

OVERVIEW

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Haryana for the year 2006-07 and three others comprising 5 reviews and 23 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit findings is given below:

1. Finances of the State Government

The fiscal position of the State viewed in terms of the trends in fiscal parameters-revenue, fiscal and primary deficit/surplus has shown consistent improvement during the period 2002-07. The emergence of fiscal surplus along with surplus in revenue account and a steep increase in primary surplus during 2006-07 indicates the robust fiscal health of the State. However, a further analysis reveals that fiscal surplus during the current year was mainly on account of a significant recovery of loans (Rs 2,034 crore) from the power projects which in turn resulted in the enhancement of non-debt receipts of the State by Rs 1,911 crore during the year. The pattern of expenditure of the State also indicates that expenditure on salaries, pensions, interest payments and subsidies amounted to 70 *per cent* of total revenue expenditure leaving relatively less resources for effective delivery and expansion of social and economic services. Moreover, a steep increase of Rs 2,387 crore in subsidies was observed during 2006-07 thereby increasing the total expenditure on subsidies to Rs 3,852.45 crore. Out of total subsidies 98 *per cent* (Rs 3,759.34 crore) were for power and energy Sector which was more than 2.5 times against the State's own projection of Rs 1,464.80 crore in Fiscal Correction Path for 2006-07. Similarly, although expenditure under capital head has increased by Rs 816 crore during 2006-07 over the previous year but major proportion (62 *per cent*) of the incremental capital expenditure was in the form of investment in equity shares of various power corporations. The investments in statutory corporations, joint stock companies and co-operatives increased by 35 *per cent* during the year 2006-07 over the previous year, but the returns on these investments were negligible (less than one *per cent*) vis-à-vis the higher cost of the borrowed funds putting directly or indirectly the strain on the fiscal budget of the State and therefore is a cause of concern.

2. Allocative Priorities and Appropriation

As against the total appropriation of Rs 22,283.03 crore, the actual expenditure during 2006-07 was Rs 21,242.33 crore resulting in final saving of Rs 1,040.70 crore. Supplementary provision of Rs 86.80 crore obtained in five cases during the year proved unnecessary as the expenditure in each case was less than the original provision. In seven cases, the entire budget provision aggregating to Rs 277.87 crore remained unutilised.

The expenditure of the Government exceeded the budget provision during the year in nine grants/appropriations by Rs 616.74 crore. Such excesses aggregating to Rs 268.87 crore pertaining to the year 2005-06 had not been regularised (July 2007).

3. Working of Chaudhary Charan Singh Haryana Agricultural University, Hisar

Chaudhary Charan Singh Haryana Agricultural University, Hisar was established with the objectives to impart education in agricultural, veterinary and animal sciences, furtherance of learning and prosecution of research and to undertake extension of such sciences to the rural people in the State. Performance audit of the University brought out significant weaknesses in financial management, academic, research and extension activities, management of estate and other allied activities. There were cases of non-preparation of balance sheet, huge outstanding temporary advances, inadequate provision for pension fund, etc. Against the sanctioned strength of 1,218 teachers, only 851 were in position as on 31 March 2007. In four constituent colleges, in respect of six courses, shortfall in enrolment of students ranged between 11 and 74 *per cent*. Research activities were also not encouraging as there was decrease in production per *acre* in respect of major crops and seed production, inordinate delay in development of a new seed farm, etc. Seed of various varieties was sold as grain at lower rates, causing loss of Rs 42.02 lakh to the University. Establishment expenditure on construction wing was far in excess of norms as Rs 29.28 crore were spent on establishment against the norm of Rs 15.08 crore.

(Paragraph 3.1)

4. Urban and Rural Water Supply Schemes

The main objective of the Urban and Rural Water Supply schemes was to provide safe and adequate drinking water supply facility to entire population. A performance audit of implementation of water supply schemes in the State brought out that while providing drinking water, priority was not given to those villages deficient in drinking water supply. Five hundred ten villages covered

under the schemes were those which were not deficient in water supply while 868 villages remained deficient in water supply as on 31 March 2007. The water supply schemes of Narnaul town, Makrana group of villages and Nangal Dargu group of villages was taken up without ensuring availability of raw water. Delay in taking up the matter of outlet of raw water, deprived the habitants of Kalayat town of safe drinking water despite spending Rs 4.99 crore. Sub-standard execution of works of water tank costing Rs 1.39 crore for supply of water to Seehma group of villages deprived the habitants of safe drinking water. Eighty seven water supply schemes completed 4 to 37 months back at a cost of Rs 15.59 crore remained non-functional due to Department's slackness in obtaining electric connections. Excessive installation of stand posts led to wastage of water. Only 29 *per cent* of the targeted samples of water were collected and tested in seven laboratories, of which 14 *per cent* were found unfit. Monitoring, surveillance and information system was not efficient in the Department.

(Paragraph 3.2)

5. Waste Management

Wastes are a threat to the environment and human health if not handled or disposed of properly as these contaminate surface water, ground water, soil and air. A review on "Waste Management" brought out department's/Board's failure in assessing the updated quantity of waste being generated in the State, non-projection of growth of waste based on growth of population, consumption pattern and industrial growth, absence of strategy to prevent or to reduce generation of waste, etc. Seventy six *per cent* of the hazardous waste generation units, 60 *per cent* of bio-medical wastes facilities and 100 *per cent* of the municipal solid waste operators were operating without obtaining authorisation for the disposal of wastes from the State Pollution Control Board. Solid waste of Udyog Vihar, Gurgaon was disposed of on the bank of a Nallah, while waste of industrial estate, Barwala, Kundli and Manesar was being disposed of in the open at unauthorised places. Sewage of Hisar town was also being thrown in unauthorised places while treated effluent of Panipat was being discharged in Nohra Drain causing water and air pollution. Nine hundred twenty one hand carts and 38 tricycles purchased without any demand from Municipal Committees/Councils at a cost Rs 44.43 lakh had been lying unused in six MCs since their purchase in 2003-04. Segregation, storage and disposal of waste was not being done in health institutions as per prescribed Rules. Besides, 26,870.4 tonnes of hazardous waste had been piled up in pits in absence of common treatment, storage and disposal facility.

(Paragraph 3.3)

6. Nutritional Support to Primary Education

Main objective of the National Programme for Nutritional Support to Primary Education to boost universalisation of primary education was not achieved as there was no improvement in enrolment of students in primary classes. Programme funds lying unspent in bank accounts in five districts test checked indicated tardy implementation of programme. While in four districts students were provided inadequate quantity of foodgrains in meals, in three districts students (364 Alternative and Innovative Education Centres) were not provided mid day meals during 2004-07. There were cases of incorrect reporting of enrolment figures to Government of India, non-supply of meals to students on all the school days because of non-maintaining of buffer stock, lack of infrastructure such as *pucca* kitchen, cooking gas facility, etc. Ninety two *per cent* schools reported that the programme was affecting teaching and learning as serving and taking mid day meals consumed more than the prescribed time. District and block level Steering-cum-Monitoring Committees to monitor the implementation of the programme were not formed in test checked districts except district level committees in Faridabad and Jind.

(Paragraph 3.4)

7. Internal Controls in Industries and Commerce Department

A review of internal controls on selected areas of Industries and Commerce Department has shown that budget was not prepared on realistic basis as there were wide variations between original budget estimates and actual expenditure during 2004-07 under plan schemes. Maintenance of cash book and its reconciliation with the treasury schedules were found to be deficient which was fraught with the risk of misappropriation of funds remaining undetected. The Director drew funds of Rs 2.67 crore without immediate requirement in violation of Financial Rules, as a result of which the funds remained outside the Government Account. The State was deprived of central share of Rs 91 lakh due to inordinate delay in releasing State share under 'Market Development Assistance Scheme'. Internal audit was not conducted despite posting of an Accounts Officer and Section Officer by the Finance Department for the purpose.

(Paragraph 5.1)

8. Results of Transaction Audit

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of losses and wasteful spending of Rs 90.98 crore as mentioned below:

There was a case of loss of Rs 3.35 crore due to lack of supervision and improper storage of wheat stock.

There were four cases of excess and avoidable payment of Rs 16.71 crore which includes a case of unfruitful expenditure due to non-construction of water courses.

Cases of undue favour to contractor and avoidable expenditure of Rs 8.93 crore includes a case of avoidable expenditure on premature laying of carpet on a road.

There were three cases of idle establishment and blocking of funds of Rs 2.09 crore.

Audit also came across instances of regulatory and other issues amounting to Rs 59.90 crore.