

CHAPTER-VI

Functioning of Departments and Entities (other than Public Sector Undertakings) under Economic Sector

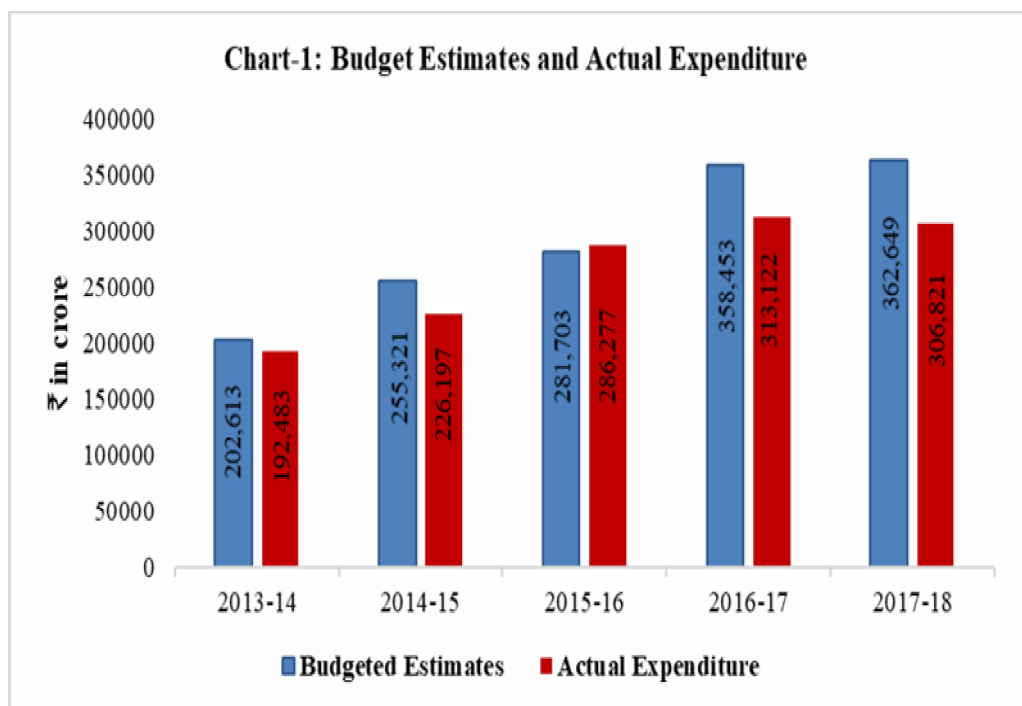
Introduction

6.1 This chapter presents the profile of audited entities, trends of expenditure under the Economic Sector, response of the Government to Audit, action taken on earlier Audit Reports, status of placement of Separate Audit Reports of Entities (other than PSUs) under Economic Sector, in the State Assembly and position of their arrear of accounts.

Profile of Departments and Authorities

6.2 Eighteen departments of Government of Uttar Pradesh and 44 Authorities fall under the Economic Sector. These departments are headed by Additional Chief Secretaries/Principal Secretaries, who are assisted by Commissioners/ Directors and subordinate officers under them.

Trends of budget estimate and actual expenditure of the State Government during 2013-18 are as detailed in Chart-1:



Source: Annual Financial Statement and Explanatory Memorandum of the State Budget of respective years

The trend of expenditure of five major departments under the Economic Sector during 2015-16 to 2017-18 is given in Table 6.1.

Table - 6.1: Trend of Expenditure of major departments under the Economic Sector

Department	₹ in crore)		
	2015-16	2016-17	2017-18
Energy	48,218.81	33,976.69 ¹	17,265.50 ²
Infrastructure and Industrial Development Department	3,080.27	6,296.11 ³	1,740.56 ⁴
Housing and Urban Planning	2,213.97	2,888.06	723.39 ⁵
Revenue (Except Collectorate)	2,495.16	2,721.56	2,987.80
Forest	840.46	1,231.72	808.21 ⁶

Source: Appropriation Accounts of respective years

Audit Coverage

6.3 During the year 2017-18, the Principal Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh conducted the compliance audit of 111 out of the total 508 auditable units under the 18 departments pertaining to the Economic Sector.

Response of Government to Audit

6.4 Audit affords a four stage opportunity to the audited units/departments to elicit their views on audit observations, viz.,

- **Audit Memos:** Issued to the head of the audited unit during the field audit to be replied during the audit itself.
- **Inspection Reports (IR):** Issued within a month of the completion of audit to be replied by the head of the audited unit within four weeks.
- **Draft Paragraphs:** Issued to the heads of the departments under whom the audited units function for submission of departmental views within a period of six weeks for consideration prior to their being included in the Audit Report.
- **Exit Conference:** Opportunity is given to the head of departments and State Government to elicit departmental/Government views on the audit observations prior to finalisation of the Audit Report.

In all these stages, Audit strives to provide full opportunity to audited units/head of departments/State Government to provide rebuttals and clarifications and only when the departmental replies are not received or are not convincing, the audit observations are processed for inclusion in the Inspection Report or Audit Report, as the case may be. However, in most of the cases, the audited units/departments, do not submit timely and satisfactory replies as indicated below:

¹ ₹ 24,232.48 crore spent on Ujwal DISCOM Assurance Yojana (UDAY) in 2015-16 and ₹ 14,801.28 crore in 2016-17.

² Reduction in expenditure during 2017-18 was mainly due to decrease in power subsidy capital expenditure and loans for power projects.

³ ₹ 2,882.25 crore released for Purvanchal Expressway in 2016-17.

⁴ Reduction in expenditure during 2017-18 was mainly due to decrease in capital expenditure on roads and bridges.

⁵ Reduction in expenditure during 2017-18 was mainly due to decrease in expenditure on urban development, other general economic services; capital expenditure on education, sports, arts & culture, housing and urban development and decrease in loans for urban development.

⁶ Reduction in expenditure during 2017-18 was mainly due to decrease in capital expenditure on forestry and wildlife.

6.4.1 Inspection Reports (IRs)

A detailed review of IRs issued up to March 2018 to 716 Drawing and Disbursing Officers (DDOs) pertaining to 18 departments revealed that 5,646 paragraphs contained in 1,537 IRs were outstanding for settlement for want of convincing replies as on 31 March 2018. Of these, the DDOs submitted initial replies against 584 paragraphs contained in 238 IRs while, in respect of 5,062 paragraphs contained in 1,299 IRs, there was no response from DDOs.

The status of outstanding IRs is given in Table 6.2:

Table - 6.2: Outstanding IRs and Paragraphs (issued up to 31 March 2018) as on 31 March 2019

Sl. No.	Period	No. of outstanding IRs (per cent)	No. of outstanding Paras (per cent)
1	2017-18	129 (8)	459 (8)
2	1 year to 3 years	410 (27)	2,183 (39)
3	3 years to 5 years	214 (14)	859 (15)
4	More than 5 years	784 (51)	2,145 (38)
Total		1,537	5,646

Source: Information compiled by Audit

During 2017-18, two meetings (Audit Committee Meetings) of Audit with the departmental officers were held, in which 6 IRs and 17 Paras were settled.

6.4.2 Performance and Compliance Audits

For the present Audit Report 2017-18, 10 draft audit paragraphs were forwarded to the concerned Administrative Secretaries to elicit their views on the audit observations. However, replies/responses in respect of 9 audit paragraphs have been received. Reply in respect of one paragraph is still awaited (September 2019) despite repeated reminders.

Action taken on earlier Audit Reports

6.5 Action taken on earlier Audit Reports

6.5.1 Replies outstanding

The Report of the Comptroller and Auditor General of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The Finance Department, Government of Uttar Pradesh issued (June 1987) instructions to all the administrative departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of two to three months of their presentation to the State Legislature. The position of explanatory notes not received is given in Table-6.3.

Table - 6.3: Explanatory notes not received⁷ (as on 30 September 2019)

Year of the Audit Report (Economic Sector/Non-PSU)	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PA)/ Thematic Audit (TA) and Compliance Audit (CA) Paragraphs in the Audit Report		Number of PA, TA and CA Paragraphs for which explanatory notes were not received	
		PA/ TA	CA Paragraphs	PA/ TA	CA Paragraphs
2012-13	1 July 2014	2	6	2	0
2013-14	17 August 2015	2	5	1	2
2014-15	8 March 2016	4	4	4	4
2015-16	18 May 2017	2	4	2	4
2016-17	19 July 2019	-	4	-	4
Total		10	23	9	14

Source: Information compiled by Audit

6.5.2 Discussion of Audit Reports by PAC

During the years 2012-13 to 2016-17, 10 PA/TA and 23 Compliance Audit Paragraphs were reported in the Audit Reports on Economic Sector. Of these, PAC had taken up nine paragraphs for written reply. However, Action Taken Notes (ATNs) have not been received in respect of these paragraphs. The status of PAC discussion as on 30 September 2019 is detailed in Table-6.4.

Table - 6.4: Status of PAC discussion, Uttar Pradesh, Vidhan Sabha

Status	Audit Report on Economic Sector/Non-PSUs for the year 2012-13 to 2016-17
Number of total Audit Paras	33 (10 PAs/TAs + 23 CAs))
Taken up by PAC for discussion (Oral discussion)	Nil
Taken up by PAC for submission of written reply	09 (02 PAs/TAs + 07 CAs)
Recommendation made by PAC	Nil
ATN received	Nil
Action taken by the Department	NA

Source: Information compiled by Audit

Status of Audit of Accounts of Entities

6.6 In respect of Entities of the State Government audit of which is entrusted to the Comptroller and Auditor General of India as per the Governing Acts of these Entities/Government orders/provisions of the Constitution of India, Separate Audit Reports on the accounts of these entities are to be prepared by the Comptroller and Auditor General of India and laid in the State Legislature by the Government.

⁷ Pertaining to Forest Department, Public Works Department, Department of Micro, Small and Medium Enterprises and Export Promotion, Energy Department, Housing and Urban Planning Department, Infrastructure and Industrial Development Department, Department of Additional Sources of Energy/Non-conventional Energy, Environment Department, Tourism Department, Information Technology and Electronics Department and Cooperative Department.

Arrears in finalisation and submission of Accounts of Entities

6.6.1 As on 31 March 2018, audit of annual accounts of 44 Entities under Economic Sector of Uttar Pradesh had been entrusted⁸ to the Comptroller and Auditor General of India. Out of 44 entities, two entities had finalised their accounts up to 2017-18. The remaining 42 entities have arrears of 106 accounts up to September 2019. Out of 42 entities, accounts of 36 entities were in arrear for one year, account of one entity was in arrear for five years and accounts of five entities were in arrear for 13 years as detailed in Table-6.5:

Table-6.5: Statement showing arrears of accounts of various Entities falling under Economic Sector

Sl. No.	Name of Entities	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	Uttar Pradesh Electricity Regulatory Commission (UPERC).	2017-18	01
2	Uttar Pradesh Compensatory Afforestation Fund Management Planning Authority	2017-18	01
3	Khadi & Village Industries Board	2013-14 to 2017-18	05
4	UP Expressway Industrial Development Authority	2017-18	01
5	New Okhla Industrial Development Authority	2005-06 to 2017-18	13
6	Greater Noida Industrial Development Authority	NIL	NIL
7	Yamuna Expressway Industrial Development Authority	2005-06 to 2017-18	13
8	Satharia Industrial Development Authority	2005-06 to 2017-18	13
9	Gorakhpur Industrial Development Authority	2005-06 to 2017-18	13
10	Lucknow Industrial Development Authority	2005-06 to 2017-18	13
11	Lucknow Development Authority	2017-18	01
12	Ghaziabad Development Authority	2017-18	01
13	Agra Development Authority	2017-18	01
14	Meerut Development Authority	2017-18	01
15	Prayagraj Development Authority	2017-18	01
16	Hapur/Pilkhuwa Development Authority	2017-18	01
17	Varanasi Development Authority	2017-18	01
18	Moradabad Development Authority	2017-18	01
19	Gorakhpur Development Authority	2017-18	01
20	Mathura-Vrindavan Development Authority	2017-18	01
21	Aligarh Development Authority	2017-18	01
22	Bareilly Development Authority	2017-18	01
23	Raebareli Development Authority	2017-18	01
24	Saharanpur Development Authority	2017-18	01
25	Ayodhya/Faizabad Development Authority	2017-18	01
26	Firozabad-Shikohabad Development Authority	2017-18	01
27	Kanpur Development Authority	2017-18	01
28	Rampur Development Authority	2017-18	01
29	Unnao-Shuklaganj Development Authority	2017-18	01
30	Jhansi Development Authority	2017-18	01
31	Muzaffarnagar Development Authority	2017-18	01
32	Bulandshahar Development Authority	2017-18	01
33	Khurza Development Authority	2017-18	01
34	Urai Development Authority	2017-18	01
35	Banda Development Authority	2017-18	01

⁸ Audit of seven Industrial Development Authorities was entrusted w.e.f. 2005-06 vide GoUP order dated 17 January 2018 and audit of 28 Development Authorities and five Special Area Development Authorities was entrusted w.e.f. 2017-18 vide GoUP order dated 10 April 2017.

Sl. No.	Name of Entities	Year(s) for which Accounts are in arrears	Number of accounts in arrears
36	Baghpat Badaut Khekda Development Authority	2017-18	01
37	Azamgarh Development Authority	2017-18	01
38	Basti Development Authority	2017-18	01
39	Special Area Development Authority, Shakti Nagar	2017-18	01
40	Special Area Development Authority, Chitrakoot	2017-18	01
41	Special Area Development Authority, Kapilvastu	2017-18	01
42	Special Area Development Authority, Vindhyachal-Mirzapur	2017-18	01
43	Special Area Development Authority, Kushinagar	2017-18	01
44	UP Real Estate Regulatory Authority	NIL	NIL

Source: Information compiled by Audit

Status of placement of Separate Audit Reports of Entities in the State Legislature

6.6.2 Details of Separate Audit Reports (SARs) on the audit of accounts of two entities under Economic Sector of Uttar Pradesh which are yet to be presented in the State Legislature are depicted in Table-6.6:

Table-6.6: Statement showing details of outstanding Separate Audit Reports to be presented in the State Legislature

Sl. No.	Name of Entities	Year upto which SAR placed in Legislature	Position of SARs not placed in Legislature		Reasons for not-placing of SAR
			Years of SAR	Date of issue to Government	
1	Uttar Pradesh Electricity Regulatory Commission (UPERC).	No SAR placed in legislature since its establishment (2003-04).	2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17	19 October 2006 5 October 2007 5 October 2007 3 October 2008 17 August 2009 15 August 2010 26 May 2011 08 June 2012 24 September 2014 20 February 2015 22 June 2015 28 December 2015 18 May 2017 08 March 2019	Reasons not furnished.
2	Uttar Pradesh Compensatory Afforestation Fund Management Planning Authority	NIL	2010-11 2011-12 2012-13	2 May 2019 1 October 2019 1 October 2019	Reasons not furnished.

Recoveries at the instance of Audit

6.7 During the course of audit, recoveries of ₹ 49.00 crore pointed out in four cases in various departments/entities, were accepted. Against this, recoveries of ₹ 1.19 crore in one case were effected during 1 April 2017 to 30 September 2019 as per the details given in Table-6.7:

Table-6.7: Recoveries pointed out by audit and accepted/recovered by the departments/entities

(₹ in crore)

Department	Particulars of recoveries	Recoveries pointed out in Audit and accepted by the Department during 1 April 2017 to 30 September 2019		Recoveries effected during 1 April 2017 to 30 September 2019	
		Number of cases	Amount involved	Number of cases	Amount involved
Housing and Urban Planning Department	Ghaziabad Development Authority failed to levy additional land use conversion charges	1	6.83	-	-
	Ghaziabad Development Authority failed to revise and recover City Development Charges	1	18.91	-	-
	Ghaziabad Development Authority suffered a loss by extending undue benefit of incentive scheme	1	22.14	-	-
Department of Additional Sources of Energy	Non-deduction of labour cess from the bills of the contractor	1	1.12	1	1.19
Total		4	49.00	1	1.19

Source: Information compiled by audit.