



EPITOME OF REPORTS
OF
COMPTROLLER AND AUDITOR GENERAL OF INDIA
ON
GOVERNMENT OF HARYANA
FOR THE YEAR ENDED 31 MARCH 2017



Principal Accountant General (Audit) Haryana, Chandigarh

Please visit our website www.cag.gov.in for full text of Audit Reports

Epitome of Reports

of

Comptroller and Auditor General of India

ON

Government of Haryana

for the year ended 31 March 2017

Principal Accountant General (Audit) Haryana, Chandigarh

CONTENTS

Sr. No.	Description	Page No.
	Preface	iii
Audit Report No. 4 of 2017 State Finances		
1.	Highlights	1
2.	Finances of the State Government	6
3.	Financial management and budgetary control	7
4.	Financial Reporting	7
Audit Report No. 5 of 2017 Social, General and Economic Sectors (Non-PSUs)		
5.	Highlights	9
6.	Performance Audit	12
	Working of Maharshi Dayanand University	12
	Management of jails in Haryana	12
7.	Compliance Audit	24
Audit Report No. 3 of 2017 Revenue Sector		
8.	Highlights	18
9.	Trends of revenue receipts	19
10.	System appraisal/Performance Audit	20
	Exemption and Concessions against declaration forms	20
11.	Important audit findings included as paragraphs	20
	Taxes on Vehicles, Goods and Passengers (Transport Department)	20
	Mines and Geology Department	20
Audit Report No. 2 of 2017 Public Sector Undertakings (Social, General and Economic Sectors)		
12.	About the State Public Sector Undertakings	21
13.	Performance audit of Government Company	21
	Acquisition of land, Development of Industrial Estates and their management	21
14.	Transaction audit observations	22

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 2017. 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-Public Sector Undertakings) 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 2017 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 2016-17.

Highlights

- Revenue receipts of ₹ 52,496.82 crore during 2016-17 increased by ₹ 4,940.27 crore (10.39 per cent) over the previous year. The State's own tax revenue of ₹34,025.68 crore fell short by 15.36 per cent and 27.64 per cent vis a vis projection made in Mid-term Fiscal Policy Statement (MTFPS) (₹40,199.51 crore) and target fixed by Fourteenth Finance Commission (FFC) (₹47,024 crore) respectively. The non-tax revenue (₹6,196 crore) increased by 43.83 per cent of the target fixed by FFC (₹ 4,308 crore) and fell short by 25.42 per cent of projection made in MTFPS (₹ 8,308 crore) respectively for the year 2016-17. Revenue Receipts of ₹ 2,483 crore collected under Haryana Rural Development fund were not credited to Consolidated Fund of the State during 2011-16.
- Revenue expenditure increased by 15 per cent from ₹59,236 crore in 2015-16 to ₹68,403 crore in 2016-17 and was higher than the normative assessment of FFC (₹50,334 crore) but less than the projections made in MTFPS (₹ 69,397 crore). Non-Plan component (₹ 46,284 crore) was 68 per cent of revenue expenditure which was less than the projection made in MTFPS (₹48,482.76 crore). The four components of committed expenditure i.e. salary and wages, interest, pension and subsidies constituted 83 per cent of non-plan revenue expenditure.
- Interest payments (₹ 10,542 crore) increased by 27.25 per cent during the year over 2015-16 and were higher than the limit fixed by FFC (₹8,934 crore) and MTFPS (₹ 10,490 crore).
- Fourteen projects of two departments which were scheduled to be completed between May 2014 and March 2017 were still incomplete (June 2017). 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 0.05 and 0.17 per cent in the past five years while the Government paid an average interest of 8 to 9.86 per cent on its borrowings. The State Government has made investment of ₹2,025.25 crore and disinvestment of ₹26.27 crore resulting in net investment of ₹1,998.98 crore during 2016-17. Out of this, ₹1,927.98 crore were invested in the equity capital of four power companies.
- Overall fiscal liabilities of the State were ₹1,46,371 crore as on 31 March 2017. Out of this, internal debt was ₹1,22,617 crore. Fiscal liabilities were 26.74 per cent of Gross State Domestic Product and 2.79 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 ₹11,679

crore of 2015-16 to ₹15,906 crore in 2016-17. The trends in other fiscal parameters, i.e. fiscal and primary deficits which stood at ₹31,479 crore and ₹23,195 crore respectively in 2015-16 decreased to ₹ 26,285 crore and ₹15,743 crore respectively in 2016-17.

- During 2016-17, expenditure of ₹93,069.66 crore was incurred against total grants and appropriations of ₹ 1,12,659.46 crore. Overall savings of ₹19,589.80 crore were the result of saving of ₹19,846.78 crore in various grants and appropriation offset by excess expenditure of ₹256.98 crore in five grants which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹2,841.81 crore in grants relating to the period 2011-12 to 2015-16.
- In 50 cases, ₹22,180.04 crore was surrendered at the end of the financial year. In 12 cases, ₹11,870.37 crore were surrendered against the savings of ₹9,361.43 crore resulting in excess surrender (₹2,508.94 crore) than actual savings. Further, out of savings of ₹9,968.73 crore in 30 cases, savings of ₹823.41 crore were not surrendered. There were instances both of inadequate provision of funds and unnecessary or excessive re-appropriations.
- Expenditure of ₹2,015.61 crore (40 per cent) in 18 major heads under 16 grants was incurred during the month of March 2017 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 2016-17 was only ₹ 33,124 crore (88.88 per cent) against the assessed amount of ₹ 37,266 crore. No expenditure was incurred in 15 schemes with approved plan outlay of ₹143.53 crore. During 2016-17, 68 plan schemes for which the outlay of ₹5,125.75 crore approved for execution was reduced to ₹3,158.30 crore in the revised estimates. Only ₹1,494.87 crore was spent on these schemes which was 47 per cent of the revised outlay. In 93 schemes, expenditure of ₹1,981.65 crore (60.54 per cent) was incurred against the approved outlay of ₹3,273.29 crore, which was much less than the provision made.
- 1,879 Utilization certificates in respect of loans and grants of ₹9,062.62 crore provided by various departments were in arrear as on 31 March 2017. 147 annual accounts of 73 autonomous bodies/authorities to which financial assistance was provided by State Government were in arrear as on 31 July 2017. Out of 29 autonomous bodies, whose audit has been entrusted to the Comptroller and Auditor General of India by the State, two had delayed submission of their annual accounts for more than five years.
- State Government reported 98 cases of misappropriation, defalcation, etc. involving Government money amounting to ₹1.41 crore on which final action was pending as of June 2017. Out of these, 77 cases were more than five years old.
- During 2016-17, 17.94 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 2016-17

(₹ in crore)

Receipts	2015-16	2016-17	Disbursements	2015-16	2016-17		
					Non-plan	Plan	Total
Section-A: Revenue							
Revenue receipts	47,556.55	52,496.82	Revenue expenditure	59,235.70	46,284.16	22,119.27	68,403.43
Tax revenue	30,929.09	34,025.68	General Services	18,713.33	21,447.06	183.73	21,630.79
Non-tax revenue	4,752.48	6,196.09	Social Services	21,538.86	11,865.44	13,608.05	25,473.49
Share of Union Taxes/ Duties	5,496.22	6,597.47	Economic Services	18,690.36	12,547.72	8,327.49	20,875.21
Grants from Government of India	6,378.76	5,677.58	Grants-in-aid and Contributions	293.15	423.94	-	423.94
Section-B: Capital and others							
Misc. Capital Receipts	29.98	26.27	Capital Outlay	6,908.33	304.30	6,558.80	6,863.10
Recoveries of Loans and Advances	328.28	973.23	Loans and Advances disbursed	13,250.29	68.93	4,445.98	4,514.91
Public Debt receipts	37,998.43	28,169.52	Repayment of Public Debt	7,214.68	-	-	5,275.84
Contingency Fund	63.22	80.14	Contingency Fund	63.22	-	-	80.14
Public Account receipts	29,055.78	32,107.64	Public Account disbursements	28,649.81	-	-	29,275.67
Opening Cash Balance	6,507.52	6,217.73	Closing Cash Balance	6,217.73	-	-	5,658.26
Total	1,21,539.76	1,20,071.35	Total	1,21,539.76			1,20,071.35

(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	65,019.28	3,604.84	68,624.12	58,048.66	(-)10,575.46
	II Capital	18,612.53	172.76	18,785.29	14,384.39	(-)4,400.90
	III Loans and Advances	4,729.39	61.96	4,791.35	4,514.91	(-)276.44
Total Voted		88,361.20	3,839.56	92,200.76	76,947.96	(-)15,252.80
Charged	IV Revenue	10,654.46	5.74	10,660.20	10,717.06	56.86
	V Capital	95.00	26.00	121.00	128.80	7.80
	VI Public Debt Repayments	9,677.50	0.00	9,677.50	5,275.84	(-)4,401.66
Total Charged		20,426.96	31.74	20,458.70	16,121.70	(-)4,337.00
Appropriation to Contingency Fund		-	-	-	-	-
Grand Total		108,788.16	3,871.30	112,659.46	93,069.66	(-)19,589.80

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 (₹ 362.29 crore) and Capital Heads (₹ 7,650.10 crore).

Time Series Data on State Government Finances

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Part A. Receipts					
1. Revenue Receipts	33,634	38,012	40,799	47,557	52,497
(i) Tax Revenue	23,559(70)	25,567(67)	27,635(67)	30,929 (65)	34,026 (65)
Taxes on Sales, Trade, etc.	15,377(65)	16,774(66)	18,993(69)	21,060 (68)	23,488 (69)
State Excise	3,236(14)	3,697(14)	3,470(13)	4,371 (14)	4,613 (13)
Taxes on Vehicles	887(4)	1,095(4)	1,192(4)	1,401 (5)	1,583 (5)
Stamps duty and Registration fees	3,326(14)	3,203(13)	3,109(11)	3,191 (10)	3,283 (10)
Land Revenue	13	12	15	15	16
Taxes on goods and passengers	471(2)	498(2)	527(2)	554 (2)	595 (2)
Taxes and duties on Electricity	192(1)	219(1)	240(1)	257 (1)	276 (1)
Other Taxes	57	69	89	80	172
(ii) Non-Tax Revenue	4,673(14)	4,975(13)	4,613(13)	4,753 (10)	6,196 (12)
(iii) State's share in Union taxes and duties	3,062(9)	3,343(9)	3,548(9)	5,496 (12)	6,597 (12)
(iv) Grants-in-aid from Government of India	2,340(7)	4,127(11)	5,003(13)	6,379 (13)	5,678 (11)
2. Miscellaneous Capital Receipts	11	10	19	30	26
3. Recoveries of Loans and Advances	349	262	273	328	973
4. Total Revenue and Non debt capital receipt (1+2+3)	33,994	38,284	41,091	47,915	53,496
5. Public Debt Receipts	15,213	17,604	18,859	37,998	28,170
Internal Debt (excluding Ways and Means Advances and Overdrafts)	15,162 (100)	17,263(98)	18,728(99)	37,901 (100)	28,047 (100)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	0	
Loans and Advances from Government of India	51	341(2)	131(1)	97	123
6. Total Receipts in the Consolidated Fund (4+5)	49,207	55,888	59,950	85,913	81,666
7. Contingency Fund Receipts	-	-	-	63	80
8. Public Accounts receipts	22,709	26,548	28,064	29,056	32,108
9. Total receipts of the State (6+7+8)	71,916	82,436	88,014	1,15,032	1,13,854
Part B. Expenditure/disbursement					
10. Revenue Expenditure	38,072	41,887	49,118	59,236	68,403
Plan	9,456(25)	10,152(24)	12,760(26)	18,561 (31)	22,119 (32)
Non-plan	28,616(75)	31,735(76)	36,358(74)	40,675 (69)	46,284 (68)
General Services (including Interests payments)	11,897(31)	13,597(32)	16,765(34)	18,713 (32)	21,631 (32)
Economic Services	11,557(30)	12,740(30)	13,088(27)	18,691 (32)	20,875 (30)
Social Services	14,516(38)	15,414(37)	19,120(39)	21,539 (36)	25,473 (37)
Grants-in-aid and contributions	102	136(1)	145	293	424(1)
11. Capital Expenditure	5,762	3,935	3,716	6,908	6,863
Plan	4,191(73)	5,067(129)	4,837(130)	6,624 (96)	6,559 (96)
Non-plan	1,571(27)	(-),1,132 (-29)	(-) 1,121 (-30)	284 (4)	304 (4)
General Services	251(4)	282(7)	291(8)	460 (7)	399 (6)
Economic Services	4,065(71)	1,829(46)	1,527(41)	4,908 (71)	4,877 (71)
Social Services	1,446(25)	1,824(46)	1,898(51)	1,540 (22)	1,587 (23)
12. Disbursement of Loans and Advances	522	776	843	13,250	4,515
13. Total (10+11+12)	44,356	46,598	53,677	79,394	79,781
14. Repayments of Public Debt	5,951	7,968	8,227	7,215	5,276
Internal Debt (excluding Ways and Means Advances and Overdrafts)	5,825(98)	7,800(98)	8,073(98)	7,039 (98)	5,090 (96)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	
Loans and Advances from Government of India	126(2)	168(2)	154(2)	176 (2)	186 (4)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	50,307	54,566	61,904	86,609	85,057

	2012-13	2013-14	2014-15	2015-16	2016-17
17. Contingency Fund disbursements	-	-		63	80
18. Public Accounts disbursements	21,074	24,560	25,609	28,650	29,276
19. Total disbursement by the State (16+17+18)	71,381	79,126	87,513	1,15,322	1,14,413
<i>Part C. Deficits/Surplus</i>					
20. Revenue Deficit (-)/Surplus (+) (1-10)	(-)4,438	(-) 3,875	(-) 8,319	(-)11,679	(-)15,906
21. Fiscal Deficit(-)/Surplus(+) (4-13)	(-)10,362	(-) 8,314	(-) 12,586	(-)31,479	(-)26,285
22. Primary Deficit (-)/surplus (+) (21+23)	(-)5,618	(-) 2,464	(-) 5,658	(-)23,195	(-)15,743
<i>Part D. Other data</i>					
23. Interest Payments (included in revenue expenditure)	4,744	5,850	6,928	8,284	10,542
24. Financial Assistance to local bodies etc.	4,648	4,540	6,106	10,766	12,647
25. Ways and Means Advances (WMA)/Overdraft availed (days)	347(12)	109 (4)	-	0	0
26. Interest on WMA/Overdraft	0.78	0.03	-	0	0
27. Gross State Domestic Product (GSDP)¹	3,47,032	4,00,662	4,37,462	4,85,184	5,47,396
28. Outstanding Fiscal liabilities (year end)	64,818	76,263	88,446	1,20,718	1,46,371
29. Outstanding guarantees including interest and guarantee fee (year end)	21,124	27,309	30,389	16,886	8,260
30. Number of incomplete projects	14	40	14	18	14
31. Capital blocked in incomplete projects (₹ in crore)	48	398	62.19	98.65	199.17
<i>Part E: Fiscal Health Indicators</i>					
I Resource Mobilisation					
Own Tax revenue/GSDP	0.068	0.064	0.063	0.064	0.062
Own Non-Tax Revenue/GSDP	0.013	0.012	0.011	0.010	0.011
Central Transfers/GSDP	0.009	0.008	0.008	0.011	0.012
II Expenditure Management					
Total Expenditure/GSDP	0.128	0.116	0.123	0.164	0.146
Total Expenditure/Revenue Receipts	1.319	1.226	1.316	1.669	1.520
Revenue Expenditure/Total Expenditure	0.858	0.899	0.915	0.746	0.857
Expenditure on Social Services/Total Expenditure	0.360	0.370	0.392	0.291	0.339
Expenditure on Economic Services/Total Expenditure	0.352	0.313	0.272	0.297	0.323
Capital Expenditure/Total Expenditure	0.130	0.084	0.069	0.087	0.086
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.124	0.078	0.064	0.081	0.081
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	-0.013	-0.010	-0.019	-0.024	-0.029
Fiscal deficit/GSDP	-0.030	-0.021	-0.029	-0.065	-0.048
Primary Deficit (surplus) /GSDP	-0.016	-0.006	-0.013	-0.048	-0.029
Revenue Deficit/Fiscal Deficit	0.428	0.466	0.661	0.371	0.605
Primary Revenue Balance/GSDP	-0.018	-0.016	-0.025	-0.031	-0.032
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.19	0.19	0.20	0.25	0.27
Fiscal Liabilities/RR	1.927	2.006	2.168	2.538	2.788
V Other Fiscal Health Indicators					
Return on Investment	7.05	6.49	5.80	15.89	5.89
Balance from Current Revenue (₹ in crore)	3,741	4,406	1,161	4,510	3,614
Financial Assets/Liabilities	0.75	0.74	0.68	0.67	0.62

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

I 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 ₹ 11,679 crore of 2015-16 to ₹ 15,906 crore in 2016-17. The trends in other fiscal parameters, i.e. fiscal and primary deficits which stood at ₹ 31,479 crore and ₹ 23,195 crore respectively in 2015-16 decreased to ₹ 26,285 crore and ₹ 15,743 crore respectively in 2016-17.
Revenue Receipts	Revenue receipts during 2016-17 increased by ₹ 4,940.27 crore (10.39 <i>per cent</i>) over the previous year mainly due to increase in tax revenue ₹ 3,096.59 crore (10.01 <i>per cent</i>). Tax revenue for 2016-17 fell short by 27.64 <i>per cent</i> and non-tax revenue increased by 43.82 <i>per cent</i> of the targets fixed by Fourteenth Finance Commission (FFC). Revenue Receipts of ₹ 2,483.38 crore collected under Haryana Rural Development fund were not credited to Consolidated Fund of the State during 2011-16.
Tax Revenue and Non-Tax Revenues	Tax revenue increased by ₹ 10,466.66 crore (44.43 <i>per cent</i>) during 2012-17. All the major taxes and duties recorded increasing trend in the tax revenue during 2016-17. The actual receipts under non-tax revenue increased by ₹ 1,522.94 crore (32.59 <i>per cent</i>) during 2012-17. Non-Tax revenue (₹ 6,196.09 crore) constituted 11.80 <i>per cent</i> of the revenue receipt during 2016-17 registering increase of ₹ 1,443.61 crore (30.38 <i>per cent</i>) over the previous year.
Expenditure	Revenue expenditure during the year constituted 86 <i>per cent</i> of the total expenditure. Its Non-Plan Revenue Expenditure (NPRE) component at ₹ 46,284 crore was less by 4.54 <i>per cent</i> than the projection of Mid-Term Fiscal Policy Statement (MTFPS) (₹ 48,483 crore). Moreover, 86 <i>per cent</i> (₹ 6,619 crore) of total subsidies (₹ 7,654 crore) were only for the Energy Sector.
Committed expenditure	The total expenditure (₹ 33,207 crore) on salary, interest and pension payments was lower by ₹ 2,234 crore (6.30 <i>per cent</i>) than the projections by the Government in MTFPS (₹ 35,441 crore) and consumed 63 <i>per cent</i> of revenue receipts. The four components, i.e. salary and wages, interest, pension payment and subsidies constituted about 83 <i>per cent</i> of the NPRE during 2016-17.
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 0.05 and 0.17 <i>per cent</i> in the past five years while the Government paid an average interest of 8 to 9.86 <i>per cent</i> on its borrowings. During 2016-17, out of this, ₹ 1,927.98 crore were invested in the equity capital of four power companies.

Total indebtedness	The overall fiscal liabilities of the State increased from ₹ 64,818 crore in 2012-13 to ₹ 1,46,371 crore in 2016-17 registering an increase of 125.82 <i>per cent</i> mainly due to increase in internal debt (₹ 73,937 crore) and public account liabilities (₹ 7,608 crore). The ratio of fiscal liabilities to Gross State Domestic Product (GSDP) showed increasing trend and increased from 18.68 <i>per cent</i> in 2012-13 to 26.74 <i>per cent</i> in 2016-17. These liabilities were 2.79 times the revenue receipts and 3.64 times the State's own resources as at the end of 2016-17. Payment of interest on the fiscal liabilities was ₹ 10,542 crore (7.20 <i>per cent</i>) during the year 2016-17. It is significant to note that fiscal liabilities at ₹ 1,46,371 crore were higher than the limit of ₹ 1,40,831 crore projected in the MTFPS for the year 2016-17.
---------------------------	--

II Financial management and budgetary control	
Excess expenditure not regularized	During 2016-17, expenditure of ₹ 93,069.66 crore was incurred against total grants and appropriations of ₹ 1,12,659.46 crore. Overall savings of ₹ 19,589.80 crore were the result of saving of ₹ 19,846.78 crore in various grants and appropriation offset by excess expenditure of ₹ 256.98 crore under three grants which required regularisation under Article 205 of the Constitution of India in addition to excess expenditure of ₹ 2,841.81 crore in grants relating to the period 2011-12 to 2015-16.
Unnecessary/ inadequate supplementary provision	Supplementary provisions aggregating ₹ 1,536.89 crore obtained in 24 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 54 cases, the expenditure of ₹ 1,311.53 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 30 cases against the savings of ₹ 9,968.73 crore, ₹ 823.41 crore were not surrendered. In 12 cases, ₹ 11,870.37 crore were surrendered against the savings of ₹ 9,361.43 crore and in Grants 6-Finance (Revenue Charged) and 24-Irrigation (Capital Voted) even though the actual expenditure exceeded by ₹ 71.27 crore and ₹ 176.99 crore respectively, funds of ₹ 562.77 crore and ₹ 172.54 crore were injudiciously surrendered.

III Financial Reporting	
Delay in furnishing utilization certificates	As on 31 March 2017, of the 14,780 Utilisation Certificates (UCs) due for submission, 1,879 UCs for an aggregate amount of ₹ 9,062.62 crore were in arrears. 1,041 UCs (55 <i>per cent</i>) were outstanding from Rural Development Department. 903 UCs (48 <i>per cent</i>) were in arrear for the grants released during the period between 2008-09 and 2014-15.

Non-submission/ delay in submission of accounts	A total of 147 annual accounts of 73 autonomous bodies/authorities were awaited as on 31 July 2017, to whom grants of ₹ 455.04 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 2016-17, expenditure aggregating ₹ 13,502.60 crore (17.94 <i>per cent</i> of total expenditure ²) was classified under Minor Head-800 under various revenue and capital Major Heads. More than 90 <i>per cent</i> of total expenditure on power subsidy, medium irrigation, civil aviation, tourism and miscellaneous general services were classified under omnibus Minor Head-800 instead of depicting these under distinct heads of accounts.

² Excluding loans and advances.

Audit Report No. 5 of 2017 Social, General and Economic Sectors (Non-PSUs)

This Report contains two Performance Audits i.e. (i) Working of Maharshi Dayanand University and (ii) Management of jails in Haryana and 23 paragraphs relating to excess, irregular, unfruitful expenditure, avoidable payment, losses to State Government, shortcomings in implementation of rules and programmes, etc;

Highlights

Performance Audit- Working of Maharshi Dayanand University

➤ *Academic Planning Board for preparation of short term and long term development plans was not constituted. Non-investment of surplus funds in fixed deposits resulted in loss of interest of ₹51.71 lakh. Temporary advances of ₹11.18 crore were lying unadjusted. Work of computerisation was allotted in a non-transparent manner. Payment of ₹26.31 crore was made in excess of contract agreement. Further, the work was lying incomplete. Teaching posts (Regular) between 18 and 26 per cent and teaching posts (Self Financing Schemes) between 52 and 55 per cent were lying vacant. Out of 92 research projects, only 37 were completed. Out of incomplete projects, 21 had crossed their scheduled date of completion. Overall pass percentage of Students declined from 55 per cent in 2012-13 to 41 per cent in 2015-16. An expenditure of ₹ 10.98 crore incurred on establishment of Choudhary Ranbir Singh Institute of Social and Economic Change was rendered unfruitful because of non-fulfillment of its objectives. Printing press of the University suffered loss of ₹4.53 crore due to underutilisation of its capacity.*

Performance Audit- Management of jails in Haryana

➤ *Perspective plan for identifying the thrust areas requiring attention was not prepared. New jail manual on the lines of modern prison manual of Government of India was not prepared. There was shortage of arms and ammunition, security equipment and existence of high rise buildings and common roads adjoining jails which were security threats to jails. Capacity utilization of jails was imbalanced as inmates of three overcrowded jails were not shifted to other jails where space was available. Besides, two female hostels and a school building in District Jail Faridabad were lying unutilised for last seven years. In District Jail, Narnaul, prisoners suffering from tuberculosis (TB) were kept along with other prisoners posing health hazard. There were insufficient beds in jail hospitals, lack of medical infrastructure, non-availability of lady doctors for female inmates and non-deployment of psychiatric counsellors. Working of jail factories was not satisfactory as factories were operational only in 9 out of 19 jails in the State Concept of open jail and rehabilitation of prisoners after their release required attention. The State Advisory Board to advise the State Government on matters relating to correctional work in prisons was not constituted.*

Compliance Audit

- *Delayed/non-submission of requisite documents to Food Corporation of India (FCI) and non-transfer the funds to Government Account by the concerned District Food and Supplies Controllers led to non-recovery of ₹ 18.65 crore from FCI and increased interest burden of ₹ 21.12 crore on State exchequer.*
- *Poor planning and failure to finalise structure for supply of water for irrigation by Forest Department resulted in unfruitful expenditure of ₹ 2.86 crore.*
- *An audit of Information, Public Relations and Languages Department relating to expenditure on publicity and advertisement brought out instances of publishing of advertisement in newspapers outside the State, in the language other than the language of newspapers, unfruitful expenditure on an advertisement without notification of the scheme and excess payment of ₹ 51.52 lakh on advertisement bills. Fixing of hoardings in violation of Municipal Bye laws resulted in their re-fixing at other places leading to extra expenditure of ₹ 2.79 crore. Rupees 63.92 lakh were spent on advertisement on roadways buses, benefits of which were drawn for a very short period.*
- *Non-utilization of funds on welfare schemes for construction workers by the Haryana Building and Other Construction Workers Welfare Board, deprived the beneficiaries of intended benefits, besides avoidable payment of income tax of ₹ 22.76 crore and further liability of ₹ 47.07 crore.*
- *The Executive Engineer, Public Health Engineering Division, Kaithal executed the work with higher specifications on his own resulting in construction of only 38 per cent drain work with the sanctioned amount. The work remained incomplete leading to idle expenditure of ₹ 3.11 crore.*
- *Public Health Engineering Department procured 131 chlorination plants for ₹ 6.39 crore in violation of financial rules. Besides, undue financial benefit was extended to an agency by paying maintenance charges of ₹ 2.27 crore in advance.*
- *Sewerage scheme of Ambala Sadar town remained incomplete after incurring expenditure of ₹ 16.73 crore. Besides ₹ 2.74 crore was paid to an agency without actual execution of work at site.*
- *Regular traffic census was not being conducted for assessing the need for widening and strengthening of roads, in the absence of which State Highways were not being widened/strengthened as per criteria and other important roads were also not being upgraded as State Highways despite their fulfilling the criteria. The laid down control mechanism was not followed in execution of works, resulting in excess expenditure of ₹ 12.53 crore over the administrative approval and execution of items of ₹ 3.43 crore not specified in detailed estimates. The projects were delayed substantially leading to cost over-run of ₹ 1.58 crore and loss of revenue of ₹ 3.94 crore on account of toll fees.*
- *Funds were kept outside the Government account by three Land Acquisition Officers resulting in increased interest burden of ₹ 15.81 crore. Besides,*

interest of ₹ 9.52 crore earned on savings bank accounts was not deposited in Government account.

- An audit of Development of Infrastructure in Technical Institutes for Skill Development in Technical Education Department brought out lack of planning as five out of seven new Polytechnics were not made functional despite spending ₹ 60.11 crore. Ten new Polytechnics were approved at ₹ 157.17 crore despite seats remaining vacant in existing Polytechnics. Basic infrastructure in existing Polytechnics was found lacking despite availability of funds. Boys' hostel constructed at Ambala at a cost of ₹ 4.98 crore without any demand was lying unutilized. Some polytechnics faced staff shortage. Pass percentage and campus placement of students was poor in polytechnics.
- Due to lack of co-ordination, Town and Country Planning Department and Haryana Urban Development Authority (HUDA) failed to recover Government dues of ₹ 14.29 crore from a defaulter developer. HUDA paid ₹ 14.34 crore to the developer instead of recovering/adjusting the Government dues.
- Allotment of work by HUDA for laying of Master Water Supply Pipelines for new Sectors 58 to 115 Gurugram without ensuring availability of clear site not only led to idle expenditure of ₹ 4.12 crore but also benefits of water supply in the area could not be derived.
- Failure of HUDA to ensure encumbrance free land at Gurugram for the project for providing distribution mains for recycled water, rendered the expenditure of ₹ 108 crore incurred on the project idle.
- Town and Country Planning Department granted licence for developing commercial colony by changing specified area for Special Zone to Commercial land use without notification. Undue favour of ₹ 18.94 crore was granted to a developer.
- Procurement of excess DI pipes by HUDA without ensuring the actual requirement resulted in blockade of funds of ₹ 20.80 crore.
- Under Swachh Bharat Mission households having insanitary toilets were not identified in 12 test-checked municipalities and community and public toilets were not constructed in 23 municipalities. Incentives of ₹ 1.80 crore were released to 2,571 beneficiaries without verification of their genuineness. Further, only partial incentives were released to 2,192 beneficiaries in urban areas and 1,364 beneficiaries in rural areas. There were cases of double/triple payments of incentive and shortfall in coverage of households. There was also lack of awareness, monitoring and social audit.
- District Welfare Officer, Jhajjar made payment of ₹ 5.15 crore as scholarships to students without ensuring full documentation and genuineness of the claims resulting in fraudulent payment of ₹ 5.15 crore.

PERFORMANCE AUDIT

1. Working of Maharshi Dayanand University

Maharshi Dayanand University was established in 1976 with the main objective of promoting and developing interdisciplinary higher education. A performance audit of the University brought out lack of planning, deficiencies in financial management, non-enforcement of infrastructure and academic standards in affiliated colleges, manpower and infrastructure deficiencies in the classes which impaired the ability of the University to achieve its overall objectives. Some of the major findings are as below:

Major Audit Findings

Non-constitution of Academic Planning Board	Academic Planning Board for preparation of short term and long term development plans was not constituted.
Imprudent financial management and Non-adjustment of temporary advances	Non-investment of surplus funds in fixed deposits resulted in loss of interest of ₹ 51.71 lakh. Temporary advances of ₹ 11.18 crore were lying unadjusted.
Allotment of work in non-transparent manner	Work of computerisation was allotted in a non-transparent manner. Payment of ₹ 26.31 crore was made in excess of contract agreement. Further, the work was lying incomplete.
Vacancies in teaching cadres	Teaching posts (Regular) between 18 and 26 <i>per cent</i> and teaching posts (Self Financing Schemes) between 52 and 55 <i>per cent</i> were lying vacant.
Deterioration in research and academic performance	Out of 92 research projects, only 37 were completed. Out of incomplete projects, 21 had crossed their scheduled date of completion. Overall pass percentage of Students declined from 55 <i>per cent</i> in 2012-13 to 41 <i>per cent</i> in 2015-16.
Non-functional Chaudhary Ranbir Singh Institute of Social and Economic Change	An expenditure of ₹ 10.98 crore incurred on establishment of Chaudhary Ranbir Singh Institute of Social and Economic Change was rendered unfruitful because of non-fulfillment of its objectives.
Losses in working of Printing Press	Printing press of the University suffered loss of ₹ 4.53 crore due to under utilisation of its capacity.

2. Management of jails in Haryana

The management and administration of jails is governed by the Prisons Act, 1894, Prisoners Act, 1900 and the Punjab Jail Manual 1894 as applicable to Haryana. The main purpose of establishing jails is to confine offenders and to have social

reclamation programmes for their rehabilitation and reintegration into society on their release from jails. A performance audit of management of jails in Haryana brought out deficiencies in planning, financial management, providing safety, security, facilities and privileges to prisoners and their rehabilitation which undermined the objectives of the Department. Some of the significant audit findings are as follows:

Major Audit Findings

Non-formulation of perspective plan and new jail manual	Perspective plan for identifying the thrust areas requiring attention was not prepared. New jail manual on the lines of modern prison manual of Government of India was not prepared.
Accumulation of funds with HSPHCL	As against the availability of funds of ₹ 97.77 crore with Haryana State Police Housing Corporation Limited (HSPHCL), only ₹ 68.69 crore was spent (70.25 per cent).
Shortage of arms and ammunition, security equipment, etc.	There was shortage of arms and ammunition, security equipment and existence of high rise buildings and common roads adjoining jails which were security threats to jails.
Overcrowding in the prisons. Non-utilisation of female hostels and a school building	Capacity utilization of jails was imbalanced as inmates of three overcrowded jails were not shifted to other jails where space was available. Besides, two female hostels and a school building in District Jail Faridabad were lying unutilised for last seven years.
Non-segregation of prisoners suffering from contagious diseases	In District Jail, Narnaul, prisoners suffering from tuberculosis (TB) were kept along with other prisoners posing health hazard.
Lack of medical facilities and infrastructure	There were insufficient beds in jail hospitals, lack of medical infrastructure, non-availability of lady doctors for female inmates and non-deployment of psychiatric counsellors.
Unsatisfactory working of jail factories	Working of jail factories was not satisfactory as factories were operational in 9 out of 19 jails in the State.
Non-setting up of open jails	Concept of open jail and rehabilitation of prisoners after their release required attention.
Inadequate internal control and monitoring	The State Advisory Board to advise the State Government on matters relating to correctional work in prisons and Board of Work Programme and Vocational Training for guidance, supervision and control of vocational training for after care homes for discharged prisoners were not constituted.

COMPLIANCE AUDIT

Food, Civil Supplies and Consumer Affairs Department

Non-realisation of claims and extra burden of interest

Delayed/non-submission of requisite documents to Food Corporation of India (FCI) and non-compliance of the instructions to transfer the funds to State Government Account by the concerned District Food and Supplies Controllers led to non-recovery of ₹ 18.65 crore from FCI and increased interest burden of ₹ 21.12 crore on State exchequer.

Forest Department

Unfruitful expenditure on water harvesting structure

Poor planning and failure to finalise structure for supply of water for irrigation by Forest Department resulted in unfruitful expenditure of ₹ 2.86 crore as the primary objective of the scheme to provide water for irrigation in village Pipal Ghatti (Panchkula) could not be achieved.

Information, Public Relations and Languages Department

Expenditure on publicity and advertisement

An audit of Information, Public Relations and Languages Department relating to expenditure on publicity and advertisement brought out instances of publishing of advertisement in newspapers outside the State, in the language other than the language of newspapers, unfruitful expenditure on an advertisement without notification of the scheme and excess payment of ₹ 51.52 lakh on advertisement bills. Third party monitoring services were not hired on video campaign for the period January 2013 resulting in excess and irregular payments. Fixing of hoardings in violation of Municipal Bye laws resulted in their re-fixing at other places leading to extra expenditure of ₹ 2.79 crore. Rupees 63.92 lakh were spent on advertisement on roadways buses, benefits of which were drawn for a very short period.

Labour and Employment Department

(Haryana Building and Other Construction Workers Welfare Board)

Non-utilization of funds on welfare schemes for construction workers leading to avoidable payment of income tax

Non-utilization of funds on welfare schemes for construction workers by the Haryana Building and Other Construction Workers Welfare Board, led to intended benefits not being extended to the beneficiaries, besides avoidable payment of income tax of ₹ 22.76 crore and further liability of ₹ 47.07 crore.

Public Health Engineering Department

Idle expenditure on incomplete work	The Executive Engineer, Public Health Engineering Division, Kaithal executed the work with higher specifications on his own resulting in construction of only 38 <i>per cent</i> drain work with the sanctioned amount. The work remained incomplete leading to idle expenditure of ₹ 3.11 crore.
Irregularities in procurement of chlorination plants	Public Health Engineering Department procured 131 chlorination plants for ₹ 6.39 crore in violation of financial rules. Besides, undue financial benefit was extended to an agency by paying maintenance charges of ₹ 2.27 crore in advance.
Unfruitful expenditure on incomplete scheme and making payment for the work not executed.	Sewerage scheme of Ambala Sadar town remained incomplete after incurring expenditure of ₹ 16.73 crore. Besides ₹ 2.74 crore was paid to an agency without actual execution of work at site.

Public Works Department (Buildings and Roads)

Construction and Maintenance of State Highways	Regular traffic census was not being conducted for assessing the need for widening and strengthening of roads, in the absence of which State Highways were not being widened/strengthened as per criteria and other important roads were also not being upgraded as State Highways despite their fulfilling the criteria. The laid down control mechanism was not followed in execution of works, resulting in excess expenditure of ₹ 12.53 crore over the administrative approval and execution of items of ₹ 3.43 crore not specified in detailed estimates. The projects were delayed substantially leading to cost over-run of ₹ 1.58 crore and loss of revenue of ₹ 3.94 crore on account of toll fees.
---	---

Revenue and Disaster Management Department

Extra burden of interest due to parking of funds outside the Government Account	Funds were kept outside the Government account by three Land Acquisition Officers in contravention of codal provisions resulting in increased interest burden of ₹ 15.81 crore. Besides, interest of ₹ 9.52 crore earned on savings bank accounts was not deposited in Government account.
--	--

Technical Education Department

Development of Infrastructure in Technical Institutes for Skill Development	An audit of Development of Infrastructure in Technical Institutes for Skill Development in Technical Education Department brought out lack of planning as five out of seven new Polytechnics were not made functional despite spending ₹ 60.11 crore. Ten new Polytechnics were approved at ₹ 157.17
--	--

crore despite seats remaining vacant in existing Polytechnics. Basic infrastructure in existing Polytechnics was found lacking despite availability of funds. Boys' hostel constructed at Ambala at a cost of ₹ 4.98 crore without any demand was lying unutilized. Some Polytechnics faced staff shortage. Pass percentage and campus placement of students was poor in Polytechnics.

**Town and Country Planning Department
(Haryana Urban Development Authority)**

Failure to recover Government dues from a defaulter developer	Due to lack of co-ordination, Town and Country Planning Department and Haryana Urban Development Authority (HUDA) failed to recover Government dues of ₹ 14.29 crore from a defaulter developer. HUDA paid ₹ 14.34 crore to the developer instead of recovering/adjusting the Government dues.
Idle expenditure due to non-providing of clear site	Allotment of work by HUDA for laying of Master Water Supply Pipelines for new Sectors 58 to 115 Gurugram without ensuring availability of clear site not only led to idle expenditure of ₹ 4.12 crore but also benefits of water supply in the area could not be derived.
Incomplete recycled sewerage water distribution pipeline	Failure of HUDA to ensure encumbrance free availability of land at Gurugram for the project for providing distribution mains for recycled water, even after lapse of more than three years, rendered the expenditure of ₹ 108 crore incurred on the project idle.
Irregular grant of Commercial Colony Licence and undue favour to the developer	Town and Country Planning Department granted licence for developing commercial colony by changing specified area for Special Zone to Commercial land use without notification. Undue favour to the extent of ₹ 18.94 crore was granted to a developer. Besides, thoroughfare through developer's land was not ensured and project was launched without approval of building plan.
Purchase of pipes in excess of requirement	Without ensuring the actual requirement, procurement of excess DI pipes by HUDA resulted in blockade of funds of ₹ 20.80 crore. Pipes valuing ₹ 2.12 crore could not be utilised as contract was given on through rates.

Urban Local Bodies and Development and Panchayats Departments

Construction of toilets under Swachh Bharat Mission	A review of the implementation of Construction of toilets under Swachh Bharat Mission brought out that households having insanitary toilets were not identified in 12 test-checked municipalities and community and public toilets were not constructed in 23 municipalities. Incentives of ₹ 1.80 crore were released to 2,571 beneficiaries without verification of their genuineness. Further, only partial incentives were released to 2,192 beneficiaries in urban areas and 1,364 beneficiaries in rural areas. Cases of double/triple payments of incentive were observed. There was shortfall in coverage of households for construction of toilets and even those toilets which were constructed were incomplete in a number of cases. There was also lack of awareness, monitoring and social audit
--	---

Welfare of Scheduled Castes and Backward Classes Department

Suspected fraudulent payment of scholarships	District Welfare Officer, Jhajjar made payment of ₹ 5.15 crore as scholarships to students without ensuring full documentation and genuineness of the claims resulting in fraudulent payment of ₹ 5.15 crore.
---	---

Audit Report No. 3 of 2017 Revenue Sector

This Report contains 25 paragraphs and one Performance Audit on “**Exemption and Concessions against declaration forms**” involving financial effect of ₹ 750.20 crore. The Departments/Government have accepted audit observations involving ₹ 622.77 crore out of which ₹ 0.23 crore has been recovered.

Highlights

- 108 unregistered works contractors and 28 dealers had suppressed sale of ₹247.25 crore resulting in evasion of tax and penalty of ₹49.78 crore.
- Action to levy penalty of ₹11.43 crore was not initiated even after a lapse of 14 to 19 months in five cases by the department.
- Stock of ₹83.72 crore was suppressed in 19 cases resulting in evasion of tax and penalty of ₹24.28 crore.
- Three dealers had suppressed purchase of ₹5.08 crore, resulting in evasion of tax and penalty of ₹1.09 crore.
- The Assessing Authorities allowed the deductions treating embroidered fabrics as sale of fabrics resulting in non-levy of VAT amounting to ₹5.82 crore. In addition, interest of ₹2.79 crore was also leviable.
- Input Tax Credit for Purchase of Duty and Entitlement pass book was allowed incorrectly as the same was not used for resale and adjusted against custom duty payable resulting in incorrect grant of input tax credit of ₹2.68 crore to a dealer. Further, ITC of ₹1.28 crore was allowed incorrectly as the selling dealer had not shown any sale during the year.
- Assessing Authorities omitted to levy central sales tax on the inter-State sales of ₹30 crore resulting in short levy of tax of ₹3.77 crore.
- The Assessing Authorities did not levy interest in five cases and in two cases interest was levied short on delayed payment of tax which resulted in non/short levy of interest of ₹2.51 crore.
- Assessing Authority incorrectly allowed higher deduction of taxable turnover resulting in under-assessment of tax of 0.76 crore. In addition, interest of ₹61.96 lakh was also leviable.
- Assessing Authorities while finalising the assessment under assessed the tax of ₹1.17 crore due to calculation mistake.
- Ninety vends failed to pay the monthly instalments of license fee due for the year 2015-16 by the prescribed dates and DETCs (Excise) did not initiate action to seal the vends resulting in non/short recovery of license fee of ₹2.43 crore. In addition, interest of ₹1.57 crore was also leviable.
- The Department failed to initiate action to recover the differential amount of license fee from the original allottees resulting in non-realisation of Government revenue of ₹1.08 crore.
- Instances of non-compliance with various provisions of the Indian Stamp Act in respect of valuation of residential/commercial immovable property and sale/exchange/gift deeds and land purchased from the amount of compensation received, agricultural land sold within/outside municipal limits, with an area less than 1,000 square yards or in case where purchasers are

more than one and the share of each purchaser is less than 1,000 square yards, were noticed resulting in short levy of stamp duty and registration fees of ₹45.44 crore (SD ₹44.67 crore and RF ₹0.77 crore).

- Registering Authorities misclassified sale deeds as collaboration agreements instead of agreement to sell in six agreements resulting in short levy of stamp duty of ₹7.35 crore.
- The Registering Authorities levied SD of ₹3.52 lakh instead of ₹6.96 crore in respect of annual average rent of ₹229.52 crore resulting in short levy of SD of ₹6.92 crore.
- Six deeds were registered for sale at normal Khasra rates for agricultural land for ₹18.76 crore on which SD of ₹1.05 crore was levied instead of at rates of khasras, on which Change of Land Use (CLU) was issued to develop residential colonies, for ₹62.04 crore on which SD of ₹3.82 crore was leviable resulting in short levy of SD of ₹2.77 crore. Further, 47 conveyance 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 and registration fees of ₹42.07 lakh.
- Irregular exemption of stamp duty in 38 cases to farmers who had purchased residential/commercial land, purchased agriculture land for amounts exceeding the compensation and purchased agricultural land beyond the permissible period of two years of compensation received, resulted in non/short levy of SD and RF of ₹1.85 crore.
- Failure on the part of the Department to take timely action resulted in non-realisation of contract money of ₹35.90 crore including interest of ₹10.37 crore.

Trend of revenue receipts

The total revenue receipts of the State Government for the year 2016-17 were ₹52,496.82 crore as compared to ₹47,556.55 crore during the year 2015-16. The revenue raised by the State Government from its own resources during the year 2016-17 was ₹40,221.78 crore comprising tax revenue of ₹34,025.69 crore and non-tax revenue of ₹6,196.09 crore against ₹30,929.09 crore and ₹4,752.48 crore respectively during the previous year 2015-16.

Sales tax receipts of ₹23,488.41 crore and Interest receipts of ₹2,309.79 crore contributed 69 per cent and 37 per cent of the tax and non tax revenue respectively.

Audit observations

Inspection reports containing 6,430 audit observations with money value of ₹5,869.33 crore (issued upto December 2016) were outstanding for want of final replies from the departments at the end of June 2017.

Results of audit

Test check of the records of 318 (Revenue 278 + Expenditure 40) 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 2016-17 revealed under-assessment/short levy/loss of revenue aggregating to ₹ 1,701.08 crore in 37,331 cases.

SYSTEM APPRAISAL/PERFORMANCE AUDIT

➤ Exemption and Concessions against declaration forms

Assessing Authorities allowed wrong exemption, nil/concessional rate of tax on sale against invalid declaration forms C, E1, F and H and allowed concessional sale to non-existing dealers resulting in non-levy of tax of ₹ 17.37 crore besides penalty of ₹ 103.27 crore was also leviable.

Assessing Authorities did not levy additional tax and penalty of ₹ 262.24 crore for misuse of forms VAT D1 and D2.

Assessing Authorities did not levy penalty of ₹ 79.35 crore for misuse of C forms.

Assessing Authorities failed to assess and levy tax of ₹ 25.77 crore on inter-State sale without C Form.

Assessing Authorities applied incorrect rate of tax on inter-State sale without C forms, resulting in short levy of CST of ₹ 8.07 crore.

Declaration forms printed by department were without security features such as logo and water mark even after departmental instructions of May 2013.

Assessing Authority allowed Input Tax Credit against invalid VAT C4 form, resulting in under-assessment of tax of ₹ 2.13 crore and penalty of ₹ 6.38 crore was also leviable.

Important audit findings included as paragraphs

TAX RECEIPTS

➤ Taxes on Vehicles, Goods and Passengers (Transport Department)

Vehicle owners of 619 public or private carriers used for carrying goods had not deposited or short deposited Goods tax during the years 2014-15 to 2015-16 resulting in non/short realisation of goods tax of ₹ 47.25 lakh. In addition, interest of ₹ 27.88 lakh was also leviable.

Vehicle owners of 742 goods carriages either had not deposited or short deposited token tax during the year 2015-16 resulting in non/short realisation of token tax of ₹ 17.16 lakh. In addition, penalty of ₹ 34.32 lakh was also leviable.

➤ Mines and Geology Department

Royalty and interest amounting to ₹ 37.22 lakh was not recovered from 67 brick kiln owners, who were issued permits between April 2014 and March 2017 in respect of four districts.

Audit Report No. 2 of 2017 PSUs (Social, General and Economic Sectors)

This Report contains 17 paragraphs and one performance audit on ‘Acquisition of land, Development of Industrial Estates and their management’ by Haryana State Industrial and Infrastructure Development Corporation Limited involving a financial effect of ₹ 5,725.18 crore relating to avoidable expenditure, loss of interest, non-safeguarding of the financial interests *etc.* Some of the major findings are mentioned below:

1. About the State Public Sector Undertakings

The State of Haryana had 26 working PSUs (24 companies and two Statutory corporations) and 5 non-working companies which employed 27,763 employees. As on 31 March 2017, the investment (paid-up capital, long-term loans and free reserves) in 31 PSUs was ₹ 44,361.19 crore. Out of the total investment in State PSUs, 99.40 *per cent* was in working PSUs and the remaining 0.60 *per cent* in non-working PSUs. The total investment consisted of 26.81 *per cent* towards paid-up capital, 72.98 *per cent* in long-term loans and 0.21 *per cent* in free reserves. The State Government contributed ₹ 14,852.18 crore towards equity, loans and grants/subsidies in 13 PSUs during 2016-17.

Performance of Public Sector Undertakings

Out of 26 working PSUs, 17 PSUs submitted their 20 accounts upto September 2017. Of these, nine accounts reflected profit of ₹ 271.48 crore and 11 accounts reflected loss of ₹ 1,107.51 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 profit making PSUs only four PSUs declared dividend of ₹ 6.85 crore.

Arrears in finalisation of accounts

23 working PSUs had arrears of 45 accounts as of 30 September 2017. 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 Company

Performance audit of ‘Acquisition of land, Development of Industrial Estates and their management’ by Haryana State Industrial and Infrastructure Development Corporation Limited was conducted. The important audit findings are as under:

The Company has not prepared any perspective plan for acquisition and development of land for balanced industrial development in the State and failed to boost the Micro, Small and Medium Enterprises sector as per the requirements of the Industrial Policy.

Land measuring 7542.76 acres valuing ₹ 4,488.86 crore acquired between January 2006 and April 2013 has not yet been taken up for development of Industrial Estates.

The Company incurred extra expenditure of ₹ 742.92 crore and ₹ 112.61 crore in acquisition of land due to delay in filing of appeals in court and application of incorrect rates respectively.

There was delay in execution of development works and against the leviable Liquidated Damages (LD) of ₹ 19.34 crore, the Company levied LD of ₹5.86 crore only leaving a shortfall of ₹13.48 crore.

The percentage of recovery of enhancement in cost of land decreased drastically from 43 in 2014-15 to 12 in 2016-17. Due to poor recovery performance the overdue amount from allottees increased from ₹ 1,144.56 crore to ₹ 1,871.04 crore during the period 2015-17.

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 Power Generation Corporation Limited

- The Company had incurred loss of ₹1.87 crore on account of excess transit loss *vis-a-vis* HERC norms due to entering into deficient contract with coal agent.
- The award of work of preparing tender documents before obtaining a firm coal linkage resulted in unfruitful expenditure of ₹ 62.54 lakh.

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

- DISCOMs had incurred avoidable expenditure of ₹127.23 crore on purchase of short term non-solar renewable power instead of purchasing Renewable Energy Certificates by Haryana Power Purchase Centre.
- DISCOMs introduced the Meter Pillar Box Scheme without obtaining approval from HERC and initiated the scheme for the entire State without waiting for outcome of pilot project. A Firm has been benefitted by DHBVNL as 65 *per cent* of the total work orders awarded were issued to this firm. The scheme could not be implemented effectively as only 34 *per cent* of total material to be supplied was utilised in the project.

Dakshin Haryana Bijli Vitran Nigam Limited

- The Company made irregular reimbursement of ₹1.41 crore towards payment of Central Sales Tax to the contractor without obtaining documentary evidence.

Uttar Haryana Bijli Vitran Nigam Limited

- The Company issued sales circulars which were non-compliant of Electricity Supply Code Regulations, 2014, resulting in short recovery of ₹10.04 crore.

Haryana Agro Industries Corporation Limited and Haryana State Warehousing Corporation

- HAIC and HSWC raised bills for differential claims of wheat and Custom milled rice on FCI with a delay ranging between 8 to 333 days which resulted in avoidable payment of interest of ₹2.66 crore.

Haryana Agro Industries Corporation Limited

- Out of nine recommendations of the Committee on Public Undertakings, one recommendation has been fully implemented; partial progress was made in two cases and in six cases, the Company made no progress.

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 Virender Kulharia, IA&AS Deputy Accountant General	0172-2615378
3. Revenue Sector	Shri Pran Nath Sharma, IA&AS Sr. Deputy Accountant General	0172-2610616
4. Economic Sector (Non-PSUs)	Ms. Meena Kumari Meena, IA&AS Sr. Deputy Accountant General	0172-2660851
5. State Finances		
6. Economic Sector (PSUs)	Shri Padmakar Kushwaha, IA&AS Deputy Accountant General	0172-2612737

**©COMPTROLLER AND
AUDITOR GENERAL OF INDIA
www.cag.gov.in**

www.aghry.nic.in