REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2014

Government of Uttarakhand

Report No. 1 of the year 2015

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Comptroller and Auditor General of India

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Appendices

PREFACE

This Report for the year ended 31 March 2014 has been prepared for submission to the Governor of the State of Uttarakhand under Article 151 of the Constitution of India. This Report contains three Chapters.

Chapter-I of this Report relates to audit of expenditure of the Social, General and Economic Sectors (Non-PSUs) of the Government departments conducted under Sections 13 and 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Chapter contains significant results of the performance audit and compliance audit of the departments/ autonomous bodies of the Government of Uttarakhand for the year ended 31 March 2014.

Chapter-II of this Report relates to the audit of revenue receipts of the Revenue Sector departments of the Government. The audit of this Sector is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Chapter presents the results of audit of receipts such as sales/ value added tax, state excise, taxes on motor vehicles and other tax and non-tax receipts of the Government of Uttarakhand for the year ended 31 March 2014.

Chapter-III of this Report relates to the audit of State Public Sector Undertakings of Social and Economic Sectors. Audit of accounts of Government companies is conducted by the CAG under Section 619 of the Companies Act, 1956 and audit of Statutory Corporations under their respective legislation. The Government is required to submit this portion of the Audit Report to the State Legislature under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2013-14 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued (March 2002) by the Comptroller and Auditor General of India.

OVERVIEW

This Report comprises three chapters containing audit findings pertaining to Social, General and Economic Sectors (Non-PSUs); Revenue Sector; and Social & Economic Sector (PSUs). There are three Performance audits on Nirmal Bharat Abhiyan, Receipts of Minor Minerals and Levy and Collection of Motor Vehicle Taxes and 24 compliance audit paragraphs involving ₹ 282.49 crore. Some of the major findings are mentioned below:

SOCIAL, GENERAL AND ECONOMIC SECTORS (NON-PSUs)

The total expenditure of the State increased from ₹ 12,334 crore to ₹ 20,206 crore during 2009-10 to 2013-14, the revenue expenditure of the State Government increased by 52 *per cent* from ₹ 10,657 crore in 2009-10 to ₹ 16,216 crore in 2013-14. Non-Plan revenue expenditure increased by 61 *per cent* from ₹ 8,358 crore to ₹ 13,449 crore and capital expenditure increased by 125 *per cent* from ₹ 1,647 crore to ₹ 3,712 crore during the period 2009-10 to 2013-14.

PERFORMANCE AUDIT

Implementation of Nirmal Bharat Abhiyan

- Bottom up approach was not adopted for preparation of Annual Implementation Plan due to non-establishment of Block Resource Centres to provide inputs from GP to District level.

  [Paragraph 1.2.6.2]

- Funds to the districts were being released in lump sum basis by the SWSM without giving any component-wise breakups as well as the sharing by the State Government and GoI. Resultantly, the districts did not maintain any records of actual sharing of release under the scheme between GoI and the State Government.

  [Paragraph 1.2.7.1]

- Acknowledgement of funds amounting to ₹ 20.92 crore released to GPs were not obtained in the test-checked districts.

  [Paragraph 1.2.7.6]

- There was an overall shortfall of 40 to 52 *per cent* in achievement of individual household latrines for below poverty line families in the sampled districts.

  [Paragraph 1.2.8.1]

- Eighty one *per cent* applications of Gram Panchayats were rejected by the GoI for Nirmal Gram Puraskar during the period 2009-11 on the grounds of open defecation, waste garbage on streets, choked drains, open urination near schools etc. which showed that proper verification, as per guidelines, was not being conducted before processing respective applications for NGP award.

  [Paragraph 1.2.9.1]

- In the test-checked districts, there was a shortfall of 33 to 81 *per cent* in achievement of physical targets under various Information, Education and Communication (IEC) activities and no detailed plans were prepared.

[Paragraph 1.2.10]

COMPLIANCE AUDIT

Facilities provided to Prisoners

Six out of 13 districts in the State do not have any functional jail. An amount of ₹ 88.05 lakh was incurred during the last three years to transport under-trials to the Courts located in these six districts. Out of 3,583 prisoners accommodated in the ten test-checked jails, 2,810 (78.43 *per cent*) were accommodated in just three jails. Out of sanctioned strength of 1,061 posts, only 294 posts were filled up. In the absence of medical facilities, the Jail administration had to incur an expenditure of ₹ 38.88 lakh on medical treatment and transportation of the sick prisoners in the last three years.

[Paragraph 1.7]

Collection of Water Charges by Uttarakhand Jal Sansthan

Arrears amounting to ₹ 77.23 crore were outstanding as on 31 March 2014. Of this, ₹ 1.07 crore were against 1,768 connections provided in now abandoned houses, ₹ 3.33 crore against 1,730 connections of various Government departments and ₹ 1.24 crore due against 1,180 connections of various government colonies. The Sansthan suffered a loss of ₹ 1.36 crore due to non-raising the demand against 1,557 consumers. The Sansthan also suffered a loss of ₹ 16 lakh due to non-disconnection of water supplies of the defaulters.

[Paragraph 1.11]

Implementation of the Schemes for Protection and Welfare of Girl Child

Under Nanda Devi Kanya Yojna, expenditure in the year 2013-14 was over reported by ₹ 46.80 lakh and was kept in a PLA account instead of surrendering it and an irregular payment of ₹ 18.25 lakh was made to 365 girls born at home. In Gaura Devi Kanyadhan Yojna, 1,266 sanctioned cases were pending for payment despite availability of funds at the end of 2013-14. The State Government had to bear an extra burden of ₹ 2.57 crore for getting construction works of Kasturba Gandhi Balika Vidyalaya hostels completed due to time and cost overrun.

[Paragraph 1.14]

Financial management of Nagar Nigam, Haridwar

Nagar Nigam could not utilize funds ranging from ₹ 10 crore to ₹ 17 crore during 2010-14 due to unrealistically higher budget estimates of expenditure. An amount of ₹ 82 lakh, meant for undertaking works which would generate recurring income, could not be utilized since 2001. Rates of advertisement tax were not revised since 2001 in absence of approval of new advertisement policy. Revenue of ₹ 2.16 crore was forgone due to Department's failure to collect *tehbazaari* from vendors and charges of *phool pharoshi* from florists.

[Paragraph 1.15]

Implementation of Solar Energy Programme

The Agency irregularly collected ₹ 66.71 lakh as service charges from beneficiaries of Solar Photo Voltaic Programme. Expenditure of ₹ 10.61 lakh on solar streetlights was rendered unfruitful as the lights got defective within warranty period and not rectified. Solar equipment worth ₹ 10.63 lakh remained undistributed since 2009. Solar batteries worth ₹ 13.15 lakh were lying idle since their procurement in January 2011.

[Paragraph 1.16]

Undue benefit to service providers

Non-provision of deduction in payments to service providers for deficiencies in service standards resulted in undue benefit amounting to ₹ 4.54 crore to the service providers.

[Paragraph 1.10]

Avoidable expenditure

Execution of Bituminous Macadam (BM) work without taking into consideration the equivalency factor of 25 mm thickness of the recently executed SDBC work, resulted in an avoidable expenditure of ₹ 55.50 lakh.

[Paragraph 1.12]

REVENUE SECTOR

COMPLIANCE AUDIT

Short levy of tax due to incorrect application of rate of VAT

Incorrect application of rate of tax by the Assessing Authority resulted in short levy of tax of ₹ 16.32 lakh.

[Paragraph 2.3]

Utilisation of unauthorised declaration form

Utilisation of unauthorised declaration of Form XI for the transaction prior to the effective date of recognition certificate resulted in loss of revenue of ₹ 8.62 lakh and penalty of ₹ 55.68 lakh.

[Paragraph 2.4]

PERFORMANCE AUDIT

Performance Audit of Levy and Collection of Motor Vehicle Taxes

- State Urban Transport Fund was not established even after recovery of ₹ 4.09 crore from vehicle owners as green cess.

[Paragraph 2.6.7.1(ii)]

- Trade tax worth ₹ 43.88 lakh and penalty to the tune of ₹ 16.27 lakh was not realised in case of 1,14,225 vehicles sold by 136 dealers during the years 2012, 2013 and 2014.

[Paragraph 2.6.7.2(i)]

- Non-renewal of permits resulted in non-realization of fees to the tune of ₹ 13.96 lakh.

[Paragraph 2.6.7.3(ii)]

- Penalty of ₹ 1.13 crore was not levied against concessionaire for delays in providing High Security Registration Plates.

[Paragraphs 2.6.8.2]

Performance Audit on Receipts of Minor Minerals

- There was no control mechanism in the Department over receipt, issue and utilisation of forms required for ensuring proper collection of revenue.

[Paragraph 2.7.8.1]

- Non-detection of short payment of royalty and incorrect application of rates resulted in short realization of revenue amounting to ₹ 6.38 crore in 14 cases.

[Paragraphs 2.7.9.1 & 2.7.9.2]

- Failure of the Department to identify the brick kilns, which had not obtained permit, resulted in loss of revenue amounting to ₹ 5.88 crore in 782 cases.

[Paragraph 2.7.9.3]

- Delayed / non-registration of lease deeds resulted in non-levy of Stamp Duty of ₹ 4.08 crore in 14 cases.

[Paragraph 2.7.10.1]

ECONOMIC SECTOR (PSUs)

COMPLIANCE AUDIT

Marketing of Certified Wheat Seeds by the Uttarakhand Seeds and Tarai Development Corporation Ltd., Pantnagar

Actual intake of wheat seeds from growers was 15.45 lakh quintals only against the target production of 19.95 lakh quintals. By considering distributors' commission as a part of purchase price instead of selling and distribution expenses, Company paid excess commission of ₹ 0.73 crore to the dealers and further, due to adopting higher rate of commission, Company incurred additional expenditure of ₹ 0.30 crore. Company suffered a loss of ₹ 1.37 crore due to non-forfeiture of advance deposited by the defaulting distributors.

[Paragraph 3.2]

Management of Transformers by Uttarakhand Power Corporation Limited

Uttarakhand Power Corporation Limited has no documented policy in respect of procedure to be adopted for assessing the requirement of transformers. During 2011-12 to 2013-14, 13,319 transformers of various capacity valuing ₹ 121.99 crore got damaged in excess of internal target and 151 transformers amounting to ₹ 1.03 crore were damaged due to non-installation of Lightning Arrester. UPCL incurred an additional expenditure of ₹ 63.23 lakh due to under utilisation of its workshops and 509.31 KL transformer oil amounting to ₹ 76.40 lakh were short received from damaged transformers.

[Paragraph 3.3]

Non-claiming of 12 *per cent* royalty

Lack of efforts on part of UPCL to charge royalty in the shape of free power deprived the State of 12 *per cent* free power (17.32 MUs) amounting to ₹ 3.91 crore.

[Paragraph 3.4]

Undue benefit to consumer

UPCL extended undue benefit of ₹ 2.12 crore to a consumer by non-levy of 15 *per cent* additional surcharge for continuous power supply.

[Paragraph 3.5]

Chapter-I

Social, General and Economic Sectors (Non-PSUs)

1.1 Introduction

1.1.1 Budget Profile

There are 63 Government Departments and 39 Autonomous Bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2009-14 is given in **Table 1.1.1**.

Table 1.1.1
Budget and expenditure of the State Government during 2009-14

(₹ in crore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue Expenditure										
General Services	4,118.72	3,694.34	4,109.96	4,180.15	4,993.94	4,475.11	5,443.94	5,372.23	6,804.28	6,182.04
Social Services	4,900.94	4,980.28	5,358.43	5,169.49	6,447.89	6,019.65	6,856.51	6,095.84	7,766.53	7,298.01
Economic Services	1,745.16	1,658.12	1,973.30	1,863.75	2,351.14	2,101.63	2,568.74	1,995.29	2,755.73	2,067.95
Grant-in-aid and contributions	396.29	324.73	555.00	407.68	532.72	378.80	847.92	496.86	727.66	668.41
Total (1)	**11,161.11**	**10,657.47**	**11,996.69**	**11,621.07**	**14,325.69**	**12,975.19**	**15,717.11**	**13,960.22**	**18,054.20**	**16,216.41**
Capital expenditure										
Capital Outlay	1,956.92	1,646.74	2,005.09	1,854.84	3,094.58	2,316.94	3,653.48	3,542.09	4,874.19	3,712.03
Loans and advances disbursed	307.77	30.06	150.54	59.68	307.91	246.83	264.05	272.57	248.66	277.99
Repayment of Public Debt	1,311.58	472.87	1,299.63	519.36	1,638.73	1,015.78	2,297.13	1,472.21	2,152.79	1,316.81
Contingency Fund	34.00	71.42	10.00	536.71	35.00	69.07	40.00	32.07	40.00	194.48
Public Accounts disbursements	10,963.47	12,321.83	11,665.36	17,608.20	12,662.52	19,832.00	12,872.30	20,961.24	14,212.33	25,190.33
Closing Cash balance	-	538.91	-	1,229.41	-	1,085.18	-	1,945.54	-	2,433.41
Total (2)	**14,573.74**	**15,081.83**	**15,130.62**	**21,808.20**	**17,738.74**	**24,565.80**	**19,126.96**	**28,225.72**	**21,527.97**	**33,125.05**
Grand Total (1+2)	**25,734.85**	**25,739.30**	**27,127.31**	**33,429.27**	**32,064.43**	**37,540.99**	**34,844.07**	**42,185.94**	**39,582.17**	**49,341.46**

Source: Annual Financial Statements and Finance Accounts

1.1.2 Application of resources of the State Government

The total expenditure[1] of the State increased from ₹ 12,334 crore to ₹ 20,206 crore during 2009-10 to 2013-14, the revenue expenditure of the State Government increased by 52 *per cent* from ₹ 10,657 crore in 2009-10 to ₹ 16,216 crore in 2013-14.

The revenue expenditure constituted 80 to 86 *per cent* of the total expenditure during the year 2009-10 to 2013-14 and capital expenditure was 13 to 18 *per cent.* During the period, total expenditure increased at an annual average rate of 14 *per cent*, whereas revenue receipts grew at an annual average rate of 15 *per cent* during 2009-10 to 2013-14.

[1] Total expenditure includes revenue expenditure, capital expenditure, loans and advances.

1.1.3 Persistent Savings

During the last five years, there were persistent savings of more than ₹ one crore in 18 cases as per details given in **Table 1.1.2**.

Table 1.1.2

List of Grants indicating persistent savings during 2009-14 ***(₹ in crore)***

Sl. No.	No. and Name of grant	Amount of Savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
	Revenue-Voted					
1	04-Judicial Administration	28.57	29.91	28.05	50.90	36.52
2	06-Revenue and General Administration	56.74	29.52	43.94	64.40	14,66.73
3	07-Finance, Tax, Planning, Secretariat and Miscellaneous Services	4,18.97	1,06.35	5,80.10	5,49.18	1,16.17
4	12-Medical, Health and Family Welfare	91.88	1,24.39	1,53.99	1,33.41	1,16.11
5	13-Water Supply, Housing and Urban Development	47.75	3,72.80	2,35.77	1,53.22	3,08.25
6	15-Welfare	80.43	83.72	1,97.45	1,91.96	1,78.11
7	16-Labour and Employment	5.61	12.08	12.39	36.45	28.70
8	18-Co-operative	1.83	4.87	10.30	6.03	8.53
9	19-Rural Development	70.21	75.22	92.71	1,33.00	1,79.22
10	22-Public Works	28.64	34.94	35.43	56.85	95.65
11	23-Industries	1.34	5.15	14.47	11.32	20.89
12	24-Transport	5.62	2.52	1.37	5.90	3.22
13	26-Tourism	2.85	2.92	30.66	30.05	13.43
14	28-Animal Husbandry	8.49	15.53	4.48	9.04	24.93
	Capital-Voted					
1	07- Finance, Tax, Planning, Secretariat and Miscellaneous Services	51.24	8.78	72.43	20.60	40.81
2	11-Education, Sports, Youth Welfare and Culture	7.80	60.20	1,66.31	1,22.03	1,84.55
3	15-Welfare	5.09	13.74	22.03	3.54	6.75
4	23-Industries	9.55	11.54	13.35	23.69	28.21

Source: Appropriation Accounts

Reasons for savings in 2013-14 were not intimated (November 2014) by the State Government. However, this indicated inadequate financial control.

1.1.4 Funds transferred directly to the State implementing agencies

During 2013-14, GoI directly transferred ₹ 1,903 crore to the State Implementing Agencies without routing through the State Budget. There is no single agency in the State to monitor the funds directly transferred by the GoI to the Implementing Agencies and no data is readily available on how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by the State Implementing Agencies and funded by the GoI.

1.1.5 Grants-in-Aid from Government of India

The Grants-in-Aid received from the GoI during the years 2009-10 to 2013-14 have been given in **Table 1.1.3**.

Table 1.1.3
Grants-in-Aid from GoI

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Non-plan Grants	1,183	1,435	762	869	981
Grants for State Plan Schemes	2,334	2,253	2,840	3,040	3,558
Grants for Central Plan Schemes	11	21	10	8	13
Grants for Centrally Sponsored Plan Schemes	217	356	462	540	523
Total	**3,745**	**4,065**	**4,074**	**4,457**	**5,075**
Percentage of increase over previous year	11	9	0.22	9	14
Percentage of Revenue Receipts	39	35	30	28	29

The Grants-in-Aid from GoI increased from ₹ 3,745 crore in 2009-10 to ₹ 5,075 crore in 2013-14. The percentage increase ranged between 0.22 *per cent* and 14 *per cent* during the period from 2009-10 to 2013-14 over the previous year whereas its percentage to revenue receipts ranged between 28 *per cent* and 39 *per cent*.

1.1.6 Planning and conduct of Audit

The Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/projects etc., criticality/complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings as well as media reports. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Reports (IRs) containing audit findings are issued to the heads of the audited entities with request to furnish reply within one month. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports, which are submitted to the Governor of Uttarakhand under Article 151 of the Constitution of India.

During 2013-14, compliance audit of 161 drawing and disbursing officers of the State and 46 units of autonomous bodies were conducted by the Office of the Accountant General (Audit), Uttarakhand. Besides, one Performance Audit was also conducted.

1.1.7 Significant audit observations and response of Government to Audit

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments, which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing the specific programmes/ schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

As per the provisions of Comptroller and Auditor General of India's Regulations on Audit and Account, 2007, the departments are required to send their responses to draft performance audit reports/ draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks. It was brought to their personal attention that in view of likely inclusion of such paragraphs in the Report of the Comptroller and Auditor General of India, to be placed before the Uttarakhand Legislature, it would be desirable to include their comments in the matter. They were also advised to have meeting with the Accountant General to discuss the draft reports of Performance Audits and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries concerned for seeking their replies. For the present Audit Report, one draft Performance Audit[2] and 17 draft paragraphs were forwarded to the concerned Administrative Secretaries. But the reply of the Government has been received in three cases only (November 2014).

1.1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 29.81 lakh pointed out in two cases, the DDOs concerned had effected recovery of ₹ 29.31 lakh in these cases during 2013-14.

1.1.9 Lack of responsiveness of Government to Audit

The Accountant General (Audit), Uttarakhand conducts periodical inspection of the Government Departments by test-check of transactions and verifies the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by issue of Audit Inspection Reports (IRs). When important irregularities, etc. detected during audit inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The heads of offices and next higher authorities are required to report their compliance to the Accountant General (Audit) within one month of receipt of IRs. Serious irregularities are also brought to the notice of the Heads of the Departments by the Office of the Accountant General (Audit), Uttarakhand through a half yearly report of pending IRs sent to the Additional Chief Secretary (Finance) of the State.

Based on the results of test audit 5,898 audit observations contained in 2,045 IRs were outstanding as on 31st March 2014 details of which are given in **Table 1.1.4**.

Table 1.1.4
Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of Sector	Inspections Reports[3]	Paragraphs	Amount Involved (₹in lakh)
1.	Social Sector	1,092	3,618	6,111.40
2.	General Sector	347	649	605.48
3.	Economic Sector(Non-PSUs)	606	1,631	3,889.28
Total		**2,045**	**5,898**	**10,606.16**

[2] Nirmal Bharat Abhiyan.

[3] Outstanding inspection Reports/ Paragraphs have been taken from 2006-07.

During 2013-14, 10 meetings of *adhoc* committee were held in which 67 paragraphs were settled. The departmental officers failed to take action on observations contained in IRs within the prescribed time frame resulting in erosion of accountability.

It is recommended that the Government may look into the matter to ensure prompt and proper response to audit observations.

1.1.10 Follow-up on Audit Reports

1.1.10.1 Non-submission of suo-motu Action Taken Notes (ATNs)

According to the Rules of Procedure for the internal working of the Committee on Public Accounts, the Administrative Departments were to initiate, *suo motu* action on all Audit Paragraphs including performance audits featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether these are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the State Legislature.

It was, however, noticed that out of 295 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2011-12, *suo-motu* ATNs in respect of 80 audit paragraphs involving 35 Departments had not been received (as detailed in ***Appendix 1.1.1***) upto 31 March 2014.

1.1.10.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Accountant General (Audit) on the observations/ recommendations made by the PAC in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 295 Audit paragraphs featuring in the Civil chapters of Audit Reports for the years from 2000-01 to 2011-12, only 184 audit paragraphs have been discussed by the PAC up to 31 March 2014. Recommendations in respect of 102 Audit paragraphs have been made by the PAC, however, ATNs on the recommendations of the Committees is pending from the State Government in respect of four paragraphs.

1.1.11 Status of placement of Separate Audit Reports of autonomous bodies in the State Assembly

Several Autonomous Bodies have been set up by the State Government. A large number of these bodies are audited by the Comptroller and Auditor General of India for verification of their transactions, operational activities and accounts, regulatory compliance audit, review of internal management, financial control and review of systems and procedure, etc. The audit of accounts of one autonomous body (Uttarakhand Jal Sansthan) in the State has been entrusted to the Comptroller and Auditor General of India. Separate Audit Reports (SARs) of Uttarakhand Jal Sansthan issued by Audit for the year 2011-12 are yet to be placed before the State Legislature.

1.1.12 Year-wise details of reviews and paragraphs appeared in Audit Reports

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years alongwith their money are given in **Table 1.1.5**.

Table 1.1.5

Details regarding reviews and paragraphs appeared in Audit Report during 2011-13

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2011-12	02	81.89	10	146.32	02	00
2012-13	03	283.16	09	166.42	03	00

During 2013-14, one performance audit and 17 audit paragraphs were issued to the State Government. However, reply in respect of one Performance Audit and two audit paragraphs were received from the Government/ Department.

One performance audit[4] and 14 audit paragraphs involving money value of ₹ 94.37 crore have been included in this Chapter. Replies, wherever received, have been incorporated at appropriate places.

[4] Nirmal Bharat Abhiyan.

PERFORMANCE AUDIT

DRINKING WATER AND SANITATION DEPARTMENT

1.2 Implementation of Nirmal Bharat Abhiyan

Total Sanitation Campaign programme, now renamed as Nirmal Bharat Abhiyan, a flagship programme of Government of India focusing on personal hygiene, home sanitation, safe water, garbage disposal and waste water management, was launched in 1999. A performance audit of implementation of the scheme in the State was conducted and the significant findings of the audit are given below:

Highlights:

- ***Bottom up approach was not adopted for preparation of Annual Implementation Plan due to non-establishment of Block Resource Centres to provide inputs from GP to District level.***

  [Paragraph 1.2.6.2]

- ***Funds to the districts were being released in lump sum basis by the SWSM without giving any component-wise breakups as well as the sharing by the State Government and GoI. Resultantly, the districts did not maintain any records of actual sharing of release under the scheme between GoI and the State Government.***

  [Paragraph 1.2.7.1]

- ***Acknowledgement of funds amounting to ₹ 20.92 crore released to GPs were not obtained in the test-checked districts.***

  [Paragraph 1.2.7.6]

- ***There was an overall shortfall of 40 to 52 per cent in achievement of individual household latrines for below poverty line families in the sampled districts.***

  [Paragraph 1.2.8.1]

- ***Eighty one per cent applications of Gram Panchayats were rejected by the GoI for Nirmal Gram Puraskar during the period 2009-11 on the grounds of open defecation, waste garbage on streets, choked drains, open urination near schools etc. which showed that proper verification, as per guidelines, was not being conducted before processing respective applications for NGP award.***

  [Paragraph 1.2.9.1]

- ***In the test-checked districts, there was a shortfall of 33 to 81 per cent in achievement of physical targets under various Information, Education and Communication (IEC) activities and no detailed plans were prepared.***

  [Paragraph 1.2.10]

1.2.1 Introduction

The Government of India (GoI) launched the Total Sanitation Campaign (TSC) in 1999 with a view to carry out sustainable reforms in rural sanitation sector. The campaign focused on personal hygiene, home sanitation, safe water, garbage disposal and waste water management. Further, achievements and efforts made by rural communities in ensuring full sanitation coverage were also recognized through awarding such communities, the Nirmal Gram Puraskar

(NGP), started in 2003. Encouraged by the success of NGP, the TSC was renamed (April 2012) as "Nirmal Bharat Abhiyan" (NBA) to accelerate sanitation coverage in rural areas through renewed strategies and saturation approach.

1.2.2 Organizational set-up

The Ministry of Drinking Water and Sanitation, Government of India is responsible for implementation of Nirmal Bharat Abhiyan. Chief Secretary, Government of Uttarakhand is the Chairperson of the Executive Committee of the Project Management Unit (PMU) which is the Nodal Agency for implementation of the scheme in the State. The Executive Committee is assisted by the Director, PMU, who is responsible for executing the policies, annual programs and budgets as approved by the Executive Committee and the General Body of the PMU. At district level, the Project Manager (PM) of District Project Management Unit (DPMU) was vested with the responsibility of formulation and approval of the annual plans and implementation and monitoring of the scheme.

1.2.3 Audit Objectives

The audit objectives were to ascertain whether:

- the planning for implementation of the Scheme at different levels was adequate and effective;
- funds were released, accounted for and utilised by the State Government in compliance of the guidelines issued under the Scheme;
- the implementation of the Scheme under various components was transparent and in accordance with the scheme parameters;
- Information, Education and Communication (IEC) activities under the Scheme were effective in generation of demand of sanitation services;
- convergence with other departments/schemes was effectively achieved; and
- the mechanism for monitoring and evaluation was adequate and effective.

1.2.4 Audit Scope and Methodology

The performance audit was conducted during June 2014 to November 2014 covering the period from 2009-10 to 2013-14. Out of 13 DPMUs in the State, four DPMUs[5] were selected by Probability Proportional to Size with Replacement (PPSWR) method on the basis of project cost of activities executed in the districts/DPMUs. Further, a total of nine[6] development blocks (20 *per cent* rural blocks in a DPMU, subject to a minimum of two from each DPMU) were selected through Systematic Random Sampling (SRS) method. In the same way, 90 Gram Panchayats (GPs) in these development blocks were selected (25 *per cent* of GPs in a development block subject to a maximum of ten from each of them) for detailed scrutiny. To check sustainability of sanitation

[5] Almora, Dehradun, Pauri and U.S.Nagar.

[6] Doiwala and Sahaspur of Dehradun; Dugadda, Khirsu and Pauri of Pauri Garhwal; Bhaisiyachhana and Hawalbagh of Almora, Kashipur and Bajpur of Udham Singh Nagar.

efforts made by NGP awarded GPs, five or total number of such GPs, whichever is less, in selected development blocks, were additionally selected. Besides, a maximum of ten beneficiaries in each sampled GP were selected for the beneficiary survey. Physical verification of individual household toilets of selected beneficiaries and common sanitary facilities *viz.* school toilets, Anganwadi toilets, community sanitary complexes, compost pits, garbage pits, soak pits, *etc.* created in selected GPs was also carried out during the audit.

Before commencement of audit, the audit objectives, scope and methodology were discussed in an entry conference held on 29 May 2014 with the Principal Secretary, Department of Drinking Water and Sanitation, Government of Uttarakhand. Draft Report was sent (20^{th} November 2014) to the Government for their reply/response and an exit conference was also held on 25.11.2014 to discuss the audit findings. The response of the Government has been incorporated at appropriate places.

1.2.5 Audit Criteria

The audit criteria applied for assessing the performance of various activities under NBA was derived from the following sources:

- TSC guidelines 2007, 2010 and 2011 and NBA Guidelines 2012; notifications and circulars issued by Ministry of Drinking Water and Sanitation, GoI;
- State Government orders relating to implementation of the NBA;
- Guidelines for the *Nirmal Gram Puraskar;* and
- Provisions of Financial Hand Books.

1.2.6 Planning

1.2.6.1 Preliminary surveys, baseline surveys and Project Implementation Plan

As per the NBA guidelines 2007, NBA was to be implemented in phases with start-up activities. The start-up activities included conducting of preliminary survey to assess the status of sanitation and hygiene practices, people’s attitude and demand for improved sanitation, etc. These activities also included conducting a baseline survey (BLS) and preparation of Project Implementation Plan (PIP).

As per the first PIP which was produced before audit in the selected districts, it was found that BLS was conducted in 2002-03 but no records pertaining to this BLS except online survey reports could be provided to audit. Hence, authenticity of targets taken in the PIP could not be verified with actual data. Further, on being asked whether any preliminary survey was conducted before BLS, the DPMUs stated that no preliminary surveys were conducted. Hence, the very objective of preparing preliminary survey was not fulfilled. As a result, the District NBA project proposals for seeking Government of India assistance for implementation of the scheme were not based on reliable data inputs.

Besides, the data received through Baseline survey held (2013) in the test-checked districts was also modified at DPMU level ***(Appendix 1.2.1)*** while compiling it and the targets were fixed accordingly. This made the whole process of BLS meaningless despite incurring an expenditure of ₹ 31.10 lakh on it in the districts[7].

The Government stated (November 2014) that house to house baseline survey (2002) was conducted in 11 lakh households, out of which 8.84 lakh households were identified for toilet construction.

The reply was not acceptable as audit pointed out that BLS conducted in 2013 was customized at their level and the targets were fixed accordingly which defeated the purpose of the BLS as well as of the scheme.

1.2.6.2 Annual Implementation Plan

As per the NBA guidelines, a bottom up approach was to be adopted for preparation of Annual Implementation Plans (AIPs), *i.e.* annual plan of GPs consolidated into annual plan of blocks and those of blocks consolidated into annual plan of district and those of districts consolidated into annual plan of State. Further, beneficiaries were to be identified GP-wise to be taken as a target.

It was found that beneficiaries were neither being identified GP-wise nor bottom up approach was being followed. Instead, the plans were being prepared by the districts themselves and sent to the State Government for approval and consolidation in violation of the GoI guidelines. The Government stated (November 2014) that figures are taken from GP which was compiled by the NGO in the said instance, so it is bottom up in letter and spirit. The reply is not acceptable as Plans were neither prepared at GPs level nor at Block level. The district level plan was prepared on the basis of data compiled by the NGOs and hence the bottom up approach was not adopted in letter and spirit.

1.2.6.3 Institutional Mechanism

During audit scrutiny, it was found that institutional structures responsible for implementation of the programme, were not functioning as required under the guidelines. Some instances are as follows:

- The State Water and Sanitation Mission (SWSM), set up at the State level as a step towards achieving coordination and convergence among State departments dealing with Rural Drinking Water Supply, Rural Sanitation, School Education, Health, Women and Child Development, Water Resources, Agriculture, *etc.*, did not include the Secretaries-in-charge of Education, Women and Child Development, and Agriculture Departments as its members. Further, only four out of required 10 meetings were conducted during the coverage period. This resulted in lack of coordination and convergence between different departments as indicated in Para no.1.2.11.
- The Government was required to set up a Communication and Capacity Development Unit (CCDU) for taking up state level HRD and IEC activities as well as monitoring of NBA projects. It was also mentioned in the guidelines that specialist consultants from the fields of Communication, Human Resource Development, and Monitoring and School Sanitation

[7] Pauri ₹ 7.18 lakh, Almora ₹ 9.03 lakh and U S Nagar ₹ 14.89 lakh.

might be engaged by the CCDU. It was found that only one specialist consultant from the field of Communication and Training was engaged while the remaining two posts[8] remained vacant which resulted in lack of monitoring and weak planning of IEC activities.

- Against the required 14 meetings of District Water Sanitation Mission (DWSM) in each district in last five years, the number of meetings actually held was a meager seven, six, eight and one in Dehradun, Pauri, Almora and U S Nagar respectively. This adversely affected the IEC and Planning activities like inadequate IEC activities, poor baseline survey, delay in release of funds to the GPs, non-obtaining of receipt of the incentives paid, and inadequate convergence with other schemes/departments.
- It was found that no Block Resource Centres (BRCs) were set up in any of the districts of the State. Instead, all the works of BRCs were being executed by the DPMUs of concerned Districts which were nodal office of the district concerned. Non-establishment of BRCs resulted in top-down approach of planning instead of bottom-up approach as envisaged in the guidelines. Further, it was very difficult for the nodal office to monitor the progress of the scheme in each GP of the district with their limited resources. Had the BRCs been established, the monitoring would have been effective and decentralized and as a result, the overall implementation of the scheme would have been better. This may be substantiated by the fact that out of a total of 291 GPs proposed[9] by the sampled districts in the review period for awarding of NGP status, only 37 GPs[10] could meet the benchmark and be awarded with the NGP status. Government stated during the exit conference (November 2014) that BRCs were a component of NRDWP scheme and were yet to be established.

1.2.7 Financial Management

The NBA scheme funds were required to be utilised as per approved AIPs. Audit scrutiny however showed that inefficient fund management by the implementing authorities led to delay in release of funds to GPs, insufficient IEC activities, short achievement of targets, non-maintenance of sustainability of NGP status as has been discussed in the subsequent paras.

1.2.7.1 Funding Pattern

NBA is funded by the GoI and State Government. As far as individual latrines are concerned, the beneficiaries were also supposed to contribute a certain amount of funds. Key components of NBA along with their percentage share of total allocation and funding pattern for each sub-component is given in **Table 1.2.1**.

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[8] Community Development specialist, Human Resource Development specialist.

[9] Dehradun: 117, Pauri: 75, Almora: 71, U S Nagar: 28.

[10] Dehradun: 04, Pauri: 05, Almora: 24, U S Nagar: 04.

Table 1.2.1

Component	*Percentage* allocation of the total project outlay		Funding pattern		
			GoI Per cent	State Per cent	Beneficiary contribution Per cent
Information Education and Communication (IEC), Start-up Activity and Capacity Building	Up to 15 *per cent*		80	20	0
Revolving Fund	Up to 5 *per cent*		80	20	0
Individual household latrines (IHHL)	Actual amount required for full coverage	2009-10	Model 1- Up-to ₹ 1,500, Model 2-₹ 1,500 to ₹ 2,000, Model 3- Above ₹ 2,000		
		2010-11	₹ 2,000	₹ 700	₹ 300
		2011-12	₹ 2,700	₹ 1,000	₹ 300
		2012-13 onwards	₹ 3,700	₹ 1,400	₹ 900
Community Sanitary Complex (CSC)	Actual amount required for full coverage	2009-10	60	20	20
		2010-11 onwards	60	30	10
Institutional toilets including school and Anganwadi sanitation	Actual amount required for full coverage		70	30	0
Administrative charges	Up to 4 per cent		80	20	0
Solid and Liquid Waste Management (SLWM)	Actual cost as per SLWM project cost within limits permitted	Up-to 2011-12	60	20	20
		2012-13 onwards	70	30	0

Scrutiny of records showed that the funds to the districts were being released in lump sum basis by the SWSM without giving any component-wise breakups as well as the sharing by the two Governments. Resultantly, the districts did not maintain any records of actual sharing of total funds released under the scheme between the two Governments. The Government stated (November 2014) that the Department has taken note of the audit observation and will act accordingly in future.

1.2.7.2 Receipt and Expenditure

The year wise details of receipts and expenditure on the programme during the period 2009-10 to 2013-14 are as per **Table 1.2.2**.

Table 1.2.2 ***(₹ in lakh)***

Year	Opening balance		Receipt		Total Available fund	Expenditure		Total Expenditure	Closing balance	
	GoI	State	GoI	State		GoI	State		GoI	State
2009-10	1,039.17	41.60	919.23	494.78	2,494.78	1,063.09	328.81	1,391.90 (56%)	895.31	207.57
2010-11	895.31	207.57	2,050.83	997.17	4,150.88	1,503.47	489.81	1,993.28 (48%)	1,442.67	714.93
2011-12	1,442.67	714.93	845.96	164.67	3,168.23	1,193.68	1,007.61	2,201.29 (69%)	1,094.95	(-)128.01
2012-13	1,094.95	(-)128.01	2,586.14	1,085.97	4,639.05	1,238.78	482.71	1,721.49 (37%)	2,442.31	475.25
2013-14	2,442.31	475.25	594.08	221.64	3,733.28	1,769.92	667.54	2,437.46 (65%)	1,266.47	29.35

Source: Data provided by Project Management Unit, Dehradun

As is evident from the table, funds spent on programme against those released during the period 2009-14 ranged from 37 to 69 *per cent*.

In addition to above, records of the test-checked districts showed that unspent balances with the various DPMUs remained in the range of 32 per cent to 69 *per cent* during 2009-14. Despite this, the SWSM continued to release funds to the implementing agencies.

On being pointed the concerned DPMUs stated that funds could not be utilised to the desired level due to insufficient manpower, unawareness at GP level and beneficiaries' unwillingness to take the incentive money as same was felt insuffcient. Further, The Government stated (November 2014) that the pace of physical verification of the targets is considerably decreased given the geographical terrain and accessibility problems in the hills and the incentive amounts are released only after verification.

The reply is not acceptable as SWSM and DPMUs justified the audit objection in different ways.

1.2.7.3 Delay in release of funds

As per the NBA guidelines, the state share should be released within 15 days of release of central share. The PMU should release the funds to the concerned districts within 15 days of receipt of central grants and districts should release the funds for the works to the GPs within 15 days of such receipt so that the beneficiaries could get the benefit of incentive within time.

It was observed that the PMU released the funds to districts with a delay ranging from one to eight months and at DPMU level, funds were released with a delay of one to 12 months.

The Government accepted the facts and stated (November 2014) that this was due to non-submission of required documents for releasing the funds.

1.2.7.4 Mismatch of data

Audit found that data related with transactions of NBA funds differed in manual records (Balance Sheet) from those contained in Management Information System (MIS). There was a huge difference of 2 *per cent* to 62 *per cent* in the manual records and MIS information with respect to availability of funds with the sampled districts during the coverage period. The difference ranged from 0.02 *per cent* to 71 *per cent* with regard to total expenditure in these districts in the same period ***(Appendix 1.2.2)***. The Government stated (November 2014) that necessary measures were already in place to check the discrepancy in future. The reply is not acceptable as the Department did not initiate the work of reconciliation of the manual data related with transactions of NBA funds from those contained in MIS till the date of Audit (November 2014).

1.2.7.5 Incentives released without following the guidelines

As per guidelines, incentives for the construction of Individual Household Latrines can be given to the household only after on verification/recognition of its achievements *i.e.* on completion and use of the toilet.

Records of the four test-checked districts showed that cheques amounting to ₹ 34.84 lakh[11] were released to the GPs without verification/recognition of construction and use of toilets resultantly, the cheques got time barred and were returned by the GPs to the DPMUs during 2009-14. These cheques were not revalidated by the respective DPMUs. On this being pointed out, the Project Managers stated that cheques were not revalidated as they had been issued on the basis of wrong information furnished by the concerned Gram Pradhans and the Education Department. This

[11] Dehradun: ₹ 2.07 lakh, Pauri: ₹ 22.69 lakh, Almora: ₹ 9.38 lakh and U S Nagar: ₹ 0.70 lakh.

indicated that the DPMUs, in violation of the scheme guidelines, issued cheques without carrying out the prescribed physical verification of the activities.

1.2.7.6 Non-obtaining the receipt/UC against the funds transferred to GPs

During the test-check of records of selected districts, it was found that acknowledgement of funds amounting to ₹ 20.92 crore released to GPs, was not obtained by the selected DPMUs during the coverage period 2009-14. It was further seen that the incentive amounts were being paid in cheques/cash to the beneficiaries by the GPs.

In contravention to the financial rules, it was found that the incentive amount which was disbursed to the GPs, was treated as expenditure without taking receipts from the concerned GPs. The whole incentive amount was also booked as expenditure in advance in ledger and other financial accounts of concerned DPMUs. In the test-checked GPs it was found that funds amounting ₹ 8.87 lakh[12] released by the respective DPMUs remained undistributed and were lying in Gram Nidhi accounts. The Government accepted the facts and stated (November 2014) that the process of direct transfer of funds to the beneficiaries was being initiated.

1.2.7.7 Unadjusted Advances

Under the NBA scheme, for construction of toilets, funds were transferred to different supporting organizations[13] (SOs) by the DPMU against which the SOs were required to submit utilization certificates of such funds after construction of the toilets. During audit, it was found that due to non-submission of utilization certificates by the concerned SOs, an amount of ₹ 219.06 lakh was lying unadjusted in the State (May 2014). Out of this amount, ₹ 130.06 lakh was with the DRDA and ₹ 71.98 lakh remained with ADEO/DEO.

The Government while accepting the facts stated (November 2014) that demi-official letters have been written to respective DMs and constant monitoring meeting were being held to resolve the pending cases.

In addition to above, it was also found that DPMU Almora had distributed ₹ 30.80 lakh to District Education Officer (DEO), Almora in the year 2011-12 for the construction of eighty school toilets at the rate of ₹ 38,500/- per toilet (as per approved list) in two installments. As per the guidelines second and final installments was to be released only when the toilets had been constructed, completion certificates obtained, submission of photographs by the respective schools and physical verification of toilets by the DEO and DPMU officials. Audit noticed that the DEO had submitted completion certificates of the construction of eighty new school toilets for final adjustment of ₹ 30.80 lakh. The DPMU without ascertaining and physically verifying the completion of the constructed toilets with the approved list of toilets, adjusted the amount.

The Government stated (November 2014) that if at the time of sanctions in NBA, the work had already started by other funding agencies, they replace it by a new un-saturated school and logically the list would differ. The reply is not acceptable as DPMU should have considered the

[12] Dehradun: ₹ 3.01 lakh, Pauri: ₹ 4.33 lakh, Almora: ₹ 0.33 lakh, U.S. Nagar: ₹ 1.20 lakh.

[13] District Education Officer, District Programme Officer, District Rural Development Agency and NGOs.

approved revised list and physically verified the constructions at the time of release of final payment to the DEOs concerned.

1.2.7.8 Operation of multiple bank accounts

As per NBA guidelines, funds (GoI and State Share) received under NBA were to be kept in separate saving bank accounts at all levels (State and District). The interest earned on this account was to be treated as funds received under NBA.

Scrutiny of records showed that NBA funds were kept in three bank accounts by DPMU Dehradun, and in two bank accounts by DPMU U. S. Nagar which were operational as of date of audit (June/October 2014). The Government stated (November 2014) that necessary action for closing more than one account at DPMU level would be taken up.

1.2.8 Implementation of scheme

1.2.8.1 Achievement vis-à-vis Targets

To make Gram Panchayats Nirmal during the year/ in the coming years, annual targets under IHHL (BPL) component were to be prepared under the scheme. Sufficiency of targets was to be assured to meet the goal of Nirmal State in the stipulated time.

The year-wise State and districts level targets of IHHL (BPL) and achievement made is given in **Table 1.2.3**.

Table 1.2.3

IHHL at level of	2009-10		2010-11		2011-12		2012-13		2013-14		Total	
	T	A	T	A	T	A	T	A	T	A	T	A
State	92,354	55,874	98,748	52,324	78,315	51,998	64,219	37,554	44,922	25,899	3,78,558	2,23,649 (41)
Dehradun	13,983	5,850	10,312	7,110	6,047	3,325	5,246	4,108	3,600	3,251	39,188	23,644 (40)
Pauri	11,357	5,566	11,847	5,045	11,847	6,722	11,847	4,910	7,559	4,157	54,457	26,400 (52)
Almora	6,119	4,855	8,000	4,574	12,432	6,749	10,786	6,523	10,786	4,820	48,123	27,521 (43)
Udham Singh Nagar	10,315	4,453	7,906	6,214	9,599	5,616	3,897	2,160	4,141	1,612	35,858	20,055 (44)

Source: As per information provided by concerned DPMUs, T-Target, A-Achievement
Figures in parenthes indicate percentage of shortfall

It is evident from the table that the overall shortfall in achievement of targets was 41 *per cent* for IHHL (BPL) in the State. The shortfall in the four sampled districts ranged between 40 to 52 *per cent* during coverage period 2009-14. It was also seen that there was no beneficiary-wise focused approach in setting the IHHL targets. Instead a lump sum figure of total households without toilets was taken as the target to be achieved in the year.

The Government stated (November 2014) that the targets were 4,41,631 against which 4,11,629 (93 *per cent*) were constructed. The reply was not acceptable as the department is showing a cumulative achievement since first PIP. However, the audit had commented on the BPL achievements during the coverage period (2009-14) only which had a shortfall ranging between 40 to 52 *per cent* in the four sampled districts.

1.2.8.2 Selection of IHHL beneficiaries

NBA programme is aimed to cover all BPL households and APL households restricted to SCs/STs, small and marginal farmers, landless labourers with homestead, physically handicapped and women headed households. The cash incentive was to be given to the households on completion and use of the toilet and in recognition of its achievement.

Test-check of records of the sampled districts showed that IHHLs were constructed (without any area specific targets), verified physically and incentive amounts released after completion and use of toilet. However, joint physical verification of 871 households of 90 GPs showed the following:

- Toilets were not found constructed in the houses of 48 IHHL beneficiaries but incentive amount was transferred to Gram Nidhi for distribution to these beneficiaries.
- Ten IHHLs were constructed and incentive was received by the households. However, most of the toilets were not being used and were found covered with debris and others raw materials.

The Government assured (November 2014) that the matter would be looked into.

1.2.8.3 Selection of GPs for Saturation

According to NBA guidelines, AIP should be prepared following the saturation approach highlighting comprehensive sanitation and water coverage on the basis of identification of GPs that could be made Nirmal during the year/ in the coming years.

Test-check of records of PMU showed that out of 7,555 GPs, only 306 (four *per cent*) had achieved saturation in the State as of March 2014. Details of the total number of GPs existing in the district (T), GPs proposed for saturation (P) and GPs got saturated (A) as reported by the sampled DPMUs are as per **Table 1.2.4**.

Table 1.2.4

Year	Dehradun			Pauri			Almora			U S Nagar		
	T	P	A	T	P	A	T	P	A	T	P	A
2009-10	403	64	64	1,208	20	46	1,146	00	00	309	00	00
2010-11		36	36		20	19		00	00		00	00
2011-12		17	17		20	10		00	00		00	00
2012-13		05	05		20	10		00	00		00	00
2013-14		08	08		20	10		00	00		00	00
Total	**403**	**130**	**130**	**1,208**	**100**	**95**	**1,146**	**00**	**00**	**309**	**00**	**00**

Sources: Figures provided by respective DPMUs

It is evident from the above table that no GPs were proposed for saturation in districts of Almora and U S Nagar despite the fact there were a total of 1,455 GPs. Targets were achieved in Dehradun and Pauri Districts, as the number was small.

1.2.8.4 Conversion of insanitary latrines into sanitary latrines

NBA guidelines clearly stipulated that all the bucket/insanitary latrines[14] persisting in the districts should be converted into sanitary ones.

As per records of the PMU, there were a total of 1,242 insanitary latrines in the State out of which only 736 (59 *per cent*) were converted into sanitary latrines[15] till the date of audit (November 2014). During the audit of test-checked districts it was observed that in Dehradun only 39 *per cent* (24 out of 61 insanitary latrines) were converted into sanitary latrines and in case of Pauri and

[14] Insanitary latrine means a latrine which requires human excreta to be cleaned or otherwise handled manually.
[15] Sanitary latrine means a latrine which is used as a toilet within a sanitation system.

Almora Districts, no insanitary latrines were reported during the coverage period. In reply, DPMU, Dehradun while giving no reasons, stated that remaining insanitary latrines shall be converted into sanitary ones on high priority.

1.2.8.5 Community Sanitary Complex

Community Sanitary Complexes (CSCs) are an integral component of the NBA. CSCs comprising an appropriate number of toilet seats should be constructed and should be set up in a place in the village acceptable and accessible to all and where no IHHL can be constructed due to lack of space.

Details of the CSCs proposed in the PIP and actually constructed under the scheme are as as per **Table 1.2.5**.

Table 1.2.5

State/ District	Total no. of			
	Block	GP	Proposed CSC in the PIPs	CSC constructed up to March 2014
State	95	7,555	470	109
Dehradun	06	403	0	0
Pauri	15	1,208	50	10
Almora	11	1,146	40	30
Udham Singh Nagar	07	309	50	0

Source:Inputs received from sampled districts

It can be seen from the above table, only 23 *per cent* of CSCs were constructed up to March 2014 against the proposed CSCs in the PIP at the State level whereas in test-checked districts the achievement was only 29 *per cent*. Out of six CSCs[16] falling in sampled blocks of Almora and Pauri districts, three were constructed near temple premises, two in the concerned villages and one in the market place. Thus, the CSCs were constructed without any assessment which is also supported by joint physical verification findings as enumerated below: -

- In CSC at Railakote (Almora) a population of 15 households (without IHHLs) of the GP expressed that the CSC could have been of use if the same was constructed near habitation.
- In CSC Sarkar-ki-Aali (Almora), instead of two latrine seats, only one seat was constructed, the urinal pot was found broken. There was no water exit and latrine was filthy. CSC constructed at Sainj (Almora) was found to be used occasionally, but was dirty.
- CSCs constructed at Naula and Linguanta (Almora) were found to be in good condition, whereas the one at Ufalda, Pauri District was found in a very bad condition and was dirty both from inside and outside.

[16] GPs: Sainj, Sarkar-ki-Aali, Railakote, Naula (Hawalbagh Block of Almora), Lingunta (Basiyachanna block of Almora and Ufalda (Pauri Block of Pauri).

The Government while accepting the facts stated (November 2014) that land acquisition and O&M are major issues in community toilets and further stated that in the present year (2014-15), 72 units were proposed to be constructed out of which 26 are under progress already.

1.2.8.6 Solid and Liquid Waste Management

As per NBA guidelines, Solid and Liquid Waste Management (SLWM) was one of the main components to address the objective of NBA *i.e.* improvement in the general quality of life in rural areas. SLWM was to be taken in project mode in each GP. Under this component, activities like common compost pits, low cost drainage, soakage channels/ pits, reuse of waste water, system for collection, segregation and disposal of household garbage, *etc.* was to be taken up.

Scrutiny of records of the test-checked districts showed following expenditures made under various activities of SLWM during the period 2009-14 as detailed in **Table 1.2.6**.

Table 1.2.6 ***(₹ in lakh)***

District	Activity	Number	Total Expenditure
Dehradun	0	0	0
Pauri	Garbage pit	76	3.46
Almora	Compost pit	442	10.79
	Soak pit	12	
	Garbage pit	17	
U S Nagar	Compost pit	9	0.19

Source: As per data provided by sampled district

It may be seen from the table that no SLWM activity was carried out in Dehradun. Test-check of the records of DPMU, Almora showed that all the construction works (except one garbage pit constructed at GP Sarsu, in Almora district for an amount of ₹ 34,500/-) were carried out for individual households which was against the provisions of the guidelines. Further, it was seen that SLWM activities were not taken up in project mode as envisaged in NBA guidelines in any of the Gram Panchayats of the State.

The Government accepted the fact and stated (November 2014) that the activity had been planned in project mode for the year 2014-15.

1.2.8.7 Anganwadi toilets

NBA guidelines envisaged that each Anganwadi in Government buildings should be provided with a baby friendly toilet. In those Anganwadis, which are in private buildings, the owner must be asked to construct the toilet as per design, or may be constructed from revolving fund component under the NBA.

Test-checked districts were not able to furnish the information as per audit requests such as number of Anganwadis in Government and private buildings, information relating to Anganwadis having toilets and those without toilets and number of Anganwadis having baby friendly toilets. In absence of the records and data, audit could not comment on the construction of baby friendly toilets in these districts.

Following information was collected by audit from the DPMUs and District Programme Officers (DPOs) of the concerned districts. Details of the Anganwadis without toilets operating in the selected districts were as per **Table 1.2.7**.

Table 1.2.7

District	No. of Anganwadis without toilets as per DPO (ICDS)	No. of Anganwadis without toilets as per (2013-14 PIP) of DPMU
Dehradun	1,135	48
Pauri	1,345	23
Almora	170	7
U S Nagar	00	75

Source Information collected from concerned DPMUs and DPOs

It is evident from the above table that the two sets of figures provided by the concerned DPMUs and DPOs were at variance.

Test-check of records of sampled districts showed that no anganwadi toilet was constructed in Dehradun and U S Nagar. However, 23 and three anganwadi toilets were constructed in Pauri and Almora respectively during the coverage period. The Government stated (November 2014) that the data provided by the concerned DPOs was inclusive of Anganwadis in private buildings while as the data with DPMU was of Anganwadis in Government buildings and further stated that no interest was shown by the anganwadis as the incentive amount of ₹ 10,000/- was found to be inadequate to construct anganwadi toilets. The reply was not acceptable as both the figures showed the number of Anganwadis without toilets which supported the Audit observation. Further, the toilets in private buildings could have been constructed using the revolving fund.

1.2.8.8 Non-production of records

Audit identified 10 Gram Panchayats in each sampled block to verify the incentive amount to be paid and its distribution to the beneficiaries. During audit of Sahaspur block of Dehradun district, only 4[17] out of 10 selected GPs produced records of NBA scheme to the audit. Similarly 2 GPs[18] of Dugadda Block of district Pauri and one GP[19] of Bajpur block of U S Nagar district did not produce their records. As a result, audit could not ascertain whether the scheme was implemented as per guidelines in the concerned GPs or not.

1.2.9 Nirmal Gram Puraskar (NGP)

1.2.9.1 Selection procedure of GPs for Nirmal Gram Puraskar

As per the guidelines, 2010, the Panchayati Raj Institutions (PRIs) are required to submit application in the prescribed format to the district officials-in-charge of rural sanitation for award of NGP. The district official shall verify the facts and on finding the applicant eligible, recommend the PRI to the State Government.

Scrutiny of records of the PMU, showed that a list of 573 GPs[20] were forwarded to GoI for award of NGP. Out of this, only 107 GPs[21] were selected by the GoI and 466 (81 *percent*) GPs were rejected during the period 2009-11. GoI had rejected the applications citing reasons as open defecation, waste/ garbage on streets, choked drains, open urination near schools, surveyed households having no access to toilets and no system was in place for garbage

17 Dhoolkot, Rampur Bhauwala, Kyarkulibhatta and Arkadia Grant.
18 Graston Ganj and Padampur Motadhak.
19 Beriya Daulat.
20 282 GPs in 2009-10 and 291 GPs in 2010-11.
21 44 GPs in 2009-10 and 63 GPs in 2010-11.

collection. NGP status of 101 GPs which were forwarded for the year 2011-12 is awaited from GoI. No process was initiated for the years 2012-14. The action of district and state officials itself indicates that the applications were processed with improper verification and without considering the NGP guidelines.

Details of GPs of selected districts that were processed for NGP award for last two years are as per **Table 1.2.8**.

Table 1.2.8

District Name	No of GPs Proposed and rejected in the year 2009-10	No. of same GPs again proposed and rejected in the year 2010-11
Almora	06	05
Pauri	10	10
Udham Singh Nagar	04	02
Dehradun	29	20

Source: Details as per records of Selected DPMUs

It is evident from the table that State officials had processed the nominations of the same GPs consecutively for last two years despite the fact that the said GPs had been rejected earlier. This substantiates audit observation that proper verification, as per guidelines, was not being conducted before processing respective applications for NGP award.

The Government stated (November 2014) that the necessary procedure as per guidelines were being followed. The reply was not acceptable since the rejection percentage of NGP status would not have been as high as 81 *per cent* if the necessary procedure was adopted by the Department in the first place.

1.2.9.2 Procedure for payment of incentive amount

As per the guidelines, once a GP is selected for the award under NGP, the prize money will be released in two equal installments. The first installment will be released immediately after GPs are selected for the award. Release of the second installment is contingent on the sustainability of the open defecation free (ODF) and Nirmal Gram Status attained by the GP. For this purpose, random checks will be carried out by the State DWSM after 6 months in all awarded GPs. If Nirmal Gram and ODF status is found continuing, second installment will also be released by the State DWSM.

Test-check of the records of 34 out of 37 selected NGPs of four sampled districts showed that in contravention of the NGP guidelines, incentive amounts were released to 28 NGPs[22] in one installment instead of two instalments, and in six NGPs,[23] funds were released in two installments but no verification was carried out before the release of the second installment. Further, amounts to 14 NGPs[24] were released with a delay of 36 to 89 days whereas the same were to be released immediately after the said GPs were selected for award during the coverage period 2009-14.

The Government stated (November 2014) that the necessary procedure as per guidelines was being followed. The reply was not acceptable as the Department released incentive amounts in

[22] 23 GPs in Almora, 02 NGPs Pauri, and 03 U S Nagar.
[23] 01 GP in Almora, 02 GPs in Dehradun, and 03 GPs in U S Nagar.
[24] 13 in Almora and 01 in U S Nagar.

one instalment to 28 NGPs instead of two instalments whereas in six NGPs second instalment was released without verification in violation of the guidelines.

1.2.9.3 Non-maintenance of NGP Status

State and districts should ensure sustainability of NGP status through proper monitoring. There shall be random checks by the DWSM to ensure that GPs maintain their NGP status.

During the course of audit, it was seen that no monitoring/ random checks, as envisaged in the guidelines, were carried out by the Block and District authorities in the test-checked districts for the coverage period 2009-14. As a result, the Nirmal Status of the GPs declared during 2009-10 to 2010-11 could not be maintained. The households of test-checked NGPs without toilets are as per **Table 1.2.9**.

Table 1.2.9

District	Total no of NGPs	No of test check NGPs	Total no. of house holds	Households without toilets as per BLS survey 2013		
				BPL	**APL**	**Total**
Almora	24	22	2,133	512	690	1,202
Pauri	5	3	280	38	66	104
Udham Singh Nagar	4	3	1,412	03	03	06
Total	**33**	**28**	**3,825**	**553**	**759**	**1,312**

Source: Data provided by concerned DPMUs

It is evident from the above table that only 34 *per cent* households were without toilets. Thus, despite NGP status, the said GPs were not Open Defecation Free (ODF) which itself negates the very purpose of NGP status. It was further seen that NGPs were not functioning as training centers for other GPs as no training was imparted to any of the GPs aspiring for NGP status. On this being pointed out, the DPMUs while accepting the audit objection, replied that corrective measures shall be taken in future.

The joint verification carried out in 10 NGPs out of total of 37 NGPs showed the following: -

- In 5 out of 10 NGPs, it was found that 28 households were without toilets well before the NGP award (2009-11).
- No surveys were conducted in any of the 10 NGPs after the declaration of NGP status as envisaged in guidelines.
- 8 out of 10 NGPs were found with stagnant water and choked drains.
- Human faeces and open urination was found in two (school/ inter college) having 10 toilets as there was no water supply.
- In 7 out of 10 NGPs garbage/waste and animal excreta was found in front of the households.

1.2.9.4 Usage of the Incentive Amount

PRIs that receive the incentive amount should use it for improving and maintaining sanitation facilities in their respective areas. Activities that could be taken up using this incentive money were ensuring maintenance of community sanitary facilities and sustaining ODF status, creating additional sanitation facilities, solid and liquid waste management requirements, promotion of vermin-composting, promotion of toilets for differently abled persons, any other innovative matters and providing individual toilets to BPL SC/ST families.

Test-check of the records of 11 out of 37 NGPs showed that out of total expenditure of incentive amount of ₹ 10.50 lakh incurred by these NGPs, no work was carried out as per the guidelines. Instead, the NGPs had expended the award money on activities like purchase of tent and utensils, construction of water pipeline, construction of roof of Primary school, construction of entrance gate of GP, pipe purchase, construction of lane, etc.

The Government stated (November 2014) that necessary procedures as per guidelines were being followed. However, records of the Department contradicted the Government claim.

1.2.10 Information, Education and Communication (IEC)

IEC activities are important components of the programme. These are intended to trigger the demand for sanitary facilities in the rural areas. The States are to evolve their own area specific strategy using folk media, mass media and outdoor media. Each project district should prepare a detailed IEC plan along with the Annual Action Plans (AAP) with defined strategies to reach all sections of the community.

During test-check of the records of the sampled districts, no detailed IEC Plans along with Annual Action Plans (AAP) with defined strategies were found to have been prepared. Only summarized details of activities and proposed expenditure were included in the AAP. Thus, the IEC activities were not carried out in accordance with the provision of the guidelines.

Scrutiny of records of sampled districts also showed that there was a shortfall[25] of 33 *per cent* to 81 *per cent* in achievement of physical targets under various IEC activities during the period 2011-14 such as Song and Drama, Wall writing, Street Play, Mela, Hoarding, Group Meeting, Participatory Rural Appraisal, Exhibition, School Rallies, Work shop and Inter Personal Communication. As a result, only ₹ 1.90 crore (5 *per cent*) out of total expenditure of ₹ 40.86 crore was utilised during the coverage period on the activities. The expenditure was less than the stipulated percentage of up to 15 *per cent* of the total expenditure of the test-checked districts.

The Government admitted to shortfall in IEC activities and stated the need for improved IEC activities during exit conference (November 2014).

1.2.11 Convergence

As per NBA guidelines, a District and Water Sanitation Mission shall be constituted at the district level. It should have representatives from other departmental district offices[26] and identified NGOs as its members. It should plan and implement the district NBA Project with convergence mechanism with other line departments.

[25] Song and Drama: 71 *per cent*, Wall writing: 76 *per cent*, Street Play: 56 *per cent*, Melas: 77 *per cent*, Hoarding: 61 *per cent*, Group Meeting: 77 *per cent*, PRA: 47 *per cent*, Exhibition: 66 *per cent*, School Rallies: 69 *per cent*, Work shop: 33 *per cent* and Inter Personal Communication: 81 *per cent*.

[26] Offices of Agriculture, Health, Education, Panchayati Raj, Social Welfare, ICDS, PHED, Water Resources, Information and Public Relations Departments.

- During test-check of the records of selected districts, it was noticed that the representatives from other departmental district offices were not included in DWSMs. Thus, the purpose of convergernce with other line department was defeated.

Convergence with IAY

- Only 1,215[27] out of 3,946[28] (31 *per cent*) IAY beneficiaries (which were to be provided incentive amount out of NBA funds as per guidelines 2007) of the nine selected blocks of four sampled Districts were provided with incentive amounts during the coverage period 2009-14.

Convergence with MGNREGA

- As per NBA guidelines, the activities like construction of IHHLs, Anganwadi/school toilets and solid and liquid waste management were to be undertaken under MGNREGA Scheme.
- During the test-check of records of the sampled four districts, it was seen that incentive amounts were not paid to the IHHL beneficiaries who had constructed individual latrines through MGNREGA funds in any of the districts for the coverage period 2009-14 except U S Nagar which had paid an incentive amount ₹ 10.21 lakh to 222 beneficiaries during the year 2013-14.

The Government stated (November 2014) that the district level DWSMs have been constituted as per the order (May 2005) of Government of Uttarakhand and they were functioning as per the rules and regulations provided in the GO. As regards convergence with IAY, the Government accepted that there was much scope for improvement. The reply is not acceptable as the prescribed representation of other departments and NGOs were not included in DWSM as per provisions of the guidelines.

1.2.12 Monitoring Mechanism

1.2.12.1 Inspections

As per NBA guidelines, monitoring through regular field inspections by officers from the State level and the district levels was essential for the effective implementation of the Programme.

Test-check of records of the PMU showed that a Field Inspection Group was constituted (October 2006) for inspection of activities carried out from NBA funds. However, it was seen that only 67 inspections (19 *per cent*) were carried out against required 360 during the coverage period 2009-14.

Test-check of records of four Sampled Districts showed that as per directions issued by PMU dated (November 2008), only DPMU, U S Nagar had carried out inspections till April 2012. However, no such inspections were carried in any other sampled districts. It was also observed

[27] Dehradun 762, Pauri 198, Almora 234 and U S Nagar 21.
[28] Dehradun 1553, Pauri 1008, Almora 498 and U S Nagar 887.

that after directions from the PMU in April 2012, U S Nagar and Almora districts had started inspections at the field level. However, no such information and records were available with other two districts, Dehradun and Pauri.

During exit conference (November 2014), the Government agreed that more attention is needed for carrying out the inspections.

1.2.12.2 Non-constitution of State Review Mission

As per NBA guidelines, State Review Mission was to be constituted at State level which was to be responsible for reviewing the implementation of the scheme. It was also advised to set-up a panel of experts at State level for conducting reviews in various NBA districts periodically.

Test-check of records of the PMU depicted that no Review Mission was constituted by the State Government till the date of audit (June 2014). Similarly, no Panel of Experts at State level was set up for conducting periodic reviews of various NBA districts. The Government stated (November 2014) that the State Review Mission has been constituted from the year 2014-15.

1.2.12.3 Swachchhata Diwas

As per NBA guidelines, each Gram Panchayat will earmark a particular day of each Month to be named as **'Swachchhata Diwas' (Sanitation Day)** with the objectives of recording numbers of toilets constructed in previous month, activities undertaken under IEC, HRD, SLWM, identifying individual demands for sanitation works, verifying expenditure made, etc.

During the course of audit of four sampled districts, it was seen that no Swachchhata Diwas was organized by any of the GPs. The Government while agreeing to the facts stated (November 2014) that more attention is needed for organising the 'Swachchhata Diwas'.

1.2.12.4 Departmental Monitoring and Evaluation Study

As per NBA guidelines, monitoring of the NBA project should be carried out at all levels. Block PRIs and Block level officials must review progress in each Gram Panchayat. The CEO of the District Panchayat/ Secretary of the DWSC must review the progress of the project with Block Officials on a monthly basis. Similarly, Secretary in-charge of rural sanitation in the State must review progress with the District Officials on a quarterly basis.

Audit of nine selected blocks of four sampled districts showed that no mechanism was developed for monitoring of NBA Projects and no monitoring was carried out as per guidelines at any level. It was also found that only one video conference and one meeting (10 *per cent*) out of required 20 reviews were conducted at State level. No evaluation studies on implementation of NBA were carried out during the coverage period. Further, there were no financial provisions in the scheme or instructions from the GoI in respect of undertaking evaluation studies.

The Government while accepting the audit observations stated (November 2014) that evaluation studies shall be conducted in 2014-15 and regarding monitoring, Government further stated that Secretary concerned was regularly briefed based on the input received in regular monthly/

quarterly meetings at Director level. The reply was not acceptable as minutes of only two meetings held at Secretary level were made available to audit.

Conclusion

Bottom up approach was not adopted for preparation of Annual Implemntation Plan for implementation of NBA. Institutional mechanism was not functioning as required under guidelines which resulted in lack of monitoring and weak planning of IEC activities. Funds to the districts were being released in lump sum basis with a delay ranging from one to eight months by the SWSM without giving any component-wise breakups as well as the sharing by the State Government and GoI. The unspent balances with the various DWSMs remained in the range of 32 *per cent* to 69 *per cent*. Transactions of NBS funds differed in manual records from those contained in MIS. A high percentage of applications relating to Nirmal Gram Puraskar were rejected by GoI on the grounds of open defecation, waste/garbage on streets etc. which showed that proper verification, as per guidelines, was not being conducted before processing respective applications for NGP award. Due to non inclusion of other line departments in the DWSMs, the purpose of convergence mechanism was defeated.

Recommendations

The Government/Department may consider:

(i) Strengthening institutional structures, responsible for implementation of the programme, as envisaged in guidelines;

(ii) Conducting physical verifications in a time bound manner and taking steps for reducing delay in release of funds at every level; and

(iii) Undertaking IEC activities as per guidelines to boost the demand for sanitary facilities.

The above points were reported to the Government (November 2014), reply was awaited (December 2014).

COMPLIANCE AUDIT

CHIEF MINISTER'S OFFICE

1.3 Irregular Expenditure

Payment of ₹ 2.53 crore was made to ineligible persons/institutions from Chief Minister's Discretionary Funds.

Chief Minister (CM) can sanction certain amounts[29] as grants to persons and institutions as per his discretion under Rule 2 of Uttarakhand Chief Minister's Discretionary Fund Rules, 2000. The CM can override monetary limits of grants in cases where he is of the view that it would be appropriate to sanction the grants on the rates greater than prescribed in the Rules.

Scrutiny (January 2014) of records of the CM office showed that 11 grants worth ₹ 2.53 crore were sanctioned by CM during 2009-10 to 2013-14 to ineligible[30] persons/ institutions. These persons/institutions did not fall under categories which were eligible for grants under Uttarakhand Chief Minister's Discretionary Fund Rules, 2000. Hence, grant of ₹ 2.53 crore to these beneficiaries was in violation of Discretionary Fund Rules and was, thus, irregular.

On this being pointed out, the office of the CM replied (January 2014) that all the sanctions were made by Hon'ble CM as per his discretion. The reply is not acceptable as the competent authority could use its discretion only in sanctioning (or not sanctioning) the amount/ rate of grants to eligible persons and institutions but cannot change the eligibility criteria as provided in the Discretionary Fund Rules, 2000.

The matter was referred to the Government (May 2014); reply was awaited (December 2014).

DAIRY DEVELOPMENT DEPARTMENT

1.4 Non-achievement of objectives

Due to diversion of Central Assistance in adjusting of old liabilities of ₹ 6.48 lakh and ₹ 8.22 lakh on payment of milk and on related civil works respectively, objectives of Cheese Making Unit could not be achieved even after exhausting the whole Central Assistance of ₹ 35.33 lakh.

Uttarakhand Co-operative Dairy Federation (UCDF) Limited, Haldwani proposed (December 2007) setting up of a Cheese Making Unit at Simili, Chamoli to harness the market potential of cheese

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29 Helpless/disabled persons, destitute widows/children: not exceeding ₹ 5,000; Institutes engaged in social and cultural activities (excluding those which are formed on the basis of religion or caste): not exceeding ₹ 5,000; Poor and ill persons: not exceeding ₹ 5,000; Non-government educational institutions: not exceeding ₹ 1,00,000; Family of persons killed in heinous crimes: not exceeding ₹ 20,000; Persons affected in natural calamities: not exceeding ₹ 35,000; Talented BPL students for education and research: not exceeding ₹ 15,000; Talented BPL students for foreign education: not exceeding ₹ 40,000 and BPL families for marriage of daughters: not exceeding ₹ 20,000.

30 06 sanctions for Bar councils: ₹ 1.05 crore, 04 sanctions for bonus of 1854 employees working in CM Office and Uttarakhand Niwas: ₹ 1.38 crore; 01 sanction for employees welfare fund: ₹ 0.1 crore.

in Uttarakhand, cut cost of transportation of milk from distant places and maximize returns to farmers on per kilogram milk. The Unit was to be set up under project 'Strengthening of Milk Grid in Uttarakhand'[31] which, in turn, was to be implemented under Rashtriya Krishi Vikas Yojana (RKVY), a scheme financed by Government of India (GoI) in the form of 100 *per cent* grant.

Director, Agriculture, Uttarakhand provided ₹ 8.90 crore[32] to UCDF Limited, Haldwani for implementation of the project 'Strengthening of Milk Grid in Uttarakhand'. Out of this amount, UCDF earmarked (July 2009) ₹ 35.33 lakh (Capital Expenditure: ₹ 15.33 lakh and Operational Expenditure: ₹ 20 lakh) for installation of a Cheese Making Unit by *Dugdh Utpadan Sahakari Sangh* (DUSS) Simili, Chamoli.

Scrutiny (September 2013) of the records of DUSS, Simili showed that UCDF supplied plants/machinery worth ₹ 13.49 lakh[33] to DUSS. Further, it released only ₹ 7.52 lakh (June 2011) earmarked as operational expenditure after deducting ₹ 6.00 lakh for operational expenditure to be incurred by the UCDF itself and recovering another ₹ 6.48 lakh towards discharge of past dues with DUSS, Simili. Thus, DUSS actually received only plants/machinery worth ₹ 13.49 lakh and ₹ 8.22 lakh[34] in cash against the earmarked funds of ₹ 35.33 lakh.

The cheese making equipment, supplied at a cost of ₹ 13.49 lakh by UCDF, were lying idle in the store even after a lapse of three years after their procurement. Further, ₹ 8.22 lakh, cash received to set up the Unit, was also spent on payment of milk and on related civil works. This resulted in non-achievement of objectives of the project as the milk producers of the region were deprived of the benefits of the Unit. The General Manager (GM), DUSS stated (September 2013) that Cheese Making Unit could not be installed due to shortage of milk and lack of technically proficient staff. The reply of GM, DUSS was not acceptable as these limitations should have been taken into account at the planning stage itself and not after appropriating and spending the Central Assistance. At the same time, adjustment of old liability of ₹ 6.48 lakh from Central Assistance as well as deduction of ₹ 6.00 lakh as operational expenditure by UCDF, which was not responsible for setting up of the Unit, amounted to diversion of funds.

The matter was reported to the Government (April 2014). On receipt of audit observation, the Government has set up an inquiry. The inquiry report was awaited (December 2014).

[31] A project devised to give higher value realization to milk producers in Uttarakhand by undertaking various sub-projects at a cost of ₹ 9.89 crore.

[32] Ninety *per cent* of the total project cost of ₹ 9.89 crore, released ₹ 8.00 crore in July 2008 and ₹ 0.90 crore in April 2009.

[33] After deducting ₹ 1.14 lakh as its consultancy fee and making cash payment of ₹ 0.70 lakh to DUSS from total earmarked Capital Expenditure of ₹ 15.33 lakh.

[34] ₹ 7.52 lakh from amount meant for operational expenditure and ₹ 0.70 lakh from amount meant for Capital Expenditure.

FOREST DEPARTMENT

1.5 Non-recovery of expenditure

Expenditure amounting to ₹ 2.24 crore incurred by the Forest Department for implementation of a CAT plan is still to be reimbursed by Public Sector Undertaking (THDC India Ltd.)

Consequent upon construction (1998-99) of the Tehri Hydroelectric Project on the Bhagirathi River by the Tehri Hydroelectric Development Corporation (THDC), a Catchment Area Treatment Plan (CAT Plan) of Bhagirathi River basin, prepared by the Uttarakhand Forest Department costing ₹ 67.18 crore (Establishment cost: ₹ 11.07 crore and Works: ₹ 56.11 crore) was approved by the THDC in 1998-99. The CAT Plan was to be executed through the Tehri Dam Division-I, New Tehri of the Forest Department and the cost of the CAT Plan was to be borne by the THDC.

Audit scrutiny (May 2013) of records of the Divisional Forest Officer, Tehri Dam Division-I, New Tehri showed that the division had completed the project in March 2008 by incurring an expenditure of ₹ 62.96 crore[35] whereas the THDC deposited only ₹ 60.72 crore[36] for the same during the period 1998-99 to 2007-08. The short deposit of ₹ 2.24 crore by the THDC was met from the departmental allocation of the Forest Department which was yet to be recovered from the THDC after a lapse of six years.

On being pointed out (May 2013), the Division stated that the THDC was being requested periodically[37] to reimburse the amount. Further, information collected from the THDC (June 2014) showed that the THDC had requested for reconciliation of the balance expenditure of ₹ 2.24 crore in the meeting held in August 2010 with the Forest Department. However, the Department could neither reconcile the expenditure nor bring the matter to the notice of the State Government for the recovery of the expenditure till date.

Thus, due to lack of pursuance at the apex level of the Forest Department, the expenditure of ₹ 2.24 crore borne by the exchequer is still to be reimbursed by the THDC.

The matter was referred to the Government (May 2014); the reply was awaited (December 2014).

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35 1998-99:-₹ 5.70 crore, 1999-2000:-₹ 4.99 crore, 2000-01:-₹ 5.30 crore, 2001-02:-₹ 6.63 crore, 2002-03:-₹ 10.52 crore, 2003-04:-₹ 9.92 crore, 2004-05:-₹ 9.83 crore, 2005-06:-₹ 4.17 crore, 2006-07:-₹ 3.33 crore, 2007-08:-₹ 2.57 crore.

36 1998-99:-₹ 5.70 crore, 1999-2000:-₹ 4.99 crore, 2000-01:-₹ 2.28 crore, 2001-02:-₹ 12.58 crore, 2002-03:-₹ 8.00 crore, 2003-04:-₹ 6.00 crore, 2004-05:-₹ 7.31 crore, 2005-06:-₹ 6.61 crore, 2006-07:-₹ 3.00 crore, 2007-08:-₹ 4.25 crore.

37 Letter no 515/2-36 dated 07.10.2009, 555/2-36 dated 20.10.2010, 861/2-36 dated 15.01.2011 and 2039/2-36 dated 22.02.2011.

HIGHER EDUCATION DEPARTMENT

1.6 Non-achievement of objectives

Construction of women's hostel building at Government Degree College, Rishikesh remained incomplete despite expending of entire sanctioned cost of ₹ 25.00 lakh and objectives of a girls hostel constructed by incurring an expenditure of ₹ 1.08 crore in Government Post Graduate College, Rudrapur was not fulfilled.

The University Grants Commission (UGC), New Delhi sanctioned (March 2004) ₹ 25.00 lakh for construction of a single storey women's hostel at the Government Degree College (GDC), Rishikesh, Dehradun. This sanction was made under the Special Scheme for Construction of Women's Hostels during the XIth plan. The work was entrusted (June 2004) by the Principal of the College to the Uttar Pradesh Awas Vikas Parishad, Saharanpur and an amount of ₹ 22.50 lakh[38] was also released to it during the period from November 2004 to February 2009.

Test-check of records (October 2013) of the Principal, GDC, Rishikesh, Dehradun showed that Principal got the estimate revised (August 2007) from one storey building to three storey building to avail benefit of revised financial assistance under the scheme from ₹ 25 lakh to ₹ one crore. The revised estimate was submitted (August 2007) to the UGC for approval of an amount of ₹ 1.19 crore for the purpose.

Meanwhile, the construction agency was allowed to start the construction work (February 2006) of three storey building[39] without receiving financial sanction against the revised estimate submitted to the UGC. Further, the UGC rejected (June 2008) the revised estimate submitted by the College on the ground that it was submitted incomplete and after cutoff date (16 August 2007) of the scheme. UGC instructed the college to re-submit fresh proposal before next meeting of the committee concerned which was to be held shortly. The college missed this opportunity too by submitting the revised estimate in August 2009 after new cutoff date of 15 September 2008. This caused shortage of funds for the upcoming three storey building.

Due to paucity of funds, the construction agency stopped (July 2009) the construction work after incurring expenditure of ₹ 25 lakh (released amount of ₹ 22.50 lakh and ₹ 2.50 lakh as liability) and expressed its inability (October 2009 and March 2012) to complete even ground floor of the building. Since then, the construction work of hostel building has remained incomplete. The condition of the incomplete structure is deteriorating as can be seen from the photograph given alongside. Further, no

[38] ₹ 2.00 lakh (November 2004), ₹ 10.50 lakh (May 2006) and ₹ 10.00 lakh (February 2009).

[39] Based on 'frame structure design' in place of the originally sanctioned 'normal brick work structure' to cope with the increase in height.

serious efforts were found to be made on behalf of the College to get further funds from the State Government for completion of the hostel building since the stoppage of work (July 2009).

On this being pointed out, the Principal, GDC, Rishikesh accepted the facts and stated (November 2014) that permission for preparing fresh estimates for completing the remaining work was sought (April 2014) from Director, Higher Education but the same was awaited till date. The reply was not acceptable as the college was imprudent by allowing the construction agency to start the construction of three storeyed building in anticipation of the approval of revised estimate which was rejected by UGC. Had the work started after getting the approval of revised estimate, condition of the incomplete structure could have been avoided. Thus, non-completion of the women hostel building even after a lapse of nine years from the date of sanction rendered the entire expenditure of ₹ 25 lakh unfruitful.

In another case, in Government Post Graduate College, Rudrapur, a girls' hostel was constructed (October 2010) by incurring an expenditure of ₹ 1.08 crore. Since the hostel was constructed without proper analysis of requirement, none of the girls had applied for hostel facility even after four years of taking over (November 2010) of the hostel.

Both the matters were referred to the Government (March 2014 and April 2014); reply was awaited (December 2014).

HOME DEPARTMENT

1.7 Facilities provided to Prisoners

Six out of 13 districts in the State do not have any functional jail. An amount of ₹ 88.05 lakh was incurred during the last three years to transport under-trials to the Courts located in these six districts. Out of 3,583 prisoners accommodated in the ten test checked jails, 2,810 (78.43 *per cent*) were accommodated in just three jails. Out of sanctioned strength of 1,061 posts, only 294 posts were filled up. In the absence of medical facilities, the Jail administration had to incur an expenditure of ₹ 38.88 lakh on medical treatment and transportation of the sick prisoners in the last three years.

1.7.1 Introduction

The jails are meant to confine offenders and keep the prisoners in safe custody. Apart from custody and proper care of offenders of laws, it is the responsibility of the jails to ensure adequate security and undertake various programmes aimed at reforming prisoners.

There are seven district jails, two sub-jails, one open jail, one Central Jail, one women's jail and one juvenile jail operational in the State. The audit was conducted between April 2014 to July 2014 of six district jails, two sub jails, one open jail and one central jail covering the period 2011-14 with the focus on facilities provided to the prisoners. The audit findings are detailed in the succeeding paragraphs.

1.7.2 Absence of jails in districts

It was found that six districts[40] did not have any jail. This necessitated placement of prisoners of these districts in the jails situated in other districts. An amount of ₹ 88.05 lakh was incurred during the last three years to transport under-trials, lodged in other jails, to the Courts located in these six districts. Besides, this involved enhanced security risk of possible escapes from police escort as seen in four cases[41] during 2012-14.

1.7.3 Overcrowding in Jail

As per Rule 606 of the Jail Manual, the Superintendent and the Medical Officer shall be responsible for ensuring that overcrowding does not occur. In the event of the prisoner population exceeding the capacity of a jail, the Superintendent shall arrange for accommodation of the excess population in the workshops or corridors, and immediately forward transfer rolls of extra convicts to the Inspector General for sanction of their transfer to other jails.

During the audit, it was observed that there was an overall overcrowding of 135 *per cent* in test-checked jails/sub-jails. Out of 3,583 prisoners accommodated in the ten test-checked jails, 2,810 (78.43 *per cent*) were accommodated in just three jails i.e. Dehradun jail, Haridwar jail and Haldwani sub-jail. These were overcrowded to the extent of 77, 74 and 198 *per cent* respectively while other jails remained under-utilized.

Audit further observed that construction of two Jails *i.e.* a Central Jail at Sitarganj and District Jail at Pithoragarh was started in 2004-05 and 2007-08 respectively but both of the works remained incomplete till date due to various administrative reasons. Also, the Department could not put to use four new barracks, with a total capacity of 120 prisoners, constructed at a cost of ₹ 37.70 lakh in Roorkee sub-jail due to lack of security staff.

Further, no effort was made by the Jail authorities for transfer of prisoners in the under-utilized jails to relieve overcrowding from affected jails. Latrines were not in sufficient number for overcrowded inmates; resultantly all latrines and drains were contaminated. Out of 1,061 sanctioned posts in the Jail Department, only 294 were actually appointed *i.e.* 27 *per cent* of the sanctioned strength and in the test-checked jails, it was only 38 *per cent.*

1.7.4 Lack of Medical Facilities

Out of the sanctioned posts of 10 doctors, 14 pharmacists and eight ambulance drivers in the Jail Department, only one doctor, seven pharmacists and two ambulance drivers were appointed. During the audit of test-checked jails, it was noticed that no Medical Officer/ Permanent doctors were deployed despite the fact that these posts were sanctioned in these prisons except in Sampurnanand Shivir/Central Jail Sitarganj. The Jail administration had to incur an expenditure

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40 Bageshwar, Udham Singh Nagar, Uttarkashi, Pithoragarh, Champawat and Rudraprayag.

41 Three prisoners escaped in Nainital during 2013-14 and one prisoner escaped in Dehradun in 2012-13.

of ₹ 38.88 lakh[42] on medical treatment and transportation of the sick prisoners in the last three years besides deputing a large number of security personnel for escorting them to outside medical facilities.

Further, it was observed that various medical equipment like one X-Ray machine, one ECG, oxygen cylinders, etc. had not been put to use till date since the date of their receipt in June 2004 in Haridwar and Haldwani Jails due to lack of technical staff. Audit also found that the completed hospital buildings in Pauri and New Tehri Jails were not put to use in time due to non-posting of doctors and lack of security personnel.

On these issues being pointed out, the Jail authorities assured of taking up remedial steps.

1.7.5 Reformative facilities in jails

Among other objectives, the prison administration is also responsible for facilitating reformation and rehabilitation of offenders by giving them educational and vocational training in different trades during the conviction period as per Rule 731 of Jail Manual. Audit found that educational training programmes were being conducted only in Haridwar and Dehradun jails by National Institute of Open Schooling and Indira Gandhi National Open University. In other test-checked prisons, no such programmes were being undertaken. Four District Jails[43] had no library facilities for the prisoners despite the fact that Rule 737 of the Jail Manual mandating availability of one library in each District Jail and at least two libraries in each central jail for the use of all classes of prisoners.

Further, it was noticed that vocational training programmes[44] (VTCs), as stipulated under Rule 875 of Jail Manual, were being carried out in Dehradun and Haridwar district jails only. Other jails did not take any initiative to arrange VTCs in their premises. Moreover, only 12.30 *per cent* and 11.10 *per cent* inmates were trained in Dehradun and Haridwar respectively during the last three years. The two Jails earned ₹ 2.10 lakh and ₹ 27.70 lakh revenue respectively from the sale of jail products prepared by prisoners through skills imparted in VTCs. On this being pointed out, the Jail Superintendents[45] stated that no directions to this effect were received from the Headquarters office (I G Jails). Reply was not acceptable because, had more prisoners been imparted skills under VTCs, it would have generated a larger quantum of Jail Products resulting in larger sales and larger income for prisoners too.

In reply, the Department stated that all efforts would be made to improve these facilities.

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42 As per the Jail Administration of the test-checked Jails, 25 *per cent* of the total expenditure of ₹ 51.84 lakh on medical facilities could have been saved if the medical facilities were available in Jails.

43 Nainital, Almora, Pauri and Haldwani.

44 Carpentry Industry, Tailoring, Weaving Industry, Iron fabrication work, Electric workshop, Masonry. Luggage Bag Making and Handloom etc.

45 Haridwar and Dehradun.

1.7.6 *Non-adoption of Model Prison Manual 2003*

For developing prison system in the country as an effective instrument for the reformation and rehabilitation of offenders, a Model Prison Manual, 2003 (MPM) was issued by the GoI with the aim to spell out minimum standards of institutional services for the care, protection, treatment, education, training and resocialisation of incarcerated offenders. Each State Government was required to formulate its own State Prison Manual on the lines indicated in this MPM, to adequately cater to the indigenous conditions, without diluting the concept of basic uniformity in law and procedure. During audit, it was noticed that the MPM was not formulated by the State Government even after lapse of more than a decade.

The above points were reported to the Government (August 2014); reply was awaited (December 2014).

MEDICAL EDUCATION DEPARTMENT

1.8 Irregular and avoidable expenditure

Government Medical College Haldwani irregularly incurred an avoidable expenditure of ₹ 58.62 lakh on outsourcing of services for reporting of MRI tests.

Uttarakhand Forest Hospital Trust, Haldwani (UFHT) signed an agreement (July 2006) with a New Delhi based firm (DCA, Radnet)[46] for outsourcing of services for reporting of critical cases of Computed Tomography Scans (CT scans) and Magnetic Resonance Imaging (MRI) tests conducted on its patients. The agreement was subsequently extended (September 2009) and is continuously being renewed since then even after conversion of the UFHT into a Government Medical College (GMC) by the State Government (May 2010). As per the Uttarakhand Procurement Rules 2008 (Rule-46), approval of the Administrative Department with the consultation of Finance Department of the Government is required in case of outsourcing of services by choice.

Audit scrutiny (June 2013) of the records of GMC, Haldwani showed that the outsourcing of services for reporting of MRI/CT scan cases to a specially chosen firm after the Medical College was brought into the Government fold in May 2010 was irregular as it was in contravention of the aforesaid provision. Further examination showed that a proposal to this effect was sent by the Medical College (July 2010) to its Administrative Department but no approval was granted by the Government. GMC had continued with the above arrangement. During the period May 2010 to January 2014, a total of 21,416 MRI cases of patients were carried out/forwarded to DCA, Radnet for reporting and an amount of ₹ 58.62 lakh had been paid by the GMC to the DCA, Radnet despite availability of four/five Radiologists competent for this purpose in the Medical College. Thus, had the services of the Radiologists available with the GMC been availed, the expenditure incurred by the GMC for outsourcing of reporting services could have been avoided.

[46] M/s Diwan Chand Radnet Services Private Limited, New Delhi.

While accepting the facts, the Government stated (December 2014) that instructions would be issued for executing a fresh agreement as per Uttarakhand Procurement Rules, 2008. It was also assured that a certain percentage of reporting of MRI tests would be conducted at the college itself.

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

1.9 Idle expenditure

Medical equipment worth ₹ 60.52 lakh were not put to use for the benefit of patients and kept idle for periods ranging from six to eight years.

As provided by Rule 21 of General Financial Rules, 2005, any authorisation of expenditure from public funds is to be guided by the principles of propriety. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money.

Scrutiny of records (August 2012) of the Chief Medical Superintendent (CMS), Base Hospital, Almora showed that five medical equipment worth ₹ 46.40 lakh[47] were received (between April and July 2006) in the hospital from the Director General, MH&FWD, Dehradun which were not put to use at all for the benefit of patients since their installation[48] and kept idle due to non-availability of technical staff in the hospital. Besides, it was also observed that two other machines worth ₹ 14.12 lakh[49] installed in the hospital remained non-functional after being used[50] up to 2008 due to non-availability of technical staff. Thus, idling of equipment for periods ranging from six to eight years indicates that the Department failed to establish required prudence in spending public money at every stage right from planning to utilisation, depriving patients of intended benefits, and calling into question, the planning process in the Department.

On this being pointed out, the CMS accepted (August 2012) the facts and stated (March 2013) that a request was being made with the Directorate, MH&FWD for creation of posts as well as for deployment of staff for operating these equipment. The reply itself indicated that equipment had been provided and installed in the Hospital without ensuring prior sanctioning of posts and deployment of required staff.

The matter was referred to the Government (March 2014); reply was awaited (December 2014).

[47] Dialysis Machine (₹ 10.85 lakh), RO Water Treatment plant (₹ 5.93 lakh), TUR Set (₹ 13.34 lakh), Bronchoscope (₹ 11.94 lakh) and Pure Tone Audiometer (₹ 4.34 lakh).

[48] Dialysis Machine (August 2006), RO Water Treatment Plant (February 2008), TUR set (May 2006), Bronchoscope (May 2006), and Pure Tone Audiometer (May 2006).

[49] TMT Machine (₹ 6.45 lakh)/ Date of Installation: 30.09.1998 and Endoscopy Machine with CCD Camera (₹ 7.67 lakh)/ Date of Installation: 13.08.1999/ 02.11.2000.

[50] (i) Endoscopy machine and CCD camera (up to April 2008) and (ii) TMT machine (up to August 2005).

1.10 Undue benefit to service providers

Non-provision of deduction in payments to service providers for deficiencies in service standards resulted in undue benefit amounting to ₹ 4.54 crore to the service providers.

Government of Uttarakhand with a view to provide curative, preventive, diagnostic and referral health care services in underserved areas of each district of the State, procured (March 2008) 13 Mobile Health Vans (MHVs) fitted with X-ray, Electro-cardiogram (ECG), Ultra-sound and Semi-auto analyzer machine and handed them over (March 2008) to the Director General of Medical, Health and Family Welfare Department (MH&FW) for operation/ management in Public Private Partnership mode who executed (March 2009) 13 Memorandums of Understanding (MoUs), one for each district, with two service providers[51] for a period of five years. As per terms and conditions of the MoUs, the service providers were required to organize at least 15 camps of 10 hour duration each in a month on agreed cost[52] in specified places of the respective district with three doctors[53] and four para-medical staff[54] to be hired by them. Besides, the service providers were to ensure that all the equipment were functional during camps.

Audit scrutiny (April 2014) of records of the Director General, MH&FW, Dehradun showed that that no provision was made in the MoUs for deduction in payments to be made to service providers if any of the required medical/para-medical staff was not provided with the MHVs or any equipment remained non-functional during camps. This was in violation of Paragraph-27 of Appendix XIX of Financial Handbook Vol-V (Part-1), which stipulated that clear and specific penalties should be attached to a breach of contract agreement. Service providers took advantage of this situation and did not provide medical/para-medical staff for 2,350 mandays[55]. It was also seen that various medical equipment remained non-functional in 2,246 cases[56]. District authorities reported this while forwarding the monthly claims of the service providers for payment but no deductions were made as terms and conditions of MoUs did not have any provision of deductions for such deficiencies in service standards.

However, the Government issued directions (October 2012) for deductions[57] from monthly agreed cost in case of deficiencies in service standards *i.e.* absence of staff and non-functioning of equipment. Accordingly, the deductions for absence of staff and non-functioning equipment were being made from bills of May 2012 onwards although no formal provisions were made in agreement in this regard.

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51 With M/s Dr. Jain Video on Wheels Ltd, New Delhi for Almora, Bageshwar, Champawat, Dehradun, Haridwar, Nainital, Pauri, Pithoragarh, Rudraprayag, Tehri and U.S.Nagar and with M/s Rajbhara Medicare Pvt. Ltd, Dehradun for Chamoli and Uttarkashi.

52 Dehradun-₹ 6.25 lakh, Haridwar-₹ 6.25 lakh, Bageshwar-₹ 7.75 lakh, Almora-₹ 7.75 lakh, Tehri- ₹ 7.75 lakh, Pauri- ₹ 7.75 lakh, U.S.Nagar-₹ 6.25 lakh, Nainital- ₹ 6.25 lakh, Champawat- ₹ 7.75 lakh, Rudraprayag-₹ 7.75 lakh, Pithoragarh-₹ 8.83 lakh, Chamoli-₹ 6.82 lakh and Uttarkashi- ₹ 6.82 lakh.

53 General Physician, Gynaecologist, Radiologist.

54 Staff Nurse, X-Ray Technician, Laboratory Technician, Pharmacist.

55 Lady Medical Officer for 677 mandays, Radiologist for 1057 mandays, Medical Officer for 60 mandays, Staff Nurse for 492 mandays, X-ray technician for 54 mandays and Lab-technician for 10 mandays.

56 X-ray machine in 788 camps, ECG machine in 425 camps, Semi-auto analyser in 850 camps and Ultra-sound machine in 183 camps.

57 1/3rd of agreed cost for absence of each medical staff, 1/4th of agreed cost for absence of each para-medical staff, 1/6th of agreed cost for non-functioning of X-ray/ECG/Ultra-sound each and 1/4th of agreed cost for non-functioning of Semi-auto analyzer.

Audit applied this criteria of deductions in the cases of absence of medical/para-medical staff and non-functioning of equipment for the period from start of MHVs in April 2009 and found that an amount of ₹ 4.54 crore would have been deducted from payments had the Department included any provision in this regard in MoUs, as stipulated in Paragraph-27 of Appendix XIX of Financial Handbook Vol-V (Part-1), or made any arrangements, as it had now made. Non-deduction of this amount of ₹ 4.54 crore from April 2009 to May 2012 provided undue benefit to the service providers.

On this being pointed out in audit, it was replied (April 2014) by the Director General, MH&FW that information in respect of performance of the service providers was provided to the higher authorities from time to time and this office was not authorized to make any changes in the terms/conditions of MoUs. The reply is not acceptable as the MoUs with service providers were executed by the Director General-MH&FW itself and provisions, as required for deductions from payment for deficiencies like absence of medical/para-medical staff and non-functioning of equipment, should have been included in the MoUs by his office. Further, deductions currently being made should have been provided legal validity through amendments in MoUs which has not been done in this case.

Thus, non-provision of deductions in payments to service providers for not fulfilling service standards resulted in undue benefit of ₹ 4.54 crore to the service providers.

The matter was referred to the Government (June 2014); the reply was awaited (December 2014).

PEYJAL DEPARTMENT

1.11 Collection of Water Charges by Uttarakhand Jal Sansthan

Arrears amounting to ₹ 77.23 crore were outstanding as on 31 March 2014. Of this, ₹ 1.07 crore was against 1,768 connections provided in now abandoned houses, ₹ 3.33 crore against 1,730 connections of various Government departments and ₹ 1.24 crore due against 1,180 connections of various government colonies. The Sansthan suffered a loss of ₹ 1.36 crore due to non-raising of demand against 1,557 consumers. The Sansthan also suffered a loss of ₹ 16 lakh due to non-disconnection of water supplies of the defaulters.

1.11.1 Introduction

The Uttarakhand Jal Sansthan was established in August 2002 as an Autonomous Body under the provisions of the Uttar Pradesh Water Supply and Sewerage Act, 1975 (as adopted in Uttarakhand) for regulation of water supply and sewerage services in the State.

An audit of the assessment and collection of water charges by the Jal Sansthan during the period 2011-12 to 2013-14 was conducted during April 2014 to July 2014 by test-check of records of 10 out of 25 Revenue Collecting Divisions[58] selected on the basis of revenue collected, during last three years, by the divisions. The following are the audit findings:

58 North, South, Maintenance and Pithuwala divisions of Dehradun; Pauri, Kotdwar, Nainital, Haldwani, Ramnagar and Haridwar division.

1.11.2 Position of Revenue and Arrears

The arrears of revenue increased from ₹ 65.20 crore in 2011-12 to ₹ 77.23 crore in 2013-14 i.e. an increase of 18 *per cent.* Year-wise details of revenue realised and revenue in arrears are shown in the **Table 1.11.1**.

Table 1.11.1 ***(₹ in crore)***

Year	Opening Balance of arrear	Demand raised	Revenue realised	Demand in arrears	Recovery of demand (%)
2011-12	64.45	99.01	98.26	65.20	60.11
2012-13	65.20	115.78	110.28	70.70	60.93
2013-14	70.70	122.64	116.11	77.23	60.05

Source: Figures provided by Uttarakhand Jal Sansthan and **exclude Sewer Tax and Sewer charges**

Following was observed in course of audit in the test-checked divisions:

- Out of total arrears of ₹ 77.23 crore, arrears totalling ₹ 38.19 crore were more than five years old. This also includes arrears of ₹ 1.07 crore due against 1,768 number[59] of connections provided in now abandoned houses. On being pointed out by audit, the Sansthan stated that the tracing/ marking the abandoned houses is being carried out so that necessary action can be taken.
- The records of Sansthan (Subhash Nagar, Haridwar Division) showed that the supply of drinking water in respect of 311 consumers was discontinued due to these consumers being switched over to Swajal[60] in 2005-06. However, against the due charges of ₹ 0.16 crore against these consumers[61], the Sansthan, as on 31 March 2014, showed outstanding charges of ₹ 0.49 crore due to raising of continuous demands against these now disconnected consumers. Thus, besides depicting fictitious arrears of ₹ 0.33 crore[62], the Sansthan was also depicting a wrong picture of the existing total number of connections it was servicing.
- The above includes arrears of ₹ 3.33 crore on account of 1,730 connections against various Government Departments and ₹ 1.24 crore on account of 1,180 connections against various Government residential colonies.

1.11.3 Non-recovery of water charges

All the water supply schemes pertaining to persons displaced from Tehri Dam Project under Tehri Hydro Development Corporation (THDC) were handed over (August 2005) to the Uttarakhand Jal Sansthan for regulation of water supply and maintenance of the running schemes as per the orders issued by the Secretary, Irrigation, Government of Uttarakhand (July 2005). Consequently, all the consumers that were provided water supply by the THDC automatically became the consumers of the Uttarakhand Jal Sansthan.

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59 North Division, Dehradun - 37 connections, arrear ₹ 0.11 crore, South Division, Dehradun - 140 connections, arrear ₹ 0.32 crore, Kotdwar -142 connections, arrear ₹ 0.05 crore, Haldwani - 142 connections, arrear ₹ 0.30 crore, Ramnagar - 1294 connections, arrear ₹ 0.26 crore and Haridwar Division -13 connections, arrear ₹ 0.03 crore.

60 Swajal is a Registered Society, serving water supply in rural areas.

61 Arrear outstanding as on 31 March 2006.

62 ₹ 0.49 crore minus amount of arrear outstanding as on 31 March 2006 i.e. ₹ 0.16 crore.

Scrutiny of the records of three divisions[63] showed that 1,557 consumers, which were transferred with the schemes were not taken into account in the list of the consumers of the Sansthan. As a result, no demand regarding water charges were raised by the Uttarakhand Jal Sansthan against these consumers which resulted in a revenue loss of ₹ 1.36 crore (up-to March 2014) to the Sansthan.

On this being pointed out, the Sansthan accepted the observation and stated that due to public agitation, it was unable to take any action. However, corrective action shall be taken in near future.

1.11.4 Loss due to non-disconnection of water supply

Section 72 of the Uttar Pradesh Water Supply and Sewerage Act, 1975 provides that the Jal Sansthan may cut off the water supply to any premises if any tax, fee, rental, cost of water is not paid within a period of 15 days after service of a bill for the same.

Scrutiny of records showed that the Sansthan (Divisions) had issued Recovery Certificates for ₹ 16 lakh [64] during the period 2011-12 to 2012-13 against 81 defaulters. However, these RCs were received back by the Division without any recovery. Further, the Sansthan did not disconnect the water supply of these defaulters and allowed to utilize the drinking water supply even after receiving back the RCs. On this being pointed out, the Sansthan stated that necessary action would be taken after scrutiny of the cases in which RCs have been received back without any recovery.

1.11.5 Loss of revenue due to billing of consumers at a minimum rate

In urban areas, the tariff of the Sansthan is based on Annual Rental Value (ARV) of a premise or building, assessed by an Authority appointed by the State Government or by the Jal Sansthan itself (Sections 52 and 53 of UPWSSA 1975).

Scrutiny of records of six divisions[65] showed that out of 1,29,698 connections in urban areas, 70,012 connections (54 *per cent*) are being charged at a minimum/average rate. To assess the ARV of these users, the Sansthan did not utilize its powers as per Assessment of Annual Value of Premises Rules, 1981. These users are paying minimum/average charges for un-metered water services, despite the fact that during the last three years, the cost of production[66] was approximately twice that of the revenue[67] being received by the Sansthan.

In reply, the Sansthan stated that demands for water charges of the consumers whose ARVs have not been assessed so far, has been raised on the basis of average utilization of water per month. The reply is not satisfactory since in absence of any adequate system, the utilisation for all consumers cannot be fixed at a minimum/ average rate.

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63 South, Maintenance and Pithuwala divisions of Dehradun.

64 North Division, Dehradun: ₹ 12 lakh against 58 no; Maintenance Division, Dehradun: ₹ four lakh against 23 nos.

65 North, South and Pithuwala divisions of Dehradun and Nainital, Haldwani and Ramnagar division.

66 ₹ 7.99 per kilo litre in 2011-12, ₹ 8.26 per kilo litre in 2012-13, ₹ 8.48 per kilo litre in 2013-14.

67 ₹ 3.70 per kilo litre in 2011-12, ₹ 4.20 per kilo litre in 2012-13, ₹ 4.41 per kilo litre in 2013-14.

The matter was referred to the Government (August 2014); their reply was awaited (December 2014).

PUBLIC WORKS DEPARTMENT

1.12 Avoidable expenditure

Execution of Bituminous Macadam (BM) work without taking into consideration the equivalency factor of 25 mm thickness of the recently executed SDBC work, resulted in an avoidable expenditure of ₹ 55.50 lakh.

Government accorded administrative approval and financial sanction of ₹ 18.42 crore for widening and strengthening of Nainital-Kaladhungi-Bazpur Road (Km 34 to 64) under Central Road Fund Scheme (CRFS) in May 2011. The Chief Engineer, Kumaun Region, accorded Technical Sanction (TS) of ₹ 18.42 crore for the work in June 2011.

Scrutiny of records (February 2014) of the Executive Engineer (EE), Construction Division (CD), Public Works Department (PWD), Ramnagar showed that a team of Indian Institute of Technology (IIT), Roorkee carried out (October 2008) the Benkelman Beam Deflection[68] studies on the request of EE of the division and found that the conditions of the road in kilometer 43 to 49 were very weak which required major strengthening work. Accordingly, the IIT team recommended an overlay thickness of 225[69]mm in these kilometers. It was also seen during the scrutiny that a renewal work was carried out (May 2011) by the division in four kilometers (km 43 and km 46 to 48) of the road by laying 25 mm Semi Dense Bituminous Concrete (SDBC) under annual maintenance head. However, further scrutiny showed that the detailed estimate prepared (June 2011) for widening and strengthening work of Nainital-Kaladhungi-Bazpur Road (Km 34 to 64) under CRFS determined the overlay thickness of 175[70] mm (as per recommendation of IIT, Roorkee) for the above four kilometer without taking into consideration the equivalency factor of 25[71] mm thickness of the recently executed renewal work of SDBC. As the SDBC work has been completed just one month before, the overlay thickness should have been determined using appropriate equivalency factors of the SDBC work and accordingly the BM work should have been reduced by the equivalent thickness of 25 mm SDBC. Failure of the division in considering the equivalency factor of the already executed work resulted in 1000[72] cum excess quantity of BM being laid in the stretch (km 43 and km 46 to 48), thereby incurring an avoidable expenditure of ₹ 55.50 lakh[73].

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68 Benkelman Beam Deflection Technique is used for evaluation of structural capacity of existing flexible pavements and an estimation and design of overlays for strengthening of any weak pavement (IRC: 81-1997).

69 150 mm WBM + 50 mm BM + 25 mm SDBC = 225 mm.

70 150 mm BM {50 mm as recommended by IIT + 100 mm in place of WBM (As per IRC 81-1997, the equivalency factor of 1.5 WBM = 1 BM)} and SDBC 25 mm.

71 As per IRC 81-1997, the equivalency factor of 0.7 SDBC = 1 BM, hence 25 mm of SDBC = 35.71 mm of BM.

72 As per the equivalency factor 0.7 SDBC = 1 BM,. Therefore, Excess quantity of BM = 1000 cum (Actual executed/estimated quantity of BM - Quantity of BM should be executed taking into consideration the equivalency factor of 25 mm of SDBC = 4000x7x0.15 – 4000x7x0.11429 (0.15-0.03571).

73 ₹ 5550x 1000cum of BM= ₹ 55,50,000.

On this being pointed out, the EE replied that the thickness of SDBC (25 mm) is not taken into account for determining the crust thickness of the road. The reply is not acceptable as it is clearly suggested in IRC 81-1997 that the equivalent overlay thickness of SDBC against BM may be taken into account while determining the overlay thickness of the road. Further, this equivalency factor was considered by the Department in another chainage[74] of the same road for calculating the overlay thickness.

Thus the Department incurred an avoidable expenditure of ₹ 55.50 lakh on execution of excess quantity of BM.

The matter was referred (May 2014) to the Government; reply was awaited (December 2014).

SERICULTURE DEPARTMENT

1.13 Non-achievement of objectives of Silk Park

The objective of improving the prospects of sericulture in the State remained unfulfilled even after four years of construction of the Silk Park building involving an expenditure of ₹ 2.67 crore.

Uttaranchal Co-operative Resham Federation (UCRF) was established in 2002 as the apex co-operative institution for development of sericulture activities in the State.

The Government approved (March 2007) a proposal of the Directorate of Sericulture for establishment of a Silk Park at Dehradun under the project 'Strengthening of Uttaranchal Co-operative Resham Federation'. The project aimed at popularizing silk production, promoting new techniques and designs, improving quality of silk and creating 4.90 lakh[75] mandays employment opportunities per year.

The Silk Park was constructed at a cost of ₹ 266.23 lakh[76]. The Sericulture Department took over (January 2010) the building from the construction agency but did not hand it over (June 2014) to UCRF as the proposal for handing over the building was awaiting Government's approval.

Audit scrutiny of the records (August 2012) of the Department and further information collected (June 2014) showed that the Department projected the requirement of funds to the Government for only the Silk Park building. However, it failed to project requirement for deployment of manpower at the UCRF. Audit observed that the Department required 13 personnel including two Assistant Directors[77] and 11 supporting/ technical[78] staff for the proper functioning of the Park. Further, it was also noticed that the project could create only 0.20 lakh mandays employment opportunities per year.

[74] Km 60 to 63 of Bajpur section.

[75] Reeling Sector 1.50 lakh, Weaving Sector 3.00 lakh and other 0.40 lakh per year.

[76] ₹ 244.00 lakh for building; ₹ 21.66 lakh for boundary and ₹ 0.57 lakh for fee of consultant.

[77] Assistant Director-Marketing and Assistant Director-Textile.

[78] Technical Assistant (Diploma holders in textile)-2; Assistant technicians (ITI passed)-2; Weavers-2; Designers (Diploma/Degree holders in textiles)-01; Sericulture Inspector-01; Store Keeper-01; Attendent-02.

On this being pointed out, the Department stated that the process for handing over the Silk Park building to the UCRF is in final stages and its functioning will become more effective after the transfer of the Silk Park building to the UCRF. The reply was not acceptable as the Department failed to transfer the Silk Park building involving an expenditure of ₹ 266.23 lakh to the UCRF even after four years of its construction which resulted in non-achievement of objectives of improving the prospects of sericulture in the State

The matter was referred to the Government (June 2014); the reply was awaited (December 2014).

SOCIAL WELFARE AND EDUCATION DEPARTMENT

1.14 Implementation of the Schemes for Protection and Welfare of Girl Child

Under Nanda Devi Kanya Yojna, expenditure in the year 2013-14 was over reported by ₹46.80 lakh and was kept in a PLA account instead of surrendering it and an irregular payment of ₹ 18.25 lakh was made to 365 girls born at home. In Gaura Devi Kanyadhan Yojna, 1,266 sanctioned cases were pending for payment despite availability of funds at the end of 2013-14. The State Government had to bear an extra burden of ₹ 2.57 crore for getting construction works of Kasturba Gandhi Balika Vidyalaya hostels completed due to time and cost overrun.

1.14.1 Introduction

The Kasturba Gandhi Balika Vidyalaya (KGBVs) scheme was launched by the Government of India in August 2004 while Gaura Devi Kanyadhan Yojana (GDKY) and Nanda Devi Kanya Yojana (NDKY) are state sponsored schemes, and was launched in September 2006 and May 2009 respectively. The objective of KGBV is to ensure access to quality education to the girls of disadvantaged groups of society[79] by setting up residential schools at the upper primary level. In GDKY, a National Saving Certificate (NSC)/Fixed Deposit (FD) of ₹ 25,000 is provided to the girls of BPL families to promote their education after passing the intermediate exam. NDKY is aimed to maintain gender ratio, stop female foeticide, make girl education compulsory up to high school level, stop child marriage, promote institutional delivery, *etc*. Under the scheme, a Fixed Deposit (FD) of ₹ 5,000 is provided in favour of a girl child of a Below Poverty Line (BPL) family, born at a Government Health Center (GHC). The NDKY and the GDKY are entirely funded by the State Government whereas the funding pattern for the KGBV scheme is in the ratio of 65:35 between the Union Government and the State Government.

The audit of three schemes i.e. NDKY, GDKY and KGBV was conducted between April 2014 and July 2014 by test-check of the records of the auditee units[80] of Social Welfare and Education in four Districts[81]. The important findings are discussed below.

[79] Scheduled Caste, Scheduled Tribe, Other Backward Class and minority communities.

[80] District Programme Officers, Bal Vikas, District Social Welfare Officers, District Probation Officers, Social Welfare, District Project Officers, Sarva Shiksha Abhiyan and Warden, KGBV Hostels.

[81] Tehri, Haridwar, Almora and Udham Singh Nagar.

1.14.2 Financial Management

During the period 2011-12 to 2013-14, the total funds received under NDKY, GDKY and KGBV schemes amounted to ₹ 16.49 crore, ₹ 172.26 crore and ₹ 20.92 crore respectively. Records of the ICDS and Education Departments showed that the departments failed to utilize the total funds available under NDKY and KGBV. Under NDKY, expenditure in the year 2013-14 was over reported by ₹46.80 lakh and was kept in a PLA account instead of surrendering it. The Director, ICDS stated that due to less number of eligible beneficiaries, the amount remained unspent, whereas, Additional State Project Director (Sarva Shiksha Abhiyan) stated that due to the less enrollments of the girls and non-recruitment of the staff, the money was lying unspent.

1.14.3 Nanda Devi Kanya Yojna

1.14.3.1 Irregular payment

Contrary to the provision that a girl child born at a Government Health Center was eligible to get the benefit under the NDKY, records of District Programme Officer, Bal Vikas (DPOBV)[82] showed that 365 girls, born at home, were benefitted and an irregular payment of ₹ 18.25 lakh[83] was made to them during 2011-14. Thus, the objective to promote institutional delivery under the scheme was defeated. The concerned DPOBVs stated that payment had been made as per the provisions of the GO. Reply is not acceptable as it was clearly mentioned in the GO that the girl child should be born in a Government Health Centre/Sub-Centre under the supervision of trained Auxiliary Nurse Midwife, and not at home.

1.14.3.2 Undue favour to beneficiaries

Scrutiny of records of DPOBVs, Almora and Udham Singh Nagar (U.S.Nagar) showed that the application forms in respect of 105 cases were received with delay ranging from 25 days to 814 days in contravention of the provisions of the GOs as detailed in **Table 1.14.1**.

Table 1.14.1

District	Year of receipt of applications	Provision of GOs	Delay	
			No. of cases	range
Almora	2011-12	As per GO issued in Jan. 2011, compulsion of submission of application within 60 days of birth of girl child was relaxed for the girl child born between 01 January 2009 to 31 December 2010 and with effect from 01January 2011 compulsion of submission of application within 60 days of birth of girl child will continue.	33	75 to 450 days
U.S Nagar			04	125 to 226 days
Almora	2012-13	(As per GO issued in July 2012, compulsion of submission of application within 60 days of birth of girl child was terminated and as per new provision a girl child born on the first day of the financial year would be eligible to get the benefit till the last day of the same financial year.	01	814 days
U.S Nagar			19	36 to 693 days
Almora	2013-14		12	25 to 156 days
U.S Nagar			36	24 to 307 days
		Total	**105**	**25 to 814 days**

82 Tehri, Haridwar and Udham Singh Nagar.

83 365 x ₹5000=₹ 18.25 lakh.

Further, ₹ 5.25 lakh[84] released to these 105 beneficiaries not only violated the provisions of the GOs but also amounted to extending an undue favour to the beneficiaries. The DPOBVs, stated that late applications were received with the objective to provide the benefit to maximum beneficiaries and due to availability of budget. The reply is not acceptable as the benefit was given in contrary to the provision of the Government order.

1.14.3.3 Awareness programme

A total of 11,434, 7,003 and 7,693 girls were benefitted in the years 2011-12, 2012-13 and 2013-14 respectively showing that the number of beneficiaries had substantially decreased since 2011-12. No awareness programme/campaign was taken up by the State Government to educate the families of the benefits available under the scheme. The Deputy Director, ICDS stated that no fund had been released by the Government for publicity of the scheme and efforts to get the necessary funds from the Government for publicity for the scheme would be made in future.

1.14.4 Gaura Devi Kanyadhan Yojna

1.14.4.1 Irregular payment and undue favour to beneficiary

Under the GDKY, 11 girls[85] were allowed dual payment amounting to ₹ 2.75 lakh. Further, as per GOs, maximum of two daughters of a family are eligible for benefits under the scheme. However, records showed that payments were made to three daughters instead of two in respect of 16 families[86]. Consequently, an undue benefit/irregular payment of ₹ four lakh was extended to 16 girls @ ₹ 25,000 each. District Social Welfare Officers (DSWOs)[87] and District Probation Officers, Social Welfare (DPOSWs), while accepting the facts, stated that the irregular payment would be recovered.

1.14.4.2 Deprival of timely benefit to the beneficiaries

As per the GO, in order to get the benefit under the scheme, an application was to be submitted by the beneficiary to the DSWO up to 30 September each year. The District Committee, after selection of eligible girls, was to publish the eligibility list by 30 October and payment was to be completed by 30 November each year.

Under GDKY, 25,748 girls[88] were benefitted in four districts during the period 2011-12 to 2013-14. However, records showed that 5,649 cases in these districts were pending for payment at the close of 2013-14. The DSWOs and DPOs stated that a demand for budget had been made to the Government. Reply is not acceptable as records of the DSWO, Udham Singh Nagar showed that 1,266 sanctioned cases were pending for payment despite availability of fund of ₹ 3.16 crore at the end of 2013-14. Besides, payment procedure, as per the time frame set, was to be completed

84 105 x ₹5000=₹ 5.25 lakh.
85 Tehri: one girl, Haridwar: two girls and Almora: eight girls.
86 Ten in Tehri and six in Almora.
87 Tehri and Haridwar.
88 Tehri: 8,982, Haridwar: 3,875, Almora: 6,994 and Udham Singh Nagar: 5,897.

in all respects by 30 November. Thus, eligible beneficiaries were deprived of timely benefits under the scheme.

1.14.5 Kasturba Gandhi Balika Vidyalaya (KGBV)

1.14.5.1 Overburdened hostels

Under the scheme, a minimum of 50 girls, predominantly from the SC, ST and minority communities studying in school at the elementary level, were to be enrolled in a hostel. There were 28 KGBV residential hostels functional in 12 districts of the State. As per norms[89], minimum 1,400 eligible girls should be enrolled in these hostels. Scrutiny of records showed that 1,230 girls, 1,207 girls and 1,260 girls were enrolled in these KGBVs in the years 2011-12, 2012-13 and 2013-14, respectively. In the test-checked districts, a total of 1,045 girls including 372 girls of higher secondary level (class 9th to 12th) were residing in 16 hostels against sanctioned 800 girls (***Appendix 1.14.1***) during the period 2013-14 as the Department allowed girls of higher secondary school level to stay in these KGBV hostels in violation of the guidelines. Consequently, these hostels were overburdened. The Government stated (October 2014) that instructions to make the separate arrangement for the girls of secondary level have been issued.

Further, it was also seen that in 14 out of 16 test-checked KGBVs, more than 50 girls were residing. Only 538 beds were available for 1,045 girls. As a result, beds were being shared by the girls due to paucity of space. It was also found that in one hostel of Tehri district, beds were not provided in the hostel. In the test-checked districts, the deficiencies in the toilets and bathroom are as detailed in the ***Appendix 1.14.1***.

1.14.5.2 Abnormal delay in construction of KGBV buildings

Under the scheme, GoI sanctioned 28 hostels[90] and released an amount of ₹ 23.34 crore up to July 2014. The details are given in ***Appendix 1.14.2***. Out of this released amount, ₹ 17.02 crore was spent on the construction of these KGBV buildings. Construction work of eight hostels had been completed and the buildings handed over to the Department. In addition to these, nine out of 11 hostels completed up to the ground floor were also handed over to the Department. The construction work of the remaining nine hostels[91] had still not been completed.

Further, in one of the test-checked districts[92], due to delay in completion of all five KGBV hostel buildings, which ranged from seven to nine years, three hostels[93] were operational in rented buildings and two hostels[94] were operational in School and Panchayat buildings. For these rented buildings, an amount of ₹ 6.21 lakh was paid by the hostel authorities on account of rent till March 2014. Moreover, the State Government had to bear an extra burden of ₹ 2.57 crore[95]

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89 Fifty girls per hostel per year.
90 13 in 2004-05, 12 in 2006-07, 01 in 2008-09 and 02 in 2010-11.
91 03 sanctioned in 2004-05 and 06 sanctioned in 2006-07.
92 Tehri-Garhwal.
93 Aampata, Rautu ki beli and Sujadgaon.
94 Rausal, Kaushal.
95 Expenditure incurred (₹ 429.47 lakh) – Sanctioned cost (₹ 172.55 lakh).

for getting the construction works completed due to time and cost overruns. On this being pointed out, the Government stated (October 2014) that the GoI had sanctioned ₹ 172.55 lakh[96] for the construction of five hostels which were not sufficient according to the schedule of rates of the State. The reply was not acceptable since the cost overrun could have been avoided, had the construction of the buildings completed in scheduled time.

1.14.5.3 Protection and security of girl child

For the safety of girls, construction of boundary walls of girls' hostels is mandatory. For the said purpose, funds are provided as per the guidelines. During the physical verification of test checked KGBV hostels, it was found that boundary walls in nine out of 16 hostels were not constructed. Further, a female Warden should be deployed for the safety of girls. It was noticed that female wardens were not posted in two hostels[97] and these facilities were looked after by the Block Resource Centre/Cluster Resource Centre (BRC/CRC) since inception.

The Government stated (October 2014) that all the Chief Education Officers have been instructed to make the provision for construction of boundary walls under district plan.

URBAN DEVELOPMENT DEPARTMENT

1.15 Financial Management of Nagar Nigam, Haridwar

Nagar Nigam could not utilize funds ranging from ₹ 10 crore to ₹ 17 crore during 2010-14 due to unrealistically higher budget estimates of expenditure. An amount of ₹ 82 lakh, meant for undertaking works which would generate recurring income, could not be utilized since 2001. Rates of advertisement tax were not revised since 2001 in absence of approval of new advertisement policy. Revenue of ₹ 2.16 crore was forgone due to Department's failure to collect *tehbazaari* from vendors and charges of *phool pharoshi* from florists.

Haridwar is one of the important districts of Uttarakhand having population of about 19.27 lakh. It is divided into 30 wards with an area of 12.17 sq. kms. The major functions of the Nagar Nigam (NN) are assessment and collection of taxes, construction and maintenance of the roads, collection and disposal of garbage (solid waste management), maintenance of drains, maintaining the hygiene in public places, street lighting, *etc.* The audit was conducted in June 2014 covering the period 2010-14 with the focus on Financial Management of the Nagar Nigam. The following are the audit findings:

1.15.1 Budget control and Financial Management

Records of the NN showed that the BEs for the period 2010-14 were prepared without assessing requirements of the NN. It was observed that the BEs were submitted for approval of the Board

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96 ₹ 23.10 lakh each for four hostels and ₹ 80.15 lakh for one hostel.

97 KGBV Kausal and Sujadgaon of Tehri District.

with delays ranging from 79 to 148 days resulting in delayed submission to the State Government ranging from 51 to 69 days. During 2010-14, as against the estimated income, the NN prepared persistently higher budget estimations of expenditure in the range of 124 to 144 *per cent*. Further, it was seen that there were also variations between estimated expenditure and actual expenditure ranging from 42 to 67 *per cent* and the range of unspent balances was between ₹ 10 crore to ₹ 17 crore *i.e.* 22 to 45 *per cent* of the budget during 2010-14. This indicated that the NN was preparing unrealistic estimates in each financial year.

1.15.1.1 Preparation of Annual Accounts

Double entry system of accounting was to be adopted by the Municipalities as per the provisions of the National Municipal Accounting Manual (NMAM) and directions given by the State Government (October 2007). However, it was seen that the proposed accounting system was not implemented due to inadequate training and shortage of staff. The following short comings were also noticed in the preparation of annual accounts:

- Accounts upto 2012-13 have been prepared. However, Annual accounts were prepared after closing of the financial year with delays up to 202 days.
- UPNN Act[98] provides the verification of accounts by the Mukhya Nagar Lekha Parikshak (MNLP) but this was not ensured by the NN.
- No accounting software was put in use at the NN as of June 2014 and transactions were being recorded manually.

The Department accepted (November 2013) the above facts and instructed NN to adhere to the provisions but compliance to the instructions issued were not followed by the NN as of June 2014.

1.15.1.2 Delay in utilisation of developmental funds

Audit analysis showed the following:

- With an objective of creating resources for the development of infrastructure facilities and to enable NN to generate its own sources of income, the Government sanctioned (December 2001 to December 2002) an amount of ₹ 2.67 crore as non-interest bearing loan through a Revolving Fund. The Government Order (October 2002) emphasized that 30 *per cent* of the total allotted funds could be utilized for works which could help in generating recurring income and the remaining 70 *per cent* was to be used for developmental works[99]. It was noticed that no effort was made by the NN to undertake income generating works as required and an amount of ₹ 0.82 crore, for the last 11 years, was still to be utilized for the said purpose.
- An amount of ₹ 1.67 crore pertaining to *Kumbh Mela* was kept in a PLA (2010) of which ₹ 32.00 lakh was meant for purchase of materials/items for the *Kumbh Mela*. The NN neither purchased any material nor surrendered the funds in contrary to the provisions. Further, in

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98 Section 142 (2) of Uttar Pradesh Nagar Nigam Act, 1959.
99 Street light, construction of drainage, roads and brick roads (*Khadanza*) etc.

absence of any specific directions from the Government, ₹ 1.35 crore was also retained by the NN for the settlement of pending bills (June 2014).

The Department while accepting the facts stated that the identified work (construction of a banquet hall for generating recurring revenue) could not be taken up due to dispute in the title of the land. As far as liabilities of the *Kumbh Mela* are concerned, they would be settled soon.

Collection of Revenue

1.15.2 Deficiencies in the collection of Tax and Non-Tax Revenue

1.15.2.1 Property tax

The following shortcomings were observed in levying of property tax in NN, Haridwar:

- Scrutiny of records showed that rules regarding assessment of annual value of properties were not framed by the State Government. In the absence of rules, there was no fair and transparent system of assessment of annual value of properties. The NN had also not fixed any zone-wise bench-marks for assessing the annual value of the buildings. Crucial details such as location, month of occupancy, size of building, nature of construction, amenities provided, *etc.*, were not included in the assessment of annual value. Tax was levied at a flat rate of 7.5 *per cent* of the annual value of property assessed without considering the above factors since 2001-02.
- Section 145 of the UPNP Act, 1916 provides that rates of house/land tax should be revised every five years. The jurisdiction of NN was divided into three Zones *viz*. Haridwar, Kankhal and Jwalapur. The survey for revision of property tax to be imposed from 2006-07 was completed only in Kankhal area and, after imposition of revised rates, the collection of property tax from that area enhanced by 162 *per cent*[100]. In the remaining two areas, the demands were still being raised as applicable in 2001-02. Thus, due to delay in adherence of provisions of the Act the potential to earn more revenue by the NN was lost.
- Audit noticed that more than 35,000 residential and non-residential buildings were located within the jurisdiction of the NN but no property tax was levied on more than 10,000 buildings (1,000 commercial and 9,000 residential) as of March 2012. However, the tax assessment of these buildings was taken up by the NN as late as April 2012 and was in progress as of June 2014. The Department stated that survey work was not completed due to acute shortage of manpower.
- The NN maintained only a demand register of property tax. Assessment and arrear demand registers in respect of all assessed units were not being prepared. Details, like year-wise arrears or arrears of individual assessee were also not available with the NN.

The Department accepted the facts and stated that the State Government has constituted (March 2013) a Tax Reform Committee whose recommendations are awaited as of June 2014.

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[100] Recovery of house/land tax of ₹ 29.29 lakh during 2006-07 as against total recovery of ₹ 11.20 lakh during 2005-06.

1.15.2.2 Advertisement Tax

To increase revenue collection, the NN drafted an advertisement policy and forwarded the same to the State Government (November 2011) for approval. The approval of policy is still pending. This led to non-revision of rates of advertisement tax and it was being levied on the basis of rates of 2001-02.

1.15.2.3 Rent from shops

The NN revised (March 2012) the rent rates of shops on the basis of prevailing circle rates of Haridwar city. Accordingly, the NN raised a demand of ₹ 1.81 crore (current demand ₹ 0.92 crore plus arrear of ₹ 0.89 crore) from 479 shopkeepers during 2013-14 but could collect only ₹ 0.46 crore (25 *per cent*) even after providing a rebate of 15 *per cent* as of March 2014. The Nigam stated that due to shortage of manpower, the anticipated demands could not be fully realized.

1.15.2.4 Rent of Municipal land

As per the orders (March 2012) of District Magistrate/ Administrator of NN, property rent/ rates at circle rate (market rate) were to be revised. Audit scrutiny showed that contrary to the orders, the NN resorted to assessing and collecting rents on the prevailing rates of February 2003, thus indicating the failure of the mechanism of rent survey of the NN. Besides, the NN had not updated the requisite records[101] relating to the rent of land as of June 2014. As a result, audit could not assess the actual loss of revenue. Further, as of March 2014 the NN could not realize ₹ 38.61 lakh (54 *per cent*) against the worked out demand of ₹ 71.94 lakh[102], calculated on the prevailing rates, in respect of 109 small plots of land.

1.15.2.5 Lease of lands

The NN had requested (June 2008) the Government to formulate a policy with a proposal that after the expiry of a lease, the NN may either acquire the land or freehold the land to increase its income. In response, the State Government, instead of framing a definite policy, instructed (April 2010) that the leased lands should not be sold or renewed without the permission of the Urban Development Department/ Housing Department. The NN had leased land[103], measuring 1,54,198 sq.ft to individuals. The lease period expired in the month of March 2013 and again the NN referred (March 2013) the matter to the Government. However, no requisite guidelines were issued by the Government as of June 2014. Consequently, the NN could neither renew the lease nor free hold the lands leading to unauthorized occupancy by the lessee as of June 2014.

1.15.2.6 Vendor Policy

The State Government framed the Regulation and Management Rules (November 2011) for road side vendors. Audit scrutiny showed that on the basis of these regulations and rules, the NN

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[101] Records of demand and collection registers.
[102] Current demand ₹ 31.66 lakh plus arrear ₹ 40.28 lakh.
[103] Plot no. 8,9,10,11,12,15 and 16.

earmarked 15 spaces as vending zones with a capacity for 2,750 vendors. However, vendors were not registered due to non-completion of survey, comprehensive digitized photo census and issuing of Photo Identity Cards till June 2014. Prior to the introduction of the vendor policy, the NN used to collect *tehbazari* through contractors. The last contract of *tehbazari* was awarded for a six month period starting from October 2011 to March 2012 for ₹ 0.45 crore, which was extended upto April 2012 in compliance to the Hon'ble High Court's order. Thereafter, no contract to collect *tehbazari* was awarded by the NN authorities as the vendor policy was in the pipeline. This has resulted in revenue forgone amounting to a minimum of ₹ 1.95 crore[104] worked out on the basis of previous contract. Meanwhile, the vendors were left to perform their business activities without any regulation or payment of taxes.

1.15.2.7 Phool Faroshi

Sites adjoining to the *Har-Ki-Pauri* area are given on lease to contractors for selling flowers for religious purposes. As per the conditions of the auction of *Phool Faroshi*[105], the successful bidders had to deposit the entire amount of the bid within nine months of the completion period of the agreement. Audit observed that ₹ 21.20 lakh were lying pending (June 2014) with 26 contractors from 1988-89 to 2004-05, the individual amounts ranging between ₹ 0.05 lakh to ₹ 5.38 lakh clearly indicating a lackadaisical approach of the NN authorities towards revenue realization. No action was initiated with respect to above observations by NN as of June 2014**.**

The matter was referred to the Government (August 2014); reply was awaited (December 2014).

UTTARAKHAND RENEWAL ENERGY DEVELOPMENT AGENCY

1.16 Implementation of Solar Energy Programme

The Agency collected excess ₹ 66.71 lakh as service charges from beneficiaries of Solar Photo Voltaic Programme. Expenditure of ₹ 10.61 lakh on solar streetlights was rendered unfruitful as the lights were found to be non-working within warranty period and not rectified. Solar equipment worth ₹ 10.63 lakh remained undistributed since 2009. Solar batteries worth ₹ 13.15 lakh were lying idle since their procurement in January 2011.

1.16.1 Introduction

The Uttarakhand Renewable Energy Development Agency (UREDA) is handling operation and execution of various schemes based on non-conventional energy resources in Uttarakhand. Sixteen projects related to propagation of Solar Energy in the State were sanctioned by the Government of India during 2009-10 to 2013-14. Of these, eight projects[106] were test-checked in audit. The audit findings are detailed in the succeeding paragraphs.

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104 ₹ 0.45 crore for six months (October 2011 to March 2012 and extended one month), hence, ₹ 0.45 crore/6 = ₹ 0.075 crore for one month x 26 months (i.e. up to June 2014) = ₹ 1.95 crore.

105 Place for sale of flowers.

106 Two of solar city, one of SADP, two of street lights, one of solar power plant and two of solar lanterns.

Audit findings

1.16.2 Excess collection of contribution from beneficiaries in the distribution of solar lanterns

A solar lantern was to be distributed amongst each household in Development Blocks adjacent to the International Border under Solar Photo Voltaic (SPV) programme of Jawaharlal Nehru National Solar Mission. For the purpose, the Government of India (GoI) provided a subsidy to the extent of 90 *per cent* of the cost of the lantern subject to the condition that beneficiary would bear the remaining 10 *per cent*. Further, service charge, to the extent of three *per cent* of central financial assistance, was to be released by the GoI on receipt of UCs.

Scrutiny of records (June 2014) showed that UREDA implemented two projects for providing 80,859 Solar Lanterns. Supply orders were placed (January 2013) with M/s Gautam Polymers, Haridwar (56,666 lanterns @ ₹ 2,187) and M/s Jain Irrigation Systems Limited, Jalgaon (24,193 lanterns @ ₹ 2,142) at a cost of ₹ 17.57 crore. As per the provisions of the scheme, the beneficiaries were to contribute 10 *per cent* of the cost *i.e.* ₹ 219 per lantern in the first case and ₹ 214 per lantern in the second case. However, UREDA recovered ₹ 300 per lantern from the consumers. In this way, UREDA irregularly collected contributions of ₹ 66.71 lakh[107] excess from 80,859 beneficiaries, as service charge, in violation of the provisions.

On this being pointed out, the Agency stated that the service charges collected from beneficiary were spent on implementation of programme. It also added that service charges from GoI would be utilized to meet out the administrative expenses of the Agency. The reply was not acceptable as only beneficiary contribution was allowed to be received from the beneficiaries under the programme.

1.16.3 Unfruitful expenditure on inoperative Solar Street Light (SSL)

An agreement (November 2008) was signed by the UREDA with the Central Electronic Limited for the supply and comprehensive maintenance of SPV Street Lights in the State with two years' warranty. As per the provisions of the agreement, the firm was required to rectify/replace the defective parts within warranty/guaranty/AMC period promptly. In case the contractor did not rectify the defects within 15 days of receipt of complaint, the UREDA could restore the devices in working condition at the contractor's expenses.

Work order of ₹ 18.75 lakh for supplying 81 Solar Street Lights (SSLs) was given (October 2010) by the UREDA and the supply was made by the company in January 2011. It was found that 54 SSLs were installed (April 2011) in 29 villages under Zila Panchayat, Tehri and remaining 27 were distributed to three Gram panchayats. However, records showed that 45 out of 54 SSLs installed were inoperative within the warranty period. The firm did not rectify the defect as per the agreement. Further, no efforts were taken by the UREDA to restore the systems after November 2012. It was also noticed that in case of 10 inoperative streets lights, the plates,

[107] (₹300 - ₹219) x 56666 + (₹300 - ₹214) x 24193 =₹66.71 lakh.

batteries and CFL were stolen. Thus, the expenditure of ₹ 10.61 lakh[108] incurred on 45 SSL remained unfruitful.

The Project Officer, Tehri accepted the facts and stated that the firm had been instructed (May and October 2012) to make the systems operational. The fact remains that the street lights are still to be repaired.

1.16.4 Undistributed stores

Audit scrutiny of Stock Register of the office of the Project Officer, Haridwar, showed that the office procured (January 2010 to August 2010) 259 solar lanterns (SLs) for distribution without assessing the actual demand which resulted in 200 SLs costing ₹ 7.45 lakh lying undistributed in the store. The Project Officer stated that several attempts were made for their distribution; however, intended target group of beneficiaries did not turn up due to the higher amount of beneficiary contribution (₹ 2,285) associated with the SLs. The reply is not acceptable as the survey was not conducted by the Department (UREDA) for procurement of lanterns and therefore, 77 *per cent* of the procured lanterns remained undistributed. Audit also noticed that even the initial target of procurement of 134 SLs was revised by diverting funds intended for solar street lights at the instructions of the District Magistrate, Haridwar.

Physical Verification Report of Stores at the UREDA Headquarters also showed that stores worth ₹ 10.54 lakh[109], pertaining to solar energy systems, were lying idle since January 2010**.**

1.16.5 Mismanagement of fund

UREDA made an agreement (2008) with M/s Star Battery Ltd. for supply of low maintenance lead acid batteries. The warranty of batteries was for a maximum period of two years three months from the date of supply to UREDA.

Stock register of Project Officer, Pauri showed that out of 1224 Solar Power Pack Batteries procured between April 2009 to January 2011, a total of 351 batteries costing ₹ 13.15 lakh [110] were lying idle for more than three years. Audit found that the batteries were not used since procurement *i.e.* from January 2011 and the warranty period of two years and three months was also expired. The Project Officer, Pauri, stated that the batteries were purchased in anticipation of the demand. The reply was not acceptable as the demand for batteries was not assessed by UREDA before their procurement.

1.16.6 Non-feeding of electricity to Grid

UREDA installed (March 2004) two Grid Interactive Rooftop Solar Power plants of the capacity of 25 Kilo Watt each at Secretariat Premises, Dehradun at a cost of ₹ 128.60 lakh with a production capacity ranging from 100 to 150 kilowatt-hours (Units) per day. It entered (December 2004) into Power Purchase Agreement (PPA) with Uttarakhand Power Corporation

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108 45 x ₹ 20,834 cost per piece + 45 x ₹ 2,750 installation charge = ₹ 10.61 lakh.

109 200 SLs (₹ 7.45 lakh) and 31 Home light (₹ 1.19 lakh) with 2 years warranty, Solar power pack battery (₹ 1.90 lakh).

110 (₹ 3,799 x 324 = ₹ 12.31 lakh) + (₹ 3,113x 27 = ₹ 0.84 lakh) = ₹ 13.15 lakh.

Limited (UPCL) for sale of the generated power. However, the plant was shifted (March 2011) and installed (May 2011) at Energy Park, Dehradun. It was noticed that the plants had fed 2,13,765 units to grid from April 2005 to June 2010. However, the plant was not transmitting power to grid due to absence of grid connectivity since reinstallation. This was mainly due to delay in executing the supplementary PPA with UPCL and delay in installation of 100 KVA transformer at Energy Park, for which a payment of ₹ 2.11 lakh to UPCL was made by the UREDA in January 2014.

The Department stated that the power was locally utilized when grid connectivity was not achieved. The reply is not acceptable as audit was not provided with any evidence of local utilization of electricity.

1.16.7 Underutilization of Mobile Exhibition Vehicle (MEV)

UREDA procured (2004) a Mobile Exhibition Van (MEV), costing ₹ 10.20 lakh, for publicity campaigns of Renewable Energy in various schools, colleges, public places including remote and far flung areas of the State.

Scrutiny of records showed that the MEV was utilized merely for 40,761 kilometre till June 2014. Of this, MEV was utilized only for 13 days (885 Km) during the year 2012 to 2014 in comparison to 212 days (15,113 Km) during 2008 to 2011. For publicity and popularisation of non-conventional energy, UREDA covered only 152 remote hilly areas out of 319 campaigns conducted since procurement of the vehicle. Moreover, people of hilly areas were not made aware of the non-conventional energy programme during 2012-14 inspite of the fact that 699 villages were un-electrified till 2012-13. Further, it was seen that no monthly/quarterly report on utilisation of MEV was sent to MNRE even after repeated reminders for which GoI (MNRE) stated that non-sending of return created an impression that MEV has not been put to its optimum use. During physical survey, it was also noticed that the publicity systems/devices (solar TV/Biogas tank) installed in the MEV for demonstration purpose were also not functioning since last one year and no effort was found to have been made by the UREDA to get these items either repaired or replaced.

It was stated by UREDA that most of the instruments had completed their lifespan and the proposal for installation of new instruments would be sent to the GoI. The reply is not acceptable as the vehicle was not only rarely utilized but also no efforts were made to make the RE devices functional till date.

The matter was referred to the Government (August 2014); reply is awaited (December 2014)

Chapter-II

Revenue Sector

2.1 Introduction

2.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Uttarakhand during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table 2.1.1**.

Table 2.1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1	**Revenue raised by the State Government**					
	• Tax revenue	3,559.04	4,405.48	5,615.62	6,414.25	7,355.34
	• Non-tax revenue	631.86	678.06	1,136.13	1,602.88	1,316.54
	Total	**4,190.90**	**5,083.54**	**6,751.75**	**8,017.13**	**8,671.88**
2.	**Receipts from the Government of India**					
	• Share of net proceeds of divisible Union taxes and duties[1]	1,550.01	2,460.07	2,866.04	3,272.88	3,573.38
	• Grants-in-aid	3,745.22	4,064.56	4,073.45	4,457.21	5,075.27
	Total	**5,295.23**	**6,524.63**	**6,939.49**	**7,730.09**	**8,648.65**
3.	**Total revenue receipts of the State Government (1 and 2)**	**9,486.13**	**11,608.17**	**13,691.24**	**15,747.22**	**17,320.53**
4.	**Percentage of 1 to 3**	44	44	49	51	50

Source: Finance Account

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 8,671.88 crore) was 50 *per cent* of the total revenue receipts. The balance 50 *per cent* (₹ 8,648.65 crore) of the receipts during 2013-14 were from the Government of India as the share of net proceeds of divisible Union taxes and duties, and Grants-in-aid.

2.1.2 The details of the tax revenue raised during the period 2009-10 to 2013-14 are given in **Table 2.1.2**.

[1] Note: For details, please see statement No.11: Detailed accounts of revenue by minor heads in the Finance Accounts (Vol.-II) of Government of Uttarakhand for the year 2013-14. Figures under the "share of net proceeds assigned to States" under the major heads-0020-corporationtax, 0021-taxes on income and expenditure, 0032-taxes on wealth, 0037-customs, 0038-union excise duties and 0044-service taxes booked in the Finances Accounts under 'A-tax revenue' have been excluded from revenue raised by the State Government and included in the 'State share of divisible Union taxes' in the above table.

Table 2.1.2

Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+) or decrease (-) in actual of	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	2013-14 over BE 2013-14	2013-14 over actual 2012-13
1.	Taxes on sales, trade etc.	2,220.80	2,246.84	2,586.00	2,940.48	3,187.60	3,643.51	4,088.10	4,289.41	4,847.22	4,902.91	(+) 1.15	(+) 14.30
2.	State excise	598.22	704.64	686.93	755.92	727.67	843.65	942.15	1,117.92	1,149.25	1,269.29	(+) 10.45	(+) 13.54
3.	Stamps Duty and Registration Fees	422.69	398.70	425.65	439.50	483.85	524.05	573.95	648.40	640.40	686.71	(+) 7.23	(+) 5.91
4.	Motor Vehicles Tax	193.09	184.56	225.30	227.26	249.53	334.69	275.00	304.29	320	368.83	(+) 15.26	(+) 21.21
5.	Taxes and duties on electricity	72.00	2.11	72.00	2.16	75.00	229.02	60.00	2.71	100.00	64.66	(-) 35.34	(+) 2,285.98
6.	Land revenue	7.68	8.80	11.73	18.31	13.48	10.18	8.55	10.59	8.15	21.65	(+) 165.64	(+) 104.44
7.	Other taxes and Duties on Commodities and Services	7.50	6.27	8.68	12.15	10.60	16.52	17.50	23.13	24.41	23.47	(-) 3.85	(+) 1.47
8.	Others	6.85	7.12	8.00	9.70	12.00	14.00	15.00	17.80	22.00	17.82	(-) 19.00	(+) 0.11
	Total	**3,528.83**	**3,559.04**	**4,024.29**	**4,405.48**	**4,759.73**	**5,615.62**	**5,980.25**	**6,414.25**	**7,111.43**	**7,355.34**	**(+) 3.43**	**(+) 14.67**

Source: Finance Account

The respective Departments reported the following reasons for variations:

Stamps and Registration Fees: - The increase in revenue receipts over the previous year was due to increase in number of registration of sale deeds from 2,25,831 (2012-13) to 2,30,816 (2013-14).

Taxes on vehicles: The increase of actual receipt in major head "0041" of 2013-14 in comparison to 2012-13 is due to reforms in Motor Yaan Sudhar Niyamawali/ Adhiniyam, 2003.

Taxes and duties on electricity: The significant increases in Taxes and Duties on Electricity over previous years was due to depositing previous year's arrears by Uttarakhand Power Corporation Ltd in the Government Accounts. There is no fixed time for depositing of arrears by the Uttarakhand Power Corporation Ltd.

The other Departments, despite being requested (September 2014), did not furnish the reasons for variations in their respective receipts from that of the previous year (October 2014).

2.1.3 The details of the non-tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 2.1.3**.

Table 2.1.3

Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+) or decrease (-) in actual	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	2013-14 over BE 2013-14	2013-14 over Actual 2012-13
1.	Power	220.74	56.13	230.00	13.54	235.00	41.24	84.00	150.04	122.55	121.11	(-) 1.18	(-) 19.28
2.	Interest receipts	54.28	53.71	62.00	53.76	52.01	50.62	35.00	114.76	44.83	51.12	(+) 14.03	(-) 55.45
3.	Forestry and wild life	219.27	235.70	266.10	229.69	286.83	234.26	296.71	238.20	309.34	362.70	(+) 17.25	(+) 52.27
4.	Public works	10.46	19.50	14.51	24.83	17.27	17.85	16.16	18.13	9.15	15.51	(+)69.51	(-) 14.45
5.	Misc. general services	33.09	14.41	22.00	28.23	14.00	37.57	11.00	25.85	3.55	48.74	(+)1272.96	(+) 88.55
6.	Other administrative services	24.86	21.18	10.12	47.15	12.21	70.15	11.82	38.72	3.73	32.38	(+)768.10	(-) 16.37
7.	Police	6.92	9.62	9.00	11.26	9.00	11.41	10.11	10.98	11.21	13.39	(+) 19.45	(+) 21.95
8.	Medical and Public Health	7.57	11.73	11.48	29.01	17.93	23.20	23.16	30.00	22.10	44.04	(+)99.28	(+) 46.80
9.	Co-operation	7.32	1.78	5.18	1.70	1.02	2.93	2.21	1.38	2.23	9.78	(+) 338.57	(+) 608.70
10.	Major and medium Irrigation	6.31	7.08	3.32	5.10	3.31	8.07	2.37	7.65	2.42	6.75	(+) 178.93	(-) 11.76
11	Other Non-tax receipts	837.87	202.92	481.29	233.79	998.53	638.83	715.63	967.17	685.15	611.02	(-)10.82	(-) 36.82
	Total	**1,428.69**	**633.76**	**1,115.00**	**678.06**	**1,647.11**	**1,136.13**	**1,208.17**	**1,602.88**	**1,216.26**	**1,316.54**	**(+) 8.25**	**(-) 17.86**

Source: Finance Account

Non-tax Revenue decreased by 17.86 *per cent* during the current year over the previous year mainly as a result of decrease in 'Contribution and Recoveries Towards Pension and Other Benefits' and 'Interest Receipts'.

The Public Works Department stated (October 2014) that the decrease in revenue realisation in 2013-14 in comparison to 2012-13 was due to stoppage of Toll Tax recovery on two bridges of the Department after 2012-13.

The other Departments, despite being requested (September 2014), did not intimate the reasons for variation in receipts from that of the previous year (December 2014).

2.1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 against some principal heads of revenue amounted to ₹ 4,470.44 crore of which ₹ 589.98 crore was outstanding for more than five years, as detailed in the **Table 2.1.4**.

Table 2.1.4

Arrears of revenue ***(₹ in crore)***

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2014	Amount outstanding for more than 5 years as on 31 March 2014	Replies of Department
1.	Taxes/VAT on Sales, Trade *etc.*	4,026.94	579.25	Recovery of ₹ 178.96 crore (1,501 cases) is subjudice. Recovery certificates have been issued for remaining ₹ 3,847.98 crore in the cases wherever required.
2.	Taxes and Duties on Electricity	421.78	-	Department stated that it is in regular correspondence with the Uttarakhand Power Corporation Ltd.
3.	Co-operation	9.51	8.67	Demand for recovery has been processed through District Level Officer.
4.	Stamp Duty and Registration Fees	6.29	0.52	Recovery of ₹ 5.42 crore is subjudice and for rest of the cases, demand for recovery had been processed.
5.	Taxes on Vehicles	4.87	0.94	Ten cases (₹ 0.11 crore) were subjudice and for rest of the cases, demand for recovery is being processed through District Magistrate.
6.	State Excise	0.60	0.60	Two cases amounting to ₹ 0.25 crore is pending in the court of law. In other cases , action is being taken to recover the amount (₹ 0.36 crore).
7.	Taxes on purchase of Sugarcane	0.36	-	Taxes on purchase of Sugar cane are being regularly deposited on issue of sugar bags from sugar mills.
8.	Entertainment Tax	0.09	0.004	The cases amounting to ₹ 0.05 crore are pending in the court of law. In rest of the cases, recovery certificates have been issued.
Total		**4,470.44**	**589.98**	

Source: Concerned Departments

2.1.5 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and the number of cases pending for finalisation at the end of the year as furnished by the Commercial Tax Department in respect of sales tax are given below in **Table 2.1.5**.

Table 2.1.5

Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2013-14	Total assessments due	Cases disposed of during 2013-14	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	**2**	**3**	**4**	**5**	**6**	**7**
Taxes/VAT on sales, Trade etc.	1,26,848	1,23,224	2,50,072	1,41,455	1,08,617	56.57%

Source: Information provided by the Commercial Tax Department

The Department should make more efforts for early disposal of the assessment cases.

2.1.6 Evasion of tax detected by the department

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and the demands for additional tax raised in 2013-14 as reported by the Department are given in **Table 2.1.6**.

Table 2.1.6

Evasion of Tax *(₹ in crore)*

Head of revenue	Cases pending as on 31 March 2013	Cases detected during 2013-14	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalization as on 31 March 2014
				Number of cases	Amount of demand	
Taxes/VAT on sales, Trade etc.	215	1,119	1,334	1,118	228.80	216

The amount of recovery made against the demand raised was not intimated by the Department (October, 2014)

2.1.7 Refund cases

The number of refund cases pending at the beginning of the year 2013-14, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2013-14 as reported by the Commercial Tax Department are given in **Table 2.1.7**.

Table 2.1.7

Details of refund cases *(₹ in lakh)*

Sr. No.	Particulars	Sales tax / VAT	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,255	1,079.15
2.	Claims received during the year	6,147	7,661.50
3.	Refunds made during the year	6,667	6,729.12
4.	Balance outstanding at the end of year	735	2,011.53

Source: Concerned State Department.

2.1.8 Response of the Departments / Government towards audit

The Accountant General (Audit), Uttarakhand conducts periodical inspection of the Government Departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices / Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Accountant General within four weeks from the date of receipts of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

Inspection Reports issued upto June 2014 disclosed that 1,944 paragraphs involving ₹ 173.54 crore relating to 891 IRs remained outstanding at the end of June 2014 as mentioned below alongwith the corresponding figures for the preceding two years in **Table 2.1.8**.

Table 2.1.8

Details of pending Inspection Reports

	June 2012*	June 2013	June 2014
Number of IRs pending for settlement	851	919	891
Number of outstanding audit observations	1,797	1,936	1,944
Amount of revenue involved (₹ in crore)	151.30	178.58	173.54

*Outstanding IRs, Paras and amount related to Electricity Duty, Land Revenue, Departmental Receipt and Court Fees have been transferred to other sectors, hence excluded in June 2012 figures.

2.1.8.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the **Table 2.1.9**.

Table 2.1.9

Department wise details of IRs *(₹ in crore)*

Sl. No	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Numbers of outstanding audit observations	Money value involved
1.	Finance	Taxes on Sales, Trade etc. and luxury tax etc.	417	1,085	97.59
		Entertainment	8	14	0.14
2.	Excise	State Excise	71	120	29.60
3.	Transport	Taxes on motor vehicles	108	287	35.10
4.	Stamp and Registration	Stamp and registration fees	287	438	11.11
Total			**891**	**1,944**	**173.54**

Audit did not receive even the first replies from the heads of offices within the stipulated time, for 52 IRs issued during June 2013 to June 2014. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Accountant General in the IRs.

The Government may consider putting in place an effective system for prompt and appropriate response to audit observations.

2.1.8.2 Departmental audit committee meetings

The Government set up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2013-14 and the paragraphs settled are mentioned in **Table 2.1.10.**

Table 2.1.10

Details of Departmental audit committee meetings *(₹ in crore)*

Sl. No.	Head of revenue	Number of meetings held	Number of paras settled	Amount
1.	Entertainment Tax Department	2	51	10.77
2.	State Excise Department	1	13	2.91
Total		**3**	**64**	**13.68**

2.1.8.3 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General to the Principal Secretaries / Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments / Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Two[2] Performance Audits and four[3] draft paragraphs were sent to the Principal Secretaries / Secretaries of the respective Departments by name between March 2014 and September 2014. The exit conference were conducted for the Performance Audits with the Principal Secretaries / Secretaries of the Departments concerned and reply of the Government have been incorporated in suitable places of the Performance Audits. In case of the Draft Paragraphs, the matters were reported to the Government, reply was awaited (December 2014) and the same have been included in this Report without the response of the Government. However, the Response from auditee units concerned has been received in these Draft Paragraphs and the same have been included in the paras suitably.

2.1.8.4 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. Inspite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. Twenty paragraphs (including performance audit) included in the Audit Reports for the years 2008-09 to 2011-12 were placed before the State Legislature Assembly between 2009 and 2013. The action taken explanatory notes from the concerned Departments on these paragraphs were received late with average delay of 25 months in respect of each of these Audit Reports. Action taken explanatory notes in respect of 7 paragraphs from four[4] departments had not been received for the Audit Report year ended 31 March 2012 so far (October 2014). The Audit Report for the year 2012-13 was placed before the legislative assembly on 27 November 2014 and action taken explanatory notes is not due yet (December 2014).

The PAC discussed six selected paragraphs pertaining to the Audit Reports for the years from 2008 to 2012. However, ATNs have not been received in respect of one recommendation of the PAC from the Department concerned as mentioned in **Table2.1.11**.

Table 2.1.11

Year	Name of the Department	Para Details	Total	Remarks
2010-11	Motor Vehicle Department	5.2 Performance Audit on "Computerisation in the Motor Vehicle Department. (5.2.30 Non-levy of additional tax on Industrial Buses)	1	Settled on 24.02.2014, but ATN has not been received in respect of one recommendation of PAC.

2 "Levy and Collection of Taxes on Motor Vehicle Tax"(Exit Conference-12 November 2014) and Receipt of Minor Minerals (Exit Conference-20 November 2014).

3 03 Commercial Tax Department and 01 Stamp and Registration Department.

4 Commercial Tax Department, Motor Vehicle Department, Stamp & Registration Department and State Excise Department.

2.1.9 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports / Audit Reports by the Departments / Government, the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last five years for Commercial Tax Department is evaluated and included in this Audit Report.

The succeeding paragraphs 2.1.9.1 discuss the performance of the Commercial Tax Department under revenue head "0040" and cases detected in the course of local audit during the last five years and also the cases included in the Audit Reports for the years 2009-10 to 2013-14.

2.1.9.1 Position of Inspection Reports

The summarised position of the Inspection Reports relating to Commercial Tax Department issued during the last five years, paragraphs included in these reports and their status as on 31 March 2014 are tabulated below in **Table 2.1.12**.

Table 2.1.12
Position of Inspection Reports ***(₹in crore)***

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Para graphs	Money value	IRs	Para Graphs	Money value	IRs	Para graphs	Money value	IRs	Para graphs	Money value
1.	2009-10	274	694	38.61	44	105	12.04	6	48	0.64	312	751	50.01
2.	2010-11	312	751	50.01	54	158	89.37	6	32	0.70	360	877	138.68
3.	2011-12	360	877	138.68	54	192	8.56	12	46	65.94	402	1,023	81.30
4.	2012-13	402	1,023	81.30	37	151	23.79	27	78	11.20	412	1,096	93.89
5.	2013-14	412	1,096	93.89	35	140	21.26	36	156	10.38	411	1,080	104.77

The Government arranges ad-hoc Committee meetings between the Department and Accountant General's office to settle the old paragraphs. As against 274 IRs with 694 outstanding paragraphs at beginning of 2009-10, the number of outstanding IRs rose to 411 with 1,080 paragraphs at the end of 2013-14, whereas only 360 paragraphs were cleared during the period 2009-14.

2.1.10 Action taken on the recommendations accepted by the Departments/ Government

The Performance Audits conducted by the Accountant General are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These are also discussed in an exit conference and the Department's/ Government's views are included while finalising the reviews for the Audit Reports.

Four Performance Audits (PA) on Commercial Tax Department and one PA on Transport Department featured in the last four years Audit Reports. Total 39 recommendations had been made to the Government for consideration in the PAs. The details of ATN on the recommendations are given in **Table 2.1.13.**

Table 2.1.13

Year of Audit Report	Name of PA	Number of Recommendation	Status
2008-09	Taxation on Transactions in the course of Inter-State Trade or commerce under Central Sales Tax Act, 1956	05	ATN received on 19.09.2013. Pending for discussion
2009-10	Transition from Sales Tax to VAT	08	ATN received on 07.08.2014. Pending for discussion
2010-11	Computerization in the MVT	11	Settled on 24.02.2014
	Cross Verification of Declaration Forms in Inter State Trade and Commerce	8	ATN not received
2011-12	Administration of VAT	7	ATN not received

2.1.11 Audit Planning

During the year 2013-14, there were 242 auditable units, of which 87 units were planned and 80 units were audited.

Besides, the Compliance Audit mentioned above, two Performance Audits on “Levy and Collection of Taxes on Motor Vehicle Tax” and “Receipt of Minor Minerals” were also taken up to examine the efficacy of the tax administration of these receipts.

2.1.12 Results of audit

Position of local audit conducted during the year

Test-check of the records of 80 units of five[5] Departments conducted during the year 2013-14 showed under assessment / short levy / loss of revenue aggregating ₹ 25.28 crore in 192 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 0.37 crore involved in 30 cases which were pointed out in audit during 2013-14. The Departments collected ₹ 0.37 crore in 73 cases during 2013-14, out of this, ₹ 0.08 crore in five cases pertaining to the audit findings of current year and the rest are for previous years.

2.1.13 Coverage of the Revenue chapter

The Revenue chapter contains six paragraphs including two Performance Audit on ***“Levy and Collection of Taxes on Motor Vehicle Tax”*** *and* ***“Receipts of Minor Minerals”*** involving financial effect of ₹ 52.75 crore. The Departments/Government have accepted audit observations amounting to ₹ 19.29 crore in five cases, out of which ₹ 0.60 lakh in one case has been recovered. The replies in remaining cases have not been received. These are discussed in Chapter II.

[5] Commercial Tax, State Excise, Motor Vehicles, Stamp & Registration and Entertainment Tax Departments.

COMPLIANCE AUDIT

COMMERCIAL TAX DEPARTMENT

2.2 Irregular tax rebate on false declaration forms

Three false Form-C were accepted by a dealer for inter-State sales on concessional rate of tax which resulted in short levy of tax ₹ 29.01 lakh along with liability of penalty (₹ one crore) and interest accrued thereon.

Provisions of the Section-8 (4) of CST Act, 1956 provide that the inter-State sales to registered dealers are taxable at concessional rate when such sales are supported by declaration in Form-C. Further, if a dealer issues or furnishes a false certificate or declaration, he shall be liable to a penalty of a sum exceeding forty *per cent* of the value of the goods involved or three times of the tax leviable on such goods, whichever is higher, under Section-58 (1) (xxix) of the Uttarakhand VAT Act, 2005. Further, Section-34(4) of the Uttarakhand VAT Act, 2005 also provides that tax admittedly payable shall be deposited within the time prescribed, failing which, simple interest at the rate of 15 *per cent* per annum shall become due and be payable on the unpaid amount with effect from the date immediately following the last date prescribed till the date of payment of such amount.

Audit scrutiny of records (November 2012) of the Deputy Commissioner (Assessment)-I, Commercial Tax, Rudrapur and cross verification of some of the Form-C (from the issuing authority of respective State)[6] used for inter-State trade on concessional rate of tax disclosed that three[7] statutory Form-C amounting to ₹ 2.52 crore were not issued to the dealer by the Trade Tax Department of the State mentioned in the forms. However, the selling dealer of Uttarakhand had availed (December 2011) tax concession[8] amounting to ₹ 29.01 lakh on these forms.

Thus, the use of false certificate not only resulted in short deposit of tax of ₹ 29.01 lakh but it makes the dealer liable to pay penalty of ₹ one crore along with accrued interest on the unpaid amount of tax till the date of payment of such amount as per above mentioned provisions of the Uttarakhand VAT Act, 2005.

The matter was referred to the Department/Government (July-August 2013). The Department while accepting the facts reassessed (November /December 2013) the dealer and created a demand of ₹ 129.92 lakh including penalty of ₹ 100.91 lakh. The reply of the Government is still awaited (December 2014).

2.3 Short levy of tax due to incorrect application of rate of VAT

Incorrect application of rate of tax by the Assessing Authority resulted in short levy of tax of ₹ 16.32 lakh.

Section-4 (2) (b) of the Uttarakhand Value Added Tax (VAT) Act, 2005 provides that goods mentioned in Schedule-II(A) are taxable at the rate of one *per cent*, goods mentioned in

[6] Office of the Value Added Tax Officer (Ward-73), Department of Trade and Taxes, New Delhi.
[7] No.-14P 834222 (₹ 80,07,248), No.-14P 393863 (₹ 1,12,10,942) and No.-14P 393869 (₹ 60,08,818).
[8] At the rate of 11.5 *per cent* out of total 12.5 *per cent* payable rate of VAT.

Schedule-II(B) are taxable at the rate of four *per cent*, goods mentioned in Schedule-II(C) are taxable at the specified rates therein, and goods not mentioned in any of the schedules *i.e.* unclassified items of sale would be taxable at 12.5 *per cent*. Further, Section-4(5) (a) provides that every dealer shall pay a tax on the net turnover, determined in the prescribed manner, in respect of transfer of the right to use any goods for any purpose (whether or not for a specified period) at the rate of four *per cent*.

Audit scrutiny of records (April 2013) of the Deputy Commissioner (A)-V, Dehradun showed that the Assessing Authority, while finalising the assessment (July 2012) of a dealer[9] for the year 2008-09 had levied tax at the rate of four *per cent* on sale of putty amounting to ₹ 1.92 crore as applicable to the classified goods of Schedule-II(B) whereas tax on sale of putty was required to be levied at the rate of 12.5 *per cent* being an unclassified item of sale. Thus, application of incorrect rate of tax in respect of sale of putty resulted in short levy of tax of ₹ 16.32 lakh at differential rate of 8.5 *per cent*.

The matter was referred to the Department/Government (May 2013/July 2013). The Department while accepting the audit observation re-assessed (March 2014) the case and created an additional demand of ₹ 16.32 lakh. The reply of Government is still awaited (December 2014).

2.4 Utilisation of unauthorised declaration form

Utilisation of unauthorised declaration of Form XI for the transaction prior to the effective date of recognition certificate resulted in loss of revenue of ₹ 8.62 lakh and penalty of ₹ 55.68 lakh.

Rule 23(1) of Uttarakhand Value Added Tax Rule, 2005 provides that where a dealer holding a recognition certificate purchases any goods referred to in clause (a) of sub-section (7) of section 4 for use as Capital goods and raw material for the purpose of manufacture of any goods, he shall, if he wishes to avail of the concession referred to therein, furnish to the selling dealer a declaration in Form XI (hereinafter called a "Declaration Form").

Further, Section 58 (1) (xxix) of Uttarakhand, VAT Act 2005 provides that any dealer issues or furnishes a false or a wrong form of declaration or certificate by reason of which a tax on sale or purchase ceases to be leviable under this Act, such dealer shall pay, by way of penalty of a sum not exceeding forty *per cent* of value of goods involved or three times of tax leviable on such goods under provisions of this Act, whichever is higher. Section 63 of this Act provides that notwithstanding anything to the contrary contained elsewhere in this Act, and without prejudice to Section 58, a person who issues a false or wrong certificate or declaration prescribed under any provision of this Act or the Rules framed there under, to another person by reason of which a tax leviable under this Act on the transaction of purchase or sale made to or by such other person ceases to be leviable or becomes leviable at a concessional rate, shall be liable to pay on such transaction an amount which would have been payable as tax on such transaction had such certificate or declaration not been issued.

[9] M/s Kansai Nerolac Paints Ltd. Dehradun.

Scrutiny of records of the Dy. Commissioner Vikasnagar showed (November, 2013) that recognition certificate (VN 00971) of the purchaser[10] was effective from 26 December 2009. The tax assessment for the year 2008-09 showed that the purchaser had purchased goods[11] worth ₹ 1,42,00,033 (amount of purchased goods without tax worth ₹ 1,39,18,971) against the concessional Form XI from a seller[12]. The seller availed the concessions in tax prior to the effective date of the recognition certificate. On cross verification with the documents of the seller, it was also observed that the purchaser had issued 33 Form XI to the seller for the purchase of goods. Thus, the purchaser furnished unauthorised declaration Form XI to the seller and the seller availed the concessional rate of tax on goods. The concessional rates of VAT allowed was irregular resulting in loss of revenue of ₹ 8.62 lakh and penalty of ₹ 55.68.lakh[13].

On this being pointed out, the Department stated (November, 2013) that in the explanation to Section 63, it has been enumerated that if it is found that a person has issued a false or wrong certificate then he should be liable to pay the same amount as admissible without the form and it has also been explained that where a person issuing a certificate or declaration discloses therein his intention to use goods purchased by him for such purpose as will make the tax not leviable or leviable at a concessional rate but uses the same for a purpose other than such purpose, the certificate or declaration shall, for the purpose of this section, be deemed to be wrong and no amount is payable. Under section 58 (1) XXIX, as far as imposition of penalty is concerned, suitable action would be taken and communicated to the audit.

The reply of the Department regarding Section 63 of Uttarakhand VAT Act is not acceptable as the dealer was not holding the recognition certificate during the transaction period and accordingly the tax was leviable at full rate. The purchaser is not only liable to pay the tax of ₹ 8.62 lakh but also a penalty of ₹ 55.68 lakh as per the provisions given in Sections 63 and 58 of the Act.

The matter was reported to Government (February, 2014). The reply was awaited (December 2014).

STAMP AND REGISTRATION DEPARTMENT

2.5 Short levy of Stamp duty and Registration fee

Valuation of property was not done in accordance with the provision of Indian Stamp Act and as per applicable circle rates of the area which resulted in short levy of stamp duty amounting to ₹ 2.93 lakh and registration fee of ₹ 0.60 lakh.

Provision of Section-5[14] of the Indian Stamp Act, 1899 stipulates that any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of duties with which separate instruments, each comprising or relating to one of such matters, would be chargeable under this Act. Further, the instructions contained in the rate list/circle rates issued

10 Copernicus India, A-4, Industrial Area Selaqui, Dehradun.
11 Brazing Rod, Service Valve and Raw material.
12 E-Appliances A-4 Industrial Area Selaqui, Dehradun.
13 Penalty @40 *per cent* on Amount of Purchased goods without tax= ₹ 1,39,18,971x40/100=₹ 55.68 lakh.
14 Read with notes / example (IX) given below the rule.

by the District Collector, Udham Singh Nagar (effective from 1st April, 2012) provide that the sale of agriculture land above 50 Square-metre (sqm.) but less than 1,000 sqm. would be treated as sale of residential land and specified per sqm. rate of residential property of the area concerned shall be applied for valuation of the property.

Scrutiny of records of the Sub-Registrar, Sitarganj showed (June 2013) that 9.484 hectares of agricultural land was sold by several joint and distinct owners of the property through four instruments executed (April 2012) for total registration fee of ₹40,000 @ ₹10,000 each.

Audit scrutiny (June 2013) showed that the applicable[15] stamp duty and registration fee on these instruments were charged as transfer of joint agricultural lands measuring above 1,000 sqm. whereas each registered instrument also contains the sale of some individual properties measuring area[16] below 1,000 sqm. (together with some part of the sale as joint properties) and the stamp duty and registration fee should have to be charged at residential rates instead of rates applicable for agricultural land. This resulted in short levy of stamp duty and registration fee amounting to ₹ 2.93 lakh and ₹ 0.60 lakh respectively.

On this being pointed out, the Sub-Registrar, Sitarganj while accepting the facts replied (April 2014) that the short registration fees ₹ 0.60 lakh has been deposited (September 2013) by the concerned parties and the matter of stamp duty has also been referred (August 2013) to the District Collector for recovery.

The matter was referred to the Government (March 2014); reply is awaited (December 2014).

TRANSPORT DEPARTMENT

2.6 Performance Audit on Levy and Collection of Motor Vehicle Taxes

Highlights:

- ***State Urban Transport Fund was not established even after recovery of ₹4.09 crore from vehicle owners as green cess during the year 2013-14.***

  [Paragraph 2.6.7.1(ii)]
- ***Trade tax worth ₹43.88 lakh and penalty to the tune of ₹16.27 lakh was not realised in case of 1,14,225 vehicles sold by 136 dealers during the years 2012, 2013 and 2014.***

  [Paragraph 2.6.7.2(i)]
- ***Non-renewal of permits in 379 cases resulted in non-realisation of renewal fees to the tune of₹13.96 lakh.***

  [Paragraph 2.6.7.3(ii)]
- ***Penalty of ₹1.13 crore was not levied against concessionaire for delays in providing High Security Registration Plates.***

  [Paragraph 2.6.8.1]

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15 Circle rate for the agricultural land of the area was ₹ 21 lakh per hectare whereas the rates for residential land was ₹ 2,000 per sqm.

16 Deed no. 1851/2012 (Khata no. 80, Khasra no.556): **Area = 695 sqm**.
Deed no. 1852/2012 (Khata no. 80, Khasra no. 556): **Area = 695 sqm**.
Deed no. 1855/2012 (Khata no. 21, Khasra no. 252/2M): **Area = 950 sqm**.
Deed no. 1858/2012 (Khata no. 21, Khasra no. 252/2M): **Area = 950 sqm**.

2.6.1 Introduction

Transport Department regulates vehicles plying in the State and is responsible for registration of new vehicles, grant of permits to transport vehicles, issue of certificates of fitness, facilitating transfer of ownership of vehicles, issuing driving and conductors' licences etc. These services are offered through National Informatics Centre (NIC) designed software *viz.* VAHAN for registration of vehicles and SARATHI for licences of drivers and conductors. The Department levy's and collect's taxes and fees for facilitating these services.

2.6.2 Organisational set-up

The Department is headed by a Principal Secretary at Government level who also acts as Transport Commissioner. He is assisted by one Additional Transport Commissioner, three Deputy Transport Commissioners and one Assistant Transport Commissioner at headquarters. Four Regional Transport Officers (RTOs), two in each Garhwal and Kumaon divisions, are responsible for routine administrative functioning of the Department with the help of 12 Assistant Regional Transport Officers (ARTOs). Besides, there are 14 check posts headed by Transport Tax Officers.

2.6.3 Audit objectives

The objectives of the performance audit were to assess whether:

- budget estimates were realistic;
- taxes, additional taxes, fees, etc. were levied and collected as per provisions of the acts and rules made thereunder;
- scheme for affixing High Security Registration Plates on all vehicles had been implemented successfully; and
- internal controls in the Department were effective.

2.6.4 Scope and methodology of Audit

The performance audit was conducted during April 2014 to August 2014 through test-check of the records of office of the Transport Commissioner, all the four[17] RTOs, six[18] out of 12 ARTOs and five[19] out of 14 check posts for the period from 2009-10 to 2013-14. Offices of ARTOs and check posts have been selected for audit using probability proportional to size with replacement (PPSWR) method.

The audit objectives, scope and methodology were discussed in an entry conference held on 09 April 2014 with Additional Transport Commissioner and other officers of the Department. Draft Report was sent (September 2014) to the Government for their reply/response. Input obtained from these officers was taken into consideration while auditing records of field offices. An exit conference was also held on 12 November 2014 with the Deputy Secretary[20], Department of Transport, Government of Uttarakhand to discuss the audit findings. The response of the Department has been incorporated at appropriate places.

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[17] RTOs: Dehradun, Pauri, Haldwani and Almora.

[18] ARTOs: Rudraprayag, Haridwar, Kotdwar, Tanakpur, Udham Singh Nagar and Rishikesh.

[19] Check Posts: Narsan, Bhagwanpur, Chidiyapur, Asharodi and Rudrapur.

[20] Countersigned by the Additional Secretary, Transport Department.

2.6.5 Audit Criteria

Audit criteria for the performance audit had been derived from the following sources:

- Central Motor Vehicle (CMV) Act, 1988;
- Central Motor Vehicle (CMV) Rules, 1989;
- Uttarakhand Motor Vehicle Taxation Reforms (UMVTR) Act, 2003;
- Uttarakhand Motor Vehicle Taxation Reforms (UMVTR) Rules, 2003; and
- Departmental notifications, orders, circulars etc.

Audit findings

2.6.6 Trends of Revenue

Position of revenue collected by the Department during last five years is depicted in **Table 2.6.1.**

Table 2.6.1 ***(₹ in crore)***

Year	Budget Estimates	Actual Receipts	Percentage of Variation
2009-10	203.00	182.16	(-) 10.27
2010-11	225.30	223.26	(-) 0.90
2011-12	249.53	329.63	(+) 32.10
2012-13	275.00	298.17	(+) 8.42
2013-14	320.00	362.93	(+) 13.42

Sources : Finance Accounts of the Government

It may be seen from the table that Actual Receipts (ARs) of the Department have witnessed an increasing trend during 2009-10 to 2013-14, excluding 2012-13 when it fell 9.54 *per cent* from AR of the previous year. This fall can be attributed to the fact that AR of 2011-12 unexpectedly increased due to deposit of ₹ 80.11 crore by Uttarakhand Transport Corporation as arrears of additional tax. Further, rationalisation of tax structure in November 2012 resulted in significant increase in actual receipts of the Department over the budget estimates.

2.6.7 Levy and Collection of Motor Vehicles Taxes

The assessment and levy of taxes, additional taxes, fees and imposition of penalty on motor vehicles, plying in Uttarakhand, is regulated by the provisions of the Uttarakhand Motor Vehicle Taxation Reforms (UMVTR) Act, 2003 and Uttarakhand Motor Vehicle Taxation Reforms (UMVTR) Rules, 2003. RTOs, ARTOs or Passenger Tax Officers act as taxation officer within the local limits of their respective region or sub-region, as the case may be. Following deficiencies were noticed in levy and collection of taxes and fees during audit.

2.6.7.1 Levy of taxes

(i) Non-levy of penalty on delayed registrations

Rule 47(1) of the CMV Rules, 1989 stipulates that application for Registration of motor vehicle shall be submitted to the Registering Authority within seven days from the date of taking delivery of the vehicle failing which, the owner shall be liable to be charged a penalty of five *per cent* per month of due tax as per Rule 24 (1) of UMVTR Rules, 2003.

Test-check of the records of two RTOs[21] and four ARTOs[22] showed that the Department failed to levy the penalty amounting to ₹ 0.52 lakh in 12 cases during 2012-13 to 2013-14. Further in nine cases, the penalty amounting to ₹ 1.17 lakh was short levied due to calculating onetime tax for registration at ex-showroom price minus discounts instead of actual ex-showroom price.

During exit conference (November 2014), the Department stated that penalty would be realized.

(ii) Non-levy of Green Cess and non-establishment of State Urban Transport Fund

With a view to garner funds for the purpose of pollution control and improvements in urban transport sector, the State Government notified (November 2012) collection of green cess under Section 4(5) of UMVTR Act, 2003. The cess was to be collected at the time of registration of vehicles and thereafter, the cess collected was to be credited to State Urban Transport Fund, which was to be established under sub-section 8 A of the Act ibid.

Test-check of the records of three RTOs and five ARTOs showed that 260 vehicles were due for re-registration during the period 2013-14 and no notices were issued by the department in this regard which resulted in non-levy of green cess amounting to ₹ 1.31 lakh.

It was further noticed that a total of ₹ 4.09 crore had been collected in the name of green cess in the State by March 2014 but neither State Urban Transport Fund was established nor any amount was used for the specified purposes. Thus, the purpose of collecting green cess was not fulfilled.

During exit conference (November 2014), the Department stated that notices would be issued for realisation of green cess and assured that necessary action was being taken for establishment of State Urban Transport Fund.

(iii) Short levy of one-time tax

Section 4(1) of UMVTR Act, 2003 (as amended on 8 Nov 2012) stipulates that no motor vehicle shall be used in any public place in Uttarakhand unless a one-time tax has been paid at the rates prescribed by the Government. The Government has clarified (April 2013) that one time tax is leviable at ex-showroom price before discount.

Test-check of the records of three RTOs[23] and all the six selected ARTOs showed that one-time tax was levied at discounted price in 56 cases against the ex-showroom price during 2012-13 to 2013-14. This resulted in short-levy of one-time tax of ₹ 0.84 lakh[24].

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[21] RTO Haldwani: 2 cases for non-levy of ₹ 26,052 and Dehradun: 2 cases for short levy of ₹ 57,146.

[22] ARTO Haridwar: 5 cases for non-levy of ₹ 23,328 and 1 case for short-levy of ₹ 1,420, Kotdwar: one case for non-levy of ₹ 1,012, Rishikesh: six cases for short-levy of ₹ 58,815 and Tanakpur: four cases of non-levy of ₹ 1,876.

[23] Pauri, Almora and Haldwani.

[24] RTO Pauri: ₹ 25,506 against 9 cases, RTO Haldwani: ₹ 581 against 2 cases, RTO Almora: ₹ 10,357 against 11 cases, ARTO Kotdwar: ₹ 12,172 against 14 cases, ARTO Tanakpur: ₹ 8,174 against 8 cases, ARTO Rudrapur: ₹ 10,561 against 6 cases, ARTO Haridwar: ₹ 3,073 against 1 case, ARTO Rudraprayag: ₹ 3,240 against 4 cases, ARTO Rishikesh: ₹ 10,524 against 1 case.

During exit conference (November 2014), the Department accepted audit observation and assured that balance tax would be recovered.

(iv) Short levy of taxes due to application of incorrect rates

Tax rates for motor vehicles were revised in Uttarakhand with effect from 29 November 2012. However, test-check of records of all the selected RTOs and ARTOs, excluding ARTO Rudraprayag, showed that tax was short-levied to the tune of ₹ 3.57 lakh[25] on 38 vehicles owing to application of old rates, incorrect application of rates and inadmissible rebate on revised rates of tax.

During exit conference (November 2014), the Department stated that remaining tax would be realised.

2.6.7.2 Collection of taxes

(i) Non-realisation of trade tax

Section 4(4) of UMVTR Act 2003 provides that a trade tax at such rate as may be specified by the State Government by notification in Gazette shall be levied on motor vehicles kept in possession of a dealer for the purpose of sale. Accordingly, the Government has fixed the same as ₹ 50 on sale of each two-wheeler and light motor vehicle and ₹ 100 on sale of each medium and heavy motor vehicle. Further, penalty @ 5 *per cent* per month of tax due shall be leviable as per provisions of Rule 24 of UMVTR Rule 2003, as amended with effect from 29 November 2012.

Test-check of the records of three[26] RTOs and four[27] ARTOs showed that the Department had failed to realise ₹ 43.88 lakh as trade tax in case of 1,14,225 vehicles sold by 136 dealers during the calendar years 2012-2014, besides penalty of ₹ 16.27 lakh was also leviable.

During exit conference (November 2014), the Department stated that Trade Tax would be realised.

(ii) Non-realisation of tax from transport vehicles

Section 4(2) of UMVTR Act 2003, as amended with effect from 8 November 2012, stipulates tax for every transport vehicle plying in Uttarakhand at the rate specified by the Government. Failure to pay specified taxes within stipulated period shall attract maximum penalty of 25 *per cent* (hundred *per cent* from 8 November 2012) of the due amount under Section 9(3) of the act ibid.

Test-check of the records of all the four RTOs and five[28] out of six selected ARTOs showed that tax and additional tax of ₹ 80.12 lakh for the period October 2007 to April 2014 due in case of

25 RTO Dehradun: ₹ 1,37,627 against 12 cases, RTO Pauri: ₹ 47,348 against 4 cases, RTO Haldwani: ₹ 597 against 1 case, RTO Almora: ₹ 16,207 against 2 cases, ARTO Kotdwar: ₹ 32,275 against 4 cases, ARTO Tanakpur: ₹ 7,821 against 1 case, ARTO Rudrapur: ₹ 893 against 1 case, ARTO Haridwar: ₹ 38,809 against 3 cases, ARTO Rishikesh: ₹ 75,842 against 10 cases.

26 Pauri, Haldwani and Dehradun.

27 Rudraprayag, Kotdwar, Udham Singh Nagar and Rishikesh.

28 Rudraprayag, Haridwar, Tanakpur, Udham Singh Nagar and Rishikesh.

562 motor cabs/maxi cabs/goods vehicles was not paid. No efforts were found to have been made by the Department to realise these arrears.

During exit conference (November 2014), the Department stated that tax and penalty would be realised.

(iii) Non-realisation of tax due to irregular surrender of motor vehicles

Rule 22(4) of the UMVTR Rule 2003, as amended on 29 November 2012, stipulates that the taxation officer shall not accept the non-use of vehicle for more than three calendar months in a calendar year. However, upon the recommendations of taxation officer, the RTO concerned may allow the non-use of vehicles for more than three calendar months, if vehicle owner applies for the same along with prescribed fee, failing to which surrender shall deemed to have been withdrawn and the vehicle owner shall be liable to pay tax.

Test-check of records of four RTOs and six ARTOs during April 2014 to August 2014 showed that surrender of 170 vehicles was accepted between February 2011 and March 2013. Vehicle owners did not apply for extension of period of non-use of vehicles along with prescribed fees after expiry of their permissions of non-use. This made them liable for payment of taxes, as stipulated in the aforementioned Rule. The Department failed to initiate any action for realisation of tax of ₹ 37.64 lakh from these owners for the period of November 2011 to March 2014.

During exit conference (November 2014), the Department stated that matter would be looked into.

(iv) ***Non-realisation of tax due to vehicle owners being untraceable***

Rule 18 of the UMVTR Rules, 2003 stipulates that if tax due against vehicle owner is not deposited within time allowed, a recovery letter (RC) may be issued to him through District Magistrate (DM) for realization of the same.

Test-check[29] of the records of two RTOs and three ARTOs showed that 14 RCs involving tax amount of ₹ 2.54 lakh for the period 2009-10 to 2012-13 were sent to respective DMs but returned by them without realization of tax due with remarks that vehicle owners were not residing at the address mentioned in RCs, had no movable or immovable property, were not traceable; hence recovery was not possible.

Thus, failure to take prompt and timely action against the vehicle owners resulted in non-realization of tax amounting to ₹ 2.54 lakh.

On this being pointed out, the Department during exit conference (November 2014) stated that guidelines from the government would be obtained to write off the tax demand.

2.6.7.3 Realisation of fees

Under Section 200 of CMV Act, 1988 the officers authorised by State Government may compound penal action for certain offences punishable under the Act. Compounding fees for various offences have been fixed by the Government vide notification No. 153/IX/108/2009

[29] RTO Pauri and Almora and ARTO Haridwar, Tanakpur and Udham Singh Nagar.

dated 15 July 2009. No motor vehicle can be used as a transport vehicle unless a Regional or State Transport Authority grants a permit in this regard. Such permit, other than a temporary or special permit, shall be effective from the date of issuance or renewal thereof for a period of five years and can be got renewed after payment of prescribed fees.

Rule 33 of CMV Rules, 1989 provides that a motor vehicle in the possession of a dealer shall be exempt from the necessity of registration subject to the condition that the dealer obtains a trade certificate from the registering authority having jurisdiction in the area in which the dealer has his place of business. The trade certificate is valid for 12 months and can be renewed further. The dealer has to pay requisite fee of ₹ 50 in case of motor cycles and ₹ 200 in other cases, under Rule 81.

Rule 62 of CMV Rules 1989 stipulates that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness. A fitness certificate granted in respect of a newly registered transport vehicle is valid for two years and is required to be renewed every year on payment of the prescribed fee.

Audit noticed (between April 2014 and August 2014) that the department short realized compounding fee, renewal fee of permits, renewal fee of trade certificates, fitness fee amounting to ₹ 21.09 lakh as per details given in **Table 2.6.2:**

Table 2.6.2

S.No.	Name of RTO/ARTO	Period	Short realisation of fee	Nature of irregularities
1.	Four RTOs[30] and five ARTOs[31]	October 2012 to March 2014	₹1.24 lakh	Offences *viz.* overloading of passengers, lack of second driver on national permit vehicles and lack of driving license etc. in respect of 38 vehicles were compounded by collecting compounding fees of ₹ 0.59 lakh as against ₹ 1.83 lakh at prescribed rates.
2.	Transport Commissioner and three[32] RTOs	2009-2014	₹ 13.96 lakh	Permits of 379 vehicles expired during the years 2009 to 2014 were liable to pay fee for renewal of the same but department failed to realise renewal fee till date. Besides, penalty under CMV Act 1988 was also leviable against these vehicle owners.
3.	Two RTOs and four ARTOs	2009-2014	₹ 2.46 lakh	136 dealers did not get their trade certificates renewed. This resulted in non-levy of requisite fees from these dealers. Penalty was also leviable against these dealers.
4.	Two RTOs[33] and six ARTOs	2009-2014	₹ 3.43 lakh	Fitness certificates of 892 transport vehicles had got expired between April 2009 and March 2014. Vehicle owners were liable to pay fitness fee but the Department failed to realize the same. Besides, penalty was also leviable against these vehicle owners under CMV Act 1988.
	Total		**₹ 21.09 lakh**	

On these being pointed out, the Department during exit conference (November 2014) stated that compounding fee, fitness fee, renewal fee of permits and trade certificate renewal fee would be realized.

[30] RTO: Pauri, Haldwani, Almora and Dehradun.
[31] ARTO: Rudraprayag, Haridwar, Kotdwar, Tanakpur and Rishikesh.
[32] Dehradun, Haldwani and Almora.
[33] RTO Haldwani and Almora.

2.6.8 Implementation of High Security Registration Plate Scheme

The scheme for affixing High Security Registration Plates (HSRPs) on motor vehicles was implemented in the State in February 2012 with an objective to implement Rule 50 of the CMV Rules, 1989 regarding affixing of High Security Registration Plates and orders issued by Central Government to ensure uniformity in size, colour and specifications of the registration plates in all types of vehicles being registered/already registered. Link Utsav HSRP (Pvt.) Limited was selected through tendering process and an agreement was made (December 2011) with it for manufacturing, supply and affixing of HSRPs on 'Build, Own and Operate' basis. Following deficiencies were noticed in implementation of the scheme.

2.6.8.1 Delay in supply of HSRPs

Clause 4.6 of the HSRP agreement stipulates that in case the concessionaire does not supply the minimum number of plates as per clause 4.5.1(1) within seven days from the receipt of payment, the concessionaire shall be liable to pay penalty at the rate of ₹ 100 per day per plate subject to maximum 50 *per cent* of HSRP to be affixed during the month in which the default in supply of HSRP has occurred.

As per information provided by RTO, Almora and ARTO, Tanakpur and Rudrapur, a total of 2,961 HSRPs were affixed with a delay ranging from one day to 130 days in the period from 28 January 2014 to 6 June 2014. The concessionaire was liable to pay penalty of ₹ 1.13 crore for this delay but, the Department failed to levy the penalty against the concessionaire.

On this being pointed out during exit conference (November 2014), the Department stated that notice has been issued for realisation of penalty.

2.6.8.2 Non-setup of programme monitoring mechanism / expert committee.

Clause 5.3 of the HSRP agreement stipulates that the Transport Department, in consultation with the Government, shall set up a programme monitoring mechanism including an expert committee comprising of domain experts from Government and the Department to periodically monitor the project deliverables. If the committee finds the performance of the concessionaire as low or moderate, the Department would be directed to plan and implement corrective actions.

Audit found that the Department/Government had still not been able to set up such committee which could monitor the project deliverables periodically. At the same time, the concessionaire could not ensure quality of service as evident from instances of inordinate delay in manufacturing of HSRPs.

2.6.9 Internal control and monitoring

An inbuilt internal control mechanism and strict adherence to codes provides reasonable assurance to the Department about compliance of applicable rules, achieving reliability of financial reporting, effectiveness and efficiencies in its operations.

Various deficiencies mentioned *supra* indicate that the internal control and monitoring in the Department was not strong enough to ensure full realization of various taxes and fees levied and collected by the Department. Lack of inspections from Transport Commissioner's office and absence of internal audit wing further weakened the internal control system.

Conclusion

Various instances of non-levy and short levy of taxes, fees and penalties are indicative of deficient compliance of rules and inefficiency of operations of the Department. The Department was deprived of major portion of revenue due to non-realisation of trade tax from dealers of vehicles, tax from transport vehicle owners, and non-renewal of permits, trade certificates and fitness certificates by vehicle owners. State Urban Transport Fund was not established. There were delays in affixing HSRPs in motor vehicles.

Recommendations

The Government/Department may consider:

(i) Establishing a mechanism in the Department for detecting cases of non-levy and short levy of taxes, fees and penalties;

(ii) Setting up of State Urban Transport Fund on priority and closely monitoring the affixing of HSRPs; and

(iii) Strengthening internal control by setting up internal audit wing.

The above points were reported to the Government (September 2014), reply was awaited (December 2014).

GEOLOGY AND MINING DEPARTMENT

2.7 Performance Audit on Receipts of Minor Minerals

Highlights

- ***There was no control mechanism in the Department for receipt, issue and use of forms.***
  [Paragraph 2.7.8.1]
- ***Non-detection of short payment of royalty and incorrect application of rates resulted in short realization of revenue amounting to ₹6.38 crore in 14 cases.***
  [Paragraphs 2.7.9.1 & 2.7.9.2]
- ***Failure of the Department to identify the brick kilns, which had not obtained permit, resulted in loss of revenue amounting to ₹5.88 crore in 782 cases.***
  [Paragraph 2.7.9.3]
- ***Delayed / non-registration of lease deeds resulted in non-levy of Stamp Duty of ₹4.08 crore in 14 cases.***
  [Paragraph 2.7.10.1]

2.7.1 Introduction

Minerals are classified into two groups, namely (i) Major minerals and (ii) Minor minerals. Minor minerals have been defined under section 3 (e) of Mines and Minerals (Regulation and development) Act, 1957. The responsibility for the management of mineral resources is shared between the Central and the State Governments in terms of entry 54 of the Union list (List I) and entry 23 of the State list (List II) of the Seventh Schedule of the Constitution of India. Grant of mineral concession for major minerals are governed by the Rules and Regulations formulated by Central Government and Rules for grant of concession in respect of minor minerals are framed by the State Government as per powers delegated under Section 15 of the Mines and Minerals (Regulation and Development) Act, 1957.

The State Government framed the Uttarakhand Minor Minerals (Concession) Rules, 2001(UMMCR) and Uttarakhand Mineral policy, 2001 which governs mining of minor minerals in the State. This has been amended from time to time.

2.7.2 Management of mineral resources

Uttarakhand is endowed with varieties of major[34] and minor[35] minerals. There are three agencies in the State engaged in removal of minor minerals. Uttarakhand Van Vikas Nigam (UVVN) extracts minor minerals from forest land of whole State while Garhwal Mandal Vikas Nigam (GMVN) and Kumaun Mandal Vikas Nigam (KMVN) extract minor minerals from revenue (Government) land of Garhwal and Kumaun regions respectively. At the same time, private parties extract these minerals from privately owned land and also from such revenue land where the GMVN or KMVN have refused to work.

[34] Soap stone, magnisite, lime stone, dolomite and silica sand.
[35] Bolder, Bajri, Ordinary sand, Ordinary clay, River Bed Material (RBM) etc.

2.7.3 Organisational set-up

The Department of Geology and Mining is responsible for the levy and collection of mineral receipts of the State. The Additional Chief Secretary, Industrial Development Department and Director, Geology and Mining Department are the key officials responsible for administration and implementation of the Mining Act, Rules and Policies. The Director is assisted by a Joint Director at Headquarters and Deputy Directors and Mining officers in the field. The mining offices are located at each District under the direct control of the District Collector.

2.7.4 Audit Objectives

The Performance Audit was conducted to ascertain whether:

- Budget estimates were realistic;
- the provisions of various Acts, Rules and Policies made thereunder are adequate and are being enforced effectively;
- an effective system for computation, levy and realization of receipts; and
- an effective internal control mechanism existed.

2.7.5 Scope and methodology of audit

The Performance Audit was conducted during the period from April 2014 to August 2014 through test-check of the records of Headquarters of the Department, five[36] out of 13 District Mining Offices, GMVN, KMVN, seven Divisional Forest Offices (DFO) for the period from 2009-10 to 2013-14. The selection was made by 'Probability Proportional to Size with Replacement (PPSWR)' method on the basis of total revenue collection for each unit and random sampling method has been used for selection of the units. An entry conference was held (30 May 2014) with the Additional Secretary, Geology and Mining Department, Government of Uttarakhand, wherein the audit objectives, scope and methodology of audit was discussed. An exit conference was held with Additional Chief Secretary, Industrial Development Department (20 November 2014). The reply of the Government has not been received, however, the responses of the Government received during the Exit Conference have been incorporated in the relevant paragraphs of this report.

2.7.6 Audit Criteria

The audit criteria are derived from the following sources:

- The Mines and Minerals (Development and Regulation) Act, 1957
- The Mining Concession Rules, 1960.
- Uttarakhand Minor Minerals (Concession) Rules, 2001
- Uttarakhand Mineral Policy,2001,
- Uttarakhand Mineral (Prohibition of illegal mining, transportation and storage) Rules, 2005
- Stone Crusher , Screening Plant, Palvrisor Permit Policy, 2011; and
- Guidelines, amendments, Circulars, Orders issued from time to time by the State Government.

[36] Dehradun, Haridwar, Pauri, U.S.Nagar and Nainital (at Haldwani).

2.7.7 Financial Position

2.7.7.1 Revenue Contribution of Mining Sector

Receipts from mines and minerals mainly consist of royalty which is levied on the basis of the quantity of minerals removed. Other receipts include license fees, prospecting charges, demarcation and survey charges, penalties and interest for delayed/belated payments of dues *etc.*

The details of Budget estimates, revenue realised under the head of Account "0853 Non-ferrous Mining and Metallurgical Industries", for the years 2009-10 to 2013-14 are depicted in **Table 2.7.1**.

Table 2.7.1 ***(₹ in crore)***

Year	BEs	ARs	Variation in AR with BE	Percentage of variation	Variation in Revenue over previous year	Percentage of Revenue increase(+)/ decrease(-) over previous year
2009-10	90.00	74.08	(-) 15.92	(-) 17.69	12.35	(+) 20*
2010-11	99.01	93.62	(-) 5.39	(-) 5.44	19.54	(+) 26
2011-12	110.01	112.58	(+)2.57	(+)2.34	18.96	(+) 20
2012-13	131.00	109.85	(-) 21.15	(-) 16.15	(-) 2.73	(-) 2
2013-14	151.00	249.99	(+) 98.99	(+) 65.56	140.14	(+)128

Source: State Government Budget.

**** The revenue collection for 2008-09= ₹ 61.73 crore; BE: Budget Estimates; ARs: Actual Receipts.***

It is evident from the above table that:

- there was a shortfall between the budget estimates and actual receipts ranging from 5.44 *per cent* to 17.69 *per cent* except in the years 2011-12 and 2013-14 where the receipts exceeded the budget estimates;
- there was an increasing trend in revenue collection ranging from 20 *per cent* to 128 *per cent* for the period 2009-10 to 2013-14 except in 2012-13, where revenue collection decreased by 2.73 *per cent* over the previous year. The significant increase in the revenue for the year 2013-14 was due to revision of royalty rates, penalties imposed on illegal mining and increase in mineable area; and
- the percentage of receipts from mining sector with respect to non- tax revenue of the State showed an increasing trend for the year 2009-10, 2010-11 and 2013-14. However there is a considerable decline in the years 2011-12 and 2012-13. The reasons for variations were not provided by the Department.

No records were found to be maintained by the Headquarter of the Department/ Directorate relating to:

- the details of total revenue realised such as royalty, fee, penalty *etc.*;
- year wise break up / total quantity of minor minerals removed for the last five years; and
- total area leased out for the last five years.

In the absence of these records, audit could not analyse the total area/ total quantity removed *vis-à-vis* royalty realised.

During Exit Conference the Additional Chief Secretary (ACS) directed the Joint Director, Mining, that the records of year wise breakup, as pointed out by audit, of the revenue, quantity of the mineral removed and the total area leased out may be maintained from 1 April 2014.

2.7.8 System deficiencies

2.7.8.1 Printing, Issue and Use of Forms

The Department uses a variety of forms for its functioning. The forms, (Form MM 11[37] and Form J[38]) are printed by each District Mining Office from Government Press, Roorkee separately but the payment of cost of printing is made by the Headquarter office of the Geology and Mining Department. The District Mining Offices located at each District are responsible for receipt, issue and use of these forms. These forms are obtainable by the lessee on payment of a fee. There is no control of the Headquarters of the Geology and Mining Department on printing, issue and use of these forms in the absence of an effective Management Information System (MIS). During test-check of the records relating to forms in the sampled districts, audit noticed that:

- out of 250 booklets test-checked, in 15 booklets there were more than three copies having same serial number, in 20 booklets some serial numbers were missing and in 12 booklets some forms did not contain any serial number;
- the Department has not evolved a system of issue and control of Form 11 as in checking of allowable limit of quantity to be removed. Form 11 are issued by receiving a payment but without linking it to any of the available records of the lessee resulting in issuance of much higher number when compared to requirement which led to removal of excess quantity of minor minerals than the approved quantity as mentioned in ***paragraph 2.7.11.1***;
- in DMO, Haridwar, 37 lessees had not returned the unused Form 11 even after the expiry of their lease. The unit had not initiated any action for return of unused Form 11 by the lease holders;
- though the printing cost of forms was uniform for all the districts, but the amount of fee charged varies from one district to another ranging from ₹ 100 to ₹ 500 except in Nainital district; and
- transit passes (MM-11 and Form J) authorize the lease holder to transport minor minerals. They contain vital information regarding minor mineral, being transported. Their issue and use impact upon revenue realisation. Thus, maintenance of stock register by the DMOs enable in watching receipt, issue and use of these forms. Test-check of the records in the sampled DMOs showed the following discrepancies:

➢ in three[39] DMOs out of five test-checked DMOs, stock register was not maintained;

➢ in two DMOs *viz.* U.S Nagar and Haldwani, the stock register was maintained from the years 2012-13 and 2013-14 respectively ; and

➢ no physical verification of stock was conducted in any of the sampled DMOs. In the absence of stock register and physical verification, audit could not verify and ensure the correctness of receipts, issues and balances of transit passes. The chance as of loss/ misuse of forms could not be ruled out.

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[37] MM 11, also called as rawanna, is a transit pass that authorises to transport the minor mineral. The details *viz*; quantity of mineral, date and time, vehicle number, capacity of the vehicle etc are recorded in this form.

[38] Form J is a document used for transportation of minor mineral from stores.

[39] Pauri, Haridwar and Dehradun.

During Exit Conference, the ACS while agreeing with the audit observations stated that steps were being taken for online issuance of forms. Once this was in place, all the system deficiencies pointed out by audit would be resolved. Regarding return of unused Form 11 on expiry of the lease, the ACS directed the Dy. Director Mining concerned to recover these forms from the lessees. Further, ACS directed the Joint Director, Mining to note the observations of audit relating to control mechanism of forms and preparation of stock register for taking corrective measures. He also agreed that the fee should be charged at uniform rate in all the districts and the same would be ensured by 1st April 2015.

2.7.8.2 Check posts

Check posts are vital enforcement points where vehicles are checked for possession of valid permit and permissible load. Further, as per the provisions of the Uttarakhand Mineral Policy, 2011, in order to curb illegal mining and transportation of minor mineral, check posts with modern surveillance were to be established at the mining sites and other such sensitive areas. Audit observed that no check post had been established in the State so far.

During Exit Conference, the ACS stated that though the check posts had not been established, however, installation of electronic surveillance system at all the mining sites along with cameras at the exit points was under active consideration of the Department.

2.7.8.3 Non formation of Khanij Vikas Nidhi

As per the provisions of the Uttarakhand Mineral Policy, 2011 a fund for mineral development and research was to be established. A provision of ₹ one crore as seed capital was also to be made for the year 2012-13. Further, development fee, as determined, was also to be realised from the lease holders for development of the area affected by mining. Audit noticed that neither the provision of seed capital was made nor such fund was created till the date of audit. Further, development fee was neither determined nor realized from the lessees.

During Exit Conference, the Department stated that formation of Khanij Vikas Nidhi is under process.

2.7.8.4 Non registration of vehicles engaged in transportation of minor mineral

As per the provisions of the Uttarakhand Minor Mineral Policy, 2011, in order to curb illegal mining, vehicles engaged in the transportation of minor minerals are to be registered in the office of the Director, Geology and Mining after payment of such fee as may be determined.

Audit noticed that no vehicle, engaged in transportation of minor minerals, was registered which not only defeated the intended objective but also resulted in loss of revenue in the form of fee to be realized from registration of vehicles for the purpose.

During Exit Conference, the ACS while agreeing with the audit observation stated that Radio Frequency Identification system would be installed and all the vehicles engaged in transportation of minor minerals will be given codes.

2.7.8.5 Submission of returns

Rule 73 of UMMCR, 2001 stipulates that the holder of the lease shall submit quarterly return in form MM 12, failing which a penalty of ₹ 400 shall be imposed. Scrutiny of records relating to submission of returns in three[40] DMOs showed that the lessees had either not submitted the returns or had submitted the returns late. However, no action was initiated by the DMOs to ensure compliance or to levy penalty for omission. Further, audit noticed that no record relating to submission of returns was prescribed or maintained by the DMOs. In the absence of such returns, there was no mechanism available with the Department for monitoring periodical removal.

During Exit Conference, the Department stated that the audit observation had been noted and the ACS directed to take steps to watch the timely submission of returns.

2.7.9 Compliance deficiencies

2.7.9.1 Short realisation of Royalty

Rule 21 read with Rule 22 of the UMMCR, 2001 stipulates that the holder of a mining lease shall pay royalty/ dead rent, whichever is higher and not both, in respect of any minor minerals removed by him from the leased area as per the rates specified in Schedule I and II of the Act. As per notification[41] dated 5 October 2009, the rates of royalty in respect of RBM (in riverbed) was revised to ₹ 45 per cum and (outside riverbed) to ₹ 40 per cum. These rates were further revised to ₹ 90 per cum and ₹ 80 per cum as per Notification[42] dated 18 January 2013. The yearly rate of dead rent was also revised to ₹ 20,000 per acre and further to ₹ 40,000 per acre respectively under these notifications.

(i) Audit observed during scrutiny of the records of DMO, Haridwar, GMVN and KMVN (lease holders) for the period from 2009-10 to 2012-13, that the lessees removed a total quantity of 31.29 lakh cubic meter and 0.29 lakh cubic meter of minor minerals (RBM) respectively, for which royalty of ₹ 14.33 crore, was payable. However, audit noticed that the lessees had paid royalty of ₹ 12.81 crore only. Thus, failure of the Department in detecting lesser royalty paid by the lessees resulted in short realisation of revenue of ₹ 1.52 crore.

During Exit Conference, the ACS directed the Joint Director to examine the cases and take necessary action.

(ii) On removal of minor minerals from forest area, UVVN is to pay certain charges such as transit fee, road maintenance fee etc, at prescribed rates, to the Forest Department. The charges are calculated on the basis of statement of total quantity of minor mineral removed submitted to the DFO concerned.

During scrutiny of the records of two[43] DFOs, and cross verification with the information provided by UVVN relating to mineral removed and royalty paid, audit found that the quantity on which the transit fee was collected by the DFOs was at variance with the quantity on which royalty was paid by the UVVN, for the year 2012-13 and 2013-14 as depicted in **Table 2.7.2.**

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40 Dehradun, Haridwar and Udham Singh Nagar,
41 Notification No: 2390/VII-2-09/24 kha/2007 dated 5 October2009.
42 Notification No: 162/VII-II-13/24 kha/2007 dated 18 January 2013.
43 Dehradun and Tarai East, Haldwani.

Table 2.7.2

Sl. No	Name of DMO	Year	Quantity on which Transit Fee collected by DFO (in cum.)	Quantity on which royalty paid by UVVN (in cum.)	Difference (in cum.)	Rate of royalty per cum. (in ₹)	Royalty payable (in ₹)	Royalty paid (in ₹)	Short payment of royalty (in ₹)
1	DMO Dehradun	2012-13	16,03,284.75 (9,20,584.23+ 6,82,700.52)	12,02,581.00 (9,20,584.23 +2,81,996.77)	4,00,703.75	90	10,28,69,337 (9,20,584.23x45 +6,82,700.52x90)	6,68,06,000 (9,20,584.23x45 +2,81,996.77x90)	3,60,63,337 (4,00,703.75x90)
2	DMO Nainital	2013-14	54,07,289.164	53,12,897.977	94,391.187	90	48,66,56,025	47,81,60,818	84,95,207
Total									**4,45,58,544**

From the above table, it is evident that the lessee understated the quantity of 4.01 lakh cubic metres in 2012-13 and 0.94 lakh cubic metres in 2013-14 of mineral for the purpose of payment of royalty. Lack of a system for periodic reconciliation of figures with the Forest Department resulted in short payment of royalty of ₹ 4.46 crore remaining undetected.

During Exit Conference, the ACS directed the Joint Director to examine the cases and take necessary action.

2.7.9.2 Application of incorrect rate of royalty on temporary permits

Audit observed during scrutiny of the records of two[44] DMOs relating to temporary permits issued in case of private lands for removal of minor minerals that in 14 out of 204 cases, less royalty was realized due to application of incorrect rate. Out of these 14 cases, in three cases royalty was realised at incorrect rate and in 11 cases the royalty was realised item wise though the lease holders removed only RBM (outside river bed). This resulted in short realization of royalty of ₹ 40.04 lakh.

During Exit Conference, the ACS directed the Joint Director to examine these cases and take necessary action.

2.7.9.3 Non-realisation of royalty for Brick Kiln

As per the orders of the Pr. Secretary vide letter no 2391/VII-2-09/24-B/2007 dated 5 October 2009, the list of brick kiln owners was to be obtained from the Department of Commercial Tax / Pollution Control Board/ Tehsil for comparison to identify the operational brick kilns along with their status (Number of *Paya*). Further, action was to be initiated for realization of royalty in respect of those brick kiln owners who did not obtain mining permit. The application fee as per rule 52 of UMMCR, 2001 was payable at the rate of ₹ 400.

On cross verification of the list with the records of DMOs Haridwar and U.S. Nagar, audit noticed that 782 out of 877 Brick Kiln owners had not paid royalty for the period 2009-10 to 2013-14. The Department had neither obtained the list as directed by the Pr. Secretary nor had initiated any action for realisation of royalty. The inaction of the Department resulted in non realization of revenue to the tune of ₹ 5.88 crore**.** Besides, a fee of ₹ 3.13 lakh and penalty was also leviable on the defaulting brick kiln owners.

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[44] Dehradun and Udham Singh Nagar.

During Exit Conference, the ACS directed that the Director, Mining would enquire and issue RC for recovery of royalty for the defaulting brick kiln owners.

2.7.9.4 Non-levy of Demarcation and Survey fee

As per Rule 17 of the UMMR, 2001, whenever a lot is allotted for removal of minor minerals, the Director, Geology and Mining shall arrange for survey and demarcation of such lot at the rates prescribed from time to time. The survey and demarcation shall be made only after the authorised person in this regard, ensures that the payment of such fee, has been deposited in the Government Treasury.

During test-check of the records of the office of three[45] DMOs and GMVN for the period 2009-10 to 2013-14, it was noticed that GMVN and UVVN did not pay any fee for demarcation and survey of 15 and 17 lots respectively, allotted to them during the period from 2008-09 to 2013-14. The Department neither arranged for survey and demarcation of the said lots nor initiated any action for realization of the prescribed fee. This resulted in non-realisation of revenue of ₹ 37.05 lakh**.**

During Exit Conference, the ACS directed the Joint Director for enquiry and issue notices in these cases.

2.7.9.5 Impending loss due to incorrect fixation of royalty

As per office memorandum[46] dated 22 March 2013 issued by Pr. Secretary, Government of Uttarakhand, the removal of minor minerals is to be done by GMVN and KMVN for revenue land and UVVN for forest land and the royalty is to be paid in advance with an increase of twenty five percent every year. Further, Sl. No 35 (a) (ii) of Schedule-I-B-35 of the Indian Stamp Act, 1899, provides that where the lease period exceeds one year but less than five years, the stamp duty to be paid shall be calculated on a consideration amount equal to three times the amount of value of the average annual rent/ royalty.

During audit of two[47] DMOs, audit observed that six and four lots were allotted to GMVN and KMVN respectively, in the year 2013-14. Scrutiny showed that correspondingly, in one out of six lots and three out of four lots, royalty were fixed without an increase of 25 *per cent*. The inaction on the part of the Department has resulted in an impending loss of ₹ 24.31 crore and short realisation of stamp duty in respect of four lots allotted to KMVN as the consideration amount was not calculated on increased rates. This resulted in short realization of stamp duty of ₹ 26.94 lakh**.**

During Exit Conference, the ACS stated that the rates had been revised in January, 2013 and therefore the yearly hike of 25 *per cent* is not relevant. However Audit pointed out that as per OM dated 22 March 2013, (issued after revision of rates), the hike of 25 *per cent* was leviable

45 Nainital (at Haldwani), Dehradun and Haridwar.
46 608/VII-1/2013/146-kha/2010 Dehradun. dated 22 March 2013.
47 Dehradun and Udham Singh Nagar.

and it had been increased in five out of six cases while fixing the amount of royalty. The ACS directed the Joint Director to examine the cases.

2.7.10 Registration of lease deed

Rule 14(3) and (4) of the UMMCR, 2001 provides that the lessee shall register the lease deed within a period of one month from the date of issue of the sanction order of removal of minor mineral from the leased area and the date of start of the lot shall be the date of registration of such lease deed. Section 17 of the Indian Registration Act, 1908, provides that any lease exceeding a period of one year shall be registered compulsorily. Further, S.No 35 (a) (ii) of Schedule-I-B-35 of the Indian Stamp Act, 1899, provides that where the lease period exceeds one year but less than five years, the stamp duty to be paid shall be calculated on a consideration amount equal to three times the amount of value of the average annual rent/ royalty.

2.7.10.1 Delay in registration of lease deed

During scrutiny of the records of KMVN relating to allotment of lots, Audit noticed that eight lots and six lots were allotted in October 2013 and January 2014 respectively. Contrary to the above provision, three lots were registered after a delay of two months, registration of one lot was delayed by three months and ten lots were not registered till the date of audit. (June, 2014) The installment for payment of royalty is to commence from the date of start of the lot. Delay and non-registration of lots resulted in loss of royalty amounting to ₹ 4.08[48] crore.

During Exit Conference, the ACS directed the Joint Director to examine the cases and initiate necessary action.

2.7.10.2 Non-registration of Sub lease deed

During test-check of the records of GMVN and KMVN, it was noticed that 13 and four lots respectively, were sub leased for more than one year by way of tendering in the year 2013-14 but these sub- lease deeds between lessee and the tenderer were not registered. Thus non-registering of sub lease deed resulted in non-levy of stamp duty of ₹ 2.24 crore and registration fee of ₹ 1.70 lakh.

During Exit Conference, the ACS stated that these lot holders could not cope up with the bids, they had quoted and had left the lots midway and therefore these lease deeds could not be registered. The reply is not tenable as the sub lease deed was to be registered within a period of one month from the date of issue of the sanction order. Delay in registration gave an opportunity to the tenderer to run away midway.

2.7.11 Penalty on unauthorized removal/transportation of minor mineral

As per section 21 (1) read with section 4(1) and 4(1A) of the Mines and Minerals (Development and Regulation) Act, 1957, no person shall undertake any mining operation, transport or store or cause to be transported or stored any mineral otherwise than in accordance with the provisions of this act and the rules made thereunder and terms and conditions defined in the mining lease granted and if so, the defaulter shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to twenty five thousand rupees or both. This amount of penalty was amended under Uttarakhand Mineral policy, 2011, and a penalty of

[48] Three lots ₹ 1.62 crore, one lot ₹ 0.19 crore and 10 lots ₹ 2.27 crore.

Rupees twenty five thousand and value of material (five times royalty) is to be levied on illegal mining/ transportation. Further, as per the conditions laid down in Temporary permit (Form MM 10), the permit shall automatically get cancelled after removal of maximum quantity permissible or the time period prescribed, whichever is earlier.

2.7.11.1 Unauthorised removal of minor mineral

The sanction/ allotment letter issued to the lessee on allotment of a lot contains terms and conditions which are to be observed during removal of minor minerals. During audit of the sampled DMO's, audit noticed that regular surveys are neither prescribed nor conducted by the Department to ensure that these terms and conditions are not violated by the lessee. Lack of regular surveys and supervisions resulted in violation of conditions resulting into unauthorized removal of minor mineral as discussed below:

(i) During test-check of mining lease case files in DMO U.S. Nagar audit noticed that eight out of 41 temporary permit holders removed a total quantity of 69,219.94 cubic metres of minor minerals against a permissible quantity of 47,300 cubic metres. Thus, a quantity of 21,919.94 cubic metres was removed over and above the permissible quantity.

(ii) In one lot leased to KMVN for a period of three years, the permissible quantity to be removed was 15,090 cubic metres per year but the lessee removed 16,136 cubic metres of minor mineral in excess of the permissible quantity in three years. The DMO neither initiated any action against the lessees for removal of excess mineral nor took any action for recovery of the cost of excess mineral removed and penalty amounting to ₹ 1.65 crore.

On this being pointed out, DMOs stated that the royalty had been paid for excessive removal. The reply is not acceptable as the conditions laid down in the temporary permit clearly indicate that after removal of maximum permissible quantity or expiry of the prescribed period whichever is earlier, the temporary permit will automatically get cancelled. Therefore, the excessive quantity removed was unauthorised and would also attract penalty.

2.7.11.2 Short levy of penalty on illegal mining

During test-check of the records of two[49] DMOs it was noticed that 150 cases of illegal mining of minor mineral pertaining to the year 2012-13 and 2013-14 were detected by different authorities *viz* SDM, Joint Magistrate *etc*. In these cases, the penalty imposed was less than the prescribed amount in the policy. Thus, failure to impose the prescribed amount of penalty resulted in less imposition of penalty amounting to ₹ 19.38 lakh**.**

On this being pointed out, DMO Haridwar stated that in some cases less penalty was imposed as per the orders of the DM. However, penalty as per the policy shall be imposed in future.

During Exit Conference, the ACS replied that the penal provisions did not discriminate between the first time and subsequent offenders and that penal provisions on an incremental graded basis, were under consideration where in the amount of penalty would increase with increase in number of offences. (1st, 2nd and subsequent offences). The reply is not tenable as the prevailing penal provisions were to be imposed till the revision.

[49] Haridwar and Dehradun.

2.7.12 Non-Levy of interest on belated payment of royalty

Rule 58(2) of the UMMCR, 2001 provides that interest at the rate of 24 *per cent* per annum will be charged for the delay in payment of any rent, royalty, demarcation fee and any other dues to the State Government. This rate was amended and reduced to 18 *per cent* per annum vide notification[50] dated 23 September 2013 read with notification[51] dated 22 March 2013.

Audit observed during audit of records of DMO, U.S. Nagar that in ten cases, there was belated payment of royalty. The delay ranged between 36 and 315 days for which no interest was charged by the Department. This resulted into non realization of interest to the tune of ₹ 3.43 lakh.

During Exit Conference, the ACS directed the Joint Director to examine the cases and take necessary action.

2.7.13 Other Points of interest

- As per office memorandum[52] dated 23 September 2013, the permissible quantity to be removed from a lot shall be calculated on the basis of formula given in the memorandum. Audit noticed in DMO, Dehradun that in five cases the permissible quantity fixed was less than the quantity to be fixed as per formula.
- As per notification[53] dated 05 October 2009, the rate of royalty in case of ordinary clay is ₹ 5.56 per ton and ₹ 8.00 per cubic metre and for lime stone ₹ 55 per ton and ₹ 108 per cubic metre. On conversion from ton to cubic metre, the rate works out to ₹ 10.01 per cubic metre[54] for clay and ₹ 99 per cubic metre[55] for lime stone which was at variance with the rates notified. Thus, for the same quantity of mineral, the amount of royalty differs when calculated in ton and cubic metre.
- As per office memorandum[56] dated 22 March 2013, for the lease exceeding one year, the royalty by the corporations shall be paid in advance with a hike of twenty five percent every year but there is no provision for any hike in the case of private lots exceeding one year.
- In DMO Dehradun, it was noticed that in 24 cases, the store owners applied for renewal of permit in the year 2011-12. The requisite fee was also deposited by these owners and in five cases report of the Tehsildar recommending renewal was also found attached. Audit noticed that the renewal was still pending even after a lapse of two years.
- As per the provision of Stone crusher policy, 2011, the stone crusher owners are required to seek environmental clearance every year. In DMO, Haridwar audit observed that in the case of 10 stone crushers, renewal was done without obtaining environmental clearance certificate.
- UVVN realise the stamp duty at eight *per cent* instead of the applicable rate of two *per cent* from the customers and deposited the same in the head of account concerned. The amount of stamp duty which is to be paid at the start of the lot is being paid in instalments.

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50 No. 1917/VII-1/13 /Kha/2013.
51 No. 608/VII-1/146-Kha/2010.
52 No: 1917/VII-1/130-kha/ 2013 dated 23 September 2013.
53 No: 2390/VII-2-09/24-kha/2007 dated 5 October 2009.
54 ₹ 5.56 per ton X 1.8 (1.8 ton=1 cubic metre).
55 ₹ 55 per ton X 1.8 (1.8 ton=1 cubic metre).
56 No: 608/VII-1/146-kha/2010 Dehradun dated 22 March 2013.

2.7.14 Internal Control

An inbuilt internal control mechanism and strict adherence to rules and regulations provides reasonable assurance to the Department about effectiveness and efficiency in its operations.

Various deficiencies mentioned *supra* indicate that the internal control and monitoring in the Department was not strong enough to ensure full realization of royalty and penalties and checking unauthorized removal of minor minerals.

2.7.14.1 Internal Audit

Internal audit is a vital component of the internal control mechanism and is generally defined as the control of all controls. It enables the organization to ensure that the prescribed systems are functioning reasonably well. Audit observed that the Department did not have Internal Audit Wing.

The ACS while agreeing with the audit observation directed setting up of an internal audit wing for the Department under the stewardship of a secretary level officer and also directed that the internal audit shall be conducted every three months.

2.7.14.2 Departmental manual

Manual is an essential tool of quality management system as it provides guidance and instructions to complete tasks as per the policies and standards of the Department. Audit observed that Department had not prepared any manual. The possibility of the absence of a manual codifying the functions and procedures, having an adverse impact on the functioning of the Department and resulting into a number of system irregularities as discussed above.

During Exit Conference, the ACS stated that a robust MIS was the need of the hour rather than a Departmental manual and further stated that once online issue of Forms and RFID system was in place, the MIS would be strengthened. The reply is not tenable as the departmental manual provides guidance and instructions to complete tasks as per the policies and standards of the Department.

Conclusion

No records relating to details of quantity of minor minerals removed, and corresponding receipts realized were maintained by the Headquarters. The Department had no control mechanism available for monitoring receipt, issue and use of forms. Royalty and penalties were not levied or short levied in various instances. The Department lost significant amounts of revenue as a result of non-registration or delayed registration of lease deeds and unauthorised removal of minor minerals/illegal mining. Lack of co-ordination with the Department of Forest in ascertaining the correct amount of quantity removed and imposition of penalty cases of unauthorised removal of minerals from forest land resulted in revenue loss. The department had no internal audit wing. The departmental manual codifying the functions and procedures was also not prepared.

Recommendations

The Government/Department may consider:

(i) issuing instructions for maintenance of stock registers, submission of periodical returns relating to receipt, issue and use of forms and periodic verification of stock; and

(ii) strengthening internal control by preparing Departmental Manual and setting up of internal audit wing.

The above points were reported to the Government (September 2014); the reply is awaited (December 2014).

Chapter-III

Social and Economic Sector (Public Sector Undertakings)

3.1 Introduction

3.1.1 Status of Public Sector Undertakings

The total number of Companies and Statutory Corporations in the State are 22 and three (03) respectively. The working State PSUs registered a turnover of ₹ 5,103.24 crore **(*Appendix 3.1.1*)** as per their latest finalized annual accounts as of September 2014. Major activities of the State PSUs are concentrated in the power sector. As on 31 March 2014, there were 25 PSUs as detailed in **Table 3.1.1**.

Table 3.1.1

Type of PSUs	Working PSUs	Non-working PSUs[1]	Total
Government Companies[2]	18[3]	04[4]	22
Statutory Corporations	03[5]	-	03
Total	**21**	**04**	**25**

None of these companies were listed on the stock exchange.

3.1.2 Audit Mandate

Audit of Government companies is governed by Section 619 of the Companies' Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* or above of the Paid up Capital is held by the Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the Paid up Capital is held in any combination by the Government(s), Government companies and corporations controlled by Government(s) is treated as a Government company (Deemed Government Company) as per Section 619-B of the Companies Act 1956.

The accounts of the State Government companies (as defined in Section 617 of the Companies' Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) under Section 619(2) of the Companies' Act, 1956. These accounts are

1 Non-working PSUs are those which have ceased to carry on their operations.

2 Includes 619-B Companies.

3 Uttarakhand Chai Vikas Nigam Ltd (Company) has been converted into Uttarakhand Chai Vikas Board under Society Act, 1860 during 2006-07, as intimated by them vide their letter no. 282 dated 22 July 2014. Therefore, it was excluded from current year's report. Further, one Company (Uttarakhand Project Development and Construction Corporation Limited) was incorporated in December, 2010 under the Companies' Act, 1956. As the first Accounts of the company were received during 2013-14, therefore, the company was included in the current year's Audit Report for the first time.

4 Kumtron Limited, Uttar Pradesh Hill Phones Limited, Uttar Pradesh Hill Quartz Limited and UPAI Limited (under liquidation since 31 March 1991).

5 Uttarakhand Forest Development Corporation was included as Statutory Corporation in current year's Audit Report for first time as the State Government made necessary amendment in the Act to entrust the audit of the same to the Comptroller and Auditor General of India.

also subject to supplementary audit conducted by the CAG under Section 619 of the Companies' Act, 1956.

Audit of Statutory Corporations is governed by their respective Legislations. There are only three statutory corporations in the State. Of the two Statutory Corporations, the CAG is the sole auditor of Uttarakhand Parivahan Nigam and Uttarakhand Forest Development Corporation. In respect of Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam, the audit was entrusted to the CAG initially from 2003-04 to 2008-09 and then extended upto 2013-14 under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

3.1.3 Investment in State Public Sector Undertakings (PSUs)

As on 31 March 2014, the Investment (Capital and Long-Term Loans) of the State Government in 25 PSUs and Statutory Corporations (including 619-B Companies) was ₹ 7,566.36 crore as per details given in **Table 3.1.2**.

Table 3.1.2 ***(₹ in crore)***

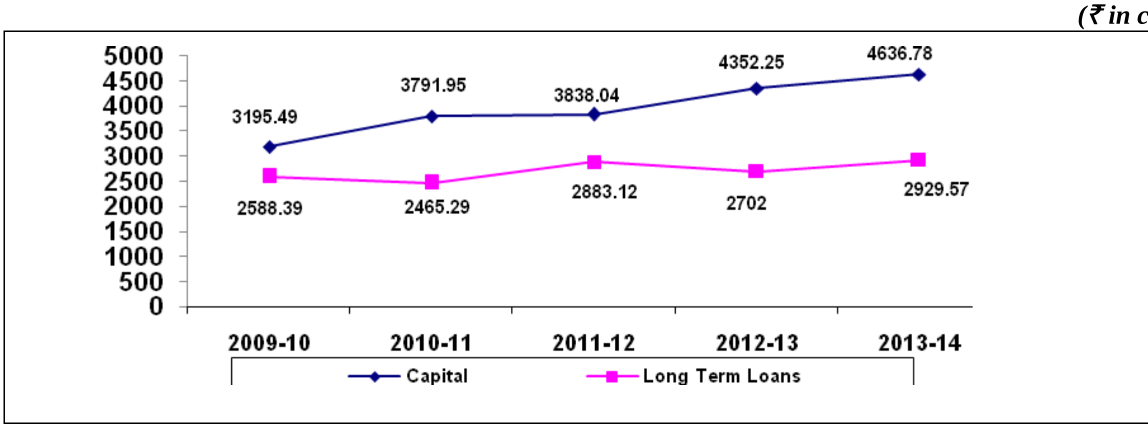
Nature of investment	Government Companies		Statutory corporations	Grand Total
	Working companies	Non-working companies		
Capital	2,506.60	0.38	2,129.80	4,636.78
Long-Term Loans	2,767.41	--	162.16	2,929.57
Total:	**5,274.01**	**0.38**	**2,291.96**	**7,566.35**

A summarized position of Government investment in the State PSUs is given in ***Appendix 3.1.2***.

The total Investment increased by 30.82 *per cent* from ₹ 5,783.88 crore in 2009-10 to ₹ 7,566.35 crore in 2013-14.as shown below in ***Chart 1***.

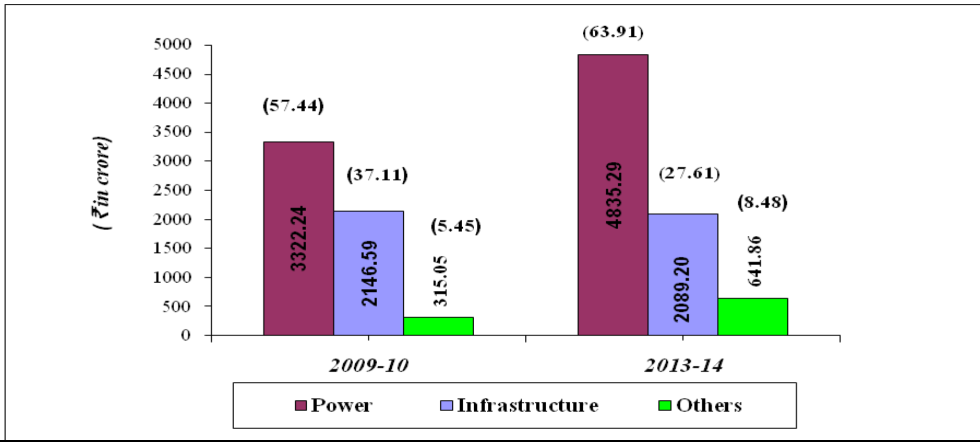
Chart 1

(₹ in crore)



The Investment in various important sectors both in absolute and relative terms at the end of 31 March 2010 and 31 March 2014 is given below in ***Chart 2***.

Chart-2



(Figures in brackets show the percentage of sector investment to total investment)

During 2013-14, the major percentage of investment continued to be in the power sector (63.91 *per cent*). There was an increase in investment by the State in other[6] sectors as well.

3.1.4 Budgetary outgo, grants/subsidies, guarantees and loans

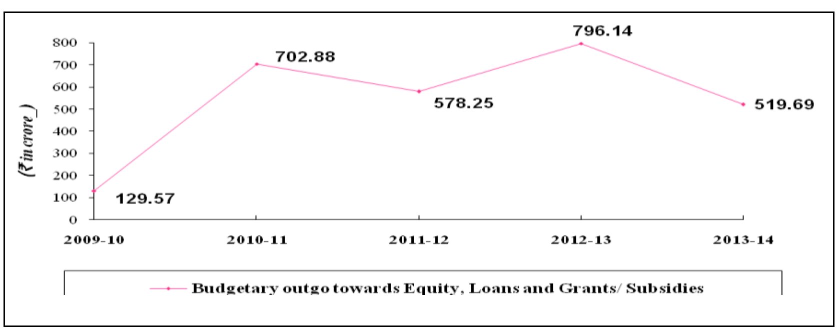
The trend of budgetary outgo towards equity, loans, grants/ subsidies and guarantees issued in respect of State PSUs is given in ***Appendix 3.1.3.*** The summarized position for the last three years ending 31 March 2014 is given in **Table 3.1.3**.

Table 3.1.3 ***(₹ in crore)***

Sl No	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital	4	44.00	2	460.02	4	259.91
2.	Loans	5	458.02	3	252.90	6	190.07
3.	Grants/Subsidy	5	76.23	5	83.22	4	69.71
4.	Total outgo (1+2+3)	10	578.25	7	796.14	8[7]	519.69
5.	Guarantees issued	1	1.35	1	1.51	1	1.54
6.	Guarantee Commitment	5	1,110.90	4	1,062.93	4	906.66

The trend of budgetary outgo towards equity, loans and grants/ subsidies for the past five years is given in ***Chart 3***.

Chart 3



6 Agriculture and Allied, Manufacturing, Services and Miscellaneous.

7 Represents actual number of Companies/Corporation which received budgetary support in the form of equity/loans/subsidy during the respective year.

The budgetary outgo towards State PSUs in the form of equity, loans and grants/subsidies provided by the State Government has shown a fluctuating trend with ₹ 129.57 crore outgo in 2009-10 and ₹ 519.69 crore outgo in 2013-14.

The amount of Guarantee commitment as on 31 March 2013 was ₹ 1,062.93 crore (four PSUs) which decreased to ₹ 906.66 crore (four PSUs) as on 31 March 2014 as given in ***Appendix 3.1.3***.

The State Government charges Guarantee fee at the rate of one *per cent* and an additional one *per cent* in the case of defaulting PSUs. However, in 2013-14, only one PSU (Uttarakhand Jal Vidyut Nigam Limited) paid ₹ 7.17 crore as Guarantee fee pertaining to the year 2012-13. The Guarantee fee payable to the State Government by the other PSUs upto March 2014 amounted to ₹ 14.87 crore[8].

3.1.5 Reconciliation with Finance Accounts of the Government

The figures in respect of equity, loans and guarantees outstanding as per the records of the State PSUs should match with that of the figures appearing in the Finance Accounts of the Government. In case the figures do not match, the PSUs concerned and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2014 is given in **Table 3.1.4**.

Table 3.1.4 ***(₹ in crore)***

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	2,642.72	4,609.09[9]	1,966.37
Loans	227.07	971.25	744.18
Guarantees	902.06	906.66	4.60

Audit observed that the differences occurred in respect of 08 PSUs and some of the differences were pending reconciliation since 2003. The administrative departments concerned, PSUs and the Finance Department were requested to take necessary action to reconcile the differences.

3.1.6 Performance of Public Sector Undertakings (PSUs)

Out of 21 working PSUs/Statutory Corporation for which accounts were received upto 30 September 2014, 10 PSUs earned Profit of ₹ 99.05 crore and 11 PSUs incurred losses of ₹ 141.50 crore. The major contributors to profit[10] were State Industrial Development Corporation of Uttarakhand Limited (₹ 30.01 crore) and the Uttarakhand Jal Vidyut Nigam Limited (₹ 12.58 crore). Heavy losses[11] were incurred by the Doiwala Sugar Company Limited (₹ 35.13 crore), Kichha Sugar Mill (₹ 17.44 crore) and Uttarakhand Power Corporation Limited (₹ 15.75 crore). Further, Summarised Financial Results including net profit/loss, turnover, return on capital employed, etc. of Government Companies and Statutory Corporations for the year for which accounts were finalized as of September 2014 is given in ***Appendix 3.1.1***.

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8 UJVNL= ₹ 6.19 crore, UPCL = ₹ 5.55 crore and PTCUL= ₹ 3.13 crore = ₹14.87 crore.

9 This includes ₹ 2,050.06 crore Capital grant given by the State Government to Uttarakhand Pey Jal Nigam Ltd, which was not included in the Finance Accounts.

10 As per the Accounts for the year, Uttarakhand Jal Vidyut Nigam Limited (2013-14) and State Industrial Development Corporation of Uttarakhand Limited (2010-11).

11 As per the Accounts for the year, Doiwala Sugar Company Limited (2012-13), Kichha Sugar Mill (2012-13) and Uttarakhand Power Corporation Limited (2012-13).

A review of last three years Audit Reports of the CAG for the year ended 31 March 2014 shows that the State PSUs incurred controllable/avoidable expenditure of ₹ 491.83 crore, expenditure of ₹ 486.84 crore which was not recoverable, and infructuous investment of ₹ 23.85 crore which were controllable with better management. The year-wise details from Audit Reports of CAG as given in the **Table 3.1.5** below are based on test check of records of PSUs.

Table 3.1.5 *(₹ in crore)*

Particulars	2010-11	2011-12	2012-13	Total
Expenditure not recoverable	10.78	2.28	473.78	486.84
Controllable/avoidable expenditure	175.46	116.42	199.95	491.83
Infructuous Investment	10.63	10.83	2.39	23.85
Total	**196.87**	**129.53**	**676.12**	**1,002.52**

The State Government did not formulate any norm for payment of dividend under which all PSUs were required to pay a minimum return on the paid up share capital contributed by the State Government. As per their latest finalised accounts, ten PSUs earned an aggregate profit of ₹ 99.05 crore but no dividend has been declared by them.

3.1.7 Arrears in finalisation of accounts

The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies' Act, 1956. Similarly, in the case of Statutory Corporations, the accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The status of accounts of working PSUs by 30 September of the corresponding year are given in **Table 3.1.6**.

Table 3.1.6

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14[12]
1.	Number of working PSUs	20	20	20	20	21
2.	Number of accounts finalised during the year	12	28	15	10	16
3.	Number of accounts in arrears	143	135	140	150	148[13]
4.	Average arrears per PSU (3/1)	7.15	6.75	7	7.50	7.06
5.	Number of working PSUs with arrears in accounts	20	19	20	20	20
6.	Extent of arrears	1 to 23 years	1 to 24 years	1 to 25 years	1 to 26 years	1 to 27

The State PSUs failed to clear accounts each year during the preceding five years, from 2009-10 to 2013-14, causing accumulation of arrears ranging between 135 to 150 accounts.

In addition, there were arrears in finalisation of accounts by non-working PSUs also. Out of four non-working Companies, one Company, i.e., UPAI Limited was under liquidation process since 31 March 1991 and the remaining three non-working PSUs[14] had arrears of accounts ranging from 23 to 27 years.

[12] 12 Accounts of Uttarakhand Chai Vikas Nigam Limited were deleted from arrears of accounts and five accounts of two Companies/Corporation (Uttarakhand Project Development and Construction Corporation Limited and Uttarakhand Forest Development Corporation) is being included.

[13] 150 (Opening Balance) + 21 (New Accounts for the year 2013-14)-12 (Chai Vikas Nigam deleted account) + 5 (New Companies Accounts) – 16 (Finalised during the year) = 148 (Closing balance)

[14] Kumtron Limited, Uttar Pradesh Hill Phones Limited and Uttar Pradesh Hill Quartz Limited.

The State Government had invested ₹ 394.25 crore (Equity: ₹ 66.28 crore, loans: ₹ 296.08 crore and Grants/Subsidy: ₹ 31.89 crore) in eight PSUs/Statutory Corporation during the years from 2005-06 to 2013-14 for which accounts had not been finalised as detailed in ***Appendix 3.1.4***. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

The matter of arrears in accounts was also taken up (May 2014) with the Chief Secretary and Additional Chief Secretary (Finance), Government of Uttarakhand to expedite clearance of backlog of arrears in accounts in a time bound manner.

3.1.8 Winding up of non-working PSUs

There were four non-working PSUs as of March 2014. Of these, one PSU has commenced liquidation process. The stages of closure in respect of non-working PSUs are given in **Table 3.1.7**.

Table 3.1.7

Sl. No.	Particulars	Companies
1.	Total No. of non-working PSUs	04[15]
2.	Of (1) above, the No. under:	-
	(a) liquidation by Court (liquidator appointed)	01[16]
	(b) Voluntary winding up (liquidator appointed)	-
	(c) Closure, i.e., closing orders/ instructions issued but liquidation process not yet started.	03

During the year 2013-14, no Company was wound up. The only Company, *i.e.* UPAI Limited, which had taken the route of winding up in accordance with Court order, has been under liquidation for more than 22 years.

3.1.9 Comments on Annual Accounts

Nine working Companies forwarded 15 accounts to Audit during the period from October 2013 to September 2014. Of these, 14 accounts were selected for supplementary audit and Non-Review Certificate was issued in respect of one company. The audit reports of Statutory Auditors appointed by the CAG and the supplementary audit of the CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of the Statutory Auditors and the CAG are given in **Table 3.1.8**.

Table 3.1.8 ***(₹ in crore)***

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	3	26.04	4	108.47	5	28.07
2.	Increase in loss	6	234.81	4	86.07	2	16.96
3.	Non-disclosure of material facts	2	11.41	1	28.25	1	180.16

The Statutory Auditor had given qualified certificates[17] in respect of ten accounts, adverse certificates in respect of three accounts and unqualified certificates in case of two accounts.

[15] Kumtron Limited, Uttar Pradesh Hill Phones Limited, Uttar Pradesh Hill Quartz Limited and UPAI Limited.

[16] The Company, *i.e.*, UPAI Limited was under liquidation since 31 March 1991.

[17] Qualified Certificate is given by the Statutory Auditors represent that there are certain exceptions/qualification on the financial statement, which do not comply with generally accepted accounting principles.

Some of the important comments in respect of Annual Accounts of the Government Companies for which audit was conducted during the period October 2013 to September 2014 are stated below:

Uttarakhand Jal Vidyut Nigam Limited (2013-14)

- Showing the abandoned project amount of ₹ 1.60 crore in Capital Work in Progress (CWIP).
- Non-provision of penal interest of ₹ 5.44 crore due to default in repayment of principal and interest on loan amount of Life Insurance Corporation (LIC).

Uttarakhand Power Corporation Limited (2012-13)

- Excess payment of ₹ 10.34 crore made to PTCUL by UPCL as wheeling charges.
- Non provision of ₹ 0.14 crore for arrear of license fee to the UERC.

Power Transmission Corporation of Uttarakhand Limited (2012-13)

- Non provision of penalty for non-payment of guarantee fee of ₹ 4.16 crore at the rate of one *per cent* on loan amount payable to Uttarakhand Government.
- Non provision of Miscellaneous Advance of ₹ 2.88 crore given to contractor pending recovery for more than eight years, recovery of which was doubtful.

3.1.10 Internal Control/ Internal Audit

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which need improvement. The comments made by the Statutory Auditors in respect of the internal control/ internal audit of five Companies are given in **Table 3.1.9**.

Table 3.1.9

Sl. No.	Nature of comments made by the Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per *Appendix 3.1.2*
1.	Non-fixation of minimum/ maximum limits of store and spares	02	A1 and A17
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	04	A1, A5, A13, and A17
3.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	03	A13, A17and A18

It shows that PSUs need to improve their internal audit systems commensurate with the nature and size of business, devise suitable systems for provision of retrial dues, inventory management, introduction of information technology etc. for better results.

3.1.11 Status of placement of Separate Audit Reports (SARs) in respect of Corporations

The audit of Uttarakhand Parivahan Nigam is conducted under Section 33(2) of the State Road Transport Corporation Act, 1950, whereas audit of Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam is entrusted to the CAG under Section 52(3) of the Uttar Pradesh Water Supply and Sewerage Act, 1975. Uttarakhand Forest Development Corporation was included as Statutory Corporation in current year's Audit Report for first time as the State Government made necessary amendment in the Act to entrust the audit of the same to the Comptroller and Auditor General of India. The first account for the year 2009-10 of the corporation was received (July 2014) and finalization of the same is under process. The status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory Corporations in the Legislature by the Government, is given in **Table 3.1.10**.

Table 3.1.10

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
1.	Uttarakhand Parivahan Nigam	2004-05	2005-06 to 2008-09	29 November 2012
2.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2009-10	2010-11	20 January 2014
3.	Uttarakhand Forest Development Corporation	The accounts for the year 2008-09 was certified by local fund audit of State Government and the same is yet to be laid in the State Legislature.		

3.1.12 Recoveries at the instance of audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the PSUs were referred to the PSUs/State Government through Audit Inspection Reports for further investigation and, in case of overpayments/excess payment, recovery of the same under intimation to audit.

During the course of audit in 2013-14, recoveries of ₹ 20.87 crore were pointed out to the Management of various PSUs, which were admitted by the PSUs. Against this, an amount of ₹ 5.34 crore was recovered during the year 2013-14.

3.1.13 Response of the departments to Audit Report material

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2014, six draft Paragraphs were issued to the Additional Chief Secretaries/ Principal Secretaries of the departments concerned with the request to furnish replies within six weeks. Though the respective management of the PSUs concerned had furnished the replies, no reply was received from the State Government in respect of five draft paragraphs.

3.1.14 Follow-up on Audit Reports

Explanatory Notes outstanding

The Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive.

Though the Audit Reports for the years 2010-11, 2011-12 and 2012-13 were presented to the State Legislature in December 2012, September 2013 and November 2014 respectively, four departments had not submitted explanatory notes on all the 11 paragraphs/performance audits as of 30 September 2014, as indicated in **Table 3.1.11**.

Table 3.1.11

Year of Audit Report (Commercial)	Date of presentation	Total paragraphs/ performance audits in Audit Report	Number of paragraphs/ performance audits for which explanatory notes were not received
2010-11	December 2012	5	5
2011-12	September 2013	3	3
2012-13	November 2014	3	3
Total		**11**	**11**

Department wise analysis is also given in **Table 3.1.12**.

Table 3.1.12

Name of department	2010-11	2011-12	2012-13
Power	2	2	2
Infrastructure	-	1	-
Tourism	2	-	1
Manufacturing	1	-	-
Total	**05**	**03**	**03**

As depicted above, the Power Department did not submit explanatory notes on any of the six paragraphs/ performance audits.

Compliance to Reports of Committee on Public Undertakings (COPU)

The Action Taken Notes on the recommendations of COPU are required to be furnished within six months from the presentation of the Reports. Position of COPU meetings held, para actually discussed and finalized and COPU reports issued during the year 2010-11, 2011-12 and 2012-13 are given in the **Table 3.1.13**.

Table 3.1.13

Period	No. of meetings held	Paragraphs/ Performance Audits	Paras/ Performance Audits discussed	Para/ Performance Audits finalized	No. of paragraphs/Performance Audits where replies not received
2010-11	05	06	06	-	-
2011-12	02	02	02	02	-
2012-13	-	-	-	-	-

No COPU meeting was held since July 2011. Further, 34 paragraphs were still to be discussed by the COPU, the oldest one being from the Audit Report of 2001-02. Action Taken Notes (ATNs) are not being received for vetting as on 30 September 2014.

Response to inspection reports, draft paras and performance audits

Audit observations made during audit and not settled on the spot were communicated to the heads of the Public Sector Undertakings (PSUs) and departments concerned of the State

Government through inspection reports. The Heads of PSUs were required to furnish replies to the inspection reports through respective heads of departments within one month. 1694 paragraphs relating to 362 inspection reports were outstanding at the end of 30 September 2014. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2014 is given in ***Appendix 3.1.5***.

Similarly, performance audit reports and draft paragraphs on the working of Public Sector Undertakings are forwarded to the Secretary of the concerned administrative department demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Six Draft Paragraphs were forwarded to three departments between July 2014 and September 2014. Reply in respect of one draft paragraph has been received from State Government. Replies of State Government in respect of five are still awaited.

It is also recommended that the Government may ensure (a) sending of replies to inspection reports/draft paragraphs/Action Taken Notes on the recommendations of COPU as per the prescribed time schedule, (b) recovery of loss/outstanding advances/overpayments within the prescribed time schedule, and (c) revamping of the system of responding to audit observations.

3.1.15 Disinvestment, Privatisation and Restructuring of PSUs

The State Government has no plan in place for disinvestment, privatisation or restructuring of any of the PSUs.

3.1.16 Contents of this Chapter

This chapter contains six paragraphs involving a financial impact of ₹ 134.80 crore. Reply in respect of one paragraph involving a money value of ₹ 2.12 crore has been received from the State Government. Details of the audit findings are given in the subsequent paragraphs.

DEPARTMENT OF AGRICULTURE

3.2 Marketing of Certified Wheat Seeds by the Uttarakhand Seeds and Tarai Development Corporation Ltd., Pantnagar

Actual intake of wheat seeds from growers was 15.45 lakh quintals only against the target production of 19.95 lakh quintals. By considering distributors' commission as a part of purchase price instead of selling and distribution expenses, Company paid excess commission of ₹ 0.73 crore to the dealers and further, due to adopting higher rate of commission, Company incurred additional expenditure of ₹ 0.30 crore. Company suffered a loss of ₹ 1.37 crore due to non-forfeiture of advance deposited by the defaulting distributors.

3.2.1 Introduction

The Uttarakhand Seeds and Tarai Development Corporation Limited, Pantnagar (Company) is under the administrative control of Department of Agriculture, Government of Uttarakhand. The Company is carrying out production, processing and marketing of certified seeds of food grains and vegetables within and outside the state[18]. Foundation seeds are provided by the Company to its authorised growers and multiplied seeds are procured from them. The sale of the seeds is undertaken through distributors and dealers. The Company mainly sells its products to the farmers targeted and subsidised by the Governments of Bihar and Uttar Pradesh.

Audit was taken up during March 2014 to June 2014 by test-check of records (April 2009 to March 2014) of the Head Office of the Company so as to assess whether the Company had managed the marketing of certified wheat seeds in an economic, efficient and effective manner.

3.2.2 Sales Performance of the Company

Review of records showed that the sale of certified wheat seeds, which was 3.10 lakh quintals in 2009-10, increased to 4.05 lakh quintals in 2010-11 and, thereafter, it decreased to 2.63 lakh quintals up to 2013-14. Details are given in **Table 3.2.1**.

Table 3.2.1

Year	2009-10	2010-11	2011-12	2012-13	2013-14
Sale (₹ in crore)	60.35	88.35	84.55	87.63	70.48
Sale of own Production Wheat (quintals)[19]	2,97,417	3,15,358	3,49,664	3,65,550	2,63,507
Trading of Wheat (quintals)	12,617	89,806	31,841	Nil	Nil
Total sale of Wheat (quintals)	3,10,034	4,05,164	3,81,505	3,65,550	2,63,507

(***Source: Information compiled from the data provided by the Company***)

The above details show that the sale of seeds increased in 2010-11 by 30.68 *per cent* as compared to 2009-10 and decreased thereafter by 34.96 *per cent* over the period from 2010-11 to 2013-14. Sales performance of the Company has seen a significant downward trend. The reasons have been analysed in following sections:

[18] Production and processing – in Aligarh and Gorakhpur (Uttar Pradesh), Marketing – in Bihar, Uttar Pradesh and West Bengal etc.

[19] Includes foundation seeds sold (being excess) as certified seeds.

3.2.2.1 Short intake of Raw Seeds from Growers

Records showed that during the period 2009-10 to 2013-14, against the estimated production of 20.28 lakh quintals and targeted production of 19.95 lakh quintals of wheat seeds, actual intake[20] of wheat seeds from growers was 15.45 lakh quintals. The actual production was short by 4.50 lakh quintals against the targeted production.

3.2.2.2 Non-execution of agreement with growers

It was noticed that the Company does not enter into any formal agreement with its growers to ensure supply of a minimum quantity of seeds. In the absence of any formal agreement, the growers were not bound to supply quantity agreed by them to the Company, resulting in potential diversion of sales.

The Company stated (April 2014) that it can decide to have agreements with the growers only after declaring its payment policy before the beginning of the seed production season. Reply is not satisfactory as National Seed Corporation of India enters into agreement with its growers which *inter alia* provides for supply of minimum quantity of seeds. Further declaring of advance payment policy is within the powers of the Company.

3.2.2.3 Failure of the Company to tap the potential

Under different Centrally Sponsored Schemes, Government of Bihar and Government of Uttar Pradesh release targets for quantities of seeds to be sold at subsidised rate in their States against which subsidy is released. The year-wise details of the quantity targeted for sale in two States and the sale thereagainst is given in **Table 3.2.2**.

Table 3.2.2 ***(in quintal)***

Year	Demand placed by the Bihar and Uttar Pradesh Governments	Seeds sold	Shortfall (*Per cent*)
2010-11	3,77,231	3,02,179.00	75,052 (**20**)
2011-12	4,29,990	3,46,030.00	83,960 (**20**)
2012-13	4,18,800	3,15,333.40	1,03,467 (**25**)
2013-14	3,88,980	2,22,128.60	1,66,851 (**43**)
Total	**16,15,001**	**11,85,671.00**	**4,29,330 (27)**

(***Source: Information compiled from the data provided by the Company)***

It can be seen from the above that during the period 2010-14, against the total demand of 16.15 lakh quintal for sale of wheat seeds in Bihar and Uttar Pradesh, the Company could sell only 11.86 lakh quintals, thereby failing to tap the potential available to sell an additional 4.29 lakh quintals and thus losing the opportunity to maximise its profit.

3.2.3 Pricing Structure

3.2.3.1 Excess commission of ₹73.27 lakh paid by the Company

Review of the price structure of wheat seeds for the years 2011-12 to 2013-14 showed that the selling price was determined by the Company after considering its total cost including sales commission payable to its distributors and dealers. As per terms of contracts entered into with

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[20] Raw seeds obtained from growers were 17.44 lakh quintals. After processing, actual production was 15.45 lakh quintals.

the distributors, distributor's commission was payable on ex-plant rate whereas dealer's commission was on ex-godown rate.

Test-check of price structure of wheat seeds supplied in four states[21] by the Company for the years 2011-12 to 2013-14 showed that the Company by considering distributor's commission as part of the purchase price instead of considering the same as selling and distribution expenses, ended up fixing both the dealers' commission as well as retail price to the farmer at a rate higher by ₹ 5.46 per quintal to ₹ 9.58 per quintal**.** This resulted in excess payment to the dealers by ₹ 73.27 lakh ***(Appendix 3.2.1)***.

The Management accepted the audit observation and stated that corrective measures will be taken.

3.2.3.2 Commission paid to the dealers at higher rates by the Company against the contractual terms

As per clause 19 of the contract, distributors were required to deposit 10 *per cent* advance payment as confirmation of their estimated demand and the Company was liable to supply the seeds against the firmed up demand only. Further, as per clause 15 of the contract, dealer's commission was payable at the rate of 10 *per cent* of ex-godown rate for sale against firm demand (against which 10 *per cent* advance was received) and at the rate of eight *per cent* on unconfirmed demand for which Company would not receive any advance payment.

Audit noticed that during the year 2012-13 and 2013-14, 16 distributors deposited an advance of ₹ 171.97 lakh for reserve seeds worth ₹ 1,719.70 lakh. The distributors, however, lifted seeds worth ₹ 2,770.61[22] lakh. Thus, as per contractual terms, dealer's commission was payable at the rate of nine[23] *per cent* on ₹ 1,257.80[24] lakh and at the rate of seven[25] *per cent* on sale of ₹ 1,512.81[26] lakh. However, it was seen that the Company paid commission at the rate of nine *per cent* on the total sale of ₹ 2,770.61 lakh. Thus, dealer's commission was paid in excess of agreed upon norms by ₹ 29.59 lakh ***(Appendix 3.2.2)***.

The Company stated (June 2014) that against the dealer's commission worked out as ₹ 304.11 lakh, actual commission paid was ₹ 248.69 lakh. Reply is not acceptable as actual commission payable was ₹ 219.10 lakh.

3.2.4 Loss of ₹ 136.87 lakh due to non-forfeiture of advance

As per the terms of contract entered into with the distributors, the distributors may reserve the required quantity of seeds by depositing 10 *per cent* advance payment. Further, if in any case the

21 Bihar, Uttar Pradesh, West Bengal and Uttarakhand.

22 Total sale of ₹ 3,818.36 lakh less Subsidy and Transport rebate of ₹ 1,047.75 lakh (₹ 987.76 + ₹ 59.99) = ₹ 2,770.61 lakh.

23 10 *per cent* of ex-godown rate i.e. nine *per cent* of retail price as calculated by the Company.

24 Total reserved sale (for which ten *per cent* advance was received) of ₹ 1,719.70 lakh less Subsidy and Transport rebate of ₹ 461.90 lakh (₹ 433.90 lakh + ₹ 28.00 lakh).

25 Eight *per cent* of ex-godown rate i.e. seven *per cent* of retail price as calculated by the Company.

26 Total unreserved sale (for which ten *per cent* advance was not received) of ₹ 2,098.66 lakh less Subsidy and Transport rebate of ₹ 585.85 lakh (₹ 553.86 lakh + ₹ 31.99 lakh).

distributors fail to lift the reserved quantity, the Company shall forfeit the advance deposited by the defaulting distributor.

Audit noticed that for the year 2011-12, 15 distributors deposited an advance of ₹ 295.10 lakh for procurement of 96,085 quintals of reserved quantity of wheat seeds. However, the distributors failed to lift 48,360 [27] quintals. Subsequently, Company sold out the balance quantity at reduced rate and suffered a loss of ₹ 173.15[28] lakh.

As per the contractual terms, the proportionate advance of ₹ 136.87 lakh deposited by the distributors should have been forfeited. It was noticed that the Board of Directors (BOD), while approving the incentive for lifting of balance unsold quantity, also directed (January 2012) forfeiture of amount of advance of the defaulting distributors. In spite of these directions, no action was taken by the Company to forfeit the advance of ₹ 136.87 lakh. Audit observed that had the advance of ₹ 136.87 lakh been forfeited by the Company, loss (of ₹ 173.15 lakh) suffered on sale of seeds at reduced rates, could have been minimised.

The Management, in its reply stated that the Company could not fulfill the variety wise demand of the distributors; hence the advances deposited by the distributors were not forfeited. The reply is not acceptable since as per clause 21 (iii) of the agreement, if in any case the distributor fails to lift the reserved quantity, the Corporation shall forfeit the entire advance. Moreover, distributors had not submitted their variety-wise demand at the time of depositing advance payment.

The matter was referred to the Government (August 2014); reply was awaited (December 2014).

DEPARTMENT OF ENERGY

3.3 Management of Transformers by Uttarakhand Power Corporation Limited

Uttarakhand Power Corporation Limited has no documented policy in respect of procedures to be adopted for assessing the requirement of transformers. During 2011-12 to 2013-14, 13,319 transformers of various capacity valuing ₹ 121.99 crore got damaged in excess of internal target and 151 transformers amounting to ₹ 1.03 crore were damaged due to non-installation of Lightning Arrester. UPCL incurred an additional expenditure of ₹ 63.23 lakh due to under utilisation of its workshops and 509.31 KL transformer oil amounting to ₹ 76.40 lakh were short received from damaged transformers.

3.3.1 Introduction

Uttarakhand Power Corporation Limited (UPCL) is the power distribution utility of the State which supplies power to over 17.48 lakh consumers spread over 13 districts of the State. UPCL receives power from the network of transmission grid managed by the Power Transmission

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[27] Variety-wise/quantity-wise of the seed demanded is not intimated by the distributor to the Company at the time of depositing advance. However, the same was worked out by the audit on the basis of advance deposited and ex-godown rate of wheat seed (PBW-343, PBW-373, PBW-502 and PBW-550) which constituted 80 *per cent* of total sales.

[28] Loss due to incentive of ₹ 100 X 18,575 quintals + and reduction in price of ₹ 518.97 X 29,785 quintals. = ₹ 1,73,15,021.

Corporation of Uttarakhand Limited (PTCUL). Power is transmitted over long distances at very high voltage which cannot be used by consumers. UPCL converts this high voltage power to low voltage power, with help of its transformers, which can thus be used by general consumers after transmission through distribution lines of UPCL. Currently, UPCL has 0.57 lakh transformers for this purpose.

A test-check of records at the Headquarters of UPCL, field audit of the eight electricity distribution divisions (EDDs) and one workshop division of UPCL[29] along with three operation and maintenance (O&M) divisions[30] of PTCUL was carried out from March 2014 to July 2014 for assessing the effectiveness of the management of distribution transformers by the UPCL covers the period 2011-12 to 2013-14. The major audit findings are discussed below:

3.3.2 Assessment of requirements

UPCL has no documented policy in respect of procedures to be adopted for assessing the requirement of transformers. In the absence of a documented policy, field units have no specific guidelines for calculation of future load growth and expansion of electricity system in the respective areas. UPCL is preparing its assessment on the basis of previous consumption, which is not factoring future growth in demand for power in the State.

3.3.3 Procurement

Procurement of transformers is made by the Corporate and Procurement (C & P) wing of UPCL by inviting tenders on the basis of the requirements assessed by the Material Management wing of UPCL. Against a total requirement of 25,385 transformers of various capacities during 2009-10 to 2013-14, UPCL procured only 20,674 transformers.

3.3.3.1 Extra expenditure on purchase of transformers

UPCL invited tenders (May 2011) for the supply of 130, 400 KVA copper wound transformers. It was observed that the Part-I of the bids of nine firms were opened (July 2011). The tender was awarded (December 2011) to M/s East India Udyog, being the L-1 for the supply of 50,400 KVA transformers for ₹ 1.41 crore.

It was further noticed that the firm had to supply 50 transformers within 150 days, but it could supply only 35 transformers. It has not provided the required number of transformers till March 2014. As a result, UPCL was forced to bear an extra expenditure of ₹ 16.80 lakh[31] upon procurement of the remaining 15 transformers at a higher rate in a subsequent tender process. The UPCL neither cancelled the order nor took any action against the firm.

The Management of UPCL accepted the audit observation and stated (June 2014) that the cancellation of the contract and other action in the matter was in progress.

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29 EDD Srinagar, EDD Kotdwar, EDD (South) Dehradun, EDD (Rural) Haridwar, EDD Kashipur, EDD Rudrapur, EDD Bazpur and EDD New Tehri and Electricity Workshop division Dehradun.

30 400 KV O and M Kashipur, 132 KV O and M Kashipur and 220 KV O and M Pantnagar.

31 Loss in short procurement = ₹ 16.80 lakh i.e. Stock issue rate ₹ 3,94,000-vendor's rate ₹ 2,82,000= ₹ 1,12,000x15 (No. of transformers).

3.3.4 Maintenance of transformers

Regular maintenance of transformers is required for the longevity and efficient working of transformers so that the goal of quality and reliable power supply can be achieved. Audit found following deficiencies in the maintenance of transformers:

3.3.4.1 Non-maintenance of history cards of transformers

As per methodology for performance evaluation of Sub-transmission and Distribution Project (ST&DP) issued by Central Electricity Authority, the maintenance of history card containing full particulars for each transformer is necessary, to watch its performance and to ascertain its working life. Audit noticed that the history cards of the transformers were not maintained by all the eight distribution divisions. In the absence of the history cards, the UPCL has no mechanism to ascertain the actual age, efficiency and repair history of transformers.

3.3.4.2 Excess damage of transformers against norms

Transformer is the core element of the distribution network and its average life is presumed to be 25 years[32]. In order to minimise the damage, UPCL has to take the preventive steps like detailed monitoring, ascertaining reasons for damages, maintenance of history cards, and joining of low tension terminals with gripping tools and copper lugs, etc. Though the GoU/UPCL had not issued any guidelines for reporting damages of transformers yet UPCL fixed its internal target of damages as up to three *per cent* per year of the installed capacity. Audit noticed that:

- There was no scientific basis for determining the fixing of target in respect of damage rate at three *per cent*.
- 13,319 transformers of various capacities valuing ₹ 121.99 crore got damaged in excess of the internal target fixed by UPCL during 2011-12 to 2013-14. The percentage of damaged transformers exceeded the norm of three *per cent* as a whole and ranged between 12.28 to 13.40 *per cent.*
- It was further noticed that out of all the damaged transformers, 9,642 transformers were of 25 KVA capacity, which comprised 55.43 *per cent* of the total damaged transformers during 2011-12 to 2013-14.
- Also, in case of transformers damaged within guarantee period, the contractor failed to deliver 20.15 *per cent* (606 out of 3,007) of transformers within stipulated period of 60 days during 2009-10 to 2013-14.

3.3.4.3 Lack of protection equipment at 33/11 KV sub-station of UPCL

Distribution feeders emanating from a substation are controlled by circuit breakers which trip (or open) when there is a fault on any section downstream, thus disconnecting power supply (outages) particularly to the consumers on that section. Audit noticed that out of eight selected divisions, two divisions namely Kotdwar Division (15 out of 16 sub-stations) and Dehradun South Division (seven out of 21 feeders) did not have required protections. The absence of

[32] As per CEA guidelines for R & M and RLA studies of sub-transmission and distribution equipment.

required protections may result in threatening of equipment and affecting the health of transformers.

3.3.4.4 Delay in replacement of failed transformers

Standards of Performance, issued by Uttarakhand Electricity Regulatory Commission (UERC), regarding failed/ burnt distribution transformers stipulate that the licensee shall replace these transformers within 24 hours in plain areas and within 48 hours in hilly areas. Audit noticed that in New Tehri Division, 361 failed/burnt transformers were replaced with a delay of one to 23 days during 2013-14.

3.3.4.5 Non-installation of Lightning Arrester

Lightning Arrester (LA) is an equipment which arrests the lightening and evacuates the same through proper earthing. LA is installed to save transformers and associated lines from damage through lightening in hilly areas as the frequency of instances of lightning is high in these areas. Audit noticed that in Electricity Distribution Division, Srinagar and Kotdwar, 22 and 151 transformers respectively of various capacities were damaged during 2011-12 to 2013-14 due to non-installation of LA, which resulted in an avoidable loss of ₹ 1.03 crore.

3.3.4.6 Theft of components of transformers

Audit noticed that in Kashipur, Bazpur and Haridwar (Rural) EDDs, core elements of 16 transformers, comprising coil, copper winding, bushing rods and transformer oil amounting to ₹ 35.76 lakh were stolen during July 2010 to January 2014. The divisions had filed First Information Reports with police in respect of the above cases but no items had been recovered till date. For ensuring the safety of the transformers, divisions should have ensured sufficient surveillance of the installed transformers. They should also take measures for enhanced protection of the transformers located at remote sites to avoid recurrence of such incidents in future. The EE’s of the Divisions have accepted the audit observation.

3.3.5 Repairing of transformers

3.3.5.1 Under-utilisation of capacity in departmental workshops of UPCL

As per norms, 50 *per cent* of total defective transformers received in the workshop should be repaired in the workshop itself. Test-check of records of Electricity Workshop division, Dehradun for the last five years showed that 17,536 transformers were damaged, out of which only 5,684 transformers were repaired at the workshop, which was only 32.41 *per cent* of total damaged transformers. Thus, there was overall shortfall of 3,084 (35.17 *per cent*) transformers in achieving the target. The UPCL incurred an additional expenditure of ₹ 63.23 lakh (considering labour portion only), which were repaired through outside agencies due to under utilisation of the capacity of the EWDs.

3.3.5.2 Short retrieval of burnt transformer oil

As per norms, recovery of burnt and dirty transformer oil from the damaged transformers brought to the workshop should not be less than 70 *per cent* of the capacity of oil tank of the transformer. Scrutiny of the records of Electricity Workshop division, Dehradun showed that during 2010-14 recovery of burnt and dirty transformer oil was less than the norms and there was shortfall of 509.31 KL valued at ₹ 76.40 lakh in 14,129 transformers. The reasons for short recovery of burnt and dirty transformer oil and remedial action taken, were not on record.

3.3.6 Matching of Capacity with Load

3.3.6.1 Mismatch of capacity with load

Analysis of the mismatch of transformation capacity of UPCL and at different transformation ends of the selected divisions of UPCL showed that the connected load was in excess of capacity of distribution transformation of UPCL in the range of 1,526.36 MVA to 1,994.18 MVA during the last five years. Audit noticed that eight divisions covered during field audit, the connected load was also in excess of the capacity of distribution transformation of the divisions.

Also, the capacity of distribution transformation of the UPCL was in excess of sub-power transformation capacity in the range of 762.47 MVA to 1,515.62 MVA during 2009-10 to 2013-14. During the field audit of EDD Rudrapur, EDD New Tehri, EDD Kotdwar and EDD (South) Dehradun, the sub-power transformation capacity was found short of the capacity of distribution transformation of the divisions which resulted in continuous overloading of the sub-power transformers. Besides, continuous overloading of distribution system exerted pressure on the transmission network resulting in overloading of transformers of PTCUL as well.

Management of the divisions accepted the facts and stated that the problems of over loading of 33/11 KV substations would be minimized after construction of new 33/11 KV substations and installation of new transformers of higher capacity. The referred work had been planned under the Restructured Accelerated Power Development Reform Programme (R-APDRP). Reply of the Management is not convincing as the detailed project report of R-APDRP was prepared in 2009-10 considering the load at that time and since then there has been steady increase in load due to which the proposed enhancement of the capacity may still remain less than the current requirement.

3.3.6.2 Non-utilization of bays for better load management

PTCUL constructed 33 KV bays comprising of circuit breakers, isolators, CT, lightening arresters etc. to feed power to the individual feeders of UPCL. These bays are also required for sharing of load of a particular area to protect an individual feeder of UPCL from overloading. Scrutiny of records of O&M Divisions, Pantnagar and Kashipur of PTCUL showed that out of 14 bays in two substations in Pantnagar division, eight bays were lying idle. Similarly, in three substations in Kashipur division, four out of 57 bays were not in use. These 12 unused bays could have been utilized for better management of load and minimization of mismatch.

3.3.6.3 Electricity Supply Plan (ESP) for the period from 2013-14 to 2015-16

The ESP of the UPCL envisages a load growth of 1,637.65 MVA during the period from 2013-14 to 2015-16. Against the projected load growth and actual gap of 1994.18 MVA[33], UPCL has

[33] (5,352 MV connected load -3,357.82 MVA capacity of distribution transformation) figures as on March 2014.

proposed increase of only 993.25 MVA capacity of distribution transformation. Inability to match planned growth in the capacity of the network with the projected growth required to meet the energy requirements of the State is reflective of poor planning and will result in increasing the gap between the connected load and the distribution transformation capacity. This would further strain the system in near future, resulting in more frequent trippings and resultant damage to distribution transformers.

3.3.6.4 Tripping of feeders

Tripping results in breakdown of power and defeats the objective of ensuring round the clock and quality power supply. Continuous overloading of transformers was one of the major reasons for tripping. Audit noticed that nine major feeders[34] emanate from 400 KV sub-station, Kashipur. This substation had two transformers of 315 MVA (400/220KV) and two of 160 MVA (220/132KV). The total number of trippings in these feeders was 282 during 2009-10 to 2013-14. Maximum number of trippings *i.e.* 66 was noticed in the Rishikesh line. Due to tripping, the possibility of damage to the distribution transformers could not be ruled out.

The matter was referred to the Government (August 2014); reply was awaited (December 2014).

3.4 Non-claiming of 12 *per cent* royalty

Lack of efforts on part of UPCL to charge royalty in the shape of free power deprived the State of 12 *per cent* free power (17.32 MUs) amounting to ₹ 3.91 crore.

Government of Uttarakhand (GoU) entered into an agreement (January 2007) for power generation (24 MW) with Bhilangana Hydro Power Ltd. (BHPL) New Delhi, an Independent Power Producer (IPP) located in Uttarakhand. The clauses 4.1.1, 4.2.1 and 4.2.2 of the Agreement regarding utilizing the option to dispose off the power by the generating company and the royalty, in the shape of free power chargeable to the generating company, are given in ***Appendix 3.4.1***.

Scrutiny of records of the UPCL (June 2013) and the Department of Energy (March 2014), Government of Uttarakhand (GoU) showed that the BHPL entered into an agreement for sale of power with Tata Power Trading Company Ltd (TPTCL) situated outside the State. However, Uttarakhand Electricity Regulatory Commission (UERC) did not permit BHPL to sell its power outside the State to a trading licensee against which BHPL filed a case before the 'Appellate Tribunal for Electricity'. The Appellate Tribunal ruled (January 2011) in favour of BHPL and granted it Open Access for sale of power. This sale of power by BHPL outside the State to a trading company (TPTCL) falls under clause 4.2.1(ii) of the implementation agreement i.e. sale of power to any other consumer not covered under clause 4.1.1 and thereby attracts levy of royalty in the shape of free power at the rate of 12 *per cent* of net wheeled energy or deliverable energy, for the first 15 years after COD[35]. It is to be noted that the GoU had directed (May 2007) that royalty energy is to be evacuated by the UPCL and that month-wise details of the royalty

[34] Two feeders are of 400 KV, two are of 220 KV and five are of 132 KV.
[35] COD = Commercial Operation Date.

energy along with the copy of challan of amount deposited is to be submitted to the GoU. BHPL filed a preliminary Open Access Application to Power Transmission Corporation of Uttarakhand Limited as it had finalised sale of power outside the State of Uttarakhand through a power trader and it also requested UPCL to file Open Access Application for the aforesaid royalty energy so that integrated power evacuation could be planned. Despite clear directions by Government of Uttarakhand for collecting royalty and request of BHPL in this regard for creating integrated power evacuation system, UPCL failed to collect the royalty at the rate of 12 *per cent* of net wheeled energy. BHPL started its commercial generation on 23.12.2011 and up to December 2013, the royalty chargeable on net wheeled energy works out to 17.32 MUs amounting to ₹ 3.91 crore. Thus, failure on the part of the UPCL to claim due royalty deprived the State of free power valued at ₹ 3.91 crore.

On this being pointed out, the Management of UPCL stated (September 2014) in its reply that the responsibility for collecting 12 *per cent* royalty lies on Power Transmission Corporation of Uttarakhand Limited as per the instructions (dated 25.05.2014) of Uttarakhand Government. Also, UPCL is not responsible for collecting the same as UPCL is not receiving the power from the M/s BHPL.

The reply of the UPCL is not acceptable as Government of Uttarakhand had initially fixed the responsibility on UPCL for collecting the royalty from M/s BHPL vide its order dated 07.05.2007. Also, M/s BHPL requested (October 2007) UPCL to collect the royalty energy. Hence, the responsibility of UPCL for collecting 12 *per cent* royalty from M/s BHPL cannot be overlooked. It is also pertinent to mention that as per industrial practice in Uttarakhand, UPCL has been regularly collecting 12 *per cent* royalty energy on behalf of State Government from other power generators, who enter into transmission agreement with different transmission companies other than Uttarakhand's. However, GoU (May2014) instructed Urja Cell, Uttarakhand to initiate legal proceedings against M/s BHPL for not providing 12 *per cent* royalty energy thereby substantiating the audit observation.

The matter was referred to Government (March 2014); the reply was awaited (November 2014).

UTTARAKHAND POWER CORPORATION LIMITED

3.5 Undue benefit to consumer

UPCL extended undue benefit of ₹ 2.12 crore to a consumer by non-levy of 15 *per cent* additional surcharge for continuous power supply.

Office Memorandum (106 of January 2006) of Uttarakhand Power Corporation Limited (UPCL) provides that Electricity connection to the consumers of similar nature having similar industrial process can be released from an independent feeder. Further, UPCL imposes 15 *per cent* additional surcharge from May 2010 in actual energy charges billed for a month in lieu of providing continuous power supply to an industry.

Audit scrutiny (April 2014) of the records of Electricity Distribution Division, Kashipur showed that:

- Electricity connection of 4,000 KVA was released (November 2008) by UPCL to a consumer manufacturing electronic goods from the already constructed 33 KV switching sub-station/ independent feeder which was providing power to three other private firms belonging to the paper industry[36] in violation to the above norm.
- All the paper mill consumers were paying an additional 15 *per cent* surcharge on their monthly electricity charges for availing continuous power supply whereas the consumer concerned was availing the benefit without paying any additional surcharge as the consumer was categorised as non-continuous.
- The switching sub-station/ independent feeder from where all the connections are released, does not have any mechanism to differentiate between continuous and non-continuous connections, the consumer by virtue of being connected to the independent feeder, is availing the benefits of continuous power supply, and hence, attracts the levy of 15 *per cent* additional surcharge. Thus, undue benefit in terms of revenue forgone is being extended to the consumer which works out to ₹ 2.12 crore[37] (May 2010 to March 2014).

The Government stated (September 2014) that providing connections to consumers of various processes from a switching sub-station, with proper isolation and metering mechanism is not irregular. Further, power supply to the consumer, was cut manually by line man when rostering was observed in the area and provided CD of load survey and MRI[38] Report to prove its point of power cut against the consumer.

The reply is not acceptable as connection released to a dissimilar consumer was in violation of the above norms. Also, UPCL failed to provide any credible documentary evidence to substantiate its claim of enforcing power-cut during rostering hours by any employee. Audit compared the rostering details of the UPCL with the data provided in the CD and found that the power supply to the said consumer was regular on those days and time when the power rostering for non-continuous industries in the area was scheduled.

UTTARAKHAND TRANSPORT CORPORATION

3.6 Avoidable loss

Uttarakhand Transport Corporation suffered an avoidable loss of ₹ 1.15 crore due to delay in getting exemption in accordance with the provisions of ESI Act.

ESI Act *inter alia* provides that the Government may, in consultation with ESIC and by notification in the Official Gazette, exempt any factory or establishment from contributing towards ESIC fund if the Government is satisfied that the employees in any such factory or

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36 M/s Fiber Marx Paper Limited (4,000KVA), M/s Vishwanath Paper (3,000KVA), M/s Katyani Paper Mill (3,000KVA).

37 15 *per cent* additional surcharge = Energy charges of ₹ 14.13 crore for the period from May 2010 to March 2014 = ₹ 14.13 crore x 15/100 = ₹ 2.12 crore.

38 Self generated report by meter reading instrument.

establishment are in receipt of benefits similar or superior to the benefits provided under the scheme.

Audit scrutiny (January 2014) of records of the Uttarakhand Transport Corporation (UTC) showed that the Corporation was making a payment of ₹ 30 per month to each of its employees as Medical allowance and also reimbursing expenditure incurred on medical treatment of the employees. These benefits were considered similar to those provided by the ESIC, and hence, exemption from the ESI Act was available to the UTC (erstwhile Uttar Pradesh Sadak Parivahan Nigam). Audit noticed that the UTC did not initiate any action to obtain the exemptions notified by the Uttarakhand Government when (October 2003) it was separated from the erstwhile Uttar Pradesh Sadak Parivahan Nigam. As a result, the ESIC seized the accounts of the UTC and recovered (December 2005 to March 2010) an amount of ₹ 1.15 crore as contribution to the ESIC from its four workshops (Dehradun, Haridwar, Roorkee and Haldwani). The UTC, subsequently, obtained exemption from the provisions of the ESI Act with retrospective effect from 31 October 2003 to 12 October 2009 (in March 2010) and other periods from 13 October 2009 to 12 October 2010 (in October 2009) and 5 February 2013 to 4 February 2016 (in February 2013). However, the ESIC refused to refund ₹ 1.15 crore it had recovered from the UTC in absence of any State Government notification of the exemption. Thus, UTC suffered an avoidable loss of ₹ 1.15 crore due to delay in getting exemption in accordance with the provisions of ESI Act.

The management stated (January 2014) that the correspondence with the ESIC in respect of refunding of the amount recovered by them is being made and that the matter has also been brought to the notice of the State Government. The reply was not acceptable as the ESIC refused to refund the already recovered amount. Besides, the exemption notification for the period from 13th October 2010 to 4th February 2013 has not been issued till date (April 2014) thereby inviting penal provisions of the ESI Act.

The matter was referred to the Government (March 2014); the reply was awaited (December 2014).

3.7 Non-realisation of dues

Uttarakhand Transport Corporation failed to realize its dues worth ₹ 27.93 lakh in lieu of services provided to North Eastern Railway as the Corporation failed to execute an agreement before providing services to it.

Uttarakhand Transport Corporation (UTC), in compliance of an agreement executed in June 1968 between its predecessor Uttar Pradesh State Road Transport Corporation (UPSRTC) and the North Eastern Railway (NER), provided transport facility to passengers of NER between Kathgodam and Ranikhet/Nainital and vice versa. As per conditions of the agreement, NER paid all claims for the service provided to its passengers within fifteen days from the date of receiving the claims. On bifurcation of Uttar Pradesh, UTC was formed in October 2003.

Scrutiny of records (January 2014) of Divisional Manager (Operations), UTC, Nainital region, showed that bills on account of passengers and their luggage were paid by NER upto October 2004. From November 2004 onwards NER refused (March 2008) to make payments on the ground that UTC came into existence in October 2003, and no agreement was signed by UTC with NER. UTC continued to provide service to NER till February 2008 without any agreement and without receiving any amount in respect of bills already submitted. UTC stopped its services from March 2008 and the total claims of its service from November 2004 to February 2008 were ₹ 27.93 lakh. The matter has since been pending and no claim of UTC has been reimbursed by NER.

Management stated (January 2014) that continuous correspondence had been made with NER for payment of the pending bills and NER had agreed to pay the bills. The fact remains that the amount has not been recovered so far.

The matter was referred to the Government (May 2014); the reply was awaited (December 2014).

Dehradun	**(SAURABH NARAIN)**
The 06 April 2015	**Accountant General (Audit), Uttarakhand**

Countersigned

New Delhi	**(SHASHI KANT SHARMA)**
The 07 April 2015	**Comptroller and Auditor General of India**

Appendix 1.1.1
(Reference: paragraph 1.1.10.1; page 5)

Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Department (s)	ATNs pending as of 31 October 2014	Date of presentation in the State Legislature	Due date for receipt of ATNs
Civil/Social, General and Economic Sectors (Non-PSUs)	2000-01	Medical Health & Family Welfare	01	23.06.2003	22.09.2003
		Agriculture	01		
		Irrigation Department.	01		
		Environment Department.	01		
	2001-02	Uttaranchal Jal Vidyut Nigam Ltd.	01	19.07.2004	18.10.2004
		Finance Department	01		
	2002-03	Transport	01	12.01.2005	11.04.2005
		Irrigation	01		
		Financial & Social Welfare	01		
	2003-04	Irrigation	01	05.10.2005	04.01.2006
		Panchayti Raj	01		
		Transport	02		
	2004-05	Medical Health & Family Welfare	01	19.04.2006	18.07.2006
		Transport	01		
		P.W.D	01		
	2005-06	Medical Department	01	27.06.2007	26.09.2007
		Food & Civil Supplies	01		
		Sports & Youth Welfare	01		
		Rural Development	01		
	2006-07	Pay Jal Department	01	07.03.2008	06.06.2008
		Transport	01		
		Information Deptt.	02		
		Civil Aviation Department.	01		
	2007-08	Rural Development Department.	01	13.07.2009	12.10.2009
		Medical Health & Family Welfare Department	02		
		Urban Development	01		
		Technical Education	02		
		Information & Public Relations	01		
	2008-09	Stamps & Registration	01	22.09.2010	21.12.2010
		Commercial Tax Department	01		
		Rural Development Department.	02		
		Uttarakhand Peyjal Nigam	02		
		Transport Department.	01		
		Revenue Department	01		
		Rural Engg. Services	01		
		Technical Education	01		
		P.W.D	01		
	2009-10	Commercial Tax Department	01	29.03.2011	28.06.2011
		Tourism	01		
		Rural Development	02		
		Election	01		
		U.K Peyjal Nigam	02		
	2010-11	Commercial Tax Department	02	11.12.2012	10.03.2013
		Social Welfare	01		

		State Excise	01		
		P.W.D	06		
		U.K Peyjal Nigam	01		
		Police Dept.	01		
		Medical Health & Family Welfare	01		
		Animal Husbandry	01		
		AYUSH	01		
		Housing Department.	01		
		Education Department	01		
		Revenue Department.	01		
	2011-12	Rural Development Department.	01	18.09.2013	17.12.2013
		Election Department.	01		
		Department of Labour	01		
		Women Empowerment & Child Development	01		
		Social Welfare Department	02		
		Deptt. of Sports	01		
		Deptt. Of Higher Education	01		
		P.W.D	03		
		Horticulture Department.	01		
		Commercial Tax Department.	01		
State Finances	2000-01	Finance and Misc. Departments	All Chapters	23.06.2003	22.09.2003
	2001-02	Finance and Misc. Departments	All Chapters	19.07.2004	18.10.2004
	2002-03	Finance and Misc. Departments	All Chapters	12.01.2005	11.04.2005
	2003-04	Finance and Misc. Departments	All Chapters	05.10.2005	04.01.2006
	2004-05	Finance and Misc. Departments	All Chapters	19.04.2006	18.07.2006
	2005-06	Finance and Misc. Departments	All Chapters	27.06.2007	26.09.2007
	2006-07	Finance and Misc. Departments	All Chapters	07.03.2008	06.06.2008
	2007-08	Finance and Misc. Departments	All Chapters	13.07.2009	12.10.2009
	2008-09	Finance and Misc. Departments	All Chapters	22.09.2010	21.12.2010
	2009-10	Finance and Misc. Departments	All Chapters	29.03.2011	28.06.2011
	2010-11	Finance and Misc. Departments	All Chapters	11.12.2012	10.03.2013
	2011-12	Finance and Misc. Departments	All Chapters	18.09.2013	17.12.2013
Nainital District	2011-12	Miscellaneous Departments	All Chapters	18.09.2013	17.12.2013

Appendix 1.2.1

(Reference: paragraph 1.2.6.1; page 9)

Details of Preliminary surveys, baseline surveys and Project Implementation Plan

Name of District	Name of Block	Name of Gram Panchayat	Total No. of Household as per Base line survey	Total No. of Household as per On Line reporting	Difference Excess/short
Pauri	Pauri	Gahad	154	164	10
		Asnauli	125	127	02
		Kevars	234	245	11
		Bhimlitalli	70	93	23
		Budakot	152	161	09
		Dungari	113	116	03
	Dugadda	Diyula	83	95	12
		Dhurabharpur	73	75	02
		Mathada	147	149	02
		Syalni	103	117	14
		SimalnaBichala	77	88	11
		Grastanganj	506	536	30
	Khirsu	Kothagi	160	125	35
		Kandoli	129	131	02
		Gajeli Saud	110	116	06
		Markhoda	87	79	08
		Sweet	233	156	77
		Gwad	396	230	166
		Koltha	131	157	26
		Dhikalgaon	73	77	04
USNagar	Kashipur	Gopipura	430	444	14
		Lachhmipurlacchi	367	394	27
		Saadkhera	308	280	28
		Barkheda Pandey	976	1,018	42
		Dhakiyakalan	1,707	1,770	63
		Kanchanalgusai	506	544	38
	Bazpur	Hajeera	785	747	38
		Kelavanvari	340	372	32
		Bannakhera	860	913	53
		Maholi jungle	470	492	22
		Kanaura	962	994	32
		BeriyaDaulat	1,050	1,086	36
		Dhansara	248	287	39
		RampuraShakar	504	585	81
Almora	Bhaisiyachana	Alai	146	135	11
		Bhetawadia	130	123	07
		Dashau	115	123	08
		Jogyura	57	62	05
		KhashTilari	118	110	08
		Naugaon	333	352	19
		Poonakot	127	121	06
		Sheel	95	86	09

Appendix 1.2.2
(Reference: paragraph 1.2.7.4; page 13)

Details of Mismatch of data

(₹ in lakh)

Year	Total availability of funds				Total expenditure		
	Districts	**Manual records**	**MIS**	**Difference (%)**	**Manual records**	**MIS**	**Difference (%)**
2009-10	Dehradun	237.59	227.30	10.29 (4%)	134.28	104.74	29.54 (22%)
	Pauri	413.89	289.15	124.74 (30%)	123.58	204.62	81.04 (66%)
	Almora	175.36	167.19	8.17 (5%)	168.02	164.03	3.99 (2%)
	USNagar	151.52	137.12	14.40 (10%)	57.41	43.01	14.40 (25%)
2010-11	Dehradun	320.19	435.08	114.89 (36%)	278.32	240.89	37.43 (13%)
	Pauri	324.64	172.58	152.06 (47%)	99.64	114.33	14.69 (15%)
	Almora	308.95	501.81	192.86 (62%)	192.40	172.01	20.39 (11%)
	USNagar	110.14	94.11	16.03 (15%)	105.43	89.35	16.08 (15%)
2011-12	Dehradun	484.00	495.68	11.68 (2%)	203.55	203.60	0.05 (0.02%)
	Pauri	407.41	262.99	144.42 (35%)	238.13	194.00	44.13 (19%)
	Almora	525.01	504.14	20.87 (4%)	483.78	325.35	158.43 (33%)
	USNagar	193.50	90.63	102.87 (53%)	156.85	91.94	64.91 (41%)
2012-13	Dehradun	699.59	638.07	61.52 (9%)	211.40	209.88	1.52 (0.71%)
	Pauri	572.22	472.97	99.25 (17%)	180.18	184.56	4.38 (2%)
	Almora	720.69	691.00	29.69 (4%)	411.82	408.56	3.26 (1%)
	USNagar	507.19	464.84	42.35 (8%)	198.75	119.70	79.05 (40%)
2013-14	Dehradun	503.18	524.79	21.61 (4%)	242.20	250.99	8.79 (4%)
	Pauri	392.04	323.45	68.59 (17%)	187.85	264.01	76.16 (41%)
	Almora	370.29	392.04	21.75 (6%)	348.19	327.83	20.36 (6%)
	USNagar	321.97	380.11	58.14 (18%)	116.71	200.72	84.01 (72%)

Source: Extracted from the records of the test-checked DPMUs

Appendix 1.14.1

(Reference: paragraph 1.14.5.1; page 44)

Details of overburdened hostels under Kasturba Gandhi Balika Vidyalaya Scheme

District	Name of Hostels	No. of Girls registered during 2013-14			No. of bathroom available			No. of toilets available			No. of rooms available	No. of bed available
		Class 6 to 8	Class 9 to12	Total Girls	As per norms	Available	Deficit	As per norms	Available	Deficit		
Tehri	Aampata	42	36	78	12	2	10	19	2	17	5	10
	Routoki beli	30	33	63	10	1	9	15	2	13	4	4
	Rousal	32	26	58	9	1	8	14	3	11	2	0
	Koushal	11	14	25	4	1	3	6	2	4	2	10
	Sujad gaon	46	17	63	10	1	9	15	2	13	3	25
	Total	**161**	**126**	**287**	**45**	**6**	**39**	**69**	**11**	**58**	**16**	**49**
Haridwar	Rani Majra	50	14	64	10	7	3	15	7	8	2	29
	Goberdhanpur	50	12	62	10	6	4	15	9	6	6	50
	Badiwala	49	33	82	13	4	9	20	5	15	2	35
	Bajuheri	41	20	61	10	2	8	15	5	10	2	36
	Akbarpur Ud	49	13	62	10	3	7	15	4	11	3	38
	Mohit pur	41	29	70	11	2	9	17	3	14	2	50
	Harjouli jatt	50	25	75	12	15	-3	18	15	3	3	50
	Total	**330**	**146**	**476**	**76**	**39**	**37**	**115**	**48**	**67**	**20**	**288**
Almora	Jaiti	50	32	82	13	8	5	20	8	12	9	39
	Chagethi	32	14	46	7	5	2	11	8	3	4	32
	Total	**82**	**46**	**128**	**20**	**13**	**7**	**31**	**16**	**15**	**13**	**71**
Udham Singh Nagar	Sitarganj	50	53	103	16	10	6	25	10	15	6	100
	Bajpur	50	1	51	8	2	6	12	3	9	3	30
	Total	**100**	**54**	**154**	**24**	**12**	**12**	**37**	**13**	**24**	**9**	**130**
Grand Total		**673**	**372**	**1045**	**165**	**70**	**95**	**252**	**88**	**164**	**58**	**538**

Appendix 1.14.2
(Reference: paragraph 1.14.5.2; page 44)

Details of delay in construction of KGBV buildings

(₹in lakh)

Sl. No.	Name of Hostel	Year of Sanction	Amount Released	Expenditure incurred	Handed over or not	Present Status of work
1	Dhauladevi, Almora	2004-05	86.06	86.06	Handed over	GF & FF completed
2	Lamgarha, Almora	2004-05	124.85	45.00		GF & FF Bricks works in progress
3	Kalsi, Dehradun	2004-05	102.45	96.65	Handed over	GF & FF completed
4	Narsan, Haridwar	2004-05	124.21	124.21	Handed over	GF & FF completed
5	Jaunpur, Tehri	2004-05	79.46	72.10		GF Plaster work in progress and FF flooring work in progress
6	Bhilangana, Tehri	2006-07	86.07	72.45		GF Plaster work in progress and FF bricks work in progress
7	Narendra Nagar, Tehri	2006-07	79.27	67.90		GF Plaster work in progress and FF bricks work in progress
8	Pratap Nagar, Tehri	2006-07	82.85	67.26		GF & FF completed
9	Thouldhar, Tehri	2006-07	101.82	89.00		GF & FF plaster work in progress
10	Sitarganj, US Nagar	2004-05	15.00	15.00		GF completed and handed over and proposal for FF sent to State Govt.
11	Bajpur, US Nagar	2006-07	67.61	25.80		GF completed and handed over and for FF budget sanction in March 2014
12	Naugaon, Uttarkashi	2004-05	96.60	82.10		GF completed and for FF bricks work in progress
13	Chinyalisaun, Uttarkashi	2006-07	86.37	85.10	Handed over	GF & FF completed
14	Purola, Uttarkashi	2006-07	87.81	72.95		GF plaster work in progress and FF Slab cast
15	Mori, Uttarkashi	2006-07	89.27	84.10		GF & FF floaring work in progress
16	Gangolihat, Pithoragarh	2004-05	80.94	78.24	Handed over	GF & FF completed
17	Kapkot, Bageshwar	2004-05	90.41	78.22		GF completed and hand over FF slab work in progress
18	Thalisan, Pauri	2004-05	80.57	28.00		GF & FF in progress
19	Ghat, Chamoli	2004-05	82.05	60.31		GF completed and hand over FF slab work in progress
20	Tanakpur, Champawat	2004-05	70.29	56.80	Handed over	GF & FF completed
21	Okhal Khanda, Nainital	2004-05	54.56	33.22		GF completed and hand over FF work in progress
22	Chakrata, Dehradun	2010-11	80.15	71.88	Handed over	GF & FF completed
23	Roorkee, Haridwar	2006-07	91.98	25.80		GF completed and handed over and for FF Budget sanction in 03/2014
24	Laxar, Haridwar	2006-07	93.28	25.80		GF completed and handed over and for FF Budget sanction in 03/2014
25	Bahadrabad, Haridwar	2006-07	92.57	26.80		GF completed and handed over and for FF Budget sanction in 03/2014
26	Forest village, Haridwar	2008-09	25.80	25.80		GF completed and handed over and proposal for FF sent to State Govt.
27	Khanpur, Haridwar	2010-11	69.16	66.40	Handed over	GF & FF completed
28	Bhagwanpur, Haridwar	2006-07	112.19	39.15		GF completed and FF budget sanction in 03/2014
	Total		**2,333.65**	**1,702.10**		

Appendix 3.1.1

(Reference: paragraphs 3.1.1 & 3.1.6; pages 85 & 88)

Updated summarised financial results of Government Companies and Statutory Corporations for which accounts were finalised

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turn over	Impact of Accounts Comments[1]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[2]	Return on capital employed[3]	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depreciation	Net Profit /Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies													(5b +5d)	11/10
AGRICULTURE & ALLIED														
1.	Uttarakhand Seed & Tarai Development Corporation Ltd.	2012-13	2013-14	3.87	1.02	0.38	2.47	113.54	(-)0.08	4.08	9.88	35.85	3.49	9.74
Sector Wise total				**3.87**	**1.02**	**0.38**	**2.47**	**113.54**	**(-)0.08**	**4.08**	**9.88**	**35.85**	**3.49**	**9.74**
FINANCE														
2.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidary of Garhwal Mandal Vikas Nigam Limited)	1993-94	2012-13	0.10	0.03	-	0.07	0.54	(-)0.39	0.50	(-) 0.63	1.09	0.10	9.17
3.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidaryof Kumaon Mandal Vikas Nigam Limited)	1986-87	2002-03	(-) 0.02	-	-	(-) 0.02	0.10	-	0.50	(-) 0.04	0.46	(-) 0.02	-
4.	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	2004-05	2013-14	0.12	0.25	0.04	(-) 0.17	-	(-) 0.02	5.94	(-) 0.11	42.32	0.08	0.19
Sector Wise total				**0.20**	**0.28**	**0.04**	**(-) 0.12**	**0.64**	**(-)0.41**	**6.94**	**(-) 0.78**	**43.87**	**0.16**	**0.36**
INFRASTRUCTURE														
5.	State Industrial Development Corporation of Uttarakhand Limited	2010-11	2013-14	30.70	0.48	0.21	30.01	2.87	(-) 7.04	28.50	235.17	273.44	30.49	11.15
6.	Uttarakhand State Infrastructure Development Corporation Limited	2011-12	2013-14	(-) 0.11	-	0.04	(-) 0.15	6.74	Non review	4.00	(-) 4.17	1.83	(-) 0.15	-
Sector Wise total				**30.59**	**0.48**	**0.25**	**29.86**	**9.61**	**(-) 7.04**	**32.50**	**231.00**	**275.27**	**30.34**	**11.02**

[1] Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/decrease in losses (-) decrease in profit/increase in losses.

[2] Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposit and borrowing (including refinance).

[3] Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Sl. No.	**Sector & Name of the Company**	**Period of Accounts**	**Year in which finalised**	**Net Profit (+)/ Loss (-)**				**Turnover**	**Impact of Accounts Comments**	**Paid up Capital**	**Accumulated Profit (+)/ Loss (-)**	**Capital employed**	**Return on capital employed**	**Percentage return on capital employed**
				Net Profit/Loss before Interest & Depreciation	**Interest**	**Depreciation**	**Net Profit /Loss**							
(1)	**(2)**	**(3)**	**(4)**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
MANUFACTURING														
7.	Trans cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam limited)	1999-2000	2002-03	(-) 0.84	-	-	(-) 0.84	2.80	-	1.63	(-) 5.80	2.90	(-) 0.84	-
8.	Uttar Pradesh Digitals Limited (Subsidiary of Kuamon Mandal Vikas Nigam Limited)	1996-97	1997-98	(-) 1.19	-	-	(-) 1.19	0.29	-	0.35	(-) 6.95	0.35	(-) 1.19	-
9.	Uttar Pradesh Hill Electronics Corporation Limited	1997-98	2011-12	(-) 0.29	-	0.02	(-) 0.31	1.61	-	8.95	(-) 1.17	4.99	(-) 0.31	-
10.	Kichha Sugar Company Limited	2012-13	2014-15	(-) 2.75	14.43	0.26	(-) 17.44	100.60	-	17.99	(-) 102.00	17.07	(-) 3.01	-
11.	Doiwala Sugar Company Limited	2012-13	2013-14	(-) 18.18	16.71	0.24	(-) 35.13	63.20	Non review	6.00	(-) 160.95	(-) 139.64	(-) 18.42	-
12.	Uttarakhand Project Development and Construction Corporation Limited	2011-12	2014-15	0.01	-	-	0.01	0.07	-	0.05	-			
Sector Wise total				**(-) 23.24**	**31.14**	**0.52**	**(-) 54.90**	**168.57**	**-**	**34.97**	**(-) 276.87**	**(-) 114.33**	**(-)23.77**	**-**
POWER														
13.	Uttarakhand Power Corporation Limited	2012-13	2014-15	154.24	87.68	82.31	(-) 15.75	3432.70	(+)10.84	585.80	(-) 2018.77	(-)479.81	71.93	-
14.	Uttarakhand Jal Vidhyut Nigam Limited	2013-14	2014-15	196.65	111.47	72.60	12.58	374.39	(-)10.37	873.58	255.64	3157.25	124.05	3.93
15.	Power Transmission Corporation of Uttarakhand Limited	2012-13	2013-14	79.06	43.54	28.09	7.43	161.26	(-)7.18	250.69	(-) 96.44	1087.45	50.97	4.69
Sector Wise total				**429.95**	**242.69**	**183.00**	**4.26**	**3,968.35**	**(-)6.71**	**1,710.07**	**(-) 1,859.57**	**3,764.89**	**246.95**	**6.56**
SERVICES														
16.	Kumaon Mandal Vikas Nigam Limited	2003-04	2013-14	1.66	1.09	0.31	0.26	104.19	(-)0.04	13.42	0.33	30.32	1.35	4.45
17.	Garhwal Mandal Vikas Nigam Limited	2004-05	2014-15	5.15	1.54	1.38	2.23	138.54	(-)2.90	5.76	6.34	34.25	3.77	11
	Sector Wise total			**6.81**	**2.63**	**1.69**	**2.49**	**242.73**	**(-)2.94**	**19.18**	**6.67**	**64.57**	**5.12**	**7.93**

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed	Return on capital employed	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depreciation	Net Profit /Loss							
(1)	**(2)**	**(3)**	**(4)**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
MISCELLANEOUS														
18.	Uttarakhand Purv Sainik Kalyan Udham Limited	2010-11	2013-14	6.17	-	0.09	6.08	88.26	-	0.05	23.92	24.82	6.35	25.58
Sector Wise total				**6.17**	**-**	**0.09**	**6.08**	**88.26**	**-**	**0.05**	**23.92**	**24.82**	**6.35**	**25.58**
Total A (All sector wise-working Government companies)				**454.35**	**278.24**	**185.97**	**(-) 9.86**	**4591.70**	**(-) 17.18**	**1,807.79**	**(-)1,865.75**	**4,094.94**	**268.38**	**6.55**
B. Working Statutory corporations														
INFRASTRUCTURE														
1.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2011-12	2013-14	(-)51.59	3.41	0.83	(-) 55.83	40.04	(-) 25.07	2,083.78	(-) 107.18	(-)568.18	(-)52.42	-
Sector Wise total				**(-)51.59**	**3.41**	**0.83**	**(-) 55.83**	**40.04**	**(-) 25.07**	**2,083.78**	**(-) 107.18**	**(-)568.18**	(-) 52.42	**-**
SERVICE														
2.	Uttarakhand Parivahan Nigam	2008-09	2010-11	0.10	-	14.77	(-) 14.67	188.81	(-) 0.56	79.74	(-) 237.22	(-) 35.14	(-) 14.67	-
Sector Wise total				**0.10**	**-**	**14.77**	**(-) 14.67**	**188.81**	**(-) 0.56**	**79.74**	**(-) 237.22**	**(-) 35.14**	**(-) 14.67**	**-**
MISCELLANEOUS														
3	Uttarakhand Forest Development Corporation	2008-09	2010-11[4]	38.91	-	1.00	37.91	282.69	(-)24.51	-	175.56	299.57	37.91	12.65
				38.91	**-**	**1.00**	**37.91**	**282.69**	**(-) 24.51**	**-**	**175.56**	**299.57**	**37.91**	**12.65**
Total B (All sector wise-working Statutory corporations)				**(-)12.58**	**3.41**	**16.60**	**(-) 32.59**	**511.54**	**(-)50.14**	**2,163.52**	**(-) 168.84**	**(-)303.75**	**(-) 29.18**	**-**
Grand Total (A+B)				**441.77**	**281.65**	**202.57**	**(-)42.45**	**5,103.24**	**(-) 67.32**	**3,971.31**	**(-) 2,034.59**	**(-)3,791.19**	**239.20**	**-**

[4] The accounts for the year 2008-09 was certified by local fund audit of State Government.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed @	Return on capital employed$	Percentage return on capital employed
				Net Profit/Loss before Interest & Depreciation	Interest	Depreciation	Net Profit/ Loss							
(1)	**(2)**	**(3)**	**(4)**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
C. Non working Government companies														
AGRICULTURE & ALLIED														
1.	UPAI Limited [5]	1988-89	1999-2000	(-) 0.01	-	-	(-) 0.01	-	-	0.17	(-) 0.05	0.10	(-) 0.01	-
	Sector Wise total			**(-) 0.01**	**-**	**-**	**(-) 0.01**	**-**	**-**	**0.17**	**(-) 0.05**	**0.10**	**(-) 0.01**	**-**
MANUFACTURE														
2.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	1989-90	1990-91	(-) 0.02	-	-	(-) 0.02	-	-	0.18	(-) 0.02	0.12	(-) 0.02	-
3.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Prades h Hill Electronics Corporation Limited)	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation limited)	-	-	-	-	-	-	-	-	-	-	-	-	-
Sector Wise total				**(-) 0.02**			**(-) 0.02**			**0.18**	**(-) 0.02**	**0.12**	**(-) 0.02**	
Total C (All sector wise-working Government companies)				**(-) 0.03**			**(-) 0.03**			**0.35**	**(-) 0.07**	**0.22**	**(-) 0.03**	
Grant Total (A+B+C)				**441.74**	**281.65**	**202.57**	**(-) 42.48**	**5,103.24**	**(-) 67.32**	**3,971.66**	**(-) 2,034.66**	**3,791.41**	**239.17**	**6.31**

[5] Company under liquidation since 31.03.1991.

Appendix 3.1.2

(Reference: paragraph 3.1.3 & 3.1.10; page 86 & 91)

Statement showing particulars of update paid-up-capital, loans outstanding and manpower as on 31 March 2014 in respect of Government Companies and Statutory Corporations

(Figures in column 5 (a) to 6 (d) are ₹ *in crore*)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid –up Capital[6]				Loans[7] outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Uttarakhand Seed & Tarai Development Corporation Ltd.[8]	Agriculture	February 1969	1.70	0.84	3.77	6.31	4.00	-	-	4.00	0.63:1	454
Sector Wise total				**1.70**	**0.84**	**3.77**	**6.31**	**4.00**	**-**	**-**	**4.00**	**0.63:1**	**454**
FINANCE													
2.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidary of Garhwal Mandal Vikas Nigam Limited)	Hill development	June 1974	0.20	-	0.30	0.50	1.17	0.04	2.04	3.25	6.50:1	04
3.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidaryof Kumaon Mandal Vikas Nigam Limited)	Hill Development	June 1975	0.22	-	0.28	0.50	-	-	-	-	-	NIL
4.	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	Social Welfare	October 2001	16.45	8.10	-	24.55		-	4.47	4.47	0.18:1	82
Sector Wise total				**16.87**	**8.10**	**0.58**	**25.55**	**1.17**	**0.04**	**6.51**	**7.72**	**0.30:1**	**86**
INFRASTRUCTURE													
5.	State Industrial Development Corporation of Uttarakhand Limited	Finance	July 2002	26.00	-	2.50	28.50	-	-	-			11
6.	Uttarakhand State Infrastructure Development Corporation Limited	Finance	March 2008	4.00	-	-	4.00	5.00	-	-	5.00	1.25:1	83
Sector Wise total				**30.00**	**-**	**2.50**	**32.50**	**5.00**	**-**	**-**	**5.00**	**0.15:1**	**94**

6 Paid – up capital includes share application money.

7 Loans outstanding at the close of 2012-13 represent long term loans only.

8 Above includes Section 619-B companies at Sr. No. 01.

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid –up Capital				Loans outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
MANUFACTURING													
7.	Trans cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam limited)	Hill Development	November 1973	-	-	1.63	1.63	2.75			2.75	1.69:1 (1.69:1)	-
8.	Uttar Pradesh Digitals Limited (Subsidiary of Kuamon Mandal Vikas Nigam Limited)	Hill Development	March 1978	-	-	0.35	0.35	-	-	-	-	- (20.80:1)	
9.	Uttar Pradesh Hill Electronics Corporation Limited	Hill Development	June 1985	8.95	-	-	8.95	-	-	-	-	-	26
10.	Kichha Sugar Company Limited	Sugar & Cane Development	February 1972	17.54	-	0.45	17.99	96.76	-	-	96.76	5.38:1	812
11.	Doiwala Sugar Company Limited	Sugar & Cane Development	December 2001	6.00	-	-	6.00	108.02	-	3.15	111.17	18.53:1	559
12.	Uttarakhand Project Development and Construction Corporation Limited	Irrigation	December 2010	1.07	-	-	1.07	-	-	-	-	-	-
Sector Wise total				**33.56**	**-**	**2.43**	**35.99**	**207.53**	**-**	**3.15**	**210.68**	**5.85:1**	**1397**
POWER													
13.	Uttarakhand Power Corporation Limited	Urja	February 2001	1008.90	-	-	1008.90	136.05	523.28	127.10	786.43	0.78:1	3683
14.	Uttarakhand Jal Vidhyut Nigam Limited	Urja	February 2001	1075.79	-	-	1075.79	306.93	-	785.90	1092.83	1.02:1	2300
15.	Power Transmission Corporation of Uttarakhand Limited	Urja	May 2004	300.34	-	-	300.34	60.30	-	510.71	571.00	1.90:1	789
Sector Wise total				**2,385.03**			**2,385.03**	**503.28**	**523.28**	**1,423.71**	**2,450.26**		**6,772**
SERVICES													
16.	Kumaon Mandal Vikas Nigam Limited	Hill Development	March 1971	13.42	-	-	13.42	44.56	-	-	44.56	3.24:1 (2.25:1)	1,004

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid –up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6©	6(d)	(7)	(8)
16.	Garhwal Mandal Vikas Nigam Limited	Hill Development	March 1976	6.80	-	-	6.80	45.19	-	-	45.19	6.49:1 (6.20:1)	1627
Sector Wise total				**20.22**	**-**	**-**	**20.22**	**89.75**	**-**	**-**	**89.75**		**2,631**
MISCELLANEOUS													
17.	Uttarakhand Purv Sainik Kalyan Udham Limited	Sainik Kalyan	March 2004	1.00	-	-	1.00	-	-	-	-	-	-
Sector Wise total				**1.00**	**-**	**-**	**1.00**	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise- working Government companies)				**2,488.38**	**8.94**	**9.28**	**2,506.60**	**810.73**	**523.32**	**1,433.37**	**2,767.41**		**11,434**
B. Working Statutory corporations													
INFRASTRUCTURE													
1.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	Peya Jal	November 2002	2,050.06	-	-	2,050.06	-	-	1.64	1.64	0.01:1 (0.01:1)	2,728
Sector Wise total				**2,050.06**	**-**	**-**	**2,050.06**	**-**	**-**	**1.64**	**1.64**		**2,728**
SERVICE													
2.	Uttarakhand Parivahan Nigam	Transport	October 2003	70.50	9.24	-	79.74	160.52	-	-	160.52	1.89:1 (1.57:1)	4,030
Sector Wise total				**70.50**	**9.24**	**-**	**79.74**	**160.52**	**-**	**-**	**160.52**	**1.89:1 (1.57:1)**	**4,030**
MISCELLANEOUS													
3	Uttarakhand Forest Development Corporation	Forest	May 2001	-	-	-	-	-	-	-	-	-	3,070
Sector Wise total				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,070**
Total B (All sector wise- working Statutory corporations)				**2,120.56**	**9.24**	**-**	**2,129.80**	**160.52**	**-**	**1.64**	**162.16**		**9,828**
Grand Total (A+B)				**4,608.94**	**18.18**	**9.28**	**4,636.40**	**971.25**	**523.32**	**1,435.01**	**2,929.57**		**21,262**
C. Non working Government companies													
AGRICULTURE & ALLIED													
1.	UPAI Limited	Agriculture	April 1977	0.15	-	0.02	0.17	-	-	-	-	-	-
Sector Wise total				**0.15**	**-**	**0.02**	**0.17**	**-**	**-**	**-**	**-**	**-**	**-**

MANUFACTURING													
Sl. No.	**Sector & Name of the Company**	**Name of the Department**	**Month and year of incorporation**	**Paid –up Capital**				**Loans outstanding at the close of 2013-14**				**Debt equity ratio for 2013-14 (Previous year)**	**Manpower (No. of employees)**
				State Govern-ment	**Central Govern-ment**	**Others**	**Total**	**State Govern-ment**	**Central Govern-ment**	**Others**	**Total**		
(1)	**(2)**	**(3)**	**(4)**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**6(a)**	**6(b)**	**6(c)**	**6(d)**	**(7)**	**(8)**
2.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	Hill Division	April 1987	-	-	0.18	0.18	-	-	-	-	-	
3.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	Hill Division	July 1987	-	-	0.03	-	-	-	-	-	-	-
4.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation limited)	Hill Division	July 1989	-	-	-	-	-	-	-	-	-	-
Sector Wise total				**-**	**-**	**0.21**	**0.21**	**-**	**-**	**-**	**-**	**-**	**-**
Total C (all sector wise non working Government Companies				**0.15**	**-**	**0.23**	**0.38**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A +B+C)				**4,609.09**	**18.18**	**9.51**	**4,636.78**	**971.25**	**523.32**	**1,435.01**	**2,929.57**		**21,262**

Appendix 3.1.3

(Reference: paragraph 3.1.4; page 87 & 88)

Statement showing equity, loans received out of budget, grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014

(Figures in column 3 (a) to 6(d) are ₹ *in crore*)

Sl. No.	Sector & Name of the Company	Equity/loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[9]		Waiver of dues the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A. Working Government Companies													
1.	Uttarakhand Seeds & Tarai Development Corporation Limited	-	-		4.96	15.99	20.95	-	-	-	-	-	-
2.	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	1.11	1.53	-	10.20	-	10.20	1.54	10.53	-	-	-	-
3.	State Industrial Development Corporation of Uttarakhand Limited	-	-	38.17	-	-	38.17	-	-	-	-	-	-
4.	Uttarakhand Power Corporation Limited	39.99	99.88						174.12	-	-	-	-
5.	Uttarakhand Jal Vidhyut Nigam Limited	202.21	0.36	-	-	0.39	0.39	-	618.89	-	-	-	-
6.	Power Transmission Corporation of Uttarakhand Limited	16.60	16.31	-	-	-	-	-	103.12	-	-	-	-
7.	Doiwala Sugar Company Limited	-	31.69	-	-	-	-	-	-	-	-	-	-
8.	Kichha Sugar Company Limited		40.30										
Total (working government companies)		**259.91**	**190.07**	**38.17**	**15.16**	**16.38**	**69.71**	**1.54**	**906.66**	**-**	**-**	**-**	**-**

9 Figures indicate total guarantees outstanding at the end of the year

Appendix 3.1.4

(Reference: paragraph: 3.1.7; page 90)

Statement showing the investment made by the State Government in Companies whose accounts are not finalised upto 30 September 2014

(Figures in column 4 and 6 to 8 are ₹ *in crore*)

Sl. No.	Name of the Public Sector Undertaking	Year upto which accounts finalised	Paid-up capital	Period of Accounts pending finalization	Investment made by State Government during the years for which accounts are in arrear			
					Equity	Loan	Grant	Others to be specified (Subsidy)
1	2	3	4	5	6	7	8	
A. Working Government Companies								
1.	Uttarakhand Seeds & Tarai Development Corporation Limited	2012-13	4.08					
2.	Uttarakhand Bahudeshia Vitta Evam Vikas Nigam Limited	2004-05	5.94	2005-06	0.76	-	-	
				2006-07	4.22	-	-	
				2007-08	1.22	-	-	
				2008-09	-	-	0.09	
				2009-10	0.05	-	0.29	
				2010-11	-	-	7.45	
				2011-12	1.22	1.35	3.36	1.48
				2012-13	1.11	-	4.53	5.60
				2013-14	1.11	-	3.49	5.60
3.	Uttarakhand State Infrastructure Development Corporation Limited	2011-12	4.00	2012-13	-	2.00	-	
				2013-14		1.00		
4	Doiwala Sugar Company Limited	2012-13	6.00	2013-14	-	31.69	-	-
5	Kichha Sugar Company Limited	2012-13	17.99	2013-14	-	40.30		
6.	Uttarakhand Power Corporation Limited	2012-13	585.80	2013-14	39.99	68.32		-
7	Power Transmission Corporation of Uttarakhand Limited	2012-13	250.69	2013-14	16.60	16.31	-	-
Total – A (Working Government companies)			**874.50**		**66.28**	**160.97**	**19.21**	**12.68**

Sl. No.	Name of the Public Sector Undertaking	Year upto which accounts finalised	Paid-up capital	Period of Accounts pending finalisation	Investment made by State Government during the years for which accounts are in arrear			
					Equity	Loan	Grant	Others to be specified(Subsidy)
1	2	3	4	5	6	7	8	
B. Working Stationary Corporation								
Uttarakhand Transport Corporation		2008-09	79.74	2009-10	-	-	-	-
				2010-11	-	-	-	-
				2011-12	-	100.11	-	-
				2012-13	-	25.00		
				2013-14		10.00		
Total -B		**-**	**79.74**	**-**	**-**	**135.11**	**-**	**-**
Grand Total (A +B)		**-**	**954.24**	**-**	**66.28**	**296.08**	**19.21**	**12.68**

Appendix 3.1.5

(Reference: paragraph:3.1.14; page 94)

Statement showing the department wise outstanding Inspection Reports and paragraphs

Sl. No.	Name of Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Years from which outstanding
1.	Agriculture	1	5	18	2005-06
2.	Finance	3	6	52	2004-05
3.	Infrastructure	3	5	50	2005-06
4.	Tourism	2	8	65	2004-05
5.	Power	3	313	1,402	2004-05
6.	Transport	1	11	40	2006-07
7.	Manufacturing	6	13	59	2004-05
8.	Miscellaneous	2	1	8	2010-11
	Total	**21**	**362**	**1,694**	

Appendix 3.2.1
(Reference: paragraph 3.2.3.1; page 97)

Calculation of Excess Commission paid to dealers

Year	Name of State	Quantity of wheat sold (in quintals)	Excess Commission paid to Dealer (in ₹)
2011-12	Uttarakhand	35,775.60	1,86,507.11
	Uttar Pradesh	46,518.50	2,55,062.34
	Bihar	2,99,212.30	16,38,111.36
	West Bengal	0	0
Total (1)		**3,81,506.40**	**20,79,680.81**
2012-13	Uttarakhand	30,806.50	2,65,450.66
	Uttar Pradesh	79,050.40	6,19,640.75
	Bihar	2,36,286.60	18,58,354.59
	West Bengal	19,410.00	1,54,891.80
Total (2)		**3,65,553.50**	**28,98,337.80**
2013-14	Uttarakhand	22,587.40	2,03,757.51
	Uttar Pradesh	49,215.00	4,39,386.95
	Bihar	1,72,586.00	15,35,450.36
	West Bengal	1,91,18.40	1,70,344.94
Total (3)		**2,63,506.80**	**23,48,939.76**
Grand Total (1)+(2)+(3)		**10,10,566.70**	**73,26,958.37**

Appendix 3.2.2
(Reference: paragraph 3.2.3.2; page 97)

Calculation of Commission paid at higher rate to dealers

(Amount in ₹)

Name of Distributor	Advance received during year	Sale on advance as per contract	Actual Sales as per Sale book	Excess of sale over sale on advance (4 - 3)	Subsidy	Transport Rebate	Ratio of reserve sale to total sale (3/4)	Ratio of un reserve sale to total sale (5/4)	Commission to be paid on reserved sale @ 9 per cent	Commission to be paid on unreserved sale @ 7 per cent	Total Commission to be paid (10 + 11)	Commission paid	Excess commission paid (13 - 12)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012-13													
M/s Agro Traders Gorakhpur	15,00,000	1,50,00,000	3,59,69,940	2,09,69,940	99,65,320	3,55,804	0.42	0.58	9,59,862	10,48,858	20,08,720	23,08,393	2,99,674
M/s Durga Agro Seeds Farm Ludknow	1,00,000	10,00,000	42,96,130	32,96,130	13,55,360	38,803	0.23	0.77	61,141	1,55,584	2,16,725	2,61,911	45,186
M/s Kisan Trading Company Sitapur	10,00,000	1,00,00,000	2,07,88,599	1,07,88,599	65,98,880	9,21,212	0.48	0.52	5,75,132	4,81,471	10,56,603	11,94,166	1,37,563
M/s Krishi Seva Kendra Fraukhabad	4,00,000	40,00,000	67,52,400	27,52,400	20,82,800	1,16,235	0.59	0.41	2,43,231	1,29,556	3,72,787	4,09,820	37,033
M/s Maa Janki Interprises Muzaffurpur	25,00,000	2,50,00,000	3,31,39,143	81,39,143	83,55,620	3,86,340	0.75	0.25	16,59,918	4,16,756	20,76,673	21,95,746	1,19,073
M/s Sujal Agro Agency Nalanda	1,00,000	10,00,000	17,74,150	7,74,150	4,55,000	29,250	0.56	0.44	65,594	39,276	1,04,869	1,16,091	11,222
M/s Mahaveer Enterprises Muzfferpur	5,00,000	50,00,000	1,23,62,696	73,62,696	30,21,900	2,03,490	0.40	0.60	3,33,886	3,79,922	7,13,808	8,22,358	1,08,549
M/s R.P. Gass service Chapra	0	0	1,05,39,740	1,05,39,740	26,99,480	84,079	0.00	1.00	0	5,42,933	5,42,933	6,98,056	1,55,124
M/s lal ji Saha Krish Kendra Bhagalpur	5,00,000	50,00,000	99,78,437.70	49,78,437.70	24,27,320	60,776	0.50	0.50	3,38,036	2,61,407	5,99,443	6,74,919	75,477
M/s Krishi Laxmi Kendra Purnia	28,00,000	2,80,00,000	5,16,67,575	2,36,67,575	1,28,64,600	7,16,036	0.54	0.46	18,59,981	12,19,434	30,79,415	34,29,266	3,49,851
M/s Anant Agro Wals Sales Muzafferpur	1,00,000	10,00,000	51,85,500	41,85,500	13,30,000	85,500	0.19	0.81	65,795	2,12,726	2,78,521	3,39,300	60,779
M/s National Herbs Bareilly	1,00,000	10,00,000	1,92,17,254	1,82,17,254	69,05,800	0	0.05	0.95	58,924	8,15,972	8,74,896	11,08,031	2,33,135

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M/s Maha Laxmi Seeds Corporation	9,00,000	90,00,000	5,59,92,538	4,69,92,538	1,30,32,660	6,31,423	0.16	0.84	6,13,237	24,86,030	30,99,267	38,09,561	7,10,294
M/s Agro Traders Gorakhpur	14,00,000	1,40,00,000	3,24,31,192	1,84,31,192	68,91,840	2,71,843	0.43	0.57	9,82,765	10,04,352	19,87,118	22,74,076	2,86,958
M/s kisan Trading Company Sitapur	10,97,000	1,09,70,000	2,72,51,948	1,62,81,948	82,39,920	14,15,570	0.40	0.60	6,39,702	7,34,206	13,73,908	15,13,940	1,40,032
M/s Krishi Laxmi Kendra Purnia	42,00,000	4,20,00,000	5,44,88,848	1,24,88,848	1,25,49,320	6,82,526	0.77	0.23	28,63,033	6,61,187	35,24,220	37,13,130	1,88,910
Total	**1,71,97,000**	**17,19,70,000**	**38,18,36,091**	**20,98,66,091**	**9,87,75,820**	**59,98,887**			**1,13,20,237**	**1,05,89,668**	**2,19,09,905**	**2,48,68,764**	**29,58,859**

Appendix 3.4.1
(Reference: Paragraph 3.4, page 103)

Clauses 4.1.1, 4.2.1 & 4.2.2 of the Agreement

Clause 4.1.1: the generating company may utilize the option to dispose off the power in any one or more of the following modes:

i) Sell power to UPCL, and such sale shall be mutually negotiated between the UPCL and the Company; and/or

ii) Sell power to any High Tension (HT) consumer within the state of Uttaranchal; and/or

iii) Sell power to local rural grids within the state of Uttaranchal, which are not connected to the UPCL's main grid; and/or

iv) Sell power to rural power distribution entities (i.e. those which sell power to predominantly rural areas); and/or

v) Sell power to any consumer outside the State of Uttaranchal.

Clause 4.2.1: the generating company would be charged royalty, in the shape of free power to be supplied to the Government, as under:

i) No royalty in the shape of free power shall be charged for the first 15 years after Commercial Operation Date (COD) in the following cases:

a) Sale of power to UPCL as per 4.1.1(i) above;

b) Sale of power to local rural grids within the state of Uttaranchal, which are not connected to the UPCLs main grid as per 4.1.1(iii) above;

c) Sale of power to consumers in rural areas not served or inadequately served by the concerned existing distribution licensee as per 4.1.1(iv); and

d) Sale of power outside the state of Uttaranchal as per 4.1.1(v) above

ii) A royalty in the shape of free power at the rate of 12 *per cent* of net wheeled energy[9] or deliverable energy[10] would be charged, for the first 15 years after COD, in the cases of sales to any other consumer not covered under clause 4.2.1(i).

Clause 4.2.2: A royalty of 18 *per cent* of net wheeled energy or deliverable energy shall be charged beyond the 15th year of operation after COD in all cases of sale of power.

[9] After deducting wheeling charges i.e. 10 *per cent* of net energy supplied at the interconnection point.
[10] In case of direct supply to other party with or without using UPCLs system.