taken to make them functional. As a result of this, the purpose of monitoring the functioning of PDS at FPSs level was not served.

The Department in its written reply stated as under :

Category wise detail of Ration Cards is as:-

CBPL families	0.17 lac.
AAY families	0.20 lac.
Total	0.37 lac.
The figure shown in audit	0.72.
Difference	=0.72-0.37 = 0.35 lac.

This difference of 0.35 lac BPL ration cards is due to creation of new category called State Below Poverty Line i.e. SBPL by the Haryana Government. Hence there is no difference Total number is 0.72 lac.

Doorsteps delivery of PDS items is being provided to the FPS by CONFED. In some cases doorsteps delivery is not given to some FPS for non deposition of advance money with CONFED by some FPS owners. Time to time requests have been made to DF&SC Jind for taking disciplinary action against such FPS owners. For example detail of FPS who did not deposited Advance with Confed :-

Sr No.	Month	No. of FPS
1	5/2009	37
2	7/2009	16
3	8/2009	18

disciplinary action was taken against the above FPS owners by the DF&SC.

Generally these Essential items reach the FPS every 5th of the month but sometimes allocation of kerosene oil and food grains is received late from headquarter. Also some times, FCI delays the issue of Release Orders of Wheat. Moreover, allotment of Sugar is done late some times and this allotment is done from Sugar Mills from far-flung areas like U.P., Punjab which delays the process. Therefore, PDS items are lifting and distributed in the second and third week of the month.

Regular inspections of FPS are done by the field staff and action is taken by the DFSC against the FPS owners who did not follow the instructions of PDS Control Orders.

Regular inspections of FPS are done by the field staff and disciplinary action is taken by the department against the FPS owner who did not follow the instructions of PDS Controller Order.

PDS items are distributed to the card holders after proper publicity like Munadi by Chokidars. Some card holders reach the FPS to take ration late or after month is over. Hence they may not get the ration.

Regular inspections of FPS are done by the field staff and disciplinary action is taken by the department against the FPS owner who did not follow the instructions of PDS Controller Order.

State, District, block and village level committees were already been constituted in the district and they are functioning.

The computer networking kits are available at Safidon, Uchana, Alewa and Pillukhera but no computer has been provided till now at these Centres. The demand for computer has been sent to Head Quarter.

The committee would like to know that how may bogus ration cards were detected at the time of survey in 2014 and the details of such bogus ration card holders availed benefits at that time whether it goes on today.

The committee further desired that how many allocations were before 2014 and as on today, the details in this regard be submitted to the committee accordingly at an earliest.

[33] 2.3.19.3 *Crime trends*

The incidence of crime in an area is an indicator of the performance of the police force posted there. The number of reported crimes as well as the number of pending crime cases during 2006-2010 and 2011 (up to March 2011) was as given in the table below:

Table 21: Showing the crime trend in the district

Year	Number of cases pending at the beginning of the year	Number of cases registered during the year	Cases solved during the year	No of cases pending at the end of the year
(First Information Report)				
2006	451	3,653	3,128	976
2007	976	2,984	2,804	1156
2008	1156	3,251	2,604	1803
2009	1803	3,612	2,916	2499
2010	2499	3,082	1,811	3770
2011	3770	591	962	3399

Source: Data furnished by SP, Jind

As may be seen from the above table, there was progress in solving crimes, but there was no improvement in the crime rate. The data also suggests that there was an increase in crime rate and its corresponding increase in pending cases would undermine the confidence of the people as it indicated incapability of the police to solve these cases.

In the district, out of a total of 14,049 cases admitted in the courts during the year 2006-10, criminals in 1,923 (14 per cent) cases remained untraced.

The Department in its written reply state as under :

From the perusal of table it revealed that at the end of each year large number of cases have been shown pending investigation, which is not possible. The figures mentioned in the table are admitted only to the extent of registration of cases in each year. As per record maintained in this office the factual position of the cases from 01.01.2006 to 31.12.2011 is as under:-

Year	No. of cases pending as on beginning of the year	No. of cases registered during the year	Cases solved during the year	No. of cases pending at the end of the year
2006	708	3653	3666	695
2007	695	2984	3151	528
2008	528	3251	3194	585
2009	585	3612	3566	631
2010	631	3080	3029	682
2011	682	2736	2785	635

After registration of case, without any delay, prompt investigation of the case is being done. Best efforts are being made to conclude the investigation within time frame. However, if there is any delay in the concluding of the investigation of the case then the same is due to lack of adequate manpower, exigencies of duties, resources etc. the ratio of untraced crime is concerned, in this regard it is submitted that in the subsequent years of recording untraced report, best efforts are being made to solve the cases which were sent untraced previously. Best efforts are being made to conclude the investigation of the cases timely. Time to time meeting of all SOs/SHOs/IOS is being taken and they were given specific direction to conclude the investigation of pending case on priority basis. But, despite of repeated efforts when no clue found about the real accused then untraced report is made in case. As and when any clue regarding accused came on file then further investigation of the case is done accordingly.

The Committee has recommended that the Department to reconcile the facts of this case with PAG office before 10th February, 2016 under intimation to the Committee.

[34] 2.3.19.4 Weaponry

Modernisation of Police Force Scheme was launched by GOI for modernising the police force to face the emerging challenges to internal security effectively and efficiently. The SP, Jind sent (December 2008), a requisition for weapons to Director General of Police but no additional weapon was provided for in the district up to April 2011. The position of requirement, availability and shortage of various weapons in the district is depicted below:

Table 22: Showing the position of requirement, availability of weapons

Name of the weapon	Requirement	Availability	Shortage	Shortage in percentage
SLR	732	632	100	14
Revolver .38 bore	205	55	150	73
Pistol 9 mm	209	109	100	48
Insas 5.6 mm	100	-	100	100
Carbine 9 mm	200	100	100	50
AK 47	64	14	50	78
Bomb disposal equipment	1	-	1	100

Source: Data furnished by SP, Jind.

As is evident from the above table, there was acute shortage of revolver .38 bore, pistol 9 mm, insas 5.6 mm, carbine 9 mm, AK 47 and bomb disposal equipment. In the absence of modern weapons, it would be difficult for the police force to face the emerging challenges to internal security effectively and efficiently.

The Department in its written reply stated as under :

There is acute shortage of weapons as noted against the each in the following table:-

Name of the weapon	Requirement	Availability	Shortage	Shortage in percentage
SLR	-	215	-	-
Revolver 38 bore	105	55	50	48
Pistol 9 MM (Auto)	-	99	-	-
Pistol Glock 9 MM	120	60	60	50
Insas 5.56 MM	200	70	130	65
Carbine	200	130	70	35
AK 47	50	14	36	72
Gas Gun	15	10	05	33
Bomb disposal equipment	01	-	01	100

Monthly return for making shortage good is being sent to higher authority. The above shortage of the weapons has been shown on the basis of requirement and sanctioned/posted strength.

The Committee has desired to know that during the elections how many licenses had been issued and how many persons returned their weapons and what action has been taken against those persons who had not returned the weapons.

The Committee further desired that the information in this regard be sent to the Committee within the period of fifteen days.

[35] 2.3.19.5 Inspection of police stations

Punjab Police Rules as adopted by Haryana, provide that every police station and post in a district should be thoroughly inspected by a Gazetted Police Officer twice a year. At least one such inspection should be carried out by the Superintendent. Scrutiny of the records revealed that no inspection was carried out in the year 2010

In reply, the SP, Jind stated that due to shortage of staff, the required inspections could not be carried out. However, he assured that the required number of inspections would be carried out in future.

The Department in its written reply stated as under :

In year 2009 six formal inspection, in year 2010 two formal inspections in the months of November, 2010 and in the year 2011 two formal inspection have also been carried by the Superintendent of Police, Jind.

The committee desired that the facts may be reconciled again in this case with PAG office and the Committee be informed accordingly.

IRRIGATION DEPARTMENT

[36] 3.1.2 Excess payment due to adoption of incorrect wholesale price index of steel

Due to adoption of incorrect wholesale price index of steel, excess payment of ₹ 62.25 lakh was made to a contractor. Further, irregular extension of time given to the contractor resulted in a loss of ₹ 5.35 crore.

The Executive Engineer (EE), Construction Division No. 3, Kaithal, allotted (January 2007) the work of “Construction of Syphon Aqueduct at reach distance (RD) 36100/36555 on Bhakra Main Line—Hansi-Butana Branch-Multipurpose Link Channel, crossing Ghaggar river at RD 134600” to M/s Backbone Projects Limited for ₹ 33.16 crore. The work was required to be completed within 12 months, i.e. up to 31 December 2007. The contract prices for increase or decrease in the rates and prices of cement, steel, fuels and lubricants were required to be adjusted as per formulae given in the contract data. Price adjustment was not applicable for work carried out beyond the stipulated time including extensions granted, for reasons attributable to the contractor. For price adjustment of steel, the all-India average wholesale price index for steel (Bars and Rods) for the quarter under consideration as published by the Government of India (GOI), Ministry of Industrial Development (MID), New Delhi was applicable.

Scrutiny of records of the EE, Construction Division No. 3, Kaithal, revealed that after allotment of work to the contractor, the scope of work was increased from ₹ 33.16 crore to ₹ 48 crore due to modifications suggested by the Indian Institute of Technology, Roorkee in design and drawings of the syphon. The contractor could not complete the work up to 31 December 2007 and the EE extended the time limit up to 31 May 2008. The contractor again failed to complete the work and the Superintending Engineer (SE), Construction Circle, Kaithal extended the time limit up to 31 December 2008. The contractor completed the work in December 2008 and was paid ₹ 48 crore in January 2009, which included ₹ 1.38 crore on account of price adjustment for steel.

It was further noticed that while calculating the price adjustment for steel, the wholesale price index for iron and steel was taken into account instead of the all-India average wholesale price index for steel (Bars and Rods) and against the admissible escalation of ₹ 75.89 lakh, escalation amounting to ₹ 1.38 crore was paid. Thus, incorrect adoption of the wholesale price index for steel resulted in excess payment of ₹ 62.25 lakh to the contractor.

On this being pointed out (27 July 2010), the EE, Construction Division No. 3, Kaithal, while admitting the excess payment, intimated (February 2011) that the Engineer-in-Chief, Irrigation Department, Haryana had constituted a committee of two Chief Engineers, a Chief Accounts Officer, and the SE, Construction Circle, Kaithal to investigate the excess payment. The committee held (January 2011) the then EE responsible for excess payment. The committee also held that the extension in time limit granted beyond May 2008 with price escalation by SE was not in order and seemed to be malafide. The committee consolidated the total loss on this work to ₹ 5.97 crore (₹ 4.80 crore due to non-levy of liquidated damages, ₹ 0.55 crore on account of inadmissible price escalation of steel, cement and lubricants and ₹ 0.62 crore pointed out by Audit) for which the SE and EE were held responsible.

The EE further intimated that the excess payment of ₹ 62.25 lakh made to the agency due to adoption of the incorrect price index was placed in the miscellaneous advance of the then EE and the cases for recovery were being processed separately. Further action to recover the excess amount paid was awaited (August 2011).

The matter was referred to the Financial Commissioner and Principal Secretary, Government of Haryana, Public Works Department (Irrigation Branch) (April 2011). Reply was not been received (August 2011).

The Department in its written reply stated as under :

Due to adoption of incorrect wholesale price index of steel, excess payment of Rs. 62.25 lakh was made to a contractor. Further, irregular extension of time given to the contractor resulted in a loss of Rs. 5.35 crore.

The Executive Engineer (EE), Construction Division No. 3, Kaithal, allotted (January 2007) the work of “Construction of Syphon Aqueduct at reach distance (RD) 36100/36555 on Bhakra Main Line—Hansi-Butana Branch-Multipurpose Link Channel, crossing Ghaggar river at RD 134600” to M/s Backbone Projects Limited for ₹ 33.16 crore. The work was required to be completed within 12 months, i.e. up to 31 December 2007. The contract prices for increase or decrease in the rates and prices of cement, steel, fuels and lubricants were required to be adjusted as per formulae given in the contract data. Price adjustment was not applicable for work carried out beyond the stipulated time including extensions granted, for reasons attributable to the contractor. For price adjustment of steel, the all-India average wholesale price index for steel (Bars and Rods) for the quarter under consideration as published by the Government of India (GOI), Ministry of Industrial Development (MID), New Delhi was applicable.

Scrutiny of records of the EE, Construction Division No.3, Kaithal, revealed that after allotment of work to the contractor, the scope of work was increased from Rs. 33.16 crore to Rs. 48 crore due to modifications suggested by the Indian Institute of Technology, Roorkee in design and drawings of the siphon. The contractor could not complete the work up to 31 December, 2007 and the EE extended the time limit up to 31 May 2008. The contractor again failed to complete the work and the Superintending Engineer, Construction Circle, Kaithal extended the time limit up to 31 December 2008. The contractor completed the work in December 2008 and was paid Rs. 48 crore in January 2009, which included Rs. 1.38 crore on account of price adjustment for steel.

It was further noticed that while calculating the price adjustment for steel, the wholesale price index for iron and steel was taken into account instead of the all-India average wholesale price index for steel (Bars and Rods) and against the admissible escalation of Rs. 75.89 lakh, escalation amounting to Rs. 1.38 crore was paid. Thus, incorrect adoption of the wholesale price index for steel resulted in excess payment of Rs. 62.25 lakh to the contractor.

On this being pointed out (27 July 2010), the EE, Construction Division No.3, Kaithal, while admitting the excess payment, intimated (February 2011) that the Engineer-In-Chief, Irrigation Department, Haryana had constituted a committee of two Chief Engineers, a Chief Accounts Officer, and the SE, Construction Circle, Kaithal to investigate the excess payment. The committee held (January 2011) the then E.E responsible for excess payment. The committee also held that the extension in time limit granted beyond May 2008 with price escalation by SE was not in order and seemed to be malafide. The committee consolidated the total loss on this work to Rs. 5.97 crore (Rs. 4.80 crore due to non-levy of liquidated damages, Rs. 0.55 crore on account of inadmissible price escalation of steel,

cement and lubricants and Rs. 0.62 crore pointed out by Audit) for which the SE and EE were held responsible.

The EE further intimated that the excess payment of Rs. 62.25 lakh made to the agency due to adoption of the incorrect price index was placed in the miscellaneous advance of the then EE and the cases for recovery were being processed separately. Further action to recover the excess amount paid was awaited (August 2011).

It is intimated that the amount of Rs. 62.25 lac was paid to the agency erroneously by adopting wrong whole sale price index of steel instead of Bar and rods, which even the Annual Audit Inspection of A.G. party during the year 2008-09 could not figure out and the same kept on creeping up. Every effort has been made and is being made to recover the amount of Rs. 62.25 lacs plus accrued interest w.e.f. date of final payment from the agency i.e. M/s BBC-BPL Joint venture Ltd. But till date the amount has not been recovered. The letter in this regard was also circulated to all Circles of the department but it was found that no where the payment of the agency was pending and instead SE/Gurgaon informed that Rs.10.36 lac is pending for recovery from the agency.

The agency has now filed a suit in the District Court Chandigarh and raised certain claims against the department amounting to Rs. 11.51 crore, but the department has filed the reply in which it has been brought out that the present suit has been filed by the agency to counter the recovery of excess payment made by the department to the agency on account of adoption of wrong price index of steel instead of Bar and Rods amounting to Rs. 62.25 lac and further for claiming this amount by State from the agency, the limitation for filing recovery suit is 30 years as per Article 112 of the Limitation Act, 1963 and the feasibility of making such recovery under Revenue Recovery Act, also is under examination and consideration of the department/State. The suit stands dismissed on December 10, 2014.

Regarding non levy of liquidated damages, it is stated that the work of constructing of siphon aqueduct at RD 36100/36555 of BML-BB-MPLC was to be completed by the agency on 31.12.2007. Considering the increase in quantum of work and the other factor the extension in time limit was granted, upto 31.05.2008 and subsequently upto 31.12.2008 by the competent authority after considering all' factors, thus the liquidated damages cannot be levied on the agency,

As per definition of liquidated damages the same can be levied when the department suffers loss due to non completion of work in time by the contractor. But in this case no loss was suffered by the department, as the channel is still not functional and the water in the channel could not be released due to stay order granted by Hon'ble Apex Court on linking the BML-HB-BB-MPLC to BML Canal in the ongoing suit No. 1 of 2007 and 3 of 2007 in the Apex Court filed by State of Punjab & State of Rajasthan. In such circumstances liquidated damages cannot be imposed.

Regarding loss of Rs. 0.55 crore on account of inadmissible price escalation of steel, cement and lubricants it is stated when the work is not completed in time due to negligence on the part of contractor, then the liquidated damages are levied and no further price adjustment for steel, cement and lubricants is paid to the contractor. However, when extension is granted to the contractor considering that there was no fault of the contractor

then the price adjustment will have to be paid to the contractor. In this case extension in time limit of the work was accorded by competent authority in public interest for the completion of work and by considering all related circumstances so in such case the price escalation as per contract agreement cannot be denied to the agency.

Further, it is stated that on the above lapses, 4 officers i.e. SE, Xen & 2 SDO's were charge sheeted Under Rule 7 by the department as per report of the committee comprising of 2 CE's CAO and SE, Construction Circle, Kaithal. It is further brought out that any recoverable amount from agency is not a loss, it is only a negligence on the part of the officer and they should have been more vigilant while passing the bill. The charge sheet against concerned i.e. the then Executive Engineer Sh. Ram Mehar Sharma (Now Chief Engineer (Retd.)) stands dropped by the Govt. vide Govt. Memo No. 6/51/2011 dated 4-04-213 and same has been endorsed No. 655-58/5D.C. dated 23.04.2013 after going through all the facts and figures of the allegations and charges leveled. Charge-sheet of 2 Nos SDO (Sh. S.S. Kajal and Sh. Banwari Lal) has been dropped vide Govt. Memo No. 6/51/2011 dated 04.04.2013 & No. 662-65/5DC dated 25.04.2013 convey to the concerned officer vide Endst. No. 655-58/5DC dated 23.04.2013. The comments on charge sheet against Sh. V.S.Saini, Superintending Engineer (Now Retd.) Sent to the Govt. vide letter No. 874/5DC/475/2012 dated 23.07.2014 but decision is awaited. However to recover the amount of Rs. 62.25 lacs and 12% interest thereon a recovery suit against agency M/S Backbone Project Limited was filed in the court of CJ(Sr. division), Kaithal on 19/2/2014 after approval from Govt. The next date of hearing has been fixed for 31/8/2015.

The Committee has recommended that strict action be taken against the delinquent officers and money should be recovered.

The Committee further desired that disciplinary proceedings be concluded in a time bound manner i.e within a period of six months.

[37] 3.3.2 Irrigation Channel lying unutilized since construction

An irrigation channel constructed with high cost borrowing form the national Bank for Agriculture and Rural Development of ₹ 1.15 crore along with interest payment of ₹ 75.90 lakh thereon was lying unutilized since its construction in September 2005.

In order to bring additional area under irrigation and to increase the intensity of the irrigated area by utilising the available water efficiently through improved management of the present water resources, the Irrigation Department, Government of Haryana undertook the work of construction of new minors and raising and extension of minors by taking a loan at 12 per cent interest per annum from the National Bank for Agriculture and Rural Development (NABARD). The loan was required to be repaid within seven years from the date of drawal. The Government administratively approved (May 1999) a project to construct Manakawas minor off taking at RD 28650/L Kitlana distributory of Loharu canal system in Bhiwani district which was based on water from the Western Yamuna Canal System at a cost of Rs. 96.64 lakh, later revised (October 2005) to ₹ 1.36 crore. The project was required to be completed on or before 31 March 2002. The scheme envisaged irrigation of 1585 acres of land of four villages (Manakawas, Birhi Khurd, Pandwan and Rasiwas) based on assessment of 7.25 cusecs discharge. Because of uneven terrain, the water was to be carried through a lift of about 36 feet, for which a provision of two pump houses at suitable places was made.

The Chief Engineer, Loharu Canal unit sanctioned (September 2000) the estimate for construction of Manakawas minor for ₹ 47.73 lakh which was revised (February 2005) to ₹ 51.19 lakh. The Executive Engineer (EE), Loharu Water Services (LWS) Division, Charkhi Dadri allotted (July 2003) the earthwork and single layer brick lining of the minor to an agency. The work started in July 2003 and was completed in September 2005. The work of construction of two pump houses and installation of pumping machinery was completed in January 2005. After installation of the pumping machinery, the EE, LWS Mechanical Division Charkhi Dadri deposited ₹ 26.70 lakh (Rs. 22 lakh in December 2004 and ₹ 4.70 lakh January 2005) with the Dakshin Haryana Bijli Vitran Nigam (DHBVN) for providing electric connections to both the pump houses. Electric connections to both the pump houses were provided in 2009. An expenditure of ₹ 1.15 crore was incurred on the work up to March 2007.

It was noticed during audit (July 2010) that there was an inordinate delay in completion of the project. The project, required to be completed by March 2002 was completed in January 2005. Thereafter, the department took four years in getting the electric connections. Meanwhile, the minor silted up and a bridge got damaged and the minor could not be made functional. Thus, the expenditure of ₹ 1.15 crore incurred on the construction of the minor out of high cost borrowing from NABARD on which interest of ₹ 75.90 lakh at the rate of 12 per cent was paid during the last five and a half years had not served the intended benefits of bringing additional area under irrigation and increasing the intensity of the irrigated area.

On this being pointed out (November 2010) by audit the EE, LWS Mechanical Division, Charkhi Dadri intimated (June 2011) that the electric connection to pump houses could not be provided by the DHBVN because of non-availability of transformers in their stock. But the EE, Operation Division, DHBVN, Charkhi Dadri stated that two transformers were provided for these works in July 2007 but the connection was not provided due to non-completion of work by the Irrigation Department. The EE, LWS Division, Charkhi Dadri attributed (June 2011) the delay in completion of work to late start of work in 2003 because of delayed approval of estimate, etc. and revision of estimate for providing two pump houses against one provided earlier. He further intimated (April 2011) that ₹ 0.50 lakh would be required for clearance of silt and ₹ 1.25 lakh for repairs of the damaged bridge and the channel would be repaired shortly and would run up to the tail. Thus, due to lack of coordination between the Civil and Mechanical wings of the Irrigation Department and delay in completion, the channel remained non-functional for the last six years and the expenditure of ₹ 1.15 crore, on which an interest of ₹ 75.90 lakh was paid to NABARD, remained unfruitful.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Irrigation Branch) in April 2011. Reply was not received (August 2011).

The Department in its written reply stated as under :

An irrigation channel constructed with high cost borrowing from the National Bank for Agriculture and Rural Development of Rs. 1.15 crore along with interest payment of Rs. 75.90 lakh thereon was lying unutilized since its construction in September 2005.

In order to bring additional area under irrigation and to increase the intensity of the irrigated area by utilizing the available water efficiently through improved management of the present water resources, the irrigation Department, Government of Haryana undertook the work of construction of new minors and raising and extension of minors by taking a

loan at 12 per cent interest per annum from the National Bank for Agriculture and Rural development (NABARD). The loan was required to be repaid within seven years from the date of drawal. The Government administratively approved (May 1999) a project to construct Mankawas minor off taking at RD 28650/L Kitlana distributor of Loharu canal system in Bhiwani. district which was based on water from the Western Yamuna Canal System at a cost of Rs. 96.64 lakh, later revised (October 2005) to Rs. 1.36 crore. The project was required to be completed on or before 31 March 2002. The scheme envisaged irrigation of 1585 acres of land of four villages (Mankawas, Birhi Khurd, Pandwan and Rasiwas) based on assessment of 7.25 cusecs discharge. Because of uneven terrain, the water was to be carried through a lift of about 36 feet, for which a provision of two pump houses at suitable places was made.

The Chief Engineer, Loharu Canal unit sanctioned (September 2000) the estimate for construction of Mankawas minor for Rs. 47.73 lakh which was revised (February 2005) to Rs. 51.19 lakh. The Executive Engineer (EE), Loharu Water Services (DNS) Division, Charkhi Dadri allotted (July 2003) the earthwork and single layer brick lining of the minor to an agency. The work started in July 2003 and was completed in September 2005. The work of construction of two pump houses- and installation of pumping machinery was completed in January 2005. After installation of the pumping machinery, the EE, LWS Mech. Division Charkhi Dadri deposited Rs. 26.70 lakh (Rs. 22 lakh in December 2004 and Rs. 4.70 lakh January 2005) with the. Dasshin Haryana Bijli Vitran Nigam (DHBVN) for providing electric connections to both the pump houses. Electric connections to both the pump houses were provided in 2009. An expenditure of Rs. 1.15 crore was incurred on the work up to March 2007.

It was noticed during audit (July 2010) that there was an inordinate delay in completion of the project. The project, required to be completed by March 2002 was completed in January 2005. Thereafter, the department took four years in getting the electric connections. Meanwhile, the minor silted up and a bridge got damaged and the minor could not be made functional. Thus, the expenditure of Rs. 1.15 crore incurred on the construction of the minor out of high cost borrowing from NABARD on which interest of Rs. 75.90 lakh at the rate of 12 per cent was paid during the last five and a half years had not served the intended benefits of bringing additional area under irrigation and increasing the intensity of the irrigated area.

On this being pointed out (November 2010) by audit the EE, LWS Mech. Division, Charkhi Dadri intimated (June 2011) that the electric connection to pump houses could not be provided by the DHBVN because of non-availability of transformers in their stock. But the EE, Operation Division, DHBVN, Charkhi Dadri stated that two transformers were provided for these works in July 2007 but the connection was not provided due to non-completion of work by the Irrigation Department. The EE, LWS Division, Charkhi Dadri attributed (June 2011) the delay in completion of work to late start of work in 2003 because of delayed approval of estimate, etc. and revision of estimate for providing two pump houses against one provided earlier. He further intimated (April 2011) that Rs. 0.50 lakh would be required for clearance of silt and Rs. 1.25 lakh for repairs of the damaged bridge and the channel would be repaired shortly and would run up to the tail. Thus, due to lack of coordination between the Civil and Mechanical wings of the Irrigation Department and delay in completion, the channel remained non-functional for the last six years and the expenditure

of Rs. 1.15 crore, on which an interest of Rs. 75.90 lakh. was paid to NABARD, remained unfruitful.

The pumps on P.H. No. 1 & 2 of Mankawas Minor were installed on dated 29.06.2006 and electric connection was made available on 01.05.2009. Due to flood in the year 2008, 2009 and 2010 the channel got silted up and a bridge was washed away. The repair and, desalting of the channel were carried out during the year 2011 and the channel was finally run on dated 12 .04.2012 and was inaugurated by Sh. Satpal Sangwan, Hon'ble Co-operative Minister Haryana. After that the P.H. No. 1 at RD 250 and PH No. 2 at RD 3500 have been run for 937 hrs. and 413 hrs. Respectively and Irrigation was booked is 100.25 Acres Rabi 2013-14. The channel is running smoothly. The expenditure booked on the channel is fruitful, so pare may please be dropped.

The Committee has observed that lapse has been not only on the part of Irrigation Department but on the part of Power Department also, therefore, the Committee has recommended that responsibility in this matter be fixed under intimation to the Committee within a period of one month.

[38] 3.5 Misappropriations, losses, defalcations, etc.

Rule 2.33 of the Punjab Financial Rules, as applicable to Haryana, stipulates that every Government employee should realise that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per rule 2.34 *ibid*, the-cases of defalcations and losses are required to be reported to the Principal Accountant General.

State Government reported 153 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs. 1.58 crore on which final action was pending as of June 2011. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.5** and nature of these cases is given in **Appendix 3.6**. The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss is summarised in Table 3.4.

Table 3.4 : Profile of misappropriations, losses, defalcations, etc.

Age profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (Rs. in lakh)	Nature/ characteristics of the cases	Number of cases	Amount involved (Rs. In lakh)
0-5	29	29.58	Theft	131	86.49
5-10	49	77.99			
10-15	24	24.67	Misappropriation/loss of material	82	98.81
15-20	16	6.95			
20-25	20	15.70	Total	213	185.30
25 and above	15	3.25	Cases of losses written off during the year	60	27.16
Total	153	158.14	Total pending cases	153	158.14

Reasons for pendency of cases are listed in Tables. 3.5

Table 3.5 : Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Reasons for the delay/outstanding pending cases	Number of cases	Amount (Rs.in lakh)
i) Awaiting departmental and criminal investigation	2	8.05
ii) Departmental action initiated but not finalized	76	56.11
iii) Criminal proceedings finalized but recovery of amount pending	14	8.85
iv) Awaiting orders for recovery or write off	46	46.49
v) Pending in the courts of law	15	38.64
Total	153	158.14

Out of the total loss cases, 65 per cent cases related to theft of Government money/store which indicates that, appropriate steps for the safety of Government property/cash, etc., as prescribed in the rules, had not been taken by the departments. Further, in respect of 50 per cent cases of losses, departmental action had not been finalized and 30 per cent cases were outstanding simply for want of orders of the competent authority for recovery or write off of losses. It was further, noticed that out of 153 cases of losses due to theft/misappropriation etc., 124 cases were more than 5 years old and of which 15 cases were more than 25 years old. The lackadaisical approach of the departments in finalization of these cases had not only caused losses to the State exchequer but also failed to take timely action against the officers/officials at fault.

The Department in its written reply stated as under :

Rule 2.33 of the Punjab Financial Rules, as applicable to Haryana, stipulates that every Government employee should realise that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per rule 2.34 *ibid*, the-cases of defalcations and losses are required to be reported to the Principal Accountant General.

State Government reported 153 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs. 1.58 crore on which final action was pending as of June 2011. The department-wise break up of pending cases and age-wise analysis is given in Appendix 3.5 and nature of these cases is given in Appendix 36. The age-profile of the pending cases and the number of cases pending in each category - theft and misappropriation/loss as emerged from these appendices is summarized in Table 3.4.

Table 3.4 : Profile of misappropriations, losses, defalcations, etc.

Age profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (Rs. in lakh)	Nature/ characteristics of the cases	Number of cases	Amount involved (Rs. In lakh)
0-5	29	29.58	Theft	131	86.49
5-10	49	77.99			
10-15	24	24.67	Misappropriation/loss of material	82	98.81
15-20	16	6.95			
20-25	20	15.70	Total	213	185.30
25 and above	15	3.25	Cases of losses written off during the year	60	27.16
Total	153	158.14	Total pending cases	153	158.14

Reasons for pendency of cases are listed in Tables. 3.5

Table 3.5 : Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Reasons for the delay/outstanding pending cases		Number of cases	Amount (Rs.in lakh)
i)	Awaiting departmental and criminal investigation	2	8.05
ii)	Departmental action initiated but not finalized	76	56.11
iii)	Criminal proceedings finalized but execution of certificate case for the recovery of amount pending	14	8.85
iv)	Awaiting orders for recovery or write off	46	46.49
v)	Pending in the courts of law	15	38.64
Total		153	158.14

Out of the total loss cases, 65 per cent cases related to theft of Government money/store which indicates that, appropriate steps for the safety of Government property/cash, etc., as prescribed in the rules, had not been taken by the departments. Further, in respect of 50 per cent cases of losses, departmental action had not been finalized and 30 per cent cases were outstanding simply for want of orders of the competent authority for recovery or write off of losses. It was further, noticed that out of 153 cases of losses due to theft/ misappropriation etc., 124 cases were more than 5 years old and of which 15 cases were more than 25 years old. The lackadaisical approach of departments in finalization of these cases had not only caused loss to the State exchequer but also failed to take timely action against the officers/officials at fault.

Out of the 153 pending cases of Rs. 158.14 crore, 47 cases of Misappropriation, defalcation cases amounting to Rs. 11.05 lac relate to irrigation Department Haryana. The department

has taken final action on 13 cases amounting to Rs. 5.60.1ac out of 47 cases and the action taken has been tabulated as under :-

Table 3.4 : Profile of misappropriations, losses, defalcations, etc.

Age profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (Rs. in lakh)	Nature/ characteristics of the cases	Number of cases	Amount involved (Rs. In lakh)
0-5	11	6.09	Theft	36	10.50
5-10	9	2.16			
10-15	5	5.48	Misappropriation/loss	11	0.55
15-20	7	0.28	of material		
20-25	7	1.13	Total	47	11.05
25 and above	8	0.94	Cases of losses written off during the year	13	5.60
Total	47	11.05	Total pending cases	34	5.45

Beside above the Department is making best efforts to settled the balance outstanding cases.

Table 3.5 : Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Reasons for the delay/outstanding pending cases	Number of cases	Amount (Rs.in lakh)
i) Awaiting departmental and criminal investigation	—	—
ii) Departmental action initiated but not finalized	23	4.59
iii) Criminal proceedings finalized but execution of certificate case for the recovery of amount pending	—	—
iv) Awaiting orders for recovery or write off	10	0.46
v) Pending in the courts of law	1	0.40
Total	34	5.45

Beside above the Department is making best efforts to settled the balance outstanding cases.

The Committee recommends that the details of settled cases be sent to the PAG office and sincere and effective efforts be made to recover the outstanding amount in a time bound manner.

PWD(B & R) DEPARTMENT

[39] 3.2.2 *Undue financial aid to contractor*

Injudicious decision of the Executive Engineer, Provincial Division, Kaithal of making payment to an agency during the process of termination of a contract and non-recovery of mobilization advance as per terms and conditions of the agreement resulted in undue financial aid of ₹ 47.93 lakh, and non-recovery of ₹ 3.99 crore.

The Executive Engineer (EE), Provincial Division, Kaithal allotted two works viz 'Construction of two lane approaches of Railway overbridge in place of existing level crossing at kilometre 200.230 near Railway Station, Kaithal on KaithalAssand Road' (Work A) and 'Upgradation of three roads which included their Widening and Strengthening' (Work B) to an agency at an estimated cost of ₹ 19.31 crore and ₹ 15.34 crore in January 2008 and December 2007 respectively. The works A and B were required to be completed within 15 and 12 months respectively from the date of issue of allotment letters. For work A, the agency was required to achieve 15, 35, 55 and 75 per cent of the financial progress of the work within three, six, nine and 12 months respectively from the date of starting the work. For work B, at least 12, 38 and 67 per cent work of the initial contract price was to be completed in three, six and nine months respectively of the period allowed for completion of the work.

The progress of both the works was very slow and the agencies failed to achieve the milestones fixed despite repeated reminders. Against the target of completing 55 per cent work of work 'A' at the expiry of nine months, the agency completed only eight per cent of work and against the target of 67 per cent of work 'B', only 29 per cent work was completed during the same period. On failure to complete the works, both the contracts were terminated in January 2009 after levying liquidated damages of ₹ 8.09 crore (₹ 5.47 crore for work A and ₹ 2.62 crore for work B). Besides, ₹ 1.31 crore was recoverable on account of mobilization advances (₹ 0.73 crore for work A and ₹ 0.58 crore for Work B). After adjustment of bank guarantees (₹ 3.70 crore), security deposits (₹ 0.28 crore) and value of work done (₹ 1.08 crore), ₹ 4.34 crore (₹ 4.17 crore for work A and ₹ 0.17 crore for work B) was to be recovered from the agency, of which only ₹ 0.35 crore was recovered in Provincial Division No. 2, Sonipat. The balance ₹ 3.99 crore had not been recovered (August 2011).

Scrutiny (September 2010) of records of the EE, Provincial Division, Kaithal revealed that while the action to terminate the contract agreements of the agency was under process since November 2008, the EE released the payments of ₹ 45.56 lakh (₹ 13.94 lakh for work A and ₹ 31.62 lakh for work B) in December 2008. It was further revealed that against the mobilisation advance of ₹ 7.10 lakh due for recovery for work 'A', only ₹ 4.73 lakh was recovered from the running bills, resulting in less recovery of mobilisation advance of ₹ 2.37 lakh. Thus, releasing of payments during the process of termination of contract and non-recovery of mobilization advance as per terms and conditions of agreements tantamounted to undue financial aid to the agency.

On this being pointed out, the EE stated (September 2010) that the payments were made to the agency to encourage them to complete the work. The reply is not acceptable as the process to terminate the contracts on the failure of the agency to achieve the prescribed milestones was in the knowledge of the EE. Thus, the decision to release the payment was not judicious and resulted in undue financial aid to the agency.

The matter was referred to the Financial Commissioner and Principal Secretary to Government Haryana, Public Works Department (Buildings and Roads Branch) (April 2011). Reply was not received (August 2011).

The Department in its written reply state as under :

It is intimated that the work of Construction of 2 lane approaches of ROB in place of existing level crossing No. 32-B in K.M. 200.230 of Kaithal (A) and the work of Widening and Strengthening of three roads i.e. Paharpur to Chakku to Ramthali, SH-11 to Bhuna Kharkara Agondh Hansu Majra, Kheri Gulamali to Kangthali via Paharpur sair (B) were allotted to M/s Zoom Developer (P) Ltd. At the cost of Rs. 19.31 crore and Rs. 15.34 crore respectively

The completion time of work (A) was 15 months and work (B) was 12 months to be reckoned from the date of issue of letter to proceed with the work.

The agency has started the execution of both works but the agency has failed to achieve the milestones as per contract agreement. The Superintending Engineer, as well as this office requested the agency to accelerate the speed of the works. But the agency did not complete the work within stipulated period and ultimately worthy Superintending Engineer, PWD B&R Branch Jind initiated the proceedings to terminate the agreement and the contract agreement was terminated on 29.12.2008 in respect of work A and on 24.01.2009 in respect of work B.

Regarding the payment of Rs. 45.56 lacs (Rs.13.94 lacs in respect of work 'A' and Rs. 31.62 lacs in respect of work B) it is submitted that the payment was made to the agency so that the agency could execute the further work and the agency has executed the work B of Rs. 114.08 lacs after making the payment.

After termination of the contract agreement the final bills of both the works of M/s Zoom Developer (P) Ltd were finalized resulting in to recoverable amount of Rs. 620.31 lacs in respect of work A and Rs. 16.61 lacs in respect of work B. Hence, total recoverable amount of both the work became to Rs. 636.92 lacs. Out of this amount to Rs. 284.84 lacs has been adjusted from all dues of the agency and not recoverable amount came to Rs. 352.08 lacs. There was left no option with the departments to recover the amount from the agency and finally clause 67 of the contract agreement was invoked, which is regarding the appointment of arbitrator. The competent authority has appointed Arbitral Tribunal in this case to recover the amount from the agency and the first hearing in the case was held on 24.11.2011 and the department has raised claims amounting to Rs. 352.08 lacs alongwith interest from the date of termination of agreement to till realization of payment. The next date of hearing in the case is fixed for 06.04.2012. Hence, the process of the recovery is undergoing. So the Para may kindly be settled.

The Committee has desired the department to pursue the case pending before the Arbitral Tribunal vigorously and interest of the state be protected meticulously under intimation to the committee.

[40] 3.2.4 Wasteful expenditure due to execution of sub-standard work

Due to sub-standard execution of work, expenditure of ₹ 2.52 crore incurred on a damaged road was unfruitful. Besides, avoidable expenditure of ₹ 30 lakh on repairs was incurred due to non-invoking of a defect maintenance liability clause in the agreement.

The Commissioner and Secretary to the Government of Haryana, Public Works Department (PWD), Buildings and Roads Branch (B&R), administratively approved (November 2007) the work

‘Construction of four-laning of Dadri-Loharu Road km 0.00 to 2.600 in city portion of Charkhi Dadri (District Bhiwani)’ for ₹ 2.39 crore. The Executive Engineer (EE), Provincial Division, Charkhi Dadri, after inviting (January 2008) tenders, allotted (May 2008) the work to a contractor at an estimated cost of ₹ 3.32 crore, with a completion time of eight months. As the road was in the city portion, it was damaged due to intensity of traffic and heavy rains in some reaches. The Superintending Engineer, Bhiwani Circle, submitted (December 2008) a revised estimate with increased scope of work for ₹ 5.14 crore to the Engineer-in-Chief, PWD (B&R) for arranging a revised administrative approval. Provision of cement concrete pavements, water bound macadam (WBM), built up spray grout (BUSG) and 75 mm thick low bituminous macadam (LBM) was made in the revised proposal. The work at the site, executed as per the revised proposal, without approval of changes in specifications and scope of work from the competent authority was completed on 31 December 2009 by incurring an expenditure of Rs. 5.02 crore. The agreement with the contractor provided that the latter would be responsible to make good any defects noticed during the maintenance period of 24 months from the date of completion, failing which the work would be got executed at the risk and cost of the contractor.

During the inspection by EE in June and August 2009, the quality of work done was found to be very poor. Samples of work done were got tested (June/July 2009) from the Quality Control Laboratory, PWD (B&R), Bhiwani and the quality of work done was found to be below specifications and sub-standard. As a result, 1.480 km of the newly laid road between km one and 2.60, constructed at a cost of approximately Rs. 2.52 crore was damaged, requiring extensive repairs/reconstruction. Although, the contractor was asked to rectify the sub-standard work a number of times, they did not rectify the same but were paid ₹ 35.06 lakh, ₹ 6.38 lakh and ₹ 29.19 lakh in the eighth, ninth and tenth running bills in September and December 2009 and March 2010, respectively. In order to make the road trafficworthy, the work was allotted (January 2011) to another contractor by providing 20 mm thick premix carpet including B type seal coat at an estimated cost of ₹ 50.03 lakh. The work was in progress (April 2011).

It was noticed (October 2010) that the road constructed with specifications including cement concrete pavements, WBM, BUSG, LBM, etc. by spending ₹ 2.52 crore was got repaired with simple specifications of providing 20 mm thick premix carpet including B type seal coat without taking any action against the contractor who was liable to repair/reconstruct the road under the defect maintenance liability provision of the agreement. Thus, due to sub-standard execution of work, the expenditure of ₹ 2.52 crore incurred on construction of the damaged portion of road did not serve its desired purpose and proved to be unfruitful. Had the road been got repaired/reconstructed at the risk and cost of the original contractor, the expenditure of ₹ 30 lakh (approximately) incurred on the repairs could have been avoided.

On this being pointed out, the EE intimated (October 2010) that repeated notices were issued to the agency to rectify the defects and to set right the sub-standard work but the agency did not respond. The reply is not acceptable as a penalty clause was required to be invoked to execute the defective work at the risk and cost of the first contractor.

The matter was referred to the Financial Commissioner and Principal Secretary to Haryana Government, Public Works Department (Buildings and Roads Branch), (April 2011). Reply was not received (August 2011).

The Department in its written reply stated as under :

- 1 The work construction of four laning of Dadri Loharu Road Km 0.00 to 2.600 in City Portion Ch. Dadri Distt. Bhiwani was administratively approved for Rs. 2.39 Crore in Nov.

2007 by the Govt. of Haryana. Tender for the work were vide E.E.(P) Ch.Dadri vide memo No. 4848-78dt. 28.12.07 and the work allotted to Sh. Jai Kishan Contractor vide E.E. (P) Ch.Dadri memo N. 1330 dt. 29.05.2008 at a cost Rs. 3.32 Crore with a time period of eight months.

2 The Revised Estimate amounting to Rs.5.14 Crore was prepared and sent to E.I.C. Office vide Superintending Engineer, Bhiwani Circle Memo No. 2960-61 dated 6.12.2008 for arranging revised Administrative Approval. The reasons for the revision were :-

- a) Higher tender rates i.e. about 20% above of the rough cost estimate.
- b) Change in scope of work due to
 - (i) Increase in length of C.C.P due to heavy rains in the month of July/August, 2008.
 - (ii) Provision of additional 75mm W.B.M. layer in the flood effected reach
 - (iii) Provision of additional 75mm thick L.B.M. layer.

The recommendation of the then Superintending Engineer & Executive Engineer, the extra items were required due to the damage of road during the flood of year 2008. The original rough cost estimate amounting to Rs. 238.39 lacs was sanctioned in the year 2007. The revised specifications were made in the Revised Rough Cost Estimate as per the instruction given by worthy Chief Engineer (Roads) and Superintending Engineer, Bhiwani Circle.

3 That “the quality of work executed by the agency was poor” is not correct. The quality control laboratory had taken the samples of only two items i.e. B.M. and P.C. at only two RD’s i.e. 1.850 & 2.200. Accordingly a notice was given to the agency continued to set right the work by re-laying fresh layer of B.M. and P.C. in this reach i.e. from 1.850 to 2.200. The agency did the work again and fresh samples were taken by the quality control laboratory and the result of samples was found satisfactory. SDE in charge of the work sent the report vide his office Memo No. 353 dated 11/5/2010 and the EIC had also informed vide this office Memo No.433 dated 6/4/2010.

4. It is true that the defects/discrepancies were noticed during the execution of work and notices were issued to the contractor to remove the defects during the execution of work and after completion of work. The agency had removed all the defects regularly during execution of work and after completion of work and reported the same to the Department. The agency completed the work on 31.12.2009. The work was under defect liability period up to 30.12.2011. The agency also maintained the road fully traffic worthy during defect liability period up to July, 2010. Therefore, it is not true that the contractor did not rectify the sub standard/defective work. The reasons for the defects were as under :-

- a) The original rough estimate of the work was not prepared on the basis of actual traffic volume and design of the road crust.
- b) A ROB was under construction in Dadri City and same was started in the month of 2/2008. The heavy traffic from all the quarries of Dadri zone going to Delhi NCR was diverted through this road and causing heavy increase in traffic volume during construction period of the work i.e. from 2/2008 to 31/12/2009.

- c) The water supply line of Public Health Department were existing under the road surface and leakage of water was occurring regularly and causing damage of construction work despite of matter taken with Public Health Authorities.
- d) The sewer line also existed under the road. The main hole of the sewer line were; broken many times causing damage of road and failure of the road at many places because heavy traffic carrying road material were divert through this road.
- e) Damage of already existing road due to heavy flood in the year 2007-08, 2008-09 & 2009-10 due to disposal of rain water.

5. However, all the defects were got rectified from the agency and Public Health Department regularly and the road was fully traffic worthy up to July. 2010. But, the road from RD .600 to 2.600 (Bituminous road) was badly damaged during flood in the period August, 2010 to October, 2010. The Hon'ble Chief Minister, Haryana visited Charkhi Dadri on 02.10.2010 and travel on this road. He directed the department to repair this portion of road immediately. Accordingly, a report was sent to Head Office because this portion was under defect liability period of the agency up to 30.12.2011. An Estimate for restoration damages of the road including Dadri Bond Road amounting to Rs. 79.48 lacs has been approved from the Govt. under head 3054-R&B (Non Plan). The portion of road was repaired against this estimate.

6. It is not correct to say that the agency executed the work below specification and sub standard and road was damaged during construction and the agency was paid for the sub standard work / rejected work. The agency had been asked if any sub standard was noticed to remove the defects immediately and action was taken against the agency as per terms & conditions of the contract agreement. This fact is very clear from the A.G. Para also. In the A.G. Para it is mentioned that repeated notices were issued to the agency to rectify the defects and set right the sub standard work. The road was also inspected by the SDE (Inquiry) on 06.02.2010 and he had given his inspection report, which is satisfactory.

From the above facts, it is clear that the action against the agency was being taken according to provisions of contract agreements. He had been paid only on rectifications of defects. However, a sum of Rs. 25 Lacs on account of security deposits from running bills have also been withheld. Therefore, calling the expenditure wasteful is not justified denied at all.

The Committee has desired the department to pursue the case of inquiry being conducted at present vigorously and its inquiry report be submitted to the committee accordingly.

**AGRICULTURE DEPARTMENT
(HARYANA STATE AGRICULTURAL MARKETING BOARD)**

[41] 3.2.5 Unfruitful expenditure on incomplete cold storage work

Starting the construction of cold storages with finalization of designs and drawings and detailed estimates resulted in unfruitful expenditure of Rs. 1.72 cores.

The Chief Engineer, Haryana State Agricultural Marketing Board (HSAMB), Panchkula, conveyed (December 2006) administrative approval of the Chairman of the Board for upgradation of various vegetable markets and setting up cold storage facilities including pre-coolers, ripening chambers/grading lines in the *mandis* in the State. The approval contained a provision of Rs. 4.40 crore for providing cold storage facilities for mushrooms and other vegetables at Sonipat. The Executive Engineer (EE), HSAMB, Sonipat, without approval of the detailed estimates and technical sanction, allotted (August 2007), the work of 'Construction of pre-engineered building (PEB) and structure for setting up of cold storage and pack house facilities at Sonipat' to an agency for Rs. 0.56 crore with the condition of completing the work within three months. The agency was required to provide design and drawings of foundation and PEB structure. The HSAMB was to execute the civil works.

Scrutiny (March 2010) of records of EE, HSAMB Division, Sonipat revealed that after allotment of work, the Executive Officer, Market Committee was asked (August 2007) to provide land in the new vegetable market for the purpose. He, however, showed his inability due to non-availability of land in the market. As the land provided (April 2008) at the changed site was in a low-lying area, it was decided to construct a basement. The agency had supplied (September 2007) structural design and drawings approved by the Indian Institute of Technology, Delhi which was common for other cold storages also. As the standard common design and drawings were not suitable for the changed site, the EE was asked to arrange the approval of a layout plan/site plan according to the available land. In the meantime, the agency supplied (July 2008) a pre-engineered building structure and was paid Rs. 0.53 crore in July 2008. The work of construction of the foundation for erecting the pre-engineered building structure was undertaken departmentally (November 2008). The Chief Administrator (CA), HSAMB, supplied the revised layout plan in March 2010 without making any provision for a basement, etc. and the EE, HSAMB, Sonipat (March 2010) accordingly returned the revised plan for including the same. The CA, HSAMB approved the design and drawings in June 2011, but the detailed estimate was not approved by the competent authority. The basement was partially constructed in an area of only 32.90 m out of a total of 53 m by incurring an expenditure of Rs. 1.19 crore up to April 2010. The balance work was held up for want of detailed drawings and estimates. Thus, due to non-preparation of detailed estimates, architectural design and drawings as per the available land, the expenditure of Rs. 1.72 crore (April 2011) incurred on construction of cold storage facilities did not serve the desired purpose and was rendered unfruitful.

While accepting the fact, the CA, HSAMB, Panchkula stated (August 2011) that the project was delayed due to change in design and inclusion of basement facilities. He further stated that efforts were being made to complete the work.

The reply of the department indicated that not only were the beneficiaries deprived of the facilities envisaged, but has also resulted in increase in the cost of the project from Rs. 4.40 crore to Rs. 7.02 crore, imposing extra burden on the exchequer.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Agriculture Department, Chandigarh (May 2010). Reply was not received (August 2011).

The Department in its written reply stated as under :

Originally an estimate for Providing cold storage facilities for mushroom/vegetable/fruits in H.S.A.M. Board at different stations in Haryana was prepared for which an Administrative Approval for providing cold storage facilities for mushroom/vegetable/fruits at Sonapat was granted by the Chairman, H.S.A.M. Board vide memo no. NVFM&CC/0001 dated 19-12-2006 for an amount of Rs. 439.52 lacs (Annexure-A).

The DNIT of this work was approved by the competent authority of the Board and the detailed estimate was also sanctioned subsequently as per site requirement for Rs. 462.50 lacs by Engineer-in-Chief, H.S.A.M. Board. Panchkula on dated 30-1-2012 (Annexure-B). The tenders for construction of civil structure for setting up of cold storage and pack house facilities in vegetable market, Sonapat was invited for Rs. 56.89 lacs against the said A/A. The work was allotted to M/s Jindal Mectec Pvt. Ltd., Gurgaon vide memo No. 1823 dated 07-08-2007 (Annexure-C). M/s jindal Mectec Pvt. Ltd. was to submit the design of foundation work for setting up the pre-engineered building structure. The design/drawing was changed due to low lying land of the cool chain site. The bearing Capacity of soil was got tested from the National Institute of Technology, Kurukshetra (Annexure-D). The design submitted by M/s jindal Mectec. Pvt. Ltd. Was also got approved from the Indian Institute of Technology, New Delhi.

The Executive Engineer, HSAMB, Sonapat had requested the EO-cum-Secretary, H.S.A.M. Board, Sonapat vide memo no. 1976 dated 27-08-2007 for side selection in Subzi mandi (Annexure-E). The Administrator, Market Committee, Sonapat intimated vide memo No.966/ 517707 dated 19-09-2007 (Annexure-F) that no land is available in the existing vegetable market, Sonapat for the construction of cold storage. Therefore, provision for construction of the said facility was made in the existing NGM as per decision taken by competent authority of the Board. The necessity of the basement had arisen due to low level of the site as it was examined that the cost of earth filling is also very high & it would be appropriate to construct the basement rather than earth filling in this area in order to get the additional space for grading, packing & storage of Mashroom in the basement (Distt. Sonapat is one of the biggest Mashroom production cluster in the country). The ground floor was to be utilized for other commodities e.g. Fruits and Vegetables. It is pertinent to mention here that the cost of land in NCR area is very high and due to scarcity of land, it was decided to construct the basement for optimum use of available land. Thus, the cost increased due to construction of basement as an additional facility. The cost required for construction of basement is very less in comparison to acquiring land at very high rate.

The work of basement was executed departmentally on which an expenditure of Rs. 119.35 lacs was incurred. Further, an amount of Rs. 53.41 lacs was paid to contractual agency for supply of pre-engineered building steel structure (P.E.B.). In the meantime it was felt that development of vegetable market may take some time and business in the said facility would also flourish with the development of New Vegetable Market. So it was decided by the competent authority that the structure which was supplied at Sonapat shall be ulitized/fixed at I.I.H.M., Ganaur (Annexure-G). The P.E.S. structure material shifted from Sonapat has already been fixed in the cold storage facility at IIHM and the same has been completed in all respect

and leased out to the agency. So, the expenditure on account of supply of PES structure amounting to Rs. 53.40 lacs is not a wasteful expenditure as the same has been utilized. Further, as already explained above, the expenditure incurred on construction of basement amounting to Rs. 119.35 lacs is also justified and the same will be utilized as a grading, packing & storage facility in the near future i.e. with the development of New Vegetable Market (Tenders for development of New Vegetable Market are under process). So both the decisions like shifting of PES structure at IIHM Ganaur and construction of basement were taken in order to utilize the funds and the available land/space in the Mandi, hence there is no wasteful expenditure on this account. The work of construction of basement has been partly completed to the extent of 65 percent as per approved drawings and the balance work for construction of basement will be completed within six months.

In view of the position explained above, the expenditure so incurred cannot be termed as unfruitful as the structure is likely to be utilized for storage purposes in the near future. As such, the Para may be considered for its settlement please.

The Committee has desired that an inquiry by Shri Krishan Kumar Doda, a Retired District & Session Judge be got conducted against the responsible officers found guilty in the matter of the construction of cold storage at Sonapat and responsibility needs to be fixed to avoid reoccurring of such cases in a time bound manner and action taken report be sent to the committee within a period of three months.

The committee has further desired the department to send the list of the ongoing 11 projects mentioning therein whether these project are functional or not togetherwith the details of the running functional projects and the projects running on lease.

The committee has also desired to send the detailed list of market fee being leveled by the Marketing Board at present as well as to send the detailed report about the RCC roads and the bitumen roads being constructed by the Marketing Board after comparing the life span of both type of roads.

**PUBLIC WORKS DEPARTMENT
(PUBLIC HEALTH ENGINEERING DEPARTMENT)**

[42] 333. *Unfruitful expenditure on installation of water purification plants in villages already provided with safe drinking water*

Thirty-four villages being supplied potable water were selected for installation of water purification plants but lack of proper response from the villagers in availing of the facility of purified water rendered the expenditure of Rs. 4.21 crore incurred on these plants unfruitful.

With a view to supplying safe drinking water in water quality affected villages in Haryana, the State Government sanctioned (July 2008) a project based on Reverse Osmosis and related technology for 100 selected villages of three districts (Kaithal-30, Jhajjar-35 and Mohindergarh-35) at a cost of 11.25 crore at the rate of 11.25 lakh per plant. The work of installation and commissioning of safe drinking water plants with all accessories and storage systems was allotted to M/s Naandi Foundation for 11.25 crore in July 2008. The agency was responsible for the operation, maintenance and repairs of the community water system and collection of agreed service charges and for carrying out activities towards promoting safe drinking water and hygiene concepts. The charge for filtered purified water was fixed at 0.10 per litre during the first year subject to further revision with mutual agreement. The Public Health Engineering (PHE) Department was to provide the sources of raw water by drilling tubewells, etc. The villages were to be selected by PHE Department in consultation with the agency.

As per the terms and conditions of the memorandum of understanding, payment of Rs. 11.25 crore was made to the agency in two instalments on submission of bank guarantees for the equivalent amount. The first instalment of Rupees seven crore was paid to the agency in November 2008 and the second instalment of Rs. 4.25 crore was paid in October 2009. The agency installed 100 water purification plants in three selected districts up to October 2010.

During audit (September 2010 and January 2011) of PHE divisions, Kaithal, Jhajjar and Bahadurgarh, it was noticed that in 34 villages (Kaithal-13, Jhajjar-4 and Bahadurgarh-17), water purification plants were installed where tubewellbased water supply had already been replaced with canal-based water supply. Sufficient quantity of safe drinking water ranging between 40 and 70 litres per capita per day (LPCD) was being supplied to these villages. Even after the installation of purification plants, very few of these villages were utilising the water from these plants. As such, the selection of these villages for installation of purification plants was not need-based and the expenditure of Rs. 4.21 crore incurred on installation of 34 purification pumps was largely unfruitful.

On this being pointed out, the Executive Engineer (EE), PHE divisions, Kaithal and Jhajjar intimated (March and May 2011) that these plants were installed due to non-availability of sufficient raw water during the summer season. The reply is not acceptable as sufficient quantity of water ranging between 40 and 70 LPCD was being supplied to these villages through canal-based water supply schemes. The EE, PHE division, Bahadurgarh attributed (January 2011) the poor response of users to safe drinking water being supplied from canal-based water supply schemes in these villages.

Thus, the selection of villages for installation of water purification plants, where safe drinking water was being supplied through canal-based schemes resulted in unfruitful expenditure

of Rs. 4.21 crore. These benefits could have been provided to other villages where the water was not potable.

The matter was referred to the Financial Commissioner and Principal Secretary to Haryana Government, Public Works Department, Public Health Engineering Branch in April 2011. Reply was not received (August 2011).

The Department in its written reply stated as under :

In this regard, it is intimated that 13 Nos. villages have been covered in district Kaithal where tube well based schemes have already been replaced with canal based drinking water supplying schemes. It is submitted that supplying of safe drinking water through canal based water supply scheme is a separate scheme for supplying 55/70 liter per capita per day. Safe drinking water Through canal based water works is for all purposes like drinking, bathing, washing and other households use where as the supply of water through R.O. installed by Nandi Foundation is only for the purpose of drinking water which is of highest quality standards at an affordable cost of Rs. 0.10 per liter. It is also submitted that functioning of canal based water works is dependent on the availability of raw water and it is generally observed during peak summer season, there is shortage of raw water from Irrigation Deptt. Which leads to water crisis during this peak summer season. In such an eventuality, R.O. Water is available for drinking. Moreover, as per guidelines of Government of India, village level water security plans are to be developed so that each resident shall get at least drinking water security during a critical situation and this may involve developing multiply sources of drinking water. Further, it is submitted that the location of R.O. plants were selected based on the request from residents and demand of panchayats so as to provide sustainable source to attain drinking water security. So in view of the above, it is evident that R.O. plants have been installed keeping in view water security and as per demand of the villagers. Further, it is clarifies that 100 R.O. plants have been installed by Nandi Foundation in the selected villages of distt. Mohindergarh, Jhajjar and kaithal. These plants were installed as a Pilot Project to study the feasibility of this project and also to study the adaptability of the treated water R.O. plants amongst the public. It was clearly indicated at the start that depending upon the success of these plants, this technology would be replicated in the other parts of the State. As such, these plants were also installed in certain villages which were already being provided with drinking water through surface sources. R.O. plants in such villages was installed to supplement the existing sources of the department and not as a substitution for the schemes already being run by the Public Health Engineering Deptt. Besides, in number of villages drinking water does not reach the tail end or certain areas and located at a higher attitude. The R.O. plants were installed in such villages to cover such areas where drinking water was not being made available from the Public Health System. These plants were also installed with an intention to motivate the public to use treated water by paying a small amount of money.

On the above submission, it is evident that the expenditure on R.O. plants is justified and it is, therefore, requested that the para may please be dropped.

The Committee has desired the department to submit the list of those places where the drinking water plants were installed by M/s Nandi Foundation togetherwith the detailed latest position of these plants such as how much plants are working and how much plants are non functional.

The Committee has further desired the department to investigate the reasons of the allotment of the work of installation and commissioning of plants to M/s Nandi foundation without inviting tenders and without following due procedure and its final outcome be intimated to the committee accordingly.

[43] 3.5 Misappropriations, losses, defalcations, etc.

Rule 2.33 of the Punjab Financial Rules, as applicable to Haryana, stipulates that every Government employee should realize that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per rule 2.34 *ibid*, cases of defalcations and losses are required to be reported to the Principal Accountant General.

The State Government reported 153 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs. 1.58 crore on which final action was pending as of June 2011. The department-wise break up of pending cases and age-wise analysis is given in *Appendix 3.5* and the nature of these cases is given in *Appendix 3.6*. The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss is summarized in **Table 3.4**.

Table 3.4 : Profile of misappropriations, losses, defalcations, etc.

Age profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (Rs. in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (Rs. In lakh)
0-5	29	29.58	Theft	131	86.49
5-10	49	77.99			
10-15	24	24.67	Misappropriation/loss of material	82	98.81
15-20	16	6.95			
20-25	20	15.70	Total	213	185.30
25 and above	15	3.25	Cases of losses written off during the year	60	27.16
Total	153	158.14	Total pending cases	153	158.14

Table 3.5 : Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Reasons for the delay/outstanding pending cases		Number of cases	Amount (Rs. In lakh)
i)	Awaiting departmental and criminal investigation	2	8.05
ii)	Departmental action initiated but not finalized	76	56.11
iii)	Criminal proceedings finalized but recovery of amount pending	14	8.85
iv)	Awaiting orders for recovery or write off	46	46.49
v)	Pending in the courts of law	15	38.64
Total		153	158.14

Out of the total loss cases, 65 *percent* cases related to theft of Government money and stores which indicates that appropriate steps for the safety of Government property/cash, etc., as prescribed in the rules, had not been taken by the concerned departments. Further, in respect of 50 *percent* cases, of losses departmental action had not been finalized and 30 *percent* cases were outstanding simply for want of orders of the competent authority for recovery or write-off of losses. It was further noticed that out of 153 cases of losses due to theft/misappropriation etc., 124 cases were more than five years old, of which, 15 cases were more than 25 years old. The lackadaisical approach of the departments in finalization of these cases had not only caused losses to the State exchequer but also failure to take timely action against the officers/officials at fault.

The Department in its written reply stated as under :

It is submitted that a case was filed in the consumer dispute redressal forum Chandigarh against the insurance company and 75% of the value has been paid to the Division which has been paid into treasury amounting to Rs. 321483/- on dated 30-08-2011. The case for write off for the amount of Rs. 1,07,161/- stands submitted to the Govt.

It is requested that in view of the above, the para may please be dropped.

It is submitted that the para in question is not a theft. The same should be termed as dacoity where dacoits came in 5-6 nos and caught hold the chowkidars on duty and tied them. FIR has been lodged with the police authorities and investigations are under progress and the final outcome is awaited yet.

The Department had constituted a committee of 2 SDEs for inquiry. The committee has given its report & it has been reported that no person is responsible for theft. The case for write off for the amount Rs. 3, 44,750/- stands submitted to the Govt.

It is requested that in view of the above, the para may please be dropped.

It is submitted that the Superintending Engineer, Public Health Engineering Circle Bhiwani has intimated that "Theft of five big heavy electrical Motor/GI Pipes and other material was stolen from Water Works Nirmariwali amounting to Rs. 8.00 lac of Public Health Engineering Division No 1 Bhiwani on dated 25-09-2008. The FIR bearing No 482 dated 24/12/2008 was lodged by Sub Divisional Engineer Public

Health Sub Division No 3 Bhiwani vide his memo No 3236 dated 26/09/2008. The matter was pursued with Police authority. But after making unrest efforts by Police authority i.e. SHO Sadar Police Station Bhiwani could not trace out the theft material upto 7/10/2013 and SHO submitted non traceable certificate to Sub Divisional Engineer No 3 Bhiwani.

Further, a technical Committee consisting of following officers/officials was constituted by Public Health Engineering Division No 1 Bhiwani to ascertain total cost of theft material

1. Sub Divisional Engineer No 3 Bhiwani.
2. Sub Divisional Engineer Loharu.
3. Sh. Jagbir Singh, Deswal, JE.
4. Sh. Mahender Singh, JE

The cost of material calculated by the committee work out to Rs. 136614/-

Further, the Committee recommended that Sh. Kuldep Singh WPO-II was responsible for the theft of materials and he should be charge-sheeted under Rule-7 for the financial loss caused to the exchequer.

On recommended of the said committee, the EE. (D&W) was appointed enquiry officer and to enquire the allegation contained in the charge-sheet under Rule-7 served to Sh. Kuldeep Singh WPO-II. The enquiry officer submitted his report on dated 06-08-2014 and stated that the charges contained in the charge-sheet under rule-7 against Sh. Kuldeep Singh WPO-II are not proved.

The case stands submitted to Govt. to accord the necessary sanction under Rule 19.15 PFR Vol-1 to write off the loss amounting to Rs. 136614/-.

It is requested that in view of the above, the para may please be dropped.

The Committee has desired the department to fix the responsibility of the erring officers/officials involved in this case and thereafter action to recover the amount from the responsible official be taken accordingly under intimation to the committee.

The committee has further desired the department to send intimation to the committee about the out came of the F.I.R. as and when it is decided as well as whatever the decision of the Government to write-off the amount be taken in this regard.

The Committee has also desired the department to reopen the case and inquiry in this regard be got conducted by the S.E. Vigilance and responsibility needs to be fixed in the matter and its report be sent to the committee accordingly.

TOWN & COUNTRY PLANNING DEPARTMENT

[44] 1.6.3 Follow-up on Audit Reports

According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the administrative departments were required to initiate *suo moto* positive and concrete action on all audit paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Reports (ARs), regardless of whether the cases had been taken up for examination by the Public Accounts Committee or not. The administrative departments were also required to furnish detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action Taken Notes (ATNs) on the paragraphs included in the ARs up to the period ended 31 March 2010 revealed that out of 74 paragraphs and performance audits of 24 administrative departments included in the ARs for the period 2006-07, 2007-08, 2008-09 and 2009-10 were presented to the State Legislature, ATNs on 67 paragraphs and performance audit reports in the case of 23 administrative departments were not submitted as per details given in **Appendix 1.3**. The administrative departments, viz Public Works (Buildings and Roads Branch), Irrigation, Public Health, Education, Finance and Home (Police and Jail) had not submitted ATNs in respect of 30 out of 67 paragraphs/performance audit reports. Six administrative departments, out of those which had submitted the ATNs, had not taken any action to recover a total amount of Rs. 207.27 crore in respect of 10 paragraphs and performance audits as per details given in **Appendix 1.4**. Further, the response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as 354 recommendations relating to Audit Reports 1970-71 to 2005-06 were still awaiting final action by the concerned administrative departments as per details given in **Appendix 1.5**

The Department in its written reply stated as under :

Reply of Appendix 1.3 of Paragraph 1.6.3

In regard to the Appendix 1.3 of Paragraph 1.6.3., it is submitted that Audit Para No. 4.4.3 of report of CAG of India for the year ended 31st March, 2007, the oral examination of the Department has already been conducted by the PAC in its meeting held on 18-09-2012. The replies of para No. 2.3.1 of CAG report 2008-09, the oral examination of which has been conducted on 9-7-13 and Para No. 1.4, 2.3.1 of CAG report 2009-10 have been sent to the Secretary Haryana Vidhan Sabha, FCTCP, PAG (Audit), Finance Department vide this office letter No. HUDA/SO-Audit-2012/32064-67, dated 21-08-2012 and No. HUDA/SO-Audit- 2012/37263-66, dated 21-09-2012 respectively.

Reply of Appendix 1.4 of Paragraph 1.6.3

In regard to Appendix 1.4 of Paragraph 1.6.3, it is submitted that Audit Paragraph No. 3.16 of CAG has been dropped the PAC in its meeting held on 9-07-2013 and Audit Paragraph No. 6.10 of CAG Report 2001-02 has been included as Para No. 26 in the 61st report of Public Accounts Committee. The progress report of these paras is being sent quarterly to the PAC.

Hence this para may kindly be dropped from this report.

The Committee has desired that the department should reconcile the cases involving an amount of Rs. 15,529 lacs and Rs. 4,055 lacs with the PAG office and intimate the committee about the latest position of recovery in all the cases within a period of one month.

[45] 3.3.5.2 Blocking of funds due to non-allotment of dwelling units

In Panchkula, 13 clusters of slums (unplanned habitations) with 7,114 *jhuggis* were planned to be rehabilitated in three phases. In the first phase, 2,072 *jhuggi* owners were proposed to be rehabilitated in Sectors 20, 26, 28 and Industrial Area Phase-I, Panchkula by providing them with 2,072 multi-storeyed dwelling units.

The Chief Administrator, HUDA administratively approved (February 2007) the project for Rs. 45.42 crore (revised to Rs. 64.78 crore in June 2009). The scheme was approved with the stipulation that the entire land occupied by *jhuggis*/ unauthorised structures would be made free from all encumbrances.

The works were got executed through five contractors and were completed in June 2009, by incurring an expenditure of Rs. 62.01 crore. Applications for allotment of these dwelling units were called for in January 2009 and again in April 2010 and 3,339 applications were received. A committee under the Chairmanship of the Additional Deputy Commissioner, Panchkula was constituted (April 2010) for scrutiny and assessing the eligibility of applicants. A total of 875 applicants in three colonies were found eligible. The final decision of the committee was, however, not given. The units had not been allotted (August 2011) even after two years of construction because of non-finalisation of the list of eligible beneficiaries. Thus, the purpose of construction of houses to rehabilitate encroachers of Government/HUDA land and to clear Government land from encroachers had not been achieved even after incurring expenditure of Rs. 62.01 crore. In reply, the Estate Officer, HUDA, Panchkula stated (April 2011) that after finalisation of eligible applicants, the dwelling units would be allotted through draw of lots. The final outcome was awaited (August 2011).

The Department in its written reply stated as under :

In this matter, it is submitted that as per orders of the Hon'ble Court a policy was framed to rehabilitate the Jhuggi dwellers by allotment of dwelling unit in Urban Estate to the petitioners who were encroaching HUDA land. Accordingly, the applications were invited upto 06-05-2010. A meeting was held under the Chairmanship of Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning on 23-4-2010 in which it was decided to constitute a Committee a Committee for scrutiny of application forms and assess the eligibility of applicants, received for allotment of low cost houses under JNNURM/Ashiana Scheme which was conveyed vide letter dated 21-05-2010, have been allotted to the Juggi dwellers the details of which is attached **at Annexure "A"** and the remaining applications colony wise for allotment left-out constructed dwelling units is under process the details of which is attached **at Annexure "B"**. From the Annexure "A" it is evident that out of 2072 constructed dwelling units, 1971 dwelling units have been allotted to the juggi dwellers under the Ashiana Scheme to curb the slum. Balance over 101 flats are still vacant. At present 66 applications for allotment of dwelling units are under consideration. The eligibility of the applicant is being verified on the basis of their Ration Card and Voter ID. As soon as the process is complete, the flats will be allotted immediately. Hence the construction of 2072 dwelling units fulfill the aims of Ashiana scheme. Hence this para may be dropped.

The Committee has desired to know how will maintain the dwelling units constructed at Panchkula as nothing has been mentioned in the original policy framed by the Government in this regard.

The Committee also desired to know the criteria of allotment and eligibility conditions alongwith concession being given to the allottees of the Scheduled Caste category and supply the list of eligible candidates to the committee as there are still 61 eligible candidates to whom the allotment of these dwelling units has not been made so far.

The committee has observed that the eligibility conditions were not followed properly and allotment of flats was made to ineligible persons and thus responsibility of the erring officers/officials is required to be fixed in this matter. The Committee has desired to know the reasons for which the action has not been taken sofar against those officers/officials who have allotted these flats to ineligible persons.

The Committee further desired the department to supply the list alongwith full details of the officers/officials who have made allotment of these flats in wrong manner.

[46] 3.3.5.3. Inordinate delay in completion of scheme

In Ambala, for construction of 1640 multi-storeyed dwelling units (1,000 in Sector 34 and 640 in Sector 33), the Chief Administrator, HUDA, Panchkula, administratively approved two rough cost estimates in February and November 2008 for Rs. 36.45 crore and Rs. 24.06 crore for Sector 34 and Sector 33 respectively. The works were allotted to an agency in July 2008 and September 2008 for Rs. 36.87 crore and Rs. 23.59 crore respectively with a time limit of 15 months for completion. However, the work could not be completed as the site allotted was a low-lying area with a pond, trees and electric poles. An expenditure of Rs. 55.49 crore (Rs. 34.22 crore in Sector 34 and Rs. 21.27 crore in Sector 33) was incurred but the scheme remained incomplete. The Executive Engineer, HUDA Division, Ambala while admitting (January 2011) the delay in completion of the dwelling units, stated that the work would be completed very soon. However, the work was still in progress (June 2011). Thus, due to incorrect selection of site for construction of 1,640 dwelling units, the works remained incomplete.

Scrutiny further revealed that the Estate Officer, HUDA, Ambala invited (April 2010) applications for allotment of the above-mentioned 1,640 dwelling units to slum dwellers, against which only 445 applications were received from below poverty line households. But no application from slum dwellers was received. To assess the position, a joint team of the office of the Principal Accountant General (Audit) Haryana, Chandigarh and Additional Deputy Commissioner-cum-Chief Executive Officer, District Urban Development Agency, Ambala conducted (August 2011) a survey of three *Jhuggi Jhopri* colonies consisting of 1455 *Jhuggi Jhopries* in Ambala. A total of 180 habitants (12 *per cent*) took part in the survey, which revealed that :

- 89 *per cent* (160 out of 180 slum dwellers) were not aware of the scheme of 1640 dwelling units constructed for their rehabilitation.
- 99.5 *per cent* (179 out of 180 slum dwellers) were not interested for allotment as the dwelling units were far away from their work places.
- The cost of the dwelling units (Rs. 3.41 lakh) was beyond the paying capacity of 99.5 *per cent* (179 out of 180 of the slum dwellers).

The survey disclosed that higher costs and the distant locations of the dwelling units resulted in non-responsiveness of the slum dwellers to apply for allotment of the units.

Thus, conceiving of the scheme without assessment of demand, coupled with incorrect selection of sites for dwelling units resulted in unfruitful expenditure of Rs. 55.49 crore, besides non-achievement of the objective of rehabilitating the slum dwellers and vacation of Government land.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning Department (May 2011). Reply was not received (August 2011).

The Department in its written reply stated as under :

In this regard it is submitted that in Ambala, 2, Nos projects were started in sector-33 and 34, Ambala Cantt. A brief detail of which is given as below :-

Sector	Cost of project	Total No. of Dwelling unit
Sector-33	23.60 Crore	640 Nos.
Sector-34	36.87 Crore	1000 Nos.

The works of construction of four storey's dwelling unit in sector-33 & 34, Ambala Cantt were allotted to M/s Gahoi Buildwell Ltd. New Delhi vide memo No. 10425 dated 9-7-2008 and memo No. 15101 dated 8-9-2008 respectively and the works were started w.e.f. 11-9-2008 and 11-7-2008 respectively with a original time allotted as Fifteen months (15 months). Due to shortage of construction material, labour and floods during rainy/monsoon season in river Tangri, which is just flowing adjacent to the site of work, the could not be completed within time. Action under clause-II was initiated against the contractor and penalty @ 10% of the contractual amount was impose to the agency. Vide Xen. Ambala memo no. 11965 and 11969 dated 11-9-2009 (Annexure-C) respectively.

As intimated by the Executive Engineer, HUDA Division, Ambala vide his reference No. 18856 dated 19-10-2012, the Superintending Engineer, HUDA Circle, Karnal has released the amount i.e. 90% and 92% of total compensation imposed to the agency under clause-II of the Contract agreement vide Endst. No. 3821 and 3823 dated 24-6-2011. The details amount withheld from the firm is as under :-

Particulars	For 1000 Houses	For 640 Houses
10% Penalty imposed under Clause-II for the total cost of work	3,68,68,300-00	2,35,95,712-00
92% & 90% amount of penalty released	3,39,18,836-00	2,12,36,141-00
8% & 10% amount respectively to be	29,49,464-00	23,59,571-00
Withheld as per orders of SE HUDA Circle, Karnal		
Amount withheld	28,19,687-00	22,38,827-00
Balance amount to be deducted from the next bill/payment	1,29,777-00	1,20,744-000

Further an amount of Rs. 4,00,000/- has also been withheld vide voucher No. 53 & 54, dated 13-08-2009 which is lying with the XEN, HUDA Divn. Ambala.

As regards the selection of incorrect sites, as pointed out by the Audit, it is intimated that selection of sites have been made within the acquired sector and while considering the DPC level of the building, the HFL of the Tangri river was also taken into consideration after the site was earmarked by the Chief Administrator, HUDA,

Panchkula (Architecture Wing) vide Job No. 5154 drawing No. 1 of September, 2007 and Job no. 5155 drawing no. 1 of September, 2007 for sector-33 & 34 respectively. However, the construction of dwelling units in sector-33 and 34, Ambala Cantt stands completed and the buildings are ready for possession. Both works were allotted to the contractual agency at lump sum rate of Rs. 3,68,683/- per dwelling unit as per DNIT conditions.

There are 1640 No. of low cost dwelling units under Ashiana Scheme in Urban Estate, Ambala i.e. 640 No. of dwelling units in Sector-33 and 1000 Nos. of dwelling units in Sector-34, Ambala. For the allotment of the said dwelling units, total three nos of advertisements were given in the newspapers and total 1351 Nos. of applications were received (out of which only 10 Nos. of applicants are the Jhuggie dwellers) i.e. 445 Nos. of applications in response to advertisement dated 7-4-2010, 530 Nos. of applications in response to advertisement dated 14-4-2011 and lastly 376 Nos. of applications have been received in response to advertisement dated 9-11-2011. But, the above applications are neither of the petitioners in the CWP's or the SLPs before the Hon'ble High Court or Hon'ble Apex Court nor of the encroachers on HUDA land for more than 5 years as on 3-4-2008. The comprehensive report and the revised proposal in this regard was sent to the Administrator, HuDA, Panchkula vide memo No. 12261, dated 15-09-2010 (**Annexure-D**) as per the directions in the meeting held on 4-9-2010. It is worthwhile to mention that all the applications are of the BPL category and none of the application except ten, is of the person/persons who is in illegal occupation upon the land of HUDA/Govt./Govt. Agency.

The efforts were made like writing of letters to all the departments (**Annexure-E**) in Ambala District with the request to make the publicity of this scheme to the areas where their land is situated and encroachment is made. Further if any encroachment upon the land belonging to their department is there, then intimate immediately so that the persuasion could be made for filling up the forms at the level of Estate Officer and also at the level of their office. The advertisement boards indicating the scheme and other details have been installed at different locations so as to motivate the people to come forward and to apply for allotment of low cost dwelling units. The announcements through Loudspeaker were also made especially in the locality of slum dwellers. The hand bills in this regard had also been distributed. Besides it, the efforts were made by holding the Camp in the shopping area of sector-8, U/E, Ambala City from 30-11-2011 to 12-12-2011 (**Annexure-F**) to motivate and receive the applications from the Jhuggi dwellers as the Jhuggi dwellers had been residing upon the land belonging to the colonization department, now transferred to HUDA. Thereafter, a special team was constituted in the Estate Office, HUDA to receive the applications.

Out of 1341 application of BPL card holders, 31 Nos. applicants have taken refund. However, this office has allotted 200 Nos. dwelling units against the 292 applications to the Jhuggie Dwellers in the Sector-34, Ambala Cantt.

Now for the allotment of remaining Units, this office has again given the last opportunity through advertisement in the newspapers reckoned from 15-5-2015 to 15-6-2015 for the Jhuggie Dwellers who have encroached HUDA/Govt Land in urban Estate, Ambala, In response to this advertisement applications are being received in this office, After the closing date, the applications will be scrutinized and the eligible applications will be allotted the dwelling units through draw of lots after adopting the due procedure as per policy.

The Committee has desired the department to take strict action against those people who do not follow the instructions being issued by the Government with regard to the encroachments being done on the roads and streets.

The Committee further desired the department to supply full details and data with regard to the purpose of the construction of the E.D.C., IDC, all dwelling Units and Ashiana etc. in all over Haryana to the Committee.

FOOD AND SUPPLIES DEPARTMENT

[47] 3.3.6 Loss of interest due to delay in claiming refund of bonus paid to farmers

Failure of the Food and Supplies Department to claim refund of bonus paid to farmers for the Kharif season of 2008 in time and delay in refunds by the Food Corporation of India resulted in loss of ₹ 2.04 crore to the Government on account of interest.

The Food and Supplies Department (FSD), Haryana procures paddy from *mandis* for the Central pool on behalf of the Food Corporation of India (FCI) and after getting it milled, delivers the resultant rice to FCI as per the prescribed schedule. The Government of India (GOI) fixes the minimum support price (MSP), statutory charges and other incidental charges of custom-milled rice. On the basis of these rates, the department, after delivery of rice, claims reimbursement of the cost of the foodgrains and other charges from FCI.

Since a large amount of funds was involved in the stocks delivered to FCI and any delay in realization would affect the ways and means position of the Government adversely, the Government stressed from time to time, that the payment for stocks delivered to FCI should be obtained from them without any delay. The concerned District Food and Supplies Controllers (DFSC) were to ensure that documents/bills for the despatched stocks received by the circle offices (in the evening) every day of despatch/delivery of stock to FCI, were submitted to FCI in their offices the next day and correspondingly, payments were to be received from it within banking hours on the same day. For the purchase of paddy during the *kharif* marketing season 2008-09, the Government sanctioned cash credit of Rs.215.96 crore, against which the department availed of a cash credit limit of Rs. 200 crore.

GOI (October 2008) declared an incentive bonus of 50 per quintal on paddy over and above the MSP for the *Kharif* season 2008. The payment of the incentive bonus was subject to the condition that the Government would exempt the bonus from all State taxes and levies including VAT. State agencies were to certify that the amounts of bonus were actually paid to the farmers.

During audit (October/November 2009) of five DFSCs it was noticed that bonus amounting to Rs. 22.06 crore was paid to the farmers against paddy procured during the *Kharif* season, 2008. The claims for reimbursement of bonus paid to farmers, required to be submitted before 31 March 2009 to FCI were submitted in May 2009 but FCI returned (May 2009) the claims because of non-availability of the required documents including proofs of payment of bonus to farmers, etc. The claims were resubmitted with the required documents between October 2009 and March 2010. The reasons for delay in resubmission of claims were not on record. FCI reimbursed the claimed amount of 22.06 crore between October 2009 and April 2010. As the FSD purchased the paddy by availing of cash credit from banks and paid interest at the rate of 12.25 *per cent* and 11.25 *per cent*, the delay in receiving the payment of bonus from FCI ranged between 216 and 373 days from April 2009 to April 2010. This resulted in a loss of ₹ 2.04 crore on account of interest paid to banks due to availing of cash credit limits.

The department, in its reply, stated (March 2011) that the bills were submitted for payment to the Regional Offices (ROs) of FCI in time, but due to ambiguities in the instructions issued by FCI to its ROs, they did not release the payment in time. However, by holding meetings with the officers of FCI on 11 March 2010, these ambiguities were sorted out and accordingly, FCI released the payment.

The reply of the department is not acceptable since the payment of bonus was required to be reimbursed on the certificate of payment by FSD. The delay in submission of claims in contravention of instructions issued by the Director, FSD resulted in a loss of ₹ 2.04 crore to the Government.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Food and Supplies Department (May 2011). Reply was not received (August 2011).

The Department in its written reply stated as under :

In respect of para, it is submitted that all Distt. Food & Supplies Controllers (i.e. Karnal, Kaithal, Ambala, Kurukshetra & Sirsa) had submitted their claims for reimbursement of bonus to FCI within determined period but FCI circle offices (in Haryana) had not accepted these claims and returned the bills with the following comments (copy as an example enclosed at Annexure-I)

Returned in original with the remarks that the actual proof of the payment of bonus paid to the farmers may please be attached as per the instruction of the H.Q.

It is evident from the above that the claim of reimbursement of bonus could not be realized from FCI field offices due to ambiguities in the instructions issued by their H.Q. (FCI, Pkl.) & due to checking of list by their H.Q. There is apparent evidence in the letter dated 12-3-2010 (**copy enclosed at Annexure-II**) in which FC(H.Q.) Panchkula has also clarified & acknowledged that contents of their letters have been wrongly interpreted to some extent by their pay offices who may not have paid the bonus for delivery of their CMR during 2008-09. It would also be worthwhile to submit that FCI had directed D.F.S.Cs to submit the actual proof of bonus paid to farmers on the instructions of C.A.G. Audit (**copy enclosed at Annexure-III**) whereas, in the para it is mentioned that the payment of bonus was required to be reimbursed on the certificate of payment of FSD but the same was not accepted by FCI field offices on the directions of C.A.G. Audit and thus became the reason of non-reimbursement of bonus in time by the FCI resulting into loss of interest as pointed by Audit.

In accordance of observations and to realize the amount of interest, the matter of recoupment of interest on delayed payment of bonus has been raised by H.Q. with FCI (Hry. Region), Panchkula, FCI(H.Q.) New Delhi & Ministry of Consumer Affairs, Food and Public Distribution, Government of India, New Delhi as A.G. Hry. has considered this issue at State level issue in terms of policy decision and accordingly, all Audit Paras issued to Concerned District have also been settled by Accountant General, (Hry.) and issued a Comprehensive Para to H.Q.

As the loss of interest of Rs. 2.04 crore accrued due to wrong interpretation of instructions by FCI field office, all concerned i.e. respective end i.e. FC(Hry. Region), Panchkula, FCI(H.Q.) new Delhi & ministry of C.A.F.P.D., G.O.I., New Delhi have been requested to pay such amount of interest to Food Department vide letter No. SFA/1-6-10/Para Bonus/10752 dated 08-05-13, 2168 dated 05-02-13, 24327 dated 22-10-12, 17754 dated 01-08-12, 12993 dated 06-06-12, 20655 Dated 19-8-11, D.O. No.-SFA/1-6-10/Para Bonus/20351 Dated 16-8-2011, 9986-87 Dated 23-5-2011, 6851-52 Dated 21-4-2011, 4569-70 Dated 18-3-2011 Beside this Deptt. Vide letter No. SFA/1.6.10/Para Bonus/124327 dated 22-10-2012, 24442 dated 26-07-2013, 30866 dated 4-10-2013 and 285 dated 12-02-2014 has also written to the Joint Secretary

(P&FCI). Ministry of Consumer Affairs, Food and Public Distribution, Government of India, New Delhi for provision of paying interest in respect of delayed payment of bonus of CMR for the year 2008-09 and 2009-10. Due to this FCI (Hry. Region), Panchkula, had called the calculation sheet in respect of the para from the Deptt. And same was sent to them vide letter No 10581 dated 04-04-2014 and 15940 dated 30-05-2014. The reminder was also issued vide this office letter No 20558 dated 07-08-2014. But FCI have informed vide their letter No 779 dt. 17-10-2014 that the matter was taken up with the concerned Distt office. They have informed that they have made the payment of bonus to the State Govt. /Agencies immediately after receiving the certificate from the State Govt. that the bonus has actually made to farmer along with relvant documents, hence claim for payment of interest does not arise. After this FCI's statement this matter has again taken with FCI (Hry. Region), Panchkula, FCI(H.Q.) New Delhi vide this office letter No 29701 dt. 10-11-2014, 4118 dt. 11-02-2015 & 14738 dt. 17-04-2015. It is also pointed out that while pointout the facts the audit ralised & calculated the loss of interest on the account of interest paid to banks due to availing CCI. From the period April 2009 to April 2010. Where as-during the kharif Marketing season 2009 Deptt. Availed CCL of Rs. 200 Crores and repaid this amount 200 crores. Up to 02-12-2008. **(copy enclosed at Annexure-IV)**. So there was no outstanding CCL against the state Govt. from the period April 2009 to April 2010. Thus the State Govt. had not paid any interest during the said period. Therefore, it is requested that this Para may kindly be dropped.

The Committee has desired the department to proceed in the matter administrately and continuous sincere and vigorous efforts should be made to receive the due amount from the Food Corporation of India as early as possible under intimation to the committee.

**LABOUR AND EMPLOYMENT DEPARTMENT
(HARYANA BUILDING AND OTHER CONSTRUCTION
WORKERS WELFARE BOARD)**

[48] 3.3.7 Non-achievement of objectives due to non-utilisation of cess funds

Due to non-formulation of welfare schemes for the benefit of building and other construction workers, cess of ₹ 376.98 crore collected from Government and public sector undertakings remained unutilised.

Government of India (GOI) enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (EOCW Act) and the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) with a view to regulate the employment and conditions of service of building and other construction workers. The Ministry of Labour, vide its notification dated 26 September 1996, stipulated levy of cess at the rate of one *per cent* of the total cost of construction on the employer. Accordingly, the Haryana Government framed (March 2005) the Haryana Building and Other Workers (Regulation of employment and Conditions of Service) Rules, 2005 (Rules). Further, the Haryana Government constituted (November 2006) the Haryana Building and Other Construction Workers Welfare Board (HBOCW WB) to carry out welfare schemes for construction workers and imposed (February 2007) cess at the rate of one *per cent* in accordance with the requirements of the Cess Act. As per the Cess Act, the cess was to be deducted at source on building or other construction works of Government or public sector undertakings from the bills paid and the proceeds of the cess collected were to be transferred to the Board after deducting the cost of collection. The cess so collected was required to be spent for the welfare of building and other construction workers on schemes like maternity benefits, pension, advances for purchase of construction of houses, disability pension, loans for tools, payments of funeral assistance, death benefits, medical assistance, financial assistance for education and marriage of children etc. Construction workers between the age group of 18 and 60 years, who registered themselves and received identity cards, were required to contribute Rupees five per month to become eligible for availing of the benefits under the scheme.

Test check (October 2010) of records of the office of the HBOCW WB, Chandigarh revealed that during the period 2007-11 (up to February 2011) HBOCW WB received an amount of Rs. 383.70 crore directly from Government departments and public sector undertakings as proceeds of cess, out of which only Rs. 5.62 crore was utilised on the welfare schemes during the above period. The balance amount of Rs. 376.98 crore besides interest of Rs. 17.24 crore earned on bank deposits during 2007-10 was lying unutilised in the banks. Thus, the objective of levying cess for regulating the employment and service conditions of building and other construction workers was not achieved.

The implementation of welfare schemes in the offices of the Deputy Directors, Industrial Safety and Health (DDISH), Ambala and Gurgaon-I out of six DDISH in the State was test-checked in August 2011. The scrutiny revealed that in Ambala region consisting of four districts:

- The actual number of building and other construction workers working was not available. The Board had not conducted any survey even after the lapse of a period of four years since the implementation of the scheme.
- Out of 10,761 workers registered during 2007-08 to 2011-12 (July 2011), identity cards were not delivered to 1,360 beneficiaries and 2,696 workers had not renewed their registrations.

- Only 90 workers (less than one *per cent*) were paid a total of Rs.15.46 lakh under various welfare schemes under the programme during the above period.
- Only two welfare schemes (*Kanyadan* and death benefits) out of 19 were being implemented in the region.

The scrutiny revealed that in Gurgaon-I region :

- Out of 33,646, only 17,552 building and construction workers were registered during 2007-08 to 2011-12 (up to July 2011).
- Only two workers got benefit of ₹ 2.10 lakh under the death and funeral scheme up to July 2011.
- Only four welfare schemes (death and funeral scheme, mobile dispensary vans, crèche and mobile toilets) out of 19 were being implemented.

Thus, other welfare schemes were not being implemented even after a period of more than four and half years of establishment of the Board.

On this being pointed out, the Financial Commissioner and Principal Secretary to Government of Haryana, Labour and Employment Department, Chandigarh intimated (August 2011) that in order to give a push to the schemes, non-government organizations were to be engaged to create awareness among workers and get them registered. The Board was organizing seminars/workshops, putting hoardings/banners at important places, besides broadcasting of radio jingles. However, the beneficiaries were not coming forward as most of the workers engaged in construction activities were from other States who usually went back to their native places after completion of projects. He further stated more than 2,500 beneficiaries were given benefit under different welfare schemes.

Thus, the reply indicated that there was no proper mechanism for spending the proceeds on welfare schemes. The Board could not formulate the modalities for implementing the approved welfare schemes during four years, as a result of which, the objectives of carrying out welfare schemes for the workers could not be achieved.

The Department in its written reply stated as under :

Reply earlier submitted	Present status
Being a matter of record, it is submitted that the payment of cess to the Board as per Central Government notification dated 26.09.1996 is mandatory on the part of an employer including Public Sector Undertakings. The first amount of cess was received to the Board in April 2007. The financial assistance admissible under various welfare schemes to the beneficiaries accrues only after registration of construction worker with the Board. All benefits to a construction worker flow from his registration. Thus, there is no comparison between the receipt of cess and expenditure of amount on receipt of claims from the beneficiaries.	The Building and other Construction Workers (Regulation of Employment and conditions of Service) Act, 1996 (EOCW Act) and the Building and other Construction Workers Welfare Cess Act, 1996 (Cess Act) and Rules framed thereunder are being implemented in the State of Haryana in true letter and spirit. The State Government has notified the registering officer, assessing officer and cess collector under the said Act. The cess is also being collected through the local authorities i.e. Municipal Committee, Municipal Corporation, HUDA, Town, & Country Planning at the time of approval of Building Plans. As a result, Rs.1429.06 crores amount

	<p>of cess has been collected and the total funds with the Board including the interest accrued as on 30.06.2015 is Rs. 1668.86 crores, which has been invested in various Nationalized Banks in the form of FDR's. Rs 76.08 Crores has been utilized for the welfare of construction workers.</p>
<p>(ii) Board need to register the construction workers after identifying him as a construction worker. He has to become a member of the Board by paying member ship as well as annual fees to the Board. This work is being done by officers of the Factory Wing of the Labour Department who are doing this work in addition to their own duties. Upto 31.03.2012, 1,63,000 workers stand registered. Now the work is being assigned to NGOs in whole State who will do registration work. Thus, survey is not required to be conducted.</p>	<p>Majority of construction workes in the state are migrant in nature and they keep on moving from one site/city/location to another as well as from one state to another. The Labour Department, Haryana has made sincere efforts for the registration of eligible construction workers in the State by organising registration camps at the village level and Labour Chowks, with the result 4,05,125 lacs workers have been registered as member beneficiary of the Welfare Board.</p>
<p>(iii) The major reason being that most of the workers engaged in the construction activities in the State are from other States and they usually go back to their native places after completion of construction project. For this every reason they could not get registration cards renewed or get their registration cards, timely. Moreover, for want of actual address of the worker available with the Board, it becomes very difficult to delivery identity cards to the workers at the address given by the workers at the time of registration. Now the system has been improved and complete addresses will be maintained in record.</p>	<p>Every construction worker, who has been registered by the Board is being provided with the Identity Cards. There is only a gap of two weeks to four weeks between the registration and delivery of identity cards.</p> <p>In order encourage the renewal of membership, the Board has decided to provide the Solar Lantern (with LED Lamp) on payment of '20% contribution of the cost of solar lantern by the beneficiary, at the time of 1st renewal of membership as beneficiary of the Board. It will help not only to attract the beneficiaries for renewal but will also improve their lighting options, easing the burden on Kerosene purchases and eliminating the toxic fumes inhaled.</p>
<p>(iv) In order to give a push to the schemes meant for welfare of workers, the Board has been organizing seminars/workshops, putting hoarding/ flex/ banners at the important places including construction sites besides broadcasting of radio Jingles on R.M. channels from time to time. Even then, despite best efforts being made by the Board, the beneficiaries are coming forward slowly for availing of benefits of various welfare</p>	<p>The Welfare Board is also committed to the proper, effective and legitimate utilization of the funds collected for the welfare of the construction workers in the state of Haryana. Till now, 45322 workers have been benefitted under various welfare schemes of the Board. The reason for poor progress in the actual reach and spread of benefits of the Act to the beneficiaries is that majority of construction workers in the state are migrant in nature and</p>

schemes being run by the Board. The major reason is that most the workers are from other states and they usually go back to their home State after completion of construction projects.	they keep on moving from one location to another before becoming eligible for benefits. The Board is making all possible endeavours to fulfill the aims and objects of the Act in its true letter and spirit.
(v) It is made clear that various welfare schemes like pension after completion of 60 years of age, disability pension; -maternity – benefit upto two children, advance for purchase of constructed house or construction of house, loan for purchase of tools, payment of funeral assistance, payment of death benefit, medical assistance for education, financial assistance for marriage of their children and self marriage of female members and family pension are being run by Government through the constituted Board. All these welfare schemes stand incorporated in the notified rules of the Haryana Building and Other construction Workers (Regulation of Employment and Conditions of Services) Rules, 2005 and are very much in operation. However, receipt of claims from the beneficiaries is depends upon their fulfilment of eligibility criteria prescribed under each scheme.	13 Schemes of the Board are operational and till now, 45322 workers have been benefitted under various welfare schemes of the Board. However, serious efforts are being made by the Department; to ensure the actual percolation down of the series of benefits envisaged in true letter and spirit of the provision of BOCW Act to the actual beneficiaries at the ground level and to spread the reach thereof far and wide to actual needy persons. The Board has also planned to streamline the delivery system of welfare schemes. The Board is taking help from every, available expertise for this purpose along with the use of Information Technology so that all efforts of the Board give synergic effects.
(vi) At present, more than 1.63lacs workers have been got registered.	At present, 4,05,125 lacs workers have been registered as member beneficiary of the Welfare Board.
(vii) Though all schemes being run by the Board are very much is operation yet non-submission of claims under other schemes is at the discretion of the beneficiary as well as fulfilment of eligibility criteria prescribed under each scheme. However, more than 5000 workers have already availed benefits under various schemes besides facilities of creche; mobile toilet, mobile dispensary vans for free health services, construction of labour sheds at Labour Chowks.	As explained above at Para 3.3.7(iv)
(viii) As explained in above paras. All schemes are very much in operation.	As explained above at Para 3.3.7. (v).
(ix) It is made clear that various welfare schemes like pension after completion of 60 years. of age, disability pension, maternity	The Haryana Building and Other Construction Workers Welfare Board has formulated 22 Schemes for the welfare of construction

<p>benefit upto two children, advance for purchase of constructed house or construction of house, loan for purchase of tools, payment of funeral assistance, payment of death benefit, medical assistance for education, financial assistance for marriage of their children and self marriage of female members and family pension are being run by the Government through the constituted Board. All these welfare schemes stand incorporated in the notified rules of the Haryana Building and Other construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005 and are very much in operation.</p>	<p>workers out of which 11 non-statutory schemes has been exclusively launched by the State of Haryana including Kanyadaan Scheme, Mukhya Mantri Mahila Nirman Shramik Samman Yojana, Mukhya Mantri Samajik Suraksha Yojana, Financial Assistance for disabled children, Provision of sawing Machine and Bi- Cycle Free travelling Facility for visiting Home town and the Religious /Historical Places. Rs. 76.08 cores has been utilised for the welfare of construction workers under various Welfare Schemes of the Board.</p>
<p>(x) No comments being matter of record. However, lot of budgets is being spent on publicity through radio jingles and by erecting hoardings etc.</p>	<p>The Welfare Board is also committed to the proper, effective and legitimate utilization of the funds collected for the welfare of the construction workers in the state of Haryana. Till now, 45322 workers have been benefitted under various welfare schemes of the Board. The reason for poor progress in the actual reach and spread of benefits of the Act to the beneficiaries is that majority of construction workers in the state are migrant in nature and they keep on moving from one location to another before becoming eligible for benefits. The Board is making all possible endeavours to fulfill the aims and objects of the Act in its true letter and spirit.</p>
<p>(xi) It is submitted that in order to give a push to the scheme meant for welfare of workers, the Board is engaging NGOs to register new workers so that more benefits flow to them . Similarly, in order to create more and more awareness amongst the workers engaged in construction activities in the State about the benefits of welfare schemes of the Board, the Board has been organizing seminars/ workshops, putting hoarding flex banners at the important places including construction sites besides broadcasting of radio Jingles on F.M. channel from time to time. Even then, despite best efforts being made by the Board, the beneficiaries are not coming forward for availing benefit of various welfare schemes being run by the Board. The major reason</p>	<p>However, serious efforts are being made by the Department to ensure the <i>actual percolation</i> down of the series of benefits envisaged in true letter and spirit of the provision of BOCW Act to the actual beneficiaries at the ground level and to spread the reach thereof far and wide to actual needy persons. The Board has also planned to streamline the delivery system of welfare schemes. The Board is taking help from every available expertise for this purpose along with the use of Information Technology so that all efforts of the Board give synergic effects.</p> <p>On the lines of the National Skill Development Mission, the Board approved the establishment of the Haryana Academy of</p>

<p>being that most of the workers engaged in the construction activities in the State are from other States and they usually go back to their native places after completion of construction projects. Thus, it is the main reason of less utilization of funds. Moreover, payment of cess is a mandatory on the part of an employer including public sector undertakings, whereas incurring of expenditure is depending upon the receipt of claim of workers. More than Rs. 9.50 crores have already been spent for the welfare of beneficiaries of the Board.</p>	<p>Construction at the state level along with its Regional Centres and for this purpose the Board has approved Rs 100 Crores for the skill development of construction workers in the state.</p>
---	--

The committee has desired the department to consider for abolishing the clause of the certification of ninety days work done in a year by the labours/workers from their employer after its review as well as to send the detail of all the schemes made for the welfare of the workers to the committee.

The committee has further desired the department to install big hoardings at all the labour chowks and labour sheds with regard to all the benefits of registration to the workers under this scheme in order to create more and more awareness of this scheme amongst the workers.

The committee has also desired that the department should make all out possible efforts to create more and more awareness amongst the labourers for enrolling their registration under this scheme and thereafter submit the progress report in this regard to the committee within a stipulated period of three months.

ANIMAL HUSBANDRY DEPARTMENT

[49] 4.1.7.4 Receipt of funds from other sources

The department also received funds from the Haryana Rural Development Fund (HRDF), GOI through PWD (B&R) on the recommendation of the Twelfth Finance Commission (TFC) for repairs and renovation of veterinary institutions in the State and from the Revenue Department (Head : 2245-Relief on account of natural calamities) for purchase of preventive veterinary medicines for medical care of cattle wealth against any epidemics and curative treatment of diseases, which occurred due to floods/heavy rains. The details are given below:

Table 3: Funds from other sources

(Rs. in crore)

		Revenue Department	HRDF	GOI	Total
Prior to 2008-09	Allocation	--	29.52	20.00	49.52
	Expenditure	--	29.52	20.00	49.52
2008-09	Allocation	0.30	--	10.00	10.30
	Expenditure	0.30	--	10.00	10.30
2009-10	Allocation	--	--	5.00	5.00
	Expenditure	--	--	5.00	5.00
2010-11	Allocation	1.00	2.00	4.00	7.00
	Expenditure	1.00	2.00	4.00	7.00
Total	Allocation	1.30	31.52	39.00	71.82
	Expenditure	1.30	31.52	39.00	71.82

Source: Departmental figures.

Scrutiny of the records of financial management of the above funds revealed the following deficiencies:

- **Funds received from the Haryana Rural Development Fund**

HRDF Board provided (July 2007 to May 2010) funds of ₹ 31.52 crore to the department for reconstruction of 159 unsafe and irreparable buildings. Unspent amounts along with interest were required to be refunded to the Managing Director, HRDF Board.

Scrutiny of records of the DG revealed that the whole amount of ₹ 31.52 crore was kept in bank accounts and earned interest of ₹ 89.91 lakh up to July 2010. The amounts along with interest were further disbursed to Additional Deputy Commissioners (ADC) of the respective districts for execution of works after a gap of two to eight months of the receipt of funds. The ADCs of the concerned districts released funds to the Executive Engineers, Panchayati Raj after gaps of one to three months and also earned interest by keeping funds in bank accounts. None of the ADCs refunded the interest earned except for ADC Panipat as separate bank accounts were not opened by them. Six Executive Engineers, Panchayati Raj of the test-checked districts also earned interest of ₹ 63.32 lakh which was lying in their bank accounts.

Neither did the department nor the HRDF Board ask the agencies to refund the amount of interest earned. Even the executing agencies did not refund the same themselves. This was irregular and interest should have been refunded to the HRDF Board.

• **Government of India grants on the recommendation of Twelfth Finance Commission**

As per the recommendations of the Twelfth Finance Commission (TFC), the department received a sum of Rs. 39 crore from GOI for improvement of 1,311 buildings during 2006-11. The funds were placed at the disposal of HLDB and were further released to the executing agencies through the ADCs of the concerned districts.

Scrutiny of the records of the DG of the department revealed that utilisation certificates (UCs) were sent to GOI through the Finance Department before the close of each financial year on the basis of release of grants to the executing agencies without ascertaining the actual utilisation of funds. The UCs should have been issued to GOI on the basis of details of expenditure furnished by executing agencies.

It was further observed that details of expenditure were not received in a large number of cases out of funds released during 2006-10 as per details given below:

Table 4: Showing details of expenditure pending

Year	Funds released	Work completed		Unspent Amount	Outstanding amount in Court cases	Total pending details of expenditure
		Details of expenditure received	Details of expenditure not received			
Prior to 2008-09	20.08	13.18	6.80	0.09	0.01	6.90
2008-09	10.05	1.25	8.80	-	-	8.80
2009-10	5.07	0.30	4.77	-	-	4.77
Total	35.20	14.73	20.37	0.09	0.01	20.47

(Rs. n crore)

Source: Data supplied by Director General

It is evident from the above that the details of expenditure worth Rs 20.47 crore were pending against the executing agencies. Thus, the UCs furnished by the department to GOI were false and misrepresented the facts.

The Department in its written reply stated as under :

Most of the Additional Deputy Commissioners had deposited the funds released under this programme in their common account. When the department asked the ADCs to submit the statement of interest accrued on the deposits with them, they showed inability as they have deposited the funds in common account. However, HRDF authority and department are pursuing the matter with concerned ADCs. Some of the ADCs have submitted the statement of interest accrued on the deposits and the same has been utilized/adjusted against the escalating cost of repair in concurrence with HRDF. The required permission in this regard has been issued vide letter no. 1378 dated 16-5-2012 for HRDF (Annexure-A).

Hence keeping in view the position explained above this para may please dropped from the report.

The animal husbandry & Dairying Department has no construction wing of its own and was bound to release the total received amount in advance to the executing agency. The executing agencies were further supposed to execute the work and to submit the utilization certificates in time so that these could be further submitted to Government of India. As per general instructions from the Govt. regarding execution of construction works, the amount of Rs. 3.00 lakhs or below were released to Sarpanch Gram panchayat through Additional Deputy Commissioner's and amount of more than Rs. 3 lakhs, to concerned Executive Engineers.

The unspent money has been returned and deposited back in the concerned Govt. receipt head. An amount of Rs. 35.20 Crores was received from HRDF on the recommendation of Twelfth Finance Commission (TFC). Whole of the amount has been spent by the Executing Agencies/Panchayats. But Utilization Certificates (U.C.s) of Rs. 6.25 crores are still awaited from the Gram Panchayats as most of the development work Executed through Panchayats. Efforts are being made to get the U.C.s from concerned. But difficulties are being faced to get the U.C.s as most of the office bearers of Panchayats have been replaced by new ones.

The Details of pending U.Cs is annexed with this report (Annexure-B).

The Committee desired that the Principal Secretary of the department should take appropriate action in this matter and progress made be informed to the committee as well as the office of the Principal Accountant General (Audit), Haryana accordingly for the early settlement of this part of the para.

[50] 41.75 Failure in recovering milk cess

The Government levied (September 2001) a cess at 10 paise per litre per day on milk plants under Section 6 of the Haryana Murrah Buffalo and other Milk Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act 2001. The cess was required to be recovered quarterly on the basis of licensing capacity of the plants. Penalty at two *per cent* was leviable for non-deposit of cess in time. Scrutiny of records of HLDB revealed that 27 milk plants deposited cess amounting to Rs. 21.98 crore during 2002-11 against the due amount of ₹ 83.29 crore. Thus, a sum of ₹ 61.31 crore remained to be recovered from the milk plants.

HLDB intimated (February 2011) that the amount could not be recovered as the milk plant owners had moved the Court, the decision of which was pronounced by the Punjab and Haryana High Court only in May 2010 in favour of the Board and that efforts were being made to recover the cess amount. The amount has not been recovered (March 2011) in spite of decision of the Court in May 2010. DG intimated (August 2011) that FCPS had written demi-officials letters to all Deputy Commissioners to extend help in recovering the cess from defaulting milk plants owners under the Land Revenue Act.

The Department in its written reply stated as under :

It is stated that the Semen Bank Officers issued notices to milk plants under their jurisdiction from time to time. Now the 15 milk plants out of 27 milk plants have filed Special Leave Petitions in the Hon'ble Supreme Court of India against the orders pronounced by the Hon'ble Punjab and Haryana High Court and the case is pending in the apex court for adjudication. The next date of hearing has not been listed so far. In

addition to this, M/s Modern dairies has filed a suit in the Board of Industrial and Financial Reconstruction, New Delhi for declaring their unit as sick unit and to get a revival scheme prepared through Punjab National Bank. The Board has declared the unit as sick unit and the revival scheme is being prepared and the Board in its hearing on the case on 10-9-13 had directed the company to attend to the correspondence of Haryana Livestock Development Board and to settle its dues. On the data of next hearing on 17-2-2014, counsel for the modern dairies assured the BIFR that they are approaching the Govt. to settle the dues of Haryana Livestock Development Board and waiving of interest penalty.

However, as a result of continuous efforts of Semen Bank Officers of Haryana Livestock Development Board to get the pending amount of cess has recovered a sum of Rs. 3,26,93,092/- so far during the year 2011-2012. Further as a result of continuous efforts the following amount of cess has also been recovered upto 30-06-2014 :-

Year	Amount of cess recovered
2012-13	Rs. 17,04,43,046/-
2013-14	Rs. 6,12,26,200/-
2014-15	
(1-04-2014 to 30-06-2014)	Rs. 1,88,13,463/-

The matter was taken up in the 37th meeting of the Board and after detailed discussions and deliberation it was decided that the steps as per law may be taken on priority and if need be such communications through D.O. from Additional Chief Secretary (AHD) may be sent to the Deputy Commissioner concerned for expeditious recovery under Land Revenue Act.

The committee desired as and when the Apex Court decides the case, it may be informed to the committee and also the action taken after examining the decision of the case and balance amount also be recovered accordingly.

[51] 4.1.7.6 Livestock insurance

A livestock insurance scheme was launched by GOI with the objective of safeguarding livestock owners from any loss due to death of their livestock. The scheme was initially approved (2006-07) by GOI for five districts of the State on pilot basis and was further extended to 10 more districts of the State. The scheme was to be implemented on sharing basis (Central share: 50 *per cent*, State share: 25 *per cent* and beneficiary share: 25 *per cent*). Further, the expenditure on payment of honorarium to veterinary practitioners for issue of medical certificates and on publicity was to be borne by GOI. HLDB was designated as the nodal agency by the department to implement the scheme. HLDB received a sum of Rs. 10.32 crore from GOI towards the scheme during the years 2006-11 (prior to 2008-09: 5.32 crore, 2008-09: one crore, 2009-10: Rs. Three crore and 2010-11: one crore). The Government was to contribute Rs. 4.91 crore during this period. As part of their contribution, the Government released only Rs. 1.50 crore (2008-09:0.50 crore, 2009-10: one crore). Thus, the Government released less share amounting to Rs. 3.41 crore.

The amount was released as advance to the insurance companies through the concerned Deputy Directors of the districts. Information regarding the actual expenditure incurred was not available with the department/HLDB. HLDB submitted UCs to the extent of Rs.10.19 crore to GOI without obtaining actual expenditure from field offices, thereby misrepresenting the facts.

Another scheme on the same pattern titled Special Livestock Insurance Scheme launched by the Government in 2007-08 was formulated for the benefits of Scheduled Caste families engaged in rearing livestock in the State. According to the scheme, the livestock was to be insured by the insurance company and in cases of death, the claims were to be paid by the company.

Scrutiny of records revealed that private sector insurance companies (Reliance and ICICI Lombard) rejected 281 out of 1,128 claims (25 *per cent*) in four districts on grounds such as calving related diseases, intimation not being given in time, sick animals, mismanagement, etc. It was observed that while submitting tenders, these insurance companies did not include any such clause for non-coverage of insured animals on these grounds. The conditions were included on the insurance cover note by these companies which should have been objected to by the department/HLDB. Thus, due to failure of the department on this aspect, beneficiaries were deprived of the benefit of the insurance cover provided by the Government despite their 25 *per cent* contribution for insurance premia.

The Department in its written reply stated as under :

It is true that in the year 2006-07, the scheme was approved by Govt. of India for five districts and further extended to 15 districts during the year 2009-10. Regarding Sharing of expenditure by states It is not true. As per the Government of India scheme provision was there that farmer will bear 50% of insurance premium and rest will be borne by Government of India under the scheme. Further the scheme envisages publicity expenses and honorarium to Veterinary Surgeon @ Rs. 50/- and Rs. 100/- for issuance of health and post mortem certificate respectively. To implement this scheme for Government of India, state share was not mandatory. However, in the interest of the farmers, State undertook a step ahead and subsidised the insurance premium to be borne by the owner by 50% Govt. of India released the amount year wise, utilization thereof and state share provided are briefed as under :-

Year	District Covered	Funds released by GOI	No. of animals Insured	No. of claims paid	Govt. of India funds utilized	State Share
2006-07	5	332.00	64161	1304	269.79	124.00
2007-08	5	200.00	66791	1167	271.61	120.00
2008-09	-	100.00 (20-03-2009)	-	-	-	-
2009-10	15	300.00	53139	501	236.07	106.00
2010-11	15	100.00	50671	762	251.39	111.75
2011-12	15	350.00	54114	666	233.45	101.25
Total		1382.00	288876	4400	1262.31	563

From the above table it is clear that state provided state share (HLDB share) for each milch animal insured under Govt. of India Scheme. The source of funds received under the scheme may be either from a non plan scheme of the State Govt. establishment of HLDB (out of milk cess). Thus it is not true that state Govt. released less share amounting to Rs. 3.41 crores.

The information pertaining to actual expenses incurred is available with HLDB as received from field offices and on the basis of that utilization certificate along with brief of physical achievements in respect of milch animal insured, claims paid are submitted to Govt. of India on regular basis. There is no misrepresenting of the facts in respect of issue of utilization certificate. During the period, HLDB released Rs. 563.00 lac to meet the state share against insurance premium.

As far as issue of rejection of 281 cases out of 1128 claim cases by the private insurance companies is concerned, it is clarified that the insurance companies private or public enterprises undertake the Livestock insurance under all the schemes of insurance available in the district. Kaithal, Hisar, Karnal districts operate all the schemes of insurance including that of Govt. of India whereas Ambala does not operate Govt. of India Scheme. False claims are always discouraged and for this department has taken step that before conducting post-mortem, the Deputy Director (AH) of the district or his representative not below the rank of SDO (AH)/ SBO would verify the death of the insured animals. Disputed cases are solved by DD(AH) of the districts sitting across the table with the insurance company. Farmers interest are well protected on one hand and false claims discouraged on other. Moreover, legal remedies for such cases where department as well as insurance companies are at fault exists.

The Board reviewed the large scale rejected claim cases and the status report is as Annexure-A.

In view of the matter the committee desired that the department should look into the matter and wherever any wrong claims were made, the department should also intervene in the matter for the right settlement of the claims of the live stock owners.

The committee further desired the department to check all the matters thoroughly and review the M.O.U. with the Insurance Companies for achieving the objective of safeguard the stock owners from any loss due to the death of their live stocks.

[52] 4.1.8.3 Outsourcing of Artificial Insemination Services

M/s J K Trust, Thane made a presentation of their project for providing AI services in rural areas to the Chief Minister in a meeting held in June 2006, wherein the Chief Minister desired that outsourcing of AI services should be done in the Mewat and Shivalik area as a pilot project. Thereafter, the department sent (October 2006) a proposal to the Government for outsourcing AI services, stating that the staff posted in the Mewat and Shivalik areas get themselves transferred and the institutions remain without staff. FCPS, Animal Husbandry and Dairying Department desired (February 2007) that the department should call expressions of interest for outsourcing AI services. Thereafter, expressions of interest were called for in November 2007 and three NGOs (Gram Swarajya Sansthan Hisar, BAIF Development Research Foundation, New Delhi and M/s J.K Trust, Thane) expressed their interest in taking up the project. Applications of NGOs except for M/s J. K. Trust were rejected on the grounds that the information/certificate/ document in regard to the experience/capability/ dependability/ technical know how/ accomplishment of such work was not furnished. Scrutiny of records, however, revealed that these documents had been furnished by them. It was also observed from the expression of interest of BAIF Development Research Foundation, New Delhi that the NGOs has been working in AI field since 1970 and their projects were running in 12 States. The proposals of the two NGOs were, therefore, rejected wrongly. Another reason for rejection

of expression of interest was that the NGOs had not attached the demand draft for consideration of their expressions of interest. This minor issue could have been settled by the Government with the NGO for a project involving such a huge amount in order to ensure fair competitive bidding. Even project proposals were not called for from them. The department entered into an agreement with the M/s J.K.Trust in August 2008 for setting up 145 centres for AI services in the Mewat and Shivalik areas (Mewat: 115, Shivalik 30). Thereafter, the project was got approved (September 2008) from the State Level Sanctioning Committee (SLSC) of RKVY. However, the SLSC approved the project with the condition that proper procedure for outsourcing should be adopted and detailed guideline should be framed after consultation with Directors, Central Institute of Research on Buffalos and the National Dairy Research Institute. However, no such exercise was carried out as the department had already entered into an agreement with M/s J K Trust in August 2008. A sum of Rs. 2.84 crore was given as advance to the trust in March 2009 for setting up of centres within one year.

As per the targets, 11,600 calves were expected in the first year up to March 2011 and 87,000 calves in five years (up to March 2015), against which the achievement was only 541 calves in the first year. Thus, the achievement of targets by the Trust was only five *per cent*.

During the exit conference, the DG stated that a minimum of 10 months were required for calving after insemination and the shortfall in calving was due to late setting up of AI centres. Scrutiny of records revealed that the progress report submitted by M/s J.K. Trust was of March 2011 which was of 18 to 22 months after setting up of 93 AI centres, as the centres were established between May 2009 and August 2009. As such, the progress of AI centres was not up to the mark.

Despite the fact that the performance of the Trust was poor, the department signed (December 2010) another MOU with the Trust for establishing 2,000 centres in the State without calling for expressions of interest and following the same procedure i.e. presentation to the Chief Minister in October 2010 and thereafter getting approval from the State Level Sanctioning Committee of RKVY. As of March 2011, the department had given an advance of Rs. 11.51 crore to the Trust. The DG stated (August 2011) that the work was entrusted to the Trust on the basis of past experience. The reply is not acceptable as performance of the Trust was very poor at the time of entering new agreement in December 2010 and the prescribed procedure of calling fresh expression of interest to have competitive rates, should have been followed by the department.

Thus, the work of setting up of AI centres was entrusted to J.K Trust by violating the procedures and keeping aside the norms of financial propriety, showing undue favour to the Trust.

The Department in its written reply stated as under :

1. The copy of the press notice inviting Expression of Interest is enclosed.
2. The Expression of Interest was called on 25-11-07 and three NGO's as stated by audit participated.
3. In reply to point No. 3 & 4, it is made clear that 'Expression of Interest' was invited to apply for the allotment of project of outsourcing of A.I. services showing in detail the past performance in the field with field studies if any, detail of technical field staff available, recommendation, if any, from Central or State governments about implementation of such projects, As per documents submitted by the three NGO's the brief narration is as under:-

- i. Gram Swarajya Sansthan Hisar :- As per documents, the NGO was not having any experience in the field and has not undertaken any such activity (proof attached). NGO has also not enclosed working plan for undertaking of the work of out sourcing of A.I. services in the Mewat & Shivalik area.
 - ii. Bhartiya Agro Industries Foundation (BAIF) :- Participated in the expression of interest and as per their document, they are mainly undertaking 'Research Projects' and provide trainings to the A.I. workers under Govt. projects. No document supporting work plan for undertaking of the work of out sourcing of A.I. services in Mewat & Shivalik area of the state was enclosed. They neither submitted the detail of such projects taken up in any other state nor detail of available technical staff for such projects. No earnest money was enclosed for accepting the tender. It shows a very casual approach of the NGO, Expression of interest was invited for field project (from) door to door) and not for any research project or training or undertaking of study.
 - iii. M/s. J.K. Trust :- The document of the NGO supported the seriousness and concerns of the firm regarding out sourcing of A.I. services. The NGO enclosed earnest money with the tender, provided detail of work plan for undertaking of the work in Mewat & Shivalik area, the detail of such works in-hand in other states, recommendation of Planning Commission, Govt. of India, detail of field technical staff and so on .
4. As the project is of biological nature and of long duration, payments are to be made on calf born basis' and not on simply doing of artificial insemination with or without any result. With the approval of the Govt., the MOU was signed and that too with the lowest cost in the country.
 5. The MOU for setting up of 145 centres for A.I. services in mewat & Shivalik area was signed in the M/o August, 2008. As we all know, these areas are of arduous nature in the state with low or no acceptability to A.I. The funds for the project were to be arranged from RKVY or under NPCBB, a Govt. of India project or from the receipts and savings of the Haryana Livestock Development Board as the main mandate of the Board is of breed improvement. For the observations made by the Chairman, State Level Sanctioning Committee on RKVY while sanctioning the project, the SLSC was apprised of the facts of the case which were noted by SLSC in its meeting held on 24.4.2009 and was satisfied.
 6. As stated earlier, these areas in the state are of difficult nature with low or no Acceptability to A.I. services, hence resulted into large scale drop outs of the trained private A.I. workers. For setting up of 145 centres, NGO has to train (training duration 4 months) about more than 300 local youth for making the 145 centres functional. The work done by drop outs was not taken into account and the last centre established functionally in the M/o Dec, 2010. By the end of the year 2013-14 as against a target of 58940 calves, 72402 calves have been born with the efforts of these 145 centres.

7. Based on regular reviews of the progress of 145 centres, seriousness and dedication of the NGO, deployment of large scale trained Vets in the project, calf born basis payments etc., Govt. have further decided to expand the scope of work of outsourcing of A.I. services through out the state by establishing of 2000 centres. The project was submitted to SLSC on RKVY and the same was approved by SISC. Accordingly, another MOU signed.
8. As mentioned in Para at Sr. No. 7, it was simply expansion of scope of work for undertaking A.I. by the private A.I. workers in the state, hence fresh expression of interest was not required. Against a target of 227000 calves 332166 calves have been born with the A.I. performed by 1000 Centres set up by J.K. Trust in second phase.
9. The work entrusted to M/s J.K. Trust is in continuation of the project for setting up of 145 centres in the state, being increase in scope of work in the state. Hence there is no question of violation of any procedure and norms of financial propriety in the case.

The Committee desired that the department should get the matter investigated by Shri. P.C. Singhal, a retired District and Session Judge who is the list of the panel of the inquiry officers maintained by the State Government.

[53] 4.1.8.5 Poultry Disease Investigation and Feed Analytical Laboratory

The Poultry Disease Investigation and Feed Analytical Laboratory at Ambala had been set up to test poultry feed samples and diagnose diseases of livestock and poultry and to provide guidance to the farmers. The laboratory officers, after testing samples, were required to provide technical guidance and recommend treatment of sick animals and birds free of cost to farmers. The laboratory analysed 34,401 samples against the target of 34,805 during 2008-11.

It was observed that the department was not drawing samples of poultry feed from the market to ensure availability of good quality feed for the birds. The Poultry Disease Investigation Officer, Ambala City stated (July 2011) that the targets were met by visiting the site as and when there was outbreak of diseases among the poultry birds. He also stated that there was no Act which empowered the department to collect poultry feed samples from the market. Thus, there was a need to make some rules to empower the department to take samples from the market to have a check over the quality of poultry feed.

The department in its written reply stated as under :

There already exists a provision for taking samples under Compound Cattle Feed, Concentrate and Mineral Mixture Order, 1999 under which the feed manufacturers and retailers have to get themselves registered with the department. Samples of all sorts of feed are being taken under this Act. The department takes samples routinely and send the same for chemical analysis from different laboratories in the State. Defaulters are booked and prosecuted as per law. Besides Forensic Lab. Madhuban karnal there are two laboratories of Animal Husbandry & Dairying Department for testing feed sample at Karnal & Ambala in Haryana. A total of 41 samples have been taken from various places in Haryana out of which 6 were not found as per BIS specifications. Criminal proceedings have been initiated against the defaulting firms. Details of feed samples taken and got analyzed are shown as under :—

List of Registration of Manufactures Dealers of Cattle Feed.

Year	Manufactures/Dealter		Total	No of samples Taken
	New Registration	Renewal		
2008-09	108	226	334	22
2009-10	169	370	539	06
2010-11	137	260	397	13
Total			41	41

The Committee desired that the detailed report about the manufacturing and supply of poultry feed being used by the poultry Farms in the state be submitted in the committee at the earliest.

The Committee further desired that a survey about the implementation of the bye-laws with regard to the construction of poultry farms one kilometer away from the residential area be conducted immediately whether these bye-laws are followed properly or not ? After conducting the survey the department should take proper action against the violations of the said bye-laws for the redressal of the major problems of flies and thereafter action report in this regard be submitted to the Committee within a period of one month.

[54] 4.1.8.7 Hi-Tech Dairy Shed Scheme

Under the Centrally sponsored RKVY, the department was providing subsidy of Rs.1.50 lakh to educated unemployed youth of the age of 18 years and above desirous of constructing modern dairy sheds of a minimum of 20 milch animals adopting all scientific practices. The scheme launched in 2009-10 provided subsidy of only 1.50 lakh out of the total estimated cost of six lakh for dairy sheds and 4.50 lakh was to be arranged by the beneficiaries themselves. The subsidy was to be disbursed to the beneficiaries (i) who followed approved design/drawings and specifications of the shed (ii) who had got training from the department/Haryana Agriculture University, Hisar or any other such institutions. During the period 2009-11, against the receipt of 612 application, 353 applicants were provided subsidy. The DG stated (August 2011) that the remaining applicants could not be provided subsidy due to shortage of funds.

In Jhajjar district, subsidy of 37.50 lakh was disbursed to 25 beneficiaries during 2009-11 on the basis of completion certificates of Veterinary Surgeons supported with the photographs of sheds. Scrutiny of records revealed that none of these sheds were constructed according to approved drawings and specifications.

Further, only six out of 25 beneficiaries were trained in dairy from approved institutions.

During the exit conference, the FCPS, Animal Husbandry and Dairying Department viewed the matter seriously and stated that it would be investigated and appropriate action taken against the defaulters.

The Department in its written reply stated as under :

In reply to this part of the report, it is to Inform that to promote commercial dairying with 20 or more animals so that new technologies could be observed and adopted in

such units. Initial subsidy and support to such units including construction of modern animal sheds as per approved design should help the educated unemployed youth to take up hi-tech dairying in large numbers. Under RKVY the scheme for the construction of modern animal sheds for establishment of hi-tech dairy unit was implemented. Main objective of this scheme was to support to commercial dairy enterprises, clean milk production for value addition, Mechanization of dairying to make it more lucrative profitable and attractive to young entrepreneur, Conservation of High quality germplasm. As per the decision taken in the exits conference the matter regarding the irregularities in the construction of Modern Dairy Sheds for which photographs were shown during exit conference was got inspected and as per this report it has been found that all these 25 dairy sheds constructed by the beneficiaries are as per approved activity under RKVY which have been constructed observing the broad suggestive guidelines of the department and are in order. A copy of the inspection reports sent vide memo No. 38338 Plg-1 dated 17-10-2011 is enclosed.

The Committee desired that the departmental inquiry should be conducted to fix the responsibility in the matter and strict action be taken against the defaulty officers and action taken report alongwith details of subsidy sanctioned to the beneficiaries be submitted to the committee.

[55] 4.1.8.9 *Quality control of feed, milk and milk products*

The Government passed the Regulations of Compound Cattle Feed, Concentrate and Mineral Mixture in 1999 to ensure that the quality of cattle feed, concentrate and mineral mixtures was as per the specifications of the Bureau of Indian Standards (BIS). Under this, manufacturers/dealers/sellers were to get themselves registered with the department and obtain licences by paying the prescribed fees.

Scrutiny of records revealed that after issue of licences, the department did not ensure that manufactures and dealers had renewed their licences after the expiry of the prescribed period of three years. This resulted in a loss of revenue of 5.32 lakh to the Government in eight test-checked districts. Besides, the department could not ensure that the feed manufactured/sold was as per BIS specifications as quality control officers were not entitled to draw samples from the market. In the absence of proper quality checks, the animals were exposed to the risk of consuming sub-standard feed.

The DG stated (August 2011) that interested persons who want to continue their business get their licences renewed while others stop dealing in the business. The reply is not acceptable as the department had not carried out any exercise to ascertain whether non-renewal of licences was due to closure of businesses or not.

Quality control of milk and milk products is covered under the Milk and Milk Products Orders (MMPO), 1992, which is administered by the department of Animal Husbandry and Dairying under the Ministry of Agriculture, GOI. MMPO prescribes registration of plants processing milk of more than 10,000 litres per day. GOI has designated the DG to register those milk plants of the private sector as well as the Co-operative sector which are handling milk up to two lakh litres per day. As of March 2011, 47 milk plants were registered with the department and were carrying on business in the State. The department should have ensured the quality of milk and milk products by surprise checks and obtaining samples from these units. However, this was not done, though a dairy laboratory of the department was functioning at Rohtak since 1978-79 to

analyse the presence of fat, bacteria, etc. in milk. The laboratory was analysing samples brought by consumers only. Thus, adequate steps to ensure supply of good quality of milk and milk products by these registered milk plants were not taken by the department.

The Department in its written reply stated as under :

The scheme is not of revenue generation but related to implementation of regulations of quality of feed, milk & milk products. It is the sweet will of the entrepreneur(s) to run or discontinue the business. The interested persons get their licenses renewed while others stop dealing in the business. The field staff regularly remains in touch with the local feed manufacturer/retailer and advice the firm, if continuing the business to renew the licence if due .

There is a provision for one time registration of the Milk plant in the MMPO and there is no provision for the renewal of the registration. As per the provision laid down in the MMPO, periodical inspections of the milk plants on annual basis are carried out by the agencies notified by the Govt. of India. Departmental sampling committees under MMPO & feed order have been constituted in the districts as well as at H.Q. and annual targets of sampling for quality control have been provided Accordigaly.

The Committee desired the department to start on-line system in the department for maintaining the records and data of the department as early as possible so that it may ascertained that the license of which license holders of the feed manufacturers/dealers/sellers are to be renewed in future.

[56] 4.1.9.1 Avoidable payment of departmental charges

As the Public Works Department (PWD) was doing the work of departments without levying departmental charges from August 2005, the execution of all the works of construction and maintenance for Government departments was to be entrusted to the PWD. Prior approval of the Government was required to entrust any civil work to any other agency. Further, in order to effect economy in expenditure, before entrusting work to any other agency, the department was to ensure that the departmental charges would not be levied by the executing agency.

It was noticed that the department, in contravention of the above, entrusted the following works to the Haryana Police Housing Corporation (HPHC) and agreed to pay departmental charges of 1.19 crore as detailed below:

(Rs. in crore)

Sr. No.	Name of work	Cost of the work	Departmental charges
1.	Pet Clinic, Panchkula	7.97	0.72
2.	Construction of Veterinary Polyclinic at Rohtak	3.24	0.29
3.	Strengthening of Fodder Seed Farm, Hisar	2.15	0.18
Total			1.19

This would entail an extra expenditure of Rs. 1.19 crore. The DG stated(August 2011) that the FCPS, Home Department in a meeting held in June 2011 agreed that HPHC would charge six *per cent* departmental charges and that PWD was also levying five *per cent* departmental charges. The reply is not convincing as the PWD had not been levying departmental charges from August 2005.

The Department in its written reply stated as under :

In reply to this part of the report, it is to submit that the work for the construction of the veterinary institutions shown in this para was entrusted to the Haryana Police housing Corporation on the basis of the position explained as under :-

1. Construction of pet clinic at Panchkula.

In the beginning, the work for the construction of the building of this hospital was entrusted to the CCS, Haryana Agricultural University, Hisar. This agency vide memo No. CCS, HAU/EO/CHD/555-62, dated 3-02-2007 (copy enclosed) informed this office that the work for the construction of the building will cost Rs. 743.40 lac. However, on the intervention of the department, the estimates were revised by them to Rs. 402.86 lac on the basis of which the university floated tenders for executing this work but the response was not good and only one person responded to their tender who too quoted higher rates which the university did not approve (copy enclosed) this shows that the rough cost estimates prepared by the University were not realistic right from the beginning. Later on, as the University was not able to start the construction work as per the requirement of the department, it was decided to allot this work to the Haryana Police Housing Corporation, Panchkula which too is a State Autonomous Body. Departmental charges @ 6% of the construction cost have been paid to this agency which amounted to Rs. 44.36 lac. However, it is further to apprise that the PWD (B&R) department is also claiming 5% departmental charges for the works being constructed by them. A letter in this regards has been received from them copy of which is enclosed for reference please.

2. Construction of veterinary polyclinic at Rohtak.

For the construction of the building of the Polyclinic at Rohtak, the Engineer-in-Chief, Haryana, PWD B&R, Chandigarh vide memo no. 52-WII-2008/-1809 Dated 04-09-2008 (copy enclosed) send rough cost estimate amounting to Rs. 407.83 lac for depositing with them to execute the work Simultaneously, the Haryana Police Housing Corporation submitted an estimate of Rs. 323.50 lac for the construction of the building of this Veterinary Poly Clinic which comparatively was on a quite lower side and accordingly this work was allotted to the Haryana Police Housing Corporation, Panchkula, However, no departmental charges have been released to this agency as the work of this building has not been completed and no final bill has been submitted by the construction agency.

3. Strengthening of the Fodder Seed Farm, Hisar.

The work for the construction of the boundary wall of the Fodder Seed Farm, Hisar was given to the Haryana Police Housing Corporation on the basis of the earlier experiences of the department right in the beginning. However, the work has not yet been completed. No departmental charges have been paid to this agency for executing this work so far.

In the light of the position explained above, no extra expenditure has been incurred by the department.

The committee desired that the responsibility of the erring officer in this case be fixed and action taken against the erring officer should be intimated to the committee and the contractor should be block-listed.

The committee further desired the department to submit the latest reply of this case to the PAG office after removing the queries raised by the PAG office in this regard within 10 days mentioning the reasons of the scope of work charge.

The committee also desired to send the copy of the approval issued by the Government for entrusting this work to Haryana Police Housing Corporation.

[57] **4.1.9.2 Construction of Veterinary Polyclinics**

As per a policy decision (2003) of the Government, one veterinary polyclinic was to be established in each district in the State in a phased manner.

The National Bank for Agriculture and Rural Development (NABARD) sanctioned (August 2004) a loan of Rs. 2.84 crore to the department for setting up veterinary polyclinics at Bhiwani and Sonipat. The Government was to contribute Rs. 15 lakh. Thus, the total cost of the work was Rs. 2.99 crore. The project was to be completed by 31 March 2007.

Test check of records with the DG revealed that administrative approval for both the works was accorded (June 2005) by the Government for Rs. 3.29 crore (Bhiwani: Rs. 1.45 crore and Sonipat: Rs. 1.84 crore) which was revised in February 2008 to Rs. 4.01 crore (Bhiwani: Rs. 1.95 crore and Sonipat: Rs. 2.06 crore). The project was completed in December 2008 at a cost of Rs. 3.99 crore. Thus, due to delay in completion of the project, the Government had to bear an extra expenditure of Rs. one crore from its own resources. The DG stated (May 2011) that the delay was procedural. The reply is not convincing because as per the agreement with NABARD, the State Government was to assure completion of the project within the time schedule by providing additional manpower and resources but this was not done.

Further, as per an inspection report of the Chief Architect, Haryana (March 2011), the quality of the work of Bhiwani Polyclinic was very poor and was neither executed by skilled manpower nor supervised by any Engineer and did not conform to drawing, design and specifications. The work of the Sonipat Polyclinic was also found to be poor and not in accordance with the drawing, design and specifications. No action had been taken by the department against the executing agency for carrying out the poor work. The DG stated (August 2011) that comments of the concerned executing agency on the observations of the Architecture Department had been sought and appropriate action would be taken on receipt of the same.

The Department in its written reply stated as under :

A project at a cost of Rs. 477.66 for the setting up of Vety. Poly Clinics and Modernisation of Veterinary Institutions was submitted to the NABARD authorities for funding which was approved by them as per detail given below :-

Establishment of two Vety. Poly clinics	Rs. 299.06 lac
Modernisation of 160 veterinary institutions	Rs. 177.60 lac

This project was prepared by the Department in the year 2003 basing on the rates of that time in view and was forwarded to the NABARD authorities through the Finance Department in May 2003 under RIDF-IX. A sum of Rs. 178.00 lac was proposed for the construction of the buildings of these Poly clinics. This project was cleared by the Project sanctioning Committee of NABARD in its meeting held on 8-2004 under RIDIF-X. The estimates for the construction of these buildings were prepared at the time of the submission of the project whereas, the process for the construction of the buildings was initiated after September, 2004 i.e. on the receipt of the approval of the NABARD. The Chief Architect Haryana was requested for the preparation of the Drawing of the polyclinics as per the requirement of the Department which accordingly

were prepared and submitted by the Chief Architect Haryana to the construction agency on 28-2-05. On the basis of design & drawings, the detailed estimates were prepared by CCS Haryana Agricultural University, Hisar which was the construction agency for this work which the rough cost estimates for polyclinic Bhiwani and Sonipat for Rs. 316.84 lacs and 432.63 lacs respectively. As these estimates were on a very high side so these were considered by a committee of the departmental officers and as per the recommendation of the committee, the scope of work of construction was reduced on the basis of which the estimates as per architectural drawings with detailed specification of items/jobs, were again prepared by CCSHAU on the basis of which these were Rs. 214.71 lac and 226.85 lac respectively for Bhiwani and Sonapat. Against these estimates actual expenditure of Rs. 194.74 lac and Rs. 204.90 have actually been incurred on the construction of these buildings. The department had been vigorously pursuing the matter and putting up all efforts to get the construction work of the polyclinics finalized but to the reasons explained above, there was a delay in the execution of the work which resulted in excess expenditure.

The inspection report submitted by Sh. Banwari Lal, Asstt. Architect vide memo dated 28-4-2011 was sent to the CCSHAU authorities on 9-6-2011 by the department for their comments. On this the University vide memo. No. EE/C.1/2011/RTK/6992 dt. 17-8-2011 (copy enclosed) informed that the construction work of the buildings of Vey. Poly clinics was completed about three years back and the same was handed over to the department after final inspection carried out by a committee constituted by the department.

The committee desired to know as to what action has been taken against the agency which failed to execute work at Bhiwani and Sonipat in accordance with the drawings, designs and specifications and whether the first inspection was done as per the prescribed norms of the inspection.

The committee desired the department to check the reasons of omission found in second inspection and thereafter to initiate the action against the defaulting officers who were found responsible for making omissions in first and second inspection under intimation to the committee.

[58] 4.1.9.3 Construction of Pet Clinic at Panchkula

The department decided (December 2005) to entrust the work of construction of the building of a pet animal clinic at Panchkula to Chaudhry Charan Singh Haryana Agriculture University (HAU), Hisar.

Against the estimate of Rs. 4.03 crore (including 10 *per cent* departmental charges), funds of Rs. two crore (Rs one crore each in March 2006 and March 2007) were released to the HAU. Though HAU offered (11 September 2007) not to charge departmental charges, the work was withdrawn (27 September 2007) from HAU because of non-starting of the construction work. The work was entrusted to HPHC which submitted (November 2008) a rough cost estimate for Rs. 6.38 crore (including 10 *per cent* departmental charges). The increase in the estimated cost was due to cost escalation. Finally, the work was completed (August 2009) at a cost of Rs. 7.97 crore (including departmental charges). The department had so far released Rs. 7.92 crore to HPHC.

Thus, the execution of work was delayed due to change of the executing agency which resulted in escalation of cost of Rs. 3.94 crore. Had the work been entrusted to HAU initially, cost overrun including departmental charges would have been avoided.

DG stated (August 2011) that the delay in completion of the building was not due to change of the construction agency but due to circumstances beyond their control. It was further stated that HAU had never offered exemption from payment of departmental charges and HPHC had not been paid any departmental charges. The reply is not correct as the FCPS, Agriculture Department had intimated (April 2007) to the FCPS, Animal Husbandry and Dairying Department that HAU would not levy departmental charges on the works of their department. Further, the delay occurred due to starting of the construction procedure i.e. preparation of estimates, calling of tenders, etc. afresh by HPHC. As regards payment of departmental charges, the department released Rs. 7.92 crore to HPHC against expenditure of Rs. 7.97 crore including departmental charges. The balance amount had also been adjusted by HPHC out of funds deposited by the department for other works.

The Department in its written reply stated as under :—

A plot measuring 2 Acres in sector-3, Panchkula was allotted to this department by the Haryana urban Development Authority for the setting up of a Pet Animal Medical Center cum Teaching Hospital. The work for the construction of the building of this hospital was entrusted to the CCS, Haryana Agricultural University, Hisar. In the beginning this agency vide memo No. CCS, HAU/EO/CHD/555-62, dated 3-2-2007 (copy enclosed) informed this office that the work as per rough cost estimates will cost Rs. 743.40 lac. The department vide memo No. DG/07/Spl. 1/Camp at Hisar dated 06-02-2007 (copy enclosed). The University authorities were requested to prepare fresh estimates keeping in view the decisions taken in the meeting held on 05-02-2007 at 4.30 PM. On this the University vide memo No. CSS HAU/E.O. 2007/CHD/749-56 dated 13-02-2007 prepare estimate of Rs. 410.21 lacs. The University vide memo No. HAU/EE.C.II/2007/9102-3 dated 27-08-2007 intimated that tenders for the construction of the building of Pet animal Medical Centre-cum-teaching Hospital at panchkula were invited in response of which only one tender was received. The rates quoted by the contractor were on higher side and the same was not accepted and retenders are being invited shortly. This show that the estimates prepared by the University were not realistic.

[59] 4.1.9.4 Lack of monitoring of execution of works

As stated earlier, the HRDF Board provided (July 2007 to May 2010) funds of Rs 31.52 crore to the department for reconstruction of 159 unsafe and irreparable buildings. The funds were required to be utilised within six months of the release of funds.

Scrutiny of records revealed that initially the whole amount of Rs. 31.52 crore was kept in bank accounts by DG. The amounts along with interest of Rs. 89.91 lakh were further disbursed to the Additional Deputy Commissioners (ADC) of the respective districts for execution of works after a gap of two to eight months of the receipt of funds. The ADCs of the concerned districts released funds to the Executive Engineers (EE), Panchayati Raj after gaps of one to three months. Thus, there were substantial delays in reaching the funds to the executing agencies. As per information supplied by the department, only 12 works (Hisar Division) were completed and remaining 147 works were incomplete as of March 2011. The department also did not have the details of actual expenditure incurred by the executing agencies. The department should have obtained monthly statements of expenditure from the ADCs and the status of work in order to monitor the execution of works. However, the department did not have details of expenditure, which indicates lack of monitoring at the DG level for the execution of work.

The DG stated (August 2011) that the EEs, Panchayati Raj were under the control of the district administration and the department had no direct control over them. The reply is not

convincing as the department should have monitored the execution of works by pursuing the matter with the district administration.

Similarly, a sum of Rs. 97.24 lakh was drawn (January 2010) by the department under the scheme 'Construction/Renovation/Repair of Veterinary Institution for the year 2009-10'. The funds were disbursed to six Deputy Directors of Animal Husbandry through demand drafts for onward transmission to the concerned executing agencies. As per practice, the DG was required to obtain acknowledgements of the receipt of the drafts issued to the Deputy Directors. It was observed that the department had not obtained the acknowledgment of drafts and did not know the status of execution of works despite the lapse of one and half years.

On this being pointed out (April 2010) by Audit and taking up of the matter by the DG with the concerned Deputy Directors, it came to notice (November 2010 and May 2011) that two drafts amounting to Rs. 45.24 lakh were not traceable. No action was taken to trace the lost drafts or get duplicate drafts. This shows that the department had not evolved a proper mechanism to ensure execution of works.

The Department in its written reply stated as under :

An amount of Rs. 29.52 Cr. Was released by HRDF for the reconstruction of unsafe/irreparable buildings of 159 Govt. Vety. Institution of the Animal Husbandry Department during 2007-08. Due to remarkable rise in the price of construction material the work of 129 buildings could not be completed. Only 12 works were reported to be completed and other 18 were in progress. The work of remaining 129 was stopped and additional required amount was requested to release. It was released in parts and the 60% part of the amount was made available in the form of accrued interest and releasing Rs. 2.00 crore in May, 2010 which further released to implementing agencies to complete the said pending works. Because the executing agencies i.e. XEN (PR) are not under direct control of this department and thus a communication gap resulted the poor monitoring of the work, However, the issue was pursued through District Administration and now it is likely to be completed soon.

The Committee has desired to know the reasons for which the amount was not disbursed to the A.D.C. of the respective districts in time and what is the justification of substantial delay in reaching of funds to the executing agencies.

The Committee further desired to know the efforts made by the department to trace out the lost two drafts amounting to Rs. 45.24 lacs as well as the latest position of the remaining works which were in progress and the committee be kept informed in this regard.

[60] 4.1.11.4 Internal Audit System

With a view to improve the overall quality of work and reduce errors/ irregularities, there should be an internal audit system in all Government departments. Audit observed that there was no internal audit system in place in the department. One post of Accounts Officer was sanctioned for conducting internal audit but the officer was carrying out the duties of the Drawing and Disbursing Officer at the Directorate. The DG, while admitting the facts, stated (August 2011) that a proposal to strengthen the Internal Audit Cell was under process.

The Department in its written reply stated as under :

In this regard it is stated that a proposal to create Internal Audit cell at H.Q. under Chief Accounts Officer was sent to the Government/Finance Department on dated 30-08-2011. The Finance Department had not agreed to the proposal of the Department

vide letter dated 11-05-2012. A fresh proposal was sent to the Finance Department on dated 13-06-2012. Finance Department in turn referred the issue of creation of Internal Audit to the Director, Local Audit, Haryana on dated 13-03-2013. In order to expedite the matter, a meeting was taken up with the Director, Local Audit, on dated 24-07-2013. The requisite sanction in this regard is still awaited. Eleven reminders has been issued to the Director, Local Audit. The sanction is still awaited from the Finance Department. Moreover it is also submitted that Internal Audit System has already been started.

The Committee observed that the internal audit system in the department is utmost necessary to strengthen the internal audit and to improve the overall quality of work and reduce errors/irregularities and thereby a separate post of an officer is to be created for conducting internal audit so that the work of internal audit may be done efficiently.

[61] 3.1 Delay in furnishing Utilisation Certificates

Rule 8.14 of the Punjab Financial Rules, as applicable to Haryana, provides that utilization certificates (UCs) for the grants provided for specific purposes, should be obtained by departmental officers from the grantees. After verification, these should be forwarded to the Principal Accountant General within a reasonable time, unless a specific time limit is fixed by the sanctioning authority. However, of the 14,394 UCs due for submission in respect of grants and loans aggregating Rs. 9,984.50 crore, 3,743 UCs for an aggregate amount of Rs. 4,705.32 crore were in arrears. The department-wise break-up of UCs due, received and outstanding as on 31 March 2011 is given in *Appendix 3.1* The age-wise delays in submission of UCs is summarized in **Table 3.1**.

Table 3.1 : Age-wise arrears of Utilisation Certificates

(Rs. in Crore)

Sr.No.	Range of delay in number of years	Total grants paid		Utilisation Certificates outstanding	
		Number	Amount	Number	Amount
1	0-3	1,331	1,946.68	1,150	1,552.32
2	1-3	2,130	3,359.67	1,304	2,325.10
3	3-5	2,102	1,475.89	371	490.30
4	5-7	2,296	577.20	166	266.93
5	7-9	3,682	1,320.71	586	50.64
6	9 & above	2,853	1,304.35	166	20.03
Total		14,394	9,984.50	3,743	4,705.32

Table 3.1 shows that out of 3,743 outstanding UCs, 1,289 UCs (34 percent) were more than three years old, Analysis of **Appendix 3.1** shows that outstanding UCs from Urban Development, Rural Development, Rural Development, Development and Panchayat, Education, Sports and Social Justice and Empowerment departments constituted 92 percent of the total outstanding UCs, involving 85 percent of grants released. Despite this being pointed out in the Comptroller and Auditor General of India's Report-Civil, Government of Haryana for the year

ended 31 March 2010, only 409 UCs(14 *percent*) against the total outstanding of 3,002 UCs, pertaining to earlier years were furnished by the departments during 2010-11. This not only indicates lack of internal control of administrative departments but also show the tendency on the part of the Government to go on disbursing fresh grants without ascertaining proper utilization of earlier grants.

The Department in its written reply stated as under :

No utilization certificates pertaining to this department are pending as is clear from the appendix 3.1 of CAG Report (State Finance) for the year ending 31-3-2011.

After going through the written reply of the department, the committee desired that the latest reply and figures in this regard may be submitted to the PAG office for its verification under intimation to the committee.

[62] 3.5 Misappropriations, losses, defalcations, etc.

Rule 2.33 of the Punjab Financial Rules, as applicable to Haryana, stipulates that every Government employee should realize that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per rule 2.34 *ibid*, cases of defalcations and losses are required to be reported to the Principal Accountant General.

The State Government reported 153 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs. 1.58 crore on which final action was pending as of June 2011. The department-wise break up of pending cases and age-wise analysis is given in *Appendix 3.5* and the nature of these cases is given in *Appendix 3.6*. The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss is summarized in **Table 3.4**.

Table 3.4 : Profile of misappropriations, losses, defalcations, etc.

Age profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount in involved (Rs. in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (Rs. In lakh)
0-5	29	29.58	Theft	131	86.49
5-10	49	77.99			
10-15	24	24.67	Misappropriation/loss of material	82	98.81
15-20	16	6.95			
20-25	20	15.70	Total	213	185.30
25 and above	15	3.25	Cases of losses written off during the year	60	27.16
Total	153	158.14	Total pending cases	153	158.14

Reasons for pendency of cases are listed in table 3.5

Table 3.5 : Reasons for outstanding cases of misappropriations, losses, defalcations, etc.

Reasons for the delay/outstanding pending cases		Number of cases	Amount (Rs. In lakh)
i)	Awaiting departmental and criminal investigation	2	8.05
ii)	Departmental action initiated but not finalized	76	56.11
iii)	Criminal proceedings finalized but recovery of amount pending	14	8.85
iv)	Awaiting orders for recovery or write off	46	46.49
v)	Pending in the courts of law	15	38.64
Total		153	158.14

Out of the total loss cases, 65 *percent* cases related to theft of Government money and stores which indicates that appropriate steps for the safety of Government property/cash, etc., as prescribed in the rules, had not been taken by the concerned departments. Further, in respect of 50 *percent* cases, departmental action had not been finalized and 30 *percent* cases were outstanding simply for want of orders of the competent authority for recovery or write-off of losses. It was further noticed that out of 153 cases of losses due to theft/misappropriation etc., 124 cases were more than five years old, of which, 15 cases were more than 25 years old. The lackadaisical approach of the departments in finalization of these cases had not only caused losses to the State exchequer but also failure to take timely action against the officers/officials at fault.

The Department in its written reply stated as under :

This para is regarding theft and misappropriation of Govt. material. The amount involved in this regard pertaining to this department is Rs. 10.26 lacs. Out of which cases amounting to Rs. 54,500/- has already been realized. As regard balance amount of Rs. 9.72 lacs is concerned, the present position of each case is given as under :-

1) Loss due to missing animals from the Govt. Livestock farm, Hisar, Rs. 20,000/-

This para was discussed in a PAC meeting held on 14-8-2007 and the same was dropped by the PAC as per enclosed proceedings of the above said meeting

2) Loss of crops at Govt. livestock Farm, Hisar amounting to Rs. 10,500/-

This para was discussed in a PAC meeting held on 14-8-2007 and the same was dropped by the PAC as per enclosed proceedings of the above said meeting.

3) Theft of Rs. 2,91,100/- from the office of Deputy Director, Animal Husbandry & Dairying Faridabad.

This para was discussed in a PAC meeting held on 14-8-2007 and the same was dropped by the PAC as per enclosed proceedings of the above said meeting.

4) Looting of cash Cattle Fair Office Rohtak an amounting to Rs. 650000/-

In this regard it is submitted that cattle fair office is functioning under Director Panchyati Raj. The para pertains Panchyati Raj. Hence PAC is requested to remove the para from the records and transfer it to Director Panchyati Raj.

The Committee desired that the full details alongwith relevant documents/record pertaining to sub-para titled as "Looting of cash cattle fair office, Rohtak an amounting to Rs. 650000/-" may be sent to the Director, Panchayati Raj without any further delay for so as to make settlement under intimation to the committee as well as PAG office.

PART-III 2010-2011
(REVENUE RECEIPTS)

EXCISE AND TAXATION DEPARTMENT

[63] 2.1.3 Analysis of arrears of revenue

The arrears of sales tax/VAT revenue as on 31 March 2011 amounted to Rs. 2,887.35 crore of which Rs. 722.79 crore (25 *per cent*) were outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2006-07 to 2010-11:

(Rs. in crore)

Year	Opening balance of VAT arrears	Amount collected during the year	Closing balance of VAT arrears	Actual VAT receipts	Percentage (Col. 3 to Col. 2)	Percentage of arrears outstanding to VAT receipts (Col. 4 to Col. 5)
1	2	3	4	5	6	7
2006-07	1,142.15	71.93	1,268.50	6,853.24	6	19
2007-08	1,268.50	127.54	1,591.87	7,720.98	10	21
2008-09	1,591.87	155.41	1,955.87	8,154.73	10	24
2009-10	1,955.87	164.08	2,724.08	9,032.37	8	30
2010-11	2,724.08	175.51	2,887.35	11,082.01	6	26

We observed that arrears of revenue had increased from Rs. 1,142.15 crore at the beginning of the year 2006-07 to Rs. 2,887.35 crore (153 *per cent*) at the end of the year 2010-11. The percentage of realisation of arrears to the arrears at the beginning of the year ranged between six to 10 *per cent* during the years 2006-07 to 2010-11. Though the VAT receipts increased by 62 *per cent* (from Rs. 6,853.24 crore in 2006-07 to Rs. 11,082.01 crore in 2010-11), the arrears of VAT revenue increased by 153 *per cent* (from Rs. 1,142.15 crore as on 1 April 2006 to Rs. 2,887.35 crore as on 31 March 2011).

The Government may advise the Department to take effective steps for collecting the arrears promptly to augment Government revenue.

The Department in its written reply stated as under:-

Sale Tax

The para is based on information supplied by the department to the A.G. (Audit), Haryana. Out of total arrear in revenue of Rs. 2887.35 Cr. and Rs. 892.82 Cr. Stands recovered up to 22.1.2016 leaving a balance of Rs. 1994.53 Cr., The breakup of balance arrear are given below:-

Amount in Crore)

1	Under Stay	541.43
2	Under Liquidation	125.12
3	Interstate Arrears	57.40
4	Inter Distt. Arrear	16.08

5	For writing off	52.31
6	Property attached	68.58
7	Under installment	0.43
8	Net recoverable	1133.18
	Total	1994.53

The Committee has observed that the arrears of revenue has been increasing day-by-day. The Committee thus recommended that firstly, the department should evolve an effective mechanism to recover the arrears of revenue in a time bound manner; and secondly, responsibility of the officers be fixed for not taking timely action to recover the arrears under intimation to the Committee.

[64] 2.1.8 Analysis of collection

The break-up of the total collection at per-assessment stage and after regular assessments of sales tax/VAT cases for the year 2010-11 and the corresponding figures for the preceding four years as furnished by the Excise and Taxation Department are mentioned below:

(Rs. in Crore)

Year	Amount Collected per assessment stage	Amount collected after regular assessment	Amount refunded	Net collection as per Department	Net collection as per Finance Accounts	Percentage of collection at reassessment stage to net collection column 2 to column 5
1	2	3	4	5	6	7
2006-07	6,263.05	644.42	54.23	6,853.24	6,853.24	91
2007-08	7,223.15	723.60	81.15	7,865.60	7,720.98	92
2008-09	8,132.08	528.42	101.34	8,559.16	8,154.73	95
2009-10	9,973.05	394.45	133.09	10,234.41	9,032.37	97
2010-11	11,224.83	2024.09	623.04	12,625.88	11,082.01	89

We observed that percentage of collection of revenue at pre-assessment stage to net collection ranged between 89 and 97 per cent during the years 2006-07 to 2010-11.

The Department in its written reply stated as under :

This para is informative only.

The Committee has desired that the department should reconcile the facts of this para with the office of Principal Accountant General (Audit) under intimation to the Committee.

2.1.9 Revenue impact of the Audit

[65] 2.1.9.1 Position of Inspection Reports

The performance of the Excise and Taxation Department to deal with the irregularities detected in the course of local audit conducted during the year 2009-10 and the corresponding figures for the preceding four years is tabulated below:

Year	Units audited			Cases accepted		Recovery made during the year		Percentage of recovery to amount accepted
	Number	Number of cases objected	Amount	Number	Amount	Number	Amount	
2005-06	46	960	241.06	95	1.07	60	0.95	89
2006-07	43	974	395.96	147	1.84	88	0.83	45
2007-8	47	1,232	176.04	145	2.44	77	1.44	59
2008-9	46	863	208.32	106	8.48	61	0.81	10
2009-10	33	667	217.05	102	32.59	36	0.39	1
Total	215	4,696	1,238.43	595	46.42	322	4.42	

We observed that the recovery in respect of accepted cases during the years 2005-06 to 2009-10 was only 10 per cent.

The Department in its written reply stated as under:-

Out of Rs. 1238.43 Crore pointed out by PAG (A) the department has accepted only Rs.46.42 Cr which is less than 4% of the amount involved, So far the recovery is concerned, the same is processed through reviewing authority, Tribunal etc. Some recovery is pending due to court cases effective steps are being taken to dispose off these cases and recover the balance amount at the earliest. The para may please be dropped.

The Committee has desired that the department should reconcile the facts of this para with the office of Principal Accountant General (Audit) and strict disciplinary action be taken against the officers who are responsible for making wrong assessment without obtaining complete documents from the party under intimation to the Committee.

[66] 2.1.10 Results of audit

Test check of the records relating to assessments and refunds of sales tax/VAT in Excise and Taxation Department, conducted during the year 2010-11 revealed irregularities in assessments, levy and collection of tax involving Rs. 976.56 crore in 775 cases, which broadly fall under the following categories:

			(Rs. in crore)
Sr. No.	Category	Number of cases	Amount
1.	Exemption/deferment and concessions of Sales Tax to Industrial Units (A review)	1	144.37
2.	Cross Verification of Declaration forms used in Inter State Trade	1	3.73
3.	Application of incorrect rates of tax	116	186.10

4.	Under-assessment of turnover under Central Sales Tax Act	180	110.58
5.	Non-levy of penalty	45	412.95
6.	Non-levy of interest	35	12.09
7.	Incorrect computation of turnover	45	6.90
8.	Other irregularities	352	99.84
Total		775	976.56

During the year 2010-11, the Department accepted underassessment and other deficiencies of Rs. 149.39 crore involved in 182 cases of which 27 cases involving Rs. 141.19 crore had been pointed out during 2010-11 and the remaining in the earlier years. The Department recovered Rs. 1.67 crore in 54 cases during the year 2010-11, of which five cases involving Rs. 9.78 lakh related to the year 2010-11 and balance to earlier years.

Two reviews of “Exemption/deferment and concessions of Sales Tax to Industrial Units” and “Cross Verification of Declaration forms used in Inter State Trade” involving Rs. 148.10 crore and a few illustrative audit observations involving Rs. 147.03 crore are mentioned in the succeeding paragraphs.

The Department in its written reply stated as under:-

Out of total 773 cases involving an amount of Rs. 828.46 Cr. have been reviewed with the following results:-

Sr. No.	Number of cases	Amount pointed out by Audit (Rs. In Cr.)	Result of Review
1	96	23.28	Settled with demand
2	173	18.95	Settled without demand
3	504	786.23	Cases as under review
Total	773	828.46	

As regard the remaining 2 case involving an amount of Rs. 148.10 Cr. as per Sr. No. 1 and 2 of the table, reply is given in succeeding para 2.2.8 to 2.2.5.

The Committee has viewed it seriously that the department has come to know about fake ‘C’ Form submitted by various agencies only after pointed out by the audit party in their audit objection and no action has been taken against the officers who had accepted the fake ‘C’ Form without verification of its genuineness.

The Committee has recommended that the strict disciplinary action be taken against the defaulting officers who had accepted the fake ‘C’ Form without verification of its genuineness and criminal case be got registered against the dealers who have taken illegal benefit by the submitted the fake ‘C’ Form thereby caused heavy loss to the State exchequer.

[67] 2.2.8 Lack of co-ordination between implementing agencies to recover the demand on premature closure of business

The main objective of sales tax incentive scheme was overall industrial development of the State. After issue of eligibility certificate for exemption/deferment of sales tax/VAT, the Industries Department had to monitor proper running of the units and Excise and Taxation Department had to recover the benefit availed under the scheme on premature closure of the

business.

As per provision (9) under Rule 28 A of HGST Rules, the exemption/entitlement certificate granted to an eligible industrial unit shall be liable to be cancelled by the DETC (ST) concerned either in the case of discontinuance of its business by the unit any time for a period exceeding six months or closing down its business during the period of exemption/deferment. Further, under the rules ibid on cancellation of eligibility certificate or exemption/entitlement certificate before it is due for expiry, the entire amount of tax exempted/deferred shall become payable immediately in lump sum and the provisions relating to recovery of tax, interest and imposition of penalty shall be applicable in such cases

A mention was made in the Report of the Comptroller and Auditor General of India for the year 2001-02 and was discussed in PAC during the year 2007-08. In 155 cases PAC desired to recover the outstanding amount of arrears but in 63 cases follow up action taken by Government was still awaited.

During test check of the records of four offices of DETC (ST), between June 2010 and February 2011, we noticed that 17 units after availing exemption/deferment of 12.34 crore during the years 1993-94 to 2005-06 discontinued their manufacturing process during the currency period of exemption/deferment.

Though the concerned DETC cancelled the exemption/entitlement certificates of these units, they did not recover Rs. 20.64 crore of exemption/deferment availed by the units including interest as detailed below :

(Rs. in crore)

Sr. No.	Name of DETCs	No. of units	Amount of exemption/deferment to be recovered
1.	Rewari	2	12.03
2.	Sonepat	1	1.21
3.	Gurgaon (West)	2	3.47
4.	Bhiwani	12	3.93
	Total	17	20.64

After we pointed out these cases between June 2010 and February 2011, DETC (ST), Rewari stated in one case that matter was pending in High Court and another case was pending in suo motu action with DETC (ST)-cum Revisional Authority. DETC (ST), Bhiwani stated that efforts would be made to recover the amount. DETC (ST), Sonepat stated that notice had been issued to the dealer and DETC (ST), Gurgaon (West) stated that firm had been closed and property had been auctioned by bank and efforts would be made to recover the balance amount. We have not received further progress report (October 2011).

The Department in its written reply stated as under:-

1. M/s. T.D.T. Copper Ltd., Bawal, Rewari, TIN No. 06182703634

In this case it is intimated that the dealer was issued eligibility certificate entitling it to exemption from payment of tax for a period of 9 years from 03.02.1997 to 02.02.2006 capped by ceiling on tax exemption fixed at Rs. 6040.87 lacs. The dealer did not fulfill the conditions of eligibility certificate. Hence HLSC withdrew the eligibility certificate. The dealer filed an appeal before Ld. Haryana Tax Tribunal which was dismissed on merits by order dated 27.09.2004. The company's petition-CWP No. 4512

of 2005 (D & M) filed against the said order before the Hon'ble Court by order dated 02.04.2012. Assessing Authority framed fresh assessment for the assessment year 1996-97 (4th Qtr) to 2002-03 and created a demand of Rs. 124073134/- (including tax & Interest) against the company. The dealer filed an appeal before the Jt. Excise & Taxation Commissioner (Appeal), Faridabad dismissed the appeal. The dealer challenged the order of Jt. Excise & Taxation Commissioner (Appeal), Faridabad before Ld. Haryana Tax Tribunal. Ld. Haryana Tax Tribunal vide order dated 21.09.2012 remanded back the case to the Assessing Authority with the following observations:- "Para-16 in view of the above discussion we set aside the impugned orders is so far as the aggregate amount of notional sales tax liability has been demanded from the appellant company taking the same to the amount of tax exemption availed by it and we direct the assessing authority to recalculate the actual tax liability of the appellant company alongwith Interest. In light of the observations made above in accordance with law. Assessing Authority decided the cases vide order dated 26-11-2013 and allowed refund of Rs. 1.40 crore to the dealer vide order dated 23.12.2014 Refund accrued as the bank guarantee of the dealer worth Rs. 1.40 crore was encashed by the assessing authority. The cases of the dealer for assessment year 1996-97 to 2001-02 were taken for revision U/s 40 of HGST Act, 1973. The order of the Assessing Authority was having illegality & impropriety as no purchase tax was levied and the benefit of stock-transfer was given without proper documents on the file. The revision proceedings are pending and the result will be communicated to the audit after finalization of the same.

2. M/s Paras Poly Films P. Ltd. Bahalgarh, Sonapat, TIN No. 06943007796, A.Y. 2001-02 & 2003-04.

In reply to audit para, it is submitted that the firm was granted exemption for the period from 29/03/1997 to 28/03/2004, vide exemption certificate No. 201 under Rule 28-A of Haryana General Sales tax Rules, 1973 for a total quantum of Rs. 14036926/- Exemption Certificate was cancelled by DETS vide order dated 26/04/2006, due to discontinuation of business for more than 6 months and disposal of its property. Exemption availed was recalled with interest vide Assessing Authority order dated 27/07/2006. Assessment year 2001-2002 and 2002-2003 were also framed as exparte in January 2006. Later, Jt. ETC (Appeal), Rohtak vide order dated 14/11/2006 remanded the case to DETC, Sonapat for fresh decision. Now, DETC, Sonapat vide order dated 30/10/2009 has again cancelled the exemption certificate and demand of Rs. 1966994/- under HGST Act, 1973 and Rs. 10106527/- under CST Act, 1956 total arrear 12073521/- has created afresh vide Assessing Authority orders dated 09/06/2010. The dealer has discontinued production and disposed off its properties by way of deed in Delhi. Recovery proceedings under Land Revenue Act, 1887 has been initiated against the sureties.

3. M/s A.S. Impex Ltd. Gurgaon (W).

In this case it is submitted that the company M/s. A.S. Impex, has gone in liquidation and claim has been lodged with the official liquidator and the matter is still pending with liquidator. The liquidator is approached frequently for settling the claim/dispute at the earliest with a request to expedite the proceedings. Department is continuously in contact with liquidator to settle the issue. The final communication with regard to settlement of claim is yet awaited.

4. M/s Arpit Poly Films P. Ltd. Gurgaon (w), TIN No. 0690-1921018.

In this case it is intimated that out of pending arrear of Rs. 453369/- an amount of Rs. 1,50,000/- has been recovered till date. Efforts are being made for recovery of balance arrears of Rs. 303369/-

5. M/s Ekta Plastic, Ratera, Bhiwani, RC 6065 Exemption period 05.05.1995 to 04.05.2004.

The year wise additional demand is as follows:

Year	VAT	CST	Total
1996-97	1147416.00	2130683.00	3278099.00
1997-98	1057852.00	2606634.00	3664486.00
1998-99	2922026.00	996440.00	3918466.00
1999-2000	1487731.00	508251.00	1995982.00
2000-01	0.00	819.00	819.00

The Name of Sureties is as follows:

Name of Surety	Act	Amount
Prakash Chand, Partner M/s Dhani Ram Bhim Sain, Hisar	HGST	50000.00
O.P. Aggarwal, Partner M/s Jagdamba Stone Crushing Co., Khanak	HGST	50000.00
O.P. Aggarwal, Partner M/s Jagdamba Stone Crushing Co., Khanak	CST	50000.00
Ashwani Kumar Gupta, Prop. M/s Barwan Diesel Sales & Service, Dabra Chowk, Hisar	HGST + CST	600000.00
Sanjay Kumar, Prop. M/s Bhagwati Electrical Store, Hisar RC No. C 1310	HGST	240000.00
Kirori Mal Goyal, Prop. M/s Goyal Motor Store, Hisar RC No. 22312	HGST	225000.00
Vikrant Aggarwal, Prop. M/s Aravali Tubes Ltd., Hisar	HGST	225000.00
B.K. Jain, Prop. M/s Aravali Alloys Ltd., Bhiwani RC No. 5468	HGST	225000.00

This is an exempted unit, which availed exemption from 05.05.1995 to 4.05.2004. It failed to deposit voluntary tax. In absence of documents etc. full rate of tax was levied. Recovery certificate sent to the D.E.T.C. Hisar vide this office memo No. 218/TI (BBM) dated 13.09.2004 Reminder.No218/TI (BBM) dated 13.09.2004. Thereafter many reminders have been sent to the DETC. Hisar regarding recovery of arrear & Last reminder issued on 9.11.2010 and letter issued dated 4.02.2011, 21.07.2011, 02.02.2012, 16.08.2013, 14.10.2013, 28.01.2014 & 19.05.2014 and Memo No 4235 dated 09.07.2014. Last reminder no 2116 dated 04.01.2016. Reply still awaited.

Accordance to Registration Certificate of the dealer, there is a plot of Kanal 14 Marla in the name of firm. Letter has been written to Tahesildar, Bawani Khera to provide the details of immovable property in the name of the firm vide letter No. 2402 dated 19.01.2016.

6. M/s Raju Marble Industries, Bhiwani, A.Y. 1994-95 to 2001-02.

In this case it is intimated that the firm has been closed. An amount of Rs. 45000/- recovered from both the sureties. The Prop. of the firm has expired. Letter has issued to the Tehsildar and Executive Officer, Municipal Committee, Bhiwani regarding details of property in the name of the Proprietor vide this office memo No. 3312/ 1017 dated 25.06.2010 and 14.07.2010 and 28.2.2011. Notice issued to the sureties for making balance payment. All the formalities for writing-off have been completed and the case is sent to Head Office for writing-off

7. M/s Gyan Organics, Bhiwani, No. 5939.

The year wise additional demand is as follows			
Year	VAT	CST	Total
1997-98	357064.00	31024.00	388088.00
1998-99	342091.00	15010.00	357101.00
1999-2000	81179.00	41514.00	122693.00
The Name of Sureties is as follows :			
Name of Surety	Act	Amount	
Adishwar Jain S/o Lala Bihari Lal, Prop M/s Nav Bharat Metal Industries, Hansi RC No.19060	HGST	30000.00	
Adishwar Jain S/o Lala Bihari Lal, Prop. M/s Nav Bharat Metal Industries Hansi RC. No. 19060	CST	30000.00	
Sunil Kumar S/o Sh. Tara Chand Jain, Prop. M/s Sunil Industries, Hansi RC No. 26739	HGST	30000.00	
Sunil Kumar S/o Sh. Tara Chand Jain, Prop. M/s Sunil Industries, Hansi RC No. 26739	CST	30000.00	
Anand Jain, Partner M/s Vardhman Traders, Hansi RC No. 26307	HGST	150000.00	
Anand Jain, Partner. M/s Vardhman Traders, Hansi RC No.26307	CST	150000.00	
Krishan Kumar, Partner M/s Bal Kishan Sat Parkash BKO, Neoli Kalan, Hisar RC No. 20972	HGST	150000.00	
Krishan Kumar, Partner M/s Bal Kishan Sat Parkash BKO, Neoli Kalan, Hisar RC No. 20972	CST	150000.00	

Anil Kumar Jain, Partner M/s Vardhman Traders, Hansi RC No. 26307	HGST	65000.00	
Anil Kumar Jain, Partner M/s Vardhman Traders, Hansi RC No.26307	CST	10000.00	
Ramesh Jain, Partner M/s Bharat Electric Store, Hansi RC No. 24754	HGST	65000.00	
Ramesh Jain, Partner M/s Bharat Electric Store, Hansi RC No.24754	CST	10000.00	
Anand Jain, Partner M/s Vardhrn Traders, Hansi RC No. 26307	HGST	15000.00	
Ramesh Jain, Partner M/s Bharat Electric Store, Hansi RC No. 24754	HGST	15000.00	

The dealer has closed down its business since long. This is exparte assessment by substitute service of the notice. Exemption certificate was withdrawn vide D.E.T.C. order dated 11.12.2002. The dealer failed to deposit voluntary tax.

Interest was levied under section 25 (2) and penalty under section 47 TDN and assessment order served upon the firm by substitute service to pasted the order on 29.05.2004. The original Registration Certificate was granted in Hisar District. The record of the firm was transferred to Bhiwani vide Jt. E T C order dated 31.01.1995 alongwith pending assessment due to the reason that business premises i.e. manufacturing was in Bhiwani District. There is an Industrial Plot in the name of firm through Sh. Gyan Chand, one of the director measuring 10 Kanal 1 Marla.

Tehsildar, Bawani Khera has intimated that there is no property in the name of Sh. Naveen Kumar Jain, one of the Director. Sureties residing at Hansi District Hisar. Hence, recovery certificate issued to the DETC Hisar to recover the said amount. One of the surety Sh. Ramesh Kumar, Partner M/s Bharat Electric Store, Hansi RC No. 24754 vide his letter dated 27.01.1997 has withdrawn the surety. A letter issued to the Tehsildar Bawani Khera to intimate the immoveable properties. Tehsildar Bawani Khera vide his letter no 332 dated 23.04.2014 has intimated that there is no property in the name of Naveen Kumar Jain S/o Gyan Chand Jain in Vil Sikandarpur. Tehsildar, Bawani Khera has also been requested to furnish the details of the property owned by the firm vide Letter No. 2401 dated 19.01.2016.

8. M/s Aggarwal Steel, Bhiwani, Exemption period 26.09.1997 to 25.09.2006.

The year wise additional demand is as follows :			
Year	VAT	CST	Total
2000-01	24272.00	0.00	24272.00
2001-02	31125.00	0.00	31125.00

The dealer has closed down its business. Summons to the owner as well as sureties of the firm issued and duly served upon them. The dealer has filed civil suit which is pending before the Civil Court Following recovery has been made so far :-

Date	Amount Recovered
10.06.2008	10000.00
11.09.2008	5000.00
30.04.2014	10000.00
05.09.2014	10000.00
12.02.2015	10000.00
23.04.2015	4000.00
Total	49000.00
Balance Due	55397.00

Further recovery is being made and the whole amount is likely to be recovered soon from the owner of the firm.

9. M/s Haryana Electronic Industries, Bhiwani.

In this case it is intimated that there is no lack of co-ordination between the implementing agencies. The Higher Level Screening Committee decided in the favour of government, rejecting the appeal of the dealer. Notice has been issued by the department.

10. M/s Diwan Chemicals, Bhiwani.

In this case it is intimated that the dealer was granted exemption under rule 28 (A) for the period from 20.05.1996 to 19.05.2005 for a sum of Rs. 3421591/- but the dealer could not avail whole of the benefit of exemption. The information regarding detail of immoveable property was obtained from the Tehsildar, Bhiwani vide this office letter NO. 237/TI (ISB) dated 18.03.2005. The Tehsildar, Bhiwani vide his office letter No. 973 dated 24 03.2005 intimated that there was a land measuring 6 Kanal 9 Marla in the name of Sh. Diwan Singh S/o Sh. Bhagmal, LR/o Bira Nand also one house in his village. There is no lack of coordination between the implementing agencies as the case remained pending in appeal before the HLSC. The Higher Level Screening Committee rejected the appeal of the unit. Notice has been issued by the department.

11. M/s Chaudhary Industries, Bhiwani.

In this case it is intimated that the dealer has closed down its business. Notices to the owner as well as sureties of the firm have been issued. Owner of the firm left the country and residing at Hong-Kong. Letter sent to the Tehsildar, Bawani Khera confirming the ownership of the company/land of business premises. He intimated that no immoveable property found in the name of the prop. A recovery certificate issued to the DETC, Hisar to recover the sureties amount because sureties residing at Hansi District Hisar vide letter no. 4215 dated 02.07.2014 and also requested to recover the said amount as early as possible. Last reminder no. 2115, dt. 04.01.2016.

12. M/s Bajrang Steel Industries, Ch. Dadri, Bhiwani.

ST Addl. demand created Rs.	315778.00
Recovery of Rs.	55000.00
Balance	260778.00

This is an exemption unit. Firm has been closed since long. Notice issued on 09.09.2009, 19.10.2010, 05.10.2011 & summon issued. Rs. 10000/- recovered during June,13 and Rs. 5000/- recovered during August, 2013. Rs. 55000/- have been recovered so far Ld Jt. E T C. (A) has dismissed the appeal vide decision dated 16.03.2012. Recovery proceedings are in process. Tehsildar Charkhi Dadri vide letter no 1 (T1) dated 01.01.2016 has been requested to furnish details of any immovable property in the name of proprietor.

Further recovery is being made and the whole amount is likely to be recovered soon from the owner of the firm.

13. M/s Aravali Alloys, Bhiwani, Exemption period 20.03.1993 to 28.03.2002.

In this case it is intimated that the Recovery Certificate sent to the D.E.T.C., Hissar vide this office letter No 1219 TI(BBM) dated 13.09.2004 Letter No. 316/TI (VN) dated 20.03.2006 3302/TI (NK), dated 08.08.2007 letter No. 371/TI (RST) dated 06.12.2007, 8.6.09, 18.9.2009, 9.2.2010 reminder sent to Dy. Excise & Taxation Commissioner, Hisar for recovery of arrear as on 3.9.2010. Last remainder letter No. 225 dated 04.02.2011, 02.02.2012, 25.06.2013, 02.09.2013 & last reminder no 2114 on 22.01.2016.

14. M/s National Steel Tubes, Bhiwani.

The year wise additional demand is as follows :			
Year	VAT	CST	Total
2002-03	113838.00	2272371.00	2386209.00
2003-04	0.00	262810.00	262810.00
2004-05	7391.00	0.00	7391.00
TOTAL	121229.00	2535181.00	2656410.00
The Name of Sureties is as follows :			
Name of Surety	Act	Amount	
Maan Singh S/o Late Sh. Gahar Singh, Director M/s Panwar Steel Limited, Bhiwani	HGST	600000.00	
Maan Singh S/o Late Sh. Gahar Singh, Director M/s Panwar Steel Limited, Bhiwani	CST	300000.00	
Jaipal Singh S/o Late Sh. Gahar Singh, Prop. M/s Haryana Chemicals, Kharak Kalan, Bhiwani	HGST	600000.00	
Jaipal Singh S/o Late Sh. Gahar Singh, Prop. M/s Haryana Chemicals, Kharak Kalan, Bhiwani	CST	300000.00	

Jaipal Singh S/o Late Gahar Singh, Prop. Ms Haryana Chemicals, Kharak Kalan, Bhiwani	HGST	600000.00	
Jaipal Singh S/o Late Prop. M/s Haryana Chemicals, Kharak Kalan, Bhiwani	CST	300000.00	
Kalu Singh S/o Bhanwar Singh Partner M/s kirti Chemicals, Baund Kalan RC No. 7424	HGST	300000.00	
Kalu Singh S/o Bhanwar Singh Partner M/s kirti Chemicals, Baund Kalan RC No. 7424	CST	300000.00	
Jaipal Singh S/o Late Sh. Gahar Singh, Prop. M/s Haryana Chemicals, Kharak Kalan, Bhiwani	HGST	1,00,000.00	
Jaipal Singh S/o Late Sh. Gahar Singh, Prop. M/s Haryana Chemicals, Kharak Kalan, Bhiwani	CST	50,000.00	
Bahadur Chand S/o Sh. Maman Dass, Secy. M/s Dhingra Gram Udyog Mandal, Kharak Kalan RC No.14421	HGST	10,000.00	
Bahadur Chand S/o Sh. Maman Dass, Secy. M/s Dhingra Gram Udyog Mandal, Kharak Kalan RC No.14421	CST	50,000.00	

The firm granted exemption under rule 28 (A) of HGST Rules However, The Eligibility Certificate was withdrawn by the HLSC in its meeting held on 23.03.2006. The Information regarding withdrawal of eligibility was given by the G.M. DIG Bhiwani vide his memo No. DIG/Bwn/LLSC/2000 dated 07.04.2006, The claim of exemption was refused/denied while finalizing assessment for the given period. The partner of the firm has denied the receipt of order for withdrawal of eligibility certificate and appeal has been filed before the HLSC. But in the meeting of HLSC held on 30.12.2014, the committee rejected the appeal of the firm. Recovery proceeding started against the dealer by issuing notice for making payment for 07.09.09 and 05.10.09. The arrear declared under Land Revenue Act 10.03.2010. After that summons issued to the dealer on 10.03.2010

A letter has been issued to the Tehsildar on 24.09.2010 regarding detail of property. Tehsildar Ch. Dadri has intimated that there is on agriculture land in the name of Smt. Kamlesh Partner of the firm in the Village Sakrod, Tehsil Ch. Dadri, Bhiwani, Pending for decision at Hon'ble Tax Tribunal, Haryana Chandigarh. Letter has been sent to Tehsildar, Bhiwani vide No. 2410 dated 19.01.2016 to provide the detail regarding immovable property in the name of the firm. Haryana Financial Corporation vide their Ref. No. HFC/Recy./2005/17903 dated 26.10.2005 has initiated the process of sale of Mortgaged properties of the firm.

15. M/s V.K. Alkalies, Bhiwani

In this case it is intimated that there is no lack of co-ordination between the implementing agencies as the case remained pending in appeal before the HLSC. The committee considered the request of the authorized representative of the firm for adjournment of the case and allowed to defer the case.

16. M/s Jamuna Fiber Ltd., Bhiwani.

In this case it is intimated that there is no lack of co-ordination between the implementing agencies as the case remained pending in appeal before the HLSC.

17. M/s S.R. Poly Rubber Ltd. Dharuhera, Rewari, RC No. 3549., Period of benefit availed 02.11.1995 to 30.06.2001

In this case it is intimated that the assessment of the dealer was framed vide order dated 23.03.2000 for the year 1996-97. The Audit Party notice that the dealer was less assessed by the Assessing Authority during assessment due to which notional sales tax liability was less calculated to the tune of Rs. 252136.00. As Per record available Assessing Authority sent the case for suo motto action vide memo No. 3891/RK/AS/Excise & Taxation Officer dated 06.09.2000. The case remained under proceeding but could not be finalized and Dy. Excise & Taxation Commissioner (ST)-Cum-Revisonal Authority sent back the case on 27.03.2012 to the Assessing Authority with comments that the case was time barred. The firm was closed down nearly 12 years back.

The Committee has observed that during discussion of the Audit Report for the year 2001-2002 (Revenue Receipts) in the year 2007-08, the Committee had desired the department to recover the outstanding amount of arrears, but follow up action in 63 cases is yet to be taken by the department. It shows that the department is not serious about the recommendations of the Committee.

The Committee has recommended that (i) responsibility be fixed of the officers who have not taken timely action to recover the demand on premature closure of business and allowed the dealers to close their business; and (iii) vigorous efforts be made to protect the interest of the State under intimation of the Committee.

[68] 2.2.19.1 Non-maintenance of production level

Under HGST Rules, the benefit of tax exemption/deferment shall be subject to the condition that the beneficiary unit after having availed of the benefit shall continue its production at least for the the next five and not below the level of average years production for preceding five years. In case of not opting the scheme under Section 61 of HVAT Act, the industrial unit shall be liable to maintain production at a level so that its annual turnover does not fall short of the average annual turnover during the periods of exemption. The DETC is required to watch production levels. In case the unit violates the condition it shall be liable to make, in addition to the full amount of tax benefit availed of by it during the period of exemption/deferment, payment of interest chargeable under the Act as if no tax exemption/deferment was ever available to it.

During test check of the records of the offices of seven DETCs (ST) between June 2010 and February 2011, we noticed that 36 units after availing the exemption/deferment of Rs. 70.77 crore did not maintain the level of production to the extent of average production for the prevailing five years and thus, they were liable to refund the full amount of tax exemption benefit along with interest and in case of units availing deferment were liable to pay interest, if deferred tax paid.

Concerned DETCs (ST) did not raise the demand of benefit availed along with interest amounting to Rs. 130.82 crore as detailed below:

(₹ in crore)

Name of DETC (ST)	No. of Units not maintained average production		Amount of benefit availed		Amount to be recovered		Total
	Exemption	Deferment	Exemption	Deferment	Exemption	Interest	
Gurgaon (West)	8	1	5.91	1.87	5.91	7.78	13.69
Gurgaon (East)	12	1	47.86	0.55	47.86	48.41	96.27
Sonepat	3	1	0.72	0.28	0.72	1.00	1.72
Panipat	5	-	3.13	-	3.13	3.13	6.26
Faridabad (West)	-	1	-	1.38	-	1.38	1.38
Rewari	-	1	-	6.64	-	6.64	6.64
Hisar	3	-	2.43	-	2.43	2.43	4.86
Total	31	5	60.05	10.72	60.05	70.77	130.82

After we pointed out these cases between June 2010 and January 2011, DETCs (ST), Gurgaon (East) and Gurgaon (West) stated between October 2010 and March 2011 that matter was under process in 19 cases and in three cases notices had been issued. Reply of DETC (ST) Gurgaon was not satisfactory as copy of notice issued to dealers was not found placed on file and in three cases notices were issued (February and March 2011) after the matter was pointed out by audit. Action taken in one case (March 2008) was also not finalised till April 2011. DETC (ST) Sonepat stated in September 2011 that in two cases demand of Rs. 1.31 crore has been created, in one case notice has been issued and in one case stated that action would be taken after completion of post benefit period. Reply in this case was not satisfactory, as average production was to be watched every year and not after completion of post benefit period and DETC Panipat stated in September 2011 that cases were under-examination. DETC (ST) Hisar stated in September 2011 that notices had been issued to take action. DETC (ST) Faridabad (West) stated in September 2011 that notice had been issued and DETC (ST) Rewari stated in June 2010 that action would be taken.

A point of similar nature was printed in the Report of the Comptroller and Auditor General of India for the year 2001-02 and was discussed in PAC during the year 2007-08. In 13 cases PAC has desired the latest status of amount to be recovered. The follow up action in respect of 11 cases was still awaited.

The Department in its written reply stated as under :

1. M/s Medi Life India, Sonepat, TIN No. 06463007381, EC-167, AY. 2003-04 to 2007-08

In this case it is intimated that the dealer was granted exemption of Rs. 5109270.00 w.e.f 15/10/1996 to 14/10/2003 for a sum of Rs. 2350986.00. As per the provisions contained in sub rule 11(a)(i) of Rule 28B of the HGST Rules 1975, he was required to continue production at least for the next preceding 5 years but the dealer failed to abide by the provisions of the rule by not maintaining the level of average production.

In these circumstances notice for 07/01/2011 was issued and served upon the dealer requiring him to explain reasons for loss in production in contravention to the provisions of sub rule 10 (a) (i) of rule 28 (B) of the act *ibid*.

In response to the said notice and subsequent proceedings thereafter Sh. Mahesh Goswami, Advocate appeared on behalf of the dealer and submitted a written reply dated Nil Which has been placed on the file. In his written submissions he has taken the following arguments in his favour and requested that the notice for withdrawal of the exemption may please be vacated because the reasons for none maintenance of the average production was beyond control to the dealer.

1. That the dealer maintained average production level during the year 2003-04, 2004-05 and 2005-06. But after that owing to certain regulatory provisions of the Drug department the average level of production could not be maintained because the prevailing situation at that time was beyond the control of the dealer.

2. The dealer was from the very beginning of the commencement of business was manufacturing three types of medicines namely (a) Bitra Lectum, (b) Non Bitra Lectum and Ointment was cancelled and not revoked by the department even after a lot of requests and persuasions. The photocopies of the orders of cancellations of the manufacturing certificates in respect of the brand of medicines referred as above and the certificate regarding revocation of Manufacturing of Non-B- Lectum Capsules alone is placed on the file. I have gone through the written submissions put forth by the dealer. I have also examined the proceedings of the inspection of the business premises of the dealer conducted by the Drugs department and the orders of cancellations of manufacturing license in respect of two brands of medicines referred as above.

The perusal and examination of the documents, letters and certificates submitted by the dealer has made it amply clear that the main reason of fall in sales of the firm was because of the cancellation of the manufacturing license by the drugs department and in the given circumstances the dealer had no other option but to manufacture only one brand of medicine namely Non-Bitra-Lectum Capsules. I am therefore convinced that the failure on the part of the dealer to maintain average production at least for the next preceding 5 years as envisaged in sub rule 11 (a)(i) of Rule 28B of the HGST Rules 1975, was beyond his control. In view of the above the notice dated 07.01.2011 for cancellation of exemption is withdrawn.

2. M/s Parteek Electronics, Sonapat, TIN No. 06123007471, EC-163, AY. 2003-04 to 2007.

In reply to the audit para, it is submitted that dealer firm dealer firm dealer was granted exemption under the HGST Rule, 1975 by the DETC, Sonapat under rule 28-A vide his exemption certificate No. 163, for the period from 24/06/1996 to 23/06/2003 for the total quantum of Rs.5962309/-. The dealer had availed exemption from 1996-1997 to 2002-2003. Due to non maintaining of average production Dy. Excise and Taxation Commissioner, Sonapat vide orders dated 11/05/2011 withdrew the exemption and as per directions of DETC the Assessing Authority vide its orders dated 06/06/2011 had created an additional demand of Rs. 11319750/- as tax and interest under HVAT Act, 2003 and Rs. 464758/- as tax and interest under CST Act, 1956 vide order dated 06/06/2011 and started recovery proceeding to recover the demand. Dealer went in appeal against the order of DETC before the JETC(R),

Rohtak who remanded the case back to DETC vide order dated 27/09/2011. DETC vide order dated 12/03/2012 decide the case in favour of dealer and in light of this order demand stands deleted. Hence in view of the above facts audit para may please be dropped.

3. M/s J.K. Rubber, Village Firozpur Banger, Kharkhoda, Sonapat, TIN No. 06693008079

In reply to the audit para, it is submitted that the assessment order dated 12/10/2010 passed by Sh. A.S. Ahlawat, the then Dy. Excise & Taxation Commissioner (ST), Sonapat was remanded back by the 1st Appellate Authority on 13/09/2011. The order was communicated on 05/01/2012 with directions to afford the dealer an opportunity of being heard and decide the case again in the light of provision of Rule 28(a)(II)(a)(i) of the HGST Rules.

In compliance of the said orders the remand case was decided by Sh. G. C. Choudhry, the then Dy. Excise & Taxation Commissioner (ST), Sonapat vide order dated 29/03/2013 whereby the notice issued under sub rule 11(a)(i) of Rule 29(b) was vacated.

In view of the discussion made above, it evident that the remand case was decided within time and there was no delay in disposing of the remand case.

Hence in view of the above facts audit para may please be dropped

4. M/s Digi Pulse India Ltd., Gurgaon (W), RC No. 1919951, AY. 2004-05 to 2005-06.

5. M/s Everex System (P) Ltd., Gurgaon (W), RC No. 1923670, AY. 2004-05 to 2005-06.

6. M/s Classic Product Pvt. Ltd., Gurgaon (W), RC No. 191726, AY. 2003-04 to 2007-08

7. M/s Avery Dennison India Pvt. Ltd., Gurgaon (W), RC No. 1919955, AY. 2001-02 to 2004-05

8. M/s Anka India Ltd., Gurgaon (W), RC No. 1919792, AY. 2004-05 to 2005-06.

9. M/s Nipcon Computer Aids Pvt. Ltd., Gurgaon (W), RC No. 1918777, AY. 2003-04 to 2005-06

10. M/s Bhutani Industries, Gurgaon (W), RC No. 1919339, AY. 2003-04 to 2005-06

11. M/s Norind Industries Pvt. Ltd., Gurgaon (W), RC No. 1918114, AY. 2002-03, 2003-04 and 2005-06

12. M/s Sonakoya Steering System Ltd., Gurgaon (W), RC No. 1919792, AY. 2003-04 to 2006-07, Rs. 5.98 lacs.

(Reply from Sr. No. 4 to 12)

The average production is being monitored periodically and in the case of non maintenance of average production action has been initiated as per provisions of HGST Rules, 1975 and opportunity has been afforded to the dealers to explain the reasons for non maintenance of average production. The result of action initiated against the defaulting units shall be informed on conclusion of proceedings as already

initiated against the defaulting units. The status of proceedings initiated is given under against respective units.

Sr. No.	Name of the firm	Reply
4	M/s Digi Pulse India Ltd., Gurgaon (W), RC No. 1919951, AY, 2004-05 to 2005-06	The proceedings to finalizing the case has been initiated which have been adjourned for various date in the month of February 2016 for want of requisite reply from the respective company/beneficiary. Once the Proceeding are finalized the same will be informed without further loss of time, for observation or the audit.
5	M/s Everex System (P) Ltd., Gurgaon (W), RC No. 1923670, AY. 2004-05 to 2005-06	The proceedings to finalizing the case has been initiated, which have been adjourned for various date in the month of February 2016 for want of requisite reply from the respective company/beneficiary. Once the proceeding are finalized the same will be informed, without further loss of time, for observation of the audit.
6	M/s Classic Product Pvt. Ltd., Gurgaon (W), RC No. 191726, AY. 2003-04 to 2007-08	The case has been examined in the light of observation of the audit and required Action as per provisions of HGST Rules, 1975 r/w 61 of the Haryana Value Added Tax Act, 2003 has been taken by the Dy. Excise & Taxation Commissioner, Gurgaon (West) and notice was vacated.

7	M/s Avery Dennison India Pvt. Ltd., Gurgaon (W), RC No. 1919955, AY. 2001-02 to 2004-05	The case has been examined in the light of observation of the audit and required action as per provisions of HGST Rules, 1975 r/w 61 of the Haryana Value Added Tax Act, 2003 has been taken by the Dy. Excise Taxation Commissioner, Gurgaon (West) and notice was vacated.
8	M/s Anka India Ltd., Gurgaon (W), RC No. 1919792, AY. 2004-05 to 2005-06	The proceedings to finalizing the case has been initiated, which have been adjourned for various date in the month of February 2016 for want of requisite reply from the respective company/beneficiary. Once the proceeding are finalized the same will be informed, without further loss of time, for observation of the audit.
9	M/s Nipcom computer Aids Pvt. Ltd. Gurgaon (W), RC No. 1918777, AY. 2003-04 to 2005-06	The proceedings to finalizing the case has been initiated, which have been adjourned for various date in the month of February 2016 for want of requisite reply from the respective company/beneficiary. Once the proceeding are finalized the same will be informed, without further loss of time, for observation of the audit.
10	M/s Bhutani Industries, Gurgaon (W), RC No. 1919339, AY. 2003-04 to 2005-06	The proceedings to finalizing the case has been initiated, which have been adjourned for various date in the month of

		February 2016 for want of requisite reply from the respective company/beneficiary. Once the proceeding are finalized the same will be informed, without further loss of time, for observation of the audit.
11	M/s Norind Industries Pvt. Ltd., Gurgaon (W), RC No. 1918114, AY. 2002-03, 2003-04 and 2005-06	The case has been examined in the light of observation of the audit and required action as per provisions of HGST Rules, 1975 r/w 61 of the Haryana Value Added Tax Act, 2003 has been taken by the Dy. Excise & Taxation Commissioner, Gurgaon (West) and notice was vacated.
12	M/s Sonakoya Steering System Ltd., Gurgaon (W), RC No. 1919792, AY. 2003-04 to 2006-07, Rs. 5.98 lacs	In response to the notice issued, the dealer filled the reply which has been perused and reconciled with the departmental record. It has been Observed that the dealer company has maintained the production level required under the provisions of HGST Rules, 1975 r/w section 61 of the Haryana Value Added Tax Act, 2003 being as matter of record the same is verifiable in the office of Dy. Excise 85 Taxation Commissioner, Gurgaon (West).

13. M/s Vimal Moulders India, Gurgaon (E), RC No. 1818955, EC-200, AY. 2002-03 to 2004-05.

In reply to the above audit memo it is submitted that the action as recommended in your memo has already been initiated. The case is under proceedings and the final

outcome will be intimated in due course. Moreover, the observation that the entire amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken. In view of the above audit memo needs to be dropped.

14. M/s Fibcom India, Gurgaon (E), RC No. 1822046, EC-256, AY. 2004-05 to 2006-07

In this case, it is intimated that the industrial unit was issued exemption certificate No. 87 under Rule 28(A) of the Haryana General Sales Tax Rules, 1975 (in short, the HGST Rules) for sales tax deferment during the period from 3.10.96 to 2.10.2003, subject to the monetary ceiling of Rs. 427390000/- on sales of fiber optic transmission systems, SDH, PDH, Parts and Engineering accessories manufactured by it. As per the provisions contained under Sub-Rule 11(a)(i) of Rule 28-A of the HGST Rules of 1975 the industrial units which have availed of the benefit of the sales tax exemption/deferment under the said rules were required to continue its production for the next five years not below the average production of preceding five years and it shall not export out of State any goods produced by it. The Haryana General Sales Tax Act 1973 was replaced by Haryana Value added Tax Act, 2003 w.e.f 1.4.2003. As per provisions of Section 61(2)(d) of the HVAT Act, 2003 the industrial unit availing the benefit of sales tax exemption/deferment under the repealed act or otherwise continue to comply with abovementioned obligations. To satisfy the above condition the functioning of the unit was monitored during the post benefit period.

A notice was issued for not maintaining the average production in the post benefit period by the then DETC. As a result it was found out that the price of the commodity went down drastically due to various factors such as industrial policy of the country, excise duty, custom duty, import duty etc. Further, it was found out that the production was above average in the post benefit period but turnover wise there was decline, which was due to price reductions.

In view of the above, the then DETC observed in his order that the reasons for such decline of average production in the post benefit period were beyond the control of the assessee dealer. Hence, the notice issued under Rule 11(b) was vacated vide order dated 23.1.2012. Hence, the para needs to be dropped.

15. M/s Pearl Polymers, Gurgaon (E), RC No. 1818514, AY. 2003-04 to 2006-07

In this case it is intimated that action u/s 11b, has already been taken vide DETC order dated 20.12.2011 holding that production could not be maintained due to reasons beyond the control of dealer & notice was vacated. In the light of these facts audit memo be dropped.

16. M/s Enchante Jewellery, Gurgaon (E), RC No. 1818526, AY. 2003-04 to 2005-06

Action u/s 11b, have already been taken vide D.E.T.C order dated 07.03.2008 & was decided by DETC holding that production could not be maintained due to reasons beyond control of dealer & notice was vacated. In the light of these facts audit memo be dropped.

17. M/s Tratech Engineers, Gurgaon (E), RC No. 1818756, EC-183, AY. 2002-03 to 2005-06

Action u/s 11b, has already been taken vide D.E.T.C order dated 18.07.12 holding that production could not be maintained due to reasons beyond control of dealer & notice was vacated. In the light of these facts audit memo be dropped.

18. M/s Amit Pack, Gurgaon (E), RC No. 1818699, EC-170, AY. 2002-03 to 2006-07

In reply to the above audit memo it is submitted that the action as recommended in your memo has already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, the observation that the entire amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken. In view of the above audit memo needs to be dropped.

19. M/s Logwell Forge Ltd., Gurgaon (E), RC-1819520, EC-198, AY. 2005-06

In reply to the above audit memo it is submitted that the action as recommended in your memo has already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, the observation that the entire amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken.

In view of the above audit memo needs to be dropped.

20. M/s Elcon Components, Gurgaon (E), RC No. 1818156, EC-214, AY. 2003-04 to 2005-06

In reply to the above audit memo it is submitted that the action as recommended in your memo has already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, the observation that the entire amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken.

In view of the above audit memo needs to be dropped.

21. M/s Tech Aids, Gurgaon (E), RC No. 1817762, EC-153, AY. 2002-03 to 2005-06

Action U/S 11b, has already been taken vide D.E.T.C order dated 30.03.12 holding that production could not be maintained due to reasons beyond control of dealer & notice was vacated. In the light of these facts audit memo be dropped.

22. M/s Prime Packaging Co. Gurgaon (E), RC No. 1817970, EC-162, AY. 2001-02 to 2004-05

In reply to the above audit memo it is submitted that the action as recommended in your memo has already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, the observation that the entire

amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken. In view of the above audit memo needs to be dropped.

23. M/s Rajan Floor Mills, Gurgaon (E), RC No. 1818284, EC-135, AY. 2003-04 to 2006-07

In reply to the above audit memo it is submitted that the action as recommended in your memo has already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, the observation that the entire amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken. In view of the above audit memo needs to be dropped.

24. M/s Perfect Pen Pvt. Ltd., Unit-IL Gurgaon (E), RC No. 1820006, AY. 2002-03, 2003-04 and 2005-06

In reply to the above audit memo it is submitted that the action as recommended in your memo has already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, the observation that the entire amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken. In view of the above audit memo needs to be dropped.

25. M/s JBM Tools Ltd., Faridabad (W), RC No. 1320233, AY. 2005-06, Rs. 1.38 crores.

In reply to audit memo, it is submitted that on the receipt of the audit objection the case was sent to Revisional Authority-Cum-DETC, Faridabad for taking Suo-moto action. The Revisional Authority had revised the orders vide order dated 28.11.2011 (Copy enclosed) wherein all issues including the issue of non maintenance of production level by, the company was examined in detail. On examination of the record by the Revisional Authority it was found that the dealer has maintained average level of production in the post exemption period. The detail of production level of the company is as under:-

Exemption	Amount	Post Exemption period	Amount
2000-01	4545.04	2005-06	2108.00
2001-02	1504.14	2006-07	2125.00
2002-03	1378.98	2007-08	1076.00
2003-04	574.13	2008-09	6501.00
2004-05	2625.71	2009-10	3971.00
Average=		Average=	3157.20

Keeping in view of the above para may please be dropped.

26. M/s Sunsterring Wheels Ltd., Gurgaon (E) RC No. 1820046, Rs. 1.22 crores.

In this case it is intimated that the action as recommended in your memo has already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, it is premature on the part of audit party to make an observation that the entire amount of benefit is liable to be paid alongwith interest in case non-maintenance of average production. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken. Order sheet placed on the file may be perused.

27. M/s United Textile Ltd., Hisar, RC No. 27485, AY. 2004-05 to 2008-09

In this case it is intimated that notices for the withdrawal of exemption/deferment worth Rs. 2.70 crores granted to the four units as pointed out by the Audit Party were issued. In response to the said notices, replies were received from these units and exemption/deferment granted to M/s United Textiles Ltd., Barwala, M/s Mukul Paper & Chemicals Pvt. Ltd., Hisar and M/s P.S. Packaging Ltd., Hisar has been ordered to be withdrawn by the undersigned vide orders dated 30.10.2012 and the amount of exemption worth Rs. 2,45,58,771/- has also been ordered to be recovered alongwith upto date interest. However, on the basis of reply and facts submitted, the notices issued for withdrawal of exemption/deferment worth Rs. 26,75,122/- to M/s Modern Cement, Vill, Muzadpur has already been vacated by the then DETC, Hisar vide orders dated 29.04.2011.

28. M/s P.S. Packaging, Hisar, TIN No. 06431530330, AY. 2004-05 to 2008-09

In this case it is intimated that the DETC (ST)-cum-Revisonal Authority has withdrawn exemption/deferment granted to M/s P.S. Packaging (P) Ltd., Hisar vide orders dated 30.10.2012 by cancelling the exemption certificate of the unit and issued notice for recovery of tax exemption benefit of Rs. 38,72,185/- & interest of Rs. 38,72,185/- total of Rs. 77,44,370/- for violated the conditions as contained in sub-rule 11(a) of the Rule 28-A of the HGST Rules, 1973. Aggrieved with this order the dealer firm filed an appeal before the Joint ETC (A), Hisar. The Joint ETC (A), Hisar has remanded the case to DETC (ST), Hisar. The Revisonal Authority assessed the case and imposed tax and interest amounting to Rs. 3872185/- vide Dy. Excise & Taxation Commissioner (ST), Hisar orders dated 07.10.2015. Hence para may please be dropped.

29. M/s Mukul Paper & Chemical Pvt. Ltd., Hisar, TIN No. 06561527591, AY. 2005-06 to 2009-10

In this case it is intimated that the DETC (ST)-cum-Revisonal Authority has withdrawn exemption/deferment granted to M/s Mukul Paper & Chemicals Pvt. Ltd., Hisar vide orders dated 30.10.2012 by cancelling the exemptions certificate of the unit and issued notice for recovery of tax exemptions benefit of Rs. 1515867/- and interest of Rs. 1515867/- total of Rs. 3103734/- for violated the condition as contained in sub rules 11 (A) of the rule 28-A of the HGST Rules, 1973, aggrieved with this order dealer filled and appeal before Joint Excise & Taxation Commissioner (Appeal), Hisar. The Joint Excise & Taxation Commissioner (Appeal), Hisar has rejected the appeal. Being aggrieved with the orders the dealers has filled an appeal before Hon'ble Haryana Tax Tribunal. The case is still pending with Haryana Tax Tribunal. Hence para may please be dropped.

30. M/s Gupta Overseas Pvt. Ltd., Panipat, TIN No. 06172608434, EC-336, AY. 2005-06 to 2007-08

In this case it is intimated that proceedings initiated against the dealer were dropped by the then DETC Panipat vide order dated 19.09.11 holding that the unit has achieved the average level of production in post exemption period.

31. M/s PRJ Sanitary Appliances, Panipat, TIN No. 06752607727, EC-242, AY. 2005-06 to 2007-08

In this case it is intimated that the proceedings initiated against the dealer were dropped by the then DETC Panipat vide order dated 26.08.2013 holding that the unit has achieved the average level of production in post exemption period.

32. M/s R.K. Mittal Woolen Mills, Panipat, TIN No. 06622608177, EC-250, AY. 2005-06 to 2008-09

In this case it is intimated that the case was examined in detail on various dates. Vide order dated 13.2.13 the benefit of exemption availed of by the unit worth Rs.1702530/- was called back after hearing the dealer at length & observing that the dealer had violated the conditions of Rule 28A of the HGST Rules, 1975. Dealer has filed an appeal against the order before Hon'ble Haryana Tax Tribunal which is pending before the Hon'ble Tribunal for adjudication.

33. M/s Sunny Spintex Panipat, RC No. 8146, EC-243 AY. 2002-03 to 2006-07

In this case it is intimated that the proceedings against the dealer have been initiated u/r 28A of HGST Rules, 1975. Case in the process. Moreover, it is intimated that the case is fixed for 05.02.2016 and the final reply will be submitted later on.

34. M/s Shree Laxmi Spinning Mills, Panipat, RC No. 12476, EC-326, AY. 2004-05 to 2007-08

In this case it is intimated that the proceedings were initiated against the unit. The unit was scaled by Pollution Control Department Haryana in 2004-05. Hence, the unit could not run. Therefore, proceedings initiated against the dealer were dropped vide order dated 23.11.12 of Dy. Excise & Taxation Commissioner (ST), Panipat.

35. M/s Paramount Communication, Dharuhera, Rewari, TIN No. 0626274366, AY. 2005-06 to 2007-08, Rs. 6.64 crores.

In this case it is intimated that the matter was taken up and was decided by the Worthy Dy. Excise & Taxation Commissioner (ST), Rewari vide order No. 02/2010-11 dated 23.12.2010. In which it has been stated that reason for decline in turnover/production due to non issue/less issue of order by BSNLMTNL which were the major client for above said firm and situation was beyond control the above said firm. Audit objection raised was discussed in detail and no malafide was proved and notice was vacated by the then Dy. Excise & Taxation Commissioner (ST), Rewari.. In view of the above the para may please be dropped.

36. M/s Kricom Metal Casting Pvt. Ltd., Sonapat, TIN No. 06963007685, AY. 2007-08, Rs. 0.51 crores.

In this case it is intimated that the dealer was granted deferment of Rs. 5109270.00 w.e.f. 23/5/98 to 22/05/2007. The dealer availed deferment granted up to the year 2007. As per the provisions contained in sub rule 11(a)(i) of Rule 28B of the HGST Act, he was required to continue production at least for the next proceeding 5 year- but the

dealer failed to abide by the provisions of the rule by not maintaining the level of average production.

In these circumstances notice for 28/3/13 was issued and served upon the dealer requiring him to explain reasons for loss in production in contravention to the provisions of sub rule 10(a)(i) of rule 28B of the act *ibid*.

In response to the said notice Shri S.C. Pruthi Advocate appeared on behalf of the dealer and submitted a written reply which has been placed on the file. In his written submissions he has taken the following arguments in his favour and requested that the notice for withdrawal of the deferment may please be vacated because the reason for none maintenance of the average production was beyond control of the dealer. He has pleaded.

That the dealer has deposited the deferred tax regularly and has not made any default in payment thereof.

That the product manufactured by the firm is Grooved Rubber Sole Plates (GRSP). Upper rubber washer and lower rubber washer which are used only by the railway Coach factories and the products so manufactured are not in demand by any other industry/factory. The manufacturing of the product by the dealer is solely dependent on the demand orders received from the Indian Railway Coach factories. Now days a large number of big manufacturers have come in to existence and the dealer is forced to lower down the production due to lesser orders from Indian Railways. After the year 2007, the demand by the Railway Coach factories was distributed among a large number of producers of the GRSP and lesser orders were received by the dealer and eventually the firm was forced to close down the business activity when the production was not economically sustainable.

I have gone through the written submissions put forth by the dealer. I have also examined the assessment files of the dealer and found that the entire sales have been made by the firm to the Railway Coach Factories and the arguments of the dealer that the loss in production was owing to the lesser purchases orders received by the coach factories appears to be convincing.

In view of the above notice dated 13/3/13 for 28/3/13 is therefore withdrawn.

The Committee has observed that during discussion of the Audit Report for the year 2001-2002 (Revenue Receipts) in the year 2007-08, the Committee had asked for the status report on 13 cases of similar nature. But follow up action on 11 cases is still awaited.

The Committee has desired that the department should reconcile the para with the office of Principal Accountant General (Audit) under intimation to the Committee.

[69] 2.2.19.2 Non-recovery of tax

Under HGST Rules, the 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, under the rules *ibid* on cancellation of eligibility certificate or exemption/ entitlement certificate before it is due for expiry the entire amount of tax exempted/deferred shall become payable immediately in lump sum and the provision relating to recovery of tax, interest and imposition of penalty shall be applicable in such cases.

During test check of the records of offices of DETC (ST) Gurgaon (East) and Rewari, between June and August 2010, we noticed from the assessment records that in two cases {(one each of Rewari and Gurgaon (East))}, the industrial unit after availing exemption/deferment of Rs. 1.94 crore discontinued their manufacturing process during the currency period of exemption/deferment. The exemption/ entitlement certificates were not cancelled by the DETCs (ST). Thus, Rs. 3.87 crore (including interest of Rs. 1.93 crore) remained unrecovered.

After we pointed out these cases between June and August 2010, DETC (ST) Rewari stated that action would be taken to recover the benefit availed by the dealers. DETC (Gurgaon East) stated in September 2011 that case was under process. Reply was not acceptable as no document was found on the file to show that any action had been taken by the Department. We have not received further progress report (October 2011).

The Department in its written reply stated as under :

1. M/s Chetak Spintex Ltd., Rewari, TIN No. 06502703652, AY. 2004-05.

In reply to audit para, it is submitted that the original assessment order dated: 07.01.2005 was rectified by the Assessing Authority on 23.11.2005 and an additional demand of Rs.399804/- was created under the Central Sales Tax Act

Keeping in view the above facts, the audit para may please be dropped.

2. M/s Adinath Industries, Gurgaon (E), TIN No. 06381820242, AY. 2004-05

In reply to the above audit memo it is submitted that the action as recommended in your memo has, already been initiated. The case is under proceedings and the final outcome will be intimated in due course. Moreover, the observation that the entire amount of benefit is liable to be paid along with interest in case non-maintenance of average production is subjective and untenable. As per the provisions of the rules the assessee is to be provided with the opportunity of being heard before any action as contemplated in the audit memo is taken. In view of the above audit memo needs to be dropped.

The Committee has desired that the department should reconcile the facts of this para with the office of Principal Accountant General (Audit) under intimation to the Committee.

[70] 2.3.12 / 2.3.12.1 Evasion of tax by fraudulent utilisation of fake forms

Section 8 (4) of the CST A provides that the concession under sub section (1) shall not apply to any sale in the course of interstate trade or commerce unless the dealer selling the goods furnishes to the prescribed authority in the prescribed manner a declaration duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in the prescribed form obtained from the prescribed authority.

Cross verification of 'C' forms pertaining to interstate sale by dealers of Haryana with the utilisation account of declaration forms/dealers of goods received through interstate purchases made by the dealers of four States revealed that four (4) dealers under the control of three DETCs had claimed and were allowed exemption/concessional rate of CST in 11 forms amounting to ₹ 5.06 crore between 2007-2008 to 2009-10 for the assessment year 2006-07 against forms which were not issued to the purchasing dealers in those States. Thus, these forms being prima facie 'fake', the sales should be disallowed and differential tax of ₹ 30.25 lakhs is recoverable. Besides penalty was also leviable under the Act.

The Department in its written reply stated as under :-

2. M/s JCB India Ltd., Faridabad (West), TIN No. 06411301809, AY. 2006-07.

In this, case it is' intimated that the sale has rightly been allowed against C forms by the assessing authority at the time of assessment. Verification of the 'C' forms has now been got done from the concerned state i.e. from Commercial Tax Commissioner, Chattisgarh. According to the report the 'C' forms in question are genuine. In view of the above para may please be dropped.

3. M/s Sadhu Forging Ltd., Plot No. 84/25, Faridabad (W), TIN No. 06861320234, AY. 2006-07

In reply of audit objection it is submitted that the sale has rightly been allowed against C forms by the assessing authority at the time of assessment. Verification of the 'C' forms has now been got done from the concerned state i.e. from Commercial Tax Commissioner, Anjal Pur, Jamshedpur. According to the report the 'C' forms in question are genuine. In view of the above facts para may be dropped.

4. M/s Rameshwar Dass & Sons, Rewari, TIN No. 06222704679, AY. 2006-07.

In this case, as regard audit objection it is intimated that as regards audit objection, it is intimated that the letter No. 3137 dated 07.12.2011 was written to Commercial Tax Officer-cum- Assessing Authority, Bhagalpur, Bihar which returned with comments " Incomplete address" Letters were again written to Commissioner- and Secretary (Commercial Taxes) Vikash Bhawan, Bailey Road, Patna vide No. 5909 dated 27.12.2012, No.207 dated 24.04.2013. No reply received. Now letter has been again sent to Dy. Commissioner Commercial Tax Department Bhagalpur, Bihar for verification of 'C' forms. As and when the information is received from the department concerned for the quarter the audit, will be intimated accordingly.

The Committee has recommended that strict disciplinary action be taken against the defaulting officers who had accepted the fake 'C' Form without verification of its genuineness and criminal case be got registered against the dealers who have taken illegal benefit by fraudulently submitting the fake 'C' Form thereby caused heavy loss to the State exchequer and action taken report be submitted to the Committee in the next meeting.

[71] **2.3.12.2** Cross verification of 'C' and 'F' Forms pertaining to interstate sale by the dealers of Haryana with the utilisation account of declaration forms/dealers of goods received through Interstate purchase by the dealers of Delhi State revealed that six dealers under the control of two DETCs had claimed and were allowed exemption/concessional rate of CST in 36 forms amounting to Rs. 12.15 crore during 2009-10 for assessment year 2006-07 and 2007-08 against fake forms which were not issued to the dealers. This resulted in short levy of CST of ₹ 1 crore. Besides, penalty was also leviable under the Act.

The Department in its written reply stated as under :-

1. M/s Shri Ram Enterprises, Bahadurgarh, Jhajjar, TIN No. 06891705065, AY. 2006-07.

In this case it is intimated that the letter was written to the Trade & Taxes Department, New Delhi for verification of these four "C" forms. Action against the dealer cannot be initiated without verification of genuineness of these 16 Nos. "C" forms. Trade & Taxes Department, New Delhi informed vide memo. No. W-63/2010-11/6622, dt. 15.12.2011

that out of these 16 "C" Forms only 5 Nos. C forms have been issued to the department. The Excise & Taxation Commissioner, Haryana, Panchkula. Vide memo. No. 1230 / AA-3 dt. 28.11.2011 directed to lodge FIR against the dealer. Accordingly FIR has been lodged (Copy enclosed).

2. M/s Compact Ply Board (P) Ltd., Bahadurgarh, Jhajjar, TIN No. 06581702083, AY. 2006-07

In this case it is intimated that M/s Compact Plyboard P. Ltd, Bahadurgarh holding TIN 06581702083 has deposited Rs. 412804/- vide demand no. 315750 dt. 20.07.2013 in SBI Bahadurgarh branch as differential tax on reversal of concessional tax claimed by the dealer in the assessment year 2006-07 against fake "C" forms. He submitted that there is no obligation on the part of selling dealer and CST Act and Rules Thereon, does not cast any responsibility upon the selling dealer to satisfy about the correctness of the declaration. Therefore action u/s 38 of the HVAT Act, 2003 cannot be attracted in this case. In transactions of sale and purchase in the course of after State trade, seller can have no control over the purchaser. He must satisfy himself that the purchaser is a registered dealer and the goods purchased are specified in his registration certificate, but his duty extends no further. The section 38 of HVAT Act is solely for the suppression of the sale by the dealer in the instant case dealer has not suppressed any sale but has shown sale against C forms clearly. Again no collusion and connivance have been established between the selling and purchasing dealer. The inaction, neglect or even fraud of a registered purchasing dealer cannot result in penalizing the innocent selling dealer in the absence of evidence of his having been a party to any frauds deception on misrepresentation. Hence, only remedy is left in this case is to get deposit the differential tax by the dealer, the same has been deposited. Therefore the para may please be dropped.

3. M/s Bharat Coating, Bahadurgarh, Jhajjar, TIN No. 06211703881, AY. 2006-07

In this case it is intimated that the notice was issued to the dealer in this regard and the dealer has deposited differential tax of Rs. 16606/- on dt. 10.02.2012 in government treasury. The dealer issuing the forms exist out of the State. Hence, the para may please be dropped.

4. M/s Shambhav Agro Food, Panipat, TIN No. 06932610344, AY. 2006-07

In this case it is intimated that the dealer deal in trading of food grains i.e. Rice etc. tax and penalty of Rs. 6066608/- has been imposed on the dealer vide order of re-assessment dt. 29.03.2012. As regard recovery of the arrear the firm stand closed since long, detail of properties owned by the firm are being required from the O/o Tehsildar-Cum-Registering Authority, Also, action against sureties have been initiated. Hence, the para may please be dropped.

5. M/s More Pan, Panipat, TIN No. 06832612824, AY. 2006-07

In this case it is intimated that the dealer deal in trading of food grains i.e. Rice etc. tax and penalty of Rs. 6788348/- has been imposed on the dealer vide order of re-assessment dt. 29.03.2012. As regard recovery of the arrear the firm stand closed since long, detail of properties owned by the firm are being required from the O/o Tehsildar-Cum-Registering Authority, Also, action against sureties have been initiated. Hence, the para may please be dropped.

6. M/s Harish Trading Co., Gaushalla Mandi, Panipat, TIN No. 06182621678, AY. 2006-07

In this case it is intimated that the In reply to audit para, it is intimated that the addl. demand of Rs. 426722/- was created by AA's authority vide re-assessment order dated 07.11.2012 on account of fake F forms. The said addl. demand stands recovered in two parts i.e. Rs. 400000/- vide DCR No. 284 dated 22.04.2011 and Rs. 26722/- vide DCR No. 250 dated 17.12.2012. Being aggrieved against the order the dealer went in appeal before the Jt. ETC (Appeals) Rohtak. The case has been remanded by Jt. ETC (Appeals) Rohtak vide order dt. 24.09.2014. Hence, the para may please be dropped.

The Committee has recommended that the strict disciplinary action be taken against the defaulting officers who had accepted the fake 'C' Form without verifying its genuineness and criminal case be got registered against the dealers/ persons who have taken illegal benefit by fraudulently submitting the fake 'C' Form thereby caused heavy loss to the State exchequer and action taken report in this regard be submitted to the Committee in the next meeting.

[72] 2.3.12.3 Under Section 6A of the CST Act, transfer of goods from one State to another place of business in another State is exempt from levy of tax on production of 'F' forms and if any dealer fails to prove to the satisfaction of the AA the claim of transfer of goods, then the movement of such goods shall be deemed for all purposes of this Act to have been occasioned as a result of sale. The ETC issued instructions in March 2006 that in the cases of specific traders (selected for scrutiny) all transactions totaling more than Rs one lakh from a single VAT dealer in a year should be cross verified to detect evasion of VAT.

During test check of the records of the office of DETC (ST), Kaithal in July 2009, we noticed that a dealer claimed deduction of consignment sale of goods valued as Rs. 4.19 crore against declaration in forms 'F' during the year 2005-06. The AA, while finalising the assessment (March 2009), allowed the deduction without cross verifying the transactions under form 'F' relating to transfer of goods to branches outside the State. We conducted cross verification of records with other States 'TINXSYS' in August 2009 and noticed that the dealer had suppressed his sales by submitting declaration forms to the tune of Rs 49.98 lakh, which was not issued to the dealer by that State. Thus, these forms being prima facie "fake". Failure on the part of AA to scrutinise the claim and cross verify the transactions as required in the ETC instructions dated 14 March 2006 resulted in incorrect allowance of deduction which consequently led to evasion of VAT of Rs. 4 lakh. Additionally, penalty was also leviable for evasion of tax.

After we pointed out the case in July 2009, ETO, Kaithal stated in August 2009 that the form had been verified from issuing authority and found fictitious as the same was not issued by the issuing authority (VAT officer), Delhi. DETC (ST), Kaithal stated (November 2011) that 'F' form was not found genuine. Tax and penalty was imposed by the ETO-cum-AA (August 2011) by creating demand of R 15.99 lakh. Efforts would be made to recover the outstanding amount.

Further, during the exit conference, the Excise and Taxation Department accepted the audit observation (November 2011) and the Financial Commissioner and Principal Secretary instructed his officer to issue necessary instructions to DETC, Kaithal for getting registered criminal case against the offending dealer.

The Department in its written reply stated as under :

M/s Infini Agro Tech (P) Ltd., Kaithal, TIN No. 06662105856, AY. 2005-06

In this case it is intimated that the audit objection raised by the audit party is admissible due to the fact that F form of the Rajnish Agro Delhi bearing Sr No. 03Q-

473189 to the tune Rs. 4997741/- issued to M/s Infini Agro Tech P. Ltd, Kaithal in the A.Y. 2005-06 has verified 0/o sale Tax Authority Delhi was found Bogus/invalid. Being invalid declaration of F form Tax and penalty was imposed by the E.T.O. Cum Assessing Authority Kaithal on dated 02.08.2011 by creating a demand of Rs. 1599472/- under the CST Act (Tax 399817 + penalty 1199595) and the required amount has been recovered of Rs. From the dealer. The detail of deposit payment is as under:

400000/- dated 20.12.2011

600000/- dated 22.12.2011

599412/- dated 23.12.2011

Keeping in view the para may be dropped

The Committee has recommended that the strict disciplinary action be taken against the defaulting officer(s) and criminal case be got registered against the dealer for taking illegal benefit by fraudulently submitting the fake 'F' Form and action taken report be submitted to the Committee in the next meeting.

[73] 2.3.13 Concealment of sales

We noticed during cross verification of the assessment records of a selling dealer pertaining to interstate sale of Haryana with utilisation account of declaration forms/dealer of goods received through Interstate purchase by the dealer of Tamilnadu that the dealers under the control of the DETC, Rewari had claimed and allowed (February 2010) concessional rate of CST in one case during 2009-10 for assessment year 2006-07 amounting to 1.33 crore whereas the purchasing dealers of Tamil Nadu had shown his purchases of Rs. 4.21 crore against the same form. Thus, sale of Rs. 2.88 crore (Rs. 4.21 crore minus Rs. 1.33 crore) was suppressed by the selling dealers. Non-verification of declaration form by the Department resulted in underassessment of tax amounting to Rs. 23.09 lakh based on the presumption that these goods have been sold locally in the State. Besides, penalty was also leviable under the Act.

After we pointed out the case (October 2011), the Excise and Taxation Department admitted the facts (November 2011), during the exit conference.

The Department in its written reply stated as under :

M/s Aggarwal Metal Works (P) Ltd., Rewari, TIN No. 06512700106, AY. 2009-10, Rs. 23.09 lacs.

In this case it is intimated that the dealer M/s Aggarwal Metal Works P. Ltd, Rewari TIN06512700106 has made ISS of Rs. 42190603/- to Venus Home Appliances P. Ltd Pudukotal against C form no. 1901670 & 1901669 respectively. The sale value of Rs. 42190603/- is against "C" form no. 1901669 and not against 1901670 which was advertently shown in audit objection. So, there is no suppression of sale by the dealer during the assessment year 2006-07. In view of the above, para may please be dropped.

The Committee has recommended that the department may reconcile the facts of this para with the office of Principal Accountant General (Audit) under intimation to the Committee.

[74] 2.3.14 Irregular grant of concession/exemption on invalid forms/forms issued to other dealers

We noticed during cross verification of 'C' and 'F' Forms pertaining to interstate sale by the dealers of Haryana with utilisation account of declaration forms/dealers of goods received through

Interstate purchase by the dealers of two States, that six dealers under the control of five DETCs (ST) had claimed and allowed exemption/concessional rate of CST in 13 'C' and 'F' forms amounting to Rs. 6.56 crore during 2007-08 to 2009-10 for assessment year 2005-06 to 2007-08. Our verification revealed that the names of the purchasing dealers in the utilisation statement did not match with the Form numbers-on which the goods were sold by the selling dealers. Thus, there was a mismatch between the name of the dealer to whom the goods were sold and the dealer who had purchased those goods. In the absence of a system to check the utilization statements, these discrepancies remained undetected. The matter requires, investigation to arrive at evasion of tax liability, if any.

After we pointed out the case (October 2011), the Excise and Taxation Department admitted the facts (November 2011) during the exit conference.

The Department in its written reply stated as under :

1 M/s K.S. Engg. Works, Palwal, TIN No. 06211323841, AY. 2007-08

In this case it is intimated that the Dy. Excise & Taxation Commissioner, Palwal had directed the concerned Taxation Inspector vide Memo No.1674 dated 28.11.2011 visit the commercial tax office. Bikrikar Bhawan. New Delhi for verification of said C Form, K.K. Sangwan Taxation Inspector has visited the commercial tax office New Delhi and verified the genuineness of C form. Hence the para may please be dropped.

2. M/s Chandan Lal Parma Lal, Gohana, Sonapat, TIN No. 06713003315, AY. 2006-07

In this case it is intimated that the dealer is a commission agent. During the assessment year 2006-07 the dealer has sold wheat worth Rs. 3,82,06,354/- to M/s Rijul Enterprises, Narya Bazaar, Delhi and submitted C form at the time of assessment. The then Assessing Authority had allowed concessional rate of tax against C form.

At the time of audit, the audit party has raised an objection that the C forms submitted by the dealer do not seem to be genuine as there was no water mark present/appearing on these forms. The letter for cross verification of these forms has been written to the Trade & Taxes Department, Delhi vide this office letter No. 2834/HSK, dated 01.03.2011. Further the notices have been issued to the dealer for verification of these transactions. The dealer has produced complete account books and these sales in found entered in the account books. Further the dealer has submitted affidavit regarding genuineness of sales, which is placed on the file.

It is submitted that the verification letter has been received from VAT Officer Trade & Taxes Department, Delhi vide their letter No. F/2010- 11/329 dated 7.4.2011 through speed post No. ED245176802 IN, in which the VAT Officer, Delhi has stated that as per record the forms are verified.

Exercising the powers vested under CPC the dealers from Delhi namely M/s Rijul Enterprises, Narya Bazaar, Delhi and M/s Mahalaxmi Sales, Naya Bazaar, Delhi were summoned in the office alongwith record. The record was perused and returnea to them. Both the dealers have submitted an affidavit conceding the fact these transactions are purely genuine. The C forms submitted by them were very much issued by the department of Commercial Taxes, New Delhi. Further T.I. was sent to the office of Delhi VAT Officer, Delhi thereby these transactions were got, verified personally.

In view of the above, it is submitted that the objection raised by the audit party is not valid. Hence, it is prayed that the audit para may please be dropped.

3. M/s United Paints MIE, Bahadurgarh, Jhajjar, TIN No. 6021701324, AY. 2005-06.

In this case it is intimated that the letter was written to the Trade & Taxes Department, New Delhi letter no. 3076 dt. 31.12.2015 for verification of these four "C" forms. Action against the dealer cannot be initiated without verification of genuine of declaration forms from competent authority. It is also intimated that Taxation Inspector of concerned ward was deputed for verification from Delhi Sales Tax Authority, but the said authority replied that Sales Tax record for the year of 2005-06 was not readily available at the moment. They have sought Seven days time for this purpose. The latest position would be intimated shortly.

4. M/s M.D. Engg. 116, MIE, Bahadurgarh, Jhajjar, TIN No. 06361700943, AY. 2007-08

In this case it is intimated that the Assessing Authority has allowed the claim of benefit of concessional rate of tax @4% on the amount 43,5,951/-against "C" forms. The dealer is engaged in the fabrication of Engineering goods. The audit party considered this sale that goods have been sold to the State dealer liable to taxed with HVAT Act and case of misclassification of sale transactions and misuse of declaration form "C" rendering the dealer liable for penal action u/ s 38 of HVAT Act.

It is pertinent to mention that audit party has misinterpreted the sales transaction. The C forms of Haryana State have been properly and accurately produced for transit sale u/s 6(2) and 8(40) of CST, Act. The bill No.'s of E-1 sale and form C produced by the subsequent purchasers are duly placed on file. The case was re-examined by DETC - cum-Revisonal Authority and found no irregularity to the order of Assessing Authority and return back file to the Assessing Authority on dt. 24.12.2015. Hence, assessment orders does not suffer any impropriety and illegality. Therefore, para needs to be dropped.

5. M/s Trade Link, 950/8, Panipat, TIN No. 06742616802, AY. 2007-08

In this case it is intimated that In reply to audit para, it is submitted that an additional demand of Rs. 1094368/- has been created by Assessing Authority vide order of re-assessment dated 31.12.2015 on a/c of fake 'F' & 'C' forms. Recovery proceedings to recover the arrears have been initiated.

6. M/s Barmalt India P. Ltd, Gurgaon (East) TIN 06711807596, A.Y. 2006-07 and 2007-08.

In reply to the common audit para for the year 2006-07 and 2007-08 in which a list of cases were supplied where in irregularities have been detected on cross verification of 'C' & forms by the audit party, it is submitted that the list of irregularities pointed out by the audit party have been examined and the detail reply of the each 'C' forms is as under:-

Form C No.	Name of the Purchasing dealer	Irregularity	Out comments
MH-07/0440935	Aurangabad Brew Ltd., Aurangabad	Issued in the other Name	The name of the company changed to Asia Pacific Breweries (Aurangabad) Ltd. By the Registrar of Companies w.e.f. 29-03-2007. A Copy of amended certificate of incorporation is attached. Hence there is no irregularity.
MH-07/0440950	Aurangabad Brew Ltd., Aurangabad	Issued in the other name	
MH-06/0402036	Foster India Pvt. Ltd. Aurangabad	Issued in the other name	The correct form C No. is MH-06/0482035. The form C has been issued by Foster's India Pvt. Ltd. Aurangabad. The name of the company has changed from Foster India Pvt. Ltd. to Sabmiller Breweries Pvt. Ltd. w.e.f. 23-10-2007. A copy of amended certificate of incorporation is attached. Hence, there is no irregularity.
MH-01/09623651	Foster India Pvt. Ltd. Aurangabad	Variation in value of goods	The form C has been issued for Rs. 15536701- which is the invoice value of material sold to the customer including CST. The ISS claim has been allowed by the Assessing Authority for Rs. 14939135 being the value of goods sold excluding CST. Hence, there is no irregularity.
205018	Skoi Brew. Ltd.	Issued in the other name	The correct form C No. is 205048. The form C has been correctly issued by Skoi Brew. Ltd. Unit East Coast Breweries, Paradeep. Hence there is no irregularity.
205008	Skoi Brew. Ltd.	Issued in the other name	The form C has been correctly issued by Skoi Brew Ltd. Unit East Coast Breweries, Paradeep. Hence, there is no irregularity.

In view of the above may drop the para.

The Committee has recommended that the cross verification of genuineness of "C" and "F" Form in consultation with the Principal Accountant General be got done in a time bound manner and action taken report in this regard be submitted to the Committee.

[75] 2.3.15 Short/non-accounting of goods imported through use of declaration form

Test Check of records as well as cross verification of assessment records of purchasing dealers pertaining to interstate sales of the dealers of Haryana with the assessment records of selling dealers received from Rajasthan State revealed that dealer under the control of DETC, Faridabad (West) had not accounted for his purchase of Rs. 4.01 crore in his books of accounts thereby concealing purchases worth Rs. 4.33 crore (after adding eight per cent profit during 2007- 2008 to 2009-10 as done for assessment year 2007-08). Failure of the assessing authority to cross verify the information with other States resulted in underassessment of tax of Rs. 2.16 crore (including penalty of Rs. 1.62 crore) under the Act.

After we pointed out these cases in June 2011, the Assessing Authority has reassessed the case and created additional demand of tax of Rs. 2.10 crore in July 2011. The Excise and Taxation Department admitted (November 2011) the facts during the exit conference.

The Department in its written reply stated as under :-

M/s D.S. Associates, Faridabad (West), TIN No. 06701328276, AY. 2007-08

The case of M/s D.S.Associates, Faridabad holding Tin 06701328276 has already been reassessed U/s 17 of Haryana Value Added Tax Act, 2003 vide order dated 11-7-2011 and an additional demand of Rs.2,09,88,125/- was created for the assessment year 2007-08 and recovery proceedings has been started. The recovery in form of surety under both the Acts for Rs. 2 lakh has been made thereafter an amount of Rs. 895000 has also stand recovered proof of recovery are placed on the file. The proprietor of the firm has expired on 05-06-2012, death certificates is placed on the file. However recovery certificates were sent to Collector-cum-S.D.M. Lawrence Road Delhi on 06-06-2014 and last reminder was sent on 23-12-2015. Copies of recovery certificate, reminder, proof of receipt of payment are placed on file. Hence para may be dropped.

The Committee has recommended that matter be pursued meticulously to make the recovery from the party and protect the revenue of the State.

[76] 2.4.2 Input tax credit allowed incorrectly

Under Section 8 (1) of the Haryana Value Added Tax Act, 2003 (HVAT Act) read with Rule 20 of the HVAT Rules, 2003, claim of input tax can be allowed to the purchasing dealer only when the tax has been deposited by the selling dealer. With a view to detect evasion of VAT by claiming fraudulent ITC by issue of forged tax invoices or fictitious accounting of goods neither purchased nor sold etc., the Excise and Taxation Commissioner (ETC) issued instructions in March 2006 for cross verification of all purchase transactions totaling more than Rs. one lakh from a single VAT dealer in a year. As per directions issued by the Joint Excise and Taxation Commissioners { JETCs (Range) } Faridabad and Gurgaon between June 2006 and February 2010, claim of input tax in respect of purchases made from enlisted dealers was admissible at nil rates for the years 2004-05 to 2007-08.

During test check of the records of eight offices of DETC (ST) between February 2009 and November 2010, we noticed that 25 dealers purchased iron and steel, electrical goods, refractories, electronic goods and plywood valued at Rs. 23.42 crore from dealers within the State (Faridabad, Gurgaon, Karnal and Sonapat) during the years 2004-05 to 2007-08 and claimed input tax credit (ITC) of Rs.1.40 crore. The AAs, while finalizing the assessment between April 2007 and March 2010, allowed ITC of Rs.1.40 crore on purchases made from dealers from whom ITC was not permissible as per directions issued (February 2008) by the Departmental's authorities at Faridabad, Gurgaon etc. Failure on the part of AAs to get the purchases of these dealers verified as they were also declared dealers for allowing ITC at nil rate and to take action as per directions of JETCs (Range) resulted in incorrect allowance of ITC of Rs.1.40 crore.

After we pointed out these cases between February 2009 and November 2010, DETCs Faridabad (West), Gurgaon (East) and Karnal stated between March and July 2010 that demand of 74.10 lakh had been created in seven cases between May 2009 and March 2010. DETCs Gurgaon, Karnal and Rewari stated that eight cases had been sent to Revisional Authority for suo motu action in June and November 2010. DETC Faridabad (East) stated that notice had been served to the dealer in one case. DETC Ambala city stated in June 2009 that the case had been referred to DETC (Inspection) to examine legality and propriety. DETC (East) Gurgaon, Karnal and Panipat stated in eight cases that the cases would be re-examined. We have not received further progress of recovery (October 2011).

We pointed out the matter to the ETC, Excise and Taxation Department between April 2009 and January 2011 and reported to the Government in May 2011; we are yet to receive their reply (October 2011).

The Department in its written reply stated as under :

1.M/s Nanak Enterprises, Faridabad (W), TIN No. 06461326565, AY. 2006-07.

In response to the audit objection it is submitted that:-

(1) The Assessing Authority reassessed the case on 03.08.2010 and disallowed the input benefit claimed by dealer on the purchases from M/s Virat Enterprises, Gurgaon (TIN No. 6351826575) thereby creating an additional demand of Rs. 3502981/-.

(2) In response to this reassessment order, the dealer filled an appeal before the Ld. Joint Excise & Taxation Commissioner, appeal. The Ld. Joint Excise & Taxation Commissioner, appeal remanded the case to the Assessing Authority for fresh decision keeping in view the latest judgement dated 23.09.2011 delivered by Hon'ble Punjab & Haryana High Court in the case of M/s Gherumal Balchand V/s state of Haryana.

This case was decided as ex-party by the then Assessing Authority and dealer again preferred an appeal before Ld. Joint Excise & Taxation Commissioner. The Learned Jt. Excise & Taxation Commissioner had remanded back this case on dated 17.09.12 for fresh decision. In consequence of the order, the fresh N-2 was served upon the firm on 25.02.14 for 13.03.14. And then this case was adjourned for 01.04.14 on the request of counsel of the firm. But nobody appeared on the appointed date. After many notices to the dealer, final opportunity was provided for 14.07.14. But nobody appeared on behalf of the firm nor any required document were submitted. Hence the case was decided ex-party by Assessing Authority on date 14.07.14 by D.N. 271A creating demand of Rs. 150020/- under Haryana Value Added Tax Act, 2003. The learned Jt. Excise & Taxation Commissioner had again remanded back this case on dated 11.08.15 for fresh decision. Now the case has been fixed for final decision for 27.01.2016. It is

worthwhile to mention here that tax is not leviable on the subsequent purchase if the fault has been committed by the first seller unless there is a collusion among them. The case will now be examined afresh in light of the Judgement of the Hon'ble Punjab & Haryana High Court in the case of M/s Gherumal Balchand V/s State of Haryana.

2. M/s Reliance Forge, Faridabad (W), TIN No. 06281310465, AY. 2006-07.

In reply to audit objection it is submitted that the assessment order dt. 22.02.2010 has been re-assessed vide Assessing Authority order dt. 20.08.2010. The input claim of purchase of furnace oil from M/s Iakra oil TIN 06381704424, has been disallowed. Similarly, Input Tax Credit where purchases have been made from M/s Krishna Trading Co., Tin 06481323838 has also been disallowed. The demand of rate 31,759/- under VAT Act and rate 396528 under CST Act has been credit and has been recovered as per details given below:-

	VAT	CST	Total
	31759	396528	428287
DD No	Bank Name	Date of deposit	Amount
154130		04.10.2010	144221.00
504204	ICICI	12.01.2016	100000.00
		Bank certificate	37300.00
504210	ICICI	13.01.2016	100000.00
504504	ICICI	15.01.2016	46766.00
	Total		428287.00

Keeping in view of the above facts para may please be dropped.

3. M/s Om Associates, Karnal, TIN No. 06192231772, AY. 2005-06

In reply to audit, it is stated that the original assessment was framed by the then Assessing Authority on 24.02.2009 giving an E.C.F. (Excess Carry Forward) worth Rs. 88592/- but the audit party raised the objection.

However the proceedings u/s 17 of the HVAT Act, 2003 was already initiated by the Assessing Authority thus after re-assessment additional demand was created worth Rs. 1525396/- on 11.03.2010 by rejecting the total Input Tax Credit worth Rs. 1452604/- and imposing tax on suppression of sale of Rs. 1008644/- (difference found in, used VAT D-3 Outward) amounting to Rs. 40346/- and three times penalty amounting to Rs. 121038/-.

The dealer went to First Appellate Authority against the Reassessment order passed by the Assessing Authority in response to this Ist Appellate Authority vide order dated 30.8.2010 partly accepted the appeal as under:

The issue relating to service of notice is decided against the appellant and in favour of the department; issue pertaining to input tax credit allowed in excess in original assessment and then set right in the reassessment is also decided against the appellant and in favour of the department; and the issue relating to enhancement of turnover of sales on the basis of VAT D-3 forms and as reflected in the returns furnished by the

appellant to the Assessing Authority is decided in favour of the appellant as this could not be done in re-assessment but rather in revision only being the matter already available on record. Thus the input tax credit disallowed is sustained but the addition of turnover and levy of tax thereon is quashed and so The penalty levied under section 38 of the Act does not survive. The appeal/order is partly accepted and partly rejected.

On the basis of the orders of the Ist Appellate Authority the case was sent for suo-moto action to the D.E.T.C.(I)-cum-Revisional Authority vide letter no. 3603/TI/W-6/AN dated 30.9.2010.

The dealer has preferred an appeal before the Haryana Tax Tribunal against the Jt. ETC (A) order which is rejected vide Hon'ble Tribunal vide order dated 21.12.10.

Ld. D.E.T.C.(I) -cum- Revisional Authority assessed the case and created an additional demand. of Rs. 40336/- on the suppression of sale of Rs. 1008644/- and the assessment file was sent back to Assessing Authority and directed to calculate interest and initiate proceedings u/s 38 of the Act.

As per the directions of D.E.T.C.(I) -cum- Revisional Authority a notice was sent to the dealer but the dealer has prefer review application before the Haryana Tax Tribunal, which is finally rejected vide Haryana Tax Tribunal order dated 15.3.2013. As the firm closed down his business & Recovery proceeding under the Land Revenue Act initiated against the dealer and recovery certificate sent to Collector-cum- Dy. Excise and Taxation Commissioner (ST) Faridabad as dealer now residing at Faridabad. As well as Recovery certificate sent to Collector-cum- DETC (ST) Faridabad (East) vide this office letter no. 3819 dated 13.10.10, and reminder 198/TI (W-6) dated 24.1.2011, 6374/TI (W-6) dated 30.12.2013, 8591/TI dated 3.7.2014 and 300/TI (W-6) dated 5.5.2015.

4. M/s Century NF Casting, Faridabad (W), TIN No. 06141316556, AY. 2006-07

In reply to the audit objection, it is submitted that the assessment order dated 30.08.2010 has been re-assessed under section 17 of H.VAT Act, 2003 and input-claim of Rs. 1039756/- has been reversed on purchases made from M/s Ayush Metal Company holding TIN- 06661317725. The dealer has filed an appeal before Jt. ETC(Appeal), Faridabad against the order of the Assessing Authority. The Appellate Authority has remanded the case to the Assessing Authority for fresh assessment. After that the Remand case has been decided as per direction of J.E.T.C. (Appeal) by following judgment of Hon'ble Punjab and Haryana High Court in case of M/s Gheru Lal Bal Chand and demand has been reduced to NIL. In view of the above facts the Para may please be dropped.

5. M/s S.D. Technical Services (P) Ltd., Gurgaon (E), TIN No. 06951822790, AY. 2004-05

The audit pointed that input tax claim in case of one more dubious dealer i.e. M/s Gautam Steel Traders, Faridabad having TIN 06591322275 was disallowed by the assessing authority which was resulted excess allowance of ITC worth Rs. 220760/-.

It is stated that verification of purchases in case of Iron & Steel Traders were made from the O/o DETC, Faridabad. The Taxation Inspector got verified the purchases on 18.02.2009 and a list of 27 dubious dealers was available on that date.

The purchases in case of M/s. Gautam Steel Traders, Faridabad were got verified from the Taxation Inspector from the O/o DETC, Faridabad (Annexure-4).

Later on dated 28.02.2008 another list of 7 dealers was sent by Sh. N.K.Grewal, ETO to Jt. Excise & Taxation Commissioner (Range) Faridabad.

This list was not circulated among the assessing authorities and was not available with the undersigned at the time of assessment which was framed on 07.03.2009

Hence, based on the report of the Taxation Inspector and none availability of information at the time of assessment, the input tax was allowed on the purchases made from M/s. Gautam Steel Traders, Faridabad.

However, reassessment has been framed vide order dt. 28.05.2009 and input tax of Rs. 220760/- has been disallowed.

Keeping in view of the above facts and circumstances and reassessment framed. The para may be dropped.

6. M/s Grand Prix Fab (P) Ltd., Faridabad (W), TIN No. 06161309270, AY. 2006-07

In reply to audit objection it is submitted that the assessment order dated 21.08.2014 has been re-assessed under section 17 of the H.VAT Act and created a demand of Rs. 263947/-. The dealer has preferred an appeal before the Jt. Excise & Taxation Commissioner (A) Faridabad against the order of Assessing Authority and the Appellate Authority remanded the case vide the Appellate Authority order dated 10.11.2010. After that the remand case has been decided vide Assessing authority order dated 24.07.2013 creating an additional demand of Rs. 1267802/- under the CST Act. Further the dealer again filed appeal against the order of Assessing Authority before the Jt. Excise & Taxation Commissioner (Appeal), Faridabad and the Appellate Authority again remanded the case to the Assessing Authority to prove the genuineness of the purchases in question. Now the remand case has been decided by the Assessing Authority vide order dated 21.08.2014 and demand has been reduced to NIL. Keeping in view the above facts para may kindly be dropped.

7. M/s Electro Controls, Faridabad (W), TIN No. 06631301795, AY. 2006-07

It is submitted that the case was decided on 23.07.2008 under Deemed Assessment Scheme and the letter from JT.ETC(Range) Faridabad circulating a list of bogus dealer on 04/11/2009 The case was reassessed on 03/06/2010 creating an additional demand of Rs. 243421/- under VAT Act and Rs. 2375/- under CST Act. Against this order the dealer went in appeal before Jt.ETC(Appeal) Faridabad who vide his order dated 15/02/2011 rejected in appeal. Further the dealer filled an appeal before Member Sale Tax Tribunal, Haryana Chandigarh who remanded the case vide its order dated 20/10/2011. The remand case was decided on 30/09/2013 creating an additional demand of Rs. 1478/- which stands deposited vide DD No. 225697 dated 29/4/2014 ICICI Bank for Rs.1500/-. Hence the para may please be dropped.

8. M/s Vaishno Traders, Gurgaon (E), TIN No. 06501825705, AY. 2005-06.

In this case, it is intimated that the dealer has claimed input tax credit on total purchases of Rs. 9526045- but the then Assessing Authority has disallowed the claim of Rs. 321717- and allowed Input Tax Credit on the basis of VAT invoices and VAT C-4 which were submitted by the dealer in support of claim as per provision of the

HVAT Act and no connivance of the dealer was established at the time of assessment. The same issue has been decided by the Hon'ble Punjab & Haryana High Court Chandigarh in the case of Civil Writ Petition No. 6573 of 2007 of M/s Gheri Lal Bat Chand Vs State of Haryana. In view of the above submission, may drop the para.

9. M/s Aggarwal Iron & Steel Co., Gurgaon (E), TIN No. 06541822482, AY. 2005-06

In reply to the audit objection it is stated that the benefit of Input Tax' Credit has been allowed on the basis of tax invoices produced/furnished by the dealer. Input Tax Credit was allowed under the provisions of the Act and no connivance of the dealer is established. The same has also been held by the Hon'ble Punjab & Haryana High Court in the case of M/s Gheru Lal Balchand Vs. State of Haryana that no innocent person can be punished. In view of this there is no irregularity in person can be punished. In view of this there is no irregularity in grant of input tax.

10. J.P.M. Tools Ltd., Gurgaon (E), TIN No. 068418220571, AY. 2004-05

In this case it is intimated that the benefit of Input Tax Credit has been allowed on the basis of tax invoices produced/furnished by the dealer. Input Tax Credit was allowed under the provisions of the Act and no connivance of the dealer is established. The same has also been held by the Hon'ble Punjab & Haryana High Court in the case of M/s Gheru Lal Balchand Vs. State of Haryana. In view of the said case no irregularity could be noticed by the Assessing Authority. The para may have be dropped.

11. M/s Sewa Ram Dilbag Rai Bhalla, Gurgaon (W), TIN No. 06731905264, AY. 2005-06

In this case it is intimated that aggrieved against the order of reassessment of u/s 17 of HVAT Act 2003 dealer preferred an appeal before JETC (Appeal) Faridabad who, vide order dt. 02.01.2013 remanded back the case to Assessing Authority for fresh decision. In compliance the Assessing Authority has decided the case vide order No. 293A/05-06 dt. 31.07.2013 and created Nil demand. Hence the para may please be dropped.

12. M/s Shiv Steel, Gurgaon (W), TIN No. 06481917963, AY. 2005-06

In this case it is intimated that aggrieved against the order of reassessment dealer preferred an appeal before JETC (Appeal) Faridabad who, vide order dt. 07.06.2012 remanded case back to Assessing Authority. In compliance Assessing Authority has decided the case vide order NO. 178C/05-06 dt. 28.06.2013 and allowed excess carry forward of Rs. 126161/-. In view of this para may be dropped.

13. M/s Arvind Chemicals, Gurgaon (W), TIN No. 06591913877, AY. 2005-06

In this case it is intimated that aggrieved against the order of reassessment dealer preferred an appeal before JETC (Appeal) Faridabad who, vide order dt. 07.06.2012 remanded case back to Assessing Authority. In compliance Assessing Authority has finalize the case vide order NO. 399A/05-06 dt. 31.10.2012 and allowed excess Rs. 7287/- which is adjusted under CST Act. In view of this para may be dropped.

14. M/s Shakti Steel Traders, Panipat, TIN No. 06932608598, AY. 2005-06

In reply to the audit para, it is submitted that the reassessment in the case was finalized vide orders dated 14.03.2011 creating an addl. Demand of Rs.844601/- by the then

Assessing Authority. The reassessment was challenged before Jt. Excise & Taxation Commissioner (Appeal), Rohtak and the case was remanded back to the Assessing Authority vide order dated 17.01.2012 conveyed vide No. 1549/Reader dated 27.02.12. The proceedings of remand case were also finalized vide order dated 07.01.2014 after getting verification of payment of VAT on the transactions of sales effected by so called tainted dealers as circulated by Jt. ETC(Range), Faridabad. In the proceedings of remand case, the dealer of Panipat has argued that they have paid tax on the purchases made from Gurgaon namely M/s Rathi Steel Ltd.. TIN-06511824001 & 06511824002 and the selling dealers have properly shown the same in VAT returns submitted in the office of Assessing Authority, Gurgaon and deposited the due tax in the Govt. Treasury. The contention of the dealer was considered during proceedings and verification of the facts was conducted from the O/o Dy. Excise & Taxation Commissioner, Gurgaon. As per reports of sales shown and tax deposited in Gurgaon Treasury received from O/o DETC. Gurgaon placed on the file the Input tax Credit of Rs.422168/- was allowed rightly. In view of the above reply para may be dropped.

15. M/s Wood Packers India (P) Ltd., Gurgaon (E), TIN No. 06481821939, AY. 2005-06 & 2006-07

In this case it is intimated that the file was sent to the Revisional Authority who vide his order dated 12.08.2011 has decided the case after creating an additional demand of Rs. 249012/- for the A. Y. 2006-07 and order dated 22.04.2011 creating an additional demand of Rs. 858501/- for the A. Y. 2005-06. Keeping in view of all the above facts and circumstances the para may please be dropped.

16. M/s Vimoni India (P) Ltd., Rewari, TIN No. 06162706361, AY. 2006-07

In this case it is intimated that the As regards audit objection it is intimated that the case was sent to the Dy. Excise & Taxation Commissioner (ST)-cum Revisional Authority, Rewari for taking Suo-Motto action. Revisional Authority vide order dated 14.09.2012 remanded the case back to the Assessing Authority. The copy of this order dated 14.09.2012 is attached here with for your ready reference. Para already settled vide AG letter no. SRA/ST/IR:12-13/2013-14/907, 01.10.2013. Hence Para needs to be dropped.

17. M/s Tilak Industries, Rewari, TIN No. 06552703964, AY. 2006-07

In this case it is intimated that the case is being sent to the DETC -cum- Revisional Authority, Rewari for suo-moto action. The same is remanded back to the assessing authority to pass fresh assessment order in accordance with law. The same is pending. The result will be intimated in due course of time. Para already settled vide AG letter no. SRA/ST/IR:12-13/2013-14/907, 01.10.2013. Hence Para needs to be dropped.

18. M/s Packsafe Industries, Rewari, TIN No. 06322705982, AY. 2005-06 & 2006-07

2005-06

The case is pertaining to 2005-06 was assessed on 12.11.2007. The audit objection was raised on 28.10.2010 and the case was sent to suo moto revision on 24.11.2010. Since the audit objection was raised as the last moment and till the time. The case was time barred as per HVAT Act, 2003. Revision of assessment within 3 years passing of the order. So, the case was not be taken up for revision. Copy of the order is attached with reply for your kind reference. In view of the above, the para may please be dropped.

2006-07

As regard audit objection it is intimated that the case was sent to the Dy. Excise & Taxation Commissioner (ST)-Cum-Revisonal Authority for taking suo uaction. The Revisional Authority remanded the case vide order dated 06.12.2011. Now, the remand case has been decided vide order dated 23.11.2013 on production of complete documents i.e. inward challans, purchases invoice and mode of payment through Bank. The remand case is decided on complete verification. Additional demand was also paid.

In view of the above, the para may please be dropped.

19. M/s H.R. Steel, Rewari, TIN No. 06182707029, AY. 2006-07

In this case it is intimated that the the case was sent to the Dy. Excise & Taxation Commissioner (ST)-cum Revisional Authority, Rewari for taking Suo-Motto action. Revisional Authority vide order dated 28.11.2011 remanded the case back to the Assessing Authority. The copy of this order dated 28.11.2011 is attached here with for your ready reference. Hence Para needs to be dropped. Para already settled vide AG letter no. SRA/ST/IR:12-13/2013-14/907, 01.10.2013. Hence Para needs to be dropped.

20. M/s Harshit Metals, Rewari, TIN No. 06372705033, AY. 2006-07

In this case it is intimated that the case was sent to the Dy. Excise & Taxation Commissioner (ST)-cum Revisional Authority, Rewari for taking Suo-Motto action. Revisional Authority vide order dated 30.11.2011 remanded the case back to the Assessing Authority. The copy of this order dated 30.11.2011 is attached here with for your ready reference.

Hence Para needs to be dropped. Para already settled vide AG letter no. SRA/ST/IR:12-13/2013-14/907, 01.10.2013. Hence Para needs to be dropped.

21. M/s Shri Ram & Sons, Rewari, TIN No. 06602701560, AY. 2006-07

In this case it is intimated that the case was sent to the Dy. Excise & Taxation Commissioner-cum-Revisonal Authority Rewari taking Suo-moto action. The Revisional Authority vide his order No. 15/06-07 dated 01.12.2011 has remanded the case stating that fresh assessment be framed in light of decision given by Hon'ble Punjab & Haryana High Court Chandigarh in CWP No. 6573 of 2007. Now the case has been decided by the Assessing Authority vide order dt. 14.05.2013 with nil demand.

22. M/s E-Vision Management System, Faridabad (E), TIN No. 06071218479, AY. 2007-08

In this case it is intimated that the additional demand of Rs. 2,10,000/- created on account of disallowing input tax that recovery of Rs. 2,10,000/- has been made form the dealer vide the following installment,

Rs. 100000/- vide DD NO. 96689.

Rs. 60000/- vide DD NO. 017198/-

Rs. 50000/- vide DD No. 017524/-

The above payment stands verified. In view of the above facts Hence the para may please be dropped.

23. M/s Shree Steel Industries, Nilokheri, Karnal, TIN No. 06902231915, AY. 2005-06

In reply to audit, it is stated that the assessment file of the firm for the year 2005-06 has been sent to Ld. Dy. Excise & Taxation Commissioner-cum-Revisional Authority, Karnal for taking suo moto action. Revisional Authority has created an additional demand of Rs. 3,12,232/- vide order dated 10.10.2010 by reversing the input tax and the purchases made.

However the dealer filed an appeal before Hon'ble Haryana Tax Tribunal and the case has been remanded back to Assessing Authority and remarks decide the case as per Hon'ble Punjab and Haryana High Court in case of M/s Gheru Lal Bal Chand v/s State of Haryana decided on 23.9.2011 that no liability can be fastened on the purchasing registered dealer on account of non-payment of tax by the selling registered dealer in the treasury unless it is fraudulent or collusion or connivance with the registered selling dealer or its predecessors with the purchasing registered dealer is established. In view of the above, it cannot be held that the provisions of Section 8 (3) of the Act and the sub-rules (1) and (4) of Rule 20 of the rules are ultra-virus but the same shall be operative. In the manner indicated above. Consequently, the writ petitions are partly allowed and assessment order are set aside and cases are remanded to the assessing Authority to pass fresh assessment order in accordance with law" Case was assessed on 28.6.2013 and additional demand was created for Rs. 30000/- and demand stand deposited by the dealer vide TR No. 1 on 27.8.2013

Keeping in view of above facts, the para may please be dropped..

24. M/s Prem Nath Aggarwal & Sons, Karnal, TIN No. 06492201828, AY. 2005-06

In this case it is intimated that the submitted that the case sent for suo moto action to the Dy. Excise & Taxation Commissioner (I), Karnal who vide his order dated 03.01.2014 decided the case and an additional demand of Rs. 2,14,062 / - was created. The dealer went in appeal against this order before the Hon'ble Sales Tax Tribunal, Haryana. The case is pending before the Hon'ble Sales Tax Tribunal. In view of these observations, the para may please be dropped.

25. M/s Niranjana Parshad, Jai Gopal, Ambala, TIN No. 06391009462, AY. 2004-05

In this case it is intimated that the DETC-cum-Revisional Authority has revised the orders dated 10.02.2010 and created a demand of Rs. 283084/-.

Against the order of Dy. Excise & Taxation Commissioner-Cum Revisional Authority, dealer has filled an appeal in Haryana Tax Tribunal, Chandigarh, final reply will be communicated after the decision of Haryana Tax Tribunal, Chandigarh. In view of above, the para may please be dropped.

The Committee has recommended that firstly, all such sellers who have not deposited the tax with the Government be identified and strict action as per law be taken against them and secondly, responsibility be fixed of the officers, who have allowed input tax credit incorrectly, in a time bound manner and action taken report be submitted to the Committee.

[77] 2.4.3 Incorrect allowance of input tax credit

Under Section 8 of the HVAT Act, input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the State on the sale of such goods to him. Provided that where the goods purchased in the State are used or disposed of partly in the circumstances mentioned in Schedule E, no ITC on petroleum products and natural gas is admissible when used as fuel.

During test check of the records of the office of DETC (ST), Gurgaon (East) and Rewari between July and November 2010, we noticed that three dealers purchased liquefied petroleum gas (LPG) and furnace oil (FO) valued as ₹ 3.64 crore for use as a fuel during the year 2006-07 and claimed ITC. The AA, while finalising the assessment between August 2009 and March 2010, allowed ITC of ₹ 16.22 lakh though no ITC was admissible on purchases of petroleum products when used as fuel. This resulted in incorrect allowing of ITC of ₹ 16.22 lakh. Additionally, interest amounting to ₹ 13.34 lakh was also leviable under Section 14 (6) of HVAT Act.

After we pointed out the cases between July and November 2010, DETC (ST), Gurgaon (East) stated in October 2010 that the reassessment was framed and ITC on purchases of LPG disallowed and demand for ₹ 87,632 had been created. DETC (Rewari) stated that the case had been sent for taking suo motu action on 24 November 2010 and final reply would be sent in due course. We have not received report on recovery and reply regarding action taken to levy interest (October 2011).

The Department in its written reply stated as under :-

1. M/s E.MM. ESS Aircon Pvt. Ltd. Gurgaon (E), TIN No. 06231816493, AY. 2006-07

In this case it is intimated that at the time of finalizing the assessment case. Input tax of the following dealers was allowed to the dealer. But later on it was noticed that the Input Tax Credit was wrongly allowed to the dealer on petroleum product i.e. LPG which was used as fuel of the following dealer.

Sr. No.	Name of selling dealer	Amount of LPG Purchase (Rs.)	Amount of Tax (Rs.)
1.	M/s Raj Gas Service, GGN	2,27,201/-	9088/-
2.	M/s Raj Gas Service, GGN	19,41,052/-	2,42,632/-
3.	M/s Shiv Energy Pvt. Rewari	22,549/-	1,803/-

Hence, reassessment proceedings were initiated by issuance a statutory notice inform VAT N-2 which is placed on the file. Thereafter reassessment case has been finalized creating an additional demand of Rs. 252622/- An appeal was filled against this reassessment order. This order creating additional demand of Rs. 252622/- was quashed by JT. Excise & Taxation Commissioner (Appeal) Faridabad, vide his order dated 12/07/2012. Thus para may be dropped.

2. M/s Rico Auto Industries Ltd., Dharuhera, Rewari, TIN No. 06472703814, AY. 2006-07

In this case it is intimated that as regards audit objection it is intimated that the case was sent to the Dy. Excise & Taxation Commissioner (ST)-cum-Revisional Authority, Rewari for taking Suo-Motu action. The Dy. Excise & Taxation Commissioner (ST)-cum-

Revisional Authority, Rewari decided the case vide order No. 10/2006-07 dated 10.02.2012. Aggrieved with the order the dealer went in appeal before Haryana Tax Tribunal, Chandigarh. The Hon'ble Haryana Tax Tribunal, Chandigarh remanded the case vide order dated 10.05.2012 to Revisional Authority. The Revisional Authority decided the remand case vide order dated 16.06.2014 creating an additional demand of Rs. 2153996/- under HVAT Act, 2003. Aggrieved with the order the dealer went in appeal before Haryana Tax Tribunal, Chandigarh. The appeal is still pending, result will be intimated as and when appeal case will decide. Hence the para may please be dropped.

The Committee has recommended that vigorous effects be made to protect the interest of the State.

[78] 2.5.1 Incorrect deductions of High sea sale and Transit sale

2.5.1.1 High sea sale

Under Section 5 (2) of Central Sales Tax Act, 1956 (CST Act), a sale or purchase of goods shall be deemed to take place in the course of the import of the goods into the territory of India only if the sale or purchase either occasions such import or is effected by a transfer of document of title to the goods before the goods have crossed the customs frontiers of India.

Further, Section 38 of Haryana Value Added Tax Act, 2003 (HVAT Act) read with Section 9 (2) of CST Act provides for levy of penalty for filing/claiming incorrect returns/ benefit of exempted sale, a sum equal to three times the tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

During test check of the records of the office of DETC (ST), Faridabad (West) in August 2010, we noticed that a dealer of Faridabad (West) in pursuance of intent/order in September 2004 entered into agreement in May 2006 for supply of materials with Haryana Power Generation Corporation Limited, Panchkula (HPGCL). The dealer (contractor) after purchasing the materials from outside the Country valued at ₹ 561.07 crore between April 2006 and March 2007 and supplied the same directly to the site of works through their accounts. The dealer claimed benefit of exempted sales, under Section 5 (2) of the CST Act by furnishing proof of import and agreement for high sea sale, which was allowed by the assessing authority (AA) while finalising assessment in these cases in March 2010. Thus, the benefit claimed/allowed was neither justified nor correct. This resulted in underassessment of VAT of ₹ 70.13 crore. Additionally, penalty of ₹ 210.39 crore was also not levied.

After we pointed out this case in August 2010, the AA stated in November 2010 that the para was based on a single finding that endorsement/transfer of documents was in pursuance of pre-existing contract.

The issue of pre-existing contract was valid in the case of consignment/branch transfer but not in the case of high sea sales. The reply is contrary to the provisions of the Act as pre-existing contract is not valid in high sea sales and this is a case of contractor and contractee and the sales were liable to be taxed under the HVAT Act. Further, ETC Haryana admitted the case and issued guidelines in August 2011 to filed offices in this regard. We have not received further progress report in the case (October 2011).

The Department in its written reply stated as under:-

M/s Reliance Energy Ltd., Faridabad (E), TIN No. 06671211359, AY. 2006-07

In this case it is intimated that audit para is base only on a single finding that endorsement/transfer of documents is in pursuance of pre-existing contract, therefore, these high-sea sales under section 5 (2) and E-1/E-2 Sales under section 6(2) of the CST Act are not admissible.

This point has already been examined by the undersigned and the audit reply is as under:-

The case of Deputy Commissioner of Agricultural Income-Tax and Sales Tax, Ernakulam Vis India Exposives Ltd., (1985) 60 STC 310 (SC) squarely covers the point of sales made in pursuance of pre-existing contract. It reads:-

“Held, that reading the actual users import license and the letter of authority it was clear that the import of the goods by the assessee was for and on behalf of the local purchaser and the assessee could not, without Committing a breach of the contract, divert the goods so imported for any other purpose. Therefore, there was an integral connection between the sale to the local purchaser and the actual import of the goods from the foreign supplier. The other words, the movement of the goods from the foreign country of India was in pursuance of the conditions of the pre existing contract of sale between the assessee and the local purchaser, and as such the sales in question were sales in the course of import;

In order that the sale should be one in the course of import, it must occasion the import, and to occasion the import there must be integral connection or inextricable link between the first sale following the import and actual import provided by an obligation to import arising from statute, contract or mutual understanding, or nature of the transaction which links the sale to import which cannot, without committing a breach of statute or contract or mutual understanding, be snapped.”

2. The other case which delivered the landmark judgement on the point of sales (E-1/E-2 and High Sea) in pursuance of pre-existing contract/order.

Picker X-ray (India) Ltd. V/s State of Tamil Nadu (1991)83 STC 477 where in Hon’ble Madras High Court held that :-

“ Under the import and export policy for the year 1984-85, an “actual user” is defined as a person who applies for a license for the import of any them required for his own use and not for business or trade in it. Where an import is undertaken by a dealer on the basis of an actual user’s license and letter of authority which allows the dealer to act as agent of the licensee and prohibits the diversion of the goods by the dealer for any other use, and under which the goods remain the property of the license holder at all times, the dealer cannot be taxed on the turnover of goods imported, as the transaction would be in the course of import, the dealer merely, acting as an agent of the licensee”.

3. The Apex Court in the case of Gannon Dunkerley & Co. dealt with sections 3,4 and 5 of the Central Sales Tax Act, 1956 :-

“ As a result of the Forty sixth Amendment, the contract which was single and indivisible has been altered by a legal fiction into one for sale of goods and other for supply of labour and services and as a result such a contract which was single indivisible has been brought at par with a contract containing two separate agreements. Since the provisions of sections 3,4 and 5 of the Central Sales Tax Act, 1956, are applicable to such contracts containing two separate agreements, there is no reason why the said provisions should not apply to a contract which, though single and indivisible, by legal fiction introduced by the Forty-sixth Amendment has been altered into a contract which is divisible into one for sale of goods and other for labour and services. If the legal fiction introduced by article 366 (29A)(b) is carried to its logical end it follows that even in a single and indivisible works contract there is a deemed sale of the goods which are involved in the execution of a works contract. Such a deemed sale had all the incidents of a sale of goods involved in the execution of a sale of goods involved in the execution of works contract where the contract is divisible into one for sale of goods and the other for supply of labour and services.”

4. The Hon’ble High Court of Andhra Pradesh in the case of Larsen & Toubro Limited V /s Comm. Of Com. Taxes (2003) 132STC272(A.P) decided the issue of sales made in pursuance of pre-existing contracts. This judgement goes :-

“ That the entire project work had to be completed by the appellant, which included, installation of machinery and supervision up to certain point of time, that is to say, the contract was composite in nature. By merely supplying material to the contractee, the responsibility arising out of the agreement did not cease. The appellant had to install the machinery and watch the performance for a period of 15 months. Certain goods were manufactured by the appellant on the specification of the contractee at the factory near Bombay and the representatives of the contractee inspected the goods and after being satisfied with the quality of goods clearance was given. 90 percent of the value of goods was already received by the appellant from the contractee. The movement of goods was occasioned pursuant to the contract. The documents on record would go to show that these goods had reached the destination as per the terms of the contract. Central Sales Tax was paid to the State of Maharashtra under the scheme of the Act. Having regard to the fact that there were two facts of the contract, supply of goods and installation of machinery with the labour of the appellant, the contract was a divisible contract. The transaction was an inter-state and not an intra-state transaction and the turnover arising on this transaction could not be brought under the tax net of Andhra Pradesh Act.”

Issue of Section 6(2) E-I/ E-2 sales

In the following case the issue of sales under section section 6(2) of the CST Act 1956 i.e E-I/E-2 sales has been decided by different High Courts:-

I. SIEMENS INDIA LIMITED V /s State of Kerala (2003) 132 STC 418 (KER) :-

“The petitioner was receiving work orders from CBZL for the supply and erection of electrical equipment. The work orders were split into two; one for design, engineering, manufacturing, testing and supply of equipment and material and the other for erection

and commissioning of the equipment. The first order was the supply order and the second one the “service order”. Pursuant to the supply order, the petitioner in turn placed orders with various manufacturers outside the State for manufacture of the item according to the design and specification of the purchaser. It was specifically provided in the supply order that notwithstanding the inspection test conducted at the supplier’s works from time to time, the goods under the order shall not be dispatched unless they had been finally inspected by CBZL or inspection waived and dispatch specifically authorized in writing. Accordingly, the goods covered by the supply order were manufactured according to the design and specification of the purchaser in places outside Kerala and inspected by the purchaser before dispatch. The petitioner effected sale of these goods to the purchasers while the goods were in movement and claimed exemption on that ground that the related turnovers represented subsequent sale of goods during their movement inter-state but the assessing authority disallowed the claims to exemption made under section 6(2) of the Central Sales Tax Act, 1956 on the ground that the disputed turnover related to EXECUTION OF WORKS CONTRACT, which were deemed sales taxable under section 5(1)(iv) read with section 5C of the Kerala General Sales Tax Act, 1963. This was confirmed by the Tribunal. On revision petitions: Held, that in an earlier writ petition filed by the petitioner challenging Explanation 4 (c) to section 2 (xxi) of the Kerala Act, the court had held that by a deeming provision, the State Government could not change the character of the sale. After declaring that Explanation 4(c) to section 2 (xxi) of the Kerala Act had to be read down and does not apply to inter-state sales, the court directed the assessing authority to reconsider the matter. Similarly in this case, the contract was not indivisible. It contained two parts; the supply order and the service order. The Tribunal was not correct in holding that there was only one contract. The price was also shown separately. The right of the buyer to inspect the goods before they were transported was also preserved. So also, the goods were insured. When the goods were in transit, the petitioner transferred the title to the property to CBZL. The Tribunal had not considered this matter in detail. The assessing authority should consider the matter again after hearing the parties.

2. Gulzag Industires Limited V/s State of Rajasthan & Others (2003) 129STC3(Raj.)

“Once a sale is prima facie found to be an inter-State sale, the tax shall be collected in the State from which the movement of the goods commenced in view of section 9(1) of the Central Sales Tax Act, 1956. Thus in the case of an inter-State sale, any act to realize tax from a Citizen under the State Act, will be ultra virus being in violation of the fundamental rights guaranteed under article 19(1)(g) of the Constitution. A citizen who is aggrieved will have a right to seek relief by a petition under article 226 of the Constitution of India.

The appellant purchased chemicals in the course of inter-State trade from manufacturers/suppliers from Gujarat and affected subsequent sales to various buyers in the State of Rajasthan including one S by transfer of the documents of title to the goods, i.e. by endorsing the goods receipts bilties during their movement from Gujarat to Rajasthan. The goods passed through the areas where the appellant’s branches/head office were located and they were carried to the destination of the subsequent buyers in the same vehicle in which they were brought from Gujarat, by the same transporter. On the ground that on account of the entries of the said sales made by the appellant in the

dail sales report, preparation of invoices and delivery challans in respect of the said sales, it must be presumed that the appellant took constructive delivery of the goods which terminated their inter-state movement and the sales effected thereafter were “intra-State sales” of such goods to the buyers in Rajasthan on which local tax was leviable, the Assessing Commissioner of Commercial Taxes made a demand under the Rajasthan Sales Tax Act, 1994, treating the sales as local sales. A writ petition filed by the appellant was dismissed by a single Judge relegating the appellant to the remedy of appeal. On appeal to a division Bench: Held, that a subsequent sale within the meaning of section 6(2) of the Central Sales Tax Act had been effected by endorsing the documents of title during the course of inter-State movement of the goods. The goods were delivered to S as per the bilties and the said Stock delivery from the transporter. One of the invoices produced showed the name of the consignor as Gujarat Alkalis and Chemicals, Baroda, and the name of the consignee and the appellant. The goods were to be delivered to S. On the back of the invoice, there was an endorsement made by the manager of the appellant to deliver the goods to S. The goods were carried throughout in the same vehicle. The documents clearly showed that the movement of goods did not terminate earlier on account of the appellant’s endorsement of the documents of title or on account of making entries, invoices, challans, etc. When the appellant effected subsequent inter-State sales by endorsing the documents of title forthwith and accordingly, the transporter who brought the goods from outside the State took the goods to the subsequent buyers, who obtained delivery thereof, there was no question of any notional or constructive delivery to the appellant. The appellant did not take delivery of goods. Interstate movement of goods continued and terminated only upon the subsequent buyers taking delivery of the goods. Therefore all the subsequent sales effected by the appellant during the course of inter-State movement of the subject goods were exempt in terms of section 3(b) and section 6(2) of the Central Act, and therefore, beyond the scope of the Rajasthan Act. The proceedings initiated by the authorities under the Rajasthan Act were without jurisdiction and without authority of law.

3. **P.A. George and Company V /S Assistant Commissioner of sales Tax (1998) 110 STC 253(Ker) From the reading of the audit party it is gathered that the audit party might have mixed the point of E-1/E-2 and High-Sea Sales with the point of consignment sales/branch transfer. In Such sales (Consignment/ branch transfer) the issue of pre-existing contract is valid one but not in the E-1/E-2 or high-sea sales. It is, therefore, submitted that the audit para may kindly be dropped.**

The Committee has desired that the department should obtain the tender document from the Haryana Power Generation Corporation Ltd, (HPGCL), Panchkula to ascertain the fact that the tax was inclusive or not and reconcile the fact with the office of Principal Accountant General, Haryana under intimation to the Committee.

[79] 2.5.1.2 Transit sale

Under Section 6 (2) of the CST Act, where a sale of any goods in the course of inter-State trade or commerce has either occasioned the movement of such goods from one State to another or has been effected by a transfer of documents of title to such goods during their movement one State to another, any subsequent sale during such movement effected by a transfer of documents of title to

such goods to a dealer shall be exempt from tax, provided the dealer furnishes a certificate in prescribed form E-I or E-II obtained from selling dealer (s) and a declaration in form C' obtained from purchasing dealer (s). Thus, the contract of supply of goods must come into existence after commencement and before termination of inter-State movement of goods. Further, penalty under Section 38 was also leviable under the HVAT Act.

During test check of the records of the office of DETC (ST), Faridabad (West) in August 2010, we noticed that a dealer of Faridabad (West) entered into agreement in May 2006 for supply of materials with HPGCL. The dealer (contractor) after purchasing the materials from outside the State valued at ₹ 438.71 crore between April 2006 and March 2007 and supplied the same directly to the site of works through their accounts. As the supply of materials was done within the State, the sale transactions were to be taxed under the provisions of the HVAT Act. In spite of this, the dealer claimed benefit of exempted sales, under Section 6 (2) of the CST Act by furnishing proof of E-I, E-II and C' forms, which was also allowed by the assessing authority (AA) while finalising assessment in these cases in March 2010. Thus, the benefit claimed/allowed was neither justified nor correct. This resulted in underassessment of VAT of ₹ 54.84 crore. Additionally, penalty of ₹ 164.52 crore was also not levied.

After we pointed out these cases in August 2010, the AA stated in November 2010 that the issue of pre-existing contract was valid in the case of consignment/branch transfer but not in the E-I/E II sales. The reply is contrary to the provisions of the Act as pre-existing contract is not valid and this is a case of contractor and contractee. However, the sales were liable to be taxed under the HVAT Act. We have not received further action taken in these cases (October 2011).

The Department in its written reply stated as under:-

At all times, the dealer cannot be taxed on the turnover of goods imported, as the transaction would be in the course of import, the dealer merely, acting as an agent of the licensee”.

3. The Apex Court in the case of Gannon Dunkerley & Co. dealt with sections 3,4 and 5 of the Central Sales Tax Act, 1956 :-

“As a result of the Forty sixth Amendment, the contract which was single and indivisible has been altered by a legal fiction into one for sale of goods and other for supply of labour and services and as a result such a contract which was single indivisible has been brought at par with a contract containing two separate agreements. Since the provisions of sections 3,4 and 5 of the Central Sales Tax Act, 1956, are applicable to such contracts containing two separate agreements, there is no reason why the said provisions should not apply to a contract which, though single and indivisible, by legal fiction introduced by the Forty-sixth Amendment has been altered into a contract which is divisible into one for sale of goods and other for labour and services. If the legal fiction introduced by article 366 (29A)(b) is carried to its logical end it follows that even in a single and indivisible works contract there is a deemed sale of the goods which are involved in the execution of a works contract. Such a deemed sale had all the incidents of a sale of goods involved in the execution of a sale of goods involved in the execution of works contract where the contract is divisible into one for sale of goods and the other for supply of labour and services.”

4. The Hon'ble High Court of Andhra Pradesh in the case of Larsen & Toubro Limited V/s Comm. Of Com. Taxes (2003) 132STC272(A.P) decided the issue of sales made in pursuance of pre-existing contracts. This judgement goes :-

“That the entire project work had to be completed by the appellant, which included, installation of machinery and supervision up to certain point of time, that is to say, the contract was composite in nature. By merely supplying material to the contractee, the responsibility arising out of the agreement did not cease. The appellant had to install the machinery and watch the performance for a period of 15 months. Certain goods were manufactured by the appellant on the specification of the contractee at the factory near Bombay and the representatives of the contractee inspected the goods and after being satisfied with the quality of goods clearance was given. 90 percent of the value of goods was already received by the appellant from the contractee. The movement of goods was occasioned pursuant to the contract. The documents on record would go to show that these goods had reached the destination as per the terms of the contract. Central Sales Tax was paid to the State of Maharashtra under the scheme of the Act. Having regard to the fact that there were two facts of the contract, supply of goods and installation of machinery with the labour of the appellant, the contract was a divisible contract. The transaction was an inter-state and not an intra-state transaction and the turnover arising on this transaction could not be brought under the tax net of Andhra Pradesh Act.”

Issue of Section 6(2)E-I/ E-2 sales

In the following case the issue of sales under section 6(2) of the CST Act 1956 i.e E-1/E-2 sales has been decided by different High Courts:-

I. SIEMENS INDIA LIMITED V /s State of Kerala (2003) 132 STC 418 (KER) :-

“The petitioner was receiving work orders from CBZL for the supply and erection of electrical equipment. The work orders were split into two; one for design, engineering, manufacturing, testing and supply of equipment and material and the other for erection and commissioning of the equipment. The first order was the supply order and the second one the “service order”. Pursuant to the supply order, the petitioner in turn placed orders with various manufacturers outside the State for manufacture of the item according to the design and specification of the purchaser. It was specifically provided in the supply order that notwithstanding the inspection test conducted at the supplier’s works from time to time, the goods under the order shall not be dispatched unless they had been finally inspected by CBZL or inspection waived and dispatch specifically authorized in writing. Accordingly, the goods covered by the supply order were manufactured according to the design and specification of the purchaser in places outside Kerala and inspected by the purchaser before dispatch. The petitioner effected sale of these goods to the purchasers while the goods were in movement and claimed exemption on that ground that the related turnovers - represented subsequent sale of goods during their movement inter-state but the assessing authority disallowed the claims to exemption made under section 6(2) of the Central Sales Tax Act, 1956 on the ground that the disputed turnover related to EXECUTION OF WORKS CONTRACT, which were deemed sales taxable under -section 5(1) (iv) read with section 5C of the Kerala General Sales Tax Act, 1963. This was confirmed by the Tribunal. On revision petitions: Held, that in an earlier writ

petition filed by the petitioner challenging I Explanation 4 (C) to section 2(xxi) of the Kerala Act, the court had held that by a deeming provision, the State Government could not change the character of the sale. After declaring that Explanation 4(c) to section 2(xxi) of the Kerala Act had to be read down and does not apply to inter-state sales, the court directed the assessing authority to reconsider the matter. Similarly in this case, the contract was not indivisible. It contained two parts; the supply order and the service order; The Tribunal was not correct in holding that there was only one contract. The price was also shown separately. The right of the buyer to inspect the goods before they were transported was also preserved. So also, the goods were insured. When the goods were in transit, the petitioner transferred the title -to the property to CBZL. The Tribunal had not considered this matter in detail. The assessing authority should consider the matter again after hearing the parties.

4. Gulzag Industires Limited V / s State of Rajasthan & Others (2003) 129STC3 (Raj.)

“Once a sale is prima facie found to be an inter-State sale, the tax shall be collected in the State from which the movement of the goods commenced in view of section 9(1) of the Central Sales Tax Act, 1956. Thus in the case of an inter-State sale, any act to realize tax from a citizen under the State Act, will be ultra virus being in violation of the fundamental rights guaranteed under article 19(1)(g) of the Constitution . A citizen who is aggrieved will have a right to seek relief by a petition under article 226 of the Constitution of India.

The appellant purchased chemicals in the course of inter-State trade from manufacturers suppliers from Gujarat and affected subsequent sales to various buyers in the State of Rajasthan including one S by transfer of the documents of title to the goods, i.e. by endorsing the goods receipts/bilties during their movement from Gujarat to Rajasthan. The goods passed through the areas where the appellant’s branches head office were located and they were carried to the destination of the subsequent buyers in the same vehicle in which they were brought from Gujarat, by the same transporter. On the ground that on account of the entries of the said sales made by the appellant in the daily sales report, preparation of invoices and delivery challans in respect of the said sales ,it must be presumed that the appellant took constructive delivery of the goods which terminated their inter-state movement and the sales effected thereafter were “intra-State sales” of such goods to the buyers in Rajasthan on which local tax was leviable, the Assessin Commissioner of Commercial Taxes made a demand under the Rajasthan Sales Tax Act, 1994, treating the sales as local sales. A writ petition filed by the appellant was dismissed by a single Judge relegating the appellant to the remedy of appeal. On appeal to a division Bench: Held, that a subsequent sale within the meaning of section 6(2) of the Central Sales Tax Act had been effected by endorsing the documents of title during the course of inter-State movement of the goods. The goods were delivered to S as per the bilties and the said Stock delivery from the transporter. One of the invoices produced showed the name of the consignor as Gujarat Alkalies and Chemicals, Baroda, and the name of the consignee and the appellant. The goods were to be delivered to S. On the back of the invoice, there was an endorsement made by the manager of the appellant to deliver the goods to S. The goods-were carried throughout in the same vehicle. The documents clearly showed that

the movement of goods did not terminate earlier on account of the appellant's endorsement of the documents of title or on account of making entries, invoices, challans, etc. When the appellant affected subsequent inter-State sales by endorsing the documents of title forthwith and accordingly, the transporter who brought the goods from outside the State took the goods to the subsequent buyers, who obtained delivery thereof, there was no question of any notional or constructive delivery to the appellant. The appellant did not take delivery of goods. Interstate movement of goods continued and terminated only upon the subsequent buyers taking delivery of the goods. Therefore all the subsequent sales effected by the appellant during the course of inter-State movement of the subject goods were exempt in terms of section 3(b) and section 6(2) of the Central Act, and therefore, beyond the scope of the Rajasthan Act. The proceedings initiated by the authorities under the Rajasthan Act were without jurisdiction and without authority of law.

5. **P.A. George and Company V/S Assistant Commissioner of Sales Tax (1998) 110 STC 253(Ker) From the reading of the audit party it is gathered that the audit party might have mixed the point of E-I/E-2 and High-Sea Sales with the point of consignment sales/branch transfer. In Such sales (Consignment/branch transfer) the issue of pre-existing contract is valid one but not in the E-I/E-2 or high-sea sales. It is, therefore, submitted that the audit para may Kindly be dropped.**

The Committee has desired that necessary documents relating to this case be submitted to the Committee for its consideration.

[80] 2.5.1.3

During test check of the records of the office of the DETC (ST), Faridabad (West), between August 2008 and September 2010, we noticed that six dealers of Faridabad (West) entered into agreements in eight cases for supply of materials with the purchasing dealers within and outside the State. The dealers, after purchasing the materials from within and outside the State supplied the same valued as ₹ 224.37 crore (local sales: ₹ 6.60 crore; outside the State: ₹ 217.77 crore) through his accounts directly to the purchasing dealers between April 2004 and March 2008. As the supply of material was done within and outside the State, the sale transactions were to be taxed under the provisions of the HVAT and CST Acts. Inspi 2 crore was also leviable.

After we pointed out these cases between August 2008 and September 2010, the ETO, Faridabad (West) did not admit the audit observation in the case of one dealer for the year 2004-05 (August 2008) as sale should be conducted through transfer of documents of title to goods under Section 3 (b) of the CST Act and sale made during movement of goods from one State to another in interstate trade and commerce. Hence deductions of transit sales were rightly allowed against production of E-1 and 'C' forms. The reply is contrary to the provisions of the Act as the supply of materials was made in compliance of prior contract and sales were liable to be taxed under HVAT Act and CST Act. We have not received further report on action taken in these cases (October 2011).

We pointed out the matter to the ETC, Excise and Taxation Department between December 2008 and December 2010 and reported to the Government in June 2011; we are yet to receive their reply (October 2011).

The department in its written reply stated as under:-

- 1. M/s VATECH Escher Wyss Flovel Limited, Faridabad (W), TIN No. 06891317259, A.Y. 2004-05**

The reply has already been sent. It is submitted that M/s VATEch Escher WYSS flovel Limited is not a contractor, he made sale to the consignee against C Forms. The commission and erection charged and is of Engineers who erected the Turbine at the consignee place. During the course of erection of turbine at side some material purchased by the consignee on the direction of M/s VATEch Esched WYSS Flovel Limited for which M/s VATEch Escher WYSS flovel Limited has shown sale against E-1 and C-Forms. The sale shown against E-1 mainly purchased out of Haryana and delivery of goods taken outside the state. The above transactions are governed by the CST Act, 1956 and supported by various judgement of the Hon'ble Supreme Court and Hon'ble Court which are as under :-

Larsen & Turbo Ltd. V/s Comm of commercial Taxes (2003) 132 STC 272 (A.P.)

Simens India Limited V/s State of Kerla (2003) 132 STc 418 (KER) Gulzag Industries Limited V/s State of Rajasthan and other (2003) 129 STC 3 (RAJ). Hence there is no under assessment in this case. Keeping in view the above facts para may please be dropped.

- 2. M/s VATECH Escher Wyss Floyd Limited, Faridabad (W), TIN No. 06891317259, AY. 2005-06.**

The reply has already been sent. It is submitted that M/s VATEch Escher WYSS flovel Limited is not a contractor, he made sale to the consignee against C Forms. The commission and erection charged and is of Engineers who erected the Turbine at the consignee place. During the course of erection of turbine at side some material purchased by the consignee on the direction of M/s VA Tech Escher WYSS Floyd Limited for which M/s VA Tech Escher WYSS Floyd Limited has shown sale against E-1 and C-Forms. The sale shown against E-1 mainly purchased out of Haryana and delivery of goods taken outside the state. The above transactions are governed by the CST Act, 1956 and supported by various judgments of the Hon'ble Supreme Court and Hon'ble High Court which are as under:

Larsen & Toubro Ltd v/s Comm of commercial Taxes (2003) 132 STC 272 (A.P.)

Simens India Limited Ws State of Kerela (2003) 132 STC 418 (KER) Gulzag Industries Limited V/s State of Rajasthan and others (2003) 129 STC 3 (RAJ). Hence there is no under assessment in this case. Keeping in view the above facts para may please be dropped.

- 3. M/s ABB Ltd., Faridabad (W), TIN No. 06651303132, AY. 2006-07**

In this case it is intimated that the Revisional Authority-cum- Dy. Excise & Taxation Commissioner, Faridabad (West) had revised the order vide endst., No. 3103/SSS, dt. 22.03.2013 with the remarks that "Revisional Authority' has no legal cause to interfere with the order of the Assessing Authority and thereby the notice so issued has been vacated. Hence the para may please be dropped.

4. M/s J.P. Engineers, Faridabad (W), TIN No. 06471311088, AY, 2006-07

The matter has been examined by the Revisional Authority and the Revisional Authority vide its orders dated 14.03.2012 has held that in view of the latest decision of Hon'ble Haryana Tax Tribunal in M/s BPCL, Ambala versus State of Haryana reported as 2011 (40 PHT 178 full bench). The view taken by the Assessing Authority was correct and there is no illegality and impropriety in the assessment orders. It is, therefore, requested that in view of the orders of the Revisional Authority, the para may kindly be dropped as no legal action is required in this matter.

5. M/s J.P. Engineers, Faridabad (W), TIN No. 06471311088, AY, 2007-08

The matter has been examined by the Revisional Authority and the Revisional Authority vide its orders dated 26.07.2012 has held that in view of the latest decision of Hon'ble Haryana Tax Tribunal in M/s BPCL, Ambala versus State of Haryana reported as 2011 (40 PHT 178 full bench). The view taken by the Assessing Authority was correct and there is no illegality and impropriety in the assessment orders. It is, therefore, requested that in view of the orders of the Revisional Authority, the para may kindly be dropped as no legal action is required in this matter.

6. M/s Humboldt Wedag India (P) Ltd., Faridabad (W), TIN No. 06531326284, AY, 2006-07

The matter has been examined by the Revisional Authority and the Revisional Authority vide its orders dated 11.07.2012 has held that in view of the latest decision of Hon'ble Haryana Tax Tribunal in M/s BPCL, Ambala versus State of Haryana reported as 2011 (40 PHT 178 full bench). The view taken by the Assessing Authority was correct and there is no illegality and impropriety in the assessment orders. It is therefore, requested that in view of the orders of the Revisional Authority, the para may kindly be dropped as no legal action is required in this matter.

7. M/s Singer India Ltd., Faridabad (W), TIN No. 06141301327, AY, 2006-07

The audit party raised objection that the order placed by the purchasing dealer on the selling dealer is not available on record and as such exempted sales of Rs. 34.32.47.161/- is not justified. In this connection it is submitted that the observation made by the audit party that exemption u/s 6(2) under CST Act is not justified if there are prior contract. The Hon'ble Supreme Court in case of M/s G.A. Galla Kot walah & Co. (P) Ltd., Vs State of Madras reported as 37 STC-576 (1976) S.C. has held that exemption u/s 6(2) of CST Act is admissible even if there is prior contract with the selling dealer. Further, the Calcutta High Court in case of State of West Bengal & others Vs Joshi Jute Corp. reported as I00-STC-17 (1996) has held that under instruction from the dealer the goods were directly delivered to party in Kerala. The subsequent sales are within the meaning of Section 6(2) of CST Act. Hence the same is exempt. The Hon'ble Haryana Tax Tribunal in v/s BPCL, Ambala Versus State of Haryana reported as 2011 (40 PHT 178 full bench) had held that there is no bar in using E & C forms even if there is a pre contract. So keeping in view of the above mentioned facts the para may be dropped.

Further regarding the objection regarding duplicate copies of C' form & E-1 forms has been obtained in original and placed on record. These declarations will be furnished to the audit party and when required by them.

8. M/s Lauls Ltd., Faridabad (W), TIN No. 06861303162, AY. 2006-07

In this case it is intimated that audit para is base only on a single finding that endorsement/ transfer of documents is in pursuance of pre-existing contract, therefore, these high-sea sales under section 5 (2) and E-1/E-2 Sales under section 6(2) of the CST Act are not admissible.

This point has already been examined by the undersigned and the audit reply is as under:

The case of Deputy Commissioner of Agricultural Income-Tax and Sales Tax, Ernakulam V/ s India Exposives Ltd., (1985) 60 STC 310(SC) squarely covers the point of sales made in pursuance of pre-existing contract. It reads:-

“Held, that reading the actual users import license and the letter of authority it was clear that the import of the goods by the assessee was for and on behalf of the local purchaser and the assessee could not, without committing a breach of the contract, divert the goods so imported for any other purpose. Therefore, there was an integral connection between the sale to the local purchaser and the actual import of the goods from the foreign supplier. The other words, the movement of the goods from the foreign country of India was in pursuance of the conditions of the pre existing contract of sale between the assessee and the local purchaser, and as such the sales in question were sales in the course of import;

In order that the sale should be one in the coure of import, it must occasion the import, and to occasion the import there must be integral connection or inextricable link between the first sale following the import and actual import provided by an obligation to import arising from statute, contract or mutual understanding, or nature of the transaction which links the sale to import which cannot, without committing a breach of statue or contract of mutual understanding, be snapped.”

2. The other case which delivered the landmark judgement on the point of sales (E-1/E-2 and High Sea) in pursuance of pre-existing contract/order.

Picker X-ray (India) Ltd. V/ s State of Tamil Nadu (1991)83 STC 477 where in Hon’ble Madras High Court held that :

“Under the import and export policy for the year 1984-85, an “actual user” is defined as a person who applies for a license for the import of any them required for his own use and not for business or trade in it. Where an import is undertaken by a dealer on the basis of an actual user’s license and letter of authority which allows the dealer to act as agent of the licensee and prohibits the diversion of the goods by the dealer for any other use, and under which the goods remain the property of the license holder at all times, the dealer cannot be taxed on the turnover of goods imported, as the transaction would be in the course of import, the dealer merely, acting as an agent of the licensee”.

3. The Apex Court in the case of Gannon Dunkerley & Co. delt with sections 3,4 and 5 of the Central Sales Tax Act, 1956 :

“As a result of the Forty sixth Amendement, the contract which was single and indivisible has been altered by a legal fiction into one for sale of goods and other for

supply of labour and services and as a result such a contract which was single indivisible has been brought at par with a contract containing two separate agreements. Since the provisions of sections 3,4 and 5 of the Central Sales Tax Act, 1956, are applicable to such contracts containing two separate agreements, there is no reason why the said provisions should not apply to a contract which, though single and indivisible, by legal fiction introduced by the Forty-sixth Amendment has been altered into a contract which is divisible into one for sale of goods and other for labour and services. If the legal fiction introduced by article 366 (29A)(b) is carried to its logical end it follows that even in a single and indivisible works contract there is a deemed sale of the goods which are involved in the execution of a works contract. Such a deemed sale had all the incidents of a sale of goods involved in the execution of a sale of goods involved in the execution of works contract where the contract is divisible into one for sale of goods and the other for supply of labour and services.”

4. The Hon’ble High Court of Andhra Pradesh in the case of Larsen & Toubro Limited V/s Comm. Of Com. Taxes (2003) 132STC272(A.P) decided the issue of sales made in pursuance of pre-existing contracts. This judgement goes :-

“That the entire project work had to be completed by the appellant, which included, installation of machinery and supervision up to certain point of time, that is to say, the contract was composite in nature. By merely supplying material to the contractee, the responsibility arising out of the agreement did not cease. The appellant had to install the machinery and watch the performance for a period of 15 months. Certain goods were manufactured by the appellant on the specification of the contractee at the factory near Bombay and the representatives of the contractee inspected the goods and after being satisfied with the quality of goods clearance was given. 90 percent of the value of goods was already received by the appellant from the contractee. The movement of goods was occasioned pursuant to the contract. The documents on record would go to show that these goods had reached the destination as per the terms of the contract. Central Sales Tax was paid to the State of Maharashtra under the scheme of the Act. Having regard to the fact that there were two facts of the contract, supply of goods and installation of machinery with the labour of the appellant, the contract was a divisible contract. The transaction was an inter-state and not an intra-state transaction and the turnover arising on this tray, ;action could not be brought under the tax net of Andhra Pradesh Act.”

Issue of Section 6(2) E-I/ E-2 sales

In the following case the issue of sales under section section 6(2) of the CST Act 1956 i.e E-1/E-2 sales has been decided by different High Courts:-

1. SIEMENS INDIA LIMITED V/s State of Kerala (2003) 132 STC 418 (KER)

“The petitioner was receiving work orders from CBZL for the supply and erection of electrical equipment. The work orders were split into two; one for design, engineering, manufacturing, testing and supply of equipment and material and the other for erection and commissioning of the equipment. The first order was the supply order and the second one the “service order”. Pursuant to the supply order, the petitioner in turn placed orders

with various manufacturers outside the State for manufacture of the item according to the design and specification of the purchaser. It was specifically provided in the supply order that notwithstanding the inspection test conducted at the supplier's works from time to time, the goods under the order shall not be dispatched unless they had been finally inspected by CBZL or inspection waived and dispatch specifically authorized in writing. Accordingly, the goods covered by the supply order were manufactured according to the design and specification of the purchaser in places outside Kerala and inspected by the purchaser before dispatch. The petitioner effected sale of these goods to the purchasers while the goods were in movement and claimed exemption on that ground that the related turnovers represented subsequent sale of goods during their movement inter-state but the assessing authority disallowed the claims to exemption made under section 6(2) of the Central Sales Tax Act, 1956 on the ground that the disputed turnover related to EXECUTION OF WORKS CONTRACT, which were deemed sales taxable under section 5(1)(iv) read with section 5C of the Kerala General Sales Tax Act, 1963. This was confirmed by the Tribunal. On revision petitions: Held, that in an earlier writ petition filed by the petitioner challenging Explanation 4 (c) to section 2(xxi) of the Kerala Act, the court had held that by a deeming provision, the State Government could not change the character of the sale. After declaring that Explanation 4(c) to section 2(xxi) of the Kerala Act had to be read down and does not apply to inter-state sales, the court directed the assessing authority to reconsider the matter. Similarly in this case, the contract was not indivisible. It contained two parts; the supply order and the service order. The Tribunal was not correct in holding that there was only one contract. The price was also shown separately. The right of the buyer to inspect the goods before they were transported was also preserved. So also, the goods were insured. When the goods were in transit, the petitioner transferred the title to the property to CBZL. The Tribunal had not considered this matter in detail. The assessing authority should consider the matter again after hearing the parties. *Gulzag Industires Limited V/ s State of Rajasthan & Others* (2003)129STC3(Raj.)

“Once a sale is *prima facie* found to be an inter-State sale, the tax shall be collected in the State from which the movement of the goods commenced in view of section 9(1) of the Central Sales Tax Act, 1956. Thus in the case of an inter-State sale, any act to realize tax from a citizen under the State Act, will be *ultra virus* being in violation of the fundamental rights guaranteed under article 19(1)(g) of the Constitution. A citizen who is aggrieved will have a right to seek relief by a petition under article 226 of the Constitution of India.

The appellant purchased chemicals in the course of inter-State trade from manufacturers/suppliers from Gujarat and affected subsequent sales to various buyers in the State of Rajasthan including one S by transfer of the documents of title to the goods, i.e. by endorsing the goods receipts/bilties during their movement from Gujarat to Rajasthan. The goods passed through the areas where the appellant's branches/head office were located and they were carried to the destination of the subsequent buyers in the same vehicle in which they were brought from Gujarat, by the same transporter. On the ground that on account of the entries of the said sales made by the appellant in the daily sales report, preparation of invoices and delivery challans in respect of the said sales, it must be presumed that the appellant took constructive delivery of the goods which terminated

their inter-state movement and the sales effected thereafter were “intra-State sales” of such goods to the buyers in Rajasthan on which local tax was leviable, the Assessing Commissioner of Commercial Taxes made a demand under the Rajasthan Sales Tax Act, 1994, treating the sales as local sales. A writ petition filed by the appellant was dismissed by a single Judge relegating the appellant to the remedy of appeal. On appeal to a division Bench: Held, that a subsequent sale within the meaning of section 6(2) of the Central Sales Tax Act had been effected by endorsing the documents of title during the course of inter-State movement of the goods. The goods were delivered to S as per the bilties and the said Stock delivery from the transporter. One of the invoices produced showed the name of the consignor as Gujarat Alkalis and Chemicals, Baroda, and the name of the consignee and the appellant. The goods were to be delivered to S. On the back of the invoice, there was an endorsement made by the manager of the appellant to deliver the goods to S. The goods were carried throughout in the same vehicle. The documents clearly showed that the movement of goods did not terminate earlier on account of the appellant’s endorsement of the documents of title or on account of making entries, invoices, challans, etc. When the appellant effected subsequent inter-State sales by endorsing the documents of title forthwith and accordingly, the transporter who brought the goods from outside the State took the goods to the subsequent buyers, who obtained delivery thereof, there was no question of any notional or constructive delivery to the appellant. The appellant did not take delivery of goods. Interstate movement of goods continued and terminated only upon the subsequent buyers taking delivery of the goods. Therefore all the subsequent sales effected by the appellant during the course of inter-State movement of the subject goods were exempt in terms of section 3(b) and section 6(2) of the Central Act, and therefore, beyond the scope of the Rajasthan Act. The proceedings initiated by the authorities under the Rajasthan Act were without jurisdiction and without authority of law. *7.P.A. George and Company V/S Assistant Commissioner of Sales Tax (1998) 110 STC 253(Ker)* From the reading of the audit party it is gathered that the audit party might have mixed the point of E-I/E-2 and High-Sea Sales with the point of consignment sales/ branch transfer. In Such sales (Consignment/ branch transfer) the issue of pre-existing contract is valid one but not in the E-I/E-2 or high-sea sales. It is, therefore, submitted that the audit para may kindly be dropped.

The Committee has desired that necessary documents relating to these eight cases be submitted to the Committee for its consideration.

[81] 2.5.4 Evasion of value added tax due to Suppression of purchases and sale

Under Section 38 of the HVAT 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 or has furnished to or produced before any authority any account, return, document or information which is false or incorrect in any material particular, such authority may direct him to pay by way of penalty, in addition to the tax to which he is assessed or liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information as the case may be, been accepted as true and correct. In order to prevent the tax evasion by fraudulent means, VAT provides for introduction of Tax Information Exchange System (TINXSYS) for proper tracing of interstate sales transactions. Further, with a view to detect evasion of VAT by claiming fraudulent ITC by issuing forged tax invoices or fictitious accounting of goods neither

purchased nor sold etc., the ETC issued instructions in March 2006 for cross verification of all purchase/sale transactions totaling more than ₹ one lakh from a single VAT dealer in a year.

During test check of the records of the offices of DETC (ST), Faridabad (West) and Rewari between April and November 2010, we noticed that the Department failed to implement comprehensive computerised system and the AAs had also not conducted cross verification of the transactions (even within their district jurisdiction) before finalising the assessments. We conducted cross verification of transactions of sales and purchases between April and November 2010 and noticed that four dealers sold goods valued as ₹ 28.99 crore to four dealers of Ambala City, Faridabad and Gurgaon and one dealer purchased goods valued as ₹ 1.17 crore from one dealer of Gurgaon during the years 2005-06 and 2006-07. These dealers had not shown these sales and purchases transactions in their accounts as well as in the quarterly returns submitted to the Department. Failure of the AAs to cross verify the transactions of sales and purchases before finalising the assessments between March 2009 and March 2010 despite ETC directions of March 2006, consequently led to evasion of VAT of ₹ 1.21 crore. Additionally, penalty amounting to ₹ 3.62 crore was also leviable on suppression of sales and purchases.

The department in its written reply stated as under :-

1. M/s Kanika Strips (P) Ltd., Faridabad (W), TIN No. 060441318648, AY. 2005-06

The case has been reassessed vide AA's orders dated 17-8- 2010 creating an additional demand of Rs.5,67,17,122/- The firm is closed. The firm being private limited-company had two directors, and notice for recovery of arrears was sent to the last known address of the company but the same could not be served upon him. The firm had closed down its business. Notice for recovery of surety amount was sent to the sureties but they had also closed down their business and where about are not known. Therefore the arrears were declared as arrears under land revenue under the land revenue Act 1887. The summons were issued could not been served upon. Letter to the Manager of Corporation Bank was also sent regarding the details of one of the directors but the same stands closed from 09- 06-2003. As all the channels of recovery are almost exhausted and the recovery seems to be difficult. Now, the writing off proceedings are in progress. Hence para may be dropped.

2. M/s Chauhan Enterprises, Faridabad (W), TIN No. 06821324039, AY. 2006-07

In response to the audit objection, it is submitted that the assessing authority has assessed this case vide order dated 12.03.2010. At the time of original assessment there was no information from any authority/source of the suppressed sale but now on definite information, it has come to the notice of the assessing authority that M/s M.L. Enterprises holding TIN -06191325210 has made purchase of Rs. 27214503/- from M/s Chauhan Enterprises but this dealer has not shown any sale. Hence the original order dated 12.03.2010 has been reassessed vide assessing authority order dated 03.08.2010 and the suppressed sale of Rs. 27214503/- has been added in the GTO and the tax of Rs. 1088580/- and penalty of Rs. 3265740/- has been levied vide order dated 03.08.2010. The dealer has preferred an appeal against this order of assessing authority before the Jt. ETC order dated 29.08.2011. Now the dealer has filed an appeal before Hon'ble Haryana TaxTribunal, Haryana at Chandigarh which is still pending till now i.e. 08.01.2016. Final reply will be submitted after the decision of Hon'ble Haryana Tax Tribunal.

3. M/s ML Enterprises, Faridabad (W), TIN No. 06191325210, AY. 2006-07)

In reply to audit memo it is submitted that the case was re-assessed by the then Assessing Authority vide order dated 18-08-2010 after adding the suppressed sale of 3000340/- and levied penalty as a result of which an additional demand- of Rs. 15079372/- was created. Thereafter recovery proceedings were initiated under Land Revenue act and the dealer was sent to revenue lockup for 40 days. Besides the recovery from the surety of Rs. 1 Lac has been recovered. Now, there is no property in Haryana in the name of the dealer and recovery certificate has been sent to the Collector Churu (Rajasthan) for recovery of the balance arrear. The outcome of the recovery efforts shall be intimated later on.

4. M/s Bhagwati Trading Co., Faridabad (W), TIN No. 06681320527, AY. 2005-06

The case has been reassessed vide AA's orders disposal no. 197-A and dated 9-9-2010 creating an additional demand of Rs.1,84,23,686/-. The firm is closed. The proprietor of the firm is dead as certified by death certificate issued by Safdarjung Hospital, New Delhi bearing No. 146689 dt. 03-11-2012. No properties in the state stands in his name. An amount of Rs.10,000/- was recovered from one of the sureties earlier. Both the sureties are also closed and whereabouts are not traceable. Copies of death certificates, recovery made from surety, reassessment order, recovery notices to dealer and sureties and declarations arrear under land revenue act are placed on file. Hence para may be dropped.

5. M/s Bal Kishan & Sons, Rewari, TIN No. 06892702322, AY. 2006-07.

In response to the audit reply, it is submitted that the case is Remanded back to the Assessing Authority by JETC (A), Faridabad vide his order dt. 09.02.2012. The Assessing Authority has decided the case with nil demand. Hence, the para may please be dropped.

The Committee has recommended that firstly, criminal case be got registered against all the dealers who are responsible for evasion of Value Added Tax by maintaining/producing false/incorrect documents of purchases & sales and secondly, responsibility be fixed of the officers also, who are responsible for not taking timely action in the matter and the Committee be also kept informed of the action initiated/taken in the matter.

Compliance deficiencies

[82] 3.2.10 Non-realisation of differential license fee on re-actiuon

Under the HLL Rules, read with the State excise policy for the years 2006-07 to 2009-10 every successful allottee of retail licensed liquor outlet, shall be required to deposit a security amount equal to 20 per cent of the annual license fee of the licensed outlet, out of which 5 per cent of the license fee has to be deposited on the day of draw of lot, 5 per cent within 7 days of the allotment/draw of lot on or before 31 March of the respective year, whichever is earlier and remaining 10 per cent by the 7th April of the respective year. The balance 80 per cent shall be payable in eight (upto 2007-08)/nine (from 2008-09 onwards) equated monthly instalments starting from April to November/December of the respective year. In case, the allottee fails to make payment of security deposit equal to 20 per cent of annual license fee and defaults in payment of eight/nine equated instalments of license fee along with interest, the licensed outlet shall cease to be in operation on the first day of the following month and shall ordinarily be sealed by the DETC (Excise) of the respective district. In such events, the DETC

(Excise) may reallocate it at the risk and cost of the original allottee by seeking prior permission of the Financial Commissioner.

During test check of the records of seven offices of DETC (Excise) between August 2007 and December 2010, we noticed that 43 retail outlets were auctioned between March 2006 to November 2009 for ₹ 15.13 crore for the years 2006-07 to 2009-10. Out of 43 successful bidders, 28 bidders did not deposit the security amount in full and the remaining 15 licensees failed to pay monthly instalments of license fee in full by due date. Of the total license fee of ₹ 15.13 crore, the allottees deposited security and monthly license fee amounting to ₹ 2.11 crore. Thus, the allottees did not deposit the balance amount of ₹ 13.02 crore. The Department cancelled their retail liquor outlets between March 2006 and December 2009 and forfeited the entire amount of security. These retail outlets were re-auctioned/re-allotted between March 2006 to February 2010 for the remaining period for ₹ 6.71 crore at the risk and cost of original licensees. The demand notices had not been issued by the Department.

The Department, however, did not initiate any action to recover the differential amount of license fee of ₹ 6.31 crore (₹ 13.02 crore - ₹ 6.71 crore) from the original allottees. This resulted in non-realisation of Government revenue of ₹ 6.31 crore.

After we pointed out these cases between August 2007 and December 2010, DETC (Excise), Ambala stated in December 2010 that recovery proceedings against the defaulters for ₹ 13.22 lakh had been initiated. The DETC (Excise), Hisar and Narnaul stated that an amount of ₹ 2 lakh had been recovered and efforts would be made to recover the balance amount of ₹ 2.59 crore. We have not received reply from the remaining four DETCs about the balance amount of ₹ 3.57 crore and further progress report on recovery (October 2011).

The Excise and Taxation department admitted the facts in August 2011 and assured to furnish the latest position of recovery.

The department in its written reply stated as under :-

Out of total 43 cases involving an amount of Rs. 630.50 lacs, Rs. 36.23 lacs have been recovered and efforts are being made to recover the balance amount of Rs. 599.27 lacs.

The Committee has recommended that vigorous efforts be made to recover the amount outstanding against the dealers.

TRANSPORT DEPARTMENT

[83] 5.2.10.1 Lack of IT strategy and planning resulting in implementation of unauthorised Software

GOI instructed (January 2002) that uniform format and standardised software VAHAN and SARATHI may be adopted for issue of Driving Licences (DLs) and Registration Certificates (RCs) using smart cards by the Transport Departments of all the States so that a National Register of motor vehicles readable throughout the country prepared and leakage of revenue could be prevented.

It was observed during audit that in the absence of any IT strategy and proper planning, there was inordinate delay in implementing VAHAN' and SARATHI'. During the period 2003 to 2006, at many locations, unauthorized softwares were implemented instead of VAHAN '. Frequent need based changes in database structure as well as field structure was made by local officials of NIC without adopting any proper procedure. Due to use of unauthorised software, the project got unduly delayed as the data captured through these unauthorised Software could not be migrated to VAHAN and SARATHI Software. The updation of legacy data at these locations was being done manually with the result that data available in VAHAN was incomplete and financial data was not comparable with manual cashbook.

The department in its written reply stated as under :-

The VAHAN and SARATHI software (Ver. 1) for the issue of driving licenses (DLs) and Registration Certificates (RCs) is functional at all the 82 Registering Authorities across the State. The projects of updation of legacy data was assigned to M/s Gujarat Infotech Ltd. On dated 03.11.2014 with the condition to complete the project within 18 months. As per the agreement, the Firm was required to scan approx. 10 lac pages covering digitization of approx. 35 lac records. The Firm has scanned 15 lac pages so far consisting of approx. 3 entries per page covering approx. 45 lac records. The scanning work has been completed in 13 districts and the balance work will be completed in next 6 months.

8475299 vehicles have been registered in the State till 14.01.2016 and out of which details of 6107971 vehicles are available on the State portal.

The Committee has desired the department to intimate the Committee as and when the project of updation of legacy data in all districts of the State is completed. Besides, the Committee has also recommended that the matter regarding non-depositing of money in the Government's account be got inquired into by a suitable senior officer and report in this regard be submitted to the Committee within 4 weeks positively.

[84] 5.2.10.2 Partial utilisation of the system

The VAHAN Software was designed to automate the management of complete information related to vehicle registration. Analysis of data revealed that all the modules of VAHAN were not being put to use by the field offices with the result that Department failed to fully utilise the processing capabilities available in the system.

In 12 out of 19 locations test checked, financial data including maintenance of cashbooks and issue of receipts was manual. The system at these locations was being used only for taking print-outs of RCs by capturing information relating to owners, vehicles etc.

The working of the enforcement wings could not be monitored as the data pertaining to offending vehicles on road for fitness or laden weight offences had not been captured. Due to non-maintenance of database of offending vehicles, compounding of fine and taking deterrent action against the habitual offenders could not be taken effectively.

Audit feels that complete workflow of the VAHAN Software may be implemented so as to fully utilise the processing capabilities available in the system.

The Department in its written reply state as under :-

The VAHAN and SARTHI software (Ver. I) for the issue of driving licences (DLs) and Registration Certificates (RCs) is functional at all the 82 Registering Authorities across the State. The complete workflow of the VAHAN software is being implemented in all the Registering Authorities in the State.

State Administrator

Sh. Virneder Lather, ATC

PMU (Project Management Unit)	IT Cell	Help Desk
Nodal Officer Sh. Pradeep Mahajan Superintendent-II	Nodal Officer Sh. Pradeep Mahajan Superintendent-II	IT Incharge System Analyst (Vacant)
Sh. Rajesh Kumar Bansal, Senior Account Officer	System Analyst (Vcant)	Sameer Singh, Junior Programmer-I
Ah. Anil Kumar Rai Superintendent-I	Sameer Singh Programmer-I	Arvind Bhardwaj, Junior Programmer-II
Sh. Varinder Sharma Superintendent-III	Arvind Bhardwaj Programmer-II	Ganga Verma Data Entry Operator
System Analyst (Vacant)	Vijay Kumar	
Sameer Singh Junior Programmer-I		
Arvind Bhardwarj Junior Programmer-II		
Sh. Sunil Kumar RC Assistant		
Sumit Malik Data Entry Operator		

Help Line Number 09888966498

Help Desk Email : helpdesk, hrtransportrw@gmail.com

The Committee has recommended that the implementation of complete workflow of the VAHAN Software be so as to fully utilize the processing capability available in the system be completed at the earliest possible under intimation of the Committee.

[85] 5.2.10.3 Lack of change control mechanism

Changes/modifications in the system were carried out by NIC authorities on the basis of requirement of RAs/RTAs after replication but no procedures were framed for authorisation and documentation of changes at an appropriate level. The change control mechanism, as such, was fraught with the risk of unauthorised changes not being detected.

Further, before issuing notification making any change in business rules, necessary changes in the Software should have been incorporated and the Transport Department should have monitored that revision is carried out uniformly throughout the State from the date of notification to avoid any loss to the State exchequer.

It was observed in audit that no monitoring cell had been established in the Department with the result there was delayed implementation of instructions concerning enhanced rates of various taxes/penalties resulting in short realisation of revenue as discussed in paragraphs 5.2.12.1 and 5.2.12.2.

The Department in its written reply stated as under :-

The Project Management Unit (PMU), IT Cell & Help Desk have been established in the Department at Headquarter level to ensure the timely implementation of instructions concerning enhance rates of various taxes/penalties. The Web enabled VAHAN ver.4, SARATHI ver.4 and other IT initiatives.

The Committee has desired the department to take sincere steps for effective monitoring of the timely implementation of the Government instructions concerning enhanced rates of various taxes/penalties so as to protect the State revenue under the intimation of the Committee.

[86] 5.2.10.4 Lack of proper documentation and system development controls

Before developing any computer system, user requirement specifications (URS) and software requirement specifications (SRS), which give the complete description of the system to be developed, should be approved by the management. Also, documentation such as URS, SRS, detail design, data flow diagram, data dictionary, relationship between tables etc., is crucial for continuity of the computerisation project. It is all the more necessary since the implementation of these Softwares has been outsourced. Subsequent vendor, who is awarded the contract, needs to have proper documentation to understand the existing application and effective discharge of the functions. It was observed that documentation of these Software was not available at test checked locations.

The Department in its written reply stated as under :-

The VAHAN & SARATHI software (Ver.1) has been developed by NIC and the necessary documents like user manual, data flow, diagrams etc. will be made available in all R&LAs.

The Committee has recommended that necessary documents like used manual, data flow, diagrams etc. be made available in the offices of all Registration and Licensing Authorities in the State so as to have proper documentation to understand the existing application and effective discharge of the functions, under the intimation of the Committee.

[87] 5.2.10.5 Inordinate delay in finalisation of tenders of smartcards

The purpose of VAHAN and SARATHI project was to issue driving licences, registration certificates and permits by using Smart card technology. Tenders for this purpose were invited (December 2002) and in response seven firms had quoted their rates. The tenders were subsequently rejected in July 2004.

The matter was discussed in the 32nd meeting of Technical Committee held on 5 September 2006 wherein it was decided that work relating to historic data should be outsourced and matter regarding smart card based driving licences and registration certificates should be kept pending.

In a meeting held on 14 January 2008 under the Chairmanship of FC&PS, it was decided that the project would be outsourced to a vendor on BOOT basis. MoRTH provided IT infrastructure (Servers, Computers, Printers, networking and other accessories) and also funded establishment of VPN or BSNL broadband connectivity at a cost of ₹ 8.55 crore and deadline of 31 December 2009 was fixed to implement the smartcard based driving licence and registration certificates.

It was observed during audit that the Department had not finalised (August 2011) the tenders for smartcards even after nine years of first invitation of tenders. As a result, RCs were still being printed on ordinary paper and security checks as envisaged in GOI scheme could not be introduced.

During Exit Conference, the ATC informed that process of vendor selection was underway.

The Department in its written reply stated as under :-

The proposal regarding introduction of smart card based RC-DL was dropped in view of the observations made by the Secretary, IT, GoI during discussions held on the meeting dated 26th Sept., 2014 (Annexure-1, page-24). The department is in process to adopt web based SARATHI & VAHAN Ver. 4 and issuance of smart card based DR & RC in the said version is under process.

The Committee has recommended that the department should take sincere and effective steps for the implementation/adoption of web based SARATHI & VAHAN Version-4 and issuance of smart card based DL and RC in the said version in a time bound manner under intimation of the Committee.

[88] 5.2.10.6 Non-development of technical expertise within the Department

Any IT system though developed/implemented through outsourcing has to be invariably taken over by the Department, eventually by developing expertise within the Department. It was observed that VAHAN and SARATHI software system's front desk operations were being directly handled by the staff of multiple agencies at different locations viz; Balbhawan, DITS and District Red Cross Societies with the support of the National Informatics Centre. In RA, Faridabad, DRC had further awarded the work to a vendor. No training has been provided to the office staff of RAs/ RTAs, in operation of these systems with the result, the Department is still dependent on the third party outsourcing agencies. No MOU has been signed with these Societies underlying terms and conditions regarding qualification of staff to be recruited for this purpose, tolerance limit of acceptance of errors etc and penalty to be levied in case errors in the data exceed permissible limit. The digitised data is neither being checked by staff of RAs, nor by DRCs/DITS resulting in data errors shown in paragraphs 5.2.11 to 5.2.14.5

The Department in its written reply stated as under :-

The Project Management Unit (PMU), IT Cell & Help Desk have established in the Department at Headquarter level to ensure the timely implementation of instructions concerning enhanced rates of various taxes/penalties and to monitor SARATHI & VAHAN ver. 4 and other IT related activities. The module of training of staff of Registering Authorities is being planned.

The Committee has recommended that the department would take immediate steps to provide training to the staff of RAs/RTAs so that VAHAN and SARATHI Software system could be operated efficiently and the department may not depended on the third party outsourcing agencies, under intimation to the Committee.

[89] 5.2.10.7 Non-provision of citizen centric service

One of the objectives of the project was to provide services relating to issue of driving licences and Registration certificates to citizens in an efficient and prompt manner with minimum interface or presence of applicants. It was observed that online downloading and submission of duly filled forms to the Registering/Licensing Authorities, taking appointment online for appearing in the test of competence to drive and integration of payment gateway had not been started at any locations test checked with the result that citizens had to depend upon commission agents for these services.

The Department in its written reply stated as under :

The following citizen centric services are being provided to the general public :-

e-Payment (Road Tax)

National Permit Schemes

Vehicle Search – Haryana

Vehicle Search — National

Download Forms

Dealer Data Move Status

The Committee has desired the department to take vigorous steps to achieve the objective of the project in its true spirit and command in a time bound manner, under intimation to the Committee.

[90] 5.2.10.8 Monitoring and evaluation of the project

VAHAN and SARATHI are Centrally funded projects for which NIC is providing technical consultancy. No monitoring cell was, however, established in the Transport Department to collect and analyse periodic MIS returns generated through Software and making timely intervention for ensuring effective programme implementation. Internal audit has also not been involved in the checking of financial and other data pertaining to vehicles and owners resulting in incorrect capture of data.

Further, proper stock registers of hardware and Software provided free of cost by GOI had neither been maintained at Headquarter nor in any of the offices test checked. Physical verification of these assets had never been conducted (October 2011).

In Tosham, hardware provided by GOI was stolen and in Rewari, the hardware got burnt in an accidental fire.

The Department in its written reply stated as under :-

The details of hardware received during 2008-2009 from MoRTH, GoI and distribution thereof among R&Las are available at Headquarter. The physical verification of the same will be got done by 31.03.2016.

The detail of the total sanctioned amount for hardware required at all R&Las in the State of Haryana is as under :-

	(in lacs)
Hardware, Networking and Software value	440.34
Natwork Cabling etc.	8.55
Total amount	448.89

The Committee has recommended that the department to take immediate necessary steps for the monitoring and evaluation of the project in its true spirit, under intimation to the Committee.

[91] 5.2.11. Deficiencies in operation of Vahan Software

5.2.11.1 Generation of Daily Collection Registers (DCRs)/cashbook by designing unauthorised print reports facilitating short deposit of revenue in the Government account: ₹ 8.20 lakh

Rule 2.2 of Punjab Financial Rules, as adopted by the Haryana Government, requires a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions are entered in the cash book as soon as they occur and are attested by him. The official who receives the money on behalf of the Government is required to deposit the amount into the treasury/bank on the same day or in the morning of the next day. The head of the office is also required to verify all the entries including totals of all the entries in the cash book or have this done by some responsible official other than the writer of the cash book and initial all entries as correct.

In RA, Rohtak, manual DCRs/cashbook was dispensed with and generation of receipts and cashbook were started electronically w.e.f 16 March 2011. Instead of using standard Software VAHAN for generating DCRs/ cashbooks, inhouse crystal reports were designed which were neither tested nor documented before implementation. We observed that while designing these crystal reports, some of the fields were not mapped properly with the result, these totals of cashbook generated through these reports did not reflect total money collected from general public on account of fee, taxes, road tax and other incidental charges for getting vehicles registered. Further, tables of VAHAN designed to capture financial details were not joined properly with the result that some of the receipts entered in the database were missing in electronic DCRs/cashbook.

In contravention to the codal provisions referred ibid, the monetary transactions entered in the DCRs/cash book were not attested and tallied by the head of office with the receipts actually issued to public. Alterations in totals of DCRs/cashbooks were done by dealing hand manually in some cases and these totals were not checked independently by any other official.

Analysis of data for the period 16 March 2011 to 6 September 2011 revealed that due to incorrect design of customised crystal reports, collection of fees, fines and Government taxes was

less reflected to the extent of ₹ 8.20 lakh in the DCRs/cash books. Based on the totals of cash books/DCRs, corresponding amount was also less deposited in the treasury.

During the process of analysing the details of amount short deposited, files and other records pertaining to Registration of vehicles were checked which revealed that:

- ❶ Due to improper joining of tables in crystal reports, 38 receipts involving extra fee of ₹ 4.92 lakh collected from public for allotment of choice /out of turn numbers (Annexure-VI) were not appearing in electronic cashbook and deposited in treasury thereby resulting in short deposit of Government receipts to that extent.
- ❷ Due to improper mapping of fields, total collection was reflected less in the electronic cashbook and based on these totals, ₹ 0.89 lakh (Annexure-VII) were less deposited in the treasury.

We could not examine the records pertaining to balance shortage of ₹ 2.39 lakh as vital details like Registration numbers, name of owners of vehicles had not been indicated against these cases in DCRs/cashbook. Examination of one such case, however, indicated that these records pertained to cases where the applicants while registering new vehicles, had chosen to retain their old numbers but in the Software, details of taxes and vehicles were not swapped.

Regarding non swapping of details of vehicles where the applicant chooses to retain his old registration number, the technical advisor, NIC in the Exit Conference admitted that this facility was not available in the Software. The Additional Transport Commissioner in December 2011 stated that unaccounted Government revenue of ₹ 8.03 lakh had been recovered from the delinquent official.

The Additional Transport Commissioner in December 2011 stated that unaccounted Government revenue of ₹ 8.03 lakh had been recovered from the delinquent official.

The Department in its written reply stated as under :-

The entire recovery (₹ 8,07,623/- instead of ₹ 8.20 lac.) has been made as per letter No. 716AB, dated 09.03.2012 and No. 255, dated 13.02.2012 (Annexure-2, page-27) sent by the Deputy Commissioner, Rohtak.

The Committee has observed that merely making recovery from the delinquent official is not sufficient. The department should have taken necessary disciplinary action against the erring official. The Committee has recommended the necessary action in accordance with the law/rules be taken against the defaulting official under intimation to the Committee.

[92] 5.2.11.2 Usage of local software having no linkage with VAHAN

In RA, Faridabad, the work relating to issue of Driving Licences and Registration Certificates had been outsourced to an external agency. Analysis of data revealed that outsourced agency was not implementing complete workflow of VAHAN and SARATHI Software. The outsourced agency was using these Software only for taking printouts of Registration Certificates and licences by capturing information relating to owners, vehicles etc. The financial data was entered in unauthorised Software developed in Foxpro by the vendor to generate cashbook and issue receipts which was editable and did not facilitate automatic calculation of tax. The Software had no linkage with VAHAN Software and vital details like sale price of vehicles, chassis number and engine number of vehicles

were not being captured. The source code was available with the data entry operator deputed by outsource agency who was given exclusive rights in this Software.

Generation of cashbook and issue of receipts through an unauthorized Software which is neither documented nor tested was fraught with the risk of financial irregularities.

The ATC stated in December 2011 that instructions have been issued to all the field offices to stop usage of unauthorised Software.

The Department in its written reply stated as under :-

The VAHAN and SARTHI software (Ver. 1) is functional all the 82 Registering Authorities across the State. The access to make any modification in the software is with NIC and in case of any data correction with regard to issue of driving licence or Registration Certificate by the Registering Authorities, the matter is forwarded to NIC through headquarter.

The Committee has recommended that the department to take immediate effective steps for the monitoring and evaluation of the BAHAM and SARTHI Software project in its true spirit, under intimation to the Committee.

[93] 5.2.11.3 Dual database

In RA, Gurgaon, VAHAN had been installed at two nodes which had been linked to two different databases. In one database, details relating to collection of fee and taxes were being stored and in the other database, details of vehicles and owners were being stored. In the database pertaining to collection of fee and taxes, only last four digits of chassis number and first name was captured to generate receipt for cash received from a person. In the database pertaining to capture vehicle details, dummy entry of zero or one was being reflected in the field designed to capture sale price of vehicle with the result zero tax was being reflected in the field designed to automatically calculate tax. These two databases were not linkable as temporary Registration number starting with “ZZ” was being generated in the database pertaining to fee and taxes whereas Registration number starting with “HR” was being generated in the other database. Similarly, other fields like chassis number and name were also non-linkable as part information was being captured in the database pertaining to fee and taxes and none of the databases was complete and showed reliable information stored in the fields designed to capture financial transactions and vital details of vehicles.

RA, Gurgaon in his reply (September 2011) stated that matter will be taken up with NIC officials and single database would be maintained hereafter.

The Department in its written reply stated as under :-

A single database has been maintained in all the Registering Authorities in the State including Gurgaon.

The Committee has recommended that the department to take immediate necessary steps for the monitoring and evaluation of the project so that the objective of single database is maintained in all the Registering Authorities in the State in its true spirit, under intimation to the Committee.




5.2.12 Mapping of business Rules

[94] 5.2.12.1 Delay in implementation of revised rates of road tax

The Government of Haryana notified the enhancement of road tax based on value of vehicle on 13 January 2011. Audit observed that enhanced rates in the Software were not modified timely. Analysis of data of 13 test checked RAs revealed that system calculated road tax at old rates causing a tentative loss of ₹ 5.52 crore.

Five RAs which were maintaining electronic cashbooks while confirming loss of ₹ 1.26 crore in their reply (June-September 2011) stated that instructions of Transport Department were received late in the evening and hence were implemented on the next day.

Actual loss in other test checked RAs where computerised database was showing less collection of tax to the extent of ₹ 4.26 crore could not be ascertained as:

-  issue of receipts and maintenance of cashbooks was manual and system generated receipt number and date of receipt available in the Software had no linkage with manual receipts;
-  financial data captured in the VAHAN Software was unreliable as discussed in paragraphs 5.2.10.2, 5.2.11.2 and 5.2.11.3; and
-  changes in the Software had not been made on due dates. In RA, Panipat Software had not been modified even after six months from the date of notification.

The Department in its written reply stated as under :-

Reply to para 5.2.12.1 to 12.2

Instruction have been issued vide letter bearing No. 3190-3271/SAO(Audit), dated 15.01.2016 to R&Las to recover the balance amount and to ensure the immediate implementation of the notifications/orders regarding revision in the fees/taxes in future (Annexure-3, page -33)

After publication of this report, tax rates were revised twice during the year 2013 and 2015. On these occasion copies of the notifications were sent to NIC for making necessary changes of tax rates in the application. NIC after incorporating these changes, sent patches to the concerned DIOs in the State for incorporation of these patches in application installed at different registration authorities in their districts for implementation of new tax rates. In order to address this problem, the Department has decided to shift the RC/DL work from Ver. I to SARATHI and VAHAN web Ver. 4 and any modification in tax structure shall be implemented simultaneously in all authorities.

The Committee has desired the department to take effective steps to achieve the objectives of the VAHAN and SARATHI Software project.

[95] 5.2.12.2 Delay in implementation of revised penalty rates

Section 41 (11) of Motor Vehicle Act, 1988 inter-alia lays down that in case owner of a vehicle fails to make an application under sub-section 1 or sub section 8 to the Registering Authority for registration of his vehicle within 1 month from the date of purchase of vehicle, penalty not exceeding ₹ 100 would be levied under section 177 of the Act by the registering authority on account of this delay. Further the Department notified (12 July 11) that in case the vehicle is not registered within 21 days from the purchase of vehicle, penalty at the rate of 0.5 per cent of the lump sum onetime tax payable would be charged on per day basis. The penalty was to be charged w.e.f. 22nd day from the date of purchase of vehicle and was to be restricted up to twice the amount of tax due.

Analysis of electronic data pertaining to 3 RAs revealed that in 3,896 one time tax paid cases, applications for registration of vehicles were filed after a delay of permissible period of 21 days. Fine amounting to ₹ 45.08 lakh was due in these cases. Neither any provision for calculation of fine was incorporated in the Software nor was fine manually calculated and entered in the database.

The RAs in their reply stated that penalty could not be imposed as letter issued by Transport Department was not received in time. RA, Jhajjar stated that instructions had not been received till the date of audit (September 2011).

We feel that application should be Web enabled so that any changes in the business rules can be uniformly implemented throughout the State in time.

The Technical Director, NIC stated in December 2011 that modalities were being worked out at NIC level to make these Software Web enabled so as to avoid such type of delays.

The Department in its written reply stated as under :-

Instructions have been issued vide letter bearing No. 3190-3271/SAO (Audit), dated 15.01.2016 to R&Las to recover the balance amount and to ensure the immediate implementation of the notifications/orders regarding revision in the fees/taxes in future (Annexure-3, page-33)

After publication of this report, tax rates were revised twice during the year 2013 and 2015. On these occasions copies of the notifications were sent to NIC for making necessary changes of tax rates in the application. NIC after incorporating these changes, sent patches to the concerned DIOs in the State for incorporation of these patches in application installed at different registration authorities in their districts for implementation of new tax rates. In order to address this problem, the Department has decided to shift the RC/DL work from Ver. 1 to SARATHI and VAHAN web Ver. 4 and any modification in tax structure shall be implemented simultaneously in all authorities.

The Committee has desired the department to take effective steps to achieve the objectives of the VAHAN and SARATHI Software project in its true manner and not by issuing ceremonial letters only. The Committee further recommended that if there is any lapse on the part of any officer/official in implementing the Govt. instructions, strict disciplinary should be taken against him as a deterrent.

[96] 5.2.12.3 Non-Availability of MIS reports to identify the vehicle required to be re-registered

Sec 41(7) of Central Motor Vehicles Act, 1988 provides that a certificate of registration in respect of a motor vehicle, other than a transport vehicle, shall be valid only for a period of 15 years from the date of issue of such certificate and shall be renewable. Further as per provisions of Rule 52(3) of Central Motor Vehicle Rules 1989, a motor vehicle shall not be deemed to be fit for plying after the expiry of the period of validity entered in the certificate of registration and no such vehicle shall be used in any public places until its certificate of registration is renewed.

An analysis of owner table of VAHAN database revealed that since legacy data of vehicles registered earlier through unauthorised software had not been migrated to VAHAN Software, necessary monitoring was not being done to check plying of vehicles with lapsed registrations. Analysis of available data at test checked locations revealed that 18,340 vehicles had their registrations expired. The owners of the vehicles have not re-registered their vehicles in contravention to the provisions stated, *ibid*. Apparently, the vehicles were plying on the road without fitness.

The Department in its written reply stated as under :-

In order to address this problem, the Department has decided to shift the RC/DL work from Ver. 1 to SARATHI and VAHAN web Ver. 4 and the complete details regarding the vehicles requiring re-registration after obtaining the fitness certificate will be available in the software.

The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit.

[97] 5.2.13.1 Assigning of same engine number and chassis number to more than one vehicle

Chassis/Engine number is unique to each vehicle and the same cannot be allotted to more than one vehicle. Analysis of data of test checked offices revealed that there were 36,900 vehicles (Annexure-VIII) with same Engine number. In 18 cases, vehicles having same chassis and Engine number had been assigned different registration numbers. Further, 166 duplicate chassis numbers (Annexure-VIII) with different transactions were also noticed which is indicative of absence of validation checks in the system and also inadequate supervisory controls over the input to ensure accuracy of data.

The Department in its written reply stated as under :-

Instruction have been issued vide letter bearing No. 3108-3189/SAO (Audit), dated 15.01.2016 to R&Las to take appropriate action in the matter pertaining to para 5.2.13.1 to 13.4. (Annexure-4, page-34)

Services/Validation are already available in VAHAN Software to avoid assigning of same engine and chassis number to more than one vehicle.

Duplicate data has been received and the rectification is being done in the all Registering Authorities.

The Committee has observed that the department has issued a ceremonial letter to all Registration & Licensing Authorities to take appropriate action in the matter that too after receiving notice of the meeting of the Committee. The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit.

[98] 5.2.13.2 Tampering of chassis number

In case of chassis number, a check is embedded in the software which does not allow input of duplicate chassis number. Analysis of data revealed that in 2043 cases (Annexure-VIII), data entry operators surpassed the validation check by putting an extra symbol while feeding the chassis number and allowing the vehicle to be registered with another registration number having same engine number. The tampered data was being replicated in State Registers and National Registers also.

Analysis of data further revealed that in 40 cases, vehicles bearing same Chassis number and Engine number had been registered by more than one Registering authority within the State. Duplicate registration of the same vehicle was not only illegal but was obviously fraught with the risk of plying invalid/stolen vehicles as well as insurance irregularities by declaring non-existent vehicles as stolen.

The Department in its written reply stated as under :-

Instructions have been issued vide letter bearing No. 3108-3189/SAO (Audit), dated 15.01.2016 to R&Las to take appropriate action in the matter. (Annexure-4)

Special symbols validations are not available in VAHAN Software and the matter is being taken up with NIC authorities. It is also submitted that the testing of customization of web based VAHAN Ver. 4 is under process and the entire R&Las will be shifted to the said version. Input of duplicates chassis number will not be possible in VAHAN Ver. 4

The Committee has observed that the department has issued a ceremonial letter to all Registration & Licensing Authorities to take appropriate action in the matter that too after receiving notice of the meeting of the Committee. The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit.

[99] 5.2.13.3 Incomplete capture of chassis code

As per standard codification adopted worldwide by the automotive industry, Chassis numbers are assigned 17-character code. First two characters denote country of origin. Similarly, other 15 characters also contain vital details relating to make, model etc. All the 17 characters are kept unique for a vehicle and are not repeated by automobile manufacturers. As such this code is helpful for Police and other crime prevention agencies for identifying a vehicle.

Analysis of electronic data revealed that Chassis numbers had not been entered in the database as per the standardised format. Instead of giving proper code, either hyphenation was used or numeric code of less than six characters was captured. Instances of 75,912 such records have been shown in Annexure-VIII.

Due to incomplete capture of code, whole exercise of maintaining a reliable data of all the vehicles on a National/State Register might be rendered futile as incomplete code will neither be unique nor enable the Police and other agencies in identifying these vehicles.

The FC&PS in December 2011 stated that staff needs to be sensitized regarding complete capture of chassis codes. The FC&PS also expressed his concern regarding registration of 40 vehicles

bearing same chassis and Engine number by more than one Registration authority within the State and wanted to know how it was happening.

We feel that validation checks should be strengthened and internal audit should be involved in the checking of data so that data available in State and National registers is reliable.

The Department in its written reply stated as under :-

Instructions have been issued vide letter bearing No. 3108-3189/SAO (Audit), dated 15.01.2016 to R&Las to take appropriate action in the matter. (Annexure-4, page-34). Services/Validation are already available in VAHAN Software.

The Committee has observed that the department has issued a ceremonial letter to all Registration & Licensing Authorities to take appropriate action in the matter that too after receiving notice of the meeting of the Committee. The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit.

[100] 5.2.13.4 Unreliable data

On receipt of application for registration, VAHAN auto generates a receipt number. In this receipt number, vehicle class, sale amount of vehicle forms the basis of registration fee as well as road tax for the system.

Analysis of data revealed that in many cases, there was a mismatch between amount due and amount calculated by Software. Further analysis revealed that details of owners had been interchanged in favour of certain applicants for allotment of Registration numbers of their choice.

The Department in its written reply stated as under :-

A single software is in operation in all 82 R&Las and all such problems have been addressed. Incase of any miscalculation, the matter is referred to NIC through headquarter for reftification. Services/Validation are already available in VAHAN Software.

Instruction have been issued vide letter bearing No. 3108-3189/SAO (Audit), dated 15.01.2016 to R&Las to make appropriate action in the matter. (Annexure-4 page-34).

The Committee has observed that the department has issued a ceremonial letter to all Registration & Licensing Authorities to take appropriate action in the matter that too after receiving notice of the meeting of the Committee. The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit.

[101] 5.2.13.5 Registration of two or more vehicles with same insurance cover note

Rule 47 of CMV Rules prescribe Form 20 for the application of vehicle registration in which the insurance certificate or the cover note is to be filled in by the owner of the vehicle.

There was no validation check in VAHAN to ensure that the insurance cover note submitted for a particular vehicle was not re-used for registration of other similar vehicles with the result that system was fraught with the risk of same insurance cover note being used again and again for registering more than one vehicle. The transport authorities also did not verify the validity of insurance cover note submitted along with application. Test check of the data relating to insurance

cover note numbers in 15.45 lakh records indicates that there was repetition of the insurance cover notes in 2.91 lakh vehicles. The recurrence of multiplicity of the insurance certificate/cover note numbers indicated that the insurance certificate/cover note numbers might have been forged to get the vehicles registered which would give rise to legal complications.

RAs in their reply (June-September 2011) stated that discrepancies pointed out by audit would be rectified with the help of NIC officials and Data entry operators have been instructed to be careful in future.

The Department in its written reply stated as under :-

Instruction have been issued vide letter bearing No. 3108-3189/SAO (Audit), dated 15.01.2016 to R&LAs to make appropriate action in the matter. (Annexure-4 page-34).

Validation checks have been incorporated in the application to avoid instances of duplicate insurance cover note(s).

The Committee has observed that the department has issued a ceremonial letter to all Registration & Licensing Authorities to take appropriate action in the matter that too after receiving notice of the meeting of the Committee. The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit.

[102] 5.2.14 Data Accuracy of SARATHI

Analysis of data of 13 RAs revealed that input validation controls had not been inbuilt in the system to ensure that the system accepted only valid data and invalid data like issue of licences to minors and other mistakes in data entry process etc, were blocked by the computerised system as discussed in succeeding paragraphs:

5.2.14.1 Issue of double licences

Section 6 (1) of the Motor Vehicle Act, 1988 provides that no person can hold more than one licence at a time.

Analysis of the SARATHI data provided by the test checked offices revealed that the authorities had issued double licences to 889 persons (Annexure-IX) in violation of the above said provisions of the Act.

5.2.14.2 Issue of licence to underage persons

As per section 4 (1), no person under the age of 18 years can ply vehicles above 50 CC.

Analysis of data revealed that in 690 cases, (Annexure-IX) licences for plying vehicles above 50 CC had been issued to persons below 18 years of age.

5.2.14.3 Issue of regular licences within 30 days of issue of Learning Licence

As per rules for issuance of regular driving licence, the applicant must be holding learner's licence for at least 30 days.

Analysis of data revealed that in 34,931 cases (Annexure-IX) regular licences had been issued to applicants who had held the learner's licence for a period less than 30 days at the time of issuance of regular licences which is indicative of the fact that there is no common field in both of the modules to check and prevent these lapses.

5.2.14.4 Issue of driving licence on the basis of expired learning licences

Section 14 (1) of the Motor Vehicle Act, 1988 provides that a learner's licence issued under this Act shall be effective for six months.

Analysis of the data revealed that in 66,328 cases (Annexure-IX) regular licences had been issued to the applicant whose validity of learner licences had expired which is indicative of insufficient validation controls.

5.2.14.5 Issue of driving licence of four wheelers on the basis of learning licence of two wheelers

Analysis of data revealed that in 9880 cases (Annexure-IX), learning licence had been issued for two wheelers but regular driving licences had been issued for four wheelers.

The RAs in their reply stated (July-September 2011) that validation checks will be incorporated in the Software with the help of NIC authorities. The reply is not tenable as before signing the licences, the authorities should have ensured that provisions laid down in the Motor Vehicle Act/Rules are complied with.

The FC&PS in December 2011 expressed his concern regarding discrepancies noticed in the issuance of driving licence. He stressed the need to plug the loopholes in the validation checks of this Software at National level so as to avoid such type of lapses.

The Department in its written reply stated as under :-

Common reply to para 5.2.14.1 to 14.5. Instructions have been issued vide letter bearing No. 3026-3107/SAO (Audit), dated 15.01.2016 to R&Las to take appropriate action in the matter (Annexure-5, page-35)

No validation checks were available in SARATHI Version 1.0. Now, NIC has designed a new Web-enabled VAHAN version 4 and SARATHI version 4. Validation checks in regard to issues highlighted at para 5.2.14.1 to 5.2.14.5 shall be incorporated in web-enabled SARATHI version 4. At present SARATHI version 4 has been launched at five Registration Authorities i.e. Panchkula, Karnal, Ambala, Gurgaon-North and Faridabad and will be implemented all-over the State within 3 months after SWAN connectivity in all R&Las is provided by the HARTRON. It is also disclosed that to avoid confusion in the category of vehicles in DL, 34 numbers of clauses of vehicles have been identified and incorporated in SARATHI. Since, all the authorities are using same SARATHI software problems like age, class of vehicle, issue of PDL within 30 days of issue of LL have also been addressed.

The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit in a time bound manner.

[103] 5.2.15.1 *Insufficient logical controls and non segregation of duties*

In a computerised environment, rights of different users should be clearly defined and access of database should be restricted depending upon responsibility of the users.

Analysis of data of VAHAN and SARATHI Software revealed that logical controls in these application Softwares to protect data from unauthorized persons were not effective. No documented procedure to the user privileges for authorising access to the system was being followed in test checked offices. Privileges of administrator' were being exercised by clerks which might create potential risk to the integrity of data and system as a whole. Further, though operators had been assigned different user_id and passwords at all the locations but it was observed that operators were sharing their passwords and no password policy had been framed.

We feel that a proper password policy may be framed and logical controls should be strengthened.

The Department in its written reply stated as under :-

On implementation of Web-enabled VAHAN version4 and SARTHI version 4 by NIC. Data from all authorities will be stored at centralized server installed at Delhi and an effective user policy will be incorporated in the application to ensure segregation of duties and effective back-up policy.

The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit in a time bound manner.

[104] 5.2.15.2 *Absence of Business Continuity and disaster recovery plan*

Proper disaster management system is necessary to ensure that in case of loss of data due to crash of hard disk, earthquake etc. system can be put in place without any delay. It was observed in audit that the Department did not have a formal business continuity and disaster recovery plan for continuation of the Departmental activities in the event of a disaster. Neither any backup server had been maintained nor had any team been constituted to resume the work in case of server failure.

The Department in its written reply stated as under :-

On implementation of Web-enabled VAHAN version 4 and SARTHI version 4 by NIC. Data from all authorities will be stored at centralized server installed at Delhi and an effective user policy will be incorporated in the application to ensure segregation of duties and effective back-up policy.

The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit in a time bound manner.

[105] 5.2.16 *Conclusion*

There has been delay in implementation in the project in a complete manner. Even after nine years, all the modules are not yet operational. The financial data captured through these Softwares is neither complete nor reliable as the cash books and issuance of receipts was still manual in most of the offices test checked. Process of finalisation of tenders for smartcards had not been completed even after nine years of invitation of tenders. There is a lack of in house expertise for running the

system. Involvement of top level management in the system development and its functioning was inadequate. Lack of adequate supervision has resulted in erroneous data capture thereby resulting in data redundancy. The Department has not been able to extract useful information from the system regarding defaulters through VAHAN in any of the RTAs test checked and has thus failed to exploit the full potential of the system.

The Department in its written reply stated as under :-

The proposal regarding introduction of smart card based RC/DL was dropped in view of the observations made by the Secretary, IT, GOI during discussions held on the meeting dated 26th Sept., 2014 (copy attached). The department is in process to adopt web based SARTHI & VAHAN Ver. 4 and issuance of smart card based DL & RC in the said version is under process.

The VAHAN and SARTHI software (Ver. I) for the issue of driving licenses (DLs) and Registration Certificates (RCs) is functional at all the 82 Registering Authorities across the State. The complete workflow of the VAHAN software is being implemented in all the Registering Authorities in the State.

SARTHI ver. 4 to issue Learner Licence has been implemented in 5 authorities namely; Ambala, Panchkula, Karnal, Faridabad and Gurgaon (North) and rest of the authorities will be shifted to SARTHI Ver. 4 within 3 months from the date of providing the SWAN connectivity by the HARTRON.

The Committee has desired the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI Software project in its true spirit in a time bound manner.

[106] 5.2.17 Recommendations

The Government should consider:

- setting a time frame for different stages of the computerisation and ensuring implementation of the project in a complete manner;
- preparation and maintenance of system documentation and manuals including training manuals; and drawing up an IT security policy with a credible threat assessment mechanism and disaster recovery and business continuity plan for harnessing optimum output from the system;
- ensure issue of RCs and driving licences on smart cards;
- maintaining a well documented change management procedure for ensuring transparency and effective internal controls;
- strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into the system; and
- making generation of exception reports at regular intervals mandatory to identify vehicles violating the MV Act and Rules.

The Department in its written reply stated as under :-

The computerization work in all 82 R&Las has been completed and implementation of SATHI & VAHAN web Ver. 4 is under process. SARTHI ver. 4 have been implemented in 5 authorities i.e. Panchkula, Karnal, Ambala, Gurgaon (N) & Faridabad. The complete implementation of SARTHI & VAHAN ver. 4 will be done within 3 months from the date of providing of SWAN connectivity by the HARTRON.

The action in this matter will be ensured.

The issue is under process in the ver. 4 of SARTRHI & VAHAN

The issues will be address in SARTHI & VAHAN ver.4

The Committee has observed that by the implementation of the VAHAN and SARTHI Software project completely, most of the problems will be addressed automatically . Therefore, the Committee has desired that the department should take all necessary steps for the implementation of the VAHAN and SARATHI Software project completely in a time bound manner.

[107] 5.4.1 Non/short recovery of token tax

Under the PMVT Act and the rules framed thereunder, as applicable to the State of Haryana, yearly token tax shall be leviable in advance on every motor vehicle in equal for quarterly periods commencing on the first day of April, July, October and January per vehicle. Any broken period in such quarterly periods shall, for the purpose of levying the tax, be considered as a full quarter. Further, Section 9 of the Act provides that in case of omission to comply with the provisions, the licensing officer may impose a penalty which may extend to twice the amount of tax due. When a person neglects or refuses to pay instalment of tax within one month from the expiry of the period fixed for such payment, the licensing officer may forward to the Collector a certificate specifying the amount of tax due recoverable as arrears of land revenue.

The Department in its written reply stated as under :-

No comments are required. However, instructions vide letter bearing No. 3277-3357/SAQ(Audit), dated 15.01.2016 have been issued to the RAs for strict compliance of the PMVT Act and rules framed thereunder. (Annexure-6 page-36).

The Committee has recommended that the provisions of the Punjab Motor Vehicles Act and the Rules framed thereunder be complied with strictly to augment the State revenue.

[108] 5.4.1.1 Stage carriage bus owners

Under Section 3 (1) of the PMVT Act, token tax on a stage carriage bus plying for hire and use for the transport of passengers shall be leviable at the rate of ₹ 550 per seat per annum subject to a maximum of ₹ 35,000 per vehicle per annum.

During test check of the records of 10 offices of the Secretary, RTA between October 2009 and August 2010, we noticed that in 122 buses of the cooperative transport societies plying as stage carriages during the period April 2008 to March 2010, token tax was either not deposited or deposited short by the societies. The Department had not issued any demand notices to recover the

tax or taken any other action against the defaulters. This resulted in non/short realisation of token tax of ₹ 22.75 lakh. Additionally, maximum penalty of ₹ 45.50 lakh was also leviable.

After we pointed out the cases between October 2009 and August 2010, all the RTAs stated between November 2010 and October 2011 that ₹ 5.52 lakh had been recovered in 42 cases between December 2009 and March 2011 and efforts were being made to recover the balance amount of ₹ 17.23 lakh. We have not received any report on recovery of balance amount and action taken to levy penalty (October 2011).

The Department in its written reply stated as under :-

Total outstanding amount of Rs.17 .23 lacs of token tax from stage carriage bus owners have been recovered. Hence para may kindly be dropped.

Whereas with regard to imposition of penalty, it is clarified that as per provisions of the Punjab Motor Vehicles Taxation Act, 1924 (as applicable to Haryana) and rules made thereunder, the concerned Licensing Authorities were competent to impose the penalties, keeping in view the merits of the case. Whereas, directions were issued to all the Licensing Authorities in the State vide letter dated 12.07.2011 to impose the penalties at the specified rates mentioned therein. The said directions were set-aside by Hon'ble Punjab & Haryana High Court in its order dated 12.02.2013 in CWP. No.17580 of 2011. In compliance of the above orders, directions were issued to all Licensing Authorities in the State vide memo No.24635-76/AT-2/AS-II, dated 11.07.2013 to pass speaking orders as per the provisions of Punjab Motor Vehicles Taxation Act, 1924 (as applicable to

Haryana and rules made thereunder whenever required. In the instant case, no such speaking orders were passed by the competent authority and no penalty had been imposed. Therefore the question of recovering the penalty amounting to Rs.25.24 lacs as calculated by Audit does not arise. Hence para may kindly be dropped.

The Committee has recommended that the provisions of the Punjab Motor Vehicles Act and the Rules framed thereunder be complied with strictly to augment the State revenue.

[109] 5.4.1.2 City bus owners

As per notification issued in March 2004 under Section 3 (1) of the PMVT Act, a stage carriage or contract carriage plying under a permit issued under Faridabad and Gurgaon city Private Bus Service Scheme, 2004' is required to pay token tax prescribed for a half body bus and for a full body bus at the rate of ₹ 18,000 and ₹ 30,000 per annum respectively

During test check of the records of the offices of Secretary, RTA, Faridabad and Gurgaon in April 2010, we noticed that 75 private bus operators who were granted permits for plying buses in city areas did not deposit token tax for different periods between April 2009 and March 2010. The Department had not issued any demand notices or taken any other action against the defaulting bus owners to recover token tax. This resulted in non/short realisation of token tax of ₹ 12.62 lakh. Additionally, maximum penalty of ₹ 25.24 lakh was also leviable.

After we pointed out the cases in April 2010, the Secretary, RTAs Faridabad and Gurgaon stated in December 2010 and January 2011 that a sum of ₹ 81,000 had been recovered in seven

cases between April and December 2010 and efforts were being made to recover the balance amount of ₹ 11.81 lakh. We have not received any report on recovery of balance amount and action taken to levy penalty (October 2011).

We pointed out the matter to the STC, Transport Department between December 2009 and October 2010 and reported to the Government in February and March 2011; we are yet to receive their reply (October 2011).

The Department in its written reply stated as under :-

Details of outstanding amount of Rs. 12.62 lacs is as under :-

Recovered in 2010-11

(₹ in lacs)			
	FBD	GGN	Total
1. Amount due	8.10	4.52	12.62
2. Recovered	1.92	0.47	2.39*
3. Amount for RC/permit cancelled (Notice issued)	5.03	--	5.03
4. Amount not recovered because of vehicle taken NOC before 31.03.2009	1.15	--	1.15
Balance	Nil	4.05	4.05
		(notice issued in case of non recovery RC/ permit will be cancelled.	

* Rs. 81,000/- recovered in 2010-11 from RTA, Faridabad & Gurgaon has been included in the total recovery amount of Rs. 2.39 lac.

Whereas with regard to imposition of penalty, it is clarified that as per provisions of the Punjab Motor Vehicles Taxation Act, 1924 (as applicable to Haryana) and rules made thereunder, the concerned Licensing Authorities were competent to impose the penalties keeping in view the merits of the case. Whereas, directions were issued to all the Licensing Authorities in the State vide letter dated 12.07.2011 to impose the penalties at the specified rates mentioned therein. The said directions were set-aside by Hon'ble Punjab & Haryana High Court in its order dated 12.02.2013 in CWP No.17580 of 2011. In compliance of the above orders, directions were issued to all Licensing Authorities in the State vide memo No. 24635-76/AT-2/AS-II, dated 11.07.2013 to pass speaking orders as per the provisions of Punjab Motor Vehicles Taxation Act, 1924 (as applicable to Haryana) and rules made thereunder whenever required. In the instant case, no such speaking orders were passed by the competent authority and no penalty had been imposed.

Therefore the question of recovering the penalty amounting to Rs.25.24 lacs as calculated by Audit does not arise. Hence para may kindly be dropped.

The Committee has observed that permits of the buses plying illegally could not be cancelled even in the 6 years. Therefore, the Committee has desired that firstly, the responsibility of the erring officers/officials be fixed; and secondly, permits of the buses plying illegally be cancelled immediately and action taken report be submitted to the Committee within a month positively.

Besides, the Committee has further desired that the permit-wise token tax recovery amount alongwith the permit number, date of issuance and date of validity/expiree as well as details of challans/impounding of the buses may also be reported to the Committee within a period of one month positively.

REVENUE DEPARTMENT

[110] 4.2.1 Evasion of stamp duty due to misclassification of documents

Under the provisions of the IS Act, as applicable to the State of Haryana, separate rates have been prescribed for different types of instruments. The classification of an instrument depends upon the nature of the transactions 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 (SD) becomes leviable under the IS Act.

During test check of the records of the offices of six¹ registering authorities for the year 2009-10 between May and September 2010, we noticed that seven instruments conveying possession and transfer of property valued at ₹ 57.07 crore to the vendees were executed between June 2009 and March 2010. In all the cases, the vendors received full amount in lieu of the property sold and the possession of immovable property was also handed over to the purchasers. The deeds were liable to be treated as conveyance deeds and SD of ₹ 3.99 crore was leviable. However, the registering authorities misclassified these documents and registered the deeds as Agreements to sell charging SD of ₹ 430 which was incorrect. This resulted in evasion of SD of ₹ 3.99 crore.

After we pointed out these cases between May and September 2010, Sub Registrars (SRs), Bahadurgarh, Faridabad and Matanhail stated in January and June 2011 that the cases had been sent to the Collector between September and December 2010 under Section 47-A of the Act for decision. SRs Thanesar (Kurukshetra) stated in January 2011 that the case had been sent to the Collector under Section 47-A of the Act for decision and notice had been issued for recovery in September 2010. We have not received further report of recovery and reply from the remaining SRs (October 2011).

We pointed out the matter to the Revenue Department between June and November 2010 and reported to the Government in March 2011; we are yet to receive their reply (October 2011).

The Department in its written reply stated as under :-

This para relates to Evasion of Stamp Duty due to misclassification of documents. The position of this para is as under :

	No. of Cases	Amount (in lacs)
1. Amount Recovered by the department	2	1.87
2. Amount dropped by Collectors	0	2.91
3. Amount dropped by A.G.	-	-
4. Pending in various courts of Collectors u/s 47-A	4	5.43
5. Balance cases/Amount for recoverd	1	388.90
Total	7	399.11

Out of 7 cases amounting to Rs. 399.11 lac. 2 cases amounting to Rs. 4.78 has been settled by Collector Kurukshetra. One case amounting to Rs. 388.90 lac has been decided by District Collector Faridabad vide order date 15.10.2013 declaring the deficiency of Rs. 388.90 lac. Notice of recovery was issued on 05.09.2014 by Sub-Register Faridabad but the recovery process has been stopped in view of Hon'ble Punjab and Haryana High Court in C.W.P. No. 19648 of 2013, dated 06.05.2014 in which it was ordered that no coercive steps shall be taken by the respondents for recovery of stamp duty. In the case the notification dated 01 October, 2013 regarding liability of stamp duty on development agreement. 4 cases amounting to Rs. 5.43 lac are being pursued in Court of Collectors Gurgaon and Jhajjar by the Sub-Registers Gurgaon Matanhail and Bahadurgarh for quick decision.

The Committee has desired that the Committee be intimated about the final outcome of Hon'ble Punjab & Haryana High Court in the matter.

[111] 4.2.2 Evasion of stamp duty due to undervaluation of immovable property

Section 27 of the IS Act, as applicable to the State of Haryana, provides that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amounts of duty with which it is chargeable, should be fully or truly set forth therein. Further, Section 64 of the IS Act provides that any person who, with intent to defraud the Government, executes an instrument in which all the facts and circumstances required to be set forth in such instrument are not fully and truly set forth, is punishable with a fine which may extend to ₹ 5,000 per instrument.

4.2.2.1 During test check of the records of seven² registering offices between April and September 2010, we noticed that 26 conveyance deeds were registered between May 2009 and July 2010 on account of sale of immovable properties. The total value of properties set forth in all these conveyance deeds was ₹ 3.19 crore. Cross verification of these deeds with the agreements executed between the concerned parties between March 2009 and March 2010 and recorded with the various document writers revealed that the total sale value of agreements worked out to ₹ 5.88 crore. Thus, the conveyance deeds were got executed and registered at a consideration less than agreed upon between the parties. Undervaluation of immovable properties in conveyance deeds resulted in evasion of SD of ₹ 10.28 lakh which needs to be recovered. Additionally, penalty not exceeding ₹ 1,30,000 for undervaluation made with intent to defraud the Government was also leviable.

After we pointed out the cases between April and September 2010, Five³ SRs stated in November 2010 and May 2011 that the cases had been referred to the Collector between June and November 2010 under Section 47-A of the Act for final decision. The reply of the registering authorities does not explain why these cases had been referred to the Collector since there was no need to refer the cases to the Collector for decision as the value of the property had already been agreed upon between the concerned parties. Further, Collector, Hisar stated in May 2011 that an amount of ₹ 23,500 had been recovered in three cases and efforts would be made to recover the balance amount. We have not received report on recovery and reply from the remaining Gharaunda and Nissing SRs (October 2011).

With a view to check undervaluation of property at the time of registration, evaluation committees, constituted under the directions of Government, suggest minimum market value of the property in various areas of the State for the guidance of Registering Authorities. Under Section 47-A of the Act, if the registering officer, while registering any instrument relating to transfer of any property or the consideration has not been truly set forth in the instrument, he may after

registering such instrument, refer the same to the Collector for determination of the value or consideration and the proper duty payable.

4.2.2.2 During test check of the records of the office of SR, Nilokheri (District Karnal) in August 2010 for the year 2009-10, we noticed that a vendee purchased a Sheller land measuring 64 kanal 12 marla (39,080 square yards) for a consideration of ₹ 6.82 crore treating the land as residential. The registering authority levied SD of ₹ 34.10 lakh on the consideration of ₹ 6.82 crore as set forth in the instrument though the value of land determinable on the basis of minimum market value fixed for commercial property by the Collector for that locality worked out to ₹ 16.41⁴ crore and SD of ₹ 82.07 lakh was leviable. The registering authority did not refer the same to the Collector for determination of the value as consideration and proper duty payable. This resulted in short levy of SD of ₹ 47.97 lakh.

After we pointed out the case in August 2010, SR Nilokheri stated in March 2011 that the case had been sent to the Collector in October 2010 under Section 47-A of the IS Act for correct proceedings. We have not received further progress of recovery (October 2011).

The Department in its written reply stated as under :-

This para relates to evasion of Stamp Duty due to undervaluation of immovable property. The position of this para is as under:-

	No. of Cases	Amount (in lacs)
1 Amount Recovered by the department.	6	2.17
2 Amount dropped by Collectors	3	2.57
3 Amount dropped by A.G.	-	-
4 Pending in various courts of Collectors u/s 47- A	7	1.29
5 Balance cases/ Amount for recovery	10	4.25
Total	26	10.28

Out of 26 cases amounting to Rs 10.28 concerning to SR Hansi, Karnal, Nissing, Indri, Ghraonda and Ballabhgarh in 9 cases deficiency of amounting to Rs 4.74 lacs has been settled concerning to SR Ballabhgarh, Hansi and Indri. In 7 cases deficiency of Rs. 1.29 lac is pending to the Court of Collector Hansi for determination of correct stamp duty so chargeable which are being persuaded by the SR Hansi for quick decision under section 47-A of the Indian Stamp Act, 1899. Strenuous efforts are being made by SR Ballabhgarh, Hansi, Karnal, Nissing and Indri in 10 cases amounting to Rs. 4.25 lac.

The Deputy Commissioners concerned have been impressed upon vide letter No Special-STR-3-2013/7884, dated. 18.06.2013 & vide letter No. Special-STR-3- 2014/ 5144, dated 23.04.2014 and Recently, Secretary. Revenue D.O. letter No. 2158-STR-3-2014/13132 dated. 01.07.2015 and ACS&FCR D.O letter No. 2158-STR-3- 2014/14000, dated. 23.07.2015 and reminder dated 14-09-2015, 17-11-2015, 24-12-2015 and last reminder dated

07-01-2016 to look into the matter at personal level and to instruct the authorities concerned to pay special heed to decide these cases 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 and to affect recovery in revenue as well as in public interest.

The Committee has viewed it seriously that despite the instructions having been issued by the Government to all District Collectors to settle the cases within a period of 6 months, now 6 years have already rolled over and these cases still pending.

The Committee has desired the department to issue instructions to all Revenue Authorities again to conclude the revenue cases in a time bound manner and interest of the State be protected meticulously. Besides, responsibility be also fixed of the officers for not taking any steps to settle these cases in a time bound manner.

[112] 4.3.1 Short levy of stamp duty due to application of incorrect rates of immovable property

In order to check evasion of SD in sale deeds, the Government issued instructions in November 2000 to all registering authorities in the State to the effect that agricultural land sold within municipal limits, with an area less than 1,000 square yards or in case where purchasers are more than one and the share of each purchaser is less than 1,000 square yards, be valued at the rate fixed for the residential property of that locality for the purpose of levying SD.

During test check of the records of 16 offices of SRs between April and September 2010 for the year 2009-10, we noticed that 64 sale deeds of plots within municipal limits with an area less than 1,000 square yards and in case where purchasers are more than one and the share of each purchaser is less than 1,000 square yards, were registered between April 2009 and March 2010. The deeds were liable to be assessed for ₹ 16.64 crore based on the rates fixed for residential areas and SD of ₹ one crore was chargeable. However, the registering authorities assessed the deeds for ₹ 5.03 crore based on the rates fixed for agricultural land and levied SD of ₹ 31.11 lakh. This resulted in short levy of SD of ₹ 69.10 lakh.

After we pointed out these cases between April and September 2010, 13 SRs⁶ stated between November 2010 and August 2011 that the cases had been sent to the Collector between June 2010 and January 2011 under Section 47-A of the IS Act for decision. Further, Collector Hisar stated in June 2011 that an amount of ₹ 83,400 in respect of JSR Barwala had been declared as arrear of land revenue. We have not received report on recovery and reply from the remaining SRs Bahadurgarh, Jhajjar and Karnal (October 2011).

Similar cases were also pointed out in earlier reports for the years 2006-07 to 2008-09 and Department replied that cases were referred to the Collector under Section 47 A of the IS Act for decision, and such mistakes are still repeated.

We pointed out the matter to the Revenue Department between June and November 2010 and reported to the Government in April 2011; we are yet to receive their reply (October 2011).

The Department in its written reply stated as under :-

This para relates to Short levy of Stamp Duty due to application of incorrect rates of immovable property. The position of this para is as under:-

	No. of Cases	Amount (in lacs)
1. Amount Recovered by the department.	6	5.59
2. Amount dropped by Collectors	16	17.52
3. Amount dropped by A.G.	-	-
4. Pending in various courts of Collectors u/s 47- A	25	30.02
5. Balance cases/ Amount for recovery	19	17.08
Total	63	70.21

Note- In this para there are 63 cases amounting to Rs. 70.21 lac instead of 64 cases amounting to Rs. 69.10 lac that will be reconciled with the Office of Account General Audit Haryana later on.

Out of 63 cases amounting to deficiency of Rs. 70.21 lac concerning to Sub-Registrars of Districts Kurukshetra, Yamunanagar, Faridabad, Gurgaon, Hisar, Jhajjar and Karnal. In 6. cases 5.59 lac has been recovered by Sub-Registrars of Districts Kurukshetra and Gurgaon and in 16 cases deficiency Rs. 17.52 lac has been dropped by Collector Kurukshetra, Yamunanagar, Faridabad and Hisar i.e. 23.11 lac in 22 cases has been settled. In 25 cases amounting to deficiency of Rs. 30.02 lac are pending in the court of Collectors of Districts Kurukshetra, Faridabad, Gurgaon, Hisar and Jhajjar under section 47-A of the Indian Stamp Act, 1899 are being persuaded by the concerned sub-registrar for quick decision. In 19 cases amounting to Rs. 17.08 lac are being persuaded by Sub-Registrars of Districts Kurukshetra, Faridabad, Gurgaon, Hisar and Karnal for recovery. Strenuous efforts are being made by concerned Sub-Registrars.

The Committee has recommended that the list of district-rise cases where less stamp duty due to application of incorrect rates of immoveable property has been levied since the year 2005 till to-date be supplied to the Committee alongwith the list of the officers who have been charge sheeted in this regard mentioning the date of their charge sheet and present status of charge sheet. The Committee has further recommended that the charges be concluded in a time bound manner.

[113] 4.3.2 Suspected misappropriation of stamp duty

Section 27 and Schedule 1-A of the IS Act, as applicable to the State of Haryana, provides that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of duty with which it is chargeable, should be fully or truly set forth therein and deed of conveyance are required to be stamped on a slab according to the amount of the consideration for which conveyance is set forth therein.

During test check of the records of the offices of SR, Ballabgarh and Faridabad in September 2010, we noticed that nine conveyance deeds were registered between April 2009 and March 2010 on account of sale of immoveable properties. The total value of properties set forth in all these conveyance deeds was ₹ 2.75 crore and SD amounting to ₹ 16.91 lakh was leviable. The registering authorities recovered ₹ 3.53 lakh and the differential amount of SD of ₹ 13.38 lakh was not recovered before

registration of documents. Although, differential amount of SD of ₹ 13.38 lakh was shown to be recovered through receipt book (B⁷ book) on each of the instruments. Though the documents were registered, on cross verification with Daily Collection Register (DCR), we did not come across any entry of the requisite stamp duty having being collected and deposited in the Treasury/Bank. This resulted in suspected misappropriation of SD of ₹ 13.38 lakh.

After we pointed out (September 2010) these cases, Commissioner, Gurgaon Division investigated the cases registered and found that the receipt numbers given in the documents were fake and the registry clerks pocketed the amount instead of depositing in the exchequer, we have not received any reply from the Department regarding the cases of the year 2009-10 which were pointed out by audit.

We pointed out the matter to the Revenue Department between June and November 2010 and reported to the Government in March and April 2011; we are yet to receive their reply.

The Department in its written reply stated as under :-

This para relates to suspected misappropriation of Stamp Duty. The position of this para is as under:-

	No. of Cases	Amount (in lacs)
1. Amount Recovered by the department	-	-
2. Amount dropped by Collectors	-	-
3. Amount dropped by A.G.	-	-
4. Pending in various courts of Collectors u/s 47- A	9	13.38
5. Balance cases/ Amount for recovery	-	-
Total	9	13.38

The Concerned 9 cases amounting to Rs. 13.38 lac related to suspected misappropriation of Stamp Duty are being persuaded in the Court of collector Faridabad for quick decision by the Sub-Registrar concerned. The cases are pending for argument. As a remedy in future all the Deputy Commissioner of the State have been directed that the deficiency of Stamp Duty pointed out in audit may not be recovered through B-Book receipt vide memo No. 5861=STR-3-2014/702, dated 16-01-2015. In similar nature of cases the criminal cases have been registered against the registry clerks of Ballabhgarh and Faridabad tehsil by Deputy Commissioner Faridabad in the past which are pending in the civil courts of Faridabad.

The Committee has recommended that the list of the officers/officials, against whom the FIR has been got registered in the matter, be provided to the Committee alongwith the FIR number, date, name of police station and present status of the case, at the earliest possible.

[114] 4.3.3 Short levy of stamp duty on partition deed

Under Section 2 (15) of the Indian Stamp Act, 1899 (IS Act) as applicable to the State of Haryana also, "Instrument of partition" means any instrument whereby co-owners of any property divide or agree to divide such property in severalty, and includes also a final order for effecting a partition passed by any revenue authority or any civil Court and an award by an arbitrator directing

a partition, on which stamp duty (SD) is chargeable at the rate of 1.5 per cent for the amount of the value of the separated share or shares of the property as envisaged in clause 45 of Schedule I-A of the IS Act.

During test check of the records of the offices of Sub Registrar (SR), Nilokheri and Indri in August 2010, we noticed that two partition deeds were registered between October and November 2009 valued at ₹ 3.48 crore as per Collector rate on which SD of ₹ 5.22 lakh was leviable but SRs levied ₹ 100 as SD on these instruments. This resulted in short levy of SD of ₹ 5.22 lakh.

After we pointed out these cases in August 2010, SR Nilokheri stated in March 2011 that the case had been sent to the Collector in October 2010 for favourable action under Section 47-A of the IS Act. SR Indri stated in August 2010 that action would be taken as per rules under intimation to audit. We have not received further report on recovery (October 2011).

We pointed out the matter to the Revenue Department in October 2010 and reported to the Government in May 2011; we are yet to receive their reply (October 2011).

The Department in its written reply stated as under :-

This para relates to Short levy of Stamp Duty on partition deed. The position of this para is as under:-

	No. of Cases	Amount (in lacs)
1. Amount Recovered by the department	-	-
2. Amount dropped by Collectors	-	-
3. Amount dropped by A.G.	-	-
4. Pending in various courts of Collectors u/s 47- A	2	5.22
5. Balance cases/ Amount for recovery -	-	-
Total	2	5.22

The said 2 cases related to Short levy of Stamp Duty on 2 partition deeds deficiency of amounting to Rs. 5.22 lac are being persuaded in the Court of Collector Karnal under section 47-A of the Indian stamp Act, 1899 by Sub-Registrar Nilokheri and Indri for quick decision.

The Committee has desired the department to issue strict instructions to all District Collectors to settle all pending cases of recovery in a stipulated time of 6 months and interest of the State be protected meticulously.

[115] 4.3.4 Irregular exemption of stamp duty

By a notification issued on 11 August 1995, the Government remitted the SD in respect of the sale deeds to be got executed by the farmers whose land is acquired by Haryana Government for public purposes and who purchase agricultural land in the State within one year of the amount of compensation received by them for the acquired land.

During test check of the records of the offices of SR, Fatehabad and Kaithal in October and November 2010, we noticed that the farmers whose land was acquired by the Government for public purposes, purchased residential and agricultural land (having value more than the compensation amount received) valued as ₹ 4.96 crore and got registered three sale deeds. The registering authorities allowed exemption of SD of ₹ 4.31 lakh under aforesaid notification though SD was leviable since they had purchased one residential plot from the amount of compensation received and two agricultural land more than the compensation amount received. Thus, irregular exemption of SD resulted in non-levy of SD to the extent of ₹ 4.31 lakh.

After we pointed out the case in October and November 2010, SRs Fatehabad and Kaithal stated in October and November 2010 that action would be initiated as per rules under intimation to audit. Further, Collector Kaithal stated in September 2011 that an amount of ₹ 1.36 lakh had been recovered in August 2011. We have not received report on recovery (October 2011).

We pointed out the matter to the Revenue Department in November and December 2010 and reported to the Government in April 2011; we are yet to receive their reply (October 2011)

The Department in its written reply stated as under :-

This para relates to Irregular exemption of Stamp Duty on partition deed. The position of this para is as under:-

	No. of Cases	Amount (in lacs)
1. Amount Recovered by the department	1	137
2 Amount dropped by Collectors	1	1.00
3 Amount dropped by A.G.	-	-
4 Pending in various courts of Collectors u/s 47- A	1	1.94
5 Balance cases/ Amount for recovery	-	-
Total	3	4.31

Sub-Registrar Kaithal has recovered Rs. 1.37 lak in 1 case and the Collector Fatehabad has dropped Rs. 1.00 lac in 1 case. 1 case amounting to Rs. 1.94 lac is being persuaded by Sub-Registrar Fatehabad in the Court of Collector Fatehabad under section 47-A of the Indian stamp Act, 1899 for quick decision.

The Committee has recommended that if any mistake is detected by the audit party in any matter which has already been gone through the internal audit without detecting any mistake, then responsibility be fixed or the officers/officials for not discharging their duties in a true manner. Besides, it has also been recommended that the department to issue strict instructions to all District Collectors to settle all pending cases of recovery in a stipulated time of 6 months and interest of the State be protected meticulously.

INDUSTRIES DEPARTMENT

[116] 2.2.11 Excess benefit of deferment for expansion of industrial unit

Rule 28B, 5 (A) of HGST Rules, expansion unit set up in low potential zone, the facility of sale tax deferment would be seven years and large and medium scale industry is eligible for benefit of tax deferment (125 per cent of FCI).

During test check of the records of office of GMDIC Palwal in August 2010, we noticed that a firm manufacturing Hydraulic Turbines, Butterfly Valves and parts thereof applied in June 1999 for its expansion project at Prithla (District Palwal) to issue an eligibility certificate for deferment of sales tax for seven years to manufacture the same item. On the report of GMDIC Faridabad, the Director of Industries, Haryana issued an eligibility certificate for ₹ 27.43 crore for the period from 02 August 1999 to 01 August 2008 treating it as a new unit instead of expansion unit. The unit was eligible for deferment for seven years (upto 1 August 2006). The dealer availed benefit of deferment of tax of ₹ 11.05 crore against the eligible benefit of tax deferment of ₹ 6.58 crore during the period 02 August 1999 to 01 August 2006. This resulted in excess deferment of tax amounting to ₹ 4.47 crore which was availed during 02 August 2006 to 01 August 2008.

After we pointed out the case in August 2010, the GMDIC Palwal stated (December 2010) that the firm had been asked to explain their position and to deposit the amount of excess benefit availed. Further, the Industry Department stated in September 2011 that facts would be verified and necessary corrective steps would be taken as per the scheme. We have not received further progress report.

The Department in its written reply stated as under :

M/s Andritz Hydro Pvt. Ltd. Palwal

The benefit of the Sales Tax deferment was given to the unit treating it as a New Unit under rule 28-B. The definition of “New Industrial Unit” under Rule 28-B is as follows:-

Under Rule 28-B.

3(c) “New Industrial Unit” means a unit which is or has been set up in the State of Haryana and comes or has come into commercial production for the first time during the operative period and has not been or is not formed as a result of purchase or transfer of old machinery except when purchased in the course of import into the territory of India, or when the cost of the old machinery does not exceed 25% of the total cost of machinery, re-establishment, amalgamation, change of tease, change of ownership, change in constitution, transfer of business, reconstruction or revival of the existing unit.

Note: Where any industrial unit sets up an independent manufacturing unit which is not dependent on the existing unit or new industrial unit in any way, such an independent manufacturing unit will be treated as a new industrial unit provided it fulfils all the conditions laid down in clause (C) of sub-rule (3) of this rule.

3 (d) “expansion/ diversification of Industrial Unit” means a capacity setup or installed during the operative period which creates additional production/ manufacturing facilities for manufactured of the same product as of the existing unit (expansion) or different product (diversification) at the same or new location: and

- (i) In which additional fixed capital investment made during the operative period exceeds 25% of the fixed capital investment of the existing unit; and
- (ii) Which results into increase in annual production by atleast 25% of the installed capacity of the existing unit in the case of expansion.

The GM, DIC, Faridabad recommended the case of the unit treating the unit at Prithla as a new unit. The relevant portion of recommendation is as under:

“It is also mentioned that the party has an existing in the mfg. of same item, as being manufactured by the new unit at Prithala. But the unit at Prithala is an independent identity and is not dependent upon the existing unit. It satisfy the criteria of new unit as per definition of new unit issued by the Department and the unit is eligible for grant of deferment as new unit.”

In view of the recommendations of GM, DIC and provisions of rule 28B regarding the definition of New Industrial Unit, the case of the unit was placed before the HLSC. The relevant portion of the agenda note is as under:

“The unit is located in Low Potential Zone under new Industrial Policy 1997 where Sales tax deferment is admissible to new industrial unit @ 150% of the fixed capital investment for a period of 9 years either from the date of commercial production of from the date of issue of entitlement certificate.”

The DETC, Faridabad has sent his verification report on the fixed capital investment of Rs. 1877.10 Lacs. The GM, DIC Faridabad has also verified the Fixed Capital Investment of Rs. 1877.07 Lacs and it is pointed out that as per provision of rule 28B (3) (g) the investment of land & building while calculating it should not exceed 50% cost of total fixed capital investment as such the eligible FCI in land and building works out to Rs. 939.00 Lacs. Thus eligible FCI of unit is as under:

1	Land & Building	895.52
2	Plant & Machinery	847.18
3	Technical Know-how	43.67
4	Interest Capitalised	42.35
	Total :	1828.72

The 150% of this amount comes to Rs. 2743.80 Lacs.”

The HLSC considered the case in its meeting held on 10.12.99 and approved the case considering it as a new unit. The relevant portion of the minutes of the meeting of HLSC is as under:-

Item No.11: Sales Tax Deferment-Case of M/s Gulzar Flovel Hydro Ltd., 49, Mathura Road, Vill. Pirthala, Palwal, Faridabad.

“Shri Jitender Chopra, Sr. G.M (Finance) appeared on behalf of the unit before the committee. Committee approved to issue eligibility certificate to the unit for the grant of benefit of sales tax deferment for an amount of Rs. 2743.08 lacs for the period of 9 years

from the date of commercial production i.e. 02.08.1999 to 01.08.2008 for the manufacture of Hydraulic turbines, butterfly under Rule 28B”

Accordingly eligibility certificate of Rs. 2743.08 lacs being low potential area was issued for deferment of payment of tax vide H.O. Endst. No. FA/NSTE/FBD/S-1 199/1309-A dated 20.01. 2000. The unit availed the Interest Free Loan of Rs. 110482321/- during the period from 02.08.1999 to 01.08.2008.

At present, the unit has deposited the whole amount of IFL availed and nothing is due against the unit. The name of M/s VA-Tech Hydro India Pvt. Ltd. was changed to Andritz Hydro Pvt. Ltd. by Registrar of Company M.P. Chhattisgarh Gwalior on 08.07.2009. The said company initially working at Faridabad before 1st August 1997 decided to set-up 2nd plant at will. Prithla and availed the benefit of deferment as a new unit. Under the said rule a new unit is entitled for the benefit for nine years whereas the existing unit is eligible for benefit for 7 years.

The Joint Director District Industries Centre, Palwal had issued the. notices to the unit for the recovery of excess benefit of deferment amounting to Rs. 4.47 crore for expansion of their unit on 21/12/2012 as pointed out by the Audit party. The unit filed a suit in the Hon’ble Punjab & Haryana High Court against the notices issued by the Joint Director, DIC, Palwal. The matter was disposed off on 22-10-2013 as infructuous by the Hon’ble Punjab & Haryana High Court as GM, DIC, Palwal decided to not to act upon the show cause notice in view of the judgement of Double Bench in a separate case in favour of the unit that respondent is not empowered to vary the terms and conditions of the deferment of Sale tax/VAT by altering the eligibility certificate.

Keeping in view the above facts, the para may kindly be dropped as the unit has availed only the less benefit of Rs. 110482321/- against the eligibility certificate of Rs. 28,48,08,000/-

The Committee has desired that the department should reconcile the facts with the office of Principal Accountant General, Haryana under intimation to the Committee.

[117] 2.2.12 Non/short recovery of interest free loan

The State Government had approved a scheme in December 1992 to provide interest free loan to the extent of sales tax liabilities of an industrial unit, which had opted for its deferred payment under the industrial policy of the State Government. The eligible industrial units holding eligibility and entitlement certificate can avail benefit of the scheme by opting, to convert the tax deferred for the previous years into interest free loan provided assessment under the Income Tax Act for those years has not been finalised. GMDIC of the concerned district is fully empowered to recover the loan in the case of default as arrear of land revenue under the provision of the Haryana Public Money Recovery Act. In case of any default or delay in repayment of loan, interest will be charged as provided under HGST Act and the rules made thereunder.

2.2.12.1 During test check of the records of offices of GMDIC, Faridabad, Rewari and Gurgaon between August 2010 and January 2011, we noticed that interest free loan amounting to ₹ 3.99 crore was sanctioned to nine dealers availing benefit of deferment of tax under Rule 28A and 28B of HGST Rule 1975 between March 1998 to March 2005 and was due for repayment between April 2003 to April

2010. Out of ₹ 3.99 crore, an amount of ₹ 1.08 crore was recovered leaving a balance of ₹ 2.91 crore as shown below:

Sr. No.	District Industries Centre	No. of units loan sanctioned	Amount of interest free	Amount recovered	Amount not recovered
1	Faridabad	5	2.22	0.78	1.44
2	Rewari	2	0.68	0.04	0.64
3	Gurgaon	2	1.09	0.26	0.83
Total		9	3.99	1.08	2.91

After we pointed out these cases between August 2010 and January 2011, GMDIC, Rewari stated in January 2011 that claim had been filed with official liquidator in one case and in another case matter was under appeal with Hon'ble High Court Delhi. GMDIC, Faridabad stated in January 2011 that efforts would be made to recover the balance amount. Further, the Industry Department admitted the facts and stated in September 2011 that ₹ 53 lakh had been recovered in respect of Faridabad district and in respect of Gurgaon district in one case the company had gone into liquidation and in another case GMDIC, Gurgaon had been asked to recover the amount of interest free loan (IFL) by invoking the bank guarantee furnished by the unit.

The Department in its written reply stated as under :-

The detailed reply pertaining of 3 Districts is as under :-

1. Faridabad

Out of five units indicated in audit observations the recovery of due amount has been fully made from the four units and recovery of 5th unit i.e. M/s Khemka Ispat Ltd., has not been effected as the company is in liquidation and claim for recovery has been lodged with official liquidator. The detail of recovery is as under :-

Sr. No.	Name of the unit	Sanctioned amount	Amount Recovered
i	M/s Hans Paint and Chemical	2033769	2033769
ii	M/s Khema Ispat Ltd	5556889	Nil
			Company is in liquidation. Claim for recovery has been lodged with official liquidator.
iii	M/s H.G.I. Automotive (P) Ltd.	1471332	1471332
iv.	M/s Vikem Metakat Pvt. Ltd.	5800913	5800913
v.	M/s Kwaliti Dairy India Ltd.	7292372	7292372

2. District Rewari

The General Manager, District Industries Centre, Rewari has informed vide his letter No. 163 dated 25.02.2016 that M/S. Jay Rapid Rollers Ltd. Dharuhera, Distt. Rewari Et M/S. Chetak Spintex Ltd. Bawal were granted Interest Free Loan in lieu of Sales Tax Deferment as per Scheme of the Department but later on the recovery of loan could not be made due to their closure. The present status for recovery of the amount of both the cases are as under:-

I. M/S. Jay Rapid Rollers Ltd. Dharuhera

Earlier this office had filed his claim case of recovery of the amount of Interest Free Loan before the Hon'ble court of Debt Recovery Tribunal, Delhi as the land and a building was got auctioned and the amount of sale proceeds was deposited in the Hon'ble Court of Official Liquidator, Delhi. This office defended the case through counsel before the Hon'ble court of DRT, Delhi but as per decision of the Hon'ble court of DRT, Delhi; our department was not allowed the recovery of the said amount prior to other debtors of the Unit like Bank, Staff of the Unit. Ft labour etc. and then this department is making appeals /Writ Petition to the Higher Court/Authority as per advice of the Counsel /Head Office. Presently our Petition with Case No. WP(C) 1535 of 2015 is pending in the Hon'ble High Court, Delhi.

II. M/S Chetak Spintex Ltd. Bawal

This office has filed his claim before the Hon'ble Court of Official Liquidator, attached to the Punjab, Haryana & Himachal Pradesh High Courts, Corporate Bhawan, Plot No. 4-B, 2nd Floor, Sector 27-B, Madhya Marg, Chandigarh for recovery of amount and the same is still under consideration. The land and a building of the said Unit was in possession of HSIIDC, Bawal for recovery of their dues. The case is pending before the Hon'ble court of Official Liquidator at Chandigarh. So may kindly drop the para.

3. Gurgaon

I. M/S.A.S. Impex Pvt. Limited. Plot No. 9, Sector-34, EHTP, Gurgaon.

Joint Director, DIC, Gurgaon has informed that that party has informed vide their letter dated, 01.08.2006 that company has been wound up in compliance of the order of Hon'ble High Court Delhi. The case is under liquidation in the office of Official Liquidator and case is pending in the Hon'ble High Court, Delhi and the next date of hearing is fixed for 29-03-2016.

II. M/s Bhurji Supertech, (P) Ltd. Plot No. 272, Phase-II, Udyog Vihar, Gurgaon

The Party has been requested several times to deposit outstanding amount of Rs. 26,50,000/- along with interest and also field functionary has contacted the party. They have promised to deposit the amount but the party has failed to do so far. The efforts are being made to recover the outstanding amount by letters and making personal contacts.

The Committee has desired that the department should reconcile the facts with the office of Principal Accountant General, Haryana under intimation to the Committee.

[118] 2.2.12.2 During test check of the records of offices of GMDIC, Rewari and Sonapat between June and September 2010 we noticed that two dealers availing benefit of tax deferment under Rule 28A of HGST Rule 1975 had availed IFL from GMDIC in lieu of deferred tax. Interest amounting to ₹ 48.53 lakh was not recovered on delayed payment of interest free loan as detailed below:

(₹ in lakh)

Sr. No.	GMDIC	Number of Cases	Interest due	Interest Paid	Non/short levy Of interest
1	Sonapat	1	19.04	-	19.04
2	Rewari	1	29.49	-	29.49
Total		2	48.53	-	48.53

After we pointed out these cases between June and September 2010, GMDIC Rewari stated that interest was to be recovered by Excise and Taxation Department. The reply of GMDIC, Rewari was not inconsonance of policy of interest free loan. Interest on delayed payment of IFL was to be recovered by GMDIC. In one case GMDIC, Sonapat stated in March 2011 that notice had been issued to the dealer and efforts would be made to recover the interest liability. Further, the Industry Department stated in September 2011 that interest would be recovered as per provisions of HGST Act.

The Department in its written reply stated as under :-

DIC, sonapat

This office has already recovered the amount of Rs. 19,04,400 as interest free loan from M/s SSIPL Retail Ltd. Sersa Road, Kundli and deposited in the Govt. Treasury, Sonapat vide Treasury Challan No. 1/7/68603 dated 29.03.2012. The audit para may kindly be dropped.

DIC, Rewari M/s Mehta Engineering Ltd. Dharuhera.

The interest amount of Rs. 29.49 lacs is to be recovered from the unit M/s Mehta Engineering Ltd. Dharuhera. The unit has filed Writ Petition No. CWP 14277 of 2014 before the Hon'ble High Court of Punjab & Haryana at Chandigarh for stopping the recovery of the above said interest amount. The present case is pending for decision before the Hon'ble Court.

The Committee has desired that the department should reconcile the facts with the office of Principal Accountant General, Haryana under intimated to the Committee.

[119] 2.2.13 Incorrect computation of fixed capital investment and excess tax concession

Rule 28 C (2g) of HGST Rules, FCI means investment in (i) land under use; (ii) new construction; (iii) plant and machinery; (iv) capitalised installation expenditure for plant and machinery; (v) capitalised interest during the period of construction of the unit not exceeding five per cent of total FCI and (vi) technical knowhow fees. Investment under item (i) and (ii) shall, for the purpose of calculating FCI be limited to investment in items (iii) to (vi).

During test check of the records of office of GMDIC, Bhiwani in February 2011, we noticed that in one case LLSC approved tax concession of ₹ 11.49 lakh on the basis of 150 per cent of FCI of ₹ 7.66 lakh and had not limited the investment of item (i) and (ii) with the investment of item (iii) to (vi). The cost of land and building was to be limited to ₹ 2.90 lakh. The industrial unit was eligible of tax concession of ₹ 8.70 lakh on the basis of 150 per cent of FCI of ₹ 5.80 lakh resulting in excess concession.

In another cases LLSC approved concession of ₹ 1.59 crore on the basis of FCI of ₹ 90.65 lakh whereas the DETC (ST) verified the FCI of ₹ 84.04 lakh and the concession of tax worked out to ₹ 1.47 crore (175 per cent of ₹ 84.04 lakh) instead of ₹ 1.59 crore. This resulted in excess grant of concession of ₹ 14.79 lakh, in both cases.

After we pointed out these cases in February 2011, the Department stated in April 2011 that the matter would be put up in the next meeting of LLSC to review its decision. Further, the Industry Department stated in September 2011 that matter would require reconsideration at the level of LLSC and HLSC.

The Department in its written reply stated as under :

M/s Abhishek Industries Bhiwani

Deputy Director, DIC, Bhiwani has informed vide his letter No. 234 dated 25.02.2016 that the, unit M/s Abhishek Industries Bhiwani was granted Sale Tax concession under rule 28-C of HGST Act amounting to Rs. 11,12,451/- in LLSC meeting held on 19.06.2001 from the period 07.09.2001 to 06.09.2012 and the currency period of the unit is not lapsed. The Audit Party from A.G. Haryana raised objections during the Audit that the amount of Sales Tax Exemption / concession given to the above unit is on higher side because it had not been calculated as per norms of HGST Rule 28-C. As per rule, the amount on account of land building be limited to the amount on account of Plant & Machinery which resulted into excess benefit of Rs. 2,42,457/- and advised to put up the matter in the LLSC to review its decision.

As per the advice of audit party the LLSC meeting was convened under the chairmanship of Addl. Deputy Commissioner, Bhiwani on 23.05.2011 and committee discussed the case in detail and observed that the sanction load of 43.626 KW of the unit in the year-2000 was to be taken-into-account and the, expenditure incurred on the G-Set was also admissible in fixed capital investment on account of Plant & Machinery. In this way the value of Land Et Building be limited with the value of Plant & Machinery i.e. $[(\text{Land} + \text{Building}) 88200 + 387896 = 476096 \text{ a } (\text{Plant \& Machinery}) = 5,10,438/-]$. So the cost of Land a Building being limited with the cost of Plant a Machinery, the Committee approved the same subject to the condition that the entitlement certificate issued for Sales-Tax exemption by the DETC will remain same and no recovery be made from the party. Hence para may be dropped.

2. M/s HIS Steel Strips (India) Pvt. Ltd.

The unit was granted Sale Tax Exemption/Deferment under rule 28-B of HGST Act for amounting to Rs. 1,58,64,156/- in LLSC meeting held on 10.08.1998 from the period 22.08.1998 to 21.08.2007 and the currency Period of the unit is lapsed. The Audit Party from A.G. Haryana had advised During the Audit that case of the unit may be put up in. the

LLSC for reviewing of its decision as the fixed capital investment of the unit was verified by the DETC for Rs. 84,03,536/- vide their letter No. 1041 dated 25.06.1999 and accordingly, the eligibility certificate was to be issued Rs. 1,47,06,156/- but he concerned, authority issued eligibility certificate fore Rs. 1,58,64,156/-which resulted into excess benefit of Rs. 11,57,968/- . As per advice of the audit party, the case was put up in the LLSC under the Chairmanship of -Addl. Deputy Commissioner held on unit has availed Sales, tax Exemption/ Deferment - amounting, to Rs. 1,11,01,310/- instead of Rs. 1,47,06,188/- as advised by the Audit Party. Hence para may be dropped by the Audit Party. Hence para may be dropped.

The Committee has desired that the department should reconcile the facts with the office of Principal Accountant General, Haryana under intimation to the Committee.

POWER DEPARTMENT

[120] 1.2.1 Failure of senior officials to enforce accountability and protect the interest of the State Government

A brief introduction about the various stages of action on the audit observations/recommendations is mentioned below:

The Principal Accountant General (Audit) Haryana (PAG) conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the offices/ Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within six weeks from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Departments and the Government. Some of these are reported through Report of the Comptroller and Auditor General of India (Audit Report) to the State Legislature every year. The Departments are requested to submit their replies to the Public Accounts Committee (PAC) which examines them in their meetings and give their reports to the State Legislature.

IRs issued upto December 2010 disclosed that 4,734 paragraphs involving ₹ 1,484.56 crore relating to 2,313 IRs remained outstanding at the end of June 2011 as mentioned below along with the corresponding figures for the preceding two years.

	June 2009	June 2010	June 2011
Number of outstanding IRs	2,868	2,460	2,313
Number of outstanding audit observations	6,553	5,122	4,734
Amount involved (₹ in crore)	8,663.68	1,507.03	1,484.56

The Department-wise details of the IRs and audit observations outstanding has on 30 June 2011 and the amount involved are mentioned below:-

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1.	Excise and Taxation	Sales tax/VAT	259	1,328	625.88
		State excise	111	191	73.36
		Taxes on goods and passengers	129	225	13.96
		Entertainment duty and show tax	19	21	10.94

2.	Revenue	Stamps and registration fees	812	1,727	55.63
		Land revenue	119	186	0.47
3.	Transport	Taxes on vehicles	248	323	7.80
4.	Power	Taxes and duties on electricity	5	5	0.23
5.	Agriculture (Sugarcane)	Purchase tax on sugarcane	31	33	24.68
6.	Urban Development (Town and Country Planning)	Services and service fees for urban development schemes	4	12	573.12
7.	Home (Police)	Receipts of cost of police deployed to other Governments/ Railways etc.	44	47	7.59
8.	Mines and Geology	Non-ferrous mining and metallurgical industries	110	148	14.33
9.	Other Departments	Miscellaneous receipts	422	488	76.57
Total			2,313	4,734	1,484.56

Even the first replies required to be received from the heads of offices within six weeks from the date of issue of the IRs were not received in respect of 119 IRs issued upto December 2010. This pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and heads of the Departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the PAG in the IRs.

It is recommended that the Government may take suitable steps to install an effective procedure for prompt and appropriate response to audit observations. The Government may take action against officers/officials who fail to send replies to the IRs/paragraphs as per the prescribed time schedules and who also fail to take action to recover loss/outstanding demand in a time bound manner.

The Department in its written reply stated as under :

5 IRs and 5 audit observation were issued in respect of this department involving an amount of Rs. 23 laks for loss of revenue due to non-recovery of inspection fees of electrical installation.

Efforts were made by the department to recover the amount of inspection fees from the electricity consumers and progress achieved as well as efforts made for recovery by way of serving the notices for disconnection of electricity connection through

distribution companies was put up to the Audit Pary of Principal AG, Haryana during subsequent audit. The submissions made by the department were accepted by the Principal AG (Audit), Haryana and settled the 4 Nos. ara as under :-

IR	Year	Para No.	Subject	Amount (Rs.)	Status of para
Electircal Inspectorate, Haryana, Gurgaon	2005-06	2	Less recovery of inspection fee	13,000	Para settled by the Principa AG (Audit), Haryana vide his letter No. RAW/Other Receipts/0043/IRN/136/2011-12/647-49 dated 13.04.2012
Electircal Inspectorate, Haryana Gurgaon	2006-07	1	Outstanding amount of inspection fees against firms	2,43,000	Para settled by the Principal AG (Audit), Haryana vide his letter No. RS/OR/0043- IR/109/2014-15/485-86 dated 05.03.2015
Chief Electrical Inspector to Govt., Haryana, Chandigarh.	2006-07	2	Loss of revenue due to non-inspection	5,15,000	Para settled by the Principal AG (Audit), Haryana vide his letter No. RS/OR/2014-15/Account/ Report/Examin No. 438/39 dated 05-02-2015.
Chief Electrical Inspector to Govt., Haryana, Chandigarh.	2007-08	2	Loss of revenue due to non-inspection of installations in time	5,15,000	Para settled by the Principal AG (Audit), Haryana vide his letter No. RS/OR/2014-15/Account/ Report/Examin No. 438/39 dated 05-02-2015.
Electrical Inspectorate, Haryana, Hisar	2007-08	1	Non-recovery of balance inpection fees from firms	1,04,000	Efforts were made by the department to recover the inspection fees by serving notices for disconnection of supply to the defaulting installations with copy to distribution companies and recovery of Rs. 28,600/- was made. The inspection of remaining units could not be done through the available less number of inspecting officials because most of such units are sick/closed units and located in distant rural areas. So this para may please be dropped.

The Committee has observed that no initiative has been taken by the department to recover the outstanding inspection fee. It is, therefore, recommended that responsibility be fixed of the officers/officials who are responsible for not taking step to recover the outstanding inspection fee.

MINES AND GEOLGY

[121] 6.2.1 Non-recovery of royalty and interest

Rule 24 of the Punjab Minor Mineral Concession Rules, 1964, as applicable to the State of Haryana, provides that brick kiln owners (BKO) shall pay annual amount of royalty at the prescribed rate in advance by 30th April of every year. State Government revised the rates of fixed royalty of various categories of BKOs from June 2005. In case of default, interest at the rate of 24 per cent per annum is chargeable for the period of default. BKOs register is maintained at each mining office for levy and collection of royalty. The permits of such BKOs, are required to be cancelled by the Department who do not pay royalty by giving one month's notice and any sum due from the permit holders on account of royalty and interest thereon is recoverable as arrears of land revenue. The Assistant Mining Engineers (AMEs)/Mining Officers (MOs) are responsible for monitoring recovery of outstanding dues.

During test check of records of the offices of AMEs/MOs Panipat and Rohtak between October 2009 to November 2010 for the years 2008-09 and 2009-10, we noticed that 55 BKOs were issued permits between April 2008 and April 2009 for the period of two years. The BKOs were required to pay royalty by 30 April for the respective year. Though a period ranging between 19 to 33 months had elapsed up to December 2010, yet royalty of ₹ 8.16 lakh was neither paid by the BKOs nor any action was taken by the Department to recover the same. Lack of action on the part of the Department resulted in non-realisation of revenue of ₹ 11.79 lakh (including interest amounting to ₹ 3.63 lakh).

After we pointed out these cases between October 2009 to November 2010, MO Rohtak stated in March 2011 that efforts were being made for recovery of royalty and AME Panipat stated in March 2011 that royalty amounting to ₹ 2.24 lakh (including interest of ₹ 59,400) had been recovered in 11 cases.

We have not received further progress report on recovery (October 2011). We pointed out the matter to the Director, Mines and Geology Department between December 2009 to December 2010 and reported to the Government in May 2011; we are yet to receive their reply (October 2011).

The Department in its written reply state as under :

Total amount of Rs. 11.79 lakhs (Royalty of Rs. 8.16 lakhs and interest of Rs. 3.63 lakhs) was involved in 55 cases of Brick Kilns of Panipat and Rohtak districts.

Amount Recovered Rs. 6.93 lakhs (Rs. 5.07 lakhs royalty & Rs. 1.86 lakhs interest)

Balance amount as per audit Rs. 4.86 lakhs (Rs. 3.09 lakhs royalty & Rs. 1.77 lakhs interest)

However, an amount of Rs. 4.02 lakhs was not recoverable as the 19 Brick Kiln were closed. Accordingly, actual recovery of Rs. 84,000/- only is pending.

The Committee has recommended that responsibility be fixed of the officers/officials, who have not conducted inspections of the brick kilns and the department should take sincere steps to make recovery of outstanding royalty alongwith interest and protect the interest of the State meticulously.

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
9th Report			
1.	Industries	5(2)	Credit facilities for development of small industries
14th Report			
2.	Industries	16	Purchase of Cotton Yarn
16th Report			
3.	Industries	2(a)&(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			
4.	Co-operation	39	Co-operative Consumer Stores
22nd Report			
5.	Industries	10 (ii)	Industrial Estate
6.	Irrigation	20	Penal recovery of cost of coal issued to Kiln Contractors in excess requirement
7.	Revenue	40	Non-levy of registration fee
8.	Excise and Taxation	54	Shortfall in duty.
9.	Excise and Taxation	56	Recovery due from contractor
23rd Report			
10.	Food and Supplies	35	Haryana State Federation of Consumer Co-operative Wholesale Stores Limited, Chandigarh
11.	Excise and Taxation	47	Uncollected Revenue
12.	Excise and Taxation	55	Result of test audit in general
13.	Excise and Taxation	57	Failure to initiate action to recover the licence fee
14.	Excise and Taxation	59	Loss of duty on excess wastage in bottling operation
25th Report			
15.	Colonization	9	Encroachment of Land
16.	Colonization	11	Recoveries from plot holders
17.	Fisheries	31	Development of Fisheries

1	2	3	4
18.	Excise and Taxation	54	Un-collected revenue
19.	Excise and Taxation	58	Incorrect computation of tax on interstate sales
20.	Excise and Taxation	67	Irregular allowance for wastage
21.	Excise and Taxation	69	Failure to enforce licence condition
26th Report			
22.	Revenue	10	Gratuitous relief for crops/houses damaged
23.	Irrigation	22	Faulty measurement of work resulting in over payment
24.	Excise and Taxation	49	Uncollected revenue
25.	Excise and Taxation	61	Duty not recovered on spirit loss in bottling operation in excess of norms
26.	Excise and Taxation	63	Non-recovery of licence fee and interest
28th Report			
27.	P.W. (B&R)	14	Shortage of Steel
28.	Excise and Taxation	41	Registration of dealers under Sale Tax Act
29.	Excise and Taxation	44	Non-recovery of licence fee and interest
29th Report			
30.	Forest	8	Forestation Social Forestry & including Rural fuel wood plantation and farm forestry
31.	Irrigation	17	Excess issue of coal
32.	Excise and Taxation	47	Non-levy of penalty
33.	Excise and Taxation	50	Non-levy of penalty
34.	Excise and Taxation	51	Non-levy of penalty
35.	Excise and Taxation	53	Interest not charged
36.	Revenue	62	Results of Audit
37.	Revenue	63	Under valuation of immovable property
38.	Mines and Geology	71	Results of Audit
32nd Report			
39.	Industries	4	Development of small industries
40.	Irrigation	12	Misappropriation
41.	Irrigation	20	Shortage of Stores
42.	Revenue	25	Inadmissible payment
43.	Town and Country Planning (HUDA)	36	Loss due to defective storage of Cement
44.	Mines and Geology	47	Uncollected revenue
45.	Mines and Geology	48	Results of Audit
46.	Excise and Taxation	61	Uncollected revenue

1	2	3	4
47.	Excise and Taxation	69	Irregular levy of tax at concessional rate
34th Report			
48.	Development and Panchayat	8	Irregular and wasteful expenditure on books
49.	Revenue	29	Land reforms
50.	Revenue	30	Compensation to landowner
51.	Revenue	31	Consolidation of holdings
52.	Food and Supplies	47	Under storage of wheat
53.	Mines and Geology	55	Uncollected revenue
54.	Excise and Taxation	63	Uncollected revenue
55.	Excise and Taxation	66	Short-levy/non-levy of purchase tax
56.	Excise and Taxation	69	Non-levy of penalty
57.	Excise and Taxation	70	Non-filling the quarterly returns
58.	Irrigation	72	Arrears of revenue
59.	Irrigation	74	Non-raising of demand
60.	Chief Electrical Inspector	78	Uncollected revenue
61.	Chief Electrical Inspector	80	Arrears of electricity duty
62.	Revenue	83	Results of Audit
63.	Revenue	84	Under valuation of immovable property
36th Report			
64.	Local Self Government	3	Non-recovery of Government dues
65.	Food and Supplies	7	Loss due to storage of wheat.
66.	Transport	9	Irregular payment of overtime allowance
67.	Industries	13	Non-utilization of loan
68.	Revenue	18	Inadmissible gratuitous relief
69.	Public Health	23	Construction of a water tank
70.	Haryana State Lotteries	25	Suspended misappropriation of Government money
71.	P.W. (B&R)	29	Excess measurement
72.	Revenue	43	Results of Audit
73.	Revenue	46	Misclassification of instruments
74.	P.W. (B&R)	51	Results of Audit
75.	Excise and Taxation	53	Uncollected Revenue (P.G.T.)
76.	Excise and Taxation	54	Uncollected Revenue (State Excise)
77.	Excise and Taxation	58	Results of Audit (Sales Tax)
38th Report			
78.	Renewable Energy	16	Evaluation and monitoring.

1	2	3	4
79.	Medical and Health	18	Stores and Stock
80.	Irrigation	32	Surplus material
81.	Irrigation	36	Shortage of tiles
82.	Public Health	41	Excess payment to the contractor
83.	Public Health	42	Excess Payment
84.	Mines and Geology	50	Results of Audit
85.	Mines and Geology	51	Receipts from Mines and Minerals
86.	Agriculture	56	Interest not charged on belated payments
87.	P.W. (B&R)	61	Arrears of rent
88.	Revenue	64	Results of Audit
89.	Revenue	68	Misclassification of Instrument
90.	Excise and Taxation	71	Uncollected revenue
91.	Excise and Taxation	79	Suppression of purchases
92.	Excise and Taxation	81	Irregular stay of tax and interest
93.	Excise and Taxation	87	Recovery at the instance of Audit
40th Report			
94.	Town and Country Planning	19	Delay in land acquisition cases
95.	Public Health	33	Stores and stock
96.	Public Health	34	Injudicious purchases
97.	P.W. (B&R)	37	Extra payment due to incorrect entries in Measurement Books
98.	P.W. (B&R)	38	Avoidable extra expenditure due to retendering
99.	Co-operation	41	Embezzlement
100.	Food and Supplies	47	Damage caused to wheat in Storage
101.	Supplies and Disposal	49	Extra expenditure due to retendering
102.	Excise and Taxation	51	Uncollected Revenue (Sales Tax)
103.	Excise and Taxation	52	Uncollected Revenue (State Excise)
104.	Excise and Taxation	55	Delay in re-assessment of remand cases
105.	Excise and Taxation	57	Appeals entertained without deposit of tax
106.	Excise and Taxation	60	Loss of revenue due to delays in assessment and demand of tax
107.	Excise and Taxation	66	Incorrect deduction on account of sales to registered dealers
108.	Excise and Taxation	68	Non-levy of penalty
109.	Excise and Taxation	69	Interest not charged
110.	Excise and Taxation	74	Non-recovery of duty on wastage in excess norms

1	2	3	4
111.	Excise and Taxation	75	Interest not charged
112.	Revenue	79	Outstanding Inspection Reports
113.	Revenue	80	Results of Audit
114.	Revenue	81	Under valuation of immovable property
115.	Revenue	82	Misclassifications of instruments
116.	Revenue	83	Irregular grant of exemption
117.	Revenue	84	Non/Short levy of stamp duty
118.	Revenue	85	Irregular registration of supplementary deeds
119.	Revenue	87	Evasion of stamp duty and registration fee through power of attorney
120.	Revenue	89	Embezzlement of Government revenue
121.	Mines and Geology	93	Outstanding Inspection Reports.
122.	Mines and Geology	94	Results of Audit
42nd Report			
123.	Irrigation	13	Jawahar Lal Nehru Lift Irrigation Scheme
124.	Food and Supplies	42	Loss due to negligence
125.	Public Health	60	Inflated/Fictitious measurement
126.	P.W. (B&R)	71	Shortage of tools and Plant
127.	Revenue	101	Outstanding Inspection Reports
128.	Revenue	103	Results of Audit
129.	Revenue	104	Irregular exemption of stamp duty
130.	Excise and Taxation	108	Uncollected Revenue
131.	Excise and Taxation	109	Frauds and evasion of taxes
132.	Excise and Taxation	113	Delay in taking up of appeal cases
133.	Excise and Taxation	115	Stay of Sales Tax demands by the Appellate Authorities
134.	Excise and Taxation	116	Recovery of Demands in arrears under Sales Tax
135.	Excise and Taxation	118	Non-recovery of arrears due to delay in assessment
136.	Excise and Taxation	119	Failure to verify the genuineness of dealers/sureties
137.	Excise and Taxation	120	Irregular grant of exemption certificate
138.	Excise and Taxation	121	Delay in initiating/non-pursuance of recovery proceedings
139.	Excise and Taxation	125	Application of incorrect rate of tax
140.	Excise and Taxation	126	Non/Short levy of interest
141.	Excise and Taxation	127	Results of Audit
142.	Excise and Taxation	129	Loss of revenue due to re-auction of vends

1	2	3	4
143.	Excise and Taxation	130	Short recovery of composite fee
144.	Excise and Taxation	131	Non-recovery of license fee and interest
145.	Excise and Taxation	132	Loss due to non-observance of prescribed procedure regarding auction of vends
146.	Excise and Taxation	134	Non-recovery of penalties
147.	Excise and Taxation	136	Uncollected Revenue
148.	Excise and Taxation	138	Results of Audit
149.	Excise and Taxation	139	Under assessment due to irregular grant of exemption to non-manufacturers
150.	Excise and Taxation	142	Under assessment due to short levy of purchase tax and incorrect deduction
151.	Excise and Taxation	144	Short levy of penalty
152.	Excise and Taxation	145	Results of Audit
44th Report			
153.	Public Health	3	Sub-Standard execution of work.
154.	Irrigation	12	Surplus materials
155.	Irrigation	17	Shortage of T&P articles
156.	Social Welfare	23	Payment of pension to ineligible persons
157.	Social Welfare	26	Liberation of scavengers
158.	Rural Development	36	Integrated Rural Development Programme
159.	Town and Country Planning	41	Functioning of State Planning Cell
160.	Town and Country Planning	43	Avoidable payment of interest
161.	Revenue	46	Mewat Development Board
162.	Mines and Geology	48	Uncollected Revenue
163.	Mines and Geology	50	Results of Audit
164.	Mines and Geology	53	Short Calculation of interest
165.	Mines and Geology	54	Uncollected Revenue
166.	Mines and Geology	56	Results of Audit
167.	Mines and Geology	57	Non-realisation of contract money and interest
168.	Mines and Geology	58	Non-recovery of dead rent and interest thereon
169.	Mines and Geology	59	Interest not charged on delayed payments
170.	Mines and Geology	60	Uncollected revenue.
171.	Mines and Geology	61	Results of Audit
172.	Mines and Geology	62	Non-recovery of contract money and interest
173.	Mines and Geology	63	Non-recovery/Short-recovery of royalty
174.	Mines and Geology	64	Interest not charged

1	2	3	4
175.	Revenue	66	Uncollected Revenue (Land Revenue)
176.	Revenue	67	Results of Audit
177.	Revenue	68	Short levy of Stamp duty
178.	Revenue	69	Under valuation of immovable property
179.	Revenue	70	Evasion of Stamp duty and registration fee through power of attorney
180.	Revenue	71	Irregular exemption of Stamp duty and registration fee
181.	Revenue	72	Misclassification of instruments
182.	Revenue	73	Uncollected Revenue
183.	Revenue	76	Results of Audit
184.	Revenue	78	Irregular exemption of stamp duty
185.	Revenue	79	Short realization of stamp duty due to under valuation of immovable property
186.	Revenue	80	Misclassification of instruments.
187.	Prohibition, Excise and Taxation	92	Uncollected Revenue (Sales Tax)
188.	Prohibition, Excise and Taxation	95	Non-registration of dealers liable to registration
189.	Prohibition, Excise and Taxation	96	Grant of Certificates of registration without following proper procedure
190.	Prohibition, Excise and Taxation	97	Non-observance of departmental instructions regarding cross verifications
191.	Prohibition, Excise and Taxation	98	Non-observance of prescribed procedures for receipt and issue of declaration forms
192.	Prohibition, Excise and Taxation	99	Non-observance of prescribed procedures for receipt and issue of declaration forms
193.	Prohibition, Excise and Taxation	100	Irregular deduction allowed against stolen forms
194.	Prohibition, Excise and Taxation	101	Incorrect deduction from turnover
195.	Prohibition, Excise and Taxation	102	Incorrect levy of Concessional rate of Tax
196.	Prohibition, Excise and Taxation	103	Other points of interest
197.	Prohibition, Excise and Taxation	106	Results of Audit
198.	Prohibition, Excise and Taxation	107	Interest not charged
199.	Agriculture	108	Non-recovery of purchases tax and interest
200.	Agriculture	109	Non-recovery of purchase tax and interest
46th Report			
201.	Housing	6	Loss owing to construction of houses on unapproved layout plan
202.	P.W. (B&R)	25	Short receipt of material

1	2	3	4
203.	P.W. (B&R)	27	Procurement of sub-standard cement
204.	Irrigation	34	Procurement of sub-standard cement
205.	Haryana State Lotteries	36	Appointment of main stockists
206.	Haryana State Lotteries	37	Loss due to excess claims of Prize winning tickets
207.	Haryana State Lotteries	40	Other points of interest
208.	Prohibition and Excise	41	Arrears in revenue
209.	Prohibition and Excise	42	Results of Audit
210.	Commercial Taxes	43	Arrears in revenue
211.	Commercial Taxes	46	Outstanding inspection reports and audit observations
212.	Commercial Taxes	47	Results of Audit
213.	Commercial Taxes	48	Sales Tax Check Barriers
214.	Commercial Taxes	50	Short levy of Purchases Tax
215.	Commercial Taxes	51	Non/Short levy of interest and penalty
216.	Commercial Taxes	52	Results of Audit
48th Report			
217.	Agriculture	4	Arrears in revenue
218.	Animal Husbandry	8	Frauds and evasion of taxes/duties
219.	Mines and Geology	14	Arrears in revenue
220.	Mines and Geology	15	Outstanding inspection reports and audit observations
221.	Transport	20	Outstanding audit objections in internal audit
222.	Housing	27	Avoidable liability of interest
223.	Education	29	Purchases without assessment of requirement
224.	P.W. (B&R)	31	Irregular/Excess expenditure on execution of works
225.	Excise and Taxation	33	Arrears in revenue
226.	Excise and Taxation	37	Results of Audit
227.	Excise and Taxation	43	Irregular deduction allowed against invalid declaration forms
228.	Excise and Taxation	44	Loss of revenue due to defray in finalization of assessment
229.	Excise and Taxation	45	Non-levy of interest and penalty
50th Report			
230.	Finance (Lotteries)	3	Printing of lottery tickets
231.	Industries	5	Capital investment subsidy
232.	Industries	6	Irregular release/non-recovery of assistance

1	2	3	4
233.	Social Welfare	8	Panjiri Plants
234.	Home (Jail)	9	Injudicious purchase
235.	Irrigation	18	Stores and Stock
236.	Irrigation	21	Physical verification
237.	Irrigation	22	Surplus materials
238.	Town and Country Planning	24	Construction of Building and Roads by HUDA
239.	Town and Country Planning	25	Construction of Building
240.	Town and Country Planning	26	Test check of records relating to construction of roads
241.	Town and Country Planning	27	Other points of interest
242.	Town and Country Planning	28	Non-recovery of compounding fee
243.	Town and Country Planning	29	Avoidable payment of interest
244.	Transport	32	Purchase of Sub-standard tubes of butyl rubber
245.	Forest	36	Generation of employment
246.	Forest	38	Alkali/saline land plantation
247.	P.W. (B&R)	47	Construction of major building including Staff Quarters
248.	P.W. (B&R)	49	Execution of works without technical sanction of cost estimates
249.	P.W. (B&R)	52	Undue financial favour to the contractors
250.	P.W. (B&R)	57	Reimbursement claims
251.	P.W. (B&R)	58	World Bank and Asian Development bank loan
252.	P.W. (B&R)	60	Execution
253.	P.W. (B&R)	61	Release of advances not covered by agreement
254.	P.W. (B&R)	63	Excess payment of price increase on diesel
255.	P.W. (B&R)	65	Irregular adjustment of expenditure
256.	Rural Development	77	Other points
257.	Rural Development	78	Non-recovery/non-adjustment of advances to Ex-Sarpanches
258.	Rural Development	79	Non-recovery of misutilised subsidy
259.	Town and Country Planning	80	Non-levy of Penalty
260.	Town and Country Planning	81	Non-recovery of auction money
261.	Town and Country Planning	82	Non-transfer of developed sectors
262.	Transport	87	Avoidable payment of compensation due to incorrect filing of affidavit before the Tribunal
263.	Revenue	92	Arrears in revenue
264.	Revenue	93	Frauds and evasion of taxes/duties

1	2	3	4
265.	Revenue	94	Results of Audit
266.	Revenue	95	Internal Audit
267.	Revenue	96	Results of Audit
268.	Revenue	97	Stamp duty and Registration Fees
269.	Revenue	98	High pendency of cases of undervaluation with Collectors
270.	Revenue	99	Misclassification of instruments
271.	Revenue	100	Short levy of stamp duty
272.	Revenue	101	Pre-audit of registrable documents
273.	Revenue	102	Arrears in Revenue
274.	Revenue	103	Frauds and evasion of taxes/duties
275.	Revenue	104	Results of Audit
276.	Revenue	105	Outstanding audit objections in Internal Audit
277.	Revenue	106	Results of Audit
278.	Revenue	107	Short recovery of stamp duty on mortgage deed
279.	Revenue	108	Evasion of stamp and registration fees through power of attorney
280.	Revenue	109	Evasion of Stamp Duty
281.	Chief Electrical Inspector	110	Arrears in revenue
282.	Mines and Geology	112	Results of Audit
283.	Animal Husbandry	115	Frauds and evasion of taxes/duties
284.	Excise and Taxation	116	Arrears in revenue
285.	Excise and Taxation	118	Under assessment due to inadmissible deduction from turnover
286.	Excise and Taxation	120	Under assessment due to irregular deduction allowed against invalid declaration forms and non/short levy of purchase/sales tax
287.	Excise and Taxation	122	Under assessment
288.	Excise and Taxation	124	Under assessment due to application of incorrect rates of tax
289.	Excise and Taxation	125	Non/short levy of purchase tax
290.	Excise and Taxation	126	Results of Audit
291.	Excise and Taxation	127	Internal control mechanism of receipts from distilleries and breweries
292.	Excise and Taxation	128	Low yield of spirit
293.	Excise and Taxation	129	Loss of spirit due to re-distillation
294.	Excise and Taxation	133	Interest short charged
295.	Excise and Taxation	134	Short realization of composite fee

1	2	3	4
296.	Revenue	135	Results of Audit
297.	Revenue	137	Arrears in revenue
298.	Mines and Geology	139	Arrears in revenue
299.	Agriculture	141	Arrears in revenue
300.	Agriculture	142	Results of Audit
301.	Agriculture	143	Non-recovery of purchase tax and interest
302.	Finance (Lotteries)	146	Results of Audit
52nd Report			
303.	Education	6	Extra expenditure on purchase of paper
304.	Agriculture	15	Non-recovery of principal and interest from Sugar Mills
305.	Irrigation	39	Miscellaneous Public Works Advances
306.	P.W. (B&R)	43	Miscellaneous Public Works Advances
307.	P.W. (B&R)	44	Stores and Stock
308.	P.W. (B&R)	46	Short receipt of material
309.	Town & Country Planning	51	Excess payment of land compensation due to partial implementation of Supreme Court's Judgment
310.	Town & Country Planning	52	Avoidable payment of interest due to abnormal delay in processing of land award cases
311.	Town & Country Planning	53	Non-recovery of rent from the lessees due to non-observance of conditions of lease deed
312.	Town & Country Planning	54	Recovery due from Junior Engineer owing to mis-appropriation of material
313.	Housing	56	Delayed disbursement of loan to the beneficiaries led to avoidable liability of interest
314.	Housing	58	Infructuous expenditure due to construction of retaining wall without requirement
315.	Social Welfare	60	Embezzlement of Rs.3.99 lakh
316.	Food and Supplies	63	Possibility of pilferage of four thousand quintals of wheat
317.	General	65	Write-off of losses etc
318.	Animal Husbandry	67	Arrears in revenue
319.	Revenue	69	Results of Audit
320.	Revenue	71	Evasion of Stamp Duty due to under valuation of immovable property
321.	Power (Chief Electrical Inspector)	74	Levy and collection of Electricity Duty
322.	Power (Chief Electrical Inspector)	76	Non-charging of electricity duty on extended load
323.	Power (Chief Electrical Inspector)	77	Short realization of electricity duty due to application of incorrect rates

1	2	3	4
324.	Power (Chief Electrical Inspector)	78	Electricity duty not charged after expiry of exemption period
325.	Transport	79	Results of audit
326.	Haryana State Lotteries	86	Results of audit
327.	Haryana State Lotteries	87	
328.	Agriculture	88	Arrears in revenue
329.	Agriculture	89	Results of Audit
330.	Excise and Taxation	94	Arrears in revenue
331.	Excise and Taxation	95	Arrears in assessment
332.	Excise and Taxation	96	Frauds and evasions of taxes/duties
333.	Excise and Taxation	97	Results of Audit
334.	Excise and Taxation	101	Under assessment due to non-levy of tax on branch transfers/consignment sale
335.	Excise and Taxation	102	Under assessment due to non-submission of declaration forms.
336.	Excise and Taxation	104	Arrears in assessments
337.	Excise and Taxation	105	Evasion of tax due to suppression of purchases
338.	Excise and Taxation	106	Under assessment due to incorrect deduction allowed against invalid declaration forms
339.	Excise and Taxation	107	Incorrect levy of concessional rate of tax
340.	Excise and Taxation	108	Inadmissible deduction from turnover
341.	Excise and Taxation	109	Non-levy of purchase tax
342.	Excise and Taxation	112	Non-levy of tax
343.	Excise and Taxation	114	Under assessment due to excess rebate
344.	Excise and Taxation	115	Non-levy of penalty
345.	Excise and Taxation	116	Non-reconciliation of revenue deposits into treasury
346.	Excise and Taxation	117	Results of Audit
347.	Excise and Taxation	118	Short/non-recovery of passenger tax
54th Report			
348.	Revenue	17	Inadmissible payment of cash compensation to manufacturing units/industry owners
349.	Revenue	18	Fictitious payment of gratuitous relief
350.	Revenue	19	Drawal of funds without requirement
351.	P.W.D.(B&R)	22	Avoidable payment of interest
352.	Irrigation	24	Failure of the Sprinkler Irrigation Scheme and wastage of Government funds
353.	Agriculture	30	General

1	2	3	4
354.	Education	31	Nugatory expenditure due to payment of idle wages
355.	Town and Country Planning	34	Non-utilization of land
356.	Town and Country Planning	35	Loss due to non-recovery of rebate
357.	Printing and Stationery	36	Pilferage of Paper
358.	Animal Husbandry	47	Fraud and evasion of taxes/duties
359.	Chief Electrical Inspector	48	Arrear in revenue
360.	Revenue	49	Arrear in revenue
361.	Revenue	50	Results of Audit
362.	Revenue	51	Results of Audit
363.	Revenue	52	Non/Short recovery of Stamp duty
364.	Revenue	53	Incorrect exemption of Stamp duty
365.	Revenue	54	Evasion of stamp duty due to undervaluation of immovable property
366.	Revenue	55	Short levy of stamp duty due to misclassification of instruments
367.	Revenue	56	Incorrect refund of Stamp duty
368.	Revenue	57	Evasion of stamp duty and registration fees through power of attorney
369.	Revenue	58	Short recovery of stamp duty on exchange deeds
370.	Revenue	59	Results of Audit
371.	Revenue	60	Internal Controls in Land Revenue Department for recovery of dues treated as arrears of land revenue
372.	Revenue	61	Procedure for receipt and disposal of revenue recovery cases
373.	Revenue	62	Return of RRCs
374.	Excise and Taxation	64	Arrears in revenue
375.	Excise and Taxation	65	Arrears in assessment
376.	Excise and Taxation	67	Results of Audit
377.	Excise and Taxation	68	Disposal of appeal cases
378.	Excise and Taxation	69	Delay in finalizing assessments
379.	Excise and Taxation	70	Delay in finalization of remand cases
380.	Excise and Taxation	72	Recovery certification cases
381.	Excise and Taxation	73	Incorrect levy of concessional rate of tax
382.	Excise and Taxation	74	Incorrect deduction allowed against invalid declaration forms
383.	Excise and Taxation	75	Inadmissible deduction from turnover

1	2	3	4
384.	Excise and Taxation	76.	Short levy of tax on sales to Non-government bodies
385.	Excise and Taxation	77	Excess refund due to incorrect exemption from payment of tax
386.	Excise and Taxation	78	Under assessment due to excess rebate
387.	Excise and Taxation	79	Results of Audit
388.	Excise and Taxation	80	Incorrect levy of entertainments duty
389.	Transport	81	Results of Audit
390.	Irrigation	84	Recovery of water rates from canal water
391.	Irrigation	85	Arrears of revenue
392.	Irrigation	86	Less measurement of area irrigated
393.	Irrigation	88	Excess credit to an industrial unit
394.	Irrigation	90	Short recovery of lease rent
395.	Agriculture	91	Arrears in revenue
396.	Agriculture	92	Results of Audit
397.	Agriculture	93	Non-recovery of purchase tax and interest
398.	Mines and Geology	97	Arrears in revenue
399.	Mines and Geology	98	Results of Audit
400.	Mines and Geology	99	Short recovery of contract money and interest
56th Report			
401.	Education	4	Nutritional support to Primary Education
402.	Forest	5	Rehabilitation of common lands in Aravali Hills
403.	Medical and Health	6	Working of Medical and Health Department including Manpower Management
404.	Medical and Health	7	Hospitals and dispensaries
405.	Medical and Health	9	Hospital Waste Management
406.	Medical and Health	11	Outstanding Inspection Reports
407.	Finance	14	Overpayment of pensionary benefits
408.	Home	18	Stores and Stock
409.	Prohibition, Excise and Taxation	20	Fraudulent drawls and embezzlement of Government money
410.	Revenue	21	Loss of interest due to delayed refund of unspent amount
411.	Revenue	22	Excess payment of Gratuitous Relief
412.	Irrigation	34	Undue retention of heavy Cash Balances
413.	Co-operation	37	Loss due to negligence and improper maintenance of cold storage plant
414.	Supplies and Disposal	42	Extra expenditure due to finalization of tenders after validity period

1	2	3	4
58th Report			
415.	Forest	3	Rehabilitation of common lands in Aravalli Hills
416.	Excise and Taxation	4	Arrears in revenue
417.	Excise and Taxation	5	Arrears in assessment
418.	Excise and Taxation	6	Frauds and evasions of taxes/duties
419.	Excise and Taxation	8	Results of Audit
420.	Excise and Taxation	9	Cross verification by Audit
421.	Excise and Taxation	10	Incorrect deduction from turnover
422.	Excise and Taxation	12	Non-levy of purchase tax
423.	Excise and Taxation	13	Non-recovery of tax
424.	Excise and Taxation	15	Non/short levy of purchase tax
425.	Excise and Taxation	16	Non-levy of tax
426.	Excise and Taxation	17	Results of Audit
427.	Excise and Taxation	18	Short realization of passenger tax
428.	Mines and Geology	19	Arrears in revenue
429.	Mines and Geology	20	Results of Audit
430.	Mines and Geology	21	Receipts from Mines and Minerals
431.	Mines and Geology	22	Non/Short recovery of dead rent, royalty and interest
432.	Mines and Geology	23	Non/Short recovery of royalty from Brick Kiln Owners
433.	Mines and Geology	24	Non-recovery of lease fee on short term permits
434.	Mines and Geology	25	Non recovery of interest on belated payments
435.	Animal Husbandry	27	Frauds and evasions of taxes/duties
436.	Revenue	29	Results of Audit
437.	Revenue	30	Stamp Duty and Registration Fees
438.	Agriculture	31	Arrears in revenue
439.	Agriculture	32	Results of Audit
440.	Transport	33	Results of Audit
441.	Transport	34	Non deposit of token tax
442.	Irrigation	36	Results of Audit
443.	Co-operative	38	Results of Audit
444.	Finance	39	Non charging of interest and penal interest
445.	Finance	40	Loans to Municipal Councils/Municipal Committees
446.	Forest	41	Short Recovery of royalty on forest produce

1	2	3	4
447.	Power	43	Arrears in revenue
448.	General	44	Results of Audit
449.	Education	46	Working of Education Department (Primary Education wing including Manpower Management
450.	Education	47	Incentives to scheduled castes and weaker section students
451.	Education	48	Pass percentage in class V
452.	Education	49	Literacy rate
453.	Education	50	Internal Audit
454.	Education	51	Sanctioned posts and actual strength
455.	Education	52	Deployment of teachers beyond norms
456.	Education	53	Outstanding inspection reports
457.	Education	54	Monitoring and Evaluation
458.	Education	55	District Primary Education Programme
459.	Education	56	Management cost in excess of norms
460.	Education	57	Programme management.
461.	Education	58	Civil Works
462.	Education	59	Appointment of teachers/instructors/staff
463.	Education	60	Training
464.	Education	61	Monitoring and Evaluation
465.	Medical and Health	66	Manpower position
466.	Medical and Health	68	Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak
467.	Medical and Health	69	Implementation of Prevention of Food Adulteration Act
468.	Co-operative	71	Storage gain on account of moisture in wheat stocks below norms
469.	Finance	72	Overpayment of pensionary benefits
470.	Irrigation	76	Unauthorized excess execution of work in post tender stage
471.	Irrigation	77	Hathnikund Barrage
472.	Irrigation	78	Avoidable expenditure due to incorrect sanction of estimates
473.	Irrigation	79	Unfruitful expenditure on extension of existing channel
474.	Public Health	80	Non-responsiveness to Audit findings and observation resulting in erosion of accountability
475.	Printing and Stationery	82	Excess issue of paper to private printers

1	2	3	4
476.	Environment	83	Implementation of environmental Acts and Rules relating to Water Pollution
477.	Environment	84	Status of water pollution
478.	Environment	85	Treatment of Industrial effluent
479.	Environment	86	Domestic sewage treatment plants
480.	Environment	88	Environment training, education and awareness
481.	Environment	89	Monitoring and Evaluation
482.	Urban Development	90	Urban Employment Generation Programme
483.	Town and Country Planning	93	Non-recovery of enhanced compensation of land
484.	Food and Supplies	94	Pilferage of large quality of wheat due to manipulation of weight
485.	General	97	Write-off of losses, etc
486.	Excise and Taxation	101	Arrears in revenue
487.	Excise and Taxation	102	Arrears in assessment
488.	Excise and Taxation	103	Frauds and evasions of taxes/duties
489.	Excise and Taxation	105	Results of Audit
490.	Excise and Taxation	106	Evasion in sales tax
491.	Excise and Taxation	107	Non compliance of departmental instructions regarding cross verification
492.	Excise and Taxation	108	Under assessment of 'notional' sales tax liability computed on taxable turnover
493.	Excise and Taxation	109	Non-levy of purchase tax
494.	Excise and Taxation	110	Non-recovery of tax
495.	Excise and Taxation	111	Non-levy of interest
496.	Excise and Taxation	112	Under assessment due to excess rebate
497.	Excise and Taxation	113	Results of Audit
498.	Excise and Taxation	114	Short realization of passengers tax towards expenditure
499.	Excise and Taxation	115	Non-recovery of licence fee
500.	Revenue	116	Results of Audit
501.	Revenue	117	Short levy of stamp duty on exchange of property
502.	Revenue	118	Evasion of stamp duty due to undervaluation of immovable property
503.	Revenue	119	Evasion of stamp duty
504.	Revenue	120	Short levy of stamp duty
505.	Transport	121	Taxes on Motor Vehicles
506.	Transport	123	Short realization of permit/countersignature fee

1	2	3	4
507.	Transport	124	Lack of co-ordination between Transport and Excise and Taxation Department
508.	Transport	125	Non-recovery of token tax in respect of Stage carriage buses
509.	Finance	126	Results of Audit
510.	Forest	129	Results of Audit
511.	Forest	130	Loss due to delay in harvesting of poplar trees
512.	Forest	132	Absence of physical verification of timer
513.	Forest	133	Loss due to excess unit cost.
514.	Irrigation	135	Results of Audit
515.	P.W. (B&R)	136	Utilization of departmental receipts towards expenditure
516.	Co-operative	137	Non charging of interest and penal interest
60th Report			
517.	Medical and Health	3	Prevention and Control of Diseases.
518.	Architecture	14	Fraudulent drawals and embezzlement of Government money by a Cashier
519.	Animal Husbandry	16	Non-recovery of cost of land
520.	Co-operative	17	Non-responsiveness to audit findings and observations resulting in erosion of accountability
521.	Education	18	Utilized girls hostel
522.	Revenue	24	Fraudulent drawals and embezzlement of Government money
523.	Revenue	25	Drawal of funds in advance of requirement
524.	Social Welfare	26	Fraudulent payment of Old Age Pension
525.	Town and Country Planning	27	Non-collection of External Development Charges (EDCs)
526.	Town and Country Planning	29	Less recovery of plan scrutiny fee
527.	Town and Country Planning	30	Avoidable loss due to delay in handling over possession of plots
528.	Irrigation	34	Formulation of schemes
529.	Irrigation	36	Implementation of schemes
530.	Irrigation	39	Land under unauthorized possessions
531.	Irrigation	41	Recoverable amount
532.	Irrigation	42	Store management
533.	Irrigation	43	Complaint Cases
534.	Irrigation	44	Introduction of selection grade of Engineers
535.	Irrigation	46	Recoverable amount from HUDA.

1	2	3	4
536.	Irrigation	51	Monitoring
537.	Irrigation	54	Wasteful expenditure on construction of irrigation channels
538.	P.W. (B&R)	63	Extra expenditure
539.	P.W. (B&R)	64	Non-responsiveness to Audit findings and observations resulting in erosion of accountability
540.	Environment	65	Implementation of Environmental Acts and Rules in regard to Air Pollution and Waste Management
541.	Environment	66	Environment laboratories grossly underutilized
542.	Environment	67	Status of industrial pollution
543.	Environment	68	Stone crushing units
544.	Environment	69	Rice shelling units/solvent extraction plants
545.	Environment	70	Vehicular pollution
546.	Environment	71	Training/mass education programme
547.	Environment	72	Waste Management
548.	Environment	73	Prosecution under Air Act
549.	Agriculture	74	Non-recovery of extension fee from allottees
550.	Food and Supplies	90	Loss due to delay in supply of wheat to Food Corporation of India
551.	Printing and Stationery	90A	Overpayment to private printer
552.	Excise and Taxation	95	Arrears in revenue
553.	Excise and Taxation	99	Outstanding inspection reports and audit observations
554.	Excise and Taxation	101	Results of Audit
555.	Excise and Taxation	102	Recovery of sales tax in arrears
556.	Excise and Taxation	103	Non-recovery due to delay in assessment
557.	Excise and Taxation	104	Non-delay in raising of demands for the assessed dues
558.	Excise and Taxation	105	Failure to initiate follow up action for recovery of arrears
559.	Excise and Taxation	106	Disposal of recovery certificates
560.	Excise and Taxation	107	Demands under stay
561.	Excise and Taxation	108	Non-inclusion of interest in the demand sent to the liquidator
562.	Excise and Taxation	109	Under assessment of notional sales tax liability
563.	Excise and Taxation	110	Application of incorrect rate of tax
564.	Excise and Taxation	111	Non-levy of purchase tax
565.	Excise and Taxation	112	Non-recovery of tax

1	2	3	4
566.	Excise and Taxation	113	Results of Audit
567.	Revenue	114	Results of Audit
568.	Revenue	115	Outstanding inspection reports and audit observations
569.	Revenue	116	Results of Audit
570.	Revenue	117	Short levy of stamp duty on exchange of property
571.	Revenue	118	Short levy of stamp duty on plant and machinery
572.	Revenue	119	Short levy of stamp duty on lease deed
573.	Revenue	120	Embezzlement/evasion of stamp duty
574.	Revenue	121	Incorrect exemption of stamp duty
575.	Agriculture	122	Results of Audit
576.	Agriculture	123	Outstanding inspection reports and audit observations
577.	Agriculture	124	Results of Audit
578.	Agriculture	125	Non/short recovery of purchase tax and interest
579.	Agriculture	126	Non-realization of lease money
580.	Agriculture	127	Results of Audit
581.	Transport	128	Results of Audit
582.	Transport	129	Non/short charging of fitness fee (Passing fee)
583.	Transport	130	Non-realization of fees
584.	Home	131	Arrears in revenue
585.	Home	134	Arrears in revenue
587.	Co-operative	136	Results of Audit
587.	Co-operative	137	Non-redemption of Government share capital
588.	Forest	139	Outstanding inspection reports and audit observations
589.	Forest	140	Results of Audit
61st Report			
590.	Development and Panchayats	3	Non-responsiveness to audit findings and observations resulting in erosion of accountability
591.	P.W. (B&R)	8	Execution of Works
592.	Water Supply and Sanitation	9	Tool and plant returns
593.	Public Health	12	Shortage of material
594.	Rural Development	15	Allotment of houses to ineligible families
595.	Rural Development	16	Other irregularities
596.	Rural Development	22	Reclamation work not taken up for 2½ years
597.	Animal Husbandry	24	Non recovery of lease money

1	2	3	4
598.	Town and Country Planning	26	Non recovery of external development charges
599.	Food and Supplies	27	Avoidable loss due to delay in disposal of rice
600.	General	28	Misappropriations, defalcations, etc.
601.	General	31	Lack of accountability
62nd Report			
602.	Excise and Taxation	3	Arrears in revenue
603.	Excise and Taxation	4	Arrears in assessment
604.	Excise and Taxation	5	Frauds and evasions of taxes/duties
605.	Excise and Taxation	6	Results of Audit
606.	Excise and Taxation	7	Assessment in arrear
607.	Excise and Taxation	8	Irregularities in the grant of eligibility certificates
608.	Excise and Taxation	9	Incorrect acceptance of applications
609.	Excise and Taxation	10	Incorrect determination of zones
610.	Excise and Taxation	11	Implementation of the Scheme by Sales Tax Department
611.	Excise and Taxation	12	Excess availing of tax deferment
612.	Excise and Taxation	13	Irregularities in assessment of exempted/deferred units
613.	Excise and Taxation	14	Under-assessment due to application of concessional rate of tax
614.	Excise and Taxation	15	Under-assessment tax due to irregular deduction
615.	Excise and Taxation	16	Under assessment of notional sales tax liability
616.	Excise and Taxation	17	Non-monitoring of exempted/deferred units
617.	Excise and Taxation	18	Non-levy of purchase tax
618.	Excise and Taxation	19	Non-levy of tax on lease rent
619.	Excise and Taxation	20	Non-levy/under assessment of purchase tax due to application of incorrect rate of tax
620.	Excise and Taxation	21	Irregular deduction allowed against invalid declaration forms
621.	Excise and Taxation	22	Non-levy of interest and penalty
622.	Excise and Taxation	23	Non-raising of demands for interest
623.	Excise and Taxation	24	Non-realization of tax
624.	Excise and Taxation	25	Results of Audit
625.	Excise and Taxation	26	Receipts of excise duty from auction of venders
626.	Excise and Taxation	27	Short recovery of licence fee and interest
627.	Excise and Taxation	28	Loss of revenue due to re-auction of vends

1	2	3	4
628.	Excise and Taxation	29	Non-recovery due to incorrect adjustment of security
629.	Excise and Taxation	33	Results of Audit
630.	Excise and Taxation	34	Non/short realization of passengers tax
631.	Revenue	36	Results of Audit
632.	Revenue	37	Results of Audit
633.	Revenue	38	Evasion of stamp duty due to under valuation of immovable property
634.	Revenue	39	Non-levy of stamp duty on exchange of property
635.	Revenue	40	Evasion of stamp duty
636.	Revenue	41	Short levy of stamp duty
637.	Revenue	42	Inadmissible exemption of stamp duty
638.	Transport	43	Non-realization of token tax
639.	Agriculture	44	Arrears in revenue
640.	Agriculture	45	Results of Audit
641.	Agriculture	46	Outstanding inspection reports and audit observations
642.	Agriculture	47	Non/short recovery of purchase tax and interest
643.	Co-operation	49	Non-redemption of Government share capital
644.	Agriculture	50	Recovery from Patedars
645.	Medical and Health	56	Manpower
646.	Medical and Health	57	Manufacturing and selling units
647.	Medical and Health	59	Statistics of prosecutions vis-à-vis cases filed
648.	Social Justice and Empowerment	60	Facilities to handicapped persons
649.	Social Justice and Empowerment	61	Budget provision and expenditure
650.	Social Justice and Empowerment	62	Identification of persons with disabilities
651.	Social Justice and Empowerment	63	Non-maintenance of record
652.	Social Justice and Empowerment	64	Monitoring
653.	Urban Development	66	Non-collection of fire tax
654.	Education	67	CBI inquiry
655.	Finance and Justice	68	Recovery regarding appointment of daily wage workers
656.	Forest	69	Felling of Trees
657.	Town and Country Planning	70	Exemption of Sales Tax
658.	Irrigation	72	Non-responsiveness to Audit findings and observations resulting in erosion of accountability
659.	Food and Supplies	73	Recovery of amount from the Millers

1	2	3	4
660.	P.W. (B&R)	76	Non-adjustment of storage charges
661.	P.W. (B&R)	77	Irregular/un-authorized expenditure of storage charges
662.	P.W. (B&R)	78	Non-recovery of difference of sales tax
663.	Education	80	Delay in issue of Inspection Reports and settlement of old objections
63rd Report			
664.	Excise and Taxation	3	Arrears of revenue
665.	Excise and Taxation	4	Evasion of tax
666.	Excise and Taxation	5	Results of Audit
667.	Excise and Taxation	6	Position of collection of revenue receipts and arrears
667.	Excise and Taxation	7	Delay in finalizaion of remand cases
669.	Excise and Taxation	8	Under assessment of tax due to incorrect deduction of subsequent sale under CST
670.	Excise and Taxation	9	Under assessment of tax due to inadmissible deduction
671.	Excise and Taxation	10	Non levy of purchase tax
672.	Excise and Taxation	11	Non levy of interest and penalty
673.	Excise and Taxation	12	Non recovery of tax
674.	Excise and Taxation	13	Other tax receipts
675.	Excise and Taxation	14	Non recovery of penalties
676.	Excise and Taxation	15	Non/short realization of passengers tax
677.	Excise and Taxation	16	Short/non recovery of entertainment duty
678.	Revenue	17	Results of Audit
679.	Revenue	18	Evasion of stamp duty due to under valuation of immovable property
680.	Revenue	19	Short levy of stamp duty on exchange of property
681.	Revenue	20	Evasion of stamp duty on release deeds
682.	Revenue	21	Short levy of stamp duty
683.	Transport	25	Non deposit of token tax
684.	Agriculture	26	Arrears in revenue
685.	Agriculture	27	Results of Audit
686.	Agriculture	28	Non recovery of purchase tax and interest
687.	Co-operation	29	Results of Audit
688.	Co-operation	30	Audit in arrears
689.	Co-operation	33	Short levy of audit fee due to incorrect computation of profit

1	2	3	4
690.	Co-operation	34	Non deposit of Government share capital
691.	Co-operation	35	Non redemption of Government share capital due to late fixation of terms and conditions
692.	Co-operation	36	Non redemption of Government share capital as per terms and conditions
693.	Finance	38	Results of Audit
694.	Finance	39	Incorrect classification / non-collection of guarantee fee
695.	Finance	40	Government guarantees
696.	Finance	41	Conclusion/Recommendations
697.	Urban Development	42	Results of Audit
698.	Urban Development	43	Non recovery of 832 supervision charges
699.	Forest	44	Results of Audit
700.	Power	45	Arrears of Revenue
701.	Mines & Geology	47	Arrears of revenue
702.	Mines & Geology	48	Results of Audit
703.	Home	49	Arrears of revenue
704.	Home	50	Results of Audit
705.	Home	51	Results of Audit
706.	P.W. (B&R)	52	Results of Audit
707.	Irrigation	54	Results of Audit
708.	Medical & Health	55	Results of Audit
709.	Animal Husbandry	56	Results of Audit
710.	Education (Prathmik Shiksha Pariyojna Parishad)	58	Mis-utilization of teaching learning equipment funds
711.	Education (Prathmik Shiksha Pariyojna Parishad)	59	Irregular purchase of material
712.	Education (Prathmik Shiksha Pariyojna Parishad)	60	Payment of teachers and School grant
713.	Public Works (B&R)	61	Deficient agreements
714.	Public Works (B&R)	62	Execution of works without technical sanctions
715.	Public Works (B&R)	64	Loss due to failure to include sales tax clause in the contract document
716.	Public Works (B&R)	65	Supply of Portland pozzolona cement instead of ordinary Portland Cement
717.	Revenue	66	Policy for recovery of beneficiaries share not formulated
718.	Revenue	67	Inadequate supply of drinking water

1	2	3	4
719.	Food & Supplies	68	(i) Food Security, Subsidy and Management of Foodgrain(ii) Financial arrangements
720.	Food & Supplies	69	Loss of interest due to delay in deposit of cheques
721.	Food & Supplies	70	Loss due to non adherence of the instructions of FCI
722.	Food & Supplies	71	Millers had not supplied the rice after milling of paddy
723.	Food & Supplies	72	Loss due to damage of wheat
724.	Food & Supplies	73	Suspected misappropriation/pilferage of wheat due to short accounting of moisture gain
725.	Food & Supplies	74	Supervision mechanism of PDS
726.	Food & Supplies	75	Conclusions
727.	Finance	76	Mismatch of expenditure data in OTIS database
728.	Home	77	Wasteful expenditure on creation of Haryana State Industrial Security Force
729.	Forest	79	Nugatory expenditure
730.	Transport	81	Avoidable expenditure due to non adjustment of insurance premium
731.	Irrigation	83	Lack of response to audit findings and observations resulting in erosion of accountability
732.	General	84	Financial assistance to local bodies and other institutions
733.	General	85	Misappropriations, defalcations, etc.
734.	General	86	Write-off of losses, etc.
64th Report			
735.	Public Health	3	Non-recovery of loans and non-contribution of share by MCs
736.	Public Health	4	Recoverable amount from HUDA
737.	Public Health	5	Non-completion of sewerage schemes
738.	Public Health	6	Yamuna Action Plan
739.	Revenue	7	Organizational set up
740.	PW(B&R)	8	Over payment to contractors
741.	General	9	Financial assistance to local bodies and others institutions
742.	General	10	Misappropriations, defalcations etc.
743.	General	11	Write-off losses etc.
744.	Agriculture	12	Arrears of revenue
745.	Agriculture	13	Results of Audit
746.	Agriculture	14	Results of Audit

1	2	3	4
747.	Agriculture	15	Non/short recovery of purchase tax and interest
748.	Transport	18	Cost of collection
749.	Transport	19	Results of Audit
750.	Transport	20	Replies to Inspection Reports
751.	Transport	21	Departmental Audit Committee Meetings
752.	Transport	22	Response of the Departments to Draft Audit Paragraphs
753.	Transport	23	Results of Audit
754.	Transport	24	Short realization of bid money on stage carriage permits
755.	Excise and Taxation	25	Arrears of revenue
756.	Excise and Taxation	26	Arrears in assessments
757.	Excise and Taxation	27	Evasion of tax
758.	Excise and Taxation	28	Write-off and waiver of revenue
759.	Excise and Taxation	29	Results of Audit
760.	Excise and Taxation	30	Delay in assessments and their impact on revenue and collection of sales tax demands
761.	Excise and Taxation	31	Absence of provisions for finalizing assessments
762.	Excise and Taxation	32	Recovery Certificates
763.	Excise and Taxation	34	Delay in issue of demand notice
764.	Excise and Taxation	35	Delay in finalization of assessment
765.	Excise and Taxation	37	Under assessment due to incorrect deduction at first stage
766.	Excise and Taxation	38	Non levy of purchase tax
767.	Excise and Taxation	39	Non levy of interest
768.	Excise and Taxation	40	Results of Audit
769.	Excise and Taxation	41	Short recovery of licence fee and interest
770.	Excise and Taxation	42	Non/short realization of passengers tax
771.	Revenue	43	Results of Audit
772.	Revenue	44	Levy and Collection of Stamp Duty and Registration Fees
773.	Revenue	45	Sales and utilization of non judicial stamps
774.	Revenue	46	Defects noticed in Sub-Registrar Offices
775.	Revenue	47	Indents for supply of non-judicial stamps
776.	Revenue	48	Short receipt of stamps
777.	Revenue	49	Non-disposal of obsolete/damaged stamps

1	2	3	4
778.	Revenue	50	Evasion of stamp duty due to misclassification of sale deeds into release deeds
779.	Revenue	51	Failure to cross verify the transactions
780.	Revenue	52	Short levy of stamp duty
781.	Revenue	53	Under valuation of immovable properties
782.	Revenue	54	Short levy of stamp duty due to incorrect application of rates
783.	Revenue	55	Non levy of stamp duty on exchange of property
784.	Revenue	56	Incorrect grant of exemption
785.	Revenue	57	Incorrect grant of exemption
786.	Revenue	58	Misclassification of instruments
787.	Revenue	59	Short levy of stamp duty on lease deeds
788.	Revenue	60	Short levy of stamp duty
789.	Revenue	61	Non/short levy of registration fee
790.	Revenue	62	Results of Audit
791.	Revenue	63	Failure of senior officials to enforce accountability and protect interest of Government
792.	Power	64	Arrears of revenue
793.	Health	65	Results of Audit
794.	Industries	66	Results of Audit
795.	Co-operation	67	Non redemption of Government share capital
65th Report			
796.	Town and Country Planning	3	Outstanding recovery of Planning water sewerage charges
797.	Town and Country Planning	6	Avoidable payments of Planning interest due to delay making payment of enhanced Acquisition to land owners
798.	Town and Country Planning	7	Execution of work without Planning technical sanction/preparation of detailed estimates
799.	Town and Country Planning	8	Undue financial aid to Planning contractors
800.	Town and Country Planning	9	Occupation of shops by Planning Government departments
801.	Town and Country Planning	10	Land under unauthorized Planning possession
802.	Food and Supplies	11	Additional Benches not constituted
803.	Food and Supplies	12	Non-constitution of Circuit Benches
804.	Food and Supplies	13	Inadequate infrastructure
805.	Food and Supplies	14	State/District Consumer Protection Councils not functional

1	2	3	4
806.	Food and Supplies	15	Consumer club in schools scheme not implemented
807.	Food and Supplies	16	Excess consumption of gunny bags
808.	Rural Development	17	Misappropriation of wheat under Samporna Grameen Rozgar Yojana
809.	Rural Development	18	Advances from former Sarpanches not recovered/adjusted
810.	Agriculture	19	Inadmissible payment of special pay
811.	Finance	20	Overpayment of pensionary benefits
812.	Finance	21	Response of the Departments to Draft Audit paragraph
813.	Family welfare	22	Lack of response to Audit findings and observations resulting in erosion of accountability
814.	General	23	Financial assistance to local bodies and other institutions
815.	General	24	Misappropriations, defalcations, etc.
816.	General	25	Write-off of losses, etc.
817.	Excise and Taxation	26	Arrears of revenue
818.	Excise and Taxation	27	Arrears in assessments
819.	Excise and Taxation	28	Evasion of tax
820.	Excise and Taxation	29	Write-off and waiver of revenue
821.	Excise and Taxation	30	Results of Audit
822.	Excise and Taxation	31	Disposal of remand cases
823.	Excise and Taxation	32	Non levy of penalty
824.	Excise and Taxation	33	Delay in deciding cases in revision
825.	Excise and Taxation	34	Under assessment due to incorrect deduction from gross turnover
826.	Excise and Taxation	35	Non levy of purchase tax
827.	Excise and Taxation	36	Application of incorrect rate of tax
828.	Excise and Taxation	37	Irregular refund of tax
829.	Excise and Taxation	38	Under assessment due to non levy of surcharge
830.	Excise and Taxation	39	Results of Audit
831.	Excise and Taxation	40	Non recovery of penalty
832.	Excise and Taxation	41	Non imposition of fine
833.	Excise and Taxation	42	Loss of revenue due to re-auction of vend
834.	Revenue	43	Results of Audit
835.	Revenue	44	Short levy of stamp duty and registration fee
836.	Revenue	45	Non realization of stamp duty

1	2	3	4
837.	Revenue	46	Non levy of stamp duty on Exchange of Property
838.	Revenue	47	Short levy of stamp duty due to incorrect application of rate of tax
839.	Transport	48	Results of Audit
840.	Transport	49	Short realization of bid money on stage carriage permits
841.	Transport	50	Non recovery of token tax in respect of stage carriage buses
842.	Transport	51	Short charging of driving licence fee
843.	Transport	52	Short realization of Registration fees
844.	Transport	53	Short/non levy of penalty on overloading of vehicles
845.	Transport	54	Private Service Vehicles
846.	Irrigation	55	Arrear position of Abiana
847.	Irrigation	56	Arrear of water charges
848.	Irrigation	57	Non/short levy of additional charges/surcharge
849.	Irrigation	58	Non/short imposition of penalty for unauthorized supply of water to gardens
850.	Agriculture	59	Arrear of revenue
851.	Agriculture	60	Results of Audit
852.	Agriculture	61	Non/short recovery of purchase tax and interest
853.	Co-operation	62	Results of Audit
854.	Co-operation	63	Non-deposit of dividend on State share capital
855.	Co-operation	64	Non realization of dividend on share capital of State Government
856.	Mines and Geology	65	Arrears of revenue
857.	Mines and Geology	66	Arrears of revenue
858.	Mines and Geology	67	Non/short recovery of royalty and interest
859.	Home	68	Arrears of revenue
860.	Power	69	Arrears of revenue
861.	Power	70	Outstanding inspection reports and audit observations
862.	Power	71	Results of Audit
863.	Public Health	72	Results of Audit
864.	Finance	73	Results of Audit
865.	Forest	74	Results of Audit
866.	Health	75	Results of Audit

1	2	3	4
67th Report			
867. Forest	3	Misappropriation, Losses, defalcations, etc.	
868. Forest	4	Financial Management	
869. Forest	5	Selection of villages	
870. Forest	6	Implementation of project components/ Physicatargets and achievements	
871. Forest	7	Fire protection measures not taken	
872. Forest	8	Community institution strengthening process/ Villages Resource Management Committee	
873. Forest	9	Expenditure in violation of project guidelines	
874. Forest	10	Expenditure in violation of project guidelines/ Wasteful expenditure on construction of coffer dam	
875. Forest	11	Expenditure on labour on construction works	
876. Rural Development	12	Execution of works/Works undertaken	
877. Rural Development	13	Execution of works without technical sanctions and splitting of works	
878. Rural Development	14	Wasteful expenditure on Below Poverty Line census	
879. Housing	15	Financial and physical performance/ Profitability and working results	
880. Housing	16	Loss of interest due to delay in transfer of funds to head office	
881. Housing	17	Avoidable loss due to delay in deposit of advance tax	
882. Housing	18	Non-achievement of financial and physical targets of construction of houses	
883. Housing	19	Construction of houses without .demand survey	
884. Housing	20	Utilization of land meant for EWS houses towards LIG houses	
885. Housing	21	Extra expenditure due to allotment of work at higher rates	
886. Housing	22	Non-recovery of compensation from contractors.	
887. Housing	23	Fire fighting systems remaining non-functional	
888. Education	24	Misappropriation, losses, defalcations, etc./ Write off of losses, etc.	
889. Town & Country Planning	25	Estate Officer, HUDA Faridabad	
890. P.W. (B&R)	26	Misappropriation, losses, defalcations, etc./ Write-off of losses, etc.	
891. P.W. (B&R)	27	Violation of contractual obligations/undue favour to contractors/avoidable expenditure/inadmissible payment of interest to the entrepreneur	

1	2	3	4
892.	P.W. (B&R)	28	Analysis of outstanding balances
893.	Irrigation	29	Misappropriation, losses, defalcations, etc./ Write-off of losses, etc.
894.	Irrigation	30	Extra/avoidable expenditure on land acquisition
895.	Irrigation	31	Blocking of funds due to tardy implementation of Hisar-Ghaggar drain project
896.	Irrigation	32	Miscellaneous Public Works Advances/ Introduction
897.	Irrigation	33	Analysis of outstanding balances
898.	Irrigation	34	Other points of interest
899.	Transport	35	Extra financial burden on State exchequer
900.	Public Health	36	Idle investment/idle establishment/blocking of funds/unfruitful expenditure incurred on electrodialysis based Desalination Plants
901.	Finance	37	Overpayment of pensionary benefits
902.	Home	38	Inadmissible payment of conveyance allowance to the newly recruited constables during basic training period
903.	Co-operation	39	Regulatory issues and others/injudicious payment on account of training and managerial subsidies to self help groups
904.	Excise and Taxation	40	Arrears of revenue
905.	Excise and Taxation	41	Arrears in assessments
906.	Excise and Taxation	42	Evasion of tax
907.	Excise and Taxation	43	Write-off and waiver of revenue
908.	Excise and Taxation	44	Refunds
909.	Excise and Taxation	45	Results of Audit
910.	Excise and Taxation	46	Evasion of tax by unregistered dealers/Non levy of tax on contractees
911.	Excise and Taxation	47	Acceptance of incomplete/ invalid declaration forms
912.	Excise and Taxation	48	Acceptance of incomplete/ invalid declaration forms
913.	Excise and Taxation	49	Non compliance of departmental instructions regarding cross verification
914.	Excise and Taxation	50	Non compliance of departmental instructions regarding cross verification
915.	Excise and Taxation	51	Non compliance of departmental instructions regarding cross verification
916.	Excise and Taxation	52	Non compliance of departmental instructions regarding cross verification

1	2	3	4
917.	Excise and Taxation	54	Non levy of interest and penalty
918.	Excise and Taxation	56	Incorrect allowance of concessional rate
919.	Excise and Taxation	58	Under assessment due to application of incorrect rate of tax
920.	Excise and Taxation	59	Under assessment due to application of incorrect rate of tax
921.	Excise and Taxation	60	Results of Audit
922.	Excise and Taxation	61	Uncollected Excise revenue
923.	Excise and Taxation	62	Short recovery of licence fee and interest
924.	Excise and Taxation	63	Non recovery of additional licence fee for lifting of short/additional quota
925.	Excise and Taxation	64	Non imposition/recovery of compounding fee
926.	Excise and Taxation	65	Non imposition/recovery of compounding fee
927.	Excise and Taxation	66	Results of Audit
928.	Excise and Taxation	67	Arrears of revenue
929.	Excise and Taxation	68	Non-short realization of passengers tax/ Transport co-operative societies
930.	Excise and Taxation	69	Maxi cabs, taxis and auto rickshaws
931.	Excise and Taxation	70	City bus service
932.	Excise and Taxation	71	Non levy of interest
933.	Excise and Taxation	72	Non realization of goods tax and additional tax
934.	Excise and Taxation	73	Non registration of maxi cabs
935.	Excise and Taxation	74	Non disposal of challans
936.	Mines and Geology	75	938
937.	General	77	Results of Audit
938.	Transport	78	Taxes on Motor Vehicles/Short realization of permit and counter signature fee
939.	Transport	79	Non realization of token tax from private service vehicles
940.	Transport	80	Short realization of bid money on stage carriage permits
941.	Agriculture	81	Non recovery of purchase tax and interest
942.	Revenue	82	Results of Audit
943.	Revenue	83	Short levy of stamp duty due to misclassification of deeds
944.	Revenue	84	Irregular exemption of stamp duty & registration fee on mortgage deeds executed & registered by the agriculturists

1	2	3	4
945.	Revenue	85	Miscellaneous irregularities, i.e. the detail of stamp papers issued by Treasury Office was not mentioned on the office copies of the instruments registered
946.	Revenue	86	Evasion of stamp duty due to non execution of conveyance deeds
947.	Revenue	87	Evasion of stamp duty due to non execution of conveyance deeds
948.	Revenue	88	Misclassification of documents
949.	Revenue	89	Short levy of stamp duty due to under valuation of properties
950.	Revenue	90	Short levy of stamp duty due to under valuation of properties
951.	Revenue	91	Unauthorized retention of receipts
68th Report			
952.	Agriculture	3	Financial management
953.	Agriculture	4	Non-preparation of Balance Sheet
954.	Agriculture	5.	Outstanding temporary advances
955.	Agriculture	6	Non-recovery of miscellaneous advances
956.	Agriculture	7	Non-recovery of expenditure incurred on the schemes
957.	Agriculture	8	Strength of teachers
958.	Agriculture	9	Execution of works
959.	Agriculture	10	Loss due to non-charging of interest from allottees
960.	Public Health	11	Misappropriation, losses, defalcations etc.
961.	Public Health	12	Avoidable payment of interest
962.	Public Health	13	Blocking of funds
963.	Public Health	14	Physical targets and achievements
964.	Public Health	15	Taking up of schemes without ensuring availability of raw water
965.	Public Health	16	Extra burden on State exchequer due to unrealistic estimates
966.	Public Health	17	Taking up of schemes without ensuring availability of raw water
967.	Public Health	18	Taking up of schemes without ensuring availability of raw water
968.	Public Health	19	Delay in commissioning of schemes in the absence of electric connections
969.	Public Health	20	Execution of works without technical sanctions and excess expenditure over estimates

1	2	3	4
970.	Public Health	21	Defective execution of work
971.	Public Health	22	Excess consumption of pipes
972.	Public Health	23	Purchase of cement at higher rates
973.	Environment	24	Assessment of waste and risks associated with it
974.	Environment	25	Sale of used oil to unauthorized dealer
975.	Education	26	Budget provision and expenditure
976.	Education	27	Incorrect reporting of enrolment leading to excess claim of central assistance
977.	Education	28	Unauthorized utilization of mid-day meal packets
978.	Education	29	Extra expenditure on uneconomic hiring of vehicles
979.	Food and Supplies	30	Loss due to lack of supervision and improper storage of wheat stock
980.	Food and Supplies	31	Loss due to non-recovery of transportation charges
981.	Irrigation	32	Loss of interest due to heavy unspent balance
982.	Town and Country Planning	33	Due to slackness on the part of EO's HUDA, Faridabad, Gurgaon and Panchkula in revision of rent after every three years and non-charging of rent for additional filling points of petrol pumps installed subsequently, HUDA was deprived of the revenue of Rs.1.49 Crore (2003-Civil)
983.	Town and Country Planning	34	Extra expenditure on account of delayed payment of land, compensation and interest thereon
984.	Town and Country Planning	35	Unfruitful expenditure on incomplete work
985.	Home	36	Misappropriation, losses, defalcation, etc.
986.	Home	37	Extra expenditure on account of delayed payment of land, compensation and interest thereon
987.	P.W. (B&R)	38	Misappropriation, losses, defalcation, etc
988.	P.W. (B&R)	39	Irregular expenditure on operation of excess ex-cadre posts
989.	Sports and Youth Affairs	40	Non-realization of central share of assistance
990.	Revenue	41	Misappropriation, losses, defalcation, etc.
991.	Health	42	Delay in furnishing utilization certificates
992.	Health	43	Misappropriation, losses, defalcation, etc.
993.	Health	44	Avoidable payment due to non-insurance of vehicles
994.	Health	45	Unauthorized retention of the departmental receipts outside the Consolidated Fund of the State

1	2	3	4
995.	Health	46	Non-responsiveness to audit findings and observations resulting in erosion of accountability
996.	Health	47	Follow up on Audit Reports
997.	Industries	48	Abstract of performance of the autonomous bodies
998.	Animal Husbandry	51	Misappropriation, losses, defalcation, etc.
999.	Women and Child Development	52	Misappropriation, losses, defalcation, etc.
1000.	Fisheries	54	Non-submission of Accounts
1001.	Public Relations	55	Misappropriation, losses, defalcation, etc.
1002.	Rural Development	56	Allotment of houses to ineligible families
1003.	Technical Education	57	Misappropriation, losses, defalcation, etc.
1004.	Urban Local Bodies	58	Delay in furnishing utilization certificates
1005.	Urban Local Bodies	59	Non-submission of Accounts
1006.	Urban Local Bodies	60	Non-furnishing of accounts of utilization of grants
1007.	Excise and Taxation	61	Arrears of revenue
1008.	Excise and Taxation	62	Arrears in assessments
1009.	Excise and Taxation	63	Evasion of tax
1010.	Excise and Taxation	64	Write-off and waiver of revenue
1011.	Excise and Taxation	65	Refunds
1012.	Excise and Taxation	66	Results of Audit
1013.	Excise and Taxation	67	Non levy of interest
1014.	Excise and Taxation	68	Non levy of interest and penalty
1015.	Excise and Taxation	69	Arrears of sales tax
1016.	Excise and Taxation	70	Non inclusion of interest in the demand sent to liquidator
1017.	Excise and Taxation	71	Under assessment of tax due to incorrect determination of gross turnover
1018.	Excise and Taxation	72	Under assessment of tax due to application of incorrect rate
1019.	Excise and Taxation	73	Non levy of tax on liquor
1020.	Excise and Taxation	74	Results of Audit
1021.	Excise and Taxation	75	Non/short realization of passengers tax
1022.	Excise and Taxation	76	Non/short realization of passengers tax
1023.	Excise and Taxation	77	Non levy/recovery of penalty
1024.	Excise and Taxation	78	Non levy/recovery of penalty
1025.	Mines and Geology	79	Results of Audit

1	2	3	4
1026.	Transport	80	Lack of control over monitoring of duplicate engine/chassis number
1027.	Transport	81	Same registration numbers were allotted to two vehicles
1028.	Transport	82	Registration of two or more vehicles with same insurance cover note
1029.	Agriculture	83	Arrears of revenue
1030.	Agriculture	84	Results of Audit
1031.	Agriculture	85	Results of Audit
1032.	Revenue	86	Results of Audit
1033.	Revenue	87	Short levy of stamp duty due to application of incorrect rates of immovable property
1034.	Revenue	88	Non levy of stamp duty on plant and machinery
1035.	Finance	89	Non recovery of Loans and interest
1036.	Finance	90	Non recovery of loans and interest
1037.	Finance	91	Non recovery of interest and penal interest
1038.	Finance	92	Non recovery of loans granted in lieu of deferment of sales tax and interest
1039.	Finance	93	Non reconciliation of outstanding loans and interest
1040.	Home	94	Arrears of revenue
1041.	Home	95	Results of Audit
1042.	Public Health	96	Results of Audit
1043.	P.W.(B&R)	97	Results of Audit
1044.	Irrigation	98	Results of Audit
1045.	Power	99	Arrears of revenue
1046.	Co-operation	100	Results of Audit
1047.	Co-operation	101	Non deposit of dividend on State share capital
1048.	Excise and Taxation	102	Analysis of arrears of revenue
1049.	Excise and Taxation	103	Arrears in assessments
1050.	Excise and Taxation	104	Performance of assessments
1051.	Excise and Taxation	105	Evasion of tax
1052.	Excise and Taxation	106	Write off and waiver of revenue
1053.	Excise and Taxation	107	Refunds
1054.	Excise and Taxation	108	Compliance with the earlier Audit Reports
1055.	Excise and Taxation	109	Results of Audit
1056.	Excise and Taxation	110	Absence of mechanism to verify the tax deposited before allowing input tax credit

1	2	3	4
1057.	Excise and Taxation	111	Absence of a monitoring mechanism to ensure cross verification of purchase transactions
1058.	Excise and Taxation	112	Misuse of declaration forms STD-IV/VAT-DI and C
1059.	Excise and Taxation	113	Incorrect allowing of exemption/concession without declarations/documents or against incomplete declaration/documents
1060.	Excise and Taxation	114	Non-levy of penalty
1061.	Excise and Taxation	115	Non-levy of penalty
1062.	Excise and Taxation	116	Short recovery of lump sum tax on Works contract
1063.	Excise and Taxation	117	Excess allowing of input tax credit
1064.	Excise and Taxation	118	Underassessment of tax due to allowing of excess benefit of deferment
1065.	Excise and Taxation	119	Underassessment of tax due to application of incorrect rate
1066.	Excise and Taxation	120	Inadmissible allowing of input tax credit
1067.	Excise and Taxation	121	Results of Audit
1068.	Excise and Taxation	122	Non/short realization of passengers tax from Co-operative Transport Societies
1069.	Excise and Taxation	123	Non/short realization of passengers tax from educational institutions
1070.	Excise and Taxation	124	Non/short recovery of passengers tax from tax from City Bus Operators
1071.	Excise and Taxation	125	Results of Audit
1072.	Excise and Taxation	126	Non-realisation of differential licence fee
1073.	Excise and Taxation	127	Short recovery of licence fee and interest
1074.	Transport	128	Loss of revenue due to non-levy/collection of passengers tax on students' concession passes
1075.	Transport	129	Non-charging of permit transfer fee
1076.	Transport	130	Non-realisation of bid money on stage carriage permits
1077.	Transport	131	Non/short recovery of token tax from stage carriage bus owners
1078.	Transport	132	Short realization of conductor's licence fee
1079.	Agriculture	133	Analysis of arrears of revenue
1080.	Agriculture	134	Results of Audit
1081.	Agriculture	135	Results of Audit
1082.	Agriculture	136	Non-recovery of interest on purchase tax
1083.	Co-operation	137	Results of Audit

1	2	3	4
1084.	Revenue	141	Absence of database of revenue foregone
1085.	Revenue	142	Absence of mechanism to detect availing of irregular exemption by not presenting documents for registration
1086.	Revenue	143	Contracts for catching fish from public ponds
1087.	Revenue	144	Incorrect grant of exemption on instrument of SEZ/real estate developer
1088.	Revenue	145	Exemption of SD on collusive decrees
1089.	Revenue	146	Remission of SD on instruments of compensation awards
1090.	Revenue	147	Incorrect grant of remission of SD
1091.	Revenue	148	Irregular exemption of SD on supplementary deed
1092.	Revenue	149	Delay in implementation of enhanced rates
1093.	Revenue	150	Evasion of stamp duty due to undervaluation of immovable property
1094.	Revenue	151	Loss of stamp duty due to misclassification of documents
1095.	Revenue	152	Short levy duty due to application of incorrect rates of immovable property
1096.	Revenue	153	General controls
1097.	Revenue	154	Audit findings/General controls
1098.	Revenue	155	Inadequacy of input controls & validation checks
1099.	Revenue	156	Disputed lands and properties
1100.	Revenue	157	Non-allotment of unique ID number to land owner/cultivator
1101.	Revenue	158	Absence of provision in HARIS to capture serial number of stamp papers
1102.	Revenue	159	Other points of interest
1103.	Medical & Public Health	160	Results of Audit
1104.	Home	161	Analysis of arrears of revenue
1105.	Power	162	Analysis of arrears of revenue
1106.	Animal Husbandry	163	Results of Audit
70TH Report			
1107.	Health	3	Financial Management
1108.	Health	4	Shortage of staff at CHC and PHC level
1109.	Health	5	Fraud/misappropriation /embezzlement/loses/over payments
1110.	Health	6	Unfruitful expenditure on purchase of food testing equipment

1	2	3	4
1111.	Health	7	Misappropriations, losses, defalcations, etc.
1112.	Home	8	Financial Management
1113.	Home	9	Records of advances not maintained
1114.	Home	10	Construction of residential and non-residential buildings
1115.	Home	11	Delay/non-completion of building works
1116.	Home	12	Misappropriations, losses, defalcations, etc.
1117.	Rural Development	13	Financial performance
1118.	Rural Development	14	Programme management
1119.	Rural Development	15	Abnormal delay in completion of projects
1120.	Rural Development	16	Role of Self Help Groups in implementing DDP objectives
1121.	Rural Development	17	Execution of works
1122.	Rural Development	18	Other topics of interest
1123.	Rural Development	19	Maintenance of record
1124.	Education	20	Suspected embezzlement
1125.	Education	21	Loss due to non-utilization of Central grant
1126.	Education	22	Loss due to non-availing of full Central assistance
1127.	Irrigation	23	Parking of funds outside the Government account
1128.	Irrigation	24	Misappropriations, losses, defalcations, etc.
1129.	Administration of Justice	25	Infructuous expenditure on empanelment of advocates
1130.	Public Works (B&R)	26	Extra expenditure due to non-allotment of work
1131.	Industries and Commerce	27	Block of funds
1132.	Revenue and Disaster Management	28	Non-refund of un-utilized balance of CRF
1133.	Revenue and Disaster Management	29	Payment of gratuitous relief on contradictory reports
1134.	Revenue and Disaster Management	30	Fraud in distribution and double payment of CRF
1135.	Excise and Taxation	31	Analysis of arrears of revenue
1136.	Excise and Taxation	32	Arrears in assessments
1137.	Excise and Taxation	33	Evasion of tax
1138.	Excise and Taxation	34	Write off and waiver of revenue
1139.	Excise and Taxation	35	Refunds
1140.	Excise and Taxation	36	Result of Audit
1141.	Excise and Taxation	37	Disposal of attached property
1142.	Excise and Taxation	38	Issue of recovery certificates

1	2	3	4
1143.	Excise and Taxation	39	Non-recovery of inter-district and inter-state arrears due to lack of co-ordination between the departmental officers and revenue authorities
1144.	Excise and Taxation	40	Non-recovery of inter-district and inter-state arrears due to lack of co-ordination between the departmental officers and revenue authorities
1145.	Excise and Taxation	41	Absence of provisions under HVAT Act to entertain appeals only on pre-payment of additional demands in dispute
1146.	Excise and Taxation	42	Absence of provision regarding allowances in installments in payment of arrears due
1147.	Excise and Taxation	43	Disposal of appeal cases by JETCs
1148.	Excise and Taxation	44	Non-declaration of arrears under Punjab Land Revenue Act
1149.	Excise and Taxation	45	Failure to initiate follow up action for recovery of arrears within the district
1150.	Excise and Taxation	46	Disposal of immovable property during the currency of recovery of arrears
1151.	Excise and Taxation	47	Underassessment of tax due to allowing of excess benefit of deferment'
1152.	Excise and Taxation	48	Incorrect allowing of input tax credit
1153.	Excise and Taxation	49	Underassessment of tax due to inadmissible deduction from gross turnover
1154.	Excise and Taxation	50	Result of audit
1155.	Excise and Taxation	51	Non-realization of differential license fee
1156.	Excise and Taxation	52	Short recovery of license fee and interest
1157.	Excise and Taxation	53	Short recovery of license fee and interest
1158.	Excise and Taxation	54	Non-recovery of penalty
1159.	Excise and Taxation	55	Result of audit
1160.	Excise and Taxation	56	Educational institutions
1161.	Excise and Taxation	57	Transport co-operative societies
1162.	Excise and Taxation	58	City bus operators
1163.	Revenue	59	Result of audit
1164.	Revenue	60	Evasion of stamp duty due to undervaluation of immovable property
1165.	Revenue	61	Evasion of stamp duty due to misclassification of documents
1166.	Revenue	62	Short levy of stamp duty due to application of incorrect rates of immovable property
1167.	Revenue	63	Exemption of stamp duty on collusive decrees

1	2	3	4
1168.	Revenue	64	Irregular exemption of stamp duty
1169.	Transport	65	Compliance with the earlier Audit Reports
1170.	Transport	66	Result of audit
1171.	Transport	67	Non-short recovery of token tax
1172.	Transport	68	City bus owners
1173.	Transport	69	Stage carriage buys owners
1174.	Transport	70	Short realization of permit transfer fee
1175.	Transport	71	Non-realization of additional fee for retention of choice registration
1176.	Home	72	Non-realization of police cost from Railways
1177.	Home	73	Non-existence of system to monitor the raising of claims for incentive money for passport verification reports
1178.	Home	74	Delay in submission of inventory of unclaimed vehicles
1179.	Home	75	Non-short raising of bills
1180.	Home	76	Non-short raising of bills
1181.	Home	77	Non-disposal of arms and ammunition
1182.	Home	78	Non-disposal of condemned vehicles
1183.	Public Health	79	Result of audit
1184.	Public Health	80	Non-recovery of water charges
1185.	Mines and Geology	81	Result of audit
1186.	Mines and Geology	82	Non-recovery of royalty and interest
1187.	Forest	83	Result of audit
1188.	Co-operation	84	Result of audit
1189.	Power	85	Analysis of arrears of revenue
1190.	Agriculture	86	Analysis of arrears of revenue
71st Report			
1191.	Agriculture	3	Financial Management
1192.	Agriculture	4	Cash Management
1193.	Agriculture	5	Water and Sewerage Charges
1194.	Agriculture	6.	Infrastructural Facilities in Mandis
1195.	Agriculture	7	Conducting of non-agricultural business in the Mandis
1196.	Agriculture	8	Encroachment of mandi land
1197.	Agriculture	9	Auction of Mandi plots
1198.	Agriculture	10	Execution of works without technicalsanctions

1	2	3	4
1199.	Agriculture	11	Purchase of packed bitumen
1200.	Agriculture	12	Expenditure on widening and strengthening of road
1201.	Women and Child Development	13	Pre-school education kits
1202.	Public Health Engineering	15	Execution of work without call of tenders
1203.	Public Health Engineering	16	Purchases
1204.	Public Health Engineering	18	Blocking of funds on purchase of stores in excess of requirement
1205.	Public Health Engineering	19	Misappropriations, losses, defalcation, etc.
1206.	Irrigation	20	Unfruitful expenditure on construction of channel
1207.	Irrigation	21	Extra expenditure due to non-finalisation of tenders within the validity period
1208.	Irrigation	22	Unfruitful expenditure on incomplete drainage scheme
1209.	Irrigation	23	Follow up on Audit Reports
1210.	Irrigation	24	Misappropriations, losses, defalcation, etc.
1211.	Transport	25	Excess expenditure on purchase of Cummins Naturally Aspirated Gas buses
1212.	Transport	26	Misappropriations, losses, defalcation, etc.
1213.	Education	27	Parking of funds outside Government Accounts
1214.	Education	28	Misappropriations, losses, defalcation, etc.
1215.	Fisheries	29	Sale of fish seed
1216.	Fisheries	30	Status of Utilisation certificates
1217.	Fisheries	31	Training
1218.	Fisheries	32	Internal Control
1219.	Rural Development	33	Delay in furnishing Utilisation Certificates
1220.	Excise and Taxation	34	Compliance with the earlier Audit Reports
1221.	Excise and Taxation	35	Analysis of arrears of revenue
1222.	Excise and Taxation	36	Position of Inspection Reports
1223.	Excise and Taxation	37	Results of audit
1224.	Excise and Taxation	38	Leased machinery and equipments
1225.	Excise and Taxation	39	Short/non-levy of purchase tax and penalty due to misuse of VAT-DI
1226.	Excise and Taxation	40	Short levy of lump sum tax on works contract
1227.	Excise and Taxation	41	Underassessment of tax due inadmissible deduction from gross turnover
1228.	Excise and Taxation	42	Underassessment of tax due inadmissible deduction from gross turnover

1	2	3	4
1229.	Excise and Taxation	43	Evasion of value added tax due to Suppression of purchases and sales
1230.	Excise and Taxation	44	Analysis of arrears of revenue
1231.	Excise and Taxation	45	Position of Audit Reports
1232.	Excise and Taxation	46	Results of audit
1233.	Excise and Taxation	47	Non-recovery/levy of penalty on illicit liquor owners
1234.	Excise and Taxation	48	Non-recovery/levy of penalty on illicit liquor owners
1235.	Excise and Taxation	49	Short/non-recovery of license fee and interest
1236.	Excise and Taxation	50	Short/non-recovery of license fee and interest
1237.	Excise and Taxation	51	Short/non-recovery of license fee and interest
1238.	Excise and Taxation	52	Analysis of arrears of revenue\
1239.	Excise and Taxation	53	Position of Audit Reports
1240.	Excise and Taxation	54	Results of audit
1241.	Excise and Taxation	55	City bus operators
1242.	Revenue	56	Revenue impact of the Audit/Position of Inspection Reports
1243.	Revenue	57	Position of Audit Reports
1244.	Revenue	58	Absence of mechanism to detect evasion of stamp duty by not presenting documents for registration
1245.	Revenue	59	Contracts for collection of toll by private entrepreneurs
1246.	Revenue	60	Sale of industrial units through public auction by Haryana Financial Corporation (HFC)
1247.	Revenue	61	Failure to levy stamp duty on land sold with less than 1,000 square yards as residential property and the market value of immovable properties
1248.	Revenue	62	Failure to levy stamp duty on land sold with less than 1,000 square yards as residential property and the market value of immovable properties
1249.	Revenue	63	Absence of time limit for disposal of undervaluation cases referred to the Collector
1250.	Revenue	64	Short levy of stamp duty and registration fee due to misclassification of documents
1251.	Revenue	65	Delay in implementation of enhanced rates of registration fee
1252.	Revenue	66	Evasion of stamp duty due to undervaluation of immovable property
1253.	Revenue	67	Non-levy of stamp duty on collusive decrees 18

1	2	3	4
1254.	Transport	68	Failure of senior officials to enforce accountability and protect the interest of the State Government
1255.	Transport	69	Follow up on Audit Reports-summarised position
1256.	Transport	70	Analysis of arrears of revenue (Taxes on Vehicles)
1257.	Transport	72	Stage carriage bus owners
1258.	Transport	73	City bus owners
1259.	Transport	74	Non-realisation of additional fee for retention of choice registration mark
1260.	Finance	75	Non-raising of demand of guarantee fee
1261.	Town and Country Planning	76	Results of audit
1262.	Town and Country Planning	77	Non recovery / realization of licence fee
1263.	Town and Country Planning	78	Non recovery / realization of licence fee
1264.	Forest	79	Results of Audit
1265.	Co-operation	80	Results of Audit
1266.	Irrigation	81	Results of Audit
1267.	Mines & Geology	82	Results of audit
1268.	Mines & Geology	83	Non-recovery of royalty and interest
1269.	Public Health	84	Results of audit
1270.	Public Health	85	Non-recovery of water charges