

Overview

This Report contains 17 paragraphs and one performance audit on ‘Acquisition of land, Development of Industrial Estates and their management’ by Haryana State Industrial and Infrastructure Development Corporation Limited involving a financial effect of ₹ 5,725.18 crore relating to avoidable expenditure, loss of interest, non-safeguarding of the financial interests *etc.* Some of the major findings are mentioned below:

1. About the State Public Sector Undertakings

The State of Haryana had 26 working PSUs (24 companies and two Statutory corporations) and 5 non-working companies which employed 27,763 employees. As on 31 March 2017, the investment (paid-up capital, long-term loans and free reserves) in 31 PSUs was ₹ 44,361.19 crore. Out of the total investment in State PSUs, 99.40 *per cent* was in working PSUs and the remaining 0.60 *per cent* in non-working PSUs. The total investment consisted of 26.81 *per cent* towards paid-up capital, 72.98 *per cent* in long-term loans and 0.21 *per cent* in free reserves. The State Government contributed ₹ 14,852.18 crore towards equity, loans and grants/ subsidies in 13 PSUs during 2016-17.

(Paragraphs 1.1, 1.6, 1.7 and 1.8)

Performance of Public Sector Undertakings

Out of 26 working PSUs, 17 PSUs submitted their 20 accounts up to September 2017. Of these, nine accounts reflected profit of ₹ 271.48 crore and 11 accounts reflected loss of ₹ 1,107.51 crore. Further, as per the dividend policy of the State Government, all PSUs are required to pay a minimum return of four *per cent* on the paid up share capital contributed by the State Government. Out of profit making PSUs only four PSUs declared dividend of ₹ 6.85 crore.

(Paragraphs 1.16, 1.18 and 1.20)

Arrears in finalisation of accounts

23 working PSUs had arrears of 45 accounts as of 30 September 2017. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not and thus Government’s investment in such PSUs remained outside the control of State Legislature.

(Paragraphs 1.10 and 1.11)

2. Performance audit of Government Company

Performance audit of ‘Acquisition of land, Development of Industrial Estates and their management’ by Haryana State Industrial and Infrastructure

Development Corporation Limited was conducted. The important audit findings are as under:

The Company has not prepared any perspective plan for acquisition and development of land for balanced industrial development in the State and failed to boost the Micro, Small and Medium Enterprises sector as per the requirements of the Industrial Policy.

(Paragraphs 2.6 and 2.6(ii))

Land measuring 7542.76 acres valuing ₹ 4,488.86 crore acquired between January 2006 and April 2013 has not yet been taken up for development of Industrial Estates.

(Paragraph 2.6(i))

The Company incurred extra expenditure of ₹ 742.92 crore and ₹ 112.61 crore in acquisition of land due to delay in filing of appeals in court and application of incorrect rates respectively.

(Paragraphs 2.7(i) and 2.7(ii)(a))

There was delay in execution of development works and against the leviable Liquidated Damages (LD) of ₹ 19.34 crore, the Company levied LD of ₹ 5.86 crore only leaving a shortfall of ₹ 13.48 crore.

(Paragraph 2.8.1(iv))

The percentage of recovery of enhancement in cost of land decreased drastically from 43 in 2014-15 to 12 in 2016-17. Due to poor recovery performance the overdue amount from allottees increased from ₹ 1,144.56 crore to ₹ 1,871.04 crore during the period 2015-17.

(Paragraph 2.8.2(iv))

3. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of State Government Companies and Statutory Corporation, which had serious financial implications. Important findings are as under:

Haryana Power Generation Corporation Limited

- The Company had incurred loss of ₹ 1.87 crore on account of excess transit loss *vis-a-vis* HERC norms due to entering into deficient contract with coal agent.

(Paragraph 3.1)

- The award of work of preparing tender documents before obtaining a firm coal linkage resulted in unfruitful expenditure of ₹ 62.54 lakh.

(Paragraph 3.4)

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

- DISCOMs had incurred avoidable expenditure of ₹ 127.23 crore on purchase of short term non-solar renewable power instead of purchasing Renewable Energy Certificates by Haryana Power Purchase Centre.

(Paragraph 3.6)

- DISCOMs introduced the Meter Pillar Box Scheme without obtaining approval from HERC and initiated the scheme for the entire State without waiting for outcome of pilot project. A Firm has been benefitted by DHBVNL as 65 per cent of the total work orders awarded were issued to this firm. The scheme could not be implemented effectively as only 34 per cent of total material to be supplied was utilised in the project.

(Paragraph 3.8)

Dakshin Haryana Bijli Vitran Nigam Limited

- The Company made irregular reimbursement of ₹ 1.41 crore towards payment of Central Sales Tax to the contractor without obtaining documentary evidence.

(Paragraph 3.10)

Uttar Haryana Bijli Vitran Nigam Limited

- The Company issued sales circulars which were non-compliant of Electricity Supply Code Regulations, 2014, resulting in short recovery of ₹ 10.04 crore.

(Paragraph 3.11)

Haryana Agro Industries Corporation Limited and Haryana State Warehousing Corporation

- HAIC and HSWC raised bills for differential claims of wheat and Custom milled rice on FCI with a delay ranging between 8 to 333 days which resulted in avoidable payment of interest of ₹ 2.66 crore.

(Paragraph 3.14)

Haryana Agro Industries Corporation Limited

- Out of nine recommendations of the Committee on Public Undertakings, one recommendation has been fully implemented; partial progress was made in two cases and in six cases, the Company made no progress.

(Paragraph 3.15)