

Overview

This Report contains 12 paragraphs including two performance audits on 'Rajiv Gandhi Grameen Vidyutikaran Yojana' and 'Haryana State Warehousing Corporation' involving a financial effect of ₹ 126.45 crore relating to avoidable expenditure, non compliance of rules, directives and procedures; non safeguarding of the financial interests *etc.* Some of the major findings are mentioned below:

1. About the State Public Sector Undertakings

The State of Haryana had 24 working PSUs (22 companies and two Statutory corporations) and seven non working companies which employed 35,577 employees. As on 31 March 2013, the investment (capital and long-term loans) in 31 PSUs was ₹ 35,778.36 crore. Out of the total investment in State PSUs, 99.61 *per cent* was in working PSUs and the remaining 0.39 *per cent* in non-working PSUs. The total investment consisted of 23.89 *per cent* towards capital and 76.11 *per cent* in long-term loans. The equity has increased from ₹ 5,962.15 crore in 2008-09 to ₹ 8,546.45 crore in 2012-13. Power sector accounted for over 91.38 *per cent* of the total investment in 2012-13. The State Government contributed ₹ 10,519.62 crore towards equity, loans and grants/ subsidies in 13 PSUs during 2012-13.

(Paragraphs 1.1, 1.3 and 1.4)

Performance of Public Sector Undertakings

Out of 23 working PSUs for which the accounts were received up to September 2013, 15 PSUs earned profit of ₹ 292.35 crore and eight PSUs incurred losses of ₹ 10,120.57 crore. Out of 15 PSUs earning an aggregate profit of ₹ 292.35 crore, only four PSUs¹ declared dividend of ₹ 6.60 crore.

(Paragraph 1.6)

Arrears in finalisation of accounts

Nineteen working PSUs had arrears of 34 accounts as of September 2013. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

(Paragraph 1.7)

2. Performance audit relating to Government companies

Performance audit relating to 'Rajiv Gandhi Grameen Vidyutikaran Yojana' in

¹ Haryana Warehousing Corporation, Haryana State Industrial and Infrastructure Development Corporation Limited, Haryana Forest Development Corporation Limited and Haryana State Electronics Development Corporation Limited.

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited was conducted. The important findings noticed during audit are as under:

The Rural Electricity (RE) plan which was to be notified within six months of notification (August 2006) of RE policy was notified with delay of 58 months. RE plan was deficient as estimation of load was unrealistic and power requirement was not assessed to meet the additional load.

(Paragraphs 2.1.5.1 and 2.1.5.2)

Detailed Project Reports (DPRs) of 21 projects were approved by taking time ranging between 12 days and 920 days. DPRs were prepared without actual route surveys. Distribution Transformers (DTs) meters worth ₹ 8.27 crore were not utilised for conducting energy audit.

(Paragraphs 2.1.5.3 to 2.1.5.5)

UHBVNL spent ₹ 43.20 crore from cash credit accounts which resulted in incurring undue interest burden of ₹ 3.44 crore. DHBVNL kept scheme funds of ₹ 59.96 crore in a private bank.

(Paragraph 2.1.6)

DISCOMs awarded contracts for ₹ 259 crore against REC sanctioned cost of ₹ 200.22 crore and had to bear the additional financial burden. Contractors of UHBVNL got excess payments of ₹ 15.36 crore by bringing material in excess to sites.

(Paragraphs 2.1.7.1 and 2.1.7.4)

Eight projects of UHBVNL were delayed for period ranging between 7 and 67 months and six projects of DHBVNL were completed with delay ranging between 10 and 28 months against the completion period of 12 months and 9 months respectively.

(Paragraph 2.1.7.3)

UHBVNL achieved 66.03 per cent and 75.83 per cent of its targets of release of connections to BPL households in 10th and 11th plan periods respectively. DHBVNL had achieved the targets for 11th plan Phase-1 but there was no achievement for Phase-II projects.

(Paragraph 2.1.8.2)

2.2 Performance audit relating to Statutory Corporation

Performance audit relating to 'Haryana State Warehousing Corporation' was conducted. The important findings noticed during audit are as under:

The Corporation earned profits during 2009-10 to 2011-12 and suffered losses amounting to ₹ 10.97 crore in 2008-09 and ₹ 138.51 crore in 2012-13. There was shortfall in the capital expenditure during 2008-09 and 2009-10.

(Paragraphs 2.2.6.1 and 2.2.6.2)

The Corporation had not prepared its accounts as per the accepted accounting principles/ standards. Non-confirmation and reconciliation of accounts with FCI has resulted in major transactions being outstanding for more than 15 years. The value of closing stocks of wheat and gunny bags were not reconciled with physical balances since 2008-09.

(Paragraph 2.2.6.1)

As on 31 March 2013, ₹ 40.56 crore were recoverable from various Government/ Government owned agencies on account of storage charges out of which ₹ 21.42 crore pertained to the period 1986-87 to 2007-08.

(Paragraph 2.2.8.1)

The Corporation violated the conditions of NIT by selecting a particular grade and brand, by changing the schedule of opening of financial bids, quantity and schedule of payment, in the contract for supply and erection of galvalume sheets for roofing of 47 godowns during 2008-09 and 2009-10. It had not levied penalties of ₹ 7.74 crore on contractors for delayed completion of works during 2008-09 to 2012-13 as per the provisions of the work orders.

(Paragraphs 2.2.9.2, 2.2.9.3 and 2.2.9.7)

The shortfall in achievement of procurement targets in respect of paddy ranged between 21 and 62 *per cent* during 2008-09 to 2011-12. The Corporation lost ₹ 6.64 crore worth of stocks owing to damage due to floods and rains.

(Paragraphs 2.2.11.6 and 2.2.11.7)

The internal control procedures were not commensurate with the size and nature of activities of the Corporation.

(Paragraph 2.2.13.1)

3. Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of State Government Companies, which had serious financial implications. Gist of the audit observations is given below:

Haryana Power Generation Corporation Limited

Delay in executing side agreement led to extra expenditure of ₹ 3.07 crore in rebooking of coal.

(Paragraph 3.1)

Dakshin Haryana Bijli Vitran Nigam Limited

Decision of High Power Purchase Committee to retender by ignoring the lowest rates resulted in extra expenditure of ₹ 6.36 crore.

(Paragraph 3.2)

Uttar Haryana Bijli Vitran Nigam Limited

The outstanding dues increased from ₹ 1,406.32 crore in April 2008 to ₹ 2,532.36 crore in March 2013. Advance Consumption Deposit amounting to ₹ 721.56 crore was not raised against consumers as on January 2014. The number of connected defaulters had increased from 17.57 *per cent* of the total consumers in 2008-09 to 18.39 *per cent* in 2012-13. The Company recovered penalty of ₹ 6.17 crore against ₹ 11.78 crore in theft cases.

(Paragraph 3.4)

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

State Government released ₹ 532.05 crore only as subsidy to DISCOMs against the waiver of ₹ 1,050.10 crore. In two selected operation circles, 7,081 domestic consumers having amount of ₹ 32.74 crore in default had neither opted for the Scheme nor the DISCOMs had taken any action against them as per Codal provisions. Default amount of consumers who stopped making payments after joining the scheme had increased from ₹ 11.37 crore (June 2005) to ₹ 77.36 crore (December 2012).

(Paragraph 3.5)

Haryana State Electronics Development Corporation Limited

An expenditure of ₹ 93.79 lakh was incurred on purchase of software/ SAP license without assessing immediate requirement. ₹ 29.86 crore was utilised against funds of ₹ 111.53 crore from Government departments during 2008-13 for IT projects. Excess income tax of ₹ 57.24 lakh and Central Sales Tax of ₹ 6.99 lakh was paid due to over invoicing of Electorate Photo Identity Cards for Election Department.

(Paragraph 3.9)

Haryana Scheduled Castes Finance and Development Corporation Limited

In four test checked district offices, against a sanctioned loan of ₹4.58 crore (95 cases), vehicles valuing ₹1.24 crore (26 cases) were registered as commercial vehicles. An amount of ₹69.12 crore remained unrecovered as on March 2013 against a recoverable amount of ₹73.52 crore. No internal audit of the Head office/ district offices was conducted from April 2008 to March 2013.

(Paragraph 3.10)