



EPITOME OF REPORTS
OF
COMPTROLLER AND AUDITOR GENERAL OF INDIA
ON
GOVERNMENT OF HARYANA
FOR THE YEAR ENDED 31 MARCH 2016



Principal Accountant General (Audit) Haryana, Chandigarh

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Principal Accountant General (Audit) Haryana, Chandigarh

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PREFACE

This brochure presents, at a glance, the contents of the Reports {State Finances, Social, General and Economic Sectors (Non-Public Sector Undertakings), Revenue Sector and Public Sector Undertakings (Social, General and Economic Sectors)} of the Comptroller and Auditor General of India relating to the Government of Haryana for the year ended 31 March 2016. These Reports contain major findings of audit of the financial transactions of Government of Haryana, Government Companies and Statutory Corporations.

In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards the Audit Reports on the accounts as well as on the points noticed during the audit of financial transactions of the State Government to the Governor, who causes them to be laid on the table of *Vidhan Sabha*.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the *Vidhan Sabha* stand referred to the Public Accounts Committee (PAC) in respect of State Finances, Revenue Sector, Social, General and Economic Sectors (Non-PSUs) and Committee on Public Undertakings (COPU) in respect of Public Sector Undertakings (Social, General and Economic Sectors). The Government departments are to submit *suo moto* Action Taken Notes on all audit paragraphs and performance audits to the Committees, duly vetted by Audit. The Committees select some of the paragraphs/performance audits for detailed examination after which a report containing their observations and recommendations is presented to *Vidhan Sabha*.

The draft of the paragraphs/ performance audits included in the Audit Reports is always forwarded to the Secretary of the concerned department for his comments so that the views of the Government can be incorporated in the Audit Reports before their presentation to the *Vidhan Sabha*. The Finance Department has prescribed that the draft paragraphs should be disposed of as expeditiously as possible and the comments of the concerned department intimated to Audit within a period not exceeding six weeks. In a large number of cases, however, the departments did not abide by the provision about furnishing the comments on the draft paragraphs within the stipulated time.

This brochure contains only summarized version of the more important issues included in the Audit Reports. While it has been our endeavour to keep the contents of this document as close to the original Reports as possible, the original Reports ought to be referred to for detailed facts and figures. The names and telephone numbers of the officers who could be contacted for any clarification in respect of Audit Reports are on the inner page of the rear cover of this publication.

Audit Report No. 4 of 2016 State Finances

This Report includes three chapters containing observations on the Finances of the State Government, Financial Management and Budgetary Control and Financial Reporting of the Government of Haryana for the year 2015-16.

Highlights

- Revenue receipts of ₹ 47,556.55 crore during 2015-16 increased by ₹ 6,757.89 crore (16.56 per cent) over the previous year. The State's own tax revenue of ₹ 30,929.09 crore fell short by 6.98 per cent and 18.71 per cent vis a vis projection made in Mid-term Fiscal Policy Statement (MTFPS) (₹ 33,249 crore) and target fixed by Fourteenth Finance Commission (FFC) (₹ 38,049 crore) respectively. The non-tax revenue (₹ 4,752 crore) increased by 15.60 per cent of the target fixed by FFC (₹ 4,111 crore) and fell short by 30.98 per cent of projection made in MTFPS (₹ 6,885 crore) respectively for the year 2015-16. Revenue Receipts of ₹ 2,010.48 crore collected under Haryana Rural Development fund were not credited to Consolidated Fund of the State during 2011-15.
- Revenue expenditure increased by 21 per cent from ₹ 49,118 crore in 2014-15 to ₹ 59,236 crore in 2015-16 and was higher than the normative assessment of FFC (₹ 44,514 crore) but less than the projections made in MTFPS (₹ 61,869.62 crore). Non-Plan component (₹ 40,675 crore) was 69 per cent of revenue expenditure which was less than the projection made in Mid Term Fiscal Policy Statement (₹ 43,208.62 crore). The four components of committed expenditure i.e. salary and wages, interest, pension and subsidies constituted 82 per cent of non-plan revenue expenditure.
- Interest payments (₹ 8,284 crore) increased by 19.57 per cent during the year over 2014-15 and were higher than the limit fixed by Fourteenth Finance Commission (₹ 7,582 crore), but was within the projections made in the Medium Term Fiscal Policy Statement (₹ 8,564 crore).
- Eighteen projects of two departments which were scheduled to be completed between May 2014 and March 2016 were still incomplete (June 2016). Time overruns of incomplete projects need to be reduced.
- The average return on the Government's investments in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives varied between 0.02 to 0.17 per cent in the past five years while the Government paid an average interest of 8.64 to 9.86 per cent on its borrowings. During 2015-16, out of total investments of ₹ 1,902.21 crore, ₹ 1,794.54 crore were invested in equity shares of power companies.
- Overall fiscal liabilities of the State were ₹ 1, 20,718 crore as on 31 March 2016. Out of this, internal debt was ₹ 99,660 crore. Fiscal liabilities were 24.50 per cent of GSDP and 2.54 times of the revenue receipts.

- *The revenue deficit which was required to be brought down to zero during 2011-12 and to be maintained at zero upto 2014-15 increased from ₹8,319 crore of 2014-15 to ₹11,679 crore in 2015-16. The trends in other fiscal parameters, i.e. fiscal and primary deficits which stood at ₹12,586 crore and ₹5,658 crore respectively in 2014-15 increased to ₹31,479 crore and ₹23,195 crore respectively in 2015-16.*
- *During 2015-16, expenditure of ₹95,480.50 crore was incurred against total grants and appropriations of ₹1,11,559.26 crore. Overall savings of ₹16,078.76 crore were the result of saving of ₹17,493 crore in various grants and appropriation offset by excess expenditure of ₹1,414.24 crore in four grants which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹1,427.57 crore in grants relating to the period 2011-12 to 2014-15.*
- *In 51 cases, ₹17,091.93 crore was surrendered at the end of the financial year. In 21 cases, ₹8,840.80 crore were surrendered against the savings of ₹8,521.13 crore resulting in excess surrender (₹319.70 crore) than actual savings. Further, out of savings of ₹7,199.13 crore in 20 cases, savings of ₹1,302.40 crore were not surrendered. There were instances both of inadequate provision of funds and unnecessary or excessive re-appropriations.*
- *Expenditure of ₹7,408.71 crore (52 per cent) in 14 major heads under 11 grants was incurred during the month of March 2016 indicating rush of expenditure at the end of the financial year which was contrary to the provisions of Rule 56 of the General Financial Rules.*
- *The plan expenditure during 2015-16 was only ₹25,185 crore (58.52 per cent) against the assessed amount of ₹42,743 crore. No expenditure was incurred in 32 schemes with approved plan outlay of ₹386.74 crore. In 74 schemes, expenditure of ₹1,030.52 crore was incurred against the approved outlay of ₹1,813.56 crore.*
- *1,313 Utilization certificates in respect of loans and grants of ₹6,267.34 crore provided by various departments were in arrear as on 31 March 2016. 202 annual accounts of 83 autonomous bodies/authorities to which financial assistance was provided by State Government were in arrear as on 31 July 2016. Out of 29 autonomous bodies, whose audit has been entrusted to the CAG by the State, two had delayed submission of their annual accounts for more than five years.*
- *State Government reported 105 cases of misappropriation, defalcation, etc. involving Government money amounting to ₹1.33 crore on which final action was pending as of June 2016. Out of these, 93 cases were more than five years old.*
- *During 2015-16, 22.34 per cent of total expenditure was classified under omnibus Minor Head – 800 instead of depicting distinctly in the Finance Accounts which affects the transparency in financial reporting.*

Summary of Finance Accounts

Receipts and disbursements for the year 2015-16

(₹ in crore)

Receipts	2014-15	2015-16	Disbursements	2014-15	2015-16		
					Non Plan	Plan	Total
Section-A: Revenue							
Revenue receipts	40,798.66	47,556.55	Revenue expenditure	49,117.87	40,674.90	18,560.80	59,235.70
Tax revenue	27,634.57	30,929.09	General Services	16,764.73	18,585.59	127.74	18,713.33
Non-tax revenue	4,613.12	4,752.48	Social Services	19,120.55	10,172.68	11,366.18	21,538.86
Share of Union Taxes/ Duties	3,548.09	5,496.22	Economic Services	13,088.00	11,623.48	7,066.88	18,690.36
Grants from Government of India	5,002.88	6,378.76	Grants-in-aid and Contributions	144.59	293.15	-	293.15
Section-B: Capital and others							
Misc. Capital Receipts	18.74	29.98	Capital Outlay	3,715.53	283.77	6,624.56	6,908.33
Recoveries of Loans and Advances	272.82	328.28	Loans and Advances disbursed	842.87	275.20	12,975.09	13,250.29
Public Debt receipts	18,858.75	37,998.43	Repayment of Public Debt	8,227.41	-	-	7,214.68
Contingency Fund	--	63.22	Contingency Fund	--	-	-	63.22
Public Account receipts	28,064.30	29,055.78	Public Account disbursements	25,609.25	-	-	28,649.81
Opening Cash Balance	6,007.18	6,507.52	Closing Cash Balance	6,507.52	-	-	6,217.73
Total	94,020.45	1,21,539.77	Total	94,020.45			1,21,539.76

(Source: Finance Accounts for the respective years)

Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	53,058.80	7,356.28	60,415.08	52,341.93	(-) 8,073.15
	II Capital	15,457.12	1,916.65	17,373.77	13,886.75	(-) 3,487.02
	III Loans and Advances	1,366.77	12,328.36	13,695.13	13,250.30	(-) 444.83
Total Voted		69,882.69	21,601.29	91,483.98	79,478.98	(-) 12,005.00
Charged	IV Revenue	9,246.53	703.24	9,949.77	8,705.03	(-) 1,244.74
	V Capital	70.00	20.00	90.00	81.81	(-) 8.19
	VI Public Debt repayments	10,035.51	-	10,035.51	7,214.68	(-) 2,820.83
Total Charged		19,352.04	723.24	20,075.28	16,001.52	(-) 4,073.76
Appropriation to Contingency Fund		-	-	-	-	-
Grand Total		89,234.73	22,324.53	1,11,559.26	95,480.50	(-) 16,078.76

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 1,811.26 crore) and Capital Heads (₹ 7,060.22 crore).

Time Series Data on State Government Finances

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Part A. Receipts					
1. Revenue Receipts	30,558	33,634	38,012	40,799	47,557
(i) Tax Revenue	20,399(67)	23,559(70)	25,567(67)	27,635(67)	30,929 (65)
Taxes on Sales, Trade, etc.	13,384(66)	15,377(65)	16,774(66)	18,993(69)	21,060 (68)
State Excise	2,832(14)	3,236(14)	3,697(14)	3,470(13)	4,371 (14)
Taxes on Vehicles	740(4)	887(4)	1,095(4)	1,192(4)	1,401 (5)
Stamps duty and Registration fees	2,793(14)	3,326(14)	3,203(13)	3,109(11)	3,191 (10)
Land Revenue	11	13	12	15	15
Taxes on goods and passengers	429(2)	471(2)	498(2)	527(2)	554 (2)
Taxes and duties on Electricity	166	192(1)	219(1)	240(1)	257 (1)
Other Taxes	44	57	69	89	80
(ii) Non-Tax Revenue	4,722(15)	4,673(14)	4,975(13)	4,613(13)	4,753 (10)
(iii) State's share in Union taxes and duties	2,682(9)	3,062(9)	3,343(9)	3,548(9)	5,496 (12)
(iv) Grants-in-aid from Government of India	2,755(9)	2,340(7)	4,127(11)	5,003(13)	6,379 (13)
2. Miscellaneous Capital Receipts	9	11	10	19	30
3. Recoveries of Loans and Advances	294	349	262	273	328
4. Total Revenue and Non debt capital receipt (1+2+3)	30,861	33,994	38,284	41,091	47,915
5. Public Debt Receipts	10,767	15,213	17,604	18,859	37,998
Internal Debt (excluding Ways and Means Advances and Overdrafts)	10,669(99)	15,162 (100)	17,263(98)	18,728(99)	37,901 (100)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	0
Loans and Advances from Government of India	98(1)	51	341(2)	131(1)	97
6. Total Receipts in the Consolidated Fund (4+5)	41,628	49,207	55,888	59,950	85,913
7. Contingency Fund Receipts	168	-	-	-	63
8. Public Accounts receipts	19,260	22,709	26,548	28,064	29,056
9. Total receipts of the State (6+7+8)	61,056	71,916	82,436	88,014	1,15,032
Part B. Expenditure/disbursement					
10. Revenue Expenditure	32,015	38,072	41,887	49,118	59,236
Plan	7,792(24)	9,456(25)	10,152(24)	12,760(26)	18,561 (31)
Non-plan	24,223 (76)	28,616(75)	31,735(76)	36,358(74)	40,675 (69)
General Services (including Interests payments)	10,220 (32)	11,897(31)	13,597(32)	16,765(34)	18,713 (32)
Economic Services	9,054 (28)	11,557(30)	12,740(30)	13,088(27)	18,691 (32)
Social Services	12,641 (39)	14,516(38)	15,414(37)	19,120(39)	21,539 (36)
Grants-in-aid and contributions	99	102	136(1)	145	293
11. Capital Expenditure	5,372	5,762	3,935	3,716	6,908
Plan	4,354 (81)	4,191(73)	5,067(129)	4,837(130)	6,624 (96)
Non-plan	1,018 (19)	1,571(27)	(-)1,132 (-29)	(-) 1,121 (-30)	284 (4)
General Services	235 (5)	251(4)	282(7)	291(8)	460 (7)
Economic Services	3,770 (70)	4,065(71)	1,829(46)	1,527(41)	4,908 (71)
Social Services	1,367 (25)	1,446(25)	1,824(46)	1,898(51)	1,540 (22)
12. Disbursement of Loans and Advances	627	522	776	843	13,250
13. Total (10+11+12)	38,014	44,356	46,598	53,677	79,394
14. Repayments of Public Debt	4,037	5,951	7,968	8,227	7,215
Internal Debt (excluding Ways and Means Advances and Overdrafts)	3,812 (94)	5,825(98)	7,800(98)	8,073(98)	7,039 (98)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	225 (6)	126(2)	168(2)	154(2)	176 (2)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	42,051	50,307	54,566	61,904	86,609

	2011-12	2012-13	2013-14	2014-15	2015-16
17. Contingency Fund disbursements	168	-	-		63
18. Public Accounts disbursements	17,051	21,074	24,560	25,609	28,650
19. Total disbursement by the State (16+17+18)	59,270	71,381	79,126	87,513	1,15,322
<i>Part C. Deficits/Surplus</i>					
20. Revenue Deficit (-)/Surplus (+) (1-10)	(-) 1,457	(-)4,438	(-) 3,875	(-) 8,319	-11,679
21. Fiscal Deficit(-)/Surplus(+) (4-13)	(-) 7,153	(-)10,362	(-) 8,314	(-) 12,586	-31,479
22. Primary Deficit (-)/surplus (+) (21+23))	(-) 3,152	(-)5,618	(-) 2,464	(-) 5,658	-23,195
<i>Part D. Other data</i>					
23. Interest Payments (included in revenue expenditure)	4,001	4,744	5,850	6,928	8,284
24. Financial Assistance to local bodies etc.	3,306	4,648	4,540	6,106	10,766
25. Ways and Means Advances (WMA)/Overdraft availed (days)	974(11)	347(12)	109 (4)	-	0
26. Interest on WMA/Overdraft	1.51	0.78	0.03	-	0
27. Gross State Domestic Product (GSDP)¹	3,00,756	3,50,407	3,95,748	4,41,864	4,92,657
28. Outstanding Fiscal liabilities (year end)	54,540	64,818	76,263	88,446	1,20,718
29. Outstanding guarantees including interest and guarantee fee (year end)	5,608	21,124	27,309	30,389	16,886
30. Number of incomplete projects	8	14	40	14	18
31. Capital blocked in incomplete projects (` in crore)	186	48	398	62.19	98.65
<i>Part E: Fiscal Health Indicators</i>					
I Resource Mobilisation					
Own Tax revenue/GSDP	0.068	0.067	0.065	0.063	0.063
Own Non-Tax Revenue/GSDP	0.016	0.013	0.013	0.010	0.010
Central Transfers/GSDP	0.009	0.009	0.008	0.008	0.011
II Expenditure Management					
Total Expenditure/GSDP	0.126	0.127	0.118	0.121	0.161
Total Expenditure/Revenue Receipts	1.244	1.319	1.226	1.316	1.669
Revenue Expenditure/Total Expenditure	0.842	0.858	0.899	0.915	0.746
Expenditure on Social Services/Total Expenditure	0.368	0.360	0.370	0.392	0.291
Expenditure on Economic Services/Total Expenditure	0.337	0.352	0.313	0.272	0.297
Capital Expenditure/Total Expenditure	0.141	0.130	0.084	0.069	0.087
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.135	0.124	0.078	0.064	0.081
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	-0.005	-0.013	-0.010	-0.019	-0.024
Fiscal deficit/GSDP	-0.024	-0.030	-0.021	-0.028	-0.064
Primary Deficit (surplus) /GSDP	(-) 0.010	(-) 0.016	(-)0.006	(-) 0.013	(-) 0.047
Revenue Deficit/Fiscal Deficit	0.204	0.428	0.466	0.661	0.371
Primary Revenue Balance/GSDP	(-) 0.012	(-)0.018	(-) 0.017	(-) 0.025	(-) 0.033
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.18	0.18	0.19	0.20	0.25
Fiscal Liabilities/RR	1.785	1.927	2.006	2.168	2.538
V Other Fiscal Health Indicators					
Return on Investment	1.64	7.05	6.49	5.80	15.89
Balance from Current Revenue (` in crore)	4977	3741	4406	1161	4510
Financial Assets/Liabilities	0.78	0.75	0.74	0.68	0.67

¹ GSDP figures at current prices as communicated by the Directorate of Economic and Statistical Analysis, Haryana.

1 Finances of the State Government	
Fiscal deficit, Revenue deficit and Primary deficit	The revenue deficit which was required to be brought down to zero during 2011-12 and to be maintained at zero upto 2014-15 increased from ₹8,319 crore of 2014-15 to ₹ 11,679 crore in 2015-16. The trends in other fiscal parameters, i.e. fiscal and primary deficits which stood at ₹ 12,586 crore and ₹ 5,658 crore respectively in 2014-15 increased to ₹ 31,479 crore and ₹ 23,195 crore respectively in 2015-16.
Revenue Receipts	Revenue receipts during 2015-16 increased by ₹ 6,757.89 crore (16.56 <i>per cent</i>) over the previous year mainly due to increase in tax revenue ₹ 3,294.52 crore (11.92 <i>per cent</i>). Tax revenue for 2015-16 fell short by 18.71 <i>per cent</i> and non-tax revenue increased by 15.16 <i>per cent</i> of the targets fixed by FFC. Revenue Receipts of ₹ 2,010.48 crore collected under Haryana Rural Development fund were not credited to Consolidated Fund of the State during 2011-15.
Tax Revenue and Non-Tax Revenues	Tax revenue increased by ₹ 10,529.63 crore (51.62 <i>per cent</i>) during 2011-16. All the major taxes and duties recorded increase in the tax revenue except a marginal decrease in Land Revenue during 2015-16. The actual receipts under non-tax revenue increased by ₹ 30.83 crore (0.65 <i>per cent</i>) during 2011-16. Non Tax revenue (₹ 4,752.48 crore) constituted 9.99 <i>per cent</i> of the revenue receipt during 2015-16 registering increase of ₹ 139.36 crore (3.02 <i>per cent</i>) over the previous year.
Expenditure	Revenue expenditure during the year constituted 75 <i>per cent</i> of the total expenditure. Its NPRES component at ₹ 40,675 crore was less than by 5.86 <i>per cent</i> than the projection of MTFPS (₹ 43,209 crore) of which 82 <i>per cent</i> expenditure was on four components i.e. salary and wages, pension liabilities, interest payments and subsidies. Moreover, 92 <i>per cent</i> (₹ 6,324 crore) of total subsidies (₹ 6,899 crore) were only for the energy sector.
Committed expenditure	The total expenditure (₹ 28,722 crore) on salary, interest and pension payments was lower by ₹ 2,802.31 crore (8.89 <i>per cent</i>) than the projections by the Government in MTFPS (₹ 31,524.31 crore) and consumed 60 <i>per cent</i> of the revenue receipts. The four components, i.e. salary and wages, interest, pension payment and subsidies constituted about 82 <i>per cent</i> of the NPRES during 2015-16.
Insignificant returns on Investments	The average return on the Government's investments in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives varied between 0.02 to 0.17 <i>per cent</i> in the past five years while the Government paid an average interest of 8.64 to 9.86 <i>per cent</i> on its borrowings. During 2015-16, out of total investments of ₹ 1,902.21 crore, ₹ 1,794.54 crore were invested in equity shares of power companies.
Total indebtedness	The overall fiscal liabilities of the State increased from ₹ 54,540 crore in 2011-12 to ₹ 1,20,718 crore in 2015-16 registering an increase of 121.34 <i>per cent</i> mainly due to increase in public debt (₹ 60,313 crore) and public account liabilities (₹ 5,865 crore). The ratio of fiscal liabilities to GSDP showed increasing trend and increased from 18.13 <i>per cent</i> in 2011-12 to 24.50 <i>per cent</i> in 2015-16. These liabilities were 2.54 times the revenue receipts and 3.38 times the State's own resources as at the end of 2015-16. Payment of interest on the fiscal liabilities was ₹ 8,284 crore (6.86 <i>per cent</i>) during the year 2015-16. It is significant to note that fiscal liabilities at ₹ 1,20,718 crore were higher than the limit of ₹ 98,843 crore projected in the MTFPS for the year 2015-16.

II Financial management and budgetary control	
Excess expenditure not regularized	During 2015-16, expenditure of ₹ 95,480.50 crore was incurred against total grants and appropriations of ₹ 1,11,559.26 crore. Overall savings of ₹ 16,078.76 crore were the result of saving of ₹ 17,493 crore in various grants and appropriation offset by excess expenditure of ₹ 1,414.27 crore under four grants which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹ 1,427.57 crore in grants relating to the period 2011-12 to 2014-15.
Unnecessary/Inadequate supplementary provision	Supplementary provisions aggregating ₹ 2,752.83 crore obtained in 21 cases, involving ₹ 50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions.
Expenditure without provision	In 55 cases, the expenditure of ₹ 1,417.40 crore was incurred without any provision in the original estimates/supplementary demands and without any re-appropriation orders to this effect.
Non-surrendering and excess surrendering of funds	In 20 cases against the savings of ₹ 7,199.13 crore, ₹ 1,302.40 crore were not surrendered. In 21 cases, ₹ 8,840.80 crore were surrendered against the savings of ₹ 8,521.13 crore and in Grants 4-Revenue (Revenue Voted) and 24-Irrigation (Capital Voted) even though the actual expenditure exceeded by ₹ 1,199.25 crore and ₹ 211 crore respectively, funds of ₹ 492.91 crore and ₹ 166.18 crore were injudiciously surrendered.

III Financial Reporting	
Delay in furnishing utilization certificates	As on 31 March 2016, 1,313 UCs for an aggregate amount of ₹ 6,267.34 crore were in arrears. 906 UCs (69 per cent) were outstanding from Rural Development Department. 696 UCs (53 per cent) were in arrear for the grants released during the period between 2008-09 and 2013-14.
Non-submission/delay in submission of accounts	A total of 202 annual accounts of 83 autonomous bodies/authorities are awaited as on 31 July 2016, to whom grants of ₹ 532.16 crore were released.
Theft, losses and defalcation, etc.	There was inordinate delay in deciding the cases of theft, losses and defalcation, etc. which ranged between 1 and more than 25 years.
Operation of omnibus Minor Head 800	During 2015-16, expenditure aggregating ₹ 14,778.53 crore (22.34 per cent of total expenditure ²) was classified under Minor Head – 800 under various revenue and capital Major Heads. Total/considerable expenditure on power subsidy, medium irrigation, tourism and miscellaneous general services were classified under omnibus Minor Head–800 instead of depicting distinctly in the Finance Accounts.

² Excluding loans and advances

Audit Report No. 1 of 2017 Social, General and Economic Sectors (Non-PSUs)

This Report contains three Performance Audits i.e. (i) Working of Haryana State Agricultural Marketing Board;(ii) Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak and (iii) Right of Children to Free and Compulsory Education Act, 2009 and 20 paragraphs relating to excess, unfruitful expenditure, avoidable payment and shortcomings in implementation of rules and programmes, etc;

Highlights

Performance Audit- Working of Haryana State Agricultural Marketing Board

- *Surplus funds were kept in savings bank accounts instead of in fixed deposits resulting in loss of interest of ₹ 6 crore. An amount of ₹ 126.44 crore was outstanding on account of interest on loan, godown rent, water and sewerage charges, cost of shop/booth sites/land and enhanced land compensation. Basic infrastructure facilities such as boundary walls, weighbridges at entry point, check-post, canteen and dormitory were not provided in 38 Market Committees. Plots were allotted to ineligible licensees on reserve price resulting in loss of ₹ 1.82 crore. Penalty of ₹ 2.39 crore was not levied for irregular construction of basement/upper storey on shops/booths. Three schemes aimed at promotion of agricultural innovations and research and development were not implemented though funds were available.*

Performance Audit- Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak

- *Master plan and annual plans were not prepared in the absence of which targets were not set and performance could not be assessed. Delays in procurement and obsolete equipment adversely affected delivery of medical services and academic activities in the Institute. Trauma Centre, Auditorium and Mother and Child Care Hospital constructed at a cost of ₹ 56.59 crore could not be put to use due to non-purchase of medical equipment and furniture. Slow implementation of Pradhan Mantri Swasthya Suraksha Yojana, Centre of Excellence and Pilot Programme for Prevention of Burn Injury delayed accrual of benefits of the schemes to the patients.*

Performance Audit- Right of Children to Free and Compulsory Education Act, 2009

- *House hold survey was not conducted for identification of children of the age group of 6 to 14 years in test-checked schools. Hence, the calculation of number of children that had to be covered was based only on estimation. There were deficiencies in providing basic facilities such as rooms, drinking water, kitchen sheds, toilets, desks, library and play ground in test-checked schools. There was delay in providing text books, uniform, stationery and bags to students. In contravention of the Act, 514 to 821 unrecognized schools were functioning in the State during 2011-16.*

Compliance Audit

- *An audit of the functioning of the Haryana State Pollution Control Board and the implementation of the statutory provisions relating to control of environmental pollution brought out instances of projects operating without the mandatory Consent to Establish and Consent to Operate from the Board, project authorities not complying with the conditions which include conducting tests of ambient air, ambient noise and ground water and lack of monitoring and enforcement of environmental stipulations that undermined the objective of environmental controls.*
- *A review of the implementation of the Food Safety and Standards Act, 2006, brought out that the Food and Drug Administration Department had neither conducted a survey to identify food business establishments nor maintained the data-base of food business establishments. Food laboratories were not equipped with modern instruments for testing food samples. Non-compliance with key provisions of the Act poses health hazards as quality of food is not assured.*

- *Undue delays on the part of Land Acquisition Collector and Police Department in processing and pursuing the case for enhanced compensation resulted in avoidable payment of ₹4.81 crore as interest.*
- *Industrial Training Department failed to upgrade Industrial Training Institutes. There were cases of poor academic achievement due to shortage of faculty, non operation of trades and lack of skill development. Besides, targets for affiliation were not achieved and pass percentage was poor.*
- *Lack of coordination with other related departments as well as non-completion of critical activities not only resulted in inordinate delay in commissioning of a lift irrigation scheme but also deprived the residents of the area of the intended benefits. Expenditure of ₹7.87 crore incurred on the scheme remained unfruitful.*
- *Implementation of the investment promotional schemes by the Department of Industries and Commerce was marked by grant of ₹1.32 crore for ineligible items, non-recovery of interest free loan of ₹26.23 crore and non-recovery of grants-in-aid of ₹14.76 lakh. The Department provided financial assistance under interest free loan scheme to only five industrial units in ten years. Besides, targets of Food Processing Training Centre and Entrepreneurship Development Programme were not achieved even after incurring expenditure of ₹1.65 crore.*
- *Failure of the Haryana Building and Other Construction Workers Welfare Board to take over physical possession of site led to delay in construction of Workers Facilitation Centres at Kundli and Rai and blocking of funds of ₹10.44 crore and loss of interest of ₹1.32 crore.*
- *Four Medical Institutions made avoidable payment of ₹6.59 crore of service tax on services exempted by Government of India being educational institutions.*
- *Allotment of works valued at ₹8.57 crore by Maharaja Agrasen Medical College without ascertaining the credentials and work experience of the agency and without getting the balance work done at the risk and cost of the defaulting agency as provided for in the contract resulted in extra expenditure of ₹2.06 crore.*
- *Non-verification of the quantities in bills with the entries in measurement book and lack of internal control checks such as reconciliation of connected records and rates of bitumen led to adoption of increased quantities and wrong calculation of difference of rates of bitumen resulting in excess payment of ₹1.17 crore to ten agencies.*
- *Failure of Public Health Engineering Department to ensure availability of land for all components of the project resulted in incomplete works despite expenditure of ₹10.59 crore and discharge of treated effluent into pond and Ellenabad distributory exposing the residents of the area to unhygienic conditions and health hazards.*
- *Non-adherence to the prescribed checks by Public Health Engineering Department led to pilferage of iron pipes and non-recovery of ₹1.19 crore on account of the pilfered material.*
- *Haryana State Council for Science and Technology had withdrawn ₹14.66 crore without ensuring the basic requirements for setting up of Science City in contravention of codal provisions and financial propriety. However, interest earned amounting to ₹10.37 crore by the Council has not been deposited in the Government account.*
- *Leasing out of land without assessing the unearned increase in value of land as per regulations by the Town and Country Planning Department led to non deposit of ₹417.15 crore. Besides, annual ground rent of ₹8.07 crore and interest of ₹2.70 crore remained unrecovered.*
- *There were deficiencies in the implementation of the scheme 'Homes for Widows and Destitute Women' by the Women and Child Development Department as evident from non-repair of buildings, poor occupancy of rooms, lack of training and education to widows and destitute women to make them economically self reliant. Admission in Kasturba Sewa Sadan at Faridabad has been discontinued and no new Home has been constructed in 18 districts. The Department spent ₹6.50 crore on pay and allowances and only ₹0.95 crore on financial*

assistance to widows and destitute women during April 2011 to March 2016. There was poor dissemination of the scheme and lack of proper follow up.

- Targets of 'Beti Bachao Beti Padhao' of improving the sex ratio at birth, increasing girl's enrollment in secondary education and 100 per cent re-enrolment of drop-out girls could not be fully achieved. Besides, implementation of Pre-Conception & Pre-Natal Diagnostic Techniques Act needed strengthening.

PERFORMANCE AUDIT

1. Working of Haryana State Agricultural Marketing Board

The Haryana State Agricultural Marketing Board was set up in August 1969 with the main objective of providing facilities for better regulation of purchase, sale, storage and processing of agricultural produce. A performance audit of the functioning of the Board for the period 2011-16 brought out lack of long term planning and deficiencies in both financial management and execution of projects and schemes which undermined the overall objectives of the Board. Some of the significant findings are as follows:

Major Audit Findings

Non-investment of excess funds in fixed deposits and Delay/non-recovery of dues	Surplus funds were kept in savings bank accounts instead of in fixed deposits resulting in loss of interest of ₹ 6 crore. An amount of ₹ 126.44 crore was outstanding on account of interest on loan, godown rent, water and sewerage charges, cost of shop/booth sites/land and enhanced land compensation.
Lack of facilities in mandis	Basic infrastructure facilities such as boundary walls, weighbridges at entry point, check-post, canteen and dormitory were not provided in 38 Market Committees.
Allotment of plots to ineligible licensees	Plots were allotted to ineligible licensees on reserve price resulting in loss of ₹ 1.82 crore.
Irregular construction of basement and upper storey	Penalty of ₹ 2.39 crore was not levied for irregular construction of basement/upper storey on shops/booths.
Non-implementation of schemes	Three schemes aimed at promotion of agricultural innovations and research and development were not implemented though funds were available.

2. Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak

The Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak is a premier medical institute of the State. The main objective of the Institute was to provide quality health services, medical education and research. A

performance audit of the functioning of the Institute during the period 2011-16 brought out deficiencies which impaired its ability to achieve its overall objective of providing quality health services and medical education in the State. Some of the major findings are as below:

Major Audit Findings

Lack of planning	Master plan and annual plans were not prepared in the absence of which targets were not set and performance could not be assessed.
Inadequate machinery and equipment	Delays in procurement and obsolete equipment adversely affected delivery of medical services and academic activities in the Institute.
Non- utilisation of available infrastructure	Trauma Centre, Auditorium and Mother and Child Care Hospital constructed at a cost of ₹ 56.59 crore could not be put to use due to non-purchase of medical equipment and furniture.
Slow implementation of schemes	Slow implementation of Pradhan Mantri Swasthya Suraksha Yojana, Centre of Excellence and Pilot Programme for Prevention of Burn Injury delayed accrual of benefits of the schemes to the patients.

3. Right of Children to Free and Compulsory Education Act, 2009

The Right of Children to Free and Compulsory Education (RTE) Act was passed in 2009 and was made applicable in the State from April 2010. The Act provides that every child has a right to full time elementary education of satisfactory and equitable quality. A performance audit of the implementation of the Act during the period 2010-16 brought out deficiencies that undermined the achievement of the objectives of the Act. Some of the significant findings are summarised below:

Major Audit Findings

Non-identification of target groups	House hold survey was not conducted for identification of children of the age group of 6 to 14 years in test-checked schools. Hence, the calculation of number of children that had to be covered was based only on estimation.
Deficient basic infrastructure in schools	There were deficiencies in providing basic facilities such as rooms, drinking water, kitchen sheds, toilets, desks, library and play ground in test-checked schools.
Delay in providing facilities	There was delay in providing text books, uniform, stationery and bags to students.

Running of unrecognised schools	of	In contravention of the Act, 514 to 821 unrecognized schools were functioning in the State during 2011-16.
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COMPLIANCE AUDIT

Environment Department (Haryana State Pollution Control Board)

Environment Clearance and Post Clearance Monitoring	of	An audit of the functioning of the Haryana State Pollution Control Board and the implementation of the statutory provisions relating to control of environmental pollution brought out instances of projects operating without the mandatory Consent to Establish and Consent to Operate from the Board, project authorities not complying with the conditions which include conducting tests of ambient air, ambient noise and ground water and lack of monitoring and enforcement of environmental stipulations that undermined the objective of environmental controls.
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Food and Drug Administration Department

Implementation of Food Safety and Standards Act, 2006	of	A review of the implementation of the Food Safety and Standards Act, 2006 brought out that the Food and Drug Administration Department had neither conducted a survey to identify food business establishments nor maintained the data-base of food business establishments. Food laboratories were not equipped with modern instruments for testing food samples. Non-compliance with key provisions of the Act poses health hazards as quality of food is not assured.
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Home and Administration of Justice, Revenue and Disaster Management Departments

Avoidable payment of interest due to delay in deposit of enhanced land compensation	of	Undue delays on the part of Land Acquisition Collector and Police Department in processing and pursuing the case for enhanced compensation resulted in avoidable payment of ₹ 4.81 crore as interest.
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Industrial Training Department

Upgradation of Government Industrial Training Institutes through Public Private Partnership	of	Industrial Training Department failed to upgrade Industrial Training Institutes. There were cases of poor academic achievement due to shortage of faculty, non operation of trades and lack of skill development. Besides, targets for affiliation were not achieved and pass percentage was poor.
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Irrigation and Water Resources Department

Incomplete Irrigation Scheme	of	Lack of coordination with other related departments as well as non-completion of critical activities not only resulted in inordinate delay in commissioning of a lift irrigation scheme but also deprived the residents of the
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area of the intended benefits. Expenditure of ₹ 7.87 crore incurred on the scheme remained unfruitful.

Industries and Commerce Department

Investment Promotional Schemes Implementation of the investment promotional schemes by the Department of Industries and Commerce was marked by grant of ₹ 1.32 crore for ineligible items, non-recovery of interest free loan of ₹ 26.23 crore and non-recovery of grants-in-aid of ₹ 14.76 lakh. The Department provided financial assistance under interest free loan scheme to only five industrial units in ten years. Besides, targets of Food Processing Training Centre and Entrepreneurship Development Programme were not achieved even after incurring expenditure of ₹1.65 crore.

Labour Department

Delay in construction of Workers' Facilitation Centres Failure of the Haryana Building and Other Construction Workers Welfare Board to take over physical possession of site led to delay in construction of Workers Facilitation Centres at Kundli and Rai and blocking of funds of ₹ 10.44 crore and loss of interest of ₹ 1.32 crore.

Medical Education and Research Department

Avoidable payment of Service Tax Four Medical Institutions made avoidable payment of ₹ 6.59 crore of service tax on services exempted by Government of India being educational institutions.

Extra expenditure due to injudicious allotment of works Allotment of works valued at ₹ 8.57 crore by Maharaja Agrasen Medical College without ascertaining the credentials and work experience of the agency and without getting the balance work done at the risk and cost of the defaulting agency as provided for in the contract resulted in extra expenditure of ₹ 2.06 crore.

Public Works Department (Buildings and Roads)

Excess payment to agencies Non-verification of the quantities in bills with the entries in measurement book and lack of internal control checks such as reconciliation of connected records and rates of bitumen led to adoption of increased quantities and wrong calculation of difference of rates of bitumen resulting in excess payment of ₹ 1.17 crore to ten agencies.

Public Health Engineering Department

Incomplete Sewerage Scheme Failure of Public Health Engineering Department to ensure availability of land for all components of the project resulted in incomplete works despite expenditure of ₹ 10.59 crore and discharge of treated effluent into pond and Ellenabad distributory exposing

Unfruitful expenditure the residents of the area to unhygienic conditions and health hazards.
Non-adherence to the prescribed checks by Public Health Engineering Department led to pilferage of iron pipes and non-recovery of ₹ 1.19 crore on account of the pilfered material.

Science and Technology Department

Non deposit of interest amount in Government Account Haryana State Council for Science and Technology had withdrawn ₹ 14.66 crore without ensuring the basic requirements for setting up of Science City in contravention of codal provisions and financial propriety. However, interest earned amounting to ₹ 10.37 crore by the Council has not been deposited in the Government account.

Town and Country Planning Department (Haryana Urban Development Authority)

Non-recovery of unearned increase in value of land and annual ground rent Leasing out of land without assessing the unearned increase in value of land as per regulations by the Town and Country Planning Department led to non deposit of ₹ 417.15 crore. Besides, annual ground rent of ₹ 8.07 crore and interest of ₹ 2.70 crore remained unrecovered.

Women and Children Development Department

Homes/Centres for Destitute Women and Children There were deficiencies in the implementation of the scheme 'Homes for Widows and Destitute Women' by the Women and Child Development Department as evident from non-repair of buildings, poor occupancy of rooms, lack of training and education to widows and destitute women to make them economically self reliant. Admission in Kasturba Sewa Sadan at Faridabad has been discontinued and no new Home has been constructed in 18 districts. The Department spent ₹ 6.50 crore on pay and allowances and only ₹ 0.95 crore on financial assistance to widows and destitute women during April 2011 to March 2016. There was poor dissemination of the scheme and lack of proper follow up.

Beti Bachao Beti Padhao Scheme Targets of '*Beti Bachao Beti Padhao*' of improving the sex ratio at birth, increasing girl's enrollment in secondary education and 100 *per cent* re-enrolment of drop-out girls could not be fully achieved. Besides, implementation of Pre-Conception & Pre-Natal Diagnostic Techniques Act needed strengthening.

Audit Report No. 5 of 2016 Revenue Sector

This Report contains 24 paragraphs and one Performance Audit on “Receipts from State Excise Duty” involving tax effect of ₹ 721.81 crore. The Departments/Government have accepted audit observations involving ₹ 327.08 crore out of which ₹ 11.82 crore has been recovered.

Highlights

- System of collection of arrears of various taxes due to the State as arrears of land revenue under the Punjab Land Revenue Act/Revenue Recovery Act, 1890 brought out ineffective pursuance of arrears and poor enforcement of the statutory provisions coupled with non-maintenance of relevant records that resulted in the arrears increasing by 112 *per cent* between April 2012 and March 2015 to ₹ 8,076.66 crore. Arrears of ₹ 382.88 crore were not declared recoverable under the Punjab Land Revenue Act while arrears of ₹ 207.26 crore could not be recovered due to non-disposal of attached property. Further, arrears of ₹ 166.56 crore could not be recovered due to lack of follow up action. Interest of ₹ 26.44 crore was not levied.
- The Assessing Authority incorrectly allowed the benefit of Input Tax Credit of ₹ 96.39 lakh without verification of payment of tax by selling dealer. In addition, penalty of ₹ 2.89 crore is also leviable.
- In 61 cases, assessing authorities did not levy surcharge at the rate of five *per cent* of the tax of ₹ 38.16 crore under VAT resulting in non-levy of surcharge of ₹ 1.91 crore.
- Assessing Authorities levied tax of ₹ 2.74 crore instead of correct amount of ₹ 4.53 crore resulting in under-assessment of tax of ₹ 1.79 crore due to calculation mistake.
- Non-compliance with clarifications issued by Government and incorrect classifications of goods by assessing authorities resulted in short levy of tax of ₹ 2.49 crore as well as interest of ₹ 88.58 lakh.
- Ninety two deeds were registered for sale at normal khasras rates for agricultural land instead of rates applicable on khasras on which change of land use licenses had been issued to develop residential colonies. This resulted in short levy of SD of ₹ 34.84 crore. Further, 57 deeds were executed and registered at a consideration less than what had been agreed to between the parties resulting in short levy of stamp duty of ₹ 85.10 lakh.
- Misclassification of collaboration agreements in 14 cases resulted in short levy of stamp duty of ₹ 2.46 crore.
- Registering authorities incorrectly assessed prime khasra land at

normal rates fixed for agricultural land resulting in short levy of stamp duty of ₹ 1.55 crore.

- Non renewal of fitness/registration certificates of 2,46,948 transport vehicles and 1,63,456 non transport vehicles by the owners even after expiry of their validity resulted in loss of revenue of ₹ 12.78 crore.

Trend of revenue receipts

The total revenue receipts of the Government of Haryana for the year 2015-16 were ₹ 47,556.55 crore against ₹ 40,798.66 crore during 2014-15. The revenue raised by the State Government from its own resources during the year 2015-16 was ₹ 35,681.57 crore comprising tax revenue of ₹ 30,929.09 crore and non-tax revenue of ₹ 4,752.48 crore against ₹ 27,634.57 crore and ₹ 4,613.12 crore respectively during the previous year 2014-15.

Sales tax receipts of ₹ 21,060.23 crore and Road transport receipts of ₹ 1,254.55 crore contributed 68 *per cent* and 26 *per cent* of the tax and non tax revenue respectively.

Audit observations

Inspection reports containing 5,389 audit observations with money value of ₹ 5,802.87 crore (issued upto December 2015) were outstanding for want of final replies from the departments at the end of June 2016.

Results of audit

Test check of the records of 315 (Revenue 307 + Expenditure 8) units of Sales Tax/Value Added Tax, State Excise, Stamp Duty and Registration fees, Motor Vehicles, Goods and Passengers and other Departmental offices conducted during the year 2015-16 revealed under assessment/short levy/loss of revenue amounting to ₹ 2,864.64 crore in 48,193 cases.

SYSTEM APPRAISAL/PERFORMANCE AUDIT

Excise and Taxation Department

• Receipts from State Excise Duty

Lack of action to recover security and additional security from 20 licensees resulted in non/short deposit of ₹ 28 lakh.

Non-compliance to the rules providing for levy of interest for delay in payment of license fee resulted in short-recovery of license fee and interest of ₹ 44.80 crore from defaulting licensees of retail outlets.

Failure to recover differential license fee arising from re-allotment of retail outlets due to the default of the original allottee as well as failure to re-auction vends resulted in non-realisation of revenue of ₹ 5.19 crore.

The Department failed to levy and recover penalty of ₹ 7.09 crore from 466 defaulting licensees on account of short/excess lifting of quarterly basic quota.

The Department failed to levy and recover penalty of ₹ 1.83 crore from 322 offenders on account of illegal possession and trade of liquor.

The Department did not recover ₹ 1.65 crore on account of salary of excise establishment deployed from the management of distilleries.

Important audit findings included as paragraphs

TAX RECEIPTS

• Sales Tax/VAT (Excise and Taxation Department)

An assessing authority incorrectly allowed deduction of ₹ 2.76 crore in view of Special Economic Zone sale to the dealer who sold material to a developer resulting in under-assessment of tax of ₹ 36.26 lakh. In addition, interest of ₹ 30.46 lakh was also leviable.

Purchase of Duty and Entitlement Pass Book (DEPB)/Import License worth ₹ 3.91 crore, which are to be used for re-sale, was incorrectly allowed to be adjusted against custom duty payable resulting in incorrect grant of input tax credit of ₹ 20.55 lakh to a dealer.

• Stamp Duty (Revenue and Disaster Management Department)

The registering authorities misclassified conveyance on sale as release deeds and levied SD of ₹ 1,850 instead of ₹ 87.16 lakh as per Collector rate resulting in short levy of SD of ₹ 87.14 lakh.

Transport Department

• Taxes on Vehicles, Goods and Passengers {Excise and Taxation Department (Passengers and Goods Tax)}

Vehicle owners of 647 public or private carriers used for carrying goods had not deposited Goods tax for different periods between April 2013 and March 2015 resulting in non/short realisation of Goods tax of ₹ 41.45 lakh. In addition, interest of ₹ 19.36 lakh was also leviable.

Vehicle owners of 247 taxi cars/maxi cabs, 100 educational institution buses and 35 transport co-operative society buses either had not deposited or short deposited passenger tax resulting in non/short realisation of passenger tax of ₹ 51.76 lakh. In addition, interest of ₹ 21.93 lakh was also leviable.

Mines and Geology Department

Royalty and interest amounting to ₹ 11.72 lakh was not recovered from 31 brick kiln owners who had been issued permits between April 2013 and March 2016 in respect of four districts.

Audit Report No. 6 of 2016 PSUs (Social, General and Economic Sectors)

This Report contains 14 paragraphs and a performance audit on ‘Tariff, Billing and Collection of Revenue’ in Uttar Haryana Bijli Vitran Nigam Limited involving financial implications of ₹3,755.23 crore relating to avoidable expenditure, loss of interest and non-safeguarding of the financial interests. Some of the major findings are mentioned below:

1 About the State Public Sector Undertakings

The State of Haryana had 23 working PSUs (21 companies and two Statutory corporations) and six non-working companies which employed 29,246 employees. As on 31 March 2016, the investment (capital and long-term loans) in 29 PSUs was ₹41,068.02 crore. Out of the total investment in State PSUs, 99.93 *per cent* was in working PSUs and the remaining 0.07 *per cent* in non-working PSUs. The total investment consisted of 25.22 *per cent* towards capital and 74.78 *per cent* in long-term loans. Power sector accounted for over 91.22 *per cent* of the total investment. The State Government contributed ₹8,383.81 crore towards equity, loans and grants/ subsidies in 15 PSUs during 2015-16.

Performance of Public Sector Undertakings

Out of 23 working PSUs, 17 PSUs submitted their 21 accounts up to September 2016. Of these, 14 accounts reflected profit of ₹306.69 crore and seven accounts reflected losses of ₹2,125.53 crore. Further, as per the dividend policy of the State Government, all PSUs are required to pay a minimum return of four *per cent* on the paid up share capital contributed by the State Government. Out of the profit making PSUs, only three PSUs declared dividend of ₹5.64 crore.

Arrears in finalisation of accounts

22 working PSUs had arrears of 39 accounts as of 30 September 2016. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not and thus Government’s investment in such PSUs remained outside the control of State Legislature.

2 Performance audit of Government Companies

A performance audit of ‘Tariff, Billing and Collection of Revenue’ in Uttar Haryana Bijli Vitran Nigam Limited brought out under recovery of service charges and rent, avoidable interest loss and excess supply of power that adversely impacted the financial position of the Company. The important audit findings are as under:

The Company recovers Service Connection Charges from consumers to recover the cost incurred while releasing electricity connections. Non-revision of rates after January 2001 resulted in under-recovery of ₹124.24 crore from consumers during the period from 2011-12 to 2014-15.

Haryana Electricity Regulatory Commission (HERC) allowed recovery of Regulatory Assets (RAs) of ₹114.49 crore out of accumulated RAs of ₹254.42 crore as a part of tariff for 2013-14. The Company had not taken up the matter of

recovery of balance RAs of ₹139.93 crore with HERC while filing Annual Revenue Requirements (ARRs) under the Multi Year Tariff (MYT) framework for 2014-17.

The Company supplied 15,952.82 MUs of power against HERC approval of 15,233.50 MUs during 2011-15 to agricultural pump set consumers resulting in short receipt of subsidy of ₹425.97 crore due to excess supply of 719.32 MUs of power.

The Company had to bear a holding cost of ₹137.86 crore due to delay in filing of claim for Fuel Surcharge Adjustments.

The Company had to suffer interest loss of ₹30.60 crore due to non-revision of Advance Consumption Deposit.

Under-charging of meter rent, delay in issue of first bills to consumers and non-adherence to the periodicity of billing led to loss of ₹ 12.73 crore. The loss of revenue was potentially higher due to increase in unauthorised use of load and delay in replacement of defective/ damaged meters and of electromechanical meters with static meters.

The Company also had to sustain loss of ₹1,729.75 crore due to its failure to contain transmission and distribution losses as per the prescribed norms of HERC.

3 Transaction audit observations

Transaction audit observations included in the Report highlight deficiencies in the management of State Government Companies and Statutory Corporation, which had serious financial implications. Important findings are as under:

Haryana Vidyut Prasaran Nigam Limited

- Lack of timely action to enforce terms of Notice Inviting Tender relating to validity of security bid coupled with issue of purchase orders before signing of contract resulted in firm backing out from contract after being declared the lowest bidder. The Company has yet to recover the bid security of ₹48 lakh.
- Failure of Company to fully encash a bank guarantee on default of contractor resulted in non-recovery of ₹36.36 lakh.
- The Company breached the confidentiality of bid evaluation process and had to incur an extra expenditure of ₹2.02 crore in re-tendering of work.

Uttar Haryana Bijli Vitran Nigam Limited

- Procurement of cables without considering actual consumption led to blocking of funds of ₹ 7.70 crore and avoidable interest thereon of ₹ 1.68 crore.
- Release of payment without first ascertaining physical progress of work resulted in excess payment of ₹ 1.04 crore.
- Non-encashment of the performance bank guarantee resulted in Company suffering loss of ₹ 1.17 crore besides loss of ₹ 0.60 crore on account of interest on borrowed funds. Damaged transformers valuing ₹ 1.95 crore have remained unutilised for long periods.

Dakshin Haryana Bijli Vitran Nigam Limited

- Non-compliance with provisions of Electricity Act, 2003 and HERC

Regulations 2014 by the Company led to non recovery of ₹ 84.14 lakh.

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

- Implementation of R-APDRP suffered from delays as well as unfruitful expenditures. Towns were declared 'Go Live' though they did not fulfill the criteria for being declared 'Go Live'. Expenditure of ₹ 6.89 crore incurred on consultants proved unfruitful as the detailed project report prepared by them remained unutilised. Delay in updating of software to incorporate revised tariff resulted in delay in realisation of ₹ 299.96 crore.
- Transformer repair workshops were low on efficiency leading to accumulation of unrepaired distribution transformers which impacted the maintenance of distribution networks. The percentage of repaired distribution transformers to damaged distribution transformers decreased from 57 *per cent* to 31 *per cent* in UHBVNL and from 70 *per cent* to 22 *per cent* in DHBVNL during the three year period till 2015-16. This was attributable to delay in finalisation of tender for repair and failure of Companies to provide the required raw materials and space to the firms.

Haryana Mass Rapid Transport Corporation Limited

- HUDA entered into a concession contract assuming 80 *per cent* of liabilities of concessionaire in the event of termination of the contract and default of the concessionaire without full visibility as to the costing of the project and the extent of its potential liabilities. HUDA and its successor HMRTC failed to enforce the terms of the concession contract which resulted in non-recovery of interest of ₹ 1.57 crore for delayed payment of connectivity charges and charging of excess passenger fares amounting to ₹ 11.84 crore by the concessionaire.

Haryana Financial Corporation

- Corporation suffered loss of ₹ 10.43 crore in 15 accounts due to violation of the guidelines of One Time Settlement Schemes. The Corporation could not recover outstanding dues of ₹ 38.29 crore due to non-availability of security or defective title of the security and had to write off this amount.

Haryana Forest Development Corporation Limited

- The Company could neither achieve the profit targets fixed by it nor could it ensure the expected return from felled timber and forest produce. The Company also suffered a loss of ₹ 3.27 crore due to less recovery compared to norms of minimum 50 *per cent* fixed for the recovery of round timber and faulty planning in respect of plantation project on unsuitable land.

Haryana Agro Industries Corporation Limited

- Failure to comply with instructions of supply of wheat directly to Food Corporation of India resulted in the Company having to bear carryover charges of ₹ 2.29 crore.

Officers in the office of the Principal Accountant General (Audit), Haryana who may be contacted for detailed information on Audit Reports

Report/Sector	Name and designation of Officers	Telephone Nos.
1. State Finances, Social, General, Economic and Revenue Sectors	Ms. Mahua Pal, IA&AS Principal Accountant General	0172-2660704
2. Social and General Sectors (Non-PSUs)	Shri Kumar Abhay, IA&AS Sr. Deputy Accountant General	0172-2660851
3. Revenue Sector		
4. Economic Sector (Non-PSUs)	Shri Padmakar Kushwaha, IA&AS Deputy Accountant General	0172-2612737
5. State Finances		
6. Economic Sector (PSUs)		

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