

Section-2B

**Haryana State Minor Irrigation and Tubewells Corporation
Limited**

**Sectoral review on the activities of Direct Irrigation Tubewells and
Augmentation Tubewells**

Highlights

The Haryana State Minor Irrigation and Tubewells Corporation Limited was incorporated on 9 January 1970 with the main objects to instal, manage and administer tubewells for direct irrigation and augmentation of water supplies in the existing and future canal systems.

(Paragraph 2B.1)

The operative Direct Irrigation Tubewells (DITs) declined from 720 in 1994-95 to 484 in 1998-99. Further, the average actual hours operated per tubewell decreased from 1251 in 1994-95 to 486 in 1998-99 against the norm of 2800 hours per DIT.

(Paragraph 2B.5)

The Company suffered heavy losses in operation of DITs as it could not even recover the direct expenditure of Rs 23.44 crore during five years up to 1998-99.

(Paragraph 2B.5.1)

The number of operative Augmentation Tubewells (ATWs) came down from 750 during 1994-95 to 510 in 1998-99. Further, actually run tubewells were also underutilised as utilisation per ATW per year declined from 2626 hours in 1994-95 to 588 hours in 1998-99 against the norm of 3800 hours.

(Paragraph 2B.6)

The Company suffered loss in operation of ATWs and the total loss sustained amounted to Rs 23.26 crore during the five years up to 1998-99.

(Paragraph 2B.6.1)

The Company lodged its claim of Rs 44.59 lakh with the Land Acquisition Officer after a gap of twelve years for the compensation of ATWs installed on the land acquired for Indian Oil Corporation resulting in loss of interest of Rs 0.88 crore.

(Paragraph 2B.6.3)

2B.1 Introduction

The Haryana State Minor Irrigation and Tubewells Corporation Limited (HSMITC) was incorporated on 9 January 1970, as a wholly owned State Government company, with the main objects, *inter alia*, to:

- instal new tubewells for direct irrigation and augmentation of water supplies in the existing and future canal systems;
- promote, improve, establish, execute, manage and administer tubewells and other minor irrigation projects for development of minor irrigation in the State; and
- undertake the installation and construction of tubewells and other connected works on behalf of other parties.

The Company is presently engaged in the running and maintenance of irrigation tubewells, drilling and development work, lining of water courses and running of one workshop etc.

2B.2 Organisational set-up

The management of the Company is vested in a Board of Directors. As on 31 March 1999, there were six directors in the Board including Managing Director and Chairman who are appointed by the State Government. The Managing Director is the Chief Executive of the Company who is assisted by a Financial Adviser and Chief Engineer. It was seen in audit that there were frequent changes in the chief executive of the Company as seven Managing Directors of the Company were appointed during the five years ending 31 March 1999 and their stay ranged from 2 to 20 months. This deprived the Company of the benefit of long term planning and experienced guidance.

2B.3 Scope of audit

Performance of the Company was last reviewed and incorporated in the Report of Comptroller and Auditor General of India for the year 1991-92 (Commercial) - Government of Haryana. Since no reply of the review was received, COPU recommended (March 1996) an enquiry by the Chief

Secretary for the callous attitude of the Department/Company for not furnishing replies to the review and directed for expediting the required replies. The present review conducted during December 1999 to March 2000 covers the performance of the activities of Direct Irrigation Tubewells (DITs) and Augmentation Tubewells (ATWs) of the Company during five years up to 1998-99.

2B.4 Performance appraisal

Losses in tubewell activity not only consumed profits from other activities but also wiped off the paid-up capital

The Company had neither made any budget provision for activities of DITs and ATWs nor installed any tubewell during five years up to 1998-99. However, losses incurred on running of these tubewells amounting to Rs 155.52 crore up to 31 March 1999 had consumed the cumulative profit of Rs 51.38 crore earned from other activities (lining of water courses and running of workshop) of the Company resulting in cumulative loss of Rs 104.14 crore up to 31 March 1999 which has wiped off paid-up capital of Rs 10.89 crore. Keeping in view the poor performance of the Company, the Indian Institute of Cost and Management Studies and Research, Pune in its report recommended (February 2000) that the Company should be closed down on priority basis. The operational performance of DITs and ATWs are discussed in the succeeding paragraphs.

2B.5 Working of direct irrigation tubewells

DITs are installed in areas where canal supply is not available and small and marginal farmers are not in a position to instal their own tubewells due to high cost and limited agricultural land available with them. These tubewells supply water directly to the farmers and the charges are recovered through the State Revenue Department on the basis of the energy consumption, i.e., units consumed at the rate fixed by the State Government.

At the end of March 1991, the Company had 1546 tubewells valued at Rs 17.36 crore including 616 tubewells transferred by the Irrigation Department at the time of formation of the Company. As running of DITs had become unremunerative, the company approached (July 1991) the State Government for grant of subsidy for this activity. The proposal was turned down and the Government took (August 1992) the following decisions :

State Government decided to operate only 477 DITs and another 1069 DITs were to be capped, transferred to other beneficiaries and stop operation

- 477 tubewells, where there was no other source of irrigation and beneficiaries were not forthcoming to take over the charge, be run by the Company and the Finance Department would examine the issue of providing subsidy for these tubewells.
- 250 tubewells which are running less than 100 hours per year and the running can not be improved, be capped and put to auction.

- Operation of 582 problem wells (not functioning due to technical problems) be stopped.
- 210 tubewells be handed over to the willing beneficiaries/societies as well as to the Panchayats at the rate of Rs 50,000 per tubewell.
- 27 tubewells be handed over to Public Health Department (PHD) free of cost.
- The equipment of the tubewells being capped be put to auction.

The implementation of above decision has been examined in audit and following position emerged:

Subsidy for operation of 510 DITs refused by State Government

(i) Besides 477 tubewells, the Company also identified 33 tubewells (out of 250 tubewells decided to be capped) necessary for operation. Accordingly, the Company sent (November 1992) a proposal to the Government for grant of subsidy of Rs 2.50 crore per year for running of 510 DITs. The proposal was rejected (February 1993) by the Government without assigning any reason.

(ii) Under Haryana Water Resources Consolidation Project assisted by World Bank, the Company was to receive Rs 2.08 crore for repair and rehabilitation of 720 tubewells (including 217 tubewells to be capped) during 1993-94 and 1994-95. The project required the Company to promote formation of water users associations by the beneficiaries. The Company, however, could not encourage the farmers to form such associations to take over the responsibility for operation and maintenance of the tubewells and thus could not implement the project. This resulted in delay in capping the tubewells. The company could sell only 43 DITs through auction at Rs 4.94 lakh and the remaining 174 tubewells were lying unsold.

(iii) As per decision, the Company stopped operation of 582 tubewells.

(iv) Out of 210 number DITs to be handed over to willing beneficiaries/societies, the Company could hand over only 27 tubewells for Rs 13.50 lakh. The remaining 183 DITs could not be disposed of as these had been installed on the land owned by the farmers and they were not coming forward to take over.

(v) Out of 27 tubewells to be transferred to PHD, 26 were transferred to other departments.

Audit observed that during 1994-95, the operative tubewells were 720 which further declined to 484 in 1998-99. The table given below indicates the

working of DITs for five years up to 1998-99:

Year	Number of operative tubewells	Number of tubewells actually operated	Operational hours of actually operated tubewells as per norm of 2800 hours per tubewell per annum	Actual hours operated	Percentage of actual to norm	Average actual hours operated per tubewell	Area irrigated in acres
			(in lakh)				
1994-95	720	287	8.04	3.59	44.7	1251	28,275
1995-96	517	200	5.60	2.31	41.3	1155	18,601
1996-97	506	300	8.40	2.51	29.9	837	21,528
1997-98	489	194	5.43	1.64	30.2	845	12,961
1998-99	484	257	7.20	1.25	17.4	486	10,249

During last 5 years not even a single tubewell was installed

The above table would reveal that the percentage of actual hours operated to hours as per norm declined from 44.7 in 1994-95 to 17.4 in 1998-99. Further, the average actual hours operated per tubewell also decreased from 1251 in 1994-95 to 486 in 1998-99 against the norm of 2800 hours per DIT. Consequently, irrigated area decreased from 28275 acres in 1994-95 to 10249 acres in 1998-99. Thus, the objective of the Company to promote and manage tubewells was not achieved as during last five years, not even a single tubewell was installed. On the other hand, actually irrigated area decreased by 64 per cent during last five years.

It was seen in audit that poor running was attributable to frequent failures of tubewells, non-replacement of worn out equipments, disconnection of tubewells because of non-payment of electricity charges and lack of repair and maintenance etc. The poor functioning of DITs had resulted in installation of tubewells by farmers at their own in the area to be irrigated by DITs resulting in reduction of area per tubewell from 324 acres at the time of installation to 63 acres in 1997-98.

2B.5.1 Uneconomic operation of DITs

Income from sale of water was too low to meet any of the elements of direct expenditure

Although the Company was empowered to fix/charge the rates for sale of water to farmers, yet the Company continued to charge the rates fixed by the State Government. The rates fixed by the State Government were abnormally on lower side compared to actual operational cost per unit. The proposal of the Company to increase the rates from Rs 1.25 to Rs 2.04, Rs 3.28 and Rs 3.30 per unit w.e.f. 1 January 1994, 31 January 1994 and 28 December 1994 respectively was rejected (January 1996) by the State Government without assuring the Company to provide subsidy. The rate was subsequently increased to Rs 2.25 per unit in June 1997 against operational cost of Rs 24.63 per unit during 1996-97. The operational cost further increased to Rs 43.93 and Rs 48.35 during 1997-98 and 1998-99 respectively, however the rate of sale of water remained the same at Rs 2.25 per unit. The revenue earned and

expenditure incurred during five years up to 1998-99 are indicated below.

Sl. No.	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
1.	Power consumed (units in lakh)	46.70	26.86	28.86	19.31	14.18
2.	Income from sale of water (Rs in lakh)	54.56	83.69*	36.18	39.21	33.26
3.	Income per unit (in rupees)	1.17	3.12	1.25	2.03	2.35
4.	Direct expenditure					
(i)	Wages (Rs in lakh)	267.09	310.64	342.33	336.75	331.17
(ii)	Energy charges (Rs in lakh)	122.12	126.81	123.63	186.05	72.65
(iii)	Repairs and Maintenance (Rs in lakh)	82.01	80.51	73.78	83.43	52.67
	Total direct Expenditure (Rs in lakh)	471.22	517.96	539.74	606.23	456.49
5.	Indirect expenditure (Rs in lakh)	222.94	198.03	171.07	242.09	229.12
6.	Total expenditure (Rs in lakh)	694.16	715.99	710.81	848.32	685.61
7.	Direct cost per unit (Rupees)	10.09	19.28	18.70	31.39	32.19
8.	Indirect cost per unit (Rupees)	4.77	7.37	5.93	12.54	16.16
9.	Loss (Rs in lakh)	639.60	632.30	674.63	809.11	652.35

It would be observed from the above that income from sale of water was not able to meet any of the elements of direct expenditure. Leaving aside indirect expenditure, the loss to the Company in the running of this activity when compared with direct expenditure alone worked out to Rs 23.44 crore during five years up to 1998-99. Evidently, the running of DIT was not a viable proposition unless the State Government grants subsidy or allows the Company to fix its own rates.

The main reasons for loss as analysed in audit were as under:

(i) Though the operative tubewells decreased from 1546 in 1990-91 to 484 in 1998-99, the work charged staff was not reduced, resulting in excess manpower ranging from 204 to 274 during the last five years and consequently payment of idle wages of Rs 1.22 crore during this period.

(ii) Payment of minimum energy charges to the extent of Re. 45.93 lakh on idle operative tubewells as discussed in para 2B.6.6 *infra*.

The State Government constituted (February 1997) a Cabinet Sub-Committee to review the functioning of the Company. The committee, *inter-alia*, recommended (March 1997) that subsidy of Rs 2.50 crore per annum may be provided to the Company for running 700 DITs. Against the operation of 194 and 257 tubewells during 1997-98 and 1998-99, the Company submitted (August 1998) subsidy claim of Rs 5 crore for 700 tubewells without any

* Includes subsidy of Rs 50 lakh received from State Government.

justification. The claim has not been accepted by the State Government so far (June 2000). The Government directed (February 2000) the Company to work out the modalities to hand over all DITs to the Panchayati Raj Institutions for better and efficient functioning. Further developments were awaited (June 2000).

2B.5.2 Outstanding dues

Outstanding dues were neither reconciled with the Revenue Department nor age wise analysis made

Tubewell Division, Karnal (Nodal Division) receives the bills raised by concerned divisions twice in a year on Revenue Department for recovery of dues from the farmers and details of the recoveries made by Revenue Department. The Executive Engineer, Tubewell Division, Karnal prepares the statement of dues and recoveries of all the operating divisions in respect of DITs. In respect of ATWs, water bills prepared monthly by the concerned divisions of the company and verified by Irrigation Department are sent to the Nodal Division for getting the payment from Irrigation Department. As per accounts of the Nodal Division, a sum of Rs 43.33 lakh was recoverable from the cultivators as on 31 March 1999. It was, however, observed in audit that according to the books of the Head Office, outstanding dues were Rs 82.40 lakh. The company neither reconciled the outstanding dues with Revenue Department nor made age-wise analysis of outstanding dues. Further test check of records of Ambala, Yamunanagar and Fatehabad Divisions revealed that out of recoverable amount of Rs 35.36 lakh as on 31 March 1999, recovery of Rs 11.76 lakh related to the period from 1978-79 to 1993-94 and was thus doubtful.

2B.6 Working of augmentation tubewells

Augmentation tubewells (ATWs) are installed along the canals in Haryana for augmenting water supplies in canals. Since inception of the Company, 1643 tubewells were installed and energised by the Company. Of these, 750 tubewells were operative during 1994-95 which came down to 510 in 1998-99. The table below indicates the working of ATWs for five years up to 1998-99:

Year	Number of operative tubewells	Number of tubewells actually operated	Operational hours of actually operative tubewells as per norm of 3800 hours per tubewell per annum	Actual hours operated	Percentage of actual to norm	Average actual hours operated per tubewell
			(in lakh)			
1994-95	750	366	13.91	9.61	69.1	2626
1995-96	567	278	10.56	7.17	67.9	2579
1996-97	551	334	12.69	7.73	60.9	2314
1997-98	546	356	13.53	4.28	31.6	1202
1998-99	510	313	11.89	1.84	15.5	588

It would be observed from the above that actually run tubewells were even underutilised as actual hours run per tubewell per year declined from

2626 hours in 1994-95 to 588 hours in 1998-99 against the norm of 3800 hours per tubewell per year.

The Management attributed (February 1997) decline in the running of ATWs to:

- non-placement of indents by Irrigation Department; and
- poor maintenance of tubewells.

One of the reasons as attributed by the management for decline in the running of tubewells was poor maintenance. It was, however, observed in audit that against Rs 3.34 crore provided by the State Government during the last five years for upkeep of tubewells, the Company could utilise only Rs 2.50 crore for the purpose.

2B.6.1 Uneconomic operation of ATWs

Water rates remained the same despite increase in operational cost

The water rate of Rs 2.20 per unit for augmentation tubewells fixed by the State Government with effect from April 1994 was not revised, despite increase in operational cost from Rs 4.51 per unit during 1994-95 to Rs 28.31 per unit in 1998-99. The revenue earned vis-a-vis expenditure incurred during five years up to 1998-99 has been given below:

Sl. No.	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99
1.	Power consumed (units in lakh)	153.31	121.89	119.13	61.63	26.25
2.	Cost of water supplied					
(i)	Direct expenditure (Rs in lakh)	477.76	459.15	523.71	675.38	490.17
(ii)	Proportionate head office expenses (Rs in lakh)	213.63	191.88	172.48	240.36	253.02
3.	Total cost (Rs in lakh)	691.39	651.03	696.19	915.74	743.19
4.	Total cost per unit (Rupees)	4.51	5.34	5.84	14.86	28.31
5.	Income from sale of water (Rs in lakh)	178.01	514.75	385.41	136.27	156.99
6.	Income per unit (Rupees)	1.16	4.22	3.24	2.21	5.98
7.	Loss per unit (Rupees)	3.35	1.12	2.60	12.65	22.33
8.	Total loss (Rs in lakh)	513.38	136.28	310.78	779.47	586.20

Income from sale of water was not sufficient to meet even the direct expenditure due to excess manpower etc

It would be observed from the above that the Company incurred loss of Rs 23.26 crore in the activity during all the five years up to 1998-99 and the loss varied from Rs 1.36 crore to Rs 7.79 crore during these years. The income from sale of water was not able to meet even the direct expenditure during all the five years except in 1995-96. The high cost of operation was mainly due to deployment of excess staff (304 to 374) resulting in payment of idle wages of Rs 1.64 crore during last five years and payment of minimum

energy charges on idle operative tubewells as discussed in paragraph 2B.6.6 *infra*.

The Cabinet Sub-Committee appointed by the State Government recommended (March 1997) that ATWs along with assets, liabilities and staff be transferred to Irrigation Department. Accordingly, the State Government constituted a committee to work out the modalities for transfer of the activity to the Irrigation Department. The committee decided (July 1997) that with the transfer of ATWs, the staff deployed on the activity will also be transferred to the Department. The State Government accepted (January 1998) the recommendations of the committee. However, the State Government reversed (February 2000) its earlier decision on the plea that the merger of company with Irrigation Department would defeat the very purpose for which it was created and advised the company to downsize its staff strength. Further development were awaited (June 2000).

2B.6.2 Non-reimbursement of claim for idle hours

The Company took up (April 1985) the matter regarding reimbursement of expenditure for idle hours of ATWs with the State Government for non-running of ATWs installed along various canals as per projected hours, as the ATWs were installed for the Irrigation Department. The State Government issued (August 1985) directions to the Engineer-in-Chief, Irrigation Department to release the claim of idle hours to the Company for non-running of ATWs. Up to 1998-99, the Company claimed Rs 60.36 crore for the period from 1978-79 to 1998-99 on account of reimbursement for idle hours of ATWs from the Irrigation Department. The payment was, however, still awaited (June 2000) for reasons not on record.

2B.6.3 Loss due to delay in filing compensation claim

The State Government issued notifications (September 1983 and March 1985) to acquire 6477 Kanals* and 11 Marlas** and 179 Kanals and 8 Marlas land situated in villages Bohli and Sithana respectively in District Karnal for installation of refinery and construction of residential colony by Indian Oil Corporation (IOC). The Land Acquisition Officer (LAO), Panipat invited (February 1987) the land owners and other interested persons to lodge their claims for compensation up to 20 February 1987. The Company had 15 number ATWs on the land so acquired but no representative of the Company appeared before the LAO on the said date. Meanwhile, the LAO requested (June 1986) the Executive Engineer, Public Health and Executive Engineer, PWD (B&R) to intimate the cost of tubewells and structures. As the information was not supplied by the concerned officers and no representative of the Company had appeared, the LAO announced (March 1987) award for land and trees only and decided to announce award in respect of tubewells and structures later on.

Delayed claim for compensation for acquired ATWs resulted in non-recovery of Rs 0.45 crore

* 1 Kanal is equal to 20 Marlas.

** 1 Marla is equal to 25 square yards.

The Company claimed (November 1994) after a delay of 7 years, compensation of Rs 40 lakh from IOC which did not admit (December 1994) the claim on the plea that possession of the land had been handed over by the State Government free from any encumbrances.

The Company lodged (March 1999) claim of Rs 44.59 lakh with LAO who directed (June 1999) the IOC to deposit the amount up to 25 June 1999. The IOC did not deposit the amount and obtained (November 1999) stay orders from the Punjab and Haryana High Court, which could not be vacated so far (March 2000).

Thus, delay in lodging the claim by the Company resulted in non-recovery of Rs 44.59 lakh with consequential loss of interest of Rs 87.50 lakh from March 1987 to March 2000.

2B.6.4 Delay in realisation of water bills

Delay in getting the water bills verified and non-pursuance of claim resulted in loss of interest

Internal Audit Wing of the Company while conducting (March 1992) audit of the Delhi Tubewell Division, Faridabad pointed out (January 1993) that water bills amounting to Rs 33.71 lakh for the period from April 1983 to November 1992 were lying unverified by the Irrigation Department since November 1992. Of this, the bills for Rs 11.17 lakh relating to the period April 1983 to February 1988 were still (February 2000) not got verified by the Company. The bills amounting to Rs 22.54 lakh pertaining to the period from January 1991 to June 1992 was, however, recovered after more than six years in October 1998. Thus, the delay in getting the bills verified and non-pursuance of claim with the Irrigation Department resulted in loss of interest of Rs 42.17 lakh (at 15 per cent rate of interest).

2B.6.5 Non-recovery of operation and maintenance claim

Non-energisation of 26 tubewells due to non-deposit of requisite amount with HSEB

The State Government approved (November 1995 to August 1996) three projects for setting up of vertical drainage tubewells along with the Fatehabad, Kishangarh and Lohani branch/feeder to control water logging in the area at a cost of Rs 1.34 crore. The cost of the project and operation and maintenance of tubewells was to be borne by the Irrigation Department and work was to be executed by the Company. Under the scheme, the Company installed 50 tubewells each, at Fatehabad, Kisangarh and 15 at Lohani at a total cost of Rs 1.10 crore leaving balance of Rs 24.04 lakh which was utilised by the Company towards operation and maintenance cost. Of these tubewells, 26 installed by February 1996 (cost Rs 27.47 lakh) were, however, not got energised by the Company under Kishangarh branch as the Company deposited Rs 7 lakh only with Haryana State Electricity Board as against the requirement of Rs 29 lakh. As a result, the object of controlling water logging had remained unfulfilled partially.

It was observed (February 2000) in audit that the Irrigation Department was yet to reimburse Rs 34 lakh to the Company on account of expenditure incurred on operation and maintenance of tubewells up to March 1999. A Cabinet Sub-Committee appointed (February 1997) by the State Government had recommended (March 1997) that vertical drainage tubewells be

transferred to Irrigation Department. The State Government, however, reversed (February 2000) its earlier decision and advised the Company to carry on the activity on its own by downsizing its staff strength. The fact remains that the expenditure of Rs 34 lakh was still recoverable (June 2000).

2B.6.6 Avoidable payment of minimum energy charges

Minimum energy charges were to be paid to Haryana Vidyut Prasaran Nigam Limited (HVPNL) by the Company even in case the tubewells were not put to use. The Company also issued instructions (January 1992) that tubewells not running for a sufficient long period be got disconnected in order to save minimum energy charges.

Due to non-disconnection of power to inoperative tubewells, the Company had to pay minimum energy charges

A test check in audit revealed that in Yamunanagar, Karnal, Bhiwani and Faridabad Divisions of the Company, 797 tubewells became inoperative/were not put to use due to various reasons i.e. break down of motors, non-replacement of worn out parts, less demand from irrigation department as well as farmers, less discharge of water, and decrease in chak* area due to installation of private tubewells, but the Company continued to pay minimum energy charges to the HVPNL till these were permanently disconnected between February 1991 and June 1998. By that time, the Company had paid Rs 45.93 lakh on account of minimum energy charges during the last five years ending 31 March 1999 for which the Company derived no benefit. Thus, due to laxity of the field Divisions, the Company had to make avoidable payment of minimum energy charges.

2B.7 Under utilisation of machinery

The Company was having a fleet of 18 Rig machines (value: Rs 38.93 lakh) and 24 Compressors (value: Rs 50.81 lakh) for drilling of deep tubewells. However, the Company did not drill any of its own tubewells since April 1991. To optimise the utilisation of available machinery, the State Government declared (August 1993) the Company as an approved source for drilling of deep tubewells for other Government departments/organisations/undertakings within the State. The table given below indicates the estimated available hours and actual running there against for the five years up to 1998-99.

Year	Rig Machines			Compressors		
	Estimated available hours	Actual hours run	Percentage of utilisation	Estimated available hours	Actual hours run	Percentage of utilisation
1994-95	17850	4614	25.8	6400	569	8.9
1995-96	32850	9746	29.7	12800	1888	14.7
1996-97	27850	4402	15.8	9600	1312	13.7
1997-98	27850	4368	15.7	6400	858	13.4
1998-99	27850	3724	13.4	6400	1872	29.2

It would be seen from the above that the percentage utilisation of Rig machines and Compressors ranged from 13.4 to 29.7 and 8.9 to

* Chak area means area to be covered by a tubewell.

29.2 respectively during five years up to 1998-99. It was observed in audit that the underutilisation of machinery was due to following reasons:

(1) Non-availability of work due to higher rates as compared to private agencies as well as Punjab State Tubewell Corporation who are engaged in the same business in the State.

(2) Reluctance of Government agencies in depositing money in advance with the Company for deposit work as private agencies do not insist for the same.

The Company has not taken effective steps to compete in the market and to reap the benefits of status as approved source for drilling of deep tubewells in the State. A test check of records further revealed that as on 31 March 2000, 12 Compressors (value Rs 19.84 lakh) and 3 Rig machines (value Rs 4.05 lakh) were not in working condition for the period from 56 to 188 months and from 34 to 57 months respectively. The Company has not taken any step to repair/dispose of the machinery lying in breakdown condition.

Conclusion

The Company was incorporated to provide irrigation facilities in the State to small and marginal farmers through DITs and by augmenting the water supplies in canals through ATWs. The Company failed to achieve its objectives as the utilisation of tubewells was very low and the area irrigated had also drastically declined. The poor performance was attributable to poor maintenance, deployment of surplus staff etc. Revision of rates by the State Government which was substantially low as compared to operational cost for sale of water led to wide gap between revenue realisation and operational cost and substantial loss to the Company. Besides, the Government did not reimburse the subsidy and idle hours claims of the Company. To achieve viability, the Company should downsize its staff strength, properly maintain ATWs and discontinue the unviable tubewells to avoid payment of minimum energy charges. There is an urgent need for the State Government to provide subsidy to cover the gap in operational cost and sale rate per unit or allow the Company to fix realistic tariffs keeping in view operational costs.

The matter was reported to the Company and the Government in April 2000; their replies had not been received (September 2000).