



GOVERNMENT OF HARYANA

WHITE PAPER

ON

STATE FINANCES

(PART II)

FINANCE DEPARTMENT

MARCH, 2015



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Preface

1. In the October, 2014 elections to the Haryana Legislative Assembly, the people of Haryana gave a decisive mandate for Government. This of course came with high expectations of better governance and faster development. After joining office, the Chief Minister had promised to bring out a White Paper on the state finances so as to benchmark the status of the State finances. Part I of the White Paper was presented earlier this week and provided a factual status of the various aspects of finances and the related growth data for the State of Haryana over a 10 year period i.e. 2004-05 to 2013-14.

2. This Paper attempts to provide an overview of the financial health of the Public Sector Undertakings, especially these in the sector of Power, Social Welfare and Cooperatives. A synopsis of the committed liabilities, profits and losses generated by these PSUs in their operations during the period under review is also presented. An analysis of the financial health of the Cooperative Banks of the State, the HSCARDB & the HARCO Bank has also been made. The paper also attempts to analyse of the financial health of the Urban Local Bodies of the State and that of several off budget resource centres like the Marketing Board, HRDF, Infrastructure Development Fund of the Department of Town and Country Planning and the Construction Worker Cess Fund of the Department of Labour. The method, manner and extent of use of these funds has also been examined in an effort to provide a complete overview of the off budget asset management of the Government.

3. Data for this part of the White Paper has been mainly drawn from the Budget documents of the Government of Haryana, Haryana Bureau of Public Enterprise and the Finance Accounts. In some cases, data has been collected from the Departments and institutions concerned.

CHAPTER 1

Financial Health of Public Sector Undertakings

1.1 The Government of Haryana has over the years created several Public Sector Enterprises in sectors that required flexibility of action outside Government Departments to take forward the developments agenda. To facilitate faster decision making these entities were allowed to raise their own resources and spend the same to achieve the objectives for which they were established. Of the 43 Public Sector Undertakings (PSUs) in Haryana, 19 have been created under the Companies Act, 1956, 19 under the Cooperative Societies Act, 1984 and the remaining five under special Statutes enacted either by an Act of the Parliament or of the State Legislature. The list of the State PSUs is placed at Annexure I. The financial health of the major PSUs created under the Companies Act and the Cooperative Societies Act have been covered in this chapter, while the financial health of some PSUs and institutions created under special Statutes are covered in the next chapter on major off-budget resources management in the State.

Public Sector Undertakings in the Power Sector

1.2 The Power Sector in Haryana comprises four Companies, namely Haryana Power Generation Corporation Ltd. (HPGCL), Haryana Vidyut Prasaran Nigam Ltd. (HVPNL), Uttar Haryana Bijli Vitran Nigam Ltd. (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Ltd. (DHBVNL) created in 1998 as part of power sector reforms. As per the reform process, the tariff to be charged by these companies is determined by an independent regulator i.e. the Haryana Electricity Regulatory Commission (HERC). The Commission functions in accordance with the Indian Electricity Act, 2003 and regulations issued from time to time. The HERC determines the Annual Revenue Requirements (ARR) and consequently the tariff of these companies on a 'cost plus' basis, and on the basis of normative efficiency of operational parameters. The financial health of these companies is detailed below.

1.3 **Haryana Power Generation Corporation Ltd. (HPGCL):** In the period under reference the turnover of HPGCL increased from Rs. 1,638 crore in 2004-05 to

Rs. 5,932 crore in 2013-14. The Company had a cumulative loss of Rs.87 crore in 2004-05. This loss increased 500 percent to Rs. 438 crore in 2013-14. Since 2004-05, the company has remained in profit for 4 years and in losses for 6 years. The company had a total debt of Rs. 2,467 crore as on 31.03.2004, which has increased over 200 percent to Rs. 5,748 crore as on 31.03.2014. A bulk of this debt has been used for the creation of additional generation capacity mainly at Yamuna Nagar and Khedar (Hisar) Thermal Power Plants. The Government has provided Rs. 2,317 crore as equity during the period under reference to enable the company to raise long-term loans for creation of capital assets. Besides providing equity the State Government also provides guarantees for the long-term loans raised by the power companies, thus creating a future contingent liability for the Government.

1.4 Haryana Vidyut Parsaran Nigam Ltd. (HVPNL) The turnover of the company increased from Rs. 346 crore in 2004-05 to Rs.1,057 crore in 2013-14. Since 2004-05, the Company has remained in profit in 6 years and in losses in 4 years. In 2004-05, it had a cumulative loss of Rs. 88 crore and as on 31.03.2014 it had a profit of Rs. 16 crore. The debt of the company was Rs. 2,493 crore as on 31.03.2004 and this has increased to Rs. 4,398 crore as on 31.03.2014. The Government has provided Rs. 1,562 crore as equity to this company during this period to facilitate the raising of long-term loans. The two companies together have an accumulated debt of Rs. 10,146 crore in 2013-14, as indicated in Table 1.

Table 1

Financial Position of the HPGCL and HVPNL

(Rs. in crore)

Company	Year	Accumulated profit/Losses	Accumulated Debt	Turnover
HPGCL	2004-05	-86.94	2,467.00	1,637.75
	2013-14	-438.45	5,748.00	5,931.88
HVPNL	2004-05	-87.79	2,492.65	345.53
	2013-14	+16.08	4,397.73	1,056.51
Total	2004-05	-174.73	4,959.65	1983.28
	2013-14	-422.37	10,145.73	6988.39

Source: Power Department Haryana

1.5 Distribution Companies (UHBVNL & DHBVNL): The combined annual turnover of these companies increased from Rs. 3,903 crore in 2004-05 to Rs. 21,566 crore in 2013-14. Both the companies remained in losses in all 10 years since 2004-05. The cumulative loss of both the companies together increased by 2600 percent from Rs. 1,030 crore in 2004-05 to Rs.26,912 crore in 2013-14. The accumulated debt of both companies together increased 1900 percent from Rs. 1,458 crore as on 31.03.2004 to Rs. 28,199 crore as on 31.03.2014. Out of this Rs. 3,487 crore of debt has been used for creation of assets and the remaining Rs. 24,712 crore has been used for operational financing and deficit financing on account of losses. The High Aggregate, Technical & Commercial (AT&C) losses that were 38 percent in 2005-06 came down to 25.54 percent in 2011-12 but again increased to 29.42 percent in 2013-14. Due to cash deficits on account of these losses, the DISCOMs have faced severe liquidity stress. To relieve the DISCOMs of this stress, a Financial Restructuring Plan (FRP) for the Power Sector was proposed by the Government of India and accepted by the State Government. Under this plan, debt on account of short-term liabilities amounting to Rs.7,366 crore has been committed to be taken over by the State Government against which bonds have been issued by the DISCOMs on behalf of the State Government. The Government has also committed to pay the interest on these 10-year bonds, which is about Rs.721 crore annually. The Banks have restructured the balance amount of the loan of Rs. 7,396 crore. This package has provided temporary relief to the DISCOMs. But the sector shows a clear trend of inefficiency of management, a poor financial state and as a result a drain on the State's resources though they are given a 'cost plus' operational framework. As it evident from Table 2, the DISCOMs have an accumulated loss of Rs. 26,912 crore and an accumulated debt of Rs. 28,199 crore in 2013-14 that is unsustainable.

Table 2
Financial position of the DISCOMs in Haryana

(Rs. in crore)

Company	Year	Accumulated Losses	Accumulated Debt	Turnover
UHBVNL	2004-05	472.00	950.75	1,615.00
	2013-14	16,185.00	17,912.56	10,112.00
DHBVNL	2004-05	557.91	507.61	2,288.07
	2013-14	10,726.59	10,286.68	11,454.06
Total	2004-05	1,029.91	1,458.36	3,903.07
	2013-14	26,911.59	28,199.24	21,566.06

Source: Power Department Haryana

1.6 The HERC sets the short-term working capital loan limits for these companies each year while fixing the Annual Revenue Requirements (ARR). In 2008-09 the HERC had permitted the DISCOMs to raise Rs. 453 crore as working capital loans. These companies however exceeded this limit and raised Rs. 5,181 crore of loans, thus taking Rs. 4,728 crore of short-term loans in excess of the permitted amount. This resulted in interest costs to these companies much in excess of permitted levels, which also consequently adversely impacted their finances. In 2013-14 the total working loan portfolio was Rs. 21,121 crore in excess of the permitted ceiling. This is 400 percent increase in the working capital loans raised during the period under reference; which have resulted in a huge additional interest cost that is not included in the Aggregate Revenue Requirement (ARR) approved by the HERC and this cost is thus borne by the DISCOMs as a loss. The details are provided at Annexure III.

Table 3
Details of Rural Electrification (RE) Subsidy released by
State Government to Power Companies

(Rs. in crore)

Year	Subsidy Released	Percentage growth
2004-05	1102.00	19.28
2005-06	1302.39	18.18
2006-07	1544.37	18.58
2007-08	2371.42	53.55
2008-09	2636.90	11.19
2009-10	2771.07	5.09
2010-11	2964.20	6.97
2011-12	3576.92	20.67
2012-13	5129.13	43.40
2013-14	5200.00	1.38
2014-15 (Likely)	5330.00	2.50
Total	34225.40	

Source: Power Department, Haryana

Note: Data for 2013-14 is pre-actual.

1.7 The State has infused Rs. 1,767 crore as equity into the DISCOMs between 2004-2014. Thus, for the period under reference the Government has provided a total of Rs. 5,646 crore to the four power companies as equity (Annexure II). Besides paying Rs. 532 crore under the Electricity Arrear Waiver Scheme 2005-07, the Government paid Rs. 722 crore as interest on the Bonds issued by DISCOMs under the Financial Restructuring Plan (FRP). As detailed earlier, under the FRP the Government is also committed to take over the liability of Rs. 7,366 crore bonds that

have been issued by the DISCOMs on behalf of the State Government. The Government has also provided Rs. 28,598 crore as the Rural Electrification (RE) subsidy to the power companies during this period and Rs. 5330 crore is likely to be provided during 2014-15, details are in Table 3. As is evident from the data, the financial health of these companies has deteriorated over the years and they have become a huge drain on the Government's budgetary resources.

Financial Health of PSUs in the Industrial Sector

1.8 There were four corporations in the industrial sector namely the Haryana State Industrial & Infrastructure Development Corporation (HSI IDC), the Haryana Financial Corporation (HFC), Haryana Minerals Ltd. (HML) and Haryana CONCAST Ltd. (HCL). Of these, two corporations namely HCL and HML were closed down during the year 2001-02 and 2003-04 respectively. Although the operation of these PSUs stands closed, these have not been wound up till date. Thus, they are required to maintain their accounts annually and to carry out other mandatory requirements in accordance with the provisions of the Companies Act. The other two Corporations are the Haryana State Industrial & Infrastructure Development Corporation (HSI IDC) and Haryana Financial Corporation (HFC). The HFC has stopped giving loans since 2010. HSI IDC is in operation with a view to encourage and expedite the growth and employment in the secondary sector in Haryana. Their financial health is detailed below.

1.9 **Haryana State Industrial & Infrastructure Development Corporation (HSI IDC)** was established in 1967 with the objective of developing industrial infrastructure in the State. The mandate of the company has been extended to pursue certain other initiatives like the Delhi Mumbai Industrial Corridor (DMIC) Project. Apart from industrial and infrastructure development, HSI IDC is also engaged in providing financial assistance to entrepreneurs. During the period under reference, the company has been in profit. Its cumulative profit was Rs. 4 crore in 2004-05, which increased to Rs. 354 crore in 2012-13. The profit has jumped to Rs. 989 crore in 2013-14 on account of a change in the accounting procedure from

cash to an accrual system of accounting. The turnover of the corporation increased from Rs. 35 crore in 2004-05 to Rs.145 crore in 2012-13; but it became Rs. 5,341 crore in 2013-14 on account of the change in the accounting procedure. The debt of the HSIIDC was Rs. 179 crore as on 31.03.2005, this increased to Rs.4,343 crore as on 31.03.2014. Most of this debt has been utilized towards acquisition of land and payment of enhanced compensation to landowners. The non-performing assets (NPAs) of HSIIDC have been extremely high at 40.07 percent in 2004-05 and these have come down to 21.36 percent in 2013-14. Despite the decline, such a high NPA level is a matter of grave concern for the corporation. As on 31.03.2014, the corporation had receivables due from the allottees to the extent of Rs. 565 crore. Though HSIIDC has a large land bank of over 10,000 acres valued at Rs. 11,332 crore as on 31.3.2014, a financial analysis indicates that HSIIDC has come under heavy debt besides having acquiring a pronounced cash flow problem during the period under reference. These are challenges that the HSIIDC needs to address swiftly.

1.10 Haryana Financial Corporation (HFC) was established in 1967 under a Central Act known as the State Financial Corporation Act 1951, with an objective to provide term loans to the industries, especially first generation entrepreneurs. Since 1967 up to March 31, 2013 the Corporation has sanctioned loans of Rs.2,881 crore to 18,531 units and actually disbursed Rs. 1,793 crore to 17,160 units. However, the HFC has discontinued the sanction of loans with effect from May 2010. The turnover of the Company has been decreasing continuously. From a turnover of Rs. 51.25 crore in 2004-05 it has reduced to Rs.13.46 crore in 2013-14 due to reduced financing. Since 2004-05 the company remained in profit for 6 years and in losses for 4 years. Its cumulative loss was Rs. 166 crore in 2004-05, which stands at Rs.161 crore in 2013-14. Its debt was Rs. 313 crore as on 31.03.2005, which has been reduced to Rs. 62 crore as on 31.03.2014. The Board of Directors of the Corporation has decided to wind-up the operations of the Corporation, as it is no longer able to fulfill its mandate to finance industrial units.

1.11 The Small Industries Development Bank of India (SIDBI) has categorized loan assets into two parts i.e. standard assets and non-performing assets (NPAs). Standard assets are such assets that are good in repayment and the organization earns regular interest on such loans. NPAs include defaulters and their category is decided on the basis of the age of the default. The gross percentage of HFC's NPAs has been increased from 76.76 percent in the 2004-05 to 82.59 percent in 2013-14. In order to settle these NPA accounts, the corporation introduced two loan settlement schemes in the years 2005 & 2011. On the basis of these HFC has approved settlement of 1198 loan accounts under NPA and recovered an amount of Rs. 122.62 crore for the period 01.07.2005 to 31.03.2014.

Table 4
Financial position of the Industrial Sector PSUs

(Rs. in crore)

PSUs	Year	Accumulated Profit/Losses	Accumulated Debt	Turn-over	Equity Contributed by the State Govt.	NPAs % to total outstanding
Haryana State Industrial Development Corporation (HSIIDC)	2004-05	+3.77	178.95	35.57	47.12	40.07
	2013-14	+988.89	4,343.06	5,341.03	48.82	21.36
Haryana Financial Corporation (HFC)	2004-05	-166.11	313.51	51.25	26.12	76.75
	2013-14	-160.60	62.01	13.46	202.01	82.59
Total	2004-05	-162.34	492.46	86.82	73.24	
	2013-14	828.29	4405.07	5354.49	250.83	

Source: Haryana Bureau of Public Enterprises

As Table 4 indicates, the cumulative profits of HFC and HSIIDC were Rs. 828 crore in the year 2013-14 while the cumulative debt was Rs. 4,405 crore in the year 2013-14. The non-performing assets of these PSUs are also a cause of serious concern.

Financial Health of PSUs in the Agriculture Sector

1.12 We are examining four PSUs under this sub group:

- a) Haryana Agro Industries Corporation
- b) Haryana Seeds Development Corporation
- c) Haryana Land Reclamation and Development Corporation
- d) Haryana State Ware Housing Corporation.

Haryana Agro Industries Corporation was established in 1967. Its main objective is to formulate agro-based industries, carry on activities such as the sale of seeds, fertilizers and agricultural implements through a network of 17 farmer service centers. In addition, it undertakes procurement activities under the Minimum Support Price (MSP) regime. The corporation has three plants for manufacturing cattle feed, fertilizers and chemicals; and an agro engineering workshop. In the last 10 years from 2004-05 onwards, the company remained in profit in 7 years and in losses in 3 years. It had a cumulative profit of Rs. 21 crore in 2004-05, which increased to Rs. 49 crore in 2011-12. However, in 2012-13, it incurred a massive loss of Rs. 44 crore and a further loss of Rs. 4 crore in 2013-14. As a result its cumulative profit by the end of 2013-14 reduced to Rs. 68 lakhs. The loss is stated to be due to the non-approval of incidental costs for procurement activities by the Government of India, from the year 2008-09 onwards. The turnover of the company increased from Rs. 617 crore in 2004-05 to Rs. 2655 crore in 2013-14. The turnover is essentially on account of procurement of wheat and paddy on behalf of FCI. The debt of the company as on 31.3.2014 is stated to be Rs.1,248 crore which is also mainly on account of the cash credit limit taken for procurement of wheat and paddy. The corporation has remained afloat because of its procurement operations and has stagnated in its original mandate. In 2013-14 over 94.56 percent of the corporation's turnover was from its procurement activities. These activities are not the core mandate of the corporation. Thus, the corporation needs to focus attention on achieving its core mandate.

1.13 Haryana Seeds Development Corporation was established in 1974, with the objective of organizing production and distribution of certified seeds to the farmers of the State at reasonable rates. In all the years since 2004-05, the company remained in modest profit. Its cumulative profit increased from Rs. 3.56 crore in 2004-05 to Rs. 11 crore in 2013-14. The turnover of the company increased from Rs. 34 crore in 2004-05 to Rs. 120 crore in 2013-14. The debt of the company is stated to be of the tune of Rs. 75 crore in 2013-14, which is working capital loan, obtained from the banks for the procurement of seeds. The company has six seed processing units in various parts of the Haryana. It also has storage capacity for storing seeds of 4.41 lakh quintals. Since the main objective of the corporation is to distribute seeds at reasonable price to the farmers, therefore, its performance cannot be judged in terms of profitability. However, its market share is only about 15-20 percent of the total seed distribution in the State.

1.14 Haryana Land Reclamation and Development Corporation was created in 1974. Its mandate includes sale of agriculture inputs, production of seeds and reclamation of degrading soil. In the past 10 years from 2004-05 onwards the company remained in profit for 7 years and in loss for 3 years. Its cumulative profit was Rs. 8 crore in 2004-05 and was Rs. 7 crore in 2013-14. The turnover of the company was Rs.84 crore in 2004-05 and this witnessed a declining trend for many years and stood at Rs. 81 crore in 2013-14. The debt of the company was Rs. 1 crore as on 31.3.2005 and increased to Rs. 5 crore as on 31.03.2014. The State Government guarantees the loans taken. The company is an instrumentality of the State for the distribution of agriculture inputs like gypsum, urea, zinc sulphate, etc. Over the years the company has diversified its activities, running three gas agencies and petrol pumps, which is not the original mandate of the corporation. It also has income from rental of shops. The operations of the corporation have remained stagnant as the turnover reduced in absolute terms in last 10 years. Taking into account the inflationary factor, it can reasonably be said that the turnover of the company is declining drastically and that its operations have deviated from the original mandate.

1.15 **Haryana Warehousing Corporation** was created in the 1967 under the Warehousing Corporations Act, 1962. Its principle mandate is to build go-downs and warehouses at suitable places, to decrease wastage and losses in storage and to promote scientific storage facilities. The corporation is running warehouses at 109 places in the State with a total storage capacity of 17.91 lakhs M.T that is about 17 percent of the total State storage capacity in 2013-14. The cumulative profit of the corporation was Rs. 239 crore in 2004-05, which became Rs. 260 crore in 2013-14. The turnover of the corporation has increased from Rs. 795 crore in 2004-05 to Rs. 2,631 crore in 2013-14. This turnover is on account of procurement operations undertaken by the HWC on behalf of the State Government. Out of the total amount of the turnover of Rs. 2,631 crore of the company, as on 31.03.2014, Rs. 2,518 crore is on account of procurement activities alone, which accounts for 96 percent of the turnover of the Corporation. Thus, indicating that HWC is only generating a 4 percent turnover from its core mandate. This again is a matter of concern.

Table 5
Financial position of the Agricultural Sectors PSUs

(Rs. in crore)

PSUs	Year	Accumulated Profit /Loss	Turnover	% turnover from procurement
Haryana Agro Industries Corporation	2004-05	21.08	617.12	-
	2013-14	0.68	2,654.88	94.56
Haryana Seed Development Corporation	2004-05	3.56	33.99	-
	2013-14	10.9	119.63	-
Haryana Land Reclamation & Development Corporation	2004-05	7.99	84.38	-
	2013-14	7.05	80.68	-
Haryana Ware Housing Corporation	2004-05	239.25	794.61	
	2013-14	259.85	2,630.76	95.71
Total	2004-05	271.88	1530.10	-
	2013-14	278.48	5485.95	-

Source: Haryana Bureau of Public Enterprises

As Table 5 indicates, the cumulative profit of the aforesaid Agriculture Sector PSUs was Rs. 271.88 crore during the year 2004-05 stood at almost same level after a ten-year period in 2013-14.

Public Sector Enterprises in the Cooperative Sector

1.16 The following entities in the cooperative sector have been studied:

- The Haryana State Federation of Cooperative Sugar Mills Limited and its 10 Sugar Mills.
- The Haryana State Cooperative Apex Bank Limited.
- Haryana State Cooperative Agriculture and Rural Development Bank Limited. (HSCARDB)
- The Haryana State Cooperative Supply and Marketing Federation Limited (HAFED).
- Haryana State Federation of Consumers Cooperative Wholesale Stores Ltd. (CONFED).
- The Haryana Dairy Development Cooperative Federation Limited.
- The Haryana State Cooperative Housing Federation Limited.
- The Haryana State Cooperative Labour & Construction Federation Limited.

1.17 The Haryana State Federation of Cooperative Sugar Mills Limited and its

10 Sugar Mills: The affairs of the sugar mills are managed by the Apex body called the 'Haryana State Federation of Cooperative Sugar Mills' or Sugarfed. The objective of the Sugarfed is to establish new Cooperative Sugar Mills, arrange funds from the State Government and Government of India and other financial institutions; rendering advice to the Cooperative Sugar Mills for improving their performance; and preparation of cane development plan for improving productivity and income of the farmers from sugar cane. The federation is working on a 'no profit no loss' basis. The federation, being the Apex Body, manages the affairs of 10 Cooperative Sugar Mills, namely:

- Panipat Cooperative Sugar Mills Ltd.
- Karnal Cooperative Sugar Mills Ltd.
- Kaithal Cooperative Sugar Mills Ltd.
- Sonipat Cooperative Sugar Mills Ltd.
- Shahabad Cooperative Sugar Mills Ltd.
- Meham Cooperative Sugar Mills Ltd.
- Jind Cooperative Sugar Mills Ltd.
- Palwal Cooperative Sugar Mills Ltd.
- The Haryana State Cooperative Sugar Mills Ltd. Rohtak
- Gohana Cooperative Sugar Mills Ltd.

1.18 These sugar mills have been established between the 1956 and 2001. All Sugar Mills except Shahbad are in losses. The cumulative loss of all the Sugar Mills was Rs. 379 crore in 2004-05 which has increased to Rs. 1,096 crore in 2013-14. Besides this, an amount of Rs. 190 crore was adjusted by way of waiver of loans and interest granted, by the State Government to the Sugar Mills in the year 2006-07. Similarly waiver of interest amounting to Rs. 7 crore was granted in the year 2009-10. The losses of the Sugar Mills have increased despite these waivers. The turnover of all the Sugar Mills together was of the order of Rs. 633 crore in 2004-05, which has been varying widely over the years and stood at Rs. 907 crore in 2013-14. The outstanding loans obtained from the State Government for cane payment as on 31.03.2005 were Rs. 285 crore, this was converted into equity in the year 2006-07. From 2007-08 to till 31.3.2014 additional loans of the order of Rs. 788 crore have been given by the State Government to the Sugar Mills. In addition, another loan of Rs. 40 crore was taken for setting up the Cooperative Sugar Mill at Rohtak. Besides this, loans have also been obtained by the Sugar Mills from other State Government institutions like Haryana Agriculture Marketing Board, HARCO Bank, etc. The above facts clearly indicate that the Cooperative Sugar Mills are loss making and are surviving only because of the State Government payments in the form of soft loans.

1.19 Haryana State Cooperative Apex Bank Ltd. (HARCO Bank): The Haryana State Cooperative Apex Bank Ltd. (HARCO Bank) at apex level and 19 Central Cooperative Banks (CCBs) at districts level are working as credit institutions in Cooperative Sector. The Reserve Bank of India licenses these banks. The Cooperative Banking system caters to the credit needs of the farmers, residents of rural areas, cooperative institutions etc. Their sources of funds are their own resources mobilized through deposits, borrowings from RBI, NABARD and the Government, etc. In Haryana there is a network of 657 Primary Agriculture Cooperative Societies (PACs). Since 2004-05 the HARCO Bank posted a net profit ranging from Rs. 5 crore to Rs. 37 crore in different years except 2009-10 when a loss of Rs. 18 crore was incurred. Profits earned during the year are allocated to various heads in accordance with their byelaws; hence there are no cumulative profits. All Central Cooperative Banks (CCBs) posted profits of Rs. 51 crore during the year 2004-05. Their profitability declined to Rs. 19 crore in the year 2013-14. In the year 2004-05 the accumulated profit of the all CCBs was Rs. 100 crore which declined drastically and they had losses of Rs. 66 crore as on 31.3.2014. There has been sharp decline in the market share of cooperative banks in loans and advances to priority sector from 36 percent in 2004-05 to 14 percent in 2013-14. The recovery percentage of the HARCO Bank has been reported to be above 99 percent except in the year 2008-09 when it declined to 97.74 percent. Non-Performing Assets (NPAs) of the HARCO Bank have been ranging from 0.02 percent to 0.07 percent whereas the NPAs of CCBs have increased drastically which 5.16 percent in the year 2004-05 to 6.19 percent in 2013-14. The recovery percentage of the CCBs on an average was 80.38 percent in the year 2004-05 which has declined to 70.72 percent in 2013-14. The past decade has thus seen a decline in the recovery of loans by CCBs. This is a matter of concern.

1.20 Haryana State Cooperative Agriculture Rural Development Bank Ltd. (HSCARDB) was established to meet the medium and long-term credit needs of the farmers of Haryana. Besides, there are 19 District Primary Cooperative Agricultural Rural Development Banks (DPCARDBs). These have played an important role in

capital formation and asset creation in Haryana's rural economy. Prior to 2004-05, the bank had been meeting the credit requirement of farmers as per its mandate, and advancing loans every year at an average rate of Rs. 300 crore per year. However, thereafter, both the lending as well as the recovery has been declining year after year. The bank has been experiencing difficulty in meeting the repayment liabilities to NABARD and other lenders. HSCARDB is depending largely on the refinance facility against Government guarantee by availing loans from the NABARD, the State and the Central Governments in the ratio of 90:5:5 respectively. The Government of Haryana has given a bulk guarantee of Rs. 3,500 crore to NABARD against its borrowing upto March, 2017. The cumulative losses of the bank increased from Rs. 3 crore in 2004-05 to Rs. 60 crore in the year 2013-14. Thus, the losses have increased by Rs. 57 crore from the base year. Similarly the cumulative losses of the DPCARDBs increased from Rs. 223 crore in 2004-05 to Rs. 915 crore in the year 2013-14. The losses have mounted by Rs. 693 crore from the base year. The recovery at the HSCARDB level fell from 69.62 percent in 2004-05 to 32.09 percent in the year 2013-14, and the recovery at DPCARDB level fell from 40.50 percent in 2004-05 to 27.42 percent in the year 2013-14. This indicates poor cooperative financial sector management and a lack of suitable policy initiatives to arrest the clear trends of decline.

1.21 The Haryana Cooperative Supply and Marketing Federation Ltd. (HAFED) came into existence in 1966, with the mandate to make arrangements for procurement, marketing and processing of agriculture produce and allied products. It is also engaged in making arrangements for supply of agriculture inputs to the farmers, and facilitates the working of affiliated marketing cooperative societies. HAFED is the largest cooperative federation in the State. HAFED has been in profit since 2004-05. Its annual profitability increased from Rs 17 crore in 2004-05 to Rs. 49 crore in 2013-14. Its cumulative profit increased from Rs. 322 crore in 2004-05 to Rs. 590 crore in 2013-14. The debt of the HAFED was Rs. 502 crore as on 31.3.2005, which became Rs. 2,689 crore as on 31.3.2014. Most of the debt is on account of working capital loans obtained for procurement under the MSP regime.

Of its turnover of Rs. 9,193 crore in 2013-14, 92.36 percent is on account of State procurement activities.

1.22 The Haryana State Federation of Consumers' Cooperative Wholesale Stores Ltd. (CONFED) popularly known as CONFED came into existence in 1966 under the Punjab Cooperative Societies Act, 1961. The main object of the CONFED was to co-ordinate and facilitates the working of the affiliated Central Cooperative Consumer Stores and to assist in their organization and development. The turnover of the Federation was Rs. 762 crore in 2004-05, which increased to Rs. 1,565 crore in 2013-14. The net profit of the federation was Rs. 5 crore in 2004-05 which has gradually turned into a net loss of Rs. 59 crore in 2013-14. The accumulated losses of the Federation increased from Rs. 1 crore in 2004-05 to Rs. 117 crore in the year 2013-14. The present debt in the form of a cash credit limit of Rs. 306 crore has been obtained against a State Government guarantee. CONFED is making heavy losses year after year. In order to reduce its losses, it has deviated from its original mandate and ventured into the procurement business. But that too has proved to be a liability due to damage of stocks.

1.23 Haryana Dairy Development Cooperative Federation Ltd. was established in the year 1970, Haryana Dairy Development Cooperative Federation Ltd. is the apex body of 3,252 village level Dairy Cooperative Societies functioning under it. These societies collect milk from milk producers and sell it to district level milk unions. There are six milk unions and each has a milk plant of its own at Jind, Ambala, Rohtak, Ballabhgarh, Sirsa and Kurukshetra. The turnover of the Federation was Rs. 369 crore in 2004-05, which increased to Rs. 931 crore in 2013-14. The profit of the Federation stood at Rs. 84 lakh in the year 2004-05 which has reached Rs. 4 crore in the year 2013-14. The Federation had cumulative loss of Rs. 31 crore in the year 2004-05, which as a result of earning profit over the last 10 years has come down to a loss of Rs. 34 lakh in 2013-14. There is no debt as reported by the Federation. However, a liquidity problem is faced in the flush season due to higher procurement of milk for which short-term loans are availed from Banks from time to

time and these are being repaid. The Federation through its milk unions collects only a negligible amount of the total licensed capacity of all the milk plants operating in the State.

1.24 The Haryana State Cooperative Housing Federation Ltd. was established in the year 1973. The main objective of this Federation is to grant loans or advances for construction of houses and to facilitate working of Primary Cooperative House Building Societies. The advances provided by the Federation during the last ten years are only Rs. 20 crore. The Federation provided loans amounting to Rs. 5 crore during the year 2004-05 which became as low as Rs. 21 lakh during the year 2009-10. The loans disbursed to the Societies over the last ten years have varied. Rs. 3 crore was loaned during the year 2013-14. The Federation was in profit in six years and in loss for four years in the reference period. Its profit was Rs. 2 crore in the year 2004-05 which changed into a loss of Rs. 98 lakh in the year 2013-14. The cumulative profit stood at Rs. 2 crore in the year 2004-05 which changed into cumulative loss of Rs. 3 crore during the year 2013-14. The liability of the Federation stood at Rs. 67 crore in 2004-05 which was Rs. 59 crore as on 31.03.2014. The Federation on an average advanced Rs. 2 crore annually and over the last five years has provided advance to only 500 beneficiaries. It can reasonably be said that the Federation has not been able to achieve its mandate. The major liability of Housefed is towards the Life Insurance Corporation of India (LIC), which has been providing loans to the Federation. An amount of Rs. 31 crore was overdue for repayment to LIC as on 31.3.2014.

1.25 Haryana State Cooperative Labour & Construction Federation Ltd. was set up in the year 1966, its main objective was to encourage providing maximum work to the members of primary cooperative Labour & Construction Societies belonging to the poorer section in rural as well as urban sector through labour cooperatives in Haryana. 3,956 Societies were formed by the Federation till 2004-05, which increased to 7,843 in the year 2013-14. The construction work executed by these Societies during the year 2004-05 was Rs. 101 crore as against Rs. 192 crore

executed in the year 2013-14. The turnover of the federation was Rs. 1.55 crore in the year 2004-05, which increased to Rs. 4.15 crore in the year 2013-14. The Federation is in profit since inception. It had earned a profit of Rs. 48 lakh in the year 2004-05, which increased to as high as Rs. 5 crore in the year 2009-10. It has gone into a decline since then with its profit in 2013-14 standing at Rs. 91 lakh.

Table 6
Financial position of the Cooperative Sectors PSUs

(Rs. in crore)

PSUs	Year	Accumul-ated Profit /Loss	Accumu-lated Debt	Turnover	Equity Contributed by the State Govt.
The Haryana State Federation of Cooperative Sugar Mills Limited and its 10 Sugar Mills	2004-05	-378.88	284.63	633.37	33.63
	2013-14	-1,095.85	788.50	907.44	317.83
The Haryana State Cooperative Apex Bank Limited (HARCO Bank)	2004-05	35.01	1,378.87	0.00	3.72
	2013-14	21.98	3,941.97	0.00	5.62
The Haryana State Cooperation Agriculture & Rural Dev. Bank (HSCARDB)	2004-05	2.92	2,119.06	0.00	4.14
	2013-14	59.05	1,938.53	0.00	13.40
The Haryana State Cooperative Supply and Marketing Federation Ltd. (HAFED)	2004-05	322.27	502.05	2,642.21	0.19
	2013-14	590.03	2,689.58	9,193.16	0.19
Haryana State Federation of Consumers Cooperative Wholesale Stores Ltd. (CONFED)	2004-05	-0.83	37.88	762.26	5.41
	2013-14	-116.68	498.88	1,565.52	4.08
The Haryana Dairy Development Cooperative Federation Limited	2004-05	-31.17	45.15	368.70	13.07
	2013-14	0.34	0.00	931.36	28.32
Haryana State Cooperative Housing Federation Ltd.	2004-05	1.67	67.16	54.33	4.31
	2013-14	-3.55	59.41	33.15	12.15
Haryana State Cooperative Labour & Construction Federation Ltd.	2004-05	0.79	0.00	1.55	0.50
	2013-14	3.32	0.00	4.15	2.58
TOTAL	2004-05	-48.22	4434.8	4462.42	64.97
	2013-14	-541.36	9916.87	12634.78	384.17

Source: Haryana Bureau of Public Enterprises

As Table 6 indicates, the cumulative losses of the Cooperative Sector's PSUs have increased from Rs. 48 crore to Rs. 541 crore during the reference period. Also the cumulative debt, which was Rs. 4462 crore in the year 2004-05, has increased to Rs. 9917 crore in the year 2013-14.

Public Sector Enterprises in the Social Sector

1.26 Three organizations namely the Haryana Scheduled Caste Finance & Development Corporation, the Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam and the Haryana Women Development Corporation were studied. It was found that these entities are in declining financial health with accumulated losses and are not being able to fully meet their mandate as their cost of lending to their target groups had become more costly and non competitive over the reference period.

CHAPTER 2

Off-Budget Resources of the State

2.1 The State Government has created several statutory off budget institutions like the Haryana Urban Development Authority (HUDA), the Haryana Rural Development Fund Administration Board (HRDF), the Haryana State Agriculture Marketing Board (HSAMB), the Infrastructural Development Fund (Town & Country Planning Department), the Haryana Building & Other Construction Workers Welfare Board, etc. for specific focused areas of project implementation. This chapter examines the financial health of these Authorities and Boards for the period 2004-05 to 2013-14. The overall financial trends of the 78 urban local bodies in Haryana are also studied in the later part of the chapter.

2.2 **Haryana Urban Development Authority (HUDA)** was established in 1977 under the provisions of the Haryana Urban Development Authority Act 1977 as a body corporate. The core objective of HUDA is to promote and secure the development of urban areas in a systematic and planned manner. As per the Act, the HUDA receives receipts for the plot floated by disposal of land building and other properties. HUDA has a corpus of funds collected receipts from colonisers for change in land use (CLU) permissions, etc. through the Directorate of Town and Country Planning under the Haryana Development & Regulations of Urban Areas Act, 1975. HUDA is spending this money on the External Development works as defined in the Haryana Development & Regulations of Urban Areas Act, 1975. The total resource generation (including EDC) during period 2004-05 to 2013-14 was Rs. 32,039 crore against which the expenditure on land acquisition and development works is Rs. 29,051 crore. During this period, HUDA has also paid income tax to the tune of Rs. 3,488 crore on its turnover rather on its profit, due to a non-compliance of accounting standards. It is pertinent to point out that as on 31.12.2014 an amount of

Rs. 11,048 crore of EDC is overdue and outstanding against licences granted by the Department of Town & Country Planning in various Urban Estates in Haryana, which has not been collected from the licensees. Of this amount Rs. 2909 crore is under stay order from the Courts.

Table 7
Expenditure incurred by HUDA (2004-2005 to 2013-14)

(Rs. in crore)

Sr. No.	Particulars	Expenditure
1	Land Acquisition cost	9,852.00
2	Enhancement cost on land	9,997.65
3	Development Works	9,201.77
4	Income Tax	3,488.61
	Total	32,540.03

Source: Haryana Urban Development Authority

2.3 If we study the district wise resources collected by HUDA during the period under reference and the corresponding funds allocated to these districts for works, it is observed that some districts like Rohtak, Panchkula, Rewari and Ambala received far more funds than were collected from these districts. This is evident from column 7 of the Table 8 which indicates that Rs. 5,525 crore more than their share was spent in these districts, while district Gurgaon received Rs. 7,527 crore less against the resources generated from there. This indicates a skewed focus on some districts at the cost of equitable development during the period under reference.

Table 8
District wise Resource Generation and Expenditure by HUDA
from 2004-05 to 2013-14

(Rs. in crore)

District	Resource Generation of HUDA	EDC	Total Receipts (2+3)	Total Expenditure	Excess (Receipt)	Deficit (Exp.)
1	2	3	4	5	6	7
Ambala	322	33	355	915		560
Bhiwani	135	0	135	482		347
Faridabad	2,445	1,791	4,236	3,953	283	
Fatehabad	0	49	49	240		191
Gurgaon	5,024	10,609	15,633	8,106	7527	
Hissar	1,374	46	1,420	1,735		315
Jhajjar / Bahadurgarh	667	165	832	903		71
Jind	268	1	269	464		195
Kaithal	361	39	400	329	71	
Karnal	527	272	799	722	77	
Kurukshetra	290	124	414	189	225	
Mahendragarh	0	4	4	86		82
Mewat	0	0	0	0	0	0
Palwal	0	111	111	299		188
Panchkula	1,761	380	2,141	2,959		818
Panipat	797	201	998	668	330	
Rewari	430	235	665	1,347		682
Rohtak	385	424	809	2,412		1,603
Sirsa	434	14	448	673		225
Sonipat	536	1,532	2,068	2,230		162
Yamunanagar/ Jagadhari	192	61	253	339		86
					8,513	5,525
G. Total	15,948	16,091	32,039	29,051	2,988	

Source: Haryana Urban Development Authority

During the period under reference, 4,646.58 acres of land were released from the process of acquisition and 2,602.58 acres of this land was released in the 3 districts of Gurgaon, Sonipat and Rohtak.

2.4 Haryana Rural Development Fund Administration (HRDF) Board was established in 1987 under the provisions of Haryana Rural Development Act, 1986. The Rules under the Act provide for the levying of an ad-valorem fee, at the rate of two per centum of the sale proceeds of the agricultural produce bought or sold or brought for processing in the notified market areas. During the period from 2004-05 to 2013-14, the total income of the Board from all sources (fee collection, interest,

refund etc.) was Rs. 3,450 crore, against which 61,849 works at an estimated cost of Rs. 3,505 crore have been sanctioned and Rs. 3,241 crore released for execution. Studying the receipts and expenditure for HRDF, Table 9 provides the district wise resources collected and allocated by the Board. It is observed that certain districts have been allocated a disproportionately large amount of funds for development of rural infrastructure when compared with the receipts collected from these districts. This indicates inequitable allocation of funds for development giving rise to regional disparities in creation of rural infrastructure.

Table 9
District wise Resources and Status of Funds Released by HRDF
(2004-05 to 2013-14)

(Rs. in crore)

District	Resource Generation			Expenditure incurred	
	HRD Fees (A)	Refund, Interest, Income from HPB (B)	Total (A+B)	Amt. Sanctioned	Amt. Released
1. Ambala	131	19	150	102	99
2. Bhiwani	39	6	45	234	221
3. Faridabad	47	7	54	80	74
4. Fatehabad	298	43	341	112	109
5. Gurgaon	42	6	48	66	60
6. Hissar	164	23	187	253	232
7. Jhajjar	19	3	22	462	421
8. Jind	292	42	334	246	221
9. Kaithal	321	46	367	184	179
10. Karnal	360	51	411	136	129
11. Kurukshetra	310	44	354	82	80
12. Mewat	17	2	19	63	59
13. Mohindergarh	7	1	8	128	118
14. Palwal	96	14	110	69	67
15. Panchkula	17	2	19	21	21
16. Panipat	158	23	181	144	128
17. Rewari	18	2	20	169	159
18. Rohtak	52	7	59	359	311
19. Sirsa	363	52	415	146	139
20. Sonapat	171	24	195	369	339
21. Yammunanagar	97	14	111	80	75
Total	3,019	431	3,450	3,505	3,241

Source: Development & Panchayats Department, Haryana

2.5 Haryana State Agricultural Marketing Board (HSAMB) was established on 1st August, 1969 with the vision to provide opportunities for increasing the net income in the agriculture sector and for transforming farmers into a prosperous, progressive and proud ones by setting up efficient and knowledge based marketing systems and services. The main source of income of HSAMB is the receipts under Section 27 of Punjab Agricultural Produce & Marketing Act, 1961. The Board receives 30 percent of the market fees collected by the market committees (MCs). The Market Committees also place a bulk of these funds at the disposal the HSAMB for various works. The rates of fee on major agricultural produce are as under:

Agricultural Produce	Rate of Fee levied	
	2003-04	2013-14
Cotton	2%	<ul style="list-style-type: none"> • 1.5% w.e.f 18.11.2010 • 0.8% w.e.f 01.11.2011
Rice/Paddy	2%	2%
Wheat	2%	2%
Fruits & Vegetables	2%	<ul style="list-style-type: none"> • 1% w.e.f. 22.12.2011 on potato • 1% w.e.f. 1.9.2012 on all vegetable & fruits • No fee is liveable on fruits & vegetables w.e.f. 1.3.2014
Fodder	2%	2%

The Fund is utilised mainly for the construction and repair of rural link roads, marketing of agricultural produce on co-operative lines and general improvements in the notified market areas. The resource generation of the Board during 2004-05 was Rs. 129 crore which has increased to Rs. 574 crore in 2013-14. Against these resources the expenditure of the Board was Rs. 150 crore in 2004-05 and Rs. 549 crore in 2013-14. During the period from 2004-05 to 2013-14, the total income of the Board from all sources (30 percent of market fees, deposit works of MCs, other incomes i.e. interest, rent, etc.) was Rs. 3,530 crore. These receipts have been allocated to various districts for works as detailed at Table 10 which is also clearly skewed allocation of resources to districts.

Table 10
District wise Resource Generation and Expenditure by HSAMB
(2004-05 to 2013-14)

(Rs. in crore)

District	Resource Generation				Exp. Incurred	Exp. in excess of resource
	30% of Mkt. Fee	Deposit works of MCs	Other i.e. Rent, interest, HRDF, cont. etc.	Total		
1	2	3	4	5	6	7
Ambala	40	94	1	135	110	
Bhiwani	25	72	1	98	158	60
Faridabad	44	113	0	157	112	
Fatehabad	92	134	0	226	176	
Gurgaon	24	34	1	59	189	130
Hisar	72	165	1	238	212	
Jind	89	220	0	309	189	
Kaithal	103	194	0	297	186	
Karnal	95	275	1	371	253	
Jhajjar	6	28	0	34	348	314
Kurukshetra	96	208	0	304	167	
Mohindergarh	7	3	0	10	0	
Panipat	68	131	0	199	130	
Panchkula	7	54	1	62	56	
Rewari	10	10	1	21	103	82
Rohtak	24	24	1	49	215	166
Sirsa	114	302	1	417	205	
Sonepat	47	100	0	147	149	2
Yamunanagar	35	105	1	141	101	
Electrical			256	256	0	
	998	2,266	266	3,530	3,059	

Source: Haryana State Agricultural Marketing Board

The above Table reveals that the allocation of funds in some districts is far more than the resources generated by these, and this has been at the cost of other districts which contributed to this Fund.

2.6 Infrastructure Development Fund (IDF): The Government of Haryana in 2006 included infrastructure development charges in the Haryana Development and Regulation of Urban Areas Act, 1976. The amount of Infrastructure Development

Charges deposited by the colonizer constituted the IDF for the development of major infrastructure projects in the State of Haryana. The note to the Act states that this Fund shall be utilized for stimulating socio-economic growth and development of Major Infrastructure Projects for the benefit of the State of Haryana. The resource generation by this entity during 2006-07 was Rs 121 crore which has increased to Rs. 604 crore in 2013-14. Against the total accumulated receipts of Rs. 2,989 crore, the expenditure incurred till 2013-14 is Rs. 1,321 crore. Thus, the Fund has not been utilized fully even though there was a need for relevant infrastructure development.

Table 11

Recourse Generation and Expenditure under Infrastructure Development Fund (IDF) for the period 2006-07 to 2013-14

(Rs. in crore)

Sr. No.	Year	Receipt			Exp.
		Infrastructure Augmentation Charges (IAC)	Infrastructure Development Charges (IDC)	Total	
1	2006-07	-	121	121	-
2	2007-08	-	179	179	-
3	2008-09	-	358	358	74
4	2009-10	-	318	318	401
5	2010-11	-	578	578	3
6	2011-12	-	348	348	293
7	2012-13	0	483	483	289
8	2013-14	84	520	604	261
	Total	84*	2,905*	2,989*	1,321

Source: Department of Town & Country Planning, Haryana

* Above figures do not include the interest amount and are subject to reconciliation and finalization of Accounts.

2.7 Haryana Building & other Construction Workers Welfare Board: The Central Government enacted the “Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act” in the year 1996. The main objective of this Act is to regulate the employment and conditions of service and to provide for safety, health and welfare measures for building and other construction workers. Similarly, the Building and Other Construction Workers Welfare Cess Act was also enacted in 1996 to provide for levy and collection of cess on the cost of

construction incurred by employer with the view to augmenting the resources of the Building and Other Construction Workers Welfare Boards. The Haryana Building and Other Construction Workers Welfare Board under the provision of the Act was constituted in 2006 to receive the levy of the above cess and to channelize benefits to the construction workers. The levy of 1 percent cess on the cost of construction incurred by the employers including public sector undertakings is being collected through the Departments like Town & Country Planning, HUDA, and Municipal Corporations/Committees at the time of granting licenses/ approval of building plans and the cess such collected is transferred to the Welfare Board. While the total receipts of the Board are Rs.1123 crore since its inception, an amount of Rs. 49 crore only has been spent on various welfare schemes upto 31.03.2014.

Table 12
Haryana Building and other Construction Workers Welfare Board

(Rs. in crore)

Year	Cess Collected/ Available Fund	Expenditure			Total Exp.
		Establishment	For Schemes of the Board	Advances to other Deptts.	
2006-07	0.00	0.00	0.00	0.00	0.00
2007-08	24.53	0.03	0.05	0.00	0.08
2008-09	69.98	0.15	0.67	0.00	0.82
2009-10	102.20	0.28	2.20	0.00	2.48
2010-11	199.40	0.40	3.28	0.19	3.87
2011-12	220.99	0.45	7.72	0.41	8.58
2012-13	278.94	0.52	7.54	0.09	8.15
2013-14	227.27	0.59	12.37	12.57	25.53
Total	1123.31	2.42	33.83	13.26	49.51

Source: Labour Department, Haryana

As is evident from the Table above, almost the entire Fund remains unutilized, thus indicating that this was obviously not a priority for the Government in the past decade.

Urban Local Bodies

2.8 Urban Local Bodies are important institutions of self governance providing municipal services and civic amenities. Presently, there are 78 Urban Local Bodies (ULBs) in Haryana consisting of 9 municipal corporations, 19 municipal councils and 50 municipal committees. As per present classification, the municipalities are of three kinds. Municipal Committee for an urban population not exceeding 50,000; Municipal Council for a population exceeding 50,000 but not exceeding 5,00,000; and Municipal Corporation with population exceeding 5,00,000. The factors taken into account for determining municipal areas are the total population of the area, density of population, revenue generation potential for the local administration, percentage of employment in non-agriculture activities, economic importance, or such other factors as the State may deem fit.

2.9 A brief overview of the urbanization process in Haryana is provided so as to place in focus the strategic importance of this part of the Government. Haryana has been urbanizing rapidly since 1966. While a decadal growth of 9.8 percent between 2001 and 2011 has been recorded for the growth of population in the rural areas, the urban areas have recorded a growth rate of 44.6 percent in this time frame. The urban population registered an absolute increase of 27,26,799 increasing from 61,15,304 in 2001 to 88,42,103 in 2011. In this way, the share of Haryana's urban population has increased from 29.00 percent in 2001 to 34.88 percent in 2011. Further, nearly one half of the State falls within the National Capital Region (NCR) around Delhi and this area is experiencing an even higher rate of urbanization. Eleven districts of Haryana fall in the NCR and two districts namely Jind and Karnal are yet to be notified. This rapid urbanization necessarily implies that the ULBs in Haryana must be geared up to provide basic civic infrastructure to this rapidly growing population in terms of sewerage, drinking water, drainage, roads, street lights, solid waste disposal facilities, hospitals, fire stations, etc.

2.10 In conformity with the 74th Constitutional Amendment, the State Government enacted the Haryana Municipal (Amendment) Act, 1994, which provides for specific

areas of responsibility of the municipalities and their power to raise revenues, through obligatory as well as discretionary taxation measures. Provision has also been made for transfer of 18 functions as mentioned in the 12th Schedule of the Constitution. The ULBs generate their own income through the following taxes and fees:

- i. Property Tax
- ii. Stamp Duty on property transactions in municipal areas
- iii. Taxes on vehicles
- iv. Electricity Tax
- v. Development fee
- vi. Excise Duty share
- vii. Trade Tax
- viii. Advertisement Tax
- ix. Rent from municipal properties
- x. Sale of land
- xi. Others

Although these fees and taxes are collected by ULBs or by the State on behalf of ULBs, but the Urban Local Bodies do not have the freedom to decide on the rates for these levies. Besides, the following taxes are collected by State and later on transferred to ULBs:

- i. Stamp duty on property transactions in municipal areas
- ii. Taxes on vehicles
- iii. Electricity Tax
- iv. Excise Duty share
- v. Surcharge on VAT

Table 13
Details of revenue Receipts and Expenditure of Urban Local Bodies

(Rs. in crore)

Year	Own Tax & Non Tax Revenue	Revenue Expenditure	Surplus/ Gap (2-3)
1	2	3	4
2004-05	126.70	173.11	-46.41
2005-06	144.20	175.78	-31.58
2006-07	193.93	225.73	-31.80
2007-08	147.79	222.02	-74.23
2008-09	164.36	276.03	-111.67
2009-10	347.17	290.92	56.25
2010-11	345.38	680.85	-335.47
2011-12	609.27	970.51	-361.24
2012-13	703.52	1020.83	-317.31
2013-14	907.39	1445.14	-537.75
Total	3689.71	5480.92	-1791.21

Source: Urban Local Bodies Department, Haryana

Note: Data for 2013-14 is pre-actual.

As is evident from the above Table, the revenue deficit of all Urban Local Bodies put together has grown about 38 times between 2004-05 and 2013-14, from Rs 46 crore to Rs. 1791 crore. As the resources of Urban Local Bodies fall far short of their operational liabilities, there is a palpable lack of quality in civic management. There is also an obvious lack of targeted expenditure to create civic infrastructure expected of these growth driving urban centres. As a result of the lack of resources, and the added problem of an unclear policy mandate, urban Haryana is beset with the problem of mushrooming and haphazard growth and poor infrastructure.

Annexure I

List of Public Enterprises of Haryana Government

Sr.No.	Name of the Administrative Department and Public Enterprise.
Agriculture Department	
1.	Haryana Agro Industries Corporation Limited
2.	Haryana Seeds Development Corporation Limited
3.	Haryana Land Reclamation & Development Corporation Limited
4.	Haryana State Warehousing Corporation
5	Haryana State Agricultural Marketing Board
Cooperation Department	
6	Haryana State Cooperative Supply & Marketing Federation Limited (HAFED)
7	The Panipat Cooperative Sugar Mills Ltd., Panipat
8	The Karnal Cooperative Sugar Mills Ltd., Karnal
9	The Kaithal Cooperative Sugar Mills Ltd., Kaithal
10	The Sonipat Cooperative Sugar Mills Ltd., Sonipat
11	The Shahabad Cooperative Sugar Mills Ltd., Shahabad
12	The Meham Cooperative Sugar Mills Ltd., Meham.
13	The Jind Cooperative Sugar Mills Ltd., Jind.
14	The Palwal Cooperative Sugar Mills Ltd., Palwal.
15	The Haryana Cooperative Sugar Mills Ltd., Rohtak
16.	Ch. Devi Lal Cooperative Sugar Mills Ltd., Gohana
17.	Haryana State Federation of Cooperative Sugar Mills Limited
18.	Haryana State Cooperative Apex Bank Limited
19.	Haryana State Cooperative Agriculture & Rural Development Bank Limited
20.	Haryana State Cooperative Development Federation Limited (HARCOFED)
21.	Haryana Dairy Development Cooperative Federation Limited
22.	Haryana State Cooperative Labour & Construction Federation Limited
23.	Haryana State Cooperative Housing Federation Limited
Forest Department	
24	Haryana Forest Development Corporation Limited
Food and Supplies Department	
25.	Haryana State Federation of Consumers Cooperative Wholesale Stores Limited (CONFED)

Housing Department	
26	Housing Board Haryana
Home Department	
27.	Haryana Police Housing Corporation Limited
Industries Department	
28.	Haryana Financial Corporation Limited
29.	Haryana State Industrial and Infrastructure Development Corporation Limited
30.	Haryana Khadi & Village Industry Board (HKVIB)
IT Department	
31.	Haryana State Electronics Development Corporation Limited
PWD (B&R)	
32.	Haryana State Roads & Bridges Development Corporation Limited
Power Department	
33	Haryana Power Generation Corporation Limited
34	Haryana Vidyut Prasaran Nigam Limited
35	Uttar Haryana Bijli Vitran Nigam Limited
36	Dakshin Haryana Bijli Vitran Nigam Limited
Welfare of Schedule Castes & Backward Classes Department	
37	Haryana Scheduled Castes Finance & Development Corporation Limited
38	Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam Limited
Tourism Department	
39	Haryana Tourism Corporation Limited
Transport Department	
40	Haryana Roadways Engineering Corporation Limited
Town & Country Planning Department	
41	Haryana Urban Development Authority (HUDA)
Development and Panchayat Department	
42	Haryana Rural Fund Administration Board
Women and Child Development Department	
43	Haryana Women Development Corporation Limited

Annexure II

Details of Equity Infusion by State Government in Power Companies

(Rs. in crore)

Year	HVPNL	HPGCL	UHBVNL	DHBVNL	Total
2004-05	25.93	155.13	24.13	22.17	227.36
2005-06	57.05	178.69	20.42	19.29	275.45
2006-07	171.46	460.14	67.60	86.60	785.80
2007-08	72.72	496.08	147.35	132.75	848.90
2008-09	135.27	470.80	109.63	140.00	855.70
2009-10	250.07	132.30	282.10	234.45	898.92
2010-11	374.87	183.16	56.20	39.72	653.95
2011-12	300.00	182.50	173.00	146.10	801.60
2012-13	75.12	58.08	32.87	32.55	198.62
2013-14	100.00	0.00	0.00	0.00	100.00
Total	1562.49	2316.88	913.30	853.63	5646.30

Source: Power Department, Haryana

Annexure III

Details of Working Capital Borrowing by DISCOMs

Uttar Haryana Bijali Vitaran Nigam Limited (UHBVNL)

(Rs. in crore)

Year	Permitted by the HERC	Actual drawn by the Company	Excess over permitted
2008-09	277.00	3675.07	3398.07
2009-10	350.00	6003.24	5653.24
2010-11	1089.55	7706.64	6617.09
2011-12	972.92	7573.61	7000.69
2012-13	3097.52	11630.35	8532.83
2013-14	1064.26	14668.08	13603.82
Total	6851.25	51256.99	44805.74

Source: Power Department, Haryana

Dakshin Haryana Bijali Vitaran Nigam Limited (DHBVNL)

(Rs. in crore)

Year	Permitted by HERC	Actual drawn by the Company	Excess over permitted
2008-09	176.00	1506.19	1330.19
2009-10	375.00	2865.72	2490.72
2010-11	686.45	3415.95	2729.50
2011-12	666.67	3907.29	3240.62
2012-13	1367.54	6578.58	5211.04
2013-14	1112.80	8629.58	7516.78
Total	4384.46	26903.31	22518.85

Source: Power Department, Haryana

Annexure IV
Details of Gross Outstanding Receivables (as per balance sheet)

(Rs. in crore)

Year	UHBVNL	DHBVNL	Total
2004-05	1414.25	1437.90	2852.15
2005-06	1725.85	1772.13	3497.98
2006-07	1882.75	1388.07	3270.82
2007-08	1556.35	1563.16	3119.51
2008-09	1875.20	1846.75	3721.95
2009-10	2094.44	1902.21	3996.65
2010-11	2377.97	1914.47	4292.44
2011-12	2735.84	2178.57	4914.41
2012-13	3148.94	2740.56	5889.50
2013-14	2860.09	2044.19	4904.28

Source: Power Department, Haryana