सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Compliance Audit of Social, General and Economic Sectors for the year ended 31 March 2020

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Haryana

Report No. 4 of the year 2021

Report of the
Comptroller and Auditor General of India

on

Compliance Audit of
Social, General and Economic Sectors

for the year ended 31 March 2020

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PREFACE

This Report for the year ended 31 March 2020 has been prepared for submission to the Governor of the State of Haryana under Article 151 of the Constitution of India.

The Report contains significant results of compliance audit of the various Departments, Companies, Corporations and Autonomous Bodies of Government of Haryana.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2019-20 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2019-20 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains 19 paragraphs involving financial implications of ₹ 1,125.46 crore relating to excess, irregular, unfruitful expenditure, avoidable payments, losses to State Government, shortcomings in implementation of rules and programmes, etc. Some of the major findings are mentioned below:

Social, General and Economic Sectors (Departments)

Chapter 2 contains Compliance Audit observations which highlight deficiencies in the management of State Government Departments other than Public Sector Undertakings, which had significant financial implication. Important findings are as under:

Food, Civil Supplies and Consumer Affairs Department

Loss to the State Exchequer due to delayed claim of lower interest charges

The departmental officers delayed the claims of interest charges of ₹ 161.10 crore from Food Corporation of India from 199 to 921 days resulting in extra burden of ₹ 13.15 crore on account of interest on cash credit. Further, lesser claims of ₹ 30.68 crore were made due to erroneous interpretation of amendments made by Government of India.

(Paragraph 2.1)

Irregular expenditure on watch and ward

The District Food, Civil Supplies and Consumer Affairs Controller, Karnal deployed watch and ward staff in Hemda, Lather and Bhatia plinths in excess of the departmental norms, resulting in irregular expenditure of ₹ 1.99 crore.

(Paragraph 2.2)

Sports and Youth Affairs Department

Parking of Government funds

The Sports and Youth Affairs Department released ₹ 10.09 crore to seven District Sports Councils and a newly constituted Sports and Physical Fitness Authority between March 2016 and January 2018 without immediate requirement resulting in parking of funds outside the Government Accounts for more than four years and interest loss of ₹ 3.38 crore to the State.

(Paragraph 2.3)

Town and Country Planning Department (Haryana Shehri Vikas Pradhikaran)

Loss due to non-recovery of lease money

The Haryana Shehri Vikas Pradhikaran (HSVP) suffered a loss of ₹ 0.49 crore due to delay of more than one year in handing over the banquet hall at Sector 4, Rewari to the lessee and of ₹ 2.95 crore due to extending undue favour to the lessee by not evicting him from the property even on his failure to pay lease money and by not recovering the lease money for four years.

(Paragraph 2.4)

Non-recovery of compensation from contractor

The Executive Engineer, HSVP Division No.1, Faridabad made no efforts for recovering ₹ 1.61 crore from a contractor for excess expenditure on completion of work of providing and laying water supply, sewerage and storm water drainage in Sector 61, Faridabad at his risk and cost and for compensation imposed for delay in completion of work.

(Paragraph 2.5)

Labour Department

Recoverable amount from employers against declined cheques

The Labour Welfare Board suffered a loss of ₹ 1.54 crore as the cheques deposited by 1,057 employers were declined by banks. The amount was neither recovered with penal interest as arrears of land revenue nor was timely action taken to get the defaulters penalised under Negotiable Instruments Act, 1881.

(Paragraph 2.6)

Urban Local Bodies Department

Excess payment to professional services provider

The Director General, Urban Local Bodies made an excess payment of ₹ 1.15 crore for services by a professional services provider on account of inadmissible service tax/GST, professional fee and by not reducing the remuneration on substitution of personnel.

(Paragraph 2.7)

Public Health Engineering Department

Extra expenditure on purchase of land

An extra expenditure of ₹ 1.04 crore was incurred on purchase of land by making lump sum payment to the aggregator without considering the actual price paid to the landowners in violation of the land purchase policy of the State Government.

(Paragraph 2.8)

Wasteful expenditure on non-functional water works

The Executive Engineer, Public Health Engineering Division No. 2 Hisar incurred wasteful expenditure of ₹ 1.01 crore on the augmentation/renovation of the water works, village Khairi (Hisar) without ascertaining field conditions as a result the water works remained submerged in the waste water of village pond.

(Paragraph 2.9)

Social, General and Economic Sectors (Public Sector Undertakings)

Chapter 3 contains Compliance Audit observations which highlight deficiencies in the management of State Government companies of Power sector and other than Power Sector, which had significant financial implications. Important findings are as under:

Haryana Power Purchase Centre

Purchase of power in Haryana

Haryana Power Purchase Centre (HPPC) incurred extra expenditure of ₹ 209.33 crore in purchasing costly power from private producers and preparing incorrect merit order which put extra burden on consumers of the State. HPPC also could not achieve Renewable Energy Purchase Obligations targets and the shortfall ranged between 18.64 *per cent* and 90.55 *per cent*. Sustainable Development Goals set for ensuring affordable, sustainable and modern energy are thus not fully achieved. Internal controls regarding payments against purchase of power were deficient as instances of erroneous payments were noticed.

(Paragraph 3.1)

Uttar Haryana Bijli Vitran Nigam Limited

Implementation of Mhara Gaon Jagmag Gaon scheme

The implementation of the scheme was slow due to inefficiencies at all stages of project implementation and even after more than five years of its launch (July 2015), 295 out of 972 Rural Domestic Supply feeders were yet to be completed (January 2021). Due to delay in completion as well as non-completion of works, the Company had to forgo potential revenue of ₹ 786.54 crore it could have earned had it achieved targets set for reduction in Transmission & Distribution losses in the scheme.

(Paragraph 3.2)

Dakshin Haryana Bijli Vitran Nigam Limited

Non-recovery of differential tariff

The Company did not recover tariff difference of ₹ 39.88 lakh from a consumer who was sanctioned connection in wrong category by the sanctioning authority, in terms of provisions of Electricity Supply Code, 2014.

(Paragraph 3.3)

Haryana State Industrial and Infrastructure Development Corporation Limited

Non-achievement of envisaged benefits of training to participants

Due to inept handling of the training programme without adequate monitoring/conducting any due diligence study, the envisaged benefits of granting employment could not be achieved even after incurring expenditure of ₹ 3.62 crore. Besides there was excess payment of ₹ 2.96 crore to the training provider.

(Paragraph 3.4)

Non-levy of extension fee

The Company extended undue benefit to an allottee by reckoning the implementation period of project from 26 August 2013 instead of 27 July 2010 as per the agreement which resulted in non-levy of extension fee of ₹ 1.74 crore for delayed implementation of project.

(Paragraph 3.5)

Haryana Agro Industries Corporation Limited

Misappropriation of paddy

State Government guidelines for regular physical verification of stocks of paddy kept with the millers were violated which resulted in misappropriation of paddy by the miller. Subsequently, the Company favoured the miller by not encashing cheques and delayed taking legal actions to recover its dues which resulted in loss of ₹ 6.64 crore.

(Paragraph 3.6)

Interest/penalty due to non-deposit of VAT in time

The Company suffered avoidable loss of interest/penalty amounting ₹ 1.85 crore due to not depositing the Value Added Tax amount in time with the tax authorities.

(Paragraph 3.7)

Haryana State Warehousing Corporation

Damage of wheat stock

The Corporation suffered a loss of ₹ 1.29 crore due to non-maintenance of health of wheat stock.

(Paragraph 3.8)

Misappropriation of paddy/ Custom Milled Rice

Non-compliance with the terms and conditions of Kharif Marketing Season guidelines and not making timely efforts to recover the balance amount from a defaulting miller caused loss of ₹ 6.75 crore.

(Paragraph 3.9)

Haryana Medical Services Corporation Limited

Poor financial management

Due to poor financial management, the Company lost the opportunity to earn interest of ₹ 4.48 crore on its surplus funds.

(Paragraph 3.10)

Chapter 1

Introduction

CHAPTER 1

Introduction

1.1 Budget profile

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

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

(₹ in crore)

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

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

1.2 Application of resources of the State Government

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

[1] Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

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

1.3 Persistent savings

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

Table 1.2: Grants indicating persistent savings

(₹ in crore)

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

Figures in parenthesis show percentage of savings to total provision
Source: Appropriation Accounts of concerned years.

1.4 Grants-in-aid from Government of India

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

Table 1.3: Grants-in-aid received from GoI

(₹ in crore)

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

Source: Finance Accounts of the respective years.

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

1.5 Planning and conduct of audit

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

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

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

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

1.6 Significant audit observations and response of Government to Audit

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

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

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

1.7 Recoveries at the instance of audit

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

1.8 Responsiveness of Government to Audit

After periodical inspection of the Government Departments/ PSUs, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the head of offices audited with copies to the next higher authorities/ Managements. The executive authorities/Managements are expected to promptly rectify the defects and omissions pointed out and report compliances to the Principal Accountant General (Audit) within four weeks. Half yearly reports of IRs pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs. A total of 25,502 paragraphs pertaining to 8,214 IRs were outstanding as of September 2020, against various auditable units pertaining to various Departments, PSUs and Autonomous Bodies under various clusters as detailed in table below:

Table 1.4: Year wise breakup of outstanding Inspection Reports and paragraphs

(₹ in crore)

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

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

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

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

Table 1.5: Year wise breakup of outstanding Inspection Reports and paragraphs

(₹ in crore)

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

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

Category-wise details of irregularities pointed out through these IRs which had not been settled as of August 2020 are indicated in ***Appendix1.3***.

1.9 Follow-up on Audit Reports

1.9.1 Public Accounts Committee (PAC)

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the administrative departments were to initiate *Suo motu* action on all audit paragraphs featuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases were taken up for examination by the Public Accounts Committee (PAC) or not. The Administrative Departments were required to furnish Action Taken Notes (ATNs) indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the Legislature.

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

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

1.9.2 Committee on Public Undertakings (COPU)

1.9.2.1 Replies outstanding

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

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

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

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

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

1.9.2.2 Discussion of Audit Reports by COPU

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

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

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

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

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

1.9.2.3 Compliance to Reports of COPU

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

Table 1.8: Compliance to COPU Reports

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

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

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

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

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

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

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

Chapter-2

Social, General and Economic Sectors (Departments)

CHAPTER 2

Social, General and Economic Sectors (Departments)

Food, Civil Supplies and Consumer Affairs Department

2.1 Loss to the State Exchequer due to delayed claim of lower interest charges

The departmental officers delayed the claims of interest charges of ₹ 161.10 crore from Food Corporation of India from 199 to 921 days resulting in extra burden of ₹ 13.15 crore on account of interest on cash credit. Further, lesser claims of ₹ 30.68 crore were made due to erroneous interpretation of amendments made by Government of India.

The Food, Civil Supplies and Consumer Affairs Department procures paddy on behalf of Food Corporation of India (FCI) for Central Pool from the farmers at Minimum Support Price (MSP) by availing Cash Credit (CC) from State Bank of India. At the time of delivery of custom milled rice (CMR) to FCI, the department makes claims on provisional rates of CMR, which includes mandi labour charges, driage charges, interest charges[1] etc. The interest for a fixed period of two months was paid by FCI upto Kharif Marketing Season (KMS) 2016-17. However, the Government of India (GoI) made amendments (November 2015) regarding interest charges (with effect from KMS 2013-14) which are as under:

(i) For the CMR delivered to FCI within approved procurement period i.e. from 1 October up to 15 December, the interest charges would be allowed for half of the period from beginning of the approved procurement period i.e. 1 October to the date of actual delivery of CMR.

(ii) For the CMR delivered to FCI after the approved procurement period i.e. after 15 December, the interest charges would be allowed for half of the approved procurement period (i.e. 37 days) and beyond the approved procurement period, for the full period up to the date of actual delivery of CMR.

During scrutiny of records (between March and August 2020) of six[2] District Food, Civil Supplies and Consumer Affairs Controller (DFSCs), it was found that for KMS[3] 2017-18 and 2018-19, the DFSCs had not claimed interest

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1 Interest charges on capital employed by department for the period from procurement of paddy to date of delivery of rice to FCI.

2 (i) Ambala, (ii) Fatehabad, (iii) Kaithal, (iv) Karnal, (v) Kurukshetra and (vi) Yamunanagar.

3 1st October to last date of delivery of CMR as extended by FCI.

charges as per new arrangement in sales bills at the time of delivery of CMR to FCI. The consolidated supplementary claims for interest charges of ₹ 161.10 crore was submitted with delay resulting in delayed receipt of interest charges from 199 to 921 days as detailed in the table below:

(₹ in crore)

DFSCs	Delay upto (in days)	Amount of delayed interest claim	Interest burden on State Exchequer
Karnal	654	41.89	2.74
Kurukshetra	921	42.65	5.30
Kaithal	749	21.83	2.17
Ambala	502	14.48	1.47
Yamunanagar	427	12.52	0.72
Fatehabad	199	27.73	0.75
Total		**161.10**	**13.15**

Since the department avails Cash Credit for procurement activities, it is in the financial interest of the department to claim the reimbursement timely and to minimise the liability of interest. Thus, the department paid extra interest of ₹ 13.15 crore due to delayed receipt of interest charges.

The DFSC wise delay in receipt of claims for interest charges and loss of interest of ₹ 13.15 crore (₹ 6.80 crore for KMS 2017-18 and ₹ 6.35 crore for KMS 2018-19) thereon is given in ***Appendix 2.1***.

Further, during audit it was noticed that Ambala, Karnal and Yamunanagar DFSCs had claimed the interest charges erroneously for half of the period from the beginning of the approved procurement period to the date of actual delivery of CMR, while interest charges beyond 15 December were receivable for the whole period. They had thus, claimed lower amount of interest of ₹ 30.68 crore for the KMSs 2017-18 and 2018-19 (***Appendix-2.2***).

After being pointed out by Audit the DFSCs claimed ₹ 28.65 crore and received ₹ 27.56 crore as given in table below:

(₹ in crore)

DFSCs	Less claims observed during Audit	Claims submitted by DFSCs to FCI	Amount received
Ambala	5.15	5.04	5.04
Karnal	17.97	15.71	15.70
Yamunanagar	7.56	7.90	6.82
Total	**30.68**	**28.65**	**27.56**

The Department's failure to claim interest charges of ₹ 161.10 crore through regular bills at the time of supply of CMR for the KMSs 2017-18 and 2018-19 resulted in delayed receipts of interest charges leading to an extra burden of ₹ 13.15 crore on the State exchequer. Further, less claims of ₹ 30.68 crore was made due to erroneous interpretation of amendments made by GoI.

The Director, Food, Civil Supplies and Consumer Affairs Department intimated (March 2021) that concerned DFSCs had been asked for the list of employees responsible for the avoidable loss of interest. Further, directions had also been issued (March 2021) to all DFSCs to submit the claims of interest to the FCI with original bills of CMR. The Department also admitted that there have been certain issues in submitting claims by the department to FCI.

The State Government further submitted (September 2021) that delayed claim of interest charges from FCI was mainly due to non-posting of staff and diversion of staff for election duty, oral denial by FCI officials for entertaining claims before supply of total quantity of CMR. FCI also had not been objecting when lower claims were submitted. It was also intimated that the DFSCs had not intimated names of responsible officials/officers for loss of interest.

Recommendation: The State Government may consider to put a mechanism to ensure submission of complete claims to FCI in timely manner. Further, the department may consider to fix responsibility on departmental officers for delayed claims of lower interest charges from FCI resulting in extra burden on the State exchequer.

2.2 Irregular expenditure on watch and ward

The District Food, Civil Supplies and Consumer Affairs Controller, Karnal deployed watch and ward staff in Hemda, Lather and Bhatia plinths in excess of the departmental norms, resulting in irregular expenditure of ₹ 1.99 crore.

The Food, Civil Supplies and Consumer Affairs Department, Haryana procures wheat and stores it in covered godowns and open plinths till dispatch to FCI. For the safety of stored wheat, the department engaged watch and ward staff through service providers. The Director, Food and Supplies (DFS) issued (May 2016) indicative norms for watch and ward of stored foodgrains. As per norms, ten chowkidars can be deployed for open wheat stock between 10,000-25,000 Metric Tonne (MT) or for open plinth having area more than five acres without boundary wall in three shifts[4]. Plinths of different firms within the same vicinity without boundary wall will form one plinth for the purpose of engagement of watch and ward staff. Further, all the DFSCs were required to submit proposals regarding requirement of watch and ward for each storage point with full facts and justification to DFS and watch and ward staff can be deployed as per sanction of DFS.

During scrutiny of records (between September 2019 and May 2020) of DFSC, Karnal, it was noticed that the work of providing watch and ward staff had been awarded to M/s S.M Enterprises, Kaithal. The department had taken three open

[4] Shift (i): 6:00 a.m. to 2:00 p.m. (three chowkidars); Shift (ii): 2:00 p.m. to 10:00 p.m. (three chowkidars); and Shift (iii): 10:00 p.m. to 6:00 a.m. (four chowkidars).

plinths namely, Hemda: 45,000 MT[5], Lather: 25,000 MT and Bhatia[6]: 25,700 MT capacity for the years 2018-19 and 2019-20 for storing wheat. The area of these open plinths in acres is 5.78 acre (Hemda); 3.21 acre (Lather) and 3.30 acre (Bhatia). As per norms a maximum of ten chowkidars should be deployed for watch and ward of each plinth.

However, during scrutiny of bills of service provider, it was observed that the inspectors, Food and Supply partitioned the plinths and against the norm of maximum 30 chowkidars on three plinths, chowkidars between 43 and 112 were deployed on monthly basis ***(Appendix 2.3)***. The DFSC, Karnal did not seek approval from DFS for deploying excess watch and ward staff. Between April 2018 and September 2019, the DFSC, Karnal paid total ₹ 3.22 crore for 1,384 chowkidars out of which, irregular expenditure of ₹ 1.99 crore ***(Appendix 2.4)*** for deploying 856 excess chowkidars on monthly basis was incurred.

Thus, by partitioning the plinths for deploying excess watch and ward staff in contravention of the departmental norms, the DFSC Karnal incurred irregular expenditure of ₹ 1.99 crore.

The matter was referred (January 2021) to the State Government; and subsequent reminders were issued in March and July 2021; their reply was awaited (September 2021).

During exit conference (August 2021) the Department admitted the audit observations.

Recommendation: The State Government may consider fixing responsibility on Inspectors, Food and Supply and DFSC for deploying excess watch and ward staff and incurring irregular expenditure of ₹1.99 crore.

Sports and Youth Affairs Department

2.3 Parking of Government funds

The Sports and Youth Affairs Department released ₹ 10.09 crore to seven District Sports Councils and a newly constituted Sports and Physical Fitness Authority between March 2016 and January 2018 without immediate requirement resulting in parking of funds outside the Government Accounts for more than four years and interest loss of ₹ 3.38 crore to the State.

Rule 2.10 (b) 5 of Punjab Financial Rules Volume-1 provides that the authorities incurring expenditure should see that no money is withdrawn from the treasury

[5] The capacity of the godown in MT can be calculated in acres by dividing the area in sq. ft by 5.6. Thus, area of these godowns would be as follows: Hemda: 5.78 acre; Lather: 3.21 acre and Bhatia: 3.30 acre.

[6] The capacity of Bhatia open plinth increased up to 75,000 MT for the year 2019-20.

unless it is required for immediate disbursement or has already been paid out of the permanent advance. It is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take a considerable time. The Finance Department also issued specific instructions (February 2009) that parking of funds drawn on the strength of budgetary allocation out of the Consolidated Fund is not allowed and amounts to grave financial irregularity. It emphasised that the budgetary allocations made for the current financial year are not allowed to be drawn out of Consolidated Fund and retained beyond the closure of the financial year in any manner and without any justification/merit/assumption supporting it and amounts to grave irregularity.

Scrutiny of records of the Director, Sports and Youth Affairs Department, (Department) Haryana, Panchkula (April 2018) and subsequent information collected (January 2021) revealed that the State Government had accorded (October 2016) an administrative approval of ₹ 3.11 crore for 50 bedded sports hostels to be constructed at various places in the State under the Special Component Plan for Scheduled Castes under the Major Head – 2204-Sports and Youth Services. The Department released ₹ 6.23 crore to seven[7] District Sports Councils[8] (DSC) between March 2016 and January 2018. Six DSCs kept the funds in saving bank accounts while DSC, Jhajjar deposited the fund with Public Works Department (B&R) in December 2016. As of January 2021, no work on any of these seven sports hostels was started due to non-availability of land in four districts[9] and non-preparation of drawings and site plan by Chief Architect, Haryana in Fatehabad, Hisar and Sirsa.

The Department had released the funds to DSCs and booked the same as Revenue Expenditure for the years 2016-17 and 2017-18 without any immediate requirement as the sites and drawings for the hostels were not finalised. The funds remained blocked with DSCs for more than four years which violated the provisions of Financial Rules and instructions of Finance Department. DSC, Karnal deposited an amount of ₹ 0.63 crore in January 2020 as receipt in Government treasury. Balance funds ₹ 5.60 crore were still lying with five DSCs and PWD (B&R) (May 2021). Parking of ₹ 6.23 crore not only resulted

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7 (i) Bhiwani: ₹ one crore (March to June 2016); (ii) Fatehabad: ₹ one crore (June 2016); (iii) Hisar: ₹ one crore (June 2016); (iv) Jhajjar: ₹ one crore (June 2016); (v) Karnal: ₹ 0.63 crore (January 2018); (vi) Mewat: ₹ 0.60 crore (March 2017); (vii) Sirsa: ₹ one crore (June 2016).

8 Constituted under Section 9 (1) of the Haryana Sports Council Act, 2016 under the chairmanship of concerned Deputy Commissioners and having the District Sports and Youth Affairs Officers as Secretary.

9 Bhiwani, Jhajjar, Karnal and Nuh.

in over statement of expenditure for the years concerned but also increased the interest burden of ₹ 2.18 crore[10] on the State ***(Appendix 2.5)***.

The Director, Sports and Youth Affairs admitted (January 2021) the Audit observation and intimated that instructions had been issued (September 2020) to four DSCs to deposit the funds in receipt head of State Government where land was not available and reminder has been issued to Chief Architect for finalisation of drawings for three hostels. The reply was not acceptable as ₹ 6.23 crore was released without ensuring availability of land and site plan and funds remained parked with DSC outside the Government Accounts for more than four years.

(ii) State Government constituted (March 2016) a society namely Sports and Physical Fitness Authority with the objective to encourage, promote and develop physical activity and sports and to develop quality sports infrastructure in the State. The State Government sanctioned and released ₹ 3.86 crore to the Society in March 2017 as grants-in-aid under the head 2204-Sports and Youth Services (Plan) – 104 Sports and Games, 57-Infrastructure Scheme. The funds were deposited in the saving bank account of the Society. The funds remained unutilised and blocked till date (December 2020) as the building of the Society was not handed over by the Haryana Shehri Vikas Pradhikaran and no technical officer was appointed for construction activities. As such, ₹ 3.86 crore was released without any immediate requirement and without proper planning.

The Department released ₹ 10.09 crore to seven DSCs and newly constituted Sports and Physical Fitness Authority without immediate requirement resulting in parking of funds outside the Government Accounts for more than four years and interest loss of ₹ 3.38 crore to the State.

The matter was referred (April 2021) to the State Government; and subsequent reminder was issued in June 2021; their reply was awaited (September 2021).

During exit conference (August 2021) the Department admitted the facts and stated that the matter regarding construction of building work of Hostels in four districts i.e. Fatehabad, Sirsa, Hisar and Nuh would be started soon after finalisation of site and drawings and in remaining cases funds are being deposited in receipt head of Government.

Recommendation: State Government may consider developing a robust internal control system to prevent parking of funds outside the Government Accounts.

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[10] Average rate of borrowing of State Government for the year 2016-17: 8 *per cent*; 2017-18: 8.10 *per cent*; 2018-19: 8.81 *per cent* and 2019-20: 8.31 *per cent* = 8.30 *per cent*.

Town and Country Planning Department (Haryana Shehri Vikas Pradhikaran)

2.4 Loss due to non-recovery of lease money

The Haryana Shehri Vikas Pradhikaran (HSVP) suffered a loss of ₹ 0.49 crore due to delay of more than one year in handing over the banquet hall at Sector 4, Rewari to the lessee and of ₹ 2.95 crore due to extending undue favour to the lessee by not evicting him from the property even on his failure to pay lease money and by not recovering the lease money for four years.

Section 15 (3) of the Haryana Urban Development Authority Act, 1977 (the Act) authorises the Haryana Shehri Vikas Pradhikaran (HSVP) to lease any land or building belonging to it on such terms and conditions as it may provide. Section 16 of the Act provides that where any person makes default in the payment of any rent due in respect of any lease of any land or building under Section (15), such amount may be recovered from him, in the same manner as arrears of land revenue. Section 18 (1) of the Act provides that if any person authorised to occupy any premises of the HSVP has not paid rent lawfully due from him for period of more than two months, the Collector or any officer authorised by him shall evict, that person from, and take possession of, the premises/land or building constructed thereon and shall for that purpose use such force as may be necessary and the cost incurred on such measures shall be recoverable from such person as arrears of land revenue.

HSVP invited tenders for leasing out banquet hall in Sector 4, Rewari for which two bids were received. The bids were opened in March 2014 by a committee headed by Administrator HSVP, Gurugram. The bid of M/s New Variety Decorators Pvt. Ltd, New Delhi (lessee) was approved, and the lease of banquet hall was awarded (June 2014) to the lessee for three years on '*as is where is basis*' on the following conditions *inter-alia*:

- Advance monthly rent of ₹ 3.78 lakh plus service tax was to be deposited by the lessee on 7th day of each month and in case of delay, interest at the rate of 15 *per cent* per annum was payable.
- The lessee was required to furnish security deposit of ₹ 13.60 lakh i.e. equal to 10 *per cent* of total lease money for three years.
- In the event of breach of any of the agreed terms and conditions, the HSVP was entitled to forfeit the whole or the part of security deposit besides terminating or revoking the lease. On revocation, the lessee was to quit and vacate the premises without any resistance and obstructions and give the complete control of the premises to the HSVP.

- Initial lease period was of three years which could further be extended with further increase of 25 *per cent* in monthly lease.

During scrutiny of the records (March 2019) in the office of Estate Officer, Rewari, it was observed that the agreement was entered into on 2nd September 2014 but security deposit of ₹ 13.60 lakh was deposited (July 2015) by the lessee after lapse of ten months. It was further noticed that due to some shortcomings in provision of essential services, the possession could be handed over to the lessee in November 2015, with the delay of 13 months[11] resulting in loss of ₹ 0.49 crore to HSVP for this period. After attaining the possession, the lessee paid only one instalment of ₹ 4.31 lakh (licence fee ₹ 3.78 lakh + service tax) for the month of November 2015 and thereafter had not paid any amount.

Despite default in paying monthly lease money since December 2015, the Estate Officer, Rewari had not issued notice under Sections 16 (2) and 18 (1) of the Act for revoking the lease agreement, eviction of lessee from the property and for recovery of dues as arrears of land revenue. The Estate Officer, Rewari kept on issuing notices to the lessee for clearing outstanding dues for 40 months up to March 2019 i.e., even after lapse of three years of lease agreement in October 2018. The agreement with the lessee was not renewed after expiry period and terminated only in April 2019. Thus, lessee continued to occupy premises unauthorisedly w.e.f. November 2018 till eviction from the property in October 2019. But till date no amount had been recovered from the lessee. The Estate Officer, Rewari issued (January 2020) a legal notice for recovery of ₹ 2.02 crore but no legal proceedings initiated thereafter. As of March 2021, a total amount of ₹ 2.95 crore was recoverable from the lessee (principal lease amount ₹ 1.97 crore for the period from December 2015 to September 2019 and interest amount ₹ 0.98 crore).

Thus, the HSVP suffered a loss of ₹ 0.49 crore due to delay of more than one year in handing over the banquet hall to the lessee and of ₹ 2.95 crore due to extending undue favour to the lessee by not evicting him from the property even on his failure to pay lease money and by not recovering the lease money for four years.

The matter was referred (April 2021) to the State Government; and subsequent reminders were issued in June and August 2021; their reply was awaited (September 2021).

During exit conference (August 2021), the Department admitted the facts and stated that efforts for recovery as arrears of land revenue was being taken by the department and security deposit amount has been forfeited.

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11 From the date of agreement i.e., September 2014 to date of possession till November 2015: ₹ 3.78 lakh * 13 = ₹ 49.14 lakh

Recommendation: The State Government may consider to fix responsibility on officers of HSVP for extending undue favour by not taking requisite action against the lessee as per provisions of HUDA Act and terms and conditions of the agreement leading to loss of ₹2.95 crore to the HSVP as well as taking up recovery as arrears of land revenue.

2.5 Non-recovery of compensation from contractor

The Executive Engineer, HSVP Division No.1, Faridabad made no efforts for recovering ₹ 1.61 crore from a contractor for excess expenditure on completion of work of providing and laying water supply, sewerage and storm water drainage in Sector 61, Faridabad at his risk and cost and for compensation imposed for delay in completion of work.

Chief Administrator, HSVP, Panchkula accorded (August 2014) three administrative approvals for ₹ 8.81 crore for providing water supply (₹ 3.76 crore), sewerage (₹ 1.56 crore) and storm water drainage (₹ 3.49 crore) in Sector 61, Transport Nagar, Faridabad. A consolidated notice for inviting tenders for ₹ 6.90 crore was prepared for executing all the three works comprising of water supply, sewerage and drainage.

HSVP entered into a contract with M/s Piyush Colonizer Ltd. (July 2015) (Contractor A) for execution of work of providing and laying water supply, sewerage and storm water drainage in Sector 61, Faridabad for ₹ 5.52 crore. In terms of contract agreement, the contract was to be completed with a time limit of 12 months i.e. by July 2016. As per clause 2 of the conditions of the contract, the contractor was liable to pay compensation as penalty of an amount not exceeding ten *per cent* of the estimated cost of the work, if he failed to complete the work in time. The Executive Engineer (EE) was also authorised to rescind the contract and get the work executed from another contractor at the risk and cost of the first contractor. Further, security deposit equal to five *per cent* of estimated cost of work was to be obtained from the successful bidder and Haryana PWD Code envisages that it shall be the duty of the EE to obtain independent confirmation about the genuineness of the bank guarantee directly from the issuing bank.

Performance Bank Guarantee (BG) (issued by Vijaya Bank on 09 July 2015 valid up to 30 June 2018) of ₹ 28.00 lakh equivalent to five *per cent* of award amount was obtained from the contractor.

The contractor did not start the work till December 2015 and the EE imposed (07 January 2016) penalty equivalent to five *per cent* of the estimated cost i.e. ₹ 34.50 lakh on the contractor. Thereafter, the contractor started the work but did not complete the work by the scheduled date i.e. July 2016. The EE increased (19 April 2017) the compensation from five to 10 *per cent* of the estimated cost amount i.e. ₹ 69 lakh and advised him to complete the work and show progress within seven days. But even after lapse of 24 months, the work was incomplete. Resultantly, the EE rescinded the contract in July 2017. An amount of ₹ 2.90 crore had been paid to the contractor up to 10th and Running bill by October 2016.

Advertisement for balance work was prepared at the risk and cost of the original contractor. The Chief Engineer approved (March 2018) the work for ₹ 3.20 crore. After tendering, the work was allotted (June 2018) to M/s Garga Associates (Contractor B) at 19.86 *per cent* above the ceiling rates restricting the amount to ₹ 3.79 crore with a time schedule of six months. The agency has completed the work at site. Payment of ₹ 3.60 crore has been made to the contractor up to 5th& Running bill by March 2019. Final bill remained to be prepared so far. An amount of ₹ 0.92 crore ***(Appendix 2.6)*** upto the 5th & Running bill was recoverable from Contractor A due to excess expenditure incurred at his risk and cost. Thus, a total amount of ₹ 1.61 crore (Clause 2 compensation: ₹ 0.69 crore + Clause 3 compensation: ₹ 0.92 crore) were recoverable from the contractor A.

The BG of ₹ 0.28 crore could not be encashed as the bank disowned the BG and intimated (May 2018) that they had not issued the same. It is evident that the EE accepted BG from the contractor without following the provisions of PWD Code. The EE replied (December 2020) that the amount was still recoverable due to allotment of balance work at risk and cost. Correspondence was made with other offices of HSVP as well as other departments, but no response was received there against and amount of bank guarantee was also recoverable. The reply only strengthens the audit point that the EE had not made efforts for recovery of ₹ 1.61 crore from the contractor and not even filed a first information report (FIR) with the Police for fake BG. Proceedings for blacklisting the contractor had also not been initiated.

The matter was referred (January 2021) to the State Government; and subsequent reminders were issued in March and August 2021; their reply was awaited (August 2021).

The Chief Administrator, HSVP in its reply (June 2021) stated that efforts would be made for recovery from the defaulter and the matter of BG had been taken up with higher authorities of the issuing bank for further necessary action.

During exit conference (August 2021), the Department admitted the facts and stated that this was a matter of breach of contract by the original contractor and the matter regarding BG was under process.

Recommendation: The State Government may consider to fix responsibility on the Executive Engineer concerned for not taking strenuous action against the original contractor for recovery and for accepting fake performance bank guarantee causing loss to the State. The contractor should be blacklisted and

restrained from participating in tendering process in Government Departments as well as PSUs.

Labour Department

2.6 Recoverable amount from employers against declined cheques

The Labour Welfare Board suffered a loss of ₹ 1.54 crore as the cheques deposited by 1,057 employers were declined by banks. The amount was neither recovered with penal interest as arrears of land revenue nor was timely action taken to get the defaulters penalised under Negotiable Instruments Act, 1881.

Section 3 (1) of the Punjab Labour Welfare Fund Act, 1965 provides for the constitution of the Labour Welfare Fund for financing the activities to promote welfare of labour in the State of Haryana. For the purpose of administering the fund, the State Government shall establish a Board to be known as 'The Haryana Labour Welfare Board' consisting of twelve members[12] (Section 4). The Board shall appoint a Welfare Commissioner, who shall be the principal executive officer of the Board (Section 14). Rule 3 of the Punjab Labour Welfare Fund Rules, 1966 made under the Section 27 of the Act, *ibid*, provides that every employer shall pay[13] to the Welfare Commissioner all fines realised from the employees, all unpaid accumulations held by the employer and monthly contribution[14] of employer and employees. The Welfare Commissioner shall deposit all the receipts in Bank Account and shall operate the accounts of the fund. Section 9 A (3) of the Act provides that in case of default in payment, the employer is liable to pay interest at the rate of twelve *per cent* per annum. Section 20 of the Act authorises the Board to recover the sums payable into the Fund as arrears of land revenue. Besides, Section 138 of the Negotiable Instruments Act, 1881 provides for imprisonment for a term which may extend to two years or imposition of fine which may extend to twice the amount of cheque or both where cheque is dishonoured due to insufficiency of funds, provided that the payee makes a demand for the payment from the drawer of the cheque through a written notice within 30 days of receipt of information about dishonour of cheque.

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12 Four members each as representatives of employers and employees and four independent members including Chairperson and Vice-Chairperson.

13 In cash or by money order or by postal order or by demand draft or by cheque drawn on the State Bank of India or any Scheduled Bank duly crossed in favour of the Welfare Commissioner.

14 As per section 9A of Act, each employee shall contribute to the fund every month an amount of equal to 0.25 *per cent* of his salary or wages or any remuneration subject to a limit of ₹ 25 and each employer in respect of each such employee shall contribute to the fund every month, twice the amount contributed by such employee.

During scrutiny of the records (September 2020) of Haryana Labour Welfare Board, Panchkula, it was noticed that during the period April 2008 and March 2020 cheques of ₹ 1.54 crore received from 1,057 employers as contribution to the Fund had been declined and not credited to the bank account of the Board.

Year-wise detail of declined cheques

Cheques received during	Number of Employers	Amount (₹ in lakh)
Between April 2008 and March 2015	522	44.25
2015-16	80	10.21
2016-17	102	15.48
2017-18	88	11.14
2018-19	245	65.87
2019-20	20	7.30
Total	**1,057**	**154.25**

The main reasons given by the banks for dishonouring cheques were mismatch of signatures, payment stopped by drawer, insufficient funds, name mismatch, account closed etc. The Board did not issue notices to the employers whose cheques were declined by banks. It had instead issued occasional instructions to the Labour Welfare Officers in the field to recover the amount from the employers in their respective area. The recoverable amount due to declined cheques thereby accumulated to ₹ 1.54 crore as of March 2020.

Thus, the Board suffered a loss of ₹ 1.54 crore due to failure to take appropriate steps for recovering the amount from the employers whose cheques were declined by banks.

The State Government in its reply (April 2021) stated that an amount of ₹ 63.26 lakh had been recovered out of ₹ 1.54 crore and efforts for balance recovery would be made in remaining cases. Disciplinary action against the defaulting officers/official was under process.

Recommendation: The actions initiated on issues being pointed out in audit may be monitored and completed in a reasonable period of time.

Urban Local Bodies Department

2.7 Excess payment to professional services provider

The Director General, Urban Local Bodies made an excess payment of ₹ 1.15 crore for services by a professional services provider on account of inadmissible service tax/GST, professional fee and by not reducing the remuneration on substitution of personnel.

Request for proposal (RFP) for selection of professional service provider for providing 49 experts/specialists for setting up of Project Management Unit

(PMU) at Directorate level and 21 Project Implementation Units (PIUs) at district Headquarters under Swachh Bharat Mission (SBM) (Urban) in Urban Local Bodies Department, Haryana was invited in March 2016. The PMU/PIUs were required to determine demand supply gap for SBM and accordingly undertake various activities as per SBM guidelines.

In response to the tender notice, only one firm namely M/s IPE Global Limited submitted (May 2016) its bid. The bid was re-invited (May 2016) and again M/s IPE Global Limited submitted the bid. After deliberations, it was proposed by the Department to open the financial bid as the work of SBM was suffering due to shortage of staff and the firm was a renowned company and was implementing such projects in other States like Odisha. Thereafter, work was awarded (December 2016) and agreement executed in March 2017. The price bid submitted by the service provider (Firm) reflected the service tax component separately. The agreement executed was a lumpsum contract inclusive of all taxes i.e. service tax amongst others was also a part of agreed price. The price was determined post negotiation. The Director, Urban Local Bodies (DULB) paid ₹ 8.37 crore to the firm between March 2017 and December 2019. This included ₹ 1.15 crore which was identified as being an excess payment as per details in succeeding paragraphs:

i) Excess payment on account of Service Tax/GST

As per notifications (dated 20 June 2012 read with notification dated 28 June 2017) issued by the Ministry of Finance (Department of Revenue) Government of India (GoI), manpower services provided to a local authority were exempt from Service Tax/GST. Audit noticed that payment of ₹ 12.18 lakh was made to the firm which could be identified with Service Tax/GST for the period between March 2017 and December 2017.

The State Government replied (September 2021) that in the financial bid submitted by the professional service provider (PSP), the remuneration was quoted on lumpsum basis, inclusive of all taxes and other statutory liabilities and the firm had deposited the service tax as applicable. As the fee was determined and agreed on the basis of lumpsum rates, the PSP continued to charge their invoices based on the lumpsum amount payable. The reply was not correct as services provided by the firm were exempt from Service Tax/GST. As such payment of ₹ 12.18 lakh (March to December 2017) to the firm by the DULB is inconsistent with the GoI notification despite being included in the lumpsum amount under the agreement. This is attributable to deficiency in price determination by the department while finalising the price with the PSP.

ii) Excess payment on account of professional fee

Up to June 2017, the firm raised monthly invoices for experts/specialists deployed showing separately the professional fee and service tax @ 15 *per cent*.

With effect from July 2017, GST Act was implemented. The firm raised its invoices for the period between July and December 2017 wherein professional fee plus GST at the rate of 18 *per cent* was claimed. The Department released payment to the firm in February 2018 after deducting three *per cent* of claimed GST on the plea that Service tax rate was agreed upon at the rate of 15 *per cent*. On realising that these services were exempt from GST, the firm started claiming nil GST in its invoices w.e.f. January 2018 and enhanced the professional fee by 15 *per cent*. As such, the bills were raised under the head-professional fees for entire quoted amount which included Service Tax @ 15 *per cent*.

Audit observed that the DULB failed to act diligently and continued to pay the bills as presented. This resulted in excess payment of ₹ 96.75 lakh for the professional services.

The State Government replied (September 2021) that the risk related to tax implication had to be solely borne by the PSP and there was no subsequent amendment to the contract. Therefore, Directorate continued to pay the bills of the PSP based on the original agreed and allotted rates as the risk and benefit involved in taxation and statutory provisions had to be borne by the PSP alone.

The reply was misleading as the service tax @ 15 *per cent* was separately shown and included in the financial bid as well as negotiated rates quoted by the firm. Undisputedly, services to municipalities were exempted from service tax/GST as such no payment was payable to the firm on account of service tax/GST in any form but the firm enhanced its professional fee by 15 *per cent.* The department should have recognised the mistake in price determination and rectified the contracted price after acknowledging that these services being provided by the PSP were exempt from levy of service tax/GST.

iii) Excess payment due to substitution of key personnel

As per para 2.25 of the RFP, substitution of the Sanitation Expert cum Team Leader was to be permitted in exceptional circumstances, if the leader is not available for unavoidable reasons, subject to equally or better qualified and experienced personnel being provided to the satisfaction of the department. Further, the substitution can be permitted once subject to reduction of remuneration up to two *per cent* of the total remuneration.

It was noticed that in contravention of the contractual clause, the sanitation expert cum team leader was substituted thrice, that too without reduction of remuneration which resulted into excess payment of ₹ 6.15 lakh to the firm. Reasons for substitution, exceptional circumstances, qualification and experience of substituted candidates and approvals of the department for such substitutions were not on record. In the absence of the same, substitutions were irregular and in gross contravention of contractual provisions.

The State Government replied (September 2021) that the replacement of the expert was done under exceptional force majeure situations and with the intention to improve project tasks and after approval of the competent authority. The reply was not sustainable as the remunerations were to be reduced by two *per cent* as stipulated in para 2.25 of the RFP.

Thus, an excess payment of ₹ 1.15 crore was made for the professional services on account of service tax/GST, professional fee and non-reduction of remuneration on substitution.

Recommendation: The Department may consider to fix responsibility of the concerned officials for the lapses and recover the amount paid in excess to the professional service provider.

Public Health Engineering Department

2.8 Extra expenditure on purchase of land

An extra expenditure of ₹ 1.04 crore was incurred on purchase of land by making lump sum payment to the aggregator without considering the actual price paid to the landowners in violation of the land purchase policy of the State Government.

The State Government has formulated (February 2017) a policy for purchase of land voluntarily offered to Government for development projects. As per the policy, the Administrative Department shall indicate its intention to locate development project in the technically widest feasible region through newspapers and the online portal of the Haryana State Industrial and Infrastructure Development Corporation (HSIIDC). In response, the landowners can offer their land voluntarily for the project themselves or through an aggregator[15]. The Department shall physically inspect the site and examine the reasonability of rates in the offers. A Committee of Secretaries under the chairmanship of Chief Secretary shall scrutinise the departmental proposal along with details of eligible sellers and aggregators. Upon clearance from the Committee of Secretaries, department shall put up the case to High Powered Land Purchase Committee, constituted under the chairmanship of Minister, Revenue and Disaster Management, for effecting the purchase at the finally negotiated rates. By relaxing the policy for Public Health Engineering Department (PHED), the State Government (April 2017) granted permission to

15 Aggregator is a person empanelled by HSIIDC for aggregating lands of various landowners who are desirous of voluntarily selling their land for development of project. Facilitation charges as decided by Government from time to time, shall be paid to the aggregator which shall be released after completion of registration, mutation and delivery of possession.

purchase land on collector rates[16] from the willing landowners for taking up water supply and sewerage works.

The Engineer-in-Chief, PHED approved (June 2017) a project[17] for augmentation of water supply in quality affected 84 villages of Prithla and Palwal blocks of District Palwal and Ballabhgarh block of district Faridabad for ₹ 24.22 crore. Instead of purchasing requisite land by following February 2017 policy as well as April 2017 permission for purchase of land on collector rates, the item of purchase of 3.7 acre land was made the part of Detailed Notice Inviting Tenders (DNIT). The tenders were opened in July 2017 and work was allotted to an agency in July 2017 for ₹ 28.68 crore which included ₹ 2.63 crore for purchase of 3.70 acre land at a rate of ₹ 0.71 crore per acre. The collector rates of land were ₹ 0.50 crore per acre during the year 2016-17, 2017-18 and 2018-19. The agency executed the work to the tune of ₹ 24.87 crore (March 2021).

The agency purchased 3.591 acre of land between February and June 2018 for ₹ 1.51 crore ***(Appendix 2.7)***. Correspondingly, the department paid ₹ 2.55 crore (February 2019) at the rate of ₹ 0.71 crore per acre to the agency i.e. an extra amount of ₹ 1.04 crore[18].

The State Government replied (August 2021) that land for the purpose of construction of Ranney Wells cannot be acquired randomly and selection of site involves a lot of time, team of experts and lot of expenditure. So, this was the best economical and less time-consuming way of purchasing land for this purpose. The reply was not tenable as instead of paying a lump sum rate to the contractor who was working as an aggregator for purchase of land, the department should have paid facilitation charges for making available the land for purchase for Government project. Moreover, the cost of land given to the contractor cannot be compared with the land Compensation Act as the actual cost of land is available.

Thus, by not complying with the Government policy for purchase of land and by making lump sum payment to the contractor, without considering the actual price paid to the landowners, the PHED incurred an extra expenditure of ₹ 1.04 crore on purchase of land.

Recommendation: State Government may consider developing a suitable internal control procedure consistent with Government policies.

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16 Collector rate is the value fixed by district level committee headed by Deputy Commissioner (Collector) for different categories of land in rural as well as in urban areas.

17 Comprising construction of two ranney wells, installation of two tubewells, construction of main boosting station in village Mohna and pumping station, pumping machinery, independent feeder for ranney wells, etc.

18 ₹ 2.55 crore minus ₹ 1.51 crore = ₹ 1.04 crore

2.9 Wasteful expenditure on non-functional water works

The Executive Engineer, Public Health Engineering Division No. 2 Hisar incurred wasteful expenditure of ₹ 1.01 crore on the augmentation/ renovation of the water works, village Khairi (Hisar) without ascertaining field conditions as a result the water works remained submerged in the waste water of village pond.

Para 10.1.3 of the Haryana PWD Code (Code) provides that while preparing the estimate of any project, the site shall be inspected to ascertain field conditions (specifically for water supply schemes). It should be ensured (Para 10.12.2 (g) of the Code) that the storage and sedimentation (S&S) tank was not in interference with sub soil water level. Further, Para 6.5.1 of the Code provides that the Executive Engineer is responsible for the execution and management of all works within his Division. He is responsible for administration of contracts, quality of works and their timely completion within a reasonable period.

During scrutiny of records (March 2018) in the office of Executive Engineer, Public Health Engineering (PHE) Division–2, Hisar (EE) and subsequent information obtained during March 2021, it was found that the EE proposed an estimate[19] for augmentation/renovation of water works, Khairi for ₹ 0.91 crore. The objective was to increase the drinking water supply from 52 litre per capita per day (lpcd) to 70 lpcd to the villagers. The estimate was administratively approved by Water Supply and Sewerage Board (WSSB) in April 2013. The detailed notice for inviting tenders (DNIT) was approved for ₹ 0.80 crore by the Engineer-in-Chief, PHE Department in December 2013. The work was allotted to a contractor in February 2014 for an agreement amount of ₹ 1.02 crore with a time limit of nine months (i.e., up to December 2014) which was extended up to August 2015.

During a visit in November 2014, the Chief Engineer (Rural) PHED observed that the water works, Khairi adjoined the village pond and all the structures of water works were submerged in the waste water of village pond. He proposed to revise the estimate by providing for construction of Reinforced Cement Concrete Storage and Sedimentation (RCC S&S) tank instead of brick lined Storage and Sedimentation (S&S) tank, draining out the waste water from water works structures and construction of earthen bundh for protecting the water works from pond water. Accordingly, the revised estimate for ₹ 1.23 crore was administratively approved by the WSSB in March 2015. The contractor had

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19 Estimate provided for providing RCC inlet channel, a new brick lined storage and sedimentation (S&S) tank, one RCC filter bed, repair of two clear water tanks, repair of pump chamber, repair of staff quarter, repair/construction of boundary wall and replacement of pumping machinery.

executed work[20] amounting to ₹ 1.01 crore, paid in June 2015 vide 3rd running bill.

However, during inspection in August 2018 by PHED officials, it was found that the waste water from pond had entered the water works and the structures were still submerged in waste water. To address this problem, the estimate was revised again with a provision for retaining wall for making the newly constructed S&S tank functional (January 2019). This was yet to be approved by the competent authority (March 2021). During physical verification (March 2021) of site, alongwith PHED officials, it was found that the entire water works were submerged in waste water of the village pond as depicted from the photographs below:

Storage and Sedimentation tank filled up with waste water of pond (16 March 2021)

Thus, due to failure on the part of the EE, in ascertaining the site conditions properly before preparing the estimate and incurring expenditure, an amount of ₹ 1.01 crore on the augmentation and repairing of water works was rendered wasteful.

The Government in its reply (August 2021) stated that ground water is mixing with the water in the structure made. The ground water is brackish and not potable for drinking purpose. Efforts were made to construct new structures but could not succeed due to high spring level and inflow of water.

Recommendations: The State Government may consider to fix responsibility on officers/officials of PHED at fault for incurring wasteful expenditure on non-functional water works.

[20] Construction of RCC S&S tank: ₹ 87.15 lakh, Earthen Bundh : ₹ 2.84 lakh, Bailing out the water: ₹ 4.95 lakh and Providing Pumping Machinery : ₹ 5.88 lakh

Chapter-3

Social, General and Economic Sectors (Public Sector Undertakings)

CHAPTER 3

Social, General and Economic Sectors (Public Sector Undertakings)

Energy and Power

Haryana Power Purchase Centre

3.1 Purchase of power in Haryana

Haryana Power Purchase Centre (HPPC) incurred extra expenditure of ₹ 209.33 crore in purchasing costly power from private producers and preparing incorrect merit order which put extra burden on consumers of the State. HPPC also could not achieve Renewable Energy Purchase Obligations targets and the shortfall ranged between 18.64 *per cent* and 90.55 *per cent*. Sustainable Development Goals set for ensuring affordable, sustainable and modern energy are thus not fully achieved. Internal controls regarding payments against purchase of power were deficient as instances of erroneous payments were noticed.

3.1.1 Introduction

Government of Haryana set up (April 2008) Haryana Power Purchase Centre (HPPC) to manage the procurement of power on behalf of the two State power distribution utilities (DISCOMs[1]). HPPC is a joint forum owned by DISCOMs. It is a part of Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) as Chief Engineer from UHBVNL heads the HPPC and reports to the Managing Director, UHBVNL. It purchases power for both the DISCOMs. The main objectives of setting up HPPC were arranging for procurement of power on long term basis, banking arrangements[2] and purchase through energy exchange. In the State, power is purchased by assigning daily scheduling to various generators of power on the basis of day ahead demand forecasting. The generators are given priority in scheduling considering Merit Order[3] prepared on the basis of variable cost of previous month. The cheaper generators get priority. In addition to above, some generators are given schedule under 'Must Run' policy i.e., the plant need not undergo the Merit Order scrutiny as either

[1] (i) Uttar Haryana Bijli Vitran Nigam Limited and (ii) Dakshin Haryana Bijli Vitran Nigam Limited

[2] Arrangement between two utilities or states for cashless trading of power to match the seasonal variation in surplus and deficit of power, where no tariff needs to be paid for energy availed /supplied.

[3] Merit order is a list containing variable cost of generating plants in ascending order prepared for deciding the economical scheduling of plants till the total power requisition by all beneficiaries is met.

the plant can't be shut down (like hydel, solar, wind) or is part of a shared project where HPPC has no role in assigning schedule. Audit analysed the function of scheduling[4] and purchase of power by HPPC during the five year period 2015-20.

Audit examined (October 2020 to February 2021) the effectiveness of efforts made by HPPC to ensure access to affordable, reliable, sustainable and modern energy for all as per Sustainable Development Goals (SDGs) mandated by United Nations Development Programme (UNDP), efficiency in procurement of power and enforcement of provisions of Power Purchase Agreements (PPAs) to safeguard financial interests of DISCOMs. An exit Conference to discuss the audit issues was held on 26 August 2021 and comments of the management wherever received have been included in the para.

Sources and procedure for power procurement

To meet the energy requirements of the State, HPPC procures power from:

(i) Central Power Sector Undertakings (CPSUs)[5] and Bhakra Beas Management Board (BBMB), as per power allocation by the Government of India (GoI)

(ii) Power generating plants of state-owned Haryana Power Generation Corporation Limited (HPGCL)

(iii) Independent Power Producers (IPPs) and

(iv) Renewable Energy[6] (RE) generators.

Power from private power projects is contracted through tariff based competitive bidding. Power from State's own generation plants and renewable sources is purchased as per the tariff fixed by Haryana Electricity Regulatory Commission (HERC).

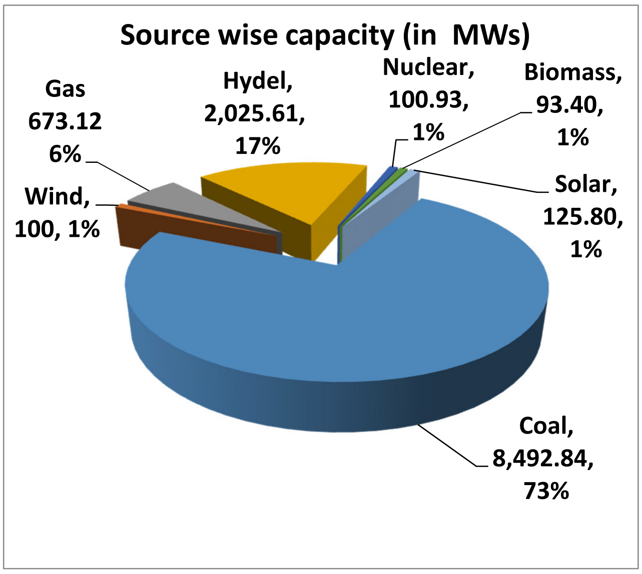
4 Determination of start-up and shut down times as well as power output level of all generating units at each time slot of 15 minutes.

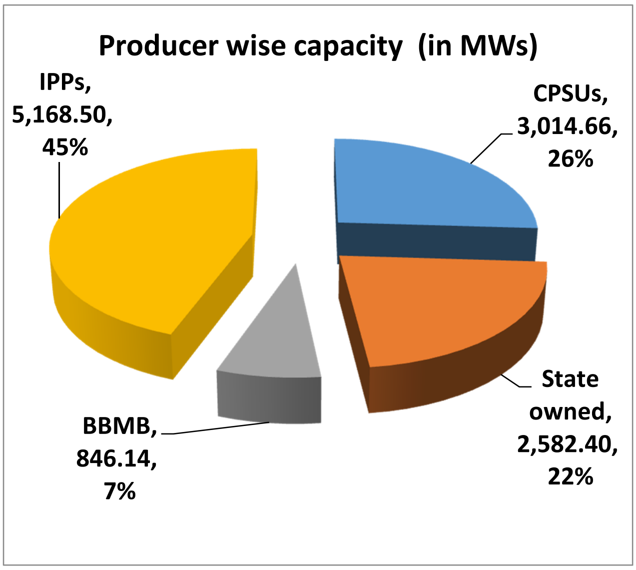
5 NTPC Limited, NHPC Limited, Nuclear Power Corporation Limited (NPCL).

6 Power generated from non-conventional fuel, like biomass, solar, etc.

The charts below indicate source wise and producer wise contracted capacity as on 31 March 2020:

Chart 3.1: Type of fuel and source wise production capacity





Source: Compiled from data provided by HPPC.

Contracted capacity and quantum of power purchased

The table below depicts power generation capacity contracted (in Megawatts) and quantum of power purchased (in Million Units) by HPPC during 2015-16 to 2019-20:

Table 3.1: Details of contracted capacity and power purchased by HPPC

Particulars	2015-16		2016-17		2017-18		2018-19		2019-20	
	Capacity (MW[7])	Units (In MU[8]s)	Capacity (MW)	Units (In MUs)	Capacity (MW)	Units (In MUs)	Capacity (MW)	Units (In MUs)	Capacity (MW)	Units (In MUs)
Central Generating Stations	2,976.71	10,021.49	2,976.71	11,764.15	2,976.71	12,840.57	3,014.66	13,077.67	3,014.66	13,141.02
State Owned Plants	2,782.40	9,796.41	2,792.40	8,885.13	2,792.40	10,067.75	2,792.40	9,988.07	2,582.40	6,766.06
BBMB	828.97	3,168.58	828.97	2,799.38	828.97	2,846.98	846.14	2,657.20	846.14	3,307.48
Independent Power Producers	4,444.50	23,095.72	4,466.50	24,206.23	4,668.50	26,209.43	4,718.50	26,577.18	5,168.50	27,887.92
Others (Banking and Un-scheduled Interchanges)	0	4,817.44	0	3,608.81	0	2,770.19	0	4,693.81	0	4,058.34
Total	**11,032.58**	**50,899.64**	**11,064.58**	**51,263.70**	**11,266.58**	**54,734.92**	**11,371.70**	**56,993.93**	**11,611.70**	**55,160.82**

Source: Compiled from data provided by HPPC.

[7] MW- Megawatt.
[8] MUs- Million Units.

During 2015-16 to 2019-20, contracted capacity increased from 11,032.58 MW to 11,611.70 MW and power procurement ranged between 50,899.64 MUs and 56,993.93 MUs.

Audit Findings

3.1.2 Extra expenditure due to procurement of costlier power

The Government of India (GoI) launched (December 2017) a pilot scheme for procurement of 2,500 MW power from coal based thermal power stations of private generators in India to help DISCOMs meet their power deficits and replace costly generation with cheaper and reliable power. HPPC started procuring power under this scheme from April 2019 after entering into agreement (February 2019) with Power Trading Corporation (PTC), who in turn, entered into agreement with power producers[9] for procurement of 400 MW power at the rate of ₹ 4.24 per unit discovered through bidding process undertaken by Power Finance Corporation Consulting Limited. After considering transmission charges, losses beyond point of Grid and trading margin of PTC, the effective tariff worked out to ₹ 4.90 to ₹ 5.00 per unit.

Audit observed that HPPC had assessed[10] (March 2018) Haryana as a power surplus State during 2017-18 to 2020-21 with marginal deficit during 2021-23. However, for procurement of this power, HPPC in its petition filed (October 2018) with HERC, indicated yearly deficit of 563 MW to 2351 MW during 2018-19 to 2023-24 by excluding power availability from already tied up sources of Adani Power Limited (APL) and Coastal Gujarat Power Limited. Further scrutiny revealed that to justify the procurement of 300-400 MW power under the scheme, HPPC had considered acute shortage of power due to non-availability of power from APL from 11 March 2018 to 21 May 2018, Power Purchase Agreements (PPAs) under litigation and State owned plants not running at full capacity due to shortage of coal.

The justification given by HPPC to purchase this power was not tenable as; i) generators were legally bound by the terms and conditions of PPA; ii) issues with APL were already resolved by the time HPPC gave in principle consent (October 2018) to purchase power under the GoI scheme; and iii) a single day shortage of coal at plants was taken as basis for entering into Power Purchase Agreements of three years duration.

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[9] M/s SKS Power Generation Chhattisgarh Ltd and M/s M B Power (Madhya Pradesh) Ltd.

[10] Assessed on the basis of Compounded Annual Growth Rate of 6.88 *per cent* as approved by Central Electricity Authority in 19th electric power survey report.

Thus, HPPC had extended favour to these private power producers by purchasing their power at ₹ 4.90 to ₹ 5.00 per unit against the variable cost of State's own generating stations (₹ 3.25 to ₹ 3.88 per unit[11]). This purchase of expensive power resulted in avoidable extra expenditure of ₹ 208.57 crore[12] during April 2019 to September 2020 thereby putting undue burden on the consumers of the State. This burden will increase further till the validity of PPAs (March 2022) as the agreement can only be terminated upon defaults defined in the agreement which does not include error of assessment by HPPC.

The Management stated (February 2021) that scheduling of power on real time basis was continuous process requiring dynamic decisions as power cannot be stored. Generation less than/ more than the demand is not tolerated by Regional Load Despatch Centre and violating DISCOMs have to bear heavy penalties. In a scenario, where supply was insufficient to meet the demand, DISCOMs may have to procure from the sources which may not be the cheaper one. The purpose of the pilot scheme of GoI to meet power deficit was successfully achieved and uninterrupted supply to the consumers has been ensured in awkward situation where the generators in May 2018 desired to breach the terms of PPA. The Management reply was not convincing as it was totally based on apprehension of the HPPC that the supply would be disrupted and when the decision to give in principal approval of procurement of power from private generators in October 2018 was given, situation was quite improved. Further, if at all the requirement of power was due to non-supply by existing sources, it should have resorted to spot purchases of power, as an unanticipated event.

3.1.3 Achievement of Renewable Energy Purchase Obligation targets

Renewable Energy Purchase Obligation (RPO) mandates that all electricity distribution licensees should purchase or produce a minimum specified quantity of their requirements from Renewable Energy (RE) Sources. This is as per the Indian Electricity Act, 2003. The State Electricity Regulatory Commissions fix the minimum RPO for the State.

HERC, from time to time, had notified yearly RPO targets to be fulfilled by DISCOMs. A comparison of notified targets and actual achievement there-

11 Deen Bandhu Chhotu Ram Thermal Power Plant: ₹ 3.25/unit, Panipat Thermal Power Station- Units VII & VIII: ₹ 3.35/unit and Rajiv Gandhi Thermal Power Station: ₹ 3.37/unit and Panipat Thermal Power Station - Units V & VI: ₹ 3.88/unit.

12 ₹ 1186.94 crore (cost incurred to procure power under the scheme including cost of transmission loss 84.034 MUs and trading margin: ₹35.77 crore) *less* ₹ 978.37 crore (cost to procure net power from otherwise backed down state run plants).

against is tabulated below:

Table 3.2: Targets and achievements in respect of RE power (non-solar and solar)

Year	RE Power (Non-solar)				RE Power (Solar)			
	Targeted purchase		Actual purchase (MUs)	Shortfall (Percentage)	Targeted purchase		Actual purchase (MUs)	Shortfall (Percentage)
	Percentage of total consumption*	MUs			Percentage of total consumption*	MUs		
2015-16	2.75	1,285	253.14	80.30	0.75	350	126.99	63.72
2016-17	2.75	1,288	255.14	80.19	1.00	468	163.45	65.07
2017-18	2.75	1,078	283.30	73.72	2.50	980	209.51	78.62
2018-19	3.00	1,147	933.18	18.64	4.00	1,529	214.37	85.98
2019-20	3.00	1,186	564.08	52.44	5.50	2,175	205.59	90.55

***Excluding hydro and RE power**
Source: Compiled from data provided by HPPC.

It would be seen from the above table that HPPC could not achieve RPO targets in any of the years under review. The extent of shortfall ranged from 18.64 to 80.30 *per cent* for non-solar RE power and from 63.72 to 90.55 *per cent* for solar RE power.

Audit observed that to achieve the Sustainable Development Goals, the Ministry of New and Renewable Energy, Government of India fixed a target of 1900 MW for renewable energy (both solar and non-solar) for the State. This was incorporated in Haryana Solar Policy, 2016. Towards achievement of this target, HPPC has contracted for renewable energy (solar and non-solar) capacity of 1542.77 MW[13], up to 31 March 2019. There was, thus shortfall in achievement of targets as also non-achievement of RPO obligations determined by HERC.

The Management replied that the HERC considered the submission of DISCOMs and decided to waive off the RPO backlog of previous years till March 2020. The fact, however, remained that the Sustainable Development Goals regarding clean energy could not be achieved.

3.1.4 Non-achievement of envisaged benefits from new Information Technology Project

To reduce Additional Deviations Settlement Mechanism (ADSM) charges[14] and optimise power purchase cost, HPPC awarded (May 2016) a contract for implementation of power management software to REC Power Development and Consultancy Limited New Delhi (a wholly owned subsidiary of REC Limited - a Government of India Public Sector Undertaking) on nomination

13 Of this capacity, generation of 319.2 MW capacity only has started so far (March 2020).

14 Additional charges imposed due to drawal of energy by the DISCOMs in excess of specified volume in Million Units (MUs) at specified grid frequency in a time block and ADSM charges are determined on the basis of MUs.

basis at a cost of ₹ 2.95 crore plus applicable taxes. The scope of work included solution software, its implementation and three years' operation support at ₹ 15.50 lakh per month with annual escalation of 5 *per cent*. The software features included medium term, short term and day ahead demand forecasting, day ahead and real time power scheduling, integration with Northern Region Load Dispatch Centre (NRLDC) and Haryana State Load Dispatch Centre (SLDC) with the aim of reducing ADSM charges. The system was made operational with effect from April 2018.

Audit observed that despite implementation of project, there was no improvement in load forecasting and HPPC had to pay ADSM charges to NRLDC as tabulated below:

Table 3.3: Details of ADSM charges before and after implementation of software

Year	Season*	ADSM charges (₹ in crore)	Increase/(decrease) over base period	
			Amount (₹ in crore)	*per cent*
Before implementation of software				
2017-18	Summer	21.92	-	-
	Winter	21.58	-	-
After implementation of software				
2018-19	Summer	37.11	15.19	69.29
	Winter	29.27	7.69	35.63
2019-20	Summer	35.40	13.48	61.50
	Winter	9.15	(12.43)	(57.60)
2020-21	Summer	27.52	5.6	25.55
	Winter	NA	NA	NA

***Summer season: April to September; #Winter season: October to March.**
Source: Data provided by HPPC.

The terms of contract provided that in case of non-reduction of ADSM charges, penalty was to be levied which would be mutually agreed upon subject to maximum of 5 *per cent* of operational cost. However, no such penalty was either agreed to or deducted by HPPC despite the fact that ADSM charges continued to increase from first year. The maximum amount of penalty (5 *per cent*) for second and third year of operation worked out to ₹ 14.90 lakh. Thus, HPPC could not get benefit envisaged from new software despite spending ₹ 3.52 crore and also did not impose penalty on the contractor as per terms of the contract.

The Management stated (May 2021) that the ADSM charges increased due to shut down of Adani Plant and coal shortage in other plants during April and May 2018. The response is not convincing as the ADSM charges for the months of April and May 2018 were lower than the ADSM charges of corresponding months of the next year i.e., April and May 2019. Further, the ADSM charges are levied due to difference in schedule granted and actual drawal whereas the System should calculate the demand as accurately as possible and schedule should be placed accordingly to avoid ADSM charges. In case of non-availability (also declared in advance) of Adani plants or other plants (non-availability of supply), the schedule could be granted to other generators.

3.1.5 Incorrect merit order leading to extra expenditure

Due to high variable cost (₹ 3.894 per unit), Unit-6 (210 MW) of Panipat Thermal Power Station (PTPS) failed to get schedule from February 2019 to May 2020 and remained shut down continuously for 16 months. Haryana Power Generation Corporation Limited (HPGCL), however, requested (March 2020) HPPC for its light up for 24 hours for testing purpose. HPPC granted (March 2020) permission to test the unit for an approximate duration of 24 hours. Accordingly, Unit-6 was started on 19 June 2020 at a load of 160 MW and 4.08 MUs of power were generated during 24 hours at a variable cost of ₹ 3.314 per unit which was lesser by ₹ 0.60 per unit achieved during February 2019, when the Unit was last run.

Audit observed that average variable cost of producing power at Unit-6 during three years from June 2017 to May 2020 was ₹ 3.83 per unit. As per procedure followed by HPPC in deciding merit order, where such abnormal circumstances existed, the variable costs are not considered for deciding merit order. It was also seen that during November 2019, the Faridabad Gas Power Plant was made to run in trial mode to maintain the system and was not scheduled by HPPC, though its variable cost was lesser than the previous operation of the plant (October 2019).

Despite above, HPPC considered the trial run cost of Unit-6 while preparing merit order for July 2020. As a result, Unit-6 was ranked better than Aravali Power Company Private Limited (APCPL) and Jhajjar Power Limited (JPL). It was observed that usually[15] APCPL and JPL had lesser variable cost than Unit-6. Considering the variable cost of the trial run period, the Unit-6 ranked better than APCPL and JPL and was granted schedule for 11 days during 10 July 2020 and 23 July 2020 and 41.105 MUs were purchased at a final variable cost of ₹ 3.514 per unit against the per unit variable cost of ₹ 3.33 and ₹ 3.409 of APCPL and JPL respectively during the same month.

Thus, had the merit order for July 2020 been drawn by not considering the results of trial run, 41.105 MUs could have been purchased at optimum cost and ₹ 75.63 lakh[16] could have been saved.

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[15] On the basis of data pertaining to months, from February 2019 to June 2020, where monthly average cost of power from these plants ranged between ₹ 3.349 and ₹ 3.737 per unit, which was less than the variable cost (₹ 3.894 per unit of Unit 6 of PTPS. (Source: HPPC documents).

[16] 41.105 MU (₹ 3.514 minus ₹ 3.33).

The Management informed (June 2021) that from December 2020, while giving the consent for testing, the variable cost thrown up during the testing period would not be considered for merit order preparation.

3.1.6 Lack of Internal Controls

Audit observed internal controls regarding payments against procurement of power needed to be improved in HPPC. The following instances of continuing errors in payments were noticed.

a) Non-adjustment of cross subsidy and additional surcharge from payments to captive generators

As per Rule 3 of Electricity Rules, 2005, no power plant shall qualify as Captive Generating Plant unless (i) not less than 26 *per cent* of the ownership is held by the captive user(s) and (ii) not less than 51 *per cent* of the aggregate electricity generated in such plant, determined on annual basis, is for captive use. If a generating plant does not meet these requirements, it becomes ineligible for benefits extendable under Rules framed by HERC and would be treated as a regular generating plant or independent power producer. Thus, it would be liable to pay cross subsidy charges, additional surcharge or any other charge as notified by the HERC from time to time, on the entire quantum of energy used by itself, to the DISCOMs.

HPPC did not verify that three Generating Plants[17] were no more to be categorised as Captive Generator (from 2010-11 to 2018-19), as they had supplied more than 51 *per cent* of their generation to HPPC. HPPC as a result of non-verification, did not deduct the applicable cross subsidy and additional surcharge from the power purchase bills, which could have been passed on to DISCOMs.

In August 2019, HPPC issued notices for recovery of applicable charges of ₹ 71.37 crore[18] from the three generators. They challenged the same before HERC stating that issue of notices for recovery after a period of 10 years is unjust, arbitrary and afterthought. After hearing Captive Generators and HPPC, HERC directed (July 2020) that the issue may be mutually resolved through discussions at the level of Administrative Secretaries of both the departments (Power and Co-operative Departments).

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[17] (i) Shahabad Co-operative Sugar Mills Ltd., Kurukshetra (ii) Haryana Co-operative Sugar Mills Rohtak and (iii) Naraingarh Sugar Mills Ltd., Ambala.

[18] ₹ 32.92 crore from Shahabad Co-operative Sugar Mills Ltd., Kurukshetra; ₹ 28.48 crore from Haryana Co-operative Sugar Mills Rohtak and ₹ 9.97 crore from Naraingarh Sugar Mills Ltd., Ambala.

As per Section 56 (2) of the Electricity Act, 2003, in case the claims of electricity are not raised within two years from the date when they become first due, they cannot be recovered unless they are being shown continuously as arrears. However, it was observed that notice of recovery was first issued in August 2019 only. Therefore, the recovery of the amount from 2010-11 to 2016-17, amounting to ₹ 35.84 crore out of this amount of ₹ 71.37 crore is doubtful. Further, even if HPPC recovers full amount on behalf of DISCOMs, it has already incurred interest cost of ₹ 26.43 crore (up to March 2020) because of failure to prevent such occurrences.

b) Excess payment of Minimum Alternate Tax /Corporate Tax

HPPC was required to reimburse Minimum Alternate Tax (MAT)/ Corporate tax on applicable rates on Return on Equity (RoE) only to renewable power generators. However, it was observed that HPPC was making payment of MAT/ Corporate Tax to these generators based on actual profits. On being pointed out (March 2020) by Audit and after reviewing other such cases, HPPC took up (June 2020) the matter with concerned generators and asked them to refund the excess amount paid along with interest. As a result, three generators issued (March, May, June 2020) credit notes worth ₹ 5.79 crore[19].

Thus, the internal control mechanism failed in detecting the excess payment made to the power generators.

The Management informed (March 2021) that special checks are now being exercised so that such mistakes do not occur in future and officers are being instructed to be vigilant in interpreting the provision of the Regulation/ Act while making payments.

Conclusion

HPPC incurred extra expenditure of ₹ 209.33 crore in purchasing costly power from private producers and by preparing incorrect merit order which was an avoidable burden on consumers of the State. It could not achieve Renewable Energy Purchase Obligations targets, the shortfall ranged between 18.64 *per cent* and 90.55 *per cent*. Sustainable Development Goals set for ensuring affordable, sustainable and modern energy were not fully achieved. Internal controls regarding payments for purchase of power were not able to detect instances of erroneous payments noticed during the Audit.

[19] M/s GEMCO Energy Limited: ₹ 2.42 crore, Starwire (India) Vidyut Private Limited: ₹ 2.56 crore and Shri Jyoti Renewable Energy Pvt. Limited: ₹ 0.81 crore.

It is recommended that HPPC should undertake cost benefit analysis while entering into long term/ medium term contracts for addition to the generation capacity so that power is purchased at optimum cost. Efforts may be made to fulfil the RPO obligations of the Company so as to achieve the Sustainable Development Goals. Internal controls regarding claims of subsidy and payments against purchase of power may be strengthened.

The matter was referred (March 2021) to the Government and HPPC; their replies were awaited (September 2021).

Uttar Haryana Bijli Vitran Nigam Limited

3.2 Implementation of Mhara Gaon Jagmag Gaon scheme

The implementation of the scheme was slow due to inefficiencies at all stages of project implementation and even after more than five years of its launch (July 2015), 295 out of 972 Rural Domestic Supply feeders were yet to be completed (January 2021). Due to delay in completion as well as non-completion of works, the Company had to forgo potential revenue of ₹ 786.54 crore it could have earned had it achieved targets set for reduction in Transmission & Distribution losses in the scheme.

3.2.1 Introduction

The State Power Distribution Companies (DISCOMs) were facing high transmission and distribution losses. This coupled with their low billing and collection efficiency had adversely affected their financial health. The Government of Haryana, with objective to reduce Transmission & Distribution (T&D) losses[20] and increase collection efficiency on Rural Distribution Supply (RDS) feeders launched (July 2015) Mhara Gaon Jagmag Gaon (MGJG) scheme.

Under the scheme, power supply in villages was to be increased from the then existing 12 hours to 24 hours a day in phased manner on compliance with specified milestones. Activities to be carried out under the scheme included replacement of bare low-tension conductors with Aerial Bunched (AB) cable, replacement of defective/ old energy meters, shifting energy meters outside consumer premises, maintenance of distribution network etc. The scheme

[20] Energy losses occur in the process of supplying electricity to consumers due to technical and commercial reasons. The technical losses are inherent in a system which occurs due to energy dissipated in the conductors, transformers and other equipments used for transmission, and distribution of power. Pilferage by hooking, bypassing meters, defective meters, errors in meter reading *etc.,* are the main sources of commercial losses.

initially implemented (July 2015) on one RDS feeder in each of the 83 State Assembly constituencies (falling in rural areas) was extended (between March 2016 and March 2017) in phases to cover the entire State. The total expenditure incurred on implementation of the scheme up to 31 March 2020 was ₹ 203.01 crore.

Audit reviewed (October 2020 to January 2021) the activities undertaken in implementation of MGJG scheme by Uttar Haryana Bijli Vitran Nigam Limited (Company) which serves 10 districts[21] of Northern Haryana through nine[22] Operation (Op) circles. For this review, Audit selected five[23] Operation circles out of the nine Operation circles for reviewing implementation of the MGJG scheme, irrespective of performance of the circles, considering movement restrictions due to COVID-19; incidentally most of these circles were better performing circles. All the works executed in respect of 512 Rural Domestic Supply feeders in respect of the five selected circles were covered in Audit. Audit objectives were to ascertain whether planning of the scheme was done efficiently, works under the scheme were executed economically and efficiently and the scheme was implemented effectively.

Audit Findings

3.2.2 Project planning

(a) Non-specification of timeline for the scheme

MGJG scheme was launched (July 2015) by Government of Haryana (GoH) without any timelines for its implementation. The Company also did not specify any internal timeline to monitor progress of the scheme periodically. As a result, the Company could not take timely steps to accelerate works under the scheme.

GoH, however, belatedly fixed (February 2017) district wise timeline for completion of works under the scheme and reduction of T&D losses below 20 *per cent*.

Table below indicates the circle wise number of feeders to be completed, target dates and progress there against for completion of MGJG works as of

21 Ambala, Panchkula, Kurukshetra, Karnal, Kaithal, Panipat, Rohtak, Jhajjar, Sonepat and Yamunanagar.

22 Ambala, Kurukshetra, Karnal, Kaithal, Panipat, Rohtak, Jhajjar, Sonepat and Yamunanagar.

23 Ambala, Kurukshetra, Karnal, Kaithal and Yamunanagar.

January 2021:

Table 3.4: District wise targeted and actual dates of completion of MGJG works

Sl. No.	Name of District	No. of feeders to be completed	Target completion	No. of feeders actually completed	Actual completion date	Delay (in months)	Percentage of completion
1	Ambala	51	April 2017	51	October 2018	17	100
2	Panchkula	20	November 2016	20	November 2016	-	100
3	Yamunanagar	98	December 2017	98	January 2021	37	100
4	Kurukshetra	98	March 2018	98	April 2019	13	100
5	Karnal	143	June 2018	143	August 2020	26	100
6	Kaithal	143	March 2018	122	In progress	34	85.31
7	Panipat	81	December 2017	42	In progress	37	51.85
8	Jhajjar	91	June 2018	24	In progress	31	26.37
9	Sonepat	141	June 2018	48	In progress	31	34.04
10	Rohtak	106	June 2018	31	In progress	31	29.24
	Total	**972**		**677**			**69.65**

Source: Compilation based on records/data provided by the Company.

While works under four districts Ambala, Kurukshetra, Karnal and Yamunanagar had been completed and about 85 *per cent* work had been completed in Kaithal district, progress in remaining four districts, (Panipat, Jhajjar, Sonepat and Rohtak) was slow. Audit observed the slow progress was due to inefficiencies noticed at all stages of project implementation viz, planning, awarding and execution.

The Management stated (November 2020) that no timeline was set by the Government to complete the Scheme, however Government vision was 24 hours power supply to all villages as early as possible. The reply is not acceptable because considering importance of timeline in execution of any project, the Company should have set the timeline for itself even if Government had not specified the same. Besides, the Company could also not adhere to timelines when fixed by Government later, in respect of many of the districts.

(b) Delayed decision to award works on turnkey basis

During 2015-16 to 2017-18, the Company executed MGJG works departmentally with material from the Company's stores and by engaging labour on contract basis. As progress of the scheme was very slow in 2016-17 and 2017-18 (only 79 feeders i.e. (8.22 *per cent*) could be covered during this period), the Company decided (October 2017) to award partial works on turnkey basis. After this, though implementation of the scheme picked up, the overall progress achieved up to January 2021 was still 69.65 *per cent* in terms of Rural Distribution Supply (RDS) feeders. The table below depicts RDS feeder wise progress up to January 2021 in respect of works executed departmentally and on turnkey basis:

Table 3.5: Status of RDS feeders taken up departmentally and on turnkey basis

Mode of execution	RDS Feeders		
	To be covered (No.)	Completed (No.)	Progress (*per cent*)
Departmental (from July 2015 to January 2021)	765	499	65.23
Turnkey basis (from October 2017 to January 2021)	207	178	85.99
Total	**972**	**677**	**69.65**

Source: Compilation based on progress reports/data provided by the Company.

While delay in completion of works executed departmentally was attributed to non-availability of adequate material (particularly poles and meters) as per requirement, slow progress under turnkey contracts was attributed to award of works to ineligible firms without assessment of capacity and capability of bidders as discussed in succeeding paragraphs.

(c) Injudicious selection of material

The primary objective of MGJG scheme was to reduce T&D losses on RDS feeders by curbing theft of power and improving billing and collection efficiency.

The Company in initial phase of the scheme used Aerial Bunched (AB) cable insulated with rubber in the feeders. However, it found the reduction in T&D losses not up to expected levels. It realised that AB cables with rubber insulation were prone to be punctured with nails by unscrupulous elements for illegally drawing power. Therefore, the Company decided (September 2017) to use Armoured[24] cable in works to be executed on turnkey basis.

We observed that in four of the selected Op circles[25], 46.215 km AB cable already erected in 11 feeders was replaced with Armoured cable up to January 2021. Resultantly, an expenditure of ₹ 84.23 lakh on procurement (₹ 73.90 lakh) and erection and dismantling (₹ 10.33 lakh) of AB cable incurred during 2015-17 proved wasteful.

[24] In electrical power distribution, armoured cable means steel wire armoured cable which is a hard-wearing power cable designed for the supply of mains electricity.

[25] Ambala, Kurukshetra, Karnal and Kaithal.

3.2.3 Award of contracts

(a) Award of contracts without considering Qualifying Criteria in totality

The Company invited (October 2017) short term bids in two parts, for execution of works[26] in respect of Rural Domestic Supply feeders in six divisions[27] of three Operation (Op) Circles under MGJG scheme on turnkey basis. After evaluation (November 2017) of techno-commercial bids (Part-I) and price bids (Part-2) of qualified bidders, work in respect of all six divisions was awarded (December 2017) to a single party - M/s Ishwar Singh & Associates Construction Private Limited, Hisar (M/s Ishwar) at a cost of ₹ 98.77 crore who turned out to be L1 bidder in all cases.

Evaluation of Liquidity position of prospective bidders was important to assess their ability to meet short term obligations for continuous operations with sufficient liquidity, while the firms with inadequate liquidity might not be able to carry out work at required pace and complete the same within time schedule.

Audit observed that in bid documents, the financial criterion relating to Liquid Assets (LA) was prescribed to be equal to 25 *per cent* of estimated cost. However, meeting of this criterion was not ensured in totality while deciding number of awards in favour of M/s Ishwar. In view of M/s Ishwar's LA of ₹ 13.79 crore, they were eligible for award of maximum four contracts[28] with award value of ₹ 58.83 crore. Thus, two contracts worth ₹ 39.94 crore[29] were awarded to the firm in violation of tender conditions, for which it was not having requisite liquidity.

The Management stated (July 2019) that LA was considered as per provisions of NIT individually. The reply is not acceptable as it was not prudent to consider qualifying requirement individually when the selected contractor was the same, especially when the Company was required to finalise tender on urgent basis for which it had to go for short term open tender. Contractor's dismal performance (56.48 *per cent*) further corroborates to the impact of liquidity position as discussed in para 3.2.4 (a) below.

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26 Supply of material/equipment, erection, testing & commissioning, dismantlement of existing overhead lines/material for replacement of bare conductor with Armoured cable, shifting meter from consumer premises to outside and replacement of electro-mechanical meter, theft prone meter, defective meter, *etc.*

27 Tender 1 for Guhla division under Op Circle Kaithal (B-523), Kurukshetra, Pehowa and Shahbad divisions under Op Circle Kurukshetra (B-524 to 526), Samalkha (B 527) and Sub-urban division Panipat (B-528) under Op Circle Panipat and Tender 2 for Jagadhari and Naraingarh divisions under Op Circle Yamunanagar.

28 Against Bid Nos. 523, 525, 526 and 528 estimated cost (₹ 14.73 crore), (₹ 14.49 crore), (₹ 11.90 crore) and (₹ 10.31 crore) respectively Total Estimated Cost (₹ 51.43 crore).

29 Award value of contracts against Bid Nos. 524 and 527 estimated cost (₹ 18.22 crore) and (₹ 16.70 crore); award value (₹ 20.84 crore) and (₹ 19.10 crore) respectively.

(b) Irregular award of contracts

The Company invited (November 2017) tenders[30] in two parts for works to be carried out on turnkey basis under MGJG in Sub-urban Division Jagadhari under Operation Circle Yamunanagar. The estimated cost of works was ₹ 33.25 crore. After evaluation of three bids received, the Company awarded (February 2018) contract to L1 firm, M/s Ishwar at a cost of ₹ 38.58 crore.

As per the bid conditions, the bidders were required to demonstrate Liquid Assets (LA) equivalent to 25 *per cent* of the estimated cost of the work i.e., ₹ 8.31 crore (25 *per cent* of estimated cost of ₹ 33.25 crore). The tender conditions also specified that closing stock, cash in hand, bank balance and Fixed Deposit Receipts (FDRs)/ Investment only would be considered for working out LA. Audit observed that the Company declared bid of M/s Ishwar as financially responsive by including debtors of ₹ 36.59 crore as part of LA. If debtors are excluded, LA of M/s Ishwar worked out to ₹ 3.94 crore only against the benchmark of ₹ 8.31 crore. Thus, by considering debtors as part of closing stock against methodology prescribed for calculation of LA in bid documents, the Company favoured the contractor in award of contact.

The Management stated (February 2021) that debtors of below 120 days were considered as part of liquid assets with a view that the firm had bank sanctioned cash credit limits against stocks and debtors below 120 days. The reply is not acceptable as tender documents clearly specified that closing stock, cash in hand, bank balance and FDRs/ Investment would only be considered for working out LA.

3.2.4 Project execution

(a) Delay in completion of works

(i) Due to irregularities, which had bearing on the financial capability of the L1 bidder, discussed in para 3.2.3 (a) and (b) above in award of contacts, the contractor was not able to complete works on any of the allotted feeders within schedule. Six out of eight contracts awarded to the contractor, M/s Ishwar, were completed with delays ranging from six to 29 months, while works under two contracts were still (January 2021) pending though delay of 25-26 months had already occurred. Contract wise status of work as on 31 January 2021 is

[30] Bid No. 534

shown in table below:

Table 3.6: Status of works awarded to M/s Ishwar

Name of Op Circle	Name of Op Division	Date of LOI	Scheduled completion date	Actual Completion	Delay (in months)
Kaithal	Guhla	14.12.2017	13.06.2018	November 2020	29
Kurukshetra	Kurukshetra	14.12.2017	13.10.2018	April 2019	6
	Pehowa	14.12.2017	13.06.2018	April 2019	10
	Shahbad	14.12.2017	13.06.2018	April 2019	10
Panipat	Samalkha	14.12.2017	13.10.2018	In progress	26
	Sub Urban Panipat	14.12.2017	13.06.2018	October 2020	28
Yamunanagar	Jagadhri	03.01.2018	02.11.2018	In progress	25
	Naraingarh	03.01.2018	02.07.2018	July 2020	24

Source: Compilation based on records/data provided by the Company.

As a result of above delays, benefit of 24 hours electricity supply could not be extended to the consumers. Besides, the Company also suffered revenue loss of ₹ 75.62 crore[31] on account of power lost due to delayed completion of works in three of the above four selected Op circles. Though the Company recovered ₹ 5.99 crore from the contractor on account of Liquidated Damages (LD) as per terms of the contract, in respect of selected circles, the loss exceeded the same by ₹ 69.63 crore.

(ii) The Company awarded (between December 2017 and June 2018) five more contracts (contractors other than M/s Ishwar) on turnkey basis for execution of works under MGJG scheme. All these five contracts were completed with delays ranging between four and 16 months from respective scheduled completion dates as indicated below:

Table 3.7: Details of contracts completed with delay under MGJG

Name of Op Circle	Name of Op Division	Date of LOI	Scheduled completion	Actual Completion	Delay (in months)
Karnal	City	14.12.2017	13.06.2018	May 2019	11
	Suburban- 1	14.12.2017	13.10.2018	July 2019	9
	Suburban- 2	11.06.2018	10.04.2019	August 2020	16
	Assand	11.06.2018	10.04.2019	August 2020	16
Yamunanagar	Yamunanagar	03.01.2018	02.11.2018	March 2019	4

Source: Compilation based on records/data provided by the Company.

Audit observed that due to deficient contract management by the Company, contractors failed to arrange sufficient labour and material in timely manner. Although, the Company recovered ₹ 3.99 crore from the concerned contractors

31 Worked out by comparing T&D loss level in concerned RDS feeders before and after completion of work at ₹ 4.82 per unit average realization rate from domestic category consumers during the year 2019-20.

on account of Liquidated Damages as per terms of contracts, the potential loss of revenue worked out to ₹ 54 crore[32].

(b) Non-achievement of targeted reduction in T&D losses in completed feeders

MGJG scheme aimed to bring Transmission and Distribution (T&D) losses of electricity to below 20 *per cent* and eventually providing 24 hour uninterrupted power supply to the villagers with following phase-wise targets:

Table 3.8: Conditions for progressively increasing supply hours

Supply hours	Conditions
12 to 15 hours	Selection of feeder under MGJG scheme.
15 to 18 hours	Relocation and replacement of Meters and replacement of naked LT conductor with AB cables.
18 to 21 hours	Payment of bills to the extent of 90 *per cent* of power supplied after allowing technical losses up to 20 *per cent.*
21 to 24 hours	Overall payment default amount comes below 10 *per cent*.

Source: MGJG scheme data.

As of January 2021, out of 972 RDS feeders, work on 677 RDS feeders was completed and 24 hours power supply was allowed on all these feeders. However, the condition of the MGJG scheme for reduction in T&D losses below 20 *per cent* and reduction in overall default amount below 10 *per cent* as per scheme were not ensured. The Board of Directors of the Company relaxed (March 2019) these conditions and allowed 24 hour power supply upon substantial decrease in T&D losses and increase in collection efficiency from the start of the scheme. The Company relaxed MGJG scheme conditions without obtaining State Government's approval.

Audit observed that the feeders completed up to 2018-19 could not achieve intended targets of T&D loss reduction as tabulated below:

Table 3.9: Details of feeders failing to achieve targeted loss level after completion

Year	No. of feeders completed during the year	No. of feeders with T&D losses more than 20 *per cent*			
		2016-17	2017-18	2018-19	2019-20
2015-16	16	12	12	7	8
2016-17	86	-	41	38	28
2017-18	110	-	-	60	54
2018-19	137	-	-	-	75
Total	**349**	**12**	**53**	**105**	**165**

Source: Compilation based on soft data of RDS feeders T&D losses provided by the energy audit wing of the Company.

32 Worked out by comparing T&D loss level in concerned RDS feeders before and after completion of work at ₹ 4.82 per unit average realization rate from domestic category consumers during the year 2019-20.

It would be seen from the above table that out of 349 RDS feeders completed up to 31 March 2019, 165 feeders (47.28 *per cent*) still recorded T&D losses above 20 *per cent* and as such they failed to achieve targeted loss reduction even after 1 to 4 years of their completion. Resultantly, 243.92 MUs of electricity, in excess of normative 20 *per cent*, valuing ₹ 126.60 crore[33] was lost during 2016-17 to 2019-20.

An in-house exercise was carried out by the Company to find out reasons for non-reduction of losses on above feeders despite their completion under the scheme. The results revealed that losses could not be reduced due to poor workmanship during execution, lack of monitoring and follow-up after completion of work and use of AB Cable instead of armoured cable.

Audit further observed that in case of 340 Rural Domestic Supply feeders (out of 512 covered in Audit), where works were executed departmentally, there was no mechanism of Quality Assurance Plan (QAP) in place in order to ascertain the quality of work. Such a mechanism in form of third party oversight was seen to exist in respect of balance 172 Rural Domestic Supply feeders which were executed on turnkey basis.

(c) Revenue foregone due to high T&D losses in incomplete feeders

Although more than five years have elapsed since launch of the scheme, out of 562 RDS feeders, works on 295 RDS feeders under five Operation Circles (Kaithal, Panipat, Jhajjar, Sonepat and Rohtak) have not been completed so far (January 2021). Out of 295 feeders, work on 84 RDS feeders had not been taken up as yet and work on 48 RDS feeders though taken up was held up due to public resentment (January 2021), while work on remaining 116 RDS feeders was in progress (January 2021).

The table below indicates circle wise incomplete RDS feeders where T&D loss level was more than 20 *per cent*:

Table 3.10: Incomplete RDS feeders with T&D loss level above 20 *per cent*

Sl. No.	Name of circle	Number of feeders	Incomplete RDS Feeders with T&D losses above 20 *per cent* during 2019-20				
			>50%	40-50%	30-40%	20-30%	Total
1	Kaithal	21	17	2	2	0	21
2	Panipat	39	36	1	1	1	39
3	Jhajjar	67	56	10	0	0	66
4	Rohtak	75	66	5	2	1	74
5	Sonepat	93	84	7	1	0	92
Total		**295**	**259**	**25**	**6**	**2**	**292**

Source: Compilation based on soft data of RDS feeders T&D losses provided by the energy audit wing of the Company.

33 Worked out taking average realization rate from domestic category consumers @ ₹ 6.33 per unit for 2016-17, ₹ 5.66 per unit for 2017-18, ₹ 5.32 per unit 2018-19 and ₹ 4.82 per unit for 2019-20.

It would be seen that out of 295 incomplete RDS feeders, 292 feeders recorded more than 20 *per cent* losses. Of these 292 feeders, 259 feeders recorded more than 50 *per cent* losses. Further, in 292 RDS feeders where loss level was more than 20 *per cent,* potential loss of revenue worked out to ₹ 530.32 crore[34] during 2019-20 alone.

The Company should speed up the execution of works already awarded and award the balance works on priority to reduce the T & D losses as per the spirit of the scheme.

(d) Short receipt of ACSR conductor scrap

As per 13 Nos. work orders awarded by the Company on turnkey basis for implementation of MGJG scheme, Aluminium Conductor Steel Reinforced (ACSR) conductor was to be replaced with Low Tension Armoured Cable and dismantled conductor was to be properly accounted for and returned to Company's stores. Against Bid No. 519 for Op Division City, Karnal, where contractor's final bill was finalised, dismantled conductor was not properly accounted for. As per final foot survey under this contract, 153.48 Kms ACSR conductor valuing ₹ 31.30 lakh[35] was to be dismantled. Against this estimated quantity, the contractor deposited (between January 2019 and February 2019) only 58.95 Kms ACSR conductor scrap in Company's store leaving shortfall of 94.53 Kms (153.48 Km – 58.95 Km) ACSR scrap valuing ₹ 19.28 lakh. The Company has not taken any action for its recovery from the contractor. The bills of contractors pertaining to remaining 12 bids have not been finalised yet (January 2021).

During exit conference (August 2021), the Management intimated the progress of the scheme and stated that turnkey works awarded under the scheme have been completed and departmental works were expected to be completed by end of this year.

Conclusion

The implementation of the scheme was slow due to inefficiencies at all stages of project implementation viz., planning, awarding of works and their execution. Even after more than five years since its launch (July 2015), 295 out of 972 RDS feeders were yet to be completed (January 2021). Due to delay in completion/non-completion of works, the Company has foregone potential revenue of ₹ 786.54 crore[36] it could have earned, had it achieved targets set for

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34 Worked out by multiplying MUs lost due to T&D losses being above 20 *per cent* (1100.26 MUs) with per unit realization rate from domestic category consumers (₹ 4.82) in year 2019-20.

35 153.48 Kms x 213.6 Kg per Km (average quantity of aluminium retrieved from 50 mm Rabbit ACSR conductor used in LT lines) x ₹ 95.50 per kg rate of aluminium scrap.

36 Para No. 3.2.4(a), (b) and (c).

reduction in T&D losses in the scheme. Even after completion of works on 349 feeders (completed up to March 2019), the T&D losses remained more than 20 *per cent* on 165 feeders during 2019-20. Thus, the objective of the scheme to reduce T&D losses by curbing power theft and improving billing & collection efficiency could not be fully achieved.

It is recommended that the Company should prepare a time bound plan for completion of the balance projects of the scheme by an more efficient contract management. It should also improve its monitoring mechanism to ensure timely achievement of envisaged benefits from the scheme.

The matter was referred (April 2021) to the Government and the Company; their replies were awaited (September 2021).

Dakshin Haryana Bijli Vitran Nigam Limited

3.3 Non-recovery of differential tariff

Company did not recover tariff difference of ₹ 39.88 lakh from a consumer who was sanctioned connection in wrong category by the sanctioning authority, in terms of provisions of Electricity Supply Code, 2014.

The Electricity Supply Code, 2014, of Haryana Electricity Regulatory Commission clause 8.6 (7) provides that in cases where the consumer had not concealed the category of usage of supply while applying for connection, but the load was sanctioned under a wrong category by the sanctioning authority only the difference of tariff from the date of connection would be charged. Future billing would be made in applicable category and no case of unauthorised use of supply or theft of electricity would be made.

Dakshin Haryana Bijli Vitran Nigam Limited (Company) released (June 2012) a High Tension (HT) electricity connection with sanctioned load of 350 kW in the ‘Bulk Domestic Supply[37](BLDS) category as applied for (February 2012) by a consumer[38] for their premises.

A vigilance inspection (August 2017) of the consumer premises by the Company revealed that they were providing services of boarding and lodging *etc*. to senior citizens on daily/monthly chargeable basis and recommended that the consumer should be charged tariff under ‘Non-Domestic Supply[39]’ (NDS) category. Accordingly, the Company directed (October 2017) the consumer to

[37] Tariff category applicable to group housing societies, *etc*., having mixed load with major portion of domestic load.

[38] M/s UCC Care Private Limited (formerly UCC Builders Private Limited).

[39] Tariff category applicable to all non-residential premises, *e.g*., business houses, cinemas, clubs, public offices, hotels, *etc*.

apply for a new NDS connection within 30 days which was complied with (November 2017).

Audit observed that although it was a case of release of connection in wrong category by the sanctioning authority, the Company did not take action as per applicable clause 8.6 (7) of the Electricity Supply Code-2014, which provides for charging of difference of tariff between the applicable category and that charged, from the date of connection from the consumer. Audit estimated the difference of tariff, from the date of connection (June 2012) in lower tariff category (*i.e.,* BLDS) till its disconnection (November 2017) amounting to ₹ 39.88 lakh was not recovered from the consumer.

The Management stated (April 2021) that a notice for recovery of tariff difference was served (March 2021) on the consumer as per audit observation. However, the consumer filed a court case in the civil court, Faridabad, which is still pending (September 2021).

Thus, the Management acted for recovery of the differential amount only after being pointed out in Audit.

It is recommended that the provisions of the Electricity Supply Code should be enforced immediately in such cases in future.

The matter was referred (February 2021) to the Government, their replies were awaited (September 2021).

Industries and Commerce

Haryana State Industrial and Infrastructure Development Corporation Limited

3.4 Non-achievement of envisaged benefits of training to participants

Due to inept handling of the training programme without adequate monitoring/conducting any due diligence study, the envisaged benefits of granting employment could not be achieved even after incurring expenditure of ₹ 3.62 crore. Besides there was excess payment of ₹ 2.96 crore to the training provider.

Haryana State Industrial and Infrastructure Development Corporation Limited (Company), the nodal agency for development of industrial infrastructure, under its social development initiative aimed to provide employment skills to the residents of identified villages where land had been acquired by the Company for setting up its Industrial Estates. The employment skill programmes are run by the Company through Sector Skill Councils[40] and their approved training providers.

In August 2017, Leather Sector Skill Council[41] (LSSC), Chennai sent a proposal to the Company for providing skill development training[42] in leather sector to 15,000 candidates of Haryana on the basis of Common Norms notified (July 2015 and May 2016) by the Ministry of Skill Development and Entrepreneurship (MSDE), Government of India. The Company accepted the proposal and executed (August 2017) Memorandum of Understanding (MOU) with LSSC. As per payment terms agreed, the Company were to release 30 *per cent* of total training cost[43] on commencement of training against validated candidates (including 10 *per cent* as mobilisation fee on submission of action plan), 50 *per cent* on successful certification of trainees and remaining 20 *per cent* on their finding employment within three months of completion of training. The release of 20 *per cent* of training cost on employment had a benchmark of employment of at least 70 *per cent* of trainees.

The Company simultaneously, in terms of MSDE notification, appointed (September 2017) a Project Management Consultant (PMC) for one year at fee of ₹ 1.75 crore. The scope of work of PMC included understanding skill development requirements, planning and rolling out of skill development activities in coordinated manner under Phase-I and implementation of the programme under Phase-2 which included project monitoring, documentation, reporting and overall due diligence of implementation phase.

The PMC adopted the report (October 2013) of National Skill Development Corporation (NSDC) for planning skill development programme wherein the combined incremental manpower requirement for leather and footwear sectors in Haryana was indicated as 5608 only, in one five year period of 2017-22. The Company approved guidelines for implementation monitoring and tracking of skill development programme prepared by PMC in December 2017 and February 2018, respectively. However, the Company in contrast to the projected demand, granted approval for training of 476 batches consisting of 13,670 candidates during November 2017 to February 2018, before approval of monitoring and tracking guidelines. In all 523 batches of 15,003 candidates were approved by the Company.

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40 The National Policy on Skill Development and Entrepreneurship, 2015 laid out Skill India Mission, and envisaged the creation of Sector Skill Councils (SSCs) by National Skill Development Corporation (NSDC).

41 A company registered as section 8 company under Companies Act, 2013 and a SSC in leather sector approved by NSDC.

42 Total duration of training in hours: 200/500 relating to six different job roles e.g., stitcher, cutter etc.

43 ₹ 9,680 per candidate for 200 hours and ₹ 22,400 per candidate for 500 hours.

Upon the claims by Leather Sector Skill Council, the Company released (December 2017 to March 2018) payment of ₹ 6.58 crore (including GST of ₹ 1.01 crore) towards first instalment of 30 *per cent* of total cost in respect of 13,670 candidates. Payment in respect of 1,333 candidates was not released by the Company. LSSC also raised (March 2018) claim of ₹ 2.90 crore towards 2ndinstalment in respect of 4,648 candidates which though approved (March 2018) by the Company, was not released for not ensuring due diligence by nodal wing of the Company. Subsequently, the Management ordered (July 2018) for due diligence exercise of the enrolled candidates, checking of infrastructure of training centres and stopped further commitments under the programme. The due diligence exercise carried out (December 2018) by the PMC showed 10,776 out of 15,003 candidates were ineligible for various reasons *e.g.,* trainees not confirmed, ineligible due to age, Aadhaar number duplication, trainees not found during inspection, and candidates in excess of approved number in job role[44] etc. Thus, only 4,227 candidates were found eligible and in respect of whom 80 *per cent* payment could be released.

Audit observed:

(i) The Company signed (August 2017) Memorandum of Understanding (MOU) with Leather Sector Skill Council for providing training to 15,000 candidates without considering National Skill Development Corporation study report/consultant study which suggested annual requirement of only 1,000-1,200 candidates (total 5608 Nos. in five years) in leather and footwear sector and without involving the Project Management Consultant in due diligence for validation of eligibility of candidates for training.

(ii) The Company paid ₹ 1.01 crore towards GST on first instalment of training cost though the services provided by Sector Skill Councils approved by National Skill Development Corporation were exempted from GST.

(iii) Since, Leather Sector Skill Council (LSSC) had not fulfilled the MOU condition with regard to employment/placement of trained candidates, it was eligible for 80 *per cent* payment in respect of only 4,227 eligible candidates which worked out to ₹ 3.62 crore (80 *per cent* payment). This resulted in excess payment of ₹ 2.96 crore (₹ 6.58 crore *minus* ₹ 3.62 crore) to LSSC.

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44 As per MOU, there were six job roles viz. stitcher (Goods and garments), cutter (Goods and garments), stitcher (footwear), cutter (footwear), pre-assembly operation (footwear) and skiving operator (footwear) in the required numbers. However, the candidates were enrolled in first four job roles only but in different numbers, which led to enrolment of excess candidates for approved job roles.

Thus, the training programme run without conducting due diligence study and monitoring of desired yield impacted the envisaged benefit of generating gainful employment to the trainees even after incurring expenditure of ₹ 3.62 crore. Besides there was excess payment of ₹ 2.96 crore to Leather Sector Skill Council.

The Management stated (June 2020) that due diligence of records was done as per the Common Norms[45], and legal action has been initiated against the LSSC to recover the excess amount. During exit conference (August 2021), the Management further stated that recovery notice has been issued and the Company was in the process of lodging FIR against the Leather Sector Skill Council.

The reply is not acceptable as the Company signed MOU with Leather Sector Skill Council without considering the training requirements as indicated in National Skill Development Corporation report and Project Management Consultant was not involved in carrying out due diligence, though their scope of work provided for the same, which resulted in non-achievement of envisaged benefits.

It is recommended that the Company may fix responsibility for the lapses and adequate monitoring/due diligence may be made in such trainings in future.

The matter was referred (January 2021) to the Government and the Company; their replies were awaited (September 2021).

3.5 Non-levy of extension fee

The Company extended undue benefit to an allottee by reckoning the implementation period of project from 26 August 2013 instead of 27 July 2010 as per the agreement which resulted in non-levy of extension fee of ₹ 1.74 crore for delayed implementation of project.

Haryana State Industrial and Infrastructure Development Corporation Limited (Company) allotted (27 July 2010) a plot measuring 12,150 sq. meters at Food Park, Rai to M/s Shakti Bhog Foods Limited (allottee) under prestigious project[46] category on the undertaking (13 July 2010) given by the allottee for taking physical possession of plot on "as is where basis" without completion of development works by the Company. The allottee also undertook that for

[45] Common norms were notified (July 2015 and May 2016) by the Ministry of Skill Development and Entrepreneurship which included Skill development, Skill Development Courses, Input Standards, Outcome of skill development, Funding norms, fund flow mechanism etc.

[46] Projects involving investment of ₹ 50/40/30 crore.

absence of the development work/infrastructure facilities they would not hold any claim against the Company.

The agreement (6 September 2010) with the allottee required them to take physical possession of plot within six months of allotment and to implement[47] their project within three years from the date of offer of possession i.e., by 26 July 2013. Any extension for completion of project beyond three years was to be granted on payment of prescribed extension fee[48] in terms of Estate Management Procedures (EMP)[49] of the Company.

The allottee, however, took possession of plot (which actually measured 11,610 sqm) on 23 July 2012 after lapse of two years. The Board of Directors of the Company, in the meanwhile, granted (29 August 2013) one-year general extension for implementation of the projects for plots allotted up to 31 December 2012 without charging any extension fee. Accordingly, implementation period of project was extended to 26 July 2014. The Company granted further extension in time for implementation of project up to 26 July 2015 after charging due extension fee.

The allottee informed and requested (12 January 2016) for change in allotment as it had decided to implement the project through its subsidiary and also sought extension in implementation period. The Company allowed (October 2016) the change and also granted extension up to 26 July 2017 subject to payment of extension fee.

The allottee could not implement the project even up to 26 July 2017 and again requested (September 2017) the Company to reckon three years period for implementation of project from date of approval of change in constitution i.e., 27 October 2016, but Estate Management Committee declined (September 2017) the same on the plea that the extension fee was charged as per policy of the Company. However, after giving personal hearing to the allottee, the Management decided (November 2017) that implementation period should be reckoned from date of completion of infrastructure i.e., 26 August 2013 (instead of date of offer of possession 27 July 2010) and ordered to adjust three year’s extension fees already paid by the allottee. Accordingly, the Company extended (August 2018) the implementation period up to 25 August 2019 on the basis of extension fee already paid by the allottee for three years. The allottee started commercial production on 23 August 2018

47 Implementation of the project would mean commencement of commercial production with minimum investment of ₹ 30 crore in fixed assets.

48 For 1st year: ₹ 75 per sqm, 2nd year: ₹ 150 per sqm and 3rd year: ₹ 250 per sqm 4th year at ₹ 500 per sqm and for 5th year at ₹ 1000 per sqm.

49 Estate Management Procedures address the parameters for allotment, reservation and priority in allotment of industrial plots and other related matters concerned with management of industrial estates.

and project was considered implemented with effect from 25 September 2018 on the basis of site report. The allottee paid all their dues on account of cost of plot.

Audit observed that the decision of the Management to reckon the implementation period from 26 August 2013 instead of 27 July 2010 was not justified as the allottee had undertaken (July 2010) to take possession without completion of development work and not to lodge any claim therefore. Further, the actual measurement of plot is always taken at the time of physical possession and there was delay on the part of the allottee in taking the possession of the plot. The zoning plan of plot was issued by the Company in September 2012 i.e., within two months of taking over possession of the plot by the allottee.

Thus, the Company extended undue benefit to allottee by reckoning the implementation period from 26 August 2013 instead of 27 July 2010. Resultantly, the Company did not charge extension fee for 4^{th} and 5^{th} years (i.e., 27 July 2017 to 26 July 2018 and 27 July 2018 to 23 August 2018) amounting to ₹ 1.74 crore[50]. The allottee on the other hand has asked (October 2018) the Company for refund of ₹ 19.64 lakh after adjusting an amount of ₹ 41.10 lakh towards transfer fee for transfer of plot with 100 *per cent* shareholding in the name of M/s Bikano Foods Pvt. Limited. The status of payment was awaited.

The Management stated (November 2019) that they have considered the date of possession from 26 August 2013 when infrastructure facilities were completed as per clause 4.1 of Estate Management Procedure (EMP). The reply is not acceptable as clause 4.1 of EMP is not applicable in this case as the allottee had given (July 2010) undertaking before the allotment that they want to take physical possession of plot on "as is where basis" without completion of development work by the Company as per clause 4.5 of EMP. During exit conference Management did not inform any reasons for non-levy of extension fee.

It is recommended that the Company may fix responsibility for extending undue benefit to the allottee to its disadvantage and must enforce provision of EMP fully in such cases.

The matter was referred (January 2021) to the Government and the Company; their replies were awaited (September 2021).

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50 ₹ 58.05 lakh for 4^{th} year at ₹ 500 per sqm and ₹116.10 lakh for 5^{th} year at ₹ 1000 per sqm for 11,610 sqm of area.

Agriculture Department

Haryana Agro Industries Corporation Limited

3.6 Misappropriation of paddy

State Government guidelines for regular physical verification of stocks of paddy kept with the millers were violated which resulted in misappropriation of paddy by the miller. Subsequently, the Company favoured the miller by not encashing cheques and delayed taking legal actions to recover its dues which resulted in loss of ₹ 6.64 crore.

The State Government procures paddy on behalf of Food Corporation of India (FCI) for central pool through its procuring agencies including Haryana Agro Industries Corporation Limited (Company). The paddy so procured is moved directly from procuring *mandis* to the millers' premises for milling and the resultant rice, called Custom Milled Rice (CMR) is delivered to FCI. Government of Haryana had issued (September 2017) guidelines for the Kharif Marketing Season (KMS) 2017-18, which, *inter alia*, provided that:

- the miller was to deliver CMR in phased manner i.e., 20 *per cent* each in November 2017 to January 2018, 25 *per cent* in February 2018 and balance 15 *per cent* in March 2018 and the miller shall maintain the ratio for delivery of CMR and his own milling of rice;
- in case, rice miller failed to deliver the CMR as per the stipulated schedule, the agency has to shift the paddy stocks which would be done at the risk and cost of the miller;
- in event of delay in supply of CMR by the miller, the miller was liable to pay interest @ 12 *per cent* for delayed period and in case of failure to deliver the CMR, miller was liable to pay the cost of short quantity of CMR @ 110 *per cent* of rates of CMR along with interest;
- the Company was to conduct Physical Verification of paddy stock on fortnightly basis; and
- the miller was to provide signed cheques @ ₹ 50 lakh for each tonne of milling capacity and two third party sureties of Ahrtias, besides security amount of ₹ 10 lakh for first tonne capacity and ₹ 5 lakh for every additional one tonne capacity in the shape of Fixed Deposit Receipt pledged in the name of agency.

In KMS 2017-18, the Company allotted (October 2017) 8,237.89 MT paddy to M/s Parteek Rice Industries, Kurukshetra (Miller), the CMR for which was to be delivered by 31 March 2018. The Miller was slow in delivery of CMR from very beginning and he delivered 1053 MT, 835 MT and 727 MT of CMR in November 2017, December 2017, and January 2018 respectively against the target of 1104 MT in each month. The miller finally delivered 3,935.38 MT of CMR from October 2017 to June 2018 against the due CMR of 5,519.38 MT and misappropriated the balance 1,584 MT CMR valuing ₹ 4.63 crore. Beside this, an amount of ₹ 36.39 lakh was also recoverable from the miller on account of cost of bardana, paddy top up and wooden crates supplied to the miller and interest of ₹ 1.88 crore (up to October 2020 @ 12 *per cent per annum*). In the first physical verification held on 25 May 2018, the Company found shortage of 1,687.23 MT of CMR and therefore, filed (25 June 2018) First Information Report (FIR) with the police against the miller and two guarantors for non-delivery of CMR. In the physical verification held on 3 July 2018, no stock was found with the miller and shortage of 1,548 MT was noticed.

Audit observed that:

- Though the Company was required to carry out 16 physical verifications during November 2017 to June 2018, the Company did the first physical verification only on 25 May 2018, when shortage of 1,687.23 MT of CMR was found. The Company, however, issued notice to miller on 4 May 2019, after one year to supply the balance CMR and return of bardana and other stocks lying with the miller intimating the recovery of ₹ 6.02 crore along with interest.
- Had the Company conducted physical verification of stocks fortnightly, it could have come to know the (i) status regarding maintenance of the ratio for delivery of Custom Milled Rice and his own milling of rice and (ii) slow progress of milling/non-delivery of rice. Further, the Company could have shifted the un-milled paddy to the other millers as per milling guidelines.
- The signed cheques of Rupees two crore obtained from the miller were not presented to the bank for recovery of its dues so far (October 2020). The Company, however, encashed (17 December 2019) the Fixed Deposit Receipt of ₹ 20 lakh (making it to ₹ 22.71 lakh with interest) after the lapse of more than 17 months from the notice of shortage.
- The Company initiated (October 2019) arbitration proceedings against the miller though the cases of fraud, theft or misappropriations were to be dealt through appropriate legal proceedings as per the milling guidelines and that too after 16 months.

Thus, the Company did not conduct physical verification of stock regularly in violation of State Government guidelines, which resulted in misappropriation of paddy by the miller. Subsequently, the Company has favoured the miller by not encashing of cheques and delay in taking legal actions to recover its dues which resulted in loss of ₹ 6.64 crore[51].

[51] Cost of CMR ₹ 4.63 crore *plus* cost of bardana etc. ₹ 36.39 lakh *plus* interest up to October 2020 ₹ 1.88 crore *minus* recovery on account of FDR encashed ₹ 22.71 lakh.

The Government stated (August 2021) that physical verification could not be done due to shortage of staff. Further, a settlement scheme for all the defaulting rice millers has been introduced with the approval (December 2020) of the State Government for recovery of dues. During exit conference (August 2021), the Management further stated that matter regarding appointment of Arbitrator was pending in the High Court and inquiry for lapses by officials of the Company was at final stage. It was further stated that efforts for recovery of dues would be made under the settlement scheme approved by the State Government.

The reply was not acceptable as the Company has failed to comply with the State government guidelines which resulted in misappropriation of paddy by the millers and now the Government/Management has brought in a settlement scheme for all the defaulting rice millers to recover some amount.

It is recommended that the Company may fix responsibility for violation of the State Government guidelines and system in vogue should be followed in Custom Milled Rice.

3.7 Interest/penalty due to non-deposit of VAT in time

The Company suffered avoidable loss of interest/penalty amounting ₹ 1.85 crore due to not depositing the Value Added Tax amount in time with the tax authorities.

The Haryana Agro Industries Corporation Limited (Company) is one of the food grains procuring agency and is also engaged in trading of fertilizers, pesticides and agriculture implements etc. through its 17 Farmer Service Centres (FSCs). The Company had taken separate Value Added Tax (VAT) numbers for each FSC who are responsible to deposit the VAT on due dates. Section 14 (6) of the Haryana Value Added Tax Act provided that if any dealer fails to make payment of tax beyond 90 days from the last date of payment of tax, he shall be liable to pay interest @ 2 *per cent* per month for the whole period till the payment is made.

Farmer Service Centre, Pipli of the Company filed its quarterly returns of VAT (VAT-R1) but did not deposit the full due tax. The FSC had turnover of ₹ 413.57 crore and ₹ 346.16 crore during Assessment Years (AY) 2013-14 and 2014-15 respectively as per Forms VAT-R2 filed. The VAT liability for the AY 2013-14 and 2014-15 worked out to ₹ 16.07 crore and ₹ 16.65 crore respectively as per assessment made by the Assessing Authority after adjusting the input tax credit. However, the Company had deposited VAT of ₹ 14.78 crore and ₹ 13.28 crore respectively. As such, the Company short deposited VAT by ₹ 1.29 crore for the AY 2013-14 and ₹ 3.37 crore for the AY 2014-15 as the VAT authorities increased the sale during assessment which resulted in short deposit of tax apart from non-payment of tax by the concerned person.

The Assessing Authority, Kurukshetra imposed (March 2017) interest/penalty amounting to ₹ 94.06 lakh (interest: ₹ 91.68 lakh and penalty: ₹ 2.38 lakh) for the AY 2013-14. The Company deposited the additional tax and interest during June to November 2017.

As regard AY 2014-15, the Company filed (March 2018) appeal for adjustment of previous refunds amounting to ₹ 1.08 crore and deposits made on 29 April 2015 amounting ₹ 2 crore for the payment of tax. The assessing authorities, however, did not make any adjustment and imposed (March 2018) as interest of ₹ 2.46 crore and penalty of ₹ 0.10 crore for the AY 2014-15. The Company deposited (April 2018) only the short tax liability of ₹ 3.37 crore with the authorities but the interest/ penalty of ₹ 2.56 crore (₹ 2.46 crore plus ₹ 0.10 crore) for the AY 2014-15 has not been deposited so far (March 2021). The non-deposit of interest/ penalty may further attract interest/ penalty.

Audit observed that the Company has availed cash credits/ short term loans from banks for its day-to-day activities at the interest rate of 11.83 *per cent* per annum which was lesser than the worked out interest rate of 24.33 *per cent* per annum levied on the Company. As such, had the Company made payment of additional tax timely from its cash credits/ short term loans, it could have saved an amount of ₹ 1.73 crore on account of differential interest. Further, a penalty of ₹ 12.38 lakh (AY 2013-14: ₹ 2.38 lakh and AY 2014-15: ₹ 10 lakh) also could have been avoided.

Thus, due to short deposit of VAT, the Company had to bear extra burden of interest and penalty amounting to ₹ 1.85 crore.

The Government stated (August 2021) that the VAT authorities increased the sale which resulted in short deposit of tax apart from non-payment of tax by the concerned person. During exit conference (August 2021), the Management further stated that inquiry was to be taken up against the delinquent officials for the lapses.

It is recommended that the Company may fix responsibility for short deposit of VAT and strengthen its internal control mechanism to ensure timely payment of taxes in future.

Haryana State Warehousing Corporation

3.8 Damage of wheat stock

The Corporation suffered a loss of ₹ 1.29 crore due to non-maintenance of health of wheat stock.

The State Government procures wheat on behalf of the Food Corporation of India (FCI) for central pool through its grain procuring agencies including Haryana State Warehousing Corporation (Corporation). The Director Food, Civil Supplies & Consumer Affairs Department, Government of Haryana had issued instructions from time to time (reiterated in May 2018) for maintenance of health of wheat stock procured and kept especially in open stores. As per the standard operating procedure, the Corporation was to ensure protection of its wheat stocks from vagaries of nature, when stored in open, and thus, was required to assure itself that they had been kept properly on wooden crates covered with polythene sheets under all circumstances, storage area to have proper drainage system and free of grass and weeds, given periodical pre-monsoon treatment with fumigants and specified chemicals as per schedule and all other necessary steps taken including deployment of adequate watch and ward staff.

However, in respect of wheat stocks procured at Haily Mandi (Pataudi) and Sevali Mandi (Palwal) the following was observed.

(i) The Corporation stored 13,379 MT wheat in open plinths at Haily Mandi during crop year 2018-19. FCI in its inspection observed and intimated (August 2018) the Corporation that the wheat was not covered properly with polythene covers by the staff and as a result, the stock was affected by rain and most of the outer layer of stock lying in open was rain affected and given inadequate aeration and observed atta formation in pockets. The FCI declared (September 2018) 7,088 MT wheat stock as up gradable[52] . Of this, 1,765 MT damaged wheat was auctioned (July 2019) causing financial loss of ₹ 1.10 crore[53] to the Corporation. They also cited repeated instructions to concerned warehousing staff to maintain health of wheat stock which have not yielded improvement.

(ii) In case of 15,090 MT wheat stored at Sevali Mandi (Palwal), the stock was received from three mandis[54] during crop year 2018-19 for storage. The

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52 Up-gradable means improvement in quality of wheat through segregation, out of damaged wheat lots.

53 ₹ 3.90 crore (amount receivable from FCI) – ₹ 2.92 crore (amount received in auction of damaged wheat) + ₹ 0.02 crore (expenditure on segregation & up-gradation) + ₹ 0.14 crore (cost of excess gunnies replacement) - ₹ 0.04 crore (difference of amount recovered from arthias on account of moisture cut).

54 Punhana Mandi: 15,002 MT Baroli Mandi: 78 MT and Hodal Mandi: 10 MT.

Corporation in its internal inquiry (June 2018) observed that while receiving the wheat stock from Punhana Mandi, staff posted at Sevali Mandi did not properly check the wheat stock as some of stock was already in damaged condition. Resultantly, 143 MT of damaged wheat stock was auctioned (July 2019) which caused a loss of ₹ 0.19[55] crore.

Thus, the Corporation suffered a loss of ₹ 1.29 crore (₹ 1.10 crore plus ₹ 0.19 crore) due to negligence of staff in maintenance of wheat stocks of crop year 2018-19 in good health at Hailey Mandi (Pataudi) and Sevali Mandi (Palwal) despite the clear instructions from the Director Food, Civil Supplies & Consumer Affairs Department.

The Government stated (August 2021) that three officials at Haily Mandi, who were charge sheeted earlier in this case were found negligent in preservation of stocks and consequential financial loss of ₹ 1.10 crore to the Corporation. Further case for imposing penalty were being pursued. Besides, the then District Manager had also been charge sheeted (28 June 2021) for his supervisory lapses. Further, regarding the Sevali Mandi, necessary action against the concerned employees for financial loss of ₹ 0.19 crore would be taken. During exit conference (August 2021), the Management reiterated that inquiry has been taken up against the concerned officials for the losses suffered by the Corporation.

It is recommended that the Corporation should follow instructions of Director Food, Civil Supplies & Consumer Affairs Department for proper storage of its wheat stocks to safeguard its interests and disciplinary actions against the officials should be expedited.

3.9 Misappropriation of paddy/Custom Milled Rice

Non-compliance with the terms and conditions of Kharif Marketing Season guidelines and not making timely efforts to recover the balance amount from a defaulting miller caused loss of ₹ 6.75 crore.

The State Government procures paddy on behalf of Food Corporation of India (FCI) for central pool through its procuring agencies including Haryana State Warehousing Corporation (Corporation). The paddy so procured is moved directly from procuring *mandis* to the millers' premises for milling and the resultant rice, called Custom Milled Rice (CMR) is delivered to FCI. Government of Haryana issued (September 2018) guidelines to its procuring

55 ₹ 0.33 crore (amount receivable from FCI) *minus* ₹ 0.20 crore (amount received as per auction) *plus* ₹ 0.06 crore (expenditure incurred on segregation and up-gradation).

agencies for the Kharif Marketing Season (KMS) 2018-19 which stated as follows:

- The agency was to conduct physical verification of paddy stock on fortnightly basis and each rice miller was to prepare a pictorial chart depicting the positioning of the stacks with stack number and number of bags in each stack and submit a copy to the concerned agency.
- The miller was to provide signed cheques at the rate of ₹ 50 lakh for each tonne of milling capacity and two third party sureties of Ahrtias[56], besides security amount of ₹ 10 lakh for first tonne capacity and ₹ 5 lakh for every additional one tonne capacity in the shape of Fixed Deposit Receipt (FDR) pledged in the name of agency.
- In case rice miller failed to deliver the CMR as per the stipulated schedule, the agency was to shift the paddy stocks at the risk and cost of the miller.

Test check of records for KMS 2018-19 revealed that M/s M. M. Rice Mills, Radaur (Miller) was allotted 3,475.27 MT of paddy against the maximum of 4,000 MT paddy as per guidelines. The Miller was to deliver 2,328.43 MT of CMR at out turn ratio of 67 *per cent* up to 31 March 2019, which was extended up to 30 September 2019. The Miller defaulted on delivery of CMR even during the extended period and had delivered only 674.34 MT (28.96 *per cent*) of CMR up to 9 April 2019 to FCI against the target of 100 *per cent* as per original delivery schedule by 31 March 2019. The last physical verification carried out (16 July 2019) by the Committee consisting of Godown Keeper and Manager of the Corporation alongwith representative of miller in the premises of the Miller revealed that the Miller had misappropriated remaining 1,654.09 MT of CMR causing loss to the Corporation amounting to ₹ 6.75 crore (including interest up to January 2021).

Audit observed that during physical verification on 25 March 2019, though the Corporation came to know that there was shortage of 196.87 MT paddy, legal notice for the same was issued on 30 May 2019 only. First Information Report (FIR) against the Miller was lodged on 27 December 2019, five months from the date of last physical verification. The paddy stock was not shifted when the shortage was noticed on 25 March 2019. The guarantee cheques amounting to ₹ 5.80 crore of Miller were presented to bank only on 19 February 2020 *i.e.*, after seven months from the notice of misappropriation. The cheques bounced on 25 February 2020. The Corporation has filed recovery suit in the court against the miller as well as sureties/ guarantor in October 2020. The joint physical verification of the paddy stock was also not conducted on fortnightly

56 Ahrtia is a middleman in a market.

basis and pictorial chart/sketch of paddy stocks was not received from the miller.

Thus, non-compliance with the terms and conditions of KMS guidelines, and not making timely efforts to recover the balance amount has resulted in misappropriation of paddy by the miller worth ₹ 6.75 crore.

The Government stated (July 2021) that the Corporation had carried out physical verifications of stock a number of times, though not on fortnightly basis and Corporation was hopeful to make good the loss from the Miller through all legal as well as criminal actions. During exit conference (August 2021), the Management further stated that delinquent officials have been charge sheeted and FIR have been lodged against the Miller. Further, suit has been filed for recovery of dues.

It is, therefore, recommended that guidelines of the Government should be followed in letter and spirit to safeguard financial interests of the Corporation.

Health Department

Haryana Medical Services Corporation Limited

3.10 Poor financial management

Due to poor financial management, the Company lost the opportunity to earn interest of ₹ 4.48 crore on its surplus funds.

Haryana Medical Services Corporation Limited (Company) was established (January 2014) for purchase of drugs, consumables and equipment for all hospitals/ dispensaries on behalf of the Director General Health Services (DGHS), Health Department, Haryana. The DGHS transfers funds to the Company for undertaking procurement activities on its behalf for which it pays four *per cent* as processing fees. The main sources of revenue of the Company are process fee received from DGHS, interest from fixed deposits, late supply charges and testing charges.

Test check of the records of the Company revealed that it opened three bank accounts with HDFC bank and one in IndusInd bank, as detailed below. The Company lost the opportunity to earn interest due to keeping funds in the savings accounts in HDFC bank and current account with IndusInd bank.

(a) **HDFC Bank**: At the time of opening the account, the bank had offered (May 2016) interest at rates between 6 *per cent* and 7.25 *per cent* on sweep-in-savings account[57] deposits. The Company however, opened three[58] savings bank accounts with the bank on 1 June 2016, 3 June 2017 and 21 May 2018, respectively. The bank paid applicable interest at the rate of 3.5 *per cent* from the date of opening of these bank accounts. Audit observed that the Company did not review the account type/ nature of account and unspent balances received from DGHS kept lying in these accounts. On being pointed out by Audit that the Company has kept funds in saving accounts, the Company asked (November 2019) the bank to pay interest at the rate of 6 *per cent* per annum instead of 3.5 *per cent* per annum. Upon non-receipt of any response from the bank, it decided (January 2021) to close all the three accounts with HDFC Bank. Thus, instead of keeping the money in higher interest earning sweep-in-saving account, funds were kept in low interest rate bearing saving accounts, due to which, the Company lost opportunity to earn minimum additional interest income of ₹ 4.22 crore during June 2016 to March 2020[59].

(b) IndusInd Bank: For opening of bank account, the IndusInd bank offered interest at the rate of 6 *per cent* per annum on the daily balances held by Company in its account, above Rupees one lakh. The Company applied to open a current flexi account[60] with IndusInd Bank account in September 2014, but the bank opened a current account in October 2014. No funds were maintained in this account till 29 September 2017. However, funds ranging from ₹ 1.03 crore to ₹ 10.17 crore were deposited in this account during the period from 29 September 2017 to 26 July 2018 and remained credited till 9 August 2018. In August 2018, the Company realised that funds kept in current account with IndusInd bank were not earning any interest and therefore decided to change the nature of the account from current account to saving account-cum-Indus large business account. The balance of ₹ 10.17 crore lying in the current account was transferred to this new account. Thus, had the Company reviewed the type of account timely and converted the current account into a saving account, it could have earned interest of ₹ 26.14 lakh on its balances held in the bank, during the period 29 September 2017 to 9 August 2018.

Thus, due to poor financial management, the Company lost opportunity to earn additional interest income of ₹ 4.48 crore on its surplus funds kept in the two banks.

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[57] Whenever balance in saving account is higher than threshold limit, the surplus amount is transferred to Fixed Deposit account to earn higher rate of interest. The technical term for this purpose is “sweep-in”.

[58] (i) 50100072479021; (ii) 5010020549608; and (iii) 50100236650058.

[59] As the fixed deposits rates after March 2020 were nearing to the interest on saving bank accounts, no calculation has been made thereafter.

[60] Current flexi accounts are current account with benefits of fixed deposits for funds exceeding some amount (₹ 1 lakh in this case) kept in account for a period in excess of specified days (7 days in this case).

The Company admitted the facts and stated (December 2020 and January 2021) that all three bank accounts in HDFC bank have since been closed and added that efforts are being made to get the interest credited from IndusInd bank. During exit conference (August 2021), Management reiterated that the matter for recovery of interest has already been taken up with the bank and no such cases have occurred in the recent past.

The reply is not acceptable because the banks will give interest as per the nature of account operated during the period and may not entertain the claims of the Company.

It is recommended that the Company should strengthen its financial management for investment of its surplus funds to optimise returns.

The matter was referred (March 2021) to the Government and the Company; their replies were awaited (September 2021).

Vishal Bansal

(VISHAL BANSAL)
Principal Accountant General (Audit), Haryana

Chandigarh
Dated: 29 November 2021

Countersigned

New Delhi
Dated: 10 December 2021

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Reference: Paragraph 1.1; page 1)

Statement showing detail of cluster, Departments within a cluster, Public Sector Undertakings and Autonomous Bodies

Cluster	Departments	Public Sector Undertakings	Autonomous Bodies
1. Health & Welfare	Health and Family Welfare	Haryana Women Development Corporation. Ltd.	Haryana State Commission for Child Rights
	Medical Education and Research Department	Haryana Medical Service Corporation. Ltd.	
	Sainik and Ardh Sainik Welfare Department	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Pvt. Ltd.	
	Social Justice and Empowerment Department	Haryana Schedule Castes Finance and Development Corporation. Ltd.	
	Welfare of S.C and B.C Department		
	Women and Child Development		
2. Education, Skill Development and Employment	Higher Education Department		Haryana Building & Other Construction Workers Welfare Board, Panchkula
	Labour Department (ESI, Employment)		Haryana Labour Welfare Board Panchkula
	School Education Department		
	Skill Development and Industrial Training Department		
	Sports and Youth Department Affairs		
	Technical Education Department		
	Development and Panchayat		
3. Finance	Excise and Taxation Department	Haryana State Financial Services Ltd.	
	Finance Department		
4. Rural Development	Rural Development Department		
5. Agriculture, Food and Allied Industries	Agriculture & Farmers' Welfare Department	Haryana Argo Industries Corporation Ltd.	Haryana State Agricultural Marketing Board
	Animal Husbandry & Dairying Department	Haryana Land Reclamation and Development Corporation Ltd.	
	Cooperation Department	Haryana Seeds Development Corporation Ltd.	
	Fisheries Department	Haryana State Warehousing Corporation	
	Food, Civil Supplies & Consumer Affairs Department		
	Horticulture Department		

Cluster	Departments	Public Sector Undertakings	Autonomous Bodies
6. Water Resources	Irrigation & Water Resources Department	Haryana Minor Irrigation and Tubewells Corporation Ltd.	
7. Energy and Power	New and Renewable Energy		Haryana Electricity Regulatory Commission
	Power Department	Haryana Power Generation Corporation Limited	
		Haryana Vidyut Prasaran Nigam Limited	
		Uttar Haryana Bijli Vitran Nigam Limited	
		Dakshin Haryana Bijli Vitran Nigam Limited	
		Saur Urja Nigam Haryana Limited (non-working)	
8. Industry and Commerce	Industry and Commerce	Haryana State Industrial and Infrastructure Development Corporation Limited	Haryana Khadi & Village Industries Board Panchkula
		Haryana Financial Corporation	
	Mines and Geology	Panipat Plastic Park Haryana Limited	
		Haryana State Housing Finance Corporation Limited (non-working)	
		Haryana Concast Limited (non-working)	
		Haryana Minerals Limited (non-working)	
	Supplies and Disposals		
9. Transport	Civil Aviation	Haryana Roadways Engineering Corporation Ltd.	
	Transport Department		
10. Urban Development	Town and Country Planning	Gurgaon Technology Park Limited	Housing Board Haryana Panchkula
	Urban Local Bodies	Haryana Mass Rapid Transport Corporation Limited	Haryana Shehri Vikas Pradhikaran Panchkula (HSVP)
	Housing for All	Faridabad Smart City Limited (incorporated in September 2016)	Haryana Real Estate Regulatory Authority, Panchkula
		Gurugram Metropolitan City Bus Limited	Haryana Real Estate Regulatory Authority Gurugram
		Faridabad City Transport Services Limited (new unit)	Gurugram Metropolitan Development Authority
		Karnal Smart City Limited (new unit)	
11. Environment, Science and Technology	Environment and Climate Change	Haryana Forest Development Corporation. Ltd.	
	Forest Department		
	Science and Technology Department		

Cluster	Departments	Public Sector Undertakings	Autonomous Bodies
12. Public Works	Public Health Engineering Department	Haryana State Roads and Bridges Development Corporation Ltd.	
	PWD (Buildings and Roads)	Haryana Orbital Rail Corporation Limited	
		Haryana Rail Infrastructure Development Corporation Limited	
13. IT and Communication	Information and Technology	Haryana State Electronics Development Corporation Limited	
		HARTRON Informatics Limited	
14. Law and Order	Home	Haryana Police Housing Corporation Limited	District Legal Service Authority, Ambala
			District Legal Service Authority, Kurukshetra
			District Legal Service Authority, Karnal
			District Legal Service Authority, Narnaul
			District Legal Service Authority, Fatehabad
			District Legal Service Authority, Jind
			District Legal Service Authority, Kaithal
			District Legal Service Authority, Hisar
			District Legal Service Authority, Sirsa
			District Legal Service Authority, Yamunanagar
			District Legal Service Authority, Faridabad
			District Legal Service Authority, Panipat
			District Legal Service Authority, Bhiwani
			District Legal Service Authority, Panchkula
			District Legal Service Authority, Rewari
			District Legal Services Authority, Gurugram
			District Legal Services Authority, Mewat
			District Legal Services Authority, Palwal
			District Legal Services Authority, Rohtak
			District Legal Services Authority, Sonipat
			District Legal Services Authority, Jhajjar
			District Legal Services Authority, Charkhi Dadri
			Haryana State Legal Services Authority, Panchkula

Cluster	Departments	Public Sector Undertakings	Autonomous Bodies
15. Culture and Tourism	Archaeology and Museum	Haryana Tourism Corporation Limited	
	Archives		
	Art and Culture		
	Tourism		
16. General Administration	Revenue and Disaster Management Department		Haryana Waqf Board, Ambala Cantt.
	Information, Public Relations and Languages		Haryana Human Right Commission
	Secretary to Haryana Vidhan Sabha		
	Secretary to Governor		
	Principal Secretary to Election Department		
	Haryana State Service Commission		
	Printing and Stationery		
	Justice Department		
	State Election Commission		

Appendix 1.2

(Reference: Paragraph 1.8; page 5)

Statement showing detail of category-wise amount of outstanding paragraphs

(₹ in crore)

Sr. No.	Category/Nature of Irregularities	Number of Paragraphs	Money Value
1	Loss due to theft, fire, misappropriation	317	243.41
2	Recoverable Amount	2,520	8,49,138.81
3	Non-compliance of rules	4,399	52,644.67
4	Avoidable/irregular/Excess expenditure	3,269	20,936.68
5	Unfruitful/wasteful expenditure	922	3,938.43
6	Shortcoming in implementation of scheme/execution of work	1,175	6,358.75
7	Non-utilisation/blockade of funds	1,252	16,611.95
8	Non-verification of store/stock	1,380	1,598.93
9	Loss of revenue due to non-utilisation of means	243	2,417.57
10	Miscellaneous	10,025	51,759.47
	Total	**25,502**	**10,05,648.67**

Source: Information compiled from Inspection Report Register.

Say ₹ 10,05,649 crore

Appendix 1.3

(Reference: Paragraph 1.8; page 5)

Statement showing detail of category-wise amount of outstanding paragraphs of Medical and Health department

(₹ in crore)

Sr. No.	Category/Nature of Irregularities	Number of Paragraphs	Amount
1	Loss due to theft, misappropriation and embezzlement	16	0.09
2	Recovery from other Government department, agencies/sales tax/income/bank/short recovery due to wrong billing/rent	97	8.47
3	Irregularity of cash book/irregularity relating to treasury rules/non-observance of rules/instruction of Finance Department/non-accounting of money/non-adjustment of advances etc.	135	9.8
4	Irregular expenditure/extra expenditure/avoidable expenditure/unfruitful expenditure/un-fructuous expenditure due to non-finalisation of rate contract/splitting of purchases/pay fixation etc.	87	28.28
5	Undue favour to contractors	52	3.78
6	Non/short utilisation of funds/non-utilisation of equipment/non-production of records/blockade of funds	126	385.94
7	Non-auction of condemn items/non-receipt of Utilisation Certificate/non-physical verification of store-stock items *etc.*	66	3.64
8	Miscellaneous irregularities and other irregularities and other irregularities under various schemes etc.	175	44.08
	Total	**754**	**484.08**

Source: Information compiled from Inspection Report Register.

Say ₹ 484 crore

Appendix 1.4

(Reference: Paragraph 1.9.1; page 6)

List of Outstanding Paragraphs to be discussed in PAC for the year 2017-18 (Social, General and Economic Sectors (Non-PSUs) Report as on 30 November 2020)

Sr. No.	Name of Department	Period	Total paras	Para No.
1	Agriculture and Farmers Welfare Department	2017-18	2	2.1, 3.2
2	Food, Civil Supplies and Consumer Affairs Department	2017-18	2	3.3, 3.4
3	Health Department	2017-18	1	3.6
4	Industries and Commerce Department	2017-18	2	3.9, 3.10
5	Revenue and Disaster Management Department	2017-18	1	3.15
6	Town and Country Planning Department	2017-18	1	3.17
7	Town and Country Planning Department (Haryana Shehri Vikas Pradhikaran)	2017-18	5	3.18, 3.19, 3.20, 3.21, 3.22
8	Transport Department	2017-18	1	3.23
Total Paras			**15**	

Source: Information Compiled from Record Public Accounts Committee

SUMMARY

Sr. No.	Year of CAG Audit Report	Total paras appeared in CAG Audit Report	Paras Discussed	Balance to be discussed
1	2017-18	24	9	15
Total		**24**	**9**	**15**

Appendix 1.5

(Reference: Paragraph 1.9.1; page 6)

List of paragraphs where recovery has been pointed out but no action has been taken by the Administrative Departments on Social, General and Economic Sectors (Non-PSUs) as on 31 March 2020

Sr. No.	Name of Administrative Department	Year of Audit Report	Paragraph Number	Amount (₹ in lakh)
1.	Agriculture	2000-01	6.3	40.45
		2013-14	3.1	4,131.00
		2015-16	2.1.7.5	12,644.00
			2.1.9.3	21.41
		2017-18	2.1.6.3	2,222.00
2.	Animal Husbandry	2000-01	3.4	21.96
		2001-02	6.3	747.00
3.	Finance	2013-14	3.7	2,021.00
4.	Food and Supplies	2002-03	4.6.8	23.89
		2014-15	3.6.2	2,446.00
			3.6.3	240.00
		2017-18	3.4	2,404.00
5.	Rural Development (DRDA)	2001-02	6.1.11	0.54
		2011-12	2.4.10.2	2.60
6.	Town and Country Planning (HUDA)	2000-01	3.16	15,529.00
		2001-02	6.10	4,055.00
		2011-12	2.3.10.8	16,700.00
		2013-14	2.3.10.6	1,266.00
			2.3.10.11	37,386.00
		2013-14	3.20	84.64
		2015-16	3.18 (a)	41,715.00
			3.18 (b)	1,077.00
		2017-18	3.17 A	16,086.00
			3.17 B	1,972.00
		2017-18	3.18.7 (i)	11,14,413.00
			3.18.7 (ii)	1,955.00
			3.18.10	4,678.00
			3.18.11 (i)	342.00

Sr. No.	Name of Administrative Department	Year of Audit Report	Paragraph Number	Amount (₹ in lakh)
			3.18.11 (ii)	2,025.00
			3.18.11 (iii)	2,690.00
7.	Social Justice and Empowerment (District Red Cross Society)	2011-12	3.3.5.1	1,572.00
8.	PWD (Irrigation Branch)	2010-11	3.1.2	62.25
9.	Labour and Employment	2011-12	2.1.9.4	79.95
10.	Urban Local Bodies	2012-13	2.2.8.1	17,040.00
			2.2.8.6	10,182.00
		2012-13	3.20	554.00
11.	Cooperation	2012-13	2.5.7.4	494.00
			2.5.9.3	767.00
12.	Health and Medical Education	2012-13	3.6	125.00
13.	School Education	2014-15	3.3	251.00
		2017-18	3.16.2.5	12.30
14.	Public Works Department (B&R)	2015-16	3.12.4.1	53.00
15.	Higher Education Department	2016-17	2.1.7.3	118.00
			2.1.8 (b)	2,631.00
16.	Home Department (Jail)	2016-17	2.2.7.3	112.00
17.	Health Department	2017-18	3.6.2.6	543.00
18.	Industries and Commerce Department	2017-18	3.10	145.00
	Total		**34**	**13,23,680.99**

Source: Information Compiled from Record Public Accounts Committee.

Say ₹ 13,236.81crore

Appendix 1.6

(Reference: Paragraph 1.9.1; page 6)

Details of outstanding recommendations of Public Accounts Committee for CAG Reports on Social, General and Economic Sectors (Non-PSUs) as on 31 March 2020

Sr. No.	PAC Report	Year of Audit Report	Total paras outstanding as on 31-03-2020
1.	9th	1971-72	1
2.	14th	1973-74	1
3.	16th	1975-76	1
4.	18th	1976-77	1
5.	22nd	1979-80	2
6.	23rd	1979-80	1
7.	25th	1980-81	1
8.	26th	1981-82	1
9.	32nd	1984-85	3
10.	34th	1985-86	5
11.	36th	1986-87	8
12.	38th	1987-88	4
13.	40th	1988-89	7
14.	42nd	1989-90, 90-91,91-92	2
15.	44th	1990-91, 91-92,92-93	7
16.	46th	1993-94	6
17.	48th	1993-94, 1994-95	3
18.	50th	1993-94,1994-95, 1995-96	26
19.	52nd	1996-97	14
20.	54th	1997-98	8
21.	56th	1998-99	13
22.	58th	1999-2000	23
23.	60th	2000-01	32
24.	61st	2001-02	11
25.	62nd	2002-03	19
26.	63rd	2005-06	20
27.	64th	2003-04	9
28.	65th	2004-05	19
29.	67th	2007-08	28
30.	68th	2006-07	35
31.	70th	2008-09	25
32.	71th	2009-10	21
33.	72nd	2010-11	54
34.	73rd	2011-12	93
35.	74th	2013-14	55
36.	75th	2012-13	64
37.	77th	2014-15	50
38.	79th	2015-16	62
39.	80th	2016-17	53
		Total	**788**

Source: Information Compiled from Reports of the Public Accounts Committee.

Appendix 1.7

(Reference: Paragraph 1.10; Page 8)

Statement showing the detail of rendering of accounts to CAG and submission of Audit Reports to State Legislature by the autonomous bodies

Sr. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year up to which accounts were rendered	Year up to which Audit Report issued	Year up to which Audit Report submitted to State Legislature	Year for which accounts due	Period of delay in submission of accounts (upto 30th June 2020)
1.	Haryana Khadi and Village Industries Board, Panchkula	2017-18 to 2021-22	2017-18	2017-18	2015-16	2018-19	One year
2.	Haryana Labour Welfare Board, Chandigarh	2018-19 to 2022-23	2018-19	2018-19	2017-18	--	--
3.	Haryana Shehri Vikas Pradhikaran (HSVP), Panchkula	2017-18 to 2021-22	2018-19	2015-16	2014-15	--	--
4.	Haryana Housing Board, Panchkula	2019-20 to 2023-24	2018-19	2017-18	2016-17	--	--
5.	Haryana State Agricultural Marketing Board, Panchkula	2020-21 to 2024-25	2018-19	2017-18	2017-18	--	--
6.	Haryana Wakf Board, Ambala Cantt.	2018-19 to 2022-23	2017-18	2016-17	Not required to be laid down	2018-19	One year
7.	Gurugram Metropolitan Development Authority (GMDA)	2017-18 to 2021-22	2018-19	-	-	--	--
8.	Haryana State Legal Services Authority, Panchkula	No entrustment is required as audit is undertaken under Section 19 (2) of CAG's Act-1971	2015-16	2015-16	2013-14	2016-17 to 2018-19	Three years
9.	Chief Judicial Magistrate-cum-Secretary, District Legal Services Authority (CJM-Secretary DLSA), Bhiwani	-do-	2018-19	2016-17	1996-97	--	--
10.	CJM-Secretary DLSA, Faridabad	-do-	2018-19	2017-18	1996-97	--	--
11.	CJM-Secretary DLSA, Fatehabad	-do-	2017-18	2015-16	1996-97	2018-19	One year
12.	CJM-Secretary DLSA, Gurugram	-do	2016-17	2015-16	1999-2000	2017-18 & 2018-19	Two years
13.	CJM-Secretary DLSA, Jhajjar	-do-	2011-12 to 2018-19	-	2011-12	-	-
14.	CJM-Secretary DLSA, Kaithal	-do-	2018-19	2017-18	1996-97	-	-
15.	CJM-Secretary DLSA, Panchkula	-do-	2017-18	2015-16	1999-2000	2018-19	One year
16.	CJM-Secretary DLSA, Panipat	-do-	2018-19	2016-17	1996-97	-	-
17.	CJM-Secretary DLSA, Rewari	-do	2017-18	2015-16	1996-97	2018-19	One year
18.	CJM-Secretary DLSA, Rohtak	-do-	2018-19	2017-18	1996-97	-	-
19.	CJM-Secretary DLSA, Sonepat	-do-	2017-18	2015-16	1996-97	2018-19	One year
20.	CJM-Secretary DLSA, Yamunanagar	-do-	2018-19 (2016-17 Account still awaited)	2015-16	1996-97	2016-17	-
21.	CJM-Secretary DLSA, Hisar	-do-	2017-18	2015-16	1996-97	2018-19	One year
22.	CJM-Secretary DLSA, Narnaul	-do-	2018-19	2017-18	1996-97	-	-
23.	CJM-Secretary DLSA, Sirsa	-do-	2017-18	2017-18	2012-13	2018-19	One year
24.	CJM-Secretary DLSA, Ambala	-do-	2018-19	2016-17	2013-14	-	-
25.	CJM-Secretary DLSA, Jind	-do-	2016-17	2016-17	1996-97	2017-18 & 2018-19	Two years
26.	CJM-Secretary DLSA, Karnal	-do-	2018-19	2017-18	2009-10	-	-

Sr. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year up to which accounts were rendered	Year up to which Audit Report issued	Year up to which Audit Report submitted to State Legislature	Year for which accounts due	Period of delay in submission of accounts (upto 30th June 2020)
27.	CJM-Secretary DLSA, Kurukshetra	-do-	2018-19	2017-18	1996-97	-	-
28.	CJM-Secretary DLSA, Mewat (Nuh)	No entrustment is required as audit is undertaken under Section 19 (2) of CAG's Act-1971	2017-18	2014-15	2009-10	2018-19	One year
29.	CJM-Secretary DLSA, Palwal	-do-	2018-19	2017-18	2012-13	-	-
30.	CJM-Secretary DLSA, CharkhiDadri	-do-	2018-19	-	-	-	New District
31.	Haryana Building and Other Construction Workers Welfare Board, Chandigarh	-do-	2018-19	2017-18	2009-10 (onwards) Yet to be placed	-	-
32.	Haryana Electricity Regulatory Commission	-do-	2018-19	2018-19	2017-18	-	-
33.	Haryana Human Rights Commission, Chandigarh	-do-	2018-19	-	2012-13	-	-
34.	Haryana State Commission for Protection of Child Rights	-do-	-	-	-	2013-14 to 2018-19	Newly identified unit. Accounts not received yet
35.	Haryana Real Estate Regularity Authority (HRERA) Panchkula	-do-	2018-19	-	-	-	-
36.	Haryana Real Estate Regularity Authority (HRERA) Gurugram	-do	Accounts not received yet	-	-	2018-19	New unit
37.	Haryana Financial corporation	-do-	2018-19	2018-19	2017-18	2019-20	-
38.	Haryana State Warehousing Corporation	-do-	2018-19	2018-19	2015-16	2019-20	DSAR of 2019-20 sent to CAG for Approval No. 342 on dated 14.06.2021

Source: Information compiled from the data available in PAG (Audit) office.

Appendix 2.1

(Reference: Paragraph 2.1; page 10)

Statement showing detail of delays in claiming/receipt of interest charges and resultant avoidable interest burden on State

(₹ in lakh)

Name of DFSC Office	KMS- 2017-18			KMS-2018-19			Grand Total	
	Interest charges claimed/ received through supple-mentary bills	Gap between realisation of CMR bill and interest charges (range of delay in days)	Avoidable interest burden to State on Cash Credit Limit	Interest charges claimed/ received through supple-mentary bills	Gap between realisation of CMR bill and interest charges (range of delay in days)	Avoidable interest burden to State on Cash Credit Limit	Interest charges claimed/ received through supplemen-tary bills	Avoidable interest burden to State on Cash Credit Limit
Karnal	945.18	529-654	133.83	3,243.92	199-443	139.84	4,189.10	273.67
Kurukshetra	1,629.91	398-921	318.30	2,635.57	48-427	211.28	4,265.48	529.58
Kaithal	861.63	286-749	88.44	1,321.37	181-543	128.95	2,183.00	217.39
Ambala	594.12	231-502	60.24	853.53	15-168	87.21	1,447.65	147.45
Yamunanagar	611.60	133-427	49.69	640.11	7-189	22.36	1,251.71	72.05
Fatehabad	1,051.36	48-199	29.11	1,721.45	21-177	45.39	2,772.81	74.50
Total	**5,693.80**		**679.61**	**10,415.95**		**635.03**	**16,109.75**	**1,314.64**

Source: Information compiled from the Departmental records.

Appendix 2.2

(Reference: Paragraph 2.1; page 10)

Statement showing detail of lesser interest charges claimed by three DFSC observed during Audit which were subsequently claimed and received

(₹ in lakh)

	KMS-2017-18			KMS-2018-19			Grand total		
DFSC Office	**Lesser interest charges claimed pointed out by audit**	**Claimed by DFSC after pointed out by Audit**	**Interest charges received from FCI against the claim**	**Lesser interest charges claimed pointed out by audit**	**Claimed by DFSC after pointed out by Audit**	**Interest charges received from FCI against the claim**	**Lesser interest charges claimed pointed out by audit**	**Claimed by DFSC after pointed out by Audit**	**Interest charges received from FCI against the claim**
Karnal	234.9	0	0	1,561.98	1,570.88	1,570.48	1,796.88	1,570.88	1,570.48
Yamuna -nagar	238.92	256.88	164.15	517.70	533.41	517.71	756.62	790.29	681.86
Ambala	204.83	175.50	175.50	310.15	328.11	328.11	514.98	503.61	503.61
Total	**678.65**	**432.38**	**339.65**	**2,389.83**	**2,432.40**	**2,416.30**	**3,068.48**	**2,864.78**	**2,755.95**

Source: Information compiled from the Departmental records.

Appendix 2.3

(Reference: Paragraph 2.2; page 12)

Statement showing detail of irregular expenditure on deployment of excess chowkidar during the period April 2018 to September 2019

Month and year	Hameda Plinth		Lather Plinth		Bhatia Plinth		Total No. of Chowkidars deployed	Total excess chowkidar deployed	
	Stock in MT	No. of chowkidars	Stock in MT	No. of chowkidars	Stock in MT	No. of chowkidars			
April 2018	48,079	48	15,814	22	21,350	20	90	60	60
May 2018	48,466	48	25,086	34	23,586	30	112	82	
June 2018	48,466	48	25,086	34	23,586	30	112	82	
July 2018	48,466	40	24,160	34	23,586	30	104	74	
August 2018	48,466	40	24,160	34	23,586	30	104	74	
September 2018	46,996	32	24,160	26	23,586	30	88	58	
October 2018	46,996	40	24,160	34	23,586	26	100	70	
November 2018	42,417	40	24,160	32	23,586	26	98	68	
December 2018	35,857	30	11,351	28	21,011	20	78	48	
January 2019	797	30	731	30	8,235	16	76	46	602
February 2019	338	15	731	30	0	4	49	25	
March 2019	138	15	730	30	0	4	49	25	
April 2019	27,174	11	24,668	13	29,165	25	49	19	
May 2019	46,387	22	24,791	20	37,892	25	67	37	106
June 2019	46,387	19	24,791	19	37,892	25	63	33	33
July 2019	46,387	16	24,791	15	37,892	25	56	26	
August 2019	42,168	12	20,674	11	37,892	23	46	16	
September 2019	37,163	10	20,674	10	37,892	23	43	13	55
October 2019	36,692	10	24,791	10	37,892	10	30	--	
November 2019	30,957	10	24,791	10	37,488	10	30	--	
December 2019	28,860	10	24,791	10	37,488	10	30	--	
January 2020	28,017	10	20,193	10	37,488	10	30	--	
February 2020	23,504	9	17,563	9	37,488	10	27	--	
March 2020	14,465	9	9,837	9	37,488	10	28	--	
								856	**856**

Source: Information compiled from the Departmental records.

Appendix 2.4

(Reference: Paragraph 2.2; page 12)

Statement showing detail of payment made during April 2018 to September 2019 by Food, Civil Supplies and Consumer Affairs Department

Wages paid during April 2018		Wages paid during May 2018 to January 2019		Wages paid during February 2019 to May 2019		Wages paid during June 2019		Wages paid during July 2019 to September 2019	
Wages	**13,915.00**	**Wages**	**13,915.00**	**Wages**	**13,915.00**	**Wages**	**14,610.00**	**Wages**	**14,610.00**
Relieving Charges (RC) 1/6	2,319.17	R.C 1/6	2,319.17	R.C 1/6	2,319.17	R.C 1/6	2,435.00	R.C 1/6	2,435.00
Total amount	16,234.17	Total amount	16,234.17	Total amount	16,234.17	Total amount	17,045.00	Total amount	17,045.00
EPF @ 13.15%	2,134.79	EPF @ 13%	2,110.44	EPF @ 13%	2,110.44	EPF @ 13%	2,215.85	EPF @ 13%	2,215.85
ESI @ 4.75%	771.12	ESI @ 4.75%	771.12	ESI @ 4%	649.37	ESI @ 4%	681.80	ESI @ 3.25%	553.96
G Total	19,140.08	G Total	19,115.73	G Total	18,993.98	G Total	19,942.65	G Total	19,814.81
S. CHARGE @3%	487.03	S. CHARGE@3%	487.03	S. CHARGE@3%	487.03	S. CHARGE@3%	511.35	S. CHARGE@3%	511.35
Total amount	19,627.11	Total amount	19,602.76	Total amount	19,481.00	Total amount	20,454.00	Total amount	20,326.16
GST @ 18%	3,532.88	GST @ 18%	3,528.50	GST @ 18%	3,506.58	GST @ 18%	3,681.72	GST @ 18%	3,658.71
	23,159.99		**23,131.25**		**22,987.58**		**24,135.72**		**23,984.87**

Wages	No. of chowkidars	Total payment
23,160	60	13,89,600.00
23,131.25	602	1,39,25,012.50
22,987.58	106	24,36,683.48
24,135.72	33	7,96,478.76
23,984.87	55	13,19,167.85
	856	**1,98,66,942.59**
		Say ₹ 1.99 crore

Source: Information compiled from the Departmental records.

Appendix 2.5

(Reference: Paragraph 2.3; page 14)

Statement showing detail of release of funds, parking of funds outside Government Accounts and resultant interest loss to the State

Sr. No.	Name of District	Funds Released to DSYAO *(In crore)*	Date of drawal from treasury by the DSYAO	Funds remained unutilised	Funds remained unutilised (in months)	Interest paid by State on borrowings (Calculated @ average rate 8.31 *per cent* of borrowing[1]) *(in lakh)*
1.	Bhiwani	0.86 0.14	19.03.2016 21.06.2016	31.12.2020 31.12.2020	57 54	33.95 5.23
2.	Fatehabad	1.00	21.06.2016	31.12.2020	54	37.40
3.	Hisar	1.00	21.06.2016	31.12.2020	54	37.40
4.	Jhajjar	1.00	21.06.2016	31.12.2020	54	37.40
5.	Karnal	0.63	08.01.2018	08.01.2020	29	10.47
6.	Nuh (Mewat)	0.60	08.03.2017	31.12.2020	45	18.70
7.	Sirsa	1.00	21.06.2016	31.12.2020	54	37.40
8.	Sports and Physical Fitness Authority	3.86	24.03.2017	31.12.2020	45	120.29
	Total	**10.09**				**338.24**

Source: Information compiled from the Departmental Records.

[1] Average rate of borrowing of State Government for the year 2016-17:8 *per cent*, 2017-18:8.10 *per cent*; 2018-19:8.81 *per cent* and 2019-20:8.31= 8.31 *per cent.*

Appendix 2.6

(Reference: Paragraph 2.5; page 18)

Statement showing amount recoverable from the original contractor due to allotment of balance work at risk and cost

Sr. No	Particular	Amount
1.	Basic cost of the original DNIT	6,87,86,791
2.	Less quoted rate @19.82% below CR	1,36,33,542
3.	Restricted amount of work (1-2)	5,51,53,249
4.	Balance work as per required DNIT at the risk and cost of original contractor	3,16,80,122
5.	Less quoted rate @19.82 below CR	62,79,000
6.	**Actual amount of balance work**	**2,54,01,122**
7.	Cost of Balance work as per new rate of 2nd contractor i.e. @19.86 above CR	3,79,71,794
8.	Amount of payment made till 5th running bill	3,60,08,788
9.	Amount to be recovered from original contractor (8-6)	1,06,07,666
10.	Security and EMD forfeited	14,51,580
11.	**Net amount recoverable upto 5th running bill (9-10)**	**91,56,086**
		Say ₹ 0.92 crore

Source: Information compiled from the Departmental records.

Appendix 2.7

(Reference: Paragraph 2.8; page 24)

Statement showing detail of land procured alongwith the cost of procurement

Sr. No.	Deed No. and date	Area	Amount in ₹
1	1034 dated 27 February 2018	0 kanal 15 marla	3,92,448
2	1035 dated 27 February 2018	4 kanal 18.5 marla	25,77,074
3	1036 dated 27 February 2018	8 kanal 14.5 marla	45,65,477
4	1037 dated 27 February 2018	0 kanal 13 marla	8,12,500
5	1069 dated 09 March 2018	0 kanal 3 marla	1,87,500
6	304 dated 05 June 2018	0 kanal 13.3 marla	3,24,187
7	305 dated 05 June 2018	12 kanal 17.33 marla	62,72,500
Total		**24 kanal 94.63 marla (Say 3.591 acre)**	**1,51,31,686 (Say ₹ 1.51 crore)**

Source: Information compiled from the Departmental records.

Description:

(24 kanal 94.63 marla = 574.63 marla = 3.591 acre)

1 kanal = 20 marla

1 acre = 160 marla