

## CHAPTER 1

### Introduction

#### 1.1 Budget profile

There are 53 departments, 36 Public Sector Undertakings and 36 entrusted autonomous bodies functioning under the Government of Haryana. The list of departments, Public Sector Undertakings and autonomous bodies is enclosed (*Appendix 1.1*). The position of budget estimates and actual expenditure there against by the State Government during 2015-20 is given in **Table 1.1**.

**Table 1.1: Budget and actual expenditure of the State during 2015-20**

(₹ in crore)

Expenditure	2015-16		2016-17		2017-18		2018-19		2019-20	
	Budget Estimates	Actual								
General Services	19,668	18,713	21,663	21,631	24,379	26,699	29,788	28,169	35,358	31,884
Social Services	25,015	21,539	29,403	25,473	31,404	28,061	34,176	29,743	36,114	33,726
Economic Services	16,549	18,691	23,482	20,875	23,752	18,107	20,916	19,022	22,770	19,238
Grants-in-aid and Contributions	213	293	248	424	401	390	306	222	0	0
<b>Total (1)</b>	<b>61,445</b>	<b>59,236</b>	<b>74,796</b>	<b>68,403</b>	<b>79,936</b>	<b>73,257</b>	<b>85,186</b>	<b>77,156</b>	<b>94,242</b>	<b>84,848</b>
Capital Outlay	5,904	6,908	8,817	6,863	11,122	13,538	15,780	15,306	16,260	17,666
Loans and Advances Disbursed	1,367	13,250	4,729	4,515	1,326	1,395	1,766	756	1,407	1,309
Repayment of Public Debt	10,036	7,215	9,677	5,276	9,945	6,339	12,466	17,184	20,257	15,776
Contingency Fund	-	63	-	80	-	27	-	13	-	-
Public Accounts disbursements	84,833	28,650	96,756	29,276	2,04,107	31,171	2,32,569	37,386	1,41,707	42,171
Closing Cash balance	-	6,218	-	5,658	-	4,417	-	2,985	-	3,999
<b>Total (2)</b>	<b>1,02,140</b>	<b>62,304</b>	<b>1,19,979</b>	<b>51,668</b>	<b>2,26,500</b>	<b>56,887</b>	<b>2,62,581</b>	<b>73,630</b>	<b>1,79,631</b>	<b>80,921</b>
<b>Grand Total (1+2)</b>	<b>1,63,585</b>	<b>1,21,540</b>	<b>1,94,775</b>	<b>1,20,071</b>	<b>3,06,436</b>	<b>1,30,144</b>	<b>3,47,767</b>	<b>1,50,786</b>	<b>2,73,873</b>	<b>1,65,769</b>

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

#### 1.2 Application of resources of the State Government

As against the total budget outlay of ₹ 2,73,873 crore, the application of resources was ₹ 1,65,769 crore during 2019-20. The total expenditure<sup>1</sup> of the State increased by 31 per cent from ₹ 79,394 crore to ₹ 1,03,823 crore during the period 2015-16 to 2019-20 while the revenue expenditure increased by 43 per cent from ₹ 59,236 crore to ₹ 84,848 crore during the same period. The revenue expenditure constituted 75 to 86 per cent of the total expenditure while capital expenditure was nine to 17 per cent during the period from 2015-16 to 2019-20.

<sup>1</sup> Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

During the period from 2015-16 to 2019-20, total expenditure increased at an annual average rate of 15 per cent whereas revenue receipts grew at an annual average growth rate of 11 per cent.

### 1.3 Persistent savings

During the last five years, 20 grants and one appropriation showed persistent savings of more than ₹ 10 crore which were also 10 per cent or more of the total grants as given in table below.

Table 1.2: Grants indicating persistent savings

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenue (Voted)</b>						
1.	07-Planning and Statistics	237.74 (58)	283.17 (62)	10.76 (26)	22.00 (37)	18.24 (34)
2.	11-Sports and Youth Welfare	84.43 (27)	105.84 (25)	211.20 (46)	114.86 (29)	114.93 (28)
3.	14-Urban Development	63.06 (37)	12.47 (13)	53.95 (51)	38.93 (36)	477.33 (82)
4.	15-Local Government	1,407.70 (43)	879.77 (25)	1,462.93 (27)	2,168.63 (43)	2,263.66 (41)
5.	17-Employment	29.62 (38)	16.12 (23)	56.52 (24)	45.37 (13)	69.75 (15)
6.	18-Industrial Training	30.39 (12)	52.67 (19)	122.11 (29)	185.11 (37)	201.65 (31)
7.	19-Welfare of SCs and BCs	323.20 (49)	213.79 (27)	357.63 (47)	325.97 (45)	226.64 (44)
8.	21-Women and Child Development	268.23 (27)	368.88 (33)	232.26 (22)	476.58 (34)	409.27 (29)
9.	24-Irrigation	359.16 (21)	512.12 (27)	519.63 (27)	214.32 (13)	265.50 (15)
10.	25-Industries	70.33 (56)	436.29 (62)	234.39 (64)	343.58 (61)	60.84 (19)
11.	27-Agriculture	374.19 (27)	826.91 (43)	648.44 (34)	956.78 (35)	1,542.96 (50)
12.	28-Animal Husbandry	171.88 (25)	110.83 (15)	88.83 (12)	107.55 (12)	183.11 (18)
13.	30-Forest and Wildlife	76.92 (19)	97.95 (26)	142.21 (31)	143.96 (32)	178.39 (35)
14.	32-Rural and Community Development	815.54 (28)	366.90 (10)	1,193.68 (26)	1,261.75 (26)	1,341.36 (25)
15.	34-Transport	259.83 (13)	283.94 (13)	277.38 (12)	406.76 (16)	387.16 (16)
16.	37-Elections	15.49 (22)	11.24 (20)	38.15 (53)	30.63 (40)	171.11 (56)
<b>Capital (Voted)</b>						
17.	18-Industrial Training	14.74 (32)	16.99 (36)	14.30 (37)	53.33 (78)	32.13 (42)
18.	21-Women and Child Development	168.82 (79)	37.37 (34)	110.87 (64)	77.01 (48)	127.84 (88)
19.	34-Transport	79.85 (38)	149.58 (57)	45.64 (17)	163.57 (47)	488.07 (88)
20.	38-Public Health and Water Supply	323.70 (28)	310.50 (25)	273.98 (19)	294.53 (17)	296.86 (20)
<b>Capital (Charged)</b>						
21.	Public Debt	2,820.83 (28)	4,401.67 (45)	3,606.12 (36)	2,081.88 (11)	4,481.64 (22)

Figures in parenthesis show percentage of savings to total provision

Source: Appropriation Accounts of concerned years.

## 1.4 Grants-in-aid from Government of India

The Grants-in-aid (GIA) from Government of India (GoI) increased by ₹ 3,448.37 crore (48.75 per cent) in 2019-20 over the previous year as shown in Table below.

**Table 1.3: Grants-in-aid received from GoI**

Particulars	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Non-Plan Grants</b>	3,744.39	3,078.49	-	-	-
<b>Grants for State Plan Schemes</b>	2,268.18	2,327.52	-	-	-
<b>Grants for Central Plan Schemes</b>	27.53	34.50	-	-	-
<b>Grants for Centrally Sponsored Schemes</b>	338.66	237.07	2,326.62	2,843.09	2,851.99
<b>Finance Commission Grants</b>	-	-	1,316.68	1,274.26	2,005.74
<b>Compensation for Loss of Revenue arising out of implementation of GST</b>			1,199.00	2,820.00	5,453.43
<b>Other Transfer/Grants to States</b>	-	-	342.82	136.19	210.75
<b>Total</b>	<b>6,378.76</b> (28)	<b>5,677.58</b> (-11)	<b>5,185.12</b> (-9)	<b>7,073.54</b> (36)	<b>10,521.91</b> (49)

Source: Finance Accounts of the respective years.

In addition to above, GoI had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. The GoI decided to route these funds through State Budget from 2014-15 onwards. However, during 2019-20, the GoI transferred ₹ 4,351.10 crore directly to various implementing agencies/Non-Governmental organisations of the State.

## 1.5 Planning and conduct of audit

The audit process commences with risk assessment of various Departments, Public Sector Undertakings (PSUs) and Autonomous Bodies including schemes/projects which involves assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on the risk assessment, the frequency and extent of audit are decided, and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office/ Management with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are to be submitted to the Governor of Haryana under Article 151 of the Constitution of India.

During 2019-20, compliance audit of 559 departmental auditee units out of 6,321 auditable units, 51 auditee units of 16 PSUs under Section 19 (1) and

44 auditee units of six autonomous bodies under sections 19 (1), 19 (2), 19(3) and 20 (1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, was conducted by the office of the Principal Accountant General (Audit), Haryana.

### **1.6 Significant audit observations and response of Government to Audit**

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected Departments/ Public Sector Undertakings (PSUs) which have negative impact on the success of programmes and functioning of the Departments/ PSUs. The focus was on offering suitable recommendations to the Executive/Management for taking corrective action and improving service delivery to the citizens. The Departments/ PSUs are required to send their responses to draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks.

This Audit Report contains 19 compliance audit paragraphs which were forwarded to the concerned Administrative Secretaries. Replies from the administrative departments for nine compliance audit paragraphs (five for non PSUs and four for PSUs) have been received which have suitably been incorporated in the Audit Report.

This Report was discussed with the Administrative Secretaries Government of Haryana, Departmental Heads, Managing Directors of PSUs and other representatives of concerned Departments/PSUs in exit conference on 26 August 2021. The viewpoints of the Government and Management of PSUs have been duly considered and suitably incorporated in the Report.

### **1.7 Recoveries at the instance of audit**

The audit findings involving recoveries that came to notice during the course of test audit of accounts of Government Departments/ PSUs were referred to the various departmental Drawing and Disbursing Officers (DDOs)/Managements for confirmation and further necessary action under intimation to audit. An amount of ₹ 2.19 crore out of ₹ 1,00,534 crore was recovered in 25 cases during 2019-20 by various departments after being pointed out by the Audit through Inspection Reports.

### **1.8 Responsiveness of Government to Audit**

After periodical inspection of the Government Departments/ PSUs, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the head of offices audited with copies to the next higher authorities/ Managements. The executive authorities/Managements are expected to promptly rectify the

defects and omissions pointed out and report compliances to the Principal Accountant General (Audit) within four weeks. Half yearly reports of IRs pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs. A total of 25,502 paragraphs pertaining to 8,214 IRs were outstanding as of September 2020, against various auditable units pertaining to various Departments, PSUs and Autonomous Bodies under various clusters as detailed in table below:

**Table 1.4: Year wise breakup of outstanding Inspection Reports and paragraphs**  
(₹ in crore)

Year	Number of IRs	Number of paragraphs	Money value
Prior To 2014-15	5,266	12,977	28,581.74
2015-16	599	2,189	55,395.77
2016-17	610	2,408	26,804.15
2017-18	630	2,521	2,55,976.30
2018-19	639	2,905	5,17,774.26
2019-20	470	2,502	1,21,116.45
<b>Total</b>	<b>8,214</b>	<b>25,502</b>	<b>10,05,648.67</b>

Source: Information derived from IR Registers maintained in PAG (Audit) Office.

Category-wise details of irregularities pointed out through these IRs which had not been settled as of September 2020 are indicated in *Appendix 1.2*.

A review of Inspection Reports audited up to March 2020 relating to various offices of Medical Department of Haryana revealed that 754 paragraphs of 306 Inspection Reports with money value of ₹ 484.08 crore were outstanding as on August 2020 as indicated in Table below.

**Table 1.5: Year wise breakup of outstanding Inspection Reports and paragraphs**  
(₹ in crore)

Year	Number of IRs	Number of paragraphs	Amount
1992-93 to 2014-15	204	366	67.71
2015-16	14	34	8.38
2016-17	25	72	93.66
2017-18	27	126	270.03
2018-19	17	74	28.82
2019-20	19	82	15.48
<b>Total</b>	<b>306</b>	<b>754</b>	<b>484.08</b>

Source: Information derived from IR Registers maintained in PAG (Audit) Office.

Category-wise details of irregularities pointed out through these IRs which had not been settled as of August 2020 are indicated in *Appendix 1.3*.

## 1.9 Follow-up on Audit Reports

### 1.9.1 Public Accounts Committee (PAC)

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the

administrative departments were to initiate *Suo motu* action on all audit paragraphs featuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases were taken up for examination by the Public Accounts Committee (PAC) or not. The Administrative Departments were required to furnish Action Taken Notes (ATNs) indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the Legislature.

The Audit Report on Social, General and Economic Sectors (Non-PSUs) for the year 2016-17 has been discussed in PAC during the year 2019-20. The Audit Report on Social, General and Economic Sectors (Non-PSUs) for the year 2017-18 containing 24 paragraphs including performance audit was placed before the State Legislature Assembly on 26<sup>th</sup> November 2019, of which nine paragraphs had been discussed and remaining 15 paragraphs (including performance audit) of the Audit Reports on Social, General and Economic Sectors (Non-PSUs) for the year 2017-18 pertaining to eight administrative departments (*Appendix 1.4*) were yet to be discussed in PAC (November 2020). ATN on one paragraph pertaining to Transport Department was not submitted (November 2020). Further, 18 administrative departments had not taken any action to recover the amount of ₹ 13,236.81 crore in respect of 34 paragraphs including performance audit pertaining to Audit Reports for the year 2000-01 to 2017-18 as per details given in the *Appendix 1.5*.

The response of the Administrative Departments towards the recommendations of the PAC was not encouraging as 788 recommendations relating to Audit Reports for the period from 1971-72 to 2016-17 contained in 9<sup>th</sup> to 80<sup>th</sup> Report of PAC were still awaiting final action by the concerned administrative departments as per details given in *Appendix 1.6*.

## **1.9.2 Committee on Public Undertakings (COPU)**

### ***1.9.2.1 Replies outstanding***

The Finance Department, Government of Haryana issued (July 2002) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

**Table 1.6: Position of explanatory notes on Audit Reports related to SPSEs (as on 31 March 2021)**

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2016-17	14 March 2018	1	17	-	1
2017-18	26 November 2019	1	12	1	5
2018-19	5 March 2021	1	14	Not yet due.	

Source: Compilation based on explanatory notes received from respective Departments of GoH.

Explanatory notes on one performance audit and six compliance audit paragraphs were pending with 11 departments till 31 March 2021.

### 1.9.2.2 Discussion of Audit Reports by COPU

The status of discussion of Performance Audits and paragraphs related to SPSEs that appeared in Audit Reports (PSUs) by the COPU as on 31 March 2021 was as under:

**Table 1.7: Performance Audits/Paragraphs appeared in Audit Reports vis-à-vis discussed as on 31 March 2021**

Period of Audit Report	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2016-17	1	17	-	11
2017-18	1	12	-	-
2018-19	1	14	-	-

Source: Compilation based on the discussions of COPU on the Audit Reports.

The discussion on Audit Reports (PSUs) up to 2015-16 has been completed.

### 1.9.2.3 Compliance to Reports of COPU

Action Taken Notes (ATNs) on seven reports of the COPU relating to the State SPSEs presented to the State Legislature between March 2011 and March 2020 had not been received (31 March 2021) as indicated in the following table:

**Table 1.8: Compliance to COPU Reports**

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	Number of recommendations where ATNs not received
2013-14	1	10	1 (Para No. 6)
2014-15	1	12	1 (Para No. 5)
2015-16	1	16	1 (Para 14)
2016-17	1	15	5 (Para 1 to 5)
2017-18	1	23	8 (Para No. 6,15,18 to 23)

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	Number of recommendations where ATNs not received
2018-19	1	7	2 (Para no.5 & 7)
2019-20	1	9	9 (Para no.1 to 9)
<b>Total</b>	<b>7</b>	<b>92</b>	<b>27</b>

Source: Compilation based on ATNs received on recommendations of COPU from the respective Departments of GoH.

The above-mentioned Reports of COPU contained recommendations in respect of paragraphs which appeared in the Reports of the CAG of India for the period 2009-10 to 2015-16.

### **1.10 Status of placement of Separate Audit Reports of autonomous bodies and Statutory Corporations in the State Assembly**

Several autonomous bodies have been set up by the Government in the fields of Urban Development, Housing, Labour Welfare, Agriculture and Justice. The audit of accounts of 36 autonomous bodies and two Statutory Corporations in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and its placement in the Legislature is indicated in *Appendix 1.7*.

Delay in submission of Accounts in respect of 12 autonomous bodies and two Statutory Corporations was of one to three years. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.