

CHAPTER - IV

TRANSACTION AUDIT OBSERVATIONS

AUDIT PARAGRAPHS

4.1 Blocking of funds/idle investment

Education Department

Delay in procurement of the software had not only led to failure to achieve the desired objective of computerisation of District Libraries but the funds of Rs 74.47 lakh also stood blocked and remained out of Government accounts

4.1.1 With a view to cater the need of the general public for reference of catalogues, journals, text books, news papers, etc. and to develop an integrated system in all the District Libraries, Education Department, decided (January 2001) to computerise seven¹ District Libraries and also to open a cyber centre at Karnal in the first phase.

State Government sanctioned (March 2001) Rs 74.47 lakh to implement the scheme and placed (April 2001) the funds at the disposal of Haryana State Electronics and Development Corporation Limited (HARTRON), being a nodal agency. Besides providing infrastructure, HARTRON was required to impart training to the staff of District Libraries and also to provide application software for each District Library.

Test-check of records (January 2003) of Director, Higher Education (DHE) revealed that DHE placed (March 2001) an indent on HARTRON for supply of 33 computers and eight servers alongwith computer peripherals and related items, at a cost of Rs 74.47 lakh (four computers and one server for each District Library and five computers and one server for cyber centre). Although in the proposal, it was mentioned that application software shall be provided within a period of six to eight weeks from the date of receipt of confirmed order alongwith advance payment, no such clause was inserted in the indent by the DHE for which no reasons were on record. HARTRON supplied during July 2001 to December 2001, 33 computers and eight servers costing Rs 49.34 lakh but the same could not be put to use as the application software was not procured. It was only in December 2002 that the committee of librarians constituted (August 2002) by the Higher Education Department submitted its report and recommended to procure the 'SOUL' software from M/s Inlibnet, Ahmedabad, which was procured (March 2003) and installed at the District Libraries and training was also imparted to the staff during April 2003. Against the sanctioned amount of Rs 74.47 lakh, HARTRON had spent Rs 53.89 lakh on computerisation of these libraries. Unspent amount of Rs 20.58 lakh was still lying with HARTRON.

¹ Bhiwani, Gurgaon, Jind, Karnal, Narnaul, Rohtak and Sirsa.

The librarians of these District Libraries reported that the desired objective could not be achieved as the 'SOUL' software installed in these District Libraries (except Gurgaon and Bhiwani) was not working properly. Further, training imparted was insufficient and even the server procured had not been installed at Narnaul and Sirsa.

Thus, due to inordinate delay in procurement of software, unsatisfactory performance of 'SOUL' software and inadequate training imparted to the staff, funds of Rs 74.47 lakh not only stood blocked unnecessary over a period of two years and remained out of Government accounts but also desired results could not be achieved in five out of seven District Libraries².

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, Education Department in March 2003, but no reply was received from the Government (September 2003).

Town and Country Planning Department (Haryana Urban Development Authority)

Construction of booths without proper survey of demand not only rendered the expenditure of Rs 59.31 lakh as unfruitful but also the funds had remained blocked over a period of two years

4.1.2 State Government approved (December 1987) a 'General scheme' of transfer of lands by various departments to the Town and Country Planning Department, Haryana for their further alienation to Haryana Urban Development Authority (HUDA) for sale, with a view to mobilise additional resources and for taking up urban renewal schemes. Accordingly, State Government transferred (January 1999) a piece of land of old Government Senior Secondary School, Rohtak to HUDA for construction of shopping centre and also a new Senior Secondary School at Bhiwani Road, Rohtak.

Test-check of records of Estate Officer (EO), HUDA, Rohtak (September 2002) revealed that HUDA had constructed 141 booths at a cost of Rs 86.22 lakh during December 1999 to April 2001. Out of these, Construction Wing of HUDA had not handed over the possession of 17 booths to EO, HUDA Rohtak upto September 2003. Of the 124 booths transferred, HUDA could allot only 27 booths through auction as of September 2003. Remaining 97 booths constructed at a cost of Rs 59.31 lakh³ could not be allotted due to poor response in the auction. EO, HUDA, Rohtak attributed (December 2002) the reasons for poor response to ill planning of the department by constructing shops without survey for demand, higher reserve price and shifting of old bus stand.

Thus, construction of booths without proper survey of demand not only rendered the expenditure of Rs 59.31 lakh as unfruitful but also the funds had remained blocked over a period of two years.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana Town and

² Jind, Karnal, Narnaul, Rohtak and Sirsa.

³ (Rs 86.22 lakh/141) x 97 = Rs 59.31 lakh.

Country Planning Department in February 2003, but no reply was received from the Government (September 2003).

Public Works Department (Public Health Branch)

Investment of Rs 89.97 lakh on the construction of staff quarters under Yamuna Action Plan Project proved injudicious as quarters were occupied by private agencies on a nominal rent rather than the staff

4.1.3 In Yamuna Action Plan Project (YAPP), provision of staff quarters was made in the estimates of the “Sewage Treatment Plants (STP)” and “Main Pumping Stations (MPS)” for housing the Operation and Maintenance (O&M) staff at the sites of STPs. The quarters were meant for Assistant Engineers (AEs), Junior Engineers (JEs), Chemists, Operators, Electricians, Fitters, etc. These officials were required to be trained for maintenance of STPs from the staff of Public Health Department (PHD). Fifty staff quarters (four AEs, 12 JEs and 34 other categories) were constructed at six STPs in four towns by spending Rs 89.97 lakh during November 1996 -September 2000 as detailed below:

Sr. No.	Name of STP	Provisions as per estimate (Rs in lakh)	No. of staff quarters	Cost of construction (Rs in lakh)	Date of completion
1.	30 MLD Sonipat	13.33	7	11.31	29 November 1996
2.	10 MLD Yamunanagar	14.85	7	13.90	28 November 1998
3.	10 MLD & 35 MLD Panipat	34.51	14	22.89	31 March 1999
4.	25 MLD Yamunanagar	19.66	7	14.19	31 March 2000
5.	40 MLD Karnal	16.98	8	15.28	30 June 2000
6.	8 MLD Karnal	12.62	7	12.40	26 September 2000
	Total	111.95	50	89.97	

Audit (September, December 1999 and October 2001) of Public Health (PH) Division I Sonipat, 2 Panipat and 1 Yamunanagar revealed that these quarters were lying vacant since their construction as PHD staff were not trained to maintain STPs. When pointed out in audit, the Executive Engineer (EE) PH Division I, Yamunanagar stated (December 2002) that construction of quarters was necessary because funds would not have been available on completion of YAPP.

The Engineer-in-Chief (EIC) PWD PH Branch stated (May 2003) that the staff quarters at Yamunanagar and Karnal had been allotted to staff working on these STPs and those at Panipat and Sonipat were being utilised by private agencies which are maintaining those STPs.

Audit scrutiny however, revealed that out of these 50 quarters which were meant for AEs, JEs, Chemists, Operators, Electricians, Fitters, etc. (Class II and III employees in the department) 24 quarters were allotted (April 2003) to daily wagers without any such provisions in Rules for allotment of staff quarters to daily wagers. Twenty one quarters were given to private agencies for their staff, leaving five quarters still unoccupied. No steps were taken to fix the recoverable rent after assessing the rent for the quarters/office occupied by the staff of private agencies. The rent recovered for office and staff quarters irregularly occupied by private agencies was found negligible as only Rs 0.17 lakh were recovered for 14 quarters at Panipat for 25 months and Rs 0.12 lakh for seven quarters at Sonipat for the period from March 2001 to March 2003. No detailed terms for recovery of rent for office and residential

accommodation were settled before allotment of maintenance work of the STPs to private agencies.

Thus, the expenditure of Rs 89.97 lakh incurred on the construction of staff quarters proved to be an idle investment and was made just to avoid lapse of budget grants received under YAPP and have irregularly been allotted to private agencies and their staff.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Secretary (FC&S) to Government Haryana, PWD, PH Branch in April 2003, but no reply was received from him (September 2003).

4.2 Injudicious/irregular expenditure

Town and Country Planning Department (Haryana Urban Development Authority)

HUDA incurred an injudicious expenditure of Rs 10.86 crore on the maintenance of developed sectors, which was an unnecessary financial burden on its resources

4.2.1 Under HUDA Act 1997 where any area was developed, its maintenance was required to be transferred to the Municipal Committee (MC) within whose local limits the areas so developed was situated. Government decided (September 1988) to transfer such sectors to the concerned Municipal Committees (MCs) in various urban estates which had been fully developed for more than five years and where 25 per cent (revised to 50 per cent in December 2002) or more houses has been constructed as HUDA has been charging from plot holders for maintenance for a period of five years.

Mention about the 'Non-transfer of developed sectors' had been made in the Report of Comptroller and Auditor General of India for the year ended 31 March 1996 –Civil (Paragraph 6.10) and was discussed in Public Accounts Committee (PAC). PAC had recommended that transfer of all the sectors be settled with the coordination of Local Bodies Department and MCs concerned. Despite this, HUDA had not transferred the developed sectors and is still carrying out their maintenance as discussed below:

Test-check of records (July 2002 to April 2003) of five⁴ Executive Engineers, HUDA revealed that HUDA had not transferred 13 sectors (Ambala : three, Panipat: four, Rewari: two, Rohtak: two and Sonipat: two), which were identified as fully developed in which about 63 per cent to 90 per cent of the total plots/houses had been constructed, to the respective MCs and had incurred an expenditure of Rs 5.46 crore during 1996-2003 on their maintenance which otherwise would have been borne by the concerned MCs after these sectors were transferred.

It was further noticed that Sectors 4, 7, 7 (Extension) and 14 of Urban Estate Gurgaon had already been transferred to MC, Gurgaon, in January 1993 but

⁴ Ambala, Panipat, Rewari, Rohtak and Sonipat.

despite transfer of these sectors, HUDA incurred an expenditure of Rs 5.40 crore (from 1996-97 to 2002-03) on their maintenance. Reasons for incurring the expenditure on the already transferred sectors were not on records.

On being pointed out, Chief Administrator, HUDA issued (January 2003) instructions to all the Estate Officers/Executive Engineers to conduct survey of sectors which were to be transferred to local authorities and submit a detailed report of deficiencies of services. He further stated (June 2003) that these sectors would be transferred on receipt of survey report and after overcoming the deficiencies in amenities. Further developments were awaited (September 2003).

Thus, action of HUDA was in contravention of the provisions of HUDA Act as well as against the recommendations of the PAC and had, therefore, caused unnecessary financial burden of Rs 10.86 crore on its resources.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana Town and Country Planning Department, in February 2003, but no reply was received from the Government (September 2003).

Finance, Justice and Forest Departments

By not implementing the Government orders, the departments had incurred an irregular expenditure of Rs 2.25 crore on daily wage workers during April 1999 to August 2003 and had not taken any action to recover the irregular expenditure from the defaulting officers

4.2.2 State Government decided in January 1996 that no appointment on daily wages would be made in future. However, in emergency cases the competent authority was, with prior permission of Finance Department, allowed to engage an employee on contract basis limited to three months. Government also made it (May 1998) mandatory for the requisitioning authority/establishment to engage the daily wages staff through employment exchange. Government while reiterating these instructions further directed (August 2001) all Heads of the Departments that recovery would be effected from the officers who had appointed the daily wage workers in violation of the instructions *ibid*.

Test-check of records (May 2002-January 2003) of Director, Haryana State Lotteries (DOL), Advocate General, Haryana and Forest Department revealed that these departments, in contravention of the Government orders *ibid* continued to engage daily wage workers direct without getting the approval of Finance Department and incurred an irregular expenditure of Rs 2.25 crore on

daily wage workers as discussed below:

Sr. No.	Name of Department	Gist of irregularities
1.	Lotteries	The Department had not engaged the daily wage workers through Employment Exchanges and continued to engage such workers direct. While seeking relaxation from the Government for deploying daily wage workers directly, the DOL had justified (November 1997-September 1998) that deployment of daily wage workers depends upon the sale of lottery tickets, which may increase or decrease from time to time, as such it was not feasible to engage the daily wage workers through employment exchanges, to which the Government did not agree. Instead of recovering the amount from the officers who had appointed the daily wage workers in violation of the instructions <i>ibid</i> , the department continued to engage daily wage workers and paid Rs 85.21 lakh. ⁵
2.	Justice	The department engaged 15 to 34 ⁶ daily wage workers during August 1999 to August 2003, paid Rs 6.42 lakh as per Government pay scales upto January 2000 and Rs 32.19 lakh on daily wage rates from February 2000 to August 2003. Irregular payment of Rs 38.61 lakh had been made to daily wage workers during August 1999 to August 2003. Despite repeated requests of the Advocate General to the Government during November 2002 and July 2003 for according ex-post-facto sanction to engage daily wage workers, the Government did not agree. Chief Secretary on the other hand had already issued a general circular (August 2001) to all the departments to identify all such cases and recover the amount from the defaulting officers. Further developments were awaited.
3.	Forest	The records of the seven ⁷ Divisional Forest Officers revealed (May 2002 and August 2003) that staff on daily wages were engaged for earth work, raising of plants and maintenance of plants, etc. during the period 2000-2002 without getting prior permission of the Finance Department and were paid Rs 1.02 crore to 6,867 daily wage workers for different spells. The Commissioner and Secretary to Government Haryana, Forest Department stated (August 2003) that Finance Department's permission was duly obtained through the SNEs pertaining to various plantation schemes for which the daily wage workers were engaged. The reply was not tenable as the approval of SNEs was for execution of the work only and was not the permission to engage daily wage workers.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Finance and Justice Departments in November 2002, but no reply was received from the Government (September 2003).

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1999-2000	:	Rs 09.59 lakh
2000-01	:	Rs 18.60 lakh
2001-02	:	Rs 33.70 lakh
2002-03	:	Rs 23.32 lakh

⁶

Class-III employees: 8 to 15 and Class-IV employees: 6 to 24.

⁷

Social Forestry Project: Ambala, Faridabad, Panipat and Rewari.

Territorial Project: Gurgaon, Kaithal and Kurukshetra.

Forest Department

Divisional Forest Officer (Production), Kurukshetra spent Rs 84.11 lakh on logging works which included felling of trees, their transportation, loading and unloading by splitting up the works on quotation basis to avoid the sanction of higher authorities

4.2.3 As per Punjab Financial Rules applicable to Haryana State for every work a proper estimate should be prepared and technical sanction obtained from the competent authority. Further, the works should not be split up so as to avoid sanction of higher authority.

Test-check of records (February 2003) of Divisional Forest Officer (DFO) (Production), Kurukshetra revealed that an expenditure of Rs 84.11 lakh was incurred during 2001-02 on logging works which included felling of trees, their transportation, loading and unloading by splitting up the works in small quantities to avoid the sanction of higher authorities. The work was also allotted on quotation basis rather than through open tendering system. Further, all the bills/vouchers of small payments were prepared by affixing thumb impressions. Thus, all the quotations and bills prepared by the DFO were of doubtful nature. In the absence of systematic procedure, it could not be verified in audit whether the different kinds of works of felling of trees, loading/unloading, transportation, etc. were actually done in full/complete measure as no entry was made in any other subsidiary records by the department. There was neither any address of any small contractor/labourer who had executed this work nor any contractor was registered for executing the works in this production Division. This has resulted in an irregular and doubtful expenditure of Rs 84.11 lakh.

On being pointed out, the DFO stated (May 2003) that the works were done under the orders of the competent authority. Reply was not tenable because neither the prescribed financial rules were followed nor subsidiary records were maintained. Hence, each voucher was observed as doubtful and requires thorough investigation.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government of Haryana, Forest Department in March 2003, but no reply was received from the Government (September 2003).

Public Works Department (Irrigation Branch)

Rs 50.28 lakh spent on excavation of earth work in Old Delhi Branch by Construction Division 23, Panipat had resulted in an infructuous expenditure with a further proposal to spend Rs 84.40 lakh on re-excavation of same earth

4.2.4 An unlined channel named Old Delhi Branch (ODB) (RD 0 to 1,45,250 tail) was abandoned after commissioning of Parallel Delhi Branch (PDB) in 1966. Subsequently, it was felt necessary to remodel this abandoned branch and accordingly last revised longitudinal section (L-Section) was approved (May 1981) by Central Design office (CDO) for a discharge of 2,630 cusecs water. No work on this proposal was, however, executed.

In the meeting (March 1999) of Board of Chief Engineers, it was decided to accommodate the Carrier Lined Channel (CLC) for 723 cusecs water to be supplied to Delhi Territory through the existing abandoned ODB which was also proposed to be lined for 2,100 cusecs water to run only during monsoon season or as an alternate channel to existing PDB.

During audit (May 2002) of Construction Division No 23, Panipat, it was noticed that instead of working on the above project, Chief Engineer (CE), Construction Unit-I Irrigation, sanctioned (February and March 1999) two estimates for Rs 54.89 lakh (RD 0 to 72,927) and Rs 85 lakh (RD 72,927 to 1,45,250) respectively for rehabilitation of abandoned ODB under a World Bank assisted Water Resources Consolidation Project. This work included internal clearance and bank strengthening for maintaining bed width of 110 feet with a provision of earthwork excavation of 5,86,630 cubic meters (cum). The work against both these estimates was allotted (September 2000) for rehabilitation upto 2,100 cusecs against design parameters for 2,630 cusecs water approved during 1981, to a contractor who executed 4,15,057 cum earthwork (71 per cent of the total work) between September 2000 and March 2002 and was paid Rs 50.28 lakh in March 2002.

As the existing data was different from the data approved in 1981, the revised data (L-section) was, therefore, required to be approved from CDO before the commencement of the work. But contrary to this, revised design parameters (L-sections) were sent to CE in August 2001 for ex-post-facto approval on which the CE of CDO observed (August 2001) that at that belated stage, he was unable to check the economics and hydraulic efficiency of the design as the parameters had already been fixed (i.e. works executed) at the site of work. After perusal of cross section attached with L-Section he further observed that there was no need to execute the work to pass a discharge of 2,100 cusecs. Thus, the rehabilitation work was not completed according to provisions contained in the estimate and the channel could not be made operational due to partially completed work.

It was further noticed that a proposal of constructing CLC and lining of ODB with bed width of 60 feet only was approved for 2,823 cusecs in March 1999 and six estimates were sanctioned (June 2002) by CE from RD 0 to 1,45,250 for Rs 47.42 crore wherein a provision of 7,44,569 cum of earthwork excavation had been made. For completion of this work, the earthwork already done during September 2000 to March 2002 from bed and side slopes for rehabilitation of ODB had been proposed to be re-excavated and brought back in the section of the channel entailing double expenditure, once incurred for rehabilitation work and again re-excavation of the same earth for bringing back in the section of the channel.

Thus, execution of earthwork in abandoned ODB without revision of design data for its rehabilitation had not only resulted in infructuous expenditure of Rs 50.28 lakh but would also require extra expenditure of Rs 84.40 lakh for re-excavating the same earth to complete the revised L-section of the channel.

On being pointed out (April 2003) Financial Commissioner and Principal Secretary to Haryana Government, Irrigation Branch, intimated (July 2003) that the concerned officers (including a retired EIC) have already been charge-sheeted for the irregularities committed by them while executing the rehabilitation work of ODB and findings of the Inquiry Officer appointed by the Government were awaited (July 2003).

4.3 Wasteful/unfruitful expenditure

Forest Department

Incorrect spacing and alignment affected the plantation as a result of which survival rate remained between zero to sixty per cent and rendered Rs 16.69 lakh waste

4.3.1 Principal Chief Conservator of Forests, Haryana observed that proper protections and care was not being provided to young plantation during their formation stage and thus decided (January 1992) to take disciplinary action including recovery from the concerned Forest Guards, Block Incharges and Range Incharges, for poor success and laxity on their part where survival of plantation was below 70 per cent.

Audit observed (May 2002) that Divisional Forest Officer, Social Forestry Project, Faridabad (DFO) undertook plantation work at 15 sites during 1998-2001 and incurred an expenditure of Rs 21.58 lakh. Monitoring and Evaluation of plantation conducted (January and September 2001) by Monitoring and Evaluation cell, revealed that due to incorrect spacing and alignment, termite and frost, effects the survival rate of plantation ranged between zero to sixty per cent. This had resulted in wasteful expenditure of Rs 16.69 lakh incurred on the plantation which could not survive. Chief Conservator of Forests, Social Forestry Project, directed (December 2001) the DFO to initiate disciplinary action against the defaulters for loss caused to Government.

Commissioner and Secretary to Government Haryana, Forest Department stated (November 2003) that chargesheets against the officials responsible for loss of Rs 15.14 lakh in respect of 11 cases have been issued and inquiry officer has been appointed (December 2002). In respect of the cases, loss was due to draught and frost and no action has to be taken against any official. Final outcome of the enquiry is still awaited (November 2003).

Public Works Department (Irrigation Branch)

In Construction Division 14, Kurukshetra Rs 41.04 lakh spent on manufacturing gates and gearings without demand from the land owners had resulted in wasteful expenditure

4.3.2 The floodwater, during monsoon season is stored in the Bibipur Lake and is utilised for irrigation during *Kharif* season through Sarswati distributory. Surplus water stored in the lake is released in Sarswati drain through head regulator provided with wooden *Karries*⁸. As the water through wooden *Karries* used to leak continuously, Irrigation authorities decided (1983-84) to replace the wooden *Karries* with iron gates and gearings. Chief Engineer, Construction Unit-II (CU-II), Irrigation Department, Haryana, (CE) sanctioned (November 1999) an estimate for providing gates and gearings to the Head Regulator of Sarswati Drain including cost of civil works for Rs 76.61 lakh chargeable to Water Resources Consolidation Project.

Executive Engineer, Construction Division 14, Kurukshetra allotted (April 2000) the work of providing gates and gearings on the Head Regulator

⁸ Wooden Rafter.

of Sarswati Drain to a contractor. Initially the gates and gearings were manufactured by Haryana State Minor Irrigation and Tubewell Corporation (HSMITC) in 1986 at a cost of Rs 37.66 lakh against advance payment of Rs 39 lakh made in March 1983 (Rs nine lakh) and March 1985 (Rs 30 lakh), the balance amount was yet to be adjusted.

The contractor transported the gates with other material from HSMITC workshop at Karnal to the site of work at a cost of Rs 1.75 lakh and commenced the work in May 2000. The old structure was dismantled (upto 26 May 2000) and before gates could be installed, local *Bhartiya Kisan* Union leaders/ members staged *dharna* at the site of work on the apprehension that temporary storage of water would damage their crops and demanded that no parts of gates and gearings should be laid and the old structure be restored to its original position. The work was suspended on 27 May 2000. Chief Minister on 12 June 2000, directed the CE to restore the dismantled structures. Accordingly, the dismantled structures were brought (June 2000) to its original shape at a cost of Rs 1.22 lakh. In this way a total expenditure of Rs 41.04⁹ lakh was incurred on these jobs.

On being pointed out in audit during May 2001, the EIC Irrigation Branch, stated (February 2002) that sincere efforts were being made to persuade the land owners whose land fall in Bibipur lake for fixing the gates and gearings and in case they did not agree, these gates and gearings would be utilized on the regulator of some other canal/ drain. Superintending Engineer, Karnal Circle, circulated (June 2000) the details of gates and gearings available for utilisation on other works but no demand from other Divisions was received. No further progress was achieved and the gates and gearings were still lying at site (September 2003).

Thus, making advance payment to HSMITC for getting the gates and gearings manufactured without prior survey, sanction of any estimate and incurring of further expenditure on the civil work without any demand from the land owners whose land fell in the lake area, had resulted in wasteful expenditure of Rs 41.04 lakh. Had the department conducted proper site survey and got the estimate sanctioned before taking up the work, the public protest to the scheme could have come to the knowledge of the department in advance and expenditure could have been avoided.

When the matter was referred to Government (April 2003) the FC&PS to Haryana Government, Irrigation Department admitted the facts and stated (May and October 2003) that out of 22 gates, seven gates (valuing Rs 14.30 lakh) have been transferred to Water Services Division, Rohtak for installation on cross-regulator of Jawahar Lal Nehru Feeder and balance gates and gearings would be utilised on new schemes. Till such time this scheme will remain abandoned. No responsibility for this was fixed.

⁹ Cost of gates and gearings: Rs.37.66 lakh; Transportation of gates from Karnal to the site of work: Rs.1.75 lakh; dismantling of old structure: Rs.0.06 lakh; restoration of dismantled structure: Rs.1.22 lakh and miscellaneous expenditure: Rs.0.35 lakh.

Public Works Department (Public Health Branch)

Water Supply Schemes constructed with an expenditure of Rs 1.26 crore without ensuring the availability of water remained unutilised

4.3.3 Government of India identified Uchana town in Jind district to provide financial assistance under Centrally sponsored Accelerated Urban Water Supply Programme, (AUWSP), to State Government to improve water supply to those towns with population less than 20,000 persons as per 1991 census. Haryana State Sanitary Board, approved (March 1999) the scheme at the cost of Rs 1.03 crore for augmentation of existing water supply scheme, from 45 litre per capita per day (lpcd) to 70 lpcd. The augmentation scheme provided construction of inlet channel, filter beds, clear water tank and laying of distribution pipe lines based on expected receipt of four cusecs of raw water, in place of existing receipt of 2.54 cusecs water from Kheri Safa Minor from newly constructed Barsola Feeder at RD 37400/L.

During audit (April 2002) of Public Health (PH) Division, Narwana it was noticed that the construction of scheme was taken up (November 1999) without obtaining sanction of outlet connection from Irrigation Department. The work of inlet channel was completed (August 2001) at a cost of Rs 19.14 lakh and construction of filter bed, two number clear water tanks were completed (March 2003) at a cost of Rs 24.29 lakh. The total expenditure including other connected works such as pipe line at head works, pumping machinery distribution system, staff quarters, etc. was Rs 85.12 lakh upto March 2003. But the scheme remained non-functional due to non-availability of water as no provision existed in Barsola Feeder for supplying water to Uchana town.

When pointed out in Audit (May 2002) the EIC, PWD, PH Branch while admitting the facts stated (August 2003) that the EIC, PWD, Haryana Irrigation Branch had agreed (April 2003) to spare two-three cusecs of water from Barsola Feeder subject to the condition of depositing renovation charges of Rs four lakh which was yet to be deposited (September 2003). Further, scrutiny revealed that two-three cusecs water now spared by Irrigation Branch from Barsola Feeder was in lieu of old connection of 2.54 cusecs of Kheri Safa Minor. As the existing structures before augmentation of water supply scheme were able to supply drinking water at 45 lpcd from 2.54 cusecs raw water, the new structures for augmentation would remain unutilised and 70 lpcd supply would not be possible from two-three cusecs of water.

Similarly, Haryana State Sanitary Board, approved a Canal Based Water Supply scheme for providing independent water works at village Dadam in Bhiwani district for Rs 30.25 lakh in September 1997.

During audit (November-December 2002) of Public Health (PH) Division, Tosham it was noticed that the construction of water works at village Dadam was taken up (December 1997) without obtaining prior consent of Irrigation Branch for supply of water. The work was completed in May 2000 at an expenditure of Rs 40.88¹⁰ lakh which included unauthorised expenditure of

¹⁰ Contractor's payment: Rs 22.21 lakh; Cost of material: Rs 8.37 lakh; Cost of machinery: Rs 3.38 lakh; Cost of leveling water works: Rs 1.04 lakh and Cost of 2 Nos. Shallow Tubewells: Rs 5.88 lakh = Rs 40.88 lakh.

Rs 5.88 lakh on two shallow tubewells without any such provisions in the estimates. But the scheme could not be commissioned for want of water (August 2003).

EIC, PH Branch while admitting the facts stated (August 2003) that efforts are being made to get the out-let sanctioned from Dadam distributary and in case of failure, action will be taken against the defaulting officers who took up the work without taking consent from Irrigation Branch.

Thus, both the water supply schemes constructed by spending Rs 1.26 crore remained non-functional due to non-availability of required quantity of water.

The draft audit paragraphs were demi-officially forwarded to the Financial Commissioner and Secretary (FC&S) to Government Haryana, PWD PH Branch in June and April 2003, but no reply was received from him (September 2003).

Sewerage schemes in Public Health Divisions, Tosham and Jind constructed at a cost of Rs 1.27 crore remained non-functional due to non-construction of disposal chamber

4.3.4 As per provisions made in the Manual of Sewage and Sewerage issued by Government of India, Ministry of Urban Development, while designing waste water collection treatment and disposal systems, planning should generally begin from the final disposal point going backwards to give an integrated and optimum design to suit the topography and available hydraulic head.

During audit (November 2002) of Public Health (PH) Division, Tosham, it was noticed that Haryana State Sanitary Board (HSSB) administratively approved (March 1991) a sewerage scheme for Notified Area Committee (NAC), Tosham in Bhiwani district for Rs 86.35 lakh (June 1998). Executive Engineer (EE) got the work of laying sewer line in NAC Tosham commenced in 1997 and incurred an expenditure of Rs 84.32 lakh upto March 2002. But the infrastructure at disposal site, such as screening chamber, collection tanks, pump chamber, etc. were not constructed. As a result, the scheme was lying non-functional. It was further noticed that the scheme was taken up without conducting detailed survey to identify the beneficiaries. As a result no beneficiary came forward to obtain sewerage connection till date of audit (November 2002).

EIC, PH Branch stated (August 2003) that construction of sewerage system was taken up because the district administrative authorities had given a time bound programme for the construction of *pucca* streets (concrete). As such, the sewer lines were laid before construction of *pucca* streets to avoid damages. He further stated that the disposal work could not be completed as funds under urban works were not being allotted to Tosham town due to denotification of Tosham town from NAC to *Gram Panchayat* in March 1999. The reply was not found tenable, as the work of disposal chamber should have been taken up simultaneously with laying of sewer line. Further, the scheme was conceived without conducting the detailed survey as there was no demand for the sewer connection from the beneficiaries.

Thus, Rs 84.32 lakh spent on the sewerage scheme, without construction of disposal works, had resulted in an unfruitful expenditure, as the scheme was

practically lying non-functional as of July 2003 and the department continued the execution of work even after the date of denotification of the Tosham town, just to exhaust the funds already made available during budget for 1999-2000 i.e. before denotification of the town.

Similarly, SSB administratively approved the scheme for providing sewerage to Julana Town in Jind district for Rs 70 lakh vide special resolution dated 18 December 1997. The work included provision of sewer lines and surface drains which shall ultimately discharge into the sewerage disposal chamber.

During audit (January/February 2003) of PH Division, Jind it was noticed that the work of laying sewer line and surface drains was commenced in October 1998 and completed in March 2001 by spending Rs 42.19 lakh without constructing the final disposal chamber. It was further noticed that the Government abolished Municipal Committee, Julana in March 2000 and converted the town into a rural area and no further work on the scheme was undertaken.

The EIC, PH Branch while admitting the facts stated (August 2003) that due to limited availability of funds, the sewer line was laid first to make the scheme functional by providing a temporary disposal site but due to dissolution of Municipal Committee, Julana, more funds were not released by the Government and the works of sewerage scheme came to stand still.

Thus, both the schemes constructed by spending Rs 1.27 crore remained non-functional due to non-construction of disposal work.

The draft audit paragraph was demi-officially forwarded to the FC&S to Haryana Government PWD PH Branch in April 2003, but no reply was received from him (September 2003).

Agriculture Department (Haryana State Agricultural Marketing Board)

Rs 36.37 lakh spent on laying sewerages for two towns without finalising the disposal work rendered the expenditure unfruitful

4.3.5 Sewage and Sewerage Manual issued by Government of India provides that the sewerage work should begin from final disposal point going backward.

Test-check of records (October 2002 – January 2003) of Market Committees (MCs) Ismailabad (Kurukshetra) and Hodal (Faridabad) revealed that the Chief Administrator, Haryana State Agricultural Marketing Board (HSAMB) accorded (February 1994 and October 1998) administrative approval for providing sewerage scheme in the grain markets at Ismailabad (Rs 17.78 lakh) and Hodal (Rs 31.00 lakh) as a deposit work. Accordingly, MCs of Ismailabad and Hodal deposited Rs 48.78¹¹ lakh with the Executive Engineers, Public Health Division, Kurukshetra and Palwal respectively for execution of

¹¹ Ismailabad : Rs 17.78 lakh in January 1995 and Hodal : Rs 15 lakh in June 1999 and Rs 16 lakh in December 1999.

the above works. Expenditure of Rs 36.37¹² lakh was incurred (March 2003) on laying of sewer lines at Ismailabad and Hodal but sewerage scheme was not made functional as the work of final disposal was not completed.

The Deputy Secretary, Government of Haryana, Agriculture Department stated (July 2003) that the sewerage system in Ismailabad is operative and line is maintained, cleaned at regular intervals. As regards sewerage scheme for Hodal town, there was a provision for temporary disposal and estimate had been prepared to provide a temporary pumping arrangement for disposal of the same on the fields of irrigation.

The reply was not tenable as the Executive Officer-cum-Secretary Market Committee, Ismailabad in July 2003 had again enquired about area of land required for final disposal from the Public Health Department. As such the scheme was not made fully functional. Moreover, the sewerage system requires continuous and regular cleaning instead of cleaning the lines at regular intervals. Laying of sewer line without providing for final disposal was likely to cause health and environmental problem. As regard sewerage scheme for Hodal town, though the provision for temporary disposal was made in the estimate but the same had not been constructed due to protest from public/officials.

Thus, due to ill planning of the department to lay sewer lines before finalising the disposal works, expenditure of Rs 36.37 lakh (Rs 15.05 lakh in respect of Ismailabad and Rs 21.32 lakh in respect of Hodal) had remained unfruitful since March 1998 and March 2001 respectively.

4.4 Avoidable/extra expenditure

Education Department (Haryana Prathmik Shiksha Pariyojna Parishad)

By Printing of Teaching Learning Material in excess of actual requirement, Parishad had to bear an avoidable expenditure of Rs 2.77 crore

4.4.1 District Primary Education Programme (DPEP) was implemented in seven¹³ educationally backward districts with the main objective to improve the efficiency in the process of production and distribution of teaching learning materials (TLM). TLM was meant for the guidance of teachers and not for children. Training on TLM at district level and block level had been imparted and about 19,000 teachers in all these seven districts had been trained in the preparation and use of TLM. To meet the demand raised by primary teachers, two books namely “*Nanhe Kadam Vigyan Ki Ore*” and “*Pitara Khole Ank Bole*” had been developed on Science and Mathematics respectively.

¹² Ismailabad : Rs 15.05 lakh upto March 1998 and Hodal : Rs 21.32 lakh upto March 2001.

¹³ Bhiwani, Gurgaon, Hisar, Jind, Kaithal, Mohindergarh and Sirsa.

Test-check of records (January 2003) of *Haryana Prathamik Shiksha Pariyojna Parishad (Parishad)* revealed that under TLM component, *Parishad* got printed 12.03 lakh copies of these two books viz., “*Nanhe Kadam Vigyan Ki Ore*” (6.03 lakh copies) and “*Pitara Khole Ank Bole*” (6.00 lakh copies) at a cost of Rs 2.96¹⁴ crore against 18,455 sanctioned posts of teachers in these seven districts during 2000-02. Records indicated that the excess copies of TLM were got printed by creating an artificial demand on the plea that it would be provided to students also. Printing of excess TLM, resulted in avoidable expenditure of Rs 2.77¹⁵ crore.

Commissioner, Education and Language ordered (September 2002) to fix responsibility as the demand for TLM was not checked to ascertain whether the material was actually meant for children or not but no action had been taken as of September 2003.

Thus, on printing of TLM in excess of actual requirement, *Parishad* had to bear an avoidable expenditure of Rs 2.77 crore.

Similarly an avoidable expenditure of Rs 36.73 lakh was incurred on printing of text books of undesirable high specifications from a private printer

Under another scheme of providing text books free of cost to students under DPEP, *Parishad* requested (June 2000) the Controller, Printing and Stationery (P&S) Department Haryana to intimate the rates for printing of text book ‘Tarang’ for class-II, on 70 GSM paper with a cover of 210 GSM imported Art card. The Controller, P&S Department intimated (August 2000) that in Haryana the text books were being printed on 60 GSM white cream wove paper with a cover of 130 GSM paper at the rate of Rs 10.50 per copy. The *Parishad* ignoring the advice of the Controller, got 1,98,745 copies of the said text book printed from the open market through a Chandigarh based private firm, on 70 GSM Maplitho paper with a cover of 220 GSM Art card and paid Rs 57.60 lakh (March 2001 to September 2001) at the rate of Rs 28.98 per copy.

Test-check of records (January 2003) revealed that the *Parishad* itself felt subsequently (March 2002) that the books meant for children studying in class-II were to be used only for one academic session and therefore, such high specifications of paper and cover were not desirable. As a result, *Parishad* decided to get the text books for the next year printed as per the specifications given by P&S Department, Haryana.

Thus, by getting the text books printed on 70 GSM Maplitho paper with a cover of 220 GSM Art card in violation at the specification prescribed by

¹⁴ Nanhe Kadam Vigyan Ki Ore:	2000-01: 3.00 lakh @ Rs 32.65 each: Rs 97.95 lakh	
	2001-02: 3.03 lakh @ Rs 19.98 each	: Rs 60.54 lakh
Pitara Khole Ank Bole	2000-01: 3.00 lakh @ Rs 25.90 each	: Rs 77.70 lakh and
	2001-02: 3.00 lakh @ Rs 19.80 each	: <u>Rs 59.40 lakh</u>
	Total	: <u>Rs 295.59 lakh</u>

¹⁵ Total expenditure:	Rs 2.96 crore
Less cost of 76,000 books issued during 2000-02	Rs 0.19 crore
Excess expenditure	Rs 2.77 crore

Government during 2001-02 from the private firm, *Parishad* incurred an extra expenditure of Rs 36.73¹⁶ lakh.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Secretary to Government Haryana, Education Department in March and April 2003, but no reply was received from the Government (September 2003).

Transport Department (Haryana Roadways)

In Kurukshetra Depot of Haryana Roadways, lack of pursuance and delay in getting the electricity load extended resulted in avoidable payment of Rs 36.39 lakh

4.4.2 Kurukshetra Depot, Haryana Roadways (upgraded from sub-depot in January 1990) was having electric connections of 15.57 KW for supply of power to tubewell, workshop and office. In September 1991, Junior Engineer (JE) of Operation Sub-Division, Haryana State Electricity Board (HSEB) No. 2, Kurukshetra inspected the premises of depot and found that actual load in workshop and office was 50.548 KW which was in excess of the sanctioned load of 15.57 KW. Consequently the Sub-Divisional Engineer (HSEB) imposed (December 1991) a penalty of Rs 14,100 and asked the General Manager (GM) Haryana Roadways, Kurukshetra to remove the unauthorised load and submit the fresh test reports for revised load along with requisite security. But no effective steps were taken for regularisation of the excess load till March 1997.

In March 1997, the vigilance cell of HSEB checked the premises of the depot and not only charged Rs 3.34 lakh (unauthorised charges Rs 1.43 lakh, average charges Rs 1.64 lakh and non-levy of capacitor charges Rs 0.27 lakh) but also asked the GM to complete all the formalities within seven days to regularise the load.

Though the GM approached (May 1997) the HSEB for waiver of the penalty no effective steps to regularise the load were taken. Charges as per demand raised by the HSEB i.e. on an average consumption of 19,503 units, alongwith shunt capacitor charges at the rate of 10 *per cent* were paid upto January 2001. In February 2001, the GM requested the HSEB for installation of a new meter and regularisation of extended load of 152.139 KW. HSEB issued (June 2001) a demand notice of Rs 2.68 lakh as an estimated cost for the supply of material by HSEB. The GM furnished (June 2001) the test report alongwith estimated amount for enhanced load and thereafter the HSEB installed a new meter for extended load in February 2002.

Before installation of new meter, the department had to pay (March 2001 to February 2002) Rs 15.89 lakh (Rs 11.35 lakh on account of Low Tension (LT) surcharge at the rate of 25 *per cent* of power consumed as the power was supplied on LT line instead of High Tension (HT) line and Rs 4.54 lakh as shunt capacitor charges at the rate of 10 *per cent*) for the period from March 1997 to January 2002 after which HSEB started charging as per actual

¹⁶ Paid Rs 57.60 lakh (-) Rs 20.87 lakh (1,98,745 copies x Rs 10.50 per copy as intimated by P&S Department).

consumption which was 11,651, 11,912 and 12,830 units for the month of March, April and May 2002 respectively whereas Rs 45.41 lakh were paid for the average consumption (19,503 units per month) from March 1997 to January 2002 against Rs 28.25 lakh actually payable on the basis of average actual consumption of March to May 2002. This had resulted in excess payment of Rs 17.16 lakh for 4,34,948 units at the rate ranging from Rs 3.22 to Rs 5.11 per unit.

Thus, lack of pursuance and delay in getting the extended load regularised in time replacing the current meter and non-obtaining power supply on HT line, had resulted in avoidable expenditure of Rs 36.39¹⁷ lakh.

Transport Commissioner stated (August 2003) that GM, Kurukshetra had requested the HSEB a number of times since 1997 to extend the load but no action was taken by them. Therefore, HSEB is responsible for excess payment. The reply was not tenable as GM, Kurukshetra had taken the issue of defective meter only. The application for extending load was submitted only in February 2001.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to the Haryana Government, Transport Department in March 2003 but no reply was received from him (September 2003).

Injudicious decision to include the flaps in the set of tyres and tubes resulted in an extra expenditure of Rs 20.45 lakh

4.4.3 The Transport Department had been purchasing tyres, tubes and flaps separately through Director Supplies and Disposal (DS&D) Haryana. However, while finalising purchase order for tubes in September 1999, the officers of the Transport Department submitted before High Powered Purchase Committee (HPPC) about the problem of poor quality of tubes. In order to ensure better quality of tubes and consistency of tubes with tyres for more mileage, life of tyres and tubes, the HPPC decided (September 1999) that DS&D should call composite tender for a complete set of tyres, tubes and flaps from the tyre manufacturing companies.

A test-check of records of the Transport Commissioner, Haryana revealed (January 2003) that the department placed in April 2000 a composite indent for the purchase of 24,000 complete set of tyres, tubes, flaps and extra quantity of 6,000 tubes and 12,000 flaps to meet its requirement from July 2000 to June 2001 on the DS&D Haryana, with the condition that extra tubes and flaps be also purchased from the tyres manufacturing companies from which the complete set of tyres were to be purchased.

The DS&D after inviting quotations (April 2000) submitted the case to HPPC in June 2000. The HPPC decided to place (June 2000) orders for the said quantity on Firm A¹⁸ at the rate of Rs 5,404 for each set of tyres, tubes and flaps; Rs 463 for each tube and Rs 131 per flap for their extra quantity. DS&D placed a formal order in June 2000 and the material was to be

¹⁷ Unauthorised charges: Rs 1.43 lakh, shunt capacitor charges: Rs 4.54 lakh and Rs 0.27 lakh, excess energy consumption charges: Rs 17.16 lakh plus Rs 1.64 lakh and LT surcharge: Rs 11.35 lakh.

¹⁸ M/s Apollo Tyres Limited.

delivered at various depots of Haryana Roadways during July 2000 to June 2001. Further scrutiny revealed that in another case, the HPPC also approved (April 2000) the rate of Rs 72.96 per flap in favour of Firm B¹⁹ for supplies between April 2000 and June 2000 and this firm had also quoted (April 2000) its rate for flaps for supply during July 2000 to June 2001 but this offer was rejected on the plea that it was not a tyre manufacturing firm. But this firm was also on rate contract for supply of flaps with DGS&D and was supplying flaps to tyre manufacturing companies.

The department received 14,978 flaps against the orders placed during July 2000 to July 2001 from Firm A at the rate of Rs 131 per flap whereas the rate of Firm B was Rs 72.96 per flap. Thus, an extra expenditure of Rs 8.69 lakh was incurred on the purchase of flaps from Firm A instead of from Firm B.

Similarly, to meet its requirement of tyres, tubes and flaps for the period July 2001 to June 2002, the department placed an indent for purchase of 20,000 set of tyres, 30,000 additional tubes and 5,000 additional flaps in May 2001. This time also HPPC approved (July 2002) rate of Rs 5,000 for each set of tyres, tube and flap and Rs 450 and Rs 140 per additional tube and additional flap respectively. Against this order, the department received 23,459 flaps during July 2001 to June 2002 for which extra expenditure of Rs 11.76 lakh²⁰ had been incurred as the department also allowed (June 2001) the tyre manufacturing companies to arrange flaps from flap manufacturers, the rate of which was Rs 89.85 per flap.

Thus, as the flaps had no bearing on the quality of tubes and mileage life of tyre and tube, and was an independent item, the decision of the department to include flaps in the complete set was not judicious which had resulted in an extra expenditure of Rs 20.45 lakh on the purchase of 38,437 flaps.

The Transport Commissioner stated (August 2003) that the flaps were purchased from the tyre manufacturing companies to ensure the quality, consistency and better mileage life of tyres, tubes and flaps because there were complaints on quality and performance of flaps purchased earlier from other flap manufacturing companies and these were not upto the mark as that of tyre manufacturing companies. The reply was not tenable as the complaints relate to the supplies received during 1992-1996 and also that flaps were purchased (April – June 2000), after the decision (September 1999) of HPPC, from the other manufactures, which were not tyre manufacturing companies.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, Transport Department in May 2003, but no reply was received from him (September 2003).

¹⁹ M/s Duropolyprene Limited.

²⁰ Rs 140 – Rs 89.85=Rs 50.15x23,459.

**Education Department
(Haryana Agriculture University, Hisar,
Kurukshetra University, Kurukshetra and
Maharshi Dayanand University, Rohtak)**

By not adhering to the Government instructions to route all the advertisements through the DPR Haryana, the Universities had to incur extra expenditure of Rs 48.78 lakh on the advertisements got published at higher rates through private advertising agencies

4.4.4 State Government issued (June 2000) instructions and directed all the Heads of the Department/authorities that no advertisement be issued to any newspaper/magazine/electronic media directly. All advertisements must be routed through Director, Public Relations, Haryana (DPR).

Test-check of records (May 2002) and further information collected from Kurukshetra University (KU), Kurukshetra, Maharshi Dayanand University (MDU), Rohtak and Haryana Agriculture University (HAU), Hisar revealed that these universities had not implemented the instructions issued by Government. Contrary to these instructions, Universities had given advertisements for admission, tenders, entrance tests, counseling, etc. in various newspapers directly through private agencies at the rates ranging between Rs 130 to Rs 2,700 per standard column centimetre against the fixed rates ranging between Rs 61.20 and Rs 805.70 of the Department of Advertising and Visual Publicity (DAVP)/DPR. This had resulted in an extra expenditure of Rs 48.78²¹ lakh by the Universities during 2000-03.

KU, Kurukshetra stated (December 2002) that as the DPR could not adhere to the university's schedule of release of advertisements, they switched over to get all the advertisements released through the then appointed private agencies. The reply was not tenable as the DPR again reiterated (September 2003) the Government order and specifically wrote to all the Universities that all the advertisements can easily be got published through his department even at a short notice. Reply from other Universities was awaited (May 2003).

Thus, by not adhering the Government instructions, the Universities had to incur extra expenditure of Rs 48.78 lakh on the display of advertisements in leading newspapers through private agencies.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana Education Department, in November 2002, but no reply was received from the Government (September 2003).

²¹ KU, Kurukshetra: Rs 11.93 lakh, MDU, Rohtak: Rs 31.50 lakh and HAU, Hisar: Rs 5.35 lakh.

4.5 Undue financial aid to contractor

Agriculture and Town and Country Planning Departments (Haryana State Agricultural Marketing Board and Haryana Urban Development Authority)

Due to failure of Executive Engineers to recover sales tax from the contractors, on the value of cement and bitumen supplied to them on chargeable basis, HUDA/HSAMB had to pay Rs 18.30 lakh from their funds

4.5.1 The Principal Excise and Taxation Commissioner, Haryana clarified (December 1996) that material supplied by the contractees to contractors constitute an independent sale for which they are required to be registered under the Haryana General Sales Tax Act, 1973. Such value of the material supplied to contractors becomes eligible to sales tax.

Test-check of records of two²² Executive Engineers (EEs), HUDA, revealed that these EEs, supplied cement and bitumen to various contractors on chargeable basis for use in the execution of works, but no such recovery of sales tax was made from the contractors. The assessing authorities (Sales Tax) at Hisar, while finalising the assessment of the EEs for the year 1993-94 to 1996-97, raised (January 1998 to January 1999) a demand of sales tax of Rs 12.35 lakh (Division No. 1, Hisar: Rs 5.45 lakh, and No. II, Hisar: Rs 6.90 lakh). The two EEs of Hisar had to deposit Rs 12.31 lakh out of HUDA funds during March 1998 to March 2001 against demand of Rs 12.35 lakh.

Both the EEs filed an appeal before Joint Excise and Taxation Commissioner (Appeal), Hisar (JETC) against their demands of Rs 4.95 lakh (assessment orders of January and March 1998) but the appeal was rejected (July 1998).

Similarly, test-check of records of EE, Haryana State Agricultural Marketing Board (HSAMB) Division, Hisar (November 2002) also revealed that EE did not recover any sales tax from the bills of contractors on the value of cement and bitumen supplied to them on chargeable basis for executing various works. Excise and Taxation Officers, Hisar while finalising the assessments for 1992-93 to 1997-98, levied tax and raised (February 1998 to January 1999) demands of Rs 5.99 lakh. EE had deposited (March 1999-December 1999) Rs 5.99 lakh from HSAMB funds.

Thus, due to failure of EEs to recover sales tax from the contractors on the value of material supplied to them on chargeable basis, HUDA/HSAMB had to pay Rs 18.30²³ lakh out of their own funds during March 1988 to March 2001 resulting in an undue financial aid to the contractors. No action has been taken against the concerned EEs for not complying with Government orders, resulting in the loss to the Government.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Agriculture

²² Division No. I and II of Hisar.

²³ HSAMB Division, Hisar: Rs 5.99 lakh. HUDA Division, Hisar: Rs 12.31 lakh.

and Town and Country Planning Department in February 2003, but no reply was received from the Government (September 2003).

4.6 Loss/non-recovery/excess payments

Town and Country Planning Department (Haryana Urban Development Authority)

Due to injudicious decision of Administrator, HUDA, Faridabad, not to accept the highest bid of Rs 4.41 crore received on 12 February 1999, HUDA sustained a loss of Rs 88 lakh (including interest of Rs 31 lakh)

4.6.1 Commercial sites are being auctioned by the Estate Officers, HUDA every year on freehold basis. Accordingly, Administrator, HUDA, Faridabad announced enblock open auction of nine shops-cum-office site No. 46 to 54 in Sector-12, Faridabad on 12 February 1999 at a reserve price of Rs 3.67 crore fixed by Administrator, HUDA in February 1999. M/s Goverdhan Apartment Private Limited offered the highest bid of Rs 4.41 crore. The Administrator, HUDA, however, did not approve the same for the reason that highest bid received was not upto the satisfaction of the Presiding Officer and felt that the site would fetch better price than the highest bid received.

Test-check of records (February 2003) of Estate Officer, HUDA, Faridabad revealed that the auction of these sites was again held on 21 September 1999 at the same reserve price of Rs 3.67 crore. This time M/s Paragon Associates offered the highest bid of Rs 3.84 crore which was accepted and the site was allotted to the bidder on 1 October 1999. The allottee took the possession of sites after depositing 25 *per cent* price of these sites as per terms and conditions. As such the sites fetched less amount of Rs 57 lakh in the subsequent auction.

Thus, due to injudicious decision of Administrator, HUDA, Faridabad, not to accept the highest bid of Rs 4.41 crore, HUDA sustained a loss of Rs 88 lakh (including interest of Rs 31²⁴ lakh).

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government Haryana, Town and Country Planning Department in April 2003, but no reply was received from the Government (September 2003).

²⁴ Rs 4.41 crore x 15 *per cent* = Rs 30.87 lakh.

5 months 18 days (13 April to 30 September 1999).

(Worked out after allowing a benefit of 60 days for making payments in lump sum).

Industries Department

Drawal of Rs 40.73 lakh from the treasury without verifying the eligibility criteria/status of five industrial units and keeping the amount outside the Government account led to a loss of interest of Rs 16.57 lakh to the Government

4.6.2 Financial Rules provide that no money should be drawn from the treasury unless required for immediate disbursement or for recoupment of the amount paid out of permanent advance. Drawal of advance from the treasury for execution of works, the completion of which is likely to take considerable time is also not permissible. Any unspent amount not required for immediate disbursement is required to be refunded into the treasury promptly. Retention of funds outside Government account is also irregular.

Scrutiny of records (July 2002) of Director, Industries, Haryana, revealed that State Government released (September 1998) Rs 2.30 crore for disbursement of capital investment subsidy to 58²⁵ units set up in the State. Accordingly, Director of Industries drew Rs 2.30 crore in November 1998 against which Rs 1.89²⁶ crore could be disbursed upto April 2001. Cheques for the balance amount of Rs 40.73 lakh pertaining to five other Industrial units could not be disbursed as these five units were either not found eligible or had already been closed at the time of disbursement of subsidy. Ultimately, the cheques for Rs 40.73 lakh had to be got cancelled in May 2001. Of which Rs 40 lakh were converted in Fixed Deposit Receipts and balance amount remained in current account.

The Director, Industries stated (September 2003) that unspent amount could not be refunded as the Government had stopped the scheme and fourth instalment of subsidy was to be released to the already identified eligible units. As such unspent amount was disbursed to other units in June-July 2003.

The reply was not tenable as unspent amount was meant for five already identified industrial units which were subsequently found ineligible. The action of the Department in keeping the funds initially in current account/FDRs and subsequently releasing it (June-July 2003) to other units was not appropriate and correct. The Government had not stopped this scheme for the units to whom the amount of subsidy was being released in a phased manner.

Thus, drawal of Rs 40.73 lakh from the treasury two years in advance without verifying the eligibility criteria/current status of these industrial units and keeping the undisbursed amount outside the Government account led to a loss of interest of Rs 16.57²⁷ lakh (upto 31 May 2003) to the Government.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Secretary to Government Haryana, Industries Department, in April 2003, but no reply was received from the Government (September 2003).

²⁵ Sponsored by Haryana Financial Corporation: 27 units, Haryana State Industrial Development Corporation: 4 units and other Developed Industries: 27 units.

²⁶ HFC: Rs 0.62 crore, HSIDC: Rs 0.36 crore and other industrial units: Rs 0.91 crore.

²⁷ Calculated at the borrowing rate of 12 per cent per annum.

Public Works Department (Buildings and Roads Branch)

The failure of Executive Engineer, Provincial Division, Sirsa to check the correctness of the payment resulted in interest of Rs 65.81 lakh to land owners on enhanced compensation and solatium

4.6.3 Land Acquisition Act, 1894, as amended from 24 September 1984 (Act) provides that in addition to the market value of land, 30 *per cent* (solatium) on market value shall also be awarded in consideration of the compulsory nature of acquisition. The Act further provides that if market value of the land is enhanced subsequently by the courts, the interest is payable on such excess at the rate of nine *per cent per annum* upto one year from the date of possession of land to the date of payment of enhanced amount. Where enhanced amount or any part thereof is paid after one year, interest at the rate of 15 *per cent per annum* shall be payable from the date of expiry of initial period of one year.

Haryana Government, acquired (November 1978) 205 *acre*, 4 *kanal* and 5 *marla* land situated on the outskirts of Sirsa town for the construction of Mini Secretariat, Police Lines and Housing Colony at Sirsa. The Land Acquisition Collector (LAC), Sirsa announced (15 November 1978) the award with 15 *per cent* compulsory acquisition charges (prevailing at that time) and crop compensation, etc. On representation for higher rates by 19 out of 42 land owners, the Additional District Judge (ADJ) awarded (March 1983 and February 1984) higher rate of compensation of land than that allowed by LAC. On further appeal by land owners in 1983 and 1984 on the orders of ADJ, the Punjab and Haryana High Court further enhanced these rates on 17 October 1984. The payment of enhanced compensation including six *per cent* interest and 15 *per cent* solatium (prevailing prior to the amendment of the Act) was made in February 1984, May 1985 and November 1986. But the land owners demanded (as per amended provision of the Act) interest at the rates of nine *per cent* for first year from the date of award and 15 *per cent* thereafter with 30 *per cent* as solatium which the Punjab and Haryana High Court also admitted and modified (30 May 1997) the earlier award, the payment for which were made in October 1998 alongwith the amount of solatium. In this payment the interest on solatium was not paid as there was a doubt as to whether the interest was payable on solatium or not. On further appeal by land owners (February 1999), the ADJ, Sirsa allowed (10 November 2001) the interest on solatium also. In view of the above decision the State Government, Revenue Department, accorded sanction (August 2002) of Rs 83.15 lakh as worked out by District Revenue Officer for payment of enhanced compensation, with the condition that the correctness of the amount may be ascertained before making payment.

During Audit (February 2003) of Provincial Division No. I, PWD B&R, Sirsa, it was noticed that the payment of Rs 83.15 lakh made in September 2002 included the interest on entire enhanced compensation of land plus 30 *per cent* solatium thereon upto 31 May 2002 without reducing the amount of compensation and solatium already paid in February 1984, May 1985, November 1986 and October 1998 whereas interest was required to be calculated on the amount due from time to time upto the actual date of

payment resulting in an excess payment of Rs 65.81 lakh as under:

	Compensation	Solatum	Interest	Total
(Rupees in lakh)				
Amount paid	32.31	9.69	103.34	145.34
Amount due	32.31	9.69	37.53	79.53
Amount excess paid	Nil	Nil	65.81	65.81

When pointed out by audit (February 2003) the EE stated (March 2003) that no overpayment of interest was made by his office as this amount had been worked out by District Revenue Officer (DRO). The DRO stated (June 2003) that upto date interest was calculated on the advice of District Attorney. The matter was referred to the Engineer-in-Chief PWD (B&R) Branch in March 2003 who also endorsed (July 2003) the reply of EE/DRO but these replies were not found tenable as both the EE and DRO were required to check the correctness of the amount actually payable as per condition laid down in the Government's sanction.

The Audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary (FC&PS), Haryana Government, Buildings and Roads Branch in April 2003, but no reply was received (September 2003).

Public Works Department (Irrigation Branch)

Non-adherence to the provisions of contract agreement resulted in loss of Rs 17.56 lakh

4.6.4 The Executive Engineer (EE), Construction Division 23, Panipat allotted (February 1999) the work of 'Rehabilitation of Gohana Distributory from RD 0-1,12,118 including repair of ghats and replacement of bridges' to a contractor for Rs 1.33 crore. The agreement *inter-alia*, provided that (i) the contractor shall request the Engineer to issue a certificate of completion of the works and the Engineer will do so upon deciding that the work was completed, (ii) the liquidated damages would be imposed at the stipulated rate subject to maximum of 10 *per cent* of the final contract price for delay and (iii) for incomplete work, 20 *per cent* of the value of work not completed shall be payable by the contractor.

During audit (May 2002) of Construction Division 23, Panipat it was noticed that the work was shown as completed on 9 July 2001 and final bill for Rs 1.09 crore was paid in March 2002 and February 2003, but completion certificate was neither asked for by the contractor nor the same was issued by the Engineer as it was actually not completed. Further scrutiny of payment vouchers with reference to the quantities of work as provided for in the agreement and confirmed by the new EE, revealed that the work can not be treated as final as the remaining items of work valuing Rs 31.45 lakh were still left unexecuted as per site requirement.

Thus the contractor was liable to pay Rs 4.80 lakh being 20 *per cent* on Rs 24²⁸ lakh of the value of the work as per agreement not completed, in addition to liquidated damages of Rs 13.30 lakh (10 *per cent* of value of the work allotted) against which liquidated damages of Rs 0.54²⁹ lakh only were deducted in August 2002 from the running bill of the contractor.

Thus, non-adhering to the provisions contained in the contract agreement had resulted in a loss of Rs 17.56 lakh to the Government.

On being pointed out (April 2003) the FC&PS to Government Haryana, PWD, Irrigation Branch while admitting the facts stated (September 2003) that the Government had decided to chargesheet the defaulting EEs for the lapses. Further developments were awaited (September 2003).

Agriculture Department (Haryana State Agricultural Marketing Board)

Non-recovery of interest of Rs 16.80 crore from HVPN/UHBVN resulted in loss of revenue to MCs

4.6.5 Under the Haryana State Agricultural Marketing Board and Market Committees Investments and Disposal of Surplus Funds Rules, 1981, a Market Committee (MC), subject to any directions issued by the Chief Administrator in this behalf, may invest its surplus funds or any portion thereof in securities of the Central Government, Savings Bank Account or Fixed Deposit Receipts of the Post Office, Nationalised Banks, Haryana State Government Boards and Undertakings or in the Haryana State Co-operative Banks. The income resulting from such investments should be credited to the funds of the MCs concerned or the Board, as the case may be. These funds are ultimately utilised for the improvement of markets and betterment of the agriculture produce of farmers.

Test-check of records (November 2002 to February 2003) of 16³⁰ Market Committees (MCs) under Haryana State Agricultural Marketing Board (HSAMB) revealed that the Chief Administrator (CA), HSAMB under the directions of the State Government, directed the MCs from time to time to invest their surplus funds in the fixed deposit scheme of erstwhile Haryana State Electricity Board now *Haryana Vidyut Prasaran Nigam Limited* (HVPN) and *Uttar Haryana Bijli Vitran Nigam Limited* (UHBVN). Accordingly, these MCs invested Rs 44.21 crore from April 1992 onwards for a period of 61/72 months, bearing annual interest of 10.5 *per cent* payable half yearly. HVPN/UHBVN, after paying the interest upto March 1999/September 1999 stopped further payments of interest without assigning any reasons. Interest of Rs 16.80 crore had become due for the period 1 April 1999 to 31 March 2003. Even the Fixed Deposit Receipts for Rs 14.51 crore which stood matured for payments during February 2000 and February 2003, were

²⁸ Rs. 133.08 lakh (-) Rs 109.08 lakh.

²⁹ At the rate Rs. 0.06 lakh per day for nine days as per provision in the agreement.

³⁰ Ambala Cantt, Ambala City, Assandh, Bahadurgarh, Bhiwani, Charkhi Dadri, Dabwali, Ellenabad, Gurgaon, Ismailabad, Kalanwali, Nissing, Nuh, Rania, Shahbad and Taraori.

neither encashed nor renewed as of March 2003, for which no reasons were on record. On the behest of the State Government (March 2003), HSAMB requested (March 2003) the Managing Directors of HVPN and UHBVN to repay the principal amount of FDRs of MCs immediately, but no repayment had been received as of September 2003.

Thus due to non-receipt of principal amount of Rs 44.21 crore and non-recovery of interest of Rs 16.80 crore, the MCs have been deprived from utilising these funds for providing the market facilities to the farmers.

Deputy Secretary, Government of Haryana, Agriculture Department reiterated (August 2003) the action taken in March 2003 to accept the repayment of principal amount. The fact, however, remains that neither the principal of Rs 44.21 crore was received nor the payment of interest has commenced as of now (September 2003).

Town and Country Planning Department (Haryana Urban Development Authority)

**Failure of Estate
Officers of Haryana
Urban Development
Authority to recover
the professional
service fees resulted
in non-recovery of
Rs 2.01 crore from
allottees**

4.6.6 HUDA made amendments (12 January 1999) in Haryana Urban Development (Disposal of Land and Buildings) Regulations, 1978 which *inter-alia* provided that the transferee or lessee of a land/building could use 25 *per cent* of built up covered area of the building or 50 square metre whichever was less for rendering non-nuisance professional consultancy services by Doctors, Lawyers, Tax Consultants, Architects, Contractor Consultants, Chartered Accountants/ Company Secretaries, Property Consultants and Tourist Guides with prior permission of Chief Administrator (CA) on payment of fees ranging between Rs 0.20 lakh and Rs 0.50 lakh initially for a period of five years at various places of urban estates in Haryana. The fees should be recovered at 10 *per cent* with application, 40 *per cent* at the time of grant of permission and balance after one year from the date of permission, failing which the permission should stand cancelled. If the payment was made in lump sum, a rebate of 10 *per cent* would be given. The permission shall be renewed after a period of five years on the payment of renewal fee, equal to 10 *per cent* of the total fee, which would be recovered in lump sum at the time of renewal.

Scrutiny of records in audit revealed that three Estate Officers³¹ (EOs) conducted surveys between August 2001 and February 2003 and identified 455 residential premises which were being used for non-nuisance professional consultancy services. Out of 455 users identified in these Estates (Gurgaon: 145, Karnal: 96 and Panchkula: 214) only 20 were using their premises after obtaining the approval and by depositing the professional service fee. Remaining 435 users were still using their premises without obtaining the approval. As a result of which Rs 2.01 crore due from these users remained unrecovered.

³¹ Estate Officers, HUDA, Gurgaon, Karnal and Panchkula.

The EO, Panchkula stated (December 2002) that as per policy, Rs 0.50 lakh in each case was to be recovered from the beneficiaries over a period of five years. The reply was not tenable as the entire fees was to be recovered for a period of five years and not over a period of five years. Replies from other EOs were awaited (September 2003).

Thus, due to inaction on the part of EOs, HUDA in levying the professional service fee, HUDA could not recover the professional service fees and had been deprived of revenue of Rs 2.01 crore.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government, Haryana, Town and Country Planning Department in November 2002, but no reply was received from the Government (September 2003).

Due to slackness on the part of EOs, HUDA, Faridabad, Gurgaon and Panchkula in revision of rent after every three years and non-charging of rent for additional filling points of petrol pumps installed subsequently, HUDA was deprived of the revenue of Rs 1.49 crore

4.6.7 Under the provisions of HUDA Act 1971, HUDA leased out 15³² sites of petrol pumps at Faridabad, Gurgaon and Panchkula for a period of 15 years at a monthly rent of Rs 5,000 to Rs 33,750 for one filling point each of petrol and diesel during June 1992 to February 2000 depending upon the site locations. The allotment letters inter alia provided that these rates would be applicable for first five years and for every additional filling point of petrol/diesel, additional rent of 12.5 *per cent* of the monthly rent should be charged. In October 1997, HUDA revised the policy and decided to increase the lease rent of each petrol pump by 25 *per cent* after every three years.

Test-check of records (February 2003 and May 2003) of Estate Officers (EOs), HUDA, Faridabad, Gurgaon and Panchkula revealed that EOs, HUDA conducted the survey during December 2000 to July 2002 and identified that each petrol pump had installed additional filling points (1 to 10) but no demand for additional lease rent was raised at any stage and all the allottees of petrol pumps were paying usual lease rent. Even the EOs had not revised the lease rent of the petrol pumps which was due after expiry of three years.

Due to non-revision of rent after every three years and non-charging of rent for additional filling points installed subsequently, as per decision taken by HUDA in October 1997, HUDA had been deprived of the additional revenue of Rs 1.49 crore (Faridabad: Rs 0.59 crore, Gurgaon: Rs 0.56 Crore and Panchkula: Rs 0.34 crore).

Chief Administrator, HUDA Panchkula while admitting the facts stated (November 2003) that necessary notices to effect the recovery on the basis of revised lease rent and for each additional points have been issued.

³² Faridabad: Sector 12 opposite Sector 15 (February 1993), Sector 16 (May 1995), Sector 29 (August 1995), Sector 12 (November 1994), Sector 19 (May 1994) and Sector 3-4 (October 1997).

Gurgaon: Sector 18 (May 1994), Sector 25 (October 1997), Sector 30 (August 1998), Sector 15-II (July 1994), Sector 17 (March 1994), and Sector 37 (July 1995).

Panchkula: Sector 14 (February 2000), Sector 4 (February 1995) and Sector 16 (June 1992).

Thus, due to slackness on the part of EOs, HUDA, lease rent of Rs 1.49 crore remained unrecovered for which no responsibility had been fixed.

The draft audit paragraph was demi-officially forwarded to the Financial Commissioner and Principal Secretary to Government, Haryana, Town and Country Planning Department in April 2003, but no reply was received from the Government (September 2003).

Food and Supplies Department

District Food and Supplies Controllers, Fatehabad and Yamunanagar failed to invoke the provisions of agreements entered with rice millers, which resulted in loss of Rs 80.30 lakh due to short supply of rice by the millers to FCI against paddy delivered to them

4.6.8 Food and Supplies Department, Haryana procures paddy for Central pool and provides the same to the millers, who deliver rice to the Food Corporation of India (FCI) after milling. The milling agreements entered with a miller (October 1999 and November 2000), *inter alia*, provide that the miller would take delivery of paddy for milling either against bank guarantee or delivery of advance rice to FCI. In the event of failure to supply rice within the stipulated period the miller would be liable to pay interest at the prevailing rate of Cash Credit Limit (CCL) of Reserve Bank of India, for the period of default in supply of required quantity of rice from the paddy delivered to him. All the disputes and differences arising out of the agreement shall be referred to the arbitrator only within one year of the date of completion or on expiry of the period of contract.

Scrutiny of records (December 2002) of the District Food and Supplies Controller (DFSC), Fatehabad revealed that 48,418.50 quintal of paddy was delivered to a miller at Fatehabad during *kharif* 1999-2000. The miller was required to deliver 32,668.68 quintal of the rice to FCI by February 2000. However, the miller delivered 23,600.31 quintal of rice to FCI during 1999-2000 and deposited cost of 135.55 quintals of undelivered rice in July 2000. Balance 13,136.50 quintal of paddy (equivalent of 8,932.82 quintal of rice) valuing Rs 83 lakh was not milled by the miller during agreed period. However, this paddy was milled by the miller during 2000-01 along with paddy issued during *kharif* 2000-01, but no action for delayed supply was taken against him. Though the performance of the miller in the past was unsatisfactory, DFSC again delivered 42,883.53 quintal of paddy to the same miller (during *kharif* 2000-01), against which 36,093.88 quintal of rice was due. But again the miller delivered only 30,129.17 quintal of rice to FCI during November 2000 to March 2001. Thus, 5,964.71 quintal of rice valuing Rs 58.90 lakh was short supplied. As the miller failed to deliver full quantity of rice to FCI, the security of Rs one lakh only of the miller was adjusted in December 2001. On physical verification conducted by Assistant Food and Supplies Officer, Fatehabad on 14 March 2002, no stock of rice was found with miller. The department lodged an FIR against the miller (April 2002). Upon this the miller delivered post-dated cheques for Rs 43 lakh encashable between July 2002 and September 2004. The department had so far recovered a paltry amount of Rs 24 lakh and Rs 34.90 lakh were still recoverable from the miller (January 2003).

It was further noticed that the department had not filed a claim for recovery of interest which worked out to Rs 21.25 lakh (Rs 7.35 lakh for 1999-2000 and Rs 13.90 lakh for 2000-01) upto May 2003 on recoverable amount of Rs 34.90 lakh before the Arbitrator and had thus lost an opportunity for recovery of the same as no claim was filed with the Arbitrator within the required period of one year from the date of execution of the agreement. Thus, in terms of agreement the miller stood discharged of liability. Besides, the action of department to engage the same miller for *kharif* 2000-01, knowing well his past status was not in consonance with the commercial practice. This had resulted in a loss of Rs 56.15 lakh to the Government.

Similarly, the DFSO, Yamunanagar delivered 13,121 quintal of paddy grade 'A' to a miller at Mustafabad, Yamunanagar during *kharif* 2001-02 for milling without obtaining bank guarantee bond of Rs 7.21 lakh and without ensuring delivery of advance rice. The miller was required to deliver 8,922.28 quintals of rice grade 'A' by February 2002, against which only 6,904.89 quintals of rice was delivered to FCI till January 2003. Balance 2,017.39 quintals of rice valuing Rs 20.23 lakh was still to be recovered from the miller besides interest of Rs 3.92 lakh as of May 2003 causing loss of Rs 24.15 lakh to Government.

Thus, the failure of DFSCs Fatehabad and Yamunanagar to enforce the provisions of agreement had resulted in loss of Rs 80.30 lakh (Rs 56.15 + Rs 24.15 lakh) to Government.

The Financial Commissioner and Secretary (FC&S) to Haryana Government stated (July 2003) that in the case of Fatehabad an indemnity bond against the liabilities of Rs one crore and Rs 38 lakh alongwith interest had been obtained in February 2003. Further efforts were being made to recover the balance amount and disciplinary action for failure to obtain bank guarantees against the defaulting officials had also been initiated.

Transport Department (Haryana Roadways)

Non-insurance of buses resulted in avoidable loss of Rs 52.50 lakh in Rewari Depot of Haryana Roadways

4.6.9 The State Transport Commissioner circulated (December 1996) to all the Heads of departments, the decision of October 1996 taken by Council of Ministers to insure all the Government vehicles and clarified (May 1997) that the concerned department should take decision at their own to insure the vehicles as a third party or comprehensive insurance. Subsequently, in a meeting of Commercial Officers held in September 1997, under the Chairmanship of Transport Minister, all the General Managers (GMs) of Haryana Roadways were apprised about insurance coverage for the buses in Faridabad depot from Oriental Insurance Company from 6 August 1997 to 5 August 1998. They were advised to get the buses in their depot also insured in consultation with the local insurance offices.

During audit (March 2003) of Rewari Depot it was noticed that the GM did not make any efforts for obtaining even third party insurance of buses in his depot till February 1999. The buses were insured with effect from 30 March 1999 with a premium of Rs 9.97 lakh *per annum*. But during February 1998

to January 1999, 19 buses met with accidents for which Rs 63.99 lakh were paid as compensation during April 2001 to March 2002 which resulted in a loss of Rs 52.50 lakh³³ to Government.

The GM stated (July 2003) that the Insurance Companies were initially reluctant to insure the buses. The reply was not found tenable as a sister Depot at Faridabad had already got their buses insured from Oriental Insurance Company.

Thus, non-insurance of buses by GM, Rewari during February 1998 and January 1999 has resulted in loss of Rs 52.50 lakh to the Government.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to the Government Haryana, Transport Department in May 2003, but no reply was received from him (September 2003).

Sports Department

Due to non-construction of Sports Complexes at various places in the State, not only the object of scheme was defeated but also the funds of Rs 31.60 lakh remained out-side the Government account over a period of one to six years on which Government also sustained a loss of interest of Rs 9.63 lakh

4.6.10 Financial rules provide that no money should be drawn from the treasury unless required for immediate disbursement or for recoupment of the amount paid out of permanent advance. Drawal of advance from the treasury for execution of works, the completion of which is likely to take considerable time is also not permissible. Any unspent amount not required for immediate disbursement is to be refunded into the treasury promptly. Retention of funds outside Government account is also irregular.

State Government under the scheme 'Construction of Modern Sports Infrastructure' sanctioned (January 1997 to December 2001) Rs 35.10 lakh for disbursement to the District Sports Councils (DSCs) for construction/maintenance of various sports infrastructures. The sanctions *inter alia* provided that the grant was subject to 50 *per cent* matching contribution to be arranged through local sources and agreement bonds were to be got executed from the recipient before disbursing the amount. The amount was to be utilised within one year and the unspent balance, if any, was required to be refunded in treasury.

Scrutiny of records of eight³⁴ District Sports and Youth Welfare Officers (DSWOs) revealed that Rs 35.10 lakh as detailed below were withdrawn during January 1997 to December 2001 and transferred to the concerned DSCs who kept these amounts in the banks. No agreement bond was, however, got

³³ Compensation paid Rs 63.99 lakh less Rs 11.49 lakh as insurance premium for 144 buses of this depot at the rate of Rs 7,978 per bus per year (based on the rates paid for insurance coverage during March 1999 to March 2000).

³⁴ Bhiwani, Fatehabad, Hisar, Jhajjar, Jind, Narnaul, Rohtak and Sonipat.

executed at the time of transfer of funds to DSCs.

Sr. No.	Name of DSWO	Name of work	Date of sanction	Amount sanctioned (Rs in lakh)	Date of drawal of amount	Amount utilised (Rs in lakh)	Amount unspent (Rs in lakh)	Replies of DSWO
1.	Bhiwani	Construction of sports stadium at Tosham	28.1.1997	4.00	12.3.1997	Nil	4.00	Amount could not be utilised due to disputed land made available by the municipality for the construction of Sports Stadium at Tosham and non-availability of land required for athletic track at Isherwal.
		Maintenance of Isherwal Stadium	30.9.1998	1.00	13.11.1998	Nil	1.00	
2.	Fatehabad	Construction of Ratia Stadium	30.9.1998	2.00	15.3.1999	Nil	2.00	Work in progress.
		Sports Stadium, Fatehabad	8.3.1999	2.00	15.3.1999	Nil	2.00	
3.	Hisar	Extention of sitting sheds and stage	21.12.2001	3.66	28.12.2001	Nil	3.66	The work could not be taken up due to non-preparation of drawing and estimates.
4.	Jhajjar	Construction of gymnasium hall at Bahadurgarh stadium.	10.12.1999	5.00	24.12.1999	Nil	5.00	Permission to divert the funds for the construction of wrestling shed in place of Gymnasium hall had not been granted so far.
		Construction of pucca cemental ground at Bahadurgarh stadium.	10.12.1999	3.00	24.12.1999	Nil	3.00	
		Construction of bathrooms, toilet at Bahadurgarh stadium	10.12.1999	1.00	24.12.1999	Nil	1.00	
5.	Jind	Construction of multipurpose hall at Jind	28.1.1997	2.00	25.2.1997	Nil	2.00	After incurring expenditure of Rs 3.50 lakh on the filling work upto DPC level for the construction of Boxing/wrestling shed, work had to be stopped due to court case. The electrical work in multipurpose hall had also not been done due to court case. However, the work had been taken up and was in progress.
		Construction of Boxing shed at Jind	6.3.1998	5.00	24.3.1998	3.50	1.50	
		Construction of wrestling shed at Jind	6.3.1998	4.00	24.3.1998	Nil	4.00	
6.	Narnaul	Laying cricket pitch at Netaji Subhash Chander Bose Stadium	11.8.2000	0.50	18.10.2000	Nil	0.50	Laying of cricket pitch at Netaji Stadium could not be done as the amount had been misutilised by ex-DSWOs for conducting Women Sports Festival at Panipat which has now been recovered (December 2002) from him and the work would be taken up shortly.
7.	Rohtak	Levelling of cricket pitch	6.3.1998	0.50	27.3.1998	Nil	0.50	The work could not be done due to non-availability of proper site.
8.	Sonipat	Construction of mini stadium Halalpur	23.2.2001	0.34	30.3.2001	Nil	0.34	Mini stadium at Halalpur and Basketball court at Subhash Stadium Sonipat could not be constructed due to non-receipt of permission from GOI and matching contribution from local resources.
		Construction of Basket ball court at Subhash stadium	23.2.2001	1.10	30.3.2001	Nil	1.10	
Total				35.10		3.50	31.60	

This shows that out of total amount of Rs 35.10 lakh only Rs 3.50 lakh were spent and remaining amount of Rs 31.60 lakh remained unspent over a period of one to six years.

Commissioner and Secretary to Government Haryana, Sports and Youth Welfare Department while admitting the facts stated (July 2003) that the work of creating of sports infrastructure at Bhiwani, Jhajjar, Rohtak and Sonipat could not be taken up and the amount was being deposited. Further developments were awaited.

Thus, due to non-construction of Sports Complexes at various places in the State, not only the objective of scheme was defeated but also the funds of Rs 31.60 lakh remained out-side the Government account over a period of one to six years on which Government also sustained a loss of interest of Rs 9.63 lakh as of August 2003.

4.7 Embezzlement/Misappropriation

Education Department

Non-observance of financial rules and failure of the DDOs in exercising the proper checks, facilitated the embezzlement of Rs 8.14 lakh

4.7.1 Punjab Financial Rules³⁵ (PFR) as applicable to Haryana *inter alia*, require Drawing and Disbursing Officer (DDO) to satisfy that every payment voucher should bear or have attached to it, an acknowledgement of the payment, all monetary transactions should be entered in cash book as soon as they occur and attested by the DDO. Further, cash book should be closed regularly and completely checked. Rules also provide that totals of the cash book should be checked by the DDO or by some responsible officer subordinate to him other than the writer of the cash book and initial it as correct. A consolidated receipt should be obtained from the treasury by 15 of the following month and compare it with the entries in the cash book.

The above requirements were not followed in the cases discussed below:

To ensure education amongst the students of Scheduled Castes and other economically weaker sections of the society, the State Government formulated various schemes and released incentive money to respective Block Education Officers (BEOs) for distribution to Centre Incharges for further disbursements to the eligible students for the purposes envisaged in the schemes.

Test-check of records of BEOs, Safidon, Julana and Kalayat (November 2002 – February 2003) relating to disbursement of incentive money for the period from February 1997 to January 2003 revealed embezzlement and misappropriation of Government money of Rs 6.32 lakh due to non-adherence to the codal provisions discussed above. When pointed out (April 2003) the Director, Primary Education informed (April 2003) that departmental inquiry

³⁵ Rule 2.2(i), 2.2(ii), 2.2(iii) and 2.2(v).

has been initiated against the concerned officials. Similarly, test-check (March 2002) of records of Principal, Government Senior Secondary School at Old Faridabad revealed that Rs 1.82 lakh were embezzled by the clerk due to failure of the DDO to apply the prescribed checks during May 1998 to February 2002.

The details of above cases are given as under:

Sr. No.	Name of office	Period of disbursement	Amount embezzled (Rs in lakh)	Gist of irregularity
1.	BEO, Safidon	May 1998 to June 1999	3.68	Rs 3.68 lakh on account of incentive money was shown as disbursed to the Centre Incharge of various schools for disbursement amongst the students. Though the entries in the cash book were attested by BEO, there was no proof in support of disbursement to the actual payees. The concerned Centres Incharges stated (November 2002) that they had not received the money from BEO.
2.	-do-	October 1998	0.90	Rs one lakh was drawn from the treasury in October 1998 and was shown as disbursed to a Centre Incharge for disbursement amongst students whose parents were engaged in unclean occupation whereas the Centre Incharge stated (October 1998) that he had received only Rs 10,000 which were disbursed to eligible students.
3.	-do-	July 1997 to September 1999	0.87	Undisbursed amount of Rs 0.87 lakh on account of incentive money returned by the Centres Incharges to the BEO, Safidon had not been accounted for in the cash book or refunded into treasury.
4.	-do-	March 1997	0.12	Closing balance in the cash book had not been shown correctly. On 5 March 1997 and 14 March 1997, Rs 0.11 lakh and Rs 0.01 lakh respectively were entered less in the cash book.
5.	-do-	October 1999	0.05	As per cash book, there was a closing balance of Rs 0.05 lakh as on 11 October 1999. But the then BEO had not handed over the same on his transfer and was thus embezzled.
6.	BEO, Julana	April 1997 to May 2002	0.54	Incentive money of Rs 0.54 lakh paid to Centre Incharge, Shadipur between April 1997 to March 2002 was neither disbursed amongst students nor accounted for in the cash book. On being pointed out in audit (February 2003), the entire amount was refunded into treasury (February 2003) and the official was placed (March 2003) under suspension.
7.	BEO, Kalayat	July 1997 to August 2001	0.16	Undisbursed amount of incentive money of Rs 0.16 lakh returned (July 1997 to August 2001) by the Centres Incharge to the BEO, Kalayat had neither been accounted for in the cash book nor deposited into treasury. On being pointed out in audit (February 2003) the entire amount was refunded (February 2003 – March 2003) into treasury but no further action had been taken against the official at fault as of May 2003.
8.	Principal, Government Senior Secondary School, Old Faridabad	May 1998 to February 2002	1.82	Out of Rs 1.82 lakh collected as fee from the students Rs 1.72 lakh were shown as paid into the treasury by preparing challans affixing fictitious stamp and Rs 0.10 lakh were not accounted for in the cash book or deposited into treasury. However, on being pointed out in audit (March 2002) the entire amount of Rs 1.82 lakh alongwith interest of Rs 0.62 lakh had been deposited (March 2002) into treasury. Director, Secondary Education stated (June 2003) that the official at fault had been chargesheeted (February 2003). Further developments were awaited.
		Total	8.14	

Thus, non-observance of financial rules and failure of the DDOs in exercising the proper checks, had facilitated the embezzlement of Rs 8.14 lakh in these offices.

The draft audit paragraph was demi-officially forwarded to the Commissioner and Secretary to Government Haryana, Education Department in June 2003, but no reply was received from the Government (September 2003).

4.8 Stores and Stock

Public Works Department (Buildings and Roads Branch)

Stores and Stock accounts

4.8.1 Stores comprise of all articles and material purchased or otherwise acquired for use on works. These include expendable and issuable articles in use or accumulated for specific purposes as well as articles of dead stock of the nature of plant and machinery, instruments, equipment, fixtures, etc. Stores are purchased through Director General, Supplies and Disposals, (DGS&D), Government of India or Director, Supplies and Disposals (DS&D), Haryana or by departmental officers for use on works. Test-check of records relating to purchase, custody, issue and management of stores for the years 2000 to 2003 in respect of 15³⁶ out of 60 Divisions of Public Works Department (PWD) Buildings and Roads (B&R) Branch was conducted during October 2002 to March 2003.

Budgetary arrangement and misuse of LOC system

4.8.2 No specific allocation of funds for procurement of stores is made in annual budget of the PWD (B&R). To enforce strict financial control and discipline, the Finance Department introduced the letter of credit (LOC) system in the PWD in July 1972. No separate LOC for the purchase of stores is issued. Payments for purchase of stores are made out of the funds released through LOC for works.

During test-check, following cases of injudicious drawal and misutilisation

³⁶ Provincial Divisions, Bhiwani, Charkhi Dadri, No.1 Hisar, No. II (NH) Hisar, Narwana, Narnaul, Punchkula, Rewari, No. II Sirsa, Construction Division (NH), Hisar, Research Laboratory, Hisar, Mechanical Division, Ambala Cantt, Store Procurement Division, Karnal and Electrical Divisions, Bhiwani and Hisar.

of LOC were noticed:

- The Executive Engineer (EE), Provincial Division, Narwana drew Rs 1.52 crore under “Central Road funds schemes” (Rs 1.13 crore) and “Prime Minister’s *Gramin Sadak Yojana*” (Rs 0.39 crore) during March 2002 (Rs 0.94 crore) and June 2002 (Rs 0.58 crore) for making advance payment to Indian Oil Corporation (IOC), Panipat for purchase of 1,620.87 metric tonnes (MT) of bitumen on photo copies of two *proforma* invoices. However, only 174.17 MT of bitumen valuing Rs 20 lakh was procured in March and June 2002. Balance amount of Rs 1.32 crore was converted in bank drafts for making payment to IOC, Panipat and were subsequently cancelled. Of these, Rs 0.84 crore were spent on annual/special repair works other than those for which the funds were originally drawn.
- Engineer-In-Chief (EIC), PWD, B&R placed (June 2002) LOC of Rs 2.95 crore at the disposal of EE, Provincial Divisional II, Hisar for the period upto 30 June 2002. Instead of making payments to contractors, EE prepared bank draft for Rs 66.75 lakh on 28 June 2002 in favour of IOC for purchase of 555.09 MT of bitumen without any invoice or any requirement. After cancelling this bank draft in August 2002, the amount was utilised for making payments to contractors. Thus, the LOC meant for June 2002 was irregularly utilised in August 2002.
- EE, Provincial Division, PWD (B&R), Bhiwani withdrew Rs 82.82 lakh during March 2002 for the purchase of 869.67 MT bitumen. Of this, Rs 52.82 lakh were paid in March 2002 to IOC, Panipat. Balance amount Rs 30 lakh was retained in Divisional Office in the form of two bank drafts of Rs 15 lakh each which were cancelled during April and May 2002 and funds were utilized for making payment to contractors for execution of work. Thus funds were drawn without immediate requirement only to avoid lapse of LOC.

Store management

4.8.3 The Divisional Officer is mainly responsible for assessment, acquisition, custody and disposal of stores at divisional level. A chronological record of receipt, issue and running balance of each article of stock is kept in a Bin Card. The value accounts of stores are kept in the Priced Store Ledger (PSL) maintained at the divisional level. According to the procedure prescribed for maintenance of stock accounts, value of stores received is debited to stock suspense head and on issue/transfer to works/other units, is cleared by charge to the concerned works and other units.

Store accounts and position of stock

4.8.4 The position of stores in 54 out of 60 Divisions of the State as compiled by Audit from the monthly accounts for the years 2000-2003 was as under:

	Value of stores		
	2000 – 01	2001 – 02	2002 – 03
	(Rupees in crore)		
Opening balance as on 1 April	(-) 8.75	(-) 7.62	(-) 6.13
Receipts during the year	59.09	78.52	44.79
Total	50.34	70.90	38.66
Issues during the year	57.96	77.03	46.91
Closing balance as on 31 March	(-) 7.62	(-) 6.13	(-) 8.25

Efforts to obtain position of receipts, issues and balances of stock for the department as a whole did not yield any result as there was no system of maintaining any consolidated store/stock position in the office of the EIC.

The following irregularities were noticed in store accounts:

- In Provincial Division, Gurgaon, the balance under ‘Other Sub Heads’ in Form PWA-29 for the month of May 2001 was incorrectly worked out as Rs 13.76 lakh instead of (-) Rs 8.66 lakh resulting in incorrect balances of Rs 22.42 lakh at the close of the month. The difference was neither reconciled nor reasons thereof were given by the EE.
- In four³⁷ Divisions, machinery and equipments (M&E) such as Jeeps, Truck, Road Rollers, Tractors, Hot Mix Plant, Tipper, etc. value Rs 4.41 crore were purchased between 1970 and 1993. Of this, M&E valuing Rs 4.15 crore were declared unserviceable and M&E valuing Rs 26 lakh were condemned between 1994 to November 2002. The Superintending Engineer (SE), Mechanical Circle, Karnal intimated (June 2003) that the disposal will be done by the Director, Supplies and Disposals shortly, but their disposal was still awaited (August 2003).
- In 11³⁸ Divisions, store material such as steel boards, durmet, empty bitumen drums, RCC Hume pipes, steel shuttering, etc. valuing Rs 14.14 lakh, purchased during 1973 to November 2002, was lying un-utilized in the divisional stores since the date of their purchase. Reasons for non-disposal and purchase of material without immediate requirement were awaited (September 2003).

³⁷ Mechanical Divisions, Gurgaon, Hisar, Karnal and Rohtak.

³⁸ Provincial Divisions, No. 1, Hisar, No. II Hisar, Panchkula, Narnaul, Rewari, Mechanical Divisions, Ambala Cantt, Karnal, Mechanical S&P, Karnal, Rohtak, Electrical Divisions, Hisar and Gurgaon.

Minus balances in stock

4.8.5 As required under articles 184 of Accounts Code Volume-III and instructions issued by the Engineer-in-Chief from time to time, transaction originating in another Division, Department or Government should, as a rule, be adjusted in divisional accounts on receipt of intimation of debit or credit/book transfer bills and suspense slips (A.G. Memos) from the Accountant General, Accounts and Entitlements. Rules³⁹ further provide that issue rate of store articles fixed at the beginning of the year should be reviewed half yearly so that value accounts of stores and stock register agreed. Minus balances of Rs 16.82 crore, Rs 14.56 crore and Rs 14.01 crore appeared in 37 Divisions at the end of March 2001, 2002 and 2003 respectively (*Appendix-XV*) were attributable to:

- non-adjustment of profit/loss on stores and non-revision of issue rates;
- fictitious adjustment of stores and stock;
- non-adjustment of inter-divisional transactions and
- non-adjustment of A.G. Memos (Rs 4.05 crore in six Divisions from March 1995 to May 2002 through 108 AG Memos) issued by the Accountant General for material received through DGS&D.

Further examinations revealed that:

In following cases non-revision of issue rates resulted in profit to stock and increase in minus balances

- In ten⁴⁰ Divisions, 6,09,128 bags of cement were purchased at the rates varying from Rs 106.75 to Rs 120 per bag between April 2000 and March 2003. The cement so purchased was issued to various works at the rate of Rs 129 and Rs 130 per bag. By issuing the cement at higher rates, Rs 81.64 lakh (including three *per cent* storage charges) were excessively charged to various works resulting in profit to stock.
- In Provincial Divisions, I, Sonipat and II, Rohtak, 4,294.400 metric tonnes (MT) of bulk bitumen was purchased at the rates varying from Rs 9,294 to Rs 11,598 per MT between April 2000 and March 2003. The bulk bitumen so purchased was issued to various works at the rates varying from Rs 11,200 to Rs 12,500 per MT. By issuing the bulk bitumen at higher rates Rs 79.67 lakh (including three *per cent* storage charges) were excessively charged to various works resulting in profit to stock.

³⁹ Rule 6.22 of Punjab Financial Hand Book No. 3, Departmental Financial Rules.

⁴⁰ Provincial Divisions, No.-II Ambala, Charkhi Dadri, No.I Faridabad, No. II Gurgaon, No. III Hisar, No.II Karnal, No. I Panipat, No. III Rohtak No. I Sonipat and No. II Sonipat.

In the following cases non-adjustment of inter-divisional transactions resulted in minus balances in stock:

- In Provincial Divisions, II, Kurukshetra and I, Panipat, 455.700 and 180.024 MT bitumen costing Rs 48.48 lakh (Rs 32.28 lakh and Rs 16.20 lakh respectively) was transferred from Provincial Divisions, I Ambala Cantt. and I Karnal between February to August 1999 and in June 1998 respectively. Bitumen was utilised on various works and expenditure was charged to works concerned by giving credit to stock but the cost of bitumen was not charged to stock as no payment was made to the Divisions concerned as on June 2003. This had resulted in increase in minus balances.
- It was further noticed (June 2003) in Provincial Division II, Kurukshetra that Rs 1.04 crore were received in June 2000 from Haryana Rural Development Administration (HRDA) for repair of rural roads damaged during floods of 1995 and 1996. Of this, Rs 76.43 lakh were spent on purchase of 683.015 MT bitumen during June 2000 to December 2000. Out of which 276.545 MT of bitumen valuing Rs 31.18 lakh was transferred and irregularly utilised on Government funded works between July 2000 and July 2001. Irregular diversion of bitumen to Government works without transfer of cost of bitumen to stock had resulted into increase in minus balances.

Recurring minus balances indicated charging of stores to works at incorrect rates which could also conceal errors and fictitious adjustments in stock accounts.

Non-adjustment of storage charges

4.8.6 Storage charges were required to be fixed every year by the Divisional Officers so that all expenditure on maintenance and upkeep of stores, watch and ward expenses, rent, repairs and electricity charges of godown or yards, etc. as far as possible, were recovered from issue of stores. These charges were required to be adjusted finally in the account of the same year. A test-check of records of 54 Divisions revealed that credit balance (profit) of Rs 0.48 crore in 16 Divisions (*Appendix-XVI*) and debit (loss) balance of Rs 3.37 crore in 27 Divisions (*Appendix-XVII*) at the end of March 2003 were lying unadjusted.

Irregular/un-authorized expenditure of storage charges

4.8.7 Storage charges are recovered on issue of stores and are required to be spent on maintenance and upkeep of stores, watch and ward, rent, etc.

Contrary to these provisions it was noticed that in seven⁴¹ test checked Divisions, Rs 57.54 lakh were irregularly spent on the construction of office buildings (Rs 19.97 lakh), purchase of stationery articles for office use (Rs 3.72 lakh), payment of electricity bills (Rs 0.76 lakh), telephone bills (Rs 1.32 lakh), payment of compensation for accident (Rs two lakh), celebration of Republic/Independence days (Rs 8.50 lakh), protection of Ghaggar bridge (Rs 1.99 lakh), payment of wages (Rs 0.55 lakh) and on miscellaneous items (Rs 18.73 lakh) between April 2000 and March 2003 by charging the expenditure to storage instead of respective works.

Irregular purchases

Split up of purchases

4.8.8 The EEs are empowered to purchase material for use on works upto Rs 10,000 on any item on any one occasion. Rules prohibit the split up of purchases.

In Provincial Division, Panchkula and II Sirsa store material such as, stone boulder, stone metal, *bajri*, white washing material, paints, furniture, etc., valuing Rs 24.64 lakh were irregularly purchased between June 2000 and March 2002 by splitting up the purchases in 129 purchase orders. Scrutiny of the purchase order of Provincial Division, Panchkula revealed that in most of the cases the material worth Rs 22.26 lakh was purchased on different orders on the same date whereas the material was meant for either the same work or similar work.

As regard the purchases made by Provincial Division, II Sirsa, it was noticed that the purchases worth Rs 2.28 lakh made during January and February 2001 pertain to the furniture and furnishing items meant for rest house at Ellnabad.

Idle Pot Hole repairing machine

4.8.9 For repair of roads in the State, the Chief Minister (CM) approved (7 October 1998) the proposal to purchase one Pot Hole repairing machine, from a supplier on the terms and conditions approved by GOI Ministry of Surface Transport (Road wing), New Delhi. Accordingly, the machine was received in January 1999 in Mechanical Store and Procurement Division, Karnal and payment of Rs 21.52 lakh (against total cost of Rs 23.81 lakh) was made in February 1999.

During audit (November, 2002), it was noticed that the machine was commissioned in March 1999 but was not fully utilised as the working of the machine was not accepted by the field staff on the plea that it is not required by them. It worked only for 511 hours (473 hours during 1999-2000 and 38 hours during 2000-01) whereas it was required to run satisfactorily for 2,500

⁴¹ Provincial Divisions No. 1, Hisar, Narnaul, Panchkula, Rewari, No. II Sirsa, Construction Division (NH), Hisar and Electrical Division, Bhiwani.

hours within 30 months from the date of its purchase and was lying idle since July 2000.

Thus, Pot Hole machine purchased by spending Rs 21.52 lakh, without assessing requirement from field offices had resulted in its under utilisation.

Excess payments of sales tax on the purchase of bitumen

4.8.10 Sales tax at the rate of four *per cent* was required to be paid on the purchase of bitumen for Government works with effect from 4 March 2000. In Provincial Divisions II, Hisar and Narwana, it was noticed that 3,678.595 MT of bitumen was purchased from IOC, Panipat during April 2000 to August 2001 but the sales tax at the rate 10 *per cent* was paid resulting in excess payment of Rs 23.30 lakh to IOC, Panipat.

Non-recovery of difference of sales tax

4.8.11 In the meeting of SEs and EEs held on 6 August 2001 under the Chairmanship of Financial Commissioner and Secretary to Government Haryana, PWD B&R, it was decided that where the contractors are arranging bitumen at their own level and are paying sales tax at the concessional rate of four *per cent*, instead of normal rate of 10 *per cent*, the difference of six *per cent* should be recovered from the bills of the contractors. In audit (December 2002) of Construction Division (NH), Hisar it was noticed that two contractors arranged 3,879.179 MT of bitumen valuing Rs 3.66 crore during October 2001 to October 2002 from IOC by paying sales tax at concessional rate of four *per cent* for Government works. Thus an amount of Rs 21.96 lakh became recoverable but the same had not been recovered as of September 2003.

Inventory control

Non-fixation of Reserve Stock Limit

4.8.12 Before the commencement of the financial year, the Divisions are required to obtain approval from Government for fixing the monetary limits known as Reserve Stock Limit (RSL) for holding the stores and stock every year. It was noticed that in 18 Divisions, RSL for the year 2000 to 2003 was not fixed although the stores valuing Rs 6.55 crore, Rs 6.51 crore and Rs 4.89 crore were held at the end of March 2001, 2002 and 2003 respectively (**Appendix-XVIII**). Non-fixation of RSL would result in ineffective inventory control/excess procurement of stores.

Priced store ledger

4.8.13 The numerical quantities with their value showing opening balances, receipts, issues and closing balances are kept in the PSL maintained in the

Divisional Office. The ledger was required to be closed both for quantity and value at the end of each month and its balances reconciled half-yearly with the balances in the bin cards. In four⁴² test checked Divisions, PSL for the period 2000-2003 were not maintained. In other seven⁴³ test checked Divisions, only quantity accounts of receipt and issue of store was maintained without their value accounts. Even the balances in the ledgers were not reconciled with those shown in the bin cards.

Non-preparation of Tools and Plants returns

4.8.14 To guard against shortages, pilferages, misappropriations and frauds, a yearly Tools and Plant (T&P) return is required to be prepared by each Sub-Division and consolidated in the Division. In five⁴⁴ test checked Divisions, these returns were not prepared for the period ranging from 3 to 12 years despite being pointed out regularly in annual inspection reports of these Divisions. The Divisions did not try to obtain these returns from Sub-Divisional offices and no action was taken against the defaulting officers. In the absence of T&P returns, the shortages/pilferages and proper account of all the articles purchased could not be ascertained in audit.

Fictitious stock adjustment

4.8.15 Financial Rules prohibit stock adjustment such as debiting the cost of material not immediately required on a work or in excess of the actual requirement. In five⁴⁵ Divisions, material such as Bitumen, Cement and tube light fittings, etc. valuing Rs 1.40 crore was shown as issued unnecessarily to various works during March 1999 to April 2002 without any requirement and was written back to stock (Rs 77.30 lakh) and Miscellaneous Public Works Advances (Rs 62.26 lakh) during September 1999 to December 2002 respectively.

Non-conducting of Physical verification of stores

4.8.16 Physical verification of stores was required to be conducted once in a year by an officer other than the custodian of stores and results thereof communicated to the Divisional Officer immediately. However, in 4⁴⁶ test checked Divisions, the stores were not physically verified during 2001 to 2003

⁴² Provincial Divisions, Bhiwani, Narnaul, Panchkula and Rewari.

⁴³ Provincial Divisions No. 1 Hisar, No. II Hisar, Narwana, No. II Sirsa, Construction Division (N.H.), Hisar, Mechanical Division, Ambala Cantt and Electrical Division, Hisar.

⁴⁴ Provincial Divisions, II Karnal, Panchkula, Rewari, Construction Division (N.H), Hisar and Electrical Division, Gurgaon.

⁴⁵ Provincial Divisions, No. 1 Hisar, No. II Hisar, Narwana, Construction Division (NH), Hisar and Electrical Division, Hisar.

⁴⁶ Provincial Divisions, No.II Hisar, Panchkula, Rewari, and Construction Division (N.H), Hisar.

in the absence of which shortages/surplus in store material could not be ascertained.

The audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary, Haryana Government, PWD, B&R, in June 2003, but no reply was received (September 2003).

4.9 General

Follow-up on Audit Reports

4.9.1 According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the Administrative Departments were to initiate, *suo-motu* positive and concrete action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the corrective/remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action Taken Notes (ATNs) on the paragraphs included in the ARs upto the period ending 31 March 2002 revealed that the ARs for the period 1998-2002 were presented to State Legislature in September 2000, March 2001, March 2002 and March 2003, respectively. Of the 170 paragraphs/reviews of 35 Administrative Departments included in ARs 1998-2002, 24 Administrative Departments had not submitted the remedial/corrective ATNs on 86 paragraphs /reviews as per details given in the *Appendix-XIX*. Out of this, 10 Administrative Departments have not taken any action to recover the amount of Rs 363.31 crore in respect of 16 paragraphs/reviews as per details given in the *Appendix-XX*.

Response of the departments to Draft Audit Paragraphs

4.9.2 Draft Paragraphs and Reviews are always forwarded to the Secretaries of the concerned Administrative Departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments are invariably indicated at the end of each paragraph included in the Audit Reports. Finance Department also issued directions on 5 January 1982 to all Administrative Departments to send their response to the Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks.

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003, 33 audit paragraphs and four reviews were issued to the

Government which included five draft paragraphs and one review involving recoverable amount of Rs 30.12 crore. No reply had been received in respect of 25 audit paragraphs and four reviews as of September 2003.

Public Works Department (Irrigation Branch)

Non-responsiveness to Audit findings and observations resulting in erosion of accountability

4.9.3 After periodical inspection of the Government departments, Accountant General (Audit) (AG) issues the Inspection Reports (IRs) to the Heads of offices inspected, with a copy to the next higher authorities, who are required to rectify the defects and omissions promptly and report their compliance to the AG within six weeks. A half-yearly report of pending IRs for more than six months is also sent to the concerned Administrative Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

A review of IRs issued upto March 2003 of 98 Divisions of Public Works Department (PWD), Irrigation Branch, disclosed that 883 paragraphs of 411 IRs (as per *Appendix-XXI*) remained outstanding at the end of March 2003. Of these, 106 IRs containing 135 paragraphs were for more than 10 years old. Divisional Officers of 68 Divisions have failed to submit even the initial replies for IRs issued during April 2002 to March 2003.

The Administrative Secretary of the Department who was informed of the position through half-yearly reports, also failed to ensure prompt and timely action by the Departmental Officers. Even serious irregularities such as recoverable amounts of Rs 23.50 crore from officers and contractors/agencies due to shortage of material, excess payments, works got completed on risk and cost of the defaulting agencies, etc. as categorised in *Appendix XXII and XXIII*, remained unsettled as of June 2003.

These amounts were placed in routine in the 'Miscellaneous Public Works Advances' against the concerned officials/contractors/agencies but no action was taken to recover the amount from them. As a result, possibility of permanent loss of huge amounts cannot be ruled out.

Similar paragraphs were floated in the Audit Report (Civil) for the year ended March 1996 and 1999. Public Accounts Committee while discussing the Report for the year 1995-96 directed the Department to settle the old outstanding inspection reports/paragraphs with Accountant General. But 204 old paragraphs involving 158 IRs for period ending March 1996, were still pending. Audit Report for the year 1998-99 is yet to be discussed by the PAC.

The Audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary, Haryana Government, PWD, Irrigation Branch in May 2003, but no reply was received (August 2003).