

## PREFACE

This Report contains results of the Performance Audit on Rajiv Gandhi Grameen Vidyutikaran Yojana (now subsumed in Deen Dayal Upadhyaya Gram Jyoti Yojana), Audit on Operation of Urban Transport in Uttar Pradesh under Jawaharlal Nehru National Urban Renewal Mission, and Follow-up audit of Review of the Performance of U.P. Projects Corporation Limited and six Audit Paragraphs based on the Compliance Audit of Public Sector Undertakings.

The accounts of Government companies (including companies under Section 139 (5) and 139 (7) of the Companies Act, 2013) are audited by the Comptroller and Auditor General of India (CAG) under the section 143 (6) of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors.

CAG conducts audit of the six Statutory corporations under Section 19 (2) and (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. CAG is the sole Auditor for four Statutory corporations viz., Uttar Pradesh State Road Transport Corporation as per the Road Transport Corporation Act, 1950, Uttar Pradesh Forest Corporation as per the U P Forest Corporation Act, 1974, Uttar Pradesh Avas Evam Vikas Parishad and Uttar Pradesh Jal Nigam as per the Section 20 (1) of the CAG (DPC) Act, 1971. As per the State Financial Corporations Act, 1951, CAG has the right to conduct the audit of accounts of Uttar Pradesh Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation. In respect of Uttar Pradesh State Warehousing Corporation, CAG has the right to conduct the audit of their accounts as per the State Warehousing Corporations Act, 1962 in addition to the audit conducted by the Chartered Accountants, appointed by the State Government.

Reports in relation to the accounts of a Government company or corporation are submitted to the Government by CAG for laying before State Legislature of Uttar Pradesh under the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

This Report highlights the following:

1. Out of the 103 Public Sector Undertakings (PSUs) in Uttar Pradesh, 95 PSUs had arrears in accounts ranging from 1981-82 onwards. Delays/non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.
2. The 22 PSUs that had finalised their accounts in the last three years had an average negative Return on Investment of 19 *per cent* against average borrowing cost of 6.52 *per cent* resulting in total loss to the public exchequer of ₹ 11,920.32 crore as per their latest finalised accounts of the last three years. The loss of the remaining 56 PSUs whose accounts have not been finalised cannot be estimated.

3. The basis on which the State Government extended Budgetary support of ₹ 56,273.05 crore to 22 working PSUs and ₹ 7.03 crore to three non-working PSUs during the last three years, despite not having finalised their accounts is not clear.
4. The shortcomings in one corporation (Uttar Pradesh Jal Nigam) are so serious that the CAG has declined to give an opinion on its accounts. Statutory Auditor has also declined to give an opinion in view of serious shortcomings in respect of Uttar Pradesh Food and Essential Commodities Corporation Limited for the year 2008-09.
5. The State Government has not completed the apportionment of assets and liabilities of six PSUs even 17 years after the reorganisation of the erstwhile State of Uttar Pradesh.
6. DISCOMs substantially achieved their financial targets, but failed to achieve performance targets under Ujwal Discom Assurance Yojna (UDAY).
7. The Performance Audit covers the formulation, approval and the implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana during 2012-17 (XI and XII FYP) in Uttar Pradesh. REC sanctioned ₹ 11,697.83 crore for 86 projects in 75 districts during 2012-17. Out of 75 districts, 11 districts were covered under the XI FYP, 53 districts under the XII FYP and 11 districts under both the plans and REC had withheld (as of 31 March 2017) reimbursement of ₹ 1,197.22 crore due to negligence of the DISCOMs. Audit also observed cases of poor financial management (*viz.*, drawal of loan by the DISCOMs from the REC despite the availability of subsidy) leading to avoidable burden of interest on the State exchequer.
8. Audit on Operation of Urban Transport in Uttar Pradesh under Jawaharlal Nehru National Urban Renewal Mission brings out the deficiencies noticed in urban transportation services provided in three cities of the state.
9. Instances of non-realisation of infrastructure surcharge of ₹ 33.89 crore on sale of plots, undue benefit to contractor in recovery of dues of ₹ 16.25 crore, loss of ₹ 3.69 crore due to not having a system of procurement of replaceable meter boxes separately and short charge of revenue of ₹ 1.28 crore from a consumer have been reported.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts and the Auditing Standards issued by the CAG of India.