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HARYANA VIDHAN SABHA

COMMITTEE

ON

PUBLIC UNDERTAKINGS

(1985 86)

(SIXTH VIDHAN SABHA)

TWENTYSECOND REPORT

ON THE

REPORTS

OF THE

COMPTROLLER & AUDITOR GENERAL OF INDIA
FOR THE YEARS 1979-80 TO 1982-83

Presented to the House on 21 JUN 1986

HARYANA VIDHAN SABHA SECRETARIAT
CHANDIGARH
1986

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COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (1985-86)

CHAIRMAN

1 Shri Phool Chand Mullana

MEMBERS

2 Smt. Basanti Devi

3 Shri Bhalle Ram

4 Shri Hira Nand Arya

5 Shri Hanuman Singh

6 Shri Kanwal Singh

7 Shri Nihal Singh

*8 Shri Om Parkash Mahajan

9 Shri Sube Singh Punia

**10 Shri Om Parkash Sharma

SECRETARIAT

1 Shri G L Batra, Secretary

2 Shri Surinder Kumar, Deputy Secretary

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*Shri Om Parkash Mahajan, M L A resigned from the membership of the Committee w e f 8th June, 1985

**Shri Om Parkash Sharma, M L A was elected as a member of the Committee w e f 28th September, 1985

INTRODUCTION

I the Chairman of the Committee on Public Undertakings having been authorised by the Committee in this behalf, present this Twenty Second Report of the Committee on the reports of the Comptroller and Auditor General of India for the years—

(i) 1979 80, relating to Haryana State Electricity Board

(ii) 1980 81, relating to Haryana Concast Limited

(iii) 1981 82, relating to Haryana Housing Board, and

(iv) 1982 83 relating to Haryana Financial Corporation Haryana Warehousing Corporation Implementation of new 20 point programme and Compilation of accounts by Government Companies, Haryana Breweries Limited Haryana Television Limited Haryana Seeds Development Corporation, Haryana Minerals Limited and Haryana Tourism Corporation

2 The Committee orally examined the representatives of the Corporations/Companies concerned A brief record of the proceedings of various meetings of the Committee held during the year 1985 86 as also of the on the spot study of the power plants of the Haryana State Electricity Board has been kept in the Haryana Vidhan Sabha Secretariat

3 The Committee are thankful to the Accountant General, Haryana, for his valuable assistance and guidance to them Thanks are also due to the representative of the Finance Department, Haryana and the representatives of the concerned Corporations/Boards who appeared before the Committee from time to time The Committee also place on record their appreciation for the excellent help cooperation and unstinted assistance given by the Secretary Deputy Secretary and staff of the Haryana Vidhan Sabha Secretariat in preparing this report

Chandigarh
the 27th March, 1986

PHOOL CHAND MULLANA
Chairman

REPORT ON THE
REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA FOR THE YEAR 1979-80 (CIVIL)

Haryana State Electricity Board

Paragraph 6 3 02 *Capital*

1 The capital requirements of the Board are provided in the form of loans from the State Government, the public, the banks and other financial institutions

The aggregate of long term loans (including loans from Government) obtained by the Board was Rs 5 11 33 11 lakhs at the end of 1979-80 and represented an increase of Rs 54 77 44 lakhs, *i e* 12 0 *per cent* on the long term loans of Rs 4 56 55 67 lakhs as at the end of the previous year Details of loans obtained from different sources and outstanding at the close of the two years up to 1979 80 are given below

Source	*Amount outstanding as on 31st March*		*Percentage of increase*
	1979	1980	
	(*Rupees in lakhs*)		
State Government	3 30,48 77	3,63 65 10	10 0
Other sources	1,26,06 90	1,47 68 01	17 1
Total	4,56 55 67	5 11,33 11	12 0

During the course of oral examination when the Committee enquired the reasons for increase in the loans liability every year the departmental representative stated that the main reason was the less generation of electricity by the Thermal Plants as the coal supplied to the plants was below standard The representative of the Board also sumitted that the electricity was supplied at a much less price than the cost of generation

The Committee feel that the Board has failed to utilise the full capacity of its Thermal Plants which increased the cost of generation with the result the loan liability of the Board increased from 456 56 crores in 1978 79 to Rs 10,09 70 crores in 1984-85

The Committee, therefore, strongly recommend that effective steps should be taken by the Board to utilise the generation capacity of the Thermal Units to the optimum level and to reduce the generation cost by better management so that the increasing trend of loans could be arrested

Paragraph 6 6 01 *Operational performance*

2 The following table indicates the operational performance of the Board for the 3 years up to 1979 80

	Particulars	1977 78	1978 79	1979 80
			(*MW*)	
1	Installed capacity Thermal	204 3	204 3	417 5
	Hydel	528 3	547 3	654 0
	Others	3 2	3 2	2 5
	Total	735 8	754 8	1074 0
2	Normal maximum demand	511 0	630 0	710 0
3	Power generated		(*Mkwh*)	
	Thermal	1016 79	695 26	897 38
	Hydel	1983 45	3133 48	3074 96
	Others	0 15	0 96	—
	Total	3000 39	3829 70	3972 34
		1977 78	1978 79 (*Mkwh*)	1979 80
	Less Auxiliary consumption	102 69	75 74	118 95
4	Net power generated	2897 70	3753 96	3853 39
5	Power purchased	77 83	115 91	147 37
6	Total power available for sale (4+5)	2975 53	3869 87	4000 76
7	Power sold (including power used on Board s works)	2456 05	3217 66	3269 66
8	Transmission and distribution loss	519 48	652 21	731 10
			(*Per cent*)	
9	Percentage of transmission and distribution loss	17 5	16 9	18 3
			(*KWH*)	
10	Number of units generated per KW of installed capacity	4044	5074	3699

The department/Board in their written reply stated as under —

'(1) The per KW installed capacity during 1977 78 1978 79 and 1979 80 as indicated in para is inclusive of the capacity generated in the Hydel Projects The Thermal Generation per KW of the installed capacity for 1977 78 1978 79 & 1979 80 comes to 4977, 3403 and 2149

(2) While calculating the thermal units generated per KW of installed capacity the new units which were commissioned in November 1979 and March 1980 had been taken for the full year, whereas those units generated only 105 MU The main reason is that during 1979 80 there was a mishap The generator stator of Unit No I was damaged and was out for about 3½ months which would normally have generated 7 MU per day and would have accounted for about 70 MU shortage due to this reason only

(3) Transmission and distribution losses are inherent factors in a large supply network In case of HSEB network comprises 220 KV 132 KV 66 KV 33 KV 11 KV & 400 KV transmission and distribution lines besides a number of step down transformers The main reason for loses right from the starting end to the consumer end are on account of these technical reasons Besides, the low power factor of machinery installed at the consumer s premises under loaded transformers and over loaded distribution system which has been laid for supplying power to the remotest corners in the state during various operating conditions are some of the major reasons for the higher incidence of losses

(4) Theft of energy and incorrect metering or tempering of the meters by unscruplous consumers do have some influence on the line losses Various steps being taken by the Board to reduce the losses to the minimum

During the course of oral examination when asked by the Committee about the reasons for the low capacity utilisation of their Thermal Plants the representative of the Board stated that the performance of the Panipat Thermal Power Plant was much better than the Faridabad Power Plant and that technical defects, due to design placement and equipments, were the main reasons for the low capacity utilisation of Faridabad Power Plant The Board s representative further stated that a renovation programme for all the Thermal Plants in the country, at a cost of Rs 500 crores had been approved by the Government of India and added that out of the amount of Rs 500 crores, Rs 20 crores would be spent on this plant by the Government of India and a further sum of Rs 20 crores was to be provided by the State Government

When the Committee pointed out that this plant was to be installed at Mathura refinary but the plant was rejected by them due to defective mechinery and that the same was not in working order at that time the representative of Board stated that they were not aware of this fact However, they assured the Committee to enquire into the matter

The Committee recommend that in order to meet the increasing demand of power in the State concrete steps should be taken by the Board/Government to improve the capacity utilisation of the respective Thermal Plants

The Committee further recommend that the matter regarding the purchase of defective Thermal Plant from B H E L be investigated at the earliest under the intimation to the Committee

The Committe observe with concern that inspite of rules and regulations and large force of officials/officers/engineers at the command of the Board the theft of energy, incorrect metering and tempering with of the meters by unscruplous consumers are continuing unabated as accepted by the Board in its written reply The Committee is convinced that such type of irregularities/illegal acts cannot be Committed by consumers without the active connivance of the employees of the Board The Committee, therefore, desire to know the number of such cases where the employees of the Board were held responsible and what action, if any, was taken against them

The Committe strongly recommend that the Board should take effective steps to stop theft of energy, tempering with of meters, incorrect metering etc and take stingent action against the consumers as well as Board employees found responsible of such irregularities/illegal acts etc and submit a report to the Committee

Paragraph 6 7 *Manufacture and performance of transformers*

6 7 02 *Growth of transformer capacity*

3 (i) At the end of March 1975 the Board had 260 power transformers (aggregate capacity 1298 MVA) and 21 724 distribution transformers (aggregate capacity 1586 MVA) of various ratings which increased at the end of March 1980 to 358 power transformers (aggregate capacity 2119 MVA) and 29 160 distribution transformers (aggregate capacity 2214 MVA) respectively

(ii) *Installed capacity vis a vis demand and connected load*

The power generated by the various generating stations or received from the common pool projects is distributed through a network of transmission/distribution lines and sub stations The table below indicates the growth of transformation distribution and generation capacities maximum demand and connected load during the five years ending 1979 80

Particulars	1974 75	1979 80	*Percentage of increase*
	(*in MW*)		
(i) Installed capacity (power generation)	492	1074	118
(ii) Maximum demand on the grid	400	710	78
(iii) Transformation capacity	1038	1695	63
(iv) Distribution capacity	1269	1771	40
(v) Connected load	1452	2140	47

It would be seen from the above that against a 118 *per cent* increase in installed capacity 63 *per cent* increase in the transformation capacity and 40 *per cent* increase in the distribution capacity during the 5 years up to 1979 80 the connected load on the system had increased by 47 *per cent*

A test check of 765 distribution transformers in Karnal Circle revealed that during 1979 80 the capacity utilisation of 109 transformers (14 *per cent*) was less than 50 *per cent* and only 25 *per cent* in the case of 45 transformers

The department/Board stated in their written reply as under —

The latest position at end of March, 1985 is tabulated hereunder —

		As on 3/80	*As on 3/85*
1.	Installed capacity (power generation)	1074	1446 5
2.	Maximum demand on grid	710	913 MW on 31 10 84
3	Transformer capacity	1690	2395 MVA
4	Distribution capacity	1771	3183 MVA
5	Connected load	2140	3034 MVA

The situation prevailing in 1974 75 was not at all satisfactory as connected load of 1452 MW was put on a generating system of 492 MW The situation has improved in 1979 80 so as to bring in higher generation of 1074 MW to meet the connected load of 2140 MW

The disbribution system is always planned taking into consi deration the further demand of the areas As such the ins talled capacity of the transformers has to be more than the load on them to meet the demand of future connections If the latest figures are taken into account we will find that hardly any distribution transformer is under loaded Even at present the Test Report (2—3 years old) Agriculture as well as Industrial connections, are pending because the existing distribution transformers cannot take the load & additional transformers are required for releasing the aforesaid connections

The Committee noticed that the utilisation of capacity of 109 transformers was less than 50 percent and only 25 percent in the case of 45 transformers in Karnal circle in the year 1979 80 The Committee also noted that a large number of applications were pending for connections due to shortage of transformers

The Committee recommend that the Board should constitute a technical committee to investigate the reasons for the low capacity utilisation of distribution transformers in Karnal circle during 1979 80

The Committee also recommend that immediate steps should be taken to meet the requirements of the transformers under intimation to the Committee so that connections could be provided to the applicants whose applications are pending

Paragraph 6 7 03 *Performance of transformers*

(*A*) *Power transformers*

4 Some cases noticed in test audit relating to the performance of power transformers and of delays in their repairs are indicated belowe

(i) One 16/20 MVA power transformer (cost Rs 17 40 lakhs) was received from the supplier at the Central Stores Ballabgarh on 7th February 1978 in a damaged condition The transformer was taken on stock in September 1978 after some of the shortages/damages were made good by the supplier

The transformer was issued to the Construction Sub Division Gurgaon in June 1979 After installation it was checked for commissioning in July 1979 but the temperature of oil and I R value were found to be unsatisfactory Since the readings did not improve despite dehydration, the matter was taken up with the supplier (October 1979)

Initially the supplier declined to do anything because the warranty period had expired (August 1979) but later after inspection of the transformer in October 1979 stated (April 1980) that the test results were quite all right and the transformer could be energised

The Chief Engineer (P&C) accepted the contention of the firm and advised the divisional authorities (May 1980) to energise the transformer with all due precautions

The division after energising the transformer intimated the Chief Engineer (July 1980) that the I R values had not improved and sought further advice in the matter Further developments are awaited (March 1981)

In their written reply the department/Board stated as under —

(1) The transformer was not received in the damaged condition at the time of its receipt in February 1978 The defect came to notice on 30 7-79 at the time of Commissioning The matter was immediately taken up with the firm The firm was asked to check the T/F and remove the defects by the deputing their Engineer Their representative visited the the Sub Station where the T/F was installed on 29 10 79 He pointed out some methods to set right the defect and the Xen (Construction), Gurgaon was asked to do the needful The T/F Oil after doing the needful as advised by the firm was got tested from M/s BHEL Bhopal and the supply of test results showed that the T/F oil con tinued to be defective Accordingly the firm was res ponsible to replace the T/F oil but initially the firm was hesitant to replace the oil free of cost On seeing the unbusiness like attitude of the firm a registered notice was served on them on 28 11 80 to set right the defects within 30 days The firm agreed to supply fresh oil by their letter dated April 27 1981 and actually the fresh oil was poured in T/F on 16 6 81

(2) The transfer was initially required for 200 KV Ballabgarh Sub station but subsequently decided to be installed at 66 KV Sub Station Bahadurgarh But finally it was decided to install at 66 KV Dharuhera Sub Station, because of industrial loads were picking up fastly at Dharuhera as compared to Bahadurgarh Transformer of this capacity could be required at many of the 66 KV Sub Station to meet the growing load demand of the State Hence there was necessity to purchase transformers of this capacity

(3) The firm has agreed to the warranty period of 18 months from the date of commissioning or 24 months from the date of despatch (24 1 78) which ever is earlier, However, the firm has replaced the oil free of cost Subsequent to replacement of the defective oil, the transformer was successfully energised and no adverse report to its function has been received so far

The Committeee desire that responsibility for the acceptance of damaged transformer be fixed and the Committee be informed about the action taken against the officials at fault

Paragraph 6 7 03 (*A*)(*ii*) *Power transformers*

5 One 8 MVA power transformer (approximate cost Rs 8 00 lakhs) installed at 66 KV Sub station, Rewari (December 1969) was damaged on 10th August 1972 The transformer was however con signed to the supplier for repairs only on 30th April 1974

After repairs (cost and dates not available) it was allotted to the 66 KV Sub station, Dharuhera, but could not be installed at the sub station as some of its accessories were found to be missing The Power Transformer Workshop Ballabgarh through whom the repairs were arranged intimated the Executive Engineer Construction Division, Gurgaon (September 1979) that the said accessories had not been shifted to the workshop at the time of repairs by the Operation Division Rewari The spares required were reported to be not available (February 1980) and the transformer was lying at the upgraded 132 KV Sub station Rewari (January 1981)

In their written reply the Department/Board stated as under —

> The transformer got damaged on 10 8-72 and was shifted to Transformer Repair Workshop Ballabgarh on 18 8 72 Later on it was decided by the Board to get it repaired from the manufacturer M/S Crompton Greaves Ltd Kanpur Bhadoop Bombay and was sent to its workshop on 30-4 74 by SDO Transformer Repair Sub Divn HSEB Ballabgarh and as such no one is responsible for the delay
>
> It was received back during April 1978 vide Firm s Invoice dated 24 4 1978 The transformer was allocated by COS HSEB , Hissar to Xen Const Gurgaon vide his Memo No 24 dated 10 5 79 on the advice of CE (P&C) Design Directorate HSEB Hissar vide Memo No Ch 53/D GS 268 dated 24-4 79 The transformer was issued by Xen Central Stores Ballabgarh on dated 4 7 79 vide S R No 50/1210 and the cost debited is Rs 1,94 272
>
> The transformer was sent to Transformer Repair Workshop without Radiator, Conservative Tank, Wheel Temperature Gauges and these items except Temperature Gauges were handed over to Construction Organisation by Xen Op Rewari when the transformer was allocated for Dharuhera
>
> The transformer was transported to Panipat Transformer Repair Work Shop on 13 5 83 and has been further shifted to 66 KV Sub Stn , Chaurmastpur by Xen Grid Const Division Ambala where it has already been commissioned
>
> No one is considered responsible

During the course of oral examination the representative of the Board stated that the transformer was sent to the manufactures for change of oil When questioned by the Committee whether the oil change alone had cost the Board Rs 1 94 lakhs the Board s representative admitted that the transformer was also got repaired

The Committee are not convinced with the explanation of the Board and feel that there was negligence on the part of Board officials that the transformer which got damaged on 10th August 1972 was sent for repairs to the manufacturer after about 2 years on 30th April 1974 and was received back after 4 years in April 1978 Even then the transformer could not be commissioned till May, 1983 as certain accessories were found missing

The Committee feel that this a clear case of mis management and negligence on the part of Board officials who put the Board to loss by not putting the transformer in use for 11 years even after incurring heavy expenditure on its repairs

The Committee recommend that the matter should be thoroughly investi gated by the Board and responsibility fixed for the lapses and a report submitted to the Committee

Paragraph 6 7 03 (A)(*iii*) *Power transformers*

6 A 10/16 MVA power transformer (approximate cost Rs 12 37 lakhs) installed in February 1979 at the 132 K V Substation Gha raunda was damaged within the warranty period in October 1979 because of some internal defects The matter was taken up with the supplier (October, 1979) The supplier asked (July, 1980) the Board to send the transformer to their workshop at Bombay which was sent in November 1980 The transformer was lying (January, 1981) for repairs with the supplier

In their written reply the Department/Board stated as under —

> The transformer was received back duly repaired in August 1981 The matter was immediately taken up with the firm for repair of transformer During July 1980, the firm asked to send the transformer to their workshop at Bombay Since the power transformer is a bulky equipment, the transformer was despatched to the firm in November, 1980 after making necessary arrangements for its despatch

The Committee observe that when the transformer was damaged within the warranty period it should not have taken 9 months for the Board to make the supplier agree to repair the transformer and another 4 months for sending it to supplier s workshop who took another 9 months for carrying out the repairs

The Committee feel that had the Board taken prompt action to get the transformer repaired it would not have remained out of use for about two years **The Committee recommend that the Board should streamline its system earmark the responsibility of officials concerned so that such delays do not occur in future**

Paragraph 6 7 03 (B)(i) Distribution transformers

7 The table below indicates the number of distribution trans formers installed damaged and the incidence of damage during the four years up to 1979 80

Years	*Total number of transformers installed at the beginning of the year*	*Number of transformers damaged during the year*	*Percentage*
1976 77	22 968	2 409	10 5
1977 78	24 634	2 517	10 2
1978 79	26 082	2 946	11 3
1979 80	27,493	3,359	12 2

It would be seen that the percentage of transformers damaged had recorded an increasing trend since 1977 78

The Chief Engineer (Research) and the Additional Chief Engineer Dhulkote Workshop who conducted a review of the causes of damage to distribution transformers attributed these (September 1980) to

—un authorised connections

—fixing fuses of improper capacity

—poor maintenance of transformers and low oil level in the ansformers and

—improper handling in transit

The Government however stated (February 1981) that the per centage of damage to distribution transformers depended upon the type of area in which these were installed and that the incidence of damage was more in rural areas than in urban areas

A review in audit of the incidence of damage in respect of 12 divisions of Delhi Faridabad and Karnal Circles for 1978 79 and 1979 80 however disclosed that

(a) the damage rate varied widely from division to division (6 9 *per cent* in Panipat City Division as against 16 5 *per cent* in Rewari Operation Division during 1978 79 and 19 7 *per cent* in 1979 80) and

(b) though in the reports/statements of the Circles/Divisions to the Chief Engineer Operation the damages were attributed to internal defects a review in audit of maintenance and other records revealed that the damages were also attributable to (i) overloading of transformers and (ii) the oil in the transformers being less than the minimum/prescribed level

The Government stated (February 1981) that efforts were being made to arrange to keep the connected load on the transformers upto 75 per cent of the rated capacity so as to eliminate the risk of damage due to overloading

(ii) A further review of the records of the damaged transformers revealed that out of 2 946 distribution transformers damaged during 1978 79, 520 transformers (17 7 *per cent*) were damaged within 15 days to 1 year of installation as per details given below

Damaged	*Number*
Within 15 days	56
15 days to 1 month	42
1 to 2 months	62
2 to 3 months	63
3 to 6 months	114
6 to 12 months	183
Total	520

(iii) A test check of the incidence of damaged transformers during 1978 79 and 1979 80 capacity wise (for 5 of the 6 circlels) and make wise (for 2 of the 6 circles) revealed the following

(*a*) *Capacity wise*

Capacity in KVA	*Incidence of damage (per cent)*				
	Delhi Circle	*Faridabad Circle*	*Hissar Circle*	*Ambala Circle*	*Karnal Circle*
(1)	(2)	(3)	(4)	(5)	(6)
15	31 2	22 8	21 3	13 8	26 7
25	31 6	24 2	19 9	23 5	23 2
40	43 2	31 6	23 3	14 0	24 1
50	25 3	19 4	16 3	16 5	21 3
63	30 6	33 3	24 5	9 4	19 9
75	3 5	28 5	17 1	10 5	17 6
100	24 0	24 7	14 9	15 4	18 0
160	44 4	25 9	31 0	10 7	23 5
163	100 0	—	—	—	—
200	13 1	11 3	11 3	4 6	12 5
250	10 0	37 5	3 8	7 3	12 0
300	17 6	—	2 9	66 7*	14 3
315	25 0	30 3	—	—	12 5

*8 of the 12 transformers were damaged

It will be seen that the incidence of damage varied from circle to circle and was quite high in transformers below 100 KVA capacity and was the highest in the case of 40 KVA transformers

(b) *Make wise*

Firm	*Number of transformers installed at the beginning of the year*		*Transformers damaged during the year*		*Per cent*	
	1978-79	1979-80	1978-79	1979-80	1978-79	1979-80
A	2,363	2 605	171	244	7 24	9 37
B	1,240	1 323	52	72	4 19	5 44
C	303	339	44	38	14 52	11 21
D	91	94	4	3	4 40	3 91
E	512	601	28	37	5 47	6 16
F	75	79	11	14	14 67	17 72
G	104	123	9	2	8 65	1 62
H	144	161	14	8	9 72	4 87
I	61	72	9	—	14 75	—
J	34	34	3	2	8 82	5 88
HSEB	2,538	3 012	262	399	10 32	13 25
Others	500	530	49	49	9 80	9 25

The incidence of damage in the transformers purchased from outside agencies was the highest (in 1978 79) in respect of those pur chased from firm I of Bombay followed by those supplied by firms 'F and C of Bombay and H of New Delhi The transformers manu factured by the Board s own workshop also recorded a high percentage of damage

The Department/Board in their written reply stated as under —

"(i) The Board has taken following steps to reduce the damage of distribution transformers

(a) The maintenance Gang for Mtc of L D system & dis tribution transformer was constituted & time schedule fixed for maintenance of various equipment Mtc Register for distribution transformers got prepared and are being regularly inspected by SDO s/XENs and SEs

(b) The overloaded transformers in the system were identified and steps taken to replace them with higher capacity transformers

(c) System Improvement schemes were prepared to reduce the length of L T Lines and New Distribution Transformers were proposed/installed

The above steps have, however, shown marginal improvement in the percentage of damage to distribution transformer because now mostly repaired transformers are being used for replacement and those transformers have got shorter life span as compared to brand new transformers

(ii) No specific investigation has been carried out to identify the reasons for high rate of percentage of damage to 40 KVA transformers as compared to 100 KVA transformers, but it can be attributed to the following reasons —

(a) 40 KVA transformers are normally installed in rural areas for release of tubewell connections The possibilities of faults in rural areas are more Also as per design higher capacity transformers can withstand more fault current

(iii) It is stated that incidence of damage in the transformers manufactured by the workshop was not more than those supplied by some of the firms Rather due to better quality of material used by the HSEB we maintain better continuity of supply and save huge amount of maintenance charges The over head cost in the shape of handling charges is also saved by using transformers of HSEB make

The Committee recommend that the Board should investigate the high incidence of damage to the distribution transformers especially those of 40 KV and take corrective steps to minimise the incidence of damage The Committee also recommend that the Board should investigate as to why the incidence of damage was high in the case of transformers purchased from certain firms and whether this was due to poor quality of transformers supplied by these firms

Paragraph 6 7 04 Transformers damaged within the warranty period

8 The purchase orders for the transformers contain a warranty clause which stipulates that the supplier shall be responsible to re place, free of cost the transformers which under normal and proper use and maintenance , prove defective in material and workmanship within 12 months from the date of installation or 18 months from

the date of despatch whichever is earlier This clause envisages further that in case the supplier fails to repair/replace the transformer within I month, repairs can be carried out at the cost of the supplier The procedure prescribed by the Board requires that the damaged transformers sent by the Divisions/Sub divisions to the repair workshops are accompanied by a challan indicating particulars of the Purchase Order and whether the same was damaged within the warranty period The repair workshop is required to maintain a separate register for the transformers damaged within the warranty period and the repair charges incurred thereon and to furnish the same to the Centralised Payment Cell of the Board for initiating action to effect recoveries from the suppliers

(a) From the statements of damaged distribution transformers furnished by the field offices to the Chief Engineer Operation, during 1976 77 to 1979 80 it was observed that 226 transformers had been damaged within the warranty period Proper records were however, not maintained to keep a watch for invoking the warranty clause by getting the transformers repaired from the suppliers or to recover the repair charges In respect of 92 such transformers repaired at one of the workshops, the Board had incurred an expenditure of Rs 1 50 lakhs towards repairs, but there was no record to show whether these charges were recovered from the suppliers

(b)(i) A test check of some of the cases revealed that an expenditure of Rs 9 13 lakhs was incurred on the repair of two 40 MVA transformers purchased from BHEL which were damaged immediately after their installation but the repair charges could not be claimed from the supplier as the installation of the transformers was carried out after the expiry of the warranty period

Location	*Date of purchase*	*Date of installation*	*When repaired*	*Repair charges (Rupees in lakhs)*
Karnal	December 1967	December 1969	March 1980	1 67
Pinjore	Do	January 1972	Do	7 46

The Department / Board in their written reply stated as under —

"(a) The requisite information i e details of 226 transformers damaged within Warranty (P O No, S No of the T/F and name of firm) and in respect of 92 such transformers repaired at one of the Workshop of the Board were not available in this office for the purpose of preparation of reply to the para as such RAO HSEB Chandigarh was requested vide this office Memo No 26258/MM/PAC 16 dt 10 7 85 to supply the details i e PO No Sr No of T/F and name of the firm, RAO, HSEB Chandigarh supplied the information vide his Memo No RAO/DPC/HSEB/493 dt 11 7-85 which is incomplete because no mention of PO No, S No of T/F has been made in the absence of which, proper linking could not be made for the preparation of reply of the para However efforts are being made to get the missing details of T/F in question from the concerned offices

(b)(i) Two No 132/66 KV 40 MVA Power Transformers BHEL make bearing Sr No 6001080 and 6001080 were purchased against PO No 783/16239/PN GS 85/62/132/A dated 21 9 64 under Bhakra Nangal Project These transformers were meant for Pinjore Sub Station The transformers were manufactured by the firm in 1967 Out of these one transformer bearing Sr No 6001080 was installed at Karnal as a temporary arrangement to meet the increasing load at Karnal However, at that time the matching material vis a vis MOCBs, Isolators Lightening Arrestors Steel Structures, etc had not reached Pinjore Sub Station The transformers meant for Karnal was received in 1978 and hence the above mentioned transformer meant for Pinjore was shifted to Pinjore Sub Station and commissioned on 8 3 1978

The second transformer bearing Sr No 6001082 was commissioned on 13-1 1972 at Pinjore, Sub Station the reason for late commissioning being the same i e late receipt of the matching material particularly of MOCBs make "Ganz which were to be received from Budapest (Hungary)

As pointed out by the audit the transformer was never damaged so the recovery of repair charges from the firm was not called for within or beyond the warranty period Actually the transformer was giving the low Insulation Resistance(IR) values particularly of the HV winding to Earth As the transformer could not be commissioned for a period of about 4 years, so the values of transformer oil deteriorated due to the ageing effect and that was the reason that these I/P values taken during the normal functioning were considered very low when compared with the test certificates of the manufacturers The matter was taken up with the firm who asked for the history of the transformer till its errection and other querries, particularly whether any compound from the bushings leaked into the oil at any stage On confirmation from SE/Design, HSEB Chandigarh vide his endst No 10350/51/PNGS dt 22 8 73 that no such leakage occurred the firm recommended that the transformer should be dehydrated by vaccum method and till such time it should not be loaded beyond 36 MVA Efforts were made by various officers of HSEB to get on loan the vaccum filteration set from BBMB Sub Station at Ganguwal Dhulkote Delhi Balabgarh and Ludhiana Inspite of all these efforts the filteration set could not be made available for a number of years However since its commissioning in January 1972 the transformer has been running up to a load of 36 MVA and these I/R values were being taken as routine checks

Being a costly and heavy equipment (101 MT approx) the dehydration of these transformers was conducted in our transformer repair Workshop under the supervision of manufacturer in February, 1980 by induction-heating method to improve the I R Value Fresh transformer oil (approximately 36000 litres) amounting to Rs 5 4 lacs was poured in transformer The balance amount of Rs 3 73 lacs was incurred on transportation hiring of crane & Vaccum Plant from BBMB and the other Departmental charges Since then these transformers are in working condition at 132 KV Sub Station, Pinjore

The Committee noticed that the proper record was not maintained by the Board in respect of 226 transformers which were damaged during warranty period

The Committee was not satisfied with the written reply of the Board in regard to maintaining the proper record of 226 damaged transformers and also regarding the missing of record of 92 transformers relating to their repairs

The Committee, therefore, recommend that responsibility be fixed for not maintaining the proper record of these damaged transformers and in future proper record of all the transformers should be properly maintained

The Committee also recommend that an enquiry should be conducted regarding the missing of records relating to the repairs of 92 transformers and the amount spent thereon

Regarding two 40 MVS transformers the Committee feel that due to delay in commissioning of the transformers the warranty period expired and the Board had to incur expenditure on their repairs

The Committee recommend that the Board should take steps to streamline its functioning so that such delays are avoided and the transformers are not kept idle for want of receipt of accessories

Paragraph 6 7 04 (*ii*)

9 110 transformers (cost Rs 5 39 lakhs) supplied by firm against various supply orders got damaged within the warranty period Out of these, repair charges in respect of 18 transformers were yet (January 1981) to be ascertained and recovered from the firm

In their written reply the Department/Board stated as under —

Out of the 18 Nos transformers damaged within warranty period 6 Nos have been repaired by the firm and 2 Nos in HSEB Workshop the cost of which have been received regarding balance 10 Nos damaged transformers the repair charges of 2 Nos, transformers have been intimated by CE/Workshop as Rs 4480/-

This amount is yet to be adjusted from the payment with held Regarding balance 8 Nos transformers the repair charges are being collected by CP/Workshop from the various Workshops under his control

The Committee desire that the Board should ascertain the cost of repairs of the balance of transformers and take effective steps to recover at the earliest the amount spent on repairs of 10 transformers from the suppliers and the Committee be informed about progress made in the matter

Paragraph 6 7 04(*iii*)

10 Against an order placed in September 1968, firm F supplied 550 nos of 50 KVA outdoor transformers at a cost of Rs 18 85 lakhs The transformers received by May 1969 were found to be below specifications (lower thickness of the plates used for tanks sides and bottom and low weight of the transformers), but were accepted subject to a price reduction of Rs 0 97 lakh (Rs 0 55 lakh as compensation for deviations from specifications, Rs 0 06 lakh for delay in supply and Rs 0 36 lakh for other recoveries including repair charges) However, only Rs 0 25 lakh could be recovered from the firm in September 1970 by invoking the bank guarantee and details of the recovery of the balance of Rs 0 72 lakh (if any) were not available (May 1980)

In addition, Rs 0 05 lakh representing repair charges of 4 transformers damaged within the warranty period was also recoverable from the same firm but had not been recovered There were 16 other transformers which had got damaged within the warranty period for which the repair charges were neither ascertained nor claimed from the firm (January 1981)

In the following cases, the transformers were damaged within the warranty period but were awaiting repairs by the suppliers

	Name of Division/ Sub division	*Capacity*	*Approximate cost (Rupees in lakhs)*	*Date of purchase*	*Date of installation*	*Date of damage*
1	Newal Sub-division	250 KVA	0 22	February 1976	August 1976	April 1977
2	Newal Sub division	63 KVA	0 08	January 1979	February 1979	March 1979
3	Newal Sub-division	100 KVA	0 09	October 1978	December 1978	March 1979
4	Newal Sub division	63 KVA	0 07	January 1978	March 1978	October 1978
5	Newal Sub division	250 KVA	0 20	June 1978	September 1978	September 1978
6	Operation Division, Ambala	500 KVA	0 70	NA	November 1970	May 1971
7	Sub Division Ismailabad	63 KVA	0 08	March 1974	August 1974	March 1975

In their written reply the Department/Board stated as under

> Recovery through the civil suit was barred by the Limitation Act The arbitration clause could not be invoked as no signed contract agreement containing the Arbitration clause was available/traceable
>
> The amount has not been deposited by the firm so for
>
> Out of 7 transformers, one No transformer with serial No 33878 of 250 KVA capacity GF Make was repaired in HSEB workshop with repair charges of Rs 6441 Information regarding movement and repairs of the remaining transformers carried out if any, is being collected from the various workshops of the Board'

The Committee observe that the Board was not able to recover Rs 0 77 lakh from firm mentioned in the para Further the Board also failed to ascertain and recover the repair charges of 16 trans formers damaged within the warranty period Besides the Board failed to get repaired from the suppliers the 7 transformers which were dama ged within the warranty period

The Committee recommend that all these cases be investigated by the Board and responsibility fixed for the lapses and a report submitted to the Committee

Paragraph 6 7 05(*i*) *Installation of transformers*

11 The Board has been procuring transformers on the basis of estimated requirements The transformers are initially received in stores from where these are issued to the sub divisions/sub stations for installation as and when required It was noticed in the course of test audit that the following transformers had not been issued so far (November 1980)

Year of receipt	*Number of trans formers*	*Appro ximate value* (*Rupees in lakhs*)
Pre 1966	4	0 50
1971	3	0 44
1972	1	0 04
1977	2	21 46
1978	3	2 63

(ii) A test check revealed further that 10 distribution transformers (cost about Rs 0 63 lakh) and 2 power transformers (cost about

Rs 13 00 lakhs) were installed after delays ranging from 18 to 150 months from the dates of their receipt in the stores i e, after the supplier s warranties had lapsed Due to non maintenance of movement cards/history sheets of the transformers it could not be ascertained as to how many of these transformers had failed due to manufacturing defects and how much expenditure had been incurred on their repairs

In their written reply the Department/Board stated as under —

> Purchase and issuance of transformers and other material is a continuous process Some minimum stocks are retained in stores in order to meet with emergencies The quantities mentioned appear to be insignificant as compared to the large net work of the Board However the long storage does not ordinarily cause defect in transformers
>
> The record i e history of each distribution transformer is being maintained in the Maintenance Register where complete particulars of the transformer such as make capacity, P O No and Date of Installation etc etc alongwith the periodical maintenance carried out are recorded
>
> As an when any transformer is damaged or transferred to some other location these particulars are supplied to concerned quarter The record for the expenditure incurred for repairs of such transformers is being maintained by SDO, Sub Store/Workshop Authority

The Committee noticed that some of the transformers which were purchased between 1966 to 1978 were not installed till November, 1980 and the warranty period of those transformers had lapsed due to late installation

The Committee were not satisfied with the written reply of the Board in this regard that some transformers ware retained in stores to meet the emergency requirement The Committee feel that unless the transformers are installed immediately after receipt from suppliers the stipulation of warranty becomes meaning less and the benefit thereof is lost as the Board has no effective technique and system for judging the technical suitability and soundness of the transformers except testing them by commissioning

The Committee recommend that the Board should instal the transformers at the earliest to avail the benefit of warranty period and used transformers should be kept in stock to meet the emergency requirement

Paragraph 6 7 06 Transformer Manufacturing Workshop Dhulkote

12 A workshop for the manufacture of 100 63 and 40 KVA capacity transformers set up at Dhulkote at a cost of Rs 5 28 lakhs commenced operation in August 1971 Mention was made in para 6 8 of the Audit Report (Civil) for the year 1975 76 regarding the utilisation of the manufacturing capacity of the workshop during 1973 74 to 1975 76 A further review of the working of the workshop is

dealt with below

(i) The Board frames estimates/targets for the manufacture of transformers every year on the basis of the requirements of the operational wing The table below indicates the actual achievements against the targets for the 3 years up to 1979 80

Year	*Capacity (RVA)*	*Targets as per annual estimates*		*Actuals*		*Percentage of achievement*	*Average number of staff deployed during the year*
		Number	*Total capacity (MVA)*	*Number*	*Capacity (MVA)*		
1977 78	100	425	42 5	452	45 2		
	63	500	31 5	496	31 2		
			74 0		76 4	103 2	69
1978 79	100	365	36 5	236	23 6		
	63	235	14 8	134	8 4		
			51 3		32 0	62 4	64
1979 80	100	600	60 0	572	57 2		
	63	600	37 8	88	5 5		
			97 8		62 7	64 1	70

It may be seen that the achievement during 1978 79 and 1979 80 lagged behind the targets fixed The Government stated (February 1981) that the main reason for non achievement of targets was the irregular flow of raw materials which affected the production schedule

(ii) *Cost of manufacture*

(a) The workshop does not have a proper system to evaluate the performance and utilisation of manpower material and plant and machinery Under the system in vogue the material issued is priced at pre determined rates based on the market price *plus* a certain per centage for handling and storage Labour and overhead charges are also booked at pre determined rates Necessary accounting adjustments are not made for the cost variances on the basis of actuals at the end of the year A proposal for the introduction of a proper costing system was initiated by the Superintending Engineer Workshop Circle in September 1970 The Chief Accounts Officer however was of the view (June 1977) that the costing system as existing was satisfactory

A review of the costing system revealed the following deficiencies

(i) absence of a systematic cost investigation for realistic estmates and cost control for a feed back to the workshop for future estimates

(ii) absence of record of wastages/rejections and of the expenditure incurred on rework

(iii) no system of ascertaining idle time for labour and machinery (with reasons),

(iv) absence of log books for the mahcines, and

(v) absence of any scientific evaluation of labour requirements

(b) The results of a review in audit to compare the prices of transformers manufactured during 1976 77 to 1979 80 in the workshop with those prevailing in the open market are indicated belows

Year	*Capacity (In KVA)*	*Transformers manufacured*	*Manufacturing cost per transformer*	*Weighted average market rate per transformer(including excise duty/sales tax)*
				(In rupees)
1976 77	100	287	11 352	11 134
	63	502	8,371	8,006
1977 78	100	452	10,703	9,929
	63	496	8 496	7,690
1978 79	100	236	11,296	10,976
	63	134	9,654	9 068
1979 80	100	572	13 417	12 685
	63	88	10 142	9 858

It will be seen that the cost of manufacture in the Board s own workshop was higher than the purchase prices (including excise duty and sales tax) in all the years The Board has not been paying any excise duty on the transformers manufactured in its workshop on the plea that the same are for its own use The Board s plea for exemption from excise duty was rejected by the Central Excise Department, Ambala in June 1980 The Board proposes to approach the Government of India and if the Board s plea is not accepted it would become liable for excise duty of Rs 16 83 lakhs in respect of the transformers manufactured during 1975 76 to 1979 80

The Superintending Engineer Workshop Circle stated in July 1978 that the Board attaches greater importance to quality than the economy in the price of purchased transformers As discussed earlier this has to be viewed in the context of the heavy incidence of damage in the transformers manufactured by the Workshop

In their written reply the Department/Board stated as under —

> The actual manufacture of transformers in Board s workshop during 78 79 & 79 80 had lagged behind the estimated targets but the main reason for this was the irregular flow of raw material such as Core lamination, bushings insulated paper conductor etc It affected the production schedule badly Under such circumstances the labour employed for manufacture purpose was diverted for repair works to avoid labour trouble and as many as 231 No transformers were repaired during 78 79 and 276 Nos during 79 80 in addition to the 370 & 660 Nos of transformers manufactured during the above two years

> The table below indicates that the cost of manufacture of HSEB make transformers is almost the same as that of outside firms but these firms use thinner material of low price for this job and our design is more safe

	Year	*Estimated*	*Actual cost of Board s T/Fs*	*Market rate*	*Remarks*
		Rs	*Rs*	*Rs*	
1	1979 80	12921 88	13416 80	14265 87	PO No HH—1682 ECE dt 25 2 80
2	63 KVA	9910 35	10141 78	10077 20	PO No HH—1592 NGEF dt 26 6 79

> It is stated that incidence of damage in the transformers manufactured by the Workshop was not more than those supplied by some of the firms

> Due to better quality of material used by HSEB we maintain better continuity of supply and save huge amount of maintenance charges The overhead cost in the shape of handling charges is also saved by using transformers of HSEB make

The Committee feel that the Board failed to achieve the target fixed for the years 1978 79 and 1979 80 regarding the manufacture of the transformers at Dhulkote workshop and the cost of manufacture of transformers in their workshop was higher than the transformers purchased from the other firms The Committee also noticed that the incidence of damages was more in the transformers manufactured by the Board itself than those supplied by other firms

The Committee recommend that efforts be made by the Board to achieve the targets, as fixed for every year, and the quality of trans formers be also improved

The Committee further recommend that all out efforts should be made to bring down the cost of the transformers manufactured by their workshop at Dhulkote by employing better management and effective cost control

Paragraph 6 7 07(*a*) *Transformer repair Workshops*

13 The Board has 4 transformer repair workshops located at Dhulkote Hissar Faridabad and Ballabgarh While the Dhulkote work shop existed before the formation of the Board the remaining 3 work shops started functioning in January 69 The workshops at Ballabgarh repairs power transformers while the other 3 workshop s undrtake re pairs of distribution transformers The rated capacity has not been fixed by the Board in respect of any workshop except at one at D hulkote

In their written reply the Department/Board stated as under —

The rated capacity of the three workshops at Hissar Faridabad and Ballabgarh is fixed as under

1	T R W Hissar	—12000 per annum w e f 1980 81
2	T R W Faridabad	— Do
3	P T R W Ballabgarh	—Almost one T/F per month this being a power trans former repair workshop

The Committee noticed that though the 3 workshops started func tioning in January 1969 the Board did not fix their rated capacity till 1980 81 The Committee feel that in the absence of fixation of rated capacity it was hardly possible for the Board to exercise effective control over the working of these workshops and to utilise the work shops to the optimum level

The Committee recommend that the reasons for not fixing the rated capacity of these workshops for 12 years may be enquired into and the achievements made against the rated capacity after 1980 81 may be intimated to the Committee

Paragraph 6 7 07 (*b*) (*i*) *Accumulation of un repaired transformers*

14 At the end of 31st March 1980, 2 031 damaged distribution transformers (value Rs 35 94 lakhs), were lying with various work

shops for repairs as per details given below

	1977-78	1978-79	1979-80
		(*Numbers*)	
Transformers awaiting repairs at the begining of the year	1 850	1 673	2 021
Damaged transformers received during the year	2 592	3 736	3 666
Total	4 442	5 409	5 687
Transformers repaired	2,769	3,388	3,656
Balance awaiting repairs at the close of the year	1 673	2,021	2 031

The transformers awaiting repairs as on 31st March 1980 include 989 distribution transformers (value Rs 17 64 lakhs) received for repairs during 1968 69 to 1978 79 Further 12 power transformers (value Rs 53 60 lakhs) received during 1973 74 to 1978 79 were also awaiting repairs as on 31st March 1980 The accumulation of unrepaired transformers was attributed by the workshops (May 1980) to non availability of raw materials

(ii) Besides large numbers of damaged transformers were lying in the central/sub stores and sub divisional offices which had not been sent to the workshops for repair An age wise break up of such accumulations in 5 field offices (in respect of which information was available) revealed that there were 186 transformers awaiting repairs of which 46 were held over for over 6 months (4 for over 2 years)

Further, 10 damaged transformers lying unclaimed at the sub store Karnal (May 1980) had neither been taken into stock nor sent to the workshop for repairs

The accumulation of damaged transformers awaiting despatch to the workshops was attributed (May 1980) to heavy inflow of damaged transformers in the stores besides transportation constraints

In their written reply the Department/Board stated as under —

> In the beginning due to lack of experience non availability of material shortage of space, there has been certain delay in repair With the increase in experience this delay has been curbed by the Board As the out turn from the Workshop was only limited in year 1978 79 etc these damaged transformers were kept lying in stores itself to be shifted to workshop as and when the workshop was in a position to start their repair Now there is no such problem and these damaged T/Fs have been reduced to the minimum possible in the field The transformers are being now repaired with speed and consequently the pur chase of new T/Fs also has been reduced to the minimum possible

10 No damaged transformers were lying outside the yard store in front of the office of Xen System Improvement Const Divn Karnal These transformers were lying un attended & unclaimed & could not be utilised unless taken on books as surplus material On the advice of XEN Central Store Panipat the SDO Sub Store Karnal took these transformers on books vide stock verifications report No 62 dt 18 9 84 as surplus without value These transformers were inspected by the representative of Workshop & were declared beyond economical repairs The store authorities also took up the matter with Op Organisation and none has claimed these transformers The compo nents of the transformers will be auctioned out after dis mentalment

During the course of oral examination the representative of the Board stated that more than 4 000 transformers were lying un repaired and this fact had already been brought to the notice of the Govern ment They also stated that it will take time and money to get them repaired

The Committee feel that though these transformers are lying unrepaired since long no effective steps have been taken by the Board to get them repaired

The Committee recommend that these transformers should be repaired at the earliest so that these may be used, as the Board is short of transformers The Committee also recommend that the Board should create adequate repair facilities to meet its requirements, to avoid accumulation of damaged transformers resulting in blocking of Boards funds and inconvenience to the consumers

The Committee observe that the Board was not in a position to identify the 10 damaged transformers lying unclaimed at Karnal The Committee feel that this was due to defective accounting system and management control The Committee, therefore, recommend that the Board should take effective steps to strengthen and improve the accounting system and management control so that such situation are avoided The Committee also desire that the Board should investigate as to when and from where these transformers were received and since when these were lying with the sub store Karnal and why no steps were taken earlier to repair/dispose of these transformers

Paragraph 6 7 08 Survey of transformers

15 Under the Electricity (Supply) Act 1948 the life of trans formers below 100 KVA and above 100 KVA has for the purpose of depreciation been prescribed as 25 years and 35 years respectively

According to the information furnished by the various workshops (May 1980) 110 transformers considered beyond economical repairs were being written off by the Board Detailed particulars of the exact period for which these transformers had been in use was available in respect of only 41 transformers which revealed that the period of service rendered ranged from 5 to 15 years (upto 5 years 16 transformers, 5 15 years 25 transformers)

Thus no transformer had completed the prescribed life Reasons for the premature failure of these transformers had not been investigated (May 1980)

In their written reply the Department stated as under —

> The life of the transformers as mentioned in the Para is in the ideal conditions where the transformers are installed in the indoor Sub stations where HT and LT Switchgears with all protection system is provided But mostly the transformers in the State are installed in the rural areas where no such protection to the transformers is available and at the same time incidents of faults are more

The Committee noticed that the life of transformers below 100 KVA and above 100 KVA had been prescribed as 25 years and 35 years respectively But none of the transformer had completed the prescribed life span and no reasons for their pre matured failure were ever investigated

The Committee do not feel satisfied with argument that most of the transformers in the state are in the rural areas where protection to the transformer is comparatively lesser and at the same time incidents of fault are more

The Committee feel that the transformer in the State are not completing their prescribed life only due to poor maintenance The Committee, therefore, recommend that reasons for the premature failure of these transformers should be investigated thoroughly and the effective steps be taken by the Board to improve their maintenance so as to provide trouble free service and to achieve the prescribed life of the transformers

Paragraph 6 7 09 *Inventory control*

16 To meet the requirements of various workshops a separate store has been functioning under the charge of an Assistant Engineer at Dhulkote since 1970 The table below indicates the position of inventory at the close of each year vis a vis the annual consumption of materials during 1975 76 to 1979 80

Year	*Opening stock*	*Receipts during the year*	*Consumption during the year*	*Closing stock*	*Stock in terms of months consumption*
			(*Rupees in lakhs*)		
1977 78	55 19	1,72,43	1 78 46	49 16	3 3
1978 79	49 16	82 18	1,00 81	30 53	3 6
1979 80	30 53	2,08 76	1,27 41	1,11 88	10 5

The Board had not laid down any maximum and minimum stock limits for various items of stores and the closing stock of stores has been increasing While (as mentioned earlier) the heavy accumulation of unrepaired transformers was attributed to non availability of raw materials the Government stated (February 1981) that excessive inventory was kept to avoid outages on account of shortages of one item or the other

In its written reply the Department/Board stated as under —

> the No of items manufactured in the workshop annually since 1970 vary considerably in accordance with the targets of manufacture which have a co rrelation with the length of lines and No of stations to be erected in a particular year Further these targets also change in view of the uncertain position of the availability of funds
>
> The workshop at Dhulkote commenced manufacturing with the general items required for distribution lines and substations and thereafter its scope was enhanced to manufacture trans formers repair of damaged transformers manufacture of steel structure etc etc and further workshops were opened at Panipat, Hissar, Faridabad, Sonepat, Karnal etc Thus due to fluctuating activity it was not possible to lay down the limits of maximum and minimum level of stocks scientifically The purchases were made to meet with the requirement of activities and mostly these were on minimum level for the reasons advanced above For the repair of a transformer, major as well as minor items are required
>
> In majority of the cases the inventory accu mulation is due to the non availability of matching material as it is very difficult to co ordinate deliveries of material from numerous suppliers as intended in our Purchase orders due to various restrictions which the supplier faces in honouring their commitments Thus further the material from suppliers to our stores is not smooth and the inven tory goes on fluctuating up and down However efforts are being made continuously to overcome the situation by finding new sources of supplies but good suppliers are getting shy to deal with HSEB on account of paucity of funds '

The Committee are surprised to note that the Board had failed to lay down the maximum and minimum stock limits for various items of stores and as consequence the closing stock of stores had been increasing

The Committee recommend that the Board should immediately prescribe the maximum and minimum stock limits for various items of stores so that effective control could be exercised over the purchase and consumption of store items,

Paragraph 6 7 10(*a*) *Shortage of parts/oil in damaged transformers*

17 Damaged transformers are sent to the repair workshops through the respective stores the workshops intimate (after checking up the transformers) the extent and value of missing parts, etc to the concerned operation division/sub division for investigation and action for write off or to fix responsibility for negligence etc Such shortages are also recorded in the store return warrants at the time of handing over the transformers to the repair workshops

During 1967 68 to 1979 80 parts valued at Rs 11 27 lakhs were found broken/short for which no action had been taken to investigate, fix responsibility or to effect recoveries from the officials concerned

(b) In addition, there was a shortage of transformer oil valued at Rs 77 17 lakhs in the damaged transformers during 1972 73 to 1979 80

A proposal for the write off of transformer oil valued at Rs 9 91 lakhs found short up to July 1974 was initiated by the Superintending Engineer Workshop Circle Dhulkote in September 1977, further developments were awaited (March 1981)

The Government stated (February 1981) that the responsibility for shortages cannot be fixed because the transformers were installed by some other officials in the past but at the time of damages the same were returned by other officials who were not responsible for missing parts, etc

(*c*) *Theft of transformers/parts*

During 1971 72 to 1978 79 1 816 cases of thefts of transformers/parts (value Rs 48 14 lakhs) were reported by various field offices of the Board Of these, only 102 cases involving Rs 2 70 lakhs had been investigated and written off up to May 1980 Action in regard to the remaining cases as detailed below was awaited (January 1981)

Year	*Number of cases*	*Amount* (*Rupees in lakhs*)
1971 72	322	4 59
1972 73	108	1 89
1973 74	183	4 76
1974 75	299	7 12
1975 76	242	6 00
1976 77	235	6 73
1977 78	138	6 11
1978 79	187	8 24
Total	1 714	45 44

In their written reply the Department/Board stated as under —

(a) Transformer is removed from site when it is damaged At that time certain parts such as nuts, some quantity of oil and other minor parts are found missing/short the responsibility of which can not be fixed because the transformer installed by an official keeps on changing charge till at the time of damage it was returned by some other official who was not responsible for the missing parts Moreover, no watch and ward has been provided on the thousands of transformers installed in the field and one official incharge of so many transformers is not at all held responsible for the missing parts as and when noticed

(b) Shortage of oil is mainly due to leakage from the body of the transformer and also from slow evaporation and sludge formation for which no body is held responsible

(c) Out of 1714 cases of theft of transformers/parts (valued Rs 45 44 lacs) 67 cases involving a sum of about Rs 2 lacs have since been written off Remaining cases are under process

The Committee was not satisfied with the reply of the Board in regard to the not fixing of the responsibility in case of shortage of transformer s oil valued at Rs 77 17 lakhs which had been noticed in the damaged transformers during the year 1972 73 to 1979-80 The Committee also noticed that there was shortage of transformers oil due to some reasons

The Committee recommend that the matter of shortage of transformer oil valued at Rs 77 17, should be re investigated and responsibility be fixed under intimation to the Committee

The Committee further recommend that effective steps should be taken by the Board to minimise the shortage of transformer's oil due to leakage, theft and pilferage

Paragraph 6 8 Maintenance and protection organisation

6 8 03 *Repairing/testing of meters*

18 In May 1976 the Superintending Engineer, Maintenance, stipulated that 16 meters per day per head (i e 4 336 per year per head for 271 working days) should be repaired/tested The position of equivalent meters received, repaired/tested and the backlog of untested

meters during the 3 years up to 1979 80 was as under

Name of Division	Year	Repairing capacity with reference to staff in position	Meters received for repair/testing including backlog	Actual outturn	Awaiting repairs at the close of the year*	Percentage of achievement to capacity (col 3)	Percentage of achievement to input (col 4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			(In equivalent meters)				
Panipat	1977 78	4,07 584	2 99 759	2,34,076	57 257	57 43	78 09
	1978-79	4 50,944	2,97 238	2,07 480	37,198	46 01	69 80
	1979 80	4,11 920	2 59,557	2 18,671	16 223	53 09	84 25
Farida-bad	1977 78	1,73,440	1 31,809	96 682	21 477	55 74	73 35
	1978 79	1,64,768	1 41 961	86,760	34 619	52 66	61 12
	1979 80	1 60 432	1,48 232	1 14 522	22 351	71 38	77 26
Rohtak	1977 78	1 73,440	1,26,937	1,06,594	14,666	61 46	83 97
	1978 79	1 77,776	1 06 002	92,860	8 182	52 23	87 60
	1979 80	1,77,776	94,028	87,195	2,232	49 05	92 73
Hissar	1977 78	1,25,744	1,12 048	96,896	1 195	77 05	86 48
	1978 79	1,21 408	74 460	59 287	8 412	48 83	79 62
	1979 80	1,21 408	93,662	82 584	2 135	68,02	88 17

It will be seen that the percentage of achievement with reference to capacity ranged between 46 01 to 77 05 and between 61 12 to 92 73 *per cent* with reference to the inputs resulting in heavy accumulation of backlog of un repaired meters

The Superintending Engineer, Maintenance stated, however (May 1980) that the accumulation of un repaired meters was due to some meters being difficult to repair besides non availability of spare parts in some cases

In their written reply the Department/Board stated as under —

"In this para the audit has brought out the repairing capacity of meter testing labs with reference to staff in position and the actual out turn Also the same figures have been worked out on the basis of the meters received in the Lab Both these parameters have been given for the years 1977 78, 1978 79 and 1979 80 for the 4 M&P Divisions separately

*These figures exclude the equivalent meters surveyed off as beyond economical repairs

The basis of "repairing capacity" has been worked out by the audit as per stipulation of 16 meters per day per head for 271 working days in a year stated to be as per S E Mtc letter No 140 dt 22 5 76, whereas the figure of 271 working days has not been given in the S E s said letter

Actually the total number of days works out 238 as clearly brought out in S E s Mtc endst of D O letter No 67 dated 27 1-81

Secondly the norms of 16 meters per person per day has been fixed by S E Mtc without time motion study and neither specifies the eligibility of persons nor indicates the scope of tests covered by these norms therefore cannot be considered correct as also verified by the facts that no where this figure has been achieved since 1976

During the oral examination, the representative of the Board stated that the repairing of meter has reached upto 15 3 meters per day per man at Panipat Rohtak and Hissar and it was assured that even though they had not fixed the norm they would try to achieve the target of 16 meters per day per man

The Committee feel that the management of the Board had failed to achieve the target for repairing of 16 meters per day per head resulting in accumulation of un repaired meters when the target of repairing of 15 3 meters per day per head could be reached at Panipat, Rohtak and Hissar then this target could be also reached in other parts of the State if due importance had been attached to the work of repairing/checking of the meters

The Committee feel that now the staff has gained more experience in regard to the repairing of meters the norms for repairing 16 meters per day per head should be adhered to by the Board

The Committee also noticed during the oral examination of the Board's representatives that there is shortage of about 15000 single phase domestic meters Therefore, the Committee recommend that the effective steps should be taken by the Board to meet the requirements of the consumers in regard to single phase domestic meters under the intimation to the Committee

Paragraph 6 8 04 - Checking of CT/CT PT Connected Meters

19 With a view to ensure regular and systematic checking of meters and power factor in April, 1971 the Board decided to introduce a system of site checking of large/medium supply consumers (above 70 KW) with M D I and grid/bulk supply consumers and all other CT/CT PT meters by a sub divisional officer of the Maintenance and Protection Division once in every 6 months

It was, however, noticed that the prescribed checks were not being carried out and there were heavy arrears at the end of 1978-79 and 1979 80 as indicated below

Name of the Division	1978–79 *Approximate number of CT/CT PT connections*	1978–79 *Arrears at the end of the year*	1979–80 *Approximate number of CT/CT-PT connections*	1979–80 *Arrears at the end of the year*
Panipat	253	26	286	16
Faridabad	420	170	420	216
Rohtak	200	69	200	123
Hissar	253	136	263	178

The periodical site checking of CT/CT PT connected meters has a bearing on the Board s revenues as under the terms and conditions of supply of power no recovery on account of slow running of meters can be made from the consumers for more than 6 months preceding the date of meter checking A test check of cases where meters were not checked in time revealed that in 3 cases (Faridabad and Ballabgarh Divisions) the percentage of error in meters ranged from 12 4 to 56 9 and the delay in checking ranged from 7 months to 21 months resulting in a loss of revenue of Rs 4 02 lakhs besides a loss of Rs 1 76 lakhs on account of electricity duty to the State Government

Reasons for abnormal delays in the checking of these meters were, however, not on record

In their written reply the Department/Board stated as under —

> The main reason for the backlog in checking the CT/PT meters by the M&P Organisation was that no additional staff was posted exclusively for this purpose Further the work load of checking the meters substation equipment and their protection, testing and repairs of meters by the M&P increased every year because of which the backlog already created could not be cleared The additional staff and the vehicles required for checking of the CT/PT meters could not be provided due to financial constraints in the Board

The Faridabad and Ballabgarh division being highly industrialised where more than 500 CT/PT meters are installed for the MS & LS industrial consumers, special efforts are being made to check the maximum number of CT/PT meters in these divisions For this purpose the additional post of AEE has recently been sanctioned by the Board and it is hoped that when the incumbent is posted and additional vehicle for him is arranged, it will be possible to check all the CT/PT meters by the M&P Division Faridabad

Further necessary instructions have also been issued to all the Xens/SEs OP' to check 50% and 20% of the LS consumers every month respectively With this intensive checking it will be possible to know if a particular CT/PT meter is working satisfactorily or not and when it is noticed that there is abrupt fall in the consumption of a particular connection these connections shall then be checked by M&P immediately to know the actual defect and slowness of the meter and the consumer will be billed accordingly With this procedure it is expected that any loss to the Board will be obviated

The 3 cases of Faridabad and Ballabgarh divisions have been scrutinised and it has been found from their consumption record from the period prior and after the last checking by M&P that the defect in the CT/PT consumption actually occurred for about 6 months only As such Board has not suffered any loss in these cases as the consumers have already been charged for 6 months period of slowness of the meter The details of these cases is as under for reference

Sr No	*Account No*	*Date of checking*	*%of slow ness*	*Date of last checking*	*Period for which charge*	*Amount charged*
1	14 LS 1(Bata Shoe Co Faridabad)	14–3–80	15 3%	15 12 78	10/79 to 3/80	90,716 72
2	R 35 LS(Partap Chand Maheshwari)	4/80	12 48%	3/79	11/79 to 4/80	1,55,703 05
3	14 MS 223(P R Industries)	28 2 80	56 87%	11/77	9/79 to 2/80	11,755 83

The Committee observe from the written reply of the Board that in checking the meters there was indeed delay ranging from 7 to 21 months in 3 cases pointed in the audit para The Committee are therefore, not convinced with the reply of the Board that there was no loss to the Board in these cases as charges for six months were realised from these parties The Committee feel that there was definitely loss to the Board as recovery beyond six months due to failure of the Board officials to check these meters could not be effected from these parties

During the oral examination the representatives of the Board accepted that in some cases the meters were not checked even after more than six months and the Board had not held any officer responsible for delay in checking

The Committee observe that when certain norms or certain procedure has been fixed by the Board for checking the meters after every 6 months the same should have been followed by the Board officials

The Committee recommend that the checking of the meters be enforced strictly as per the procedure and norms and the responsibility be fixed for the delay in checking of the meters The Committee further recommend that backlog in regard to the checking of the meters be cleared at the earliest by deputing additional staff

Paragraph 6 8 05 *Loss of revenue*

20 The Board's tariff (applicable up to April 1978) provided that the power factor of the consumer shall not be less than 85 per cent at any time In case the power factor fell below 85 per cent the consumer was to pay a surcharge at 1/2 per cent of sale of power charges for each 1 per cent decrease in the power factor Further the Board was required to give a week s notice to the consumer for the measurement of power factor on the above basis If the consumer failed to provide the required load the power factor as measured under the load conditions actually obtaining in the consumer s premises was to be taken into account for the purpose of billing

A test check in Faridabad Division revealed that due to the failure to serve the required notices the Board had in 6 cases (in one case the failure to serve notice occurred on as many as 5 occasions) lost a revenue of Rs 99 071 and the State Government Rs 23 284 towards electricity duty Reasons for the lapse in serving the required notices were awaited from the Board (March 1981)

In their written reply the Department/Board stated as under —

As per provision in the tariff prior to 1979 the consumer was required to be served 7 days notice for checking its power factor in the case of L S connections after 6 months Penalty was to be imposed whenever the power factor was found less than 0 85 This penalty was chargeable on the basis of the power factor checked by M&P after serving 7 days notice to the consumer by the SDO OP Faridabad Due to heavy work load and to some extent due to omission on the part of the SDO these notices were not served in time and consequently the power factor could not be checked To avoid this lapse on the part of the field staff, it was decided that 'average monthly power factor' be worked out on the basis of KWH and KVAH readings of the trivector meters installed at the premises of the LS consumers and the penalty is being imposed where applicable, on the basis of the average power factor recorded during the month With the revised instructions for evaluating the average power factor every month, there is no loss to the Board on this account The amount of Rs 99 071 as pointed out by the R A O has been debited to the consumer s accounts

In these 6 cases it has not been possible to establish from the old record whether any responsibility against any official or officer had been fixed As it will not be possible to fix responsibility and take action against the officials/officers responsible for the lapse at this belated stage

During the course of oral examination, the Committee noticed that due to omission on the part of S D O, notices were not served on the concerned parties in time, resulting in a loss of Rs 1 22 lakh and the Board had also failed to fix responsibility for such a long time in regard to this loss

The Committee recommend that the S D O who failed to discharge his duties be held responsible and action be taken against him for this loss

Paragraph 6 9 *Rural Electrification Schemes*

6 9 01 *Introductory*

21 The Rural Electrification schemes executed by the Board from 1969 70 (first scheme sanctioned on 28th March 1970) onwards are financed mainly by loan assistance from the Rural Electrification Corporation (REC) The REC provides 100 *per cent* of the estimated cost in respect of first schemes, and up to 60 *per cent* in respect of the subsequent schemes in a district (80 *per cent* in the case of special system improvement schemes), the balance being met from the Board s own funds Special projects agriculture schemes are also eligible for financial assistance under the participation programme these schemes are financed either by REC alone or by REC and the participating commercial banks in the ratio of 1 2

The funds provided by REC bear interest on a sliding scale ranging from 2 to 10½ *per cent* and are released in 2 4 instalments, the release of the second and subsequent instalments being related to actual progress towards the implementation of the schemes The loans (guaranteed by the State Government) are repayable in instalments over a period of 5—20 years

The table below indicates the loan assistance sanctioned by the REC in respect of various schemes between 1969 70 and 1979 80, the amounts drawn and actual expenditure incurred by the Board up to

31st March 1980

Sr No	Particulars	Number of schemes	Number of villages to be covered	Estimated cspital outlay	Amount of loan sanctioned by REC	Amount of loan drawn by the Board	Expenditure up to 31st March
				(Rupees in lakhs)			
A	**Schemes for agricultural and other connections**						
1	Ordinary advanced areas	41	2 428	15 66 43	11,74 17	11 28 79	20 75 26
2	Ordinary backward areas	1	50	56 81	56 81	52 50	72 27
3	Mini farm lift irrigation	17	194	1,53 56	1 53 56	1,45 62	2 29 15
4	Special project agriculture	12	785	2 65 22	1 15 16	79 14	2,64 40
5	Special system improvement	3	—	53 74	42 99	42 99	86 87
6	Special project industry	5	—	73 34	73 34	57 58	46 11
B	**Other schemes**						
7	Special project drinking water	3	385	53 78	53 78	21 51	2 44
8	Setting up of Lineman Training Centres	2	—	13 23	13 23	4 93	3 76
9	System improvement	10	—	6,94 97	6 94 97	4,93 17	2 77 74
10	Purchase and installation of L T Capacitors	2	—	99 19	99 19	88 43	46 90
	Total	96	3 842	30 30 27	24,77 20	21 14 66	31,04 90

The excess expenditure had not been claimed from the REC since the Board had not revised the cost estimates of the schemes

In their written reply the Department/Board stated as under —

During the period 1969 70 to 1979 80, the e was no provision regarding element of cost escalation for claiming excess expenditure by the Board As an outcome of our efforts now REC has agreed to allow the cost escalation upto 30% w e f 1 4 81 in each scheme and also to sanction the revised works abstracts of the schemes, which are being done now '

The Committee noticed that expenses were more than the esti mated cost due to the wrong estimates prepared by the Board in most of the schemes relating to the rural electrification The Committee also feel that the cost estimates were not revised by the Board and the excess expenditure was not claimed from the Rural Electrification Corpo ration in time

The Committee recommend that matter should be looked into as to why the revised estimates were not prepared and the excess expenditure was not claimed for the Rural Electrification Corporation in time and responsibility be fixed under the intimation to the Committee

Paragraph 6 9 02 *Progress of the schemes*

22 It was noticed that separate annual estimates were not being prepared for works relating to schemes covered under Ordinary ad vanced areas (41) and Ordinary backward areas (1) and the entire expenditure was also being booked together Further, the Sub divisions and divisions operating these schemes did not maintain any systematic and methodical record of physical/financial progress

The monitoring teams of REC had observed (June 1977) that the periodical physical progress reports in regard to release of con nections and other items of work were often not based on any initial records and at times details of the location or areas covered by these works were not made available The instructions issued by the Chief Accounts Officer of the Board (June 1977) for the proper maintenance of records of the progress of various works had not been implemented In the absence of separate records, the authenticity of physical/financial progress of the works was not susceptible of verification The Government stated (November 1980) that the estimates and actual expenditure in respect of the above schemes could not be prepared/maintained as these were comprehensive schemes for giving different types of service connections (such as agricultural, industrial domestic commercial and public lighting etc) and the works were executed by the same agency

It may be mentioned, however, that the approved schemes contain full details regarding the works to be executed and the areas to be covered and there should not have been any difficulty in the preparation of estimates and booking of expenditure accordingly

The REC pointed out (November 1977) that in the case of projects sanctioned in the initial years of functioning of the REC, the projections made by the Board, were generally overoptimistic and recommended reappraisal of such projects (both in respect of works and service connections), with a view to revising the targets to realistic levels and also extending the period of implementation of projects wherever necessary While analysing the schemes sanctioned during 1969 70 to 1973 74 in January 1978 the REC identified the schemes which had not registered adequate progress and categorised them with reference to performance as bad (8 schemes) and very bad, (6 schemes) and suggested a revision for a realistic view of the operation of each of the listed schemes No action had however been taken by the Board for the revision of these schemes so far The Government stated (November 1980) that projects sanctioned in the initial years were over-optimistic and in the absence of detailed load surveys the schemes were prepared on an *ad hoc* basis

However, physical progress in respect of some of the schemes as reported by the Board to REC in March 1980 was as follows

(A) Schemes for agricultural and other connections

	Number of schemes	Target	Achievement
	1	2	3
		(In Kms)	
H T lines	79	3,781	4 380
L T lines	76	8,971	9,835
		(In numbers)	
Sub stations	79	4 222	4,726
Energisation of tubewells	71	44,716	46,147
Other connections	59	71,373	79,508

(B) Other Schemes (system improvement)

	Number of schemes	Target	Achievement
		(In numbers)	
Sub stations			
132 KV augmentation	10	2	2
66 KV augmentation	10	1	1
33 KV augmentation	10	13	10
33 KV new	10	21	2

	1	2	3
		(In Kms)	
Transmission lines			
33 KV new	10	292	26
33 KV augmentation	10	15	—
11 KV new	10	733	394
11 KV augmentation	10	586	232
		(In numbers)	
L T Capacitors	2	38 415	5,405

While the progress (as reported by the Board) in respect of schemes for agricultural and other connections was much higher than the targets no completion reports in respect of any of the schemes had been prepared so far (January 1981) The Government stated (November 1980) that the works executed under the REC financed schemes constituted Board s works and rules and regulations with regard to the preparation of completion reports applied *mutatis mutandis* to these works and that the omissions on this account were being watched by the internal auditors of the Board

In their written reply the Department/Board stated as under —

REC Schemes normally covered villages falling under the jurisdiction of more than one sub division/division the preparation of annual estimates as such, for one scheme, the jurisdiction of which was spread to more than one sub division was not practicable However the expenditure incurred for the works under the jurisdiction of a particular sub division was booked to the annual estimates being operated schemewise in the sub division/division

The operation of the REC Schemes being the new job and in the absence of any past experience for such schemes and in the absence of specific and detailed instructions on the subject systematic villagewise and schemewise registers for physical progress could not be maintained However schemewise progress was being watched and reported to REC through separate statements Now schemewise and villagewise registers showing physical progress are being maintained in the sub divisions and their financial progress is being maintained schemewise in the divisional office

Due to reasons explained above the initial record could not be made available to Monitoring team of REC in June 1977

At this belated stage it is not possible to locate the reasons as to why these instructions of C A O were not being followed in the year 1977 However, these instructions are being followed now

Although villagewise registers for physical progress in respect of each scheme were not being maintained yet the pro gress was being reported to R E Directorate through monthly progress reports from where physical progress could be verified

The completion reports in respect of REC Schemes were not prepared by division yet closing reports were prepared on the achievements of physical targets and all the schemes were got closed from REC

The Committee noticed that the separate estimates were not prepared for work relating to the schemes covered under ordinary advanced areas ' and ordinary backward areas The Committee feel that records were not maintained systematically by Board relating to these schemes for physical/financial progress It was also noticed that adverse remarks had been given by the Rural Electrification Corporation for not implementing the schemes efficiently

The Committee recommend that in future separate estimates should be prepared for each scheme and the Board should improve its working in light of the adverse remarks given by the Rural Electrification Corpo ration

Paragraph 6 9 03 (*i*) *Certain points relating to the implementation of the schemes are mentioned below* —

23 The capital expenditure incurred on the following schemes sanctioned between 1969 70 fand 1978 79 had exceeded the estimated cost

Category of scheme	*Number of schemes*	*Estimated cost*	*Actual expenditure*	*Excess*	*Per centage*
		(*Rupees in lakhs*)			
Ordinary advance areas	24	8,64 50	14,42 92	5,78 42	66 9
Ordinary backward areas	1	56 81	72 27	15 46	27 2
Special system improvement	2	47 73	78 82	31 09	65 1
Mini farm lift irrigation	12	85 44	1,73 21	87 77	102 7
Special project—agriculture	1	27 80	61 24	33 44	120 3
Total	40	10 82 28	18 28 46	7,46 18	68 9

The Board stated (August 1980) that the excess expenditure was attributable to actual execution of works depending upon the demand for connections

(ii) A test check of the following 6 schemes which were proposed to be closed with effect from 31st March 1979, revealed that the capital outlay on these schemes had exceeded the estimated cost by 12 7 to 229 3 *per cent*

Name of the Scheme	*Estimated cost*	*Actual expenditure*	*Excess*	*Percentage*
		(*Rupees in lakhs*)		
Kurukshetra (HSEB 22)	47 59	1 06 56	58 97	123 9
Karnal (HSEB 40)	39 88	52 07	12 19	30 6
Kurukshetra (HSEB 91)	17 27	56 87	39 60	229 3
Rohtak (HSEB 97)	53 31	49 71	—	—
Rohtak (HSEB 98)	56 76	63 96	7 20	12 7
Karnal (HSEB 102)	41 34	60 86	19 52	47 2

(iii) Variations were also noticed by REC in the financial progress reported in respect of certain schemes The REC monitoring team observed (August 1977) that in respect of one scheme the half yearly return for September 1976 submitted by the Board reported an expenditure of Rs 20 33 lakhs whereas the expenditure in the next half yearly return (for March 1977) was shown as Rs 12 88 lakhs) Similarly in respect of another scheme, the expenditure in the half yearly statement for March 1977 was shown as Rs 34 74 lakhs against an actual expenditure fof Rs 29 75 lakhs

(iv) A test check of 6 schemes revealed that though the Board had anticipated a return of 26 5 to 102 *per cent* on the estimated cost during the years 1976 77 to 1979 80 the revenue realised ranged between 0 8 to 65 2 *per cent* with reference to the estimated cost and between 0 9 to 49 9 *per cent* with reference to the actual cost of the schemes as per details given below

(*A*) *Revenue*

Scheme	*1976 77*		*1977 78*		*1978 79*		*1979 80*	
	Antici pated	*Ac tual*	*Antici-pated*	*Ac tual*	*Antici pated*	*Ac tual*	*Antici-pated*	*Ac tual*
				(*Rupees in lakhs*)				
Kuiukshetra (HSEB 22)	12 59 (26 5)	3 25	12 59 (26 5)	4 21	24 98 (52 5)	6 82	24 98 (52 5)	10 56
Kurukshetra (HSEB 91)	13 97 (80 9)	2 55	15 23 (88 2)	4 39	15 88 (91 9)	6 17	17 61 (102 0)	10 78
Karnal (HSEB 40)	23 41 (58 7)	9 62	23 45 (63 6)	18 07	27 16 (68 1)	26 02	28 57 (71 6)	11 73
Karnal (HSEB 102)	41 16 (99 6)	NA	41 16 (99 6)	13 75	41 16 (99 6)	16 50	41 16 (99 6)	15 30
Rohtak (HSEB 97)	19 14 (35 9)	0 45	27 61 (51 8)	3 24	27 82 (52 2)	2 58	28 47 (53 4)	3 98
Rohtak (HSEB 98)	23 57 (41 5)	0 68	32 11 (56 6)	5 80	32 43 (57 1)	7 38	33 51 (59 0)	5 68

Note Figures in parenthesis represent the percentage to the estimated cost

(*B*) *Percentage of actual revenue to estimated and actual cost*

Scheme	*1976 77*		*1977 78*		*1978-79*		*1979 80*	
	Esti mated	*Ac tual*	*Esti mated*	*Ac tual*	*Esti mated*	*Ac tual*	*Esti mated*	*Ac tual*
				(*Per cent*)				
Kurukshetra (HSEB 22)	6 8	3 0	8 8	3 9	14 3	6 4	22 2	9 9
Kurukshetra (HSEB 91)	14 8	4 5	25 4	7 7	35 7	10 8	62 4	18 9
Karnal (HSEB 40)	24 1	18 5	45 3	34 7	65 2	49 9	29 4	22 5
Karnal (HSEB 102)	NA	NA	33 3	22 6	39 9	27 1	37 0	25 1
Rohtak (HSEB 97)	0 8	0 9	6 0	6 5	4 8	5 2	7 5	8 0
Rohtak (HSEB 98)	1 2	1 1	10 2	9 1	13 0	11 5	10 0	8 9

The Board stated (January 1980) that the schemes were under taken as a socio economic measure in the interest of the development of the State The Government stated (November 1980) that the shortfall in revenue in the early years of operation was attributable to lower load growth in the scheme areas It may be mentioned however that the shortfalls continued during the years 1978 79 and 1979 80 as well

In their written reply the Department/Board stated as under

(i) The reasons for the excess expenditure incurred on the schemes sanctioned between the period 1969 70 to 1978 79 were as under —

(a) The excess expenditure incurred is due to the increase in lengths of HT/LT lines and No of sub stations required as per actual site conditions over and above the quantities provided in the schemes in order to achieve the targets of the connections

(b) During the period of execution of the scheme the prices continued to rise thereby putting in extra expenditure on the scheme

(ii) The reasons for the excess capital outlay over estimated cost in respect of 6 schemes were as explained Moreover, the schemes were prepared on adhoc basis the physical progress against these schemes in the shape of laying of lines and sub stations had exceeded the provisions made in the schemes

(iii) The variations pointed out by the REC in the expenditure figures indicated in the half yearly returns for Sept 1976 and March 1977 were due to inadvertent inclusion of expenditure of non REC works in the REC expenditure statements The same was got set right from the field offices by reconciling the expenditure between REC and non REC works

Consumers ledgers in the OP sub divisions are maintained feederwise and not REC Schemewise The actual revenue assessed/realised against a particular REC Scheme can not be worked out and these facts have already been apprised to the REC authorities In view of this, the REC authorities did not stress for actual revenue realised under a particular scheme The percentage of revenue as taken in the para is also on tentative basis

The Committee are not satisfied with the reasons advanced and observe that the increase in the cost was only due to delay in the implementation of the schemes

The Committee recommend that effective steps should be taken by the Board to avoid the delay in implementation of such schemes in future

Paragraph 6 9 04 Non implementation of the schemes for Harijan bastis

24 Under a special scheme for electrification of Harijan *bastis* adjoining the already electrified villages REC sanctioned 6 schemes (cost Rs 33 58 lakhs) covering 673 Harijan *bastis* in the State As against the total loans of Rs 33 58 lakhs sanctioned the Board had drawn Rs 13 63 lakhs up to February 1973

Although the schemes were sanctioned during the years 1972 73 and 1973 74 only 2 Harijan *bastis* (out of 673) were electrified up to March 1976 at a cost of Rs 0 02 lakh and even these 2 were dis connected subsequently due to nonpayment of electricity charges for street lighting by the concerned panchayats

In view of the poor performance the REC cancelled 4 schemes (cost Rs 19 95 lakhs) in October 1976 against which no loan had been drawn by the Board and also asked the Board for the refund of Rs 13 63 lakhs advanced in February 1973

The viability of the schemes was not assessed at the time the schemes were drawn up and it was found later that the schemes were unremunerative The Board requested the State Government (September 1973) to subsidise the loss to which the Government did not agree (June 1974) The entire loan of Rs 13 63 lakhs (with interest of Rs 2 33 lakhs) was therefore refunded to the REC (in 4 instalments) during February 1973 to November 1976

In their written reply the Department/Board stated as under —

In the year 1973 there was no directive from the State Govt to electrify the Harijan *Bastis* Accordingly certain schemes were prepared by the H S E B for electrification of a number of Harijan *Bastis* by taking loan from R E C and simultaneously getting resultant loss subsidised by State Govt as the schemes were not financially viable Since the State Govt did not agree to bear the loss likely to be incurred in the electrification of Harijan *Bastis* the implementation of the schemes was not undertaken by the H S E B at that time As such the entire loan alongwith the interest received from R E C was refunded to R E C

However on instructions from the State Government all the Harijan *Bastis* in the State to the extent of 5643 stands electrified upto June 1981 by having loans from R E C

The Committee feel that the loan was drawn by the Board from R E C without first finalising the scheme and without coordinating its implementation with the result that the Board had to refund the amount to the R E C with interest of Rs 2 33 lakhs The Committee desire that the reasons for drawing the loan from R E C without first finalising the scheme thereby keeping the amount idle resulting in payment of interest of Rs 2 33 lakhs should be looked into by the Board and responsibility be fixed under intimation to the Committee

The Committee observe that a large number of Harijan *Bastis* are not getting regular supply of electricity in the State and also large number of electric points in the Harijan *Bastis* are without bulbs

The Committee would, therefore, like to impress upon the Board the need for ensuring regular supply of the electricity and of providing/replacement of fused bulbs in all the Harijan Bastis in the State

Paragraph 6 10 Extra expenditure

25 Tenders called for in February 1977 for the supply of 2 600 Kms of Rabbit conductor (to meet the requirements for 1977 78) were opened in March April 1977 After considering the recommen dations of the Store Purchase Committee, the Board decided (July 1977) to place an order for 500 Kms on firm A (the lowest tenderer) at Rs 2 549 per Km and for the balance quantity it was decided to place the orders on other Haryana firms at Rs 2,690 per km (at the rate quoted by firm B the second lowest non Haryana tenderer) as firm A had quoted Rs 2,730 per km for the quantity in excess of 500 kms All the firms were asked to communicate their acceptance of the counter offer of Rs 2 690 per km by 12th July 1977

None of the firms accepted the alternative rate and the Board therefore, decided on 15th July 1977 to place the orders on the basis of rates quoted in the original tenders

Telegraphic orders asking the firms to convey their acceptance (followed by detailed purchase orders) for the supply of 2 600 kms of conductor were placed on the first 4 lowest tenderers within the validity period at the rates quoted by them Only 2 of them i e, firms A and B accepted the orders placed for 1 300 Kms of conductor and the other 2 firms C and 'D while acknowledging the telegraphic orders imposed some new conditions The Board could not initiate any risk purchase action against these firms since the Board s telegraphic orders seeking the firm s acceptance constituted a counter offer, and no legally binding agreement had come into being The Board s legal section was also of the same opinion (November 1977) The balance requirement of 1 300 Kms of conductor was then purchased (August 1978) from 4 firms (including firm D which had imposed conditions earlier) at higher rates involving an extra expenditure of Rs 7 41 lakhs

The Board stated (July 1979) that offering of the alternative rates/asking for acceptance of telegraphic orders was done in the interest of the Board

In their written reply the Department/Board stated as under —

> Telegraphic P Os were issued to all the Haryana firms on 5 7 77 asking them to convey their acceptance by 12 7 77 In pursuance of Board's decision telegrams were issued to all the 29 Non Haryana firms on 5 7 77 asking them their willingness to accept the equivalent rate of Rs 2 690 per km by 12 7 77
> None of the firm conveyed its acceptance against our telegrams issued dt 5 7 77 The case was re submitted to the Board and the Board in its meeting held on 15 7 77 decided to place the orders on the lowest tenderers
>
> The first firm M/s Haryana Conductor supplied 500 kms against PO No HH 1244 M/s Swadeshi Metals

also supplied 389 kms against HH 1243 The remaining two firms did not accept our P O on one pretext or the other

It is not quite correct to say that by asking for confirmation of the acceptance telegraphically the Board jeopardised the coming into operation of a legally binding agreement According to the practice then obtaining even telegraphic orders were not taken as final and binding until and unless they were followed by written agreements This view of the matter is supported by the fact that under identical circumstances two of the firms, namely M/s Haryana Conductors & Swadeshi Metals accepted orders placed on them for 1300 kms, although they could have also backed out on the same plea

As regards the extra expenditure of Rs 7 41 lakhs, Audit have compared the prices available in respect of the two defaulting firms in July 1977 and the prices which were availed on in response to tender enquiry No QH 1114, orders against which were placed in August 1978 which included quantity which was likely to be delivered/utilised primarily in the year 1978 79 It is felt that the comparison if at all could be made with the immediate next tender enquiry floated by the Board to meet the requirements of the year 1977 78 According to the rates obtained against this enquiry the extra expenditure on the quantity supply against QH 957 worked out to Rs 1,42,800/-

The Committee noticed that the tenders were invited for the supply of 2600 kms of Rabbit Conductor, to meet the requirement for 1977-78, and which were opened in March/April 1977 The order for purchase of conductors for 500 kms was placed on a firm at the rate of Rs 2,549 per km and the order for the balance quantity was placed on another Haryana firm at the rate of Rs 2,690 per km But none of the firms accepted the rate Then telegraphic orders asking the firms to convey their acceptance was placed on the first four lowest tenders within the validity period at the rates quoted by them

The Committee feel that there was no need to send counter offer by telegrams and the matter should have been settled by negotiations as the telegrams gave an opportunity to the firms to decline their earlier offer

When asked by the Committee about the legal opinion in this regard the Board s representative stated that the legal opinion obtained in this regard was not correct

The Committee recommend that this point should got re examined and the responsibility be fixed on the officers/officials found responsible for the lapse/wrong advice resulting in extra expenditure of Rs 7 41 lakhs by the Board

Paragraph 6 11 Extra expenditure in the construction of staff quarters

26 Tenders were invited on 6th June 1973 for the construction of 6 'Category II' quarters at Nuh sub station on 'through rate' basis by the Executive Engineer C W T Division Gurgaon and these were opened on 16th July 1973 In response 3 contractors submitted their offiers and the lowest offer worked out on the basis of the tendered rates was for Rs 0 79 lakh which was recommended by the Divisional Officer for acceptance in August 1973 The Superintending Engineer while accepting the proposal in November 1973 omitted to return the comparative statement of tenders which was collected by the Divisional Office in January 1974 and the work was awarded to the contractor on 18th April 1974 In the meantime the contractor informed the Board (January 1974) that the validity period of 90 days having expired his tender should be treated as cancelled On receipt of the allotment order the contractor refused to accept the job (April 1974) and obtained a refund of the earnest money

The work was re tendered in January 1976 Of the 3 offers received, the Divisional Office recommended the accpetance of the lowest offer of Rs 1 04 lakhs (April 1976) The offer was not accepted by the Superintending Engineer (August 1976) on the ground that the tenderer was not a contractor of the appropriate class even though he had paid the registration fee for the appropriate class in February 1976 The Superintending Engineer also ordered that the work be executed departmentally The work was executed departmentally and completed at a cost of Rs 1 46 lakhs (October 1977) The departmental execution of work involved an extra expenditure of Rs 0 67 lakh wit reference to the tendered rate of July 1973 and of Rs 0 42 lakh with reference to the tendered rate of January 1976

While recommending the offer the Divisional Office had stated (April 1976) that cement and steel (to be supplied to the contractor) were available with the Division The Chief Engineer however, stated (February 1980) that the work was executed departmentally due to shortage of material including cement

In their written reply the Department/Board stated as under —

> There is no justification for such an omission The S E s office was required in the normal course to return the entire proposal to the Xen alongwith the comparative statement It may however be pointed out that this is an isolated and rare case As seen from the files so far there is no reason to doubt the claim of the Divisional Officer that in April 1976 when the work was awarded for the second time cement and steel were available with the Divn However the stock position as it existed after April 1976 is being ascertained from the field
>
> The Board is already seized of the issue and action is under way to fix responsibility for various lapses in this case'

When asked by the Committee during oral examination about the action taken against the S E for this lapse the representative of the Board stated that responsibility for this lapse was being fixed

The Committee are pained to observe that the Board has failed to fix the responsibility for various lapses in this case even after the lapse of eight years

In reply to a question by the Committee about these lapses the representative of the Board also stated as under —

> The work was allocated to one C W T Division, Gurgaon who invited the tenders and the offers received from the contractor the Executive Engineer prepared a statement of the tenders and recommended the case to the Superintendent Engineer for acceptance This process took about three months to send the complete case to the S E Office The Circle office had to return the case in the normal course but there has been delay in sending the proposal back to the Divisional office alongwith the comparative statement Sir on perusal of the file, it appears that more time was taken in the circle office

The Committee do not feel satisfied with the above reply of the representative of the Board and strongly, recommend that the matter should be re investigated and not only action be taken against the S E concerned but also against the officer/official, who had failed to fix the responsibility in regard to various lapses for a such long time and report be sent to the Committee within one month of the presentation of this Report

Paragraph 6 12 *Arrears of electricity dues*

27 The arrears of elecy dues as on 31st March 1980 were Rs 6 20 crores of this an amount of Rs 5 35 crores was due to the Board from 18 624 consumers (including Rs 1 17 crores outstanding against 4 671 consumers for more than three years) Power supply to 12 826 consumers had been disconnected by the Board for non payment of dues of Rs 2 28 crores No such action had, however, been taken in regard to 5,798 consumers against whom dues aggregating Rs 3 07 crores were outstanding (March, 1980) The No of consumers involved and the period for which the remaining amount of Rs 0 85 crores was outstanding were not known

In their written reply the Department/Board stated as under —

The break up of the amount at the end of April, 1985 is as under

	No of consumers	*Amount (in crores)*
Private Consumers	38,327	9 13
Govt /Semi Govt	2,602	16 37
Total	40 929	25 50

Efforts are afoot to carry on negotiations with the defaulting consumers and settle the cases by mutual negotiations The cases lying in the court are also being expedited through field officers A negotiating Committee comprising Chief Engineer/Commercial Chief Auditor, Joint Secy / Legal and S E of the respective circle has been formed to review and negotiate settlement of major defaulting consumers As a result of it cases amounting to Rs 6 55 crores have since been settled

The cases of defaulting consumers upto Rs 1 lakh are regularly being reviewed by the field offices and audit wing of the Board

During the course of oral examination the representative of the Board stated that the arrears of the electricity charges which were Rs 31 35 crores in June 1984 reduced to Rs 25 50 crores at the end of 30th April, 1985 on account of recoveries from H S M I T C Irrigation and N F L When asked by the Committee about the specific steps taken by the Board to recover the arrears of electricity charges, the representative of the Board stated that a Committee had been formed to settle the cases of major defaulting consumers

The Committee do not feel satisfied with the plea of the Board relating to the arrears of electricity charges (Rs 25 50 crores) and feel that the steps taken are not sufficient

The Committee, therefore, recommend that the loss of recovery of the arrears be vigorously pursued, quarterly review of defaulters should be made and action taken against them be intimated to the Committee

Regarding settlement of cases amounting to Rs 6 55 crores as stated by the Board in written reply, when questioned by the Committee the representative of the Board admitted that out of this, only Rs 1 14 crores had been recovered and the balance amount of Rs 5 41 crores had been waived off

The Committee feel that this was no settlement at all as it was against the interests of the Board whereby the Board had to forego Rs 5 41 crores The Committee desire that the Board should examine this settlement to ascertain whether any undue favour was shown to any party by the Board officials and report be sent to the Committee at the earliest

Paragraph 6 13 *Mis appropriation defalcation etc*

28 The following are the details of cases of mis approproation, defalcation etc for which final action was pending

	Number of Cases		*Amount*	
	Value known	*Value not known*	*Total*	*Rs in lakhs*
Cases pending as on 31st March 1979	1970	2	1972	55 82
Addition during 1979 80	383	19	402	49 25
Total	2353	21	2374	105 07
Cases written off/cleared during 1979 80	102	—	102	2 96
Cases pending as on 31st March, 1980	2251	21	2272	102 11

of these 1387 cases were outstanding for over 3 years

In their written reply the Department/Board stated as under —

The latest position of outstanding cases as on 31 5 85 is given below —

	No of Cases	Amount (Rs in lakhs)
As per report	2272	102 11
Clearance upto 31-5 85	960	10 20
Balance	1312	91 91

As regards outstanding cases over 3 years, out of 1387 682 cases have since been cleared leaving a balance of 705 case at end of 31 5 85

The Board has empowered the field S Es to settle the cases upto a value of Rs 2000/- which previously was Rs 500/- in each case Inspite of all out efforts put by the Board it is felt that the cooperation of the Home Deptt /Police authorities is absolutely essential to make any headway in expediting the clearance of pending theft cases

The Committee noticed from the reply of the Board that there were 1312 cases of misappropriation amounting to Rs 91 91 lackhs till 31st May 1985 and the Broad had empowered the field Superintending Engineer s to settle the cases upto Rs 2000

The Committee recommend that a special cell consisting of officer higher than the rank of Superintending Engineers should be formed to settle the pending cases of misappropriation and defalcations The Com mitte be informed of the latest position of the cases settled

Paragraph 6 14 *Outstanding inspection reports*

29 Audit observations on financial irregularities and defects in initial accounts noticed during audit and not settled on the spot are communicated to the heads of offices and to the next higher depart mental authorities through the audit inspection reports The more important irregularities are reported to the Board The Government has prescribed that the first replies to inspection reports should be sent within 6 weeks

At the end of November 1980, inspection reports issued up to March 1980 still contained unsettled paragraphs as shown below with the corresponding period of preceding two years

	As at the end of November 1978	*As at the end of November 1979*	*As at the end of November 1980*
Number of inspection reports with unsettled paragraphs	875	766	819
Number of paragraphs	6,482	4,937	5,104

Year wise break up of the outstanding inspection reports is given below

	Number of inspection reports	Number of paragraphs
1976 77 and earlier years	500	2 927
1977 78	88	653
1978 79	85	497
1979 80	146	1,027
Total	819	5 104

Reports outstanding at the end of November 1980, included 196 inspection reports for which even the first replies had not been received

In their written reply the Department/Board stated as under —

The latest position of outstanding inspection reports and paras as on 30 4 85 was as under

	No of I/Rs	Paras
As per audit para	819	5,104
Clearance	112	2,790
Balance as on 30-4 85	707	2 314

Special staff has been posted to clear these inspection reports & paras They visit the field offices & review the position of outstanding I/Rs and paras alongwith the Inspection parties of RAO s office & get the paras settled on the spot As a result of it 548 inspection reports with 1 575 paras (as per record of this office) relating the period upto 1976 77 were only outstanding as on 31 5 85

During the course of oral examination, the representative of the Board stated that they had posted special staff consisting of one S A S Accountant one Regional Accountant and one Assistant to clear these Reports and Paras

The Committee feel that a large number of Reports and paras as indicated in the reply have not been settled as yet The Committee view with disfavour the delay in settlement of oustanding Inspection Reports/Paragraphs and therefore, recommend that effective steps should be taken to settle all such pending Reports/Paragraphs and the action taken by the Board be intimated to the Committee within three months after presentation of this Report to the House

Paragraph 6 15 *Outstanding audit objections*

30 As on 31st August 1980, 35,173 audit objections (Rs 71 19 crores) raised by the Chief Accounts Officer of the Board (for the period upto 31st March 1980) were outstanding as per details given below —

	Outstanding since (earliest year)	*Amount (Rs in crores)*
(a) Want of sanctions	1967 68	66 02
(b) Want of detailed contingent bills	1967 68	0 66
(c) Want of payee s receipts	1973 74	2 85
(d) Want of agreements/purchase orders	1968 69	1 66
		71 19

In their written reply the Department/Board stated as under —

'The present position of the audit objections pertaining to the period upto 1979 80 as on 31-12 84 is given below —

	No of paras	*Amount in crores*
(a) For want of Sanctions	12,116	24 40
(b) For want of detailed contingent bills	834	0 15
(c) For want of agreements/purchase orders	3	0 71
Total	12 953	25 26

All the items prior to 1967 68 have since been cleared

The Committee noticed at the time of oral examination that 12,953 audit objections involving Rs 25 26 crores pertaining to the period upto 1979 80 had not been cleared so far These audit objections had been outstanding only for want of sanctions detailed contingent bills and agreements/purchase orders

The Committee recommend that the concrete efforts be made to clear the outstanding audit objections at the earliest and the results obtained in clearance of these objections be reported to the Committee

GENERAL

31 After having gone through the written material furnished by the Board/Government and considering the facts which came to the notice of the Committee during oral examination and during on the spot-study of the thermal plants at Faridabad and Panipat on 12th and 13th July 1985 the Committee have arrived at a definite conclusion that the affairs of the Board are anything but satisfactory While the consumers cry hoarse when the Board has to resort the tariff hikes to supplement the borrowings so as to overcome its critical financial position, the Board continues to the over staffed resulting in an unavoidable drain on the scarce resources of the Board which is reportedly losing nearly two crores of rupees every year due to surplus staff at the thermal power stations Besides this, the Committee also noticed that the Board is ridden with unqualified inefficient and incompetent employees The thermal power stations of the Board are being operated much below their generation capacity and at a very uneconomical level There are frequent break down resulting in loss of generation Crores of rupees are lying unrecovered from the consumers Corruption in the Board is confined not only to theft alone but tampering with the meters defective metering system purchase of defective and damaged equipments costing huge sums manipulation of bills for false repairs of machinary etc etc are some of the other areas of corruption in one form or the other

The management information system, the accounting system, inventory control and controlled mechanism in the Board are far from satisfactory and as a consequence, the consumers are either not billed for long time or even when they are billed recoveries are not effected for a considerable length of time Notices are not being given to the suppliers within the warranty period where the equipment supplied is found defective and the facility of free repair is rarely availed within the warranty period resulting in huge expenditure on repair of such equipments

The Committee, therefore, recommend that the affairs of the Board should be thoroughly investigated by the Government, the surplus unqualified, inefficient and incompetent employees and those who are not found to be above board in their dealings/affairs should be sternly dealt with punished/weeded out The Committee also recommend that to revitalies the working of the Board the Government should take effective steps to impryve the accounting system, inventory control monetary and management systems so that all the loopholes are plugged, outstanding recoveries are effected promptly benefits of warranties/guarantees are properly availed inventories are maintained to the minimum requirement level and infructuous expenditure/wastage etc are avoided

The Committee desire that instead of looking to the Government for financial assistance on a massive scale, which can be done only by diverting development funds, the Board should augment its own internal sources In order to mop up the money, which is needed to sustain it the Board should hold the officers incharge of the Sub-Division responsible for the non recovery of the dues from the consumers promptly, for the theft of energy, for tampering with the meters and for defective metering etc The officers responsible for inspection of defective equipment purchased should also similarly be held responsible and action be taken against them

The Committee further recommend that effective steps be taken by the Board to improve the working of the thermal plants by posting qualified, efficient and deligent engineers Every case of break down should be properlo investigated and tesponsibility be fixed and stern disciplinary action be taken against the concerned employee if it is found that the break-down was the result of negligence on the part of any employee

The Committee also recommend that in order to determine the exact quantum of power loss in transist feeder-wise ledgers be maintained to cross verify the units of electricity received with units billed

The Committee also recommend tnat all ou efforts be made to reduce the cost of production of electricity in Haryana, which it was revealed during oral examination on 1-7 1985 to be 77 paise per unit while it was stated to be 48 paise per unit at Badarpur power house which is located in the neighbouring area The measures taken for the reduction of the cost of production be intimated to the Committee

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REPORT ON THE

REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA FOR THE YEAR 1980 81 (CIVIL)

Haryana Concast Limited

Paragraph 6 22 01 *Introductory*

32 The Haryana Concast Limited (formerly named Haryana Polysteel Limited) was incorporated on 29th November 1973 by the Haryana State Industrial Development Corporation Limited (HSIDC) in collaboration with a private company of Bhavnagar Under the agreement entered into between HSIDC and the private Company the equity capital was to be contributed by the HSIDC (36 *per cent*) the private company 25 (*per cent*) and the general public (49 *per cent*)

The Company came within the purview of Section 619 B of the Companies Act 1956, with effect from 1st February 1975 The agreement with the private company was terminated in February 1976 owing to its failure to pay calls (Rs 4 37 lakhs) on shares allotted to it which were later forfeited On allotment of two lakh fully paid up shares of Rs 10 each to HSIDC which were paid up in September 1977, the Company became subsidiary of HSIDC

The main objects of the Company are as under —

(i) to carry on business as manufacturers/producers of and dealers in billets ingots, blooms, squares slabs steel, and to manufacture and produce all kinds of products articles and things therefrom,

(ii) to manufacture produce prepare sell purchase and deal in all kinds of iron and steel, and particularly sponge iron pig iron, stainless steel alloy steel, special steel and all products, articles and things therefrom,

(iii) to carry on business as manufacturers of and dealers in ferrous and non ferrous castings of all kinds and

(iv) to conduct and carry on business of rolling re rolling, casting *etc* of all kinds of metals and alloys

The Company had so far (November 1981) undertaken the manufacture and sale of billets and ingots Besides the Company also carried on the business of rolled material up to December 1977 after getting the ingots/billets rolled from outside

During oral evidence on 25th May 1985 the Committee was informed that the company was started as a joint sector project, in collaboration with a private company viz M/s Polysteel (India) Limited, Bhavnagar, in the year 1973 and that Shri J P Mehta of that company was the Managing Director till 1976 when the collaboration agreement was terminated Thereafter the Committee was further informed, Shri G S Musaffir and after him Sh Kejriwal, nominees of Shri Mehta, continued as Managing Directors It was further submitted that a number of complaints were received against Shri Kejriwal and a vigilence enquiry was also initiated against him The main charges against Shri Kejriwal the Committee was informed were that he had withdrawn and mis appropriated funds but the charges could not be proved in the vigilance enquiry When the Committee asked as to what were the compelling reasons to allow nominees of Shri Mehta to continue as Executive Directors for more than 1½ years after the take over of the company the representative of the Company failed to satisfy the Committee

In view of the 13th Report of the Committee on the general working of the Haryana Concast Limited Hissar which was presented to the House on 29th March 1984 the Committee are refraining from making any general observations The Committee, would nevertheless like to observe that their recommendations in regard to the setting up a High Powered Committee to probe into the entire affair of collaboration and subsequent take over etc have not been implemented as no report in that behalf which was required to be furnished within six months has been furnished to the Committee till the time of writing of this report **The Committee, while reiterating their earlier recommendations, as contained in their 13th Report, desire that they may be informed of the decision taken by the Government in regard to the setting up of the High Powered Committee, within a period of three months of the presentation of this Report**

Paragraph 6 22 03 Capital structure

(*a*) *Share capital*

33 The authorised capital of the Company was Rs 2 50 crores divided into 20 lakh equity shares of Rs 10 each and 50 000, 11 *per cent* redeemable cumulative preference shares of Rs 100 each The paid up capital of the Company as on 31st March 1981 was Rs 1,69 96 lakhs contributed as under —

Subscribed by	*Equity shares*	*Redeemable cumulative preference shares*	*Total*
	(*Rupees in lakhs*)		
1 Haryana State Industrial Development Corporation	1 04 97	—	1,04 97
2 State Government	10 00	6 50	16 50
3 Financial Institutions and Banks	8 00	—	8 00
4 Others	24 53	15 96*	40 49
Total	1 47 50	22 46	1 69 96

*Includes Rs 1750 paid up on 55 forfeited shares

(b) *Barrowings*

(a) *Long term loans*

The table below indicates the sources from which long term loans were obtained by the Company, along with the amount of loans rates of interest and overdue instalments as on 31st March 1981

Source	*Period of drawal*	*Amount drawn (Rupees in lakhs)*	*Rate of interest (per cent)*	*Balance outstanding as at the end of March 1981*	*Amount over due for payment as at the end of March 1981*	
					Principal	*Interest*
(1)	(2)	(3)	(4)	(5)	(6)	(7)
				(Rupees in lakhs)		
IDBI	April 1975 to February 1976	75 00	8½	60 00*	25 00	28 52
IFICI	May 1975 to June 1976	45 00	9½ per cent with one *per cent* rebate for puncutal payment of principal and interest	45 00	24 00	28 09
ICICI	April 1975 to February 1976	30 00	8½	30 00	6 00	15 85
Banks Bank of India	March 1975 to November 1975	30 00	15¼	30 00	20 00	33 86
Grindley Bank	February 1974 to October 1974	30 00	16 with 2 *per cent* penal interest	28 75	30 00	41 45
	Total	2,10 00		1 93 75	1 05 00	1,47 77

(b) *Short term loans*

The table below gives the sources from which short term loans/ cash credit facilities had been availed of by the Company alongwith

*Rs 15 00 lakhs paid by Government of India as subsidy was adjusted towards loan from IDBI the amount outstanding as on 31st March 1981 and the rate of interest applicable on that date

Source	Outstanding amount at the end of March 1981 (Rupees in lakhs)	Rate of interest (per cent)	Overdue amount at the end of March 1981	
			Principal	Interest
			(Rupees in lakhs)	
(1)	(2)	(3)	(4)	(5)
1 Fixed deposits—				
(a) from public	0 10	15	0 08	—
(b) from institutions	6 00	12 00	—	0 60
2 Andhra Bank	52 00	16 15	51 00	25-67
3 Holding Company	96 90	9 5	—	—
4 Cash credit facilities from				
—Bank of Maharashtra	17 35	18 34	—	—
—New Bank of India	7 52	18 34	—	—
—Bank of India	17 32	18 34	—	—
Total	1 97 19		51 08	26 27

It will be observed from above tables that out of loans outstanding as at the end of March 1981 Rs 1 56 08 lakhs had been overdue for repayment The Company could not repay this amount due to financial constraints Again as on 31st March 1981 the outstanding amount of interest overdue for payment was Rs 1 74 04 lakhs

Further due to default in repayment of instalments and non payment of loan/interest on due dates, the Company had (i) to forgo interest rebate (Rs 2 44 lakhs up to 31st March 1981) and (ii) become liable to pay penal interest (Rs 1 85 lakhs up to 31st March 1981)

In its written reply the Department/Company stated as under —

The present position of the loan taken from IDBI is as under

(1)	Principal loan	Rs	60 00 000 00
(2)	Interest funded upto 1 4 1981 as per Rehabilitation Scheme	Rs	32 38 125 09
	Less Payment made on 22 12 83	Rs	3 38 000 00
		Rs	29 00,125 09

Due to the scarcity of funds which had resulted due to the Company having incurred losses in the initial years

Against the funded interest we have made the following payments to the institutions

	Amount (Rs)	Date of payment
IDBI	3 38,000 00	22 12-1983
IFCI	2,22 000 00	19 11 1983
	5 60 000 00	

The following interest payments have been made since 1 4 1981

IDBI	5,80,000 00	3 12 1981
	3,75,000 00	23 11 1982
	3 96,009 18	3 12 1982
	3,45,240 22	20 06 1983
	4,62 391 00	21 12-1983
	21,58,640 40	
IFCI	4,35,000 00	03 12-1981
	3 93,135 00	16 09-1982
	3,09,487 00	18 03 1983
	3 35,478 00	15 09 1983
	14 73 100 00	
ICICI	2 90 000 00	03 12 1981
	2,29,433 00	16 09 1982
	1,83 000 00	22 02 1983
	2,08,384 84	03 09 1983
	9 10,817 84	

Grindlays Bank Ltd	*Payment made against Principal loan Account No 1*	*Interest A/c No 2*
	21 75,000 00	33,94,312 50'

In reply to a question from the Committee as to what were the financial constraints due to which the company could not pay over due loans and what remedial measures had been taken to avoid the faulty repayment, it was submitted as under —

'Due to heavy continuous losses the Company could not pay the amount due as the Company did not have necessary cash accruals in those years

After approval of the Rehabilitation Scheme by the financial institutions and banks, the interest amount has been funded upto 1-4 1981 and they have submitted re schedulement of payment, which the Company is adhering to Further it has been analysed by the Company and found that the working capital limits are far lower than the requirements of the Company In this regard, the Company has already approached the consortium of commercial banks to enhance our working capital limits Simulteneously, several other steps are being taken to improve our profitability and it is only increase in profitability, which would ensure that there is no default on the part of the Company regarding repayment of principal and interest on term loans

During oral evidence on 20th May 1985 it was stated by the representative of the company that since 1973 except for minor profits during two years, the company had persistently suffered losses and added that upto 31 3 1984, losses had been to the tune of Rs 4 7 crores When asked by the Committee to spell out the causes of losses and whether the losses were the result of mis management of the Company, the representative of the company submitted that fluctuations in the steel market was the main cause but declined to say anything about the mismanagement of the company being the main contributory cause for the losses suffered

The Committee observe that the reasons contributing to the losses be investigated and remedial steps be taken to reconstruct and revitalise the financial health of the company by maximising the output The detail of the steps taken and impact there of be reported to the Committee

Paragraph 6 22 04 (*a*) *Financial position*

34 The Company had finalised the accounts for 1977 78 only in May 1979 and the accounts for the year 1978 79 were being audited by statutory auditors (Chartered Accountants) The accounts for the years 1979 80 and 1980 81 had not been finalised so far (October 1981) The delay in finalisation of the accounts for the three years was reported to the State Government in October 1981

(b) The following table indicates the financial position of the Company for the four years up to 1979 80

Liabilities	1976 77	1977 78	1978 79*	1979 80*
	(*Rupees in lakhs*)			
(a) Paid up capital	1 27 25	1,69 15**	1,69 96**	1,69 96
(b) Reserves	—	—	10 00	10 00
(c) Borrowings (secured and unsecured loans) @	3,29 30	3,56 17	4,04 29	4,31 51
(d) Trade dues and other liabilities	70 27	1,29 24	1,65 08	2,34 13
Total	5,26 82	6 54 56	7,49 33	8,45 60
Assets				
(a) Gross block	2 47 43	3,45 56	3,48 41	3,51 47
(b) *Less* depreciation	23 00	44 29	65 77	87 36
(c) Net fixed assets	2 24 43	3,01 27	2,82 64	2,64 11
(d) Capital work in progress	95 07	0 29	—	—
(e) Current assets, Loans and Advances	84 51	1,41 17	1,68 41	2,24 08
(f) Miscellaneous expenditure	4 26	3 72	3 19	2 66
(g) Cumulative loss	1 18 55	2 08 11	2 95 09	3,54 75
Total	5,26 82	6,54 56	7 49 33	8,45 60

*Figures are provisional

**Increase in paid up capital during 1977 78 was due to issue of 3 95 lakh equity shares of Rs 10 each (fully paid), to the holding company and payment of Rs 2 40 lakhs towards balance (due from collaborator) by the holding Company on 200 lakh shares forfeited from the collaborator Similarly during 1978 79 the holding Company paid Rs 0 82 lakh towards un paid balance of the 32,675 shares forfeited from others

@This includes cash credit of Rs 28 27 lakhs, Rs 60 70 lakhs Rs 67 53 lakhs and Rs 94 76 lakhs for the respective years

(1)	(2)	(3)	(4)	(5)
Capital employed	2,38 67	3 13 20	2 85 96	2 54 06
Net worth	4 44	(—)42 69	(—)1 18 32	(—)1 77 45
Net worth per equity share of Rs 10 each	0 52	(—)2 96	(—)8 02	(—)12 03

Note (i) Capital employed represents net fixed assets (excluding capital work in progress) *plus* working capital

(ii) Net worth represents paid up capital plus reserves and surplus *less* intangible assets

(c) *Working results*

The working results of the Company for the four years up to 1979 80 are summarised below

(*A*) *Income*	1976 77	1977 78	1978 79*	1979 80*
		(*Rupees in lakhs*)		
Sales (excluding excise duty commission and cash discount)	1 49 55	2,74 98	6,01 89	4 14 04
Other income	4 45	0 23	0 56	0 08
Total	1 54 00	2,75 21	6,02 45	4 14 12
(*B*) *Expenditure*				
(a) Manufacturing expenses	1,56 40	2,89 78	5,62 85	3,36 42
(b) Administrative and selling expenses	23 07	32 35	47 23	42 68
(c) Interest and finance charges	38 78	48 99	55 98	64 40
(d) Depreciation	12 25	21 39	21 49	21 58
(e) Deferred revenue expenses written off	0 53	0 53	0 53	0 53
(f) Accretion (—)/ decretion (+) in stock	(+)3 28	(—)28 27	(+)1 35	(+)8 17
Total	2,34 31	3 64 77	6 89 43	4,73 78

*Figures are provisional

(1)	(2)	(3)	(4)	(5)
(C) Loss	80 31*	89 56	86 98	59 66
(D) Cumulative loss	1 18 55	2 08 11	2 95 09	3 54 75

The accumulated loss up to 1979 80 *viz* Rs 3,54 75 lakhs, worked out to 205 *per cent* of the share capital of Rs 1,69 96 lakhs as on that date

The Management attributed (December 1981) the losses to frequent power shut downs scarcity of graphite electrodes, soaring prices of scrap acute shortage of working capital and labour trouble

In reply to a question from the Committee as to what was the latest position about the finalisation of annual accounts of the company, what were the specific reasons for the delay and what measures had been adopted to speed up finalisation of the accounts and to wipe out the arrears the department/company submitted in their written reply as under —

'The Company is giving its utmost attention in finalising the Annual Accounts and the Annual Accounts for the year 1979 80 have already been finalised and sent to Comptroller & Auditor General of India for his comments on the same Thereafter it shall be placed before the A G M for its adoption and approval The Annual Account for 1980 81 have also been forwarded to Statutory Auditors for qualifications/comments After receiving the same from the Statutory Auditors the same shall be sent to the C & A G for his comments and afterwards it will be placed before the share holders for its adoption

There had been frequent changes at the top level management Apart from it the Accounts Department of the Company was first shifted from Hissar Factory to Delhi Office and hen Delhi Office to Hissar City Office and again from Hissar City Office to Hissar Factory Due to this dislocation, there were problems in finalising the Accounts and it had adversly affected the working of the Accounts Department

The Annual Accounts for the year 1981 82 are under preparation and will be completed by the end of February 1984 and after which the Company will take in hand the finalisation of Annual Accounts for 1982 83, which are expected to be completed by April 1984 Needless to mention all the arrears of accounts shall be tried to be cleared by the end of July 1984

**Investment allowance of Rs 0 62 lakh charged to Profit and Loss Account in 1976 77 has been ignored while computing the loss for that year

In regard to the reasons for the cummulative losses, since the inception of the company, it was submitted as under —

The following were the reasons which attributed to low production resulting along with other reasons to losses

Year	*Principal bottle necks*
1975 76	Unfavourable period for the mini steel plants as a whole
1976 77	Frequent power shut down scarcity of graphite electrodes, soaring prices of various grades of scrap and acute shortage of working capital
1977 78	Scarcity of graphite electrodes rising prices of melting scrap and lack of working capital
1978 79	Lack of working capital and disturbed industrial relations
1979 80	Irregular and inadequate power supply, lack of working capital disturbed industrial relations and fast turn over in staff and workers
1980 81	Inadequate and irregular power supply disturbed industrial relations fast turn over of staff and workers and uncertainty created by the State Govt proposal to lease the undertaking
1981 82	Inadequate and irregular power supply, punctuated by frequent AMP restriction and loan restriction and also break down of one of the transformers which lasted over 1 1½ months
1982 83	Irregular power supply, increase in prices of nearly all raw materials and low demand i e demand recession (especially for carbon & alloy steels)

The following steps are being taken to improve the production, sales realisation, etc thereby reducing the losses

(i) The Company has been in constant touch with HSEB and it has been assured that regular power supply will be given to the Company on preferential basis

(ii) The Company is trying to get its cash credit limit enhanced from the consortium bankers so that there is no constraint because of paucity of funds

(iii) The Company is also trying to make certain technical improvements/innovations so that heat timings could be reduced which would result in reducing the consumption of Graphite Electrodes Ramming Mass and other Alloys and Chemicals which would still further help in reducing the cost of production

(iv) The Company has started importing scrap which is not only of better quality but is also comparatively cheaper than the indigenous scrap and this is definately going to help the company in reducing the cost of production to a certain extent

(v) The Company has also been declared by the Govt of Haryana as an approved source of supply for supplying its products to the Haryana Govt Departments at the SAIL s rates which are much better than the prevalent market rates and which gives considerable contribution to the Company on the sale of its products to Haryana Govt Departments The sales to various Departments have already started since April and with the passage of time it is picking up momentum and the Company is quite confident that in the near future substantial production would be lifted by the various Haryana Govt Departments and it will not be surprising that from the financial year 1984 85 the Company would start showing considerable profits and generation of funds from internal resources

(vi) The Company has started oxygen lancing in the Furnace which would not only help in reducing the heat timings thereby reducing the power consumption, but would also help in better quality of production and consequently less losses

(vii) The Company is also trying to purchase Sub Station of HSEB which will reduce the power bill

(viii) The Company is going to adopt new technology of water cooled shell which will reduce the cost of lining of the furnace (thus reducing cost of production)

(ix) Strengthening/stream lining the maintenance Departments both electrical and mechanical

(x) Keeping Engineers on training in almost all Departments, viz production electrical mechanical, quality control de partment so that within a short span of time the new young team of dedicated people could be established, so that there is no shortage of man power at this level

The cumulative losses as at 31 3 1980 were Rs 388 25 lakhs The paid up capital as on that date was Rs 169 96 lakhs Thus prima facie, it would appear that the Com pany has been functioning mainly on borrowed funds However in this regard it is pertinent to mention that—

(a) The Company has sought to improve its capital struc- ture and in this regard some unsecured loan of HSIDC has already been converted into equity The Govt also provided some additional equity capital and the paid up capital as on 31 3 1983 was Rs 259 96 lakhs As on 31 3 1983, the approximate electricity duty pay able (which has been deferred by the Govt till the last instalment of the institutional dues—thus this amount could be considered as quasi equity) amounts to Rs 73 63,856 06 lakhs

(b) The Company has already further approached the HSIDC to convert their balance unsecured loan also, amounting to approximately over Rs 50 lakhs into equity capital of the Company This matter is pre sently under the consideration of the HSIDC Thus, it can be seen that after the proposed conversion of the balance HSIDC unsecured loan the paid up capi tal of the Company would be around Rs 310 lakhs Considering the electricity duty payable as a form of quasi equity the net equity structure would be much better than it was existing as in 1979 80

(c) The steps taken to improve the financial performance have already been outlined earlier against para No 6 22 04 (b) (2)

During oral evidence the representative of the company informed the Committee that except for the year 1980 81 and 1981 82 when the company earned some profit the Committee had consistently been suffe ring losses

The Committee take a very serious view of the mal functioning of the company and desire that the reasons for unhealthy functioning of the company be investigated and remedial steps be taken urgently

The Committee also desire that finalization of tne accounts be speeded up and no efforts be spared to wipe off the arrears The Com mittee may be informed of the progress made

Paragraph 6 22 05 (*i*) *Appraisal of the project*

35 To encourage balanced growth of industries in the State and to meet the increasing demand of steel billets the holding Company had secured a letter of intent in July 1971 (which was converted into industrial licence in May 1974) from the Government of India to set up a steel billet making unit with an annual capacity of 50 000 tonnes On the formation of the Haryana Concast Limited in November 1973 the project proposed was assigned to it Another letter of intent to set up a high carbon wire rod mill with a rated capacity of 40,000 tonnes per annum was obtained by HSIDC in February 1974 (converted into industrial licence in June 1976) The second unit was intended to be an integral part of the billet unit The steel billet plant with two arc furnaces of the capacity of 15 17 tonnes each and one continuous billet casting machine was to be set up in the 1st phase whereas wire rod mill was to be set up in the second phase

The projected and actual dates of commissioning of various units of first phase (steel billet unit) are given below

	Date of commissioning	
	Projected	Actual
(i) First electric arc furnace	November 1974	November 1975
(ii) Second electric arc furnace	December 1974	December 1977
(iii) Billet casting machine	January 1975	September 1977

The delay in supply and commissioning of the furnaces was due to not opening letter of credit in favour of the supplier for getting the furnaces released as per terms of the purchase agreement as the Company was in financial crisis Because of this delay the Company had to pay Rs 3 65 lakhs to the suppliers under price escalation clause over and above the original cost of furnaces (Rs 67 20 lakhs)

(ii) *Project estimates*

(A) *Steel billet unit*

(a) The project report for the steel billet unit prepared by the consultants in August 1973 envisaged a capital expenditure of Rs 3 30 lakhs which was revised to Rs 3 82 71 lakhs in 1975 Actual expenditure there against was however, Rs 3 61 59 lakhs The table below indicates item wise project estimates as originally drawn up those revised in 1975 actual expenditure there against and sources from which project was to be financed —

(a) *Expenditure*

Serial number	*Item*	*Cost as per*		*Cost variation*	*Expenditure up to December 1977*
		Original estimates	*Revised estimates*		
		(Rupees in lakhs)			
(1)	Land and buildings	52 30	83 03	(+)30 73	81 27
(2)	Plant and machinery	1 74 20	1 71 03	(—)3 17	1,71 23
(3)	Other assets	1 03 50	1,28 65	(+)25 15	1,09 09
	Total	3,30 00	3 82 71	(+)52 71	3,61 59
(4)	Working capital	30 00	30 00	—	—
	Grand total	3 60 00	4 12 71		

(b) *Sources of funds*

Serial number	*Source*	*Amount as per project report*	*Additional amount received for escalation in cost*
		(Rupees in lakhs)	
(1)	Equity share capital	1,27 50	10 00
(2)	Preference share capital	22 50	15 00
(3)	Term loans	2,10 00	30 00
	Total	3,60 00	55 00

It was noticed that till the scheduled date of commissioning of the first furnace (November 1974) the Company could raise funds to the extent of Rs 61 88 lakhs only (share capital Rs 31 88 lakhs, term loans Rs 30 lakhs) Subsequently funds to the extent of Rs 2 08 94 lakhs (share capital Rs 41 99 lakhs term loans Rs 1 66 95 lakhs) were received during 1975 76 Consequently the erection of the units was delayed, i e first unit by one year and second unit and billet casting unit by two years and eight months respectively

To meet the increased project cost, term loan of Rs 52 71 lakhs carrying interest at 9½ *per cent* per annum was sanctioned between January 1977 and March 1977 by three financial institutions but the same had not been released up to May 1981 reportedly due to delayed completion of formalities by the Company (which were completed in March 1980) and poor performance of the Company In order to meet its immediate requirements of capital expenditure the Company raised (November 1976 and January 1977) a bridge loan of Rs 52 lakhs (interest at 15 *per cent* per annum) from a commercial bank Due to the stepped up rate of interest on the bridge loan the Company had incurred an extra expenditure of Rs 12 18 lakhs up to March 1981 Further, the Company had become liable to pay commitment charges to the extent of Rs 0 95 lakh to the three financial institutions on the undisbursed loans (including Rs 0 19 lakh already paid)

The Management stated (May 1981) that the loan could not be availed of due to frequent changes in the management and that there was no senior officer during the year 1978 79 and 1979 80 who could compile the information and complete the formalities required by the institutions The Company further stated that the release of the loan by the institutions was expected in the very near future

(B) *Wire rod mill*

A project report for setting up a wire rod mill (40 000 tonnes capacity) in terms of the industrial licence obtained in June 1976 was got prepared in January 1976 from a firm of consultants at a cost of

Rs 20,000 which provided as under —

Expenditure	*Project cost*
	(*Rupees in lahks*)
Land and buildings	31 02
Plant and machinery	1,38 65
Other assets	1 10 33
Total	2 80 00

Source of funds	
Equity capital	1,17 00
Loans from banks	47 00
Loans from financial institutions	1 16 00
Total	2,80 00

The report was got up dated in 1977 78 at a further cost of Rs 15,000 The project was expected to be completed within a period of 20 months from the date of placing of order for the equipment and it was anticipated to generate profit of Rs 27 lakhs per annum

As the Company was not able to successfully run the unit in hand the execution of this project was not taken up However in order to keep the licence without lapsing it was decided by the Board of Directors (June 1978) to place orders for the supply of ten DC motors and one 5 tonne crane The crane purchased (cost Rs 3 06 lakhs) was erected in March 1979 the motors had not been purchased so far (March 1982) No further action had been taken so far (April 1981) for setting up the wire rod mill The validity of the extended period of licence expired in December 1980 The approval for the extension of period of licence up to December 1982 (applied in November 1980) was awaited from Government of India (December 1981)

The Management stated (April 1981) that though the Company has not dropped the idea of setting up the wire rod mill yet it could not take sufficient effective steps in this behalf due to various problems such as continous heavy losses and consequent financial crisis change in top level management and frequent labour troubles in the existing unit

Thus, the Company had not derived benefit so far (November 1981) on the expenditure of Rs 0 35 lakh incurred on the preparation and updating of the project report Besides, the meagre resources of the Company to the tune of Rs 3 06 lakhs had been blocked for the purchase of crane just to keep the licence without lapsing

In regard to sub para (i) above, the Department/Company in their written reply stated as under —

> It is perhaps due to financial crisis that the letter of credit could not be opened This is also clear from page 157 of the A G report wherein it has been mentioned that till the scheduled date of commissioning, only funds to the extent of Rs 61 88 lakhs had been received by the Company
>
> Due to failure in opening of the letter of credit in favour of the supplier, and the late commissioning of the furnace, the Company was bound to give the price prevalent at the time of supply of material as per the price escalation clause Hence the Company had to bear the price escalation under the contractual obligation Such a price escalation clause is a standard prevailing commercial practice

The Committee regret to observe that the company could not raise funds to open the letter of credit to save Rs 3 65 lakhs due to price escalation The Committee are not satisfied with the vague reply that 'perhaps' due to financial crisis the letter of credit could not be opened and recommend that the matter may be investigated to find out the reasons for non opening of the letter of credit and the Committee may be apprised of the results of investigation made

In regard sub para (ii) above relating to project estimates the department/Company in their written reply stated as under —

> (A) *Steel Billet Unit*
>
> As explained in the report of C & A G that the funds were received in 1975 76 and consequently the erection of the units was delayed, i e First unit by one year and second unit and billet casting unit by two years and eight months respectively Hence, delay was primarily for this reason It would not be correct to say that delay was only due to lack of farsightedness, since disbursement of funds from the Govt as well as financial institutions requires a large number of formalities which are sometimes delayed even though the entrepreneur may try his utmost to expedite the sanctions
>
> The loan could not be availed of due to frequent changes in the management and because there was no senior officer during the year 1978 79 and 1979 80 Therefore, the information required by the institutions could not be compiled and the formalities required by the institutions could not be completed
>
> Since there was no senior officer at that time and all the officers have now left the organisation, hence, no responsibility could be fixed However, it may be mentioned that now commitment charges have been waived off by the financial institutions and also no penal interest has been charged (after the sanction of the rehabilitation scheme)
>
> This was only due to the frequent changes in the management and because there was no senior officer Hence, it

was only due to the difficulties faced by the Company at that time These were the difficulties which would perhaps be inherent in the transition of management from one set of personnel to another (Mr Musafir to Mr Kejriwal to Shri Dharam Vir IAS)

The Committee observe that the company could not complete formalities to raise funds before entering into agreement for incurring liability The delay in erection of the unit, the Committee observe, was directly the result of lack of foresight, diligence and promptitute on the part of the management which resulted in an extra expenditure of Rs 12 18 lakhs At this stage the Committee cannot but emphasize the need of greater care and vigilance in such cases in future

(*B*) *Wire Rod Mill*

Since due to recession in the market the Co incurred heavy losses, the implementation of the project could not be taken in hand Apart from it there were various other factors which were obstacles in implementation of the project like financial crisis, change in top level management and frequent labour trouble Even the aspect of recession or improvement in the market could not have been predicted in 1976

Due to financial crisis the motors could not be purchased and only the crane has been purchased which has been erected and which is being utilised for the existing unit in the casting bay

The revised project report has been got prepared and loan application for financial assistance has been submitted to the financial institutions in December 1982 and the same is being processed by them and it is expected to be cleared soon and thereafter, the implementation of the 1st phase of the project (Wire Rod Mill) will be taken in hand

The licence has been revalidated upto 31 12 1983 and a request has been made for extension upto 31 12 1984

An expenditure of Rs 0 35 lakhs stated to have been incurred on preparation and updating the project report and a sum of Rs 3 06 lakhs being the cost of crane purchased was incurred primarily to keep the licence alive In this connection we would like to state that the setting up of Wire Rod Mill was felt necessary for such type of project (mini steel plant) and it is still felt necessary This type of preliminary expenses have to be incurred though the idea of setting up of the mill could not be materialised so far due to the reasons explained above Moreover, the purchase of crane was necessary not only for the Wire Rod Mill but for the steel plant as will as investment of Rs 3 06 lakhs cannot be considered as blocked but fully utilised (since the crane is being fully utilised in the Casitng Bay

In regard to setting up of the Wire Rod Mill the representative of the Government/Company informed the Committee during oral examination that the renewal period of the license for the Wire Rod Mill had since expired as the financial institutions had not considered it advisable to give loans to the company because it was running in losses When asked to elaborate and indicate the reasons for preparing the project report for this Mill when the company was faced with serious financial crisis the representative of the company stated that when the project report was prepared, the company was in good shape

The Committee are not satisfied with the above reply and observe that on the one side it was being claimed that the Company had rehabilitated itself and was likely to show profits and on the other side it was being argued before the Committee that the company failed to get loans on account of the fact that the compnay was undergoing losses

The Committee have strong feeling that the lack of technical know-how and lax supervision were the main reasons on account of which the license for the Wire Rod Mill was allowed to lapse The Committee, therefore, recommend that the whole matter be investigated, responsibility be fixed for this lapse and remedial steps be taken to obviate such occurences in future

Paragraph 6 22 06 *Production performance*

(i) *Plants and process*

36 The Haryana Concast plant is a small sized steel plant producting steel billets and ingots Steel is produced in two electric arc furnaces These furnaces use power for melting and are charged with steel scrap There is a continuous casting machine (installed in 1977) for producing billets Besides producing billets ingots are also produced (either against orders or when the casting machine goes out of order) and steel is generally sold in semi finished form *viz* ingots/billets A wire rod mill proposed to be installed (June 1976) has not yet been taken up (October 1981)

(ii) *Actual production vis a vis rated capacity*

The licensed capacity of the plant (50 000 tonnes) was achieved in December 1977 with the commissioning of second electric arc furnace The actual production of steel (ingots billets and bones and trumpets) for the 5 years up to 1980 81 *vis a vis*, the installed capacity is given below —

	Installed capacity	*Actual production*	*Percentage of actual production to installed capacity*
	(*In tonnes*)		
1976 77	25 000	9 429	37 71
1977-78	32 808	18 994	57 89
1978 79	50,000	27 773	55 54
1979 80	50,000	13 258	26 51
1980 81	50 000	23 692	47 38

It would be seen from the above table that the actual production was much below the installed capacity in all the years The low production during 1979 80 and 1980 81 was attributed by the Management (May 1981) to

(a) erratic power supply

(b) non availability of raw materials,

(c) break down of plant/operational delay and

(d) labour trouble

(iii) *Production efficiency of plant*

(a) The two electric are furnaces installed have a capacity of 15–17 tonnes (of molten metal) The table below indicates number of heats, quantity of molten metal produced and average production of metal per heat as expected and actuals ther against for 5 years ending 1980 81

Year	*Number of heats*	*Production of molten metal*	*Average production per heat*		*Shortfall in production per heat*
			Expected	*Actual*	
		(In tonnes)			
1976 77	680	10 023	16	14 74	1 26
1977 78	1 405	19 965	16	14 20	1 80
1978 79	1 957	29 598	16	15 12	0 88
1979 80	921	13,791	16	14 97	1 03
1980 81	1 566	24 631	16	15 73	0 27

The management attributed (May 1981) the low production of molten metal to failure of stopper heads

(b) The table below indicates the actual production of billets *vis a vis* installed capacity of billet casting machine for 4 years up to 1980 81

Year	*Capacity of the machine*	*Actual production*	*Percentage of actual utilisation*
	(In tonnes)		
1977 78	32,808	7 473	22 77
1978 79	50 000	17,670	35 34
1979 80	50 000	9,055	18 11
1980 81	50,000	18,769	37 54

The utilisation of the capacity of the billet machine has been very low in all the years The under utilisation of the machine was attributed by the Management (May 1981) to frequent break downs, nozzle choking and bleeding

(iv) The table below indicates the 'off grade production of billets and ingots during the period from 1976 77 to 1980 81

Year	*Total production*	*Off grade production*	*Percentage of off grade production to total production*
	(In tonnes)		
1976 77	9 429	242	2 57
1977-78	18 994	272	4 06
1978 79	27,773	2 755	9 92
1979 80	13 258	1,335	10 07
1980 81	23 692	4 902	20 70

It would be observed from above that the percentage of off grade production had sharply increased from 2 57 in 1976 77 to 20 70 in 1980 81 The matter regarding the increase in percentage of off grade billets and ingots during 1977 78 to 1980 81 was not referred to the consultants for taking corrective action The reasons for the sharp increase in the off grade production and the norms fixed therefor called for from the Management were awaited (March 1982)

In reply to the questionnaire of the Committee the Department/ Company stated as under —

> The revised project report has been got prepared and loan application for financial assistance has been submitted to the financial institutions in December 1982 and the same is being processed by them and it is expected to be cleared soon and thereafter the implementation of the 1st Phase of the project (Wire Rod Mill) will be taken in hand

Reasons for actual production being much below the installed capacity were given as under —

Year	*Reasons*
1976 77	Frequent power shut down scarcity of graphite electrodes soaring prices of various grades of scrap and acute shortage of working capital
1977 78	Scarcity of graphite electrodes rising prices of melting scrap and lack of working capital and irregular power supply

1978 79	Lack of working capital and disturbed industrial relations and irregular power supply
1979 80	Irregular and inadequate power supply, lack of working capital, disturbed industrial relations and fast turn over in staff and workers
1980 81	Inadequate and irregular power supply, disturbed industrial relations fast turnover of staff and workers and uncertainty created by the state Govt proposal to lease the Company

The position during the later years *i e* 1981 82 & 1982 83 was given as under —

1981 82	24,800 MT
1982 83	26,142 MT

It was added that the reasons for again actual less production below the installed capacity was mainly the power constraint and added that the loss in production due to power cut in these years (1980 81 to 1982 83) had been computed by the Company recently and it worked out as follows

Year	% of power cut	Loss in production (in TMs)	Value of production lost (Rs in lakhs)	Financial loss due to power cut by way of less production (Prodn loss in MTs x Gross Margin)	Financial loss due to power cut by way of extra cousumption of Gr electrodes power and furnace lining	Total financial loss (col 4+5) (Rs in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980 81	27 59	16 067	544 00	Rs 94 80 lakhs	Rs 20 76 lakhs	115 56
1981 82	24 92	13 729	522 00	Rs 72 08	Rs 26 75	98 83
1982 83	32 12	17 782	606 00	Rs 26 67	Rs 44 01	90 68

It was further submitted in the written reply as under —

'The main problem which the Company is facing, is the power problem and we are requesting the HSEB to give us the power on preferential basis This has already been agreed to by the HSEB and preferential treatment is being given (within the constraints faced by the HSEB) To overcome the constraint of working capital shortage, the Company has approached the commercial banks to enhance the present limits Satisfactory industrial relations have also been maintained during the last couple of years

To increase the production of billets, the Company has converted its manufacturing of billets from 100 Sq mm to 120 Sq mm in the BCM to cater to a separate segment of demand in the market However the percentage utilisation of the capacity of the BCM *vis a vis* its installed capacity will primarily increase only with the increase in the total production of liquid metal As regards the production of billets *vis a vis* ingots it may be mentioned that production of some ingots is against a specific order of only ingots and secondly whenever at the final stages of a heat or during casting on the BCM, it is learnt about an impending power cut the heat has to be diverted to pitside and cast in ingots

The technical parameters causing nozzle choking, bleeding etc are known to our technical staff and sometimes they cannot be forecast or prevented It can therefore, be said that it is the part of the process and is being looked into regularly and some improvements are there

1981 82	20,645 MT Billets
1982 83	22,265 MT Billets

The primary reason for the declaration of more off grade material in the Company s internal reports is the fact that more and more stringent quality control was applied by the management Further more alloy & special steels were produced However, a majority of such material is sold as OK

The following norms for the production of off grade ingots & Billets were given —

4—5% chemically off

8—10% physically defective

It was added that necessary steps had been taken to decrease the off grade ingots and billets and that it was very clear from the figure of the subsequent years that there were improvements

	1981 82	1982-83
Chemically off	4 7%	2 6%
Physically defective	9 2%	15 2%
	13 9%	17 8%

It was further submitted that the figures of defective production were primarily for internal control and sales planning purposes and that all the declared defective material was not sold as defective and thus the relevant index of judging performance should be the sale of defective material rather than the figure of the internal production data

During oral evidence on 20 5 1985 the representative of the company submitted before the Committee that maximum utilization of installed capacity had remained to the extent of 55 56 percent and that at that time the utilization capacity was 52 53 percent The main constraint for low utilization it was submitted was poor power availability though, during the last two three years the company had been getting preferential treatment in the allocation of power

The Committee observe that though the company, being a public sector undertaking, has been getting preferential treatment in the matter of allocation of electricity, utilization of capacity has not shown improvement The Committee desire that all out efforts be made to achieve substantial improvement in utilization of capacity by installing a sub-station of its own to maximise the production

Paragraph 6 22 07 (*i*) *Plant utilisation*

37 The table below indicates utilisation of furnace hours as compared to available hours and the hours lost as assessed by the Management

	1977-78	1978 79	1979 80	1980 81
Total furnace hours available	11,376	17,136	17,184	17,136
Total furnace hours utilised	6,325	11,053	5,825	8,958
Total furnace hours lost	5,051	6,083	11,359	8,178
Percentage of hours lost to total hours available	44 4	35 5	66 1	47 7

The Management attributed the under utilisation of available capacity to various factors including non availability of raw material and power, *etc*, as detailed below

	Year			
	1977 78	1978 79	1979 80	1980 81
		(*Hours lost*)		
(i) Non availability of raw material and lining of furnaces	1,982	3,511	3 027	6,787
(ii) Non availability of power	746	323	3,454	314
(iii) Break down/ operational delay	461	1,656	498	687
(iv) Others factors	1,862	593	4,380	390
Total	5,051	6 083	11,359	8,178

The Management further stated (May 1981) that high percentage of hours lost in 1979 80 was mainly due to labour trouble and severe power cut

In reply to the questionnaire of the Committee the department/Company submitted in their written memoradun as under —

> The furnaces could not be utilised to the full capacity due to the frequent power failure unfavourable market conditions, non availability of raw materials such as graphite electrodes soaring prices of various grades of scrap and acute shortage of working capital in the initial years Apart from it there are other factors which are disturbed industrial relations fast turn over in staff and workers and uncertainity created by the State Govt proposal to lease the Undertaking Needless to say these reasons varied from year to year
>
> (a) The Company is trying to get the power on preferential basis
>
> (b) The Company is trying to reduce the heat timings
>
> (c) The Company is making technical improvements/additions so that full utilisation of the plant can be achieved
>
> (d) The Company has tried to strengthen the maintenance department, both mechanical & electrical

	1981 82	1982 83
Total furnace hours available	16,896	16 333
Total furnace hrs utilised	8,769	8 873
Percentage of hrs lost to total hrs available	48 10%	45 67%

During oral evidence on 21st May 1985, the representative of the company informed the Committee that the plant could not be utilized fully on account of power shortage lining of furnace and at times on account of shortage of material Lining of furnace, it was added, was a major cause because a lot of time was required for cooling down the furnace and that to overcome that problem, an order for the purchase of a new cooling fan which would shorten the lining period, had been placed It was submitted further that in the year 1980 81 there was also shortage of raw material which was one of the reasons for low utilization It was added that 4 5 months stock of items of raw materials which were not so costly and only one month stock of costly items, was kept for utilization

The Committee are dismayed at the low level of capacity utilization and would like the Management to make sincere efforts to improve the utilization The Committee hope that the cooling fan must have been installed and the desired benefits achieved The Committee would thus like to be informed of the improvement achieved as a result of installing

of the cooling fan The Committee would also like that in the matter of raw material and other inputs a need based policy be adopted and in case it is felt that the existing arrangements regarding the purchase and stocking of the raw material is not satisfactory, appropriate steps to improve that system may be taken

The Committee recommend that the Management should devise ways and means to properly purchase/stock the raw material/inputs in future so that there is no loss and blocking up of funds The Committee would also like that the extent upto which the improvement in the utilization has been made as a result of measures taken by the company be assessed and intimated to the Committee and all out efforts should also be made to utilize the plants and the hours lost should be minimised. It should also be ensured that there is no adverse effect on production for want of raw material in future

Paragraph 6 22 07 (*ii*) *Loss in production of ingots*

38 In order to achieve substantial operating economics and to improve the yield and quality of finished products, the project report envisaged the installation of continuous billet casting machine (BCM) alongwith the two are furnaces (producing molten metal) While discussing the economics of continuous billet casting process *vis a vis* the ingots casting process it was mentioned in the project report that in addition to cost of molten steel, the variable cost for making billets would be Rs 40 per tonne as against Rs 90 per tonne for making ingots

A review of Steel Town weekly magazine for the period from April 1977 to April 1981 revealed that on an average ingot fetches Rs 190 per tonne less as compared to billet Therefore production of ingots is also less remunerative as compared to billets

One billet casting machine was installed in September 1977 for producing billets It was noticed in audit that even after the commissioning the billet casting machine there were significant diversions of hot metal from billet casting to ingot casting during the four years up to 1980 81 as given below

Year	*Production*			*Percentage of ingots produced to total*
	Billets	*Ingots*	*Total*	
		(*In tonnes*)		
1977 78 (from October 1977)	7,473	5,094	12 567	40 5
1978-79	17,670	9,220	26 890	34 3
1979 80	9 055	3 850	12,905	29 8
1980 81	18 769	4 690	23 459	20 00
		22 854		

The year wise details of cost of production ingots *vis a vis* billets and sale price thereof called for from the Management were awaited (September 1981) However based on the above data the diversions entailed extra variable expenses of Rs 11 43 lakhs (at Rs 50 per tonne) and loss of earnings of Rs 43 42 lakhs approximately

In reply to questions from the Committee —

(i) as to why diversion of hot metal billet casting to ingot casting made when billet machine was installed for producing billets and the production of ingots was less remunerative as compared to billets and

(ii) how did the company justify the diversion that entailed extra variable expenses of 11 43 lakhs (at Rs 50/ per tonne) and loss of earning of Rs 43 42 lakh approximately

Government/company, in their written reply stated as under —

(a) It depends upon the market demand and sometimes there is specific placement of orders for ingots

(b) The heats are sometimes diverted to ingots owing to break down in the BCM, due to nozzle choking or bleeding or stopper running etc

(c) When there is an unscheduled power cut at the final stages of a heat or during BCM casting the heat has to be diverted to the pitside and cast in ingots

Extra expenses, as computed in the A G report could be pertinent only to category (b) mentioned above In category (a) above, generally the Company obtains a higher price margin on that ingot production Similarly, in category (c) above, the ingot casting is due to the endeavour to reduce the loss and so ingot casting is beneficial to that extent

These vary from grade to grade and from month to month If desired, the present figures for any one month can be given

The percentage of ingots produced to total of production, i e Billets plus Ingots is as under

1981-82	15 9% Ingots
1982 83	13 9% Ingots'

The Committee observe that even after the installation of the billet casting machine hot metal was diverted from billet casting to ingot casting, the diversion having been made in an unplanned manner, which resulted in loss of earnings to the extent of Rs 43 42 lakhs The Committee desire that in future such unplanned divers ons should be avoided and at the same time operational efficiency be improved so that such losses do not occur in future

Paragraph 6 22 08 Excess consumption of raw materials

39 The project report indicated standards of consumption of different raw materials, such as mild steel scraps (of specified mix), graphite electrodes ferro manganese an ferro silicon for production of one tonne of steel The actual consumption of the four important items of raw materials during the five years up to 1980 81 exceeded the standards (norms) and the value of the excess consumption amounted to Rs 1,53 92 lakhs Material wise details are given below

Year	*Mild steel scrap*		*Graphite*		*Ferro Manganese*		*Ferro silicon*	
	Quantity	*Value*	*Quantity*	*Value*	*Quantity*	*Value*	*Quantity*	*Value*
	(Quantity in tonnes Value in rupees in lakhs)							
1976 77	997	5 79	12 9	1 83	23 8	0 51	9 8	0 45
1977 78	1,327	8 57	41 0	6 26	50 0	1 34	145 7	6 52
1978 79	3 964	29 18	79 03	19 04	129 0	3 74	171 4	8 40
1979 80	1,330	12 82	27 3	10 11	31 0	1 22	26 1	2 52
1980 81	1,873	19 63	33 8	10 46	47 9	2 05	28 3	3 48
	Total	75 99		47 70		8 86		21 37

The Management stated (December 1981) that the reasons for the excess consumption of the raw materials were under investigation

In reply to the questionnaire of the Committee the department/Company stated in their written memorandum as under —

"The calculation based on scrap requirement of 1100 kg for 1 MT of steel is not correct as envisaged in our Project Report The calcu lation have already been given in our reply to the main report

Standard norms of consumtion envisaged in Project Report were for the production of Mild Steel/Medium Carbon Steel in ideal condition The consumption of these items mainly depends upon our product mix Shifting of our production from the above quality i e MS to Carbon Steel grades to Alloy Steel/Special Steel will certainly increase the total consumption and thus average per tonne consumption of alloys e g production of spring steel requires a much larger percent age addition of ferro silicon and some managnese steels like 20 Mn 2 require a much higher percentage addition of ferro managnese As regards the Graphite Electrode consumption its consumption also depends upon the grades of steel to be produced, because 7 Kg/ tonne is for Mild and medium carbon steel production For production of special grades of steel where refining is more, its consumption will go up Its consumption also depends upon the condition of power supply which was not viewed at the time when the project report was prepared Due to interrupted power supply, not only does the heat time increase but it also affects our conversion efficiency by causing low liquid steel, higher graphite electrodes consumption and higher consumption of refractories fetling material etc

It is being looked into continuously every month and necessary measures are taken However, water cooled shell system in the furnaces will be installed very shortly which will reduce the consumption of refractories etc The Company has also approached Energy Con sultants of repute for making a detailed study and to suggest ways and means for reducing the energy consumption Other technical modifications for reducing graphite electrode consumption have also been made

The figures of consumption in the year 1981 82 and 1982 83 are given as under

(Value Rs in lakhs)

Year	*Scrap*		*Graphite Electrodes*		*Ferro Manganese*		*Ferro Silicon*	
	Qty MT	*Value*	*Qty MT*	*Value*	*Qty MT*	*Value*	*Qty MT*	*Value*
1981 82	28 625	478 00	200 5	59 76	259 5	11 62	182 8	16 36
1982 83	29,083	449 40	219 5	73 56	289 3	14 71	193 7	15 22

During oral evidence the representative of the Company stated that analysis were made in regard to material consumed in excess and that standard norms of consumption, envisaged in the project report, were for the production of mild steel/medium carbon steel in ideal conditions It was added further that the consumption of those items mainly depended upon their product mix and that shifting of the production from mild steel to carbon steel grade to alloy steel/special steel increased the total consumption

The Committee did not feel satisfied with the explanation submitted and asked for the reasons for the excess consumption of the raw material to be furnished within a period of one month Following details were accordingly furnished —

The CAG Report has indicated excess consumption on account of four main items i e Steel Scrap Graphite Electrodes, Ferro Manganese and Ferro Silicon based on which it has been concluded that excess consumption of material amounting to Rs 153 92 lakhs has been made in the five years 1976 77 till 1980 81 Our reply is as follows

Steel Scrap

As mentioned in our reply to the main report the calculation norm in the project report is incorrect since the project report has presumed 9% burning loss for the scrap mix indicated in the report whereas, with the scrap mix indicated in the report, the burning loss should be 14 5% Based on this aspect as indicated in our reply of the main report reply our Company has in fact used less scrap quantity than what should have been required Accordingly for the years 1976 77 to 1980 81 the burning loss came to 15 8% 13 9% 14 6% 11 7% and 12 1% respectively, whereas according to the proposed scrap mix in the project report it should have been 14 5 % In view of this the scrap consumption is reasonable and there is no excess consumption

Graphite Electrodes

As mentioned earlier in our reply of the main report reply Graphite Electrode consumption depends upon the grade of steel made (special steel requiring 4/3 times more heat time for refining) Further interruption in power supply also enhances the heat time due to extra start up time required which can be assumed roughly at 10% The 7 Kg graphite electrode consumtion in the project report has been presumed on a burning loss of 9 % and therefore, on a presumed higher quantity of finished production If the actual burning loss of 14 5% is taken on the scrap mix mentioned in the project report (i e 5 5% extra) than the finished production would be lower to that extent and the norm for electrode consum ption would be higher to that extent Keeping these three points in view analysis has been done for the year 1980 81 and it is found that the consumption of electrodes is not excess in any way (with only 1% variance) This 1% is more than explained by the extra diversion of heat from the BCM to pit side as well as loss of liquid metal due to power cut during casting (on an average 2—3 instances occur every month)

Ferro Silicon

Regarding the use of Ferro Silicon one very pertinent point is that 50 Kgs of Ferro Silicon is required in every heat of 15 MT finished product for deoxidation

The specified range of silicon in different grades of steel is given as under

Mild Steel Class II	0 10—0 30
Mild Steel Class III	0 10—0 35
DEN 8 (B S 970)	0 15—0 35
CI—IV/C—45 (ISI 1875)	0 15—0 35
C—45 F Q	0 15—0 35
EN—9 (B S 970)	0 10—0 35
EN 42	0 10—0 40
EN 42 J	0 10—0 35
EN 32 B	0 15—0 35
EN 15 (B S 970)	0 15—0 35
EN—45 A	1 70—2 00

Technically for good killed steel minimum 0 15% silicon is required for mild steel if cast in Ingot However for continuously cast billets minimum percentage required is 0 22%—0 25% According to the project report 90 Kgs per heat of Ferro Silicon has been presumed With 50 Kgs being used for deoxidation the finished ferro silicon percentage would come to only 0 178% With 100 Kgs used per heat of Ferro Silicon the silicon percentage in the finished product would come to 0 22% It may be mentioned that after the last meeting of PUC our Company tried various heats using Ferro Silicon ranging from 75 to 90 Kgs per heat In atleast 7—8 such heats where the final silicon percentage was less than 0 2% the finished steel was totally spoiled on account of blow holes as well as in some cases being unable to be cast on the continuous casting machine Then on the insistence of our Technical Personnel our Company has again reverted back to the use of 100 Kgs of Ferro Silicon per heat for carbon steel grades

As also mentioned earlier special steel like spring steel etc require extra ferro silicon percentage Keeping these two points in mind (of use of 100 Kgs per heat in order to get finished silicon percentage of around 0 22% and the extra silicon required for spring steel) the total quantity of ferro silicon required during 1980 81 was 159 46 MT As per Company s Stores record the total quantity of ferro silicon used was 166 853 MT The difference of 7 393 MT is only 4 6 per cent This is easily explained by the low finished production due to liquid metal loss in the diverted heats as well as when there is a power cut during the casting (as mentioned earlier atleast 2—3 such instances occur every month) In addition there are some occasions when there is a power cut after the addition of ferro silicon in the bath (which results in loss of the ferro silicon by oxidation) and which therefore causes extra ferro silicon usage Thus, the consumption of Ferro Silicon is also not in excess

Ferro Manganese

The prescribed percentage of ferro manganese in the different grades is as follows

Mild Steel Class II	0 60—0 90
Mild Steel Class III	0 60—0 90
EN—8 (B S 970)	0 70—0 90
CI IV/C—45 (IST 875)	0 60—0 90
C—45 F Q	0 70—0 90
EN—9 (BS 970)	0 50—0 80
EN—42 J	0 60—0 80
EN—42 B	0 55—0 80
EN 32 B	0 60—1 00
EN—15 (B S 970)	1 30—1 70
EN—45 A	0 70—1 00

The Project report has presumed 9 Kgs per MT of finished production consumption on the basis of less than 0 6% finished manganese percentage in the steel produced However, in the chemical composition it is impossible to retain the manganese percentage at the minimum of the prescribed range Presuming that the manganese percentage in the finished steel is only 0 7% (even though the middle point of the range works out to 0 8%) the required ferro manganese per tonne of finished production would be about 11 2 Kgs During the year 1980 81 the consumption of ferro manganese was 11 Kgs per MT Thus it is evident that there has been absolutely no excess consumption of ferro manganese during the year It may also be mentioned that whenever some special grade steel like 20 Mn 2, EN 15 or 37 Mnsi 5 is produced, the manganese percentage required being higher the consumption of ferro manganese would be more in those heats

The Committee recommend that the norms for consumption in each type of mix should be fixed by the technical body and such norms should in future be strictly adhered to so as to obviate the possibility of any excess consumption of raw materials

Paragraph 6 22 09 *Sale performance and policy*

(*A*) *Sales policy*

40 The Company sells products directly to customers The Company had up to January 1978 opened nine branches but six branches were closed and three branches are functioning at Gobindgarh Ghaziabad and Delhi Sales within the State are made by the head office at Hissar The Company does not have a system of planning for sales in advance, with a view to compare performance with that budgeted and take corrective action to improve performance According to the Management the selling prices are settled with the buyers keeping in view the day to day prevailing market rates There was however nothing on record to show whether the rates were actually settled keeping in view the prevailing market rates at a particular time

The Management stated (May 1981) that there was no written document to support the sale rates of finished goods as steel market was a very fluctuating one

In written reply it was stated as under —

> The market of steel is highly fluctuating and it is very difficult to have realistic budgeting However, in terms of quantity of sale monthly targets are fixed for different areas of operations Performance is compared with target and steps are being taken to boost up the sale
>
> The selling prices of various grades of finished products are fixed keeping in view the market forces The demand and supply factor is continually assessed and other factors like competitive, own cost of production and economic environment are kept in mind while fixing the sale prices,

The reasons for closing the branches were manifold which varied from branch to branch Some of the reasons are given below

(i) In certain areas, the demand was only of rolled steel products Since the Company does not have its own rolling mill, it was not able to get good quality rolling done from outside rolling mills and could not capture the standard customers and the supply could not continue to the customers like M/s Kunal Corporation (Bombay)

(ii) Disputes with main buyers of the branch resulting into litigation and closure of business with them like (a) M/s Jain Steel Rolling Mill (b) M/s Jindal Steel Rolling Mill (both at Malerkotla)

(iii) Closure of rolling mills who were the main customers of the area like (a) M/s National Steel & General Mill (Ghaziabad) (b) M/s Ashok Foundry & Metal Works Pvt Ltd (Jaipur)

(iv) Insufficient business to justify the operation of branch at that place like branches opened at Jaitu and Agra were closed down due to this reason only

The Committee was informed during oral evidence that the steel rates frequently changed and the production was adjusted according to the demand and to get remunerative sale price, that grade of steel was produced as was more in demand in the market It was added that earlier no interest was being charged for delayed payment but the same was presently being charged

The Committee are not satisfied with the reply furnished and observe that if the company was selling material at the approved market price and production was being adjusted according to demand to get remunerative cost the company could not have suffered serious set back in the past which culminated in heavy losses to the company The Committee would, therefore, like that the company should gear up to boost the sales by efficient operation and Management and evolve a system of planned sale by streamlining the sale policy so that the company, which is a commercial organisation, can compete and compare its performance with other mine steel plants in public/private sector

Paragraph 6 22 09

(*B*) (*ii*) *Loss due to extention of undue benefits*

41 During the years 1978 79 and 1979 80, Rs 6 50 lakhs and Rs 10 76 lakhs, which were outstanding from previous years remained unrecovered throughout the year from 14 and 26 parties respectively Loss of interest on these outstandings alone works out to Rs 2 98 lakhs

It was also noticed that during the months of September 1979, March 1980 September 1980 and March 1981 (where accounts were test checked) Gobindgarh branch had allowed cash discount of one *per cent* to various parties (Rs 25 956 in respect of sales covering 29 invoices) for payment against deliveries of mild steel without proper approval The payments thereagainst were received through cheques after a period ranging from 1 to 12 days

The department/company in their written reply stated as under —

'The deliveries are being effected both on terms of 100/ advance payment, payments against delivery and credit keeing in view the market forces and trade practices Out of this Rs 3 08 lakhs has been recovered and Rs 3 42 lakhs outstanding as on date Out of the outstanding, for Rs 1 89 lakhs cases are pending in the court

Out of Rs 10 76 lakhs, Rs 3 42 lakhs pertains to the amount as mentioned above regarding Rs 6 50 lakhs out of the balance, Rs 1 60 lakhs have been recovered and out of remaining amount cases for an amount of Rs 3 50 lakhs are pending in the court

It is the trade practice in Mandi Gobindgarh to allow cash discount of 1/ on all sales if the payment is received within 7 days from the date of supply The rates of steel in the market also get fixed keeping in view this practice If the supplier decides to sell its material without offering the trade discount, the price for such material is automatically reduced to that extent On the other hand timely payments are ensured by allowing cash discount It would thus be clear that the Company did not incur any loss on this account Since it is a mandatory practice and had been followed in the interest of the Company no Board approval was deemed necessary However, now the approval has been obtained

The practice of allowing cash discount on sale of mild steel is only prevailing in Mandi Gobindgarh and not at any other station/branch

During oral evidence on 21st May 1985 the Committee asked for latest information in regard to the outstanding amount of (I) Rs 3 42 lakh and (II) Rs 3 50 lakh in respect of which cases were stated to be pending in the court This information which was not readily available at the time of oral evidence, was subsequently submitted to the Committee and is as under —

List No I

Aggarwal Steel	331 50	Written off
Bodh Raj & Sons	4,351 40	Do
Bee Cee Rolling	5 983 18	Do

Hindustan Everest Tools	10,537 50	Recovered
Jai Steel Inds	4,227 76	Written off
Kunal Corpn Bombay	1 10,702 40	Case filed
K L Rathi Steel Ltd	0 50	Written off
Laxmi Machine Tools	6 725 85	A/cs adjusted No amount now recoverable
Malik Iron & Steel R/Mills	24 843 54	Some amount adjusted Now pending Rs 10 127 98
Mahawar Trading Co	46,830 90	A/cs adjusted
Ramesh Engg Works	33 633 50	Suit filed
Sachdeva Steel R/Mills	17 499 72	The party has refused to make the payment since our Company had perhaps not supplied some material in execution of a verbal order (as told by the party)
Special Steel & Scrap Co	28 645 30	Case filed
Sudershan Steel R/Mills	40 577 40	Case file
The Executive Engineer, HAU Hissar	1 741 12	Realised

List No II

Ashwani Steel Traders	19,458 00	Case field
Apex Steel Jaipur	1 024 80	Written off
Bharat Enterprises Mandi Gobindgarh	0 55	Written off
Bal Iron & Steel Co Mandi Gobindgarh	101 00	Written off
B D Ghai & Sons, Faridabad	2,149 07	Written off
G D Indl Engg, Fbd	21,481 80	Continuing Account
G D Steel Gases (P) Ltd Fbd	5 574 30	Case filed
Ispat Udyog Khanna	5 328 75	Case filed

Jain Steel Rolling Mills Hissar	42 695 49	Case filed
Jindal Strips Ltd Hissar	9 389 66	Bal Amt 833 66
Jain Steel Rollings Malerkotla	1 73 458 16	Case filed
Jaipur Rollings Mills	9 25	Written off
Lauls (P) Ltd	867 73	Written off
Northern India Iron & Steel Co, Fbd	1 35 434 95	Case filed
Oswal Steel Faridabad	2 854 16	Written off
Singla Steel & Allied Industries	25,000 00	A credit amount of Rs 16 143 available in a sister concern of the party (Patiala Steel Inds M Gob)
Steel Scrap, Udyog	9 723 97	Advance given against scrap purchase Pending
Steel Sales Syndicate Fbd	24 101 00	Cr 6 899 00 (bal)
Usha Alloys & Steel Forgings	776 25	Written off
Shankar Iron & Steel Co, Delhi	18,120 00	Pending

The Committee desire that all out efforts be made for effecting the outstanding recoveries The cases filed in the Courts be also vigorously persued so that all cases of recoveries, which are outstanding for the last several years, are settled without any avoidable delay The Committee be kept informed about the progress made in effecting the outstanding recoveries

Paragraph 6 22 09

(*B*) (*iii*) *Loss due to extention of undue benefit*

42 During November 1978 to May 1979 the Company supplied materials valued Rs 39 11 lakhs to a firm of Faridabad on 30 days credit against a revolving letter of credit opened for Rs 8 50 lakhs (increased to Rs 17 lakhs in May 1979) Against this supply the Company raised *hundies* to the extent of Rs 36 72 lakhs of which payment of Rs 34 26 lakhs was received up to March 1980 leaving a balance of Rs 2 46 lakhs in respect of two *hundies* which were dis honoured (Rs 0 74 lakh in December 1979 and Rs 1 72 lakhs in December 1980) *Hundies* for the balance amount (Rs 2 39 lakhs) were not raised

The account of the Company was debited by the bank with whom the *hundies* were discounted by Rs 1 07 lakhs (Rs 0 08 lakh in

December 1979, Rs 0 45 lakh in February 1980 and Rs 0 54 lakh in December 1980) on account of interest charges on the dishonoured *hundies*

Again in June 1979 the Company supplied to the same firm 76 380 tonnes of material valued Rs 2 24 lakhs in replacement of defective materials valued Rs 2 13 lakhs (58 225 tonnes) and returned during August 1979 to November 1979 after the materials had been subject to further rolling by the firm

Accordingly a sum of Rs 6 06 lakhs (dishonoured *hundies* Rs 2 46 lakhs *hundies* not raised Rs 2 39 lakhs interest charged by bank Rs 1 07 lakhs, value of excess goods supplied on replacement Rs 0 11 lakh and other charges Rs 0 03 lakh) was recoverable from the firm as at the end of March 1981 No effective action had been taken by the Company to recover the amount

It was observed that the above blocking up of funds was attributable to the following —

—supply of the material over and above the limit of letter of credit

—non inclusion of the term in *hundies* that overdue interest will be charged from the party after due date as done and being done in case of other parties

—excess supply of 18 155 tonnes of good material in place of defective material and

—acceptance of defective goods even when their shape had been changed

In its written reply the company stated as under —

The supplies to the firm were made against a revolving letter of credit The *hundies* in respect of the supplies were routed by Bank of India Hissar to Canara Bank Faridabad branch for collection through Bank of India Faridabad The Canara Bank (Bankers of the firm) had accepted *hundies* exceeding the L C amount and had been even giving credit to our bankers which give the impression that the LC was vacant to the extent of *hundies* accepted However it was intimated by the firms bankers at a later stage that the firm had refused to accept the *hundies* exceeding the LC limit Apparently the Company was given the impression that the LC was vacant when the firms bankers accepted the *hundies* and credited our bankers It being a revolving letter of Credit the acceptance of *hundies* by the firms bankers was treated to be an indication that the LC had been vacated by the firm to the extent of *hundies* accepted In any case the officers of our Company could also have exercised more caution but the bad intentions of the buyer party could not have been foreseen/predicted earlier

The information regarding dishonoured *hundies* was sent by our bankers at a much later date after the subsequent supplies had been made

The Company has already filed a recovery suit against the firm in the Civil Court at Hissar

The Committee find that in the above reply, it has, inter-alia, been stated " in any case the officers of our company could also have exercised more caution " and observe that since the slackness on the part of the officers of the company has been conceded, it would be appropriate to fix responsibility on the officers who failed in exercising due caution resulting in losses to the company The Committee would like that steps be taken to plug the loopholes in such transaction involving supply of material over and above the limit of letter of credit and it should be ensured that such deals are undertaken with due care so as to obviate chances of losses to the company in future

Paragraph 6 22 09

(*iv*) *Sale of good products as rejected items*

43 During 1977 78 and 1978 79, the Company sold 2,081 870 tonnes of finished material certified by the Quality Control Department as good quality as Off grade' This resulted in short realisation of the sales proceeds by Rs 6 07 lakhs

(*v*) *Rejection of good quality material by the buyers*

During 1977-78 and 1978 79, 683 tonnes of finished goods valuing Rs 15 30 lakhs were received back as defective from various buyers in contravention of the following terms of sale contracts

(a) the quality report of the company would be final,

(b) goods would not be taken back if their shape was changed, and

(c) the inspection at company s factory would be final

The above quantity included 59 145 tonnes and 12 460 tonnes returned by two firms of Murthal and of Gobindgarh, respectively even after the shape of the goods had been changed by them

The loss suffered by the Company in these transactions could not be worked out as no proper records indicating disposal of the returned goods were maintained and information in this respect called for was not furnished for scrutiny

In written reply the Department/Company stated as under —

(iv) The Company did not sell any good quality material as off grade In fact after production the quality department checks the material for its physical and chemical soundness The material which falls within the chemical range of the grade produced is marked as chemically O K and such chemically O K billets may not necessarily be physically sound also The material purportedly to have been sent as off grade was that which was defective and not fit for sale to good forging/rolling units

The defective material always fetches lesser rates and as such there was no short realisation on this account

(v) The Company does not have sophisticated testing facili ties and also at times it pushes through defective material as O K for commercial advantage Occasionally, the Company has to accept back such material It may be added here that material which is unfit for the requirement for one customer may be acceptable to another customer depending upon its utility Such lifted material is quite often disposed off again as good quality material to other customers

In respect of the cases cited by the audit it may be certi fied that the material was received back from the custo mers after grinding by them which did not change the shape of the material nor was the market value of such material depreciated It is correct that complete records should have been maintained regarding the subsequent disposal of those materials but perhaps in the rush of the commercial functioning, separate recording of details of those materials specifically might not have been deemed necessary at that time

During oral evidence on 25th May 1985 it was submitted before the Committee that there was nothing on record to show the reasons for the rejection of the material It was however, added that the quality of material prepared was being chemically tested which was not a fool proof test and that the Board had already decided to purchase an instrument (spectometer) which was likely to be installed in the next 5 6 months, which would make the testing of the material more accu rate and easy

The Committee regret to observe that the circumstances under which the material was received back and sold as off grade, resulting in loss of Rs 6 07 lakh, when the company was under no legal obligation to accept back that material, do not rule out the possibility of mani pulation in the affair The Committee, therefore, recommend that the whole matter may be investigated and responsibility for the loss of Rs 6 07 lakh be fixed and appropriate disciplinary action taken against the persons

held responsible for not ensuring fool proof testing and in accepting back the material without any legal obligation and prior approval of the Board The Committee may be informed of the action taken and also whether the spectometer has since been installed and if so, to what extent certification of the material by the Quality Control Department has improved and made effective

Paragraph 6 22 09

(*vi*) *Delay in execution of order*

44 The Company contracted (25th July 1977) to supply 100 tonnes of mild steel ingots to a firm at Rs 1,395 per tonne The delivery was required to be completed by 7th August 1977 The party was required to make payment within 20 days of the supply of the material The Company supplied 12 520 tonnes (value Rs 17 465) on 26th January 1978 Neither further deliveries were made nor the party had made any payment

Against another order dated 15th March 1978 for supply of 100 tonnes of steel at Rs 1,620 per tonne placed by the same firm material valued Rs 1 58 lakhs was supplied and a payment of Rs 1 35 lakhs only was received

In November 1978, the firm informed the Company that it had made risk purchase of the remaining quantity of supply order of 25th July 1977 and that after adjusting Rs 40,577 which were remaining to the credit of the Company a further sum of Rs 21,687 50 was due to it

The Company had filed a suit in May 1981 for enforcing the recovery of Rs 61 892 (incldding interest) The decision in the matter was awaited (December 1981)

In its written reply the Department/Company stated as under —

> As per the record available the supplies against order acceptance No D 11 dated 25 7 77 could not be completed because immediately after placement of order on us the party requested to with hold the despatch of material as their premises were flooded After that the supplies could not be made due to a breach in Delhi Hissar road Mean while the prices went up and the production of material of the party could not be given priority in view of the new orders in hand which were on higher rates However in January 1978 it was decided to execute the order of M/s Sudershan Steel Ltd, but only one truck of material was supplied and subsequent supplies could not be made to them due to the pending orders of more remunerative grades and again the supplies to this party were stopped
>
> The probable reason for non supply of material appears

to be with holding of payment of one consignment sent to them It is not correct to say that the payment was with held by the party because complete supplies against the order were not made by the Company within stipulated period as the consignment actually was sent much after the expiry of the stipulated delivery period and the order was apparently kept alive with the mutual consent of both the parties

Though there is nothing on the record regarding cancel lation of their earlier order yet it is obvious that this order must have been treated to be cancelled while booking a fresh order of 100 M Ts on much higher rates (prevai ling market rate) The above assumption appears to be logical since the party did not object to the supplies made against the fresh order which was booked on higher rates and raised the matter regarding execution of their old order only after the supplies against new order had been com pleted It may be added that in view of the position explained above the party might have an intention to take an advantage of the omission on part of the Company to bring the facts on record

Though in November 1978 no action could be taken on the claim of compensation of the party as there was a change in the Management of the Company However subsequently on receipt of reminder to this effect from the party, the matter was immediately taken up by the Management and legal opinions were sought from the Advocates of the Company Accordingly a legal notice was served upon the party repudiating their claim of dama ges and thereafter a recovery suit was filed against them

The suit is still pending in a Civil Court at Delhi and no final out come has since arrived '

During oral evidence on 25th May 1985 it was submitted by the representative of the Company that since concerned firm had withheld the amount the company had no alternative but to file a civil suit for the recovery of the amount When asked about the outcome of the court cases it was intimated that the case has been decided on 4th May 1985, by the Delhi High Court and an amount of Rs 34,027 had been decreed in favour of the Company against the claim of Rs 40 477 40 It was added that the company was filing proceedings for the execution of the decree and an appeal was also being filed for the recovery of the balance amount

In reply to the question of the Committee during oral evidence whether any responsibility had been fixed for the non supply of the material, it was intimated that since the case had been decided in favour of the company there was no need to hold any officer responsible for any lapse

The Committee desire that the final outcome of the execution of

the decree and the result of appeal case which was proposed to be filed be intimated to them

Paragraph 6 22 09

(*vii*) *Loss due to non adherence of terms of contract*

45 The Company agreed (29th April 1978) to supply to a firm of Gobindgrah, 10 to 11 tonnes of EN 9 billets of 100×100 mm size The delivery was required to be made ex stock against demand draft The Company however supplied on the same date 10,810 tonnes (value Rs 19 458) billets without insisting on a demand draft before their release

Due to non receipt of the amount the Company filed (April 1980) a suit in the court of Sub Judge Hissar for enforcing the recovery of Rs 19 458 and interest amounting to Rs 6 907 59 The case was pending (July 1981)

In its written reply the Department stated as under —

The lapse was committed by the then handling agents M/s Binoo Enterprises who were responsible for supplying material as well as collection of payments

The Company has made the handling agents a party in the suit for recovery of amount

The case is still pending

In reply to a question from the Committee during oral evidence it was submitted by the representative of the Company that the case for the recovery of Rs 19 458 plus the amount of interest of Rs 6 907 59 (total Rs 26,365 59) was pending in a Civil Court at Hissar

The Committee desire that the case pending in the Court be vigorously pursued and final outcome be reported to the Committee

Paragraph 6 22 10 Sundry debtors

46 The Company extends credit sale facility to the various departments of State Government Government undertakings, and in some cases to private parties for periods up to 30 days In such cases the private parties are required to accept *hundies* drawn by the Company for the value of the goods sold The *hundies* are discounted with the banks

The time limits up to which credit facility is to be extended, nature and extent of security if any, to be obtained rate of interest to be levied, *etc*, had not been laid down no uniform procedure in this regard was followed by the Company Sales proceeds were realised after two to three months of sales, and no interest was charged for belated receipt of money

The following table indicates debts outstanding as at the end of each of the four years up to 31st March 1980 and their percentage to total sales

Year	Debts outstanding at the end of the year considered		Total	Total sales during the year	Percentage of total debts to sales
	Good	Doubtful			
			(Rupees in lakhs)		
1976 77	9 81	—	9 81	1 49 55	6 56
1977 78	26 31	3 30	29 61	2 74 98	10 77
1978 79*	70 76	—	70 76	6,01 89	11 75
1979 80*	96 39	—	96 39	4,14 04	23 28

It will be observed from above that sundry debtors were on the increase from year to year

Out of Rs 96 39 lakhs outstanding on 31st March 1980, age wise break up of the debts of Rs 48 09 lakhs only was available which is as under

	Amounts due from		Total
	Government departments	Others	
	(Rupees in lakhs)		
Debts outstanding for more than one year but less than two years	0 33	19 65	19 98
Debts outstanding for more than two years	0 02	28 09	28 11
Total	0 35	47 74	48 09

There was no system of obtaining confirmation of debts and no provision had been made towards doubtful debts during 1978 79 and 1979 80

The Board constituted (December 1980) a committee consisting of three Directors to

(i) examine all the recovery cases and decide in which cases negotiations should be carried out and

* Figures are provisional

(ii) carry out negotiations with the parties and/or depute any of its members/any one else, for this purpose

The Committee had not yet met (April 1981) and no effective steps had been taken to recover the dues

The Management stated (May 1981) that due to arrears in accounts and shortage of staff it could not keep track of outstanding balances against debtors

In its written reply the department/Company stated as under —

"The Company has a uniform procedure for extension of credit facility rate of interest etc which is being followed meticulously The Company is keeping regular track of outstanding balances by preparing daily outstanding statements and follow up action is taken thereon The credit period for carbon alloys steel is 30 days

The outstanding balance against debtors is being closely watched both by the Sales Deptt as well as the Finance Deptt This is also being monitored in the Sales Committee meetings

In order to realise the old debts from its customers, the Company has already initiated legal proceedings against the defaulters However, it is pertinent to note that with the increase in the sales turnover, the quantum of sundry debtors would also tend to rise

The Company has created its own internal cell which is looked after by the Company Secretary to see that no such case of recovery gets time barred on account of lack of information or neglect An agewise list of some of our debtors has been drawn and the Company is proceeding case by case on merits in launching legal proceedings wherever necessary Efforts are also being made to recover the amount by negotiation if possible so as to avoid lengthy and cumbersome proceedings In case the negotiations do not succeed the Company would have to ultimately initiate legal proceedings against such parties The functioning of a Committee in this regard is difficult since each individual on the Committee is otherwise very busy in his official work

The position of sundary debtors for 1980 81 & 1981 82 was given as under —

Year	*Debt outstanding at the end of the year considered*		*Total*	*Total sales during year*	*Percentage of total debts to sales*
	Good	*Doubtful*			
1980-81	33 94	14 03	47 97	789 36	6 07%
1981 82	102 63	16 09	118 72	924 29	12 85%'

During course of oral examination the representative of the company informed the Committee that the figures in regard to Sundry changed from month to month and added that as on 31st March 1984, the total amount of sundry debtors was Rs 1 29 crores which included a sum of Rs 32 07 lakhs relating to cases which were more than six months old and Rs 97 lakh relating to cases which were less than six months old

The Committee desire that effective steps be taken to recover the oustanding dues and also due caution should be taken in extending the credit sale facility so that unnecessary litigation and losses can be avoided

Paragraph 6 22 11 *Purchase procedure*

47 Mild steel scrap is a major item of raw materials purchased by the Company, besides other consumable items The Company had not prescribed any procedure to be followed in arranging purchases The scrap is largely purchased by direct contract with the party/suppliers and the rates are settled on the spot according to the grade of material and personal knowledge and judgement of the purchase officer Scrap is also purchased at auctions and from the Railways by submitting tenders The other items of stores are purchased by inviting quotations

In the matter of purchases, the following points were noticed

(i) Two advance payments amounting to Rs 3 15 lakhs were made to a firm of Bombay during January February 1975 in anticipation of placing purchase orders on them for the purchase of high tension cable The Company however received 2 drums of cable without bills which was valued on *ad hoc* basis at Rs 0 87 lakh and a demand for th refund of balance advance was made in May 1976 The firm denied (November 1976) that order for the supply of cable was placed and that the firm had received advance money of Rs 3 15 lakhs from the Company It was further stated that the firm had simply helped the then Managing Director of the Company in realising proceeds of the demand drafts through their account The firm further stated that after deducting Rs 5 000 on account of service charges, Rs 3 10 lakhs were transferred by it to a company owned by the then Managing Director of the Company The matter was pending in Bombay High Court since November 1980

In its written reply the department/Company stated as under —

The fact is that the then Managing Director Shri J P Mehta instructed the then Executive Director Shri G S Musafir through his Secretary by Inter Office Memo to release an advance of Rs 1 50 lakhs in favour of M/s Elachem Agency Bombay for supply of cable and the copy of purchase order will be sent separately, and a further cheque of Rs 1 65 lakhs was issued under the signatures of the then Managing Director Shri J P Mehta. After that, a consignment of two drums of cable was received through Patel Roadways Pvt Ltd Bombay and the name of the consignor was M/s Elachem Agency, Bombay The cost of the material was got evaluated at Rs 86,500 through M/s Siemens India However, a notice dated 11 9 1976 was issued to the consignor who replied through M/s C A Shah & Co, Solicitor and Advocate alleging that their client never supplied any cables nor deals in such goods and that Mr J P Mehta and his brother Shri B P Mehta had requested them to get the demand draft encashed and to send amount to their concern, M/s Saurashtra Iron Foundary & Steel Works, Bhavnagar and keeping Rs 5 000 as part of their commission etc

The Company feels that even though M/s Elachem Agency Defendent No 2 stated that they just obliged their friends and it is alleged that their function was of intermediatory and to funnel the funds obtained from the Plaintiff Company, on the pretext of making supplies of cables to M/s Saurashtra Iron & Foundary Works (P) Ltd Bhavnagar a Company belonging to the said Shri J P Mehta and Shri B P Mehta, M/s Elachem Agency is also liable since some cables were received with consignor name as Elachem

The Company had filed the suit against M/s Elachem Agencies and then it was transferred to Bombay High Court on the jurisdiction point Then the Company made an application in the Gujrat High Court for seeking permission to proceed against M/s Saurashtra Iron Foundary & Steel Works through official Liquidator, since that had been ordered to be wound up by Gujrat High Court order and the Company came to know the facts through Official Liquidator On our said application the Gujarat High Court had asked us to deposit Rs 10,000 to meet with the expenses to be incurred by the Official Liquidator for defending the suit The Company again filed the appeal not to transfer the case to Gujarat High Court and waive the condition of Rs 10 000 However, Gujarat High Court upheld the transfer from Bombay to Gujarat High Court and waived the condition of Rs 10,000 Now the case is being followed up in Gujrat High Court

The said case has been filed against the persons who appeared to be involved in the said transaction

When asked during oral evidence to state the present position of the case, the representative of the company stated that the case had been transferred from Maharashtra High Court to Gujarat High Court and that the matter was being followed up When asked further whether a criminal case of cheating and breach of trust could also be registered against Shri J P Mehta it was intimated as under —

> A case FIR No 503 dated 30 12 1977 under Section 420/405 was filed at P S Sadar, Hissar against Shri J P Mehta the then MD, Polysteel Hissar During investigation, it was found by the Police that Hissar did not have any jurisdiction in the matter and the case was sent to the Ilaqa Magistrate for filing the same The case, has therefore been filed with no action to be taken by the Hissar police That was informed to our Company vide D O letter received from SP, Hissar (No 4057 dated 27th April 1985) Thereafter no other criminal application has been filed by our Company'

The Committee desire that the case pending in the Gujarat High Court be vigorously followed and final out-come be reported to the Committee

The Committee also desire that legal opinion may be obtained if a criminal case could still be registered in the area of competent jurisdiction and if so advised, criminal proceedings against Shri J P Mehta may also be launched

Paragraph 6 22 11 (*ii*) *Purchase Procedure*

48 The Company advanced Rs 5 85 lakhs during January June 1975 to a firm of Bombay against which material valued Rs 4 04 lakhs was received up to May 1976 although according to the item of purchase order, advance to the extent of 50 *per cent* should have been made In August 1976 the firm offered to the Company to supply the balance material or pay the balance amount in 20 instalments of Rs 9,000 each The latter course was accepted by the Company and the firm paid three instalments during the period from December 1976 to August 1977 The balance amount of Rs 1 54 lakhs was still outstanding (December 1981) The case for the recovery of the amounts was pending in Bombay High Court since March 1979

In its written reply the Department stated as under —

> 'It might have been made under the instructions of the then Managing Director and nothing is on the record from which something concrete could be stated
>
> A recovery suit against the party has been filed and no responsibility can be fixed now
>
> The matter was discussed in the Board meeting and the latter course was chosen
>
> The firm made three instalments of Rs 9,000 each and thereafter they had stopped making the payment, which led to filing of a suit against the said party
>
> An exparte decree has been passed and the execution is under process to realise the decretal amount

The Committee orally examined the representatives of the Government and company on 28th May 1985 and pointed out that evasive reply as had been given above had not satisfied the Committee and since a significant amount of Rs 5 85 lakhs was involved the Committee should be apprised of the full facts In reply the representative of the Government declined to eloborate and insisted that there was nothing on record The Committee observed that the representative of the Government was not fully prepared to answer all the questions of the Committee and therefore desired that the information as to when the decree was obtained and what decision was taken in the meeting of the Board of Directors be intimated to them subsequently In reply it was intimated that decree was obtained on 28th July 1980 and the following extracts from the minutes of the meeting of Board, held on 23 8 76, 31 1 77, 25 8 77 and 28 9 77 were also furnished —

Minutes of the meeting held on 23rd August 1976

OUTSTANDING ADVANCES TO VARIOUS PARTIES

The Chairman informed the Board that replies to the letters issued to Shri J P Mehta the then Managing Director of the Company and Shri G S Musafir Executive Director of the Company had been received and these were being examined and that further action in this behalf would be taken in due course

The Board however deprecated the manner in which these advances were paid without caring for the interest of the Company

A copy of the report received from the Managing Director of HSIDC Ltd, Chandigarh was placed before the Board Shri G S Musafir, Executive Director also briefed the Board about his and Shri R L Sudhir s meeting with the Partner of M/s Uni Steel and Multi Steels in Bombay

Shri G S Musafir, Executive Director placed before the Board letters dated 17 8 76 received from the parties viz Unisteels and Multisteels Bombay along with a cheque for Rs 5 000 M/s Unisteels Bombay stated in their letter that they were prepared to make the supplies of steel or alternatively they should be given sufficient time to make arrangements for paying the balance amount in instalments spread over a period of about 20 months They earnestly requested the Company to appreciate the difficulties and problems in the right perspective so as to enable them to fulfil their obligations M/s Multi Steels Bombay, in their letter informed that they were willing to make supplies of scrap based on present market price and wanted the Company to reconsider the order by revising the price structure given in the purchase order They further suggested that the Company should pay them 80% of the value of the supplies made and balance 20% should be adjusted towards the advance amount of Rs 3 00 lakhs outstanding against them

RESOLVED that on the basis of proposals submitted by the parties concerned, Shri G S Musafir Executive Director and Shri R L Sudhir IAS Director be and they are hereby authorised to accept final settlement of the transactions and that further progress in this behalf be reported to the Board, in due course

Minutes of meeting held on 31st Jan 1977

'OUTSTANDING ADVANCES AGAINST VARIOUS PARTIES

The Board noted the progress with regard to recovery of outstanding amount from M/s Ela Chem Agencies Bombay M/s Multi Steels Bombay and Uni Steels Bombay The Board also desired that Shri G S Musafir Executive Director and Shri L M Goyal Director and Dy Commissioner Hissar, may plan to visit Bombay and persue the matter further at personal level

Resolution passed at the meeting held on 25 8 77

RECOVERY OF OUTSTANDING FROM UNISTEEL BOMBAY

The Board noted that in spite of the fact that the Company had agreed to accept repayment of the outstanding amount by monthly instalments, the party had failed to keep its promise and had paid only two instalments of Rs 9 000 each The Directors directed the Secretary to write to the party in precise and firm terms that they must repay the entire amount within a period of thirty days from the date of the letter, failing which a legal notice be sent and the response of the party be notified to the Board of Directors at its next meeting

Copy of Resolution passed at the meeting held on 28th Sept 1977

RECOVERY OF OUTSTANDING FROM UNISTEELS BOMBAY

The Board persued the final letter dated 7th Sept 1977 written by the Company Secretary to the party and advised the Secretary to hand over the papers to the Legal Adviser of the Company for filing suit for the recovery of the amount together with interest due till full repayment by the party in case the party does not repay within the period stipulated in the said letter

Regarding the aspect that when ex parte decree was obtained in July, 1980, why it has still not been got executed and money realised it may be mentioned that while finally engrossing/sealing the ex parte decree it had been noticed by the Court that there was no mention of interest rate in the prayer clause of the plaint which happened through inadvertance However, again the suit was fixed for hearing and the rate of interest was decided as 6% During the month of October 1981 a certified copy of the ex parte decree was supplied to our Advocates and they accordingly forwarded copies of the decree to Defendant s Advocates by way of service upon them and also on the 1st Defendant by Registered A D at the address mentioned in the plaint The letter addressed to the 1st Defendant was returned to our Advocate by the postal authorities with an endorsement Not known Since the partners of the firms had changed their addresses a person from the Company was sent to Bombay for finding out the whereabouts As per the information collected, again a letter during the month of February 1983 was sent to the Defendant No 2 Shri H V Mehta for payment of the decretal amount Another letter dated 22 3 1983 was written to the Advocate of the Defendant for giving another opportunity to his client to make the payments of the decretal amount Since the Company was not fully aware of the particulars of the properties of the defendants, the Advocates of the Company applied to the Court for directing the judgement debtor to file an affidavit stating the particulars of his property The defendant No 2 filed an affidavit during October 1983 in which he disclosed the particulars of the property which were insufficient to discharge the decretal amount However, the defendant No 2 has disclosed the names of other partners of the firm in his affidavit Now, the Company is trying to get the particulars of the property of the other partners of the Defendant No 1 firm and the Defendant No 2 is to be examined orally The matter for evidencing the Defendant No 2 was fixed for 18th February 1985 and that was adjourned Now, the case will again come up for evidence of Defendant No 2

The Committee look at the dismal past performance and style of functioning of the company with a feeling of anguish The lack of proper supervision, the Committee feel, was one of the main reasons underlying the set back to the company in the past. At this stage, the Committee can only hope that the company would learn from the past experience and shall not allow such imprudent transaction to take place in future

The Committee recommend that no efforts be spared to effect recovery of the amount and final outcome of the execution of the decree be reported to the Committee

Paragraph 6 22 11 (*iii*) *Purchase Procedure*

49 As per terms and conditions of purchase order for the purchase of iron scrap, an advance of Rs 3 lakhs was paid to a firm in August 1975 The firm failed to supply the scrap within the stipulated period The Company thereafter purchased the scrap from the market at an additional cost of Rs 11,750 The firm in the meantime, sent a cheque of Rs 0 05 lakh in repayment of advance and promised to supply the material if order was placed at the enhanced rate which was agreed to by the Company The firm failed to honour even this commitment A case for recovery of Rs 4 81 lakhs (including interest of Rs 1 86 lakhs up to March 1979) was pending (March 1982) in Bombay High Court since March 1979

In its written reply the Department stated as under —

> When the party failed to supply the material against order No HPL/MD dated 14 8 1975 a legal notice was served upon the party on 20 5 1976
>
> As per records, it reveals that after serving the notice dated 20 5 1976 upon the party the party replied to our notice vide their letter dated 17 8 1976 stating that the material was not despatched on the instructions of Shri J P Mehta, the then Managing Director and party suggested for placing of fresh orders on the prevailing market rates on the payments terms i e 80% against supplies and 20% will be adjusted against the advance of Rs 3 00 lakhs Along with the said letter, they sent a cheque for Rs 5000/ as a token of payment It appears that the revised order might have been placed to arrive at the solution
>
> The purchase order stipulates the punitive clause that 'failure in keeping to delivery schedule on date specified will give the Company every right to obtain such items, as and when required from other sources and/or cancel the order and in either event, the Company shall reserve the right to debit to supplier's account the difference between the amount spent and the price quoted on the order plus 10% to cover incidential expenses as the time is essence of this order that is why an amount of Rs 11,750/- was incurred, however the said amount was claimed from the party through notice served upon the party on 20 5 1976 and after placing the 2nd order the said amount was not included in the plaint
>
> The case is still pending in the Bombay High Court '

The Committee desire that the case pending in the Bombay High Court be pursued vigorously and final outcome be intimated to the Committee

Paragraph 6 22 11 (*iv*) *Purchase Procedure*

50 The Company had been making purchases of scrap from a firm of Delhi and making on account payments to the supplier without keeping in view the value of material received As on 30th June 1977 an amount of Rs 2 61 lakhs remained outstanding against the firm for which material was not received Further, the Company supplied to the same firm ingots valued Rs 0 52 lakh and Rs 0 05 lakh in August 1976 and January 1977 respectively even though the payment against earlier supply was not received from it A civil suit for the recovery of Rs 4 87 lakhs (including interest Rs 1 69 lakhs) had been filed against the firm in June 1980 Final outcome was awaited (December 1981)

In its written reply the Department stated as under —

'The accounts were never reconciled before the next supply & its due date for payment Further on account payment are generally made in the course of business and accounts are adjusted in the light of subsequent adjustment of shortages deductions in regard to quality etc

These transactions were entered simultaneously with the scrap transction and the terms of payment for the supply of steel was on 45 days hundi

The case against the party has been filed and no personal responsibility could be fixed and moreover all the then senior officers have already left the Company

The case is fixed for our evidence on 30 3 1984

The Committee desire that final outcome of the case pending in the Court may be reported to them at the earliest

Paragraph 6 22 12 *Inventory control and material management*

(*i*) *Inventory control*

51 The table below indicates the comparative position of the inventory of stores and spares at the close of the four years up to 1979 80

Year	*Closing stock (year end)*	*Consumption during the year*	*Stock in terms of months consumption*
	(*Rupees in lakhs*)		
1976 77	13 72	17 97	9 15
1977-78	19 38	23 90	9 74
1978 79*	25 95	1 26 98	2 45
1979 80*	51 45	60 83	10 15

It will be observed from the above that the Company was holding large inventory of stores and spares leading to blocking up of funds, while the Company was obtaining loans for working capital at 18 34 *per cent* per annum

A review of the Stores records revealed that

(a) maximum minimum and reordering levels of stores had not been fixed

*Figures are provisional

(b) spare parts and stores had not been segregated into fast moving slow moving and non moving categories

(c) individual items of stores were not priced at the time of issue,

(d) priced ledgers were not maintained in the absence of which it was not possible for the Management to arrive at the actual cost of the production of a particular batch and

(e) there was no stores manual

The Management stated (May 1981) that preparation of Stores Manual was under process

(ii) *Surplus stores/inventory*

The Company constituted a committee in May 1980 to identify the accumulated surplus items, and dead damaged and unserviceable items of stores for disposal 15 items were identified cost of six items was Rs 1 44 lakhs and that of the other nine items was not available Disposal of nuts and bolts fetched Rs 15 844 Action for disposal of other items was awaited (November 1981)

In its written reply the Department/Company stated as under —

(i) Due to labour problem production target was not achieved Keeping in view the lead time for procurement of the items, the materials were purchased in advance to maintain smooth productions Apart from it while analysing the inventory value of year 1976 77, 1977 78 1978 79 & 1979 80, we should bear in mind that the value of item have more or less increased by 100% or more between the years 1976 and 1980 Now the inventory of stores and spares as on 1-2 84 is of Rs 35 70 lakhs which is an absolute necessity

Minimum re order and maximum level of stocks have been fixed and now proper record is being maintained according to a scientific system

'(ii) Items on serial No 1 2, 3, 4 7, 8 and 9 are being detained as the same could be used when Wire Rod Mill comes up which was earlier under planning for set up

Item at Sr No 6 Copper Mould tubes had been imported by us and the same cannot be sold to anyone, as per the instructions and rules of Chief Controller Imports & Exports, Govt of India However, scrap tubes are being disposed off

Item No 12 14, 15 has already been used for making alloy steel

Item No 13 has already been disposed off

Item No 5 and 10 are being kept for the use in making bigger ingots which is likely to be made in the near future If not made, then the same shall be disposed off

For item No 11, we are again planning to float tenders and if the price is found suitable then the same would be sold

During oral examination on 28th May 1985, when the Committee asked if the store manual which was stated to be under preparation had been prepared the representative of the company could not give any definite reply **The Committee desire that the store manual, which is very important for ensuring proper inventory control, if not already prepared, be prepared at the earliest and the Committee be informed accordingly**

Paragraph 6 22 12 (*iii*) *Verification of assets*

52 In the physical verification of fixed assets conducted in September 1979 (by internal auditors) shortages in 55 items and excesses in 6 items were noticed In the absence of proper records the value of the items found short could not be assessed

The Management which reviewed the position of physical verification of stores items expressed that neither was there any system of verification of stores nor their verification had been done properly at any time Accordingly Physical verification of stores was conducted in January 1980 and various items of excesses and shortages were noticed However statements showing the value/quantity of shortages and excesses were not prepared for taking appropriate action A review of the statements of ground balances and bin card balances of raw materials by Audit indicated excesses amounting to Rs 0 47 lakh and shortages of Rs 1 17 lakhs (as of January 1980) which had not been reconciled (June 1981)

Further, stores valuing Rs 0 69 lakh were issued (up to November 1978) for fabrication of furniture and fixtures but items fabricated/received were not accounted for

In its written reply the Department stated as under —

Although fixed assets register is not maintained yet all additions and adjustments are properly recorded in balance sheet s file At the time of physical verification shortages are assessed on above basis

We always take the ground balances as the physical balance and the difference between the physical balance and the bin card balance resulting in shortages/surplus and the physical balances is taken as opening balance in the next year

The store items have been taken in stores consumed account but receipt of fabricated goods was not indicated since fixed assets register was not upto date

> Last stock verifications of fixed assets was conducted on 31 3 1983 and there was no shortages

During oral evidence the representative of the company explained that excess/shortages were a normal feature in the commercial functioning of the company and was the result of dust contents in the scrap which ranged between 2 to 4 *per cent* When asked whether any norms had been or are proposed to be fixed the representative of the company conceded that the company should fix the norms

The Committee desire that in order to ensure effective control, the company should fix the norms at the earliest The Committee also desire that fixed assests registers be also maintained so that all additions and adjustments can be verified and value of shortages assessed The compliance be reported to the Committee at the earliest

Paragraph 6 22 12 (*iv*) *Non utilisation of boring scrap*

53 Stores Officer of the Company brought to the notice of the Chief Engineer (April 1978) that 500 tonnes of cast iron boring scrap (value Rs 3 00 lakhs approximately) with metallic value of 40—50 *per cent* was lying in the yard The scrap had not yet been put to use and the Management stated (May 1981) that it had no salvage value

In its written reply the Department/Company stated as under —

> It was not usable and hence the value of the same has been taken as nil value in the books of account

During oral evidence the representative of the company stated that in this case the dust content in the scrap purchased was more than 50 *per cent* making the scrap unfit for use It was submitted further that the scrap with dust/silicon contents upto 10 *per cent* could only be used When asked as to why such scrap containing more than 50 *per cent* of dust was purchased no reply was given except agreeing with the view of the Committee that the responsibility for this lapse should have been fixed

The Committee are pained at the apathy of the management of the company in showing callous indifference to the serious lapses like this, which alone resulted in a loss of Rs 3 00 lakhs The Committee find no reasons why this matter could not be investigated and responsibility fixed even after this case found mention in the audit report

The Committee strongly recommend that the circumstances leading to the purchase of scrap containing more than 50 per cent of dust contents be investigated and strict action be taken against those found responsible for not verifying the quality of the scrap purchased The Committee may be informed of the action taken within a period of six months from the date of presentation of this report

Paragraph 6 22 13 *Manpower*

54 For the production of 47,000 tonnes of billets per year the project report estimated the requirement of 101 Executive/Supervisory and administrative staff and 188 workmen The Company started production with the commissioning of the first furnace on 9th November 1975 The second furnace was commissioned on 8th December 1977

Even though the production during the four year period up to 1980 81 ranged between 26 51 *per cent* and 57 89 *per cent* of the installed capacity the actual manpower position at the end of each year was more than the strength required for achieving full level of production as detailed in the table below —

Year ending	Manpower requirements				Manpower in position at the end of the year		Excess manpower			
	As per project Report		As sanctioned in December 1976				With reference to Project Report		With reference to revised sanctions	
	Workmen	Executive/Supervisory	Workmen	Executive/Supervisory	Workmen	Executive/Supervisory	Workmen	Executive/Supervisory	Workmen	Executive/Supervisory
1977 78	188	101	252	101	288	121	100	20	36	20
1978 79	188	101	252	101	294	123	106	22	42	22
1979 80	188	101	252	101	260	128	72	27	8	27
1980 81	188	101	252	101	246	136	58	35	—	35

In its written reply the Department stated as under —

The reasons for employment of more manpower than what was estimated in the project report and later on sanctioned by the Management Committee in December, 1976 are given as under —

1 It could be seen from the Project Report that the categories like sweepers Malis, Apprentices Trainees (required for future manpower planning) etc have not been catered for in the project report

2 In the project report only 16 personnel in the Security Department were catered for But considering the Security hazzards experienced in the past not less than 24 personnel including 2 at Mandi Gobindgarh branch office are required

3 No separate manpower was allotted for the Branch offices running at Delhi and Mandi Gobindgarh etc

4 The provision of ESI leaves which can go upto 90 days in a year in each individual case was not made while making projections of man power

5 It is not practicable to reduce the manpower with the reduction in production which could be attributed to power constraints labour problems, break down etc

6 Some of the jobs which were thought over to be done by contractor labour were gradually directly taken over by the Company

During oral evidence, the representative of the company explained that the Project Report had not envisaged certain categories of posts and added that in fact the company was under staffed rather than the manpower being in excess

The Committee desire that the norms for the manpower should be fixed and strictly adhered to ensuring at the same time that the man power is not in excess of what is absolutely necessary for the efficient and profitable running of the company

Paragraph 6 22 14(*i*)(*a*) *Mis appropriation of funds*

55 During test check (April 1981) of the cash book of city office at Hissar and Factory Office of the Company for the month of September 1979 it was noticed that a sum of Rs 10 000 shown as remitted by the city office to the factory office through cashier on 21st September 1979 was not accounted for in the cash book of the factory

The Management stated (April 1982) that a report had been lodged with the Police against the persons responsible for misappro priation of funds

(b) A test check (June 1980) of salary/wages sheet of the employees for the month of November 1979 revealed that the totals of the sheets had been changed from Rs 45 654 25 to Rs 47 654 25 Similarly the totals of salary/wages sheet for the month of December 1979 were also changed from Rs 28 427 55 to Rs 30,427 55 This resulted in embezzlement of Rs 4,000

On being pointed out in audit the Company suspended the senior time keeper and Assistant Accountant in July 1980 for the alleged embezzlement The case was reported to the Police (July 1980) and the Company appointed an enquiry officer in March 1981

It may also be mentioned that no fidelity bond/security had been obtained from the officials handling cash

In its written reply the Department stated as under —

As regards the case of missappropriation of Rs 10 000 by Shri S D Mishra the then cashier, the same was re ferred to the Police authorities and the FIR was also lodged with them 'Finally we were informed by the Police that they were unable to trace out the individual as the whereabouts of the said employee are not known to the Police for issue of the arrest warrents

> Since the Company was maintaining one office at City office and another at Plant office and the cash handling was being done in both the offices Shri S D Mishra cahsier of the Plant Office took Rs 10,000 from city office vide cash voucher No 163 dated 21 9 1979 for depositing the same with the factory office but this amount was not deposited with factory office and hence Shri S D Mishra cashier embezzled Rs 10,000
>
> The case of embazzlement of Rs 4 000 was dropped by the management and the Police Authorities as the amount of embazzlement of Rs 4 000 was deposited by Shri Dharam Pal Bhatija, Sr Time Keeper Emp No 165 vide Demand Draft No HSR 006/488 dated 1-6 1981 Since there was not a regular Cashier However we are going to appoint regular Cashier, shortly from whom we will obtain fidelity bond/security

During oral evidence the Committee was informed by the representative of the company that fidelity bond, which is normally taken from the cashiers, was not taken in the case of Shri S D Mishra who mis appropriated a sum of Rs 10 000 and his whereabouts were reported to be presently not known

The Committee are unhappy about the way Sh S D Mishra was allowed to get away so easily with the embezzled money of Rs 10,000 His disapperance, the Committee feel became easy because the company had failed to take fidelity bond/security from him and even his permanent address was not noted This is a clear case of failure of managerial supervision/caution The Committee would, therefore, like that responsibility be fixed on the officers who failed to act in the best interest of the company and appropriate disciplinary action be taken against them The Committee also desire that efforts should continue to be made to trace out Shri Mishra for launching a criminal case against him Tke Committee also recommend that appropriate steps be taken to safeguard against such happenings in future as such cases adversly reflect upon the management

Paragraph 6 22 14 (*ii*) *Advances to staff*

56 During test check of registers of advances to staff for the years 1979 80 and 1980 81, it was observed that salary advances were given to employees several times during a month without recovering the previous advance

It was also observed that an amount of Rs 1 17 lakhs was outstanding (April 1981) against 25 such employees who had already left the service of the Company between 1977 78 and 1980 81

The Management stated (May 1981) that there was no approved procedure for making such advances and these irregularities occurred due to the non completion of accounts It was further stated that out of Rs 1 17 lakhs outstanding against ex employees Rs 0 45 lakhs recoverable from six employees would be adjusted against their pending bills/claims As regards others, the Company contemplated issue of notices for the clearance of the dues

In its written reply the Department stated as under —

> Due to insufficient staff and frequent changes in the Accounts Department the advance register were not properly maintained and reconciled That is why the advances could not be recovered when they were in Company's services as proper cross entries were not made in the advances account and the individual's account
>
> The advances were made to various employees on a variaty of reasons such as advances against personal requirement advances against cash purchase/tours etc Keeping in view the exigency of the work of the Company and personal requirement
>
> This was due to insufficient staff and frequent shifting of accounts department which dislocated the work and all the senior persons working in the Accounts Department at that time had already left the organisation Hence no action could be taken However since the Financial Controller had not been able to improve the situation his services were terminated last year and now a new efficient Financial Controller has been appointed
>
> Balance as on 31 3-1984 Rs 1 80 603 74

The Committee recommend that suitable action should be taken by the manadement to recover/adjust the advances early

The Committee further recommend that proper procedure should be laid down for the payment of advances and recovery adjustment ensuring that there was no default in the repayment in future

Paragraph 6 22 16(*b*) *Accounting and internal audit*

57 A special audit of the accounts of the Company for the period from 1st April 1978 to 18th November 1978 was conducted by a firm of Chartered Accountants of Chandigarh which was appointed on 23rd November 1978 by the holding Company The auditors submitted their report on 23rd January 1979

The report was discussed by the Board on 1st August 1979 and Managing Director informed the Board that the Vigilance Department was conducting an enquiry in regard to certain aspects dealt within the report The Board advised the Managing Director to make a critical study of the report and the control system prevailing in various departments to identify loopholes and to take and suggest remedial measures to plug them However, no action had been taken in this regard so far (November 1981) The Vigilance Department was still conducting the enquiries (November 1981)

In its written reply the Department stated as under —

'A Vigilance enquiry report for the period of tenure of

Sh Kejriwal pointed out some deficiencies in the working of the Company which are presently under action However, no specific action has been recommended against any individual

The Committee asked the representative of the Company to furnish a copy of the report of the Vigilance Department but the same has not been made available to the Committee till the time of writing of this report **The Committee desire that a copy of the report be now furnished without any further delay as the Committee would like to go through it and make further recommendations, if so, warranted**

Paragraph 6 22 17(*i*) (*a*) *Other topics of interest*

58 Under the Central Sales Tax Act, 1956 transfer of goods to branch offices outside the State are exempt from the levy of tax If however the movement of goods to such branch offices is as a result of contract of sale these being inter State sales, the goods are taxable at the prescribed rate

During 1975 76 and 1976 77 the Company transferred goods valued Rs 8 41 lakhs and Rs 29 49 lakhs respectively to its branches outside the State The goods were carried by trucks and sold in the same lot for which bills were issued from Hissar The Company did not maintain any account books at branch offices As the goods were moved from the factory (at Hissar) under contract of sales these were subject to sales tax but the Company did not recover the same from the purchasers The sales tax assessing authorities levied (July 1980 and March 1981) tax of Rs 3 03 lakhs on the transfer of these goods

During 1977 78 to 1979 80 also the Company despatched goods by trucks outsides the State which were shown as delivered to buyers on the next day but sales tax (Rs 54 20 lakhs on the transfer of goods valued 677 57 lakhs) had not been recovered from the buyers Assessments for these years were yet to be finalised by the Sales Tax Department (January 1981)

(b) Sales to registered dealers within the State are exempt from levy of tax provided these are supported by declarations in prescribed form from the dealers The sales tax authorities levied (March 1981) tax of Rs 0 22 lakh for the year 1976 77 as the Company could not produce the declarations for sales amounting to Rs 5 39 lakhs It was further noticed that the Company had not collected (June 1981) the declarations from the dealers for the sales amounting to Rs 1 56 59 lakhs during 1977 78 to 1979 80 also on which the tax payable worked out to Rs 6 26 lakhs assessments for these years had not yet been finalised (June 1981)

(c) The Company appointed (December 1977) a firm of New Delhi as its contractor for handling of material The contractor was responsible for (i) unloading of material from trucks at the godowns of branches of the Company (ii) loading of the material into trucks for despatching the same to various parties and (iii) preparation of store receipt reports for incoming material at the site, and issue challans for the outgoing material The contract remained in force up to May 1978 and was terminated in that month due to unsatisfactory working

During the period of currency of the contract the contractor claimed and received Rs 0 40 lakh from the Company towards handling charges in respect of 3 990 tonnes of material though the material never touched the godowns of branches In a test check of delivery challans issued from Hissar to the branches and the sale invoices issued by the branches it was noticed that the goods were carried by trucks and were sold in the same lot directly without reaching the branch office or being unloaded at the branch office The Company had thus, ncurred the infructuous expenditure of Rs 0 40 lakh

In its written reply the Department stated as under —

(a) ' We are now taking proper care about the maintenance of proper records at the branches

In the case of Stock Transfer materials are sold to customers against the declaration forms (in practice in the respective States) and the dealer is not required to give any CST Form Thus when the Sale was made to a registered dealer there is no question of recovery of any Sales Tax from the purchaser

However the Company s intention was that the materials were to be transferred to branches located in various States as Stock Transfer but the Assessing Authority in the lack of various documentary proofs has rejected the stock transfer and has held them as Inter State Sales, attracting Sales tax liability @ 8 per cent

The assessments have been finalised for the years as given below —

1975 76	Rs	58,837—00
1976 77	Rs	2 43 894—00

(b) The reasons as stated in para 2 and 3 above coupled with the fact that the dealers cannot now give C forms when they have earlier given declaration forms

The assessment for 1977 78 has been finalised and appeal is pending with JETC Rohtak The Assessment for the year 1978 79 has been finalised and the appeal is pending However, we have now been able to collect some declaration forms which will be produced before the Appellant Authority As regards 1979 80 efforts are being made to collect the declaration forms However the assessment of this year is under progress

1977 78	Rs	8 52 006—00	Appeal pending with
1978 79	Rs	21,83,302—00	JETC Rohtak

(c) This assessment was made with a view to save inter state sales tax

In regard to part (b) above it was submitted during oral examination that in the year 1978 79 an appeal was filed in Rohtak for Rs 21 83 lakhs which was decided in favour of the company and that as a result thereof the assessment was to be made again but final orders about the amount assessed were still awarded

The Committee desire that the matter be persued and assessment be got finalised at the earliest and the Committee be kept informed about the progress made in the matter

Paragraph 6 22 17 (*ii*) *Avoidable expenditure*

59 The Company obtained a power connection on 7th November 1975 for a load of 16700 KVA for operating the plant As per project report the maximum demand of power required for the plant was 12000 KVA against the estimated power requirement of 13800 KVA This load was got reduced to 14000 KVA on 9th December 1977 It was stated by the Management (May 1981) that a load of 14000 KVA was essential for the smooth running of the two furnaces simultaneously, and thus, there was no excess power load after that date Thus, the Company had an excess connected load of 2700 KVA during the period from November 1975 to November 1977

Taking the demand charges based on 65 *per cent* of the contract demand (as per tariff schedule of the Board) the Company incurred an avoidable extra expenditure of Rs 2 51 lakhs during the period November 1975 to December 1977

(*iii*) *Avoidable expenditure in late disconnection of L S/5 stand by source for emergency*

The Plant Engineer, on 6th January 1981 reported that the Company was having a L S/5 power connection along with L S/5 regular connection (obtained in September 1975) as a stand by source for emergency and that this connection had never proved reliable in the past at the time of emergengy It was further stated that the Company was paying Rs 6 000 to Rs 7,000 per month for this connection without any use Accordingly, it was disconnected on 3rd February 1981 by the Haryana State Electricity Board in response to Company s request made in January 1981 In the absence of complete records, the exact amount of demand charges and service rental paid to the Haryana State Electricity Board from September 1975 to January 1981 could not be worked out However, on the basis of Plant Engineer s report, these charges amounted to Rs 3 90 lakhs at the rate of Rs 6 000 per month a part of which could have been avoided, had the Company taken timely action for disconnection of extra load

(*iv*) *Non payment of electricity dues*

The Company had not been paying the monthly electricity bills (in the range of Rs 0 97 to 6 37 lakhs) to the Haryana State Electricity Board regularly (from June 1976 onwards) with the result that outstanding amount of electricity dues rose to Rs 80 86 lakhs (including Rs 45 23 lakhs on account of surcharge at the compound rate of 2 *per cent*) on 5th January 1981 (being the arrears for the period from June 1976 to 5th January 1981) The Company in January 1981 agreed to pay an amount of Rs 54 58 lakhs in full and final settlement of the amount due at Rs 1 lakh per month It may be pointed out that out of Rs 1 lakh payable every month, Rs 81 870 would be appropriated to the current monthly surcharge on outstanding amount and only Rs 18 130 would be adjusted against the outstanding amount of Rs 54 58 lakhs

In its written reply the Department stated as under —

(ii) "For meeting the power requirements of HCL 132 KV Sub Station was installed exclusively for feeding to M/s Haryana Concast Limited For this purpose two numbers of electric transformers of the capacity of 12 5 MVA were installed in the sub station to feed two numbers SSKD 340 HBB make Electric Arc Furnace having furnace duty T/F capacity 6000/7000 KVA The requirements of the proposed Wire Rod Mill Project were also kept in view while installing the aforesaid sub station It was for this reason that slightly higher contract demand was contracted but due to certain unavoidable circumstances which could not be foreseen at that stage the Wire Rod Mill Project was not taken in hand for implementation Had the Wire Rod Mill Project been implemented the excess contract demand would have been alright

(iii) "As Satrod 11 KV Feeder was fed from 132 KV Polysteel Sub Station instead of BBMB and this feeder became most unreliable and the Company then felt the necessity for getting the same disconnected after observing the frequency of the failures in the past also

Only during critical power period L S/5 Satrod Feeder normally used to be off as BBMB authorities used to trip 11 KV feeder first and then 132 KV feeder

(iv) "The unpaid bills of HSEB were on account of financial constraints faced by the Company However it may be mentioned that against this unpaid amount, the Company was to receive some benefits on account of relief in maximum demand charges for the period of power cut This had not been provided by the Company so far (which HSEB is legally bound to give and which it is giving to all other private industrial unit) As mentioned earlier in our reply infact, due to the poor quality of power supply as well as the frequent interruptions shut down and the less quantity of power supply, the Company had to incur tremendous losses and if those losses had not been incurred, the outstanding towards HSEB bills may not have arisen at all

No specific individual can be held responsible for these overdues since these were due to the financial position of the Company

According to the proforma books of accounts of the Company, as on 31st March, 1983 the amount payable to HSEB is as follows

Overdue electricity charges (SOP) including sur charge	Rs	61 27,571 77
Electricity duty which has been deferred by the Govt till the payment of last instalments of the dues of the financial institutions on their long term loan	Rs	73 73,856 06
Total	Rs	1 34 91,427 83

However, the figures in HSEB records are different and those figures include a sum of Rs 60 lakhs (approx) on account of the alleged slow running of the meter of Haryana Concast Limited The exact details are not available with the Company since the HSEB has not re conciled the accounts with our Company despite various requests by the Company

In regard to part (iii) above the Committee examined the representative of the company at length but did not feel satisfied in regard to the extra expenditure of Rs 3 90 lakhs resulting from the late dis connection of the stand by source of energy for emergency The Committee therefore, asked the representative of the company to furnish full details in regard to obtaining of the connection in 1975 and its surrender in the 1980 81 as also the reasons why a decision for its surrender could not be taken during all the period of six years when the company was aware that connection had not proved reliable In compliance therewith the following information was furnished —

"L S/5 connection was taken in 1975 to provide 500 KVA load during construction period The first furnace was installed in 1975 and the second furnace and the Conti nuous Casting Machine was installed in 1977 The Company had proposed to use this connection for emergency light load purposes when the construction period was over and when the Company s regular production was to be there Till 1979, obviously, the feeder was very useful during the construction period

After the construction period, it was felt by the Company that during the period of power cut, the 132 KV line from BBMB feeding Polysteel Sub Station would be imme diately shut off but perhaps the 11 KV direct Satrod Feeder from BBMB might not be shut off In that situation, the LS/5 connection which was a T off from the direct Satrod Feeder from BBMB Sub Station would pro vide emergency power for the auxilliary requirements of the Company (like operation of cranes, water supply, office lighting, welding and machine shop operations etc) However, it was found by the Company that generally when the 132 KV feeder for the Polysteel Sub Station was shut off from the BBMB, the 11 KV Satrod Feeder from which the LS/5 connection was taken was also tripped off In January 1981 the Satrod Industries were provided the power by a feeder taken out from the Poly Steel Sub Station and it was in January 1981 that the Company wrote to the HSEB to disconnect the LS/5 connection which was then disconnected in January 1981 itself The Company s record does not contain details as to the exact extent of benefit that the Company obtained by way of LS/5 power connection during 1977 till January 1981 This is being sought to be now found out from the BBMB/HSEB records

The Committee are of the view that no benefit was derived by the company from the stand by source of energy The Committee would, therefore, like that responsibility be fixed for not getting the stand by source of energy disconnected, which resulted in extra expenditure of about Rs 4 lakhs and appropriate disciplinary action be taken against the person/persons found responsible therefor

In regard to para (iv) above, the representative of the company informed the Committee that figures were being reconciled with the Haryana Electricity Board and that the latest information would be furnished after about a month The information about the amount payable by the Company to the HSEB which was subsequently furnished is as under —

"1 Amount payable to HSEB as on 31 3 85—Current

31 3 85—Current	Rs	71 18 884
Old	Rs	27,88,226
	Rs	99,07,110

2 In addition to making payments of Current months power bills upto June 1985, we have released payments of Rs 45 00 lakhs against HSEB (Current) dues

3 Amount likely to be payable to HSEB as on 30 6-85

Current	Rs	5 49,229
Old	Rs	28,28,994
Total	Rs	33,78,223

The Company would pay off the balance amount to HSEB also when final reconciliation of accounts is completed "

The Committee desire that final reconciliation of the accounts with Haryana State Electricity Board be completed and settlement made It should also be ensured that there was no unnecessary accumulation of arrears in future

REPORT ON THE

REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA FOR THE YEAR 1981-82 (CIVIL)

HARYANA HOUSING BOARD

Paragraph 7 12 Rules for the maintenance of accounts and preparation of annual statement

60 Haryana Housing Board a corporate body was established in August 1971 under the Haryana Housing Board Act 1971 (Act) to provide for measures to be taken to deal with and satisfy the need for housing accommodation The Board undertakes in any area the framing and execution of housing schemes independently or being en trusted by the State Government The Board consists of a Chairman and twelve other members appointed by the State Government The Act *inter alia* envisages drawal by the Board of annual housing programmes to be got sanctioned from the Government publication of the schemes drawn by notification before execution and taking measures for ex pediting construction of buildings and controlling the cost thereof

The funds raised by the Board during the years 1971 72 to 1980 81 were as follows —

Year	*State Government*	*Housing and Urban Development Corporation*	*General Insurance Corporation*	*Debentures*	*Total*
			(In lakhs of rupees)		
1971 72 to 1977 78	1,33 03	9 97 58	—	3 30 00	14,60 61
1978 79	25 00	2 24 65	50 00	55 00	3,54 65
1979 80	12 00	2,71 61	60 00	55 00	3 98 61
1980 81	25 00	1,50 20	52 00	55 00	2,82 20
Total	1,95 03	16 44 04	1,62 00	4,95 00	24,96 07

Under the Act the rules for the maintenance of accounts and preparation of annual statement thereof by the Board are to be framed by the State Government No rules have, however, been framed (January 1983)

In its written reply the Board stated that as per the rules of business the accounts of the Board are to be maintained on the pattern of the P W D (B&R) unless and to the extent modified by the Board It was further stated that rules were modified to the extent that the operations of the Board to some extent would be on commercial lines and its accounts would be based on the principles of commercial accounts which was approved by the Chairman, Housing Board, Haryana as well as by the Government

During the course of oral examination the representative of the Board stated that keeping in view the commercial aspect the commercial accounts pattern as provided in the Companies Act, 1956 had been adopted after making amendments in the P W D code and that those regulations were in force since 1981 It was added that those regulations were not notified even though sanction had been duly accorded by the Government

The representative of the Board stated further that the sanction conveyed by the State Government, vide memo No 810 1HG C 72/13946, dated 26th April 1972, was as under —

> Reference your letter No 1063 dated 3rd March 1972, Government agree that the propriety audit of the Accounts of Haryana Housing Board shall be by the Accountant General Haryana and the general audit by a Chartered Accountant specifically appointed by Government It is requested that a panel of Chartered Accountants may be recommended so that one of them may be appointed under section 61(2) of Haryana Housing Board Act, 1971 for the conduct of general Audit of the Board

The representative of the Board further stated that the general audit of Board s accounts had been got done from the Chartered Accountants till 1979 and the propriety audit was conducted by the Accountant General The representative further stated that from the year 1985 86 its account were being audited again by the Chartered Accountant

The Committee recommend that the Commercial rules and regulations adopted by the Board be notified at the earliest The Committee also desire to know as to how the annual accounts of the Board, for the year 1979 80 to 1984-85, were got audited in the absence of a Chartered Accountant

The Committee recommend that since the accounts of the Board are maintained on the commercial pattern, as provided in the Companies, Act, the audit of the annual accounts can be conducted by Chartered Accountant, if the Board so desire, but the propriety audit of the Board must be got conducted every year from the Accountant General, Haryana

Paragraph 7 12 (2) Financial position and working results

61 The accounts of the Board for the years 1979 80 and 1980 81 have not been finalised (November 1982) The financial results worked out by the Board for the year 1978 79 to 1980 81 were as under —

	1978–79	1979–80	1980–81
		(In lakhs of rupees)	
(*A*) *Income*			
1 Interest net	18 81	36 08	63 32
2 Departmental Charges			
(i) Own Works	18 45	19 87	22 28
(ii) Deposit Works	14 50	7 99	7 36
3 Other Income	1 19	3 53	6 60
Total	52 95	67 47	99 56

	1978 79	1979-80	1980 81
(*B*) *Expenditure*			
1 Establishment	20 87	21 92	26 49
2 Other expenditure	6 81	6 94	10 29
Total	27 68	28 86	36 78
Profit	25 27	38 61	62 78

The increase in profit is mainly on account of increase in earning of interest on the deposits not utilised

During the course of oral evidence the representative of the Board stated that the accounts upto the year 1983 84 had been certified by the Accountant General Haryana and added that the accounts of 1984 85 were under audit by the Accountant General Haryana It was stated further that the Board had raised funds by taking loan of Rs 3 33 crores from Government Rs 3 25 crores from G I C Rs 37 08 crores from HUDCO and Rs 7 15 crores by floating debentures The representative of the Board stated that the main sources of funds of the Board were —

(i) loans taken from HUDCO, State Government and others, and

(ii) 10 and 5 per cent profit taken on HIG and MIG houses respectively

The representative stated that year wise profits earned by the Board, were as under —

1981 82	Rs 74 55 lakhs
1982 83	Rs 63 41 lakhs
1983 84	Rs 59 34 lakhs

Regarding increase in the earnings of the Board from interest the representative of the Board stated that this had happened because the interest on the principal amount due from the allottees of houses and the interest accrued on the Boards deposits were kept under the same head

When pointed out by the Committee that the annual accounts of the Board submitted to the Accountant General for certification were not signed by three officers of the Board, as required under the companies Act for commercial accounts the representative of the Board stated that this requirement would be complied with in future

The Committee desire that while sending the annual accounts for auditing the same must be signed by the three officers i e the Chairman, Chief Administrator and Chief Accounts Officer of the Board

The Committee also desire that there should be two separate heads for the interest i e the interest accrued on the principal amount due from the allottee and the interest accrued on the deposits of the Board

The Committee recommend that the Board should not maximise its profits at the cost of allottees of houses and it must be the endeavour of the Board to provide good quality houses to the allottees at reasonable cost

Paragraph 7 12 (3) (*a*) *Extent of Housing need*

62 The housing need in Haryana as per 1971 census, number of house holds and the number of residential houses then occupied worked out as under —

	Population	*Number of households*	*Number of houses occupied*	*Balance need*
		(In lakhs)		
(a) Rural	82 63	12 20	11 90	0 30
(b) Urban	17 72	3 33	2 78	0 55

Board formulates schemes for construction of houses in various industrial towns and district headquarters on the basis of applications from intending buyers received in response to press notifications in this regard During the years 1971 to 1981, 31 819 appli ants were registered 18,031 houses were planned for construction and 15 983 were actually taken up for construction Of this, 12 006 houses had been constructed and 11,323 were allotted (December 1981) satisfying only 38 *per cent* of the applicants The Board stated that the shortage of material/resources was the main reason for construction of lesser number of tenements

In reply to the questionnaire issued by the Committee the Board in its written reply explained the following reasons due to which houses could not be constructed according to the planned schemes —

(*I*) *Non availability of suitable site*

The houses were planned keeping in view that the developed land will be available from HUDA but due to some difficult situation faced by HUDA, it was not possible for them to acquire & develop land as per the programme originally planned by them When the land was not available from HUDA the Housing Board had no alternative but to go for the acquisition of land through Govt which took a long time in completing the acquisition proceedings under Sections 4 and 6 etc and due to this reasons it was not possible to construct 18,031 houses as planned earlier

(2) *Development of land*

As per the procedure the Housing Board has taken developed land from HUDA and the responsibility for the timely development rested with them There was some delay in providing the Estate services by HUDA which contributed delay in the construction of the houses

(3) *Shortage of building material*

During the period there had been acute shortage of cement, bricks and steel which were the basic materials for the construction of the houses The cement allotted to the Housing Board was 50% of its requirement and the availability of bricks at control rate was a big problem due to non availability of sufficient quantity of slack coal The steel was also in short supply and the Govt approved source like steel authority of India etc used to take several months in supplying the steel after the order was booked The shortage of these building materials caused great set back to the construction programme

(4) *Financial resources*

Housing Board neither has its own resources nor it gets sufficient grant/loan from the State Govt and the major requirement of the funds is raised as loan through HUDCO Obtaining loan from HUDCO takes quite sufficient times which some times results in delay in taking up the construction activities

(5) *Shortage of trained staff*

Housing Board being a new deptt was facing shortage of trained personnel and it mostly depended upon the staff taken on deputation from other departments Due to non availability of trained staff Construction activities were adversely effected

II All the houses for which completion report had been received from the concerned Executive Engineer have already been allotted So far Board had allotted 21,056 Urban houses at various stations in the State

During oral evidence on 24th June 1985 the representative of the Board stated that the target fixed for the construction of Houses could not be achieved due to various difficulties faced by the Board and that one of the main difficulties was the acquisition of land. The represetative further stated that houses were constructed keeping in view that demand and the requirement of houses differred from place to place The representative stated further that before setting up a colony registration for houses was done and needy persons deposited the requisite amount at that time and in the rural areas survey was done by the revenue agency The representative also submitted that the target was to construct 2500 LIG houses during the year 1984 85, but the Board had constructed 2318 LIG Houses and 1190 MIG and 346 HIG Houses The target fixed by the Board to construct houses during the year 1985 86 was as under —

1	LIG	2000
2	MIG	1726
3	HIG	298
4	For HMT (Plinth Level)	267
5	Police Housing	122

The details of houses allotted from 1972 73 to 1983 84 and houses constructed during 1980 81 to 1984 85 given to the Committee are as in Annexure I and II (*See* pages 200 to 216)

The representative also informed the Committee that 6200 applications for houses were lying pending with the Board and that some times people withdrew their amount when the Board failed to construct a colony and on that amount five percent interest was given by the Board

The Committee recommend that beside the survey conducted by the Revenue Agencies in the rural areas the figures about requirement of houses should also be obtained from the District Welfare Officers

The Committee further recommend that the Board should make long term planning for acquisition of land and construction of houses should be started soon after the acquisition of land The Committee further recommend that the Board should make suitable arrangements for procurement of house building material so that its house building activities are not hampered by the non-availability of the material

Paragraph 7 12 3(b) Rural Housing

63 In April 1981 2 rural housing schemes for construction of 3 161 units (estimated cost Rs 1 25 77 lakhs) in 17 villages were got approved from HUDCO While no activity was taken up in 12 villages involving 2 677 units in 5 vilages where 484 units were to be constructed, 476 applicants were registered Construction of 367 units was started (June 1981 to February 1982) with target date of completion as December 1981 However 78 houses have been completed so far (March 1982) The Board stated (December 1982) that the other houses were at an advanced stage and that their completion has been delayed due to various factors including non availability of material

In its written reply the Board stated that under the 20 point programme, Haryana Government had allotted 100 sq yd, plots to

Harijans and Backward Classes and that a scheme for providing rural houses was started by the Board in October 1980 but was delayed due to poor response from the people The registration for more than 500 rural houses was done in some villages in 1981 and in March 1982 and that the Board started the construction work in some villages i e Mohna in Faridabad District, Dhankot in Gurgaon District Balasa mand in Hissar District Bohara and Khari Dabadalan in Kurukshetra District

It was further submitted in the written reply as under —

> "Some other problems had also cropped up before the Board in respect of the rural housing schemes such as that plots were allotted to the Harijans/backward classes people free of cost but neither those were demarcated at site nor were registered in their name Further that these plots were required to be mortgaged in favour of Housing Board Haryana before the houses could be constructed on these plots This process took a long time, with the result that it could be possible to take up the work at a later stage in the villages mentioned above Rural Housing was a new project, other problems like mobilising the material and posting of staff in villages to take up this rural Housing project were faced However, this project were taken up in 1982 and construction work continued in other 7 villages thereafter 12 villages were taken up in the scheme but later on it was found that in most of the villages sites were not suitable for some reasons or were away from the village and no beneficiary was ready to accept a house there The difficulty in registration of the plots in favour of the beneficiaries by the Revenue Department and mortgage of the plots in favour of the Housing Board also contributed to a great extent for not taking up the scheme in several villages It was further stated that the houses in 5 villages could not be taken up due to the said reasons and that though 476 applicants were registered yet the construction work in all these houses could not be taken up as the sorting out of the demaracted plots, registration of the plots in the name of the beneficiaries by the Revenue Department and the mortgaging of the plots in favour of the Housing Board could not be completed in case of all the beneficiaries so registered and as such it could not be possible to take up the work in 367 houses All these rural houses had since been constructed

During the course of oral examination the representative of the Board stated that the Government had taken the decision that in the urban areas houses be constructed by the Board and in the rural areas subsidy of Rs 2000 be given to the applicants so that they could construct houses of their own choice

The representative further stated that in the rural areas Board had constructed 3044 houses out of which 2403 houses had been allotted and added that the price of one room house was fixed at Rs 6000,

The Committee recommend that the houses which had been constructed in the rural areas and were not allotted, be auctioned to the public to avoid loss to the Board In this connections reference is also invited to recommendations of the Committee on Rural housing scheme contained in the Twentieth Report of the Committee

Paragraph 7 12 (4) Land acquisition and utilisation

64 The applications for purchase of different types of houses to be constructed were generally called for registration after ascertaining land availability factor and houses planned in relation to the land available irrespective of the number of the applicants registered For raising housing colonies 640 40 acres of land (cost Rs 7,12 99 lakhs) was acquired by the Board from various sources The overall position of land acquired utilised for construction of houses and lying unutilised was as under —

When acquired	*Area of land acquired*	*Utilised in construction of houses*	*Balance*
		(*in acres*)	
1972 to 1978	416 22	229 31	186 91
1979	173 40	91 02	82 38
1980	13 15	6 67	6 48
1981	37 63	16 47	21 16
Total	640 40	343 47	296 93

Forty six *per cent* of the land acquired (proportionate cost Rs 327 38 lakhs) thus remained unutilised which indicated imbalance between land availability and programme for construction of houses

In its written reply the Board stated that 296 93 acres of land, out of the land acquired during the years 1971 to 1981 was kept for providing basic requirements/facilities of roads, open spaces, community buildings etc in accordance with the norms of town planning

During oral evidence the representative of the Board stated that 640 40 acres of land was acquired upto 1981 out of which houses were constructed on 343 47 acres of land The remaining land was kept for the purpose of shoping and community buildings parks sanitation and roads etc

The Committee desire that the information regarding the break up of 296 93 acres of land used for roads, parks, sanitations etc, be furnished to the Committee The Committee recommend that the Board should make full use of the land acquired by it as per the norms of town planning and no land should be kept un utilised for long period

Paragraph 7 12 (5) Construction and allotment of tenements

65 The housing schemes of the Board for Higher Income Group (HIG) over Rs 1,500 per month, Middle Income Group (MIG) from Rs 601 to Rs 1,500 per month Lower Income Group (LIG) from Rs 351 to Rs 600 per month and Economically Weaker Section (EWS) below Rs 350 per month were being executed through contractors time allowed for construction being 6 to 18 months The positon of construction/allotment of various types of houses as on 31st December 1981 was as under —

	Types of houses				
	HIG	*MIG*	*LIG*	*EWS*	*Total*
(a) Number of applications registered	2 379	10,035	9,480	9,925	31 819
(b) Number of houses planned for construction	397	4,033	7,541	6 060	18,031
(c) Number of houses taken up for construction	302	3,314	6 307	6,060	15 983
(d) Number of houses constructed	61	2,481	3,530	5,934	12 006
(e) Number of houses under construction	241	833	2 777	126	3 977
(f) Number of houses allotted	61	2,446	3 081	5,735	11 323
(g) Number of houses lying unallotted		35	449	199	683

It was observed that

(i) Out of 12,006 constructed houses, 500 houses (cost Rs 87 63 lakhs) belonged to Madhuban Police Complex and 65 to Sports School Rai construction of which was executed by Public Works and Public Health Departments and the Board only provided funds for the purpose, which was not its normal function

(ii) The Board has not received from its subordinate offices information of completion of the 683 houses lying un allotted

(iii) Time schedule of construction of the scheme (6 to 18 months) was not adhered to Out of 53 schemes taken up, there was delay upto 32 months in the completion of 25 schemes involving 3,353 houses 26 schemes involving 11,476 houses were in progress since 10 to 77 months (March 1982) Delay which was attributed by the Board to shortage of building material and late completion external services by HUDA, resulted in funds remaining unutilised besides causing inconvenience to intending buyers

(iv) Construction of 2 048 houses were stated not to have been taken up owing to non approval of the complete scheme by the Board and non availability of resources

(v) The State Government vide notification dated 18h April 1980 authorised the Chairman of the Board to allot 5 *per cent* of the total houses in a scheme at his discretion 134 houses (Faridabad 54 Panchkula 58 Karnal 21 and Sirsa 1) were allotted in discretionary quota of the Chairman up to March 1982 However the full records including the dates of allotment *i e* prior to April 1980 or thereafter were not made available to Audit

In its written reply the Board stated that under section 20 of Housing Board Act 1971 Board was competent to undertake works in any area and for framing and execution of Housing schemes It was stated further as under —

As per HUDCO sanctioned scheme and as per actual execution of work at Sector 15 Panchkula 648 LIG houses have been constructed , 648 houses have since been completed and allotted The reasons for delay in completion of some of the schemes were due to shortage of materia such as cement steel and bricks delay in development wor and also in some of the schemes the contractors left the work in between and the settlement of disputes etc delayed the completion of the schemes

The houses which have been pointed out by the Audit not to have been taken up during 1981 82 were taken up in phases in 1982 83 as it was not possible to take up all the houses simultaneously due to shortage of cement and paucity of funds The break up of 2048 Nos houses is as under —

(i) *1496 LIG houses in sector 29, Faridabad*

The works were started during 1982 83 out of 1496 houses in sector 29, Faridabad 1116 Nos houses have been completed till now and 380 Nos houses are nearing completion and are under process for allotment

(ii) *229 MIG houses at Ambala Cantt*

The works were started during 1982 83 All the 229 houses at Ambala Cantt were completed and allotted during 1983 84

(iii) *331 Nos MIG houses at Panipat*

The work of 331 Nos MIG houses at Panipat was started during 1982 83 and the houses in question have already been completed and allotted during 1982 83 and 1983 84

It was not possible to take up the entire scheme at one time due to the shortage of building materials and funds and as such it was not appropriate to have the approval of the competent authority for entire scheme The schemes were thus got approved in suitable groups keeping in view the availability of building material and funds

The names of allottees alongwith house no and date of receipt of registration after allotment was cleared by the Chairman are given in the enclosed Annexure IV (*See* page 225)

During the course of oral examination the representative of the Board stated that there were various factors leading to the delay in construction of houses such as shortage of material The represntative further stated that if there was delay on the part of contractor then he was penalised and that in one case penalty of Rs 1 05 lakhs was imposed on a contractor of Sonepat A statement showing the position of works which were got executed during the years 1980 81 to 1984 85 and where penalty was imposed is given at Annexure III (See page 217)

The representative of the Board further stated that various schemes which were only partly sanctioned by the Board have been taken up partly for execution

The representative of the Board further stated that before completion of the houses the Chairman had allotted some of the houses out of his discretionary quota of five per cent and that one case was pending in the Supreme Court against the said allotment The details of houses allotted by the Ex chairman of Housing Board are given in the Annexure V (See page 236) The representative stated further that in the discretionary quota there was no reservation for scheduled castes and scheduled tribes and no provision was made in the rules for the reservation of houses for those whose land had been acquired

The Committee regretfully observe that the scheme of constructing 2048 houses was not placed before the Board for approval The Committee are also not satisfied from the break up given by the Board in respect of houses constructed at Panipat as in earlier reply the number of houses constructed was given as 331 The Committee desire that the correct position should be intimated to them by the Board

The Committee recommend that in the allotment of houses reservation should be made for those whose land had been acquired for setting up a colony

The Committee also desire that the information about the date of allotment of these houses constructed at Faridabad, Ambala Cantt and Panipat be furnished to the Committee

Paragraph 7 12 (6) Non fixation of final price

66 Board s regulations provided for the revision of advertised price and fixation of final price if necessary, on finalisation of accounts of the completed schemes

Prices stated in the allotment letter of the houses are also shown as tentative and final prices are to be intimated to the buyers in due course Out of 53 schemes comprising 12 127 houses (including 121 houses added in January 1982) completed and allotted final prices of only 11 schemes in respect of 3 083 houses allotted upto 1976 77 were approved by the Board Final prices in respect of remaining 9 044 houses of 42 schemes had not been fixed (March 1982) as the works accounts have not been closed and completion reports have not been prepared Large amounts are likely to become recoverable from the allottees on fixation of final prices Delay in final fixation of prices of houses allotted has caused avoidable inconvenience to the allottees

In its written reply the Board stated as under —

> Till March 1982 12,947 houses have been completed in different colonies Out of which cost of 7 224 houses has since been finalised which were completed till March 1980 The cost 5 723 houses which were completed during 1980 81, 1981 82 are in process of finalisation and cost will be finalised shortly Under Clause 2(w) of Hire Purchase Tenancy Agreement it is provided that if after the receipt of final bills for the construction of tenements or as the result of land award or arbitration proceedings extra the Board considered it necessary to revise the prices already specified and it may do so and determined the final prices payable by the hirer who shall be bound by this determination and shall pay dues if any between final prices so determined and prices paid by him including the prices paid in lump sum provided that no change in the prices shall be made after 7 years from the date of allotment As such the duration for finalisation of the final prices is 7 years and in between these can be finalised at any stage
>
> As already mentioned above due to finalisation of the final bills land awards it is necessary to see that these are finalised and final prices is fixed at the later stage so that allottees may not be asked from time to time for the deposit of arrear due to final cost as well as tentative cost already intimated to the allottees

During the course of oral evidence the representative of the Board stated that because various factors contributed to the increase in the cost of land allottees were being informed that they would get the house on enhanced rates The representative also stated that the

Board was paying five percent interest on the deposits which were for more than 2 years with the Board

The Committee desire that the latest position about 904 houses of 42 schemes and the reasons for not fixing their final prices be intimated to the Committee

The Committee are not satisfied with the reply of the Board and desire to know the reasons for delay in finalisation of final price recoverable from the allottees of these houses and recommend that the final price be finalised at the earliest to avoid inconvenience to the allottees

Paragraph 7 12 (7) Outstanding dues

67 Register of Miscellaneous Public Works advances, was not maintained to watch and pursue the recoveries from contractors and suppliers A test check (December 1981 to March 1982) in few cases revealed that as on 31st March 1982 following amounts had fallen due but not recovered by the Board —

Serial number	*Nature of recovery*	*Amount (in lakhs of rupees)*	*Date upto which due but not paid*	*Remarks*
1	329 cases of hire purchase instalments	1 03	31st December 1981	Of 329 cases 31 cases involving Rs 0 20 lakh were more than 2 months old Eviction proceedings in respect of 22 tenants not initiated (March 1982)
2	18 booths auctioned	2 49	31st December 1981	Of 18 cases, 15 had been referred to Collector and one was pending in High Court
3	Cinema site in Sector 22, Faridabad	11 94	7th February 1982	Site auctioned on 27th November 1978 for Rs 11 30 lakhs Bidder paid Rs 1 00 lakh on the same day and Rs 3 52 lakhs (Due on 20th December 1978) on 11th January 1979 Thereafter no annual instalment was paid

In its written reply the Board stated as under —

"The Board is watching recoveries from contractors and suppliers in the divisions by maintaining respective registers and recoveries are effected while finalising the running bills/final bills of the contractors/suppliers The amounts of the securities of the contractors and suppliers are only released when nothing is outstanding against them and that too according to terms and conditions settled with the contractors/suppliers

(i) As explained above the recoveries are effected through bills and after proper verification of their outstanding recoveries

(I) Outstanding dues in respect of all the cases have been received

(ii) Out of 15 cases, 11 cases are still pending in the Court

(iii) In one case which was pending in the High Court, recovery was stayed from the shop keeper of shop No 43 Sector 22, Faridabad by the Court Necessary action is being taken by the Estate Manager Sector 22, Faridabad for getting closed flour chakki in shop No 6 Sector 22, Faridabad and after that further action in the matter will be taken for getting the case decided from the High Court

As regards Cinema site, the case is pending in Ballabhgarh Court over a dispute for the payment of yearly instalment and further action in the matter for the recovery of amount will be taken after the decision of the Court

The purchaser of cinema site filed another suit against the orders of the Estate Manager regarding imposition of penalty and on the basis of which Court has directed for appointing Arbitrator Arbitrator has since been appointed and the case is yet to be decided

During the course of oral examination the representative of the Board stated that personal ledger was maintained as required under the commercial accounting system

The Committee desire that the latest position about the 11 court cases, cases of shop No 6 and 43 in sector 22 Faridabad and result of the arbitration case of cinema site be intimated to the Committee The Committee recommend that the Court cases be persued vigorously so that recoveries could be effected at the earliest.

Paragraph 7 12 (*8*) *Avoidable Payment of Rs* 0 60 *lakh*

68 The Board applied for a loan of Rs 1 38 69 lakhs to HUDCO in January, 1979 for a composite Housing Scheme in two Sectors of Panchkula The HUDCO in turn advised the Board (April 1979) to start completing loan agreement documents pending approval of the loan Loan was sanctioned by HUDCO in June 1979 and the loan agreement was to be executed and security furnished within four months failing which commitment charges at the rate of one *per cent* per annum on the full amount was leviable from 4th October 1979

to the date of completing all the requirements Sanction of the State Government to raise the loan and guarantee deed was finalised in February 1980 The Commitment charges of Rs 0 54 lakh were deducted by HUDCO from the first instalment of loan released to the Board on 23rd February 1980 Similarly in other 6 cases commitment charges of Rs 0 06 lakh were paid to HUDCO Circumstances leading to delay in execution of loan agreement document were not on record

In its written reply the Board stated as under —

Housing scheme consisting of 648 LIG and 170 MIG Houses at Panchkula was sanctioned by HUDCO

Immediately on receipt of the sanction from HUDCO, the case was prepared and submitted to the State obtaining sanction to the raising of loan and for State Govt guarantee in terms of provision of Section 60 of Haryana Housing Board Act 1971 As per condition of HUDCO s sanction the formalities for drawal of loan were to be completed within four months from the date of sanction i e before 3rd October 1979 The reminders were issued to expedite Govt s sanction The matter was also persued at State Govt level for expediting the case and it was in the knowledge of the Govt that commitment charges amounting to Rs 54 000 will have to be paid if legal formalities/documents are not completed within four months which could not be approved due to delay in fixing of Cabinet Meeting After a long protracted correspondence and issuance of eight reminders on 3rd July 1979 16th July 1979, 13th August 1979, 5th September, 1979 16th September, 1979 26th December, 1979, 8th January 1980 and 4th February, 1980, the scheme was approved in the meeting of Council of Ministers held on 6th February 1980 and formal sanction was accorded on 13th February 1980

As regards another commitment charges amounting to Rs 6 000 it is stated that similarly the sanction of the Govt was received late due to delay in fixing of Cabinet Meeting and Govt sanctions were received on 5th November, 1980, 22nd October 1980 and 9th December, 1980

Even the State Govt has also approved and confirmed that there is no delay on the part of Housing Board vide letter No 5/11/81 I dated 19th May, 1983

Thereafter, the loan agreement of different schemes were executed on HUDCO s behalf and loan was drawn after execution of guarantee deed from State Govt ”

During the course of oral examination the representative of the Board stated that the loan was required to be taken within the stipulated period after obtaining sanction of schemes from HUDCO and that the Board pursued the case but State Government delayed the issue of sanction The representative further stated that in six cases commitment charges were paid by the Board to HUDCO due to delay on the part of State Government in issuing the sanction

The Committee recommend that the responsibility be fixed for the payment of commitment charges of Rs 60,000 by the Board/State Government and the Committee be informed about the action taken against the officials/officers found responsible for the delay resulting in loss to the Board

Paragraph 7 12

(9) *Irregular Purchase of debentures*

69 As per loan agreement between HUDCO and Board, the Board was required to obtain from its contractors at least 40 *per cent* of security to be deposited by them in the form of HUDCO debentures The Board had accordingly put this as one of the conditions at the time of entering into agreement with the contractors but its compliance was not got made and no amount of the security deposits was invested by the contractors in HUDCO debentures The security deposits were generally released on becoming due in normal course The Board, however purchased HUDCO debentures worth Rs 4 15 lakhs (Rs 2 15 lakhs August 1978 Rs 1 lakh November 1978 and Rs 1 lakh October 1979) from its funds The management intimated (December 1982) that the investment in HUDCO debentures was made out of their own funds after approval of the Board

In its written reply the Board stated as under —

> As per recommendations of Finance Committee and Minutes of 36th Meeting of Board which was the first Board s meeting vide which the debentures, was decided, it was observed by the Finance Committee in its recommendations that contractors were not agreeable to subscribe to HUDCO s debentures out of their security amount and HUDCO was adament to see that their conditions for release of loan was complied with By purchasing debentures, Board has not suffered any financial loss rather has gained by allotting the works at lower premium rates to the contractor Had the condition for purchase of debentures out of the security money of the contractor been insisted upon the contractor would have offered higher rates of premium due to long persistence with HUDCO for deletion of clause for purchase of debentures out of the security of contractors which was being faced by Housing Board, the condition has been waived off by HUDCO w e f 23rd July 1984
>
> In view of the recommendations of the Finance Committee, Board in its 36th 41st, 42nd and 45th meeting decided to purchase debentures amounting to Rs 4 15 lakhs out of Boards fund The decision was taken in view of the position explained in para (i) above

The debentures were purchased with the approval of the Board'

During the course of oral evidence the representative of the Board stated that at the time of sanctioning loan HUDCO had imposed the condition that the contractors of the Board would deposit 40 percent of security in the form of HUDCO debentures and stated that as con tractors of Board refused to purchase such debentures, the Housing Board itself purchased the debentures

The Committee observe that instead of purchasing HUDCO deben tures by the Board from its own funds it should have pursuaded its contractors to purchase the same and the amount thus saved could have been utilised for construction activities of the Board The Committee recommend that Rs 4 15 lakhs invested by the Board in HUDCO founds should be taken back, as early as possible for utilsation in furtherence of con truction activities of the Board

Paragraph 7 12

(*10*) *Revision of demand on account of revision of cost of land*

70 During the year 1978 79 to 1981 82 HUDA claimed Rs 87 73 lakhs as additional cost of land owing to award of court for increase in land compensation in 7 cases Out of this, Rs 36 90 lakhs were paid by the Board during April 1979 to May 1981 and the remaning amount was due to be paid alongwith interest No demand for the recovery of increased cost was however raised (March 1982) on the residents of the respective colonies though provision existed for its recovery The Board intimated (December 1982) that additional cost of land paid/payable to HUDA will be recovered from the allottees while working out the final cost of the houses

In its written reply the Board stated as under —

"The demand for recovery of increased cost has been claimed from the residents of the respective colonies by way of raising separate demands or including the increased cost in the finalisaton of the final cost

The demand has been raised and the Estate Managers have been directed to effect recoveries from the allottees at the time of payment of instalment by them'

During oral evidence the representative of the Board stated that the land was acquired by HUDA under the Land Acquisition Act and that the Board got land from HUDA for its own use Therefore, it was further added, whenever the cost of land increased HUDA informed the Board about that The representative stated further that in this case Board was not satisfied about the increase in cost of land and had decided to examine the judgement but HUDA took some time in supplying the same on account of which delay was caused Each allottee it was added was informed about this increase after bifurcating the amount according to the area allotted to him

The Committee are not satisfied from the reply of the Board about the delay caused in getting the copy of judgement from HUDA and recommend that

the Board should make arrangements to acquire the land directly to avoid such type of situations The Committee desire that the latest position regarding the recovery of enhanced cost from the allottees be intimated to the Committee

Paragraph 7 12 (ii) *Other points of interest*

(i) *Extra expenditure of Rs* 0 84 *lakh*

71 In the sanctioned estimates/approved notice inviting tenders of certain works executed in Panchkula and Faridabad divisions there was a specific provision for striking joints

The contractor however chose not to undertake this item of work alongwith the masonary work and instead carried out cement pointing work with the approval of the Executive Engineer concerned The payment was allowed at the rate applicable to cement pointing resulting in an extra expenditure of Rs 0 60 lakh This also resulted in excess consumption of cement valuing Rs 0 24 lakh It was stated by the Board (December 1982) that cement pointing was done to make the walls damp proof It was, however clearly provided in the P W D specifications and N I T that if the contractor selected for his own convenience not to do the striking joints as the work progressed but completed the pointing at a subsequent date he was to be allowed payment at the rate of striking joints only

(ii) *Irregularities in purchase of cement*

The Government of India instructions provided that cement producers should accept advance payments from parties, only when they were in position to supply cement and should not insist on payment of full advance while booking orders The cement producers were also required to pay interest at the rate of 14 *per cent* on advances received and retained by them for more than 15 days However, in disregard to these instructions the Board paid the full cost in advance to cement companies while booking the order for supply Though the material was not supplied within 15 days the Board did not take, any action to recover the interest amounting to Rs 3 35 lakhs on advances retained beyond 15 days

Against order for supply of cement during 1979 80 and 1980 81, 1,241 20 tonnes of cement was received short for the value of Rs 5 06 lakhs at the average rate of Rs 408 per tonne Refund of Rs 3 24 lakhs out of the advance paid for the said quantity was also awaited No action was taken to recover from the cement companies interest of 14 *per cent* on advances retained by them for more than 15 days The Board stated (December 1982) that the question of recovery of interest has been taken up with the cement companies

In its written reply the Board stated as under —

> On the basis of the recommedations made by the various Research Institutions i e N B O, C B R I etc the Housing Board adopted 9 thick brick masonary walls in all types of houses and in order to avoid the seepage of water from 9 thick walls it was necessary to provide cement pointing instead of striking joints As such the payment was made according to above specifications which is justified

The authorisations for levy cement to various factories are being issued by the Regional Cement Controller, New Delhi and the validity period for the supply of cement by the factories is about three months from the date of the issue of the authorisaton letter The order is booked by the Cement Companies after the advance payment is deposited with them In case the payment is deposited with the cement factories in part, the order will also be booked by them in parts and there is every likelyhood of not supplying the cement within the validity period when the order is booked just near the expiry of the validity period It is not practicable to book the order in parts and the procedure of booking the order with full payment is being followed by Government and Semi Government Departments in the State This is being done to avoid lapse of cement with the factories and also to obtain the allocated quantity of cement for the projects No responsibility is thus attributed to any of the officer/officials

We have initiated the action to recover the interest on advances retained by the cement factories beyond fifteen days but they have not paid any interest uptil now This point was raised by the representative of the Housing Board as well as by the representatives of other departments in the meeting held in Haryana Bhawan, New Delhi with the R C O & D F S in the presence of reperesentatives of cement factories for payment of the interest where advances have been retained beyond fifteen days but the representatives of the factories informed that the supply of cement within the prescribed time was beyond their control due to power cut and other reasons The matter is still under correspondance but uptil now no interest has been paid by the cement factories

1241 20 M T of cement was received short mainly due to power cut imposed by the Government The factories were not in a position to achieve their required production and as such they supplied the cement in short not to Housing Board but proportionately to other departments also The refund of Rs 3 24 lakhs as pointed out by the Audit has since been received from the factories "

During the course of oral evidence, the representative of the Board stated that in order to avoid seepage of water from the 9 inch thick wall, pointing was got done from the contractor instead of striking of joints and that payment to the contractors was made according to the work done The contractor was asked to do the pointing work by the Board

The representative further stated that cement producers supplied the cement only after the whole amount was deposited with them and that while booking the order Board also paid the amount in advance but neither the cement was supplied within 15 days nor the 14 percent interest on advanced amount was given to the Board by the cement producers The representative further stated that out of excess payment of Rs 3 24 lakhs, now only a sum of Rs 2984 00 was due from Dalmia Cement Factory, Dadri and that recovery of this amount could not be made as the factory was under the process of liquidation

The Committee were not satisfied with the reply of the Board as extra expenditure was incurred due to executing cement pointing instead of striking joints as provided in N I T and observe that the Board had not given due consideraton to the point that cement pointing would check seepage instead of striking joints before inviting tenders **The Committee recommend that responsibility be fixed for this lapse and action be taken against the officer/official responsible for this ommission under intimation to the Committee**

The Committee also recommend that all out efforts should be made to recover the remaining amount of Rs 2984 00 from Dalmia Cement Factory, Dadri and also interest from the cement supplier who retain the advances of the Board beyond the stipulated period without effecting supply of the Cement

REPORT ON THE REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA FOR THE YEAR 1982 83 (CIVIL)

Haryana Financial Corporation

Paragraph 7 24 01 -Paid up Capital

72 The table below indicates the details of paid up capital of the Corporation for the two years ending 31st March, 1983 —

	1981 82	1982 83
	(Rupees in lakhs)	
(a) State Government	2 15 65	2,30 65*
(b) Industrial Development Bank of India	1,85 66	2 15 66
(c) Scheduled Banks Insurance Companies Co operative Bank and other Financial Institutions	34 26	34 26
(d) Parties other than (a) (b) & (c)	1 50	1 50
	4 37 07	4 82 07

*Includes Rs 15 00 lakhs shares for which are yet to be issued (November 1983)

In the written reply Department gave the latest figures which are as under —

	1984 85
(a)	2 32 65
(b)	2,32 66
(c)	34 26
(d)	1 50
Total	5 01 07

During the course of oral evidence on 29th July 1985 when the Committee wanted to know the figures of employment generated by the industries set up with the loans from the Corporation the representative of the Government stated that during the year 1983 84 10 344 technical and semi technical persons were provided employment on account of the activities of the Corporation It was added that 9155 such persons had been provided employment during the year 1984 85

The Committee observe that since ours is a pre-dominantly agrarian State one way of easing pressure on land and also putting a check

on the rising number of un employed persons is through the promotion of industries The Committee would, therefore, like to emphasize that considerable thought and care should be given on feasibility studies and while selecting projects for financial assistance, due regard must also be given to the labour intensive projects apart from other considerations The Committee also desire that some more efforts should be made to extend financial assistance to persons belonging to weaker section of the society

The Committee would also recommend that the Corporation may tie up with some leading commercial banks to provide necessary working Capital to the Units assisted by it

Paragraph 7 24 04 Working results

73 The following table gives the details of the working results of the Corporation for 3 years upto 1982 83

Sr No	*Particulars*	1980 81	1981 82	1982 83
		(*Rupees in lakhs*)		
1	Income			
	Interest on loans and advances	4 22 61	4 75 93	6 00 54
	Other income	3 35	15 29	14 26
	Total	4 25 96	4,91 22	6,14 80
2	Expanses			
	Interest on long term loans	1,58 01	1 70 21	2 09 31
	Other expenses	1 26 35	1 24 07	1 26 75
	Total	2,84 36	2 94 28	3 36 06
3	Profit before tax	1 41 60	1,96 94	2 78 74
4	Surplus brought forward	0 11	0 01	—
5	Provision for tax	49 90	66 62	94 28
6	Other appropriations	78 82	1,16 70	1 69 50
7	Dividend (3 to 5) per cent	12 98	13 63	14 92
8	Total return or capital employed	3 00 78	3 67 15	4 88 05
9	Rate of return on capital employed	9 58	10 84	12 00

Comparatives figures for the year 1983 84 and 1984 85 as furnished to the Committee are given below ad seriatim —

	1983 84	1984 85
1	353 12	563 73
	14 05	10 96
	367 17	574 69
2	223 20	338 95
	84 60	105 60
	307 80	444 55
3	59 37	130 14
4	—	—
5	20 57	43 09
6	23 07	70 36
7	15 73	16 69
8	282 57	469 08
	(Percent)	
9	5 52	8 10

During the course of evidence on 29th July 1985, the representative of the Corporation/Government stated that in the year 1984 85 there were only 213 units against which over dues were outstanding He added that for the recovery made in time 4 percent rebate was being given and that due to this incentive the percentage of recovery in Haryana was highest in India It was further added that in case any unit was unable to make timely repayment of loan then on a request made the loan was allowed to be repaid in easy instalments In the matter of recovery the Committee was further informed the Corporation was not facing any difficuety and the recovery was being got effected as arrears of land revenue In reply to another question from the Committee, it was stated that 271 cases were pending in the Courts as on 31st March 1985 and in regard thereto recovery certificates were pending with the collectors and added that efforts were being made to get those cases expedited Regarding decrease in profits during 1983 84 and 1984 85 the representative of the Corporation stated that this was due to adoption of cash basis of accounting during these years instead of accrual basis followed in earlier years

The Committee desire that effective steps be taken to improve the recovery of over-dues and all cases pending in the Courts be vigorously perused and the amount revovered without any avoidable delay

Paragraph 7 24 05 Disbursement and recovery of loans

74 The performance of the Corporation in the disbursement/ recovery of loans during the three years upto 1982 83 is indicated below

S No	Particulars	1980 81 No	1980 81 Amt	1981 82 No	1981 82 Amt	1982 83 No	1982 83 Amt	Cumulative Since inception No	Cumulative Since inception Amt
					(Rs in lakhs)				
1	Applications pending at the beginning of the year	130	4 04 71	119	7 94 96	137	16 95 74	—	—
2	Applications received	531	20 01 03	600	44 00 75	810	48 01 44	5 455	2 18 61 39
	Total	661	24 05 74	719	51 95 21	947	64 97 18	5 455	2 18 61 39
3	Applications sanctioned	380	10 55 33	401	21 40 72	603	31 23 41	3 810	1 22 38 97
4	Applications cancelled/ withdrawn rejected *	162	4,53 64	181	11 79 47	261	24 19 23*	1 562	77 49 59
5	Applications pending at the close of the year	119	7 94 46	137	16 95 74	83	5 83 47	83	5 83 47
6	Loans disbursed	375	5 12 18	387	8 27 34	564	16 85 98	3 498	67 55 19
7	Amount outstanding at the close of the year	1 246	35 05 84	1 387	38 21 31	1 705	51 03 86	1 705	51 03 86
8	Amount overdue for recovery (including suit filed cases) **	619	12,97 80	549	10 89 12	571	13 63 74	571	13 63 74
9	Percentage of the defaults to total loan outstanding		38 11			(Per cent) 28 50			26 72
10	Employment generated by the assisted units		6 182			(Number) 9 246			13 567

@ Includes 13 applications (amount Rs 77 02 lakhs) received from erstwhile Punjab Financial Corporation at the time of re organisation of states

* Exclude part amount rejected (Rs 3 71 07 lakhs)

** Break up of principal and interest was not available

The following is the age wise analysis of the overdue amount (other than suit filed cases)

Period	No of cases	1983 84 Amount overdue for recovery Principal	Intt	Total
		(Rupees in lakhs)		
Upto 1 year	235	4 98	31 24	76 22
1 to 2 years	25	10 00	8 84	18 84
Over 3 years	16	39 41	45 24	84 65
Total	276	94 39	85 32	1 79 71

The above excludes Rs 11 84 03 lakhs in respect of 295 cases in which suits had been filed for recovery of dues

*Excludes amounts which have not become due on account of sanction of moratorium in repayment of loans

In the written material furnished the figures for the years 1983 84 and 1984 85 were given as under —

(Rs in lakhs)

S No	Particulars	1983 84 No	1983 84 Amt	1984 85 No	1984 85 Amt
1	Applications pending at the begining of the year	83	583 47	52	352 92
2	Applications received	863	4792 59	869	3810 42
	Total	946	5376 06	921	4163 34
3	Applications sanctioned	642	2728 59	562	2187 79
4	Applications cancelled/withdrawn/rejected	252	2294 55	302	1480 88
5	Applications pending at the close of the year	52	352 92	57	494 67
6	Loans disbursed	572	1356 60	552	1579 06
7	Amt outstanding at the close of the year	1987	5762 89	2383	6526 03
8	Amt overdue for recovery (including suit filed cases)*		1950 00		2203 25
9	%age of the defaults to total loan outstanding	33 83			33 76
10	Employment generated by the assisted units (in Nos)	10344		9155	

Latest figures and break up of default cases were given as under —

	1984 85			
	No	*Principal*	*Interest*	*Total*
Upto 1 year	179	49 96	20 92	70 88
1—2 years	21	12 16	5 36	17 52
Over 3 years	13	48 04	92 36	140 40
	213	110 16	118 64	228 80

This exclude Rs 1974 45 lakhs on cash basis in respect of cases in which suits had been filed for recovery of dues

Age wise break up of Court cases including R C cases for the period ended 31 3 85 was given as under —

	1984 85	
	No of units	*Amount*
Upto 1 year	182	787 18
1 to 2 years	110	447 06
Over 2 years	271	1102 75
	563	2336 99*

*The above figures are on accrued basis i e inclusive of Intt The figures of Rs 1974 75 lakhs (shown as cases pending)

Scrutiny of the material supplied by the Corporation revealed that there was decline in the applications sanctioned during 1984 85 During the course of oral examination as the representative of the Corporation/Government conceded that there was a noticeable fall in the number of applications received from Gurgaon district as compared to the earlier years He added that one of the reasons for decline in the inflow of the applications was that the application fee had been raised from Rs 200 to Rs 5000 though the same was later on being adjusted in the amount of loan advanced to the applicants

The Committee would like the Corporation to investigate the causes for the decline in the number of applications and take effective steps to encourage the people by sanctioning industrial loans to more applicants by streamlining the working of the Corporation The Committee desire that the action taken in this behalf may be intimated to them

(The Committee did not cnosider it necessary to discuss the paragraphs No 6 16 for the year 1979 80 6 19 for the year 1980 81 and 6 26 for the year 1981 82 in view of the latest paragraph No 7 24 for the year 1982 83 having been discussed as above)

Haryana Warehousing Corporation

Paragraph 7 25 01

75 – The Haryana Warehousing Corporation was established on 1st November 1967 under section 18(1) of the Warehousing Corporation Act 1962

7 25 05 *Operational Performance*

The following table gives details about the operational performance of the Corporation for the 3 years upto 1982 83 —

	Particulars	1980 81	1981 82	1982 83
1	Number of stations covered	67	68	68
2	Storage capacity as at the end of the year			
			(*Tonnes*)	
	(a) Owned	184610	253400	267400
	(b) Hired	173433	180693	209125
	Total	358043	434093	476525
3	Average capacity utilised during the year*	356837	370923	419823
			(*Rupees*)	
4	Average expenses per tonne	39 08	42 44	44 26
5	Average revenue per tonne	43 33	42 05	49 59

Including that of godowns closed during the respective years

In reply to the questionnaire of the Committee the Department in its written reply stated as under —

The figures of capacity and its utilisation for the year 1983 84 and 1984 85 are given below —

(*Fig in MTs*)	1983 84	1984 85
Average Capacity	490685	689840
Average Utilisation	411139	7121 67

The utilisation of warehouses depends on various factors such as agricultural production marketable surplus procurement of foodgrains by the Govt agencies their storage in the State, consumption of fertilizer, storage level of fertilizer etc It has been our endeavour to maintain high level of occupancy by efficient management of storage space In 1983 84 the production of wheat increased substantially and in Rabi 1983 84 our business increased to 5 28 lakhs MTs However due to issue of fertilizer and wheat from warehouses, the assured business from Food Corporation of India decreased Business from IFFCO CCI etc also went down However to make up the short fall we made our sincere efforts to secure business from traders and farmers and succeeded to a great extent Despite all these efforts there was a decline in average occupancy by above 8000 MTs only due to the above mentioned facts Efforts were, however made to control the expenditure to the maximum possibe extent

The rate of storage charges were also enhanced and as a result the income from storage charges increased by over Rs 37 lakh inspite of decline in average utilisation

The physical performance of the Corporation in 1984 85 has been extremely good By making various efforts the Corporation increased its storage capacity significantly from 4 90 lakh MTs in 1983 84 to 6 90 lakh tonnes in 1984 85 Efforts were made to keep the expenses on a lower side Since the accounts for the financial year 1984 85 are under compilation it is not possible to give exact figures in this regard However it is added that the average expenses per tonne have been reduced to a reasonable extent Even the utilisation throughout the year remained above 100%

During the course of oral examination on 30th July 1985 the representative of the Corporation stated that while in the year 1983 84 the average storage capacity was 4 09 lakh tonnes and average utilization 4 11 lakh tonnes the average capacity during the year 1984 85 increased to 6 89 lakh tonnes and average utilization to 7 17 lakh tonnes due to efficient utilization of godowns The Committee was also informed that reduction in per tonne average expenditure had also been brought about as in the year 1983 84 while the average per tonne expenditure was to the tune of Rs 49 3 in the year 1984 85 the average per tonne exenditure stood reduced to Rs 41 28 The reduction in expenditure had been brought about it was added because proportional increase in establishment according to the increase in ratio of occupancy had not been made by the Corporation

When the Committee asked for reasons for the fall in the figures of the revenue which in the year 1982 83 was Rs 62 75 lakh and stood reduced to Rs 61 65 lakh in the year 1984 85 the representative of the Corporation explained that different rates were being charged from different agencies and since in the year 1984 85 more than 80 percent occupancy was by the Food Corporation of India from whom lower rates were being charged as compared to other agencies there was some short fall in the revenues

The Committee desire that the Corporation should take steps to ensure that there is no fall in the revenues of the Corporation in future

The Committee also desire that the expenditure on establishment should continue to be kept under control

Paragraph 7 26 Loss due to acceptance of damaged fertilizer

76 The Food Corporation of India (FCI) Calcutta despatched (14th October 1980) 2400 bags of DAP fertilizer (value Rs 3 66 lakhs) from Barasat (West Bengal) to Haryana State Warehousing Corporation (HWC) Uchana (Haryana) by rail for storage in their godowns A clear delivery of the consignment was taken (November 1980) by the Manager of the Corporation at Uchana Railway Station without recording any remarks about the damaged condition of the material in the Railway delivery book though the entire stock of 2400 bags was alleged to be wet set and in damaged condition A complaint regarding damaged condition of the fertilizer was however lodged in November, 1980 with the officer in charge of the Calcutta Depot of the FCI and a provisional claim was also filed with the Railway authorities in March, 1981 at the instance of FCI for the value of fertilizer The Railways disallowed the claims as clear delivery had been taken without recording any re marks regarding the damaged condition of stocks in the Railway delivery book

The claim lodged with the FCI was also disallowed (December 1981) on the ground that the Manager Uchana was solely responsible for the loss as he had failed to register the damaged condition of stocks in the Railway delivery book and also failed to get the extent of damaged stocks assessed from the Railway Authorities Consequently the FCI recovered during the period January, 1982 to April, 1982 the value of the consignment i e Rs 3 66 lakhs, from the pending bills of the Corporation for storage charges

After joint inspection held on 14th May 1982 of the damaged stocks the Zonal Manager, FCI refused to revise the decision regarding recovery already effected The damaged stocks are yet to be sold (November, 1983)

The matter was reported to Government in June, 1983, reply is awaited (November 1983)

In reply to the questionnaire of the Committee the Department in its written reply stated as under —

> Manager SWH Uchana had approached the local Railway authorities to allow him to record the condition of stocks in the railway delivery book but he was not allowed to do so on the plea that the relevant R R s were quali fied and no damage had taken place enroute R R s con tained the following remarks —
>
> > Said to contain 2400 bags chemical manure DAP SWA Contents conditions and loading not supervised by railway staff Loaded and counted by sendor Wagons visually checked by the sender and found water tight Bags are single YM/OP to weigh bags, Dunnage not provided

All the wagons were unloaded in the presence of Assistant Manager (Quality Control) & Quality Inspector of Food Corporation of India and Warehouse Staff The entire consignment of DAP was found having lumps mixed with sound stocks filled in sound containers Manager of State Warehouse and Food Corporation of India staff requested the Station Master to grant assessment delivery but it was refused by the Station Master stating that the wagons in which the said stock had arrived was water tight In these circumstances the Manager State Warehouse approached Food Corporation of India officers for advice

The Quality Inspector, Food Corporation of India advised Manager, Haryana Warehousing Corporation in writing to lift the stock from the Rail head and keep it in a separate godown for inspection of consigner (FCI) The Quality Inspector Food Corporation of India consigner also intimated the Depot Incharge, Badu Road, Calcutta of the condition of stocks The information was also sent to Distt Manager, Food Corporation of India Rohtak

The Manager, HWC, Uchana furnished the detail about the consignment to Senior Regional Manager, Food Corporation of India Chandigarh and others for information and necessary action The Manager, HWC also lodged a claim with the Railways amounting to Rs 3 66 lakh towards full cost of the consignment endorsing a copy to the Senior Regional Manager F C I, Chandigarh Since the Warehouse Manager had taken all necessary measures he could not be held responsible for this loss

The deductions made by FCI were contested by the Corporation The Corporation had maintained that it could not be held responsible in this case as damaged stocks were loaded into the wagons by the consigner The Sr Regional Manager, FCI formed a committee consisting of Deputy Manager (QC) Deputy Manager (Commercial) and Deputy Manager (Movement) from FCI and Manager (Business) and Manager (Storage & Technical) of HWC The committee after looking into the relevant record and inspection of said stocks observed that the bags did not show any sign of stocks getting wet/damaged enroute and it was found that HWC was not responsible for this loss and recommended that recovery of Rs 3 66 lakh by FCI from HWC was not in order

(b) The FCI has already released Rs 1 58 074 50 to the Corporation The balance amount Rs 2 07,925 50 is expected to be received from FCI shortly as now entire qantity has been disposed of by them

During the course of oral examination on 30th July 1985 the departmental representative stated that the Committee, which was constituted by F C I to go into the relevant record and inspection of the stocks, had reached at a conclusion that neither Food Corporation of India nor the Warehousing Corporation of Haryana were at fault and that the consignee had sent the material in a damaged condition The said Committee therefore recommended that the recovery of the amount of Rs 3 66 lakhs made by the F C I was not in order

The Committee was also informed that in addition to the sum of Rs 1 58 lakh, which had already been released a further sum of Rs 1 22 lakh had also been released by Food Corporation of India in favour of the Corporation and that efforts were being made to recover the balance amount

The Committee desire the balance outstanding amount be also recovered from Food Corporation of India and compliance be reported to the Committee

(The Committee did not consider it necessary to discuss paragraphs No 6 18 for the year 1979 80 and 6 27 for the year 1981 82 in view of the latest paragraphs No 7 25 & 7 26 for the year 1982 83 having been discussed as above)

Haryana Finance Department

Paragraph 7 27 02 Compilation of accounts

77 Only two Companies had finalised their accounts for 1982 83 In addition 10 Companies (including 2 subsidaries) had finalised their accounts for earlier years A synoptic statement showing summarised financial accounts of 12 Companies based on latest available accounts is given in Appendix VII 2 The accounts of following 17 Companies (including 6 subsidiaries) were in arrears for the period noted against each

Serial number	*Name of company*	*Extent of arrears*
1	Haryana State Minor Irrigation (Tubewells) Corporation Limited	1976 77 to 1982 83
2	Haryana Harijan Kalyan Nigam Limited	1978 79 to 1982 83
3	Haryana Television Limited	1978-79 to 1982 83
4	Haryana Tourism Corporation Limited	1980 81 to 1982 83
5	Haryana Concast Limited	1980 81 to 1982 83
6	Haryana Agro Industries Corporation Limited	1980 81 to 1982 83
7	Haryana Matches Limited	1980 81 to 1982 83
8	Haryana Dairy Development Coporation Limited	1981 82 to 1982 83
9	Haryana Minerals Limited	1981 82 to 1982 83
10	Haryana Tanneries Limited	1982 83
11	Haryana Land Reclamation and Development Corporation Limited	1982 83
12	Haryana Backward Classes Kalyan Nigam Limited	1982 83
13	Haryana State Small Industries and Export Corporation Limited	1982 83
14	Haryana Seeds Development Corporation Limited	1982-83
15	Haryana Breweries Limited	1982 83
16	Haryana State Electronics Development Corporation Limited	1982 83
17	Haryana Economically Weaker Section Kalyan Nigam Limited	1982 83

In the written reply submitted to the Committee it was stated as under —

In all annual accounts of 17 Corporations/Companies (including subsidiaries) for the years mentioned against each were shown in arrears The latest position of these accounts with reasons for not finalising the same in time, are explained as under —

Sr No	*Name of the Corpn /Companies*	*Details of Accounts in arrears*	*Reply*
1	2	3	4
1	Haryana State Minor Irrigation (Tubewells) Corporation Ltd	1976 77 to 1982 83	The accounts upto 1978 79 have since been finalised and adopted by Annual General meeting on 1 8 1984 The Corpn made a reference for appointment of Statutory Auditors for the year 1979 80 to 1981 82 on 10 8 1984 and they were appointed by the Company Law Board on 25 9 84 The Auditors took up the work in 1/85 and the accounts upto 1981 82 are likely to be completed during current financial year The provisional accounts upto 1983 84 have been compiled and these of 1984 85 are under finalisation Reasons for delay have not been expalined by the Corporation
2	Haryana Harijan Kalyan Nigam Ltd	1978 79 to 1982 83	Accounts for 1978 79 have been audited and are to be adopted by Annual General meeting The Accounts for 1979 80 are under audit by Statutory auditors For 1980 81 the Company Law Board has already appointed Statutory Auditors Provisional accounts upto 1983 84 have been compiled and for 1984 85 these are under compilation The Corporation has failed to supply specific reasons for delay in completion of accounts
3	Haryana Television Limited	1978 79 to 1982 83	The accounts for the year 1983 84 have been completed and audited by Internal Audit as also approved by the Board The Accounts for the year 1984 85 have been completed by the Company and are under internal audit and the same will be finalised by the Audit by 15th of August, 1985 (ii) Company has stated that Statutory Auditors from 1979 80 onwards have

1	2	3	4
			not been appointed by the Company law Board despite several reminders/requests In this connection, the matter has been referred to Central law Board and reply from them is still awaited by the Company
4	Haryana Tourism Corporation Ltd	1980 81 to 1982 83	Due to late completion of accounts for 1980 81 Statutory Auditors for two years i e 1980 81 and 1981 82 were appointed on 26 8 83 and they have completed the audit of these years But these are yet to be adopted The accounts for 1982 83 and 1983 84 are under finalisation Ref for appointment of Statutory Auditors was made on 16 3 1984 but auditors for 1982 83 have been appointed recently The Corporation has failed to explain the reasons for non finalisation of accounts in time
5	Haryana Concast Ltd	1980 81 to 1982 83	Accounts upto 1982 83 have already been audited approved and adopted by the Shareholders
6	Haryana Agro Industries Corporation Ltd	1980 81 to 1982 83	The Accounts upto 1982 83 have been completed and adopted by the Board of Directors After comments of CAG these will be certified by Annual General meeting No reasons for delay have been intimated by the Corporation
7	Haryana Matches Ltd	1980 81 to 1982 83	The accounts upto 1981 82 are under Statutory Audit by the Auditors already appointed The accounts for 1982 83 and onwards are yet to be finalised No reasons for delay have been explained by the Company
8	Haryana Dairy Dev Corporation Ltd	1981 82 to 1982 83	The Accounts for 1981 82 and 1982 83 have already been audited & adopted by General Body of share holders
9	Haryana Minerals Ltd	1981 82 to 1982 83	The annual accounts upto 1982 83 have already been approved and adopted by General Body of share holders
10	Haryana Tanneries Ltd	1982 83	Comments of the C A G on the annual accounts for 1982 83 have been received and these will be placed before A G M soon

1	2	3	4
11	Haryana Land Reclamation & Development Corporation Ltd	1982 83	Annual accounts for 1982 83 were audited on 19 10 84 and referred to C A G on 23 10 84 and will be placed before Annual General meeting on 29 8 85
12	Haryana Backward Classes Kalyan Nigam Ltd	1982 83	Through M/s K K Soni chartered Accountant were appointed Statutory Auditors for 1982 83 and 1983 84 on 20 3 84 yet they have not completed the Statutory Audit so far inspite of repeated requests from the Nigam
13	Haryana Small Industries & Export Corpn Ltd	1982 83	The annual accnouts upto 1982 83 have already been finally approved and adopted by the General Body of shareholders
14	Haryana Seeds Dev Corpn Ltd	1982 83	The annual accounts upto 1983 84 have already been adopted by Annual General Meeting
15	Haryana Breweries Ltd	1982 83	The annual accounts upto 1983 84 have already been adopted by Annual General Meeting
16	Haryana State Electronics Dev Corpn Ltd	1982 83	The annual accounts upto 1982 83 have already been adopted by Annual General Meeting
17	Haryana Economically Weaker Section Kalyan Nigam Ltd	1982 83	The annual accounts for 1982 83 have already been adopted by Annual General Meeting

The Committee orally examined on 6th August 1985 the representatives of the Finance Department as also the representatives of the companies which were in arrears in the matter of compilation of accounts Committee were astonished to know that though in accordance with the provisions of Companies Act 1956 the accounts of a year are required to be prepared and got audited within six months of the close of the financial year, yet these statutory provisions were not being complied with by most of the companies It was also noticed that different systems had been adopted by different companies in the matter of maintenance of accounts and in regard to the year of closing In view of this position the Committee enquired from the representative of the Finance Department whether any steps had been taken by the Finance Department for ensuring that the various Public Undertakings finalised and got audited their accounts in time and placed them in their annual general meetings, the representative of the Finance Department stated that they had written to all the Administrative Departments and the Chief Executives of the Companies and added that major defaulting companies had specifically been impressed upon the need of finalising the accounts quickly He, however stated that it was basically the job of the executives of the concerned companies to ensure the compliance of the statutory provisions

The Committee are dismayed to discover that different Boards/Corporations/Companies were following different system of accounting as was found convenient to them Consequently the accounts of almost all the undertakings are not at all in order and certainly not in accordance with the accepted principles of accountancy

The Committee would, therefore, like to emphasize that the concerned administrative departments of the Public Undertakings should be made responsible for ensuring timely completion of the accounts of the companies under their respective administrative control The Finance Department, whose role, with the creation of a seperate Public Enterprises and Investment Cell, has reached a fairly evolved stage, should also exercise due control/supervision in the matter of finalisation of annual accounts of various undertakings and for their audit by the statutory auditors as well as by the Comptroller and Auditor General of India The Committee would like the Finance Department to apprise them of the steps taken and progress made in this behalf by the various Public Undertakings

Paragraph 7 27 06 (i) Performance of the companies

78 The following table given details of the Company which earned profit during 1982 83 with comparative figures by the previous year However, no dividend was declared by the Company

Name of the	*Paid up capital Rs in lakhs*		*Profit*		*%age of profit to paid up capital*	
	1981 82	1982 83	1981 82	1982 83	1981 82	1982 83
Haryana State Industrial Dev Corpn Ltd	7,47 58	7 87 5S	18 34	37 41	2 45	4 75

(ii) The following table gives details of one Company which incurred loss during 1982 83 with comparative figures for the previous year

Name of the Company	*Paid up capital Rs in lakhs*		*Loss*		*%age of loss to paid up capital*	
	1981 82	1982 83	1981 82	1982 83	1981 82	1982 83
Haryana State Handloom and Handicrafts Corpn Ltd	61 00	61 00	6 40	17 51	10 49	28 70

(iii) The working results of 10 Companies (including 2 subsidiaries) which had finalised their accounts for earlier years are analysed in the table given below —

	Name of the Company	Year of account	paid up capital	Profit (+) loss (—)	%age of profit/loss to paid up capital
			(Rupees in lakhs)		
1	Haryana State Minor Irrigation (Tubewells) Corpn Ltd	1975 76	5,22,34	(—)22 22	4 25
2	Haryana Harijan Kalyan Nigam Ltd	1977 78	1,24 40	(—)1 34	1 08
3	Haryana Tourism Corpn Ltd	1979 80	1,23 83	(—)3 87	3 12
4	Haryana Dairy Development Corporation Ltd	1980 81	2 57 35	(—)23 71	9 21
5	Haryana Backward Classes Kalyan Nigam Ltd	1981 82	1 30 00	(—)12 59	9 68
6	Haryana Land Reclamation Development Corporation Ltd	1981 82	1 03 30	(—)34 27	33 18
7	Haryana Seeds Dev Corpn Ltd	1981 82	1 37 90	(—)25 67	18 61
8	Haryana State Small Industries and Export Corpn Ltd	1981 82	43 75	(+)40 77	83 10
	Subsidiaries				
9	Haryana Tannaries Limited	1981 82	51 00	(—)33 69	66 06
10	Haryana concast Ltd	1979 80	1 69 96	(—)90 65	53 34

In the written reply submitted to the Committee it was stated as under —

(i) *Haryana State Industrial Development Corporation Ltd*

The net profit earned by the HSIDC during the years 1981-82 and 1982 83 after providing for depreciation were negligible and as such minimum dividend of 1% could not be declared More over the object of this corporation is promotional and entrepreneurial and its activities are not essentially commercial

(ii) *Haryana State Handloom and Handicrafts Corporation Limited*

'Major reason for losses by Haryana Handloom and Handicrqffts corporation Ltd is that this Corporation implements various developmental activities including training entrusted by the State/Central Govt which are not generating profits

The Corporation has improved its sales turn over from 1 06 crores during 1983 84 to 1 22 crores in 1984 85 The Corporation is making efforts to boost the marketing of its product It has also introduced scheme for production of Janta Cloth which has been approved by Central Govt State Govt helped the Corporation to increase its share capital as against Rs 61 lakhs during the year 1982 83, it increased to Rs 92 lakhs during 1983 84 and to Rs 113 lakhs during 1984 85 This will help the Corporation improve its financial health ?

(iii) The reasons for losses incurred by the 10 Companies alongwith steps taken to make them viable were explained as under —

HRRYANA STATE MINOR IRRIGATION (TUBEWELLS) CORPORATION LTD

'As per audited annual accounts of the Corporation for 1878 79 its paid up capital has increased to 689 94 lakhs as against 522 34 lakhs during 1975 76 It has earned a profit of Rs 29·37 lakhs aginst loss of Rs 22 22 lakhs The net profit during 1978 79 is 4 26% of the paid up capital

HARYANA HARIJAN KALYAN NIGAM LIMITED

'Share capita has increased from 124 40 lakhs in 1977 78 to Rs 639 17 lakhs during 1983 84 The Nigam earned a not profit of Rs 10 56 lakhs during 1983 84 Its annual accounts for 1984 85 under compilation

The Nigam has attributed reasons for losses to shortfall in recovery in sufficient supply orders from State Govt Organisations which are main buyers of its products as well as increase in Administrative and over head charges

The Nigam has taken steps to avoid losses as given below —

(i) The purchase of raw material for all its units has been centralised and purchases are made on competative rates by a purchase committee Efforts are being made to improve the quality and to secure sufficient orders from Govt Organisations

(ii) Rates of footwears have been revised keeping in view the prevailing cost of raw material The unit of the Nigam Harkalyan

Binders and Printers Panchkula has been streamlined and education department requested to allot maximum quota of paper to this unit

(iii) The marketing Wing of the Nigam is being strengthened

(iv) Monthly trial balance of each unit has been ordered and unit wise/District wise targets fixed and are being watched

(v) Programme for Development of Tilla Zari Shoes around Rewari has been made and provision of Rs 20 lakhs has been made for this purpose

(vi) The Accounts and management of all units/districts have been streamlined and competent staff has been provided for the pur pose'

HARYANA TOURISM CORPORATION LIMITED

"Against a loss of Rs 3 87 lakhs during 1979 80, the Corporation earned a net profit of Rs 0 79 lakhs, 8 45 lakhs and 14 09 lakhs during 1980 81 to 1982 83

The reasons for losses have been explained as under —

(i) This industry runs Hotels, Restaurants and it takes a long time for these Hotels Restaurants and Tourist Spots to earn popu larity and become profitable, during first few years The Corporation has to incur heavy expenditure on infrastructure and maintaining almost full quota of staff

(ii) The working of Haryana Tourism Corpn has been acknow ledged and recognised as it has won rewards

(iii) The Corporation has taken steps to ensure that almost all the non profitable units are closed down and they hope that due to rise in popularity and steps to close down non profitable units, it will be in a comfort able position soon'

HARYANA BACKWARD CLASSES KALYAN NIGAM LIMITED

This Nigam renders financial assistance to backward classes in the form of loan on nominal rate of interest As such being a service and welfare institution, it suffers losses

HARYANA DAIRY DEVELOPMENT CORPORATION LIMITED

'The Corporation has stopped active business from 1 4 1977 and has leased out its plants to Haryana Dairy Development Co operative Federation Ltd The reasons for losses incurred are on accounts of depreciation and interest on loans outstanding against the Corporation and not due to commercial losses

HARYANA LAND RECLAMATION AND DEVELOPMENT CORPORATION

'The Corporation earned profits during the years 1976 77 to 1979 80 and as per tentative accounts for 1984 85 which are yet to be audited, the Corporation is likely to earn profit of Rs 11 60 lakhs

The main reasons for losses are as under —

(i) The Corporation had undertaken a most un profitable scheme of Panchayat kallar Lands during the year 1979 80 This scheme had caused huge losses to the Corporation This land has now been transferred to the respective Panchayats and the Undertaking has now started earning profit

(ii) The hiring charges of tractors for levelling and sale rate of gypsum were not revised during last three years However recently these have been revised during 1985

(iii) There was increase in the cost of fertilizer Weedicide /Pesticide and farm labour

(iv) The Corporation invested a sum of Rs 35 18 lakhs on Hissar Farm under National Seeds Project against wehich a loan of Rs 38 84 lakhs only was received from World Bank through NABARD The Corporation had to pay a substantial amount of interest on this loan which has also reduced its profits

(v) Due to slump in cotton market, the Corporation could not get remunerated price of cotton

(vi) The Corporation had to pay huge amount i e Rs 90/ per acre as lease money to Animal Husbandry Department for its land under Hissar Farm where as this Department charges a nominal lease money at Re 1/ per acre from Central State Farm Hissar

(vii) The sowing of cotton and wheat was restricted due to less water allowance on these crops If this is increased and lease money charged at par with Central State Farm, the profitability of the Corporation is sure to improve

To make the Corporation viable, following steps have been taken —

(i) The rates of land levelling have been increased w e f 15 4 85

(ii) The sale rates of gypsum have also been increased marginally w e f 1 2 1985

(iii) The cost for custom hiring of tractors works out to Rs 100/ per hour whereas the Corporation has slightly increased rate from Rs 60/ to Rs 70/ per hour recently This is a service activity and the State Govt has allowed it to continue only to provide facilities to small and marginal farmers

(iv) The Corporation has enforced better supervision and regulatory measures Due to these measures and proper planning The idle running hours percentage has been reduced The expenditure on repair and maintenance of tractors has also been reduced The expenditure on spare parts repair and maintenance of tractors has come down from Rs 10 62 lakhs during 1980 81 to Rs 4 29 lakhs in year of 1984-85

HARYANA STATE INDUSTRIES AND EXPORT CORPORATION LIMITED

'This Corporation earned gross profit of Rs 40 77 and net profit of Rs 11 81 lakhs during 1981 82 and has paid dividend upto 1983 84

HARYANA TANNERIES LIMITED

The main reasons for losses suffered by this Company are as under —

(i) Paucity of funds

(ii) Heavy liability on interest on loans

(iii) Break down of machinery

(iv) Rise in prices of raw hides/skins and chemicals

To make this sick unit viable its working is under review by a Cabinet Sub Committee on whose recommendations its working/machinery has been examined by experts in leather technology The reports of these experts are under examination of Cabinet Sub Committee and after decision on the same the unit will be rehabilitated '

HARYANA CONCAST LIMITED

The main reasons for loss are low capacity utilization, shortages of power supply, labour trouble and change of management from joint sector to Govt undertaking

The working of this Company was reviewed by the Cabinet Sub Committee constituted for the purpose and due to remedial measures, the Company has earned a net profit of Rs 124 lakhs during 1984 85 and the same pace of profitability is continuing

During the oral evidence the representative of the MITC stated that the Haryana State Minor Irrigation (Tubewells) Corporation had suffered losses to the extent of Rs 6 45 crores upto the year 1983 84 and added that the losses were expected to be even more during the year 1984 85 He mainly ascribed the reason of the losses to the expenditure being incurred on tubewells installed to augment canal water It was submitted further that the staff working in those tubewells was getting full pay whereas the tubewells were not functioning fully due to short supply of electricity It was further explained that at the time of installation of the tubewells it was envisaged that those tubewells would run for 3000 hours in a year whereas during the previous year those tubewells functioned only for 1000 hours while full salaries continued to be paid to the staff engaged for the purpose On being asked as to what steps had been taken or were proposed to be taken to reduce the losses, the representative of the Corporation stated that he would shortly submit a report in that regard to the Government

The Committee desire that a copy of the report submitted to the Government may be made available to the Committee together with the details of action taken thereon

The Committee are unhappy about the losses being suffered by other Public Undertakings, as referred to in the audit para While recommending that all out efforts be made to diminish the losses to the vanishing point, the Committee also emphasize the need of exercising utmost economy, particularly in the matter of touring, use of vehicles, furnishing etc, which the Committee feel contribute to a considerable extent to the losses being suffered by the various undertakings

Paragraph 7 29 2 Generation of internal resources

72 A review in audit of the implementation of the point number 20 of the New 20 Point Programme in respect of three Government Companies engaged in manufacturing activities revealed the following

Test check of financial records of the three Companies (*viz* Haryana Concast Limited, Hissar Haryana Tanneries Limited Jind and Haryana Television Limited, Faridabad) revealed that none of the Companies had drawn up any plan for maximising generation of funds from internal resources These Companies were not drawing any cash flow statement in order to show estimates, actuals and variances for each control period in the absence of which they were not able to assess the extent of funds to be arranged improvement in efficiency resulting in cost reduction and control over spending

The table below indicates the funds collected by these units from internal/external resources for the three years ending 1981 82 (even provisional accounts for the year 1982 83 had not been prepared by any of these companies)

Additional funds generated during the year	1979 80	1980 81	1981 82
		(Rupees in lakhs)	
1 Internal resources			
(i) Haryana Concast Limited**	21 59	23 58	23 60
(ii) Haryana Tanneries Limited	3 81	3 82	5 00
(iii) Haryana Television Limited**	0 70	0 66	0 61
2 External resources			
(i) Haryana Concast Limited**	96 27	29 23	10 96
(ii) Haryana Tanneries Limited	24 33	49 72	36 43

Additional funds generated during the year	1979 80	1980 81	1981 82
		(*Rs in lakhs*)	
(iii) Haryana Television Limited *	7 99	11 86	8 60
3 Profit (+) or loss (—) during the year			
(i) Haryana Concast Limited**	(—)59 66	(+)19 69	(+)18 23
(ii) Haryana Tanneries Limited	(—)43 93	(—)34 06	(—)33 69
(iii) Haryana Television Limited	(—)9 44	(—)12 72	(—)3 63
4 Cumulative loss			
(i) Haryana Concast Limited	(—)358 33	(—)338 64	(—)320 41
(ii) Haryana Tanneries Limited	(—)127 84	(—)161 90	(—)195 59
(iii) Haryana Television Limited	(—)73 84	(—)86 56	(—)90 21

It would be seen from the above that generation of funds from internal resources in the case of Haryana Tanneries Limited and Haryana Television Limited was negligible and in case of Haryana Concast Limited, was not substantial in the light of heavy accumulated losses

In the written reply submitted in response to the questionnaire issued by the Committee the Department/Companies submitted as under —

The present position regarding preparation of cash flow statement by these companies is as under —

(i) *Haryana Concast Ltd Hissar*

The Company is now preparing cash flow statement

(ii) *Haryana Tanneries Ltd Jind*

The Company is now preparing cash flow statement

(iii) *Haryana Television Ltd Faridabad*

The Company is now preparing cash flow statement regularly

(ii) The position regarding internal resources external resources and working results as on 31 3 1985 of these Companies

* Generation of funds under internal resources comprised of depreciation and reserve and surplus

** Based on provisional accounts

It represents increase in paid up capital borrowing trade dues current liabilities, is as under —

Internal Resources as on 31 3 85

	(*Figures in lakhs*)
(i) Haryana Concast Ltd Hissar	22 16
(ii) Haryana Tanneries Ltd Jind	5 41
(iii) Haryana Television Ltd Faridabad	3 68

External Resources as on 31 3 85

	(*Figures in lakhs*)
(i) Haryana Concast Ltd Hissar	(—)10 18
(ii) Haryana Tanneries Ltd Jind	7 00
(iii) Haryana Television Ltd Faridabad	41 20

Working results *As on* 31 3 1985 (*Figures in lakhs*)

	Haryana Concast Ltd	*Haryana Tanneries Ltd*	*Haryana Television Ltd*
Income	1551 88	105 11	151 00
Expenditure	1355 37	116 98	142 02
Depreciation provision	25 09	5 69	0 95
Gross profit/Loss	171 42	17 56 (Loss)	8 03
Interest on Loans	48 26	34 74	5 28
Tax Provision	Nil	Nil	0 02
Net profit/Loss	423 16	52 30 (Loss)	2 73
Dividend declared	Nil	Nil	Nil
Stock in hand	238 85	28 60	23 90

(*iii*) *Cumulative losses as on* 31 3 85

(*Figures in lakhs*)

(i) Haryana Concast Ltd	349 35	The Company is now earning profits The net profit during 1984-85 was Rs 123 16 lakhs

(ii) Haryana Tanneries Ltd	352 21	The working was reviewed by Professional institutions such as M/S A B C consultant Pvt Ltd Industrial reconstruction company of India Ltd and Central Leather Research Institute Madras and their reports are under consideration of the Govt After decision of these reports by the Cabinet Sub Committee, steps will be taken to rehabilitate the unit as against net loss of Rs 55 83 lakhs during 1983 84 it has decreased to Rs 52 30 lakhs at the close of 1984 85
(iii) Haryana Television Ltd	103 56	The reasons for heavy cumulative losses are as under — 1 Managerial inadequacies at the initial stages 2 Lack of adequate interest on the part of the co promoters 3 Financial stringency 4 Competitive market environment The working of the Company is reviewed by the Govt from time to time directly as well through the HSIDC/HARTRON The Company has been given a loan of Rs 28 lakhs for the Colour TV Projects so that its profitability is improved Efforts are being made to cut down overheads The marketing of the product is also being streamlined In the year 1984 85 the production of B & W TV Sets has crossed 6401 against the capacity of 5000 TV sets and achieved 128 utilisation capacity The Company has also been licenced to manufactrue 20000 Colour TV sets Company has produced and sold more than 300 Colour TV sets so far The Company has already procured import licence for CTV kits in CKD position The ETDC New Delhi has also selected the Company for the manufacturing of 14 B & W TV sets under their MTV plan and under this plan Company has already marketed 14' sets The Company has a complete range of 12 14 20 and 24 screen B & W TV sets"

The Committee which orally examined at length the representative of the Finance Department, Government/Companies on the 5th and 6th August 1985 were informed that for the implementation of point No 20 of the new 20 point Programme review of the Public Undertakings was being undertaken personally by the Finance Minister who was also the Planning Minister It was added further that during the current year i e 1985 86, the review of the following nine Companies/Corporations had till then been completed —

1 Haryana Land Reclamation and Development Corporation Limited

2 Haryana Dairy Development Corporation, Limited

3 Haryana Electronics Corporation, Limited,

4 Haryana Minerals Limited

5 Haryana Breweries Limited,

6 Haryana State Industrial Development Corporation Ltd

7 Haryana Financial Corporation

8 Haryana Small Industries and Export Corporation Ltd and

9 Haryana State Minor Irrigation (Tubewells) Corporation, Limited

The Committee were also informed that a Sub Committee of the Cabinet had also been constituted to look into feasibility financial position and affairs of the sick units and added that the case of the Haryana Concast was under consideration of that Sub Committee

The Committee were constrained to note that most of the Government Undertakings in Haryana were incurring continuous losses due to inefficiency, mismanagement, ill conceived project planning and lack of professional management with the result that these have proved to be a drain or the scarce resources of public exchequer The Committee feel that these undertakings have grossly failed to achieve the objectives for which these were set up

The Committee recommend that effective steps be taken to improve the working of the Public Sector Undertakings by improving their efficiency, capacity utilization and generation of internal resources so as to fully implement Point No 20 of the new 20-Point Programme The Committee further recommend that the Chief Executives and the top managerial officers of the undertakings which are found to be inefficent, mismanaged and incurring continuous losses should be held responsible for such state of affairs of the undertakings concerned

The Committee also desire that they may be informed of the results of the reviews undertaken by the Finance Minister and the Cabinet Sub Committee as also of the steps taken in pursuance thereof to improve the working of the various Public Sector Undertakings

Paragraph 7 29 4 (i)-Haryana Tanneries Limited

80 The Haryana Tanneries Limited was incorporated on 12th September 1972 as a subsidiary of Haryana State Industrial Development

Corporation Limited (HSIDC) with the main objects to carry on business as dealers importers manufacturers and processors of hides skins, foam leather and other leather articles

The Company started production from December 1976

(ii) *Production performance*

The tannery was set up to process 52 50 lakh sq ft skins per annum (17 500 sq ft per day) The table indicates the particulars of installed capacity, *vis a vis* actual production and capacity utilised during the 4 years up to 1982 83

Year	*Installed capacity*	*Actual production*	*Percentage of production to installed capacity*
	(Figures in lakhs of sq ft)		
1979 80	52 50	3 26	6 2
1980 81	52 50	6 81	13 0
1981 82	52 50	14 08	26 8
1982 83	52 50	14 11	26 9

It will be seen from the above that the actual production was far below the capacity Though there was some improvement in 1981 82 as compared to 1980 81, no substantial improvement was made during productivity year 1982 The Management attributed (August 1983) the shortfall in capacity utilisation due to

(i) financial constraints from the beginning as working capital funds were utilised towards capital expenditure,

(ii) general recession in leather trade,

(iii) non availability of job work due to lifting of ban by Government of India in the import of wet blue leather

(iv) go slow movement by the workers and

(v) erratic power supply

The Company, due to financial constraints, low capacity utilisation and high rate of overhead expenses over a span of little more than five years had accumulated losses of Rs 1,95 59 lakhs up to 1981 82 against paid up capital of Rs 51 lakhs The HSIDC (holding Company) in order to make the unit viable got conducted the rehabilitation study from a consultancy firm of Chandigarh The consultants in their study (November 1982) brought out that it could become a viable unit only when minimum production output was of the order of 16 50 lakh sq ft per annum provided financial relief and additional assistance were made available to the Company The Company had taken up the matter with the financial institutions to grant relief in repayment of outstanding loans and also additional financial aid to enable it to increase the capacity utilisation

In its written reply the Department stated as under —

(i) The actual production during the year 1983 84 was 1984 85 was as under —

Production	*1993 84*	*1984 85*
	(in lakhs of sq ft)	
Own	12 23	12 15
Job work (upto wet blue)	2 80	5 44
Job work (wet blue to finish)	Nil	1 00
	15 03	18 59
Installed capacity	52 50	52 50
Percentage of installed capacity	28 6%	35 4%

(ii) The working of this company is being reviewed by a Cabinet Sub Committee and on its recommendation the working has been reviewed by professional institutions including Industrial Re construction Corporation of India and Central Leather Research Institute Madras Though some finances have been provided final rehabilitation of the unit will be decided after a decision on the reports of professional experts by Cabinet Sub Committee

As regards power supply position the Company has its own generator to carry out essential processes The general power supply position is also better due to general improvement in the state

As regards the employer and employees relations the present management has taken positive steps to improve the same through direct dialogue with the workers A scheme for awarding incentives/promotion and appreciation for devoted workers has been formulated which will definitely improve the relation and working of the Company

(iii) The minimum targets of 16 5 lakhs sq ft could not be achieved due to following reasons —

(i) General recession in leather trade and less availability of job work

(ii) Shortage of power supply

(iii) Break down in machineries which are old and have been examined by professional experts to make them worth while and to provide additional machinery to enhance the production

(iv) Competition in raw hide markets and rise in its prices and of chemicals

During oral evidence, the representative of the Government stated that Haryana Tanneries Limited, which was a subsidiary of H S I D C had a weak foundation from the very beginning and had always faced with the problems of shortage of working capital It was added that this project was set up on the assumption that hides of sheep and goat would be available in plenty but in fact he added those were not available and the project was using hides of buffalows He conceded that the basic assumption on which this company was set up, was wrong and added that the annual licencing capacity of 30 lakh square feet as originally fixed was also not economical He however added that the capacity had since been raised to 60 lakh square feet It was further submitted that the amount of interest to be paid on loan had been converted into equity and that the repayment of some of the loan had also been postponed It was further submitted to the Committee that the financial position of the company had improved as while in the year 1983 84 the cash loss was to the extent of Rs 22 08 lakhs it stood reduced Rs 11 87 lakhs in the year 1984-85 as per the provisional balance sheet

The Committee regret to observe that at the time of setting up this company due thought was not given about the availability of hides of sheep and goat and it was set up on wrong assumption and the machinery was also installed on that assumption The Committee, therefore, recommend that the working of the company be reviewed and steps be taken to increase the production and to reduce the losses At present the objectives for which this company was set up are not being achieved

The detailed recommendation of the Committee on the working of this company already stand included in Sixteenth Report of the Committee which was placed before the Vidhan Sabha on 29th March, 1984

Paragraph 7 29 5 (i) Haryana Television Limited

81 The Haryana Television Limited was set up on 30th December 1973 by the Haryana State Industrial Development Corporation Limited (HSIDC) in joint sector for the production of 5 000 television sets per annum and was subsequently converted into subsidiary of HSIDC from March 1977 The main objects of the Company are to carry on business to manufacture buy sell import distribute and repair (i) radio and television sets as well as components thereof and (ii) to carry on research design servicing marketing importing and exporting of all types of electronics, electrical machines and allied products However the Company has confined its activity to the production of television sets only

(ii) *Production Performance*

Particulars of licenesed capacity *vis a vis*, actual production of television sets during the 4 years up to 1982 83 are given below

Year	*Licensed/ installed capacity*	*Actual production*	*Percentage of actual pro duction to installed capacity*
	(Number of television sets)		
1979 80	5 000	43	1
1980 81	5 000	902	18
1981 82	5 000	2 766	55
1982 83	5 000	3 531	71

The Company had no system of preparing production budget periodically The Management attributed (August 1983) the shortfall in production to —

(i) absence of publicity

(ii) unweidly organisation

(iii) chronic shortage of funds and lack of credit facility from banks compelling the Company to manag its operation on cash basis, and

(iv) delay in switch over to solid state technology

The increase in capacity utilisation from 1980 81 onwards was due to the fact that the Company switched over to solid state techno logy from hybrid technology with effect from August 1980

Though there was improvement in capacity utilisation during the productivity year 1982 the available capacity was not attained During 1983 84 the licensed capacity had been increased to 1,000 based on available infrastructure

In the written reply the Department stated as under —

(i) The company has appointed a qualified Production Manager who is looking after the Research and Development of the TV sets A separate section of Research and Development has been set up in the Factory where their Engineers are doing the designing and testing the latest technology of the TV They have started assembling of Colour TV sets based on ITT German technology and they have good response from the customers market

(ii) The Production chart of 1983 84 and 1984 85 is given below —

Actual Production of TV sets during 1983 84 and 1984 85

Year	*Licensed/ Installed capacity*	*Actual production*	*%age of actual production to installed capacity*
1983 84	5000	1492	29 84
1984 85	5000	6401	128 00

The Company is advertising its product through newspapers, hoardings wallpaintings and TV The company has also called a Disttributors Conference on 19th of January 1985 in which Distributors and Dealer s problem were discussed As and when Company Officers visit Distributor's place meeting of Dealers is arranged for sorting out technical and marketing problems Company participates in exhibition at national level Recently they sent out product in an exhibition held in Kathmandu Nepal and got some enquires

(iii) The Company has appointed a qualified Production Manager who is looking after the Research and Development work They have produced 6401 TV sets in the year 1984 85 and sold 5480 TV sets They have made a rehabilitation scheme in which they have asked certain concessions/reliefs from the Bank on the basis of rehabilitation scheme the Bank is consideiing their proposal of funding the Company

Further Haryana State Industrial Development Corporation and Haryana Financial Corporation has converted loan amount of Rs 58 30 and 12 40 lakhs respectively into equity in the year 1982 83 in favour of the company

During the course of oral evidence the representative of the company stated that the production of TV sets, had increased and added that during the year 1984 85, it was double the production for the year 1982 83 The Committee was informed that with the increase in the number of TV Relay Centres the demand for TV sets had gone up which had enabled the company to increase its production and wipe off the losses

The Committee observe that since there is stiff competition in the market in the sale of TV sets, the Company should strive hard to keep pace with the latest technology so that the production performance, which has shown signs of improvement in the recent past, does not suffer any further set back

Some more recommendation of the Committee on the working of this company also stand included elsewhere in this Report

(The Committee did not consider it necessary to discuss the paragraphs No 6 19 for the year 1979 80, 6 21 for the year 1980 81 and 6 28 for the year 1981 82 in view of the latest paragraphs No 7 27 and 7 29 for the year 1982 83 having been discussed as above)

HARYANA BREWERIES LIMITED

Paragraph 7 30 Extra expenditure on the purchase of old empty bottles

82 The Company after floating limited enquiry placed orders (August September 1981) for supply of 23 100 bags of old empty bottles (each bag containing 72 bottles) on six firms of Haryana (3 of Sonepat 2 of Panipat and 1 of Rohtak) at a firm rate of Rs 77 per bag The supplies were to commence in August 1981 and be completed by October 1981 The purchase orders *inter alia*, provided that if the firms failed to supply the ordered quantity the Company would effect risk purchase at the cost of defaulting firms

Three firms (one each of Sonepat, Panipat and Rohtak) on which orders for 10 300 bags were placed supplied the full quantities One firm (Panipat) supplied 2 718 bags against the ordered quantity of 2,800 bags and for the short supply of 82 bags, Rs 0 02 lakh were recovered from the firm (March 1983) being the increased rates at which the bottles were subsequently purchased

The remaining two firms of Sonepat on whom orders for 10 000 bags (firm A 8,000 bags and 'B 2 000 bags) were placed, supplied 3,800 bags (firm A 2,228 bags and firm B 1 572 bags) up to November 1981 and stopped further supplies on the ground that prices had gone up The Company did not invoke risk purchase clause and purchased (January April 1982) the remaining 6 200 bags from firms of Panipat Sonepat and Hissar by incurring extra expenditure of Rs 1 26 lakhs

The management stated (April 1983) that there was no practice in the Company to invoke the risk purchase clause and where the suppliers backed out there was no alternative than to purchase the bottles from other suppliers and that the risk purchase clause would be invoked in future cases The contention of the Company is not tenable as the terms of the order were clear and the Company had in fact invoked the clause in the case of the Panipat firm (referred to above) and had recovered Rs 0 02 lakh

The matter was reported to Government in July 1983 reply is awaited (November 1983)

In its written reply the Management of the Company stated as under —

As pointed out by the audit, the purchases of old bottles were made from the following parties

1 *M/s Krishna Kanhaya & Sons Sonepat*

The order was placed for 8000 bags at Rs 77 per bag and the party supplied the total quantity

2 *M/s Naveen Trading Co Panipat*

The order was placed for 1000 bags at the above rate and supplied the total quantity

3 *M/s Sakhuntala & Co Panipat*

The order was placed for 1300 bags at the above rate and the party supplied the total quantity

4 *M/s Mahavir Trading Co Panipat*

The order was placed for 2800 bags at the above rate but the party supplied only 2712 bags and sum of Rs 1 722 was recovered from this party being the difference between this purchase order price of Rs 77 per bag and subsequent purchase @ 98 per bag (82x21=1,722) and not Rs 2 000 as reported by audit

5 *M/s Nianat Ram Krishan Kumar Sonepat*

The order was placed for 2000 bags at the above rate but they supplied 1572 bags i e 428 bags short of order

6 *M/s Chhabra Traders Sonepat*

The order was placed for 8000 bags at the above rate but they supplied 2228 bags i e 5772 short of the order A sum of Rs 1,279 was retained which was available in his account

Out of these six parties, on whom the orders for the purchase of old bottles were placed first four either executed the order in full or penalty amount was recovered as per the provisions of the risk purchases clause in the Purchase Order In case of remaining two parties (at S No 5 & 6) inspite of failure to execute the supply order in full the provisions of risk purchase were not invoked
The purchase Order stipulated that Haryana Breweries Ltd,, would make payment upto 90% immediately on receipt of the goods and the balance of 10% was to be released after approval of the goods In case of these two parties the payment could not be made as per the above stipulation and they were in arrears for considerable periods of time The suppliers at S Nos 1 2 3 & 4 had some capacity to wait but the remaining two parties obviously had no capacity and in fact were driven out of business because of this according to our information Any claim in respect of risk purchases will

therefore be not sustainable in view of the circumstances stated above

During oral evidence on 26th August 1985 and 4th November, 1985 the representative of the Department/Corporation stated that according to the terms of the purchase order 90 percent of the payment was to be made the moment goods were received and the balance 10 per cent payment was to be made the moment goods were accepted by the Company It was added that timely payments could not be made to the parties because of cost flow problems and weak financial position of the company and it was submitted further since the company had failed to make full payment the parties could not be penalized for failure to make full supply by invoking penalty clause It was however added that the matter of non availability of funds was not discussed on the file at all

The Committee are not satisfied with the explanation furnished and observe that the management failed to invoke the risk purchase clause against the two firms which had failed to supply the bottles as no reasons whatsoever of non availability of funds were recorded on the case file The reasons as advanced at the time of oral evidence that because of the failure of the company to make full payment due to financial stringencies, appear to the Committee to be only an after thought as the Committee feel that the glass bottles were the basic requirement of the Brewery and it could not afford to play truancy in payment with the suppliers of the bottles The Committee feel that the negligence in not invoking risk purchase clause and broad planning of cash resources on the part of the company officials had put the company under loss of Rs 1 27 lakhs for which the Committee recommend that responsibility should be fixed

The Committee also recommend that steps be taken by the management to plug the loopholes occurring in the system so that such eventualities do not occur in future The Committee would also like to emphasize the need of ensuring regular payment to the suppliers because such instances of default in making timely payment to the suppliers bring bad name to the company

Paragraph 7 31 Loss in purchase of hops

83 The Company placed an order (March 1980) on a firm of West Germany for supply of 2 tonnes of Brewer Gold hops at the rate of DM 15700 (Rs 0 63 lakh) per tonne The supply order *inter alia* stipulated the following terms and conditions —

(i) alpha contents to be not less than 6 *per cent* and moisture contents not more than 11 *per cent*

(ii) immediate delivery after opening letter of credit by the Company

(iii) inspection of material in the presence of accredited representative of foreign supplier, and

(iv) in case of complaint, samples to be sent to test centres in Berlin and Srinagar (The analysis reports received from both the laboratories would be considered to settle the case)

The Company opened a letter of credit in favour of the foreign supplier for DM 31,400 (Rs 1 26 lakhs) covering the supply of 2 tonnes of hops The firm supplied the material in August 1980 which was accepted by the Company without conducting inspection in the presence of accredited representative of foreign supplier Subsequently the material was got analysed (September 1980) by the Company and alpha content found was nil as against 6 *per cent* stipulated in the supply order However the moisture content (10 42) was within the prescribed limit of 11 *per cent*

The matter was taken up by the Company (October 1980) with the Indian agent of the foreign supplier The firm replied (November 1980) that it was just not possible that alpha content was nil and suggested that it may again be got analysed Accordingly, the sample was again got analysed by the Company (December 1980) from the same laboratory and this time alpha and moisture contents were found as 0 93 *per cent* and 11 21 *per cent* respectively

The Company consumed the hops without lodging claim with the foreign supplier for the refund of the proportionate value of the sub standard hops based on less percentage of alpha contents which worked out to Rs 1 06 lakhs Necessary steps were not even taken to get the samples of hops analysed from the laboratories of Berlin and Srinagar in terms of purchase order to substantiate its claim for the refund of Rs 1 06 lakhs

The Management stated (April 1983) that reason for non inspection of goods was not on record

The matter was reported to Government in August 1983, reply is awaited (November 1983)

In reply to questionnaire issued by the Committee, the Management of the company stated as under —

> In this case also there was nothing to suggest that the product was bad It is only in case of a complaint that the samples were to be taken and sent to Test Centres in Berlin and Srinagar The product received in this particular case was found satisfactory in use No complaints were ever received from the field in respect of quality of beer which should have been received in case the hops was bad because hops is responsible for the typical bitterness and aroma of beer so much liked by the beer consumers Moreover even the Brew Master would have discovered the poor quality of the hops within 2 3 weeks as he is professionally competent man who as a matter of duty, tastes beer every day and at every stage before he allows the beer to go to the next stage of pro

cessing including bottling In this case no such defect was ever noticed

However the samples of the hops were routinly sent to the Shriram Test House New Delhi for test The results of the test were disappointing The suppliers who were told about it contested this claim On their suggestion the samples were sent to the Shriram Test House on 28th November 1980 again This time 4 samples were sent Results of their test were found to be satisfactory in respect of 3 samples This shows that either Shriram Test House does not have adequate facility or the first test was not carefully carried out Even in a subsequent case also the experience was similar when samples were sent to them It is therefore contended that the hops supplied were of proper quality and in fact it is the test reports which seem to have created confusion in the whole matter The tests from the Test House poorly equipped with manpower and laboratory facilities are of no consequence

During oral evidence on 26th August, 1985 and 4th November 1985, the Committee desired to know the reasons on account of which hops were accepted without inspection in the presence of the representative of the suppliers But neither the reply of the management of the Company was found to be satisfactory nor were there any reasons found recorded to show the reasons as to why the samples were got tested and retested at Shriram Test House which as per the management was not properly equipped instead of at Srinagar or at Berlin as per the terms of the supply order, when admittedly there were no complaints from any quarters about the quality of the Beer All this leads the Committee to come to an irresistable conclusion that the hops must have been of sub standard quality

The Committee desire that the circumstances under which the material was received without conducting the inspection in the presence of accredited representative of the suppliers and the samples were got tested from Shri Ram Test House twice instead of from the Test Centres at Srinagar or at Berlin as provided in the purchase order, be investigated responsibility for the lapses fixed and a report be submitted to the Committee

The Committee also desire that after examining the pattern of per brew consumption of hops (both imported and indiginous) during the period from April, 1980 to March, 1985, the percentage of alpha contents in the material purchased be worked out and if laxity in not ensuring purchase of good quality of hops resulting in less percentage of alpha contents is noticed, responsibility be fixed and appropriate action be taken against the concerned officer under intimation to the Committee

Paragraph 7 32 Extra expenditure on purchase of new empty bottles

84 In December 1981, the Company placed an order on a firm of Bahadurgarh for supply of 47 lakh new empty bottles at the rate of Rs 159 45 (including excise duty) per 100 bottles *ex* factory After including freight charges, the cost worked out to Rs 165 per 100 bottles The supply order did not stipulate levy of penalty for non/part supply Accordingly to the purchase order supplies were to commence from December 1981 and to be completed by June 1982 The firm while confirming the order (December 1981) modified the despatch schedule and agreed to supply the entire quantity by August 1982

The firm however supplied 20 65 lakh bottles up to April 1982 and did not supply the balance 26 35 lakh bottles The Company thereafter purchased (May 1982 to September 1982) 10 98 lakhs new empty bottle from a firm of Baroda at the rate of Rs 158 63 (2 10 lakh bottles) and Rs 164 10 (8 88 lakh bottles) per 100 bottles *ex* factory but after including Central sales tax and freight the respective rates worked out to Rs 177 and Rs 183 per 100 bottles which resulted in extra expenditure of Rs 1 85 lakhs In the absence of stipulation of penal clause in the order the Company could not initiate action against the Bahadurgarh firm

Besides the Company noticed that 34 828 new empty bottles (value Rs 0 63 lakh) purchased from the Baroda firm had been broken in transit As the purchase order was *ex* factory, Baroda and as the Company had not got the bottles insured for transit losses it had to bear an additional loss of Rs 0 63 lakh

The Management stated (April 1983) that there was no system of levy of penalty or claiming compensation in case of non upply by the firm

The matter was reported to Government in June 1983 reply is awaited (November 1983)

In its written reply to the questionnaire issued by the Committee, the Management of the Company stated as under —

> The Purchase Order No HB/7606/3870 (550) dated the 1st December 1981 was placed on M/s H N G Ltd Bahadurgarh for supply of 4 7 lakhs bottles @ Rs 116 60 per bag of 100 bottles *ex* factory Bahadurgarh and the bags for packing of the bottles were to be supplied by HBL
>
> The actual supplies from this party were too much at variance with the committed quantities/schedules Against a commitment of supply for 21 lakh bottles in the period of December 1981 to March 1982 the actual supplies were only 15 59 lakh bottles There was thus a shortfall of almost 5 41 lakh bottles which works out to about 25% of the committed quantities
>
> The company could not afford not to have bottles and produce/sell the beer in the period April to June It was in these circumstances that a decision to have a second source of supply was very consciously taken This decision was later backed by actual events when during April and May 1982 the party could only supply 8 15 lakh bottles against the commitment of 12 lakh

bottles The suppliers had obviously too many problems One of them later on turned up to be the problem with regard to trucks Their dispute with the local truck union turned out to be involved that when they attempted to transport the bottles by plying their own trucks in June 1982 their trucks were damaged by the local truck union

The decision to purchase the new bottles from M/s Alembic Glass Industries Limited Baroda has thus to be seen in the light of the Company s own assessment to have a second source of supply and to manage the crisis arising out of the HNG s failure to make the supplies according to the agreed schedule A team of officers consisting of Purchase Manager, Secretary of the company and the G M negotiated with M/s Alembic Glass Industries Baroda the rates and delivery schedule as a result of which order was placed on them for supply of 18 lakh bottles @ Rs 1090 as basic price plus excise duty and C S T plus Rs 10 packing charges ex Baroda It is worth while to mention that the rates at which the supplies were negotiated with M/s Alembic glass Industries Ltd were the same which they had quoted six months earlier, when the orders for HNG had been finalized
The landed cost was however, more because of the distance involved and consequently higher freight

As regards breakage of 3 2% and non insurance of the goods in transit, it is to be pointed out that the rates demanded by the general insurance companies are normally such that it is better not to insure the goods in transit Actual experience shows that the breakage in railway transit vary from 1 5% to 4 5% (on the basis of the supplies from the Alembic in 1985)

The company has, however worked out a system now whereby the breakage up to 2% is borne by it and the balance is borne by the suppliers

During the course of oral examination on 25th August 1985 and 4th November, 1985 when asked by the Committee elaborate and justify the action of placing the order with M/s Alembic Glass Industries Limited Baroda at higher rate and the reasons for not including the penalty clause in the order placed on M/s H N G Bahadurgarh the representative of the company, failed to advance any reasons for the non inclusion of the penalty clause in the order placed on the Bahadurgarh firm Instead the representative tried to justify the action by saying that the purchase of bottles from the Baroda firm was necessary to meet urgent requirement necessitated by non supply bottles by the Bahadurgarh Firm

The Committee are unable to appreciate the explanation furnished and observe that it was only due to the absence of penalty clause in the order that the Company could not press the Bahadurgarh firm to supply the bottles resulting in extra expenditure of Rs 1 85 lakhs for which responsibility should be fixed

While emphasising the need for greater care in future in entering into such contracts the Committee would like to reiterate their recommendations, as contained in para 5 of the 9th Report on the general working of the Haryana breweries Limited where in it was inter alia recommended that if found viable after proper study, a small bottle manufacturing unit could be set up as a subsidiary to cater to the needs of the brewery as well as other Government companies/underkatings

The Committee feel that the above said recommendation if implemented would go a long way in meeting the demand of the Company for bottles and the company would not be at the mercy of glass bottle manufacturing units which were reported to be very few

In regard to the reasons for not getting the bottles insured for transit losses due to breakage, the representative of the company took the plea that transit insurance of bottle was not considered to be prudent in view of the exorbitant rates for insurance coverage The representative of the Company however promised to examine if the Insurance Company could be persuaded to insure the goods to cover breakage in excess of 2 per cent which was stated to be normal **The Committee desire that the matter may be examined as promised and the management should also examine whether breakages in excess of 2 per cent, in the absence of insurance, could be recovered from the suppliers The result of the examination of the matter be reported to the Committee at the earliest**

Paragraph 7 33 *Purchase of sub standard hops*

85 The Company placed an order (2nd November 1978) on a firm of West Germany for supply of 12 tonnes of hops at the rate of DM 7650 (Rs 30 600) per tonne The supply order *inter alia* stipulated the following terms and conditions

(i) alpha content to be not less than 6 *per cent* and moisture content not more than 11 *per cent*

(ii) immediate delivery after opening of letter of credit by the Company and

(iii) inspection of the material by the Company in the presence of accredited representative of foreign supplier

The Company opened (16th December 1978) a letter of credit in favour of the foreign supplier for DM 68 800 (Rs 2 75 lakhs) covering only 8 91 tonnes of hops against the ordered quantity of 12 tonnes The firm supplied 8 92 tonnes of hops in two consignments The first consignment of 1 03 tonnes was air lifted at the request of the Company on 11th January 1979 (by incurring extra expenditure of DM 12 419 *viz* Rs 0 50 lakh on air freight) which arrived at Bombay on 15th January 1979, but its delivery was taken by the Company only in the last week of February 1979 thereby defeating the very purpose of air lifting the consignment No recorded reason for the inaction was available, The effect on production of belated supply of hops could not be analysed as the Company has been using the mix of imported and indigenous hops in the production of beer No responsibility for this belated delivery has been fixed The second consignment of 7 89 tonnes was shipped in the last week of January 1979 which arrived at the factory in May 1979

Inspection of the material received in February 1979 was not conducted in the presence of accredited representative of foreign supplier as stipulated subsequently when the material was got tested (21st March 1979) by the Company the alpha and moisture contents found were 4 8 *per cent* and 12 *per cent* as against 6 *per cent* and 11 *per cent* respectively stipulated in the supply order

The matter was taken up by the Company (August 1980) with the Indian agent of the foreign supplier and a claim of DM 14311 57 (Rs 0 57 lakh) for lesser alpha and more moisture contents was lodged The supplier rejected the claim and pointed out (January 1981) that though the consignment was got tested by the Company on 21st March 1979 the matter was reported to them only on 30th August 1980 by which time the hops supplied by them had already been consumed by the Company The firm further stated that it would have been fair if the test report had been made available to them earlier when the Company held the stocks of hops to enable them to get it counter analysed by Regional Research Laboratoreies Jammu which was better equipped to carry out such tests

The Management stated (April 1983) that matter regarding recovery of Rs 0 57 lakh was under correspondence and reasons for non inspection of goods as per terms of the contract were not on record

The matter was reported to Government in June 1983 reply is awaited (November 1983)

In reply to the questionnaire issued by the Committee the management of the company stated as under —

> The order for purchase of 12 tones of hops was placed with the West German company on the 2nd November 1978 At that particular time the HBL had only 2339 Kg of hops which was just sufficient to last till the end of February 1979 if it was taken that no hops will be needed during December— a main tenance month when there will be no brewing The past experience had shown that a perod of 4 months was generally required from the date of shipment of the goods from West Germany to reach the goods to HBL at Murthal In fact this assessment of the Company is further corroborated by the fact that the second consignment of this order (which was the major part of the order) was shipped on the 26th January 1969 and reached Murthal in May 1979 The decision to air lift a part of the consignment has to be understood in the light of these facts

The first consignment was air lifted on the 11th January 1979 and was got released from cargo warehouse on 28th February 1979 The delay of 1/½ months in getting the consignment released was beyond the control of this company as there was a problem of quarantine and also of documentation at the end of the ex porters in the light of import licence and letter of credit opened The matter was taken up vigorously by HBL exporters and Plant quarantine and Fumigation station and then only the release of consignment could be secured 1 1/2 months time The date wise developments and action taken are given below for better appreciation of the events —

(i)	Date of airlifting of Ist consignment of 1 032 tons	11 1 79
(ii)	Date of arrival at Bombay	15 1 79
(iii)	Documents did not reach bank upto	31 1 79
(iv)	Letter from Plant Quarantine & Fumingation Station Bombay reached on	3 2 79
(v)	Telegraphic intimation and letter also sent to Exporters telling them infection available in hops and also to confirm that total value will not exceed the L C / Import licence	6 2 79
(vi)	Exporters telegram received informing that docu ments by HBL bankers not accepted	8 2 79
(vii)	Exporters again informed telegraphicallty to confirm that total value will not exceed the L C /Import licence	8 2 79
(viii)	Telex message dated 8 2 79 received from Exporters that hops not infested and the value is within the L C /Import limit and raised separate bill for air freight	Might have been re ceived on 9 2 79 or 10 2 79
(ix)	Chief Brew Master deputed and visited Bombay and cleared the problem of quarantine	12 2 79
(x)	Plant quarantine & fumigation station Bombay and cleared the consignment vide their letter dated	13 2 79
(xi)	Above letter handed over to air cargo deparment on	14 2 79
(xii)	HBL again requested the exporters that over all value of both the consignments should not exceed the limit of L C & Import permit	16 2 79
(xiii)	On receipt of revised instruction of the exporters HBL bank released the document on (This was also conditional)	28 2-79
(xiv)	Consignment got released from air Cargo office on	28 2 79
(xv)	Consignment reached Murthal on	8 3 79

At that time the stock in hand was 15 kg which is not sufficient for a day even Next consignment came in May, 79 Had this consignment not been airlifted the production for March, April and May (a busiest season would have been nil

Under the circumstances stated above no official can be held responsible for the time taken in securing the release of the consignment The calender of events shows that the Company took every possible step to secure the release expeditionly In fact, the day the consignment was received, the stock position of the hops was zero Decision to airlift the first consignment of 2339 kg was thus well taken

So far as the observation of the audit party on the quality of the hops is concerned the Company s stand is that the test report of the Sriram Test House is very unreliable and they apparantely do not have suitable manpower and facilities to test the hops

During oral evidence the representative of the Company stated that the company was short of hops in view of the ensuing season and added that since the shipment of the consignment from West Germany would have taken a time of four months, it was decided to air lift a part of the consignment It was, however, conceded that the air-lifting was necessitated due to the lack of propoer planning

The Committee were, however, surprised to note that though the consignment of hops were air lifted from West Germany on the ground of emergent need, delivery of the hops, which reached Bombay on the 15th January, 1979, was taken on 28th February, 1979, thereby defeating the very purpose of air lifting the hopes at an extra cost of Rs. 0 50 lakh The Committee thus do not feel satisfied with the explanation given and observe that keeping in view the past experience and the long time involved in the placement of the order, shipment and actual receipt of hops, the Company could and should have taken action for the procurement of the hops sufficiently in advance. Had this been done, the Committee feel, the necessity for air lifting the hops could have been obviated The Committee, therefore, recommend that responsibility for not properly planning the import of the hops be fixed and action be taken against officers found responsible for not initiating timely action for procurement of hops and the Committee may be informed of the action taken

The Committee, also recommend that responsibility for not conducting the inspection of the material in the presence of accredited representative of foreign supplier, as stipulated, and for the delay of over five monfhs in lodging the claim for Rs. 0.57 lakh with the foreign suppliers for lesser alpha contents and more moisture in hops, which was rejected due to delay in filing the claim, be fixed, action be taken against the officers at fault and a report be submitted to the Committee

Paragraph 7 34 *Excess consumption of furnace oil*

86 The Company uses oil fired boiler to produce steam for boiling malt, washing bottles and to pasteurise bottled beer No norms for the consumpton of furnace oil in the boiler have been fixed On the basis of experience, the Management held that the consumption of furnace oil by the boiler should range between 110 litres to 115 litres per running hour

A test check of records in audit however revealed that the average consumption of furnace oil per hour during 1981-82 and 1982 83 was much excess of the average consumption of 121 87 litres per hour during 1980 81 Even adopting the norm of connsumption per hour at 121 87 litres of furnace oil the excess consumption of furnace oil during 1981 82 and 1982 83 worked out to 1 60 lakh litres valuing Rs 4 08 lakhs as detailed below —

Year	*Total hours Boiler run*	*Actual Consumption*	*Consumption as per norm of 121 87 litres per hour (in litres)*	*Excess consumption*	*Rate per litre (Rupees)*	*Extra expenditure (Rupees in lakhs)*
181 82	4,738	6,87,795	5,77 420	1,10,375	2 50	2 76
1982 83	3,961	5,32 640	4 82,727	49,913	2 61	1 30
			Total	1 60 288		4 06

The Management stated (April 1983) that the question of pilferage or recording of wrong measurement of furnace oil was under investigation

The matter was reported to Government in July 1983 reply is awaited (November 1983)

In reply to the questionnaire issued by the Committee the Management of the company stated as under —

The consumption of furnace oil from 1979 80 to 1984 85 and 1985 86 (upto July) was as follows

	Furnace oil consumed	*Hours of boiler running*	*Average per hour*
	(litres)		*(litres)*
1979 80	737302	5461	135 01
1980 81	841470	6381	131 87
1981 82	687795	4909	140 10
1982 83	532640	3847	138 45
1983 84	614570	3916	156 94
1984 85	907820	5375	168 90
1985 86 (upto Sept)	532650	3421	155 70

There is no evidence of pilferage The company had earlier written to the Audit party that the matter was under investigation It was obviously a confusion when the G M misunderstood the investigation with reference to pilferage of diesel oil (which in fact was being done) with that of pilferage of fuel oil

During oral evidence on 4th November 1985 when asked to explain the excess consumption of furnace oil the representative of the company stated that the company which supplied the boilers had informed the Haryana Breweries vide letter dated 3rd October 1985 that upto 227 litres consumption of furnace oil was likely to be 227 litres per hour, whereas the consumption had always remained about 160 litres per hour It was contended that the consumption had never been in excess When the attention of the representative of the company was invited to the letter dated 2nd April 1983 which was written by the General Manager of the Company to the Accountant General wherein *inter alia* it was stated —

> We are to submit that the furnace oil is used for running the boiler and its consumption depends upon the operation of the boiler No norm of consumption of furnace oil per hour for boiler has been laid down On the basis of experience it is found that its consumption should range between 110 to 115 litres per running hour

and he was asked to explain the reason for taking a different stand the representative of the Company stated that it was wrong to say that no norm of per hour consumption of furnace oil had been laid because as a matter of fact he added the norms had been duly prescribed for every machine While reiterating his stand he insisted that there must have been some misunderstanding on the part of General Manager on account of which he wrote the above said letter

In the face of the letter from the General Manager, as referred to above, which was available on the record of Accountant General and was produced before the Committee, the Committee are unable to feel convinced with the views of the representative of the Company and desire that the management should verify from its record the basis on which the then General Manager had written the said letter saying that the consumption of furnace oil should range from 110 to 115 litre per hour Report about the result of investigation made be submitted to the Committee at the earliest

The Committee notice from the written reply of the management that the average consumption of furnace oil in the boiler during the years 1979 80 to 1984 85 ranged between 132 litre to 160 litre per hour whereas the letter dated 3rd October 1985, produced by the management from the supplier of the boiler provided the consumption of 227 litre per hour The Committee feel that the letter from the supplier was obtained by the Company officer on 3rd October, 1985 after the matter came up for discussion before the Committee to cover up the excess consumption of furnace oil as the boiler was purchased by the Company more than 6 years ago and at that time no such norm was intimated by the supplier

The Committee observe that instead of trying to cover up the excess

consumption of precious furnace oil, the management should take effective steps to tighten up the control so as to keep the consumption of furnace oil at the minimum possible level The Committee recommend that tne managment should fix tight norms for the consumption of furnace oil so as to have an effective control over the use of furnace oil

The Committee desire that the result of investigation of pilferage of diesel oil, as stated by the management in its reply, be intimated to the Committee at the earliest

HARYANA TELEVISION LIMITED

Paragraph 7 35 Loss due to unplanned purchase and production

87 The Company was set up in the Joint Sector in December 1973 with the Haryana State Industrial Development Corporation Limited (HSIDC) (holding company) participation at 26 percent collaborators at 25 percent and public at 49 percent As the unit was incurring heavy losses year after year (37 43 lakhs upto 1972 73) the collaborator surrendered his share holding of Rs 7 2 lakhs) fully paid at a nominal value of Rs 100 to HSIDC which took over the concern in March 1977 in terms of agreement with the colaborator

The unit was set up with a licensed capacity to produce 5 000 television sets per annum The production of television sets was far below the capacity and it ranged between 14 9 per cent in 1976 77 to 9 percent in 1979 80 There was no indication that the Company had made adequate arrangment for market study, research and development to keep itself abrest with the latest technology and customer demand The Company had been unable to sell evern the tele vision set produced by it The Company manufactired only hybrid television sets up to July 1982 which were stated to be not popular

The Company started functioning without any production programme and components, for the manufacture of hybrid television sets were purchased from time to time on adhoc basis Components valuing Rs 2 33 lakhs purchased by the Company could not be utilised due to low production and became surplus These were declared as unserviceable by the condemnation Committee constituted by the Board of Directors The Board while app roving the report of the condemnation Committee (June 1982), resolved that these may be disposed of in open market Accordingly the components val valuing Rs 1 13 lakhs were disposed off for Rs 0 30 lakh resulting in a net loss of Rs 0 83 lakh The remaining components (value Rs 1 20 lakhs) were withdrawn from the fauction as the bids were considered to be very low as there compared to the reserve price approved by the Board The residual value of components based on the reserve price worked out to Rs 0 27 lakh which meant a further loss of Rs 0 93 lakh The Company had, thus suffered a total loss of Rs 1 76 lakhs

The Company had 215 hybrid TV sets (value Rs 4 26 lakhs) in hand as on 31st March 1982 of which 76 sets stood pleadged with a bank Major components of most of the sets (received back from the branches) were found missing and cabinets were not in a presentable condition The resudual value of 139 sets (out of 215 sets) was fixed (May 1983) by the Company at Rs 0 28 lakh which meant a loss of Rs 2 11 lakhs The loss will further increase when the remaining 76 sets (value Rs 1 87 lakhs pleadged with the bank are sold as these would hardly fetch any price on account of change of techno logy from hybrid to solid state

The Board appointed (January 1970 a sub committee to enquire into the matter and decided to switch over to production of solid state TV sets with effect from 1980 81 The sub committee in its interim report (March 1979) observed that 63 sets (out of 139 sets) were beyond repair and reconditioning of remaining sets would require Rs 1 35 lakhs The Board in March 1979 approved the reconditioning of these sets and resolved that final report by the sub committee be put up the Board But, the reconditioning as approved by the Board was not undertaken on the grounds of paucity of funds

The sub committee decided (June 1979) that all the officers worked as Branch Manager/Service Engineers in different branches be asked to give reasons for the missing components However the final report by sub—committee fixing responsibility had not been submitted so far (November 1983)

The matter was reported to Government in May 1983 reply is awaited (November 1983)

In its written reply the Management of the company stated as under —

Haryana Television Limited was incorporated in the year 1973 principally to implement a letter of intent granted in 1972 to HSIDC for production of 5 000 TV sets annually The project was conceived as a joint sector venture of HSIDC in collaboration with Sh S S Beriwala Subsequently in March 1977 the joint sector collaboration agreement with Sh S S Beriwala was terminated and HSIDC took over the entire equity share holding of Sh S S Beriwala and its associates except 10 shares of Rs 100/ Later on in April 1982 the company has become a subsidiary of Haryana State Electronics Development Corporation but the formalities in this matter are still to be completed

SHARE CAPITAL & FINANCIAL POSITION

Company s arted with a paid up capital of Rs 6 00 lakhs which increased to Rs 90 10 lakhs upto 1984 85 The Company had taken loan from the financial institutions and the outstanding loans including interest as on 31st March 1982 was Rs 88 03 lakhs

The Company has not paid any interest to the above parties till June, 1985 The Company got prepared a rehabilitation scheme for the revival of the unit and under the same HSIDC and HFC have converted Rs 58 30 lakhs and Rs 12 40 lakhs respectively out of the above loan in the share capital The Syndicate Bank is also considering the rehabilitation scheme of the Company and we hope to get a very heavy concessions including funding of interest mortium of loans and further working capital We hope that the Bank will decide our case within 2 or 3 months Further we have to inform you that the Bank has already got the decree against us on Ist of Sept 1984 in which the Honourable Sub Judge Faridabad had decided that the rate of 17% interest should be charged from the Company The Bank has calculated the amount at the rate of 17% interest as Rs 85 98 lakhs including cost of suit of Rs 2 31 lakhs

In the year 1984 85, the production of B & W TV sets had crossed 6,401 against the capacity of 5000 TV sets and achieved 128% utilisation capacity The Company has also been licenced to manufacture 20000 Colour TV sets and during ASIAD 1982 the Company produced and sold 277 Colour TV sets CTV kits in CKW is imported for which import licence is already in hand and later CTV Production shall be started on commercial basis The ETTDC New Delhi has also selected our Company for the manufacture of 14% B & W TV sets under their MTB plan and Company has already received 100 kits under this plan and sets (14) has already been marketed The Company has complete range of 12 14 , 20 and 24 , Screen B & W TV sets and in CTV also besided 20 The Company proposes to manufacture 12 and 14 TV sets also

The Licenced capacity production capacity utilisation turnover profit/loss and manpower from 1974 to 1984 85 is detailed below —

Year	*Licenced capacity*	*Production No of sets*	*% of capacity utilisation*	*Turnover Rs in lakhs*	*Profit/ loss*	*No of workers*
1974	5000	74	1 5	Nil	(—)1 86	20
1975	5000	652	13 0	7 3	(—)6 60	72
1976 77 (fifteen Months)	5000	749	12 0	20 9	(—)28 96	72
1977 78	5000	623	12 5	12 82	(—)15 96	75
1978 79	5000	283	5 7	9 30	(—)11 92	75
1979 80	5000	43	0 9	1 72	(—)9 44	55
1980 81	5000	902	18 0	19 81	(—)12 71	77
1981 82	5000	2766	55 3	55 03	(—)3 65	74
1982 83	5000	3531	71 0	70 10	(—)2 14	74
1983 84	5000	1492	29 84	50 06	(—)13 92	75
1984 85	5000	6401	128 00	127 00	(+)2 74 (approx)	140

During the current year the Company has again come in the red as there is a general slump in the Television Industry and due to that huge stock of finished goods and raw materials has accumulated We are trying our best to sell the materials

LEGAL CASES

When Sh S S Beriwala left the Company a special audit was got conducted by M/s Thakur Vaidyanath Ayyer Chartered Accountant New Delhi In their report the Auditors pointed out certain malpractices and irregularities adopted by Sh S S Beriwala who was the Managing Director of the Company Based on the findings of the Auditors HSIDC and Haryana Television Limited filed legal suits against Sh S S Beriwala for giving proper accounts The State Government has also filed a criminal case against Sh S S Beriwala These cases were filed during 1977 78 Sh S S Beriwala also filed a counter suit against the Company However in 1980 a decision was taken at State Level to withdraw the suits and refer the case to a sole arbitrator Sh H C Khanna IAS at present Director Doordharshan Government of India New Delhi have been appointed as sole arbitrator The Company in consultation with HSIDC prepared the claims and submitted the same to the arbitrator The date of hearing of arbitration is still awaited and Sh H C Khanna AIS is being contacted for early hearing

(b) The reasons for shortfall in production were given are as under

(i) Adverse publicity of Company on account of various court cases

(ii) Paucity of funds

(iii) Lack of proper publicity

(iv) Delay in switch over to Colour T V

(c) The Company has appointed a qualified Production Manager who is looking after the Research and Development of the T V sets A separate section of Research and Development has been opened in the Factory where our Engineers are doing the de signing and testing the latest technology of the T V We have started assembling of Colour T V sets based on ITT German technology and we have got good response from the customers In the year 1982 the Company had appointed a sole selling agent for the sale of its product but he has also not taken interest Later on in the year 1983, the Company had terminated his agreement and started making sales through the Distri butors/Dealers appointed by the Company The marketing wing at Head Office of the Company consisting of 2 Marketing Officer, 1 Sales Officer one Deputy Marketing Officer and other supporting staff

(d) From 1984 85, the Company had planned to produce 5000 T V sets and produced 6401 T V sets Due to paucity of fundts the Company cannot make bulk purchases However, the Company is purchasing the material as per the requirements and as per the target fixed by the management

(e) The obsolete components of hybird technology was sold in a public auction as per the reserve price fixed by the condemn ation committee The Company suffered a loss of Rs 82521 00 whereas the Company got a profit by auctioning of car and Motorcycle to the tune of Rs 41049 00 All the employees who were responsible for the pruchase of raw material on adnoc basis have left the organization No doubt the Company purchased the material when the Television sets were manufactured under hybird technology and all of a sudden the hybird technology has been changed into a solid state We were not the only sufferers but there were many others who also faced the fate like us

(f) T V sets of Hybird technology have been pledged with the syndicate Bank and they are still in their custody As soon as they will release these sets we will come to know the losses and the same will be intimated to the Government

(g) Most of the T V sets have been repaired and sold in the market except 139 T V sets , which needs too much repair and alter nation, are still with us It is not possible for us to repair those sets because after repairing the sets we will not get the price as prevailing in the market

(h) All the Branch Officers who were working at that time have left the organisation and the responsibility could not be fixed

(i) The sub committee has not submitted any report

During oral evidence on 20th August 1985 in reply to a question of the Committee, as to why the management of the Company was taken over from Shri S S Beriwala, when the Company was suffering losses the representative of the Government stated that the Company was suffering losses right from beginning and that the decision to take over the company was taken so that the Government share could be recovered

The Committee are not satisfied with the reasons stated and strongly feel that setting up of the company as a joint sector venture was not on merits The subsequent events also lend considerable support to the view of the Committee that the collaboration with Shri S S Beriwala was the result of a shady deal The performance of this company had been very poor from the very inception because it was not properly managed As a matter of fact the collaborator Shri S S Beriwala was the only person who had been managing the affairs of the company and neither the Board of Direcotors nor H S I D C paid any attention to the affairs of the company The Committee fail to understand as to what prompted Shri S S Beriwala to agree to surrender all his shares of the face value of Rs 7 20 lakhs for only Rs 100/ There was apparantly no justification, the Committee feel, to purchase the whole shares when the company was terribly in a poor state of health

The Committee would therefore, like that the whole matter and particularly the circumstances leading to this apparent shady deal, be looked into and the Committee be apprised of the outcome

In reply to another question of the Committee, it was informed by the representative of the Government that the entire management of the company was with the private promotor, Shri S S Beriwala and when he left no record was left by him It was added that in this regard several cases were under process in Calcutta and Delhi High Courts

In its written reply the Department stated that after Shri Beriwala left the Company a special audit of the Company from a firm of Chartered Acc counts of Delhi was got conducted by the Government and in their Report the auditors pointed out certain malpractices and irregularities adopted by Shri Beriwala, who was the Managing Director of the Company

The Committee was also informed during oral evidence that after taking over of the Company necessary action according to law was taken and cases were filed in the Courts but the suits were subsequently withdrawn and the matter stood referred to the sole arbitrator who had not given the award desp ite having been reminded several times to finalise the matter

The Committee desire that a copy of the special audit report, submitted by the Chartered Accountants firm of Delhi, be furnished to them and a note regarding action taken on each of the malpractices and irregularities pointed out in the special audit report be submitted to the Committee within three months of the presentation of this report

The Committee also desire that efforts be made to get the arbitration proceedings finalised without any avoidable delay and the Committee be informed of the final outcome

The Committee also recommend that responsibility be fixed for the loss of components and suitable action, including the recovery of the cost of missing components, be taken under intimation to the Committee

Paragraph 7 36 Non claiming of set off of excise duty

88 In June 1977, Government of India allowed set off excise duty on television sets to the extent of so much of duty leviable thereon as was equivalent to the duty of excise already paid on inputs purchased and used in manufacture of such sets Such claims were to be preferred within 6 months from the date of clearance of the goods

The Company had neither filed the required declaration with the General Excise authorities to the effect that the components purchased were to be used as inputs in the manufacture of television sets nor claimed any excise duty set off with in the stipulated period The Company manufactured 7,652 television sets during 1978 79 to 1982 83 by using certain duty paid purchased components on which Rs 1 67 lakhs should have been claimed as excise duty set off which was not done

The Management stated (April 1983) that due to non maintenance of the complete excise records and the procedure for taking the set off of exciee duty not being in their knowledge the claims could not be lodged

The matter was reported to Govt in May 1983, reply is awaited (Nov, 1983)

In its written reply, the Management of company stated as under —

(a) Due to non maintenance of complete excise record and pro cedure for taking the refund of excise duty on the items of raw-material on which the manufacturer has already paid not being in the knowledge of the staff hence, this claim could not be lodged As now it has become time barred claim the claim for the refund as pointed out cannot be lodged at this stage

(b) All the Officers/Clerks have left the organisation so the res ponsibility could not be fixed

(c) From 1982 83 the benefit of refund of excise duty is being lodged in time and we are getting the benefit of the excise duty from the Excise Department We are properly filing the Declaration Forms in time and all the other formalities also

The Committee are unhappy to observe that proper records were not maintained by the Company and as a result, the required declaration could not filed with the excise authorities to claim the set off excise duty

The Committee recommend that the reasons for the non-maintenance of proper records, resulting in the set off excise duty being not claimed in time, should be investigated thoroughly by the management, action be taken against the officer/official found responsible therefore and the Committee be informed of the action taken

HARYANA SEEDS DEVELOPMENT CORPORATION

Paragraph 7 37 - Non recovery of rent

89 The Company purchases certified seed after processing the raw seed brought by the growers at its seed processing plants The agreements with the growers inter alia provide that the grower shall take back at his expense seeds discards under sized seeds empty cobs etc after cleaning and grading and also seed lots rejected on the basis of test reports within 15 days from the date of intimation to the grower failing which rent at the rate of 30 paise per day per quintal of rejected material shall be charged after the expiry of the prescribed period The company also reserved the right to dispose of the produce in the manner deemed fit after the expiry of the prescribed period and recover the rent due from the proceeds and credit the balance if any, to the growers account

A test check in audit of the records of five units of the Company for the year 1981 82 and 1982 83 revealed that though there was delay ranging from 3 to 468 days and 3 to 282 days respectively (excluding 15 permissible days) on the part of the growers in lifting the rejected material recovery of rent under the aforesaid clause was not effected

The Company had thus suffered a loss of Rs 2 39 lakhs

The Management stated (August 1983) that though the clause for charging penal rent for unlifted quantity was incorporated in the agreement the same was not invoked as it would have distracted the farmers from taking up production programme

In its reply the Department stated as under —

'The Board of Directors of the Corporation in its 43rd meeting held on 23 11 83 decided that recovery of rent pertaining to past period be waived off Further M D was authorised to decide such like cases and to exempt recovery in genuine cases

Strict enforcement of recovery of rent was likely to jeopardise the relations between the Corporation and the growers Due to this reason and in the interest of the seed production programme and also due to practical difficulties the rent was not charged from the growers The Board of Directors in its 43rd meeting held on 23 11 83 discussed this matter and waived off the rent pertaining to the past period

The rejects/undersize seed is kept in the open space outside the processing plant and no extra expenditure is incurred by the Corporation in the storage of these seeds Recoveries of rent on proceed but rejected seeds are examined on merit and rent is exempted only in genuine cases otherwise the rent is recovered

During oral evidence on 10th September 1985 the attention of the representative of the Company was drawn to Clause 12 of the Agreement, which was entered into with the growers wherein it had been clearly provided that if the grower failed to take back at his own expense from the processing plant, the rejected ears waste seeds discards under sized seeds, empty cobs etc within fifteen days from the date of intimation, rent at the rate of thirty paise per day per quintal of the rejected material shall be charged In view of this clear stipulation , contained in the agreement , the Committee asked as to why no rent was charged when the growers had been duly intimated about the rejected seeds In reply the representative of the Government stated that rent at the rate of 30 paise per day per quintal was not charged b-cause there was delay in the receipt of intimation f o n the Seed Certification Agency and added that charging of rent as per the terms of agreement would have distracted the farmers and the company would not have received seed during the follo v ing year

The Committee are unhappy that the Company failed to recover the rent from the growers despite the clear provisions contained in the agreement As a consequence the Company suffered a loss of Rs 2 39 lakh, which was subsequently waived off by the Board of Directors The Committee desire that the existing procedure be streamlined so that there is no such loss of revenue to the Company in future ensuring at the same time that the farmers are not distracted from taking up the production programmes

Paragraph 7 38 Loss in sale of gram seed

90 In September 1980 the Company decided to purchase 20,150 quintals of certified gram seed from Rabi 1980 81 crop for sale to meet the demand of growers in Haryana State for Rabi 1981 82 In pursuance of this decision, the Company after processing the raw gram seed brought by the growers to its seed processing plants purchased 7,623 54 quintals of certified gram seed (value Rs 39 75 lakhs) though it was damaged by grey mold disease

To meet the requirements of growers of the State foi Rabi 1981 82, additional quantity of 2,520 80 quintals of gram seed (Value Rs 10 64 lakhs) was purchased during September October 1981 from the farm of State Farms Corporation of India (SFCI) located in Rajasthan State

Out of 10,144 34 quintals of gram seed the company could sell only 3 224 95 quintals of SFCI and 1 272 15 quintals of State growers produce as seed for Rs 16 29 lakhs (including subsidy of Rs 3 09 lakhs from State Government) As there was no market for the balance 6 919 30 quintals of gram seed (Value Rs 36 15 lakhs) the Company, sold 6,159 34 quintals as grain (Value Rs 32 55 lakhs) in open auction during January to March 1982 for Rs 16 71 lakhs The Company thus, suffered a loss of Rs 15 84 lakhs on the sale of 6,159 34 quintals seed through auction The loss will further increase when the balance quantity of 760 05 quintals (Value Rs 3 60 lakhs) is also sold

The Management explained (July 1982) that the gram seed had to be disposed of as grain in view of great risk of insect infestation and high cost of storage interest, etc

The Company in its written reply stated as under —

During Rabi 1980 81 the Gram Crop (both seed and commercial) in Haryana was affected by Grey Mould disease This disease was not notified as designated disease for certification purpose under the minimum seed certification standards and hence certification Agency (HSSCA) could not refuse its certification or reject the seed lot As such the certified seed of Gram of the seed Growers had to be procured by the Corporation under contractual obligation (Agreement between seed growers & Corporation)

However its sale was in the first instance not allowed by the D ptt of Agriculture and farmers were advised not to sow the Grey Mould disease affected seed

The production and distribution target for gram Seed were fixed by the Department of Agriculture Haryana The Corporation was given the target of 20500 qtls for the State as a whole during the year 1980 81 and consequently HSDC Board in their 29th meeting held on 28 9 80 approved the production target of 20150 qtls of Gram certified seed for sale, distribution in subsequent year in the State through different agencies

The sale of Gram seeds depends on various factors such as rains at appropriate time price of certified seed, price of commercial grain etc

In this particular case the sale was not allowed in the first instance due to stigma of Grey-Mould disease and the advice of Govt of India was sought During the particular season there was timely and continuous rain which resulted in farmers giving preference and planting of Wheat seed in place of Gram resulting in balance seed stocks of Gram in sizeable quantities with different agencies

The arrangement of targetted quantities of Gram seeds have to be made before hand of the actual sowing period The total availability of gram seed from HSDC s own production was only 7658 84 qtls against the distribution traget of 20500 qtls for the State (as fixed by the Agriculture Department Haryana) in Rabi 1981 82 season In view of the short fall in availability of gram seed the G O I allocated 10000 qtls gram seed from S F C I, which was to be lifted by HSDC HAIC and Hafed jointly for sale in the state in addition to the own (HSDC s production) available quantities Accordingly 2520 80 qtls gram seed was procured by HSDC from S F C I as per decision taken in the meeting held on 21 9 81 and 24 9 81 in the office of Director of Agriculture Haryana and Commissioner and Secretary to Government Haryana respectively This seed was procured from S F C I farms located in Rajasthan

The said balance 760 05 qtls Gram seed was sold as revalidated seed in subsequent year viz Rabi 1982 83 The Corporation had estimated total loss of Rs 13 91,230 17 in the sale of Gram certified seed during Rabi 1981 82 The position regarding low sale of Gram certified seed was reviewed by B O D in their 34th meeting held on 18 11 81 The BOD had then interalia observed that after the final position of gram seed is available the matter should be examined and if it is felt that there is a case for compensation for the unsold stocks the matter may be re ferred to Agriculture Department/Govt

In pursuance of the above decision the Corporation had lodged the claim for the compensation with State Govt (Agril Deptt) on 30 8 82 for the above said loss of Rs 13,91 230 17 suffered by it

Govt have since decided that no compensation needs to be paid to the Haryana Seeds Dev Corporation

During oral evidence on 10th Septembr 1985 it was explained to the Committee that when the gram was sent to the seed certification Agency it was declared fit as the disease which had infected the gram had not been notified for the purpose of rejection When the Committee asked if the Government was satisfied that the loss suffered was bonafide and if so, why it was not considered necessary to pay compensation to the Company the representative of the Government replied that though the loss was bonafide, yet it was not possible for the Government to compensate the company of the loss suffered as in a matter like this all risks and responsibilities were that of the Company In reply to another question from the Committee it was stated that the entire seed had been disposed off partly as grain and partly as seed

The Committee desire that in future due care should be taken so as to obviate the possibility of purchase of disease affected seed whether such a disease was notified for rejection or not, so that there is no such loss to the company in future The Committee also desire that in a case like this, when the loss to the Company is bonafide and due to reasons beyond control the Government should favourably consider compensating the Company for the loss suffered

HARYANA MINERLAS LIMITED

Paragraph 7 39 Cash Management

91 During test check of records, it was noticed that monthly expenditure of the Company (during 1982 83) ranged between Rs 3 lakhs to Rs 5 lakhs and it had large cash surplues which were being kept in a Saving Bank Account earning interest of 5% per annum The mohthly closing balance with the Company after meeting its requirements from time to time during December, 1981 to April 1983 ranged between Rs 10 11 lakhs to Rs 22 16 lakhs By keeping the surplus funds in terms deposits the Company could have earned interest at a higher rate, i e 8 25 percent.

The Board of Directors while reviewing sales performance had also observed (September 1982) that Cash balances in excess of requirement of the Company be kept in fixed deposits In spite of this decision the Company failed to make any term deposits till January 1983, though it had surplus funds ranging between Rs 18 34 lakhs to Rs 22 16 lakhs during the period from September 1982 to February 1983 In Janauray 1983 Rs 6 lakhs were deposited in fixed deposites leaving a balance of Rs 18 66 lakhs as at the close of 31st January 1983

Owing to lack of control on the finances of the Company, it suffered a loss of interests at 3 25 percent atleast on Rs 10 lakhs for the period from December 1981 to May 1982 and Rs 15 00 lakhs from June 1982 to April, 1983 which worked out to Rs 0 61 lakhs

The Management stated (April 1983) that We could not initiate the programme for transferring the amount in FDR on account of non availability of accounts man i e Accounts Officer with the unit till 16th April, 1983 Today, we have deposited Rs 4 lakhs with New Bank of India in FDR for a period of one year

In its written reply the management stated as under, —

> The Company could not initiate the programme for transferring the amount in F D R on account of non availability of Accounts Officer with the Unit till 16th April 1983 Now they have deposited Rs 4 lakhs with New Bank of India in F D R for a period of one year

In reply to another question of the Committee the management stated that no responsibility had been fixed in this regard

The Committee are not satisfied with the reply of the company that the Term Deposit Account could not be opened as there was no Accounts Officer The Committee feel that it is a clear case of lack of proper control on the finances of the company because, for opening a term deposit account no professional expertise was necessary The Committee would, therefore, like that appropriate action be taken against concerned officers for not exercising due and proper control on the finances of the company resulting in a heavy loss of interest to the company. The Committee be informed of the action taken.

HARYANA TOURISM CORPORATION LIMITED

Paragraph 7 40 Purchase of defevtive Voltage Stabilizers

92 In order to avoid damage to electrical gadgets due to Voltage of the fluctuations the Project Engineer of the Company recommended (June 1980) purchase of Voltage Stabilizers The Company without mentioning any specifications and simply quoting the capacity of the stabilizers floated (July 1980) a limited enquiry for purchase of 166 Voltage Stabilizers

While considering the quotations received, the Project Engineer ob served (September 1980) that some of the firms had not indicated specifications of the stabilizers offered and suggested that quotations strictly for automatic Voltage Stabilizers having auto cut off provisions at high and low voltage be called for Accordingly, fresh quotations were invited from 24 firms on 18th September 1980 giving necessary specifications The quotations received were sent (October 1980) to Project Engineer for finalisation but these were misplaced The Managing Director ordered (23rd March 1981) fixation of responsibility for misplacement of quotations as he apprehended increase in the price of stabilizers

Limited tender enquiries were invited for the third time from 26 firms on 28th March 1981 Against the quotations received an order for supply of 166 Voltage Stabilizers (value Rs 0 94 Lakhs) was placed (25th May 1981) on a firm of Ambala The rates finally paid were higher to the extent of Rs 0 17 lakhs as compared to the rates quoted initially in response to July, 1980 tenders

The supply order interalia stipulated inspection of the stabilizers by Project Engineer and Junior Engineer of the Company at the premises of supplier before despatch of the goods, but did not include any clause for guarantee/warranty period for satisfactory working of stabilizers The supplies duly inspected were received in October 1981 When 82 stabilizers (value Rs 0 41 lakhs) were put to use in Karnal Rohtak and Hissar complexes of the Company they were found defective and the supplier was asked (January 1982) to get them repaired But these have not been repaired/ replaced so far (February 1983)

Twice three stabilizers (value Rs 0 13 lakhs) are lying unused while the utility of the remaining 61 Voltage Stabilizers installed in other complexes had not been verified

The Government stated (October 1983) that the matter had been taken up with the suppliers for rectification/repair of the defective stabilizers

In its written reply to the above para the corporation stated as under —

Project Engineer, H T C Badkhal had sent estimates for providing 148 Nos Voltage Stabilizers for all Electrical Gadgets then in operation in commercial units of Corporation without Voltage Stabilizers, Project Engineer Badkhal had worked out speci fications of these Voltage Stabilizers as under —

S No	Capacity of Voltage Stabilizers	Nos of Stabilizers
1	0 5 K V A	36 Nos
2	1 00 K V A	52 Noz
3	1 5 K V A	30 Nos
4	3 K V A	21 Nos
5	4 K V A	9 Nos

Accordingly NIQ was issued vide letter No HTC/Pur/12/80 82/Elect/12692 12706 dated 31 7 80 to 14 firms Quotations were received from 7 firms The comparative statement of rates alongwith original quotations was forwarded to Project Engineer HTC Badkhal vide Letter No 14065 dated 25 8 80 for his comments Project Engineer Badkhal had informed that some of the firms have not given specifications of the required Voltage Stabilizers Further the specifications given by some other firms were different as such it was not possible to finalise the rates As such another NIQ was issued again vide this office letter No 15491 15510 dated 18 9 80 addressed to 23 firms In this NIQ letter the detailed specifications given by the Project Engineer, HTC, were fully incorporated It will thus be seen that NIQ issued in the first instance became redundant

In response to NIQ issued to 23 firms on 18 9 80, quotations were received from 12 firms Their rates were tabulated in the comparative statement of rates and the same alongwith original quotations were sent to Project Engineer HTC, Badkhal vide letter No 16857 dated 16 10 80 for his comments He was reminded on 12 12 80 21 1 81, 3 2 81 and 9 3 81 The Project Engineer vide his letter No 1969 dated 19 12 80 intimated that the matter could not be finalised as the firm which quoted the lowest rates was not giving the demonstration of the Voltage Stabilizers He further intimated vide his letter No 370 dated 11 3 81 that he had personally handed over the original quotations and comparative statement to the then Project Officer of the Corpn who happened to visit Badkhal on 13 11 80 The then Project Officer(P) was asked to comment in this regard vide letter No 4391 dated 26 3 81 The Project(P) had orally informed that he would have delivered these documents in office had he received the same in Badkhal Despite best of efforts the documents could not be traced In view of urgent need of Voltage Stabilizers the case was further processed No specific responsibility could be fixed as the then Project Officer/(Purchase) is no longer in service

Consequently NIQ was issued to 26 firms vide letter No 4516 41 dated 28 3 81 On the basis of technical ad vice of the J E HTC Headquarter, supply order was placed with M/s Sandeep Electronics Enterprises Ambala City Consequent upon the change in the technical data of the Voltage Stabilizters given by Project Engineer HTC, some additional components were required to be added to the Voltage Stabilizers which resulted in the variation of cost as compared to the old rates which was quite natural As a result of this it will not be justifiable to say that the rates finally paid were on higher side

The Project Engineer vide his letter No 1763 dated 17 10 83 had intimated that 23 Voltage Stabilizers supplied to D M HTC Gurgaon were inspected and 15 Nos Voltage Stabilizers were found in working order The remaining 8 Nos Voltage Stabilizers were then found out of order due to continuous use and Voltage fluctuation The Pro ject Engineer HTC vide his letter No HTB 84/85/834 dated 11 5 84 had however informed that all the Voltage Stabilizers had been repaired and the same were then avail able in perfect working order

The defects in Voltage Stabilizers were of minor nature and the repair was carried out by the Project Engineer HTC at his level As such it was not considered essential to refer the matter to firm keeping in view the time factor and wasteful expenditure involved on their transportation from complexes to the firm at Ambala and back

In this context, it is mentioned that supply order was placed with the firm on the technical advice of the then J E HTC (H Q) and he did not recommend the guarantee clause When a clarification in this regard was sought from the Project Engineer he informed that at the time of joint inspection of Voltage Stabllizers components used in the manufacturing of the Voltage Stabilizers were considered to give trouble free service for more than the usual guarantee period of one year and as such it was not then considered necessary to have the gurantee clause incor porated

The Committee are unhappy to observe that the Corporation failed to mention detailed specifications when the quotations were invited for the first time Second time, when the quotations were invited the papers got lost and third time when after inviting the quotations the stabilizers were purchased the Corporation had to incur extra expenditure of Rs 17,000 The Committee is not prepared to accept the con tention of the Corporation that since the technical specification of the stablizers had not been mentioned when the quotations were invited for the first time, no comparison of the price at which the stablizers were subsequently purchased, could be made

The Committee observe that due prudence was not shown while placing the orders for the purchase of stablizers as no warrenty was insisted upon and as a consequence it was also conceded during oral evidence on 26th August, 1985, out of 166 stablizers purchased, only 43 were in working order and the remaining had become defective and had to be got repaired involving additional expenditure

The Committee, therefore, recommend that the circumstances on account of which detailed specifications could not be given in the first instance and for the misplacement of the quotations when called for the second time, as also for non insistence of the warrenty clause, may be investigated, responsibility be fixed and the Committee be apprised of the action taken

ANNEXURE I

Statement showing the number of actual houses allotted w e f 1972 73 to 1983 84

Year	Station	MIG A	MIG B	LIG	EWS	HIG I	HIG II	Total
		Different categories of houses completed/allotted						
1973 74	Sec 7 Faridabad	—	—	—	500	—	—	500
1973 74	Sec 22 Faridabad	—	164	252	468	—	—	—
	Panipat Ph III	—	77	32	109	—	—	
	Yamuna Nagar	—	25	6	117	—	—	
		—	266	290	694	—	—	1250
1974-75 & 1975 76	Sonepat I	—	78	16	129	—	—	
	Ambala	—	48	44	119	—	—	
	Panchkula Ph I	—	51	84	147	—	—	
	Karnal	—	132	64	244	—	—	
		—	309	208	639	—	—	1156
1976 77	Gurgaon	—	74	49	61	—	—	
	Jind Ph I	—	22	26	60	—	—	
	Rai Sports Deptt	—	16	—	—	—	—	
	Kurukshetra Ph I	—	36	39	11	—	—	
		—	148	114	132	—	—	394
1977 78	Sec 28 Faridabad	—	169	—	—	—	—	
	Rohtak	—	63	152	102	—	—	
	Weaver Colony Panipat	—	—	—	329	—	—	
	Sec 23 Faridabad	—	82	—	742	—	—	
	Rai Sports School	—	—	49	—	—	—	
	Jind Ph II	—	34	84	56	—	—	
		—	348	285	1229	—	—	1862
1978 79	Kurukshetra Ph II	—	—	116	68	—	—	
	Kurukshetra Ph III	—	36	67	56	—	—	
	Sec 28 Faridabad	—	98	—	—	—	—	
	Bhiwani	—	100	153	126	—	—	
	Sonepat Ph II	—	35	64	80	—	—	
	Madhuban	—	32	400	148	—	—	
	Sec 23 Faridabad	—	—	247	—	—	—	
		—	301	1047	478	—	—	1826
1979 80	Hissar	10	4	30	32	—	—	76
1980 81	Sirsa	—	—	—	299	—	—	
	Karnal Ph II	38	24	184	289	—	—	
	Panchkula II	118	117	331	311	—	—	
	Sec 10 Faridabad	203	159	305	415	—	—	
	Sec 11 Panchkula	90	98	—	—	—	—	
		449	398	820	1234	—	—	

			4	5	6	7	8	9
1981 82	Panchkula Sec 11	212	187	—	—	—	—	
	Panchkula Sec 6 & 8	—	—	—	—	61	—	
	Panchkula Sec 15	—	—	195	—	—	—	
	Faridabad Sec 18	—	—	461	875	—	—	
	Sirsa	10	12	112	—	—	—	
	Rohtak	32	21	114	121	—	—	
	Gurgaon II	17	78	208	106	—	—	
	Jind III	5	8	48	94	—	—	
		276	306	1138	1195	61	—	2977
1982-83	Panchkula	59	51	453	—	—	—	
	Sonepat	46	56	151	106	—	—	
	Panipat	38	91	223	432	—	—	
	Adampur	—	—	97	—	—	—	
	Ambala Cantt	75	76	—	627	—	—	
	Kaithal	10	16	52	62	—	—	
	Cheeka	—	—	137	—	—	—	
	Kurukshetra	44	26	—	—	—	—	
	Faridabad Sec 29	—	—	272	—	—	—	
		272	316	1385	1227	—	—	3200
1983 84	Ambala Cantt	3	—	210	74	—	—	
	Panipat	26	95	86	—	—	—	
	Faridabad Sec 29	72	—	844	—	50	38	
	Karnal Sec 6	—	—	380	—	—	—	
	Hissar	256	—	160	—	56	40	
	Kalka	104	—	132	—	—	—	
	Panchkula Sec 19	—	—	376	—	—	—	
	Cheeka	—	—	26	—	—	—	
		461	95	2214	74	106	78	3028
	G Total	1468	2491	7531	7435	167	78	19170

Statement showing the numbers of actual houses allotted during 1984 85

Station	*LIG*	*MIG*	*HIG I*	*HIG II*	*Total*
Ambala Cantt	5(2 roomed)	16(3 rooms)	—	—	—
Panchkula Sec 19	328	—	—	—	—
Nuh	32	48	4	—	—
Rewari	68	128	32	—	—
Faridabad Sec 29	380	—	104	34	—
Faridabad Sec 3	608	—	—	—	—
Karnal Sec 6	228	608	28	—	—
Hissar Ph II	68	152	28	8	—
Hissar Ph III	233	—	—	—	—
Sirsa Ph II	269	—	—	—	—
Hathin	4	—	—	—	—
Ambala	100	—	—	—	—
Kalka	—	216	108	—	—
Cheeka	—	38	—	—	—
	2323	1206	304	42	3875

Note —In addition to above following houses in Police Housing Colonie in Kurukshetra and Sirsa were also completed upto 31 3 85

Kurukshetra 72

Sirsa 64

ANNEXURE II

Statement regarding the Houses Constructed during the years 1980-81 to 1984 85

1980 81

Sr No	Name of scheme & amount provided in the annual planning/budget for the year 1980 81	Nos of Houses		Provision of expenditure	Name of Schemes taken up during the year 1980 81	Name of scheme completed along with houses nos & expenditure incurred — Station	MIG A	MIG B	L I G	EWS	HIG I	HIG II	Expenditure incurred during the year	Remarks
	Continued schemes (Spill over schemes)												in lakhs	
1	Panchkula II	E W S	312	48 55	Panchkula	Panchkula	208	215	331	311	—	—		
		L I G	331											
		MIG A	118											
		M I G B	117											
		H I G	61											
2	Sirsa	E W S	299	2 09	Sirsa	Sirsa	—	—	—	229	—	—		
		L I G	112			Karnal Ph II	38	24	184	289	—	—		
		M I G A	112											
		M I G B	12											
3	Karnal III	E W S	209	3 98	Karnal	Faridabad Sector 10	203	159	305	415	—	—		
		L I G	192											
		M I G A	42											
		M I G B	24											
							449	398	820	1234	—	—	2901	Rs 231 13
4	Rohtak Ph II	E W S	121	4 98	Rohtak II									
		L I G	114											
		M I G A	32											
		M I G B	21											

1	2	3			4	5	6	7
5	Faridabad IV	E W S	415	35 23	Faridabad IV			
		L I G	308					
		M I G A	193					
		M I G B	118					
6	Faridabad V	E W S	906	45 65	Faridabad V			
		L I G	462					
7	Panchkula III	L I G	648	96 10	Panchkula III			
		M I G A	361					
		M I G B	336					
New Schemes								
8	Gurgaon II	E W S	106	4 00	Gurgaon			
		L I G	208					
		M I G A	17					
		M I G B	78					
9	Sonepat III	E W S	122	4 00	Sonepat			
		L I G	151					
		M I G A	50					
		M I G B	50					
10	Panipat III	E W S	543	4 00	Panipat			
		L I G	442					
		M I G A	96					
		M I G B	199					
11	Jind III	E W S	94	4 00	Panipat			
		L I G	48					
		M I G A	95					
		M I G B	139					
12	Cheeka	L I G	165	4 00	Cheeka			
13	Kaithal	E W S	62	4 00	Kaithal			
		L I G	52					
		M I G A	10					
		M I G B	16					
14	Kurukshetra	M I G	26	10 00	Kurukshetra			
		M I G	24					
	Finalisation of completed scheme Jind Bhiwani Rohtak and Hisar			2 03				
				242 61				

1981 82

Sr No	Nam of Schem & amount provided in the annual planning/budget for the year 1981 82		Nos of houses	Provision of expenditure	Nam of schemes taken up during the year 1981 82	Nam of scheme completed along with houses Nos & expenditure incurred Station	MIG A	MIG B	LIG	EWS	HIG I	HIG II	Expenditure incurred during the year	Remarks
	Spill over schemes												in lakhs	
1	Panchkula Ph III	L I G	648	120 00	Panchkula III	Panchkula III	212	187		195	—	61	—	
		M I G B	170											
		M I G A	361											
		M I G B	166											
2	Faridabad V	E W S	906	15 00	Faridabad V	Faridabad S ctcr 18	—	—		461	675	—	—	
		L I G	462											
3	Gurgaon II	L I G	106	30 00	Gurgaon II	Gurgaon II	17	78		208	106	—	—	
		M I G	208			Sirsa	10	12		112	—	—	—	
		H I G (L)	27											
		H I G (U)	28											
4	Kurukshetra	M I G	26	10 00	Kurukshetra	Jind III	5	8		48	94	—	—	
		M I G II	44											
5	Checka	L I G	165	10 00	Checka	Rohtak	32	21		114	121	—	—	
		M I G L	6											
		M I G U	40											
							276	306		1138	1196	61	—	420 66
							Total houses		—	2977				
6	Jind III	E W S	94	10 00	Jind III									
		L I G	48											
		H I G L	5											
		H I G U	8											
7	Sonepat III	L I G	122	45 00	Sonepat III									
		M I G	151											
		H I G (L)	50											
		H I G (U)	56											

1	2	3	4		5	6	7
8	Panipat 'I	LIG MIG HIG L HIG U	432 331 64 186	35 00	Panipat II		
New Schemes							
9	Ambala II	LIG MIG HIG I HIG (U)	701 228 78 92	40 00	Ambala Cantt II		
10	Kaithal	LIG MIG HIG (L) HIG (U)	62 52 10 16	8 00	Kaithal		
11	Faridabad Sec 29	Tentative nos of houses not provided		25 00	Faridabad Sec 29		
12	Hissar			5 00			
13	Sirsa			5 00			
14	Karnal IV			10 00			
15	Y Nagar			5 00			
16	Mandi Adampur			5 00	Mandi Adampur		
17	Ballabgarh			20 00			
18	Rohtak III			5 00			
19	Rural Housing Research & Experiments			100 00 1 00	Rural houses		
	Finalisation of completed schemes						
	Panchkula II Karnal III Sirsa Faridabad IV Rohtak		7 00 3 00 6 00 5 00 5 00	26 00	26 00 550 00		

1982—83

Sr No	Name of scheme & Amount provided in the annual planning/Budget for the year 1982 83		Nos of houses	Provision expenditure	Name of scheme taken up during the year 1982 83	Name of scheme completed along with houses Nos & expenditure incurred: Station	MIG A	MIG B	LIG	EWS	HIG I	HIG II	Expenditure incurred the year	Remarks
1	2		3	4	5	6	7							
Spill over Schemes														
1	Panchkula Ph III	L I G	648	40 00	Panchkula III	Panchkula III	59	51	453	—	—	—		
		M I G B	170											
		M I G A	361											
		M I G B	166											
2	Gurgaon II	L I G	106	20 00	Gurgaon II	Kurukshetra	44	26	—	—	—	—		
		M.I G	208			Cheeka	—	—	137	—	—	—		
		M I G L	17			Sonepat	46	56	151	106	—	—		
		M I G U	78			Panipat	38	91	223	432	—	—		
3	Kurukshetra	M I G I	26	6 00	Kurukshetra	Ambala Cantt	75	76	—	627	—	—		
		M I G II	44			Kaithal	10	16	52	62	—	—		
4	Cheeka	L I G	165	20 00	Cheeka	Faridabad Sec 29	—	—	272	—	—	—		
		M I G II	6			Mandi Adampur	—	—	97	—	—	—		
		M I G I	40											
							272	316	1385	1227	—	—	Rs 606 08	
						Total No of houses—3200								
5	Jind Ph III	E W S	94	2 00	Jind Ph III									
		L I G	48											
		H I G (L)	5											
		H I G U	8											
6	Sonepat Ph III	L I G	122	33 00	Sonepat III									
		M I G	151											
		M I G L	501											
		H I G U	565											

1	2	3	4	5	6	7
7	Panipat Ph III	L I G 432				
		M I G 331	80 00	Panipat III		
8(	Ambala Ph II	L I G 701				
		M I G 229	80 00	Ambala II Cantt		
		H I G (L) 78				
		H I G (U) 92				
9	Kaithal	L I G 62				
		M I G 52	15 00	Kaithal		
		H I G 16				
		H I G (L) 10				
10	Faridabad Sec 29	L I G 1496				
		M I G 404				
		H I G I 208	100 00	Faridabad Sector 29		
		H I G II 88				
11	Mandi Adampur	L I G 109	6 00	Mandi Adampur		
		M I G 29				
Rural Houses						
	Mohna (Distt Faridabad)	88	88			
	Chakkarpur (Distt Gurgaon)	126	75 00	Roral Housing		
	Balsmand (Distt Hissar)	152				
	Kheri Dablan (Distt Kurukshetra)	82				
	Lohara (Distt Kurukshetra)	65				
New Schemes						
	Hissar II	Tentative	20 00			
	Sirsa II	nos of houses	5 00			
	Narnaul	not provided	5 00			
	Mohindergarh		5 00			

1	2	3	4	5	6	7
	Y Nagar	1 00				
	Ballabgarh	20 00				
	Rohtak III	1 00				
	Karnal IV	15 00				
	Kalka	20 00				
	Rewari	10 00				
	Police Housing Scheme	30 00				
Finalisation of completed schemes						
	Faridabad II	10 00				
	Sirsa Rohtak II	3 00				
	Karnal II	2 00				
	Panchkula II	2 00				
		612 00 lakhs				

1983 84

Sr No	Name of scheme & Amount provided in the annual planning/budget of the year 1983 84		No of houses	Provision of expenditure	Name of scheme taken up during the year 1983 84	Name of Scheme completed along with houses nos & expenditure incurred: Station	MIG A	MIG B	LIG	EWS	HIG I	HIG II	expenditure incurred during the year	Remarks
1	2		3	4	5	6	7							
Spill over Schemes														
1	Panchkula III	L I G	648	5 00	Panchkula III	Panchkula Sec 19	—	—	376	—	—	—		
		M I G B	336											
		M I G A	331											
2	Gurgaon II	L I G	106	—	Gurgaon II	Panipat	26	95	86	—	—	—		
		M I G	208											
		H I G (L)	17			Ambala Cantt	3	—	210	74	—	—		
		H I G (U)	78			Faridabad Sector 29	72	—	844	—	50	38		
3	Kurukshetra	M I G I	26	1 00	Kurukshetra	Karnal Sec 6	—	—	380	—	—	—		
		M I G II	44											
4	Cheeka	L I G	165	8 00	Cheeka	Hissar	256	—	160	—	56	40		
		M I G L	6			Kalka	104	—	132	—	—	—		
		M I G U	40											
5	Jind Ph III	E W S	94	—	Jind Ph III	Cheeka	—	—	26	—	—	—		
		L I G	48											
		H I G L	5											
		H I G U	8				461	95	2214	74	106	78	Rs 1052 49	
														Total nos of houses 3028
6	Sonepat III	L I G	122	5 00	Sonepat									
		M I G	151											
		H I G (L)	46											
		H I G (U)	56											

1	2	3		4	5	6	7
7	Panipat III	L I G	430	45 89	Panipat		
		M I G	331				
		H I G (L)	64				
		H I G (U)	186				
8	Ambala Cantt II	L I G	701	30 15	Ambala II Cantt		
		M I G	229				
		H I G (L)	78				
		H I G (U)	92				
9	Kaithal	L I G	62	4 00	Kaithal		
		M I G	52				
		M I G (L)	10				
		M I G (U)	16				
10	Faridabad Sec 29	L I G	62	150 00	Faridabad Sec 29		
		M I G	450				
		M I G (L)	180				
		M I G (U)	38				
New Schemes							
11	Hissar II	L I G	228	70 00	Hissar		
		M I G	376				
		H I G	24				
		H I G II	36				
12	Sirsa Narnaul Mohindergarh	Tentative Nos of houses not provided	10 00		Sirsa II		
13	Y Nagar			2 00			
14	Mandi Adampur			8 31			
15	Ballabgarh			5 00			
16	Rohtak-III			2 00			
17	Karnal IV			40 00			

1	2	3	4	5	6	7
18	Rural (Mohana Tigaon Punhana Nanakpur Dhankot Chakkarpur Kheri Dabdalan Lohara Balsmand Lohara Jattu Mithalal & other		50 00			
19	Kalka also		50 00	Kalka		
20	Rewari		2 00	Rewari		
21	Police Housing Scheme		50 00	Police Housing Sirsa & Kurukshetra		
22	Nuh & Hathin	208 Houses 30 Houses	50 00	Nuh & Hathin		
23	Experimental & Research		5 00			
24	Panchkula IV		50 00			
25	Ambala City		5 00			
Finalisation of completed works						
	Faridabad I		2 00			
	Sirsa Rohtak etc		2 00			
	Panchkula III		5 00			
	Karnal		0 50			
			687 35			

1984 85

Sr No	Name of scheme & Amount provided in the annual planning/Budget for the year 1984 85		No of houses	Provision of expenditure	Name of schemes taken up during the year 1984 85	Name of scheme completed along with houses No Expenditure incurred. Station	LIG	MIG	HIG I	HIG II	Expenditure	Remarks
1	2		3	4	5	6	7					
Spill over Schemes												In lakhs
1	Kalka Ph I	H I G (S)	4		Kalka	Ambala	5	16	—	—		
		H I G I	148			Cantt (3 rooms)		(3 rooms)				
		M I G	392	0 90		Panchkula	328	—	—	—		
		L I G	132	Lakhs		Sector 19						
		Shops	3			Nuh	32	48				
						Rewari	68	128	32	—		
2	Panchkula	L I G	784	60 Lakhs	Panchkula	Faridabad Sec 29	380	—	104	34		
3	Ambala Cantt	L I G	701									
		M I G	229			Faridabad	608	—	—	—		
		H I G L	78	15	Ambala Cantt	Sec 3						
		H I G U	92	Lakhs								
4	Cheeka	M I G (U)	32	7 00	Cheeka	Karnal	228	608	28	—		
		M I G (L)	6	Lakhs		Sec 6						
						Hissar Ph II	68	152	28	8		
						Hissar Ph III	233	—	—	—		
						Sirsa Ph II	269	—	—	—		
5	Police	350 Sft	10			Hathin	4	—	—	—		
	Housing	440 Sft	70	10 00	Police Housing	Ambala	100	—	—	—		
	Kurukshetra	600 sft	14	Lakhs	Kurukshetra	Kalka	—	216	108	—		
		700 sft	2			Cheeka	—	38	—	—		
						5 two roomed	2318+	1206 1190+ 16 3 roomed	304	42	3875	Rs 965 29

1	2	3	4	5	6	7	8
6	Karnal	L I G M I G H I G I M I G (S)	608 735 160 5 160 00 Lakhs	Karnal			
7	Panipat	L I G M I G H I G I H I G U	432 331 64 186 19 68 Lakhs	Panipat			
8	Hissar Pn II	L I G M I G H I G I H I G II	228 331 84 56 50 00 Lakhs	Hissar Ph II			
9	Housing Colony Sirsa Ph II	M I G L I G	228 612 30 00 Lakhs	Sirsa Ph II			
10	Police Housing Sirsa	350 sft 440 sft 600 sft 770 sft	12 68 12 2 20 00 Lakhs	Police Housing Sirsa			
11	Rewari	L I G M I G H I G	68 132 32 10 00 Lakhs	Rewari			
12	Nuh	L I G M I G H I G I	52 70 12 20 00 Lakhs	Nuh			
13	Hathin	L I G M I G H I G I	4 20 20 4 00 Lakhs	Hathin			
14	Faridabad Sec 29	L I G M I G H I G I H I G II	1496 404 208 88 150 00 Lakhs	Faridabad Sector 29			

1	2	3	4	5	6	7	8
New Schemes							
15	Naggal Sodhian (Pinjore)	1006 sft houses 791 sft houses 583 sft houses	79 126 62 } 15 00	Naggal Sodhian			
		H I G M I G L I G	136 628 2000 } 40 00				
16	Ambala City Ph II Sector 7	L I G M I G H I G	1340 420 92 } 20 00	Ambala City			
17	Cheeka Ph II	L I G M I G H I G	212 68 16 } 5 00	—			
18	Jagadhari/ Y Nagar	L I G M I G H I G	1068 332 72 } 5 00	—			
19	Office building Panchkula in Sector 6		25 00	—			
20	Kalka II	L I G M I G H I G	532 168 36 } 10 00				
21	Hissar Ph III	L I G M I G H I G	1200 350 80 } 30 00	Hissar Ph III			
22	Jind Ph IV	L I G M I G H I G	1200 360 80 } 5 00	—			

1	2	3	4	5	6	7	8
23	Mohinder garh	L I G 200 M I G 80 H I G 66	5 00	—			
24	Fatehbad	L I G 368 M I G 116 H I G 24	5 00	—			
25	Narnaul	L I G 112 M I G 120 H I G 32	5 00	—			
26	Staff quarter and Dharam shala and Medical College Rohtak	Class II 36 Unit Class III 300 Unit Class IV 354 Unit	5 00 Lakhs	—			
27	Faridabad Sector 3	L I G 2088 M I G 380 H I G I 120 H I G II 48	40	Faridabad Sec 3			
28	Palwal	L I G 830 M I G 260 H I G 50	5 00	—			
29	Hodel	L I G 380 M I G 120 H I G 50	5 00	—			
30	Ferozpur Zirka	L I G 444 M I G 140 H I G 28	5 00	—			
31	Punhana	L I G 368 M I G 116 H I G 24	5 00	—			

1	2	3	4	5	6	7	8
	Rural Houses		70 00				
	Experimental & Research		5 00				
	Finalisation of completed works						
	Panchkula Ph III		5 00				
	Ambala Cantt		2 00				
	Panipat Kaithal Cheeka & Kurukshetra		10 00				
	Jind Ph II III Sonepat Ph II Sirsa Ph I Bhiwani Ph I & II		2 00 **Lakhs**				
	Rural houses		2 00 **Lakhs**				
	Faridabad Sec 29 Gurgaon & Sonepat **Ph. II**		2 00 **Lakhs**				
			988 68 **Lakhs**				

ANNEXURE III

Position of works which have been got executed during the last Five Years i.e 1980 81 to 1984 85 where penality has been imposed and the balance work has been not executed on risk and cost and their final position

S No	Name of work alongwith place	Name of contractual agency	Amount of Contract Agreement	Action taken against the contractor for non completion of work within prescribed time limit	Decision given by competent authority	Whether the work was got completed at the risk and cost or not	Stage of settlement of final accounts	Remarks
1	2	3	4	5	6	7	8	9
1	Constn of 154 Nos LIG houses including P H services in Sec 10 Faridabad	M/s G K Goel & Co E 5 New flats Kamla Nagar, New Delhi	11 90 lakh	10% penalty for Rs 1 10 lakhs was imposed vide Xen, HBH Divn No I letter No 7972 76 dt 27 9 79	No decision regarding waged/reducing penalty was taken as the contractor did not apply for hearing	The work was got executed at the risk and cost from M/S Nav Bharat Co New Delhi	The final accounts are in process in Divn office	Nil
2	Supply of bricks for Constg 134 Nos LIG houses Gr IV Sec 29 Faridabad	Sh A C Bhatia contractor Neelam Chowk Faridabad	4 02 000	10% penalty for Rs 40 200 was imposed vide Xen HBH letter No 7231 dt 7 7 82	Compensation reduced from Rs 40200/ to Rs 50/ vide SE No 867 dt 4 4 82	No	The contractor s final accounts has since been settled	Amount of Rs 50 /was recovered from final bill
3	Constn of 82 Nos MIG houses in Sec 23 Faridabad	M/s Atma Ram Malhotra Contractor 5 B/24, NIT Faridabad	12 60 000	Do vide Xen	Amount reduced from Rs 1 26 000 to Rs 500/ vide CE No 4229 dt 11 6 85	Work complted by original contractor	Do	Amount of Rs 500/ was recovered from final bill
4	Providing and fixing of 30mm thick deodar wood in 159 MIG Gr B Sec 10, Faridabad	Sh Piyare Lal Contractor plot No 34/4 Ballabgarh	2 80 lakhs	10% penalty for Rs 28000 was imposed vide Xen HBH No 18053 dt 13 12 82	No as the contractor did not apply for hearing	Balance work was got executed on risk and cost	—	The contractor had gone into arbitration & Arbitrator has announced an award of Rs 13238 in favour of the contractor

1	2	3	4	5	6	7	8	9
5	Supply of S W pipes in Sec 17 Gurgaon	M/s perfect sanitary pipes post box No 4 Bharatpur	53 890	P nalty for Rs 5889 was imposed	D cision was given by the C E No 5807 dt 20 10 85	No	Yes	Work was com pleted by the firm
6	Supply of S W pipes	M/s Haryana Sanitaryware Industries Pvt Ltd Ballabgarh	1 67 525	Penalty for Rs 16752 50 was imposed	Amount reduced from Rs 16752 50 to Rs 250/	Yes by original contractor	Yes	Amount of Rs 250/ was recovered from final bill
7	Supply of S W pipes in store Housing Board Haryana Faridabad	Do	44 600	Penalty for Rs 4460 was imposed	Decision was taken by S E vide No 5148 dt 21 6 85	No	No	The firm is completing the supply
8	Prov & fixing deodar wood shutters in 203 MIG A type hou es sec 10 Faridabad	M/s Piyare Lal Con 34/4 Ballabgarh	2 55 000	Penalty for Rs 25 500/ wa imposed	No as the Contractor did not apply for hearing	The work was got executed at risk and cost of contractor	No	The contractor had gone into arbitration and Arbitration has announced an award
9	Prov & fixing deodar wood shutters in 415 EWS houses sec 10 Faridabad	M/s Piyare Lal contractor 34/4 Ballabgarh	1 35 000	10 / penalty of Rs 13500 was imposed vide EE No 8374 dt 12 10 79	—	Yes	No	The contractor had gone into Arbitration and Arbitrator had announced an award of Rs 12700 in favour of contractor The award has already been challenged in the Court
10	Prov & fixing of Mango wood shutter in village Mohna	27600/ Sh Mani Ram Contrac or	27 600	10 % penalty of Rs 2760 was imposed vide EE No 2943 dt 15 3 82	Compensation was reduced from Rs 2760 to Rs 250/ vide S E No 6074 dt 10 12 82	Yes the work was got com pleted by original contractor	—	—

1	2	3	4	5	6	7	8	9
11	Provn of fixing door window shutter in 305 LIG houses sec 10 Faridabad	Sh Piyare Lal Contractor 34/4 Ballabgarh	3 10 000	10 % penalty of Rs 31000 was imposed by Xen	No as the contractor did not apply for hearing	The work was got completed at the risk and cost through some other contractor	No	The contractor had gone into arbitration and arbitrator has announced an award of Rs 37022 26 in favour of the contractor and the case is now in process in the Court of Session Judge Faridabad
12	Constn of 100 Nos LIG houses Gr A Sec 23 Faridabad	Sh Atma Ram Malhotra Contr 5 B/24 NIT Faridabad	7 05 lakhs	10% penalty for Rs 70 500 was imposed vide Xen letter No 12972 dt 5 9 83	Anmount was reduced from Rs 70 500 to Rs 500/ by Chairman	No	—	Rs 500/ recovered from Contractor s Bill
13	Const of 107 Nos LIG houses Gr B Sec 23 Faridabad	Do	7 10 lakhs	10 % penalty of Rs 71000 was imposed vide EE No 12974 dt 5 9 84	Do	Do	—	Do
14	Constn of 8 Nos HIG I including houses internal P H & EI work in HB colony at NUH	Sh Jai Kishan Almadi contd ward No 3 NUH	4 47 000	10% penalty of Rs 44700 was imposed vide EE HBH Faridabad I letter No 2461 dt 2 3 84	No as the contractor did not apply for hearing	No	No	The contractor had gone to the Court against the action taken by Deptt
15	Constn of 20 Nos LIG houses including internal PH & EI work in H B colony at NUH	Do	3 46 000	10 % penalty of Rs 34600 was levied vide Xen HBH Faridabad I letter No 2497 dt 2 3 84	Do	Do	Do	—

1	2	3	4	5	6	7	8	9
16	Constn of 20 MIG houses including internal PH & FI work in HB colony at NUH	Do	6 12 800	10% penalty of Rs 61280 was levied vide Xen Divn No II No 6001 dt 22 11 84	Do	Do	Do	The Sr Sub Judge Gurgaon has ordered that CA may appoint arbitrator to settle
17	Constn of P H services in cluding internal P H in shopping complex at Jind	Sh Hoshiar Singh contractor Jind	Rs 19 000	10 / penalty for Rs 1900 was imposed vide XEN letter No 6354 dt 27 8 82	No as the contractor did not apply or hearing	Nil	—	Since the hearing not applied amount of com pensation debi ted to the accoun of the agency
18	Constn of 28 HIG I Gr I Houses including internal P H & E I services at Hissar Ph II	Sh B D Mittal contractor Panchkula	14 50 000	10 / penalty for Rs 145000 was imposed vide XEN letter No 278 dt 7 1 85	Yes compen sation was reduced from 10 / to 0 25 vide SE No 2290 dt 18 3 85	Yes by the original con tractor the work was got completed Final bill is in process		—
19	Constn of 20 HIG II Gr I houses including internal PH & EI services at Hissar Ph III	Do	15 21000	10 / penalty of Rs 152100 was imposed vide EE letter No 780 dt 7 1 83	The contractor applied for hearing and the time limit was extended upto 20-4 84 for com pleting the work vide SE No 2207 dt 18 3 85	No action has been taken by original contractor to complete the work & work is being got completed at risk & cost of contractor	—	—
20	Constn of 20 HIG II Gr II houses including internal PG & EI ervices at Hissar Ph II	Do	15 65000	10 / penalty of Rs 156500 imposed vide E E No 282 dt 7 1 85	Time limit was extended upto 31 5 85 vide SE Mo 2296 dt 18 3 85	Do	—	—

1	2	3	4	5	6	7	8	9
21	Constn of 28 Nos HIG I Gr III houses including internal PH & EI services at Hissar Ph II	M/s Khera constn & Co Contractor Sonepat	1568000	10 / penalty i e Rs 154800 was imposed vide EE letter No 7417 dt 19 6-85	The contractor applied for hearing & the time limit was extended upto 20 2 85 & compensation Sr No 16 leviedfor 10 / was reduced to 0 25 /	Work is being got completed by original contractor	—	—
22	Constn of 8 HIG II Gr III houses including internal PH & Hissar Ph II	M/s Gurdayal Chopra contr Sonepat	651000	10 / penalty i e Rs 65100 was imposed vide EE letter No 7409 dt 19 6 85	The contractor applied for hearing & competent authority reduced compensation from 10 / to 0 25 / vide SE No 3553 dt 24 4 85	Do	—	—
23	Constn of 36 MIG houses Gr VIII including internal PH & EI services at Hissar Ph II	M/s Adrash stone crusher contractor Khanak	1062295	10 / penalty was imposed vide XEN letter No 11422 dt 7 9 84	Contractor applied for and the compensation was reduced rom 10 / to 0 2 / and the time limit was extended upto 31 5 85 vide SE No 2788 dt 29 3 85	Work has been completed departmentally at the risk & cost of the contractor	—	—
24	Constn of 44 MIG houses Gr V including inter nal PH & EI services at EI services at Hissar Ph II	Sh Gurdayal Chopra contractor Sonepat	1311000	10 / penalty for Rs 131100 was imposed vide XEN letter No 7413 dt 19 6 84	contractor applied for hearing hearing and the compenastion was reduced from 10 / to 0 25 / vide S E No 3551 dt 24-4 85	Work is being completed by original contractor	—	—

1	2	3	4	5	6	7	8	9
25	Constn of 68 LIG houses Gr I including internal PH & EI services Ph II	Do	1075000	10 % penalty for Rs 148000 was imposed vide XEN letter No 7405 dt 19 6 85	Contractor applied for hearing and the compensat on was reduced from 10 % to 0 25 % vide SE No 3549 dt 24 4 85	Do	—	—
26	Constn of 88 Nos LIG houses Gr III including internal PH & EI services at Hissar Ph II	M/s Khera constn Co Sonepat	1480000	10 % penalty or Rs 148000 was imposed vide XEN letter No 7802 dt 27 6-84	Contractor apply for hearing and compensation was reduced from 10 % to 0 25 % as per S E letter No 1600 dt 27 2 85	Do	—	—
27	Constn work 72 nos LIG houses Gr II including internal PH & EI services at Hissar Ph II	Do	1182000	10 % penalty for Rs 118200 was imposed vide XEN letter No 7791 dt 27 6-84	Contr applied for hearing and 10 % Com pensation was reduced from 10 % to 0 2 %	Balance work is being got executed at the risk & cost of the original contractor	—	—
28	Constn of 36 Nos MIG Houses Gr IX including internal PH & EI s rvices at Hissar Ph II	The Milakpur Co op L/c society Ltd Milakpur	1023000	10 % penalty for Rs 102300 was imposed vide SE letter No 11425 dt 7 9 84	Contr applied for hearing and 10 % com pensation was reduced from 10 % to 0 25 %	Do	—	—
29	Constn of 36 MIG Gr X houses including internal PC & EI serv ces at Hissar Ph II	Do	1020000	10 % penalty for Rs 107000 was imposed vide EE No 11422 dt 7 9 84	Contr applied for hearing and 10 % com pensation was reduced from 10 % to 0 2 %	Do	—	—

1	2	3	4	5	6	7	8	9
30	Constn of 24 nos type II houses in Police housing colony at Sirsa Gr A	Sh B D Mittal contr Panch kula	1154987	10 / penalty was imposed vide XEN No 6160 dt 2 2 85	—	—	—	Work will be got completed at the risk & cost of the contr
31	Constn of 24 nos type II Gr B houses in police housing colony Sirsa	Do	1154987	10 / penalty was imposed vide XEN letter No 6112 dt 22 6 85	—	—	—	Do
32	Constn 2 nos type II houses in police housing colony at Sirsa	Do	136598	10 / penalty was imposed vide XEN no 6119 dt 22 6 85	—	—	—	Do
33	Constn of 24 MIG B at Karnal	Sh T N Sharma	340000	10 / penalty was imposed for 34000/ vide XEN HBH No 3640-41 dt 13 6-80	No as the contractor did not apply for hearing	—	—	The work was got completed at the risk & cost of the contractor
34	Constn of 40 nos Rural houses at Sewah	Sh Mohinder Singh	36000	10 / penalty was imposed vide XEN letter No 8932 36 19 9 83	Do	—	—	The work was got completed at the risk & cost of the contractor
35	Constn of 40 nos MIG Houses Gr B in Housing Board colony Kalka	M/s Sahab con co H No 18 8 A Chd	1187000	10 / penalty for Rs 118700 was imposed vide XEN letter No 5632 dt 8 8 83	Do	—	—	The balance work is being got com pleted at the risk & cost of the original contractor
36	Constn of 32 nos HIG Gr C houses in HB colony Kalka	Do	1718000	10 / penalty for Rs 17180 was imposed vide XEN No 5627 dt 8 8 84	Do	—	—	Do

1	2	3	4	5	6	7	8
37	Constn of 40 nos HIG(S) single storey including PH & EI in HB colony Kalka	M/s R K Constn H No 1329 18 C Chandigarh 366900	10 / penalty for Rs 36690/ was imposed vide XEN No 6032 36 dt 23 8 84	Contr applied for hearing but the same was rejected as the progress was much behind the schedule	—	—	Do
38	Constn of 28 nos MIG houses Gr H double storey i/c PH & EI in HB colony Kalka	Do 782500	10 / penalty for Rs 78250 was imposed vide XEN No 4235 dt 22 3 85	Do	—	—	Do

ANNEXURE IV

Allottees of Houses under discretionary quota

Sec 10 Faridabad

Sr No	Name and address of the allottee	Type of houses allotted	House No	Monythly income of the allottee	Whether eligible for allotment	Place where houses allotted
1	2	3	4	5	6	7
1	Smt Neelam Rani 2276 Sector 7 Faridabad	E W S	580	Rs 345	Yes	Sec 10 Faridabad
2	Smt Laxami Bai Gupta 1D/102 N I T Faridabad	Do	590	Rs 340	Do	Do
3	Smt Lata Rani Sector 7 H No 2664 Faridabad	Do	591	Rs 300	Do	Do
4	Sh Suraj Bali Pande H No 980 Sec 23 Faridabad	Do	592	Rs 340	Do	Do
5	Sh T K Girija H No 573 Sec 23 Faridabad	Do	593	Rs 345	Do	Do
6	Smt Ved Wati Vill Sikandarpur Teh Palwal Distt Faridabad	Do	677	Rs 300	Do	Do
7	Om Parkash Vill Jawan P O Fatehpur—Bilach Faridabad	Do	678	Rs 300	Do	Do
8	Sh Lal Singh 1J/68 N I T Faridabad	Do	679	Rs 345	Do	Do
9	Sh Mahesh Kumar 541/23 Faridabad	Do	680	Rs 320	Do	Do
10	Sh Zile Singh Electrician HBH Faridabad	Do	681	Rs 336 45	Do	Do
11	Sh Madan Pal Singh 106B Mujesar Mktg Sec 24m Sec 24 Faridabad	E W S	704	Rs 34640	Yes	Sec 10 Faridabad
12	Smt Sita Devi 108/2 A Faridabad	Do	705	Rs 300	Do	Do
13	Sh Hari Babu 56 Shiv Puri Gurgeon	Do	706	Rs 325	Do	Do
14	Sh Nand Kishore Vill & P O Nathupur Distt Sonepat	Do	707	Rs 334	Do	Do
15	Sh Banwari Lal E/31 Faridabad	Do	708	Rs 325	Do	Do

1	2	3	4	5	6	7
16	Sh Irshad Mohd Khan 5H/5 Faridabad	Do	740	Rs 300	Do	Do
17	Sh Gian Chand 2693 Sec 7 A Faridabad	Do	741	Rs 300	Do	Do
18	Sh Babu Lal 819 Sec 23 Faridabad	Do	742	Rs 275	Do	Do
19	Sh Krishan Murari Gupta 2378 Sec 28 Faridabad	Do	743	Rs 280	Do	Do
20	Raj Kumar H No 554 Sec 23 Faridabad	Do	744	Rs 340	Do	Do
21	Smt Swatantra Malhotra 5P/30 Faridabad	Do	745	Rs 250	Do	Do
Sector 10 *Faridabad*						
1	Smt Premwati H No 603 Sec 7 Faridabad	L I G	311	Rs 500 to Rs 600	Yes	Sec 10 Faridabad
2	Sh Sita Ram 3 A/123 N I T Faridabad	Do	312	Rs 550	Do	Do
3	Sh Ayaz Mohd Khan 395 Mujesar Road Faridabad	Do	313	Rs 450	Do	Do
4	Sh Naresh Kumar H No 2374 Sec 28 Faridabad	Do	351	Rs 400	Do	Do
5	Sh Shri Chand RamChand Colony Ajronda Road Faridabad	Do	352	Rs 550	Do	Do
6	Sh Tulsi Dass H No 13 Sarai Hussaini old Faridabad	Do	353	Rs 400 to Rs 500	Do	Do
7	Sh Rattan Lal Vill & P O Jayrco Ballabgarh	Do	465	Rs 575	Do	Do
8	Sh Darshan Singh 3/C/228 N I T Faridabad	Do	466	Rs 580	Do	Do
9	Smt Krishana Rani Kapoor H No 5P/36 N I T Faridabad	L I G	467	Rs 450	Yes	Sec 10 Faridabad
10	Sh Janender Kumar 1 A/27 N I T Faridabad	Do	940	Rs 575	Do	Do
11	Sh Kansi Ram 3G/59 N T Faridabad	Do	941	Rs 500	Do	Do

1	2	3	4	5	6	7
				Rs		
12	Sh Afaq Mohd Khan Sec 23 H No 117 Faridabad	Do	942	550	Do	Do
13	Sh Rajesh Kumar H No 119 Sec 16 Faridabad	Do	1032	450	Do	Do
14	Sh Mahavir Singh 7D/1310 Faridabad	Do	1033	593 70	Do	Do
15	Sh Ram Niwas H No 2522 Sec 7 Faridabad	Do	1034	550	Do	Do
Se tor 10 Faridabad						
1	Sh Narender Singh Vill Dayalpur Teh Ballabgarh	M I G B	1	1000	Yes	Sec 10 Faridabad
2	Sh Surender Kumar H No 405 Sec 22 N I T Faridabad	Do	30	1342 75	Do	Do
3	Sh K C Kalra 298 Sec 7 A Faridabad	Do	31	10000 P A	Do	Do
4	Sh Rajinder Prashad Vill & P O Hodel Distt Faridabad	Do	32	640 80	Do	Do
5	Sh Ram Parshad Gupta 2373 Sec 28 Faridabad	Do	179	900	Do	Do
6	Sh Ravinder Bhatia 1D/74 N I T, Faridabad	Do	180	1300	Do	Do
7	Sh D S Pannu 1360 Sec 23 Chandigarh	Do	201	650	Do	Do
8	Shri Bharat Singh Vill Galhi Kundal Distt Sonepat	Do	218	800	Do	Do
Sector 10 Faridabad						
1	Sh Raj Singh Vill & P O Chatar Bahadespur Distt Sonepat	M I G A	46	650	Yes	Sec 10 Faridabad
2	Sh Ram Kumar Boora Vill & P O Hath Teh Safidon Distt Jind	Do	47	701 70	Do	Do
3	Sh B R Chauhan Vill & P O Aurangabad, Teh, Palwal	Do	58	1024 76	Do	Do

1	2	3	4	5	6	7
				Rs		
4	Sh Megh Ram S/o Sh Nathi Ram Vill Bis~hpali Teh Gohana Distt Sonepat	M I G A	59	1200	Do	Do
5	Sh P K Jain Vill Badshapur Distt Gurgaon	Do	361	1100 P A	Do	Do
6	Sh S A Bharti 31/10 Chawla Colony Ballabgarh	Do	362	9500 P A	Do	Do
7	Sh A B Bhatia 31H/47 N I T Faridabad	Do	374	1200	Do	Do
8	Sh Balbir 1A/100 Faridabad	Do	375	625	Do	Do
9	Sh S N Sharma N I T Faridabad	Do	411	1350	Do	Do
10	Sh D P Shangle 2138 Sector 28 Faridabad	Do	412	1080	Do	Do

Karnal

Sr No	Name and address of the allottee	Type of houses allotted	House No	Monthly income of the allottee	Whether eligible for allotment	Place where house allotted
1	2	3	4	5	6	7
				Rs		
1	Smt Murti Devi W/o Sh Amir Singh V & P O Gaudana Kalan Distt Bhiwani	M I G B	1112	700	Yes	Karnal
2	Sh Chander Parkash Taneja S/o Sh Dharam Pal Taneja C/o Haryana Siwing Machine Sadar Bazar Karnal	M I G A	1088	1000	Yes	Do
3	Sh Jagdish Singh S/o Sh Mohar Singh Vill Rohtak P O Uplana Distt Karnal	M I G A	1089	700	Yes	Do
4	Sh Jagdish Chander S/o Sh Lurinda Ram Jagdish Tailor Committee Chowk Karnal	L I G	706	500	Yes	Do
5	Sh Prem Singh S/o Sh Angad Singh 15 Jarnail Colony Karnal	L I G	707	450	Yes	Do
6	Smt Pushpa Devi W/o Sh Partap Singh 15 Jarnail Colony Karnal	L I G	708	400	Yes	Do
7	Sh Ashok Kumar Sh Ram Lal H No D 96 Krishan Gate, Karnal	L I G	720	500	Yes	Do
8	Sh Avinash Chander S/o Sh Jaggan Nath H No 303 Char Chaman Karnal	L I G	722	400	Yes	Karnal
9	Sh Ram Kumar S/o Sh Chandan Lal Vill Pundri Distt Kurukshetra	L I G	1455	587 20	Yes	Do
10	Sh Hari Chand S/o Sh Khem Chand C/o Modern Agro Engineering Work Kunjpura Road Karnal	L I G	1056	500	Yes	Do
11	Sh Ashok Kumar S/o Sh Ram Parkash C/o Khanna Comm rcial College Near Randhir Theatre Karnal	L I G	1057	550	Yes	Do
12	Sh Brij Mohan S/o Sh Kandu Ram C/o Chaudhri Industries G T Road Delhi by pass Karnal	L I G	1156	600	Yes	Do

1	2	3	4	5	6	7
				Rs		
13	Kesar Dass S/o Sh Tikaya Ram E 407, Arjan Gate Karnal	E W S	836	300	Yes	Do
14	Smt Parmjit Kaur W/o Sh Mohinder Singh Subzi Mandi, Karnal	E W S	837	300	Yes	Do
15	Sh Manjit Singh S/o Sh Mohinder Singh Shop No 2 Subzi Mandi Karnal	E W S	838	300	Yes	Do
16	Sh Jagdish Chander S/o Sh Sangat Ram Mohalla Banso Gate Karnal	E W S	847	340 PM	Yes	Karnal
17	Sh Harpal Singh S/o Sh Sibhan Lal V & P O Bithwana Teh Rewari Distt Mohindergarh	E W S	848	314 PM	Yes	Do
18	Smt Shanti Devi W/o Sh Ramji Dass Arya Cycle Works Railway Road Karnal	E W S	934	300 PM	Yes	Do
19	Sh Suresh Kumar Moonja S/o Sh R D Moonga H No G 692 Mohalla Malkheri Karnal	E W S	935	300 PM	Yes	Do
20	Smt Kaushalya Rani W/o Sh Chander Mohan H No G 689 Jundla Gate Malkan Mohalla Karnal	E W S	936	300 PM	Yes	Do
		Sirsa				
1	Kuldip S/o Sh Mahla Ram Bond Gate, Sirsa	E W S	368 P	300	Yes	Sirsa

Panchkula

S No	Name and Address of allottee	Type of house alloted	House No	Monthly income of the allottee	Whether eligible for allotment	Place where House allotted
1	2	3	4	5	6	7
				Rs		
1	Smt Birmati Devi H No 238 Sec 18 Panchkula	E W S	2828	200	Yes	Sec 15 Panchkula
2	Sh Jagjit Singh S/o Sh Shish Ram Vill & P O Baini Bharrow Distt Rohtak	Do	2829	300	Do	Do
3	Sh Girdhari Lal H No 440 Sec 7 Panchkula	Do	2830	314 85	Do	Do
4	Sh Ram Chander C/o Sh Ram Phal Singh Token No 4222 Secation No 2140 H M T Pinjore	Do	2831	290	Do	Do
5	Sh Risal Singh S/o Sh Mulla Ram Vill & P O Chamariyei Distt Rohtak	Do	2832	200	Do	Do
6	Sh Net Ram S/o Sh Jai Chand Vill & P O Bindhroli Distt Sonepat	Do	2833	200	Do	Do
7	Sh Kushal Pal S/o Sh Yes Pal Vill & P O Salwan Distt Karnal	Do	2834	300	Do	Do
8	Sh Ashok Kumar Vill Kambani Distt Ambala	Do	2835	310	Do	Do
9	Sh Avtar Singh Kothi No 81 Sector 18 Chandigarh	E W S	2836	175	Yes	Sec 15 Panchkula
10	Sh Jewa Lal 720/35 Sec 16, Chandigarh	Do	2837	280	Do	Do
11	Sh Ravinder Kumar S/o Sh Laxmi Narain Vill & P O Mandola Teh Rewari	Do	2838	250	Do	Do
12	Sh Pritam Singh S/o Sh Mohan Singh Vill Thaanger P O Thaanger Patti Distt Pauri (U P)	Do	2839	325	Do	Do

1	2	3	4	5	6	7
13	Sh Ranbir Singh H No 246 Sect 18 Panchkula	Do	2824	(File is pending with vigilance deptt Haryana)		Do
14	Sh Attar Singh H No 246 Sec 18 Panchkula	Do	2825	Do		Do
15	Sh Samunder Singh H No 246 Sec 18 Panchkula	Do	2826	Do		Do
16	Sh Maha Singh H No 57 Sec 18 Panchkula	Do	2827	Do		Do
17	Sh Roshan Lal S/o Sh Arjun Dev Dand Mandi Kaithal	M I G B	525	700	Yes	Sec 6 Panchkula
18	Sh Varinder Kumar Vill & P O Kalyat Teh Narwana	Do	528	650	Do	Do
19	Smt Rattani Devi H No 538 Sec 6 Panchkula	Do	538	(File is pending with vigilance deptt Haryana)		Do
20	Sh Raj Kumar 19 New Colony Gurgaon	Do	539	700	Yes	Do
21	Sh Jai Bhagwan S/o Sh S R Bhardwaj H No 1076 Sector 20 Chandigarh	Do	584	946 05	Do	Do

Statement of houses as Special Quotta in Sector 11, Panchkula

Sr No	Name & address of allottee	Type of house allotted	House No	Monthly income of the allottee	Wheather ilgible	Name of colony
1	2	3	4	5	6	7
1	Sh Yugal Kishore S/o Sh Bishamb er Dass C/o Dr Mittal 21 M I G Sector 15 Panchkula	M I G	156	1250 PM	Yes	Sector 11 Panchkula
2	Raj Pal Bansal S/o Sh Banarsi Dass S C F 86 Sector 26 Grain Market Chandigarh	M I G	B 155	800 P M	Yes	Sector 11 Panchkula
3	Smt Geeta Devi W/o Sh Jogi Ram 217 H B C Panipat	M I G	B 110	1400 P M	Yes	Sector 11 Panchkula
4	Sh Subash Chander S/o Lete Sh Jagan Nath, H No 23 Sector 18 Panchkula	M I G	B 102	800 P M	Yes	Sector 11 Panchkula
5	Sh Puran Mal S/o Sh Chuni Lal L-242 M T Rewari Mohindergarh	M I G	31	2300 P M	Yes	Sector 11 Panchkula
6	Sh Tirlok Singh S/o Diwan Singh United Auto Store Panchkula	M I G	B 41	1200 P M	Yes	Sector 11 Panchkula
7	Manohar Lal S/o Sh Bihari Lal Beauty Place Saudagar Bazar A/Cantt	M I G	B 42	875 P M	Yes	Sector 11 Panchkula
8	Smt Rakesha Kapoor W/o Sh Lal Chand Kapoor H No 6 Sector 7 A Chandigarh	M I G	B 58	1000 P M	Yes	Sector 11 Panchkula
9	Smt Harkaur Devi C/o Sh Ram Kishan H No 262 Ward No 5 Jind	M I G	A 611	700 P M	Yes	Sector 11 Panchkula
10	Sh Parmjit Singh S/o Sh K D Singh Q No 1 Central School Chandimandir	M I G	A 607	625 P M	Yes	Sector 11 Panchkula
11	Sh Bhagwant Singh S/o Sh Ram Singh 726 Sector 7 Panchkula	M I G	A 598	1000 P M	Yes	Sector 11 Panchkula
12	Sh Sube Singh S/o Sh Ganpat Singh V Sirsa Kheri P O Naud Garh Jind	M I G A	588	864 10 P M	Yes	Sector 11 Panchkula
13	Sh Manga Ram Kataria S/o Sh Molar Singh Assistant Haryana Civil Secretariat Chandigarh	M I G A	597	941 36 P M	Yes	Sector 11 Panchkula

Statement of Houses Allotted under special quota in Sector 10 Panchkula

Sr No	Name & address of allottees	Type of house allotted	House No	Monthly income of the allottee	Whether eligible for allotment	Name of colony
1	2	3	4	5	6	7
1	Sh Lachaman Dass S/o Sh Badri Pirshad C/o M/s Phool Chand Badri Parshad Anaj Mandi Charkhi Dadri	M I G B	847	Rs 800 P M	Yes	Sector 10 Panchkula
2	Sh A K S Chouhan S/o Sh R S Chouhan Vill & P O Bista Ambala	M I G A	937	Rs 1200 P M	Yes	Do
3	Sh Hukam Singh S/o Sh Gopal Vill & P O Molahara Distt Gurgaon	M I G A	1121	Rs 650 P M	Do	Do
4	Kishore Nath Anand S/o Late Sh Ram ji Lal 268 Sec 13 Panchkula	M I G A	1144	Rs 1000 P M	Do	Do
5	Naresh Kumar S/o Sh Lal Chand H No 19 Sec 18 Panchkula	M I G A	1133	Rs 1800 P M	Do	Do
6	Rajinder Kumar S/o Sh Faquir Chand Gali Mochian Sirsa	M I G A	1132	Rs 650 P M	Do	Do
7	Sh M L Dhiman S/o Sh Bhutu Ram H No 129 Sec 18 Panchkula	L I G	1192	Rs 400 P M	Do	Do
8	Smt Rama Devi W/o Tara Chand Vill Nizam Pur P O Babbar Pur via Panipat	L I G	1193	Rs 425 P M	Do	Do
9	Subhlakshna Verma W/o Sh H L Verma H No 158/16 Pan hkula	L r G	1194	Rs 580 P M	Do	Do
10	Monika D/o Sh Brij Bhushan Vill & P O Narwana City Jind	L I G	1195	Rs 360 P M	Do	Do
11	Smt Anti Devi W/o Sh Jyoti Ram Vill & P O Raipur Rani Distt Ambala	L I G	1196	Rs 500 P M	Do	Do
12	Lajja Singh S/o Smapuran Singh Vill Islam Nagar P O Pinjore	L I G	1197	Rs 400 P M	Do	Do

1	2	3	4	5	6	7
13	Sh Nirmal Singh S/o Sh Inder Singh Driver Minister Car S ction Bus Stand Sec 17 Chandigarh	L I G	1198	Rs 591 P M	Do	Do
14	Sh Ranbir Singh S/o Sh Ran Singh Vill & P O Chamarien Distt Rohtak	L I G	1199	Rs 450 P M	Do	Do
15	Smt Swarn Kanta D/o Late Sh Krishan Kumar H No 100 Sec 19 A Chandigarh	L I G	1185	Rs 450 P M	Do	Do
16	Sh Inder Sain S/o Sh Mukand Lal Near Devi Mandir Vill P O Indri Distt Karnal	L I G	1186	Rs 500 P M	Do	Do
17	Sh Daljit Singh S/o Sh Man Singh Vill & P O Babail Distt Karnal	L I G	1187	Rs 400 P M	Do	Do
18	Sh Des Raj S/o Sh Prabh Dayal Qr No 85 A D H T Colony Pinjore	L I G	1188	Rs 450 P M	Do	Do
19	Sh Sai Dass S/o Sh Ram Narain Kothi No 64 Sec 8 A Chandigarh	L I G	1189	Rs 511 60 P M	Do	Do
20	Sh Ram Krishan S/o Sh Jyoti Ram Vil Hauroli Teh Jagadhari Ambala	L I G	1190	Rs 460 P M	Do	Do
21	Sh Kiran Pal Jain S/o Sh J N Jain 1 A 222 Faridabad	L I G	1191	Rs 400 P M	Do	Do
22	Sh Chuni Lal Amba S/o Sh Munshi Ram Kothi No 140 Sec 9 B Chandigarh	L I G	938	Rs 791 P M	Do	Do
23	Sh Diwan Chand S/o Sh Prabhu Dayal H No 738 Sec 16 D Chandigarh	L I G	1200	Rs 590 P M	Do	Do
24	Sh Harmender Singh S/o Sh Ram Singh Vill & P O Baland Distt Rohtak	L I G	1201	Rs 400 P M	Do	Do

Annexure—V

List of persons to whom the houses have been allotted out of discretionary quota of Chairman Housing Board Haryana

Sr No	Name	House No	Date of deposit of registration money after the allotment of houses by the Chairman Housing Board Haryana
	2	3	4
Faridabad (MIG 3) Sector 10			
1	Rajinder Parshad	32	13 5 1980
2	K S Kalra	31	13 5 1980
3	Dr Surender Kumar	30	13 5 1980
4	Ram Parshad Gupta	179	13 5 1980
5	Narinder Singh	1	21 5 1980
6	Bharat Singh	218	23 5 1980
7	Dhirender Singh	201	23 5 1980
8	Ravinder Bhatia	180	27 5 1980
Faridabad (L I G)			
1	Jinender Kumar	940	15 5 1980
2	Kanshi Ram	941	15 5 1980
3	Afaq Mohd Khan	942	15 5 1980
4	Naresh Kumar	351	15 5 1980
5	Rattan Lal	465	20 5 1980
6	Smt Krishan Rani Kapoor	467	20-5 1980
7	Shri Chand	352	26-5 1980
8	Tulsi Dass	353	26-5 1980
9	Smt Prem Bati	311	26-5 1980
10	Darshan Singh	466	28 5 1980
11	Ayaz Mohd Khan	313	3 6-1980
12	Ram Niwas	1034	23 6 1980
13	Mahavir Singh	1033	23-6-1980
14	Sita Ram	312	3 6 1980
15	Rajesh Kumar	1032	23 6 1980
Faridabad (M I G 'A')			
1	P K Jain	361	13 5 1980
2	S A Sharti	362	13 5 1980
3	D P Shangle	412	13 5 1980
4	B R Chauhan	58	20-5 1980
5	S N Sharma	411	20-5 1980

1	2	3	4
6	Raj Singh	46	21 5-1980
7	Megh Raj	59	20 5 1980
8	A B Bhatia	374	28-5 1980
9	Ram Kumar	47	30-5 1980
10	Balbir	375	22 7 1980
Faridabad (E W S)			
1	Gian Chand	741	15 5 1980
2	Ira had Mohd Khan	740	20 5 1980
3	Madan Pal Singh	704	20 5 1980
4	Krishan Murari	743	26-5 1980
5	Smt Sita Devi	705	3 6 1980
6	Smt Swatantra Malhotra	745	3 6 1980
7	Babu Lal	742	3-6 1980
8	Raj Kumar	744	3 6 1980
9	Hari Babu	706	26-6-1980
10	Nand Kishore	707	26-6 1980
11	Mahesh Kumar Sharma	680	3 7 1980
12	Zile Singh	681	3 7 1980
13	Banwari Lal	708	3 7 1980
14	Smt Ved Bati	677	3 7 1980
15	Om Parkash	678	3 7 1980
16	S B Pandey	592	11 7 1980
17	Smt Lata Rani	591	11 7 1980
18	Smt Luxmi Bai Gupta	590	11-7 1980
19	Miss T K Girja	593	11 7 1980
20	Smt Neelam Rani	580	11 7 1980
21	Lal Singh	679	1 7 1980
Karnal (M.I G A)			
1	Chander Parka h	1088	30 5 1980
2	Jagdish Singh	1089	12 6 1980
Karnal (M.I G B)			
1	Smt Murti Devi	1112	13-5 1980

1	2	3	4
	Karnal (L I G)		
1	A hok Kumar	720	9 6 1980
2	Avinash Chander	722	26 6 1980
3	Ram Kumar	1055	Do
4	Jagdi h Chander	706	Do
5	Hari Chand	1056	Do
6	Ashok Kumar	1057	Do
7	Prem Singh	707	7 7 1980
8	Smt Pushpa Devi	708	Do
9	Brij Mohan	1156	1 8 1980
	Ka nal (E W S)		
1	Kesa Das	836	26-6 1980
2	Manjit Singh	838	Do
3	Smt Paramjit Kaur	837	Do
4	Su esh Kumar	935	21 7 1980
5	Smt Shanti Devi	936	Do
6	Jagdish Chander	847	3 7 1980
7	Harpal Singh	848	19 8 1980
8	Smt Kau halaya Devi	934	22 12 1980
	Sirsa (E W S)		
1	Kuldeep	368	24 2 1981
	Panchkula (M I G A Sector 10)		
1	Rajinder Kumar	1132	13 5 1980
2	A K Chauhan	937	20 5 1980
3	Sh Hukam Singh	1121	28 5 1980
4	Chuni Lal	938	19 6-1980
5	Naresh Kumar	1133	1 8 1980
6	Kishore Nath Anand	1144	2 12 1980
	Panchkula (M I G B) Sector 6 & 10		
1	Vitender Kumar Mittal	528	6-5 1980
2	Smt Ratni Devi	538	2 5 1980
3	Raj Kumar	539	Do

1	2	3	4
4	Roshan Lal	525	19 5 1980
5	Jai Bhagwan Bhardwaj	584	23 5 1980
6	Lachman Dass	847	6-5 1980
Panchkula (L I G) Sector 10			
1	Kiram Pal Jain	1191	20-5 1980
2	Nar Mohinder Singh	1201	Do
3	Sain Dass	1189	Do
4	Ram Kishan	1190	Do
5	Dewan Chand	1200	26-5 1980
6	Daljit Singh	1187	Do
7	Inder Sain	1186	Do
8	Des Raj	1188	Do
9	Smt Swaran Kanta	1185	9 6 1980
10	Smt Shubhlakshmi Verma	1194	12 6 1980
11	Smt Ramo Devi	1193	26-6-1980
12	Smt Anti Devi	1196	7 7 1980
13	Miss Monika	1195	10 7 1980
14	Nirmal Singh	1198	11 7 1980
15	Ranbir Singh	1199	15 7 1980
16	Lajja Singh	1197	5 8 1980
17	M L Dhiman	1192	5 9 1980
Panchkula (E W S) Sector 15			
1	Ram Chander	2831	22 5 1980
2	Maha Singh	2827	Do
3	Smt Birmati Devi	2828	Do
4	Ranbir Singh	2824	23 5 1980
5	Attar Singh	2825	26-5 1980
6	Jagjit Singh	2829	26-5 1980
7	Nat Ram	2833	Do
8	Samunder Singh	2826	Do
9	Risal Singh	2832	Do

1	2	3	4
10	Gindhari Lal	2830	2 6 1980
11	Pritam Singh	2839	12 6 1980
12	Khushal Pal Singh	2834	13 6 1980
13	Ravinder Kumar	2838	15 7 1980
14	Avtar Singh	2836	22 7 1980
15	Jawa Lal	2837	20-8 1980
16	Ashok Kumar	2835	29 9 1980
Panchkula (M I G B) Sector 11			
1	Raj Pal Bansal	135	7 7 1980
2	Manohar Lal	42	15 7 1980
3	Puran Mal	31	14 7 1980
4	Smt Rakha Kapoor	58	21 7 1980
5	Yugal Kishore	156	18-7 1980
6	Subhash Chander	102	1 8 1980
7	Tirlok Singh	41	20-8 1980
8	Smt Geeta Devi	110	21 8 1980
Panchkula (M I G A) Sector 11			
1	Paramjit Singh	607	19 7 1980
2	Bhagwant Singh	598	24 7 1980
3	Sube Singh	588	3 8 1980
4	Mange Ram	597	3 8 1980
5	Smt Karkaur Devi	611	21 8 1980

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