

CHAPTER-V

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

Introduction

5.1 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 arrears of accounts.

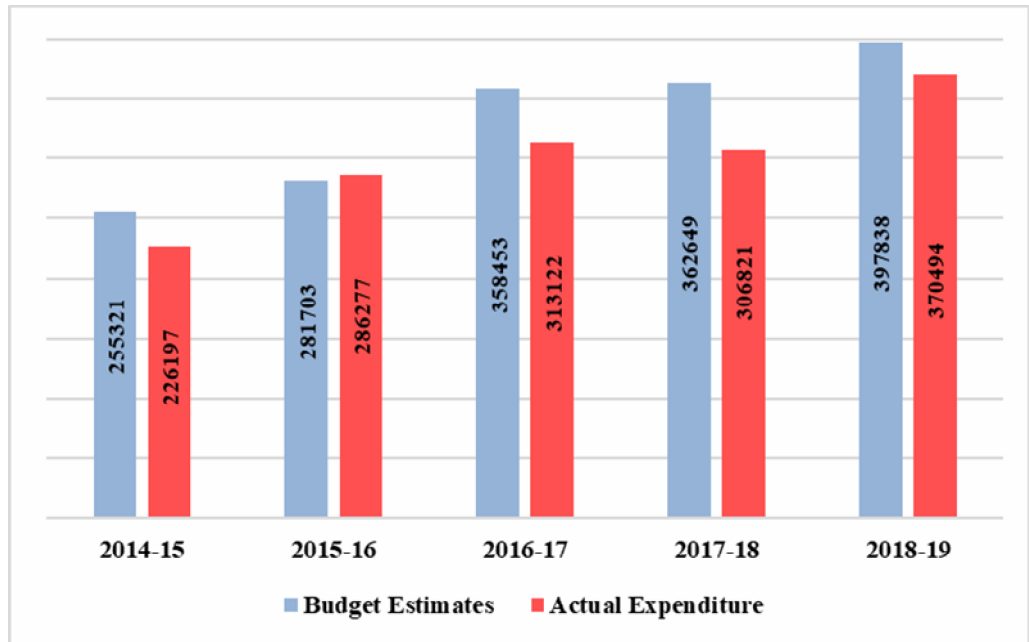
Profile of Departments and Authorities

5.2 Eighteen departments of Government of Uttar Pradesh and 45 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 2014-15 to 2018-19 are as detailed in **Chart-5.1**.

Chart-5.1: Budget estimate and actual expenditure of the State Government during 2014-15 to 2018-19

(₹ in crore)



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 2016-17 to 2018-19 is given in **Table 5.1**.

Table - 5.1: Trend of expenditure of major departments under Economic Sector

Department	(₹ in crore)		
	2016-17	2017-18	2018-19
Energy	33,976.69	17,265.50 ¹	31,270.17 ²
Infrastructure and Industrial Development Department	6,296.11	1,740.56 ³	4,114.53 ⁴
Housing and Urban Planning	2,888.06	723.39 ⁵	983.69 ⁶
Revenue (Except Collectorate)	2,721.56	2,987.80	3,051.80
Forest	1,231.72	808.21 ⁷	811.33

Source: Appropriation Accounts of respective years.

Audit Coverage

5.3 During the year 2018-19, the Principal Accountant General (Economic and Revenue Sector Audit), Uttar Pradesh⁸ conducted the compliance audit of 63 out of the total 486 auditable units under the 18 departments pertaining to the Economic Sector.

Response of Government to Audit

5.4 Audit provides opportunity at four stages 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 (IRs):** Issued within a month of 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.

At all these stages, Audit strives to provide full scope to the audited units/head of departments/State Government to provide rebuttals and clarifications and only when the departmental replies are not received or are

¹ Reduction in expenditure during 2017-18 was mainly due to decrease in power subsidy, capital expenditure and loans for power projects.

² Increase in expenditure during 2018-19 was mainly due to increase in expenditure on interest paid, electricity (aid to public sector and other undertakings and other expenses), capital expenditure on electricity projects and loans for electricity projects.

³ Reduction in expenditure during 2017-18 was mainly due to decrease in capital expenditure on roads and bridges.

⁴ Increase in expenditure during 2018-19 was mainly due to increase in expenditure on telecommunication and electronic industries, other expenses and 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 Increase in expenditure during 2018-19 was mainly due to increase in capital expenditure on urban development.

⁷ Reduction in expenditure during 2017-18 was mainly due to decrease in capital expenditure on forestry and wildlife.

⁸ Presently Principal Accountant General (Audit-II), Uttar Pradesh.

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:

5.4.1 Inspection Reports (IRs)

A detailed review of IRs issued up to March 2019 to 183 Drawing and Disbursing Officers (DDOs) pertaining to 18 departments revealed that 6,356 paragraphs contained in 1,732 IRs were outstanding for settlement for want of convincing replies as on 31 March 2019. Of these, the DDOs submitted initial replies against 12 paragraphs contained in one IR, while in respect of 6,344 paragraphs contained in 1,731 IRs, there was no response from the DDOs.

The status of outstanding IRs is given in **Table 5.2**.

Table - 5.2: Status of outstanding IRs and Paragraphs as on 31 March 2020

Sl. No.	Period	No. of outstanding IRs (per cent)	No. of outstanding Paras (per cent)
1	2018-19	40 (02)	276 (04)
2	1 year to 3 years	456 (26)	2,423 (38)
3	3 years to 5 years	260 (15)	1,023 (16)
4	More than 5 years	976 (57)	2,634 (42)
Total		1,732	6,356

Source: Information compiled by Audit.

During 2018-19, 29 meetings (Audit Committee Meetings) of Audit with the departmental officers were held, in which 32 paras were settled.

5.4.2 Performance and Compliance Audits

For the present Audit Report 2018-19, nine draft audit paragraphs were forwarded to the concerned Administrative Secretaries to elicit their views on the audit observations. However, reply/response in respect of only one audit paragraph has been received. Replies in respect of eight paragraphs are still awaited (September 2020) despite repeated reminders.

Action taken on earlier Audit Reports

5.5 Action taken on earlier Audit Reports

5.5.1 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-5.3**.

Table - 5.3: Explanatory notes not received (as on 30 September 2020)

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 ⁹	
		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	-	1
2017-18	21-22 August 2020	-	10	-	10
Total		10	33	9	21

Source: Information compiled by Audit.

5.5.2 Discussion of Audit Reports by the Public Accounts Committee

During the years 2012-13 to 2017-18, 10 Performance Audit/Thematic Audit and 33 Compliance Audit Paragraphs were reported in the Audit Reports on Economic Sector. Of these, Public Accounts Committee (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 2020 is detailed in **Table-5.4**.

Table - 5.4: Status of discussion of the Audit Reports by PAC

Status	Audit Report on Economic Sector/Non-PSUs for the years 2012-13 to 2017-18
Total Number of audit Paras	43 (10 PAs/TAs + 33 CAs)
Taken up by PAC for discussion (Oral discussion)	Nil
Taken up by PAC for submission of written reply	9 (2 PAs/TAs + 7 CAs)
Recommendation made by PAC	Nil
ATN received	Nil
Action taken by the Department	-

Source: Information compiled by Audit.

Status of Audit of Accounts of Entities

5.6 In respect of entities of the State Government audit of which are 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.

⁹ 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, Environment Department, Tourism Department and Information Technology & Electronics Department.

Arrears in finalisation and submission of Accounts of Entities

5.6.1 As on 31 March 2019, audit of annual accounts of 45 entities under Economic Sector of Uttar Pradesh had been entrusted¹⁰ to the Comptroller and Auditor General of India. Out of these 45 entities, only one entity viz. Uttar Pradesh Electricity Regulatory Commission (UPERC) has finalised its accounts up to 2018-19. The remaining 44 entities have arrears of 147 accounts up to May 2020. Out of these 44 entities, accounts of three entities were in arrears for one year, accounts of 35 entities were in arrears for two years, accounts of one entity was in arrear for four years and accounts of five entities were in arrears for 14 years as detailed in **Table-5.5**.

Table-5.5: Arrears of accounts of various Entities falling under Economic Sector

Sl. No.	Name of Entity	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	New Okhla Industrial Development Authority	2005-06 to 2018-19	14
2	Yamuna Expressway Industrial Development Authority	2005-06 to 2018-19	14
3	Satharia Industrial Development Authority	2005-06 to 2018-19	14
4	Gorakhpur Industrial Development Authority	2005-06 to 2018-19	14
5	Lucknow Industrial Development Authority	2005-06 to 2018-19	14
6	Khadi & Village Industries Board	2015-16 to 2018-19	04
7	Uttar Pradesh Compensatory Afforestation Fund Management Planning Authority	2017-18 to 2018-19	02
8	UP Expressway Industrial Development Authority	2017-18 to 2018-19	02
9	Lucknow Development Authority	2017-18 to 2018-19	02
10	Ghaziabad Development Authority	2017-18 to 2018-19	02
11	Agra Development Authority	2017-18 to 2018-19	02
12	Meerut Development Authority	2017-18 to 2018-19	02
13	Prayagraj Development Authority	2017-18 to 2018-19	02
14	Hapur-Pilkhuwa Development Authority	2017-18 to 2018-19	02
15	Varanasi Development Authority	2017-18 to 2018-19	02
16	Moradabad Development Authority	2017-18 to 2018-19	02
17	Gorakhpur Development Authority	2017-18 to 2018-19	02
18	Mathura-Vrindavan Development Authority	2017-18 to 2018-19	02
19	Aligarh Development Authority	2017-18 to 2018-19	02
20	Bareilly Development Authority	2017-18 to 2018-19	02
21	Raebareli Development Authority	2017-18 to 2018-19	02
22	Saharanpur Development Authority	2017-18 to 2018-19	02
23	Ayodhya Development Authority	2017-18 to 2018-19	02
24	Firozabad-Shikohabad Development Authority	2017-18 to 2018-19	02
25	Kanpur Development Authority	2017-18 to 2018-19	02
26	Rampur Development Authority	2017-18 to 2018-19	02
27	Unnao-Shuklaganj Development Authority	2017-18 to 2018-19	02
28	Jhansi Development Authority	2017-18 to 2018-19	02
29	Muzaffarnagar Development Authority	2017-18 to 2018-19	02
30	Bulandshahar Development Authority	2017-18 to 2018-19	02
31	Khurja Development Authority	2017-18 to 2018-19	02
32	Urai Development Authority	2017-18 to 2018-19	02
33	Banda Development Authority	2017-18 to 2018-19	02
34	Baghpat Badaut Khekda Development Authority	2017-18 to 2018-19	02
35	Azamgarh Development Authority	2017-18 to 2018-19	02

¹⁰ Audit of seven Industrial Development Authorities was entrusted w.e.f. 2005-06 vide GoUP order dated 17 January 2018 and audit of 28 Housing 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 Entity	Year(s) for which Accounts are in arrears	Number of accounts in arrears
36	Basti Development Authority	2017-18 to 2018-19	02
37	Special Area Development Authority, Shakti Nagar	2017-18 to 2018-19	02
38	Special Area Development Authority, Chitrakoot	2017-18 to 2018-19	02
39	Special Area Development Authority, Kapilvastu	2017-18 to 2018-19	02
40	Special Area Development Authority, Vindhyachal-Mirzapur	2017-18 to 2018-19	02
41	Special Area Development Authority, Kushinagar	2017-18 to 2018-19	02
42	Greater Noida Industrial Development Authority ¹¹	2018-19	01
43	UP State Industrial Development Authority ¹²	2018-19	01
44	UP Real Estate Regulatory Authority	2018-19	01
45	Uttar Pradesh Electricity Regulatory Commission (UPERC).	NIL	NIL

Source: Information compiled by Audit.

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

5.6.2 Separate Audit Reports (SARs) are audit reports of the Comptroller and Auditor General of India on the accounts of the statutory entities. Under the provisions as contained in the Uttar Pradesh Electricity Reforms Act, 1999 and the Compensatory Afforestation Fund Act, 2016 respectively Uttar Pradesh Electricity Regulatory Commission (UPERC) and Uttar Pradesh Compensatory Afforestation Fund Management Planning Authority (CAMPA) were mandated to lay the SARs in the State Legislature.

However, Audit observed that inspite of statutory provisions making it obligatory to lay the SARs before each House of the Legislature, the SARs of UPERC and CAMPA were not placed before the State Legislature for 15 years and 3 years respectively.

Particulars of SARs on the audit of accounts of both the entities which are yet to be placed (September 2020) before the State Legislature are detailed in **Table-5.6**.

Table-5.6: Status of outstanding Separate Audit Reports to be placed before the State Legislature

Sl. No.	Name of Entities	Year upto which SAR placed before Legislature	Position of SARs not placed before Legislature		Reasons for non-placing of SAR
			Year of SAR	Date of issue to Government	
1	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	19 October 2006 5 October 2007 5 October 2007 3 October 2008 17 August 2009 15 August 2010 26 May 2011 08 June 2012	Reasons not furnished.

¹¹ Accounts for the years from 2005-06 to 2017-18 have been submitted by GNIDA.

¹² Constituted on 27 June 2018.

Sl. No.	Name of Entities	Year upto which SAR placed before Legislature	Position of SARs not placed before Legislature		Reasons for non-placing of SAR
			Year of SAR	Date of issue to Government	
			2011-12 2012-13 2013-14 2014-15 2015-16 2016-17 2017-18	24 September 2014 20 February 2015 22 June 2015 28 December 2015 18 May 2017 08 March 2019 15 May 2020	
2	CAMPA	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

5.7 During the course of audit, recoveries of ₹ 20.61 crore pointed out in seven cases in various departments/entities were accepted. Against this, recoveries of ₹ 18.97 crore in five cases were effected during 1 April 2018 to 31 July 2020 as per the details given in Table-5.7.

Table-5.7: 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 2018 to 31 July 2020		Recoveries effected during 1 April 2018 to 31 July 2020	
		Number of cases	Amount involved	Number of cases	Amount involved
Infrastructure and Industrial Development Department	Extra expenditure in execution of extra items of work	1	1.09	1	1.10
	Loss due to non-submission of claims for refund of service tax in exempted works	1	1.49	1	1.48
	Avoidable loss due to not claiming refund of Service tax on exempted works	1	2.15	1	2.15
Environment, Forest and Climate Change Department	Loss due to non-realisation of premium and lease rent	3	2.25	1	1.87
	Non-recovery of net present value (NPV) and premium on renewal of lease	1	13.63	1	12.37
Total		7	20.61	5	18.97

Source: Information compiled by Audit.