

CHAPTER–V

**Compliance Audit observations relating to
Departments and Entities
(Other than PSUs)**

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Important audit findings emerging from test check of transactions made by the various departments/entities are included in this Chapter.

Public Works Department

5.1 Audit Paragraph on 'Violation of Financial Rules leading to diversion and irregular parking of funds'

Introduction

5.1.1 Public Works Department (PWD) of Uttar Pradesh executes the construction, improvement, strengthening and maintenance of roads and bridges.

Bitumen and emulsion are materials used in construction of new roads, widening and repairs of roads. These materials are purchased by the Department from Indian Oil Corporation Ltd. (IOCL) and Hindustan Petroleum Corporation Ltd. (HPCL) and are issued to the respective works. The Department provided funds in advance to the Oil Companies for purchase of bitumen and emulsion *etc.* These advances were given out from allocation received on different works and no separate allocation of funds are available for these advances and purchases.

Payment of these advances to Oil Companies for procurement of bitumen and emulsion and utilisation thereof were examined (between June 2022 and October 2022) in test check of 10 Public Works Divisions and following deficiencies were observed:

Audit findings

Diversion of Cash Credit Limit (CCL) by irregularly parking of funds to avoid lapse of grant

5.1.2.1 The Uttar Pradesh Budget Manual prescribes that all final savings must be surrendered to the Finance Department by 25 March and concerned officers will be held responsible for any financial irregularity. Further, Para 196 of the Financial Hand Book (Volume-VI) of GoUP, provides that all transactions of receipts and issue of stock, should be recorded strictly in accordance with the rules, in the order of occurrence and as soon as they take place. Fictitious stock adjustments are strictly prohibited, such as (1) the debiting to a work of the cost of materials not required or in excess of actual requirements, (2) the debiting to a particular work for which funds are available of the value of materials intended to be utilised on another work for which no appropriation has been sanctioned, (3) the writing back of the value of materials used on a work to avoid excess outlay over appropriation *etc.* Any breach of these rules constitutes serious financial irregularity.

As mentioned in Office Memorandum¹, amount of Cash Credit Limit (CCL) and Deposit Credit Limit (DCL) will not be converted to each other under any circumstances. Separate Accounts of CCL and DCL will be kept in the treasury.

¹ No. ए-2-47/दस-97-10(9)/95 लखनऊ Dated 3 मार्च, 1997.

Scrutiny of the records and information obtained from eight² out of ten test checked Public Works Divisions revealed that advances (from Cash Credit Limit) amounting to ₹ 117.79 crore were given to IOCL and HPCL in respect of 1,765 works for procurement of bitumen by charging directly to works mainly in the month of March³ during 2019-20 to 2021-22 (**Appendix-5.1**).

Further analysis revealed that:

- Against advances of ₹ 117.79 crore given to IOCL and HPCL, only 5617.361 MT of bitumen valuing ₹ 30.80 crore was received and used on the works. Out of this, 182.515 MT bitumen valuing ₹ 0.99 crore against 15 works⁴ were received from the IOCL within the respective financial year and remaining 5434.846 MT of bitumen valuing ₹ 29.81 crore was received by the Divisions from IOCL/HPCL after the end of the respective financial years, mostly during next one to 12 months and in 23 cases after 13 to 33 months of advance. This indicated that there was no urgency to make advance payment for bitumen in the month of March of respective years.
- Out of the advance paid for the supply of bitumen to IOCL/HPCL, ₹ 65.99 crore⁵ was refunded by IOCL/HPCL during 2019 to 2023 and was credited to the deposit head (DCL) in violation of the directions of the Government regarding non conversion of funds from CCL to DCL.

Thus, in order to avoid lapse of budget provision, advances given to Oil Companies were shown by the Divisions as expenditure by directly charging the amount to the works without having incurred any actual expenditure on the works. Though some bitumen/emulsions were received against these advances by the Divisions in phases up to next 33 months, the balance amount left with the Oil Companies was taken back and converted into DCL for further utilisation. This led to wrong depiction of expenditure in the Finance Accounts although funds were transferred to DCL.

The Department stated (June 2023) in the reply that due to corona lockdown in March 2020, it was not possible to get the work done. During 2021-22, due to Vidhan Sabha General Elections⁷ code of conduct, tender process was interrupted leading to balance of allotment which was charged directly on works and given as advance to Oil Companies. Later on, after completion of tender process and work completion by the Contractor, the amount was taken back from Oil Companies and was approved as DCL from competent authority. Thereafter, these were spent on works on which it was charged.

Reply is self-explanatory as advance to Oil Companies was given to avoid its lapse and make arrangement for its utilisation in future whereas under the extant rules/instructions of the Government, conversion of funds of CCL to DCL was not permitted in any case.

² CD-2 Fatehpur, PD Prayagraj, CD-3 Prayagraj, PD Maharajganj, PD Deoria, CD (Building) Lucknow, PD Mau, CD-2 Bijnor (Najibabad); In the remaining two divisions (PD Basti and PD Bahraich), specific information was not made available by the Divisions.

³ In PD Deoria and CD-2 Fatehpur, advances were also given in the month of February 2020 and December 2021 respectively.

⁴ One work pertains to 2020-21 and 14 works pertains to 2021-22 of CD-2 Fatehpur.

⁵ This is refund received by the divisions against accumulated balances with the Oil Companies.

It is recommended that due action may be taken against the authorities for non-compliance of financial rules, Departmental circulars and instructions.

Amount still lying in balance with Oil Companies

5.1.2.2 Specific orders⁶ were given (January 2023) by the Head of Department to all the Divisions to get back the advance balances available with IOCL/HPCL and deposit the same in proper head of accounts within three working days⁷ or else interest will be recovered from respective Executive Engineers at the rate of 18 *per cent*.

In spite of these orders, it was observed that in test checked ten Divisions an amount of ₹ 10.37 crore (**Appendix-5.2**) was lying with HPCL/IOCL till June 2023.

In reply (June 2023), the Department accepted the audit observation and stated that balance amount will be taken back and deposited in the treasury.

Allotment and utilisation of Funds

5.1.2.3 As per Chapter XV Para 174(4) of the Budget Manual, the incurring of expenditure by Government officers is governed by one of the essential conditions that the expenditure should be incurred with due regard to broad and general principles of financial propriety. Further, unspent and unsurrendered appropriations and late allotment is categorised as one of the financial irregularities.

However, in seven⁸ out of ten test checked Public Works Divisions, it was observed from analysis of allotment of funds during the period from April 2019 to March 2022 (**Appendix-5.3**) that:

- allotment of funds ranging from 56.24 *per cent* to 71.16 *per cent* during the year 2019-20 to 2021-22 was made before March.
- allotment of funds ranging from 5.55 *per cent* to 12.65 *per cent* during the years 2019-20 to 2021-22 was made between first March and 15 March.
- allotment of funds ranging from 13.57 *per cent* to 28.37 *per cent* during the year 2019-20 to 2021-22 was made between 16 March and 25 March.
- allotment of funds ranging from 2.75 *per cent* to 9.72 *per cent* during the year 2019-20 to 2021-22 was made between 26 March and 31 March.

Hence, 28.84 *per cent* to 43.76 *per cent* of the yearly allotment of funds to the Divisions was made during 2019-20 to 2021-22 in the month of March. It was also observed that 95.03 *per cent* of advances were given to Oil Companies in March and only 4.97 *per cent* of advances were given to Oil Companies during the rest of the year (**Appendix-5.4**).

Thus, allotted funds could not be utilised by the Divisions in full during the respective financial years. Instead of surrendering the unspent amount as per

⁶ 181 lekha sha/14 lekha/2022-23 dated 28.12.2022 and 166 lekha sha/14 lekha/2022-23 dated 12.01.2023.

⁷ Last date 18.01.2023.

⁸ CD (Building) Lucknow, CD-2 Fatehpur, CD-3 Prayagraj, PD Prayagraj, PD Maharajganj, CD-2 Bijnor (Najibabad), PD Deoria; In PD Basti, PD Baharaich and PD Mau, specific information was not made available by the divisions.

provisions, these were shown as expenditure by giving advances to IOCL and HPCL.

The Department stated (June 2023) that due to corona circumstances, divisions have not followed the laid down procedures completely, but in this case, there is no financial loss. From 01.04.2022 CCL system has been abolished and treasury based online system has been introduced, hence, there is no possibility of repetition of such irregularity.

Reply of the Department affirms that the amounts were given as advance to avoid lapse of funds instead of surrendering the same as prescribed in the rules.

The matter was reported to the Government (May 2023). Reply is still awaited (March 2024).

Conclusion

PWD divisions did not surrender huge amount of unspent funds during the financial year, instead these were given as advances to the Oil Companies mostly in the month of March *i.e.*, at the fag end of the year. Thereafter, the unspent advances were taken back in the subsequent years and deposited in wrong head of account and subsequently converted in DCL for utilisation. Thus, the Department did not follow the standards of financial propriety due to not adhering to the prescribed rules and regulations.

Public Works Department

5.2 Avoidable expenditure due to laying of excess road crust

Public Works Department incurred avoidable expenditure of ₹ 6.87 crore due to considering incorrect values of Vehicle Damage Factor and Traffic Growth which resulted in laying of thicker layer of Dense Bituminous Macadam and Bituminous Concrete in the crust of a road.

Paragraph 205 of the Uttar Pradesh Budget Manual stipulates that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Paragraph 4.2.2 of Indian Road Congress (IRC): 37-2012 provided that if the data for annual growth rate of commercial vehicles is not available, growth rate of 5 *per cent* should be used. Further, Paragraph 4.4.6 of IRC: 37-2012 provided that where sufficient information on axle loads is not available, the default value of Vehicle Damage Factor (VDF) of 3.5 may be used if initial traffic volume in terms of Commercial Vehicle Per Day (CVPD) ranged between 150 to 1500.

Government of Uttar Pradesh accorded (January 2014) Administrative and Financial sanction of ₹ 90.46 crore for widening and strengthening of road from chainage 96.800 of NH-44 (on Lalitpur Kailguwan Marg) to Power Generation Plant, Buragaon (Chiglauwa) (total length 30 km). The Technical Sanction of the work was accorded (January 2014) by Chief Engineer, Jhansi Zone, Public Works Department (PWD), Jhansi. Superintending Engineer, Jhansi Circle, PWD executed (February 2014) a contract bond with a contractor⁹ at 13 *per cent* above the estimated cost for execution of the work. The work was started in February 2014 and was completed in October 2015.

On scrutiny of records of Executive Engineer (EE), Provincial Division, PWD, Lalitpur (March 2022/January 2023), Audit noticed that without conducting requisite axle load survey¹⁰, value of VDF was incorrectly taken as 10 instead of prescribed indicative value of 3.5. Further, the annual traffic growth rate was also wrongly taken as 7.5 *per cent* in place of prescribed 5 *per cent*.

Audit observed that due to adoption of incorrect values of VDF and annual traffic growth, design traffic in terms of the Million Standard Axles (msa) was worked out as 85 msa which should have been 22.9 msa (**Appendix-5.5**). As per the detailed estimate, the road was to be constructed by laying 260 mm thick layer of Granular Sub-Base, 250 mm of Wet Mix Macadam (WMM), followed by 146 mm Dense Graded Bituminous Macadam (DBM) and 50 mm Bituminous Concrete (BC), considering design traffic of 85 msa and CBR¹¹ 6. However, for design traffic load of 30 msa¹² and CBR of 6 *per cent*, the

⁹ No. 75/SE-Jhs-Circle/2013-14 dated 06/02/2014 with contractor M/s PNC Infratech Ltd.

¹⁰ The Division failed to provide any survey report to Audit despite repeated requests.

¹¹ The California Bearing Ratio (CBR) is a penetration test for evaluation of the mechanical strength of natural ground, sub grades and base courses beneath new carriageway construction.

¹² Plate-4 is the design catalogue for pavement design thickness related to CBR-6 *per cent* and msa ranging from 2 to 150. The calculated value of msa 22.9 were taken to the next value of 30 msa provided in IRC: 37-2012.

required crust could have been achieved in accordance with Plate-4 of IRC:37-2012 by laying of 260 mm GSB, 250 mm WMM, 105 mm DBM and 40 mm BC.

Thus, due to adoption of wrong values of VDF and annual traffic growth rate in calculation of msa, excess thick layers of DBM and BC were laid by PWD which resulted in avoidable expenditure of ₹ 6.87 crore (**Appendix-5.6**).

In reply, EE, Provincial Division, Lalitpur stated that annual traffic growth rate was taken 7.5 *per cent* as per IRC:37-2001 which was depicted in preliminary estimate. Further, it was stated that actual VDF was taken considering the single, tandem and tridem axle load of traffic to ply on the road. Department calculated¹³ VDF on account of traffic load for Tridem axle with dual wheel on either side (40 per axle) as 10.

Reply regarding higher annual traffic growth rate of 7.5 taken as per IRC:37-2001 is not acceptable as the crust was designed as per IRC:37-2012, which provided annual traffic growth of 5 *per cent*. Further, the reply of taking VDF as 10 is also not acceptable as VDF for heaviest vehicle was taken without conducting axel load survey.

The matter was reported to the Government and Management (March 2023). Reply is still awaited (March 2024).

Infrastructure and Industrial Development Department

Uttar Pradesh Expressways Industrial Development Authority

5.3 Loss to Government exchequer due to non-compliance of provisions of the Acts

Constant failure in ensuring compliances to the provisions of Indian Stamp Act, 1899 and Registration Act, 1908 regarding Stamp Duty and Registration fees by UPEIDA resulted in loss of Stamp Duty along with interest and Registration Fees to the tune of ₹ 39.61 crore.

Provisions¹⁴ of Indian Stamp Act, 1899 (IS Act, 1899) provide that instruments related to lease deeds should be stamped at the rate of two *per cent* of consideration value before or at the time of execution and every person in-charge of a public office should ensure duly stamping of such instruments. Further, clarification provided (September 2019) by the Government of Uttar Pradesh (GoUP) provided applicability of additional two *per cent* Stamp Duty on the transferred documents¹⁵ of properties situated in notified areas¹⁶. A simple interest at the rate of one and half *per cent* per mensem on the amount of the deficit Stamp Duty calculated from the date of execution of the instrument till the date of actual payment is chargeable.

¹³ (Axle load in kN/224)⁴ = VDF, implies that, (400/224)⁴ = 10.

¹⁴ Section 2 (16) provides instruments related to tolls fall under lease; Section 17 provides all instruments shall be stamped before or at the time of execution; Article 35 of Schedule 1-B provides applicability of two *per cent* Stamp Duty on lease deeds; Section 40 (I-A) provides a simple interest at the rate of one and half *per cent* per mensem on the amount of the deficit Stamp Duty; Section 33 (1) provides every person in-charge of a public office should ensure duly stamping of such instruments.

¹⁵ Including lease deeds in respect of toll collection at toll Plaza.

¹⁶ Notified under U.P. Town Improvement Act, 1919, Uttar Pradesh Awas and Vikas Parishad Adhiniyam, 1965 and Uttar Pradesh Urban Planning and Development Act, 1973.

Besides, Section 17 of Registration Act, 1908 provides that the documents of leases of immovable property from year to year, or for any term exceeding one year or reserving yearly rent shall be compulsorily registered at prescribed rates.

Audit noticed (June 2022) that Stamp Duty on toll plazas of Agra-Lucknow Expressway was chargeable at the rate of four *per cent* (including two *per cent* additional Stamp Duty) of total settled amount of premium in view of GoUP clarification (September 2019). UPEIDA executed¹⁷ unregistered agreements, each for a period of two years, with three parties for collection of user fee and operation of toll plazas along with deployment of ambulances and patrol vehicles along Agra-Lucknow Expressway in Uttar Pradesh. By these unregistered agreements, U.P. Government's toll fee collection for the said expressway were transferred to the contractors for a period of two years. The details of agreements executed are as under:

Sl. No.	Name of Contractor	Agreement value	Payable Stamp Duty	Date of agreement/ Due date of payment
1	M/s Eagle Infra India Ltd.	4657566898	186302680	12/09/2018
2	M/s Sahakar Global Ltd.	8450190000	338007600	13/10/2020
3	M/s Inderdeep Construction Co. Ltd.	3897899999	155916000	14/10/2022

In compliance of the extant provisions of the Acts, UPEIDA should have ensured correct stamping of these lease agreements at the rate of four *per cent* and these agreements were required to be registered after deposit of registration fees at the rate of one *per cent*. But UPEIDA, despite being public office¹⁸ under the provisions of IS Act, 1899, did not ensure deposit of correct Stamp Duty by the contractors nor registration of these agreements before or at the time of execution which resulted in short deposit of Stamp Duty and Registration Fee amounting to ₹ 13.90 crore and ₹ 17 crore respectively along with interest of ₹ 9.12 crore on account of short/delayed deposit (Appendix-5.7).

UPEIDA in reply stated (May 2023) that GoUP did not indicate the need for registration of these documents. It was the sole responsibility of the contractor to comply with the applicable laws in respect of deposit of Stamp Duty and other requirements as per the law. It further stated that in the case of M/s Sahakar Global Ltd., UPEIDA made all out efforts to compel the agency to pay the applicable Stamp Duty and informed the contractor that UPEIDA would revoke Performance Bank Guarantee in case of failure to deposit the short Stamp Duty by the contractor. Subsequently, the contractor approached the Commercial Court in which the matter was stayed, and the case referred to arbitration. UPEIDA might not be able to act against the contractor at this stage.

The reply is not acceptable as the requirement of registration of such agreements was clearly stipulated in the Act. Further, in terms of Section 17 and 33 (1) of IS Act, 1899, UPEIDA may not evade its liability of ensuring

¹⁷ September 2018, October 2020 and October 2022.

¹⁸ Established as statutory body or authority constituted under Uttar Pradesh Industrial Area Development Act, 1976 notified on 27 December 2007 as required u/s 33(1) of IS Act, 1899.

proper stamping of the lease agreements before or at the time of their execution in the capacity of public office.

Thus, constant failure in ensuring compliances to the provisions of the IS Act, 1899 and Registration Act, 1908 led to loss to the Government exchequer amounting to ₹ 39.61 crore on account of short deposit of Stamp Duty along with interest and Registration Fees.

The matter was reported to the Government (April 2023). Reply is still awaited (March 2024).

Greater Noida Industrial Development Authority

5.4 Failure in recovery of location charges

In violation of terms and conditions of scheme brochure for allotment of Industrial plots, GNIDA failed to recover location charge of ₹ 3.70 crore from the allottee.

Greater Noida Industrial Development Authority (GNIDA) launched (November 2016) a scheme namely 'ONLIND2016-02' (the scheme) for allotment of Industrial plots. The scheme brochure provided for payment of location charges in lump sum at the rate of five *per cent* of the total premium before execution of lease deed in respect of the plots of 15 acres and above located on 45-meter or above size roads. Thus, GNIDA was required to ensure levy and recovery of the location charges from the allottee/lessee in lump sum before the execution of lease deed.

GNIDA allotted (14 August 2019) Plot Number-1, measuring 1,40,633.25 sqm (34.75 acre¹⁹) in sector ECOTECH-X, Greater Noida to M/s Samkwang India Electronic Private Limited (allottee) at a premium of ₹ 74.04 crore. As per the allotment letter the allottee was required to pay the balance 90 *per cent*²⁰ premium *i.e.*, ₹ 63.31 crore (after adjusting five *per cent* rebate applicable on cash down payment) within 60 days from the date of issue (14 August 2019) of allotment letter *i.e.* by 13 October 2019. Officials of Project Department, Land Department, Law Department and Planning Department of GNIDA prepared (September 2019) lease plan, which showed that the plot was located on 60-meter wide road.

The allottee deposited (14 October 2019) the balance amount (₹ 63.31 crore). Subsequently, GNIDA issued (05 November 2019) checklist for execution of lease deed after fulfilling the requirements within 60 days wherein it *inter-alia* demanded location charges of ₹ 3.70 crore from the allottee.

Thereafter, the allottee contested (08 November 2019) that the plot was located on 30-meter wide road and submitted (13 December 2019) an undertaking stating that as per the meeting held with Chief Executive Officer (CEO), GNIDA, matter of location charges has been postponed till further meeting with the members of Board of GNIDA. The allottee further assured in the undertaking that it will respect the decision of such Board meeting.

¹⁹ One acre equals to 4,046.86 sqm.

²⁰ 10 *per cent* of premium, *i.e.*, ₹ 7.40 crore was paid by the allottee at the time of registration for allotment.

Audit noticed (September 2022) that, taking cognizance of the undertaking given by the allottee, Industry Division, GNIDA proposed (19 December 2019) for execution of the lease deed. The Additional CEO, GNIDA, while proposing for examination of the matter of location charges by a high-level committee, forwarded the issue of execution of lease deed to CEO, GNIDA for further orders. CEO directed (20 December 2019) to finalise the matter of levy of location charges within 10 days, else concerned officials would be responsible. No details of action taken on the directions of CEO were found on record. However, Project Division of GNIDA confirmed (07 June 2023) that the plot is situated on 60-meter wide road.

Audit further observed that overlooking the terms and conditions of the scheme brochure, GNIDA executed (23 December 2019) lease deed without ensuring recovery of location charges from the allottee which was required to be obtained before executing lease deed. Further, the possession of land was also handed over to the allottee on 27 December 2019.

After the issue being raised by audit, notices were issued (31 January 2023 and 31 May 2023) to the allottee by the GNIDA requiring him to deposit the location charges (including interest).

Thus, due to not adhering to the provisions of scheme brochure, GNIDA failed to recover location charges of ₹ 3.70 crore from the allottee as of June 2023. Besides, GNIDA had to suffer loss of interest amounting to ₹ 1.04 crore²¹ on the above mentioned amount.

The matter was reported to the Government and Management (February 2023). Reply is still awaited (March 2024).

Department of Tourism

5.5 Wasteful expenditure on construction of tourist complex and multilevel parking

The construction of tourist complex and multilevel parking was lying incomplete since last five years thereby rendering incurred expenditure of ₹ 24.26 crore wasteful.

Para 212 (vii) of U.P. Budget Manual (UPBM) stipulates that new capital works shall not be launched without first ensuring availability of adequate funds. Departments should provide 40 *per cent* of the estimated cost in the first year, 40 *per cent* in the second year and the remaining 20 *per cent* in the third year. UPBM further states that the Principal Secretaries/Secretaries of the Departments concerned shall ensure monthly review of all incomplete projects and in order to prevent cost escalation and ensure timely returns from the bigger projects, priority should be accorded to the completion of ongoing projects rather than launching new projects.

The Department of Tourism, Government of Uttar Pradesh (GoUP) accorded (March 2016) administrative and financial sanction for construction of a

²¹ Calculated for the period January 2020 to June 2023 at the rate of 8 *per cent* per annum being the rate paid by GNIDA on the amount of loan obtained.

tourist complex at Saifai, Etawah at a cost of ₹ 28.93 crore keeping in view the increasing tourism in Saifai, Etawah. Further, the Department also accorded (January 2017) administrative and financial sanction for construction of a multi-level parking near the proposed tourist complex at a cost of ₹ 41.89 crore to provide ample parking facility to the tourists. However, no details of survey of increase in foot-fall in Saifai was furnished to Audit.

Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) was nominated as executing agency (EA) for both the works. The Department released (March 2016 and August 2016) ₹ 20 crore in two instalments to EA for construction of tourist complex. Similarly, ₹ 16.76 crore was released (January 2017) to EA for construction of multilevel parking. No further funds were released thereafter. Both the works were stopped in March 2017 after incurring an expenditure of ₹ 24.26 crore²². The EA could achieve physical progress of 68 *per cent* on tourist complex and 16 *per cent* on multilevel parking.

It was observed that Regional Tourist Officer (RTO), Lucknow had requested (April 2017) the EA to make the tourist complex and parking facility usable for public within the already released funds as it would not be possible to release further funds for these projects. However, the executing agency intimated (April 2017) that the works cannot be made usable with the available funds. Thereafter, the executing agency was directed (November 2017) to revise the scope of the multilevel parking work upto ground level and submit a revised estimate to make the project operational. The executing agency submitted (December 2017) the revised estimate of ₹ 23.53 crore to the Department to complete the ground floor works of multilevel parking for making it public usable for which, sanction is still awaited (August 2023). No revised estimate was submitted for construction of tourist complex.

It was further noticed that EA had submitted utilisation certificates (UCs) of ₹ 35.08 crore²³ against the actual expenditure of ₹ 24.26 crore *i.e.*, ₹ 10.82 crore against which UCs were given was lying unspent in anticipation of expected expenditure including material supplied at site. Further, EA had earned interest amounting to ₹ 1.53 crore during 2016-17 to 2020-21 which was also not returned to the Department.

Audit observed (March 2022) during audit of Directorate of Tourism that no fund was released even after lapse of six years and the works were lying incomplete since March 2017. It was also noticed that no action was taken against the EA for incorrect utilisation certificate or for funds lying unspent. Consequently, the entire expenditure to the extent of ₹ 24.26 crore incurred on

²² Expenditure of ₹ 17.88 crore on construction of tourism complex and ₹ 6.38 crore on construction of multilevel parking respectively.

²³ Utilisation certificate of ₹ 20 crore on construction of tourism complex and ₹ 15.08 crore on construction of multilevel parking respectively.

both works remained blocked and wasteful as the works are still incomplete after a lapse of more than six years.

In reply, the EA stated (October 2022) that approval on revised estimate was pending and the unutilised fund was available at the UPRNN Headquarter. It was further stated (August 2023) by the UPRNN that UCs for balance fund were given against construction material at site as per work plan and expected expenditure on some construction works within 1-2 month. The fact remains that UCs to the tune of ₹ 10.82 crore were issued against the unspent expenditure on these works.

The matter was reported to the Government and Management (January 2023). Reply is still awaited (March 2024).

5.6 Avoidable payment of electricity charges

Lackadaisical approach of the Directorate of Tourism in reduction of load despite their actual electricity consumption being much lower than the contracted load led to avoidable payment of electricity charges of ₹ 1.38 crore.

Para-169 of Financial Handbook (Vol-V) stipulates that every Government servant should exercise the same vigilance in respect of expenditure incurred in connection with transactions of Government business as a person of ordinary prudence would exercise in spending his own money.

As per para 4.41 of Uttar Pradesh Electricity Supply Code, 2005 (Supply Code) reduction of contracted load²⁴ shall be permissible for all categories of consumers having electronic meters capable of recording demand, if their consumption is ascertained to be lower than the normal consumption in past six months or for such period that takes seasonality into account. Further, as per the general provisions of the Rate Schedule of Uttar Pradesh Power Corporation Limited, demand charges on 75 per cent of contracted load or the actual load/demand, whichever is higher, are leviable along with charges for actual energy consumed at the rates applicable from time to time.

Audit observed (March 2022) that the Office of Director General, Directorate of Tourism (DG, Tourism), Lucknow had a contracted load of 888.88 KVA for its requirement of *Paryatan Bhawan*, Lucknow and billing of the same was being done by Madhyanchal Vidyut Vitran Nigam Limited (MVVNL) under Rate Schedule for HV-1 category consumers. Audit noticed that actual demand of DG, Tourism ranged between 78.42 KVA to 481.38 KVA²⁵ during January 2013 to March 2023 against the contracted load of 888.88 KVA. Consequently, DG, Tourism had to

²⁴ “Contracted Load” means maximum electrical load in kW, KVA or BHP agreed to be supplied by the Licensee which may be different than connected load and reflected in the agreement between the parties.

²⁵ Minimum 78.42 KVA in March 2020 and maximum 481.38 KVA July 2019.

pay demand/fixed charges for 666.66 KVA per month²⁶ to MVVNL while actual load of DG, Tourism was much lower than the contracted load. Therefore, to avoid excess payment, DG, Tourism was required to get its load reduced to 490 KVA²⁷ as per provision (Para 4.41) of Supply Code.

Audit further noticed that although DG, Tourism had sent a letter (April 2015) to MVVNL for reducing the contracted load to 400 KVA based on last one-year bills, no further action/correspondence was made to reduce the load as per actual demand pattern till June 2022. Only after the matter was pointed out in audit, further pursuance was made with MVVNL from July 2022 onwards and contracted load was reduced to 450 KVA from April 2023.

Thus, failure of DG, Tourism in getting the contracted load reduced based on actual consumption during January 2013 to March 2023, resulted in avoidable payment of demand charges and associated charges to the extent of ₹ 1.38 crore (**Appendix-5.8**) which occurred due to not adhering to the canons of financial prudence and poor monitoring by the concerned officers of the DG, Tourism.

In reply, the Management stated (April 2023) that as per the observation of Audit, the load got reduced from 888.88 KVA to 450 KVA and accordingly the bill was raised for 405 KW from April 2023. The reply is self-explanatory as the load recorded in April 2023 was well within the reduced contracted load of 450 KVA and thus payment of ₹ 1.38 crore could have been avoided by following the provisions of Supply Code and canons of financial prudence.

The matter was reported to the Government (November 2022). Reply is still awaited (March 2024).

Audit Impact

In the following case recovery was made at the instance of audit:

Department of Environment, Forest and Climate Change

5.7 Short charging of Net Present Value for diversion of forest land

Ministry of Environment and Forests, Government of India (MoEF, GoI) issued (5 February 2009) guidelines for collection of Net Present Value (NPV) for diversion of forest land for non-forestry purpose under Forest (Conservation) Act, 1980. The guidelines regrouped 16 major forest types into six ecological (Eco) classes for collection of NPV from user agency depending upon value and class of forest for diversion of forest land for non-forestry purpose.


²⁶ 75 per cent of the contracted load of 888.88 KVA.

²⁷ Approximate maximum load based on the consumption during last 10 years.

Audit noticed (February 2022), that Divisional Forest Officer (DFO) Gorakhpur incorrectly used rate of NPV for Eco Class-III of dense forest (₹ 8.03 lakh per hectare) for calculation of NPV instead of Eco-Class-I of dense forest (₹ 9.39 lakh per hectare) for diversion of 79.76 hectare forest land to National Highway Authority of India (user agency) leading to short charge of NPV from the user agency amounting to ₹ 1.08 crore (₹ 1.36 lakh per hectare for 79.76 hectare).


In reply, Management accepted (December 2022) the audit observation and recovered ₹ 5.05 crore from the user agency after adjusting already deposited amount of ₹ 6.40 crore at revised rates (January 2022) of ₹ 14.37 lakh per hectare considering forest as Eco Class-I as pointed out in the audit observation.

Lucknow
The **15 November 2024**


(TANYA SINGH)
Accountant General (Audit-II),
Uttar Pradesh

Countersigned

New Delhi
The **18 NOV 2024**


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India