

OVERVIEW

Overview

This Report contains following chapters:

Chapter-I : Introduction

Chapter-II : • (i) Audit of 'Non-functional Public Sector Undertakings of Government of Uttar Pradesh'
(ii) Audit of 'Repair and Maintenance of Thermal Power Plants of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited'.
• Compliance Audit observations relating to Public Sector Undertakings

Chapter-III : Compliance Audit observations relating to Departments and Entities (Other than PSUs)

The total financial impact of the audit findings included in the Report is ₹ 552.45 crore.

Chapter-I: Introduction

This report covers audit of 16 Departments of Government of Uttar Pradesh alongwith 53 Public Sector Undertakings (PSUs) and 19 other Entities (Autonomous Bodies/Authorities, etc.) thereunder, which comes under audit jurisdiction of the Accountant General (Audit-II), Uttar Pradesh. During the year 2021-22, compliance audit of 106 units out of total 2,040 auditable units under 16 Departments of Government of Uttar Pradesh was conducted. This Report contains Audit of 'Non-functional Public Sector Undertakings of Government of Uttar Pradesh', Audit of 'Repair and Maintenance of Thermal Power Plants of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited' and 14 audit paragraphs pertaining to seven Departments¹ and PSUs/Authorities thereunder.

Recoveries at the instance of Audit

During the course of audit, recoveries of ₹ 23.95 crore pointed out in seven cases of three Departments, were accepted by the respective Departments/Entities. Against this, recoveries of ₹ 21.23 crore in six cases were effected.

Chapter-II: Compliance Audit observations relating to Public Sector Undertakings

Audit of 'Non-functional Public Sector Undertakings of Government of Uttar Pradesh'

The Government of Uttar Pradesh (GoUP) established (February 1974) Department of Public Enterprises (DPE) to provide assistance to Administrative Departments in various matters, assisting PSUs in framing of manuals & rules, prepare and execute reform, rehabilitation, restructuring packages, providing assistance in executing closure of activities, laying down

¹ Energy Department; Department of Additional Sources of Energy; Department of Information Technology and Electronics; Infrastructure and Industrial Development Department; Department of Tourism; Public Works Department and Department of Public Enterprises and respective Administrative Departments.

policy guidelines for management of PSUs and furnishing periodic reports to the State Government on the working of PSUs, etc.

As on 31 March 2021, there were 115 PSUs (109 Government Companies including 42 Non-functional PSUs and six Statutory Corporations) in Uttar Pradesh. These Non-functional PSUs, incorporated during 1924 to 2013 with different objectives, have ceased to carry on their operations for the period ranging from one year to 39 years. Out of 42 Non-functional PSUs, orders/instructions for closure of operations of 29 PSUs were issued by the Government or Board of Directors whereas 13 PSUs were under liquidation. The total investment, total accumulated losses and net worth eroded in these 29 PSUs was ₹ 1,045.93 crore, ₹ 1,212.65 crore and ₹ 632.38 crore respectively as on 31 March 2021.

Significant audit findings are as follows:

- Operation of 29 Non-functional PSUs was closed since one to 31 years. Of these, the period of closure ranged between one to ten years in two PSUs, 11 to 20 years in 10 PSUs, 21 to 25 years in four PSUs and 26 to 31 years in 13 PSUs. No efforts were made by the Administrative Departments or DPE to wind them up. Out of 29 Non-functional PSUs, net worth of 10 PSUs was negative.

(Paragraph 2.1.8)

- Management of resources of Non-functional PSUs was poor in the absence of any policy, guidelines and monitoring mechanism.

(Paragraph 2.1.9)

- The audited Non-functional PSUs were having Fixed Assets, Debtors and Loans & Advances amounting to ₹ 12.09 crore, ₹ 24.05 crore and ₹ 32.26 crore respectively as of March 2021. The assets were lying unutilised and Debtors and Loans and Advances were lying unrecovered since closure of operations of these PSUs but no efforts for their monetisation/recovery were made by the PSUs in absence of proper monitoring mechanism at the level of PSUs, Administrative Departments, DPE and Bureau of Public Enterprises (BPE). The recovery of these amounts is doubtful due to lapse of considerable time.

(Paragraphs 2.1.9.1 and 2.1.9.2)

- Due to not writing off loan of ₹ 34.67 crore and not making cash payment of ₹ 16.18 crore to the Company by Infrastructure and Industrial Development Department, GoUP against transfer of 50.04 acre of land of the company, the dues against loan of Uttar Pradesh State Yarn Company Limited increased from ₹ 34.67 crore to ₹ 46.71 crore due to accumulation of interest thereon and other liabilities also increased from ₹ 16.18 crore to ₹ 21.07 crore as of March 2021.

(Paragraph 2.1.9.3)

- Due to poor monitoring by Administrative Departments, process of liquidation of PSUs could not be completed even after lapse of seven to 39 years.

(Paragraph 2.1.11.1)

- Annual Accounts of 27 out of 29 Non-functional PSUs have not been finalised for the period ranging from one to 39 years.

(Paragraph 2.1.11.4)

- Delay in winding up of the Non-functional PSUs led to avoidable expenditure of ₹ 131.28 crore on staff, security and day to day expenses by these PSUs till March 2021.

(Paragraph 2.1.12.1)

Audit of 'Repair and Maintenance of Thermal Power Plants of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited'

Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) was incorporated on 25 August 1980 as a wholly owned State Government Company, with the main objective of construction of new thermal power projects in the State.

Repair and Maintenance (R&M) of Thermal Power Plants (TPPs) are time bound activities which are generally carried out through tendering process and its timely completion is essential for optimum generation of power by the TPPs. In UPRVUNL, the total expenditure on R&M was ₹ 502.95 crore, ₹ 549.29 crore and ₹ 472.64 crore during the period 2018-19, 2019-20 and 2020-21, respectively. Important audit findings are as follows:

- Rolling Plan was not prepared as per OEM schedule for Capital Overhauling of TPPs. There were significant delays in planning of Capital Overhauling ranging between two to five years against the schedule fixed by the OEM. Due to this, performance of generating units deteriorated.

(Paragraph 2.2.8)

- There was significant shortfall of 71 *per cent* in capital overhauling and 53 *per cent* in annual overhauling/mini overhauling of TPPs against the planned overhauls. Failure to adhere to the time schedule of overhauling resulted in loss of generation and execution of additional works.

(Paragraph 2.2.10)

- In four TPPs, in which capital overhauling was not done timely as per prescribed OEM schedule, units were running at low PLF than the norms fixed by UPERC leading to generation loss of 277.97 MU energy during 2018-19 to 2020-21. As a result, UPPCL had to purchase energy to above extent from private power producers leading to extra expenditure of ₹ 39.22 crore.

(Paragraph 2.2.11)

- UPRVUNL suffered loss of ₹ 7.82 crore on replacement of Generator Transformer due to not conducting testing as per testing schedule.

(Paragraph 2.2.12)

- UPRVUNL failed to ensure the quality of bearing before purchase of the same. As a result, units of Anpara TPP closed/tripped for generation which was avoidable.

(Paragraph 2.2.13)

- Lack of effective monitoring of replacement of damaged transformer at Harduaganj TPP led to shutdown of unit for additional 11 days with loss of generation of energy of 2.253 million units with loss of fixed charges of ₹ 2.47 crore.

(Paragraph 2.2.14)

Audit Paragraphs

Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited failed to comply with the efficiency parameters and suffered avoidable loss of ₹ 82.50 crore due to invoking the Performance Security by the Ministry of Coal.

(Paragraph 2.3)

Paschimanchal Vidyut Vitran Nigam Limited applied incorrect tariff to a HV-2 category consumer resulting in short billing of ₹ 1.62 crore which was recovered after being pointed out by Audit.

(Paragraph 2.4)

Paschimanchal Vidyut Vitran Nigam Limited short charged revenue of ₹ 2.77 crore due to billing of consumers under HV-2 category instead of HV-1 category.

(Paragraph 2.5)

Madhyanchal Vidyut Vitran Nigam Limited short recovered applicable charges from the consumers amounting to ₹ 1.17 crore.

(Paragraph 2.6)

Chapter-III: Compliance Audit observations relating to Departments and Entities (Other than PSUs)

Public Works Department incurred avoidable expenditure of ₹ 2.02 crore due to considering incorrect value of Lane Distribution Factor which led to laying of thicker layers of Dense Bituminous Macadam and Bituminous Concrete in the crust of the road.

(Paragraph 3.1)

Public Works Department incurred wasteful expenditure of ₹ 41.89 crore on Banda by-pass road which could not be completed even after lapse of more than nine years from scheduled completion period of the work due to not ensuring availability of land and securing the executed earth work.

(Paragraph 3.2)

Public Works Department made excess payment of ₹ 4.45 crore on account of supervision charges for shifting of electrical infrastructure.

(Paragraph 3.3)

Public Works Department applied higher rate of water tanker, cost of water and excess overhead charges in a road work resulting in excess payment to the contractor of ₹ 3.20 crore.

(Paragraph 3.4)

Uttar Pradesh State Industrial Development Corporation incurred infructuous expenditure of ₹ 20.13 crore on architectural services for integrated mini township and multistorey residential complex in absence of encumbrance free land and assessment of proper demand.

(Paragraph 3.5)

Uttar Pradesh State Industrial Development Corporation, without ensuring encumbrance free land, started construction of Exhibition and Office building at Amausi, Lucknow on industrial land and incurred unfruitful expenditure of ₹ 27.15 crore.

(Paragraph 3.6)

In contravention to GoUP order **Uttar Pradesh New and Renewable Energy Development Agency** considered interest income earned on Government funds as its own income and resultantly paid avoidable Income Tax of ₹ 1.95 crore.

(Paragraph 3.7)

Due to not availing exemption under Section 10(46) of the Income Tax Act, 1961, by **Centre for e-Governance**, the State exchequer had to suffer loss of ₹ 21.59 crore.

(Paragraph 3.8)

Directorate of Tourism failed to ensure deposit of ₹ 1.10 crore in State Treasury received on account of rent.

(Paragraph 3.9)

Uttar Pradesh Braj Teerth Vikas Parishad failed to obtain necessary clearance from Archaeological Survey of India before commencement of construction work in regulated monument area falling under Braj region which led to wasteful expenditure to the tune of ₹ 1.36 crore.

(Paragraph 3.10)

